

NEWSLETTER 9 SEPTEMBER 2020

## CRISIS MANAGEMENT AND COVID-19

### Crisis Management

There are three aspects of crisis management that are critical to improving your chances of reducing the impact of a crisis:

- Make decisions on the best available information (at the time)
- If the information changes, re-evaluate your previous decisions
- Triggers for changing a strategy are seldom time based (see below).

### Triggers or Timelines?

Triggers are much better to escalate or de-escalate a crisis. For example, if a rubbish bin outside your office catches fire, the triggers and subsequent responses will be very different for a fire in part of an office or if a whole floor is on fire?

The Victorian Government's publication of a roadmap and easing the restrictions on the basis of a reduction in infections is the right approach. It is not feasible to commit to timelines for re-opening the economy – even though it would greatly help business.

### Politics and the Facts

The main argument of many commentators on the Victorian Government's approach seems to be "wishing it were not so". Wishing does not make strategy and most critics have the luxury of being able to provide an opinion without carrying any responsibility for its outcome. Reporters seldom ask the critics – "Well, what would you do if you were in charge and carried the responsibility for your decisions?"

Many commentators seem to be arguing that we cannot manage the health of citizens and minimise the impact to the economy. The irony is that in Australia – we seem to have done just that. The AFR ran an [article](#) quoting Australian Treasury numbers that there are only two other countries (China and Taiwan) that have suffered less from the negative impact of the pandemic than Australia.

Deloitte Access Economics Senior Economist Sheraan Underwood [noted](#):

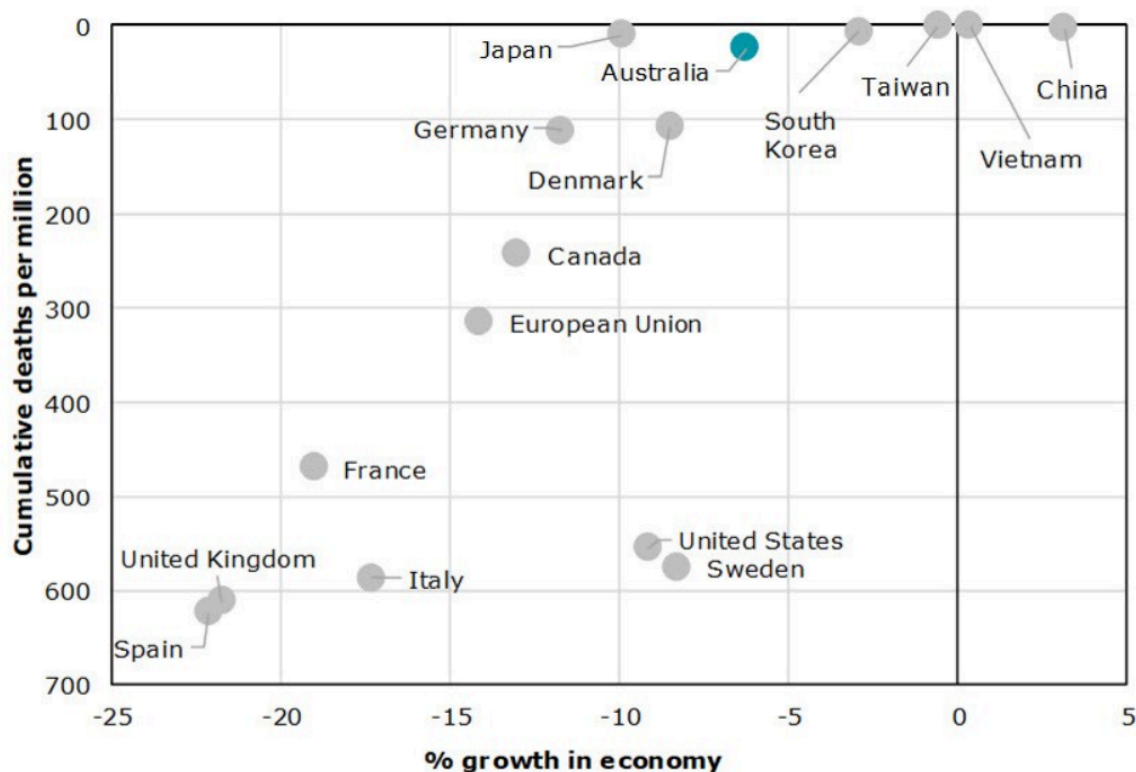
*"The underlying equation is simple. The greater the success against the virus, the greater the success in protecting economies against the pandemic.*

*At the other end of the scale, the hit to most economies is rather larger than that seen in Australia.*

The defence of Australian lives and livelihoods has seen us thread the needle. Australia has seen both less economic damage and relatively fewer lives lost than most nations, including the US, the UK and most of Europe, including Sweden, which has taken a different path than many others.

