

These BAF II Covid-19 briefing notes are intended to help companies in Laos do three things:

- **Pivot** your existing business model to survive the current Covid-19 crisis;
- **Prepare** to withstand the challenges of a global economic downturn; and
- **Position** yourself for the economic recovery.

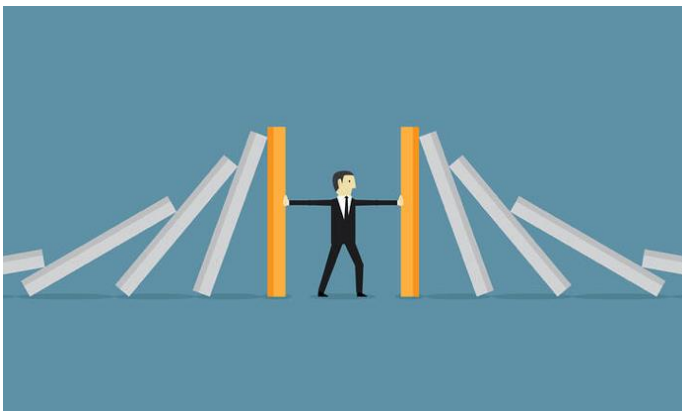
This third briefing note in the series provides suggestions on how to protect your company's most important asset: your employees. And how to also look after your company's suppliers.

Briefing note 3: Protecting your employees and suppliers

If it was not already the case, now is the time to make health and safety your business's top priority. Make sure to have frequent and honest communications with your employees about Covid-19 and its impact, so they don't feel like they are being 'left in the dark' and guessing as to what will happen to them and their jobs. Where possible, try to avoid laying off staff, and only do so if there is no other alternative.¹ As a business leader, this is a time to be empathetic, show resiliency, and inspire others.

Making changes to the workplace. It is widely expected that the threat posed by Covid-19 to people's health will continue throughout 2020, until a vaccine can be found and delivered to people around the world. (In the northern hemisphere, a second 'wave' of Covid-19 infections is widely anticipated in the autumn, similar to the annual flu virus that affects parts of the world.) It is therefore incumbent on businesses to make necessary changes to the workplace environment in order to reduce the risk of infection for employees, as well as customers, suppliers and other visitors to your business premises. You certainly do not want your business premises to become a node of transmission. Such risk mitigating measures include:

- Ensuring a safe working environment for employees and customers, including increasing the frequency of workplace cleaning activities, providing masks and sanitiser wipes, up-grading ventilation and installing physical barriers where needed;
- Introducing procedures to monitor the health of your employees, such as temperature checks when they come to work each day, and trying to limit non-essential visits to the premises by clients and customers;
- Helping employees to figure out safe ways to travel to and from work each day, and postpone all non-essential business-related travel;
- Educating and regularly reminding employees on the need for good hygiene practices, such as regular hand washing, observing social distancing protocols at all times (including during work breaks), and voluntary self-quarantining for those with cold or flu symptoms, etc.;



Following strictly all recommendations and protocols that are issued by government agencies, and keeping abreast of advice issued by relevant international health and industry bodies, including sector-specific organisations;

- Looking at ways to minimise direct human-to-human interaction through social distancing measures. For example, make sure office desks and work stations

¹ Also see the IFC's tip sheet on supporting workers during Covid-19, at:

https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/publications/publications_tipsheet_covid-19_supportingworkers

are spread safely apart, and that staff do not congregate closely together during lunch and other breaks, and reduce in-person meetings where staff would normally be in close proximity to one another;

- Reviewing all travel and sick leave policies, including procedures for employees to safely report suspected infection, mandatory (paid) time off if infected, etc. Avoid a situation where employees come to work, even when sick, because they are worried about losing their job. Instead, try to encourage a feeling of team work, mutual support and camaraderie amongst your employees during this difficult time;
- Reviewing all on-site catering and food preparation facilities, including dining and canteen protocols;
- For companies using migrant workers and those living in employee accommodation, try to extend the workplace safety protocols to these areas as well;
- Organising regular Q&A and information up-date sessions for employees; and
- Up-grading ventilation and air filtration systems, and physical barriers, in the company's premises to limit the spread of aerial antigens. Where feasible, try to reduce the use of central air conditioning systems.

Also, try to reduce general levels of stress in your company and find ways to boost morale. If any of your employees do get infected with Covid-19, try to support them and their families as much as possible.

Addressing staff anxiety. The tone that you set, as a manager or business owner, will radiate down to your staff. You need to exude a sense of firm but calm competency in these challenging times. If you look as if you are panicking, then your employees will sense it and possibly do the same, which increases the risk of accidents happening. And where possible and appropriate, try and exude some gentle humour, which is always good for staff morale.

