



A Leader's Duty of Optimism

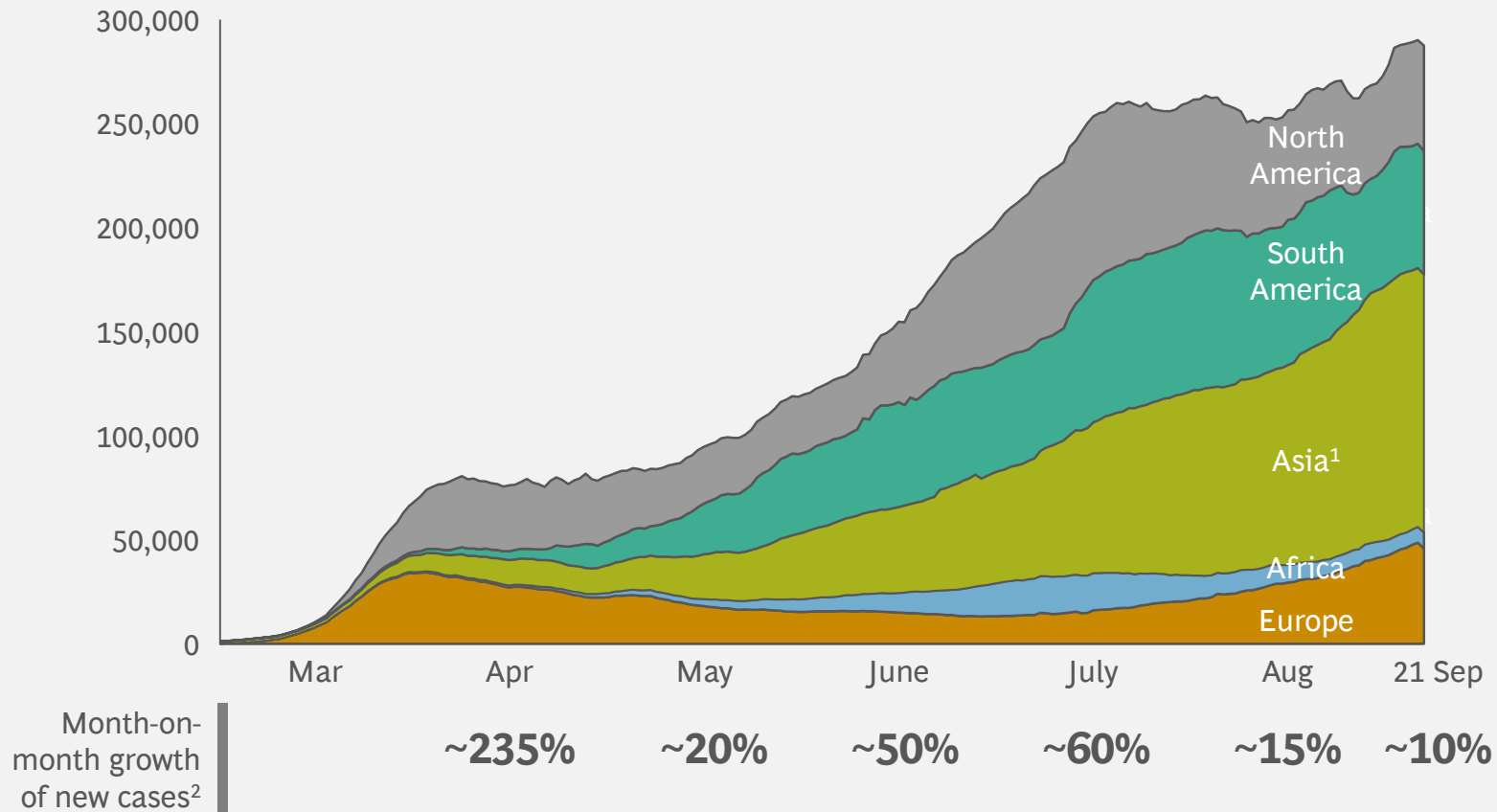
Martin Reeves, Global Chairman, BCG Henderson Institute

September 2020

Crisis continues to evolve

As of 21 Sep 2020

Daily new cases (7-day rolling average)



