COVID-19
Winning the Fight
Topics for today

COVID-19 context and progression

Consumer sentiment

How to emerge from the crisis

"New normal" employer planning checklist
Important Context regarding this document

This document is an overview and framework for consideration only, and does not include legal or regulatory advice or recommendations on how to address the COVID-19 situation for your business or employees. Each business is responsible to seek appropriate and up to date guidance and follow rules from public authorities before implementation of any measures.

The situation surrounding COVID-19 is dynamic and rapidly evolving, on a daily basis. This document represents one scenario based on discrete data from a particular point in time. It is not intended as a prediction or forecast about duration of lockdown; peak of viral infections; efficacy of government or health care responses to the virus; or other health or societal impacts, and does not represent an “official BCG view.” It also is not intended to: (i) constitute medical or safety advice, nor be a substitute for the same; nor (ii) be seen as a formal endorsement or recommendation of a particular response. As such you are advised to make your own assessment as to the appropriate course of action to take, using this presentation as guidance. Please carefully consider local laws and guidance in your area, particularly the most recent advice issued by your local (and national) health authorities, before making any decision.
CONTEXT | COVID response likely to unfold in three phases; each demands strategic decision-making in a different context and at a differing pace

As of 24 April 2020

Flatten

Fight

Future

Economic activity

100%

Critical care patients

1a

What will be the LENGTH of "Flatten"?
What are the preconditions to transition?
When will we achieve them?

1b

To what DEPTH does the economy drop in "Flatten"?

2a

What will be the LENGTH of "Fight"?
What are the preconditions to transition?
When will we achieve them?

2b

What LEVEL of recovery does the economy achieve in "Fight"?

3

Where does the economy return to relative to the pre-COVID era in "Future"?

Five questions will shape the economic outcomes

Note: This slide is part of a larger presentation and should be viewed within the 'Important Context' set forth on Slide 2
Disease progression | Many countries currently flattening the curve

As of 22 April 2020

1. Includes Middle East
2. Countries selected from the chart on the left
3. # of days after exceeding 100 confirmed cases
4. Excludes Brazil
5. Singapore observed a steady decline in growth rate of cumulative cases from 22 Mar to 6 Apr post which the rate has mostly increased as of 22 Apr 2020. Source: Johns Hopkins CSSE, Our World in data, WHO situation reports

Note: This slide is part of a larger presentation and should be viewed within the 'Important Context' set forth on Slide 2.
Economic forecasts point to severe downturn in 2020—global rebound to pre-COVID levels not expected before 2021

As of 22 April 2020

### GDP growth forecast vs. baseline

<table>
<thead>
<tr>
<th>Country</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>-5.9%</td>
<td>1.7%</td>
</tr>
<tr>
<td>China</td>
<td>-7.5%</td>
<td>1.3%</td>
</tr>
<tr>
<td>Europe</td>
<td>-5.2%</td>
<td>1.3%</td>
</tr>
<tr>
<td>India</td>
<td>1.9%</td>
<td>1.4%</td>
</tr>
<tr>
<td>Japan</td>
<td>0.7%</td>
<td>0.5%</td>
</tr>
</tbody>
</table>

### GDP level forecast

<table>
<thead>
<tr>
<th>Region</th>
<th>EOY 2021 vs. EOY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>96-103%</td>
</tr>
<tr>
<td>China</td>
<td>107-113%</td>
</tr>
<tr>
<td>Europe</td>
<td>95-101%</td>
</tr>
<tr>
<td>India</td>
<td>106-112%</td>
</tr>
<tr>
<td>Japan</td>
<td>96-100%</td>
</tr>
</tbody>
</table>

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Note: As of reports dated 31 March 2020 to 22 April 2020, YoY forecasts; Last week’s forecast based on forecast of IMF and same banks. 1. Range calculated with 25th & 75th percentile values of forecast range; 2. Range from forecasts (where available) of International Monetary Fond, JP Morgan Chase; Morgan Stanley; Bank of America; Fitch Solutions; Credit Suisse; Danske Bank; ING Group; HSBC; Source: Bloomberg, IMF, BCG analysis

Note: This slide is part of a larger presentation and should be viewed within the ‘Important Context’ set forth on Slide 2
People and goods are starting to move again

Coal consumption moving higher

Property transactions are restarting

Note: As of 24 April 2020; China data re-based for weekdays excl. weekends. Congestion delay index average include Beijing, Shanghai, Guangzhou, Shenzhen, and Wuhan; Daily coal consumption of major power plants = sum of daily average coal consumption of Jerdin Electric, Guangdon Yudean Group, Datang International Power Generation, and Huaneng Power International, Inc.; Source: www.cqcoal.com, and BCG Center for Macroeconomics
Consumer Sentiment
We surveyed consumers across five key geographies, sourcing a representative sample to proxy the general population.

