

Re-starting under uncertainty

Managerial experiences from around the world

June 2020

*Raffaella Sadun, Professor of Business Administration, **Harvard Business School***

Andrea Bertoni

Alexia Delfino

Giovanni Fassio

Mariapaola Testa

The creation of this report would not have been possible without the collaboration of the Harvard Business School Research Centers and the Italian Association of Small and Medium Enterprises Confapi. We hope that this type of collaboration between universities, employers and private companies can also be an example for future work and an encouragement to bring together various actors to support the recovery post-Covid-19. Thanks are due to Lynn Paine and Victoria Winston (HBS) and Maurizio Casasco (Confapi), to all the companies involved and the wonderful team of HBS Research Directors and interviewers: Vincent Dessain, Daniela Beyersdorfer, Emilie Billaud, Giulia Bussoletti, Elena Corsi, Federica Gabrieli, Mette Hjortshoej, Tonia Labruyere, Emer Moloney, Jan Pianca, Oksana Sichi, Emer Moloney, Thomaz Teodorovicz, Nancy Dai, Bonnie Cao, Shu Lin, Wong Adina, Billy Chan, Jingsheng Huang, Adina Wong, Rachna Tahilyani, Anjali Raina, Rachna Chawla, Kairavi Dey, Malini Sen, Shreya Ramachandran, Allison Ciechanover, Jeffrey Huizinga, Nicole Keller, Danielle Golan, Ruth Costas, Carla Larangeira, Pedro Levindo, Mariana Cal, Fernanda Miguel, Esel Çekin, Gamze Yücaoğlu, Alper Şahin.

Introduction

As economies reopen after forced shutdowns caused by Covid-19, managers around the world are faced with a dual challenge: keeping the workforce safe while at the same time preserving business viability in an evolving and volatile market. How should businesses start to design their “new normal” at this time of heightened uncertainty? While we are still far from knowing what constitutes a “best practice”, there is already a great deal of experimentation emerging all over the world. To provide an early report of these emerging approaches, over the past month we (virtually) travelled around the globe and talked with more than 50 “resilient” businesses across a variety of countries and sectors.

The results of this exploration show that managers are trying to ensure safety and maintain profitability with tremendous energy and creativity. While specific tactics vary company by company, they share some common underlying principles. First, businesses are trying to learn from noisy signals and quickly adapt their activities to newly emerging information. Second, they are actively cooperating with external stakeholders (including, in some instances, their competitors) to pool and disseminate information and safeguard the stability of their ecosystem. Third, they are rapidly adapting--and sometimes shifting--their value proposition to adapt to ever evolving demand conditions and discover new growth opportunities. Fourth, they are adapting their approach towards HR management to preserve business viability while maintaining employees’ safety and well-being. Finally, they are supporting all these activities through a conscious and proactive effort to be as effective and clear as possible in their communication to both internal and external stakeholders.

Importantly, a vast majority of the initiatives that the companies in our sample are implementing do not require large capital investments or radical innovation. Rather, they are based on “intangible” capabilities, such as the ability to assess the value of the knowledge and skills that are already present within the firm (in some instances within its broader ecosystem, including competitors), to rapidly understand how to redeploy them in new activities, and to effectively establish new routines and norms of behavior that make this redeployment feasible and sustainable over time. This gives hope that some of the activities that our resilient sample of firms is undertaking can be replicable by other businesses to overcome the profound business challenges posed by the Covid-19 pandemic.

The interviews

In the second half of May 2020, we conducted 56 interviews with businesses across the globe to understand changes in safety and managerial practices in the Covid-19 era. The Interviews were conducted in collaboration with the Italian Association of Small and Medium Enterprises Confapi and the HBS Research Centres located in China, India, Israel & California, Europe, MENA, Latin and South America. Confapi and the Centres used their local knowledge to select companies that could serve as an example of resilience for other businesses, and especially small and medium enterprises (SMEs), on the basis of two criteria: a) the interviewees had already gone through the process of preparing and implementing changes to re-establish the company's operations following the peak of the Covid-19 pandemic, and b) Confapi and the Centers knew them well (often because they had been a subject of an HBS case study in the recent past) and considered them to be exemplary organizations (in terms of productivity and profitability) prior to the pandemic. Almost all the companies that were contacted by the Centers participated in the interviews, motivated primarily by the willingness to help other companies that were living through the crisis and to learn from other organizations. The size of the businesses included in our sample ranges from 20 to 86000 employees, 24 are operating in manufacturing and 32 in services. In terms of geographical coverage, 17 businesses are based in Italy, 7 businesses in the USA, 6 in other European countries, 2 in Israel, 4 in India, 4 in China, 10 in MENA and 6 in Latin and South America.

