

¿CÓMO GANAR EN LA RECUPERACIÓN?

UNA VISIÓN ESTRATÉGICA PARA DIRECTORES

Conversación con Sven Smit de McKinsey

Sven Smit

Chairman y Director, McKinsey Global Institute

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Fue el responsable por 7 años de dirigir la práctica de Estrategia de Finanzas corporativas de McKinsey. Sven trabaja con empresas líderes para desarrollar estrategias de crecimiento, examinar nuevas tendencias y transformaciones.

Co-autor de los libros: "The Granularity of Growth" y "Strategy Beyond the Hockey Stick"



JUEVES 23 DE ABRIL DE 2020

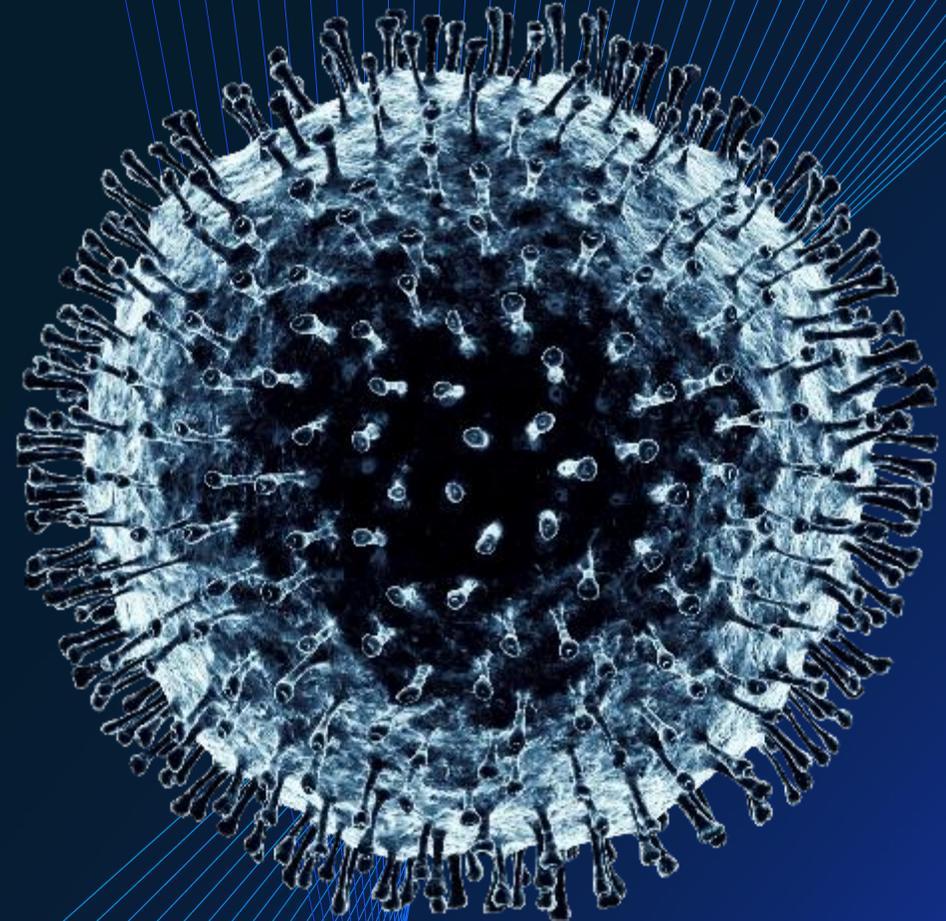
8:00 a 9:00 horas

COVID-19: Winning the recovery

Presentación a Círculo de Directores

ESE Business School – Universidad de los Andes

23 de abril de 2020



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The Imperative of our Time

“Timeboxing” the Virus and the Economic Shock

Imperatives

