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TOP LINE

As economic reports continue their bleak trajectory, segments of the U.S. workforce face growing unemployment. Service industry jobs remain visibly hard hit, given ongoing social distancing restrictions and lack of consumer desire to spend money amid an uncertain economy. Additionally, bankruptcy filings in the retail market are undermining another sector of the U.S. economy known for its lower wages and hourly pay. Some of the most vulnerable members of the U.S. workforce are in these sectors, which often do not provide health insurance or paid time off. Furloughs in manufacturing are also becoming permanent job losses as companies make decisions to close factories across the U.S. and abroad, reinforcing the likelihood that a strong economic recovery will not come quickly or easily. Permanent closures and resulting job losses will further erode consumer spending and wreak havoc on companies which rely on it.

Throughout the U.S., the virus remains difficult to contain and its trajectory unpredictable. This is particularly true absent widespread testing and a vaccine, for both of which timelines are unknown. Amidst this reality, countries, states, and cities are urging people to reclaim their daily lives, despite growing recognition that new waves of infections are inevitable. However, the U.S. public remains relatively united over continued social distancing as well as restrictions on public gatherings and on many businesses, regardless of the official stance of the state or county in which they reside. Businesses themselves are increasingly recognizing that reopening prematurely opens them to unknown liability and could bring another round of shutdowns, which may be too much for their already fragile balance sheets to handle.

Reopening businesses amid an ongoing pandemic is an experiment in behavioral economics and risk tolerance for business leaders, workforces, and consumers alike. Uncertainties abound, from the ability to produce an effective vaccine to Americans' willingness to submit to contact tracing, both of which are likely to be necessary for the resurgence of consumer life. Such uncertainties, however, mean that business leaders should carefully consider how to plan for a cautious return absent a vaccine or effective contact tracing regime. Plans must focus on ensuring workforce and consumer safety and confidence, both of which are required for businesses' survival. Downsides and hidden costs to any way forward are real, and human behavior is unpredictable. Even so, leaders should not discount

consumer resilience nor the extreme challenge of jump-starting the stalled U.S. and global economies.

Questions to Consider:

What public health, and business strategy measures will your enterprise implement to bolster workforce and consumer confidence needed for a return to profitability? What outside expertise do you need to accomplish your return-to-work objective?

COVID-19: THE HIGHLIGHTS

At least [three](#) senior U.S. government officials are in self-imposed quarantine after exposure to COVID-19. Additionally, at least [two](#) White House officials tested positive for the virus, highlighting the [difficulty](#) of containing the spread of COVID-19 even with immediate access to testing. Concern over the spread of the virus within White House ranks, raises the visibility of the risks COVID-19 poses to national governance in addition to commerce. Of further concern is the [persistence](#) of the virus in three of the largest U.S. metropolitan areas – New York, Chicago, and Los Angeles – which accounted for approximately 15 percent of newly identified cases in the country. An aggressive pandemic response largely halted the spread of the coronavirus in [South Korea](#), prompting responsible loosening of social restrictions. Only four days into the new phase, bars and nightclubs in Seoul, South Korea, were closed indefinitely following a spike of infections. The [United Kingdom](#), which has suffered the highest numbers of COVID-19 linked deaths in Europe, revealed plans to ease restrictions in construction and manufacturing industries; however, use of public transit is discouraged and plans are in the works to impose quarantines on individuals entering the UK by air. [New Zealand's](#) elimination strategy relied on low infection rates and very strict lockdown measures, which were employed early in the crisis. This technique differed from the mitigation strategies of other locations and has been overwhelmingly effective to date as the country reached a rate of zero new cases of COVID-19 in early May 2020. [Brazil](#), however, has yet to effectively institute quarantine measures of any kind, even as COVID-19 spreads throughout the country. The country, which is one of the most unequal on the planet, is likely to become the next epicenter of the pandemic. Elsewhere in South America and beyond, [other viruses](#) such as dengue fever, yellow fever, Ebola, and African Swine Fever are thriving and threatening already fragile economies and overwhelmed healthcare systems.

BEYOND THE NOISE

Social experiment: Despite political pressure to reopen U.S. businesses, Americans overwhelmingly [support](#) continued restrictions regardless of the official stance of the state in which they reside. Americans also remain [highly resistant](#) to contact tracing due to concerns over privacy and mistrust over government use of personal information, despite the fact that contact tracing could speed safe reopening. The complexity and uncertainty surrounding consumer behavior highlights the need to carefully

consider the [risks](#) of extended shutdowns, as well as opening too quickly. Unknowns are prevalent and downside risks extensive; however, operating amidst an ongoing pandemic is likely to become the new reality.

- **Secure Confidence:** Promote workforce and consumer health and confidence in any reopening strategy. Consider options available which take privacy into account but still allow for health-based surveillance.

Beyond furlough: Factory [furloughs](#) are becoming permanent shut downs, further eroding a U.S. industrial base which has been shrinking for decades. Closures are affecting a range of manufacturing sectors, raising the likelihood that the record job losses of recent weeks will have long term effects.

[Bankruptcy](#) filings by Neiman Marcus and J.Crew raise questions over the fate of [retail](#) companies and their associated workforces amidst broader job losses and declines in consumer spending. The specter of ongoing lockdowns, reinforces the [possibility](#) of continued business closures and has the [potential](#) to ripple into commercial real estate and other markets for years to come, slowing job regrowth and economic recovery even further.

- **Secure Jobs:** Consider ways to reinforce business resilience to account for a largely remote economy. Plan for supply chain disruption due to bankruptcies and business closures. Establish strategies for multiple phases of COVID-19, recognizing the duration of the virus is unknown.

Compounding vulnerability: Minorities and low-income [populations](#) are the most likely to become seriously ill from COVID-19 due in part to a greater likelihood of preexisting conditions and inconsistent access to healthcare. Social distancing, or the economic impact of doing so, is also more likely to adversely affect these populations, many of whom work in industries facing high rates of [infections](#) or those facing vast [layoffs](#). As the most vulnerable sectors of the U.S. workforce remain out of work and job losses continue to grow, funds for necessities, including food, are running short. [Food banks](#) are being overwhelmed by demand as millions of newly unemployed Americans search for ways to supply their basic needs.

- **Secure Communities:** Evaluate ways to support workforce and community needs to ensure their ability to return to work upon reopening of businesses. Support community-based resources in areas with high furlough or layoff rates.

TRUSTED RESOURCES: for numbers & guidance

[Johns Hopkins University](#) – Coronavirus Resource Center

[World Health Organization](#) – COVID-19 Pandemic

[Center for Disease Control](#) – Coronavirus (COVID-19)

Please contact Secure Source International at info@securesource.com to schedule a leadership roundtable with our intelligence and security experts to dive into these topics and discuss security and safety related best-practices.