

THE BUSINESS ADVANTAGE OF PANDEMIC EMERGENCY PLANS AND EMPLOYEE BENEFITS

FINANCIAL EXECUTIVES' VIEWS
ON BUSINESS PREPAREDNESS
DURING COVID-19

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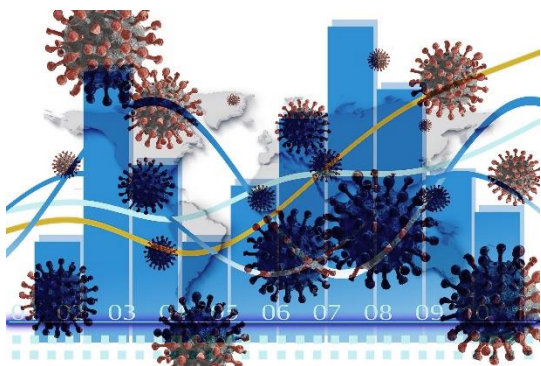
EXECUTIVE SUMMARY

In May of 2020, IBI surveyed 318 Chief Financial Officers (CFOs) and other corporate senior financial executives about business planning for emergencies prior to the COVID-19 pandemic and their company's ability to maintain operations and support employees. Their responses suggest that businesses with continuity plans that specifically addressed pandemics were better prepared than others to continue operations and support their employees during the COVID-19 emergency. The main findings are as follows:

- **Prior to COVID-19, few companies had continuity plans specifically for operating during a pandemic.** Most CFOs reported that their company had a business continuity plan prior to January 2020. However, only 24% reported that their plan specifically addressed pandemics. By May 2020, however, the proportion of companies with continuity plans that addressed pandemics more than doubled to 61%.
- **Pandemic plans helped minimize business disruptions.** Nearly 40% of CFOs at companies with a pandemic plan prior to January 2020 reported that the COVID-19 was very disruptive to their businesses or caused a total shutdown. By contrast, half of CFOs at companies with only general continuity plans and nearly 75% at companies without any continuity plans reported that the pandemic was “very disruptive” or caused a total shutdown. COVID-19 was particularly disruptive for companies without any continuity plans: one in four reported a total shutdown.
- **Providing new employee benefits and work arrangements facilitated business continuity.** The most widely adopted or expanded benefits were work arrangements such as work from home and flexible worktime. Companies that implemented pandemic continuity plans after January 2020 were most likely to adopt or expand benefits such as paid and unpaid leave, mental health resources, or work arrangements such as work from home or flextime. Companies with pandemic plans in place before 2020 were most likely to adopt rapid access to COVID-19 testing.
- **CFOs' confidence that their health benefits strategy met business needs was aligned with their pandemic preparedness.** Between 44% and 59% of CFOs from companies with pandemic-specific continuity plans in place prior to January 2020 were “very confident” that their health benefits strategy helped employees with financial, chronic health and mental health needs. They also expressed the strongest agreement that their health benefits strategy would help their company resume business operations after the pandemic (41%). By contrast, no more than 34% of CFOs from other companies expressed similar confidence in their benefits, and no more than 21% strongly agreed that their health benefits strategy would help their company resume business operations after the pandemic.

These findings suggest the advantages of continuity plans that address multiple contingencies—although general continuity plans may provide businesses some ability to improvise effectively during novel emergencies. That said, the importance of reviewing and revising continuity plans is also made clear: Business that built pandemic responses into their existing continuity plans during the crisis generally fared better than companies that did not. Companies can prepare for further COVID-19 outbreaks as well as disruptions from natural disasters and other future emergencies by ensuring that their health and leave benefits policies play a strategic continuity role.

INTRODUCTION



In May of 2020, IBI surveyed 318 Chief Financial Officers (CFOs) and other corporate senior financial executives drawn from the subscribers of CFO Magazine.¹ The main purpose of the survey was to assess how senior financial executives viewed the impact of employees' health and their health benefits strategy—including healthcare and disability insurance, paid leave and sick days, and wellness/wellbeing programs—on business performance. The full report of CFOs' views on health and business performance will be released in September 2020 at IBI's virtual [Health and Productivity Forum](#).

