



**MARRINER S. ECCLES INSTITUTE FOR
ECONOMIC AND QUANTITATIVE ANALYSIS**

THE UNIVERSITY OF UTAH

DAVID ECCLES SCHOOL OF BUSINESS

NAVIGATING COVID-19

How to Save Your Business



Moderated by Mike Leavitt

Former Secretary, United States Health and Human Services;
Former Utah Governor; President and CEO, Leavitt Partners

Adjusting and Planning for the New Normal

GEORGE S. AND DOLORES DORÉ ECCLES
FOUNDATION

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THE
CYNOSURE
GROUP



Taylor Randall

Dean, David Eccles School of Business
University of Utah



Spencer P. Eccles

Managing Director
The Cynosure Group



Mike Leavitt

Former Secretary of Health and
Human Services

Former Governor of Utah

Summary of Key Action Items

1. Start thinking about COVID-19 as a long-term risk that needs to be managed, not a short-term issue that can be solved
2. Our social distancing strategies are working. We are out-performing the models. We can't stop social distancing too early or too late.
3. Act promptly, even if not perfect – iterate as required
4. Utilize the resources available – CARES Act, Credit Partner
5. Communicate frequently with key stakeholders
6. Look for ways to adapt your business as you prepare for a new normal



Agenda

Description	Presenter
Welcome	Taylor Randall
Introduction	Spencer P Eccles
Summary of Key Action Items	Mike Leavitt
What Business and consumer trends will shape the country's economic recovery?	Steve Caine Partner, Bain & Company
Panel Discussion: How is your industry adapting to the changes brought on by this pandemic? Dave Davis, Utah Food Industry & Utah Retail Merchants Association Candace Daly, National Federation of Independent Businesses Rich Thorn, Associated General Contractors Kaitlin Eskelson, Visit Salt Lake Amanda Covington, Larry H. Miller Group of Companies	Moderator: Mike Leavitt
Audience Q&A	Mike Leavitt
Conclusion	Taylor Randall

