



Insights: Alerts

The Coronavirus Threat: Sample Franchisee Communication

March 17, 2020

Please note: The below information may require updating, including additional clarification, as the COVID-19 pandemic is dynamic and continues to develop. Please monitor this site and/or your email for updates.

With the expansion of the Coronavirus (COVID 19), it is imperative that franchisors provide their franchisees with additional tools to navigate the obstacles presented by COVID 19. The attached sample franchisee communication has been prepared to assist you to share current best practices and other recommendations regarding COVID 19. It may be shared with your franchise system by any method, including via email or Intranet posting. Note, however, it is only a template and has not been prepared specifically for your franchise system -- not all of the best practices and other recommendations may be applicable to you. We recommend that you consider it a starting point, and that you carefully review and modify the template as may be appropriate for your system.

Sample Franchisee Communication

We continue to monitor the Coronavirus epidemic (COVID 19). It is our first priority to make sure our system is as safe as possible under these difficult circumstances. Now is the time for you to take steps to protect your employees, customers and business.

Here are a few key things we recommend you do now:

Stay Informed

Stay informed, and review the guidance and recommendations made by the [World Health Organization](#) (WHO) and [Centers for Disease Control and Prevention](#) (CDC) as well as state and local authorities on a regular basis. Note that this guidance is likely to be regularly updated.

Personal Health and Safety

Prioritize your personal health and safety as well as that of your employees. Although the Occupational Safety and Health Act (OSHA) and its state counterparts do not specifically address risks associated with COVID 19, OSHA's "general duty clause" requires employers to provide a workplace "free from recognized hazards that are causing or are likely to cause death or serious physical harm." In general, this means that franchisees are well-

advised to avoid taking actions, or failing to take actions, that increase the likelihood of exposure. The guidelines and recommendations provided by the WHO, the CDC and other agencies provide important information, but do not cover every possible scenario. You should, therefore, use common sense to respond to individualized conditions created by your own unique operations, work environments and geographic locations. Specific recommendations in this area per CDC and medical professionals include:

- If you, or one of your employees, does not feel well or has been exposed to the Coronavirus (or reasonably believes that he or she has been exposed to the Coronavirus), the affected individual should (1) leave the workplace and/or seek treatment immediately; and (2) remain at home and not return to the workplace until the affected individual feels well again and has been medically released to return to work.
- Due to the high tensions surrounding COVID 19, and the current confusion around the virus, you may consider training your employees on the virus, its symptoms, and the best practices for avoiding exposure. Given the rapid changes related to COVID 19, training your staff may help you stay ahead of the building fear over this issue.
- Make arrangements with facilities maintenance to increase the frequency of cleaning including frequently touched surfaces such as door handles, tables, countertops, light switches, handles, desks, phones, and keyboards. Provide hand sanitizer and bleach wipes in common areas, break rooms and/or rest rooms. Remind your personnel to wash hands/use hand sanitizer on a regular basis — particularly when they return to the workplace from outside.
- To the extent possible (given the employees' responsibilities and the business needs), develop and implement a protocol for working remotely in the event of an outbreak requiring quarantine. Make sure that you have the technology in place to support a large remote work force. Make plans for how you will treat those employees whose job duties cannot be performed remotely if you move to 100% telecommuting.
- All non-essential travel should cease. If you or one of your employees must travel to Level 3 countries (currently China, Italy, Iran, South Korea, the United Kingdom and Europe but additional countries may later be added to this list), we recommend that the traveler follow CDC guidelines (currently a 14-day quarantine) after returning. The situation is changing frequently, and it is advisable to obtain frequent updates.
- Postpone or cancel all group meetings of 10 or more individuals, and do the same for smaller meetings if possible. Move meetings to videoconferencing platforms or conference calls.

Maintain Customer Service

Remain engaged and focused on continuing to do a good job for your customers. In the event that continuing provide to provide goods or services during this time becomes impracticable, please let us know. Communicate regularly with us and your customers regarding any reduced hours or suspension of services.

Stay in Touch

Now more than ever, we need to make sure we stay in contact with each other. Please provide your current contact information, particularly your current cell phone number and email, so that we can stay in touch and continue to provide timely support. Gather updated contact information for all of your employees. To the extent that your business warrants, we suggest calling to check in with customers as a good first step, and if you are unable to make any specific customer commitment, advance notice and communication are key.

Notify your Insurance Carriers

There are several types of insurance coverage that may apply to the outbreak of COVID 19 and events, actions, illnesses, exposures, cancellations, postponements, and quarantines in response to the same. You should review your insurance policies to determine which coverages may apply given your circumstances. Potential insurance resources may include without limitation property and business interruption coverage to address quarantines, shutdowns and disruptions to your business, contingent business interruption coverage relating to supply chains, general liability coverage relating to third-party injuries and damages (including bodily injury, property damage, and personal injury such as detention), workers' compensation coverage, event cancellation coverage, excess liability policies to the extent that they provide coverage for differences in conditions from the underlying liability policies, and other additional coverages that have been specially manuscripted to enhance your insurance portfolio.

You should consider submitting notifications under any and all insurance policies that even potentially may provide coverage. No two policies are alike. Even the same types of coverage have different terms, conditions, and exclusions and may have additional coverages within them depending on your risk profile and the breadth of your insurance portfolio. In some jurisdictions, failure to notify an insurer promptly under a policy can have serious consequences on your ultimate ability to recover otherwise covered losses. Thus, if there is a potential for even partial coverage of any COVID 19 losses, it is prudent to notify your insurers as soon as possible in an abundance of caution. They should advise you whether or not they believe that their policies provide coverage and why.

Take Advantage of Federal Legislation

Keep an eye out for future opportunities to seek support for your business through any Coronavirus stimulus package enacted by Congress or state/local governments. The federal legislation has passed the house and could pass the Senate this week.

Force Majeure

A force majeure clause is a contract provision that defines occurrences that are outside and beyond the control of the parties (acts of God, war, famine, and plague), and allows relief for non-performance in the event that such an occurrence is triggered. As COVID 19 continues to spread, franchisees should be aware of what may trigger a force majeure event under their vendor and supplier contracts. For vendor contracts still under negotiation, you will want to limit exposure to schedule delays and cost increases. For executed vendor contracts, you should review the force majeure language to see if and when an event could be triggered, and what the implications might be on business.

We believe that together, through a combination of planning, good communication and staying informed, we can minimize the negative impact of COVID 19.