

# Responding to Covid-19: The Next Normal



## **InnovationLabs White Paper #2 in the Series**

Langdon Morris  
Diane Castiglioni . Steve Clyman . Betty Dhamers  
Graphic Icons: Florent Courtaigne

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## Prelude

As the tragedy of Covid-19 continues, the image below depicts one utterly bizarre reality about today's economy in an astonishing juxtaposition.



Look closely and notice that as CNBC's Jim Cramer celebrates the "The Dow's Best Week Since 1938," he seems entirely unaware that streaming across the screen below his face is a much different reality, the fastest and most brutal decimation of American employment in history. Why is the Dow up so brilliantly while unemployment is also soaring?

There's a disconnect here, a big one, and we need to sort it out.

Or, to say it differently, this is our Covid moment: Covid seems to be defining *us* now. So what's next? That's what we will examine here in the second thought experiment in this series.

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On March 26, InnovationLabs published a detailed white paper that applied the scenario planning technique to consider how the Covid crisis may play out over the next few months and beyond.

The response to the white paper was exceptionally positive, and it found a readership far larger than we had expected.

One thing we did expect, though, was that the situation would evolve rapidly, and so it has. During the three weeks since we published it, many of the questions that we raised in that white paper have already been answered.

Among these is one critically important factor, as it's now clear that we're not going back to the way things were before. The "old normal," that is, is permanently gone. Hence, this paper is entitled "The Next Normal," based on the premise that while we're not going back to how things were, the "new" way things are isn't going to be permanent either: we're entering a period of flux.

And thus the purpose of this follow-up report is to help us understand what that "next normal" might be.

(If you have not yet seen the original white paper, you can access it [here](#). Or if you want to read a quick summary of the white paper it is included below as an Appendix.)

It is important to note that we are aware that although we look at evidence from many nations, this paper takes an American perspective on the crisis. But it also seems that the choices and questions are nearly the same everywhere: what's going to happen now, how will this end, and what comes after that.

Many readers kindly shared their thoughts and ideas on the first paper with us, and we list them here as contributors to this follow-up, as their ideas and suggestions have strongly influenced our thinking. We greatly appreciate their feedback, and we welcome yours as well.

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Please note, also, that the stunning graphic icons throughout the report were created by the ever-brilliant Florent Courtaigne, and we are greatly appreciative of his efforts.

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## Highlights: Executive Summary

Building on the previous white paper, we here consider the impacts of the Covid crisis at five levels of focus: the economy, society, government, the family, and business. Looking at them individually reveals some important insights for leaders to consider as they think about and plan for the post-Covid world.

Among the key insights is the likelihood that we are heading into a possibly severe depression with much deeper impact than a mere recession would bring. Although a depression is not a certainty, it is such a strong possibility that it is imperative to plan as if it is going to occur, and then be happily surprised if we avoid it. This will obviously have long-term repercussions.

Looking at society's response to the crisis brings forth the theme of trust, in that all responses to Covid have to do with the absence of trust. Lockdown, after all, is the choice we make when have to assume that as anyone may be carrying the virus, we cannot trust anyone. How and how much trust returns to society will mark a major turning point.

Governments around the world have responded in many different ways, and they will surely be judged according to the how good or bad their recommendations and directives turn out to be.

Families, meanwhile, are under severe pressures now, as millions have abruptly been put out of work, and of course all of this has profound impact for business. At the more superficial level, we're in the "Zoom Era" now, with renewed focus on remote work, and this will have enduring influence.

At a more fundamental level, the immediate issues brought forth by the crisis, as well as the longer-term implications, suggest that the macro economy itself is now in the midst of a transformative process, and the only thing a business can do is to go along and engage in its own process of transformation as well.

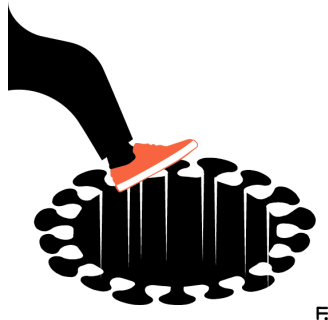
This is by no means an easy thing to understand or to accomplish, but it seems to be the emergent necessity for those that wish to survive and thrive in the times ahead. Transformation means thinking deeply about how work is organized as well as who customers are and what needs they

may have. It means innovating new products, services, and business models while also engineering how systems operate.

When we started writing these reports we didn't know exactly where the trail of ideas and concepts would lead, and of course that's exactly the point of doing a thought experiment, and that's exactly why we wrote them. And where we ended up, somewhat to our surprise, is in recognizing the great opportunity that the crisis has presented us with.

While we believe that the global economy was already in the early stages of a major transformation, a topic we've covered in our last few books, we realized that the Covid crisis is amplifying and accelerating this basic trend. Transformation, that is, is apparently inevitable, but Covid has brought forth many awarenesses and possibilities that did not previously exist. It has cleared the air (literally), shifted our perceptions of the role of government, and brought forth an abundance of creativity and social responsibility, all of which we can now build upon as we engage in transformation not merely to restore the economy, but to create a better one.

This is not to discount or diminish the loss of life, fear, and financial calamities in any way, but to identify what good can be made of them, and how they can help us to facilitate a better future.



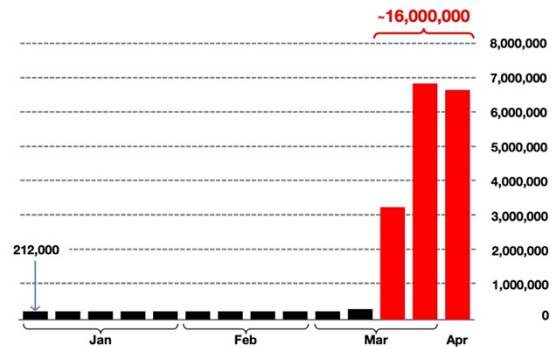
# 1. Some Basic Statistics

If the magnitude of what we are now facing is not yet apparent, please consider a few data points. While we could easily spend all day (and night) looking at stats and graphics, we've selected just a few highlights (or lowlights) to focus on.

## Unemployment

“Moody’s Analytics calculates that more than 30 million American jobs are highly vulnerable to closures associated with Covid-19. Research published by the Federal Reserve Bank of St. Louis suggests that close to 50 million Americans could lose their jobs in the second quarter of 2020, pushing the unemployment rate about 30%.” Those are Depression-level job loss statistics.

*The Economist.* “Trough to peak.” April 4, 2020.



**Initial Jobless Claims, USA**

Sources: Bureau of Labor Statistics; MarketWatch.com  
"April" is March 29 – April 4, 2020

<https://www.marketwatch.com/story/jobless-claims-soar-66-million-in-early-april-as-coronavirus-layoffs-swell-above-15-million-2020-04-09>

## Airlines

“According to multiple metrics, the number of airline passengers has dropped by about 96%. On April 8, the TSA screened about 95,000 people at its airport checkpoints, as compared with 2.3 million a year previously. About one seat in ten is occupied on U.S. domestic flights, and U.S. airlines have taken 1800 planes out of use,

parking them at various airports around the country.”

Gregory Wallace. CNN. “Airlines and TSA report 96% drop in air travel.” April 9, 2020.  
<https://www.cnn.com/2020/04/09/politics/airline-passengers-decline/index.html>

“Analysts at Citigroup estimate that Delta Airlines is losing about \$50 million per day. Automaker Volkswagen says it is losing €2 billion per week.”

*The Economist*. “Great white night.” April 4, 2020.

### The Economy

“According to economists at J.P. Morgan, the U.S. economy collapsed at an annual rate of 40% during March. RBC, Canada’s largest bank, has identified five different scenarios describing how the virus may play out in the economy, but the uncertainties are so great that the most likely of the scenarios has only a 35% probability of being correct. In other words, they just don’t know. Because no one knows. Further, as Dr. Anthony Fauci, Director of the National Institute of Allergy and Infectious Diseases has commented, ‘You don’t make the timeline, the virus makes the timeline.’”

Randall W. Forsyth. *Barron’s*. “Here’s How Bad the Economy Will Get — and How Quickly It Could Revive.” April 10, 2020.  
<https://www.barrons.com/articles/is-the-economy-going-to-crash-because-of-coronavirus-how-quickly-will-the-economy-revive-51586560301>

“The biggest business handout in history has begun. At least \$8 trillion of state loans and goodies have been promised to private firms in America and Europe, roughly equivalent to all their profits over the last two years. More than half a million European firms have applied for payroll subsidies.”

*The Economist*. “Bottomless Pit, Inc.” April 4, 2019

### Lockdown & Labor

When India announced a national lockdown on March 24 for the entire nation of 1.2 billion people, it immediately shut down rail, road, and air transport. Upon which about 600,000 people began the long walk from their precarious employments back home to their villages. But

the government then stopped that exodus as well, reasoning that it would only spread the virus that the lockdown was designed to halt. The migrant waves were thus forced to stay wherever they were, and having no work and no means therefore to feed themselves, the state government of Delhi, India, for example, finds itself obliged to provide free food for 1 million people per day.

*The Economist*. “Under pressure.” April 4, 2020.

There is a massive labor shortage throughout the farming regions of Europe as the migrant labor force that normally does the harvesting is unable to travel to the farms. 300,000 workers are needed in Germany, and another 200,000 in France for the strawberry harvest alone. Polish workers normally migrate to Germany, and Ukrainians to Poland, but neither is able to move now. Consequently, local citizens are being actively recruited for the harvest, and many labor rules and laws are being relaxed to facilitate this. For instance, in France those living in migrant camps, and who are normally shunned, are being encouraged to join in, and farm earnings for unemployed French citizens that would normally cause an automatic reduction in social supports are now permitted.