Audience: Ask Questions Using Chat





Steve Caine

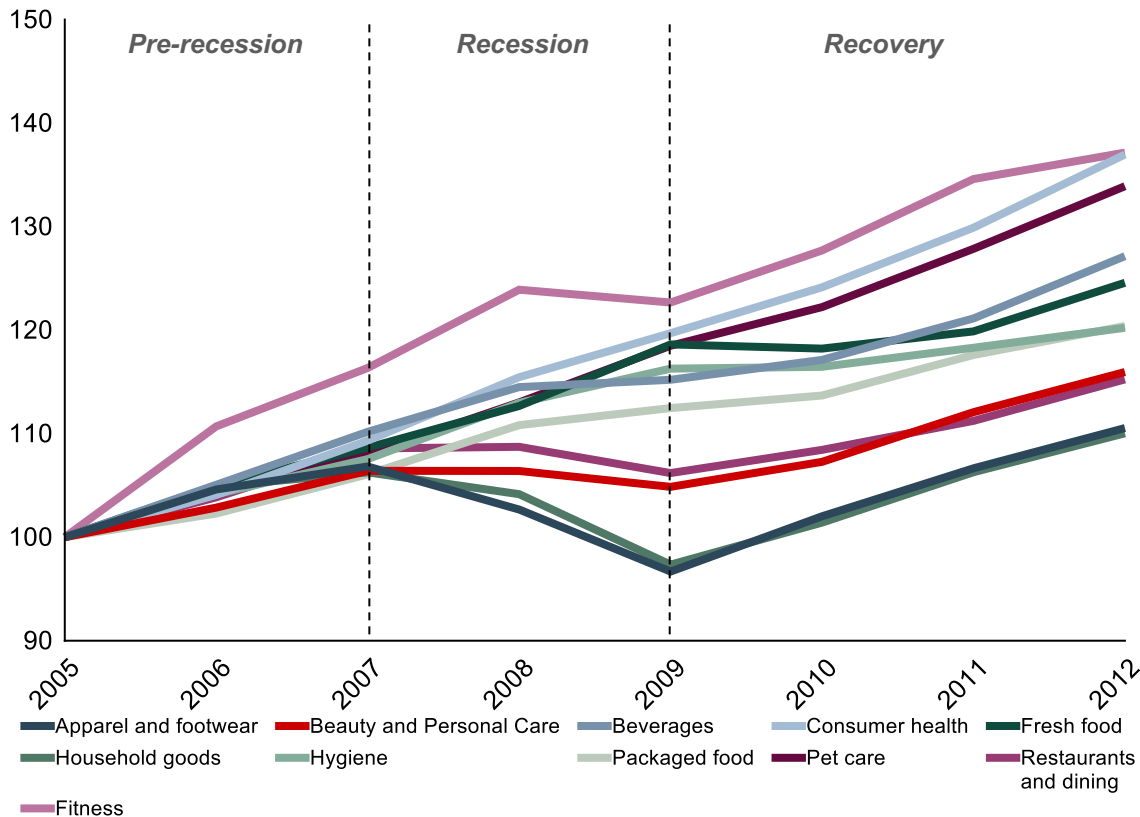
Partner

Bain & Company

This disruption during and after the last recession meant that the pace and shape of the bounce-back varied significantly

Performance through the 2008 – 2009 recession varied significantly across categories

Indexed value of total US sales (indexed to 2005 level)



Many categories saw significant changes in momentum and did not recover to pre-recession growth rates

		'05 – '07 CAGR	'07 – '09 CAGR	'09 – '12 CAGR	Years to recovery (value)	Years to recovery (growth rate)
Essential goods	Fresh food	4.23%	4.49%	1.65%	0	-
	Packaged food	2.99%	2.97%	2.30%	0	-
	Non-alcoholic beverages	5.33%	0.54%	3.38%	0	-
	Consumer health	4.56%	4.64%	4.59%	0	3
	Hygiene	3.70%	3.98%	1.12%	0	-
	Pet care	3.94%	4.73%	4.16%	0	1
Non-essential goods	Apparel and footwear	3.36%	-4.87%	4.57%	3	1
	Beauty and personal care	3.16%	-0.73%	3.41%	1	2
	Alcoholic beverages	4.49%	4.50%	3.30%	0	2
	Household goods / home improvement	3.08%	-4.29%	4.17%	2	6
Services	Restaurants and dining	4.20%	-1.10%	2.76%	2	-
	Fitness*	7.87%	2.67%	3.79%	1	-

Top 3 Bottom 3

Note: *Fitness and health clubs only; “-” indicates the YoY growth rate yet to recover to the pre-recession peak; Pre-recession is 2005 – 2007, Recession is 2007 – 2009, Post-recession is 2009 – 2012

Source: Euromonitor, Mintel, Federal Reserve Bank of St. Louis, Bain & Company

There are three phases of the crisis – China is now in tenuous recovery, while most other countries still in escalation mode

PHASE ONE



Emerging situation

- Virus is present, but has not yet impacted a large population
- Government has not taken action
- Day-to-day life is still mostly “normal”
- Variable public sentiment, “it’s just the flu”

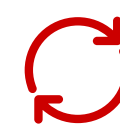
PHASE TWO



Rapid escalation

- Virus has become prevalent
- Governments take restrictive actions to contain virus
- Retail operations & daily life strongly impacted
 - Retail that remains open is overloaded with stock-outs etc.
 - Retail that is forced to close, must focus on protecting cash

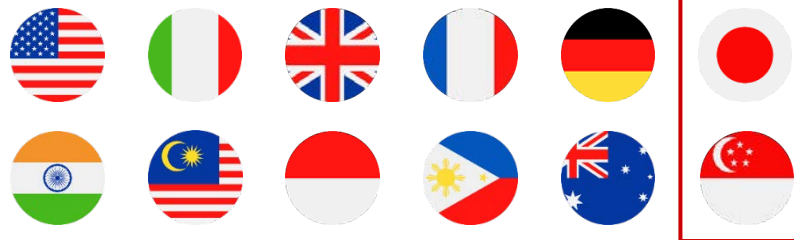
PHASE THREE



Recovery & Controlled*

- The situation progressively returns to (a new) normal
- Competitive positions and customer relationships may have been significantly altered

After a period of containment, Japan and Singapore have moved into Phase 2 as re-entering travelers have ‘re-imported’ the disease from abroad and cases have increased



