

The Changing Face of Business

by Sue C. Quimby, CPCU, AU, CIC, CPIW, DAE

The COVID-19 pandemic of 2020 changed the face of business and industry forever. When the pandemic struck in March many companies were left unprepared for or unable to make the transition from an in-house workforce to social distancing. Companies responded in a variety of ways. At first, when shutdowns were anticipated to last only a few weeks, many workers were furloughed or forced to take vacation. Once it became apparent that the lockdowns would remain for an extended time period, companies were faced with the option of pivoting to another way of doing business or closing permanently.

For insurers, it is essential to understand that the businesses they insured prior to COVID-19 could be much different than the ones they are insuring now. For example, restaurants have been remodeled to increase spacing between patrons and incorporate outdoor dining. Retail operations have installed shields between customers and staff.

Staggered working shifts to allow for social distancing may mean the business is open longer hours. Some have transitioned to remote work on a full or part time basis, meaning they may have reduced their physical office space. Companies have introduced or expanded delivery services and curbside pickup.

In addition to physical changes, businesses may have new liability exposures. Adding outdoor dining, take out, delivery and curbside pickup may increase hazards for customers and staff. Setting up tables for dining in a parking lot and on sidewalks adds additional risks. Telemedicine may expose medical providers to an additional layer of hacking and privacy concerns. Numerous lawsuits against businesses claim that the plaintiff contracted COVID-19 due to lack of safety protocols by the defendant business. Fear of such lawsuits and the potential monetary impact may discourage some from reopening.

Physical risk inspections by insurers may have needed to be skipped during the pandemic. Insurers often rely on questionnaires to determine changes at renewal, and these



may need to be updated to address potential previously unanticipated changes in operations and exposures that became necessary due to the pandemic. Use of drones and other technology may facilitate inspections when an in-person visit is still not possible.

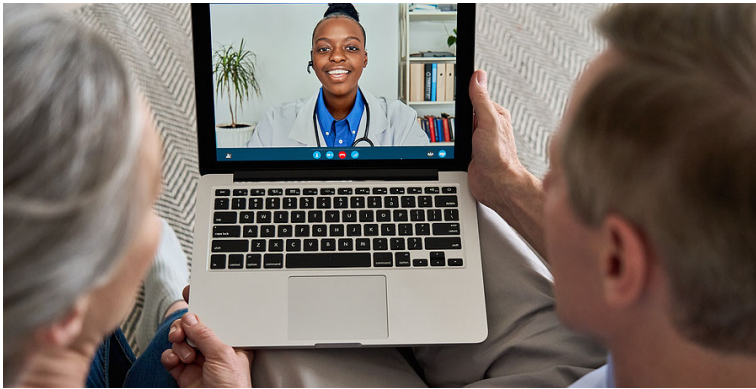
One thing is for sure, the remote workplace is here to stay. A recent Harris poll cited in USA Today showed that 40 percent of Americans prefer to work from home full time, 35 percent would like to split their time between home and the office, while only 25 percent want to return to their office full time. It is not surprising that tech companies are better suited than most to working remotely.

An article in the Wall Street Journal reported that Google recently announced that 20 percent of their workforce will continue to work remotely on a permanent basis, another 20 percent will be allowed to work from a new location, and four weeks per year where employees can work from anywhere. In addition, Google is offering a hybrid work week – three days in the office and two days wherever they work best.

For many industries, such as food and beverage, hospitality, and manufacturing, remote work is not really an option. These companies needed to resort to creative ways of staying open, while ensuring the safety of their employees and customers.



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Cleaning protocols took on added importance during 2020. Having the proper procedures is only part of the solution to making customers and staff feel safe. Use of signage explaining cleaning and safety procedures, adding physical barriers (such as plastic shields at checkouts) and implementing touchless procedures wherever possible, including automated payment systems and contactless delivery, will enhance comfort levels.

By their very nature, food and beverage establishments that offer onsite consumption have an added challenge. Masks cannot be worn while eating or drinking. In addition to increased spacing, many of these businesses have invested in enhanced air filtration systems.

Mobile services are now also on the rise as a result of the pandemic. Many businesses faced with the inability to open their doors had to resort to new business models to survive.

Some salons and spas in the beauty industry found success in taking their services mobile — offering in-home visits, mini-salons on wheels, virtual consultations and take-home professional color kits.

Having a massage therapist on call is not a novel idea but spas expanded this same concept to include manicures, pedicures, waxing services and more.

Other businesses that went mobile include pet grooming services, bike repair, auto repair and services like oil changes, and even mobile fashion retail shops that would bring their boutique collections right to your doorsteps.

Identifying different ways to accommodate customers and help keep them safe during the pandemic became a priority in order to keep businesses afloat.

One perhaps unforeseen effect of the pandemic is a shortage of workers. In the United States, fear of the virus

coupled with expanded unemployment benefits severely impacted the labor pool. Companies had to resort to a number of methods to attract workers, including higher pay, monetary incentives to interview, and bonuses for referring new employees or for staying on the job for a set period of time. Those who could not find workers were forced to reduce their hours of operation. In an effort to help local businesses, some states, such as Montana, started to refuse the extra federal unemployment benefits. Instead, they offered a bonus to those people who sought employment, obtained a job and worked for a certain period of time.

Automation of manufacturing and other operations is another way businesses may respond to lack of workers. The trend toward digitalization and automation that started years ago accelerated by necessity during COVID. According to a Forbes article, one argument for increased use of Artificial Intelligence (AI) is that the companies who invest heavily in AI actually grow their workforce faster than those who don't.

Privacy is an ongoing concern for any business that does business or shares information electronically. The surge in online shopping, including special apps for food ordering and delivery, has been accompanied by a surge in cybercrime. Some experts have even called it a cyber pandemic. Privacy and safeguarding of personal information of customers and employees is a major concern.

The changing face of business during the pandemic shows resiliency and the ability to adapt, but the evolution of business models can mean new challenges, risks and exposures. Companies should remain diligent in fine-tuning their operations while readjusting business practices and insurance companies should do the same when reassessing policies.

Sue Quimby is a vice president, media editor, client services & training and a senior product development analyst at MSO, Inc. (The Mutual Service Office, Inc.). You can reach Sue at 201.857.9128 or squimby@msonet.com.

