



ADAPT & RECOVER:
**MOVING FORWARD
TOGETHER**
WEBINAR SERIES



SESSION FIVE

July 24, 2020 | 11:00 A.M. ET

➤ Housekeeping Items

- The webinar will be recorded and shared as soon as it is available via email
- All materials were emailed to you this morning – also available on RKL's Business Recovery Resource Center at rklcpa.com
- All lines are muted
- NASBA CPE requirements – in order to receive CPE for this webinar:
 - Participants must be connected to the session (both audio and presentation) for its entirety
 - Participants must answer three questions/elements of engagement
 - One (1) hour of CPE in the field of business law will be granted if you meet these requirements

DISCLAIMER: The presenters, Ryan Hurst, Robert Pozesky and Tricia Richardson, and RKL LLP and its subsidiaries/affiliates are not held responsible for information that has changed or will change and makes no representation or warranty as to the ongoing accuracy of the information presented orally or in writing. Attendees should consult with legal, accounting and other advisors.

➤ Meet Your Team for Today's Presentation

PA Updates and Planning for What's Next



RYAN HURST, ASA | *Partner, Business Consulting Services Group*

Ryan is a Partner in RKL's Business Consulting Services Group and an in-demand transaction consultant. Ryan's areas of expertise include advising clients on buying and selling businesses; succession planning; conducting valuations for a variety of transactions and structures; litigation support for shareholder disputes; and strategic alternatives analyses.

Preparing for Uncertainty



ROBERT POZESKY | *Leader, Operations Consulting Practice*

Bob leads RKL's Operations Consulting Practice. He helps clients ranging from small family businesses to Fortune 100 companies accelerate business transformation and growth through improved execution. With deep expertise in operational leadership and performance improvement, Bob is a highly respected consultant for projects related to business expansion, new product development, ERP integration, inventory control and more.

Payroll and HR FAQs



TRICIA RICHARDSON, CPP, SPHR, SHRM-SCP | *Consultant, Human Capital Management*

Tricia is a Consultant in RKL's Human Capital Management Practice. With expertise in payroll and human resources, she works with companies to align their HR policies with the final payroll product. Tricia also helps clients implement and adhere to payroll and human resource regulatory compliance and best practices.

➤ Introducing Michelle Rondinelli



Michelle Rondinelli is the co-owner and President of Kitchen Kettle Foods, Inc. She is a graduate of York College of PA with a degree in Business Management and a double minor in Marketing and Human Resource Management. She served on the Board of Directors for the PA Dutch Convention and Visitors Bureau (now Discover Lancaster) from 2004-2012 and was Chairman of the Board in 2009 and Past Chair in 2010. She is also a member of the Young President's Organization (YPO) since 2009, served on the American Cancer Society's Legacy Ball from 2011-2015 and co-chaired the event in 2012.



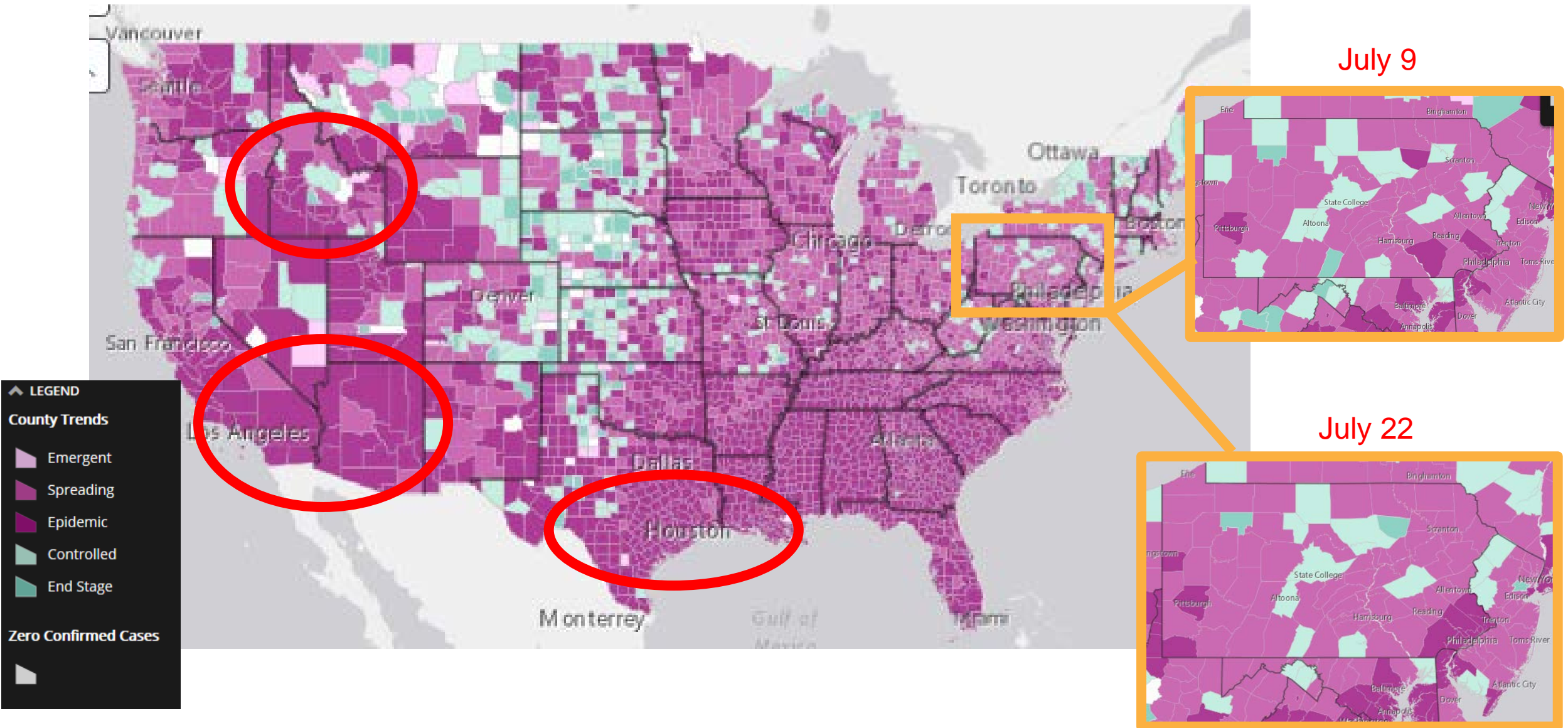
Michelle has served on the board for the Lancaster County Chamber of Commerce since 2011, joined the executive committee in 2017, served as Chair Elect in 2019 and currently serving as Board Chair. She joined the Board of Directors for the Economic Development Company in 2018. Michelle also serves on the Regional Advisory Board for BB&T Bank, now Truist, as well as the Superintendent's Lay Advisory Council for Manheim Township School District. Michelle was the winner of the "40 Under 40 Award" from the *Central Penn Business Journal* in 2011.