US, most of Europe, Australia, Indian subcontinent and SEA in phase 2



China and Korea starting to emerge into tenuous recovery

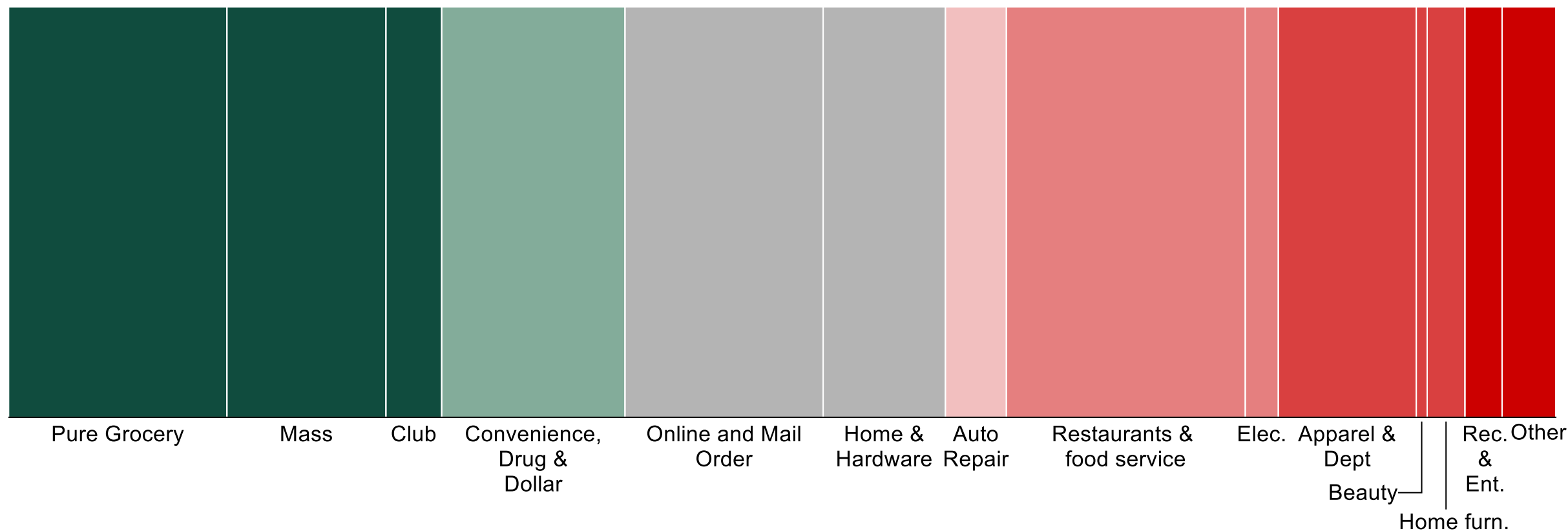
Note: (*) Domestically controlled, though with continued threat from imported/re-imported cases

NEAR-TERM impact

COVID-19 has resulted in widely divergent outcomes for retail sub-sectors, with clear winners and losers

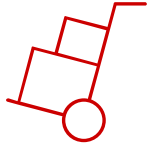
2018 U.S. Retail Market (\$B)

Total
\$4.8T



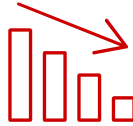
Although the COVID-19 crisis is still in early days, several key trends have already emerged

