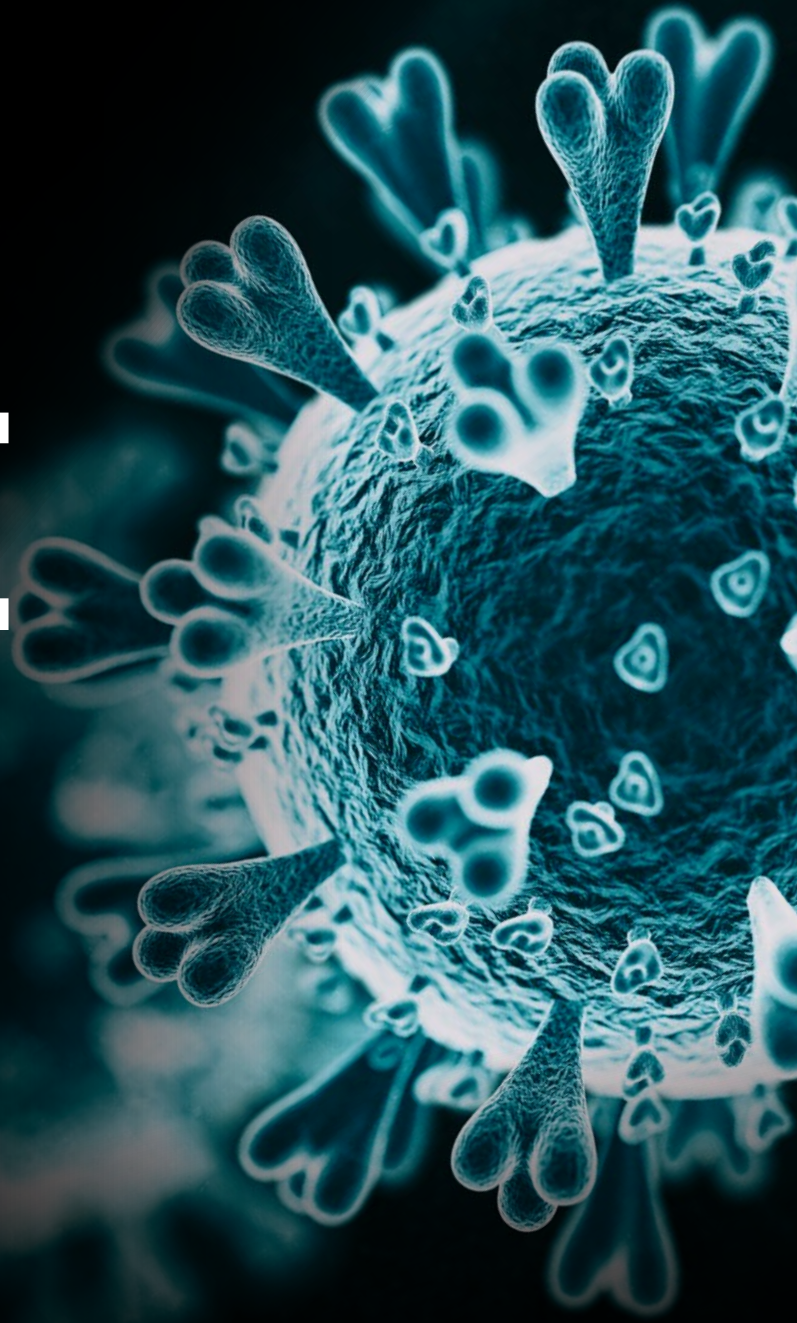


Coronavirus:

HOW TO SURVIVE AND THRIVE



MARKSTEIN

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FEAR CAN PARALYZE US

IN THE NINE SHORT WEEKS since the first case of COVID-19 was diagnosed in the state of Washington, life in America has changed radically. Conversations and headlines are dominated by new and unfamiliar terms. Our 401ks have been decimated, favorite bars and restaurants shuttered, and schools closed. Airports, hotels, office buildings and grocery store shelves stand oddly empty.

The fog feels eerily like 9/11. But unlike the terror attack, this enemy is

invisible – an enigmatic virus spreading silently around the world, stealing lives, overwhelming health care systems and shutting down the economy. Families are suddenly without income, while small businesses and entire industries suddenly are at risk. And nobody knows when, where or how it will all end.

As a business or non-profit leader, how do you assure that your organization not only survives COVID-19 and the resulting economic tsunami, but eventually thrives?

