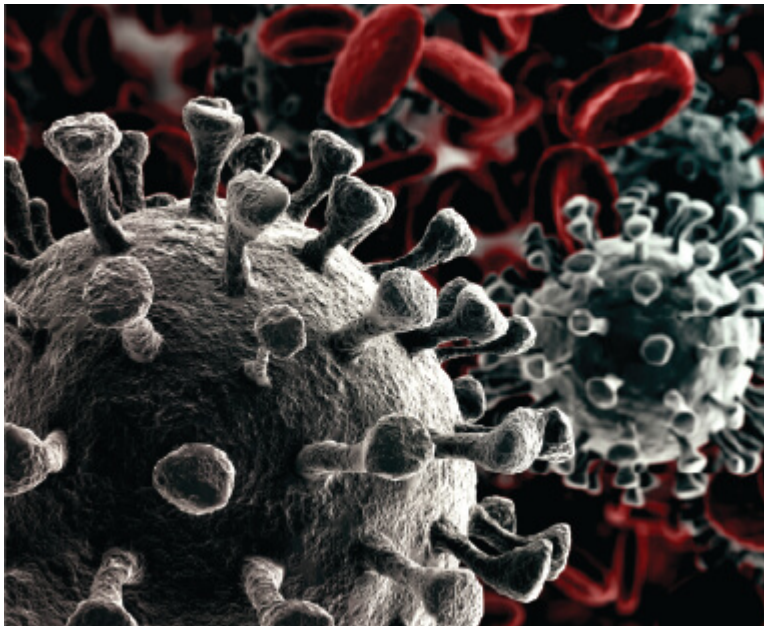


# 8 ways COVID-19 might impact your business



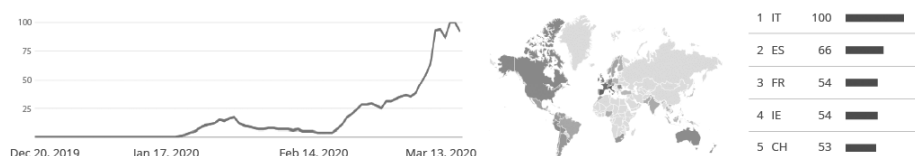
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By now there is no doubt the economic impact of COVID-19 will be massive. The question is, how exactly will the pandemic impact your business – and what can you do to mitigate or prevent what’s coming?

Since January, the international community has been aware of the seriousness and ease of contagion of COVID-19. Despite that, internet searches for “coronavirus” only exploded over the past couple of weeks. Worldwide, as a population, we were more interested in Harry Styles, home loan rates and Gal Gadot than in the impending crisis.

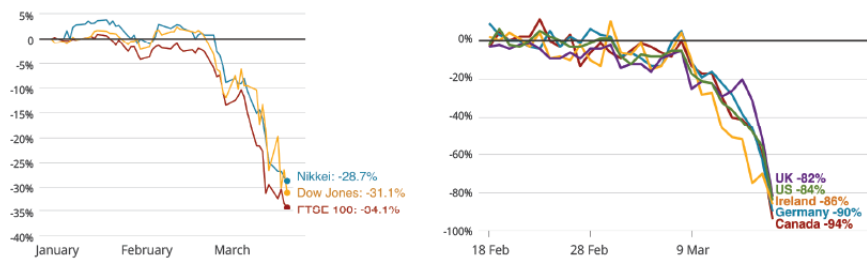
In other words, we individually, as well as markets, were slow to understand and accept the long-term implications of the pandemic.

## **Google searches for “Coronavirus” since December and which countries did it most**



Now that the seriousness of the pandemic has hit home, there are known losses in some industries: airlines worldwide are expected to lose \$29BN, with some smaller players being forced out of business by reduced demand. Other low-margin industries, like restaurants or the travel industry, are likewise already sustaining major losses.

*Figure 1 – Visualization of COVID-19 impact on markets / Restaurant reservations*



And while we are seeing the world slowly understanding and adapting to a new reality, you, like everyone else, have to prepare for the impact of COVID-19 on your business. *Quick note:* though it may appear so at first, not all the ways the pandemic affects businesses are negative!

## Labor shortage

As workers are affected by the pandemic, many will either choose to stay home or will be forced to. In some countries, self-isolation measures are elective. In other regions that are more severely affected, the government may require workers in non-essential industries to not break isolation measures. This may affect your company at all levels, from processing feed or feeding animals to delivering goods across quarantined regions.

