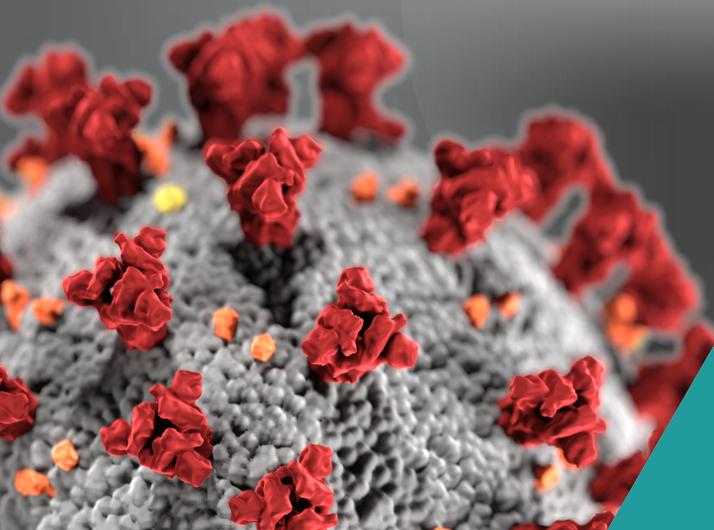


# COVID-19: CEO CONCERNS AND EXPECTATIONS

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Pulse Survey #2

April 2020



# INTRODUCTION TO SURVEY

## Preface

HRC Associates, in association with the Trinidad and Tobago Chamber of Industry and Commerce, is pleased to present the findings of our survey, COVID-19: CEO Concerns and Expectations.

We surveyed Chief Executive Officers and Senior Executives representing 148 organisations across all industries in Trinidad & Tobago, and the wider Caribbean region.

This survey builds on HRC's first Pulse Survey in March 2020 entitled "HR Response to COVID-19" and was undertaken between April 14th to 22nd, 2020. The Survey contained twelve (12) questions, nine (9) of which attempted to gain insight into Executives' concerns, expectations, and action plans as it relates to the COVID-19 pandemic.

We wish to thank all respondents for their participation and valuable insight.