*The Economist*. “Farmhands needed.” April 4, 2020.

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There are plenty more indicators to consider, but these convey the outlines clearly enough. Everything, in other words, has changed.

But is it temporary? We don’t think so, as we will now explain.

## 2.

### A Model of Change

In the previous white paper, we applied the scenario planning approach to consider many possible futures. We noted in that paper that scenario planning is a multi-step thinking process: First you identify the forces driving change; next, you develop multiple scenarios of what may occur by considering the interaction of those forces; and then you note any observations that cut across the multiple scenarios. As a final step you identify any imperatives for your organization based your observations. These imperatives are things you must do regardless of how you think things are going to turn out.

And after that, while you implement the imperatives, you also watch closely to see what happens. Because your brain has been sensitized through the thought experiment process of crafting scenarios, you're often able to recognize the importance of key events and trends that you might otherwise have missed. That is, you begin to notice early warning indicators which suggest how things are starting to go.

These are called "Leading Indicators," and they are often powerful insights that will help you to further improve your imperatives action plan, because they provide evidence of what's happening so you can course-correct. You compare the evidence with your expectations, and quickly make adjustments, and all this occurs on an accelerated time scale because you are mentally prepared.

In addition, in the Covid Scenario Planning White Paper, we put forth a model which suggests that a crisis such as Covid provokes change at three levels. When the crisis first arrives there is an immediate emergency impact, which then leads to actions, and then eventually the long term social consequences become apparent. These are often changes in attitudes

and they can be the most impactful, and hence they are represented by largest circle.

While only three weeks have passed since we wrote the first paper, we're highly sensitized to change and we are indeed already starting to see important leading indicators, early warning signs of what the future may hold.

Hence, in this paper we take the leap from considering scenarios of what *might* occur, to looking more deeply at impacts that are *now emerging* and possibly even evident, as we are extrapolating from these to consider what the future may hold.



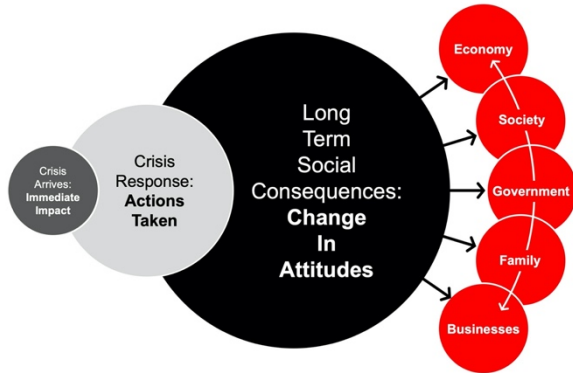
Please note that the purpose here, as with the previous paper, is not necessarily to accurately predict what's coming, but instead to provide useful thought stimulators that may help you to get clear about what you're seeing, what you need to prepare for, and the actions you need to take.

### Five Dimensions of Change

Broadly, as the impacts and consequences unfold, we can already see implications emerging in five dimensions:

1. The Economy
2. Society
3. Government,
4. Your Family, and
5. Your Business.

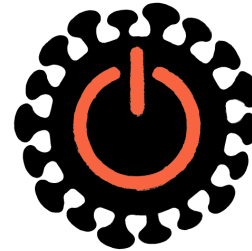
These five are intimately connected with one another, and the connections between them contribute to the sense of complexity and the feeling of overwhelm that is now common for many of us. Everything is happening at once, and much of it is frightening.



We'll look at some of those connections in the Conclusion of this paper, but first we'll take a look at the five as though they were separate and distinct domains. While we know they're not really separate, looking at them individually will nevertheless help us to see some important trends and patterns.

### 3. The Economy: How Do You Cope with a Depression?

During the last two months we learned that shutting down human interaction also shuts down the economy. In January the world economy seemed pretty healthy, and in the US, for example, employment was strong and economic prospects were positive. By April, as we saw above, hundreds of millions of people were abruptly out of work.



An economic shutdown like this, so total and so fast, has literally never happened during the 200 years of the modern industrial economy, so while it was necessary to limit interpersonal contact to protect public health, it's also evident that the massive, unintended side effect will be a global depression. Income has abruptly stopped for millions of companies and families, but expenses don't stop piling up, as the economic system is predicated on constant flows of cash.

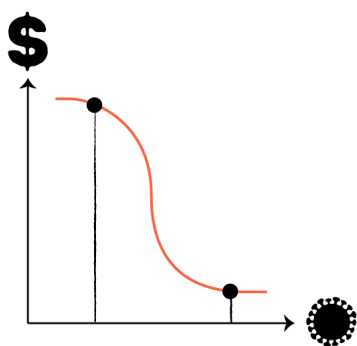
Consequently, this is likely to become the worst economic calamity since 1929, or perhaps it will be worse.

As of today (April 14, 2020), no one knows how long the shutdown will last, as it will end only when governments, and preferably their senior health care advisors, feel confident that the danger of a rapid spread is over. But is that just a few months away, or much longer?

“The worst-case scenario prepared by the staff of the Federal Reserve is no recovery until next year, according to minutes of the central bank's March 15 policy meeting released Wednesday, April 8. [Federal Reserve Meeting Minutes are always released weeks after the meeting to lessen their impact on securities markets.] The staff said that there were two plausible scenarios for the U.S. economy grappling with the coronavirus. In one scenario, the U.S. economy would start to recover in the second half of the year. The more adverse scenario is that the economy entered a recession with no significant rebound until next year. Facing this uncertainty, Fed officials responded by slashing interest rates to zero and launching open-ended purchases of Treasury and asset-backed securities.”

Greg Robb. *MarketWatch.com*. “Fed staff's worst-case scenario: No major recovery until next year: minutes.” April 8, 2020  
<https://www.marketwatch.com/story/fed-staffs-worst-case-scenario-no-major-recovery-until-next-year-minutes-2020-04-08>

If the best case is that the economy “starts” to recover in the second half of the year, then while they didn't mention a depression, that's exactly what seems more and more likely as the unemployment figures increase by millions.



But whether it's a recession or a depression, it is clear that while we now know how to shut down the world economy – stopping social contact, and thus radically disrupting normal commerce – no one knows how to restart it, because that's never been done before either. Once the doors reopen

and we can come outside again, will it take weeks to return to economic health and stability? Or months? Or years? This is now the topic of a great deal of thought and discussion, but it's nearly all speculation, which means we're entering a period of trial and error, tests and experiments, guesses and hope.

This lack of knowledge is endemic to the field of economics, which is always struggling even to explain what's happening at any given time, much less to accurately forecast what's coming. Ten economists are likely to have ten different explanations for what's occurring now, or what any proposed new economic policy will achieve, simply because the economy is so complex and their models just aren't very reliable. Further, there is no “system” on which economists can experiment other than the actual, entire economy, so all policy choices are in fact real-time experiments. Sometimes they get it right, but often they do not.

Thus, economics is always a work in progress.

Economists have a particular difficulty with predictions, which is painfully ironic because the one thing that we most want from the field of economics is good predictions about the future of their policy recommendations. Hence the exasperated comment from the British Monarch Elizabeth II, so tartly posed in 2008: “Why didn't anyone see this coming?” (While a few people did see it coming, their warnings were ignored.)

“A 2018 study conducted by Loungani and others looked at 153 recessions in 63 countries between 1992 and 2014 and found that the vast majority were missed by economists in both the public and private sector. This was painfully true in the case of the global financial crisis in 2008, which wasn't officially declared a recession until it had been going for almost a year. Other studies have found that in general,



forecasters are too sunny about economic growth.”

Amelia Thomson-DeVeaux. 538.com. “Economists Are Bad at Predicting Recessions.” August 21, 2019 <https://fivethirtyeight.com/features/economists-are-bad-at-predicting-recessions/>

The markets are also rather poor predictors. Nobel laureate Paul Samuelson, who wrote the basic economics text that millions of students have poured over for decades, once commented that “The stock market has predicted nine out of the last five recessions.”

It does not seem that many economists are being overoptimistic this time around, though. Indeed, in the summer of 2019 many economists and journalists thought they were getting early signs of a recession that might hit in 2020, but little did they know that Covid would arrive instead, and the proto-recession would thus accelerate into a depression. Whatever factors may have been driving us into a recession as of 2019 are irrelevant now; there’s a new sheriff in town, and it’s Covid.

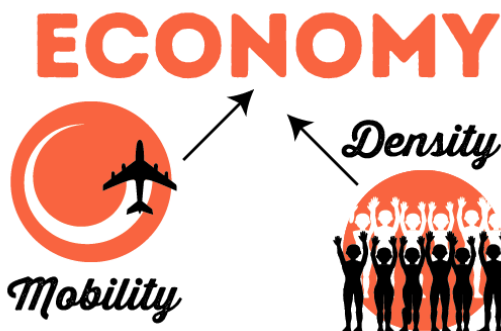
### The Modern Economy

To simplify things somewhat, we can say that the booming modern economy is based on four factors: density, mobility, technology, and momentum.

By density we mean the overwhelming trend of urbanization, the concentration of the majority of the world’s people into cities. For nearly everyone, living in cities has strong social and economic advantages because it is in cities that the exchange of goods, knowledge, and ideas fuels economic process. Technology, entertainment, finance, investment, education, health care, and innovation are all overwhelmingly urban phenomena. But with Covid, density is not the solution, it’s the problem, and so we now have found the Achilles heel of the modern urban economy.

The second major factor of modern economic life is mobility. We know for certain that enhanced mobility accelerates economic activity, and thus the 20<sup>th</sup> century’s progressions of cars, mass transit, and then mass air travel have accompanied and enabled economic growth by providing billions of people with the means to interact and trade at high volumes. Lockdowns, however, stifle mobility, with obvious and painful economic repercussions.