Interviews were conducted by trained interviewers, who followed a standard interview protocol, covering four main areas: effect of the Covid-19 emergency on business activities and staff, planning to reinstate activities, implementation of safety and managerial practices in the reopening phase and key learnings from this experience. The interviews were conducted in a conversational style with Business Owners, CEOs or key executives and lasted around 60 minutes. We provide the interview protocol in the Appendix.

1. Learning and quick adaptation in uncertain times

The Covid-19 crisis has forced society to confront an unprecedented level of uncertainty. At the start of the pandemic, the uncertainty primarily concerned health issues, i.e. the diffusion of the virus, and its effective threat. As the virus expanded from China to other countries, the uncertainty extended to the economic domain: for example, which businesses had to close and which could be considered essential, how to guarantee employees' safety, and, most recently, how to preserve financial viability as the demand for services and/or products rapidly declined.

The experiences that we collected around the world show that for many businesses learning in the midst of uncertainty, and rapidly leveraging new learnings to establish “ways of doing things”, both from an operational and commercial standpoint, quickly became a number one priority. Keeping up-to-date with the latest governmental information available certainly was a useful starting point for many, but it wasn't enough to generate useful and actionable learning. Many firms invested heavily in gathering useful and actionable information from many other sources. For instance, firms with business partners or suppliers in China tried to distill the noisy signals emerging from these areas as quickly as possible to plan for safety in their plants. This allowed them to resume operations faster than others. Similarly, other multinationals immediately detected new operational and commercial approaches across their international branches and standardized and distributed them to other subsidiaries. This proactive behavior towards information was not limited to large multinationals. Smaller firms tried to overcome the pervasive uncertainty created by Covid-19 in other ways, for example nurturing the relationship with other firms in their networks or establishing new connections that could lead to new learnings.

Other firms, and especially businesses located in weak institutional contexts, took a step further, and tried to proactively *reduce* the uncertainty for themselves and their ecosystems by preempting the effects of Covid-19 even before contagion arrived in their countries. For example, faced with the emergence of conflicting safety protocols across the regions where they operated, companies worked together to design new sectoral protocols, and often unilaterally decided to adopt the most restrictive version of the protocols to reassure their employees. And to limit as much as possible the threat of future possible liabilities, an additional source of uncertainty, they worked hard on making sure that the protocols were effectively implemented, for example introducing new monitoring and tracking systems of adherence.

Case 1: Learn and deploy new information

Geographic diversification is often seen by managers as a useful way to tap into new sources of growth. In case of a pandemic, a specific form of geographic diversification--namely, having a significant presence in China--had an additional informational benefit, allowing firms to fully grasp the magnitude of the Covid-19 pandemic in its early days, when exact information on Covid-19 was still scarce. This was the case of VacuumCo, a German company with over 3,500 employees across Germany, China, and other European countries, focused on producing vacuum pumps and systems. Its Chinese team was the first one to live through the effects of the new pandemic and the restrictions imposed by the government. Learning from its subsidiary in China gave the company tremendous advantages. First, it enabled the creation of common safety guidelines for other countries outside China (e.g., Germany, Sweden), before local contagion even started, giving precious time to prepare (e.g., they started procuring PPEs across their subsidiaries early on in February, before the material became scarce). Second, since the company was able to foresee large disruptions in its supply chain, it started stockpiling inventory in February, which helped operate in the critical weeks of March with limited problems. Third, by continuously and effectively sharing the learnings emerging from the Chinese subsidiary, even when the knowledge on the new virus was very limited outside of China, the company was able to maintain operations up and running in the rest of the world even when others were struggling.

Case 2: Shape the uncertainty

TurningCo, an Italian company focused on high-precision manufacturing, came in contact with Covid-19 early on in the pandemic when one of its employees became one of the first cases of community transmission of the virus. The company immediately reacted to this news creating a "Covid-19 committee" to manage the emergency even before the national lockdown was imposed. It shifted to remote working wherever possible, including employees in production and quality controls--functions where remote work posed significant logistical and operational challenges. It provided employees with the tools necessary (e.g. microscopes) to set-up their workstation at home (this implied that a person was dedicated to delivering new parts to be analyzed and picking up the ones that were checked across multiple locations). The company proactively managed uncertainty also vis-a-vis its clients. Instead of passively waiting for the demand to change, it tried to anticipate its evolution by refocusing all its functions towards a client-centric approach. It intensified "virtual" interactions with customers, merged sales and customer service and boosted the integration of all the databases, which were before spread across functions (e.g., technical, design, production, sales, customer service) in a single CRM, such that every client information could be made available to everyone, to help planning, and make supply chain decisions more quickly and reliably.