Key observations

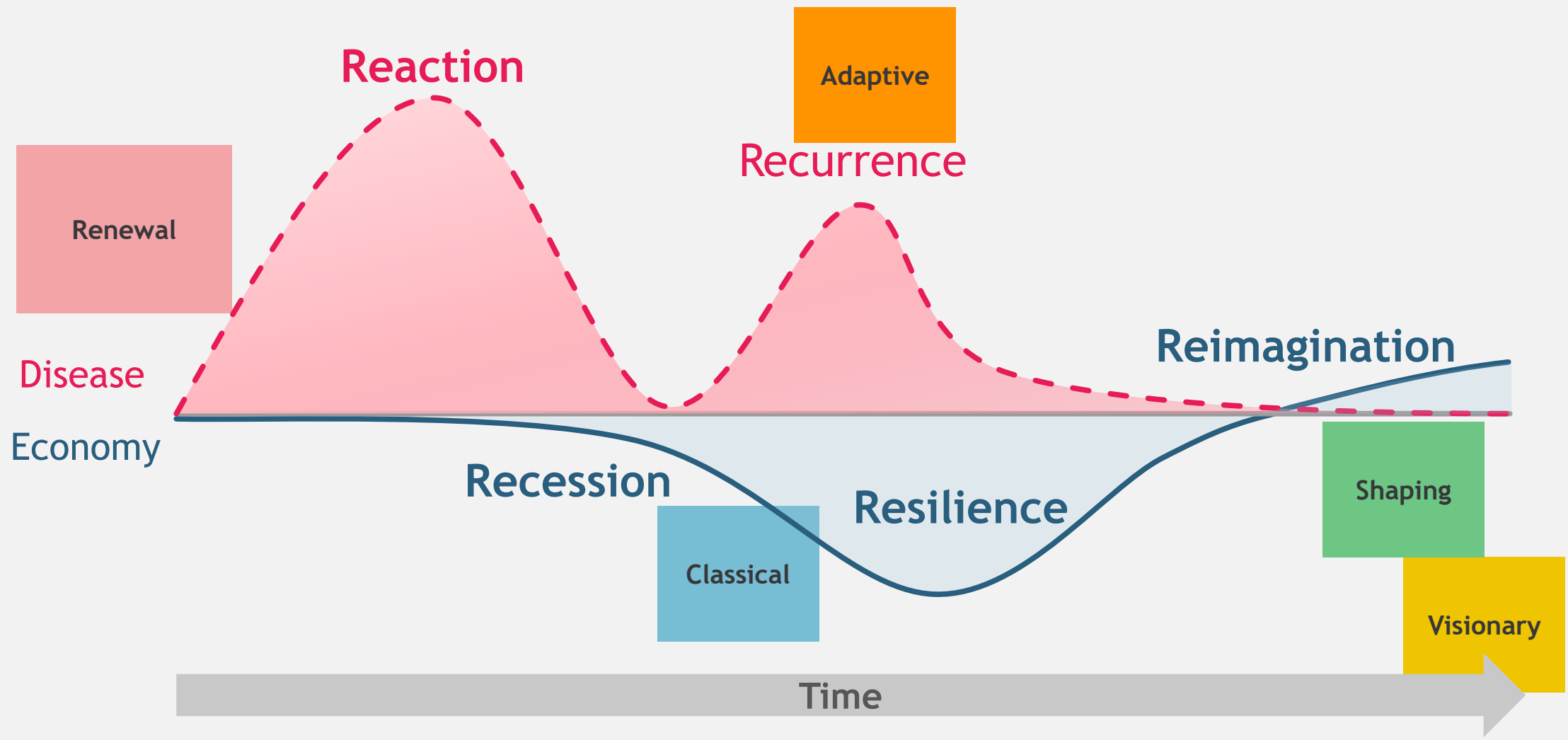
31.2M
of confirmed cases

8.9M (28%)
of active cases
(% of confirmed cases)

964k
of fatalities

1. Includes Oceania (Australia, New Zealand, Papua New Guinea and surrounding island nations of the Pacific ocean); 2. Calculated as growth in monthly average of daily cases as compared to previous month; Source: Johns Hopkins CSSE; Our World in Data; BCG

