

# **An Analysis of the Potential Impact of the H5N1 Avian Flu Virus**

**August, 2005**

**Introduction:**

This whitepaper was developed by a regional wholesale and retail food company in an attempt to understand the ramifications of a catastrophic flu pandemic. A task force of 15 professionals representing all key functional areas was formed with the assignment of brainstorming this issue and documenting as many ideas, recommendations and suggestions as possible.

One of the key recommendations of this task force is the necessity to share this work with the industry. It is crucial that our competitive instincts be set aside such that all players in the supply chain work together to keep products and services flowing throughout such a disaster.

In this spirit, we contribute our thinking on this subject. Of course, every organization will face different issues and concerns. Nevertheless, we sincerely hope our work can help other organizations tackle this potentially catastrophic global disaster.

The process used to generate the material that is presented in this analysis was the following:

1. Background information, provided by the University of Minnesota's Center for Infectious Disease Research and Policy (CIDRAP) Department was reviewed by each participant. This included various articles and an audio interview.
2. The group was split in half. A 3½ brainstorming session was held with each subgroup. In both meetings, after a brief review of the background information, the subgroups focused on specific aspects of the pandemic issue (media, consumers, employees, government, etc.). Both subgroups considered every focus topic.
3. The results from the subgroups were consolidated into a draft document.
4. The full group met for a final 3½ hour session. The group reviewed and revised the document. Finally, each participant "voted" for the recommendations that they believe are most significant and worthy of action.
5. Based on the final meeting, and the votes, this document was developed.

It should be noted that all participants took the assignment to heart and gave the topic the serious consideration that is deserved. Sincere appreciation is extended to all who participated.

Below are two sections. The first is an executive summary that attempts to overview a high level vision of a pandemic, and to summarize the most significant recommendations of the group.

The second section is the detailed summary of each topic area (Media, Consumers, Employees, Government, etc.). The group was encouraged to think freely, and we attempted to document all ideas. Recommendations and ideas that received the most "votes" are flagged with a ✎ bullet.

There are more ideas and recommendations contained in this document than can be realistically undertaken. However, this should provide an excellent starting point to develop an action plan to prepare the company for the potential of a pandemic disaster.

## Executive Summary

### Background:

Pandemics have occurred repeatedly throughout history. Few people alive today can recall the last major pandemic (1918-1919), and typically regard the potential of such an event as impossible. This is not the case. In fact, the H5N1 strain of influenza has the definite potential to mutate into a world class disaster.

What is unique about the next pandemic is the environment in which it will operate. Unlike all past occurrences, this pandemic will strike a world that has unprecedented human mobility, a global just-in-time economy, and 24 hour cable news network. Coupled with the many shortages that have been well documented, this could very well turn into the "perfect storm" pandemic.

Once the virus mutates such that it can pass from human to human, it will spread with stunning speed. This was well demonstrated during the SARS episode. It is a safe bet that this will become the story in the media. The subsequent 2 or 3 month period will be highly chaotic as everyone reacts and almost certainly overreacts. After this initial panic period, a new reality will set in as we all learn how to cope with life during a major pandemic. With time, normalcy will inevitably return.

### Vision:

The ramifications of a severe global pandemic are considerable. Consumers will resist leaving the home. Grocers will see their business shift to fewer visits with increased basket size. Demand for Internet Shopping, self checkout and home delivery will spike. Consumer demand will also shift away from perishable products towards prepackaged goods. Poultry and pork demand should tank. Consumers may also shy away from imported product and have greater interest in country-of-origin information.

Independent grocers will face the same issues as large chains, but will not have adequate resources at their disposal. In many cases, it is doubtful that an independent store will be able to survive the death or illness of a key family member. We should expect that a high number of independent grocers will look to their key suppliers for help.

Restaurants should expect to see their business evaporate. Many food service customers will find it difficult to survive. The receivable balances of our foodservice customers will become a big issue. On the flip side, emergency health care facilities will pop up in buildings that will be lacking in food preparation facilities.

Employee response will be inconsistent, but our company will need to find a way to operate with significant staff shortages. Many part time and lower pay employees will abandon their jobs as they perceive the risk being greater than the compensation. We will face shortages in some positions with surpluses in others. The demands placed on HR will be large as many policies and practices become instantly obsolete.

