

CHINA MARKET INTELLIGENCE

Combatting Coronavirus: Commercial Lessons from SARS

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By Jake Parker

- The current novel coronavirus outbreak poses several challenges for companies in affected areas and their employees.
- Lessons learned during the 2003 SARS outbreak can inform some commercial best practices.
- Companies that have contingency plans for closures and quarantines will have a head start coordinating next steps.

Between November 2002 and July 2003, an <u>outbreak</u> of Severe Acute Respiratory Syndrome (SARS) led to 8,098 infections and 774 deaths reported across 17 countries. The novel coronavirus originating in Wuhan, Hubei Province, China, has already <u>surpassed</u> SARS in terms of the number of patients diagnosed and deaths, and seems primed to continue rising. Beyond the immediate economic consequences, the most significant <u>after effect</u> of the SARS outbreak was the lingering business uncertainty across China and the Asia Pacific. Here are some of the lessons learned that are applicable to today's coronavirus situation:

Plan for negative economic repercussions

Over the nine-month outbreak, SARS <u>cost</u> the world \$54 billion. The impact was felt over both the short and long term. In the short term, consumer confidence dramatically declined leading to a reduction in consumption spending as people decided to stay home rather than risk infection by going out. Service exports, particularly travel and tourism, were the hardest hit. With softening demand and heightened uncertainties, foreign investment inflow also slowed.

Do not assume employees are already aware of best practices

In some cases, the SARS virus was spread through human-to-human contact at work. Though information may seem widely available, not all employees closely followed the news, so they were <u>not fully</u> aware of the dynamics of the outbreak. One of the key recommendations for employers was to continue to disseminate health information useful for the prevention of SARS to employees, such as guidelines for enhancing hygiene, and especially the message that people with fevers or respiratory distress should not go to work. Employers are often rated as the most

<u>trusted</u> relationship of their employees, and ensuring employees receive regular updates, direction, and are aware of company policies will reinforce this relationship.

Prepare contingencies outside of high-risk zones

In one notable case in 2003, a SARS-infected employee went to work at a Canadian manufacturing facility after traveling to China. The company immediately took action to lock down the facility, contacted all plant employees and everyone who signed the visitor log during the exposure period to track and contain the spread of the virus. As a result, there were no new or suspected cases. Ensuring a company has an updated contingency and crisis-response plan, as well as a formal decision-making process for a viral spread outside of high-risk zones like China, will better prepare for unexpected spreads.

Prepare for quarantines

During SARS, cities like Toronto aggressively quarantined anyone who came in contact with a known SARS victim, to little effect for a number of <u>reasons</u>. In the case of <u>coronavirus</u>, cities across China have already established varying levels of <u>quarantine</u>, with Wuhan—and Hubei province writ large—taking the most precautions. Many companies have had to engage with government stakeholders to evacuate employees. Companies with an action and communications plan in the event a city with its employees is quarantined will have a head start coordinating next moves.

