



From **Survive** to **Thrive** Series

October 2020

“If this is it, we better get moving!”

The tone of many of the comments from conversations I have had over the last few months have moved from surprise, to deep concern, to (ughh) uncertainty, to the current state...evolving optimism. The content of the conversations (both ways) has included empathy, sympathy, commiseration, frustration, and now... hope. The lingering challenge is that in seven months, we have moved from fear of the unknown to *fear of the known*.

Since mid-March, companies of all sizes and in many industries have been paralyzed, at least temporarily, as their markets and the world try to determine the effects of C-19 and how and when they will move forward. But the world has begun to open up with series of “backs”: back to sports – (thankfully, youth, college, and pro leagues); back to eating AT restaurants, back to school (with the expected spikes in positive C-19 cases); back to record home sales; and back to consistent inventory on the grocery store shelves. However, we are still struggling a bit to get business “back” to operating and spending at pre-C-19 levels. If only we could take the positive psychological momentum that we are seeing with the “backs”, and apply that to our business lives, we may be closer than we think to a welcome return of our traditional ways of operating our businesses. In some cases, the audit of how we do business and how it is delivered to clients may leave many of us in a better position than pre-C19. The turmoil of the last seven months may have planted the seeds of transformative steps that help our businesses improve and serve more effectively.

We all know that this pandemic-induced recession is unlike anything we have witnessed before. US GDP dropped nearly 32 percent in Q2. The speed of the decline, the depth of the job loss, and the paralysis inflicted on business was head-spinning. The pace of this downturn was so significantly different than

those of the recent past (think 2008-2009), and the cause and characteristics of the collapse so unique, it has seeded doubt and hesitation into all levels of business leaders' decision-making that has leveled the playing field in many industries. Once the typical recession-induced levers afforded to companies had been pulled to counter sharp business decline (cost control, furloughs, lay-offs), companies were still left with the nagging fear of making bold steps to return to common spending patterns with sales, marketing, and other discretionary spending. However, the signs are promising (and have little to do with the recently-volatile stock market performance).

Over hundreds of conversations across industrial, healthcare, building/construction products, insurance, and various other industries, many business leaders have begun to express *contained optimism*, and some are saying "let's be a little impatient!" For sure, how often have we been able to take an extended pause in what we do until a murky future becomes more clear? Wouldn't that be convenient! If all businesses are patient, the future they are looking for will take much longer to arrive. Can we generate the confidence to get to our next NORMAL now? As we have already seen, we will likely experience an uneven recovery, with some industries slowly getting better, while others ride a rocket-like return. Beth Hunt, in her *Work from Home* experiences on LinkedIn, surmised that "maybe all the talking about stuff we're not doing is weighing us down, making us anxious and tired. And maybe the fact that we're not doing the things we keep talking about doing is a big part of why we're bored. I'm no psychologist, but it seems like we might be onto something. The good news is that the fix is simple. Do."

With appreciation to Nike and Yoda, "do", indeed.

How many business conversations that we all have had over the last several months have included the personal struggles of family, school, activities, etc., to the business challenges facing us in our individual positions, companies, and industries. The personal uncertainty has clearly been brought into our business planning, mid-term strategy, and future outlook. *IF* we could all "do" more to push forward, to speak positively about our industries and clients' near-term fortunes, we might just be able to turn the tide of the downturn more quickly. Interestingly, perceptions continue to improve over the last three months. In nextMOVE's on-going *From Survive to Thrive* survey of US citizens 18 years and

older, asking the question *“How concerned are you about COVID-19”*, the percentage of respondents rating their concern a 4 or 5 (very concerned), dropped from its high on May 1 at 78%, to 67% on May 23, down to 38% on August 15. Likely based on acceptance of the *nxtNORMAL*, and many aspects of life “opening up”, this is a dramatic change that may help spur perceptions and lead to growth in many areas of the economy.

Companies have built-in plans to combat the spread of the virus in their WFH and office plans looking out into 2021. This is mostly being done to offer their employees the opportunity to plan arrangements for their families and work location situations. Many (and increasingly most) epidemiologists say a return to business as usual by January 1, 2021 is wishful thinking, and even if a C-19 vaccine is approved by then, it’s unclear how effective it’ll be--and how quickly and easily it can be produced and distributed on a national scale, to ready consumers. How long can we wait before we move forward? For sure, many of the changes brought on by the C-19 pandemic may not last forever, but could be with us for some time. Conversely, office space vacancy, telemedicine to counter the delay of medical care, use of video conferencing in place of routine meetings, new supply lines, all things dramatically impacted by the pandemic, may balance out at a lower level than where they are now, but may still come to rest at a much higher level than pre-C-19. How we work, how we address consumer needs, and how we understand the customer experience and path to purchase may all be forever altered in many industries. Understanding where your customers are and figuratively meeting them there will require market research to ensure that the risks and uncertainty of the *nxtNORMAL* are mitigated in your decision-making. Closer business relationships are more critical than ever.

The road may continue to be bumpy, but signs are improving: corporations are evaluating new markets that expand their reach and offer additional growth lines to complement their current offerings. Home builder confidence is at its highest level since 1998. Private equity transactions dropped 20 percent in the first half of 2020, but are coming back with companies looking past sellers’ C-19-related difficulties to assess their risk and future performance. Despite the lower number of healthy targets, deals are being consummated.

Given the outlook generally, but brightened with the sense of optimism working its way to the surface, companies need to bake-in the uncertainty to their planning more so than in the past, and get moving! Get past the near-term and make plans! Of course, there are pockets of the market that are so consumer-driven that they will take longer to recover. We must adapt to that truth. What made us good pre-C-19 will not make us good now or into the future. We have to re-train ourselves to push harder to make the changes needed to be successful with clients who have changed, and in markets that do not resemble where they were last year. Look for the positive outcome NOW and push our businesses to move forward at a livelier pace. Like athletes competing at a high-level, find a way to motivate ourselves, and our businesses, to accept the challenge, make the change routine, and improve our market position. Let's move from short-term crisis mode to longer-term strategy development again. We do have control, but it requires action, a review of the next NORMAL, and new thinking, maybe beyond what we are used to or of which we thought ourselves capable.

How will this period look to us in five years, or in ten years, and will we lament the pace of recovery at which our companies fought back? C-19 has turned the linear plans for our companies into a path resembling a kindergartner's first drawing. So, let's embrace our ability to handle this challenge and get back to building unbelievable companies, large and small.

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What do you think?