Case 3: Preempt the threats

Brazil Energy Biomass is an energy producer in Brazil, where it generates steam from biomass and sells the energy to industrial clients in take-or-pay contracts. The company has two plants in Brazil, employing approximately 180 people. Operations revolve around the production, supply, maintenance and logistics for energy. Brazil Energy Biomass started planning for Covid-19 safety protocols even before Brazil was caught up in the first wave of the pandemic. They believed it was just a matter of time before the events that were happening in other parts of the world would take full effect in Brazil. For the directors, it was a “natural instinctive force” to develop protocols based on the WHO recommendations when the crisis was still far away. The protocols were ready within two weeks. By mid-March, the implementation was monitored on a daily basis by a crisis committee.

Key learnings

We can derive three broad ideas related to learning in uncertain environments from these narratives:

- *A common feature of all resilient businesses we interviewed is that they proactively sought information from a variety of sources--including suppliers, trade associations and healthcare professionals.*
- *Managers also readily redeployed the new information they received, for example quickly establishing or revising their safety protocols or pre-emptively stocking inventory. Adaptation sometimes meant being able to strike a fine balance between leveraging existing capabilities and finding innovative ways to integrate old processes with new measures, such as innovatively reshuffling workers' shifts to allow for company-wide daily sanitization.*
- *In some extreme cases, managers were able to preempt the threats of Covid-19 by interpreting and acting upon imperfect information even before their Governments.*

2. Protect and sustain your ecosystem

Companies live in the same ecosystems as their suppliers, clients and competitors. All of them are now sailing in uncharted waters, with asymmetric and unpredictable shocks hitting throughout the value chain. In such an interconnected and uncertain world, entire production networks are at risk of disappearing.

Many of the companies interviewed in our project took extreme measures to protect their supply chain. Information played again a central role: many companies proactively shared new safety protocols, gave feedback to each other and worked hard to make their whole industry safer. These interactions involved not only suppliers and clients, but sometimes even their competitors. In a “new normal” in which business safety is not an option, this process helped firms share implementation costs and leverage each other’s competencies in the discovery of new ways of doing things.

Some companies took even more extreme measures to support their ecosystem, for example sustaining suppliers’ liquidity (e.g., by postponing payments due), and providing personal protection equipment to suppliers and contractors. In some cases, risk-sharing practices meant sharing workforce with other businesses, such that companies that experienced a downturn in activity could help businesses with a temporary spike in demand (e.g., grocery delivery).

Case 1: Involving clients and business associations to develop new standards

TurkFurnit is a producer of professional furniture for workspaces, airports, healthcare, education, auditoriums and conferences based in Turkey, and with more than 500 employees. During the Covid-19 crisis, they decided to leverage their network of clients to collectively understand how to face the Covid-19 crisis. In collaboration with the HR association of Turkey, they formed a group involving private companies, NGOs and business associations to understand the challenges generated by the Covid-19 crisis on business activity, taking into account multiple perspectives (psychology, sociology, law, and insurance). They used these insights to create an open-source online guidebook. TurkFurnit translated its rapidly accumulating knowledge into concrete innovative solutions such as, for example, the construction of mobile Covid-19 test units with medical teams which have so far tested over 60,000 people (their design was donated to 10 hospitals and is now also available for free online).

Case 2: Leveraging and protecting your clients

ITCleaning is an Italian cleaning services and waste management company. Since most of its employees were based directly at the clients' locations, ITCleaning had to quickly find an effective way to coordinate its own safety standards with those of the clients'. They first decided to ask for the protocols put in place by their clients, so that they could benchmark them and eventually create their own protocols. Second, they decided to ensure the use of effective safety practices by creating a simple principle: the clients' protocols could not be less stringent than what required by the regulation. When that situation occurred, ITCleaning instructed its employees and clients that they had to abide by the most stringent practices and when instead the client had more stringent safety standards, the company instructed its employees to comply by the clients' standards.