Research and our experience in other crisis events reveal four best practices that can help move your organization toward recovery. This is the first of a four-part series describing these steps:

1. *Embrace humility.*
2. *Overcome fear with action.*
3. *Prioritize people and purpose.*
4. *Combine offense with defense.*

EMBRACE HUMILITY

TRADITIONAL CRISIS PRACTICE CALLS for well-developed protocols and plans, media and internal communications templates, training and scenario development – a playbook that can be applied to impending emergencies ranging from hurricanes to cyber-attacks and active shooters. The Covid-19 pandemic is unlike these emergencies. It is global in scale, with few answers and unfathomable worst-case scenarios. While the crisis playbook for more common disasters does not apply to this pandemic, it does provide guidance.

Other basic crisis management tenets still apply – be transparent, provide frequent updates, don't lie or speculate, establish clear roles and responsibilities and show empathy.

Complex crisis events like this one require strong leadership skills, teams with diverse expertise and backgrounds, and outside perspectives. Leaders must create environments that are safe for people to exchange ideas and act. Emotional intelligence, calm, humility and optimism

become just as important as experience.

When communicating with internal and external audiences, leaders should be open about what they know and what they don't know. They must find the right tone and the right message. When appropriate, leaders should take responsibility for their actions or failure to act.

Nobody has ever dealt with a crisis like this before. No business continuity plan anticipated such a rapid economic meltdown and rise in infection numbers.

No leader will get everything right. The best ones bring humility and vulnerability

to the effort, admit their mistakes and adjust. Most of all, good leaders immediately need to begin thinking about not just survival, but recovery.

Leaders Don't Let Fear Paralyze Them

Examples of Overcoming Fear with Action

Among the first economic casualties of the virus was the travel industry. In a [video to employees](#) which also was distributed broadly to external audiences, Marriott CEO Arne Sorenson outlined the painful steps the company was taking to stem losses from a sudden 75% drop in reservations. The heartfelt message was particularly poignant because Sorenson has been open about his battle with pancreatic cancer.

Both Walmart and Amazon have vowed to hire hundreds of thousands of new employees, raise wages and provide paid sick time. But there was a [marked difference in their messages and tone](#). Walmart said they would hire 150,000 more workers to take some of the burden from the pandemic off their staff. Amazon said they will hire 100,000 more workers to help the company deal with the surge in demand. It was a small, but important difference, reflecting Walmart's mission of saving people money so they can live better.

OVERCOME FEAR

LEADERS LEAD, ESPECIALLY IN TIMES OF CRISIS. They inspire – setting an optimistic, but realistic vision for the path forward with clarity and care. They communicate often and truthfully – sharing information in real time, as facts unfold. They provide context and hope.

They don't hide or spin information. They don't blame others or tolerate turf battles. They are open about what they don't know, acknowledge their own limitations and bring in the experts they need.

Most of all, leaders act quickly, making the decisions necessary to protect their organizations, based on the information and expertise they have at the time and their long-term visions, and then adjust along the way.

Leaders know that acting quickly means there will be stumbles, especially in a crisis as complex and unpredictable as COVID-19. But this moment also is a time to remember Voltaire: "Don't let the perfect be the enemy of the good." This lesson has served me well throughout my career.

PRIORITIZE PEOPLE AND PURPOSE

THE MOST IMPORTANT THING successful leaders do in times of crisis is put their employees and purpose at the center of everything they do. Applying that filter to decision making, no matter what uncertainties you face, allows you to preserve your organization's heart and

Examples of Overcoming Fear with Action

NBA Commissioner Adam Silver stunned the world when he suspended the season moments after learning that a Utah Jazz player had tested positive for the virus on March 11. The unprecedented decision was made minutes before tipoff in a game between the Jazz and Oklahoma City. Since then there have been at least 14 confirmed cases of Coronavirus in the NBA and experts estimate that suspending the season could cost the league more than \$1 billion.

Patagonia and Apple were the first retailers to shut down store in the U.S. Apple CEO Tim Cook said he had learned from their experience in China that this was a necessary, albeit painful step. Both companies immediately promised to continue to pay hourly workers and provide paid medical leave.

soul – the lifeblood of any enterprise.

This is particularly true during this crisis, which increasingly looks like it will be a marathon, not a sprint, characterized by exhaustion and uncertainty. Keeping employees engaged is critical to survive and thrive, but not easy. It will require a focused effort to communicate with employees and rally them around shared values.