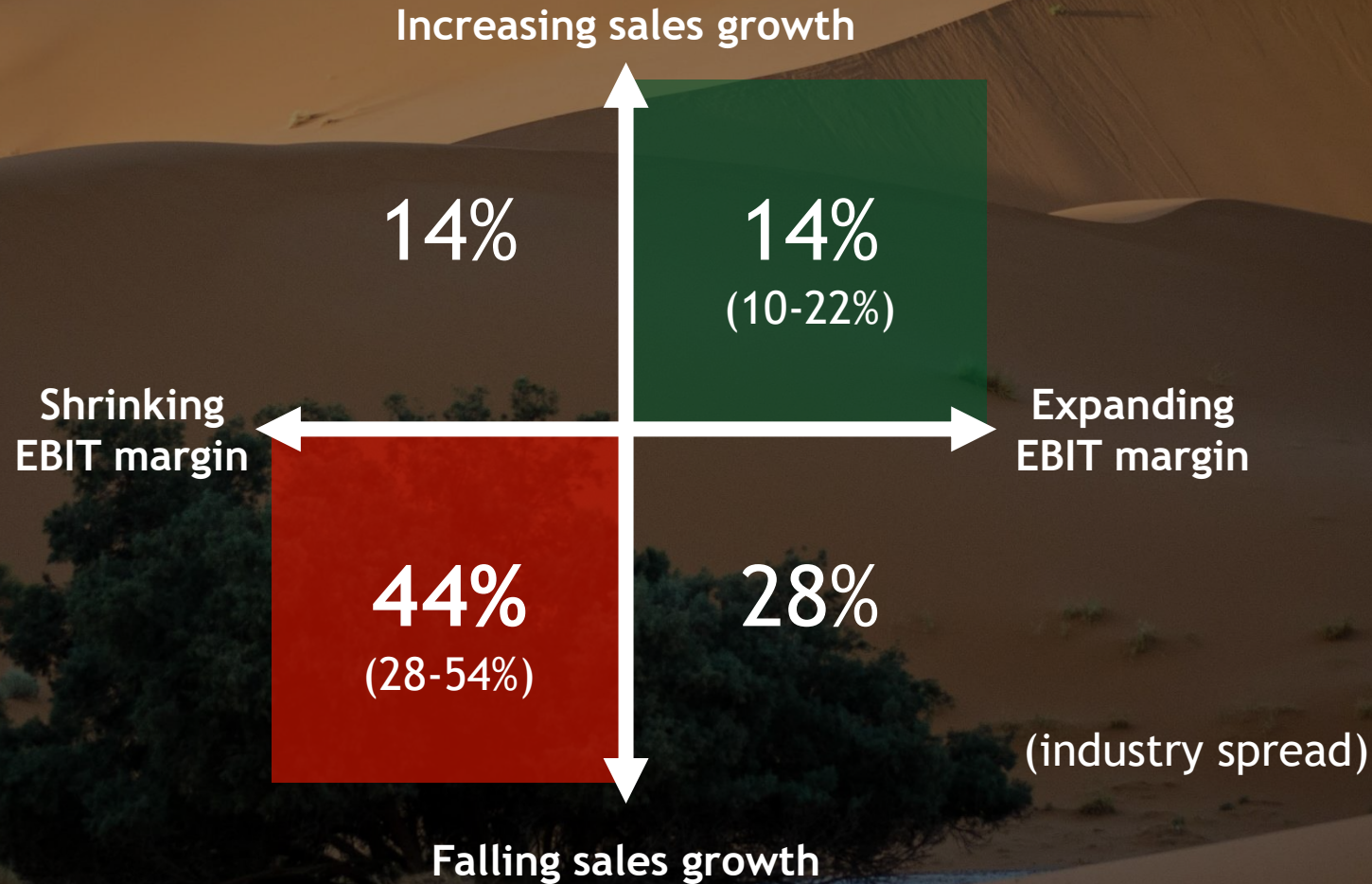
Strategic thinking also needs to evolve



Guiding intuitions

- ❑ Prepare for lower performance
- ❑ Sector single biggest determinant of impact
- ❑ Worst time to grow or launch a new business
- ❑ Its all about operational discipline
- ❑ Eventually things will return back to normal