Communication. Until now, you have probably thought of social media, such as your company's Facebook page, as a way of engaging with your existing customers, and as a platform to attract new customers. But social media can also be used as a tool to keep in contact with your employees and suppliers, coordinating their activities where necessary, and as a way to keep them engaged, focused and motivated.

Supporting the livelihoods of employees. It may be that your company will reluctantly need to lay off some employees, or tell them to take an indefinite leave of absence without pay, in order for your business to survive. Quite a few positions in businesses could be under threat, as normal workloads are reduced or halted completely. But before you do dismiss any staff, explore whether they could be usefully reallocated to perform other productive activities. For example, one consumer retail company in China found that its sales staff could no longer work as normal when it closed down its shops. So, the company encouraged these sales staff to use digital and on-line tools to engage customers remotely. The result: its sales actually increased year-on-year in those towns where it closed its stores. Another option is to explore the potential for voluntary redundancies, and offering incentive packages for those employees willing to do so.

Another option might be a temporary reduction in salaries, or working hours. But if this is done, it is important that management leads by example, so start at the top, and try to make sure that any reduction in salaries is fairly distributed across the company and at all levels of the business. If your business does face the unenviable need to lay off staff, then it is important that it is done with as much care and clarity as possible. And be mindful that some of your employees are more vulnerable than others. For example, some of the first lay-offs often occur to those in casual, temporary,



seasonal or informal positions (including 'gig workers'), but they often have less recourse to state protection schemes and may find it harder to find new work. Migrant workers also tend to be more vulnerable, and more dependent on their employer for their livelihood. As Covid-19 is a health crisis, older employees and those with existing health conditions are particularly vulnerable at this time.

Remember that the morale of your remaining workforce will be impacted by the decision to lay off some of their colleagues, and they will inevitably worry whether they will face a similar fate in the future. Try to make sure that the decision is communicated at a time and place that is most appropriate. And having once done so, immediately

explain to the remaining staff the business rationale for the lay-off, and a clear plan for how things will proceed in the weeks and months ahead. Be honest and clear in the information you provide.

Protecting your supply chain. While the Covid-19 virus has been a health crisis for humans, passed from one person to another person, it has also mutated into an economic and production crisis for businesses, passed from one to company to another through the supply chain. It is quite possible that your suppliers will face many of the same challenges as your business is confronting. For example, problems with their own inputs and supply chain, difficulties with shipping and logistics, temporary closure of production facilities, increased staff illness, pressures on cash flows, etc. Try to plan ahead for these kinds of supply disruptions in the future, and attempt to mitigate the impact. As the quote below illustrates, recent years have seen a business trend towards having the most efficient supply chains as possible (eg. through innovations like lean manufacturing), but Covid-19 is making businesses think less about efficiency and more about the strength of supply chains to withstand sudden shocks.

“Supply chains have become highly sophisticated and vital to the competitiveness of many companies. But their interlinked, global nature also makes them increasingly vulnerable to a range of risks, with more potential points of failure and less margin of error for absorbing delays and disruptions. A decades-long focus on supply chain optimization to minimize costs, reduce inventories, and drive up asset utilization has removed buffers and flexibility to absorb delays and disruptions.”

Deloitte: ‘Covid-19: Managing supply chain risk and disruption’.

We recommend focusing most on your Tier 1 (direct) suppliers, and be creative in working with them to try and ensure your supplies are not interrupted. As one report points out, “active communication and formulating alternative plans will be critical to minimizing the supply chain impact on [your] company”.² If you need to, think about establishing alternative or secondary supplier relationships in order to secure critical supplies. Another option is to be creative about substituting some raw materials, parts and other inputs, although be careful around issues of worker and customer safety, and particularly when it comes to things like food and health. Avoid taking short cuts that could harm anyone.

Supporting the livelihoods of suppliers. Where it is feasible to do so, look at ways of providing the same kind of care and support to your tier 1 suppliers as you give to your employees, particularly in cases where those suppliers come from low income communities or more vulnerable areas of society. During this crisis, all state agencies around the world are struggling to meet the needs of their citizens who have been badly affected by Covid-19, and so there is also a role here for businesses in the private sector to provide whatever additional support they can. This need not be philanthropic activities, but instead looking at ways to use the core skills and assets of your business to help society recover from the impact of Covid-19, beyond just your normal customers and clients.

