Managing the new normal

Roadmap to recovery through strategic OHS initiatives

January 2021

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Introduction

As the world continues to fight back against the current pandemic, businesses both within Canada and internationally are looking at their future with deep concern. While we are all hoping that this difficult situation will pass quickly, we have already seen serious consequences triggered in the world's economy by the Covid-19 epidemic. Its becoming more apparent that the current situation will continue to have a severe impact on what we call *normal* forcing us to adapt.

Simple things, like grocery shopping or meetings, have become cumbersome. Many businesses and public institutions are still faced with their inability to ensure the proper risk mitigations are in place - and their limited risk management maturity is causing serious business problems. If maintaining effective health and safety controls are suddenly the only way to keep your business operational, the need for an effective COVID-19 management strategy becomes obvious and vital.
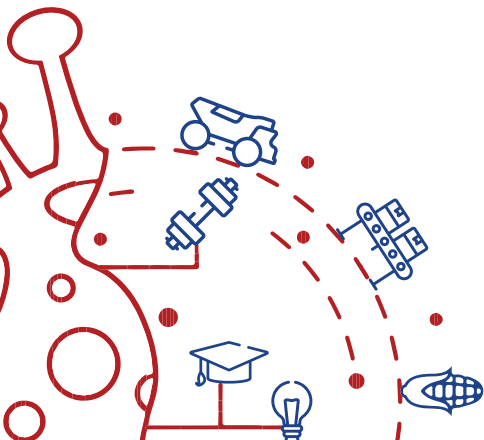
However, we don't want to focus on the negative effects and impact of the crisis on economic and social factors - we want to look ahead. If we broaden our perspective, history has taught us that crises can also act as a trigger for substantial growth. Businesses currently struggling with safely managing the short-term impact of the crisis should start looking forward as soon as possible, capitalizing on the opportunities this crisis has created, and positioning themselves for a more structured response to the epidemic. Businesses which are carefully observing the current dynamics will see many trends forming. Some of them are triggered by major social changes and will impact our future for a long time to come - the so-called *mega trends*. Changes in customer behaviour (*consumer trends*) and community concerns (*community trends*) are already clearly visible. Health and safety is becoming even more important in enabling interactions with employees and customers (*OHS trends*). Businesses able to leverage these trends will lead the game in the post Covid-19 period, because they have built the foundation to safely support their team and serve new customer demands. After an intensive response crisis management phase, many industries are now shifting to the recover phase in which they have to make decisions for future growth. The game has changed, and those who want to win should be aware of key health and safety trends which are either new or reinforced by the crisis. In this point of view, we want to elaborate on the trends which provide the best mitigations so far and which we expect to impact businesses most in the future. Furthermore, we will introduce a framework which allows you to understand how they interact with each other, and offer additional support, leading to a positive impact on future business activities.

But first, leaders should ask themselves the following questions:

How are established (industry) OHS trends affected by the crisis?

How can effective risk managment be an enabler of business optimization, fuelling operational fitness initiatives in a (potentially) Covid-19 disrupted industry?

To what degree is social distancing changing operational behaviour and what is the role of risk in maintaining customer engagement going forward?

What might your customers be afraid of in the future?

What strategic investments should be made now to achieve long-term success? (eg. additional PPE, revised OHS processes or risk management strategy)

We asked these questions ourselves and came up with a set of key trends you should consider in order to future-proof your business.

Four Trend Areas

Mega Trends

Mega trends are the main drivers of change. They drive long-term developments in major areas of our society and its underlying parts like the economy, science, culture or politics. These trends are generally stable, and new mega trends tend to only rise over years and decades. Economic, political or, as in recent situations, health-related shocks can trigger new mega trends as drivers of change and innovation. They impact consumers, markets and regulations for decades to come.

Consumer Trends

Consumer trends are sets of values which determine the future decision making of large groups of consumers. If those values change in one direction or another, we notice new consumer trends forming. An example would be the long-lasting trend towards sustainability. Drastic interventions into our daily routines come with new habits and values, and some of them will remain with us in the future. Businesses need to deeply listen to customers, and their underlying values, to understand which trends might become increasingly relevant.

Community Trends

Much like consumer trends, community trends are distinct patterns related to, or contained within, one or more communities which are likely to influence the future way of serving a market demand. In the current situation, the new and uncertain global context forces businesses to monitor how the communities in which they operate react and how the local regulations that govern these communities impact on their operations. This drastic change facilitates new ideas and opportunities of how businesses can enhance their capabilities in the ongoing competition for customers.