Given the timing of the survey, IBI included several questions about how the COVID-19 (coronavirus) pandemic impacted business operations, employee benefits, and companies' preparedness for the current pandemic and future emergencies.

This brief report focuses on business planning for emergencies prior to the COVID-19 pandemic and CFOs' views of their company's ability to maintain operations and support employees. A description of the survey and respondent characteristics appears in the appendix.

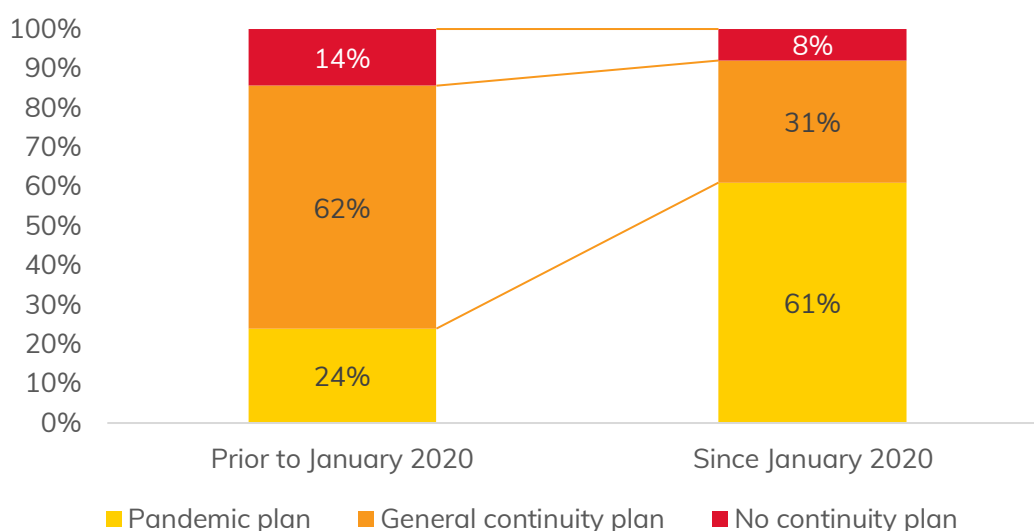
¹ See the appendix for the job titles and roles of the survey respondents. Regardless of job title, this report refers to all respondents generically as "CFOs."

RESULTS

FEW COMPANIES WERE GUIDED BY PANDEMIC-SPECIFIC CONTINUITY PLANS

Business continuity plans are intended to minimize the impact of disasters and other disruptive events on business operations.² Figure 1 shows that nearly nine in ten CFOs reported that their company had a business continuity plan prior to January 2020, but only one in four CFOs reported that their plan specifically addressed pandemics. By May 2020, the percentage of companies that adopted a pandemic-specific continuity plan more than doubled.

Figure 1: Most companies had continuity plans prior to 2020—but few specifically addressed pandemics

