

COVID-19

BCG Perspectives

Transitioning to the 'New Reality' for business leaders

People Challenges in the Big Transition

May 2021

Draft

COVID-19 Disclaimer

The situation surrounding COVID-19 is dynamic and rapidly evolving. Although we have taken great care prior to producing this presentation, it represents BCG's view at a particular point in time.

This document is to be used as a preliminary discussion document. It is intended to share practices from other jurisdictions that are working to vaccinate their population.

This presentation does not: (i) constitute medical, legal or safety advice, and is not a substitute for the same; nor (ii) should be seen as formal endorsement or recommendation of a particular decision.

As such you are advised to make your own assessment as to the appropriate course of action to take, using this presentation as guidance. Please carefully consider local laws and guidance in your area, particularly the most recent advice issued by your local (and national) health authorities, before making any decision.

Businesses have succeeded in adapting operationally & addressing the top line... ..*and must now shift their focus to addressing **People in the Big Transition***



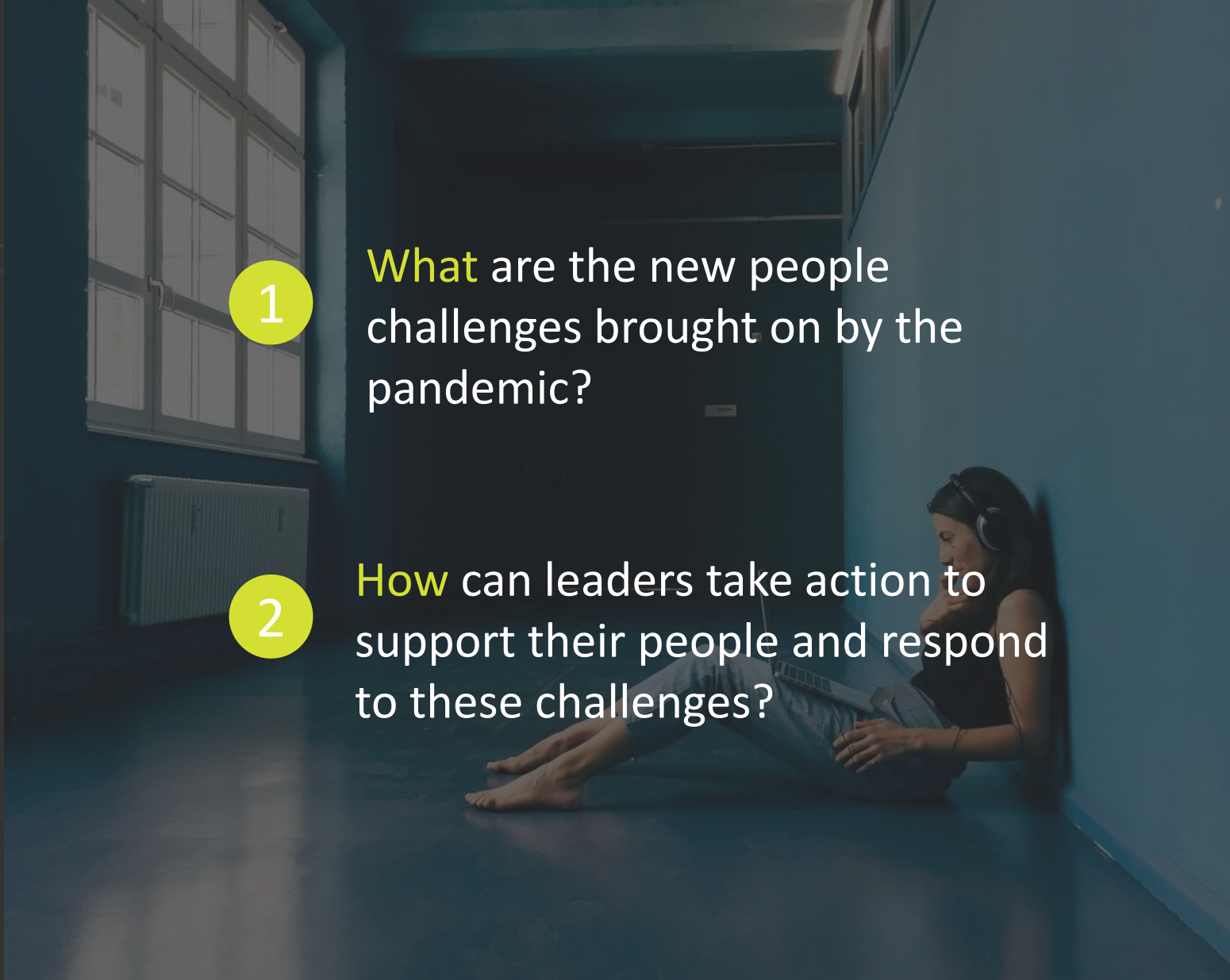
Businesses who take a **people-focused approach** will emerge as leaders in the Big Transition to the New Reality

1

What are the new people challenges brought on by the pandemic?