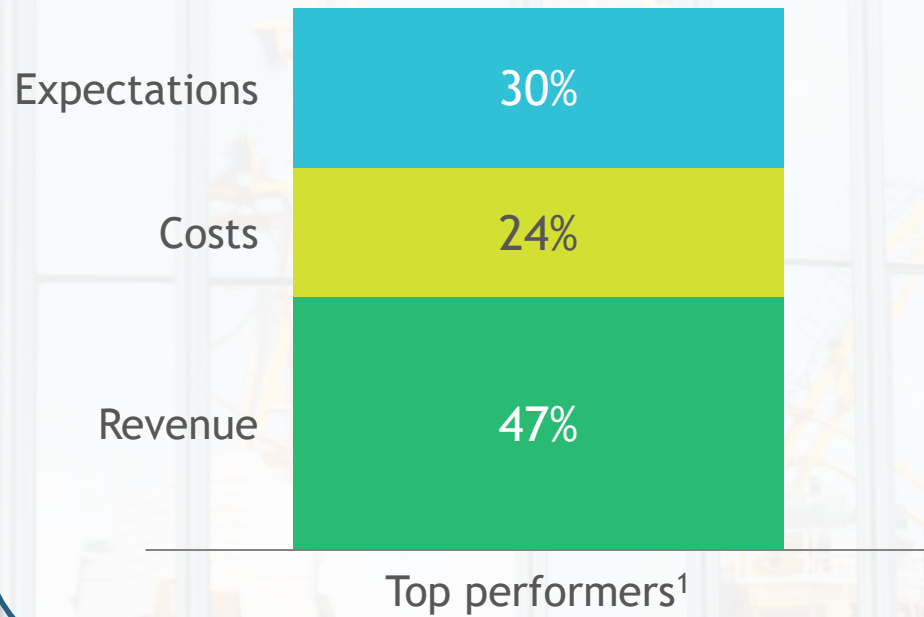
Some firms *thrive* in downturns, across all industries



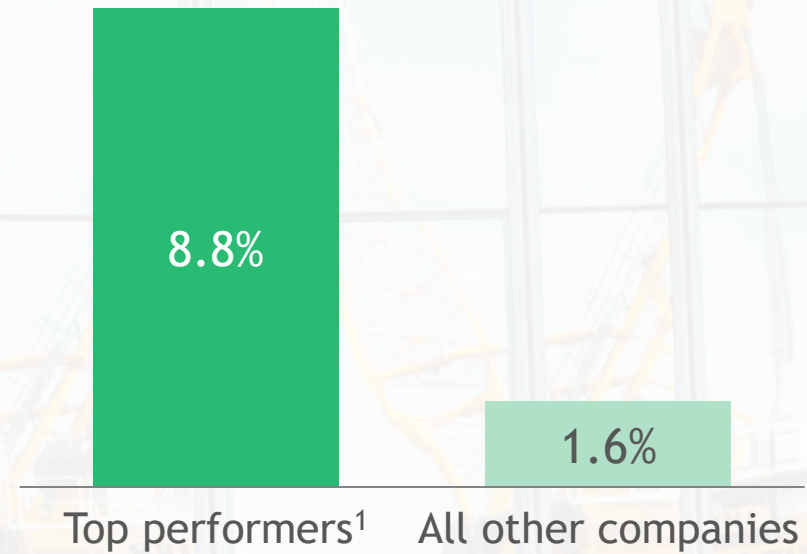
1. Average across last four U.S. downturns since 1986; based on performance compared to three-year pre-downturn baseline for U.S. companies with at least \$50M sales
 Note: Sectors based on GICS definitions | Source: S&P Compustat and Capital IQ, BCG Henderson Institute analysis