Case 3: Supporting your distributed salesforce

A large international cosmetic manufacturer based in France decided to step up and support its 100,000+ clients--salons--across Western Europe to help them survive through the first phases of the Covid-19 crisis. The support provided ranged from financial, to operational, HR and even administrative matters. The company froze all the payments to support clients' liquidity; helped salons apply to crisis relief funding (e.g., unemployment support, rent postponement); hired consultants to prepare clear and concrete guidelines to implement safety measures in the salons, and shared them with each country hairdressers' association; provided salons with PPEs; switched from in-person to online training. All these measures ensured a smooth and uniform re-opening phase when the lockdowns were lifted.

Case 4: Partnering with other businesses to share labor

ChiSuper is a Chinese supermarket chain with more than 1000 stores across the country. ChiSuper faced a severe labor shortage in the central weeks of the Covid-19 crisis due to the high share of quarantined workers and the simultaneous increase in the demand for home-deliveries, which raised the need for operators in its stores. They decided to work with catering and cooking associations, whose operations were temporarily closed, to share labor with them. Instead of staying at home, the employees belonging to food services could decide to work for ChiSuper and return back to their original employers with a three-day's notice. At the peak of the pandemic, ChiSuper had over 1,000 employees from other catering companies who were allocated to different units such as logistic centers, food processing plants, and supermarkets.

Key learnings
<ul style="list-style-type: none">● <i>The companies we interviewed spent time in talking with companies, clients and suppliers on their supply chain to understand what the new needs were.</i>

- *Second, they proactively invested in strengthening their supply chain by sharing information and best practices with each other, and helping suppliers and customers financially when possible.*
- *And finally, in some exceptional circumstances, they actively collaborated with their suppliers, clients and competitors to preserve the stability of the ecosystem, by providing financial, operational and administrative support, and sometimes actively sharing resources.*

3. Changing your value proposition

Since the beginning of the Covid-19 outbreak, entire sectors have experienced sudden and dramatic drops in demand. Several businesses actively adapted their value proposition to face these challenges. They questioned the value they provided to their clients in the new circumstances created by the virus (in particular, by the need to enforce social distancing), and changed some of their activities to respond to these emerging customer needs. For some businesses, the impetus for change enabled them to discover unmet demand within their customer segments, or even entirely new customer segments with potential for growth.

Case 1: Adapting to customers' needs

Logistics Co is a major player in the logistics and distribution business, providing business clients with supply chain solutions. With 5 distribution centers and 3 logistics warehouses, and over 1,000 employees, Logistics used to manage over 50 outbound orders per day to refill stores and retail locations for its main clients. Almost all its clients were heavily impacted by the restrictive measures imposing the closure of most of the stores and shopping malls, and had to quickly reroute their business towards e-commerce and direct delivery of products to customers' houses. This shift heavily impacted Logistics operations, increasing outbound orders from 50 per day to over 1,200-1,500 per day, and changing the destination from stores and shopping locations to private houses. The company decided to reallocate most of its employees from temporarily locked-down activities to the inbound logistics and internal handling of the orders. To sustain the radical change of operations and deliver on the huge spike in orders, they hired a subcontractor managing the last-mile delivery. Even in such an unprecedented situation, the company managed to serve its clients profitably, transferring most of the additional costs (e.g., subcontractors for last mile delivery) and getting a bonus for improved service-level agreements and number of orders managed similar to the one they usually get during peak seasons (e.g., Black Friday). Once the lockdown was partially lifted, more traditional B2B operations resumed to restock clients' stores, although a significant number of B2C orders are still required by its clients.

Case 2: Process Innovation

Faced with a sudden surge in orders for home-deliveries, ChiSuper created thousands of self pick-up stations across China, based at community centres or local convenience stores (whose

owners receive incentives per order). This increased job efficiency by two or three times, as delivery moved from door-to-door to the pick-up station. Meanwhile, the work to pick and pack items also doubled, so they redeployed some store employees to help with picking and packing. To further improve efficiency, they reduced the number of stock keeping units from about 4,000 to 1,000+ and offered special packages which included vegetables, fruit, meat and medicine to accelerate sorting and delivery.