2

How can leaders take action to support their people and respond to these challenges?

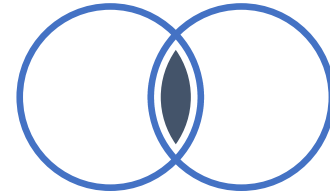


Leaders must grapple with two major people challenges during the transition



People, and their context have changed

The pandemic has led to a variety of lasting people impacts, including *mental and physical health deterioration* & the changing nature of work, including *burnout and shifting priorities*

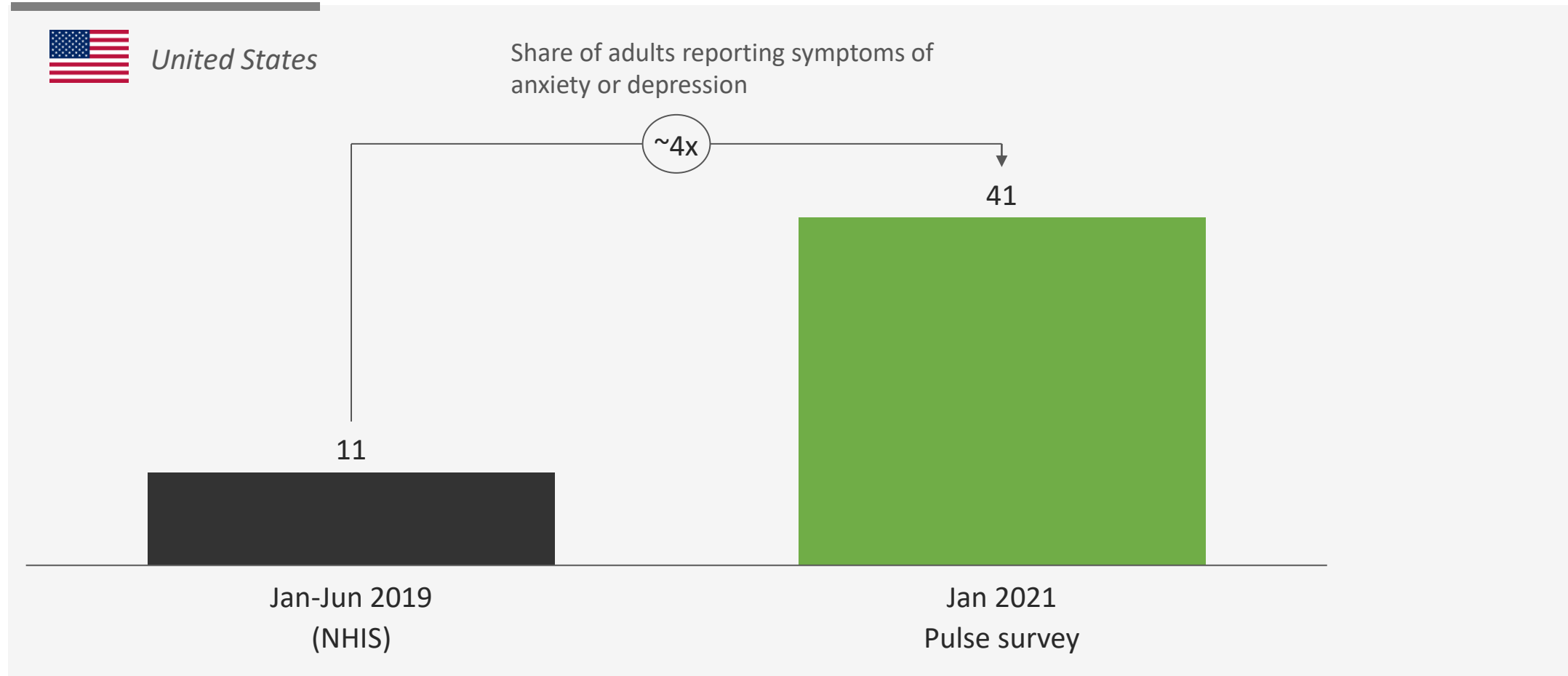


Perceptions of risk remain higher than true risk

As COVID risk drops to below flu levels for individuals in countries nearing disease risk management, perceptions of risk remain high

In the US, people are less mentally healthy because of the pandemic...

