

A retailer's complete guide to swine flu

You're either sick with it or sick of the mention of it, but swine flu could have a serious impact on retail operations. Enough sensationalism, says Charlotte Hardie – how can retailers tackle it?

It may only be about 100 nanometres in diameter, but H1N1 has a lot to answer for. Economic experts have warned this microscopic flu virus has the potential to knock 5 per cent off UK GDP and a pandemic could seriously hinder global economic recovery.

This is not just about media hype. Even if infection rates remain steady

over the summer months, they are expected to soar in the autumn. Next chief executive Simon Wolfson is just one big retailer to warn that swine flu could have a serious impact on trade. Next's trading update last month warned that if wider infection rates deter shoppers, "there is downside risk to our expectations" for the second half.

"SWINE FLU IS NOT THAT PREVALENT AT THE MOMENT"

Ian Houghton, RSA

Above all, retailers need to be prepared, and yet earlier this week a report by the Chartered Management Institute warned that 38 per cent of companies have no continuity plans in place. That's why Retail Week has compiled this practical, no-nonsense guide to swine flu, the legal lowdown and how to limit its impact.



Q How at risk is the retail sector?

A Unfortunately it ranks way up the top of the "at risk" list alongside others such as the travel and leisure industries and the healthcare sector because of employees' continual contact with members of the public.

A broker's note issued last week by investment bank Brewin Dolphin said the consumer sector would be among the most affected, with high street footfall having particular impact on the "main players such as Next and Marks & Spencer".

Q How will its impact be felt?

A With the spread of swine flu now described by the United Nations as "unstoppable", retailers will inevitably have to brace themselves for some negative effect on sales. Next chief executive Simon Wolfson has already voiced his concerns for second-half trading. "If large numbers become incapacitated it could have a real downside effect," he has warned.

The issue for retailers is not just the shopping behaviour of the infected but also the non-infected – media reporting about the relatively tiny proportion of those who have died from the illness is not helping quell the already wide-

spread public hysteria and some are already choosing to avoid the busiest shopping areas.

The higher risk of store staff infection also means that absenteeism levels could be higher than they will be elsewhere. And of course it's not just store staff who have a direct impact on store operations – retail businesses are equally reliant on their distribution centre workforce to get the product to the store in the first place.

Q Can retailers claim for loss of earnings as a result of swine flu?

A Probably not. The small print in loss of earnings policies varies greatly – particularly for larger firms where insurance is often bespoke. Retailers should check with their insurance provider or broker to see if they are covered against such “acts of God”, but, Dickinson Dees employment law partner James Wilders says: “In my experience, this would fall outside most standard policies.”

Q How can retailers put this in perspective?

A Retailers need to cut through the media hype that can distort reality. RSA business continuity manager Ian Houghton says: “It's easy to think: ‘Ah, we've got 70 people off sick, they must all have swine flu’. Actually, swine flu is not that prevalent at the moment.”

He adds: “Ultimately, the newspapers are out there to sell stories.” He refers to one particular story this month whereby TV channels and newspapers reported that swine flu deaths had doubled. They had, but they did not mention that infection rates were up threefold. In effect, the mortality rates had halved.

Those charged with obtaining the swine flu facts and figures to give to retail executive boards need to exercise common sense. For accurate information, use swine flu information disseminated by official sites such as the

World Health Organisation, the NHS website and the Department of Health, which has issued swine flu UK planning assumptions.

Q What should the basics of business continuity planning involve?

A The swine flu epidemic is not like normal continuity planning because it involves dealing with the loss of staff, rather than the loss of a site.

Continuity planning is about exercising common sense and being prepared for every eventuality. Boots UK head of retail operations Steve Leach says that since the World Health Organisation raised the alert status, the retailer's pandemic steering group of senior directors has been meeting regularly. “We have worked closely with our suppliers to put arrangements in place and briefed our people on current developments relating to the influenza and company policies.”

Lloydspharmacy commercial operations director Steve Gray says: “It's about taking a pragmatic approach, being fleet of foot and communicating properly with customers and colleagues.”

Q How can retailers manage absenteeism effectively?

A This is essential because it poses the greatest threat to business continuity. Houghton recommends defining the “single points of failure” – those individuals or perhaps small teams who have a unique skill that others cannot do. If that person or the whole team is off work for an extended period, the repercussions on the business is considerable. Managers might want to give basic training to other staff members to perform those skills in anticipation of large-scale absence.

If the pandemic worsens signifi-

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Paul Bennett, Boots

cantly, Gray says Lloydspharmacy plans to redeploy pharmacy staff to deal with shortages. Because three quarters of its staff work part-time, it has also told store colleagues that they may need to increase their hours – which they are happy with. “It's about being flexible,” says Gray.

