# SPIRITUS LAW

**Emergency Orders and COVID-19 Business Closures Cause Supply Chain Disruptions for the Already Struggling Hospitality Industry – Let's Keep an Eye on Re-Opening Protocols and potential Supply Chain Delays**

Before the era of social distancing and COVID-19, natural disasters caused the harshest impacts on supply chains on a local, regional, and often national level. Today, emergency orders and business closures have left the industry in operational shock. The alcohol industry including manufacturers, wholesalers and especially retailers, remain particularly susceptible to supply chain disruption. As we all pivot to adjust to a new way of life, we need to keep an eye on the future and the new normal.

We've seen what happens when disasters like hurricanes and snowstorms threaten daily life and business operations. However, the business interruptions caused by the aggressive need for social distancing are lasting longer on a global rather than regional scale. More importantly, we have yet to learn what the world's re-opening will look like and what the new normal will require of our businesses and supply chains. The new normal will focus on the needs of a germ-phobic and somewhat traumatized public that may not be so quick to jump into close quarters with strangers. So, what will that mean for our alcohol industry. Most obvious is a change in packaging, facility safety protocols, customer conveniences and of course, on-site sanitation and cleanliness. This requires a revamping of supply chains with priority on high demand goods necessary for the industry.

The alcohol industry is very much dependent on supply chain movements. From production to retail, there are many links in the supply chain. A break in any link caused by poor planning can lead to catastrophic business interruption or even hefty fines from failure to follow-up state and local emergency protocols. Alcohol has six major links in any given supply chain:

- Raw Materials
- Suppliers
- Manufacturers/Producers
- Wholesale/Distributors
- Logistics
- Retailers to final Customers/Consumers

To help mitigate business disruption, all industry members should implement emergency and re-opening protocols including the following:

1. Be sure to keep and accurately log sales and purchase reports for comparison and analysis of effective sales, high demand items and inventory issues during business interruption period. Review of these records will help for preparation of future emergency response plans.

2. Contact your vendors and get a better idea of product that is in high demand any need for changes in traditional packaging.  Remember that any changes in packaging and/or labels may require additional regulatory approvals.
3. If not done so already, implement an employee communication system to ensure employees are fully informed of re-opening procedures and can check-in to be sure you can account for ill employees and any staff shortages.
4. Use electronic platforms like websites and social media to alert consumers of closures, changes in operating hours and re-opening promotions – start early as competitors will be on the same path to attract customers.
5. If your business is not ready to open, you will need to confirm any requirements for placing licenses in escrow or inactive status with alcohol regulatory agencies.
6. Designate key employees as points of contact and information.
7. Stock-up on high demand inventory items including protective equipment for employees and necessary sanitation and cleaning equipment.  Consider engaging sanitation cleaning services so you can properly inform customers of your commitment to their safety once doors re-open.
8. Create an alternative menu with more limited entrée and drink items that may be easier to prepare and serve as your business is able to re-open and adjust to the growing traffic.  More limited menus can also temporarily decrease inventory costs.
9. Be sure to follow responsible service protocols with higher scrutiny on ID checks and over-consumption.

Regardless of your position in the alcohol industry's chain, protecting your employees and business during a national emergency threat is a top priority and easy accomplished by developing strong pre- and post-emergency protocols.