OHS Trends

OHS trends represent the underlying shift in governing regulations, but also the emergence of new restrictions which are likely to impact future business contexts. The Covid-19 crisis emphasized how important OHS is to keep the economy, but also society, running safely. Early understanding of which OHS trends are relevant for a post-Covid-19 context will result in a competitive edge, as the effective application of OHS across businesses is deeply connected with business success.

It's never been more important for businesses to recognize relevant trends early and incorporate them in their business processes and procedures.

Trend Research to Overcome the Crisis

The past 12 months have already shown a how many businesses are reacting in response to the crisis. Although each crisis is different, the typical lifecycle consists of three phases businesses go through.
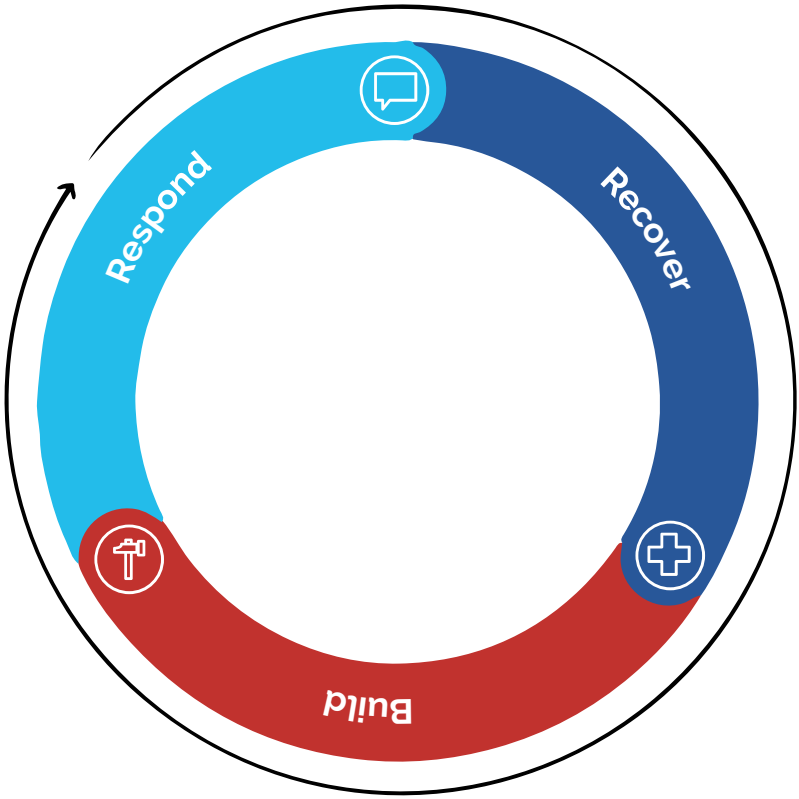
Respond

In the first phase of a crisis, businesses are typically responding to the new circumstances in a way which ensures business continuity and which prevents short-term damage from rising trends (eg. lack of liquidity, loss of important customers). A reaction which has been observable in almost every industry across the globe in the last 12 months.

Recover

The second phase is heavily based on fast learning and the subsequent adaptation to the new business context. What does our industry landscape look like? What additional legislative obligations do we now have? To what degree did the expectations of our customers change? Is our operating model still the right one to serve rising customer needs and changing OHS regulations? These are questions that should be answered. Dedicated trend research is an inevitable part of making the right decisions.

Build

Once it becomes clear what a *new normal* could look like, businesses start to implement the measures required to become more resilient for a future crisis, as well as those required for future growth. A continuous tracking of implemented lessons learned, in combination with a regular trend review, add up to increased resilience with growth opportunities and makes the business stronger for the future.

Trend Framework

The current transition and social shift are formative for existing trends, but also trigger the emergence of new trends.