Australia's fight against the virus hasn't been perfect, but it has still been much more successful than in most other nations around the world."

### The effect on economies is mostly a function of the impact of the virus



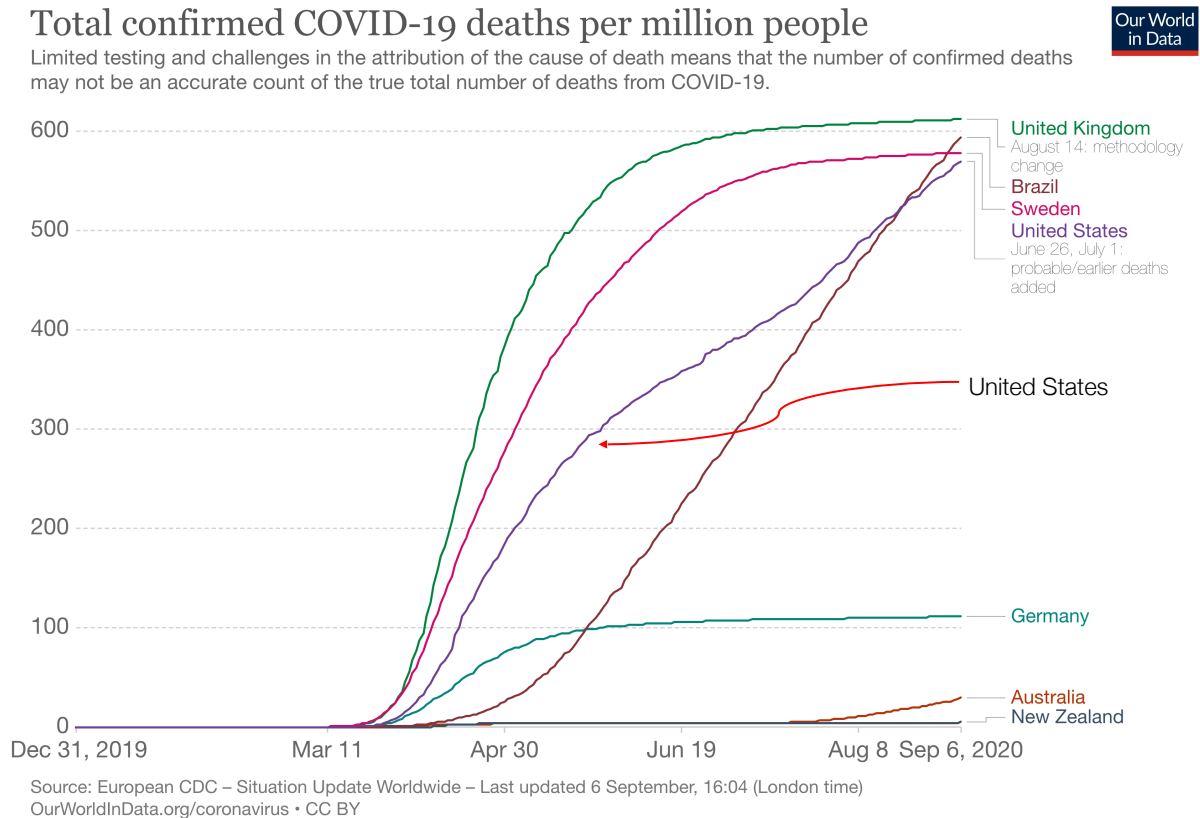
Source: Our World In Data.

The glass half full view is that Australia has done quite well and we should recognise this more often!

### Good Information is Critical in Crisis Management!

On COVID-19 – we are fortunate that there is ample information that sheds light on the reality of our circumstance in Australia. To provide an overview of our performance versus other countries, the [data](#) from Our World In Data is invaluable.

The graph below plots the numbers from most of the world's countries, but we have chosen a subset to highlight the different impacts of the pandemic. On this ranking, Australia and NZ hardly show on the graph.