Near term



1

Temporary “pantry loading” for essentials



2

Steep fall-off in non-essentials with highly variable recovery paths

Medium term



3

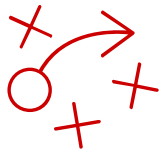
Flight to value



4

Shake-out among insurgent brands

Long term structural shift



5

Supply chain as an offensive weapon



6

Shift to online; shake-up offline



7

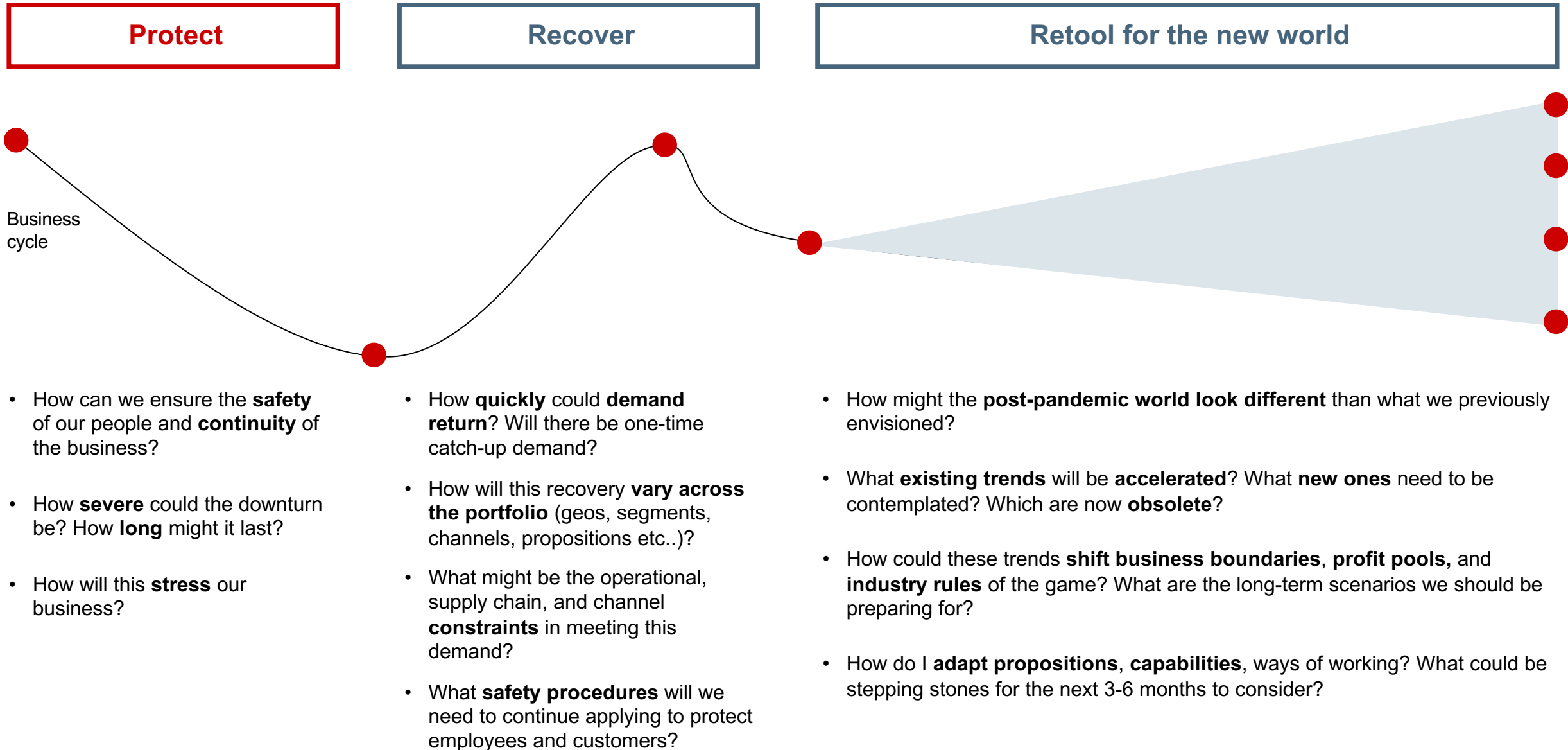
Strong brand purpose more critical than ever



8

New ways of working

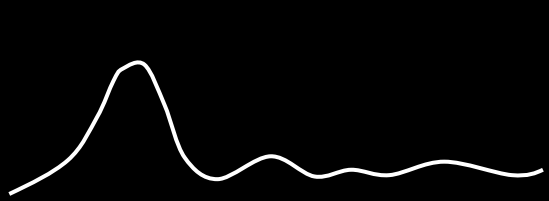
Business leaders will need to reshape their scenario planning in three areas



Going forward, we see **3** possible scenarios for COVID-19 “recovery”

01

Shock and recovery



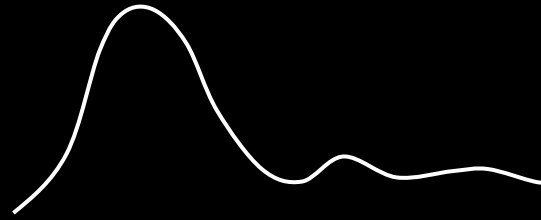
Number of
new cases

What we
need to
believe?

- Suppression cycle followed by mitigation
- Lockdown successful in reducing virus transition
- After control, efficient mitigation measures adopted to prevent virus resurgence and allow economy to normalize

02

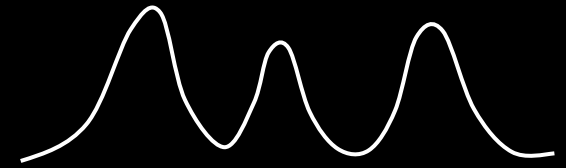
Extended suppression followed by controlled mitigation



- The outbreak takes much longer to be controlled
- Current suppression measures insufficient to flatten the curve
- More severe lockdown measures implemented later on
- After control, efficient mitigation measures adopted to prevent virus resurgence and allow economy to normalize