**April 2020**

**HRC Associates Limited  
Port of Spain  
Trinidad**

**The Trinidad and Tobago Chamber  
of Industry and Commerce  
Port of Spain  
Trinidad**

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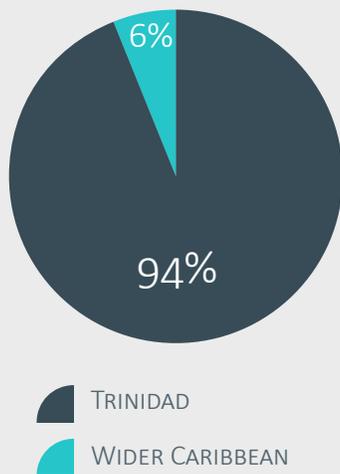
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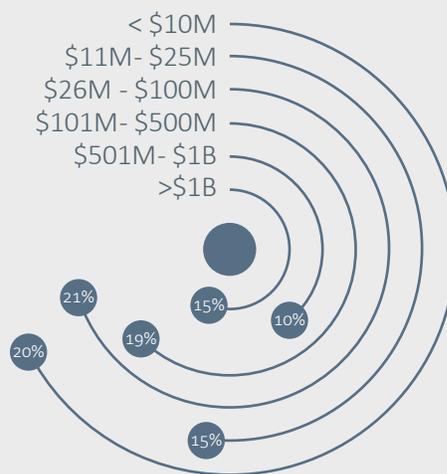
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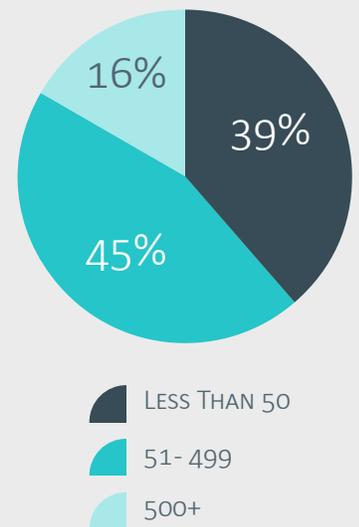
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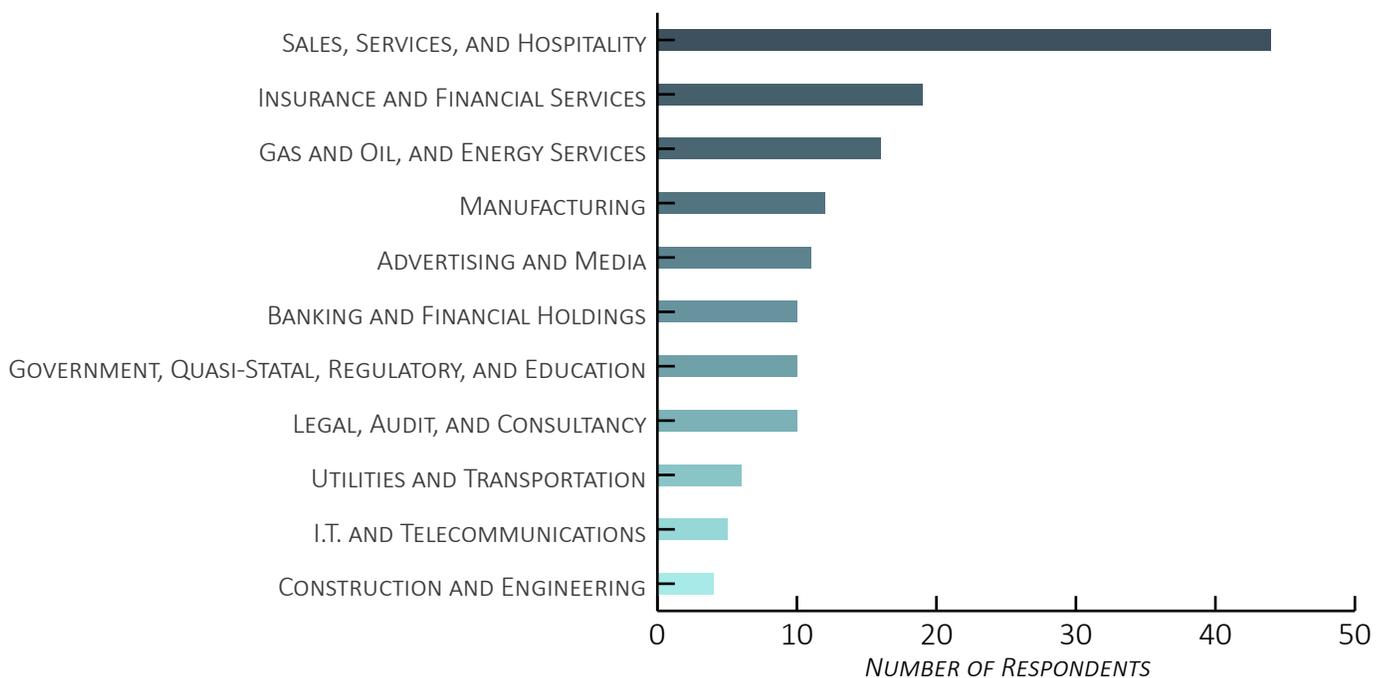
Average Annual Revenue (TT\$)



Number of Employees



## PARTICIPATION BY INDUSTRY



# SURVEY HIGHLIGHTS

4

83%

EXPERIENCING  
DECREASED DEMAND

83% of organisations surveyed are experiencing a decrease in consumer spending and demand. This figure is more than double what was reported in our March 2020 survey.

76%

DECREASE IN PROJECTED  
2020 REVENUE

In tandem with a reduction in demand for their organisation's products and/or services, 76% of Executives surveyed expect that there will be a decrease in their projected 2020 revenues.

91%

IMPLEMENTING COST  
CONTAINMENT MEASURES

91% of Executives reported implementing cost containment measures to better manage cash flow and safeguard the financial position of the organisation.

90%

REVIEWING HR  
STRATEGY

90% of Executives plan to or have already reviewed their Human Resources strategy to optimise workforce capacity and productivity.

78%

OF SMALL BUSINESSES WANT  
GORTT PAYROLL SUPPORT

Of the 83 organisations whose annual revenues are less than TT\$100M, 78% felt that payroll support through grants/soft loans should be provided by the GORTT to encourage the retention of employees.

# SURVEY RESULTS

It has been over a month since Trinidad and Tobago's first confirmed case of COVID-19. In that time, organisations have had to modify their operations and move with haste to put plans and systems in place to protect their employees, customers, operations, and shareholders. Many organisations have been deemed "nonessential" and were required by the Government to close their physical locations. These significant business disruptions have forced Executives to

simultaneously implement creative action and business plans to ensure business continuity, mitigate against unpredictable pandemic-related risks, and safeguard their workers' health and wellbeing. The results of this survey should shed light on Executives' concerns and expectations regarding topics such as operations, financing, human capital, digitisation, required government support, and the length of time it will take to return to "business as usual".

## COVID-19 AT A GLANCE

### NUMBER OF CASES



#### CASES OF COVID-19: WORLDWIDE

Approximately 2.6 million as of April 22nd, 2020.



#### CASES OF COVID-19: CARICOM

586 as of April 16th, 2020.



#### CASES OF COVID-19: TRINIDAD & TOBAGO

115 as of April 22nd, 2020.

### RELATED GOVERNMENT MEASURES



#### CLOSURE OF BORDER

Took effect from March 23rd.



