Private Clubs & COVID-19: Supply Chain Impacts

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Presented by:
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Moderated by:
Joe Trauger, Vice President of Government Relations, National Club Association

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Coronavirus
What Clubs Need to Know

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• NCA Letter to House/Senate Small Business Committees
• Contact Congress
• Outreach by NCA to key House/Senate Offices
• Coordination with We Are Golf Coalition

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On Today’s Call: Avendra’s Supply Chain Experts

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Sr. Director, Operational Consulting

Chip McIntyre  
Sr. Vice President, Strategic Sourcing
Overview

Objective
- Frame potential Short, Medium and Long-term supply chain risks related to COVID-19
- Review quality assurance measures
- Offer operational guidance, cost saving measures
- Reopening considerations

Caveats
- Coronavirus is a rapidly evolving situation. What we know today may be very different from what we will know in a day or two
- This is a North America centric point of view; the implications could be different in other parts of the world
Avendra is continually tracking the progression of COVID-19 and its implications on the Private Clubs supply chain.

Our contract owners are in touch with key suppliers collecting updates, developing alternatives and sharing best practices.

The Avendra Crisis Protocol has been enacted to ensure comprehensive customer communications.
The Private Clubs industry is being impacted in **four key areas**:

- **Restrictions** – stay at home, social distancing and no gatherings
- The supply chain **disruption of products**, especially those in certain categories (e.g. disinfectant / sanitizers)
- Protecting the wellbeing and safety of both its employees and members; **stepping up efforts to clean and disinfect** all areas of the clubhouse, as well as having alcohol-based hand sanitizer and full soap dispensers available at all times
- **Reopening considerations** for golf and recreation areas -- pool, fitness center, tennis, masks, social distancing signage, etc. What are the special needs?
The following is our current assessment of implications from COVID-19:

• The food supply chain in North America is secure and operating with minimal disruptions. While there are some empty shelves at retailers, we do not anticipate widespread food or food-related (e.g., disposable packing) shortages.

• Widespread factory shut-downs to try to contain the virus will not be required; however, it is possible that some factories will run at lower utilization rates than normal for several weeks to accommodate skeleton staffs.

• Distribution of food and other materials may be delayed, or suppliers may go to fewer delivery days/week because of either skeleton staffs or reduced demand. Communication with distributors is critical to keeping the local supply chain as efficient as possible.
The current critical short-supply items include:

- Masks
- Sanitizer
- Disinfectant
- Thermometers

There is a great deal of activity to quickly develop alternate sources of supply; for example:

- Our alcohol supplier is making hand sanitizer
- Our textile manufacturers are making PPEs
### Potential Impact By Category

**Personal Protective Equipment (PPE) and Medical Supplies**

<table>
<thead>
<tr>
<th>Categories Affected (Geographies)</th>
<th>Near-term (weeks)</th>
<th>Medium-term (months)</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Availability</td>
<td>Market price</td>
<td>Availability</td>
</tr>
<tr>
<td>PPE including masks/respirators, gowns, goggles, shoe covers and face shields (All)</td>
<td>Red</td>
<td>Red</td>
<td></td>
</tr>
<tr>
<td>Non-medical grade masks (Mexico)</td>
<td>Yellow</td>
<td>Yellow</td>
<td></td>
</tr>
<tr>
<td>Gloves (US and Canada)</td>
<td>Green</td>
<td>Green</td>
<td></td>
</tr>
<tr>
<td>Gloves (Mexico and Central America)</td>
<td>Yellow</td>
<td>Yellow</td>
<td></td>
</tr>
<tr>
<td>Thermometers (All)</td>
<td>Yellow</td>
<td>Yellow</td>
<td></td>
</tr>
</tbody>
</table>

*Unless otherwise noted in the first column, the updates listed are applicable to all regions that Avendra services –Canada, CARMECA, US.*
## Potential Impact By Category
### Cleaning Chemicals and Sanitizing Solutions