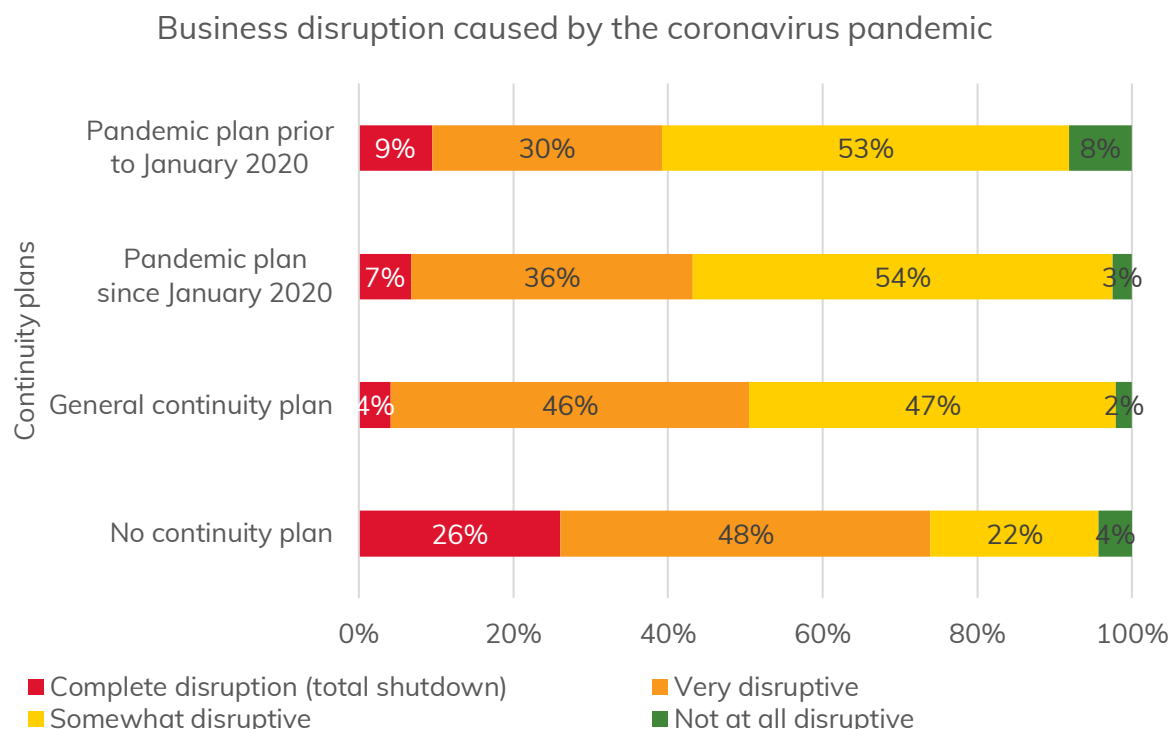


PANDEMIC PLANS HELPED MINIMIZE BUSINESS DISRUPTIONS DURING COVID-19

While the findings in Figure 1 represent a 150% increase in pandemic planning, the sizable minority of companies (39%) still without pandemic plans suggests that improvisation or general continuity planning has guided efforts to continue operations. Figure 2 illustrates how advance pandemic planning—or the development of plans specific to addressing a pandemic—provides a business advantage. Thirty-nine percent of CFOs at companies with a pandemic plan prior to January 2020 reported that the coronavirus was “very disruptive” or “completely disruptive” (a total shutdown) to their ability to continue business operations. The percentages were slightly higher (43%) for companies that adopted pandemic planning since January 2020. By contrast, half of CFOs at companies with only general continuity plans and nearly three-quarters at companies without any continuity plans characterized the pandemic as “very disruptive” or a total shutdown. COVID-19 was particularly disruptive for companies without any continuity plans: one in four reported a total shutdown.

² Federal Emergency Management Agency, “Business Continuity Plan,” <https://www.ready.gov/business-continuity-plan>, Accessed June 23, 2020.

Figure 2: Companies with continuity plans that specifically addressed pandemics have seen fewer impacts on business operations



