



5 Minutes for Business

COVID-19
edition

Business as usual was a thing we used to hear people say.

However, to better understand just how unusual business has now become, we partnered with Statistics Canada to launch the Canadian Survey on Business Conditions (CSBC) in April. As the first comprehensive view into how businesses are experiencing COVID-19, the survey data paints a stark picture of the economic costs of fighting the virus.

The survey found that over 80% of businesses have experienced a medium to high drop in demand for services or products. Nearly one-third of businesses reported Q1 revenues down by 40% or more from the same time last year. Sadly, 27% of businesses have had to layoff half or more of their employees, with 10% of companies laying off their entire staff. This unprecedented drop in demand and resulting layoffs represents millions of Canadians who have lost their jobs in the last two months.

In response to this severe economic downturn, governments at all levels are making an effort to move quickly, be flexible and accept more risk. Federal programs to provide wage subsidies and business liquidity are being implemented at previously unheard speeds in order to help as many businesses and their employees as possible get through the pandemic.

While these programs are helping to backstop many businesses, a protracted shutdown is financially unsustainable for businesses and governments. This is why jurisdictions around the world, as well as Canadian provinces and territories, are gradually lifting shutdown orders and reopening their economies.

However, nothing is usual about how business is resuming. As long as COVID-19 continues to be a public health threat, businesses will need to adjust how they operate to protect employees and customers. The CSBC highlights that these changes are already taking place: 18% of businesses have already altered methods of production; 35% have altered products or services offered to customers; and 45% have added new ways to interact with or sell to customers.

More adjustments will need to happen as workplaces continue to reopen. The office lunchroom used to be a place where employees could chitchat while eating a sandwich and catching up on last weekend's hockey game. While we still may be able to do that, a recent picture of Hyundai's offices showing Plexiglas dividers at the lunch tables gives us insight as to how.

Additionally, global supply chains have become upended, and international borders will remain difficult to navigate. Goods produced and shipped can require lead times of weeks or months. It is safe to say, cargo ships will not be moving full speed ahead immediately with complete cargo loads.

Keeping with the theme of borders, it'll be some time yet for aircraft to see their normal passenger loads as people are reluctant to return to the usually tight confinements of air travel. And good luck on large mass gatherings anytime soon.

So, welcome to the new business as usual — what it will look like is not how we used to know it.