Rising trends are the *building* blocks for potentially driving the future. They also indicate the type of activities we need to start in order to be prepared. In uncertain times, it is more important than ever for businesses to recognize relevant trends early, incorporating them into their business processes and procedures to remain successful in the long-term. Although no one precisely knows the impact of the current crisis, most of us will agree that there will be strong effects on our society as a whole, consumer behaviour, business models and other important dimensions. An early and continuous trend analysis is a powerful tool to appropriately react to upcoming change.
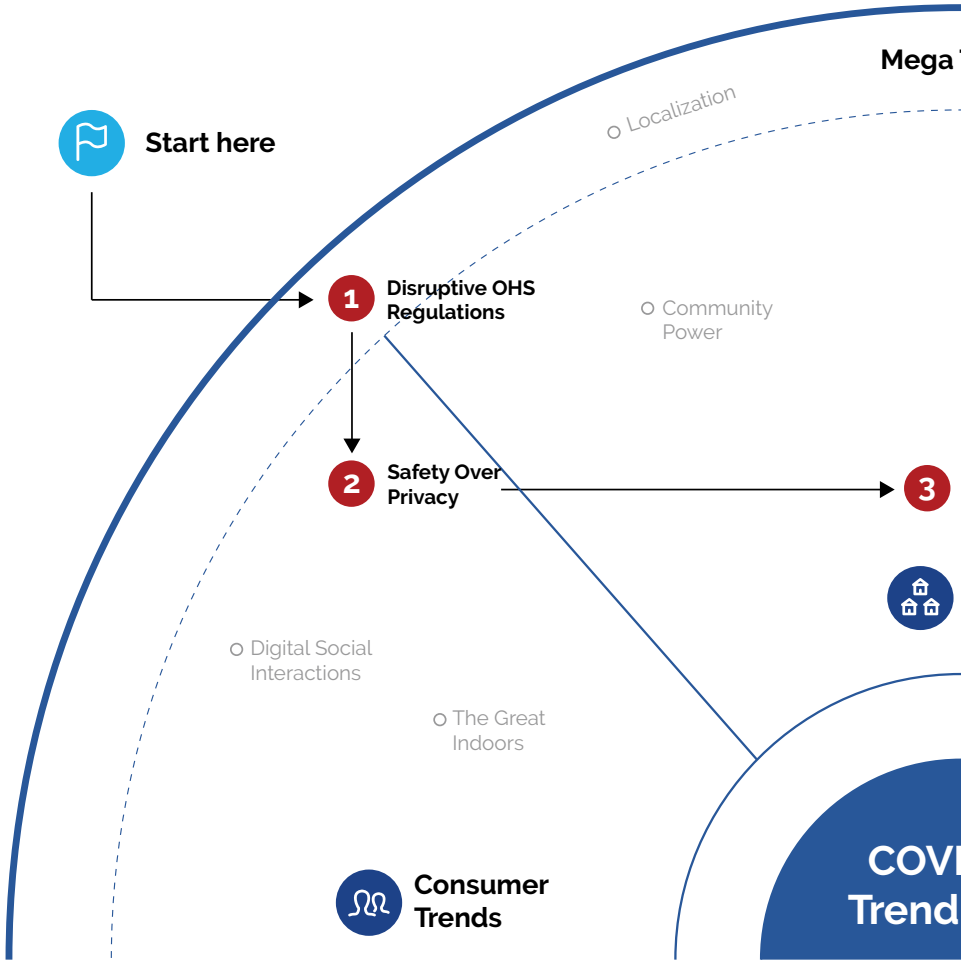
Trend Radar

To recognize, understand and ultimately interpret change, we have developed a simple to understand trend radar that incorporates logically-integrated trend areas. It facilitates structured trend research and allows for a more integrated understanding of different trend perspectives. Many people consider a trend to be isolated which might have an impact on the future. In reality, many trends heavily overlap with each other, such as:

- mega trends form our society and therefore trigger new consumer trends
- consumer trends heavily influence community trends, as businesses try to react to a new demand
- community trends trigger OHS trends, as the demand for increased OHS support incentivizes investments in additional mitigations to back up this demand
- OHS trends trigger new demands on the consumer side, as it allows for completely new product or service offerings.

We could continue the above list further, but the message should be clear. To understand the impact of a trend, it is not sufficient to consider it as isolated. The surroundings trends, especially related trends forming in other perspectives, are at least equally important to fully leverage the potential. This is why our trend radar framework embraces innovation and growth and spotlights emerging trends with their respective counterparts, which have been occurring during Covid-19 and offer new options.

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Rising trends are the *building* blocks potentially driving the future. They also indicate the activities we need to start to be prepared.