Most of crisis outperformance due to *growth*, not costs

Top performers' TSR



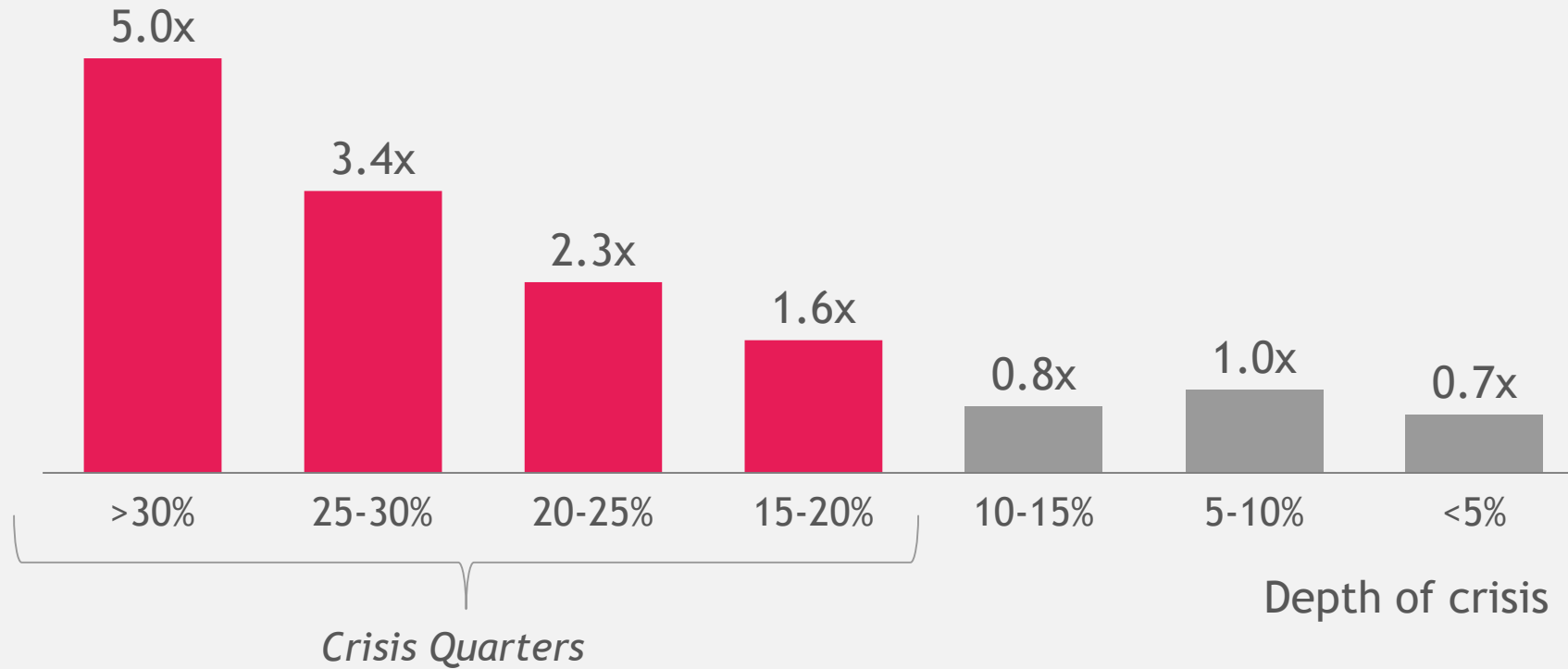
Median revenue growth



1. Top performers are companies with 10%+ annual TSR during last two downturn periods (measured separately for each downturn) | Source: S&P Capital IQ, BCG Henderson Institute