On the vendor side, disruptions to the supply chain and product shortages will become the norm. Non-product vendors will also struggle to provide their services. Initially, fuel shortages are probable. With a little time, fuel costs could actually drop due to the pandemic's impact on China.

At a macro level, we should expect to see Wall Street tank. Likewise, some insurance companies could be in trouble. Banking institutions will seek to limit their risk.

Key Recommendations:

- ☞ Establish a set of "trigger points" that we can invoke as the pandemic takes hold. Each trigger point needs to have a set of well defined check lists with clear cut responsibilities. This will help us coordinate key activities throughout all business units and ensure well managed execution of our emergency plans.
- ☞ We should encourage industry groups such as FMI, IFDA and NAW to begin preparing for this potential crisis. In addition to helping our industry prepare, these groups need to represent the industry in Washington to implement a number of actions that will keep the food supply chain working during a pandemic.
- ☞ We should immediately begin working with our Health Plan Administrator to develop emergency health care procedures.
- ☞ Analyze our product lists to determine likely demand shifts during a pandemic. Identify "core" items and create emergency purchase orders that can be executed when the appropriate trigger point is invoked. Identify emergency substitution rules that can be implemented to keep product on the shelf. Identify items that should be offered in case quantities and identify foodservice product that should be sold at retail. To the extent possible, negotiate with vendors now to obtain appropriate commitments. Also, develop backup strategies to meet product shortages.
- ☞ Prepare a media point person for the H5N1 pandemic.
- ☞ Implement a company-wide analysis of "essential" and "nonessential" functions during a pandemic. Develop plans to appropriately shift resources. In preparation, consider appropriate cross-training and education that is appropriate.
- ☞ Develop an emergency set of employee procedures and policies that can be used during a pandemic.
- ☞ Develop emergency communications mechanisms that will be needed during a pandemic. This includes communications to employees, customers, and consumers.
- ☞ Design and develop an employee database that will be needed during the pandemic to track key information about employees and their families.
- ☞ Use our wholesale division's Food Shows to begin educating customers about the H5N1 issue.
- ☞ Develop a plan to rapidly scale up Internet shopping operations.
- ☞ Research the potential to use the excess capacity that will be available at restaurants to serve the requirements of emergency health care facilities that will need to be feeding people.

- ☞ Develop an emergency corporate chain of command so that no matter which executives become ill, leadership is well understood.
- ☞ Develop essential contacts and relationships with governmental agencies. Understand and document which agencies will be making which decisions.
- ☞ Inform the company's Board of Directors about this issue. Provide the board with status updates on the progress of preparation activities.

### **Summary:**

Our corporate Emergency Response Team should review and discuss these key recommendations, as well as the detailed information that follows and reach consensus on which recommendations deserve attention. From this, it makes sense to develop a project plan and assign the necessary resources to make it happen. Should the pandemic strike, it is very clear we will look back on this preparation work as well worth the effort.

## **MEDIA**

### Vision:

In the past 300 years there have been 10 documented pandemics. However, the H5N1 threat represents the first pandemic since the advent of the 24 x 7 cable news network. There is no doubt it will result in an unparalleled feeding frenzy as the fatalities start to climb.

The result will be consumer panic. We will need to be prepared for both the reality of the situation as well as many false perceptions based on nonstop media hype. It is very important that we manage the media very well.

### Recommendations:

- ☞ Prepare a media point person who is well versed with the H5N1 issue.
- ☞ Take immediate steps to encourage industry groups (FMI, IFDA, etc.) to become prepared to help manage the media.
- ☞ Consider the dangers of how we react to the pandemic if our competitors are slow to react. Take steps to ensure that any protective steps we implement (masks, gloves, etc.) aren't perceived by consumers to reflect that our retail stores are more dangerous places to shop than other chains that respond slowly to the risk. Ideally, consistency between competitors should be encouraged.
- ☞ During the pandemic, establish a daily process to stay abreast of most recent developments with trusted sources, such as CIDRAP ([www.cidrap.umn.edu](http://www.cidrap.umn.edu)).
  - ☐ Re-emphasize to all employees the procedure to follow when approached by the media.
  - ☐ Communicate to non-employees (DSD vendors, guards, etc.) who may be approached by the media that they must not speak on behalf of our company.
  - ☐ Take a proactive role in providing the media with good information about the food supply and food safety.
  - ☐ Although it is not our responsibility to educate the media, we should set up a mechanism to ensure that any information that is passed to the media is as accurate as possible.