Both density and mobility are essential to the service economy because the service economy is essentially interpersonal, and they’ve both been neutralized by the Covid response, thereby neutralizing the entire economy as a consequence. Notably, Albert Ramos of Goldman Sachs points out (with some relief) that this is the first economic crisis of the industrial era that was caused not by war nor by financial speculation and over-speculation, but by a physical constraint; density and mobility are of course the physical factors that are impeded, and this is cause.



Conversely, the third factor, technology, is what’s enabling commerce to limp along at all instead of just stopping altogether. The virtual booms in remote working, internet-based entertainment, and conferencing (more on this below) are all dependent on technology that is nearly (but not entirely) non-physical, and it’s easy now to suggest that these technologically-based ways of working will play a critical role in

the future: more virtual work seems to be ahead of many of us.

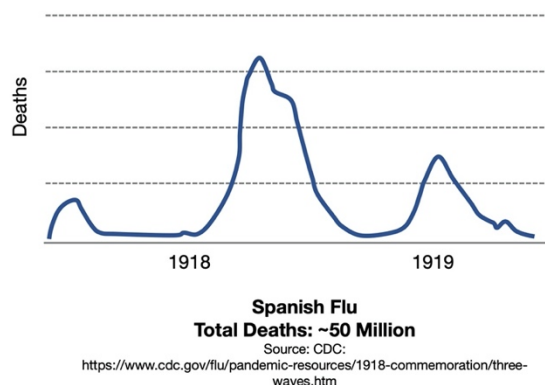
The fourth core factor is momentum, for as Covid has plainly shown, the economic system is built only to go at one speed, hyperspeed, and it just doesn't have the capacity to slow itself down without inducing a crisis.

It's apparent that coming out of this crisis the unstated goal is to get back to the hyperspeed mode, which means, among other things, that the push toward robotics and all forms of work that don't involve people will get a huge shove. Computer viruses in robots, as industry has doubtless by now observed, can be contained and countered much more easily than Covid viruses which paralyze the work force.

Yet there have also been side benefits of this slowdown. Cleaner air and water, massive reductions in greenhouse gas emissions, more time with family (possibly, though, now past the point of saturation). These certainly do not compensate for the economic suffering that is occurring, but they do raise questions about if it has to be either-or. Can, that is, we have an economy that works for us without destroying our environment? Or which saps all our time and energy? As we will consider below, this is a question of systems design.

Setting those thoughts aside for the moment, though, with a focus on restoring human interaction and thereby restoring economic activity, we don't know how soon a new future will emerge, because we still don't know when we'll be able to get back to work on building it. As noted above, no one knows what Covid's schedule is. Nor do we know if it is a one-and-done pandemic, which modelers refer to as "V-shaped," or if there will be a second major wave of infections later on, perhaps this autumn, a "W-shaped" crisis. It's worth noting with a sense of worry that it was the second wave of the 1918-1919 flu pandemic that claimed the majority of its victims, and although no one knows for sure,

scientists speculate that the virus mutated between the first and second waves to become much more deadly.



As New York Governor Andrew Cuomo warns us, "If we're not expecting a second wave or a mutation of this virus, then we have learned nothing."

Nick Niedzwiedzki. *Politico*. "Cuomo: Economic reboot must account for second wave of coronavirus cases." April 10, 2020

<https://www.politico.com/states/new-york/albany/story/2020/04/10/cuomo-economic-reboot-must-account-for-second-wave-of-coronavirus-1274753>

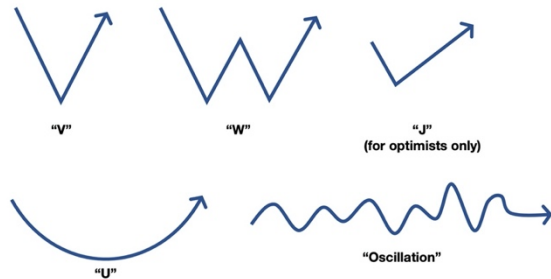
## Leading Economy Indicators

*The Economist* has observed that about 40% of all consumer spending is vulnerable to people shunning social situations (March 21, 2020), so as long as there is lockdown there is also a severe economic contraction. Even after lockdown ends, however, people's expectations and fears will shape their habits, as will of course the prevalence and persistence of mass unemployment.

The RBC modelers mentioned above noted that in addition to concerns about a recurrence, there's also the frightening possibility that some version of Covid will make an annual appearance, just as the flu does, and that the process of shutdown and restart could become cyclical. Such an economy would be unlike anything we have ever known, and would surely

present unprecedented challenges for economists and government leaders to navigate through.

So at present we have many huge unknowns, among them, first, that we don't know the course of the pandemic, and second, how to restart the local, national, and global economies from their abrupt shutdowns.

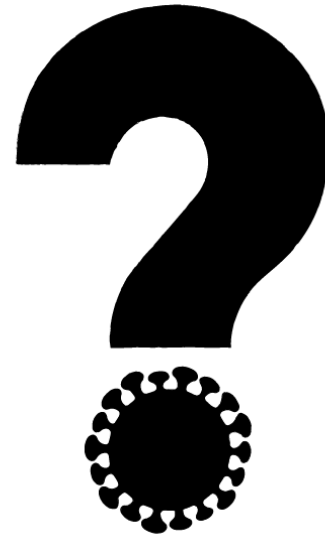


Possible Shapes of the Recession / Depression Curve

Regions and countries will assess the risks in their own ways, and they'll experiment with various methods of restoring trade, services, and jobs. For early indications of how this plays out, pay attention to the various signs around the world and you may get some early insights into the rates of recovery, the industries that rebound fastest or best, and the business models that emerge as the most robust.

As to whether we are entering a full-on depression or merely a recession, it would seem that the prudent leaders will assume and prepare for the worst, and if it turns out to be milder or shorter, then lucky us.

All of this will depend not only on Covid, but also on the prevailing mindset across society. And here the key factor seems to be the restoration of trust.



#### 4. Society: How Do You Rebuild Trust?

In addition to density, mobility, technology, and momentum, the success of the economy, and of society as well, depends on the entirely intangible factor of *trust*. Indeed, the predominant social issue going forward is likely to be trust, and this will have multiple manifestations.

First, can we trust one another? Can we be confident that it's safe to be in public places with others? After all, the whole point of social distancing is that we can't trust anyone, so we have to avoid contact with everyone.

Until we have that confidence, then all businesses that rely on social interaction will struggle, and there are a huge number of them: millions of restaurants, hotels, entertainment venues, cruise ships, airlines, and shopping malls, which together employ tens of millions.

And what would bring confidence about?

If scientists develop a vaccine that works, and once the necessary billions of doses of that vaccine have been manufactured and administered, then people may feel confident. But that will likely take years, if indeed it happens at all, because while there is a mad rush on to develop a vaccine, it could be months or years away from fruition.

Similarly, if the health care community develops treatments that work, then this may also help to restore confidence. Or if the virus stops circulating, stops infecting new victims, then over time we may feel safe to venture out again.

But will we ever shake hands again? Perhaps not.

“Speaking on *The Wall Street Journal* podcast on April 7, White House advisor Dr. Anthony Fauci said the new normal will include ‘compulsive hand-washing and the end of handshaking. I don’t think we should ever shake hands ever again, to be honest with you. Not only would it be good to prevent coronavirus disease, it probably would decrease instances of influenza dramatically in this country. As a society, just forget about shaking hands.”

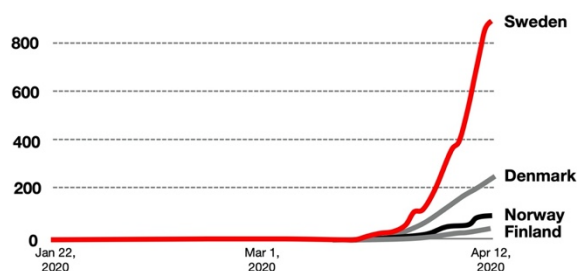
Jade Scipioni. CNBC. “White House advisor Dr. Fauci says handshaking needs to stop even when pandemic ends—other experts agree.” April 9, 2020  
<https://www.cnbc.com/2020/04/09/dr-anthony-fauci-handshaking-needs-to-stop-even-after-pandemic.html>

It’s a trust thing.

A second dimension of trust is trust in the economy itself. Certainly social trust is essential for economic health to begin to creep back, but in the meantime millions of people and families will be suffering through countless hardships, and carrying massive social and psychological burdens. This is already taking a toll, as fear and uncertainty mount. Many may lose hope.

A third dimension of trust concerns trust in government. Countries around the world have

adopted quite different strategies to address the pandemic, some opting for strict lockdowns, others remaining open. Norway, for example, mandated early on that its citizens stay at home, while next-door-neighbor Sweden encouraged people to maintain a nearly normal life. As of today, it appears that the Norwegians made the prudent choice, as Sweden has had about 8x more deaths as of April 12.



**Confirmed Covid-19 Deaths**  
Source: OurWorldInData.org/coronavirus

(Note that Sweden’s total population is about 10.2 million, while the other three Nordics have populations of about 5.5 million each.)

But the fatality numbers could change by next week, so it will take a while longer to know for sure.

There are multiple factors involved, but if it does turn out that the Norwegians made the better choice then it will reinforce confidence in their government, but possibly diminish the confidence of the Swedes (and there is already some quite strong criticism from Swedish scientists who have asserted that their government has been negligent).

In the US, many public health decisions are made at the state or city level, and here, too, the responses have been varied. Over the next few months we will learn if different responses made a difference in the outcomes, and if so, then there are sure to be political repercussions; questions of judgment and trust are certain to come along as well.