03

Sequence of suppressions due to lack of control



- Multiple outbreaks & suppression cycles
- After controlling the first cycle of the outbreak, transmission quickly rebounds when interventions are relaxed
- Mitigation measures ineffective; second cycle will be less intense, but will still slow down the economy



Dave Davis

Utah Food Industry

Utah Retail Merchants Association

Every Dark Cloud Has a Silver Lining



Trends / Strategies

- SAFETY becomes a retail metric
 - Price, Quality, Selection, Convenience
 - AND...SAFETY
- Importance / Acceleration of “click and collect” retailing
 - Application to all channels of retail
- Leverage your strengths
 - Creativity
 - Nimble / Flexible





Candace Daly

National Federation of Independent
Businesses

Health and Safety – Communication – Confidence

- Entrance signage – **Do not enter** if you have a **fever**
- Social distancing **6 ft.** separation maintained
- **Screen** employees, clients and patients before entering - Can be done by **phone and/or in person**
- **Reschedule** if they are showing symptoms no sooner than 14 days
- **Lobbies and waiting areas** should be **closed**. Clients, patients and customers can **wait in their cars**
- **Strongly** discourage **cash payments**. **Credit Cards only**
- If any person **develops symptoms** at work **send them home**

Health and Safety – Communication – Confidence

- **Signage for employee areas**
 - **Do not work** if you are experiencing fever, cough or difficulty breathing.
 - **Return home** and follow Health guidelines for quarantine and isolation.
- Workstations **6 feet** apart
- All tools, chairs, tables, and supplies shall be **sanitized** after serving each person
- All **operators** shall **wear facial protection, wash hands frequently**
- Have **sanitizer** available **throughout** the establishment
- **Sanitize entire establishment frequently**

If you
communicate with
your clients,
patients and
customers they will
gain **confidence** in
you and soon the
NEW normal will
work for all



Rich Thorn

Associated General Contractors



How has the pandemic changed the way contractors work?



SAFETY

- Construction is an Essential Service
- CDC Guidelines & Best Practices
- Toolbox Safety Talks
- Nationwide Safety Stand Down



COLLABORATION

- Increased teamwork & communication with entire project leadership
- Enhanced partnerships with UDOT, DFCM, DOPL, Utah Labor Commission, ULCT, UAC, state and local health departments



QUALITY

- Innovation in inspection procedures, building permits, and licensing requirements
- Adherence to codes, plans, and specifications
- Find good, reputable contractors (Be careful of scammers)



RESOURCES

- Templates for company response and procedures
- Webinar resources
- Best practice guidance
- www.agc-utah.org/Utah-Covid-19



Kaitlin Eskelson

Visit Salt Lake



Amanda Covington

Larry H. Miller Group of Companies



EARLY ADAPTATION

- Began early – utilizing recommendations from WHO, CDC and UDOH
- March 9 – Jazz @ VSHA - sanitization stations, cleaning protocol, signage
- March 11 – NBA awareness and trickle down of sports and entertainment events postponed
- March 18 – Earthquake and closure of Megaplex Theatres





INTERMISSION

- Megaplex popcorn and snacks (curbside and delivery)
- Social media engagement
- Service opportunities in the community
- Deploy sports players and leaders to help with PSAs
- Engage local leaders (first pitch)
- Cleaning/sanitization
- Innovative improvements to businesses
- Adapt Utah Leads Together to internal plans





GOING LIVE

- Work with industry, associations, decision makers and health leaders
- Digital ticket sales/transfer
- Blocking seats
- Prepare for separate entrances/show and seating times for high-risk individuals
- Cashless transition/retail recommendations
- Concessions adjustments
- Sanitization/employee testing/customer confidence
- Utah industry group and national leagues/promoters collaboration



Audience: Ask Questions Using Chat



Future Workshops:

Tuesday, April 28th 11am-12:30pm:

Difficult Decisions for Social Services, Culture and Non-Profit Leaders

New Series – Fridays 11-12pm beginning May 1

Navigating COVID-19: How to rebuild your business and reactivate our community

To Register: [Eccles.Link/MikeLeavitt](https://eccles.link/mikeleavitt)

For More Info: navigatingcovid@Eccles.Utah.edu

For More Information:

University of Utah Executive Education

Online Classes Available:

- Growing in Uncertain Times
- Lean Six Sigma Green Belt Online
- Competitive Strategy
- Developing a Digital Marketing Plan

Download the At-A-Glance Calendar and Register:

- UtahLeaders.com
- 801-587-7273

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