## **CONSUMERS**

### Vision:

Fed by massive media hype, we should anticipate overreaction and irrational behavior, especially in the first two or three months. Initially there will be overall panic. Thereafter, consumers will adjust to the new realities of life during a pandemic.

During the initial months we should anticipate a number of consumer behavioral shifts. Some of the key changes will include:

- Avoidance of dining out

- Consolidate trips to the store by purchasing much larger quantities of product in fewer visits
- Preference towards non-perishable and prepackaged goods
- Preference towards buying in bulk
- Desire to buy case quantities of certain items
- Spike in demand for certain HBC/anti-bacterial products (whether or not they are effective)
- Demand for masks and gloves
- Strong demand for Internet Shopping
- Strong interest in home delivery
- Strong demand for self-checkout
- Avoidance of non-essential retail stores
- Some consumers will attempt to stockpile product (similar to Y2K experience)
- Strong desire to get accurate information
- Demand to see employees wearing masks and gloves
- Demand to see anti-bacterial wipes at check-out (whether or not they are effective)
- Demand for country-of-origin information throughout the store
- Avoidance of products made outside the United States
- Demand for "USA Only" sections of the store
- Demand that employees who survived the virus, and are "safe", to be easily identifiable
- As schools shut down, there will be a need for families to provide lunches for their children
- Note that some consumers may conclude that certain large national chains may pose additional health risks because they import many products from Southeast Asia.

Recommendations:

- ☞ Prepare to ramp up Internet Shopping at all stores.
- ☞ Prepare to scale up Internet Shopping operations. This includes consideration for both people and technology. Note that less variety in the store may simplify the picking of orders.
- ☞ Develop a detailed plan that identifies the product that should be carried during the pandemic. This should include more pre-packaged goods and case quantity items.
  - ☐ Prepare to ramp up self checkout.
  - ☐ Consider how current lanes could be modified to isolate the Consumer from the cashier.
  - ☐ Develop a program that would support an Internet Shopping program for independent grocers.
  - ☐ It may be necessary to support an Internet-Only model of operation in which consumers place orders via the Internet and drive to the retail store for pickup.
  - ☐ Identify partners who can provide home delivery options as an extension to Internet Shopping.
  - ☐ It may be necessary to limit purchases of product.
  - ☐ It may be necessary to reduce hours of store operation.
  - ☐ Develop a plan to identify which foodservice should be moved to retail to meet the need for bulk buying.

- ❑ With any noticeable action step we implement, consider the need to educate the consumer on why the change is appropriate.
- ❑ Provide an up-to-date message for the consumer that answers the critical questions (for example, "What is your store doing to protect me?").
- ❑ Explore the potential impact as different types of people take on shopping duties (husbands shopping for sick wives, shift to shoppers that are not in the target 18-40 age group, etc.).
- ❑ Explore the possibility of working with other retail chains to provide the most accurate and consistent information to the consumer.
- ❑ Coordinate with the teams within our company that are dealing with Country-of-Origin (COL) labeling so that they are aware that consumers may have a strong desire to get COL information during a pandemic. Note that we may have a greater need to have ready access to COL information.

## **EMPLOYEES**

### Vision:

It is estimated that over 280 employees per 1,000 will become ill with the virus, and more than 28 will die. Approximately 40 immediate family members of employees will perish (per 1,000 employees)

Employees will face many needs to tend to themselves and their families. In addition to the illness itself, other factors such as school closings will place additional demands and stress on many employees.

Although this will occur over a 12-18 month period, there will be peaks and it will probably be inconsistent. For planning purposes, we should assume that, at times, some departments may need to operate at a 50% staffing level.

We should expect to be particularly hard hit in part-time and lower pay positions. For example, it is reasonable to conclude that many two-income households will decide that the risk of exposure outweighs the incremental income. This could hit retail particularly hard.

Employees will face a natural conflict between the need to earn money and the need to protect themselves and their family. It is reasonable to conclude that employees will react to this in a wide variety of ways:

- Some employees will refuse to show up.
- Some employees will want to come to work and remain at work as a way to earn money, protect their family from exposure and to serve the company.
- Some employees will want to work even though they exhibit symptoms of the flu.
- Some employees will exploit the situation and use the flu as a reason to avoid showing up.
- Some employees will refuse to seek health care for fear of contracting the flu at the doctor's office.
- Some employees will expect the company to provide them with food.
- Some employees will refuse to drive into certain geographies hard hit by the virus.