Trust will also be significantly affected according to how well the government handles the distribution of the trillions of dollars of promised aid. For example, 326,000 Floridians applied for unemployment assistance during all of 2019, as compared with 520,000 in March of 2020. The web site built to handle unemployment claims promptly crashed, forcing hundreds of people to line up in close quarters, (i.e., no social distancing) to submit paper forms to claim unemployment.

That was all bad enough, but it soon emerged that the collapse of the system was not a bug, but an intentional feature.

“Senior Republicans told Politico last week that the state’s problems handling the applications are the results of Florida Sen. Rick Scott’s \$77 million scheme to overhaul the state’s online systems. They said the overhaul was designed to make it more difficult for people to claim assistance online, and thereby drive down application numbers. The change was designed to ensure the state helped only those ‘who truly needed the assistance.’”

Tom Porter. *Business Insider*. “Hundreds in Florida line up for paper unemployment forms.” April 8  
<https://www.msn.com/en-us/money/markets/hundreds-in-florida-line-up-for-paper-unemployment-forms/ar-BB12jVBQ>

“Privately, Republicans admit that the \$77.9 million system that is now failing Florida workers is doing exactly what Scott designed it to do — lower the state’s reported number of jobless claims after the great recession. ‘It’s a sh-- sandwich, and it was designed that way by Scott,’ said one advisor to Florida Governor Ron DeSantis. ‘It wasn’t about saving money. It was about making it harder for people to get benefits or keep benefits so that the unemployment numbers were low to give the governor something to brag about.’”

Gary Fineout and Marc Caputo. *Politico*. “‘It’s a sh-- sandwich’: Republicans rage as Florida becomes a nightmare for Trump.” April 3, 2020.

<https://www.politico.com/states/florida/story/2020/04/03/its-a-sh-sandwich-republicans-rage-as-florida-becomes-a-nightmare-for-trump-1271172>

Manipulating the public to get statistics to brag about is surely not a scenario for building trust, nor, if the news gets out, is this likely to help either Senator Scott’s or Governor DeSantis’ reelection efforts. They’re both Republicans, so Democrats will surely make a big issue out of this come election time.

How well or poorly government leaders make similar decisions, communicate, and address citizen concerns will have both immediate impacts on outcomes, and longer-term impacts on politics at all levels of government.

Trust in science is yet another dimension. In the scenario planning white paper we included a detailed discussion of the role of science in society, and the significance of people’s attitudes toward it. Many scientists have been clear and quite direct from the very beginning of this crisis in their advice and warnings, and generally where their advice has been followed the results have been far better (or less worse) than where they have been ignored. It’s possible that this may increase the trust that society has in the views and guidance of science, and this could be a very positive outcome.

### Leading Trust Indicators

If we are right that trust will be a significant factor in the next stages of the crisis, then it also tells us that trust is a leading indicator that we can pay attention to for insight into how attitudes about the crisis and post-crisis are evolving. Attitudes about trust are likely to tell us a lot about how the early stages of the economic and social recovery will go.

- Are people becoming more trusting or more fearful?

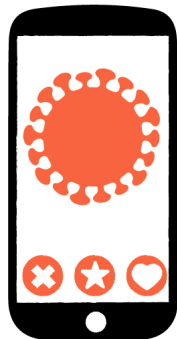
- Do public places again fill up once the lockdown guidance is relaxed, or do people prefer to remain isolated?
- Do they recoil away when offered a hand to shake?
- What attitudes do we see about government and government's directives?
- What attitudes do we see regarding science?

The faster trust is restored, the more likely it is that economic activity will also be restored, but if trust lags then the economic recovery will likely lag as well.

## A Surveillance Society

As trust will be a big issue, so also will be the phenomenon of and attitudes about surveillance. Surveillance matters because it's become society's tool for tracking the spread of the virus and identifying who may be sick. This matters because when we don't know who's sick and who's healthy, then we have to assume that everyone is sick, we avoid them, and so we stay in lockdown.

Covid tracking apps on mobile phones will soon become standard, and they will apply increasingly sophisticated technologies including AI, which means that we'll all be under surveillance, all the time.

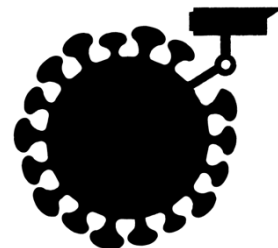


That's actually not new, but previously it was slightly more subtle. Cookies on web sites track us, and we now understand that Facebook and Google are keeping dossiers on all of us all the time because that's how they make money (and it's how Russians manipulate our attitudes and elections). Security cameras are watching us from everywhere, too, and agencies like the U.S. National Security Agency (NSA) are listening to our phone calls and tracking our whereabouts as well.

With Covid tracking and contact tracing apps, we soon will have to be prepared to display the screen of our smart phones showing our body temperature for the previous 72 hours in order to enter a building, or show our certificate of our immunity, or provide documentation that we have received a vaccine (if there ever is one). Or even creepier, maybe our phones will local-cast our health status via Bluetooth and we won't have to "show" them.

Already some employers are checking the body temperatures of employees as they enter to work, and this will soon become a standardized requirement also. Likewise, travelers will continue to go through the standard x-ray machine, but before that they'll probably have to pass through the newly standardized temperature scan, or even have an instant Covid test completed. And perhaps you won't be able to even buy a plane ticket or board a bus or train without a current health certification.

This will immediately lead to a counterfeit certifications market, which would in turn create a market need for blockchain technology that can provide non-hackable certifications. Covid,



thus, could provide the impetus for the blockbuster app that blockchain promoters have been searching so hard for.

The super-surveillance scenario is also a near-nightmare regarding Europe's GDPR and America's HIPPA compliance standards, so we may soon face a difficult choice between privacy protection or Covid-avoidance, about which the issues of trust will again take center stage.

### Cooperation

A third major social theme to note in addition to trust and surveillance is the resurgence of community spirit and service that the crisis has inspired. Despite the enforced limitations of lockdown, and also because of it, people are finding ways to help one another, to express gratitude and appreciation, to find ways to serve those in need. Health care workers as well as grocery store workers are now appreciated as risk-taking heroes.

The sense that we're in this together, that together we are learning to make the best of it, that we also want to make a difference for those in need has been a consistent theme worldwide. In Italy, people are singing from balconies to one another; in India, millions of meals are being provided for free; and around the world people are sewing face masks at home, or hacking new ventilators using 3D printers, or just standing in line respectfully apart per social distancing guidelines.

### Leading Society Indicators

Health certifications, contact tracking, temperature scans, all will be a new normal. Will these be readily accepted in the way the restrictions on civil liberties and increased government surveillance were also accepted in the immediate aftermath of the 9/11 attacks? Or

will large segments of the public oppose these measures? This, too, will be a meaningful indicator of the unfolding mood of society.

And will the spirit of cooperation persist as well?

Pay attention to see what attitudes prevail, and you may gain insights into the course of society and business, and of government as well.

## 5. Government: What Is Its Role Now?

Covid is both a reminder of how important it is to have effective government, and also a potent warning about how government can be hijacked by ideology and made ineffective.

Above and also in the prior white paper we discussed the real-time experimentation with lockdown or no-lockdown instructions, and soon we'll know how much difference it makes or does not make. Sweden (no) or Norway (yes); Brazil (no); Florida (no) or California (yes).

The U.S. federal government has not done well, both in regard to its preparedness or its responsiveness.

Regarding preparedness: “When the Trump administration took office in January 2017 it inherited, among other things, plans to make cheaper ventilators and 20 million reusable face masks, should the country need them. Nobody followed up. In 2018 John Bolton, the national security advisor, ‘streamlined’ the National Security Council and, in the process, closed its pandemic preparedness office. The following year, the administration decided to no longer embed an epidemiologist from Centers for Disease Control and Prevention (CDC) in China’s CDC.”

*The Economist*. “Bigger than Trump.” April 11, 2020.

Even despite these short-sighted decisions, there was still an abundance of warnings, which apparently were also ignored:

“US intelligence officials were warning as far back as late November 2019 that the novel coronavirus was spreading through China’s Wuhan region and posing a threat

to its people and daily life, according to ABC News. The US military’s National Center for Medical Intelligence (NCMI) compiled a November intelligence report in which ‘analysts concluded it could be a cataclysmic event,’ one of the sources of the NCMI’s report told ABC News. The source told ABC that the intelligence report was then briefed ‘multiple times’ to the Defense Intelligence Agency, the Pentagon’s Joint Staff and the White House. Repeated briefings were held through December across the US government, including the National Security Council, culminating in a detailed outline of the threat in the President’s Daily Brief in early January. The Washington Post reported that Trump and Congress ignored reports from US intelligence agencies starting in January that warned of the scale and intensity of the coronavirus outbreak in China. Further, CNN has reported that Trump’s trade adviser Peter Navarro warned internally in a memo in late January that the coronavirus could develop into a ‘full-blown pandemic,’ risking the health of millions and trillions of dollars in economic losses.

Veronica Stracqualursi. *CNN*. “ABC News: US intelligence warned of China’s spreading contagion in November.” April 8, 2020  
<https://www.cnn.com/2020/04/08/politics/us-intelligence-report-china-coronavirus/index.html>

Despite all these briefings, as late as February 26 President Trump was still stating in public that, “This is a flu. This is like a flu, it’s going to disappear one day. It’s like a miracle, it will disappear.”

The intended implication was that it would disappear quickly, which, unfortunately, is not what happened.