ADOPTION OR EXPANSION OF EMPLOYEE BENEFITS FACILITATED BUSINESS CONTINUITY

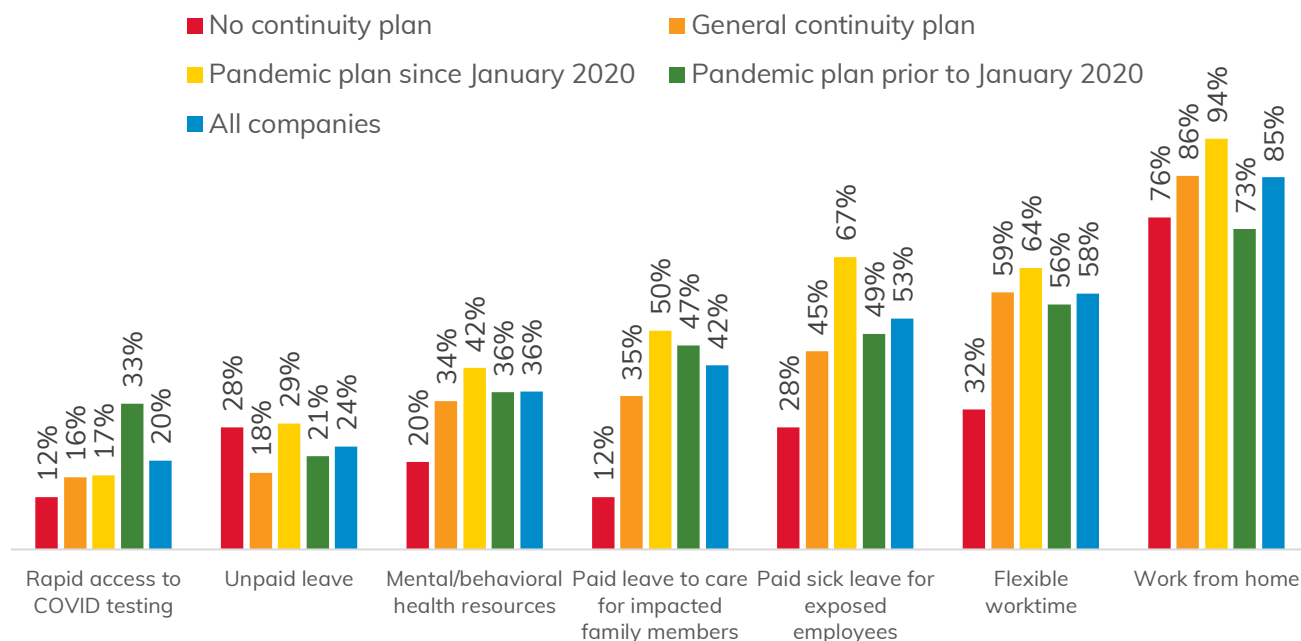
Companies adapted to the challenges of the pandemic by adopting or expanding a variety of employee benefits and work arrangements. As Figure 3 shows, the most common adaptation was to adopt or expand work from home arrangements (85%). Nearly three in five CFOs reported that their company adopted or expanded flexible worktime.

Benefits designed to address employees' financial and personal needs were less common. More than half of the companies offered paid sick leave for employees infected with or exposed to COVID-19, or who were self-isolating or quarantined as a result of exposure, while two in five offered employees paid leave to care for family members impacted by coronavirus (such as due to school closures). Only one in four CFOs reported that they adopted or expanded unpaid leave for their employees.

Adoption or expansion of benefits to address direct and indirect health risks associated with COVID-19 was less common. One in three CFOs reported that their company expanded mental or behavioral health resources, while only one in five provided rapid access to COVID-19 testing.

Companies that implemented pandemic continuity plans after January 2020 were generally most likely to adopt and expand benefits. One interpretation of this finding is that CFOs considered employee benefits and work arrangements as an integral part of their ongoing emergency readiness plans, rather than a temporary adaption to the current pandemic. The finding that companies with a pandemic continuity plan prior to January 2020 provided rapid access to COVID testing at double the rate of other companies may corroborate that interpretation. Considering pandemic scenarios in advance may have prompted some companies to adjust their policies before the situation in the U.S. became critical and to prioritize the need for testing when the pandemic came.

