

## COVID19, Creating the New Normal in Response and Leadership

by Tommy Kim | June 2020



We have had global health pandemics before, but this one feels different. This time, it is at our door steps restricting our lives and freedom. Suddenly, the bigger threat is no longer the global war on terrorism. Even terrorists must stop their movement while the virus remains among us.

COVID-19 is creating a new normal in our natural responses and in our leaderships around the world. Initially, the response to the Coronavirus has been parochial with limited coordinated global and national responses. This continues today in the U.S. with the Federal Government making recommendations on prevention and delegating executions to governors.

According to various media around the world, including Worldometer.info, COVID-19 has spread from 580 reported cases (actual cases may be higher with reports of 10,000 in early January)

in one country on January 22, 2020 to over 10 million cases and half a million deaths around the world by June 2020 (worldometer.info).

Statistics are changing so frequently, it is hard to catch up to new figures. The growth is exponential. The United States, from its first reporting in early January 2020 with one confirmed case and nearly 3 million confirmed cases and over 100,000 deaths by June 2020, has the highest number of cases in the world.

The White House is putting that figure even higher at 100,000 to 240,000 possible deaths in the U.S. This means over 4 million cases in the U.S.. While the U.S. has the highest confirmed deaths in the world with deaths comprising 28% of all deaths in the world, 50% of global deaths come from the next top 9 countries afflicted with the virus, mostly in Europe. While the virus originated from Wuhan China, China's death is comparatively small at 1.3% of global deaths. This appears to be China's quick domestic response to the virus to curtail the spread internally.

In this period, New York, the global financial hub and one of the most densely populated areas in the world, has been hit the hardest with nearly 400,000 cases and over 30,000 deaths, accounting for 21% of the U.S. confirmed cases and 30% of US deaths.

Most states in the U.S. have been ordered to shut down businesses and stop or limit movement except for essential reasons, such as for food, essential health care, fuel, and safety. All inbound travelers into South Korea are required to be quarantined for 14 days before inland movement is permitted. South Korea, where the initial spread passed from travelers entering and leaving China, has now created a model care system that many countries around the world, including the U.S., are adopting to administer examination quickly and safely and care for patients and slow the spread of the virus. China has closed its borders to inbound travelers from abroad in

late March 2020. China, too, with lessons learned from the early outbreak in Wuhan, has significantly curbed the spread and has COVID-19 under control from further spreading in China. It is now exporting care models to other countries, like Italy. With Coronavirus coming under control, China has eased travels in between its provinces.

In the U.S., while the initial response was very slow with federal and state officials sounding the alarm not until early March 2020, current restrictions on people's freedom of movement, like social distancing, are well in place to prevent further spreading of the virus within communities. As of June 2020, new cases are still reported in nearly all 50 states. Nevertheless, as the countries have shut down between April to May, many states in the US are allowing local businesses to resume business in stages and under the new normal standard. Small businesses, in particular, have been hit the hardest with limited options to keep businesses closed.

All K-12 schools and universities in the U.S. and around the world have shut down for class instructions. Students are now taking classes online through video and audio calls. Schools that already have online infrastructure are only facing demand challenges, while schools with no or limited online capabilities are now facing system and infrastructure challenges. Still, everyone seems to be adapting and adapting very quickly. In the aftermath of COVID-19, there will be a greater surge in online programs offered at all educational levels, including by top ranked schools.

Boardroom meetings have moved to GoToMeetings in home offices, connecting people worldwide via video and Zoom. While this practice has already been in use, it is now the new normal for the time being. Zoom stock has surged as a result.

All military troop movements have been ordered to halt for 90 days or more. This affected all military academy students, as well, in the U.S. and around the world. They are now back home

and taking online classes like other traditional college students, which gives them relief from mandatory military and athletic responsibilities as Midshipmen and Cadets at their service academies.