Complying with new regulations and protocols. It is important to stay up to date with government policy guidelines, regulatory changes and other health-related protocols instituted to combat the Covid-19 virus, and make sure that you stay compliant with them. Also ensure that your employees know what the company’s current policies are towards sick leave and sick pay, particularly if your company decides to adjust these as a result of the Covid-19 outbreak. If employees show any cold or flu symptoms, they should be told to stay at home and self-quarantine, and reassured that by doing so they will not run the risk of being laid off.

BDS resources to consider.

BAF II provides matching grants to companies that need to hire a third party ‘business development service’ (BDS) provider to help improve their business performance in some way. In the context of protecting your employees and suppliers, if you think your business needs help to make improvements or initiate new activities, then contact BAF II to discuss this matter with our Business Advisors. The first step is to register on the BAF II website.

Also, check out the links to various useful materials provided on our website, on the ‘Resources’ page.

“We are all in this together.” BAF II is here to help your business pivot, prepare and position. Come and talk to us, and see if we can help your business navigate this challenging time.



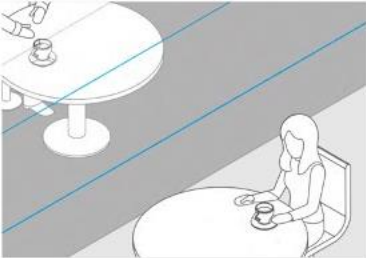
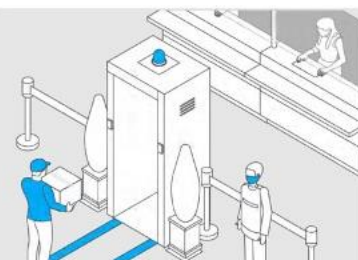



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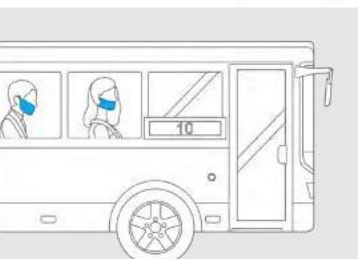

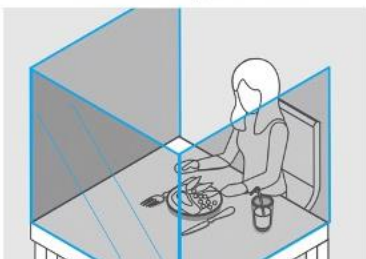
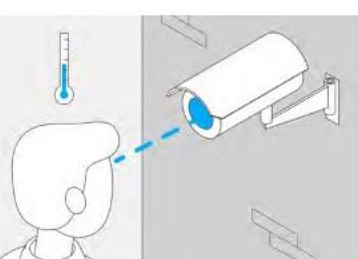

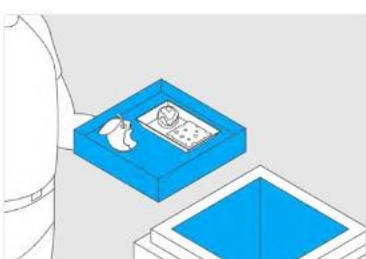



² See ‘Covid-19: Managing supply chain risk and disruption’ (<https://www2.deloitte.com/global/en/pages/risk/articles/covid-19-managing-supply-chain-risk-and-disruption.html>).

From McKinsey & Co.:

Sample journey: Office environment

Travel to work and pre-entry	At Work	Common space use
 <p>Masks required and provided for employees</p>	 <p>Reorganized seating (6 feet apart)</p>	 <p>Separated lunch seating</p>
 <p>Limited entrance for non-employees</p>	 <p>Masks required at all times (Except when working individually more than 6 feet apart)</p>	 <p>Increased frequency cleaning with visibly monitored cleaning schedules</p>
	 <p>Increased frequency of cleaning of high-touch surfaces</p>	

Sample journey: Manufacturing environment

Travel to work and pre-entry	At Work	Common space use
 <p>Use of masks required during employee commutes</p>	 <p>Modularized spaces, with limited interaction across spaces</p>	 <p>Separated lunch seating with dividers on dining tables</p>
 <p>Temperature checks</p>	 <p>Masks and other appropriate PPE required at all times</p>	 <p>Use of non-reusable dishes at cafeterias</p>
	 <p>High-frequency cleaning of high-touch surfaces and spaces</p>	
	 <p>Improved air filtration/ventilation</p>	
	 <p>Clear posters on safety guidance and sickness protocols</p>	

Source:

<https://www.mckinsey.com/~media/McKinsey/Business%20Functions/Risk/Our%20Insights/COVID%2019%20Implications%20for%20business/COVID%2019%20May%202013/COVID-19-Facts-and-Insights-May-6.ashx>