When they do their retrospective analyses, America’s left and right-wing media will undoubtedly portray the story differently, and the next wave of elections for national, state, and local offices will provide plenty of evidence as to how voters feel about the role the government



has played. This will in turn give us some sense of how much American society trusts its politicians compared with how much we trust the scientists and public health professionals, and how we respond if there are differences between what scientists and politicians are telling us.

On a broader level, however, we should note the persistence of Covid could also present a threat to democracy itself. We recall that it was, after all, in the anguished reaction to the Great Depression that fascism found its foothold in Europe, and if we are headed for a depression now then we must remain vigilant to protect our freedoms from authoritarians who would exploit this crisis to aggregate power.



The American right wing media has had a very negative impact on society in that it's become a voice of deception and denial, and it handled the emergence of Covid by dismissing the threat, taunting state governors who had proactively declared lockdowns, and comparing Covid with the "almost-harmless little flu."

Fairly typical is this comment from Rush Limbaugh on February 24: "I am dead right on this. The coronavirus is the common cold folks."

Given that the ostensible reason for their denial was a desire to protect "the economy" from disruption, this was thus in denial not only of science, but of history:

"A research report by Sergio Correia of the Federal Reserve Board, Stephen Luck of the

Federal Reserve Bank of New York, and Emil Verner of MIT takes a city-by-city look at the effects of the flu pandemic of 1918-1919 on the American economy. They find that the longer and more zealously a city worked to stem the flu's spread, the better its subsequent performance."

*The Economist*. "Hard Choices." April 4, 2020.

That is, being proactive and persistent was not only a public health success story, but an economic one.

Around mid-March, by which time the death toll made it apparent that the threat could no longer be denied, they along with President Trump abruptly pivoted, and attempted to rewrite history by claiming to have taken it seriously all along. This pivot raises questions about credibility and hidden agendas, and as the crisis has unfolded, those who were in denial have, one by one, reversed course. See Appendix 2 for a more detailed discussion of the political aspects of this.

## Leading Government Indicators

Elections are powerful times of reflection and expectation, and thus if the crisis is still dragging on by the time of the American elections in November 2020 then we'll have a clear picture of public sentiment in the vote tallies.

Future elections in all countries will also test our ideas about government legitimacy and about social priorities. What is the proper role of government in public health and management of the economy, and in providing social support during crisis? Do governments spend enough to remediate the financial burdens, too much, or not enough? What services are "essential?"

And as the crisis subsides, what role do we expect government to play in avoiding or addressing future crises? Do we demand more stockpiles of critical supplies, and more public

health briefings? Will we elect more doctors to public office, and fewer lawyers?

“In a livestreamed interview on Wednesday, April 8, Dr. Anthony Fauci said he and the rest of the White House coronavirus task force were still trying to figure out what to do after April 30, when federal stay-at-home guidelines are set to expire. ‘The keys are to make sure that we have in place the things that were not in place in January, that we have the capability of mobilizing identification, testing, isolation, contact tracing. There will be cases; we’ve got to be able to act on them in a very deliberate way that doesn’t allow us to get into the situation we find ourselves right now. If we get back to some form of normality, we’ve got to be careful we don’t ever let it get out of hand again,’ Fauci said. ‘Do not send a sick child to school. Do not send a sick worker into the workplace. Don't anybody ever shake hands again. It sounds crazy, but that's the way it's really got to be, until we get to a point where we know that the population is protected.’ Even after a vaccine is widely available, Fauci said, the pandemic should prompt the country to rethink its local public-health systems and better prepare for the next infectious disease outbreak. ‘We have a habit of when we get over a challenge, we say let's move on to the current problem. We should never be in a position of getting hit like this and have to scramble to respond again.’

Morgan McFall-Johnsen. *Business Insider*. “Anthony Fauci’s vision for battling a 2nd wave of coronavirus in the fall: Be prepared as we should have been in January.” April 8, 2020.  
<https://www.businessinsider.com/fauci-vision-be-prepared-new-waves-of-coronavirus-2020-4>

The economy, society, and government are all macro dimensions, all undergoing change. Much more personal are the impacts for your family and your business, which we will consider now.

## 6.

### Your Family: What’s Next?

These are challenging times for families. We’re locked in (not LinkedIn) and worried about what’s next. We’re spending our time differently, and as we noted in the previous paper, we can expect that this crisis will be long-remembered by school-aged children and young adults as a formative experience.

Many of us are also deeply worried about our incomes, so much so that we stand in line in unprotected settings to file unemployment claims, as in Florida. There will be many bankruptcies, and perhaps laws and rules to protect those who are financially vulnerable.

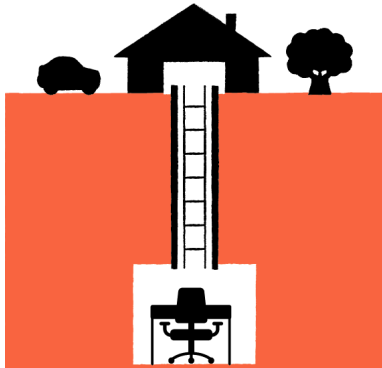
And if we come to expect that large-scale economic turbulence is going to recur, if for instance people fear a recurrence of Covid and Covid lockdowns, then it may have significant impact on spending patterns. Consumption would drop in favor of saving, which would be prudent although it would impede the economic recovery.

Once the Covid emergency room crisis passes and the rate of new cases declines, we are likely to see a shift of emphasis to mental health professionals, as people cope with the enduring psychological traumas. Millions have lost loved ones as well as economic stability, and these impacts will linger.

People may also have to learn to cope with uncertainties and ambiguities in new ways. Even if/when the crisis ebbs, the fear of a resurgence will remain, and this may also have a long-term effect. The psychological impact of development of a successful vaccine or treatment, of in contrast the absence of a vaccine or treatment, will be significant, and thus we should realize that this may be a critical factor that will influence the attitudes and behaviors of families.

## Leading Family Indicators

- How do people respond to a vaccine, if one is developed? Are they hesitant or enthusiastic about getting their shots?
- How fast does employment rebound? And how do people feel about the jobs they return to?
- Do people feel positive about the future, or worried?
- Do we regain a sense of optimism throughout society, or does panic give way merely to routine dread?
- Does spending rebound, or do people look to save much more than they used to?



## 7. Your Business: Survival Mode, or How Do You Restart?

As a business leader, how you cope during the midst of the crisis, as well as how you prepare for its aftermath, depend a great deal on how you expect it to unfold. As we noted above, the prudent strategist prepares for the worst even while hoping for something much less disruptive. In this case, the worst is a headlong plunge into a very deep depression, which calls for some pretty serious thinking and planning:

“The California venture capital firm Sequoia Capital put out a memo to its portfolio companies on March 5 warning that the Covid outbreak will likely depress the growth of all start-up firms, and called on them to rein in costs, conserve cash, and brace for capital scarcity. Among VC investors, meanwhile, ‘fear of missing out’ is giving way to ‘fear of looking stupid,’ suggesting that massive uncertainties throughout the economy will make capital raising considerably more difficult for the next generations of start-up companies.

*The Economist.* “Exit unicorns, pursued by bears.” April 4, 2020.

That advice applies equally well to established firms.

## The Zoom Era

Advice that also applies to the new as well as the established is the need to become more proficient at working remotely. Or, to say it differently, we are entering the Zoom Era. Chances are that unless your firm is a health care provider, a grocer, or in the defense

industry, most if not all work has shifted from offices to home offices (and kitchen tables), and from meeting rooms to online collaborations.



Indeed, even health care providers are doing this:

“Before Covid, Britain’s National Health Service saw 90% of its general practitioner appointments face to face, but since Covid it’s switched to 90% remote. And Britain’s law courts began developing a system for remote video hearings years ago, but the technology never really worked. Before Covid, the courts had already given up and were using phone conferences and off-the-shelf tools like Skype for hearings relating to about 200 cases per day. By March 31, that had jumped [nearly 10x] to 1800 per day.”

*The Economist*. “Move fast and try not to break things.”  
April 4, 2020.

Consequently, the video conferencing systems are all booming ...

“So what happens after the pandemic has subsided? ‘It’s clear to me there will be a new normal,’ explains Jared Spataro, head of Microsoft 365. ‘We don’t see people going back to work and having it be all the same. There are different restrictions to society, there are new patterns in the way people work.’ After China lifted coronavirus restrictions, Microsoft is still seeing two times the number of new users of its Microsoft Teams product each day in the country, compared to the end of January. The number of daily active Teams users also continues to grow week-over-week in China. That’s an

early indicator of how the rest of the world might adjust to the new realities of post-pandemic society. ‘The new normal is not going to be that all is clear, go back everybody,’ says Spataro. ‘There will be a new normal that will require us to continue to use these new tools for a long time.’”

Tom Warren. *The Verge*. “Microsoft thinks coronavirus will forever change the way we work and learn.” April 9, 2020  
<https://www.theverge.com/2020/4/9/21214314/microsoft-teams-usage-coronavirus-pandemic-work-habit-change>

(That new normal will also require a renewed attention to cybersecurity, since there will be a lot more corporate secrets flying through the videoconference ether.)

Our own experience is that most firms are simply trying to maintain a minimum amount of continuity through the crisis, and that the focus of most Zoom and Skype calls is simply maintaining continuity. They’re setting aside their ideas for new initiatives until after the crisis subsides, but if Spataro is correct then soon they’re likely to realize that they’ll have to take on new projects even under these new conditions of remote work. This will lead to at least a mini-revolution in ways of working, if not a full revolution.

After all, having proven that working from home is possible, we’ll surely see more of it. This is also another dimension of the trust issue, meaning trusting that people are indeed being productive. New ways of working and of being accountable for work will be needed.