POLLING QUESTION

To be eligible for CPE, 3 polling questions must be answered.

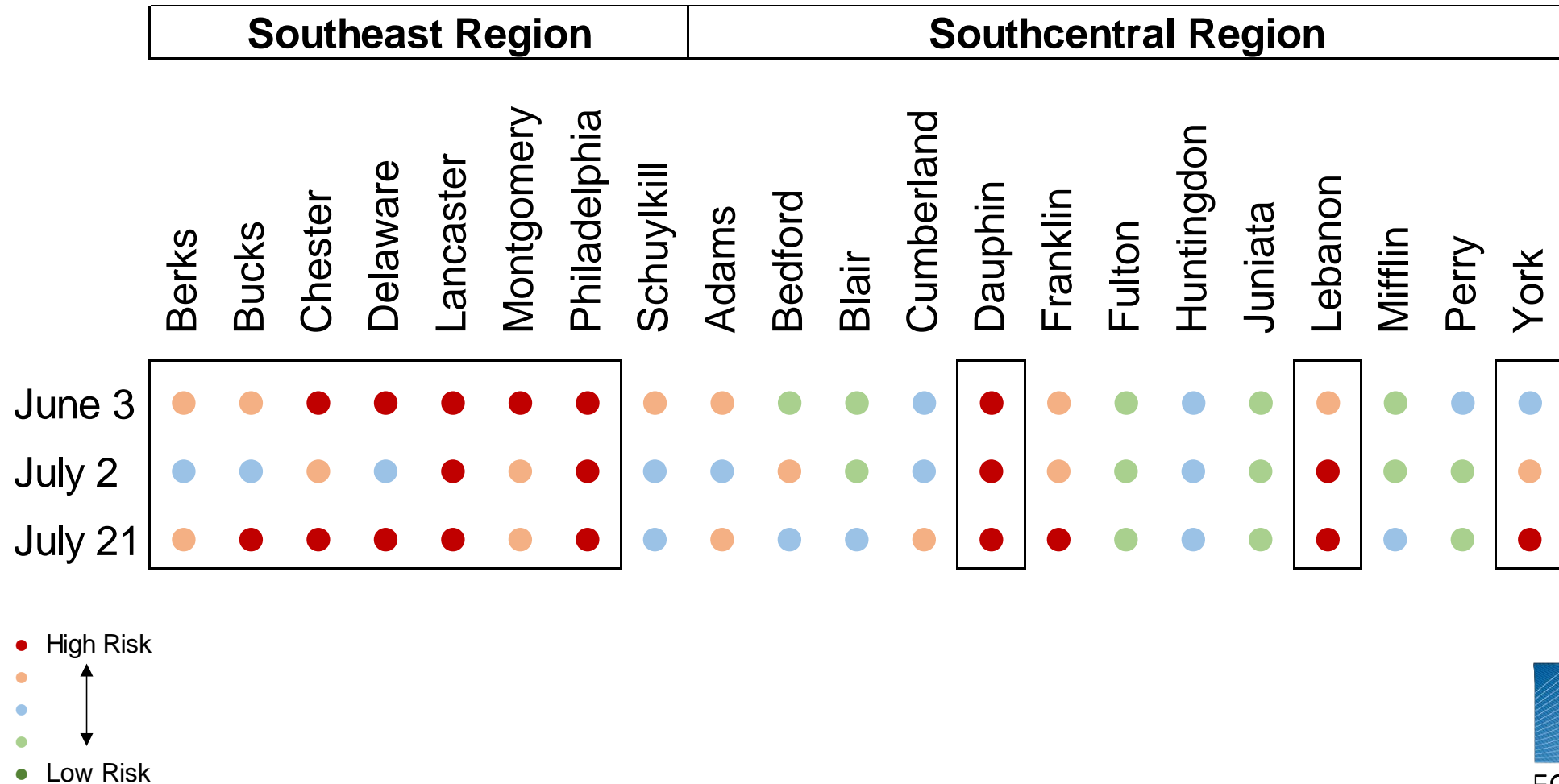
PA UPDATES AND PLANNING FOR WHAT'S NEXT

➤ National Trends and Hotspots



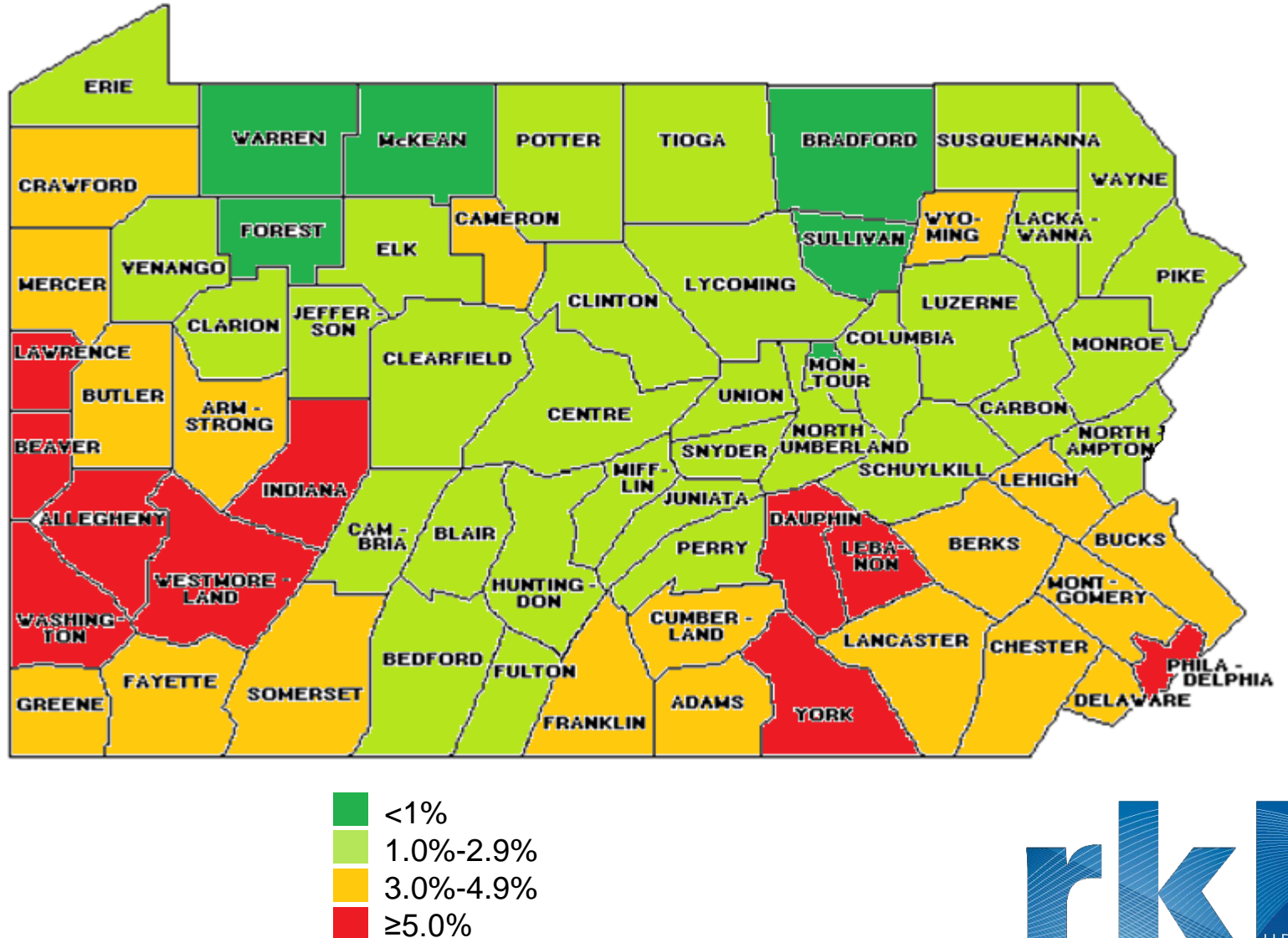
➤ Risk Indices in Carnegie Mellon Analysis – COVID Case Risk

14-Day COVID Case Risk: # of reported COVID-19 cases / population of area



COVID-19 Early Warning Monitoring System

- Various county level metrics reported by county
 - Change in confirmed cases (last 7 days vs. prior 7 days)
 - Incidence rate per 100,000 (7 days)
 - Percent Positive (7 days with PCR test)
 - Change in hospitalizations
 - Vent patients
 - Hospital ED visits



➤ Pennsylvania Updates

- New mitigation efforts – Restrictions on bars, restaurants, nightclubs and indoor gatherings
- Counties that “bear watching” (July 17) – Beaver, Allegheny, Washington, Indiana, Lawrence, York, Lebanon, Philadelphia, Dauphin and Westmoreland
- 18 states on travel watch list – recommended 14-day quarantine
- Rumor on back to red for some counties – dispelled
- PA school reopening guidance released last week
 - As of yesterday, Dr. Levine indicated as “in jeopardy” if case counts are not driven down

➤ Are You Prepared for These Scenarios?

