

COVID-19 ROUNDTABLE CALL RECAP

Compare/share/learn - April 8, 2020

Welcome to our 5th weekly COVID call. This call began with CHROs in Western Canada and soon expanded to include CHROs across Canada, broader ELT members and now to the broader board community from across North America. During our first few calls, we talked quite a bit about how we had just gone to war. Depending on your industry or where you are in the world, you're likely in a different stage of social distancing and business disruption. The world we used to operate in is far from where we are today, and it's uncertain if we'll return to the way things were before all of this. In this series of calls, we've heard from over 25 CHROs and other leaders about how organizations have been responding. What we're seeing now in more recent conversations is an acceptance that before we can get back to business as usual, we're in for a long period of business 'unusual.' This is hard and it isn't fun, but over the course of this call we'll be hearing from some people who are doing some very different things that may shed some insight to you and your organization.

PACIFIC WESTERN TRANSPORTATION

Dan Finley, VP Corporate Services

Les: Dan how are you anticipating dealing with things going forward?

Dan: With over 4500 buses nationally across the student/employee/transit/intercity bus segments, we are an essential service and, in some cases, the only form of transportation for people at risk.

The impact of the COVID-19 has brought on some strange things. Out of our four lines of business, we have two that are completely shut down (student transportation and inner-city motor coach), while the other two are ramping up with strict safety and cleaning measures and frantic hiring.

We've had some significant challenges with the impacts of COVID-19 and as a family-oriented organization, there is an opportunity to build on our culture – keeping our employees engaged and safe. It's been interesting, a union-based environment would typically be difficult to navigate, however, our people want to make a difference – increasing safety for passengers/customers and doing the right thing. This has been a bright light for us.

New technology for a traditional industry

In planning and making decisions, our executive team has been exploring how we look at permanent change and what is the new norm? One key piece is the reduction of passenger load while maintaining social distancing with passengers. How does that work within a service model with a fixed route system? We think that technology will change the way we do transportation – on demand service vs. fixed routes. We've had some pilots we've been running for over a year and we see the adoption of technology and potential for this to move very quickly. We're excited about the opportunity this brings with our partners and customers post-pandemic...moving from a fixed route to dynamically routed systems, an on-demand system.

Everyone is in this together

Les: Can you share some of the background leadership conversations that are going on with the difficulty that you face day-to-day with your workforce and the cultural dynamics this impacts?

Dan: It is really difficult. We have folks who are at home who want to be doing something and from a livelihood perspective, it's definitely an issue. When we put together our organizational webinars, we are very inclusive. We know who is and who isn't working and their reasons. What we are not doing is NOT trying to isolate. We are coming together more as a group, as a family. There is more communication that is happening across lines of business today than there was even four weeks ago. Our philosophy and strategy - everyone is in this together. We have groups who are pulling the weight for the folks who cannot work because of industries being shut down by governments.

Safety

Les: Would you comment on what you are doing to keep your drivers safe and what you are asking them to do with respect to potentially self-isolating when they get back home to their families. And maybe comment on PPE and what you're doing there?

Dan: From a PPE perspective, we've been looking for masks for drivers (N-95) for the transit operators vs. the employee transportation drivers because of the number of public groups on transit buses. When we started to look for masks 3-4 weeks ago, we were told we wouldn't get them until the middle of May. We have installed plastic barriers and transit buses that have two doors, entry is only available at the rear doors to protect the driver. Before COVID-19, buses were being cleaned daily and now they are cleaned after every run and as there are fewer vehicles out on the roads we are transitioning buses in and out of routes so they can be cleaned more frequently throughout the day.

Self-isolation is a much bigger topic from a family perspective. Whether people come to work or not is something we've had to manage on a case-by-case basis. For example, folks living in camps, there are some isolation techniques that some of the oil companies are using, but there's definitely a feeling that that might not be enough. We are trying to do everything we can to assist in that and we continue to see this evolve.

Les: Let's jump to Shilo, head of safety at Valard Construction. Valard is part of a major enterprise called Quanta Services from the US with thousands of employees around the world.

VALARD CONSTRUCTION

Shilo Neveu, EVP, Health, Safety, Environment & Quality, Valard Construction

Shilo: Our operations are located across Canada, the US, the Caribbean, Europe and we're venturing into Australia. We do everything from transmission, distribution, sub-station and telecommunication construction and engineering work. We have a diverse workforce scattered across many geographical areas, including remote locations. What I always like to tell people is, if you think of electrical lines, conductors and that type of thing, they tend not to make them in sexy areas.

We've been fortunate, as we've been following COVID-19 since early February and started to set processes in place before the virus started to really evolve in North America, but there's no doubt even with some things in place, challenges arose as things began to develop.

Reciprocal Trust: Everyone has a voice

One of the things that we focused on is the trust of our workers. Making sure that our frontline workers have trust in the organization and the people above them to provide the best information. We've been deemed an essential service in all the geographies we work in and so when many other companies have been able to work from home, we still have folks who are in the trenches working shoulder to shoulder. Social distance is a challenge when you are stringing poles and setting up conductors - you can't practice social distancing, so we've really had to alter our procedures.

