

CORONAVIRUS: LEADERSHIP AND RECOVERY

**THE INSIGHTS YOU NEED
FROM HARVARD BUSINESS REVIEW**

BY HARVARD BUSINESS REVIEW

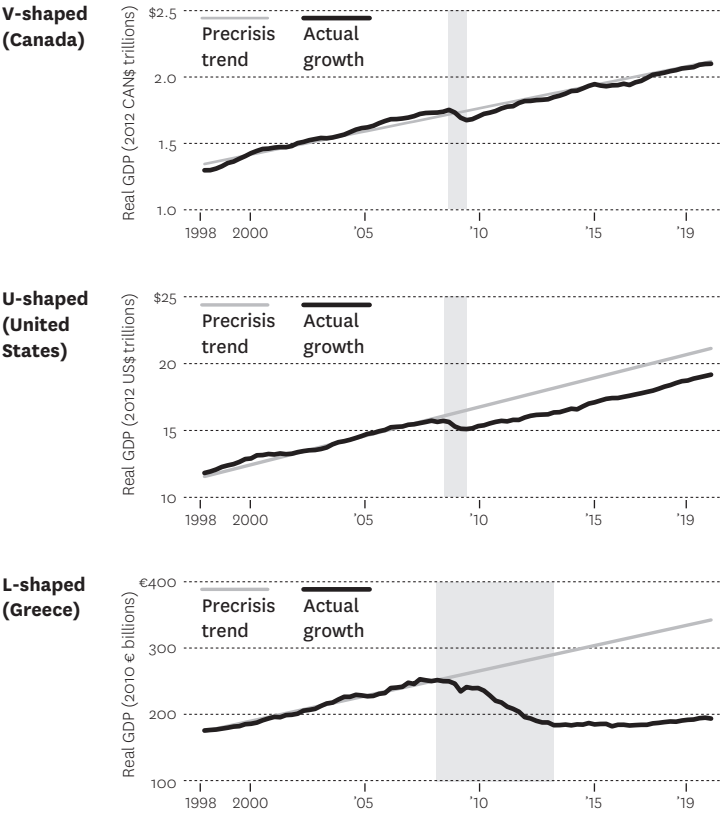
Contents

Fig 12-1	3
Fig 12-2	4
Fig 14-1	5

FIGURE 12-1

Economic shock: Three examples

The concept of a recession is binary and blunt. The bigger-scenario question revolves around the shape of the shock and its structural legacy. To illustrate, consider how the 2008 global financial crisis delivered recessions in three sample countries, yet followed vastly different shapes in terms of shock progression and recovery.



Sources: Statistics Canada, NBER, BEA, Hellenic Statistical Authority, BCG Center for Macroeconomics analysis

FIGURE 12-2

Two economic supply-side threats from Covid-19

The Covid-19 shock uniquely raises liquidity and capital risks in both the financial system and the real economy simultaneously.

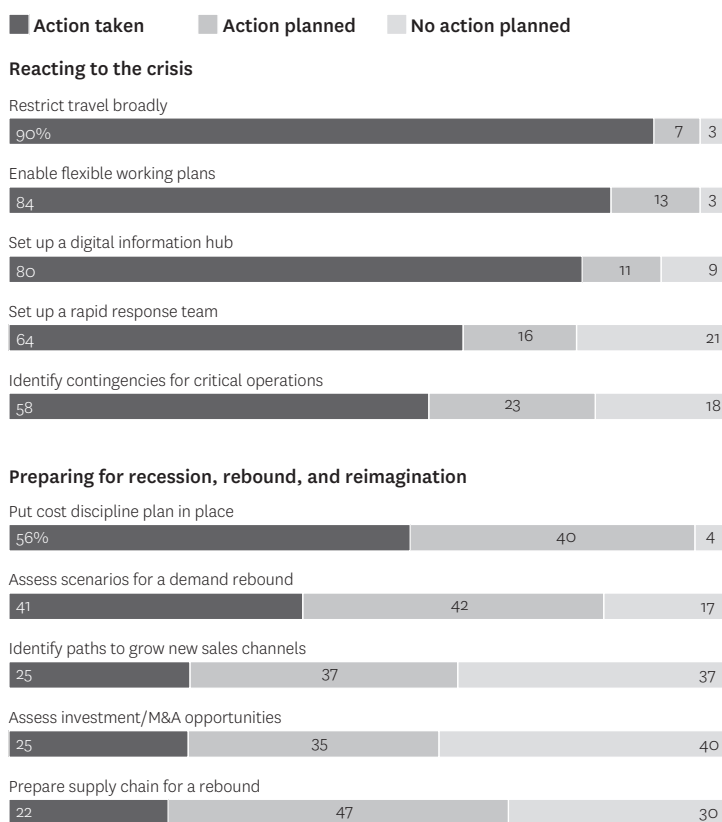
	Financial system shock	Real economy “freeze”
Liquidity problems	Liquidity problems hamper credit intermediation and investment	Healthy households and companies face severe cash-flow problems, hampering investment
Capital problems	Capital problems shut credit channel, damaging capital formation and ultimately growth	Damaged household and company balance sheets cripple investment and ultimately growth

Source: BCG Center for Macroeconomics analysis

FIGURE 14-1

Which measures are companies taking in response to Covid-19?

BCG surveyed more than 250 multinational companies on the actions they were taking in response to the Covid-19 pandemic. While most firms are enacting a rich portfolio of defensive measures, only a minority are identifying and shaping strategic opportunities.



Source: BCG Henderson Institute analysis

Note: Survey results as of April 1, 2020. Because of rounding, some totals do not equal 100.