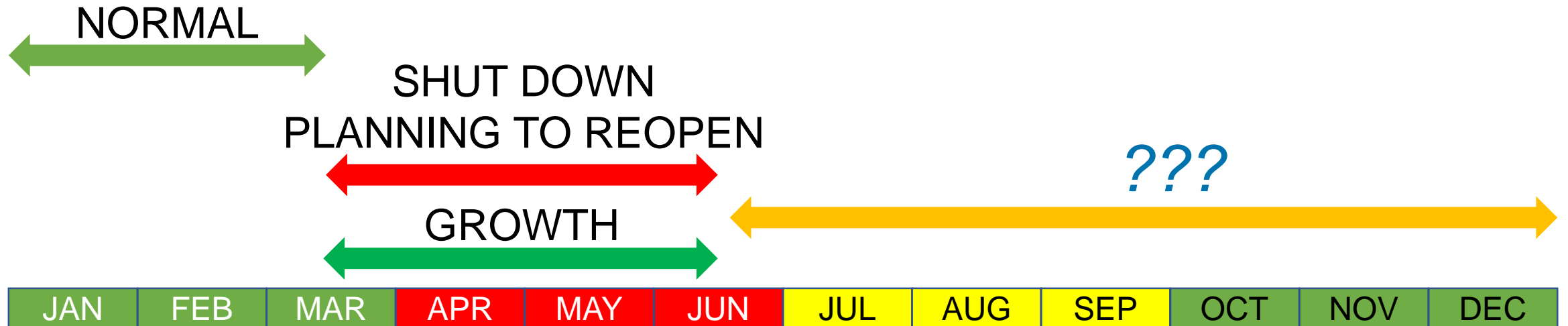
What if there is/are...?	How would this impact your...?
Future shutdowns (back to yellow, red or some other color)	Physical location Some or all of your workers Suppliers Customers
New restrictions on headcount, space, etc.	Processes Workforce
School closings or irregular schedules (mandate or local decision)	Workforce and childcare
Spreading in other states or countries	Supply chain Out of state/country locations
Border restrictions	Supply chain Out of state locations
An outbreak at one of your locations?	Entire business

POLLING QUESTION

To be eligible for CPE, 3 polling questions must be answered.

PREPARING FOR UNCERTAINTY

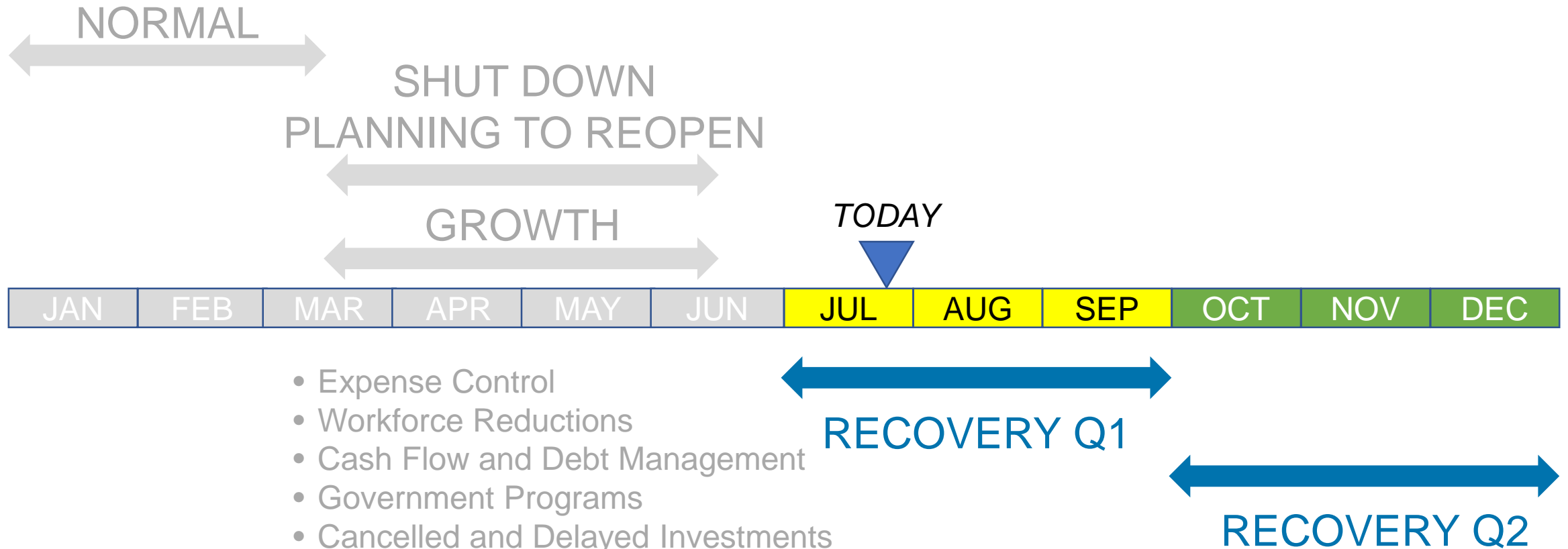
> 2020 YTD



- Expense Control
- Workforce Reductions
- Cash Flow and Debt Management
- Government Programs
- Cancelled and Delayed Investments