The outward-facing aspect of the post-Covid world has to do with how firms respond to both the new constraints they face, and the new opportunities that will present themselves. One of the areas that will be both most pressing and most promising is in looking at possibilities for business model innovation, as the changed situation of the economy will create new conditions which must be adapted to.

- Will, for example, we stick with online grocery delivery now that we've gotten used to it?
- What new products and services could we deliver via ecommerce that we used to think required a more traditional delivery?
- How soon will we see delivery drones in cities, or robots delivering our pizzas and the daily mail?
- What new services do we need that we never needed before?
- What can we get rid of that we don't need any more?

Success at business model innovation is based on the capacity to see what others have missed, to see in particular how to apply technology in new ways, to meet existing or new needs. Our 2018 book *Business Model Warfare* has become a standard text on business model innovation how-to, and it contains a complete toolkit to model your current business and stimulate ideas for new ones.

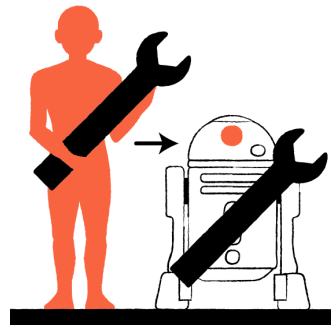
Indeed, it's not just business model innovation but all forms of innovation that will be mandatory, and this is of course where we have focused our work throughout the two decades that InnovationLabs has been around. In today's environment it's clear that we'll have to innovate not only to grow, but to survive; and in the short term, the worse the recession/depression becomes, the more important innovation will become.

This will set up a fairly clear dichotomy between firms that understand and practice innovation well, and those that don't. Since the internet revolution began in the early 1990s, it's the innovative firms that have thrived, and of course a quick look at lists such as the *Fortune 500* or just the companies with the highest market capitalizations shows that innovative technology firms have become dominant. In America it's the "Big 5, AAFGM," Amazon, Apple, Facebook, Google, and Microsoft, which have far surpassed

their competitors and passed even most of the oil companies as the most valuable firms in the world. Stock market investors believe in these companies and their futures – precisely because they are consistent innovators.

As we have noted in other writings (see the Resources section at the end), we're now poised as a global society to make another big leap in the adoption of technology as a major wave seems about to break through to the mainstream economy. AI, robotics, drones, genetic engineering, nanotechnology, virtual reality, and blockchains will soon be commonplace, with machine learning and quantum computing probably not far behind.

These technologies are all forcing change, and that will accelerate and bring with it new uncertainties. Combining technological uncertainty with widespread economic uncertainty and worries about public health induces a dynamic and highly turbulent environment. With the profusion of robotics and their capacity to replace virus-prone humans, for example, will we see gracious leisure and community resurgence, or mass unemployment and despair?



The changes we have seen during the last decade, combined with the new threats and challenges of an economy struggling with a depression, is a formula for stress. We're likely, in fact, to see heavy turnover among the major corporate ranks as many firms go bankrupt or disband, and while Covid is the proximate cause and has massively amplified these pressures by

bringing about an unprecedented crisis in the immediate term, it has simply added layers upon a process of turbulence and change that already existed.

## **An Economic Revolution**

Have you noticed that things have become substantially more complex during the last decade? Of course you have. They certainly have by any measure you wish to apply, which is a consequence of the combined forces of technology (especially including communication), globalization, securitization (turning everything into a marketable and tradeable security), urbanization, etc., etc. Together, all these forces are co-creating a process of fundamental change, and in fact, what we're observing at a much more systemic level is the shift from the economic and business structures of industrialism to what comes next, a knowledge/information/connectivity economy (we don't yet know what to call it, but we know it's coming).

To succeed through such a revolutionary shift requires innovation on all its many dimensions, and that in turn requires new ways of thinking. This is very well described by our friend Kevin Nortrup, systems engineer and principal of Sugar Creek Solutions. He notes,

Everybody wants the benefits of innovation, but without any substantial cost, change, or risk. It's only a small parody to observe this fairly typical mindset: "We pride ourselves on being innovative – just as soon as we've seen 10 other companies succeed for 3 years doing something, we're right on it!" But this is not the success formula for the post-Covid world.

We're slow because most of what we know and do regarding organizations/companies/enterprises, traces back to the Industrial Age, but those mindsets and models are insufficient to manage the complexities of the

Information Age (and of the imminent, even more complex Connectivity Age). Therefore, the extended scope of success at innovation must include not just the products/services produced, but the entire organization that seeks to produce them. Such innovation can establish a beachhead from which to launch a new return-on-complexity curve, to combat the diminishing returns that are inherent in increasing complexity.

How, we ask, should we think of this? Kevin suggests that,

Organizations/companies/enterprises are "sociotechnical systems" that need to be conceptualized, designed, implemented, operated, and continuously improved as systems. Even further, they are "artificial life forms," needing both:

- Intentional top-down design for their synthetic elements, and
- Intentional bottom-up cultivation of their organic elements.

Simply committing to "design" instead of "de-facto" is an enormous first step. We must exercise intentionality to manage complexity toward our desired ends, instead of allowing emergence to conform to contextual pressure (often with unintended consequences). Up-front intentionality and design enables critical organizational attributes – such as quality-control, scalability, sustainability, reliability, resilience, agility, safety, and commitment both to innovation and to the triple bottom line – to be 'baked in,' not merely 'glued on.'

The practice of systems engineering is a mechanism for bringing forth innovation to manage complexity more effectively. Mindsets and tools from systems engineering and software engineering – along with organizational psychology, sociology, human factors, etc. – can yield enormous

improvements in the design of these sociotechnical systems.

What all this suggests is that the Covid crisis is likely to amplify and accelerate change processes that were already happening. Kevin observes that,

The repercussions from Covid-19 clearly demonstrate how unstable many of our sociotechnical systems are at present. But in this situation, while most of ‘business as usual’ is shut down, we have a unique opportunity to begin the systems-(re)engineering of those sociotechnical systems. Once the lockdowns are lifted, companies will need to resume operations quickly and with agility, making highly effective utilization of every dollar and working hour to climb out of the hole from the disruption.

Are you as a leader, and is your firm, ready to seize upon these opportunities? Are you ready to think about reengineering how you work? This goes beyond remote work, to deeper factors about how firms are organized, how information is communicated, and how intention is manifested particularly in efforts at innovation.

Decades ago, futurists foresaw that the internet would make it possible for work to be distributed, and many believed that this would lead to a decline in the importance of cities. Things turned out quite differently, however, as cities became more, not less important, because they foster the forms of high intensity collaboration that characterize all knowledge intensive industries. People cluster together to share knowledge and make deals, whether that’s in the City of London or Manila, Shanghai or Manhattan.

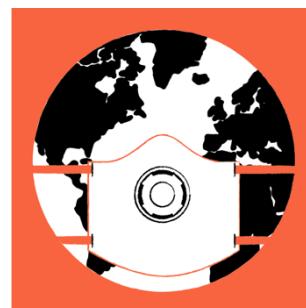
People in all these settings have become highly skilled and competent. They’re engaged and committed, many or most of them, innovative when permitted to be, and they discover

opportunities. Hence, in the post-Covid world innovation becomes a distributed function, largely self-organized, and likewise the role of management will necessarily change for looking over everyone’s shoulders to looking outward and forward.

### Leading Business Indicators

Many of the important leading indicators for businesses are going to relate to how work itself is organized, and how organizational targets are established and then met. Hence, these are not only indicators, but they’re also means by which leaders can prompt and promote change within their organizations.

- Are there signs of initiative taking and anti-bureaucracy behaviors?
- Is the mentality compliance-oriented “job” or creative flowering “gig”?
- Is there trust in the remote workplace, or malicious compliance?
- Are organizations taking on big, new issues instead of just doing maintenance?
- Are people tackling the larger issues of systems design?
- Do we see more crowdsourcing of solutions from the outside world?



## 8. Conclusions & Recommendations

So now what? What does this thought experiment tell us?

We examined five driving or organizing forces in this paper, the economy, society, government, family, and business, mostly by looking at them separately. We did this to focus on what they mean each to themselves, while knowing that the future that emerges is a function of all five, and many more forces also, all operating simultaneously to create a macro mix of exceptional complexity.

One of the key lessons is that this isn't necessarily a temporary situation:

“David Nabarro, a special envoy to the World Health Organization on Covid-19, warned April 12 that anyone who thinks the coronavirus crisis will be over any time soon should think again. The general thinking for now is that it will be a ‘virus that stalks the human race for quite a long time’ and true relief will only come once a vaccine is developed, Nabarro said on NBC’s Meet the Press. Experts aren’t sure if the coronavirus will act like influenza, which comes in ‘waves.’ Until [and if] a vaccine can be developed, ‘there will be small outbreaks that will emerge sporadically, and they will break through our defenses.’ Countries will need to stay vigilant to detect new cases, and act quickly in order to prevent an outbreak. ‘The key is that every community, as a kind of defensive shield, can pick up cases as soon as they appear, isolate them and stop outbreaks from developing. It’s going to be necessary for every country to have that capacity.’

Daniel Politi. *Slate*. “WHO Envoy Warns Coronavirus ‘Will Stalk the Human Race for a Long Time to Come.’” April 12, 2020.  
<https://slate.com/news-and-politics/2020/04/who-envoy-nabarro-coronavirus-stalk-human-race-long-time.html>

We mentioned above that we’d consider the interactions of all five here in the conclusion, and looking back at all the topics we’ve covered there seem to be two big messages, and a lot of important but perhaps smaller ones as well.

The big messages are:

1. We’re likely headed for a depression, not just a recession, and if that is the case then you should start preparing for a long-term and fundamental disruption. If it turns out to be less severe then perhaps you will have over-prepared, but clearly it’s better to over-prepare than underprepare.