The U.S. Federal aid of the historic \$2 Trillion stimulus bill, officially called the CARES Act, signed by President Donald Trump and supported by bi-partisan Congress has been a good call, lending aid to the most vulnerable. The Coronavirus Aid, Relief, and Economic Security Act includes SBA COVID Disaster Loan and Paycheck Protective Program Loans that are offered through businesses primary commercial banks. The CARES Act is a welcome sight to all corners of the population. Whether \$2 Trillion comes with a political hook or humanitarian intent, it really doesn't matter. The most important thing is that people and our institutions are getting some form of help now. Many Americans are happy with this government action. Since April 15, 2020, some have received the Federal Government stimulus check of \$1,200 for adults and \$500 for dependent children under 16 years of age. Some have received the loan grants from SBA, but many have not. Federal government funds have run out within days of distributing the funds. All banks have now stopped taking new applications. And those still waiting for the stimulus fund with first round application will be considered with additional Congressional funding, estimated at \$250 billion. You can find out more at the Treasury Department CARES and the SBA.gov websites. In the near future, all around the world, leaders will find out how they did in times of crisis when people decide at the ballot boxes. With unemployment looming at 20% in the US by June 2020, a second round of \$3 Trillion stimulus package is expected to be implemented.

In March 2020 at the outbreak of the crisis, all across America, people in fear stormed stores to buy in bulk for the worst-case scenario. Binge buying went on for several weeks, creating shortages in toilet papers, sanitizer, medicine, and even masks. Fights have started, some involving

gun violence. All this out of fear and anxiety that there may be no tomorrow. Until a rationing system began at some stores, the attitude was, “it's me or you” at grocery and large discount stores. People who have guns are stocking up ammo, just in case. People who never considered owning weapons became customers for the first time to protect themselves from hate crimes and to protect their families from looting and muggings.

People in medicine, local communities, and in the corporate sectors are working to find immediate and long-term solutions to Coronavirus. Doctors and researchers around the world are working around the clock to find the vaccine and clinical trial medicine to slow down the infection.

COVID-19 vaccines may take a year or longer to be a preventive cure. In the meantime, we may be able to reduce the symptomatic pain in patients currently suffering from the virus. Medical schools, like Columbia University Vagelos College of Physicians and Surgeons, across the country are graduating their class two months early so they can contribute to the strained medical system.

Consumer and corporate creditors are voluntarily offering time relief to halt payment or lower payment for three months. Corporations working in luxury apparel, such as Armani, are voluntarily producing aprons. Department stores, like Nordstrom in Seattle, are producing face masks. Distillers are voluntarily producing hand sanitizer, like the Anheuser-Busch of St. Louis and local microbrewery companies, like the Heritage Distilling Co. in Gig Harbor, Washington. Small and large businesses are voluntarily stepping up to do their part. All this without the Presidential Order to invoke the Defense Production Act of 1950 to produce national essentials in time of national security and emergency.

We are certain to find many heroes when the dust settles. Many are already fighting for others' lives by putting their own at risk. The world will certainly be grateful to these people and recognize them for their heroic actions. We would be pleased to celebrate those who find the cure or a preventive vaccine to this horrific virus, perhaps with a Nobel Prize. We are witnessing leaders in action as the world pandemic crisis unfolds, the new disrupter to mankind has found a host in our world.

COVID-19 is putting a test in all corners of our society. When we emerge from COVID-19, we will all emerge into the New Normal. Five years ago in 2015, Bill Gates presented a very similar health crisis similar to COVID-19. He explained how the world was unprepared to deal with the health pandemic at the time, Ebola. Ebola hit Africa hard while the rest of the world was spared.

This time, the majority of COVID-19 cases are outside Africa. In 2015, Bill Gates made a case that a nuclear holocaust is no longer the number one fear to mankind. Rather, the world health pandemic is the world's new public enemy number one. His presentation is chillingly similar to what is happening today with COVID-19. We were then unprepared, we are still unprepared.

The New Normal is forcing our leaders in all essential elements of our society to rethink how we do business. Military leaders have awakened to new danger that moves in stealth with deadly force. As soldiers and sailors must work in close teams, for the time being, they must learn to do missions together, but in safe distance. This puts additional challenges to sailors on ships and submarines, as viruses can spread rapidly in close quarters. They are now forced to rethink how to protect the military personnel and military planning to run combat and mission effective fighting forces. Global leaders will no longer place health in the back seat, at least in our lifetime.



We are learning that a healthy planet is a wealthy planet. Our global capital markets have taken a beating over the last four months. Before COVID-19, Dow Jones was \$8.3 trillion in early December 2019. Dow Jones lost 10% volume in six months. It is now about \$7.5 trillion.