#### CLOSURE OF NON-ESSENTIAL BUSINESSES

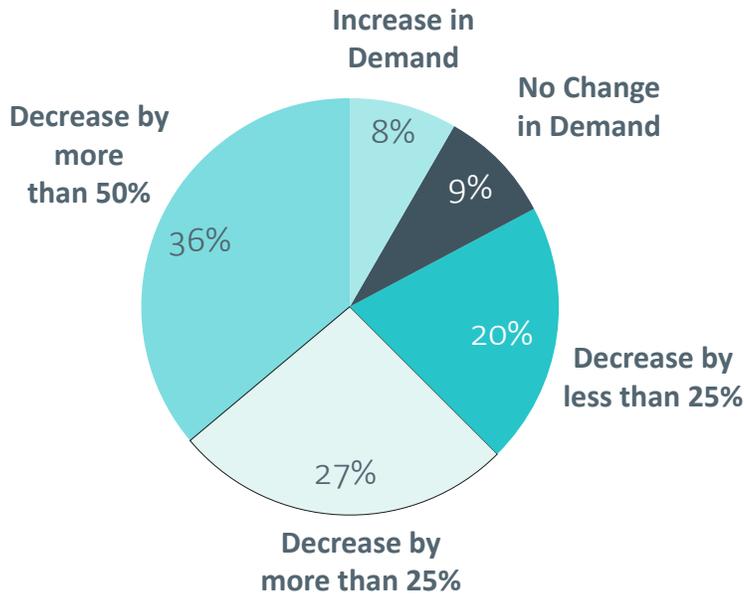
Took effect from March 30th.



#### STAY AT HOME ORDER

Extended until April 30th.

## AS A RESULT OF THE COVID-19 PANDEMIC, HOW HAS DEMAND BEEN AFFECTED?

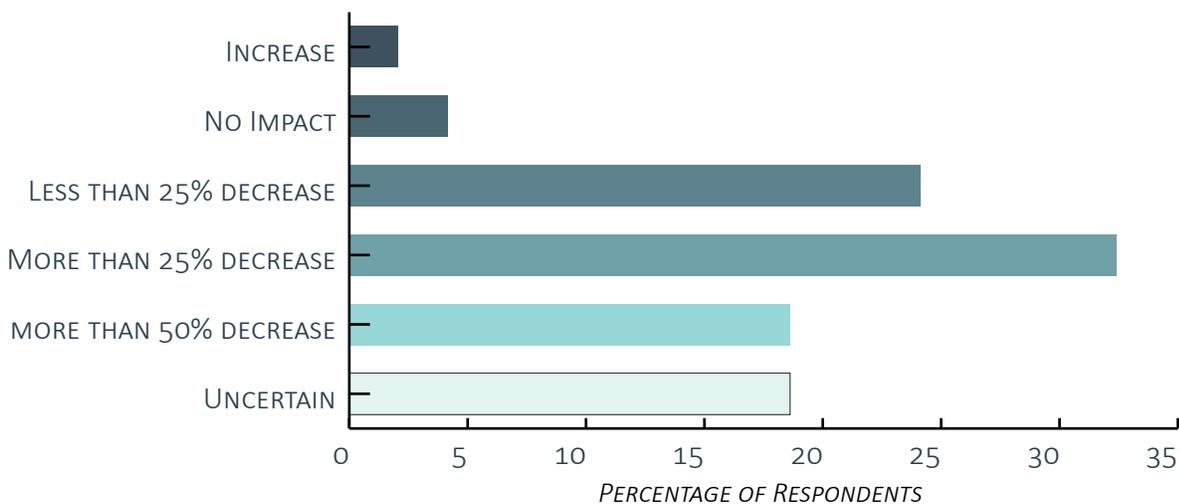


In our first survey in March 2020, 40% of respondents indicated that they were seeing a decrease in demand for their company's product and/or services while 22% stated that they were experiencing an increase in demand, and 38% saw no change in demand. Three weeks later, the majority of Executives surveyed (83%) have indicated that there is reduced demand for their organisation's products and/or services. Of those reporting a decrease in demand, 76% have seen demand decrease by more than 25%. It should also be noted that many of these businesses would have been declared "nonessential" and asked to close their physical locations and cease some aspects of

their operations. These closures, coupled with reduced consumer spending, have greatly affected overall demand within the market.

Only 8% reported an increase in demand. Additionally, few Executives (9%) expressed having no change in the demand for their organisation's products and/or services at this time.

## WHAT IS THE EXPECTED IMPACT ON PROJECTED 2020 REVENUE?



In tandem with the majority of respondents experiencing a reduction in demand for their organisation’s products and/or services, 75% of Executives surveyed expect that there will be a decrease in their projected 2020 revenues. Of those expecting decreased 2020 revenue, the majority (76%) expect a decrease of less than 50%. Only 19% of respondents anticipate a more dire 2020, indicating that they expect annual revenues to decrease by more than 50% of what was originally projected before the COVID-19 pandemic.