### What you can do:

- Identify proximity workers you can rely on
- Preemptively create crisis scenarios for a reduced workforce
- Create a waiting list of short-term labor resources



## Supply shortages

Lockdowns in China, Italy or Spain already provide examples of what happens when regions go into full isolation. Consider how massive shortages in the antibiotic supply from China or shipment delays across the world, for instance, are already affecting the animal production industry.

### What you can do:

- Overstock now
- Contact alternative suppliers to create an improved supply chain
- Check expiration dates for your existing supply and consume early dates first
- Choose alternatives for products with an uncertain supply chain



## Demand shortages

Depending on the industry and the market, you may be faced with reduced demand. Simply consider the fact that reduced demand for restaurants will lower, in turn, demand for supplies for the restaurant: less meat, butter, milk consumed in restaurants is less meat ordered.

### **What you can do:**

- Prepare for basic production only
- Prepare to stock raw materials long-term if possible
- Discuss with suppliers to cut or minimize deliveries

## Government policies

The Food and Drug Administration, the United States' highest authority in food and medicine safety, [announced](#) it would suspend inspections of foreign food manufacturers. The impact of this decision could be felt in the quality of foreign feed or raw materials quality. Other governments are already – or might soon be – limiting imports, restricting non-essential activities, offering financial packages for at-risk businesses,

### **What you can do:**

- Review government policy updates on a daily basis and tailor production and operations to ensure compliance
- Give early feedback to government measures
- Apply early for relief measures, even if not severely impacted yet

## Lower biosecurity standards

Even now, biosecurity is implemented more in theory than in practice. Routinely there are small infringements – and we can expect their numbers to grow massively in times of crisis. People are less likely to go through the motions if personnel is reduced, supervision is less strict, and the financial pressure of the pandemic is high. This will trigger severe risks for the animal and feed production industries, as well as for product packaging. Workers who hide symptoms to be able to sustain wages; workers attempting to speed up work because of reduced personnel; reduced or looser inspections and monitoring – all these could perpetrate risks to your operations and to the population at large.

### **What you can do:**

- Tighten biosecurity measures and controls
- Supplement lower government monitoring with additional on-location measures
- If you operate with a reduced workforce, periodically check how downscaling affects biosecurity implementation

# Immediate economic downturn

At this point, almost all industries have a global component: your raw materials may be imported; the ingredients in the antibiotics or vaccines you use may come from anywhere around the world; your packaging may be produced in China; your software solutions may come from the Indian subcontinent; your quality controls may be managed by a consultancy from a distant European country – and so on. However much we may try to avoid it, there may be immediate repercussions on your business. Either because your goods may be inaccessible for part of the world, because of lower demand on the consumer side, or because of diminished production capacities, you may feel the impact of the pandemic sooner rather than later.

## What you can do:

- Cut costs for non-essentials
- If you are in feed production, consider stocking on toxin binders, search for alternative suppliers, and assess your supply levels
- If you are in livestock production, employ solutions for animal health and welfare to lower disease risk
- Apply for government bailout early
- Assess your export strategy and prepare to zoom in on domestic
- Assess long-term payroll capacities during diminished business demand

# Changing consumption trends

It turns out that, after all, the impact could be positive for some industries. The meat industry seems to be doing relatively well, despite the challenges. While in China, severely affected by ASF on the animal side and now by COVID-19 on the human side, meat production was dramatically affected, in other regions demand for – and supply of – animal protein is stable. Consider the new opportunities for frozen or prepackaged food products: as less fresh meat is consumed in restaurants or bought because of infrequent store visits, consumption of these meat products and by-products is not expected to go down – in fact, it may well increase.

The market might, however, first have to be taught to embrace these prepackaged or frozen products.

## What you can do:

- Prepare for less fresh meat demand by upping prepackaged meat production
- Teach your end-users about the benefits of frozen products, from meat to egg whites, for instance



# Negative impact for others, positive impact for you

While the negative effects are real, there are ways you can balance the COVID-19 impact by taking advantage of some of the positives. Consider that, to give just one example, the energy market is likely going to take a hit. This, in turn, may lead to lower fuel costs for farmers.

Reduced travel means more savings for your company, and while working from home (WFH) may lead in some cases to somewhat reduced productivity, taking an early stand and instructing your team on how to structure WFH days will help preserve productivity while cutting down on energy, fuel and other travel

costs, cleaning, in-office equipment depreciation, and other such expenses.

**What you can do:**

- Check your balance sheets regularly
- Transfer savings from quick benefits into investments into long-term strategy
- Most importantly - never panic!

Ongoing research into treating COVID-19 already shows great promise. While we do not yet know how long these unusual circumstances will last, you can make provisions for the near future and think long-term of how to protect your businesses from this pandemic or any future such challenges.