Recommendations:

- ☞ Current employee policies are very likely to instantly become obsolete during a pandemic. A thorough review of employee issues and the preparation of an emergency set of procedures must be developed in advance of a pandemic.
- ☞ In advance of the pandemic, implement a corporate wide program to have each department determine which functions are critical during the pandemic and which functions are nonessential.
- ☞ Identify critical functions which are at risk if a significant percentage of those employees who know how to perform those functions become ill at the same time. In particular, look for areas in which we are only 2-deep or 3-deep. Implement appropriate cross-training programs in advance of the pandemic. (Note: This has benefits to the company that are unrelated to a pandemic.)
- ☞ Develop a “best practices” plan so that employees minimize the odds of spreading the flu. This could include such things as:
  - Avoid face-to-face discussions
  - Communicate via email and voice only
  - Hold meetings via conference calling
  - Implement Instant Messaging (IM) as a real time communications alternative
- ☞ In advance of the pandemic, identify jobs that will likely face extreme shortages (e.g. truck drivers) and those jobs that will likely face extreme surpluses (e.g. foodservice selectors).
- ☞ Develop an emergency plan for reallocating employees to other functions where they are needed. A high level, macro plan is required that looks across the entire corporate enterprise.
- ☞ Develop a plan specific to drivers. Since there is already a driver shortage, it is hard to predict how this will play out. It probably makes sense to consider the options (shift foodservice drivers to wholesale grocery delivery, partner with organizations that will have surplus drivers, adjust driver pay if necessary). Close attention must be given to the risk of other organizations attempting to lure away our drivers.
- ☞ Develop a plan for N95 masks. Determine how many we should stockpile and who should get them?
- ☞ Develop a plan for communicating with employees during the pandemic. This needs to include communicating to employees both at work and at home. Consider how the internet could be used to simplify this task.
- ☞ There will be the strong need to build an employee database for tracking critical information relating to the flu. It may be appropriate to design and build this database in advance of the pandemic. During a pandemic, it will be crucial to know which employees are currently sick, which have survived and are immune, which have lost family members, etc.

- ☞ Start a dialog with our healthcare administrator immediately to develop emergency plans and procedures. This should include careful attention to situations in which it is not possible for employees to get the healthcare they need.
- ☞ Many aspects of a pandemic will result in significant employee-related costs. This includes direct medical costs, paid sick time, meeting special employee needs, etc. An examination of all of these costs with discussion about how the organization can sustain them is appropriate.
  - ☐ For jobs that are likely to be in short supply (cashiers, lift operators, drivers, etc.) examine the opportunity to have emergency backup. This may be accomplished either through cross-training or partnering with other organizations that will likely have a surplus supply of skilled labor. Note that in some cases, such as self check out, technology can replace the need for people.
  - ☐ Develop a plan to shift appropriate jobs to home offices and the necessary procedures to perform business process in such a distributed fashion. For those jobs that can be adequately performed from home, identify necessary hardware, software, and connectivity requirements to support the plan. This should also consider what investments need to be made in advance of the pandemic (PC's, broadband access, concentrators, etc.).
  - ☐ Review and revise procedures for handling voice selection units to prevent risk of exposure. This includes the proper procedure for reassigning units due to turnover or sickness. Note that voice selection units used in the freezer require special attention.
  - ☐ Modify cafeteria practices, as appropriate, to minimize the chance of spreading the virus.
  - ☐ In advance of a pandemic, implement 100% direct deposit. It will be helpful to eliminate the distribution and handling of paychecks.
  - ☐ Currently, most departments are assigned to contiguous office space. Consider the value of moving people around so that a part of a building that is hard hit by the virus would not risk everyone in a single department at the same time.
  - ☐ Based on potential employee reallocation of duties, identify and provide incremental training such that these employees will be prepared for their emergency role.
  - ☐ As appropriate, have computer-based-training (CBT) readily available to simplify the task of assigning employees to new tasks.
  - ☐ In advance of a pandemic, influence the DOT, probably through FMI, to develop emergency regulations that would relax certain rules (driver certifications, hour limitations, etc.) to increase freight bandwidth.
  - ☐ Scan the workforce for potential emergency drivers. Numerous employees previously held Class C licenses. We need to develop plans to enable these employees to serve as drivers.
  - ☐ Develop a plan to shift the foodservice fleet, likely to be underutilized, to grocery distribution.
  - ☐ Develop a plan to staff HR. Many HR functions will be under extreme pressure. Incremental resources to handle the work will likely be needed. This plan should include halting all non-essential HR functions.
  - ☐ Consider whether dedicated physicians or physician-assistants would be appropriate for the company.