A small minority of Executives (4%) expect nil to marginal impact on their projected revenues, while fewer still (2%) expect an increase in revenues for 2020.

19% of Executives appear to still be adopting a “wait and see” approach and stated that they are not able to determine the effect on their organisation’s annual revenues at this time.

## WHAT IS YOUR ORGANISATION CONCERNED ABOUT?





### **EMPLOYEE WELLBEING**

65% of Executives expressed that they are greatly concerned for their employees' health and wellbeing during the COVID-19 pandemic.



### **CONTROLLING FINANCING & CASH FLOW**

In our first survey in March 2020, 22% of respondents indicated that their organisation was experiencing increased cash flow challenges. Since then, this concern has been magnified, with the majority (93%) of Executives expressing at least some concern in controlling their organisation's financing and cash flow.



### **NEW BUSINESS DEVELOPMENT**

85% of Executives are concerned about new business development. In the face of decreasing overall demand and business closures, drumming up new business through traditional avenues will prove to be more challenging in the near future.



### **BUSINESS CONTINUITY**

Of the Executives surveyed, 80% expressed at least some concern over their operations surviving the ramifications of the COVID-19 pandemic.



### **GOVERNMENT REGULATIONS**

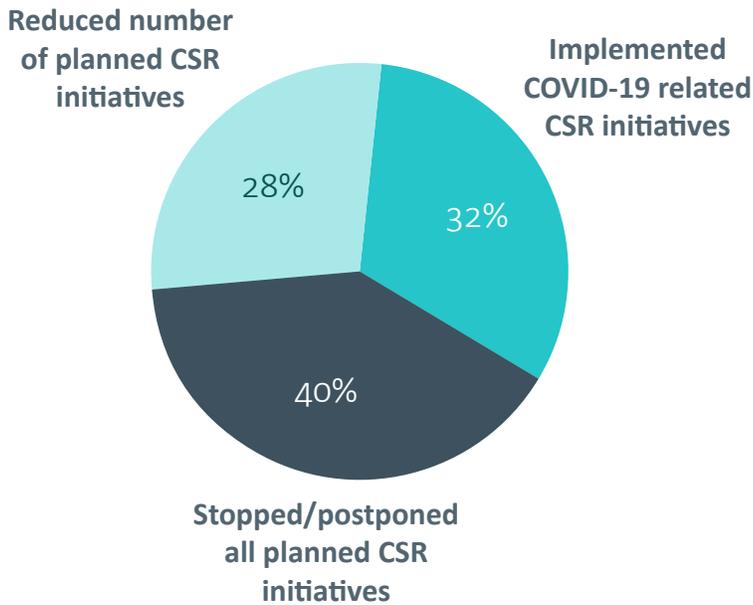
82% of Respondents cited at least some concern over Government-mandated public health regulations in its efforts to curb the spread of COVID-19. There is considerable uncertainty amongst the nonessential business community about what will happen after April 30th, 2020 when the extension of the "Stay at Home" mandate is set to expire.



### **REDUCED PRODUCTIVITY DUE TO REMOTE WORKING**

In March, we reported that 98% of organisations surveyed were allowing at least some of their employees to work from home. For many organisations, this was the first time such alternative work arrangements were offered on a large scale. During this survey, we found that 75% of Executives expressed at least some concern regarding a decline in productivity as a result of remote working.

## HOW HAS COVID-19 AFFECTED YOUR CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES?



68% have either curtailed or postponed their CSR initiatives. However, 32% have implemented COVID-19 related CSR initiatives such as financial donations; the donation of consumer goods, medical supplies, and equipment; and education drives.

It should be noted that while only 20% of organisations whose annual revenues were less than TT\$100M reported implementing new COVID-19 related CSR initiatives, 53% of organisations whose revenues exceed TT\$100M reported implementing same.

## WHAT HUMAN CAPITAL RELATED CHANGES ARE EXPECTED IN THE NEXT THREE (3) MONTHS?



In our last Survey, 34% of respondents were likely to implement or had already implemented reduced recruitment, with 41% unsure if such measures were necessary. Three weeks later, 74% of Executives now anticipate that there will be a decrease in their organisation's recruitment in the next 3 months.