So wherever social distancing is not possible, we've had to go to the next level and figure out what mitigation steps can we take. And a lot of this is getting the input from the workers themselves. We get a lot of the direction from our frontline folks, not from the top down. Everyone has a voice that is heard. Trust is established. We need good voices all around.

This is something truly unprecedented. I was at another construction company during 2001/2002 when we dealt with SARS and it pales in comparison to the challenges of COVID-19. Having everyone bought into the system, everyone having a voice that is heard, listened to and action taken on it is how we created trust. That's how we get the buy-in from the workers. That's how we still have them at work. That's how when those workers go home and they are looking their families in the eye, they are still able to say "I can do this work and I'm doing it safely and I'm not impacting my family, my loved ones and the community in which I work." So, we've tried really hard to create those connections in order to get the buy-in, in order to find the system in which we can continue on with COVID-19 and still make our project systems safe. It's taking every facet of our health & safety management system but it's also creating those connections in the community and with our employees.

Involve the experts

Our COVID committee is made up of our C-suite and includes team members from every jurisdiction's regional health authorities where we operate. Having the connection where we can pick up the phone and connect with someone in each health authority is key. We have also brought in two doctors: one is an epidemiologist and the other is an occupational health doctor, both have worked with H1N1, SARS and MERS for preventive measures and they are part of our teams as well.

We've been keeping up the day-to-day communication with our teams, providing them the resources and knowledge for them to make the right decisions at the right time with the right information.

SHOPIFY

Janeen Speer, VP of Talent

Les: Shopify is enabling e-commerce around the world, I'd love to hear and understand your business, how it has evolved, some of the conversations behind the scenes and the broader business standpoint at Shopify?

Janeen: Our business is about enabling global e-commerce to help businesses go online. At Shopify we help those from the small mom-and-pop shops to the larger merchants with the opportunity to take their businesses online.

Our main business goal right now is to do whatever we can to support our merchants. From small things like encouraging our internal staff to shop local with merchants that have delivery options to creating tools and resources to enable folks to shift from brick and mortar to online so they can continue to stay afloat.

Hack Days

Once a quarter we have something called 'Hack Days.' Everyone stops what they're doing for a couple of days and we focus on key projects. The one we recently did was how can we support merchants, what are the simple, scrappy things that we can do to solve a problem that our merchants might be facing and how do we better support those who need us most to help get their business online?

Focus and pivot

With a focus on how to best keep our people safe and healthy, we were fortunate that many of our teams were comfortable with working from home as we have a population of employees who were already working remotely.

We are pivoting all the resources we can to the frontlines and doing whatever we can to support our merchants, small and large. And we've also seen merchants pivot during this time, not just from brick and mortar to online but some are now selling things they didn't sell before.

Engagement

Les: How is engagement at your organization right now?

Janeen: Engagement is generally pretty high and we're doing a lot of things to stay connected with our employee population. We hold weekly town halls where our top executives are available to answer questions. We are also doing our best to support the caregiver population which is the most challenging, doing what we can to support our teams and keep our employees focused. It's okay to flex their workdays with the rhythms of their family and to do what they need to do in that regard.

The primary thing for engagement right now is to let people know that a) we know their productivity will be different right now, we still need to create great products for merchants but work with your leaders on how you can best do that successfully and b) focus on what matters most with some ruthless prioritization. We are clear on where our focus should be and we know that some projects and initiatives will get shelved for now and that is the perfect choice to make.

PRECISION DRILLING

Darren Ruhr, Chief Administrative Officer, Precision Drilling Corporation

Les; I'd like to shift from Shopify, who is in a relatively good place, to another organization who is getting hammered. Would you please share what you are seeing in the broader industrial and energy sector, Darren?

Darren Ruhr: We have been impacted on two fronts, from our employee perspective - we are facing challenges in dealing with COVID-19 and our business is navigating the down-turn in oil prices because of the oil price war.

As far as the rigs go, they are fairly isolated - we are able to keep our employees safe and keep the rigs running. We have corporate offices in Calgary, Houston and Dubai, and all our corporate employees are working from home. We heavily invested in technology in the last 3 years so working from home has been a fairly smooth transition. The business is running but right now we are in the midst of forcing a down-sizing of the workforce. Laying off employees permanently or temporarily when remote has been most difficult.

Les: you are in an industry with many dramatic ups and downs. Any advice on how to manage-down and also how you're positioned to handle the turnaround?

Darren: Over the years, we've been through many ups and downs. For us, it's been identifying the core team in order to rebuild. Who and what is essential to keep this company running, to help rebuild when times are better. We've been identifying the best rig managers and the best field leads.

DELOITTE

Van Zorbas, Chief Culture and People Officer

Les: Van, as an organization that advises organizations, how are you working internally to live what it is that you tell your clients?