- Develop a plan for implementing an emergency call center that employees can contact for information and special needs.
- Consider the need to begin familiarizing employees with the pandemic issue and provide the appropriate message. This needs to weigh the value of providing insight into the potential issue against the fear of needlessly alarming employees. Some articles in the company newspaper may be appropriate.
- Communicate to employees that in a pandemic situation, there is the potential for shifting of duties and that there is the expectation that everyone will pull together to get through the crisis.
- Influence Government thinking, probably through FMI and IFDA, to consider the protection of food supply workers to be a priority. Foods supply workers need to be appropriately high on the priority list for items in short supply such as masks and vaccines.
- In the event of major fuel shortages caused by the interruption to international trade, develop a plan to help employees get to work.
- Develop a plan for dealing with excess employees and hourly workers who will need special help.
- Consider the idea of having special "employee only" hours at our retail stores to ensure that employees have access to necessities. This might also be necessary to encourage key employees to continue to work.
- Develop a plan to provide appropriate additional security for employees. For example, drivers and store personnel could be placed at risk during the pandemic.
- Determine how the Short Term Disability procedure will need to be modified.
- Examine the legal ramifications of a pandemic and implement appropriate steps to minimize exposure. For example, if we send a driver into a geography hard hit by the virus, do we open ourselves up for litigation?

## **HUMAN RESOURCES**

### Vision:

Based on the numerous employee issues discussed above, it is reasonable to conclude that the HR Department will get slammed with incremental work. Some HR functions can be suspended (example: benefits statements) but the net will undoubtedly be a significantly increased workload.

### Recommendations:

- ☞ Develop an emergency set of procedures that can be used in a crisis. This should include:
  - Streamlined hiring policies
  - Short term disability
  - Time off policy
  - Emergency employee assistance policy
  - Medical policy
  - Death in family policy
  - Miscellaneous crisis policies
  - Paycheck distribution
- Establish an Employee Call Center

- Identify a source for incremental HR resources. Some may be allocated internally. In some cases, outside resources may be necessary.

## **WAREHOUSE AND TRANSPORTATION**

### Vision:

Warehouse and Transportation are naturally the primary value that our company brings to the supply chain. Despite the many disruptions that the pandemic will bring, it is imperative that we figure out how to keep moving cases.

### Recommendations:

- Coordinate with the buying departments to know about plans to “bulk up” on core items so that facilities can be secured for emergency storage. It is important that the core items be identified well in advance of the pandemic.
- Increase security for the warehouse and vehicles.
- Develop emergency guidelines for lumpers to lessen the chance of spreading the virus.
- Develop emergency check-in and receiving procedures to minimize human contact between drivers and warehouse personnel.
- Develop emergency delivery procedures to minimize human contact.
- Develop alternative routing plans that reduce the number of deliveries.
- Develop plans to minimize the potential for a fuel shortage which will be especially likely during the initial panic period.
- Develop policies to deal with drivers that refuse routes into certain geographies.
- Investigate the potential to secure housing for critical employees that prefer to stay away from their families.
- Develop cooperative arrangements with other distributors to keep the food supply chain functioning.
- Develop backup plans in the event we cannot ship.
- Consider using excess distribution capacity to help in other emergency areas (for example, medical supplies).
- Develop a relationship with organizations such as the Red Cross who may have need for our surplus product and whom we may be able to assist as they carry out their duties.
- Since machine parts will become in short supply, consider appropriate plans to have adequate inventory of critical parts to keep the fleet and other equipment running.
- Develop relaxed product substitutions rules such that product continues to flow to the shelf.

## **PRODUCT SUPPLIERS**

### Vision:

Upstream manufacturers and vendors will certainly be facing the same set of issues. Since it is reasonable to assume that many of our vendors have yet to address the H5N1 issue, we should be willing to provide assistance to them.

There will be significant disruptions to their production capabilities as well as their distribution network. It should be noted that suppliers will face shortages from their

suppliers as well. Even obscure shortages, such as packaging material, will negatively impact the suppliers' ability to provide product.