If you’re a business or government leader, this means that you need to consider not just how to adapt, but how to transform the way your organization operates. By transformation we mean a total redesign and reconception of how you think about and manage the organization. How does work get done? Who is it done for? How are products and services created? How are they delivered? What technologies do we use, for what purposes?

It’s a long to-do list, and it all starts with adjusting your mindset.

2. The second big message is that even before Covid came along, we were already heading for a transformational crisis, just a bit more slowly. Covid has thus accelerated the long-term evolutionary process of the global economy, by forcing us to see things in a completely different light. It has exposed a number of fundamental issues that characterize the modern world, such as the hyperspeed addiction of the economic treadmill, the shared vulnerability that all humans face



regardless of our culture or nation, and the importance of science and its guidance as we navigate a world of increasing complexity.

These issues will likely bring into question many aspects of our lives and many of the assumptions around which we have organized society in areas including the environment, health care, the role of government, and the importance of community.

The issue of complexity itself is worthy of a great deal of attention. The Covid crisis has exposed additional layers of complexity across society, such as the inherent flaws in global, just-in-time supply chains in times of peak demand, and the challenges of coordinating across regions and nations when coping with a global problem such as the pandemic.

Coping with complexity, or better, thriving amid complexity, is a skill, and you need to develop it for yourself and your organization. How we develop it for society is another question entirely, as the crisis has surely exposed that our capacity as a society to deal with complexity itself is insufficient. Simplistic approaches often turn out to make things considerably worse, and along this dimension the crisis and the also the larger evolutionary process call for us to think through how we think about thinking.

One of the key lessons we learn from systems thinking is that we must carefully identify the places to intervene in the system, and also thoughtfully design how we intervene. Can we, for example, restore the economy in way that is not dependent on hyperspeed? This will require us to reconsider what

we're doing rather than just reflexively trying to restore us to how we did it before. Our obsession with economic growth, for example, has driven us into a pattern of environmental destruction, so we must now ask how we can have economic success without being driven by a GDP metric that requires more.

This, again, is a force that drives transformation in how we conceive of and manage organizations and institutions. (Our next book, by the way, is based on recent work by our colleague Betty Dhamers on this very topic, and is provisionally titled *Tomorrow 101: A Guide to Transformation*. Look for it in a few months.)

It also calls into question how we think about the role of government, and as noted above, the next round of elections everywhere will say a great deal about what we have come to expect and to believe regarding our government leaders. We should demand leadership that promotes honesty and transparency, that makes informed decisions rather than ideologically-based ones, that is future-sighted rather than retrogressive.

In summary, what this presents us with is a tremendous opportunity not only to rethink, but to leverage that thinking into action to facilitate a better future. We can reinvent our organizations for the post-Covid world. After all, if the short term and long term pictures both call for transformation, and they do indeed seem to, then it's probably counterproductive to resist. Inasmuch as we anticipate that things are not going back to the way they were – and hence the title of this white paper, “The Next Normal” – with adequate resolve and attention we should design our way forward to something better.

## Responding to Covid-19: The Next Normal

InnovationLabs White Paper #2 Regarding the Present Crisis

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You can look at the issue of transformation in two ways, from the micro or the macro. The micro is your organization, your family, your cash flow, as apparently you'll have to transform how you work and live. The macro is our society, and we have to transform that, too. So perhaps it's not either-or, it's both.

Indeed, if we sustain the spirit of community responsibility that is the basis of social distancing, if we sustain and extend the countless spontaneous acts of mutual care and thoughtful innovation that we have seen throughout the crisis, if we maintain our connectivity and our commitment to connection and to solving problems together even when we are working from our own kitchens, then the crisis could well be the catalyst of many positive outcomes.

What this all suggests is that we need to keep our attention in two domains at the same time.

First, continue to pay attention to the Leading Indicators, either the ones listed here or others that may be more relevant for your particular situation, as you prepare for the worst while still responding to opportunity. And at the same time dedicate effort to transformation of your work

and your organization by extending the innovations of crisis-adaptation to your long term ways of thinking and working, and by taking into account a new way of transformative technological change that was already on its way, and the arrival of which may be hastened by the current crisis.

Covid-19 is the first global crisis that is being dealt with as a global community problem. Previous pandemics such as the 1918 flu were also global events, but at that time there was no global mechanism for coordinating responses as we now understand we must do, no WHO, and no air travel industry to spread the virus with such speed.

The response has been inconsistent from nation to nation, but nevertheless what we have learned could set a pattern that informs us as to how we may also cope with the crises of climate change, or refugees, or of inequity. We can transform the Covid crisis into learnings that can lead to a better future.

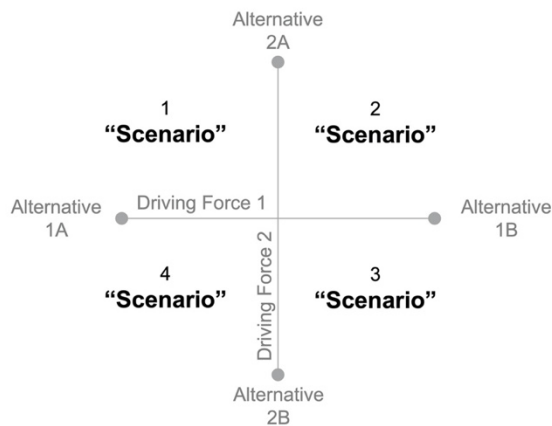
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*As always, we welcome your comments and feedback.  
Please contact us at [LMorris@innovationlabs.com](mailto:LMorris@innovationlabs.com)*

**C**  **VID 19**  
**THE «NEXT NORMAL»**

## Appendix 1: Coping with Uncertainty

As we noted above, the white paper that preceded this one used the scenario planning technique to consider how the crisis might unfold. In scenario planning, two driving forces are paired to create a 2 x 2 matrix of possibilities, as shown here:



In that white paper we paired four sets of Driving Forces to come up with 16 different scenarios, or possible futures.

In this Appendix we provide a very quick summary of those scenarios, and obviously if this is of interest we suggest you look at the full white paper, which you can do here:  
 URL

We chose these four because each one paired a Covid-specific theme with a non-specific theme.

1. **Covid-19 Deadliness & Government Response**
2. **Covid-19 Duration & Economic Impact**
3. **Covid-19 Recurrence & Political Impact**
4. **Covid-19 Treatment & Social Impact**

There may certainly be other useful or interesting pairings to try, but we expected that thinking through these four would suffice to

bring forth a lot of insights, as indeed it did. Four 2 x 2 matrices yield 16 scenarios in total, which gave us a lot of content to consider.

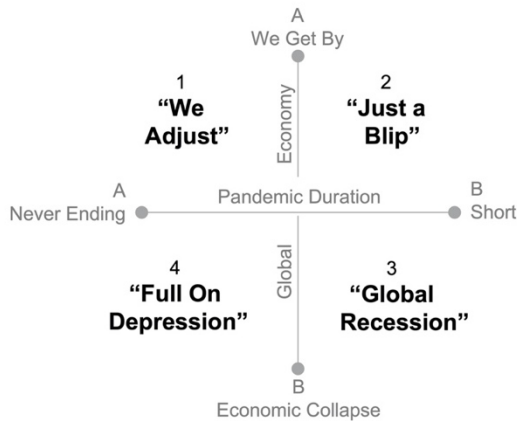
### Scenario 1: Covid-19 Deadliness & Government Response

Take a moment to study the matrix. Notice how the two axes and the extreme labels at the ends of each axis define four very different sets of outcomes.



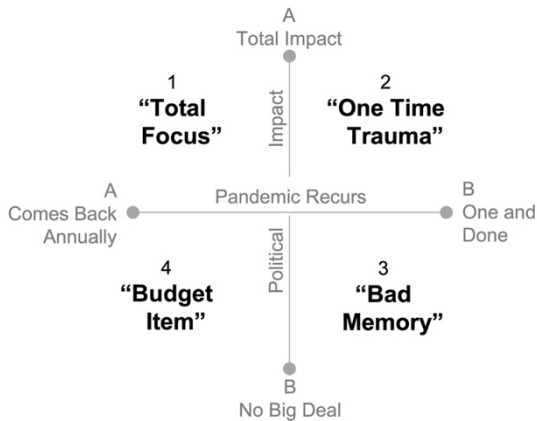
### Scenario 2: Covid-19 Duration and Economic Impact

As of right now we don't know how long this is going to last, nor do we have a full picture of the economic impact, so all four quadrants here remain relevant, and we have to consider that all four are entirely possible.



**Scenario 3:  
Covid-19 Recurrence and Political Impact**

Here are we are also dealing with four relevant uncertainties, and as political repercussions often take years to unfold in that the cycle of elections also unfolds over years, we won't know the outcome here for quite some time. However, we do know that Covid-19 will be a major topic for at least the next few months of the 2020 American presidential election, and most likely it will have some impact on the eventual winner on November 5, 2020. If the crisis is not resolved by November then it may be the singular issue that decides the election.



**Scenario 4:  
Covid-19 Treatment and Social Impact**

Social impacts usually unfold over time, as immediate reactions to the arrival of a crisis often shift if the crisis continues. Awareness also develops in an uneven manner, as some accept the urgency while others deny it. Thus, New Yorkers are homebound while young people frolic on the beaches of Miami, teenagers in Kentucky hold "coronavirus parties," and churches in Louisiana hold services for more than a thousand.

**Scenario 5:  
The Economy and Social Order**

The economy is an obvious choice for the horizontal axis, as that's the driver. The two ends of the axis are labeled "depression" on one side and "collapse" on the other, because we wanted to look not just at bad outcomes, but worse and worst outcomes.