Mega T

○ Localization

Start here

1 **Disruptive OHS Regulations**

○ Community Power

2 **Safety Over Privacy**

3

○ Digital Social Interactions

○ The Great Indoors

Consumer Trends

COVI Trend

1 Start with a mega trend to set the scene.

2 Explain how the mega trend connects with a proven change in consumer behavior

3 How does the market react? How can businesses use this change in consumer behavior?

Trends

○ *Presence-Free Living*

○ E-Commerce Push

Social Responsibility → **4** Risk Management

Community Trends

5 Focused Training

○ Mental Wellbeing

ID-19 Radar

OHS Trends
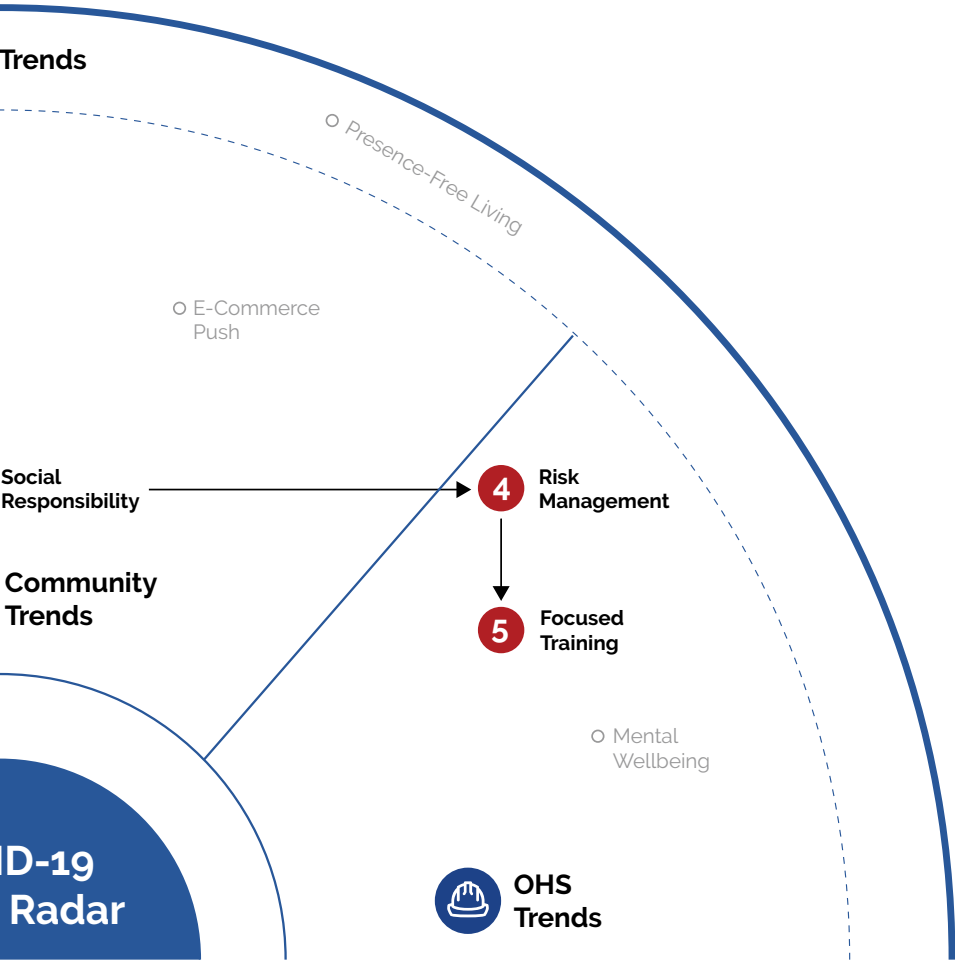
4 Understand which key platforms are required to meet the trend

5 Identify any complimentary processes or platforms

COVID-19 Induced Trends

Although the trend landscape will continue to evolve during the crisis, we already see shifts within our four trend areas.

Mega Trends

New trends emerged, others intensified. What follows is a first set of trends we consider relevant for many different industries. However, it's on each business to evaluate the potential impact on their concrete business context.

Disruptive OHS Regulation

Our social way of living is more than ever influenced by continuously changing and stricter OHS regulations due to the Covid-19 crisis. A strong artificial intervention within society comes with the potential to change it as a whole on a long-term basis, and could account for drastic changes in consumer behavior. A short-term OHS regulatory intervention, like compulsory face masks, can trigger a settling-in period which influences the *new normal*. Especially in the Western hemisphere, the aversion to wearing a face mask was comparably high before we were affected by Covid-19. This might change drastically in the future as a broad part of society is getting used to wearing them. The need for OHS regulation related to infection protection has quickly climbed to the top of the public decision makers' agenda. As a result, an increase in OHS regulations could become reality in the future to mitigate remaining risks, affecting major parts of social and economical areas.