How brands step up to this crisis – or not – will long be remembered. Countless companies have stepped up to help manufacture masks, gowns, ventilators, hand sanitizer and other critical supplies; provide food, lodging or transportation to health care workers, first responders and the needy; or donate cash or other financial relief to small businesses.

There is growing evidence that consumers are paying close attention to how companies treat their employees during this crisis and how they align their purpose and unique abilities to address the unprecedented health and economic needs.

Companies that successfully engage employees in this way prosper, improve customer service and retain talent, research shows. A **Gallup study** found that corporations with the most engaged employees generate four times as much

ORGANIZATIONS WITH ENGAGED EMPLOYEES PROSPER

Performance

Organizations with the most engaged employees generate 4x earnings-per-share growth than their competitors & 21% higher profits.

Customer service

Organizations that lead in customer service out-perform laggards on the S&P 500 index by nearly 80%.

Advocacy

Customers of brands with strong customer service are 15x more likely to spread positive word of mouth.

Talent

Only 1/3 of all employees are engaged & companies with the lowest engagement face 31-51% higher turnover.

earnings per share growth than their competitors. The study found that those companies outperform laggards on the S&P 500 by nearly 80%.

Every company should have a clearly defined purpose, best defined by the EY Beacon Institute as “an aspirational reason for being that’s grounded in humanity and inspires a call to action.”

Developing a purpose platform – and a robust program to achieve it – takes time, effort and investment. But that investment generates a significant return in both good and challenging times.

Millennial workers, who now compose half the U.S. workforce, particularly are interested in working for organizations with a clearly articulated purpose that extends beyond making money or

delivering shareholder value. A study by PwC found that millennials are 5.3 times more likely to stay when they have a strong connection to their employers’ purpose.

There also is strong evidence that purpose drives growth, something all businesses will look for when this crisis passes. A *study by the EY Beacon Institute and Harvard Business Review* found that 85% of companies with a clearly articulated and understood purpose show growth while 42% of companies that have not prioritized purpose lost revenue. Despite such evidence, only 46% of 474 corporate executives surveyed for the global study said purpose informs their company’s strategic and operational decision making.

COMBINE OFFENSE WITH DEFENSE

DESPITE ANECDOTAL STORIES and conventional wisdom about the best way to survive and thrive in a recession, there is little empirical data available about what strategies work best.

A trio of Harvard Business School researchers spent a year studying corporate strategies and performance before, during and after three global recessions that occurred in 1980, 1990 and 2000. *The study*, by professors Ranjay Gulati and Nitin Nohria and doctoral student Franz Wohlgezogen, analyzed the three years before the crisis and three years following it, as well as the recession period.

Of the companies studied:

- 17% did not survive: They went bankrupt, were acquired or became private.
- 74% of the companies survived – barely, with most still not at pre-recession growth rates three years later.
- 9% of the companies thrived, outperforming their competitors in sales and profit growth.

PURPOSE IS CRITICAL TO GETTING AND KEEPING TALENT

Millennials will be half the workforce in 2020

5.3x

The likely-hood of millennials staying at a job with a strong connection to the employers purpose

2.3x

The likely-hood of non-millennials staying at a job with a strong connection to the employers purpose

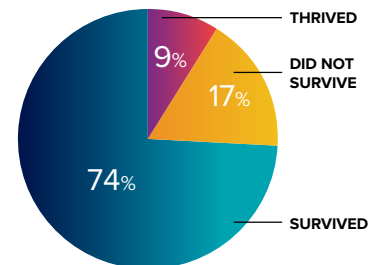
Examples of Prioritizing People and Purpose

Unilever, the world’s largest soap company and consumer goods giant, is putting its purpose to work to meet the needs of consumers, communities, customers, suppliers and employees. The company is providing more than \$108 million of soap, sanitizer, bleach and food to consumers and communities. To protect jobs and support its customers and supply chain, Unilever is providing more than \$540 million in financial relief to the most vulnerable small and medium-size partners. Workers threatened with a loss in income due to market disruptions or the inability to work - including contractors - will receive up to three months in pay.

The auto companies that powered the Arsenal of Democracy during World War II and built iron lungs for polio patients are stepping up to build ventilators, respirators, face shields and masks to help meet the growing needs of patients and health care workers on the front line. *Ford Motor Company* is partnering with 3M, GE Healthcare and the UAW on the initiative, demonstrating the company’s purpose of bringing people together in tangible ways.