For the vertical axis we chose Social Order, by which we mean a combination of social cohesion in society, and also the presence and effectiveness of governments and governance. The extremes are that we barely hold it together as a society on the top, or that we lapse into anarchy at the bottom

It's no surprise that this yields five unpleasant scenarios, which vary only in how distasteful they are.

Looking across the scenarios prompted some key observations, including some reflections on the role and importance of leadership, on the process of change in the economy, on health care and science, and the environment, on complexity and systems thinking which we have then amplified upon in this second white paper.

The white paper concluded with a few recommendations, the imperatives. These included thoughts on the value and importance of thought experiments like scenario planning, on the need to think things through yourself and with your teams, and we concluded with the thought, now fully expanded on here, that this isn't a temporary crisis.

[You may access the full white paper here.](#)

## Appendix 2: The Politics of Crisis

Like it or not, there is a political aspect to this crisis, which is both revealing and in some ways disturbing. Authoritarianism, populism and faux-populism are all political reactions to economic crisis, and already we have plenty of both going around.

In the original white paper from 3 weeks ago we raised a few points that had a political flavor, including criticisms of Donald Trump and also of climate change denialists.

One of the comments we received on the paper was a suggestion to tone down the politics, so that people (i.e., Trump supporters) would feel comfortable reading it.

Indeed, when we wrote the paper we had to make a choice, and in the end we decided to maintain that language based on the view that if we don't have the courage to stand against media falsehoods and political dishonesty, and the failings of the Trump administration, then perhaps we don't deserve to have a democracy.

It is informative, if painful, to revisit a rough chronology:

"A report from *The New York Times* detailed the Trump administration's missteps in the early days of the pandemic and how President Donald Trump ignored his advisers' warnings of the potentially deadly disease. An administration official separately confirmed to CNN that the government's top public health experts agreed in the third week of February on the need to begin moving away from a containment strategy and toward a mitigation strategy that would involve strong social distancing measures.

"According to the Times report, Dr. Robert Kadlec, the top disaster response official at the Department of Health and Human

Services, convened the White House coronavirus task force on February 21. During his meeting, the group conducted a mock-up exercise of the pandemic that predicted 110 million infections, 7.7 million hospitalizations and 586,000 deaths.

“The group ‘concluded they would soon need to move toward aggressive social distancing, even at the risk of severe disruption to the nation’s economy and the daily lives of millions of Americans,’ but it took more than three weeks for Trump to enact such guidelines on March 16.”

Devan Cole. CNN. Fauci admits earlier Covid-19 mitigation efforts would have saved more American lives. April 12, 2020  
<https://www.cnn.com/2020/04/12/politics/anthony-fauci-pushback-coronavirus-measures-cntv/index.html>

A week after the White House task force meeting, here’s what Trump said at a campaign rally (February 28):

“Now the Democrats are politicizing the coronavirus. This is their new hoax.” He went on to say that his administration was “magnificently organized” and “totally prepared” to address the virus. “My administration has taken the most aggressive acts in history to prevent the spread in the United States.”

Lauren Egan. NBC. “Trump calls coronavirus Democrats’ ‘new hoax.’” February 28, 2020.  
<https://www.nbcnews.com/politics/donald-trump/trump-calls-coronavirus-democrats-new-hoax-n1145721>

To which *The Economist* later replied,

“It’s hard to pick the best illustration of the failings of the Trump administration on Covid-19. There have been so many. ... The problems extend beyond the president’s rhetoric. John Bolton’s decision to scrap the NSC’s dedicated pandemic unit is another contender. So is the CDC sticking with a faulty viral test when the WHO could have provided a working alternative; also the turf wars among the White House’s cast of suck-ups and cronies; and Mr. Trump’ latest

xenophobic attack on China. It is a stunning catalogue of failure.”

Lexington. *The Economist*. “Pandemic polarization.” March 21, 2020.

Populism and authoritarianism both rely upon the manipulation of public opinion, and already we have seen plenty of that with Covid. Here’s a summary of what right wing media and the White House had to say between February 24 and March 18, as presented by Trevor Noah on *The Daily Show* on April 3.

<https://www.youtube.com/watch?v=NAh4uS4f78o>

Rush Limbaugh, February 24:

*I am dead right on this. The coronavirus is the common cold folks. The hype of this thing as a pandemic as the Andromeda strain as, “Oh my god if you get it, you’re dead” [is nonsense].*

Presidential Advisor Larry Kudlow, February 25:

*We have contained this, we have contained this, I won’t say airtight but pretty close to airtight.*

President Donald Trump, February 26:

*This is a flu. This is like a flu, it’s going to disappear one day. It’s like a miracle, it will disappear.*

Sean Hannity, Fox News, February 27:

*Tonight I can report that the sky is absolutely falling we are all doomed. The end is near the apocalypse is imminent, and you’re going to all die, or at least that’s what the media mob and the Democratic, extreme, radical, socialist party would like you to think. Zero people in the United States of America have died from the coronavirus. Zero.*

Geraldo Rivera, Fox News, February 28:

*The far more deadly more lethal threat right now is not the coronavirus, it’s the ordinary old flu. Nobody has died yet in the United States as far as we know from [coronavirus].*

Dr. Drew Pinsky, March 2:

*It’s milder than we thought, the fatality rate is going to drop.*

Jesse Watters, Fox News, March 3:

*You want to know how I really feel about the coronavirus. If I get it, I’ll beat it. I’m not afraid of the coronavirus and no one else should be that afraid, either.*

Florida Republican Congressman Matt Gates, March 4:

Gates mocked concerns about the spread of the virus by wearing a gas mask on Capitol Hill.

Pete Hegseth, Fox News, March 6:

*The more I learn about coronavirus, the less concerned I am. There's a lot of hyperbole.*

Presidential Advisor Kellyanne Conway, March 6:

*It is being contained.*

Dr. Marc Siegel, Fox News, March 6:

*This virus should be compared to the flu because, at worst, at worst, worst case scenario, it could be the flu.*

Jeanine Pirro, Fox News, March 7:

*It's a virus, like the flu, all the talk about coronavirus being so much more deadly doesn't reflect reality.*

Laura Ingraham, Fox News, March 9:

*The facts are actually pretty reassuring, but you'd never know it, watching all this stuff.*  
(i.e., watching science-based coverage).

Lou Dobbs, Fox Business, March 9:

*The national left wing media is playing up fears of the coronavirus.*

Tomi Lahren, Fox News, March 10:

*The sky is falling because we have a few dozen cases of coronavirus on a cruise ship? I am far more concerned with stepping on a used heroin needle than I am getting the coronavirus, but maybe that's just me.*

Matt Schlapp, Chairman of the American Conservative Union, March 11:

*It is very, very difficult to contract this virus.*

California Representative Devin Nunes, March 15:

*One of the things you can do if you're healthy, you and your family it's a great time to just go out go to a local restaurant, you're likely you can get in, get in easily.*

As the fatalities accumulated, however, it turned out that media sources which had focused on reporting science rather than ideology had been correct. Denial became untenable, and so they switched, and attempted to rewrite history:

President Donald Trump, March 17

*I felt it was a pandemic long before it was called a pandemic. I took it very seriously.*

Sean Hannity, Fox News, March 18:

*By the way, this program has always taken the coronavirus seriously.*

Dr. Drew Pinsky, April 6:

Caught out by *The Daily Show* video mentioned above, Pinsky apologized for misleading the public: "Celebrity doctor Drew Pinsky has apologized for a series of statements unspooled in a recent video where he downplayed the coronavirus and suggested it was a 'press-induced panic.' 'I wish I had gotten it right, but I got it wrong,' said Pinsky in a video posted over the weekend."

<https://www.hollywoodreporter.com/news/dr-drew-pinsky-apologizes-coronavirus-comments-1288846>

Has the media on the left been perfect or blameless throughout the crisis? Perhaps not. But it would be naïve not to note the weeks of chronic dishonesty by the White House, and the persistent denial by its media arm at Fox.

Our most recent book examines the current American political situation in detail: *Winning the War for America*, by Langdon Morris, is available at Amazon.

## Appendix 3: Resources

### Immediate Reading

- *The Economist*. An essential weekly resource for serious strategists and leaders.

### Background Reading

- Langdon Morris. *Foresight and Extreme Creativity: Strategy for the 21<sup>st</sup> Century*. FutureLab Press, 2016.
- Langdon Morris. *The Big Shift: The 83 Most Important Changes that Everyone Should Know About, and the Big Shift that Changes Everything*. FutureLab Press, 2018.

- Langdon Morris. *The Agile Innovation Master Plan*. FutureLab Press, 2017.
- Langdon Morris. *Winning the War for America: The Democrats' Guidebook to Victory*. 2020.
- Adam Kahane. *Solving Tough Problems: An Open Way of Talking, Listening, and Creating New Realities*. Berrett-Kohler, 2004.
- Peter Schwartz. *The Art of the Long View: Planning for the Future in an Uncertain World*. Currency Doubleday, 1991.
- Shell Scenario Planning:  
<https://www.shell.com/energy-and-innovation/the-energy-future/scenarios.html>

## InnovationLabs

InnovationLabs is recognized globally as one of the leading consulting firms in innovation and strategy.

For the last twenty years, we have supported small, medium, and large firms, as well as non-profit organizations and governments around the world with high level consulting and training services, and our books and other writings have become standard references on a wide variety of related and important topics.

We're now preparing a set of do-it-yourself toolkits for organizations to help them restart after the Covid crisis eases, and also through the larger process of transformation, so they can thrive in the next economy. We'll be looking for a few client organizations to beta test these kits, so please let us know if you may be interested.

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