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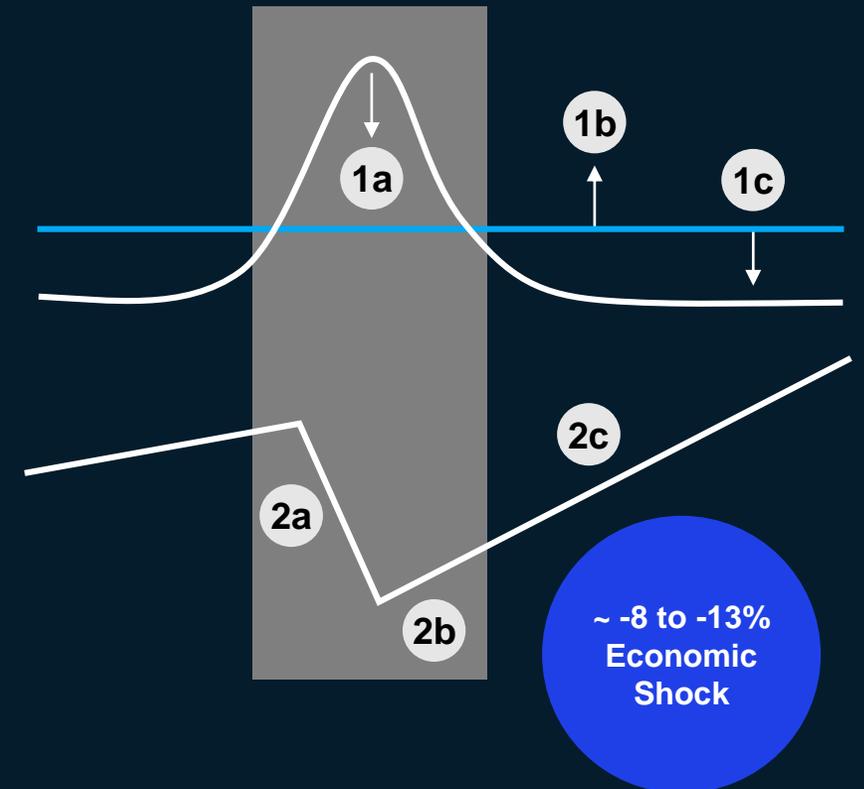
Safeguard our lives

- 1a. **Suppress the virus** as fast as possible
- 1b. **Expand treatment and testing** capacity
- 1c. **Find “cures”**; treatment, drugs, vaccines

2

Safeguard our livelihoods

- 2a. **Support people and businesses** affected by lockdowns
- 2b. **Prepare to get back to work safely** when the virus abates
- 2c. **Prepare to scale the recovery** away from a -8 to -13% trough



Executive expectations about the shape of coronavirus crisis in the World and Latin America

Survey of 2,079 global executives (133 in Latin America); % of respondents

Virus spread and public health response

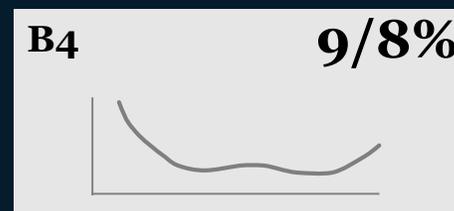
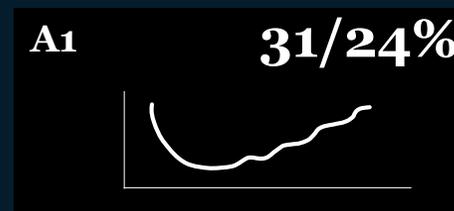
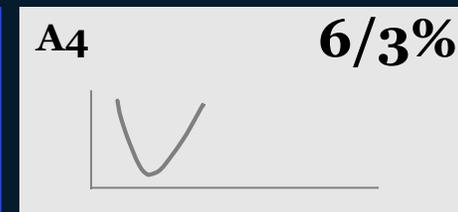
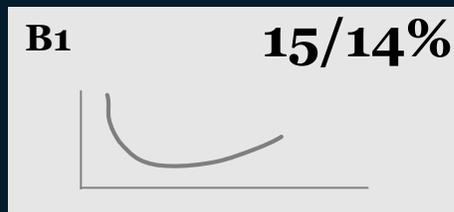
Rapid and effective control of virus spread