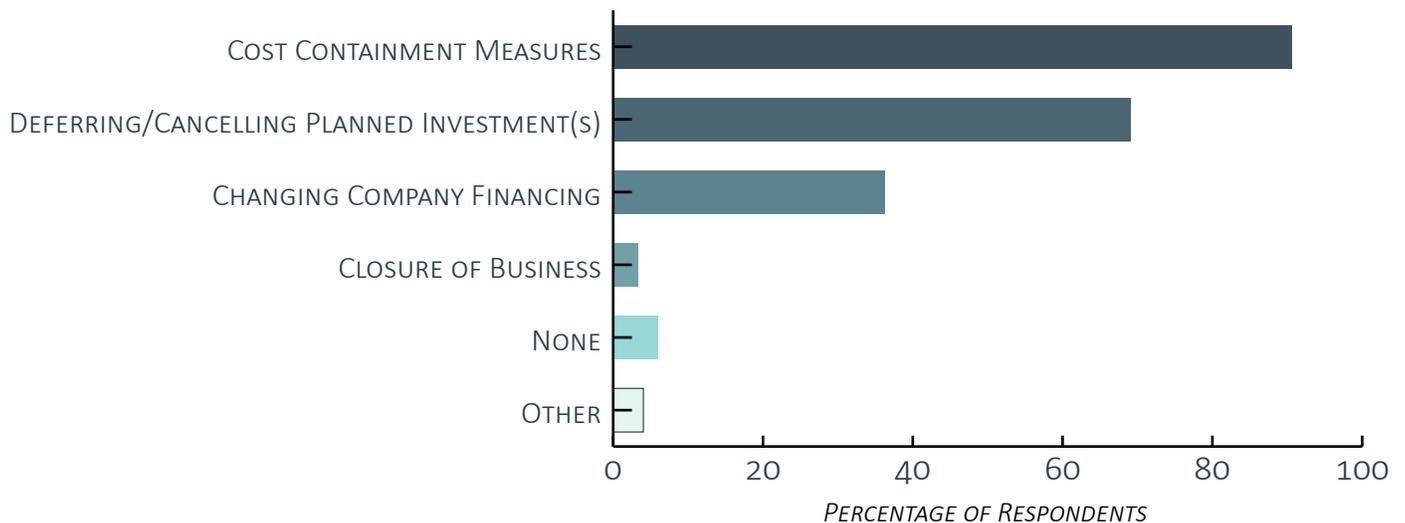
As organisations continue to utilise alternative work arrangements, inclusive of flexitime, staggered work shifts, employee rotations and compressed workweeks, 55% of Executives expect that a reduction in total employee work hours will continue and/or be necessary in the coming months.

50% of Executives anticipate a continued decrease in overall organisational human resource productivity. An individual's productivity level can be affected by the novelty of having to work from home and also by their general level of motivation and engagement – two of the things that are increasingly difficult to maintain when an employee is away from the workplace and his/her coworkers. 41% of respondents stated that they expect a decrease in their employees' motivation and/or engagement as a result of COVID-19.

6% of respondents stated that they were likely to retrench staff when surveyed in March 2020. Presently, however, 30% of Executives are anticipating some staff retrenchment within the next 3 months. As a less permanent measure, 34% of respondents expect that they will need to temporarily layoff some staff during the same period.

Of the organisations whose annual revenues were less than TT\$100M, 41% of Executives expect furloughs to occur in the next 3 months, while 37% reported that they may retrench staff during the same period. In contrast, only 29% and 19% of Executives from companies whose annual revenues exceeds TT\$100M reported that furloughs and retrenchment exercises were to be expected within the next 3 months respectively.

