

First Aid from Companies

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15/06/2020 In this time of crisis, many companies are switching to manufacturing essential products, launching initiatives, and sending their employees to places they are needed. A look at their reasons.

Absolute silence has reigned since March 2020 on Anfield Road, where a sea of red-and-white flags would normally be waving and more than 54,000 people cheering for Liverpool FC. In March it was not clear when one of the most successful clubs in England's Premier League would again play soccer in front of spectators. Soon after announcing the cessation of play, the club's chief executive officer, Peter Moore, offered to have its stewards assist local supermarkets in tasks such as regulating the number of customers or helping seniors with their shopping.

Companies take responsibility

Many industrial companies have responded to the coronavirus crisis in similarly direct and pragmatic

ways. Some have shifted parts of their production to essential goods; some have expanded their development capacities and are now bringing entirely new products onto the market. Others are helping in order to keep their own underutilized employees at work during the crisis. Some are linking this assistance to their brand name with an eye toward sustainably enhancing their image. Although the underlying motivation to provide relief during the pandemic may well be a matter of solidarity and social responsibility, the associated costs for many companies are high.

Britta Heer from Edelman Deutschland knows how important it is for companies to realize the current need to assume social responsibility. A 2020 Trust Barometer special report from the Edelman Intelligence research and analytics consultancy—Brand Trust and the Coronavirus Pandemic—surveyed around 12,000 people worldwide. “People are calling not only on governments to address the virus, but also on the private sector and its brands,” says Heer. Eighty-nine percent of respondents worldwide expect companies to shift their production to goods that help consumers meet today's challenges. As Heer adds, “Companies that do not listen and respond to these needs right now are putting their reputations on the line down the road.” Those that do respond are coming up with a wide range of potential solutions. There are many small and large ideas that are having an effect—and often providing real relief and economic support in an uncertain time.

Targeted use of strengths

For many companies, the decision to shift their production appears natural in retrospect—especially if the new products fit in smoothly with their core business. One example is Alpargatas, a Brazilian shoe manufacturer. A leader on the Latin American footwear market, it makes the world-famous Havaianas flip-flop brand. Alpargatas donated around 20,000 specialized, washable shoes to public hospitals in various Brazilian states. The shoes were made at Havaianas factories in place of flip-flops. To ensure smooth and safe production, the entire manufacturing process was restructured and the employees received special training. The company also produced and donated 1.3 million face masks and gave around 500,000 kits of essential products to vulnerable communities in five of Brazil's state capitals (São Paulo, Rio de Janeiro, Brasília, Salvador, and Belo Horizonte), and cities in Paraíba State.

Sanitization, which also destroys viruses, is the core expertise of Kärcher, a German cleaning technology company and global market leader (2019 sales: 2.58 billion euros). An independent laboratory test has shown that when correctly used, the company's steam cleaners eliminate viruses—and are therefore an alternative to disinfectants in home, commercial, and industrial settings. This family-owned company also shifted production at one of its plants in southern Germany—Sulzdorf in northern Baden-Württemberg—from cleansing agents to substances needed for hand sanitizers.

“We were able to draw on our employees' extensive expertise and experience,” says Hartmut Jenner, the chairman of the Kärcher board of management. The company distributed some of its hand sanitizer to more than fifty local emergency medical services, food banks, and care facilities. “Hand hygiene is part of any and all attempts to fight the coronavirus, and is absolutely crucial for vulnerable groups,” says Jenner. Most donation drives have focused public awareness on the needs of hospitals and the

healthcare sector. “So we made the very deliberate decision to support smaller facilities—which for us was the obvious thing to do.”

Creative use of expertise

According to a survey commissioned by the German Federal Ministry of Economics and conducted by the Kantar market research company, more than one-third of companies in Germany have expanded their range of products or services in connection with the coronavirus pandemic.