Note: Rounding differences may occur.
Note: This slide is part of a larger presentation and should be viewed within the 'Important Context' set forth on Slide 2.
Consumers not only concerned about economic situation, but changing their behavior and habits

**Income**

<table>
<thead>
<tr>
<th>Country</th>
<th>I am worried about my personal finances due to the coronavirus</th>
<th>I am afraid of losing my job in the upcoming economic downturn</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>58%</td>
<td>33%</td>
</tr>
<tr>
<td>UK</td>
<td>51%</td>
<td>34%</td>
</tr>
<tr>
<td>Germany</td>
<td>35%</td>
<td>20%</td>
</tr>
<tr>
<td>Italy</td>
<td>59%</td>
<td>35%</td>
</tr>
<tr>
<td>China</td>
<td>54%</td>
<td>42%</td>
</tr>
</tbody>
</table>

**Spending**

<table>
<thead>
<tr>
<th>Country</th>
<th>I am very careful how I spend my money and cut back on my overall spending</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>73%</td>
</tr>
<tr>
<td>UK</td>
<td>66%</td>
</tr>
<tr>
<td>Germany</td>
<td>51%</td>
</tr>
<tr>
<td>Italy</td>
<td>75%</td>
</tr>
<tr>
<td>China</td>
<td>57%</td>
</tr>
</tbody>
</table>

**Habits**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Country</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working remotely from home</td>
<td>US</td>
<td>37%</td>
</tr>
<tr>
<td>Focusing on hygiene</td>
<td>US</td>
<td>39%</td>
</tr>
<tr>
<td></td>
<td>UK</td>
<td>25%</td>
</tr>
<tr>
<td></td>
<td>Germany</td>
<td>46%</td>
</tr>
<tr>
<td></td>
<td>Italy</td>
<td>59%</td>
</tr>
<tr>
<td>Spending time on social media</td>
<td>US</td>
<td>72%</td>
</tr>
<tr>
<td></td>
<td>UK</td>
<td>76%</td>
</tr>
<tr>
<td></td>
<td>Germany</td>
<td>68%</td>
</tr>
<tr>
<td></td>
<td>Italy</td>
<td>78%</td>
</tr>
<tr>
<td></td>
<td>China</td>
<td>71%</td>
</tr>
</tbody>
</table>

Note: For Income and Spending, percentages include participants that responded with “Somewhat agree” or “Strongly agree”; for Habits, percentages include participants that responded with “Somewhat more than usual” or “A lot more than usual”.

Source: BCG COVID-19 Consumer Sentiment Survey, April 17-20, 2020 (N = 5,729 across China, Germany, Italy, UK, and US; unweighted)

Note: This slide is part of a larger presentation and should be viewed within the ‘Important Context’ set forth on Slide 2.
During lockdown consumers miss experience-related dimensions: trying products, getting inspired, and the pleasure of shopping

### What consumers miss most about shopping at brick-and-mortar stores

#### Benefits vs. online shopping
- **Want to try, test and experience the product**
  - **US:** 36%
  - **UK:** 41%
  - **Germany:** 36%
  - **Italy:** 32%
  - **China:** 48%
- **Seek a faster fulfillment of their needs than online**
  - **US:** 22%
  - **UK:** 16%
  - **Germany:** 16%
  - **Italy:** 16%
  - **China:** 27%
- **Look for advice from experienced store staff**
  - **US:** 8%
  - **UK:** 11%
  - **Germany:** 15%
  - **Italy:** 14%
  - **China:** 22%
- **Consider shopping in-store more sustainable than online**
  - **US:** 9%
  - **UK:** 12%
  - **Germany:** 10%
  - **Italy:** 13%
  - **China:** 16%

#### Inspiration & pleasure of shopping
- **Want to enjoy their time and see shopping as a pleasure**
  - **US:** 41%
  - **UK:** 43%
  - **Germany:** 39%
  - **Italy:** 46%
  - **China:** 40%
- **Want to browse and get inspired**
  - **US:** 36%
  - **UK:** 45%
  - **Germany:** 28%
  - **Italy:** 28%
  - **China:** 29%
- **Want to catch-up with missed spend**
  - **US:** 8%
  - **UK:** 5%
  - **Germany:** 6%
  - **Italy:** 7%
  - **China:** 13%

#### Emotional connectivity
- **Missed store experience and connecting with people**
  - **US:** 21%
  - **UK:** 25%
  - **Germany:** 22%
  - **Italy:** 35%
  - **China:** 26%
- **Seek a stronger connection to brand and experience in-store**
  - **US:** 10%
  - **UK:** 7%
  - **Germany:** 6%
  - **Italy:** 7%
  - **China:** 21%

Note: Question text: “While clothing/shoes/accessories stores are closed, what would you say you miss the most about not being able to go to a physical store?”