Effective response, but (regional) virus resurgence

Broad failure of public health interventions

Most likely scenario

World / Latin America %



Ineffective interventions

Partially effective interventions

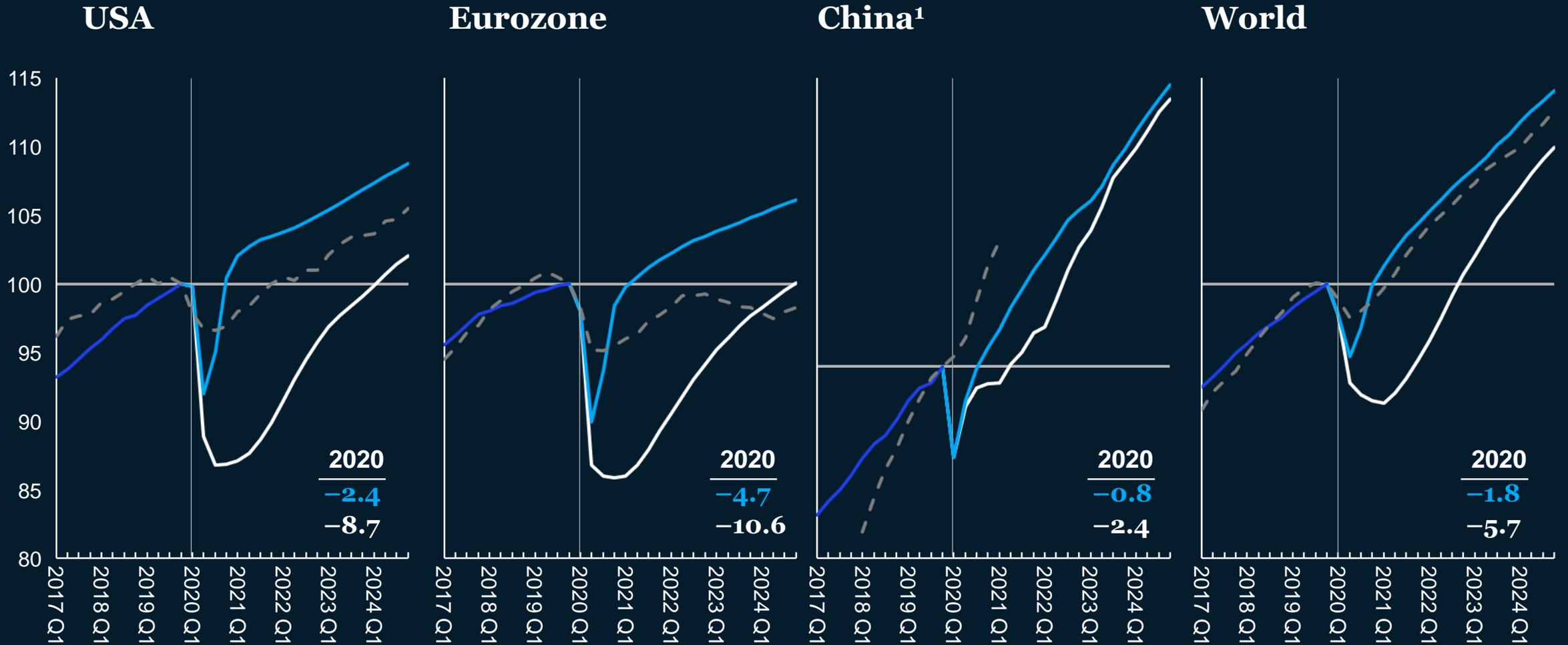
Highly effective interventions

Knock-on effects and economic policy response

Global scenarios summary

Real GDP, Local Currency Indexed, 2019 Q4=100

— Scenario A1 - Muted recovery — Historic
 — Scenario A3 - Virus contained - - GFC (2008 Q3 = 100)



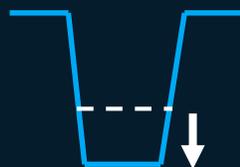
1. Seasonally adjusted by Oxford Economics

What business leaders should look for in coming weeks

There are three questions business leaders are asking, and a small number of indicators that can give clues

Depth of disruption

How deep are the demand reductions?



Length of disruption

How long could the disruption last?



Shape of recovery

What shape could recovery take?



Indicators

Epidemiological

- Time to implement social distancing after community transmission confirmed
- Number of cases – absolute (expect surge as testing expands)
- Geographic distribution of cases relative to economic contribution

Economic

- Cuts in spending on durable goods (e.g., cars, appliances)
- Extent of behavior shift (e.g., restaurant spend, gym activity)
- Extent of travel reduction (% flight cancellations, travel bans)

- Rate of change of cases
- Evidence of virus seasonality
- Test count per million people
- % of cases treated at home
- % utilization of hospital beds (overstretched system recovers slower)
- Availability of therapies
- Case fatality ratio vs. other countries

- Late payments/credit defaults
- Stock market & volatility indexes
- Purchasing managers index
- Initial claims for unemployment

- Effective integration of public health measures with economic activity (e.g. rapid testing as pre-requisite for flying)
- Potential for different disease characteristics over time (e.g. mutation, reinfection)

- Bounce-back in economic activity in countries that were exposed early in pandemic
- Early private and public sector actions during the pandemic to ensure economic restart

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What we're seeing across industries in China as businesses restart...