Case 3: Product Innovation

Canteen Software Co is a small Italian IT company offering dedicated software solutions to support the operations of large caterers serving schools, hospitals, corporates, public sector and military institutions. Canteen Software solutions help clients manage their operations (e.g., menu customization, inventory). With around 20 employees located between Italy and Poland, the company was severely impacted by the Covid-19 restrictions imposed by the Italian Government, which included the closure of schools and offices and strict safety regulations for the reopening phase (e.g., increased distance between tables and seats, capacity reduction). The CEO decided to use the time to implement a long-postponed training on cloud technologies, and to complete existing development projects. In a few weeks the company developed a new product to help restaurants manage the increasing trend towards delivery and take-away sparked by the pandemic. The new product included, for example, the management of online reservations and orders and digital payments. The company started by offering the new product to their existing clients and eventually expanded its focus to new clients such as small bars and restaurants. The product will be offered for free for 2020, though interested clients will be able to sign a licensing contract after 2020.

Key learnings
<ul style="list-style-type: none">● <i>The companies in our sample did not shy away from questioning how the pandemic affected the value they provided to their customers</i>● <i>This reflection led some of the companies to innovate (both in terms of their process and product) to continue creating value under new circumstances</i>● <i>By paying attention to the new customer needs caused by the pandemic, some businesses were able to spot new opportunities.</i>

4. Adapt your HR management

The coronavirus pandemic has put traditional human resources management practices under extreme pressure. In companies that could move their operations online, face-to-face collaborations had to be rapidly replaced with e-mail and videoconferencing, forcing businesses to adopt an entirely new model of work within a matter of days. For companies that could not shift their workforce online, the challenge was to adapt production teams to new social distancing requirements.

Managers in our sample have worked hard to keep workers productive, motivated, engaged and connected in these extreme circumstances through concerted actions. To compensate for the stress introduced by remote working, several companies introduced flexible schedules to allow balancing teamwork and uninterrupted individual work, and structured rotations to break possible “virtual” silos within the organization. In companies that had to maintain physical presence in the plant, we have seen the emergence of new staffing and rotation practices as precautionary measures against contagion, as well as new ways to preserve operational continuity across more shifts.

Several companies have also reacted to the Covid-19 crisis by working hard to retain their talent, for example reallocating employees to different tasks instead of firing them. This required understanding the skills of people employed in areas that were experiencing low workloads (e.g., door-to-door salespeople) and the ability to move them towards newly designed roles in which these skills could be useful during lockdowns (e.g., online marketing). For some, the forced work-from-home period has also been an opportunity to upskill their employees, for example committing part of employees’ time to online courses, or exploring new training methods (e.g., role plays between employees to introduce safety protocols).

Overall, a common theme emerging from our interviews is the attempt to deliver a highly individualized HR management approach to support employees as they were adjusting to completely new work and personal situations, in part also to motivate them to adapt to new safety practices and to restart working. Implementing this model of HR management requires new capabilities (such as mapping employees’ skills, to catalogue competencies and support rapid reallocation of people across tasks, revising schedules and team structures) but, more

importantly, the will to provide concrete support to employees' material and mental wellbeing.

Case 1: Supporting employees' adjustment to remote working

For many companies, remote work was a complete novelty prior to the pandemic. This was the case for Number1 Bank, a full-service commercial bank with 4,500 branches across India. Pre-Covid-19 the bank had no organizational or technological measures in place to enable work from remote locations. Only 30 to 40 users (mostly senior managers) had access to the bank's Virtual Private Network (VPN), which allowed secure remote working. In just about 4 weeks, the bank had to put in place VPN access for 9,000 people, and provide a secure customer relationship app for sales and service people. so that they could contact customers and engage with them. This transition, however, was not just technological. The bank also introduced many new HR management practices to support the shift to remote, support employee morale and make sure that everyone felt secure. Senior management communicated that nobody would be laid off and deferred their variable pay on a voluntary basis. A large round of promotions was announced at the end of April, which further boosted morale. Finally, the company provided clear guidelines to help employees work from home, including planning their work, being on time, not dropping in for a conversation unannounced, taking a day off if needed. The bank also introduced a number of practices to promote well-being and work life balance, such as a "Silent hour" --a daily hour of dial out time for all employees, to be devoted to lunch or any other personal activity -- online programs on mindfulness, yoga and positive psychology. The bank is also monitoring the mood of people on a daily basis through an employee app to fine tune the arrangements in place as they move forward.