Source: BCG COVID-19 Consumer Sentiment Survey, April 17–20, 2020 (N = 5,729 across China, Germany, Italy, UK, and US; unweighted)

Note: This slide is part of a larger presentation and should be viewed within the ‘Important Context’ set forth on Slide 2
However, consumers plan to purchase less offline post lockdown

**Expected shopping frequency decrease in stores post lockdown**

**Reasons for shopping less in stores**

- Want to avoid public spaces with lots of people
- Going to stores remains an exposure risk to the virus
- Want to spend less in case COVID affects my finances
- Need less than what I was purchasing before
- Would rather spend on experiences vs. clothing, etc.
- Prices have increased too much due to the virus
- Used to online shopping for clothing, etc.

<table>
<thead>
<tr>
<th>Reason</th>
<th>China</th>
<th>USA</th>
<th>UK</th>
<th>Germany</th>
<th>Italy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Want to avoid public spaces with lots of people</td>
<td>71%</td>
<td>71%</td>
<td>51%</td>
<td>68%</td>
<td>73%</td>
</tr>
<tr>
<td>Going to stores remains an exposure risk to the virus</td>
<td>63%</td>
<td>60%</td>
<td>19%</td>
<td>51%</td>
<td>52%</td>
</tr>
<tr>
<td>Want to spend less in case COVID affects my finances</td>
<td>48%</td>
<td>39%</td>
<td>14%</td>
<td>47%</td>
<td>37%</td>
</tr>
<tr>
<td>Need less than what I was purchasing before</td>
<td>46%</td>
<td>48%</td>
<td>23%</td>
<td>41%</td>
<td>43%</td>
</tr>
<tr>
<td>Would rather spend on experiences vs. clothing, etc.</td>
<td>38%</td>
<td>31%</td>
<td>7%</td>
<td>23%</td>
<td>23%</td>
</tr>
<tr>
<td>Prices have increased too much due to the virus</td>
<td>24%</td>
<td>28%</td>
<td>17%</td>
<td>37%</td>
<td>33%</td>
</tr>
<tr>
<td>Used to online shopping for clothing, etc.</td>
<td>5%</td>
<td>10%</td>
<td>3%</td>
<td>1%</td>
<td>45%</td>
</tr>
</tbody>
</table>

**Consumer shopping online for first time in COVID-19**

- 14%
- 9%
- 4%
- 10%
- 17%

Note: Question text: “When the lockdown period is over and clothing stores (incl. department stores, single-brand clothing stores, footwear stores) open again, do you think you will go shopping in clothing stores more/less than usual?” and “How much do you agree/disagree with the following statements?”

Source: BCG COVID-19 Consumer Sentiment Survey, April 17-20, 2020 (N = 5,729 across China, Germany, Italy, UK, and US; unweighted)

Note: This slide is part of a larger presentation and should be viewed within the ‘Important Context’ set forth on Slide 2.
Consumer sentiment suggests some willingness to resume activities post lockdown, but not to pre-crisis level even with treatment

As of 13 April 2020

### Willing to resume some level of the activity (%)

<table>
<thead>
<tr>
<th>Activities</th>
<th>Flights²</th>
<th>Hotel²</th>
<th>Local</th>
<th>Restaurant</th>
<th>Shopping</th>
</tr>
</thead>
<tbody>
<tr>
<td>Available vaccine and/or drugs to treat</td>
<td>82</td>
<td>85</td>
<td>84</td>
<td>84</td>
<td>91</td>
</tr>
<tr>
<td>No new cases in my country</td>
<td>82</td>
<td>80</td>
<td>76</td>
<td>83</td>
<td>91</td>
</tr>
<tr>
<td>Number of new cases in my country slows</td>
<td>61</td>
<td>56</td>
<td>56</td>
<td>65</td>
<td>74</td>
</tr>
<tr>
<td>Government removes restrictions</td>
<td>46</td>
<td>46</td>
<td>47</td>
<td>55</td>
<td>62</td>
</tr>
<tr>
<td>I'm already comfortable doing this or will be as soon as they reopen</td>
<td>16</td>
<td>18</td>
<td>18</td>
<td>27</td>
<td>33</td>
</tr>
</tbody>
</table>