*"A Factory in Jiangsu province has **divided workers into ten separate units** to minimize the risk of cross-infections." – The Economist*

*"Disney parks in China are considering **temperature checks for all guests at theme park entrances** to help guests to feel safer, ex-CEO Bob Iger says." – Barron's*

"Tesla's China factory – its only one outside the U.S. – has surpassed the capacity it had before the shutdown, reaching a weekly production of 3,000 cars." - Autonews

*"Some firms have negotiated with local governments to **bring back workforce from remote regions, adopted automations** to make up for labor shortages" - World Economic Forum*

*"A Chinese travel agency refocused around longer-term preparations by using time to **upgrade internal systems, improve skills, and design new products**" - Harvard Business review*

...highlights five key focus areas¹



Ensure worker health and product safety



Instill confidence among key stakeholders



Balance the capacity based on latest demand projections



Mobilize all available tools and capabilities



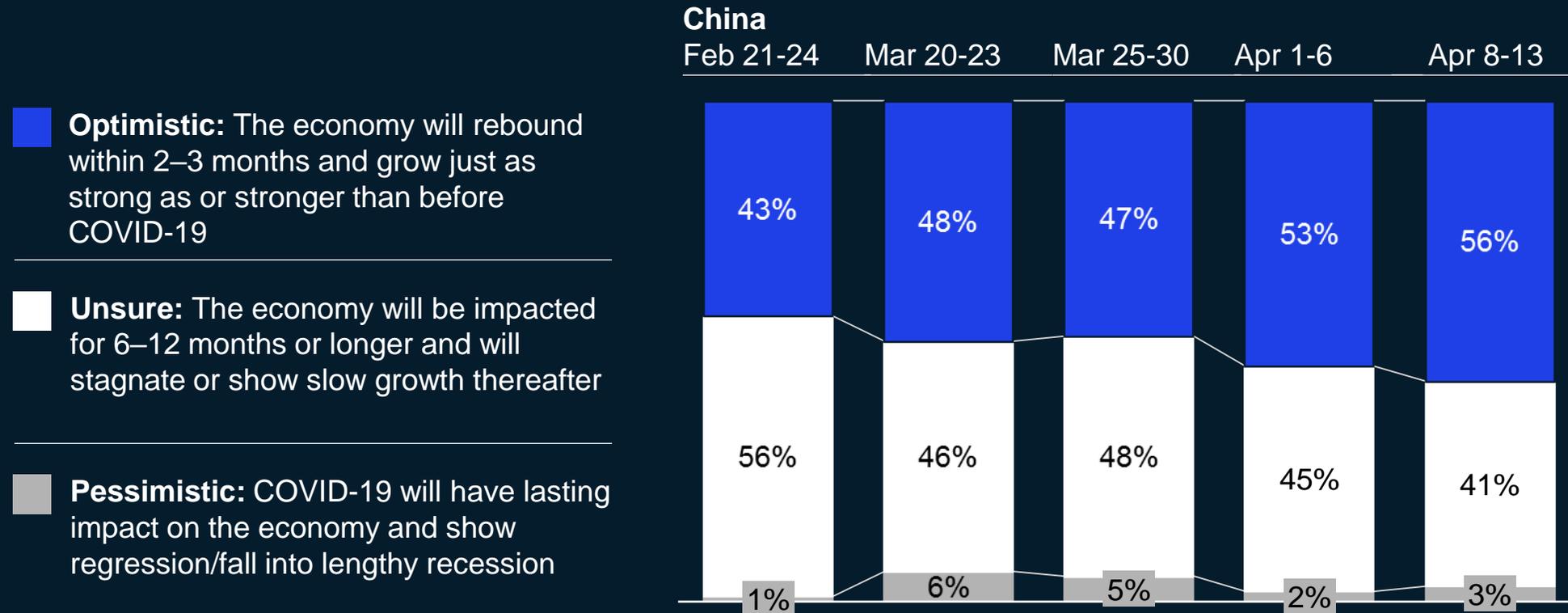
Implement changes you want to make during the down time

1. Applying whether companies need to restart or return to normal operation following demand spikes, e.g. medical devices

Consumer optimism in China has been steadily improving

Confidence in own country's economic recovery after COVID-19¹

% of respondents



¹ Q: How is your overall confidence level on economic conditions after the COVID-19 situation? Rated from 1 "very optimistic" to 5 "pessimistic" for 2/21–2/24 and 3/20–3/23, rated from 1 "very optimistic" to 6 "very pessimistic" for 3/25–3/30, 4/1–4/6 and 4/8–4/13. Figures may not sum to 100%, because of rounding.