- Supply Chain Shortages
- Transportation Availability and Costs
- Workforce Shortages

➤ The Initial Recovery Planning Horizon



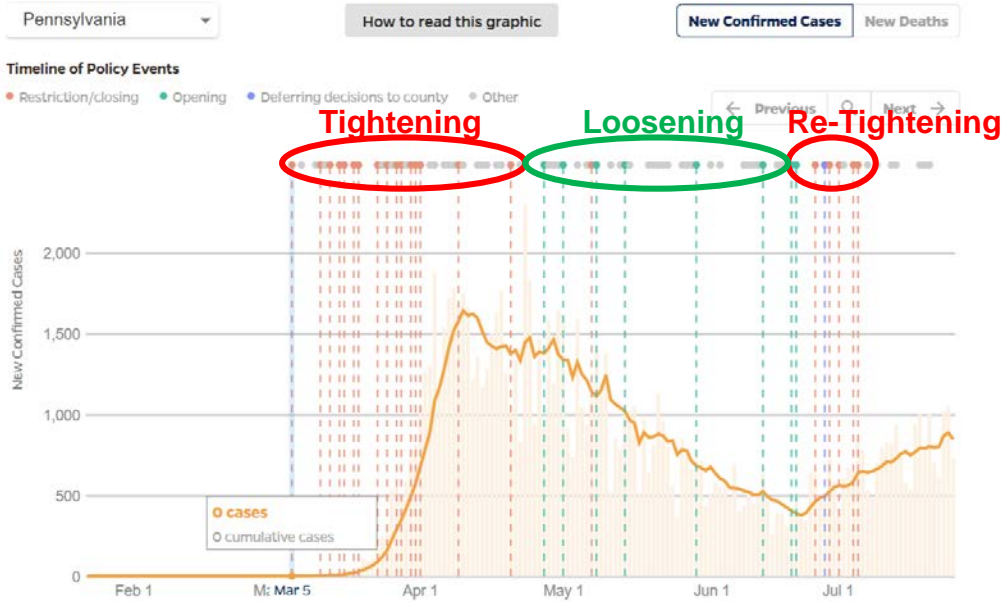
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- Supply Chain Shortages
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➤ The Recovery Plan

- Identify ways in which practices put in place the past few weeks can be expanded or modified
- **Headcount** and **capacity** modeling
- Perform deeper **cash flow** analysis by doing scenario planning on your customer base and markets to identify weaknesses and opportunities
- Take a fresh, critical look at the **supply chain**
- Consider adopting zero-based budgeting for **expense reduction**
- Align **strategic, financial and operational goals**
- Significant **efficiency gains** through process improvements, technology and equipment investments
- Develop **marketing messages and sales plans** that support the plan
- **Employee engagement**

➤ Road to Recovery is Not a Straight Line









- COVID is going to be with us for a while
- Always knew these cycles were likely to continue
- Different approaches by state
- Unknowns
 - Timing
 - Scale
 - Specific actions
- Dealing with hot spots
 - Commonly by state and county
 - Plus industry specific actions
 - Will actions become more defined by cities and even neighborhoods?

Source
<https://coronavirus.jhu.edu/data/state-timeline>

➤ Scenario Planning

- Consider multiple recovery and scale-back or shut down scenarios
- Account for operations in different areas (even if close to one another)
- Will it continue to be a Red-Yellow-Green approach (1-2-3-4 in some states) going forward or will the approach evolve?

	Pre-Covid
	Green
	Light Green
	Yellow
	Orange
	Red

➤ Scenario Planning

- It was an emergency reaction in March
- Do we want to do things the same way?
- Even if a scale-back or shut down order is not imminent, who knows what the future brings – *it's better to have a plan and not need it*
- Priorities
 - Cash flow
 - Staffing
 - Facilities
 - Revenue
 - Current – orders, workload, backlog, customers
 - Future sales
 - Supply chain & capacity
 - Employee communication and engagement

➤ Steps to Addressing those Needs

Revisit

Short-term

- Essential operations
- Profitable operations
- Facility layout
- Common areas
- Scheduling
 - Employees
 - Customers
 - Vendors
 - Shipping

Medium-term

- Process and workflow reengineering
- Process digitization
- Leveraging existing technology
- Product/SKU rationalization

Play Offense

Long-term

- Operating model changes
- Remote workforce strategy
- Automation
- E-Commerce strategy
- Evaluating strategic direction

➤ The Need for a Recovery Plan

- A well thought out and communicated direction provides a level of comfort and sense of stability for your team.
- “Failing to plan is planning to fail.” A plan helps mitigate risk.
- Stakeholders (including key customers) may require a plan.
- A plan gives context for decisions rather than your team coming up with their own playbooks on the fly.
- More consistent decisions can be made across an organization if we set priorities and the direction we want to go.
- Having an active plan in place allows you to benefit from the overall recovery and avoid missing opportunities like many companies in the years after the Great Recession.
- Effectively executing a plan to profitably get back to work is the only way some companies will survive.