I would never do this, even after we return to 'normal' times (%)

<table>
<thead>
<tr>
<th>Flights²</th>
<th>Hotel²</th>
<th>Local</th>
<th>Restaurant</th>
<th>Shopping</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>4</td>
<td>9</td>
<td>7</td>
<td>4</td>
</tr>
</tbody>
</table>

### Observations

- Even with treatment, activity level **not going back to pre-crisis level for 9-18%**
- Even if governments remove restrictions, 38-54% **not willing to resume activity**
- **16-33% already comfortable** with resuming activities 'no matter what'

Source: BCG COVID-19 Consumer Sentiment Survey, April 10-13, 2020 (N=2,960 US), unweighted; representative within ±3% of US census demographics.

Note: Question text: "When will you feel comfortable [on activity]? Please select up to 3." Respondents who are already comfortable with an activity are assumed to be comfortable with all other measures as well; respondents who selected "government removes restrictions" are assumed to be comfortable with "number of new cases in my country slows."

1. Data includes only respondents who have been on a cruise in 2016-2020.; 2. Data includes only respondents who have done these activities on 2019-2020.

Note: This slide is part of a larger presentation and should be viewed within the 'Important Context' set forth on Slide 2.
Majority of industries in US continue to see declining sales and transactions with Rideshare, Travel, and AFH entertainment most severely impacted.
Transactions nationally and regionally also largely consistent

<table>
<thead>
<tr>
<th>Category</th>
<th>US</th>
<th>Seattle</th>
<th>NYC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rideshare</td>
<td>-91</td>
<td>-93</td>
<td>-91</td>
</tr>
<tr>
<td>AFH Entertainment</td>
<td>-90</td>
<td>-89</td>
<td>-88</td>
</tr>
<tr>
<td>Airlines</td>
<td>-88</td>
<td>-93</td>
<td>-89</td>
</tr>
<tr>
<td>Cruiseslines</td>
<td>-70</td>
<td>-90</td>
<td>-89</td>
</tr>
<tr>
<td>Car Rentals</td>
<td>-83</td>
<td>-90</td>
<td>-89</td>
</tr>
<tr>
<td>Hotels</td>
<td>-92</td>
<td>-92</td>
<td>-92</td>
</tr>
<tr>
<td>OTAs</td>
<td>-89</td>
<td>-90</td>
<td>-89</td>
</tr>
<tr>
<td>Convenience Stores</td>
<td>-54</td>
<td>-39</td>
<td>-54</td>
</tr>
<tr>
<td>Apparel and Accessories</td>
<td>-54</td>
<td>-39</td>
<td>-54</td>
</tr>
<tr>
<td>OTAs</td>
<td>-54</td>
<td>-39</td>
<td>-54</td>
</tr>
<tr>
<td>Department Stores</td>
<td>-62</td>
<td>-56</td>
<td>-46</td>
</tr>
<tr>
<td>Beauty</td>
<td>-52</td>
<td>-49</td>
<td>-46</td>
</tr>
<tr>
<td>Restaurants</td>
<td>-37</td>
<td>-36</td>
<td>-38</td>
</tr>
<tr>
<td>Pharmacy</td>
<td>-35</td>
<td>-29</td>
<td>-38</td>
</tr>
<tr>
<td>Dollar &amp; Discount Stores</td>
<td>-33</td>
<td>-38</td>
<td>-38</td>
</tr>
<tr>
<td>Auto Services</td>
<td>-8</td>
<td>-7</td>
<td>-37</td>
</tr>
<tr>
<td>Grocers</td>
<td>-30</td>
<td>-30</td>
<td>-38</td>
</tr>
<tr>
<td>Health &amp; Wellness</td>
<td>-12</td>
<td>-23</td>
<td>-37</td>
</tr>
<tr>
<td>Media and Books</td>
<td>-12</td>
<td>-23</td>
<td>-37</td>
</tr>
<tr>
<td>Mass Retail</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Home</td>
<td>-38</td>
<td>-39</td>
<td>-42</td>
</tr>
<tr>
<td>Club Chains</td>
<td>-14</td>
<td>-29</td>
<td>-41</td>
</tr>
<tr>
<td>Payments &amp; Other Finance</td>
<td>-7</td>
<td>-21</td>
<td>-16</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>-7</td>
<td>-21</td>
<td>-16</td>
</tr>
<tr>
<td>Electronics</td>
<td>20</td>
<td>5</td>
<td>17</td>
</tr>
<tr>
<td>Amazon (ex Whole Foods)</td>
<td>11</td>
<td>22</td>
<td>58</td>
</tr>
<tr>
<td>DIY</td>
<td>27</td>
<td>42</td>
<td>5</td>
</tr>
<tr>
<td>Food Delivery</td>
<td>57</td>
<td>41</td>
<td>9</td>
</tr>
<tr>
<td>Online Grocery</td>
<td>171</td>
<td>89</td>
<td>89</td>
</tr>
</tbody>
</table>