CEO challenges are company challenges. Like all leaderships, CEOs in the private and public sectors are challenged and are in need of interim and long-term solutions to combat health pandemic situations.

McKinsey has come out with a 5R path to norm: Resolve, Resilience, Return, Reimagination, and Reform. In the article *Beyond Coronavirus: The Path to the Next Normal*, authored by Kevin Sneader and Shubham Singhal, the challenge is how to protect our people and our economic institutions from a resurgent virus that can return next winter or every winter in the absence of a vaccine (Sneader & Singhal 2020).

Bain & Company's Tom Holland, Simon Henderson, David Schannon, and Hernan Saenz also came out with a *CEO Plan to Coronavirus: Actions To Take Now*. It is a CEO Checklist with six urgent priorities to return to norm: protect your employees and customers, stress test P&L and liquidity, defend against revenue declines, stress test operations for the new normal, plan urgent cost cuts to conserve cash, play offense not just defense. They are advocating that the CEO's biggest priority is to take care of his or her people and customers because "this crisis brings into

sharp relief that it's the efforts of employees and the loyalty of customers that will see a company through these extraordinary times. The job of the CEO, simply, is to do everything possible to make sure they're taken care of." Indeed, people cared for will remain loyal to their companies and customers cared for will return as customers (Bain & Company 2020).

On March 20, 2020, Goldman Sachs (GS) U.S. Economics Group published an article, *A Sudden Stop for the US Economy*, that predicted the U.S. economy's GDP in services, manufacturing, and building investments to fall to an all time low near -10% in April 2020 and slowly recover to -1% by December 2021. According to GS, during March through April 2020, sports and entertainment may decline by 85%, transportation spending decline by 75%, and hotels and restaurants spending decline by 65%, brokerage fee and commission decline by 50%, and home improvement and building decline by 25%. The macroeconomic indices look dismal for Q1 bleeding into Q2 2020 (Goldman Sachs 2020).

On March 25, 2020, Morgan Stanley's Chief U.S. Economist Ellen Zentner published an article, *Coronavirus: Recession, Response, Recovery*, that predicts a full year contraction of 3% of the U.S. economy if COVID-19 peaks in April 2020. So, if the bulk of global economic pain is concentrated in the first half of 2020, the path to market recovery in the second half of 2020 may produce YoY growth of 4.8% in 2021. In comparison, world currencies are relatively holding their value compared to markets. Morgan Stanley's conclusion is a "deeper recession, but not depression in 2020" (Ahya 2020).

As state governors and country leaders seek to halt or contain the spread of COVID-19 in their communities and countries, we are witnessing a rare look into how each type of leader responds, reacts, and leads us through this fog of uncertainty. We are witnessing their leadership style during crisis, their confidence, their integrity, their carelessness, their weaknesses, and their



strengths as they step up or step down to the challenges that are still among us and will be among us for some time.

In this time of need for leadership, we are witnessing leadership from unsuspected and unexpected people in all age groups. Youth leaders emerge to help their elderly. Emergency responders, doctors, and researchers put their own health at risk for ours. Delivery men and women brave the open environment to keep the supply chain moving to meet the growing consumer demands to replenish their daily essentials and to keep our normal way of life normal.

Supermarkets and restaurants remain open to feed our appetite. USPS, UPS, DHL, Federal Express, and Amazon deliveries remain open to keep us connected to our families, friends, and businesses. They are all heroes in their own ways because without them, our way of life will be disrupted even more and for some, it is already broken. Neighbors helping neighbors, even a small thank you note left with a bottle of water for your delivery men and women can make a difference. I did that and it gave me some peace of mind knowing that we can find ways to say thank you to others. Even in times of social distancing.

In our quest to discover the leadership DNA, we have found what leadership is. It is not just a philosophy or concept, but demonstrated through actions in small and big ways. It is an act of dedication to oneself and to others.

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*COVID19, Creating the New Normal in Response and Leadership* is a chapter from the soon to be published book *Dedication: Leader, Scholar, Athlete, and Beyond*, co-authored by Christopher Kim. This book on Dedication is for young leaders and professionals and is filled with real leaders' journeys and authors' analysis with helpful business and military terms and references to special programs. Releasing on June 25, 2020, available on Amazon.

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