POLLING QUESTION

To be eligible for CPE, 3 polling questions must be answered.

PAYROLL AND HR FAQs

➤ Are You Taking Advantage of All Available COVID Relief?

Families First Coronavirus Response Act: Employee Paid Leave (EPSL)

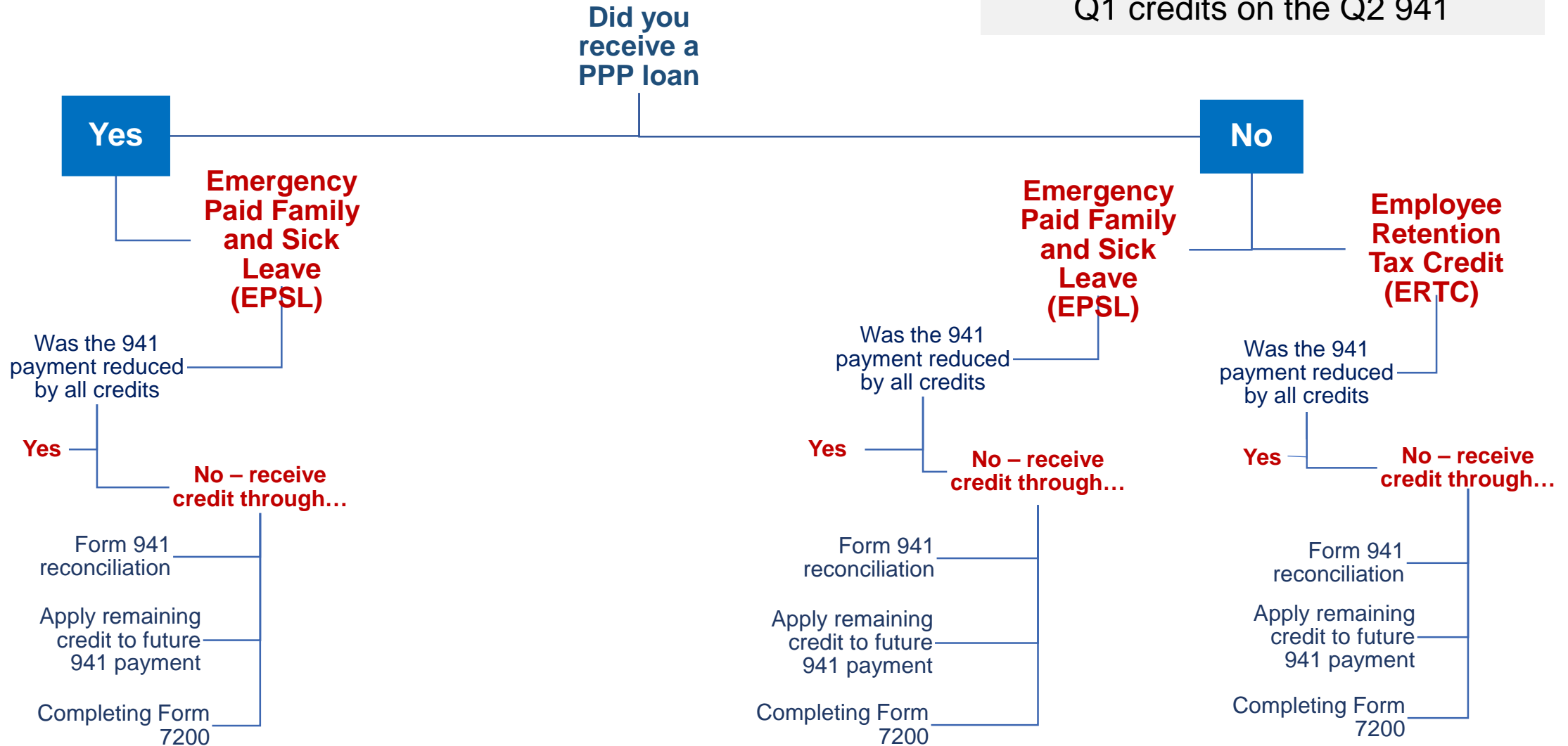
- April 1 – December 31
- Employer Medicare
- Qualified health plan expenses (daily rate of invoice costs x days paid EPSL)
- Available to any employer who paid these wages (including those with a PPP loan)
- Credit against 941 payments (or as a refund on Form 941)

Employee Retention Tax Credit (ERTC)