Note: Sample size varies by category, ranging from 1,000-19,000 consumers for Seattle area, 1,000-9,000 for NYC area, and 15,000-750,000 for US; Excluding sectors with N<1000

Source: BCG Marketing, Sales, and Pricing; BCG GAMMA; Earnest Research; BCG analysis

Note: This slide is part of a larger presentation and should be viewed within the 'Important Context' set forth on Slide 2
While all sectors are affected by the downturn, some companies emerge as winners within each sector.

As of 22 April 2020

Year-to-date shareholder return in % per sector

Healthier sectors

Pressed sectors

Vulnerable sectors

Note: Data as of 22 April 2020; Sectors are based on GICS definitions; Companies sampled from S&P Global 1200
Source: S&P Capital IQ; BCG ValueScience® Center
Note: This slide is part of a larger presentation and should be viewed within the ‘Important Context’ set forth on Slide 2
How to emerge from crisis
Companies focused on crisis-reaction and recession prep.

### Themes

1. **Reaction**
   - Set-up a digital information hub for all the latest policies and information: 81% Have Taken, 10% Plan to Take, 9% Not Planned
   - Modify travel policies – restrict travel broadly: 90% Have Taken, 7% Plan to Take, 3% Not Planned
   - Arrange flexible working plans and provide required infrastructure/solutions for enabling it: 86% Have Taken, 11% Plan to Take, 3% Not Planned
   - Set-up a COVID-19 rapid response team: 66% Have Taken, 15% Plan to Take, 20% Not Planned
   - Identify alternatives and contingencies for critical components, operations, and logistics routes: 60% Have Taken, 23% Plan to Take, 17% Not Planned
   - Refocus product and service offerings for changing crisis needs: 59% Have Taken, 23% Plan to Take, 18% Not Planned

2. **Recession**
   - Make scenario analysis to access liquidity: 61% Have Taken, 31% Plan to Take, 8% Not Planned
   - Put in place a cost-discipline plan: 59% Have Taken, 36% Plan to Take, 5% Not Planned

3. **Rebound**
   - Top-down scenario assessment, estimation of time point for a demand rebound: 43% Have Taken, 40% Plan to Take, 17% Not Planned
   - Plan to build supply chain readiness for a potential rebound: 25% Have Taken, 47% Plan to Take, 28% Not Planned
   - Change in marketing/communication plan given crisis and in anticipation of rebound: 47% Have Taken, 33% Plan to Take, 20% Not Planned

4. **Reimagination**
   - Change supply chain structure: 30% Have Taken, 70% Plan to Take
   - Modify long-term sales channel mix: 27% Have Taken, 73% Plan to Take

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1. Question asked in survey was on long term changes planned - status of execution at responding companies unknown

Source: BCG COVID-19 Company Survey; BCG Henderson Institute Analysis

Note: This slide is part of a larger presentation and should be viewed within the 'Important Context' set forth on Slide 2
Getting ready for the Restart requires all companies to tackle difficult, cross-functional questions

Crisis raises a variety of client use cases…

- Bringing workers back to work safely
- Managing costs in volatile times
- Creating robust data-driven decision-making
- Improving governance and controls
- Planning for demand recovery
- Managing top line growth
- Accelerating new ways of working
- Building a more resilient company

… but underlying themes suggest a set of overall questions

- When and how will our people return to work?
- How do we ensure their health and safety?
- How will we manage heightened environment complexity and uncertainty?
- How do we move faster than competitors?
- What changes should we make in response to fundamental shifts in demand / supply?
- What do we have to decide now? What can wait?
Business leaders can navigate through 'Fight' phase by using a dynamic cockpit for their specific industry