Localization

Globalization has been the strategic move over the past decades. However, the current pandemic has led to an increasing demand among consumers for local products and a decelerating consumption. Supply chains were interrupted and customers experienced first-hand the partial shortage of products. Local production, and the local supply of goods and services, became more important for customers, but also for businesses willing to increase their resilience for a potential future crisis. As this trend was already existing pre Covid-19, to an extent we expect that it remains a long-term development likely to influence not only supply chain related topics, but also customer expectations and service offerings. Consumers have become increasingly demanding. The world is becoming more individualized and consumers demand broader diversity of products, more channels to choose from, as well as faster delivery times and increased transparency.

Presence-Free Living

During recent lockdowns, society experienced what presence-free living actually means. Major parts of our world were, or still are, locked down at home, and have to deal with restrictions affecting everyday life. As a result, alternatives to physically being present challenged the need to appear in person, forming a trend which is

reflected in many areas like work, education or leisure. People meet virtually for work meetings, spend time with friends via Facetime or enjoy concerts from their living room using streaming services. Many realize that physical presence is not always required to achieve similar results, and this will have an impact on future consumer behaviour, and customer expectations towards providers of products and services. We expect that a presence-free living will gain importance, also beyond home office options, ultimately changing our *way of doing things* permanently.

Consumer Trends

Safety Over Privacy

Consumers are experiencing a new urge to actively share personal data to comply with current OHS regulations. For this purpose, they have to share their location, health and social interactions-related data with public institutions from restaurants to chiropractic clinics, or take part in new social experiments represented by apps introduced in different formats across the globe. Many consumers were already using social services which heavily rely on consumer data, such as Facebook or Instagram. However, the public discourse on data sharing was still rather conservative. For example, many people would have been critical towards passing personal information across the table just to be allowed to have a family dinner in a restaurant. This is why new OHS regulations could enable a new social discussion on personal data sharing. Positive experiences with the new situation could intensify this effect and make generous data sharing the new norm, especially when there is a reasonable benefit. This change in perspective could trigger a mindset change not only beneficial for health purposes, but shaping a new *data for benefits* mentality in the relationship between a customer and a business.

Digital Social Interactions

In times of social distancing, consumers quickly explore and adapt to new ways of social interaction. Video calls with large groups of friends, or even family board games enabled with tools like Zoom or Facebook etc, satisfy the demand of social interaction. Although first observations indicate that currently tools employed are still far from replacing personal interactions completely, the willingness and the skills required to use video calls for varying use cases are likely to remain in a post-Covid-19 period. This increase in digital skills paves the way to digitalize many (and cost intensive) interactions in the future, for the benefit of both consumers and businesses alike.

The Great Indoors

Along with the lockdown caused by Covid-19, people are forced to spend most of their time at home. Their own four walls become the primary – and for many the only – venue for life's various activities such as work, childcare or recreational activities. For employers, this presents additional mental health risks which must be included in their risk management model. Consumers will now demand a lot more from their homes. For example, size and equipment will play a central role. Appreciation for the advantages of living in the countryside, with a house and garden, is likely to increase as well. But this change goes beyond this trend. The re-established central point of living also triggers changes related to the safe consumption of services or the ways we interact with public or private institutions. Many established service offerings and customer journeys are no longer aligned to the current and future way people live their lives, and previously designed customer journeys do not fit the safety touchpoints customers expect anymore.

Community Trends

Community Power
In the past, consumers connected with communities for personal and commercial gain, to share experiences or to advise each other. In times of Covid-19, it seems that society is moving closer together than ever before. People connect and offer to help self-isolated and vulnerable local residents by picking up shopping, or support local institutions through actions like *#supportyourlocal*, which meant paying for haircuts in advance or switching to takeaway options at their favourite local restaurants. The growing significance of communities is not new, but the past 12 months emphasized their impact and underlined this importance. For businesses, it might be an important step to understand with which kind of communities they are actually interacting – no matter if those communities are formal or informal. If a brand becomes an active part of a community, or even creates one on its own, it can multiply the outcome of its marketing efforts. This rise in community power is a good starting point for finding ways to leverage it effectively.

