



COVID19 – Impact on Hospitality Industry Business Resilience Plan

COVID-19 presents a significant threat not only to human health but also to business. For many businesses, steps by governments to contain the public health risks of the virus, such as restricting the movement of people and shutting non-essential businesses will result in a sudden fall in demand for products or services and supply disruptions. Steps taken by governments to control the spread of COVID-19 will be a shock to many businesses that could place their immediate future in serious jeopardy. Further, there is no way of knowing how long such actions will be required to contain the risks to public health.

Hospitality industry, in particular, is expected to have long term negative impact of the COVID 19 pandemic, at least until cure or vaccination to the COVID19 is invented. Experts believe that prolonged lockdown and resultant psychological impact will result in permanent change in the way people travel, do business and spend their leisure time. The hotels, clubs, restaurants and such related business will have to undergo significant change in their internal processes, infrastructure and pricing for a short term.

There are a range of actions you should consider implementing to manage your business through the COVID-19 pandemic to ensure not only its survival and but also to place it in the best possible position to take advantage of the recovery.

We suggest following actions which may help you mitigate various risk and build Business Resilience Plan (BRP)

HR Planning



- Headcount and Salary reduction is temporary solution and can not guarantee efficient operations on long run.
- Need is to take holistic view of the overall HR structure, policies, skill gap analysis. Retain and build team which can ensure effective operations on long run
- Shift from permanent employees to hired employees will result into lower cost, better performance, and risk mitigation from low business volume.
- Employees who are paid more than industry norms just because of seniority and number of years in the organization may be replaced with fresh skill.
- Introducing performance linked variable payment and reducing fixed salaries.

Finance Planning



- Revision of **Budget and Cash flow** projection with realistic as well as pessimist scenario. Realistic scenario will be used to provide target to the management while pessimist scenario should be used by the Board to prepare for the prolonged recessionary situation.
- Review of CAPEX plan and assess the requirement. CAPEX may be done in small phases based on the market response.
- Renegotiating existing long term contracts and terms with various vendors.
- Marginal cost based discounted pricing policy for customers for temporary period to improve the footfall and consumer base.
- Being important but none core activity, possibility of outsourcing the routine accounting and MIS may be explored

Internal Procedures (Protocols)



- In your industry, the process of guest services is most important function. The guest should be made comfortable and assured of safety and hygiene by introducing best practices.
- The Entire process within the organization (from guest entry, recreations, servicing, food and beverages preparation and storage) should be reviewed to maintain social distancing, safety and hygiene. The major aspects to be reviewed are:
 - Processes to be followed by internal staff (Hygiene standards, use of PPP and cleaning material, frequency etc.)
 - Guest handling process to maintain social distancing and safety
 - Material handling, storage and preparation processes.
 - Introduction of new process for identification, management and reporting of potential cases

Infrastructure Upgrade



- To ensure social distancing and safety of the guest as well as the employees, the entire arrangement within the organization should be reviewed and upgraded. Few steps that may be considered are:
 - Redesigning arrangement in the restaurant, heath club, bar area and events halls and other areas. It may require reduction in sitting capacity, arranging partitions and other such steps.
 - Introducing check points to control movement of guest, providing sanitizer and other PPE at various points.
 - Training staff to follow certain procedure to make guest comfortable and feel safe