This includes those that have ventured into entirely new fields. Viessmann, a specialist in heating systems from the Hessian town of Allendorf, shifted part of its production to ventilators. Within three days, engineers at this family-owned company (sales in 2019: 2.65 billion euros) had consulted with physicians and produced a prototype based on components used in gas heating systems. Three weeks later, the first ventilator rolled from a production line for Viessmann gas wall units. As of June 2020, production is on hold while a special authorization process to manufacture medical equipment is still underway. If another wave of infections and severe cases should arise, particularly without sign of respite in developing countries, Viessmann could produce up to 600 ventilators a day.

The Composite Resources company in the U.S. provided high-speed assistance. The parent company of the CORE Autosport racing team, which usually focuses on producing precision parts from composite materials for industries such as aviation, aerospace, and healthcare, is now making everyday masks from a polyester-cotton blend as well as transparent vinyl visors. When founder Jon Bennett saw a television report on nurses having to sew their own masks, he swung into action. “In thirty-six hours we had designed the prototype, procured the raw materials, launched an e-commerce website, and started organizing the production line,” says Morgan Brady, the managing partner at Composite Resources. The facilities needed for production were already available, as was the expertise on the part of employees. This meant the only costs involved were for raw materials. Mask production—involving more than twenty employees on two shifts—started in March 2020. “By producing masks we are helping society at large and also keeping our staff employed,” says Brady.

Helping one’s own target group

The Jägermeister maker of herbal liqueurs is also helping to combat the virus. Based in Wolfenbüttel in Lower Saxony, the company donated 50,000 liters of pure ethyl alcohol to the municipal hospital in the neighboring city of Braunschweig.

The hospital’s pharmacy processed the alcohol into disinfectants. Local authorities issued a temporary directive to encourage donations of this type: Jägermeister did not have to pay either the usual customs or tax on alcohol.

What is more, this internationally popular brand—around 80 percent of Jägermeister’s sales are outside

Germany—is actively helping communities across borders as well. The global initiative #SaveTheNight is supporting artists and barkeepers around the world with donations and microfunding. The company is supplementing the initiative by generating a range of new entertainment offerings. Jägermeister has thereby created a revenue platform within the "nightlife ecosystem."

"We take this initiative very seriously. There's no red tape involved and it makes perfect sense," says Christopher Ratsch, a member of the executive board of Mast-Jägermeister SE. The aim is to support both sides of the nightlife community—those who need direct help for their living expenses, and those who have to stay at home instead of flocking to clubs and bars, meeting friends, and having a good time together. "With the #SaveTheNight initiative we want to give something back to this very important community. Solidarity for us is a matter of the heart," says Ratsch.

Opportunities for employees

Extraordinary situations require extraordinary measures. To support the food industry in the crisis and to keep its staff employed during a period of limited restaurant service, McDonald's in Germany entered a partnership with the Aldi-Süd and Aldi-Nord supermarket chains. McDonald's and its nearly 230 franchises employ more than 60,000 people at around 1,500 restaurants. Employees of the fast-food chain affected by temporary restaurant closures during the pandemic could be hired on a short-term basis by Aldi and work in its sales or logistics. In the words of Holger Beeck, the managing director and president of McDonald's Germany, this was a classic win-win situation: "Our employees could keep working—if they wanted. And Aldi benefited from additional resources."

Facts and Figures

Trust in Brands

Subline: Companies are expected to act responsibly to address the coronavirus crisis. This is clear from the Trust Barometer Special Report: Brand Trust and the Coronavirus Pandemic (March 2020) from the Edelman Intelligence research and analytics consultancy, which is part of the Edelman global public relations firm.

- 89 percent of respondents worldwide expect companies to shift to producing products that help people meet challenges.
- 55 percent think that companies are responding more quickly and effectively to the pandemic than the government.
- 90 percent want companies to partner with governments and relief agencies to address the crisis.

Info

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Subline: From flip-flops to special footwear: The Alpargatas company has repurposed part of its production.

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