Social Responsibility
Social responsibility takes a fundamental place on the agenda of businesses in times of crises such as the Covid-19 pandemic. Those fulfilling their social duties, eg. by producing high-demand products like face masks or organizing donations for people in need, are likely to see their commitment rewarded by customers, but also employees. Those failing to contribute to the common cause risk their long-term social reputation and brand image. A company that takes over responsibility in times of crisis and works for the common good not only *builds* long-term relationships with its customers and employees, positively contributing to loyalty goals, but is also able to win new customers even in uncertain times. Many businesses were able to react fast and did not only contribute their part, but also clearly communicated why they did so, positively contributing to their brands. An effective communication strategy with clear statements in line with the brand can be key to success. As part of the overall corporate social responsibility strategy of many businesses, the current crisis could become a catalyst which proves how much consumers appreciate the ethical behavior of firms.

E-Commerce Push
Few will neglect the fact that the pandemic is a catalyst for e-commerce activities. Many consumers are now purchasing products online which they would have never considered before

(eg. groceries). Others are increasing the frequency of online purchases in general. Businesses are beginning to react accordingly and invest in their digital commerce capabilities to keep up with their competitors. Another important change is the connection of online and offline touchpoints for commerce activities. Online pre-ordering combined with in-person collection of goods is an option which has been around for some time, but could now finally become relevant for those who don't want to wait for package deliveries, but also refuse the inconveniences of the in-store shopping experience. This also allows both the business and the consumer to maintain some degree of social distancing. Depending on the industry and sector it is applied to, this hybrid offering could become a preferred option for many customers. It finally combines fast availability of products with a reasonable personal effort – a mix many customers are currently looking for.

OHS Trends

Risk Management
With the increase in cases and variations of the COVID-19 virus, there is an inherent risk of infection that all businesses have been forced to try and mitigate in some form or another. The challenges with following evolving safety protocols has also further aggravated the capacity constraints with some businesses. Risk prevention methods can never be foolproof, and increasing investment in preventative approaches often yields only marginal benefit along with unwelcome side effects such as slowing innovation. Businesses are expanding their approaches to focus on vigilance (detecting patterns that may indicate or even predict risk events) and resilience (the capacity to rapidly contain and reduce the impact of risk events) as well. Activities like monitoring emerging threats, identifying anomalies in business processes, managing stoppages from third-party vendors, and preparing for risk-related workplace disruptions are expected to rise in importance. Businesses are also increasingly focusing on risks that threaten to disrupt the fundamental assumptions of their operational strategies. Prioritizing such risks has become increasingly crucial - these risks cannot be handled in typical business silos, and they can destroy sources of value creation. Yet, they also have the potential to form the basis of game-changing moves for an business, if handled well. Disruptions in the forms of changing OHS regulations, business model transformations, and ecosystem changes will force businesses to make significant strategic choices to drive business success.

Focused Training

There are few who will disagree the importance of training - but as businesses look to *recover* and *build* they are realizing how critical training is as part of their COVID-19 response. While the shift of training and new-hire orientations from in-person to virtual isn't a new concept, the growing number of remote workers has forced a lot of businesses previously hesitant of online training to embrace the technology in an effort to help mitigate and reduce the risk of virus transmission. Businesses are also moving away from traditional training models with the focus on first gaining a clear understanding of their workforce's skills and capabilities, especially in light of the technology-driven change. This analytics-driven approach has moved these businesses beyond the traditional approach of identifying employee profiles from the top down and matching them with training needs, allowing the business to more accurately understand its workers' skills to identify business-wide strengths and development areas. Additionally, there has been a shift in the type of training with a greater focus on developing enduring human skills that make for a more resilient business. Training in enduring capabilities, such as creative problem-solving, collaboration, and critical thinking, are becoming more common, equipping workers, and thus the business, with

the tools and strategies to adapt to uncertainty.