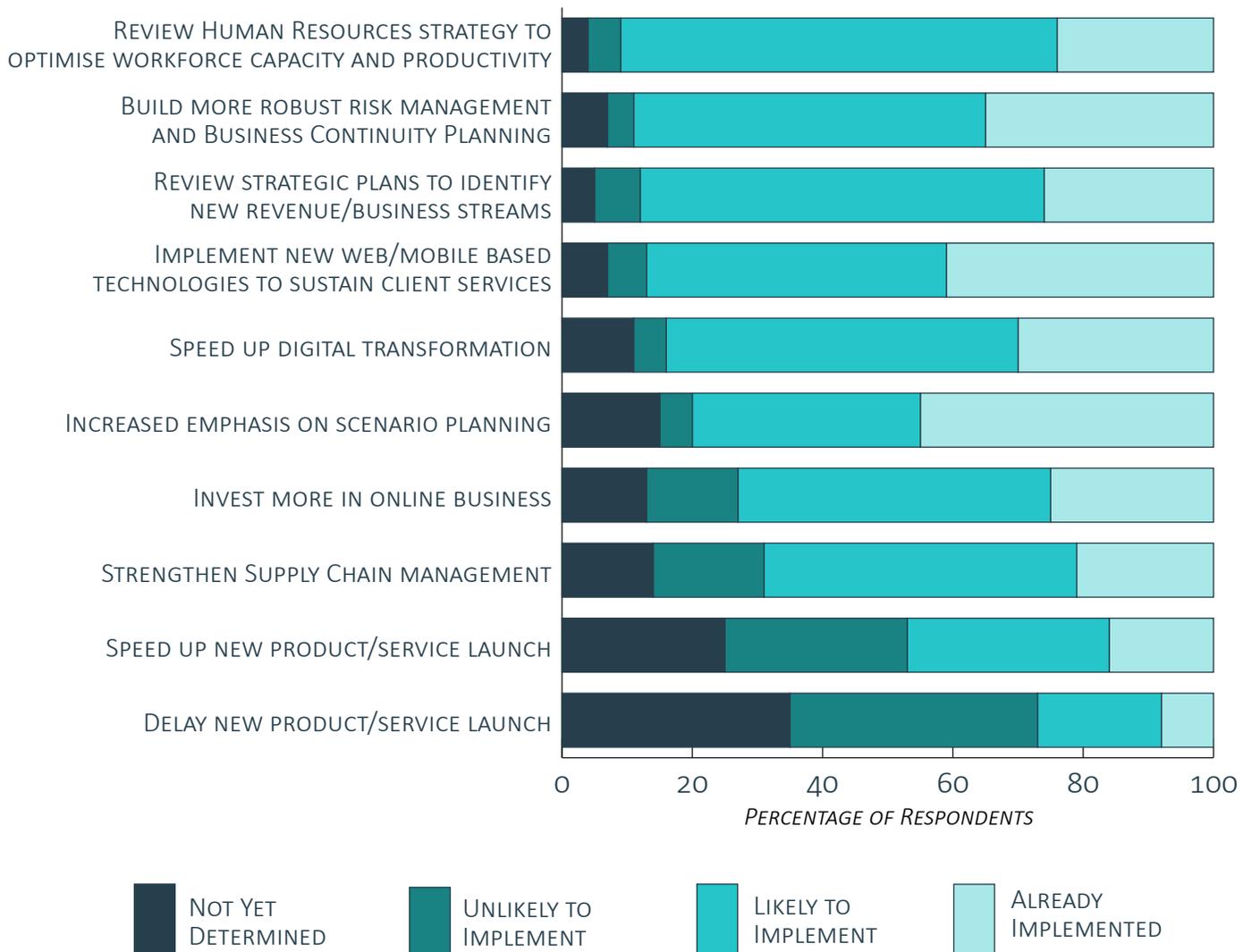
## WHAT FINANCIAL ACTIONS ARE COMPANIES CONSIDERING AS A RESULT OF COVID-19?



As demand for many organisation's products and services decreases, cash flow will become increasingly difficult to manage for many companies. To best safeguard the financial position of the organisation, Executives anticipate the undertaking of several financial-related initiatives or actions.

91% will implement cost containment measures, 69% will defer or cancel previously planned investments, and 36% will explore various financing solutions such as debt-restructuring. Few organisations (6%) do not plan to take any financial actions as a result of COVID-19. In the most drastic cases, 3% may resort to closing their business entirely.

## WHAT INITIATIVES ARE ORGANISATIONS LIKELY TO IMPLEMENT IN THE NEXT 6-12 MONTHS?





## **BUSINESS PLANNING**

Now that the initial immediate urgency to safeguard employees and the business from COVID-19 has ended for many organisations, a new - albeit temporary - normal has emerged. Executives are now looking towards the future of their organisation and engaging in various forms of business planning. The majority of respondents (89%) are likely to implement or have already implemented plans to build more robust risk management and Business Continuity Planning (BCP) programmes. 80% have committed to placing increased emphasis on detailed scenario planning to help them quickly ascertain the best course of action during this dynamic and turbulent time.

Of the Executives surveyed, 91% will likely or have already reviewed their Human Resources strategy to optimise their organisation's workforce capacity and productivity. With major disruptions to their typical operations, 88% of Executives reported that they also plan or have already begun to review their organisation's strategic plans to identify new revenue/business streams.

In our March survey, 26% of respondents cited that they were already experiencing challenges with Supply Chain responsiveness and/or availability. To mitigate against further supply chain disruptions, 69% of Executives stated that they will implement or have already implemented initiatives to strengthen their supply chains and the management of same. Executives from organisations whose annual revenues exceed TT\$100M were more likely (84%) to work on strengthening their supply chain than Executives from organisations with lower annual revenues (56%).



## **DIGITAL TRANSFORMATION**

Since many organisations closed their physical locations, it has hampered their ability to directly interface with customers and clients effectively. Moving forward, many Executives are looking at ways to enable the virtual delivery of their products and/or services, with 84% stating that they are likely to or have already begun implementing measures to speed up the digital transformation of their business. Organisations with annual revenues in excess of TT\$100M were more likely to speed up digital transformation (91%) than organisations with annual revenues of less than TT\$100M (75%).