CORPORATE PERFORMANCE DURING GLOBAL CRISIS

Recessions in 1980, 1990 and 2000



“According to our research, companies that master the delicate balance between cutting costs to survive today and investing to grow tomorrow do well after a recession,” the trio wrote. “Within this group, a subset that deploys a specific combination of defensive and offensive moves has the highest probability – 37% – of breaking away from the pack. These companies reduce costs selectively by focusing more on operational efficiency than their rivals do, even as they invest relatively comprehensively in the future by spending on marketing, R&D and new assets.”

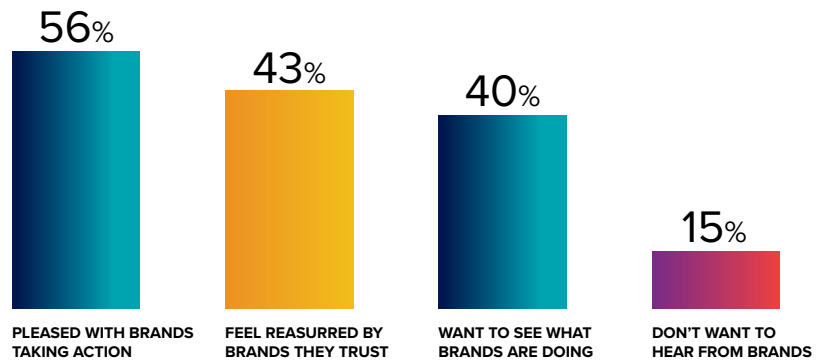
These investments include brand building and strengthening, targeted marketing to reach key audiences, and the creation of new products and offerings that meet and anticipate customer needs. Those companies that get it right will be the ones that stay closest to their customers and invest in the right things, while making the changes necessary to become more efficient.

A new survey of 1,000 American consumers, conducted last week, reveals that consumers want brands to continue to invest in marketing and communications. The survey, conducted by the **4A's Research Service**, found only 15% of those surveyed said they don't want to hear from brands right now. Of those surveyed, 56% said they are pleased to hear about brands taking action, like donating goods and services, and 43% said it is reassuring to hear from brands they know and trust.

Among the actions that brands can take, consumers ranked offering paid time off to employees affected by closures highest. Such action is particularly important to Millennials (60.5%) and Gen Z (62.5%) consumers.

Time will tell which businesses survive and identify new opportunities to thrive, but there are some early indications of which ones might.

SURVEY OF 1,000 AMERICAN CONSUMERS ON BRAND COMMUNICATIONS DURING COVID-19 PANDEMIC



Examples of Combining Offense with Defense

As millions of students and employees turn to the internet to learn and work there's been an explosion in demand for video conference software and other tools. Last week Zoom CEO Eric Yuan began offering free, unlimited Zoom services to K-12 schools impacted by the Coronavirus. Yuan has long supported non-profit organizations, providing free access since he co-founded the company in 2011. Expanding that offer to schools creates a huge market opportunity for the company, if they can convert even a fraction of the sign-ups to paying customers. Over the past three months Zoom's stock price has climbed 63%.

Amazon AWS is investing \$20 million in a new diagnostics unit that will create faster and more affordable testing capacity. While the initial focus for the effort will be Coronavirus, the initiative involves 35 global research institutions, startups and businesses. More accurate and readily available diagnostics could bring scale and efficiencies to testing across a variety of diseases and improve treatment and containment of Coronavirus. It also could create an entirely new revenue stream for Amazon AWS.

ABOUT THE AUTHOR

SHEILA MCLEAN

PRESIDENT, MID-ATLANTIC

SHEILA HAS EXTENSIVE EXPERIENCE in issues and crisis management, public affairs, corporate reputation and social impact. Prior to joining Markstein, she spent 17 years with MSL, serving as the North America Social Purpose & Sustainability practice director and as managing director of the Detroit office. Her award-winning integrated campaigns advance business and policy goals and deliver social impact. Sheila also led Safety & Environmental Affairs at Chrysler Corp, served as a communications officer for the C.S. Mott Foundation and a senior state policy and external affairs advisor. She began her career as an award-winning journalist.

Contact

Sheila@markstein.co
@Sgmclean8