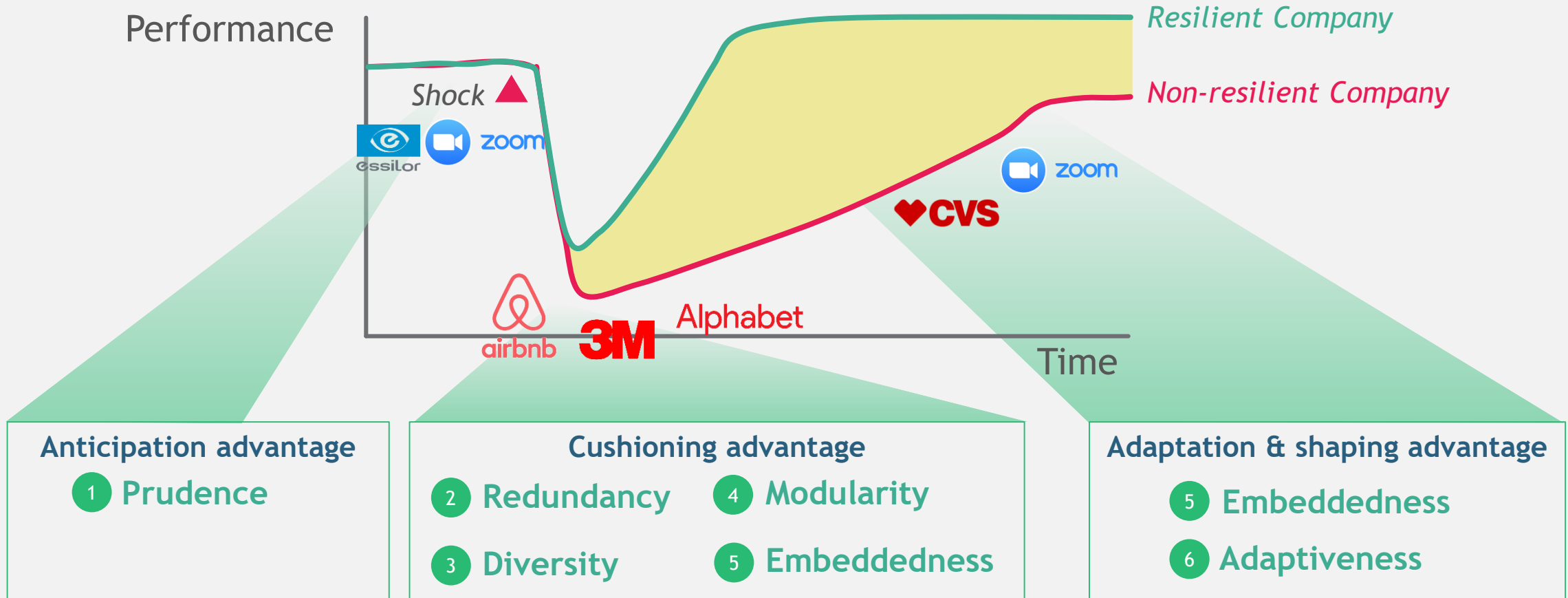
Crises are key to long-run performance

Relative impact of crisis performance on long-term performance



Note: Max TSR drop from the quarter opening is used to categorize depth of crisis
 Source: Capital IQ, BCG Henderson Institute Analysis

Resilience in action





Airbnb's *diverse* portfolio ...enabled rapid adaptation



Escape lockdown

Remote work

There will be no "return to normal"



Black Death

Ended feudalism and serfdom, Power shift to scarce labor resources

Power shift to scarce labor resources



World War II

Increased women's participation in workforce

Jet engine, pressurized aircraft cabins, helicopters, atomic technology, computers, synthetic rubber, rocketry, radar, penicillin, internet



9/11

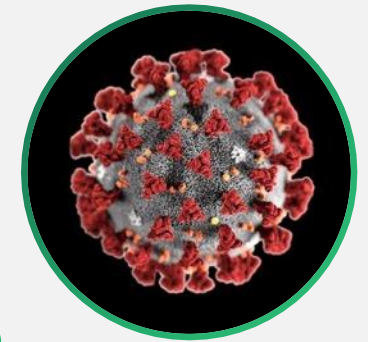
Reshaped transportation and security policies