Case 2: Implementing new staffing and rotation models

PetFoodCo, a German producer of pet food, was considered an essential business and could continue operating even during the worst part of the Covid-19 crisis. The demand for its product peaked in the weeks of March and April, and the company had to quickly implement safety and social distancing measures to keep the operations up and running and their employees safe. Apart from the well-known use of PPEs and temperature checks, PetFoodCo applied social distancing by parcelizing its production workers in small teams that could run a production line by themselves. The teams were built around "critical workers", employees that were essential to manage the production facility: all the activities and schedule of the factory were organized so that two critical workers never interacted among each other under any circumstances (for example, after a failed attempt on Zoom, update meetings at the change of shift started to be held in the parking lot, with the two critical workers sitting in their own respective cars to avoid contact). This strict segregation ensured that the company could maintain business continuity even in case of a contagion, but increased the reliance on individual team members (e.g., their psychological concerns regarding safety, existing

preconditions, family needs related to children). Management decided to delegate decisions on individual schedules (e.g., leave of absence, holidays) to the lowest possible level in the organization, so that these personal circumstances could be more visible and more effectively taken care of. This shift was challenging, but helped the company be much more responsive to employees' well-being and ultimately led to greater efficiency.

Case 3: New training and compliance models

TurkHotels is a Turkish chain of mid-sized hotels with 217 employees across four sites. In mid-March, the founding partners decided to voluntarily stop operations to guarantee the employees' health and safety. The company is doing scenario-based training to prepare for the reopening. Employees are being trained on how to health screen customers when they walk into the hotel (e.g., they will have to go through temperature checks, get their pictures taken and sign a waiver, even if they're in there just for a drink), and they are using a simulation to practice enforcing the protocols at peak times. They also go through case scenarios to manage difficult customers who don't want to comply with the measures using scripts: even the richest and most famous clients will need to see that the hotel makes no differences in compliance to safety measures.

Similarly, AmberCo, a Mexican provider of catering services and food service solutions with around 380 employees, deployed a wide variety of communication tools – video capsules, email, posters onsite, etc.--to help employees learn new safety practices. This communication effort extended to clients and suppliers, and all AmberCo's "points of contact" – food delivery transport, entry and exit of suppliers, contact with clients, etc. They further use supervisors on the ground to ensure guidance and compliance. The CEO encourages managers to ask the "5 Whys" to fully drive compliance. If someone is not wearing a mask, why are they not wearing a mask? Because they don't think it's important? Why not? Because they did not understand or get our message? Why not? Because we didn't communicate properly, and so forth. "we can't expect people to wear masks and wash their hands just because we told them so", the CEO mentioned. Managers are being pushed to get to the "bottom of the problem" and identify the reasons when things don't work out – and come up with solutions.

Case 4: Commitment to employees' mental wellbeing and fairness

Chemical and materials companies are an essential part of their customers' supply chains. Guaranteeing business continuity has thus been the priority at ChemiCo, a multinational chemical and materials company based in Belgium with around 24,500 employees. While the company kept most plants operating during the Covid-19 crisis, it also started reflecting early on the importance of supporting the mental wellbeing of its employees at times of heightened uncertainty and anxiety. They launched surveys to help them prepare targeted measures to support the mental wellbeing of their employees. The CEO created a solidarity fund and many leaders as well as investors already contributed to it.

Similarly, the owners and managers of PrecisionCo, an Italian company focused on producing high-precision steel components, took several actions to support the wellbeing of their 120 employees early at the onset of the pandemic. The owners wrote a letter to all their employees to stress their continued support and to announce that the company was providing every employee and their families with healthcare coverage for Covid-19 related expenses and health checks. To make sure to reach everyone in the firm, including production workers without a company email, Whatsapp groups were created. After a few weeks, PrecisionCo completed their human resources performance review, which usually includes the announcement of a productivity premium given to high performers. To show fairness and solidarity, this year the company decided to triple the monetary amount of the productivity premium and to split it equally among all its employees.

Key learnings

Many of the companies in our sample approached the challenges posed by the pandemic through a very proactive approach towards HR management:

- *Using a range of levers to deliver an individualized approach to understand the circumstances of each employee, and to be able to react appropriately to the individual needs.*
- *Implementing new staffing, training and compliance models to create new behaviors and mutual understandings.*
- *Backing words with concrete actions, including the provision of home office equipment, PPE, health benefits, salary increases and promotions.*

5. Communicate and empower

Many of the approaches we have seen adopted by the companies in our sample require fundamental changes in employees' behavior (e.g., maintaining social distancing in the workplace, engaging in new tasks). Rather than attempting to fully control and micromanage their workforce, several of the companies in our sample have tried to influence the behavior of their employees by improving their internal and external communication practices and empowering employees.