Note the curves for Brazil and the US are not flattening out on the linear scale.

## Working from Home and Productivity

The World Economic Forum is quite [positive](#) about the potential changes to the way people will be able to work from home more regularly:

*“Global survey findings are consistent: employees don’t want to return to old ways of working. It is up to business leaders to determine how far the consumer industries will develop in a way that is far better for workers, companies and the world at large.*

*The Boston Consulting Group wrote a detailed [analysis](#) on the impact on productivity in a COVID-19 world.*

*A surprisingly large number said they have been able to maintain or even improve their productivity.*

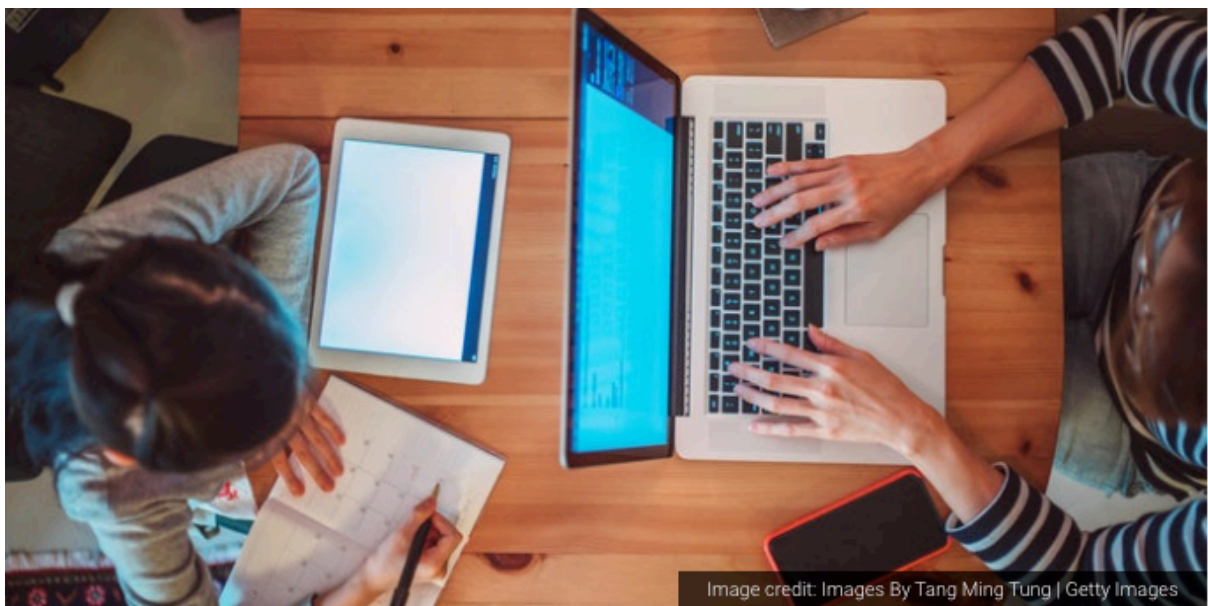
*It’s hard to overestimate the disruption to work that has taken place over the past several months. Our survey found the pandemic has forced employers to move an unprecedented share of employees—some 40%—to remote working. And for those still onsite, social distancing and collaborating remotely with colleagues have transformed the workplace experience.*

*Remarkably, however, instead of finding a collapse in the functioning of business, our research reveals something few might have predicted: employees perceive that their productivity has predominantly stayed the same or even improved.*

*Our findings suggest that the future of work will be increasingly hybrid. And this presents both challenges and opportunities: to reimagine the entire employee experience and to create conditions that allow employees to thrive in the workplace of the future—one that will be far less office centric. This means developing new hybrid working models that enable employees to move seamlessly between onsite and remote work, as well as thinking about the appropriate physical space—both size and shape—for the hybrid office.”*

Workers with children have been particularly challenged in having to work from home. Single parents and parents with school age children have really been the most challenged. If you need to supervise or educate your children – it is impossible to complete a full day’s work. Managers should be very sensitive to workers in these circumstances and not demand the same productivity that can be achieved under BAU conditions.

A useful [article](#) published in New York recently provides a selection of strategies to help parents cope with home schooling.



Please visit [here](#) for more resources on COVID-19. A number of reports on modelling have been loaded.