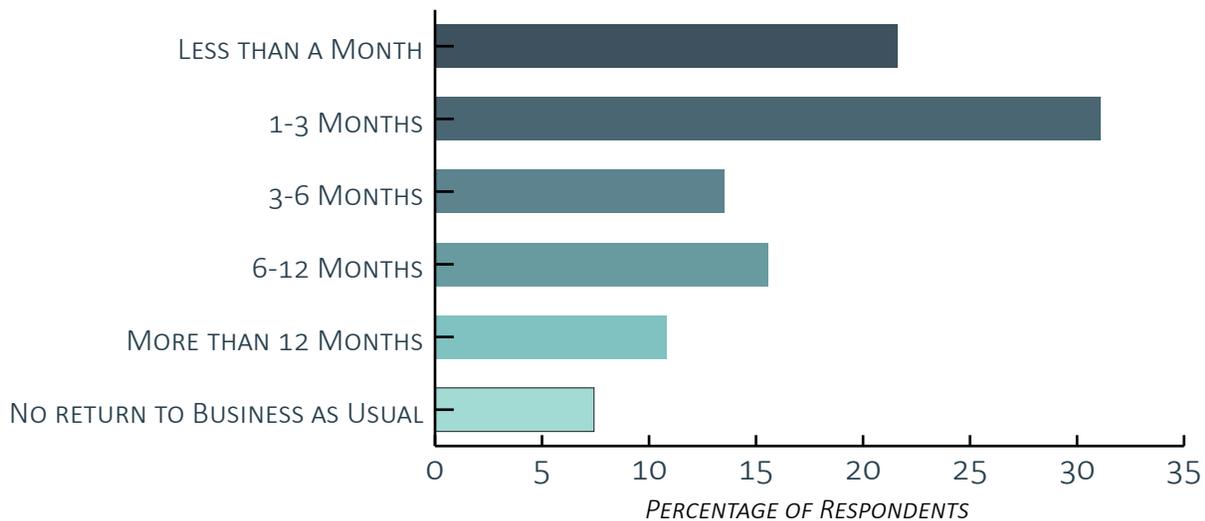
In line with this movement towards digitisation, 73% of Executives are likely to or have already invested more in their online business, with 87% likely to or have already implemented new web and mobile based technologies to sustain client services.



## NEW PRODUCTS AND SERVICES

In the decision to either speed up or delay the launch of a new product or service, Executives must take into account the potential demand for the new product/service as well as their organisation's capacity to deliver the product/service as intended. COVID-19 and its effects on the marketplace has caused a mixed reaction from organisations with respect to the introduction of new products and/or services. While 27% of Executives stated that they plan to or have already delayed new product/service launches, 47% plan to speed up the launch of same. Nonetheless, in these ever-evolving times, such a decision may require further consideration and 50-70% of Executives stated that they have yet to determine if they would be delaying or hastening the launch of new products/services.

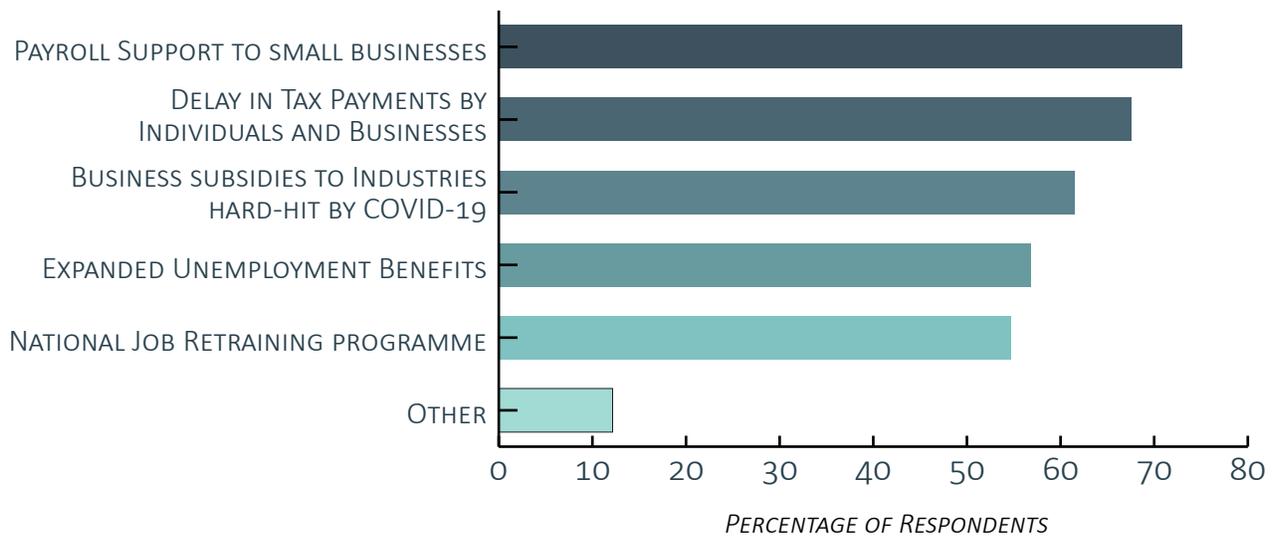
## HOW LONG WOULD IT TAKE FOR ORGANISATIONS TO RETURN TO "BUSINESS AS USUAL" IF THIS PANDEMIC WERE TO END TODAY?