### Dynamic Cockpit

#### External data sources

**Macro indicators**
- Public health situation
  - Virus spread scenarios
  - Medical demand/ supply assessment

**Macroeconomic developments**
- GDP estimated development
- Government policies
- Labor impact

**Governmental measures**
- Government response timelines
- Lockdown status and estimated end date

#### Internal data sources

**Macro indicators**
- Public health situation
  - Virus spread scenarios
  - Medical demand/ supply assessment

**Macroeconomic developments**
- GDP estimated development
- Government policies
- Labor impact

**Governmental measures**
- Government response timelines
- Lockdown status and estimated end date

#### Category demand evolution

**Category economic scenarios**
- COVID eco. impacts on categories
- Scenario-based future sales
- Short-term demand by product/location

**Customer behavior shifts**
- Online user behaviors
- Sentiment surveys

#### Demand data

- Segments / categories, channels, company vs. competition
- Sell-in / sell out scenarios
- Sell-in / sell out actuals (customer, week and location / channel level)

#### Stock data

- Stock levels, purchase materials and location
- Sell-in / sell out scenarios
- Sell-in / sell out actuals (customer, week and location / channel level)

#### Orders

- Stock levels, purchase materials and location
- Sell-in / sell out scenarios
- Sell-in / sell out actuals (customer, week and location / channel level)

#### Production data

- Production planning for coming weeks
- Sell-in / sell out scenarios
- Sell-in / sell out actuals (customer, week and location / channel level)

#### Commercial data

- Promo calendar

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Source: BCG

Note: This slide is part of a larger presentation and should be viewed within the 'Important Context' set forth on Slide 2
In the new normal, existing trends will accelerate and winners will define new ones

**Retail (non essential) example**

<table>
<thead>
<tr>
<th>Market</th>
<th>Channels</th>
<th>Operating model</th>
</tr>
</thead>
<tbody>
<tr>
<td>Many sub-sectors will consolidate into a triumvirate of or two traditional players, at-scale marketplaces, and niche players (including pureplays, direct to consumer)</td>
<td>Large share of physical retail may permanently close as lower spending, and decline in relevance of malls, brings less foot traffic (less so where stores provide experience)</td>
<td>Cost base will be restructured for most companies, potentially through bankruptcy or insolvency proceedings (e.g. Chapter 11, Company Voluntary Agreements)</td>
</tr>
<tr>
<td>Marketplaces and essential retailers will disruptively steal share in non-essential categories (less so where barriers to entry are high or supply chains are different e.g. DIY)</td>
<td>Omnichannel growth will challenge retailer economics, and require business model and customer experience innovation, as consumers push toward e-commerce as the norm</td>
<td>Supply chains will become diversified with pressure to shift inventory to vendors as retailers seek to reduce inventory costs, cash-outs, and the risk of product not selling</td>
</tr>
</tbody>
</table>

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Note: These analyses represent only potential scenarios based on discrete data from one point in time. They are not intended as a prediction or forecast, and the situation is changing daily (as of April 6, 2020); Source: BCG

Note: This slide is part of a larger presentation and should be viewed within the 'Important Context' set forth on Slide 2.
Guiding principles for leadership in crisis

“THOSE are the times that try men's souls. The summer soldier and the sunshine patriot will, in this crisis, shrink from the service of their country; but he that stands by it now, deserves the love and thanks of man and woman. Tyranny, like hell, is not easily conquered; yet we have this consolation with us, that the harder the conflict, the more glorious the triumph.”

Thomas Paine, The Crisis

Be visible, purposeful, and authentic
Communicate in ways that engage and increase the relevance of your teams and clarify the reasons underlying your communications

Leverage the principle of “commander’s intent”
Share only key objectives and rationale of required actions to allow the organization to be flexible and adaptive, and allow a focus on execution

Use multiple clock-speeds
Think on multiple timescales by considering the now, the next, and the later. Ensure that leadership teams look ahead and prepare for the future

Engage externally
Communicate with customers and stakeholders to gather frequent, fresh, firsthand information to adapt and respond effectively

Be decisive
Assemble a multi-functional task force that is empowered to make decisions and suspend normal decision protocols

Keep imagination alive
Look out for new needs and opportunities to serve clients now and beyond the crisis. We will not be reverting to a 2019 reality

Source: When Leadership Matters Most, BCG Henderson Institute
Note: This slide is part of a larger presentation and should be viewed within the ‘Important Context’ set forth on Slide 2
Example based on companies that leveraged the 2008 crisis to innovate

Note: Chart compares TSR performance of publically listed MIC (Most Innovative Companies) 50 companies in 2007 (pre-financial crisis) and follows their TSR performance through the crisis until 31.12.2012; Source: Accelerating out of the great recession book, BCG Innovation Journey Analytics Database; CapitalIQ