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<thead>
<tr>
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<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Availability</td>
<td>Market price</td>
<td>Availability</td>
</tr>
<tr>
<td>Hand Sanitizers (US and Canada)</td>
<td></td>
<td></td>
<td>We continue to work on identifying alternative sources and will provide updates as additional sources and products become available.</td>
</tr>
<tr>
<td>Hand Sanitizers (Mexico and Central America)</td>
<td></td>
<td></td>
<td>Limited to no inventory due to unprecedented demand. There is no foreseeable time frame of when product inventory levels will be back to normal.</td>
</tr>
<tr>
<td>Hand Soap and Disinfectants (All)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spray Bottles (All)</td>
<td></td>
<td></td>
<td>Spray bottles remain in tight supply.</td>
</tr>
</tbody>
</table>

*Green: low risk  Yellow: medium risk  Red: high risk

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## Potential Impact By Category

### Food | Rooms | MRO

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<th>Categories Affected (Geographies)</th>
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<th>Comments</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Availability</td>
<td>Market price</td>
<td>Availability</td>
</tr>
<tr>
<td>Pork/Chicken (All)</td>
<td>Green</td>
<td>Yellow</td>
<td>Green</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amenities (All)</td>
<td>Green</td>
<td>Yellow</td>
<td>Green</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bath and Facial Tissue (US and Canada)</td>
<td>Green</td>
<td>Yellow</td>
<td>Green</td>
</tr>
<tr>
<td>Fitness Equipment (US and Canada)</td>
<td>Red</td>
<td>Yellow</td>
<td>Green</td>
</tr>
</tbody>
</table>

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QA Best Practices

Club guidance:

• Continue to visit the CDC website for latest guidance for protecting vulnerable populations, hand hygiene and social distancing
• Increase use of EPA approved disinfectants, use proper dilution and water temperatures
• Use disposable towels/napkins, sanitizer in common areas
QA Best Practices

Club guidance (continued):

- Ensure your janitorial staff and all team members are properly trained in use of cleaning materials
  - Proper chemical dilution rates
  - Consider length of time chemicals need to remain on the surface to kill viruses and bacteria
  - Color-coded cloths / rags for different cleaning surfaces to avoid cross-contamination
  - Wipe down any surface guests may touch with disinfectant
Cost Saving Measures: Operational Awareness

- Know your break-even points and true costs; flex to a la carte, grab-n-go and smaller fixed menu offering options
- Revenue generation; initiate property pop-up concept for quick impulse buys or add/continue carry out and grocery services
- Limit kitchen equipment use
- Reconsider contract/buyout labor and instead, cross utilize current employees
- Suspend/reduce service contracts
Cost Saving Measures: Purchasing Practices

✓ Collaborate with finance and adhere to a weekly spend threshold
✓ Centralize purchases and do not allow associates to place direct orders
✓ Reduce specialty product ingredients
✓ Limit transactions, delivery times and frequencies
✓ Suspend non-essential CapEx spend/projects
✓ Inquire with supplier/distributors on what they may be discounting
Cost Saving Measures: Product Alternatives

- Reduce menu items that are highly perishable and require frequent inventory turns (live shellfish)

- Adjust specs to lower cost choices
  - where applicable, downgrade branded coffee options
  - move away from premiums labels (prime, organic, other notable brands)
  - promote “plant forward” (smaller protein portions, more veg)

- Evaluate food and beverage deadstock (freezer/wine/liquor)
Cost Saving Measures: Reopening Considerations

- F&B – guests may give second thought to buffet style set up for large events, banquets, weddings, etc
- Tables & Bar Configurations – members' proximity to each other
- Commonly used items – utensils, transporting plates, condiments
- Increased cleaning frequency & general sanitation of kitchens, common areas, restrooms
- Staff – public perception and member feedback/new demands
- Welcoming Back Members – what does that look like and what supplies may help
Q & A

Additional Questions? Contact Us:
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Thank You!