All distributors and chains, including ourselves, will attempt to leverage relationships with key product vendors. Obviously, there is a clear risk that Tier 1 national chains would receive a disproportionate amount of scarce product. We should also expect deals and trade funds to quickly disappear.

Recommendations:

- ☞ Identify core items that will be critical to the food supply during a pandemic.
- ☞ Develop a pandemic trigger point and procedure. When the trigger point is activated, have a ready set of purchase orders for the core items ready for instant release.
- ☞ Working through organizations such as FMI and NAW, take appropriate steps to help educate product vendors on the pandemic issue.
  - ☐ Negotiate with key vendors, as appropriate, to attempt to gain reasonable commitments.
  - ☐ When the trigger point hits, have procedures developed to greatly restrict the amount of product that a customer can draw from the warehouse.
  - ☐ Identify alternative/backup suppliers for core items, and develop a plan to shift demand to these suppliers.
  - ☐ Develop emergency product substitution rules.
  - ☐ Recognizing that international and national distribution may be disrupted, perform a geographic vendor analysis to examine ways we could shift to a more local or regional supply chain.
  - ☐ Influence the Government, probably through FMI, to ensure that large national chains do not receive an undue amount of scarce product.
  - ☐ Leverage our relationship with key vendors to jointly plan for smooth distribution during a pandemic.
  - ☐ Consider a potential consumer avoidance of product produced outside of the United States.
  - ☐ Consider any responsibility we may have to key vendors that are struggling for survival. For example, demand for chicken may plunge. Do we watch key trading partners fold or is there anything we can do to help them?
  - ☐ Develop a plan to coordinate backhaul strategies to help address shortages. Consider alternative pickup locations that may be used in the event certain locations are more severely impacted.

**NON-PRODUCT SUPPLIERS**

Vision:

All suppliers will face disruptions to their ability to service our company. In the case of non-product suppliers, the risk is that we depend on a very long list of vendors, and are likely to encounter unpleasant surprises unless this is carefully researched.

Recommendations:

- ☞ Each department needs to identify the critical vendors and utilities that could impact our ability to function. We need to develop appropriate contingency plans.
  - ☐ Research other types of disasters. For example, talking with organizations that were hard hit by hurricanes Florida and the Gulf Coast might uncover some subtle, yet critical vulnerabilities.
  - ☐ Examine the unthinkable. Just like no one ever considered that planes would be used to fly into buildings until 9/11, what unforeseen situations will a pandemic bring? For example, what if insurance companies fail? What if the U.S. Mail Service is disrupted?

## **SECURITY**

### Vision:

As the public panics and as shortages develop, the need for security will increase.

### Recommendations:

- ☞ During a pandemic, increase warehouse security measures.
- ☞ Develop emergency procedures to protect vulnerable employees and assets. This includes store personnel, drivers, trailers, etc. Some ideas include:
  - Is it possible to make it less obvious that our rolling stock is hauling food?
  - Consider taking drivers out of uniform
  - Develop a plan to avoid standard routes
- ☞ During a pandemic, increase store security measures
- ☞ Advise independent grocers of the need for additional security

## **RETAIL STORES**

### Vision:

Consumer and employee reactions will have a strong impact on retail. Both groups will place new demands on the retail store.

### Recommendations:

- ☞ Develop plans to deal with consumer demands to see special precautions (masks, gloves, cleaning procedures, etc.).
- ☞ Identify critical corporate functions and services which would create store vulnerabilities if disrupted. Develop appropriate plans to minimize these risks.
- ☞ Develop plans to deal with product and labor shortages. This may include restricting store hours. In some cases, it may be necessary to consolidate and close some stores.
  - ☐ Develop emergency plans to minimize unnecessary vendor time on the sales floor.
  - ☐ Develop emergency policies to minimize unnecessary retail visits from corporate personnel. This would include restricting repair and maintenance of equipment to only essential work.

- ❑ Revise receiving procedures to avoid all human contact between the driver and the receiving personnel.
- ❑ Consider shifting store duties such that more work is performed during hours that the store is closed to minimize human contact between consumers and employees.
- ❑ Consider the impact of how the store will run as the consumer shifts preferences towards self check-out and Internet Shopping.
- ❑ Consider how we can meet a consumer demand for home delivery. Can we partner with other organizations to meet this need?
- ❑ Develop a cash handling strategy to deal with the potential that our armored security service is disrupted.
- ❑ Develop potential store consolidation plans. This needs to involve the wholesale company's dispatch personnel.
- ❑ Develop a mechanism to permit dispatch to closely coordinate with retail stores as routes and hours of operation change.