Boots UK is taking a similar stance. Boots UK pharmacist superintendent Paul Bennett says: “Given the nature of the pandemic we will need to be flexible and focused with our plans.” If the pandemic continues to spread, the health and beauty retailer plans to redeploy both people and stock, as well as move pharmacists from support roles to more front line positions.

Retailers also need to be aware of a government proposal under Cabinet Office review, whereby employees with swine flu could self-certify absence of up to two weeks. Charles Wynn-Evans, head of the employment team at law firm Dechert, says: “If this becomes reality, swine flu is likely to provide employees with an easy way to malingering.”

Another consideration for retail HR departments is the number of hours worked by those covering for sick colleagues – these must not exceed the maximum working week. “They must take the requisite rest breaks laid down by the Working Time Regulations,” warns Wynn-Evans.

In addition, retailers are likely to have little alternative but to allow requests for time off to care for children and relatives. Under normal circumstances, employees are allowed to take reasonable unpaid time off work to make arrangements for the care of someone, rather than undertake the care themselves. But should the infection rate worsen significantly, Wynn-Evans points out that alternative carers will be in short supply.

Q Can employees sue a retailer if they catch swine flu?

A Yes, but only if a retailer does not take extra steps to protect its staff. If it does not, it could face very costly lawsuits from claimants. Retailers must make absolutely sure they do not breach their duty of care as outlined in the Health and Safety Act. In the worst-case scenario, if an employee dies of swine flu and the



retailer cannot provide proof it has fulfilled this duty of care, then the employer is liable and will be left exposed to the possibility of legal action.

Q How can retailers protect their employees?

A Wilders says the reasonable legal requirements to provide a safe working environment do not have to be complicated – it involves simply ensuring rooms are properly ventilated, having soap and hygiene gel available at all times, communicating company policy on illness and ensuring people with symptoms are sent home promptly.

For store staff, cleansing gel should be provided at each checkout to reduce the risk of contracting the virus from germs on goods and money. In cases where there is a sudden increase and mass absenteeism in a particular store, retailers need to ensure it is cleaned particularly thoroughly.

To minimise time spent answering individual employee's queries, Wynn-Evans advises creating a comprehensive Q&A-style document. This could be used to raise awareness of symptoms, set out the business's flu sickness policy and provide key contact details: "This may prove an invaluable tool in keeping employees informed."

Q Can people refuse to come to work?

A Yes, but only if they have "reasonable grounds to think that by coming to work they would be at risk of contracting swine flu", says Wilders. This poses more than a few problems for HR teams. Either they require employees to attend work, which could potentially lead to resignations or constructive dismissal claims, or they accept that this is a by-product of the epidemic and productivity, customer service, sales and profits suffer the consequences.

Wynn-Evans says: "Each workplace and each individual's specific personal situation and concerns need to be



Wolfson has warned swine flu has the potential to hit trade

assessed sensibly to avoid a stampede of employees refusing to come to work." Ultimately, says Wilders, if you have made attempts to minimise the risk but the employee still insists on staying away the retailer may pursue disciplinary action. But, he adds: "Reasonable persuasion should be the first recourse."

Q Is vaccination an option?

A Yes, although you cannot force any employee to be vaccinated. One major supply chain provider is seriously considering offering vaccinations to every one of its 7,000 staff – the cost of which is about £25 to £30 per person. It will not be cheap, but as its chief executive says: "When you think about the number of staff who may be off work for one or even two weeks, the cost to productivity is huge."

Gray says it is something Lloydspharmacy would consider for its 17,000-strong workforce, particularly since many of its staff are trained to administer vaccinations themselves. "It's obviously individual choice, but if they want it we would provide that. It's absolutely worth it in a customer facing organisation. What's more valuable than your people?"

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Q How can I manage requests for home working?

A For some head office staff, enabling them to work from home might be one way to allay employee concerns and ensure business continuity.

Lloydspharmacy has identified those people whose presence at head office is absolutely vital for stores to run smoothly. For those who can work from home, it has devised a plan for them to do so on a rota basis if the pandemic worsens severely. However, this is clearly not going to be possible for store employees and retailers will need to communicate that.

Q Can employees demand to wear face masks?

A There is actually little medical evidence that masks protect the wearer. Only some types are effective and only if worn properly. In addition, they only work if changed regularly – if they become damp from breathing they will harbour viruses.

If masks interfere with their job function – in the case of store staff it would act as a major deterrent to customers and might create a PR furore – retailers can quite reasonably require staff not to wear them.

Q Will anyone benefit?

A Yes, online retailers – in fact, any retailer with a strong online presence, should benefit if the epidemic worsens. As Gray says: "If it does worsen, footfall will reduce but people will still want our products. They'll just switch channels."

Lloydspharmacy already delivers about 100,000 products each week through prescriptions and Gray expects that this will increase as swine flu continues to spread. "People still need to buy things and they still need to conduct their daily lives," he says.