People -first culture: Our assets are our people

Van: It's quite an interesting time . . . we have embarked on our people-first culture, our assets are our people. It is important to measure all the actions that we do, in light of the challenge we have from a business perspective to keep hold of those principles going forward. As we tweak and help the marketplace by putting out reports, talking about the supply chain, and making sure we get into our clients to help and activate during this time. From an internal perspective it, making sure that our people are safe - we have 14,000 employees, plus 3,000 contractors. Across the globe we have in excess of 300,000. One of the first things was to bring people home safely.

We are also focusing on mental health and wellness so that people have the tools at their disposal to manage this. The new normal of working from home is not for everyone and some individuals will struggle with it, so we set some programs in place to allow those who need time off to cope with young ones or care for the elderly while they are working from home. We started to promote our mental health and wellness toolkits, to make sure that we are giving people resources they need to have conversations, make sure they get some physical activity while working remotely at home.

We encourage a lot on connection points, to ensure that human touch (virtually) continues to be such an important piece.

THE COCA-COLA COMPANY

Tova White, Vice President Human Resources - Canada

Les: Tova from Coca Cola, can you comment on some of the issues we were talking about the other day?

Tova: We at Coke, on the company side as opposed to the bottler, have predominately salaried associates along with a production facility in Peterborough, where we are an essential service producing juice and milk.

We are struggling with many of the same issues faced by other organizations like layoffs, associates who don't want to come to work and working from home.

We see it as having two work streams:

- 1) Dealing with the immediate crisis on a daily basis.
- 2) Planning for the future.

As we have been around for 135 years, HR has also been involved with what we can do in the community. We are trying to work with our partners in the community and what can step up and do. This helps to build goodwill in the community and fosters employee engagement, as our employees want to help others in the community and do the right thing.

MCDONALD'S CANADA

Stephanie Hardman, CHRO

Les: McDonald's is also seeing how things are changing and evolving. I'll ask Stephanie to share what they are seeing on a global perspective and then bring it back to Canada and how that is impacting what you're doing domestically.

Stephanie: I'm lucky to be with McDonald's, to be part of a larger global system and really lucky that Canada is behind the curve and to be able to learn from my colleagues globally.

For example, in China, we're back up and running operationally at 95% and we are learning from them. We have colleagues in Europe where restaurants are completely shuttered. The decision to shutter in the UK was made because the crew didn't feel safe. Each situation and geography is different and so we have to manage differently.

Our values have transcended the impact on employees, the commitment to no workforce reduction on the corporate side has really allowed the teams to stay focused and support the restaurants. The one thing that has been a constant, regardless of the market, is the safety of the crew in the restaurants, the perception and the feeling of safety in the restaurants is really the key in maintaining operations in Canada and the US. Our ability to continue drive-thru in Canada and keep the restaurant staff safe.

In China, the safety of crew has been key in their ability to re-staff after the pandemic. There, teams are reassuring people that the restaurants are safe. Our ability to restart is predicated on people's need to feel safe in the restaurants.

We're watching the plans being developed around the world for recovery and seeing that they revolve around the perception of safety. Not just actual safety but perception of safety. Even conversations around PPE really revolve around that as we have people are who afraid and needing to come to work as we are an essential service. We are in it like everyone else. Our constant has been safety. These are interesting times.

Les: On a relative scale, where do you see Canada to be? On the curve? Flattening the curve? How much longer are you planning that we'll be in this now that China is back to work? Are you forecasting this to get better sooner or is it going to be longer because we've done things differently in North America?

Stephanie: We've been scenario planning and the best case we're planning for a September slow restart, worst case Q1 of next year . . . we're somewhere in between. We're looking at the business cycle planning, supply chain, staffing, etc.

Tova: Shout out to McDonald's, Coca Cola's largest food services client! :-) We work very closely together. As per the work from home scenario, we are assuming we'll be doing this throughout May. As we look at customer demand, food service customers and grocery/retail customers, we believe the other side will look very different. We are doing scenario planning and right now everything feels short-term, but we are looking into mid-and-longer terms.

Les: Van, what are you seeing and anticipating?

Van: Much like Tova and Stephanie, we can still serve our clients. Maybe the summer for the softening of social distancing and working from home. We are taking a look at the economy and recovery and we are really not seeing an uptick until Q3 of 2021, maybe even Q4 of 2021. We do think this is going to be a long hit in terms of the economy and it's a downward effect. We haven't seen the repercussions in the marketplace just yet . . . that will be an interesting time for a lot of businesses.

Les: Tova, regarding the supply chains – how has this impacted your businesses. Do you anticipate it getting a little tougher? Better, worse or the same?

Tova: The supply chain has definitely been challenging. The run we are seeing on some of our products is interesting. Frozen juice has been on decline for 20 years and now we're having double digit growth. Customers are stocking up and we expect things to slow down. This really impacts planning for supply chain – ingredients, etc. Our supply chain will change. We have direct store delivery and I think we'll see the social distancing impact resonate for quite a long time. If you back that up, it will mean more warehouse delivery and so it changes the model, it changes our trucks. All those scenarios we have to play out and we are in a new reality.

Les: Yes, we definitely are in a new reality.



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