



Risk Management in the COVID-19 Era

How prepared is your food business for a virus resurgence? The forecasted loss to the global food industry is **\$300 billion dollars**, and will continue to contract if there is a second wave of COVID-19. In the face of a global pandemic, it is vital to address core business risks and uncertainties to inform resilient and balanced strategies.

Safety and Health



Monitoring, Controlling & Adapting

The Province of British Columbia has ordered individuals and businesses to remain vigilant as infection numbers rise. How are you protecting your employees AND your customers as cases go back up?

ACTION:

Re-evaluate adequacy of COVID-19 protocol

Workforce Planning

120,000+ jobs lost in BC's food service sector

Employers and employees alike are distraught; preparations for the new normal requires workforce downsizing. How are your actions communicated to your employees?



ACTION:

Communicate transparently to internal staff

Financial Risk & Liquidity

Estimated 7% drop on disposable income

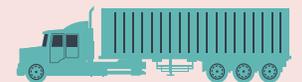
Pre-pandemic, 4.4 million Canadians were described as "food insecure" - unable to access affordable nutritious food. How is your business responding to this impact on customer expenditure?



ACTION:

Conduct stress-tests on P&L and cash flow

Supply & Demand



No end in sight for border controls

BC has seen a shift towards the localization of supply chains due to imposed regulations. How might extended border controls affect your business? What risks do you foresee in your supply chain?

ACTION:

Map risks along entire supply chain network

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The COVID-19 crisis is a story with an unclear ending. What is clear is that companies have an imperative to act immediately to address key risks to their business. Refer to this worksheet for strategies on managing risk and reach out to our Feeding Growth community if you have any questions!

Major Impacts to the Food Service Industry

The Negative: Fragility of the World's Food System

COVID-19 provides a once-in-a-generation demonstration of the fragility of the global food system. The pandemic came at a time when food systems were already [under strain](#). Now, actors in the food system have been stretched more than ever before. Food producers face a continual fight to provide essential food items to the market while facing inhibited production capacity, supply chain disruptions, [falling consumer demand](#), and concurrently protecting their employees and customers from the disease itself. This has generated a hefty financial shock and it is crucial to create appropriate risk management plans for business survival and continuity.

The Positive: Level of Cooperation and Collaboration

COVID-19 magnifies the increasing need for cooperation between suppliers, regulatory agencies, and customers as the pandemic unfolds; the stance on sustainability remains top of mind. All actors in the food system, especially progressive and sustainable brands, must react with [agility](#) and resiliency to respond to growing trends in the industry regarding local food sustainability (e.g. More consumers are shopping locally) and the need for ingredients that can boost overall immunity as consumers move towards [healthier purchases](#).

Road to Resilience against COVID-19

Stage 1: Identifying core elements of your business

The initial step of your risk management plan is to identify the key dimensions of your business with respect to the exceptional circumstances that COVID-19 has brought to light.

- I. **Work:** Determine your key activities that are essential to your business for survival and fundamental for your competitive advantage.
- II. **Workforce:** Determine who performs your key activities and the major stakeholders affected by decisions made in your business.
- III. **Workplace:** Determine the physical locations where your key activities are being performed.

Stage 2: Assessing the major risks on the core elements

The next step is to catalogue the major risks and impacts on these core elements of your business. Businesses should then strategize on how to manage these risks and create contingencies for future waves of the pandemic.

- I. **Safety and Health:** Protection of employee and consumer safety is paramount to all other risks. Existing food safety management systems should be reassessed to COVID-19 standards.
- II. **Financial Risk and Liquidity:** Projects should be reassessed based on cash flow constraints. Current and future operating model needs should also be considered in assessing the financial risks.
- III. **Workforce Planning and Resourcing:** Staffing and communication response plans to COVID-19 should be assessed for efficiency and effectiveness to ensure clear understanding.
- IV. **Supply and Demand:** Transport and supply chain risks should be assessed for production-demand optimization with respect to changing customer markets in the food industry.

Stage 3: Prioritizing your key business projects to accommodate for core elements

The last step is to adapt and reprioritize your key activities with respect to the assessed risks with agile business methods. Risks should be monitored for business continuity with contingency plans in place. See next page for key strategies and checklists on managing risk.

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Refer to this Risk Assessment & Strategy Worksheet to build more resilience into your business.

Identify Core Elements

Questions to Answer

- What are your key activities?
- Who are the stakeholders?
- Where are activities performed?

Safety & Health

- Communicate sick leave and return-to-work policy
- Ensure available PPE and hygiene products (sanitizer, disinfectant)
- Inform and train workers on control measures (PPE, sanitation protocol, physical distancing)
**A detailed checklist [here](#).*

Financial Risk & Liquidity

- Conduct stress testing on P&L, Balance Sheet, and CF Statements
- Research and apply for eligible government programs/grants
- Create plan for continuous re-evaluation of financial forecasting
**Refer to our [info sheet](#) on dealing with disrupted cash flows.*

Assess Risks

Workforce Planning & Resourcing

- Develop transparent internal communication outputs to staff
- Create robust work-from-home policy and employee resources
- Evaluate FTE workforce size and composition
**A detailed operational toolkit [here](#).*
**Workforce strategies post COVID-19 [here](#).*

Supply & Demand

- Map risks associated with vendors, suppliers, and distributors
- Develop contingency plan for supply chain disruption
- Consider alternative supply sources
**Refer to our [info sheet](#) on alternative supply sources.*

Prioritize Projects

- Develop crisis communication plan
- Evaluate cost-cutting measures and resource allocation

Answers and Analysis (Example: Susgrainable)

Identify: Core Elements

Key Activities – Production of baked goods for retailers and markets, in addition to non-perishable consumer packaged goods (CPG).

Stakeholders – Retailers, internal staff, partners and investors

Activities performed – Production at our central kitchen

Assess: Major Risks + Immediate Actions

1. *Safety & Health*
 - *Risk Planning: Following and monitoring provincial guidelines for food safety*
 - *Action: Leveraged industry partnerships (e.g. BC Food & Beverage) for COVID-19 templates*
2. *Financial Risk & Liquidity*
 - *Risk Planning: Assessing largest impacts on cash flow*
 - *Action: Applied for and secured Canada Emergency Business Account for small businesses benefit*
3. *Workforce Planning & Resourcing*
 - *Risk Planning: Re-evaluating core business operations and workforce needs*
 - *Action: Applied and secured 5 subsidized internship positions*
4. *Supply & Demand*
 - *Risk Planning: Assessing availability of core supplies (e.g. flour, eggs)*
 - *Action: Sought back-up/alternative suppliers*

Prioritize: Key Projects

Pivot – Evaluating what needs to “stop”, what needs to “continue”, and what needs to “start”.

- *Shifting focus from perishable baked goods to CPG product lines due to unpredictable consumer buying patterns*
- *Prioritizing digital strategy and e-commerce options to engage customer channels with the recent growth in e-commerce spending*

Note: The above example is based on the decisions of the business owners at [Susgrainable Health Foods Inc.](#)