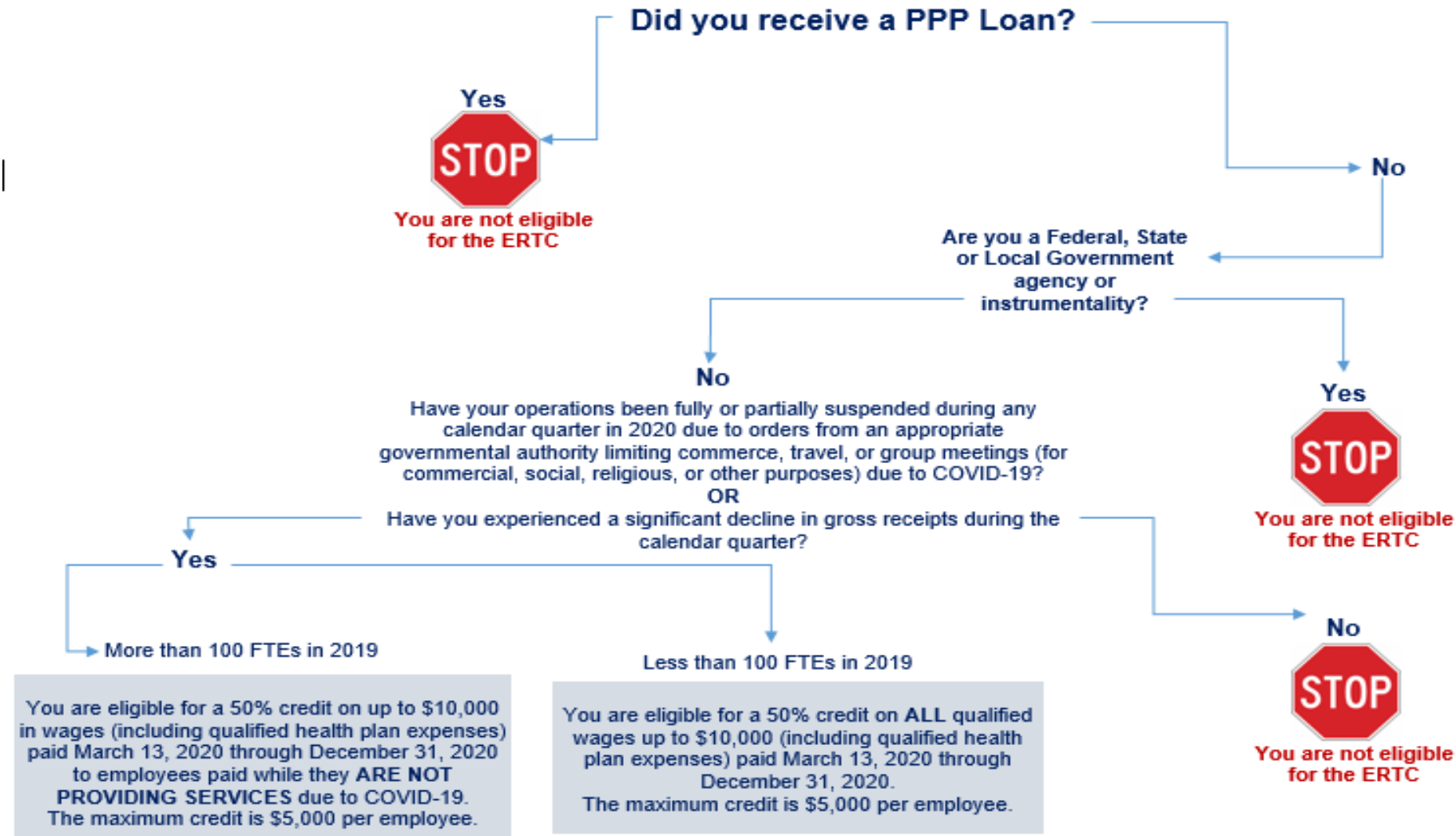
- March 13 – December 31
- Credit of 50% for up to \$10,000 in qualified wages (to include qualified health plan expenses) – total credit per employee = \$5,000
- Available to any employer without a PPP loan **based on eligibility*

➤ Receiving COVID Relief Credits

Make sure you include any
Q1 credits on the Q2 941



➤ Employee Retention Tax Credit (ERTC)



To receive your Credit, you can:

- Reduce your 941 payment each pay
- Request the refund on Form 941
- Complete Form 7200 requesting the credit

➤ Unemployment

- Additional \$600 weekly payment ends the claim week ending July 25
- Regular unemployment benefits extended an additional 13 weeks (does not include additional \$600)
- Complete PA UC-1921 within seven days for any employee refusing work that is offered
- Report any employees brought back from layoffs as new hires
- Relief from COVID-19 charges
 - Contributory: ignore denials of relief at this time - this could take up to 90 days, or three billing cycles, before you see the benefit charge credits
 - Reimbursable: verify with PA

➤ Human Resources: PA Quarantine

Per PA:

*If you have traveled, or plan to travel, to an area where there are high amounts of COVID-19 cases, it is recommended that you stay at home for 14 days upon return to Pennsylvania. If you travel to the following states, it is **recommended** that you quarantine for 14 days upon return:*

As of July 17 – the states are:

- | | |
|---------------|--------------------|
| 1. Alabama | 10. Louisiana |
| 2. Arizona | 11. Mississippi |
| 3. Arkansas | 12. Nevada |
| 4. California | 13. North Carolina |
| 5. Florida | 14. Oklahoma |
| 6. Georgia | 15. South Carolina |
| 7. Idaho | 16. Tennessee |
| 8. Iowa | 17. Texas |
| 9. Kansas | 18. Utah |

➤ Human Resources: PA Quarantine

Policy considerations

- Requirement to quarantine (employee would be eligible for 14 days EPSL if they have not used previously)
- Requirement to disclose if they travel to one of these states (provide process)
- Responsibility to verify the status of any state before traveling and on day of return
- Paid time off or without pay
- Sent home to quarantine if it is learned they traveled to one of those states and did not disclose that information
- Negative test result to return to work

➤ **Q:** Regretfully our business may have to make tough decisions regarding a furlough, layoff or reduction in force. How do we go about the selection process to determine who and/or what positions should be included?

