



PREPARING FOR WORLDWIDE DISRUPTIONS

Disruptions to our global economy and even individual societies are an inevitability. Throughout history we see this pattern repeated where a dramatic cause equates to an economic effect that interrupts human life, supply chains, and international markets. Over the past fifty years, economic patterns of growth and market downturn have perpetuated at a consistent rate, but the ability to respond to these situations in their aftermath continues to improve.

The pattern shows that while an economic decline can be severe, we have a heightened ability as a global market to not just recover, but to grow. Take the economic crisis of the late 1980s – after Black Monday, markets devalued by [nearly 30%](#). A decade after, the global market had not only recovered, but doubled its previous growth.

The Gulf War, 9/11, the SARS outbreak, and even the last global financial crisis repeated this pattern of decline and significant recovery.

The unfortunate reality of global recovery after a time of severe impact is that the recovery itself is based on the severity of the event. For example, the events surrounding Black Monday domestically witnessed a nearly 30% economic decline. Once the market began to heal, the recovery itself took more than a year. The global financial crisis finally bottomed out after more than a year of selloffs and ultimately depleted the market by just over 55%. The subsequent recovery period was just under three years. The important focus is not on

the declines themselves and the unfortunate global impact, but on the opportunity for growth as part of the recovery.

Even the last great pandemic, the Spanish Flu event of 1918, stimulated an economic

[even while the pandemic continued](#). While this event is more than 100 years behind us, a lot can be learned about our ability to respond, react accordingly, and recover as a global community.

Inoperability

According to a [Department of Homeland Security study](#) in 2009, a global pandemic lasting between 1 and 18 months was a certainty in the coming years. Consequently, [studies](#) of potential economic impacts estimated that this could disrupt up to 25% of the global workforce and could impact as much as 85% of business communities.

This severity is quickly becoming a reality for the COVID-19 pandemic.

Inoperability is a result from measuring market



Innovation, adaption, and opportunity gives us the ability to be optimistic about our recovery

decline at its inception. What was fascinating about the last pandemic, when compared to other worldwide disruptions, was the ability for the market to recover

interdependencies and determining impact to potential economic situations. This measure can be as small as understanding how a community would respond to a flood, to as large as a full-scale global pandemic. The outcome of market severity, specifically focused on operability or inoperability, has to do more with time than shifts in economics or even in measures of viral spread. Some markets are more dependent on one another for their success than others.

Professional services, for example, have a higher interdependency as they require other sectors to be operational in order to be successful. The ability to recover from a worldwide disruption comes down to the ability for each market to respond effectively and in a short timeframe. It is important to implement necessary contingencies to ensure that the singular market is secure but, more importantly, that all dependent markets become secure. The ability to do this more rapidly leads to a quicker recovery pattern.

This insight helps to understand how, during the Spanish Flu, economic recovery happened even while the pandemic was still active. Adaptation and activated interdependencies led to quick decrease in inoperability.

What modeling of inoperability tells us again and again is that the initial blow of unfortunate events is always the worst. This again has to do

with the reactivity of interconnected markets. When an event like COVID-19 begins, individual markets take care of themselves first, leaving the interdependent markets impacted. This results in a spike in inoperability throughout the global market. But, as time progresses, marketplace recovery begins to happen regardless of viral recovery. This is heightened when adding in adaptability procedures, such as technology use in communication or new safety protocols when workplace physical distancing is not an option. Unfortunately, there is always a margin of inoperability throughout the market as an event such as a pandemic continues. But, as time progresses and the markets continually adapt, the inoperability factors continue to decrease.

The interesting factor that has helped most businesses better respond to the current pandemic is technology. The marketplace even ten years ago would not have been as well-equipped to handle such a significant situation. Many economists have been surprised that the global impact has not been more severe. This is partially in thanks to the opportunity for connectivity and the quickly adaptable nature of many businesses. Technology as a medium of communication has helped create opportunities throughout our interdependent markets.

Opportunity

2020 will likely favor those who are able to adapt. This is because adaptability is not about simply responding to a situation to help bridge the temporary gap, it is about harnessing adaptation that provides future opportunity. During the last great economic recession, many businesses emerged based on the changed landscape of the market that resulted. Companies with low risk of entry and high reward potential who use technology as their only point of connection are one example, e.g. rideshare platforms and lodging rental marketplaces where there is no employee, only a contractor who assumes their own risk.

Examples of opportunity typically are fostered in a time of vast unknown and grown in the subsequent time of stability. Innovation is the key. As a rule, businesses should always be innovating. This doesn't have to be big, either. Even the smallest adjustment to

process is an innovation. Times like the present typically inspire more dynamic changes, but, again, these can then be grown when stability returns. Many innovations, such as ridesharing, were conceptualized during a time of economic instability as a means of responding to an adapted marketplace. It was only later that the consumer market began to respond to the innovation.

The present disruption to the global community is unmatched in recent history. But knowing what we do about innovation, adaptation, and opportunity gives us the ability to be optimistic about our recovery. We must focus on what we are learning as a means of better meeting the challenges of the future. As history tells us, global disruptions are inevitable. Our ability to be nimble and to adapt quickly will define us.

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