Often the stronger emphasis on communication started from the very top of the organization, with CEOs being actively engaged in the communication of new safety principles, the plans made to implement them, and the role that each employee had in sustaining them over time to make sure that the new expected norms of behavior could reach all the layers of the organization. Many CEOs decided to share not only what the management knew, but also what at that time was not known, based on the belief that everyone should be made aware of the challenges faced by the company and society at large. Companies also worked hard to collect feedback from employees (e.g., through pulse surveys) to foster learning within the organization and empower employees to feel responsible for their own safety.

Case 1: Inclusive and bilateral communication

At ItalGlassesCo, an Italian eyewear producer, attention towards employees' personal and social well-being is one of the company's core values. Since the early days of the Covid-19 emergency, the company decided to maintain constant communication to inform, educate and improve morale among employees. The CEO prepared multiple videos where he explained what the company knew and what it did not, and what to expect for the future. The company reassured employees that they were doing whatever they could to go back to work safely, shared its detailed protocol and provided remote training to every employee to implement it. The communication strategy of ItalGlassesCo is not unidirectional: in mid-May, the company sent out a survey to all the employees to get feedback on i) how they are feeling, ii) how is smart-working going and how to improve it, iii) how they are perceiving the efforts made by

the company, and iv) understand their main concerns. The results of the survey will be used to plan the next phase.

Case 2: Influencing employees' behavior outside the firm

SteelCo, an Italian producer of metal sheets, communicated to its workers that the company's livelihood depended on their ability to take care of themselves – at work and at home. "That's a powerful message to them. They are internalizing the message that if they get sick and lots of them get infected, they could paralyze our business, and this would eventually hurt their jobs and pockets" told us the director of operations. They complemented this broad messaging with daily meetings prior to the beginning of each shift focused entirely on safety protocols involving both operation managers and employees. Employees participate in monitoring and are invited to report breach of protocols and talk about safety at their daily shift meetings. Communication intentionally involved a variety of channels to make sure everyone could be reached – company-wide messages, Zoom meetings, WhatsApp messaging, video calls.

Case 3: Empowering employees

SiderCo, an Italian family business operating in the stainless-steel industry, invested both time and capital in ensuring physical and psychological safety for the employees during the pandemic. Multiple town-hall meetings were held to share the company's plans on how to operate during the crisis, including all the new safety measures. Following the decision to reopen, the company chose to let each employee decide freely whether they wanted to come back to work or continue staying at home with families: every single employee agreed to the management request and went back to work. As a sign of recognition to the whole team for the commitment shown in such a complex situation, the management decided to pay an ad-hoc bonus to every employee.

Key learnings

Keeping a safe and productive workforce during the pandemic requires new norms of behavior that are hard to enforce through standard contractual and monitoring solutions. Rather than micromanaging their employees, many of the companies on our sample have instead tried to establish new "relational contracts--i.e. contracts enforced by mutual informal understandings, rather than by the courts--with their employees:

- *Improving the effectiveness and reach of their internal communication, which often directly involves the CEO to show commitment and awareness of the dramatic situation and reach all the layers of the organization.*
- *Empowering employees to take responsibility for their health and ultimately commit to new and different routines, inside and outside the firm.*

Conclusions

Nothing will be the same after the Covid-19 crisis. But instead of being paralyzed by this thought, resilient companies all around the world are showing tremendous dynamism and willingness to embrace the challenge of making businesses stronger and safer in a sustainable way. The managers we interviewed share a growth mindset which sees the crisis as a chance for improvement. They did not trust easy fixes or look for silver bullets, but took a forward-looking approach in most areas of the business: from the implementation of safety measures and the relationship with stakeholders to the interpretation of clients' new needs. This shows that a once-in-a-lifetime-crisis--such the Covid-19 shock--may represent an opportunity for rejuvenating business models and introducing changes which would have otherwise taken years to happen.

Despite the differential impact that the Covid-19 crisis has on small compared to large businesses, our interviews show that creativity and innovative thinking are not necessarily a function of size or capital. Resilient businesses, small and large alike, are reacting with resourcefulness to the business challenges posed by the Covid-19 pandemic, mainly leveraging internal capabilities or detecting helpful local resources. We hope that the examples illustrated in this report will inspire other businesses, small and large alike, to find their own path towards increased resilience in an increasingly unpredictable world.