COVID-19 has caused significant disruption to the local economy, marketplace, and organisations - there will be no instantaneous return to "normal". 52% of Executives anticipate a relatively quick return to "business as usual" within 3 months should the pandemic end today. It was found that Executives from organisations with annual revenues in excess of TT\$100M were 34% more likely to anticipate a return to "business as usual" within 3 months than Executives from organisations with lower revenues.

However, 29% cited a less optimistic view of business returning to normal within 3-12 months post-pandemic. A few (11%) expressed that it would take them more than a year to return to normalcy if the pandemic were to end today. There were some respondents (7%) who could not anticipate their organisations ever returning to "business as usual".

## WHAT FURTHER GOVERNMENT SUPPORT IS REQUIRED AT THIS TIME?



Of the 83 organisations whose annual revenues are less than TT\$100M, 78% felt that payroll support through grants/soft loans to small businesses should be provided by the Government of the Republic of Trinidad and Tobago (GORTT) to encourage the retention of employees.

As previously mentioned, 93% of Executives stated that controlling financing and cash flow was of at least some concern to their organisation. To maintain adequate liquidity during times of decreased demand, 65% of companies stated that a delay in tax payments by individuals and businesses should be provided by GORTT.

59% of Executives also believed that it would be beneficial if GORTT were to provide subsidies to industries (Tourism, Hospitality, etc.) especially hard hit by COVID-19.

Finally, in the face of increased layoffs and unemployment, 56% of respondents recommend unemployment benefits and 55% believed that the implementation of a national job retraining programme for individuals who became unemployed as a result of COVID-19 would be beneficial.

## CONCLUSION

The variation in participants' responses between our surveys in March and April 2020 is a good indication of the dynamic effects of COVID-19 on organisations of all sizes and across all industries in Trinidad and Tobago. It was interesting to note that the responses of Executives, regardless of their organisation's annual revenue or industry, were quite similar.

As a result of Government-mandated public health requirements many businesses have found it

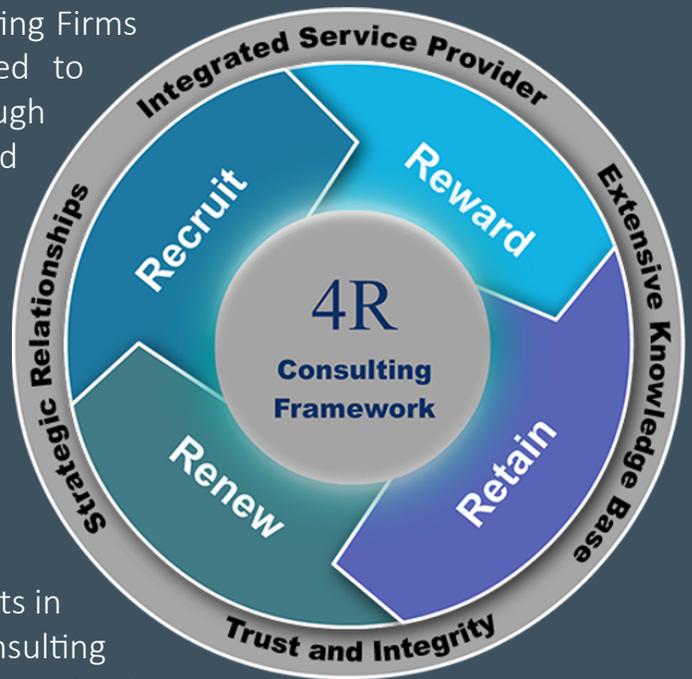
difficult to operate optimally and Executives have the unenviable task of steering their organisations through unfamiliar territory. However, we have noted that most Executives are taking both a compassionate and pragmatic approach in addressing the risks associated with COVID-19 while maintaining their focus on ensuring business survivability, continuity, and evolution.

# ABOUT HRC ASSOCIATES

Founded in 1990, HRC Associates is one of the leading Executive Recruitment & Management Consulting Firms in the Caribbean. We are deeply committed to providing quality services to our clients through adherence to the highest professional and ethical standards at all times.

Our 4R Consulting Framework – Recruit, Reward, Retain, and Renew allows us to offer customised and integrated recruitment and management consulting services focusing on the HR and Organisation Value Chain of our clients.

Our consultants and alliance partners are experts in translating strategy into action through a consulting based process that aligns the people, culture, organisation and work processes to your business' strategic intent.



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