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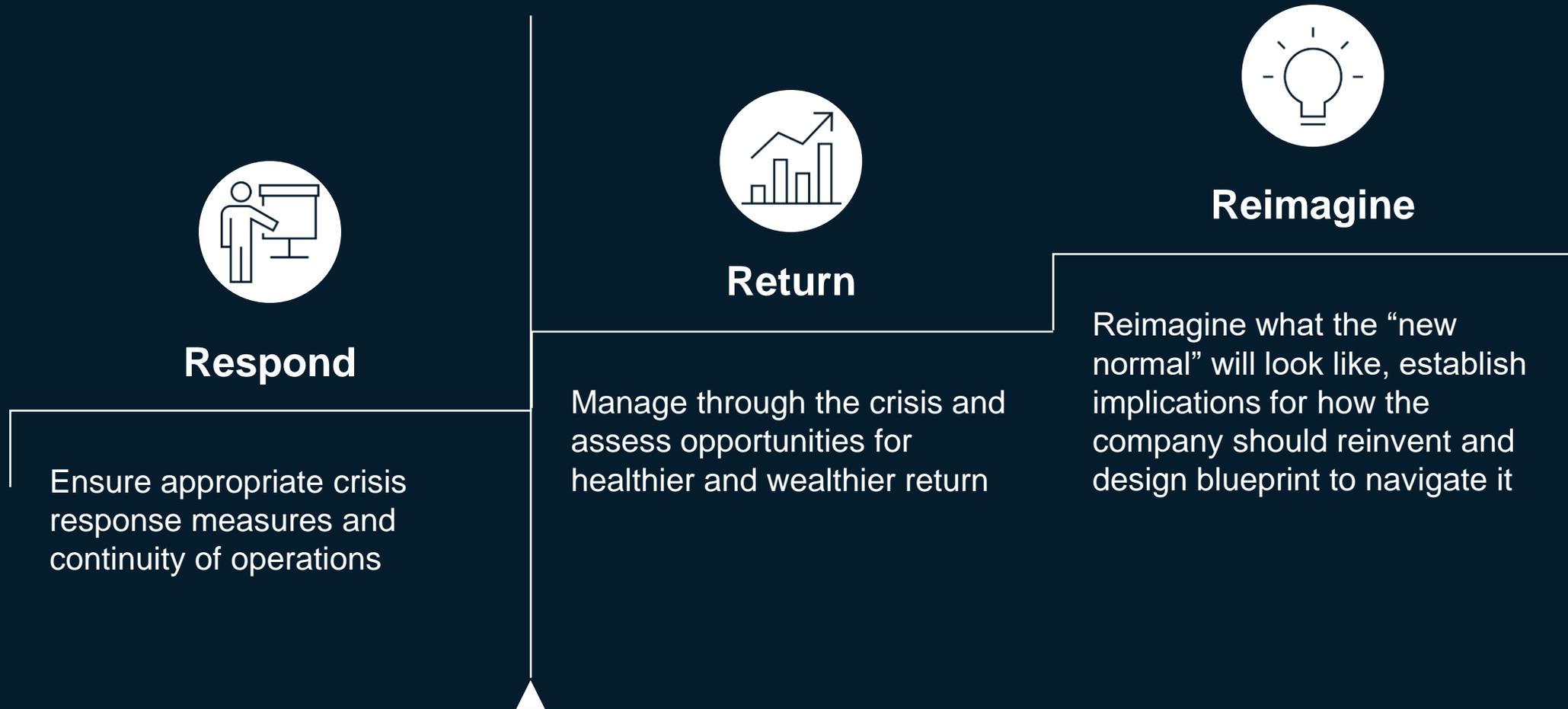
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Resilients balance their actions across 3 different horizons, ranging from crisis response to re-imagination of the future



Most companies are currently responding to the crisis, with a higher focus on crisis management than on the return or on reimagining the “new normal”