Mental Wellbeing

COVID-19 has demonstrated a need for businesses to address the issue of mental health. While some businesses have programs in place, there is still opportunity for improvement. Social isolation, loss of income and health coverage, anxiety about contracting COVID-19, and concern about loved ones falling ill have placed a tremendous strain on our society. Government agencies around the world have warned that a wave of depression, substance abuse, post-traumatic stress disorder, suicide, and other behavioral-health issues could be on the horizon as a result of the pandemic. Prior to COVID-19, an estimated 1 in 4 people experienced significant mental illness at some point in life, and about 1 in 5 working-age adults were affected by mild-to-moderate disorders at any given moment. These challenges are now being exacerbated. Recent data has shown that mental distress during the current pandemic is three times higher than 2018 flu season which saw record hospitalization and fatality rates. The added impact of the new *remote work factor* has also raised some concerns about how to best support employees who may be feeling less connected to their co-workers, overwhelmed by this new normal and at risk of burning out.

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COVID-19 Support

As markets slowly begin to reopen, businesses have many factors to consider. To ensure trust and safety, businesses will need to address the immediate and long-term challenges caused by this pandemic and be properly prepared to minimize any future disruptions.

As businesses move from crisis response toward recovery, we recognize the potential challenges they face in developing and adapting strategies to restart business during uncertain times. From short term impacts to major shifts in business operations, the path to economic resilience begins with understanding your current risks and properly planning for future disruptions. At HSE International, we have the tools and resources necessary to help you navigate through the *respond*, *recover* and *build* phases safely and productively.

To help businesses navigate through the three phases, we have developed a suite of COVID-19 focused services. Each service aims to ensure businesses are prepared by helping them resolve current hygiene and safety issues, restart operations and ensure their business meets the requirements of the *new normal* - regardless of their size or level of activity.

Scope of our Support

Business Continuity
Tailored to your industry, this service ensures that business fuctions are prepared to restart operations and minimize further disruptions.

Disputes Consulting
This service includes expert advisory to boards, c-suite and their legal advisers, relating to crisis management, internal OHS investigations, risk assessments and mitigation strategies, and governance.

Regulatory Consulting
This service provides comprehensive regulatory consulting and strategy services to support all levels and sizes of business. We apply our extensive health and environmental legislative knowledge to business specific products and processes to help create, implement, and manage internal or external strategies.

Compliance Risk & Diligence
This service involves reviewing your business COVID-19 compliance policies and procedures against required regulatory obligations. We can also assist with developing and implementing compliance policy improvements and risk mitigations.

Online Resources

Our free up-to-date online COVID-19 resources includes industry specific information (broken down by key topic areas for both Canada and the US), our small buisness hub and our HSEI store.

COVID-19 Services

| Business Continuity | Disputes Consulting | Regulatory Consulting | Compliance Risk & Diligence |

COVID-19 Online Resources

| Industry Specific Information | Small Business Hub | HSEI Store |

Complementary Services

| Audit and Assurance | Management Consulting | Risk Advisory | Training |

Conclusion

We will continue to see uncertainty in what a post-Covid-19 world might look like in the future.

Many businesses are still tied up responding to the short-term impact of the crisis to simply secure their continued existence. Others are already moving into the second phase of the crisis lifecycle and starting to *recover*, in which they learn from the past and start adjusting to the new business environment.

We are still in an early phase of recovery, but there are already some key learnings which seem to be very clear:

• shattered safety strategies relying on outdated business assumptions and neglecting the new reality are likely to fail soon

• a pure focus on offline activities comes with a high risk in unprecedented times, a healthy realignment and connection of revenue channels across digital and offline is a likely reaction based on current learnings

• resilient risk management platforms are crucial for future business success, only a minority of businesses are likely to succeed without them

• a radical shift like the one we are currently experiencing already has a clear impact on long-term social norms and consumer behavior. Understanding and reacting to this shift will be a key accelerator for future business success

• the push for the elimination of OHS data filters has never been more prevalent than now. In a moment as dynamic as this one, it is critical that leaders maintain unfettered information flow

• safely reopening the economy requires cooperation within and across businesses. Leaders who expand their collaboration channels are likely to reopen sooner

Businesses that have a clear understanding of how their business context changed during the crisis are able to implement the measures to prepare themselves for the future. Based on the projects and research activities conducted during the Covid-19 crisis, we were able to provide these first set of trends and implications, which are likely impacting the future of businesses across industries. But it's on each individual business to establish a way of identifying, prioritizing and leveraging the trends which are most valuable for their future success.

Business and safety leaders, but also those responsible for risk management, have a rare momentum in front of them, which they can use to implement the measures required to build a strong and safe foundation for the future.

Let's Talk

If you'd like to learn more about how HSE International can help you strategically *respond*, *recover* or further *build* your business, we'd welcome the opportunity to talk with you.

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