Note: This slide is part of a larger presentation and should be viewed within the 'Important Context' set forth on Slide 2
"New normal" employer planning checklist
"New Normal" objective

FROM:

Only essential businesses allowed to operate in a relatively "normal" way under "Stay Home, Stay Healthy"

TO:

Essential AND/OR safe businesses allowed to operate in the "New Normal" after public health pre-requisites are met

Note: This slide is part of a larger presentation and should be viewed within the 'Important Context' set forth on Slide 2. Full "new normal" report can be found on Challenge Seattle and Washington Roundtable websites.
Two-tiered checklist for employers

Baseline recommendations

Checklist of how any employer should help create a "New Normal" to fight COVID-19

Proposed mitigation actions that should be applied broadly as the impact of phasing in operations is assessed

Additional considerations

List of practices observed around the world to mitigate risk

Considerations will vary in relevance by sector and operation; those feasible & relevant should be implemented

Employers have a strong incentive to meet (and exceed where/when appropriate) baseline recommendations as adverse public health outcomes could result in more stringent restrictions and/or a return to "Stay Home, Stay Healthy"

Note: This slide is part of a larger presentation and should be viewed within the 'Important Context' set forth on Slide 2. Full "new normal" report can be found on Challenge Seattle and Washington Roundtable websites
Baseline recommendations for employers

Employers should develop a Safe Work Plan that meets these recommendations to resume operations.

Workplace Safety
- Adhere to federal, state and local public health and worker safety guidelines
- Work from home for operations able to be performed remotely
- Maintain physical distancing wherever possible of 6 feet, including with visitors/customers
- Avoid gatherings of >10 people in any office meeting room or shared social space (e.g., cafes, lobbies); everyone should maintain physical distancing of at least 6 feet
- Routine sanitization of high-touch surfaces and shared resources (e.g., doorknobs, elevators, vending machines, points of sales)
- Ask workers/volunteers to self-certify that they have experienced no CV-19 symptoms since last day of work at, or visit to, the workplace
- Ask workers/volunteers to stay home and seek medical guidance if they are experiencing any known symptoms
- Ask workers/volunteers to self-quarantine per local public health guidelines if confirmed to have COVID-19 or exposed to confirmed case
- Please see supporting guidance from the WA State Department of Health: Click for link
- Response protocols for workers, volunteers and visitors reporting symptoms and/or are confirmed to have COVID-19 (e.g., isolation)
- Avoid non-essential travel and propose self-quarantine per local public health and worker safety guidelines after any high-risk travel as defined by the CDC (e.g., international travel)
- Have the ability to log all workers and volunteers that come on premise for purposes of supporting public health contact tracing
- Available contact for all workers, volunteers and visitors to report concerns and/or potential violations of the Safe Work Plan
- Regular self-monitoring and updates of the Safe Work Plan
- Communication of Safe Work Plan to all workers, volunteers and visitors including any future modifications

Workforce Support
- Provide workers/volunteers with masks for any public-facing job and/or those whose responsibility includes operating within physical distancing limits of 6 ft. for extended periods of time
- Note: N95 masks should not be used except for public health approved roles
- Identify available alternative work assignments for workers/volunteers upon requests due to concerns related to workplace safety. Priority should be given for workers/volunteers who are considered high-risk/vulnerable as defined by public health officials
- Train workers/volunteers on symptom detection, sources of high risk to COVID-19, prevention measures (including household suppression) and leave benefits/policies (e.g., UI for workers that need to self-quarantine)

Customer & Visitor Expectations
- Visible entry point signage for workers, volunteers and visitors on shared responsibilities (including proper hygiene & sanitization, physical distancing/PPE guidance and information for reporting concerns)

Supporting a common "New Normal" foundation to mitigate COVID-19

The following checklist provides proposals for employers in Washington State to reopen non-essential operations.

These actions will run in parallel to public health efforts.

Protecting Washingtonians through a safe reopening and acting as good stewards of our local communities is our priority.