Appendix - Interview protocol

Protocol	
Interviewer(s)	
HBS Center / Confapi	
Interviewee(s) (name(s); position)	
Company	
Country	
Further information obtained	

Consent
<p>Hi Sir/Ms XXXXXX:</p> <p>We are members of a research team based at the Harvard Business School, studying how businesses are changing their day-to-day activities to accommodate the safety hazards and risk of contagion post-Covid-19.</p> <p>The main objective of this work is to identify best practices to help design and implement safety protocols and support the reopening of the economy.</p> <p>Our group is scheduling 40 to 60min-long conversations with managers and executives from [YOUR COUNTRY]-based firms who have already gone through the process of preparing and implementing changes to re-establish their company's operations following the peak of the Covid-19 pandemic.</p> <p>Your participation in this conversation is voluntary and you can decide to end the conversation or not to talk about certain topics at any time. Your consent allows researchers to analyze your answers for the purposes of this task-force. Your name and the company you represent will be anonymous. All information disclosed in our conversation will be used only to support our research and in an anonymized format.</p> <p>Do you agree with participating in this conversation?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Further, to facilitate our interaction and to allow that we focus on your questions rather than on notetaking, we would like to ask permission to record the audio of our conversations. This audio will also remain anonymous and will be destroyed after we transcribe the main aspects of the conversation.</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><i>If yes: thank you for your consent. We will start recording the conversation now.</i> <i>If no: we understand your choice. We will only be taking notes during this conversation.</i></p>

Introduction/Ice-breaker
1) Can you tell us about yourself and your responsibilities at [COMPANY]?
2) Can you quickly describe in which business your company operates and how are operations structured? (E.g., office-work vs production activities vs client-facing activities, all activities in HQ vs multiple plants vs multiple retail locations)
3) During the first wave of the pandemic, how much of your staff switched to remote work. How much could not work remotely – and why?
4) Did you have to lay off or furlough workers?
6) How were your business activities affected during the Covid-19 pandemic? Did you have to interrupt your operations? If so, for how long?
7) What about the reopening phase: In general lines, how has your business activity changed relative to the pre-Covid-19 period?

About the reopening plan in general
8) Can you walk us through your company’s plan to reinstate operations following the first wave of the Covid-19 pandemic?
9) Who was considered as the key internal and external stakeholders (the most affected parties) in the reopening plan? Why?
10) How did the planning process take place? Who was involved?
11) If you were involved, what did your participation entail?
12) Which business activities/units were expected to be the most affected by the re-opening plan?
13) Which were the crucial processes and managerial tools used in this planning process? (e.g. visual management techniques, spaghetti charts, etc.)
14) How did the company communicate the reopening strategy to internal managers and staff?
15) How did the company communicate the reopening strategy to the key external stakeholders?
16) [If relevant] Have you shared your practices with other companies or suppliers and clients?

About the safety practices

[ask for examples for each question]

16) Which would you say are the most important safety practices your company has implemented to reinstate operations? (e.g. hand washing, protective gears, testing)

17) Could you give examples of how these practices are implemented on a day-to-day basis in different areas of your company?

18) Were there any safety protocols in place before the pandemic hit?

19) What are the broad principles/guidelines/sources behind the safety protocols chosen for your business?

20) How are these safety practices communicated to workers and managerial staff?

21) What is your strategy to monitor/enforce the implementation of these safety protocols?

22) What type of data are you using to monitor compliance?

23) Are these data communicated to management and/or employees?

24) What obstacles have you encountered or expect to encounter in the implementation of the new Covid-19-related safety practices?

25) How have safety practices changed or are expected to change productivity levels in your company?

26) Are you tracking information on workers' health and/or psychological wellbeing? If so, how? Are you using this information for the implementation of the safety protocols?

27) Have you updated the implementation of the safety protocols over time? If so, why?

28) What type of information have you used to make these changes in the safety protocols?

29) [If not mentioned] Can workers suggest modification of the protocols? Can you give me examples of whether and how workers' input is taken into account?

Closing question

30) What lessons or new practices adopted during the pandemic you intend to keep after it is over, on the long run? Culturally, operationally and financially?

31) Would you have any documentation of your policies and protocols that you would be willing to share with us? Could you share some pictures on how you have implemented some specific measures (e.g., forced paths for customers in stores, distancing in offices)?

32) Thank you so much for sharing with us your thoughts. Do you have any final thoughts or remarks you would like to share?