### **INDEPENDENT GROCERS**

#### Vision:

Life will be especially tough for the independent grocer. They will be facing most all of the same issues impacting our organization with far less resources at their disposal. In many cases, illness (or death) to one or two key individuals would deliver a knock out punch to the store.

We should anticipate that independent grocers will look to our wholesale grocery company to provide help, most likely in the form of special A/R terms, loans and personnel to help run the store. Unfortunately, we can assume that some independent grocers will attempt to use the crisis as an excuse to defer their payments.

We should anticipate the independent grocers will quickly work to try to establish contingency suppliers to protect themselves against disruptions with our service to them.

#### Recommendations:

- ☞ Use our Food Show as a forum to begin educating the independent grocers about the pandemic. Perhaps a well known authority could be a guest speaker at such an event or at FMI.
- ☞ During a pandemic, there will be the need to have an effective communications mechanism between our wholesale grocery company and the independent grocer. We need to consider how this should work (e-mail, extranet, conference calling, instant messaging, etc.) and set up the mechanism now.
  - ❑ Establish a primary contact person that the independent grocer can access for all pandemic related issues.
  - ❑ During the pandemic, we should pay even more attention to A/R issues than normal. We should expect a number of independent grocers to fail.
  - ❑ A pandemic will raise a number of serious issues such as: Will we give priority of scarce product to our own retail stores? How much help should we (and can we afford to) give the Independents? In a pinch, are we

willing to run some stores for these customers? Should we refuse to take on new Customers during the crisis? It would be helpful to begin thinking about these tough issues in advance of a crisis.

- To the extent possible, develop emergency plans and encourage the independent grocers to sign up for these programs. For example, during a pandemic, receiving procedures should be revised to eliminate human contact and delays. Both parties should agree to suspend all counting practices and the need for signing paperwork.
- Develop relaxed product substitutions rules such that product continues to flow to the shelf. Emergency rules need to be communicated to the grocers.
- We will need to make sure the independent grocer is aware of all laws concerning price gauging as well as emerging regulations as the pandemic unfolds.
- Develop a Internet Shopping model for Independent Grocers.

### **FOOD SERVICE CUSTOMERS**

#### Vision:

Many typical food service customers will be devastated by a pandemic as consumers avoid leaving the home. Establishments that do home delivery may be the exception. The initial two or three month panic at the onset of the pandemic will be more than many operators will be able to sustain.

On the other hand, health care providers will have increased demand for food products to feed sick people. Many ad hoc health care facilities (schools, auditoriums, etc.) will be created and will have the need and possibly no facilities to feed people. There may be the opportunity to use the excess food preparation capacity in restaurants to service these ad hoc health care facilities. Our retail delis could also help provide food to these facilities.

In previous emergencies, large restaurant chains have actually provided free food to consumers to help them deal with the crisis.

#### Recommendations:

- ☞ Coordinate a plan to keep the restaurant customers in business by using their excess capacity to serve the increased demand for health care meals. Consider the issues that will result in the preparation and distribution of meals.
  - Identify foodservice items which could be sold through our grocery distribution supply chain. Develop a plan to move excess foodservice product to retail.
  - Develop an emergency plan to closely monitor the A/R status of all customers.
  - Consider developing an emergency plan to reduce the terms to customers.
  - Consider educating customers on the risk of a pandemic at Foodservice Food Shows. Perhaps a well known authority could be a guest speaker.
  - Establish contacts with churches which may need to provide a distribution point for getting food supplies to consumers.

## GOVERNMENT

### Vision:

In a pandemic situation, the federal and state governmental agencies will have to take control. Typically slow-moving bureaucracies will create conflicts with the demand to take some kind of knee jerk actions. At least initially, the result will probably be highly inconsistent. We should expect to see well intended but poorly conceived regulations only adding to the level of confusion. With a little time, the agencies will get their act together, but the first few months could be wild.