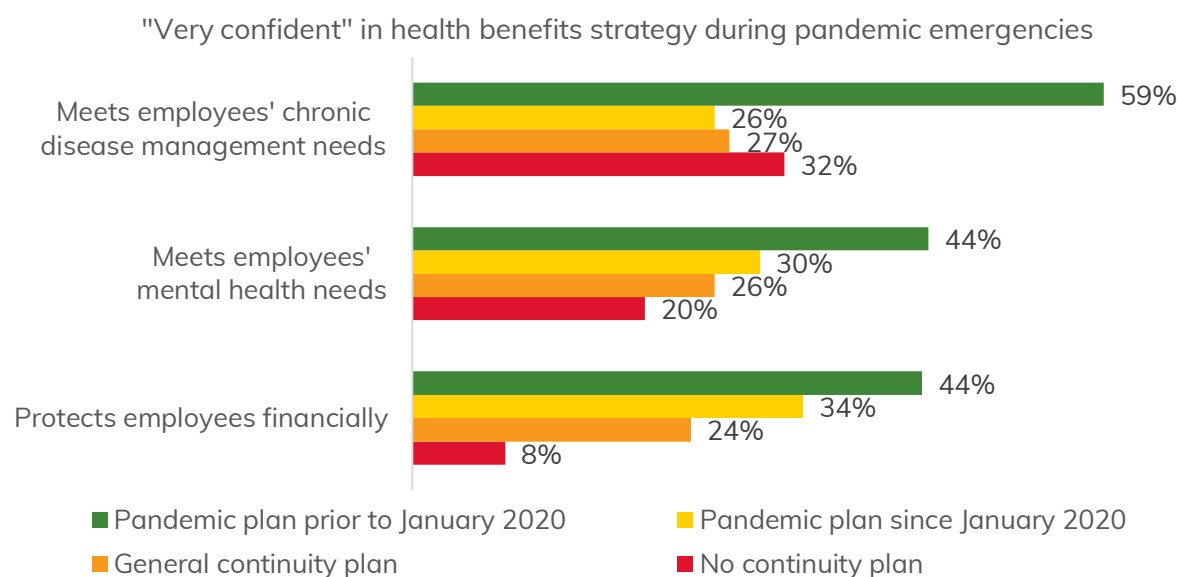
Figure 3: Companies that implemented new pandemic plans also adopted or expanded the most benefits—with the exception of access to testing



CFOs' CONFIDENCE IN HEALTH BENEFITS STRATEGY ALIGNED WITH THEIR PANDEMIC PREPAREDNESS

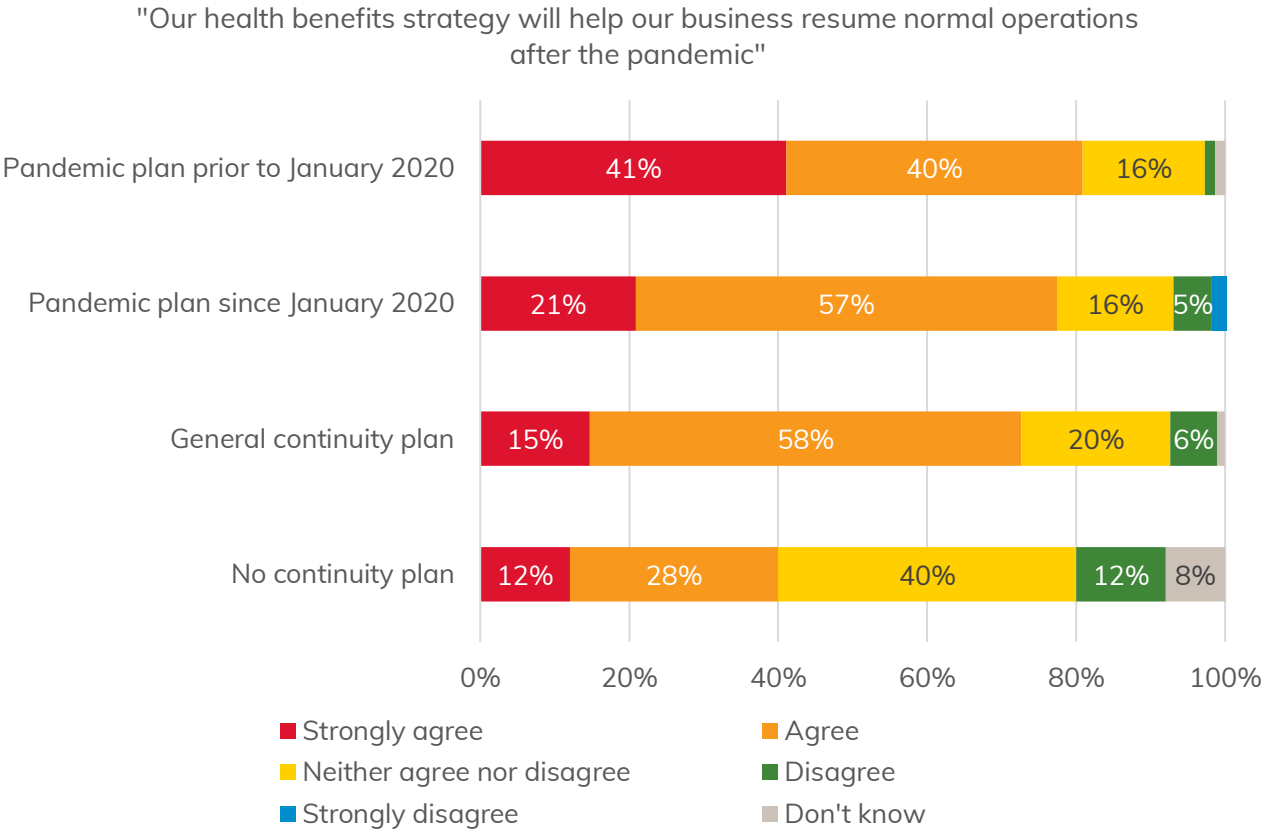
As shown in Figure 4, CFOs from companies with pandemic-specific continuity plans in place prior to January 2020 were most likely to be "very confident" that their health benefits strategy met employees' financial (44%), chronic health (59%) or mental health needs (44%). No more than 34% of CFOs from other companies expressed similar confidence in their benefits.