A: Tenure, seniority in role, employee status (full-time, part-time, seasonal, temporary), performance, skills.

Consider criteria ranking for the options listed above and rank employees further by evaluating additional criteria such as attendance, work quality, experience level, skills, etc.

Transparency is required when communicating to the employees about the selection criteria. It's important to underscore to your workforce that the layoff is not about the employee but rather the position.

➤ Human Resources: Post-PPP Layoffs and Furloughs

- Provide employee with PA UC-1609 along with written notification
- Worker Adjustment and Retraining Notification (WARN) Act
- PA Rapid Response Team is available to assist RA-LI-BWPO-Rapid@pa.gov

➤ Human Resources: Post-PPP Layoffs and Furloughs

Helping businesses and communities thrive.

Workforce Business & Community Support

Rapid Response Services

In Pennsylvania, we are dedicated to the businesses and employees that support our communities and help them thrive. That's why the Department of Labor & Industry (L&I) aims to lessen the hardship felt by all individuals impacted by economic hardships experienced by their employer, and the employees themselves.

L&I's **Rapid Response Services** team works in collaboration with the **Strategic Early Warning Network** and **Governor's Action Team** to provide the necessary resources to avoid closures and layoffs.

It assists in job placement when jobs are lost and helps in times of natural disasters to plan and manage support. L&I's Rapid Response assists workers and employers affected by layoffs, plant closures, or natural disasters. It provides access to the **PA CareerLink®** system of user-friendly resources and information to help transition workers into reemployment.

L&I's Rapid Response does not have to be event-driven; the program offers businesses an opportunity to plan and manage economic transitions at any time. Rapid Response helps employers by coordinating pre-layoff placement services and leads the collaboration with other state and local partners to enhance job expansion and community support. **There is no charge to the employer or employee for these services and they are provided regardless of the reason for the layoff.**

Contact Us:

Rapid Response Services
Pennsylvania Department of Labor & Industry
651 Boas Street, Room 1220
Harrisburg, PA 17121

Email: RA-LI-BWPO-Rapid@pa.gov
www.dli.pa.gov | Keyword: Rapid Response

Who do we help:

Your Employees

- Unemployment Compensation assistance
- Job search and placement assistance
- Financial support for education and training opportunities
- Career counseling

Your Business

- Maintain or increase productivity during transition period
- Assistance to avoid lay-offs
- Management assistance with Human Resource needs

Your Community

- Coordinating Support groups and education workshops
- Orchestrates community collaboration to help those impacted
- Lessens the economic impact felt by the community



What does Rapid Response do?

Rapid Response Services helps businesses in a variety of ways. Businesses or employers can work with the Rapid Response team as part of their internal crisis management plan to help ensure business continuity in the event of a natural disaster, economic hardship or closure.

In addition, Rapid Response can provide strategic planning, data gathering and analysis to help anticipate, prepare for, and manage an economic transition or hardship. If a closure or mass layoff is inevitable, Rapid Response helps businesses and local communities cope with the effects.

Rapid Response coordinates activities with Pennsylvania's local workforce development boards and PA CareerLink® in cases of insufficient funding to serve a large number of affected workers. **Trade Adjustment Assistance** petitions can be completed by Rapid Response when downsizing events are related to foreign trade.

Rapid Response has coordinators that meet with the employer and when appropriate, the representative of the employees, to discuss the services that are available through the program. The Rapid Response coordinator will pull together a team of experts to provide workers with information about services in a centralized and convenient location before the layoff or closure occurs, including service information on:

- Unemployment Compensation;
- Health and pension benefits;
- Job search activities;
- Education services;
- Training Programs;
- Trade Adjustment Assistance (TAA);
- Social Services programs;
- Community and economic development activities;
- Emergency assistance; and
- Crisis counseling.

Rapid Response helps workers and employers navigate the workforce system by convening and facilitating connections, networks, and partners. Services are available to businesses and affected workers any time, day or night.

REGIONAL CONTACTS

The **Rapid Response Information Guide** provides a complete list of all regional contacts.

- Western Region Supervisor – John Pileggi | jpileggi@pa.gov | 412.853.4049
- Eastern Region Supervisor – Nelson Diaz | ndiaz@pa.gov | 610.751.8478

➤ Human Resources

- I-9 can be completed remotely for new hires
- Develop COVID-19 policies for quarantines, returning to work, out-of-state vacations, disclosing symptoms, etc.
- COVID-19 health and safety trainings (think safety committee)
- Remind employees to review their W-4

THANK YOU FOR PARTICIPATING

Questions?

- Contact your RKL advisor
- Visit RKL's [Business Recovery Resource Center](#) for more updates and guidance

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