### Recommendations:

- ☞ Identify the key contacts we will need within all levels of government and start building relationships now. It is critical to try to understand which agencies will be making which decisions. This needs to be documented.
- ☞ Work with the government and others in the industry to begin to develop the necessary plans to deal with a pandemic.
  - ☐ Considering the potential for the federal government to freeze pricing, we should consider having a trigger point action to set reasonable prices that recognize the likely evaporation of all deal money and the increased costs of operating in a crisis environment. The goal should be fully focused on being fair and ethical.
  - ☐ Lobby the government, generally through FMI, to develop emergency procedures that would let the food industry continue to function (relaxed DOT regulations, priority of scarce medical supplies to food supply workers, etc.)
  - ☐ Identify the key contacts/agencies in local government in each county who make decisions regarding schools, hospitals, etc.

## INFORMATION SYSTEMS

### Vision:

The key role for the I/S Department will be to keep the critical applications and infrastructure running and to support the business units in dealing with the crisis.

### Recommendations:

- ☞ When the trigger point is reached, put an immediate freeze on virtually all changes. Since most outages are caused by change, only the most critical changes should be permitted.
  - ☐ Prepare for the crisis by developing necessary applications and capabilities in advance of a pandemic. Work with the business units to determine these requirements. This would likely include tracking databases, communication mechanisms, etc.

## FINANCE

### Vision:

The global economy will be significantly disrupted. Wall Street will tank. Banks will seek to minimize their risks.

Recommendations:

- ☞ Develop a plan to maintain or increase our borrowing capacity in order to survive the crisis.
  
- ☞ Develop a strategy to deal with potential disruptions to the credit/debit networks.
  - ☐ Consider developing a plan that, at the trigger point, moves pension funds into more appropriate investments.
  - ☐ Based on the potential for a pandemic to strike, any renegotiations of our revolver should be undertaken well in advance of the expiration of the current arrangement.
  - ☐ Review the various insurance companies that we deal with, and consider the impact should the insurance company fold.

**LEGAL**

Vision:

During the initial panic, it is likely the country will pull together to deal with the crisis. As things begin to settle down, there will certainly be some attempts to exploit the situation.

Recommendations:

- ☞ Consider potential lawsuits that would result from our emergency actions and implement reasonable steps to protect the company against litigation.
  - ☐ Monitor vendor compliance against established contracts.
  - ☐ Develop a backup plan for our single legal resource.

**CORPORATE MANAGEMENT**

Vision:

The Senior Management Team and Emergency Response Team will be vital in leading the business units through a pandemic crisis. A number of tough decisions and tradeoffs will need to be made from the top. In some cases, our desire to do the right thing will need to be reconciled with the requirement to be fiscally responsible.

Recommendations:

- ☞ The Emergency Response Team should review the many recommendations and ideas contained within this document to reach a consensus about the vision and steps that should be undertaken.
  
- ☞ Develop the appropriate set of trigger points. This should probably involve outside expertise both in the planning and invocation of each trigger point.
  
- ☞ For each trigger point, develop the appropriate “check lists” to ensure that plans are well executed and coordinated.

- ☞ Inform the Board of Directors about the potential risk of a pandemic and periodically advise them of the steps that are being implemented to protect the organization.
- ☞ During a pandemic, implement policies that minimize the chance that all members of Senior Management are unavailable at the same time. For example, avoid having members of the Senior Management Team in the same room.
- ☞ Document a precise chain of command sequence such that, no matter how many people get sick, it is clear to everyone who is ultimately running the company until the normal leaders return to duty.
- ☞ Develop a plan that addresses how the company recovers after the crisis period is finally over.
  - ☐ Implement a process to oversee the implementation of the approved actions that need to be undertaken in preparation for a pandemic.
  - ☐ Provide guidelines to the company on appropriate behaviors during the crisis. For example, the need to cooperate with the competitors in the interest of public safety should override the normal goal of gaining a competitive advantage. Decision makers will want to know how to properly think about such issues.
  - ☐ It is vital that any information we give to consumers, customers, suppliers or employees must be of the highest possible quality. The company should set up a QA process to double check any communiqué for accuracy. They should also do everything possible to have the best information at our disposal.
  - ☐ Consider unlikely partnerships that would benefit the public. For example, could we partner with a major drugstore chain in ways to benefit public health?
  - ☐ It is envisioned that communities will have certain expectations of us. We should anticipate these demands and consider what is possible.
  - ☐ During the crisis, employees will want more visibility from the Senior Management Team. We need to develop a communications mechanism to permit frequent communiqués from Senior Management.