Figure 4: Companies that implemented new pandemic plans also adopted or expanded the most benefits—with the exception of access to testing



Nearly half of CFOs from companies with pandemic-specific continuity plans in place prior to January 2020 strongly agreed that their health benefits strategy would help their company resume business operations after the pandemic (Figure 5). By comparison, only one in five CFOs from companies that implemented pandemic plans afterwards strongly agreed.

Figure 5: Companies that were prepared for the pandemic saw the business value of their health benefits strategy



DISCUSSION

The findings of this report illustrate how businesses with continuity plans that specifically addressed pandemics were better prepared than others to continue operations and support their employees during the COVID-19 emergency. This suggests the advantages of continuity plans that address multiple contingencies—although general continuity plans may provide businesses some ability to improvise effectively during novel emergencies. That said, the importance of reviewing and revising continuity plans is also made clear: Business that built pandemic responses into their existing continuity plans during the crisis generally fared better than companies that did not.

Developing, implementing and periodically reviewing and revising a business continuity plan represent the most basic implication of these findings for employers. The Federal Emergency Management Agency (FEMA) provides step-by-step practical guidance, tools, and resources for identifying time-sensitive and critical that may be in jeopardized in the event of a natural disaster or other emergency, organizing an emergency response plan, and communicating the with employees and other stakeholders before and during a crisis.³

IBI's community of member experts provides guidance for incorporating employee benefits into general and pandemic-specific business continuity plan.⁴ Advice about understanding the needs of at-risk populations, ensuring access to care management, supporting mental health needs, and leveraging human resources and absence management resources to maintain contact with employees during crises are of particular relevance to the findings of this report.

ACKNOWLEDGEMENTS

IBI would like to thank Kaiser Permanente for providing financial support to conduct this research.

Although many businesses are gradually resuming their operations in the U.S. and around the world, there are few signs that the emergency has subsided. In the U.S. and elsewhere, new COVID-19 infection rates and positive test outcomes continue to climb.⁵ Several regions and localities that allowed business to reopen have since scaled back in the face of new outbreaks.⁶ Businesses that have already adapted their operations to

³ Federal Emergency Management Agency, "Business Continuity Planning Suite," <https://www.ready.gov/business-continuity-planning-suite>, accessed June 23, 2020.

⁴ Integrated Benefits Institute, "Managing Health and Productivity in the Age of Coronavirus: The Professional Healthcare, Wellbeing and Absence Management View," March 19, 2020, updated June 26, 2020, <https://www.ibiweb.org/resource/managing-health-and-productivity-in-the-age-of-coronavirus-the-professional-healthcare-wellbeing-and-absence-management-view/>

⁵ New York Times, "Coronavirus in the U.S.: Latest Map and Case Count," <https://www.nytimes.com/interactive/2020/us/coronavirus-us-cases.html>, accessed July 27, 2020; U.S. Centers for Disease Control and Prevention, June 25, 2020, "Transcript for the CDC Telebriefing Update on COVID-19," <https://www.cdc.gov/media/releases/2020/t0625-COVID-19-update.html>