Airport security detectors, digital surveillance technology



SARS outbreak

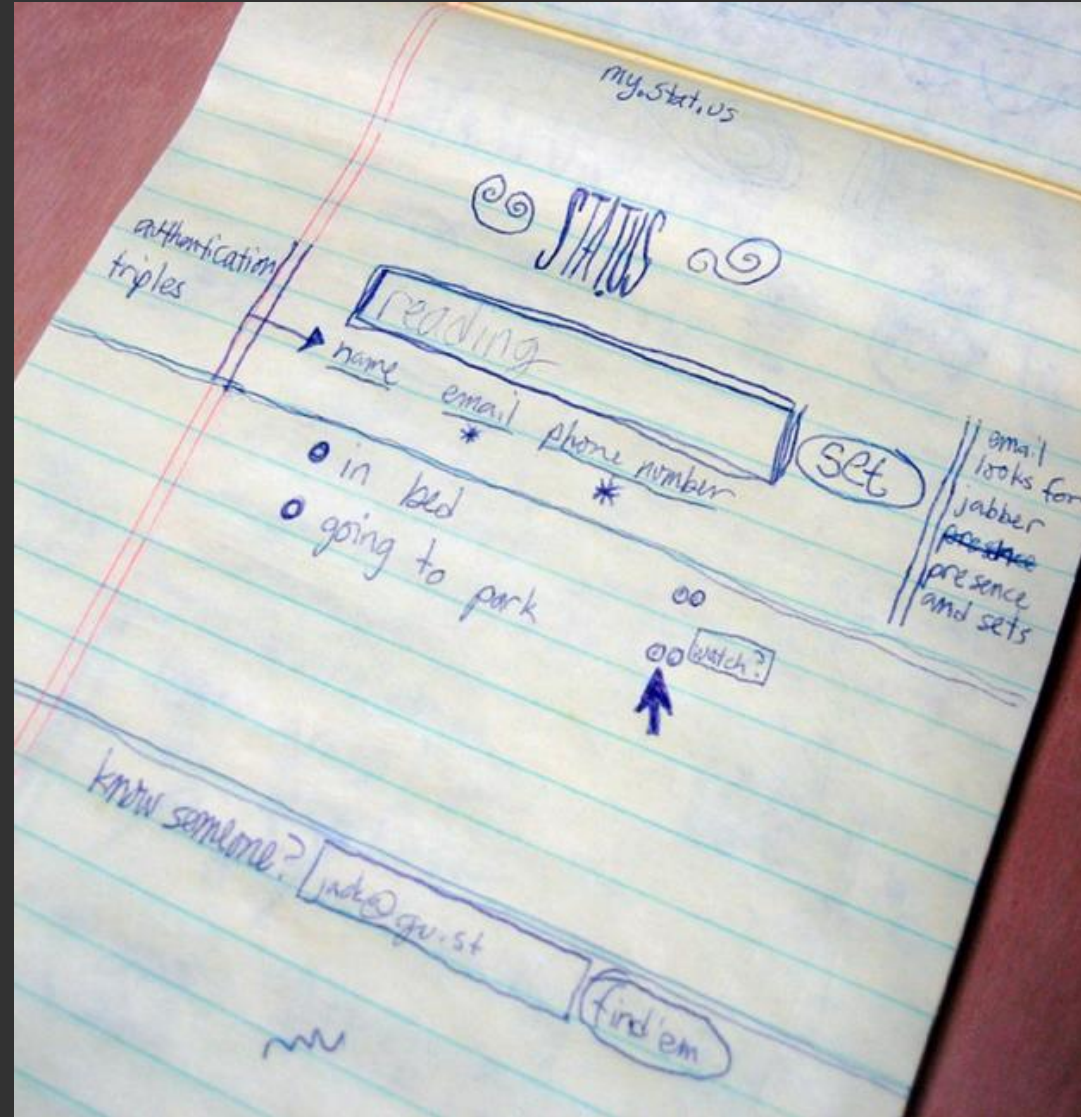
Changed attitudes toward shopping and consumption



COVID Crisis

???

Role of imagination



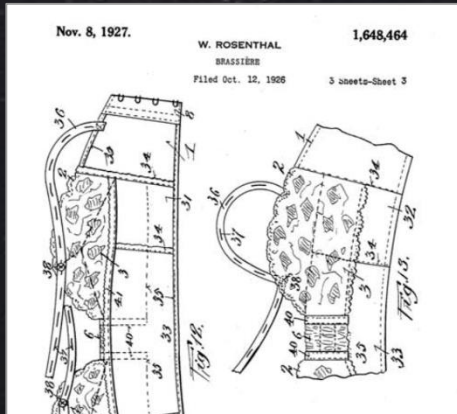
Early sketch of Twitter, 2006

(Re)building an imagination machine

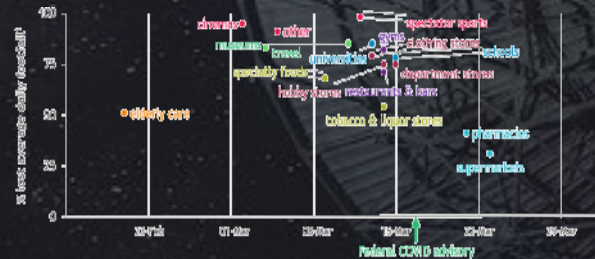


Seeking surprise

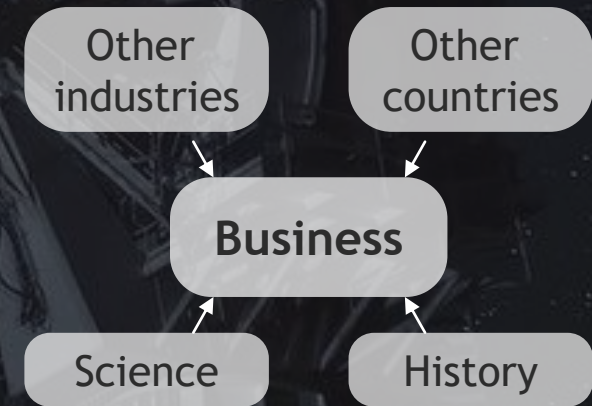
Focus on accidents



Hunt anomalies



Use analogy



A leader's duty of optimism

危機

Danger & Opportunity

Q & A



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