Subject to change based on public health guidance.
Additional considerations: Workplace safety

Employers should consider & implement listed elements where feasible/relevant

Encouraging proper hygiene & health practices
- Encourage workers/volunteers do regular temperature checks at home before coming to work
- Avoid non-essential person-to-person contact (e.g., handshakes)

Health screenings on-premise
- Routine temperature checks & screens

Enabling tracking and tracing
- Notify and isolate all workers/volunteers in contact with an individual that develops symptoms
- Have the ability to log visitors that come on-premise

Sanitation procedures
- Provide hand sanitizer at entrances/exits
- Clean surfaces between meetings/customer visits
- Sanitize/quarantine deliveries/packages
- Perform nightly deep cleaning

Limiting shared office resources
- Limit shared desks/workspaces
- Reduce use of shared office supplies/resources
- Limit shared food at worksite
- Limit cafeteria capacity and services
- Limit public kitchens/vending

Methods to enact distancing procedures
- Implement reduced maximum capacity limits
- Stagger arrival times to avoid congestion
- Limit ingress/egress points while maintaining fire exits
- Stagger entry into stores/facilities
- One-way store/facility aisles
- Use distance markings at places of congregation
- Enact plexiglass protection between workstations or at check out
- No contact payment/pickup
- Virtual meetings even when in office
- Re-organize floor layouts to permit physical distancing
- Stagger breaks and usage of common areas
- Avoid sitting face-to-face
- Create isolated work cells/teams where possible

Ensuring governance & accountable roles over plan
- Appoint team/lead to manage ongoing Safe Work Plan
- Designate a hygiene leader for each shift and facility who is responsible for protocol audits
- Regular reporting of worker and customer sentiment and tracking of public health trends

On-going training to meet health guidelines
- Host pre-return to work training
- Use of training methods that do not involve personal meetings

Helping develop individualized, flexible Safe Work Plans

Each individual employer should develop and implement a Safe Work Plan.

The following lists are considerations and examples to aid in the development of individual plans.

Note: Employers are not recommended to implement all listed examples. These are provided as known practices being utilized to-date and are subject to change.

Note: This slide is part of a larger presentation and should be viewed within the ‘Important Context’ set forth on Slide 2. Full "new normal" report can be found on Challenge Seattle and Washington Roundtable websites
Additional considerations: Workforce support
Employers should consider & implement listed elements where feasible/relevant

Ongoing communication to workforce
- Provide content for vulnerable workers to help navigate Back to Work (e.g. aggregate helpful materials, explain evolving gov’t benefits)

Enacting modified working models
- Job shares that allow for reduced hours
- Offer partial workforce or alternate day of week operating model
- Different in office working hours (e.g. two shifts: 6:30a-12:30p and 1p-7p with time between shifts)

Expanded / extended work from home & leave policies
- Provide one time home office supply voucher
- Tiered PTO (e.g. FTEs get additional 80 hours; PTE get additional 40 hours; all paid out at year end if not used)
- Create workforce relief/aid fund and adopt policy on how funds will be distributed

Decreasing commute risks & pressure on public transport
- Promote and enable individual commutes (e.g., subsidized biking/parking)
- Employer-sponsored buses/transit options
- Alternative hours to limit transportation during high public traffic hours

Providing additional training and resources
- Provide guidance on virtual and in person teams
- Provide career planning and resources
- Train managers to support new Back to Work model

Enabling access to education and childcare
- On site day care or study rooms for limited number of children per day
- Voucher for online education tools
- Access to apps to match caregivers with need (including recently displaced workers)
- Priority for childcare for workers not able to WFH

Building morale and virtual culture
- Create virtual HR office hours and/or HR hotline
- Virtual companywide meetings
- Create networks for workers to connect/share remote working best practices
- Sponsor well-being challenges geared to staying physically and mentally healthy

Supporting mental health needs
- Access, reduced cost and/or free counseling
- Access, reduced cost and/or telemedicine consultations
- Benefit extensions for household members
- Access to meditation/mindfulness content
- Digital support groups to decrease isolation and share ideas
- Virtual play dates for families with children of similar ages

Each individual employer should develop and implement a Safe Work Plan.

The following lists are considerations and examples to aid in the development of individual plans.

Note: Employers are not recommended to implement all listed examples. These are provided as known practices being utilized to-date and are subject to change.
All employers should develop their own unique plans based on checklists.

Plans should be self-monitored & updated regularly based on evolving public health guidelines.

Plans should be communicated to the workforce…
- Following similar approach to regular policy changes - email, etc.

…and shared publicly to build community confidence
- e.g., posted at entrances for visitors, emailed to subscribers

Employers should be prepared to take additional measures if public health requires.
"New Normal" objective

Enable essential AND/OR safe businesses to operate in the "New Normal" after public health pre-requisites are met

Baseline recommendations and additional considerations for employers checklists

Full report can we located on Challenge Seattle and Washington Roundtable Websites

Note: This slide is part of a larger presentation and should be viewed within the 'Important Context' set forth on Slide 2
THANK YOU