⁶ Austin American-Statesman, Nicole Cobler, June 25, 2020, "Abbott pauses Texas reopening plans, suspends elective surgeries," <https://www.statesman.com/news/20200625/abbott-pauses-texas-reopening-plans-suspends-elective-surgeries>; New York Times, Melissa Eddy, June 25, 2020, "Flare-Up in Virus Cases Sets Back Germany's Efforts to Reopen," <https://www.nytimes.com/2020/06/25/world/europe/germany-coronavirus-reopening.html>.

pandemic circumstances are nonetheless encouraged to ensure that their health and leave benefits policies play a strategic role. This may not only prepare companies against the disruptions of ongoing and future COVID-19 outbreaks but can lay the foundations for operating during and recovering from natural disasters and other future emergencies.

APPENDIX

Members of IBI’s research team drafted the survey in April 2020, and the survey was administered through Argyle Publishing, publishers of CFO Magazine between April 27, 2020 to May 27, 2020. Respondents were recruited from CFO Magazine subscribers. Respondents were included in the survey if they performed a finance function in their organization at the CFO, AVP, SVP, EVP, VP, or Director level and their company annual revenues were at least \$100M. A total of 318 respondents completed the survey.

Chart 1: Job Title

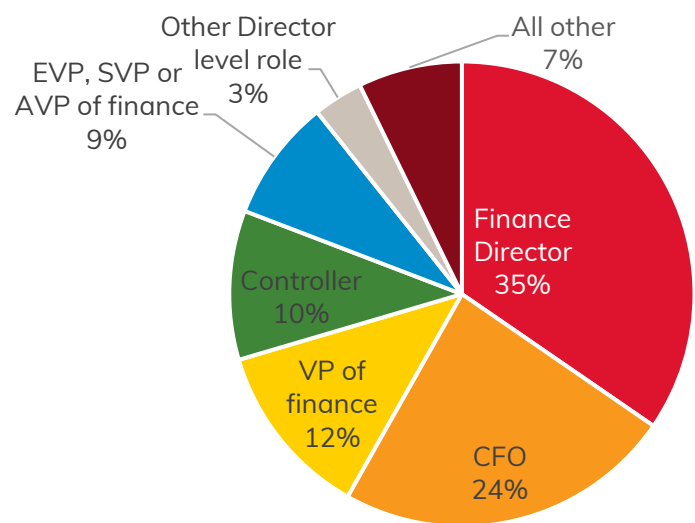


Chart 2: Ownership

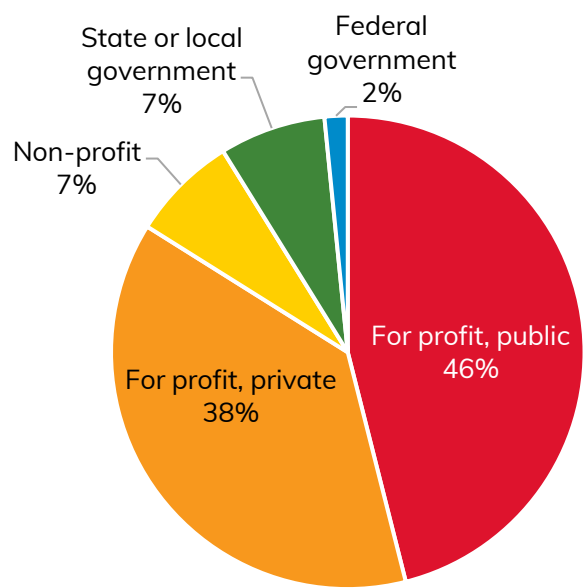


Chart 3: Industry

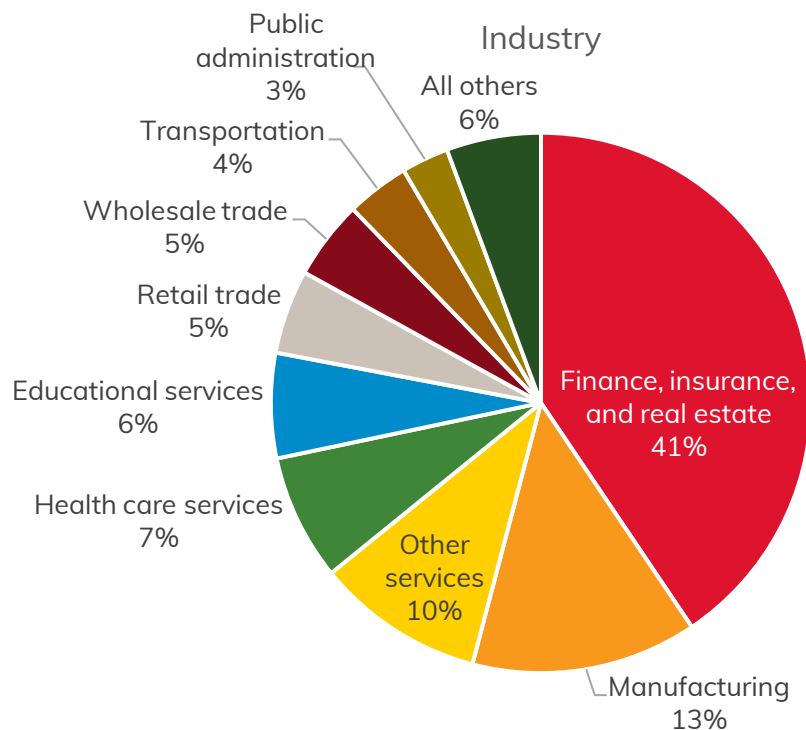


Chart 4: Annual Revenues

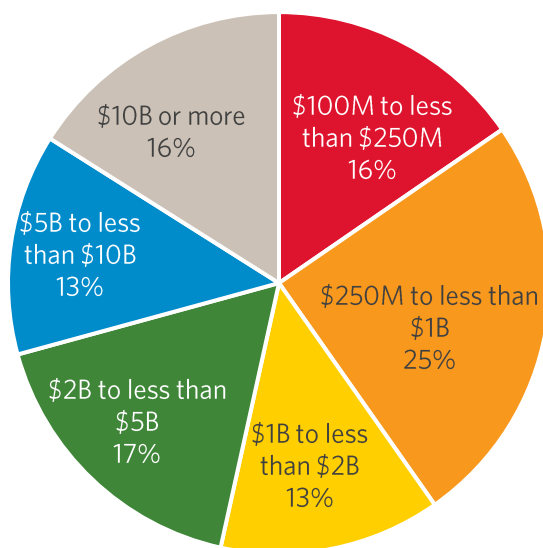
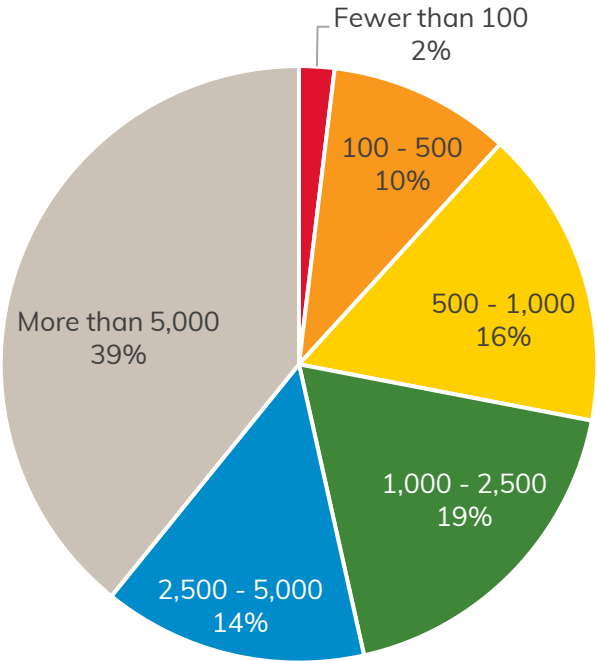


Chart 5: Number of Employees





Founded in 1995, the Integrated Benefits Institute (IBI) is a national, nonprofit research and educational organization focused on workforce health and productivity. IBI provides data, research, tools and engagement opportunities to help business leaders make sound investments in their employees' health. IBI is supported by more than 1,200 member companies representing over 20 million workers.

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