COVID has increased rates of mental illness



Source: U.S. Census Bureau Household Pulse Survey (2019-2021); Pharma Dynamics survey (2020)

... with wide-ranging physical health effects, including "Long COVID"

Indicators of physical health have deteriorated

Among U.S. adults...

61% experienced undesired weight changes, with an average gain of 29 lbs

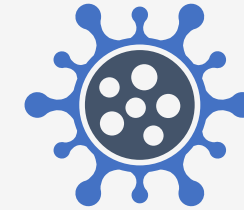
67% have been sleeping more or less than they want to

47% delayed or cancelled health care services since the pandemic started

Worldwide...

27% Decrease in physical activity¹ 30 days after pandemic declaration

"Long COVID" is an emerging concern



Long COVID or Post-COVID Syndrome (PCS) is defined as "signs and symptoms that develop during or after an infection consistent with COVID-19, continue for more than 12 weeks and are not explained by an alternative diagnosis."¹

Detail on next slide

1. Step count as a proxy for physical activity has been associated with all-cause mortality
Source: American Psychological Association (March 2021); Journal of Affective disorders (2021); Annals of Internal Medicine (2020)

Scientists are still trying to get a handle on the effects of "Long COVID"

A significant share of patients report ongoing symptoms...

14%

of people who have tested positive for COVID-19 (90% of whom were not hospitalized) have lingering symptoms²

... which typically present in one of three ways...



Exercise intolerance, with shortness of breath or fatigue from light activity



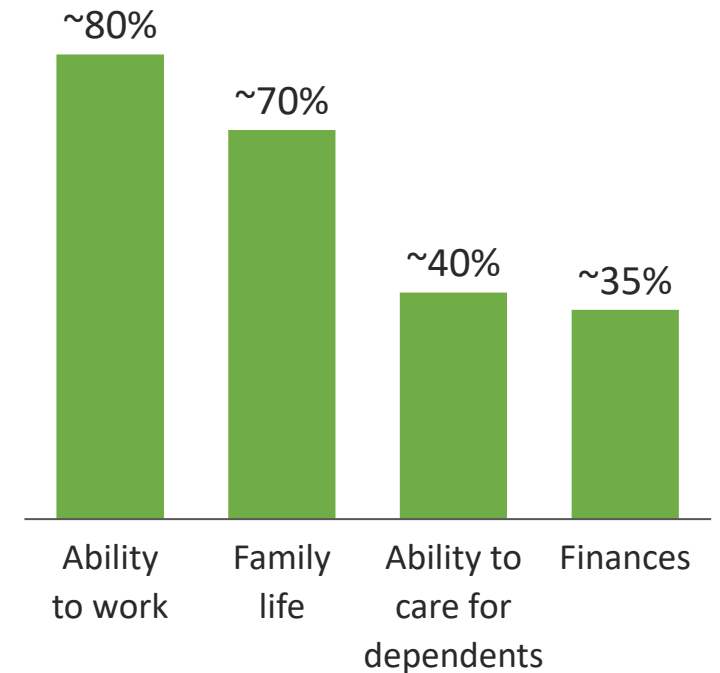
Cognitive complaints like brain fog and memory issues



Dysautonomia, or problems with the autonomic nervous system

... and continue to negatively impact people's lives

Share of long COVID patients in Britain reporting impacts to: (%)



1. Britain's National Institute for Health and Care Excellence; 2. Britain's Office for National Statistics
Source: The Economist "Researchers are closing in on long COVID" (2021)

Employees, especially Millennials, are rethinking work and priorities

"After a year spent hunched over their MacBooks, enduring back-to-back Zooms in between sourdough loaves and Peloton rides, [type-A Millennials] **are flipping the carefully arranged chessboards of their lives and deciding to risk it all.**"

Source: Welcome to the YOLO Economy (New York Times)



Rising vaccination rates and a recovering economy are giving **new hope about the future**



Stay-at-home savings, rising asset prices, and get-rich-quick schemes have helped build a **larger financial cushion**



Burnout is leading people to **question the value of traditional career** vs. family time and spending time on hobbies

Source: "Welcome to the YOLO Economy" (Kevin Roose, New York Times, 2021)

Draft

Among high-wage workers, burnout may lead to increased job switching

67%

of workers believe the pandemic worsened their feeling of burnout

% of employees feeling burned out

	Jan '20		Feb '21
Gen Z	48%	➡	58%
Millennials	53%	➡	59%
Gen X	40%	➡	54%
Boomers	24%	➡	31%



52%

of workers are looking for a new job,
up from 35% a year earlier

35%

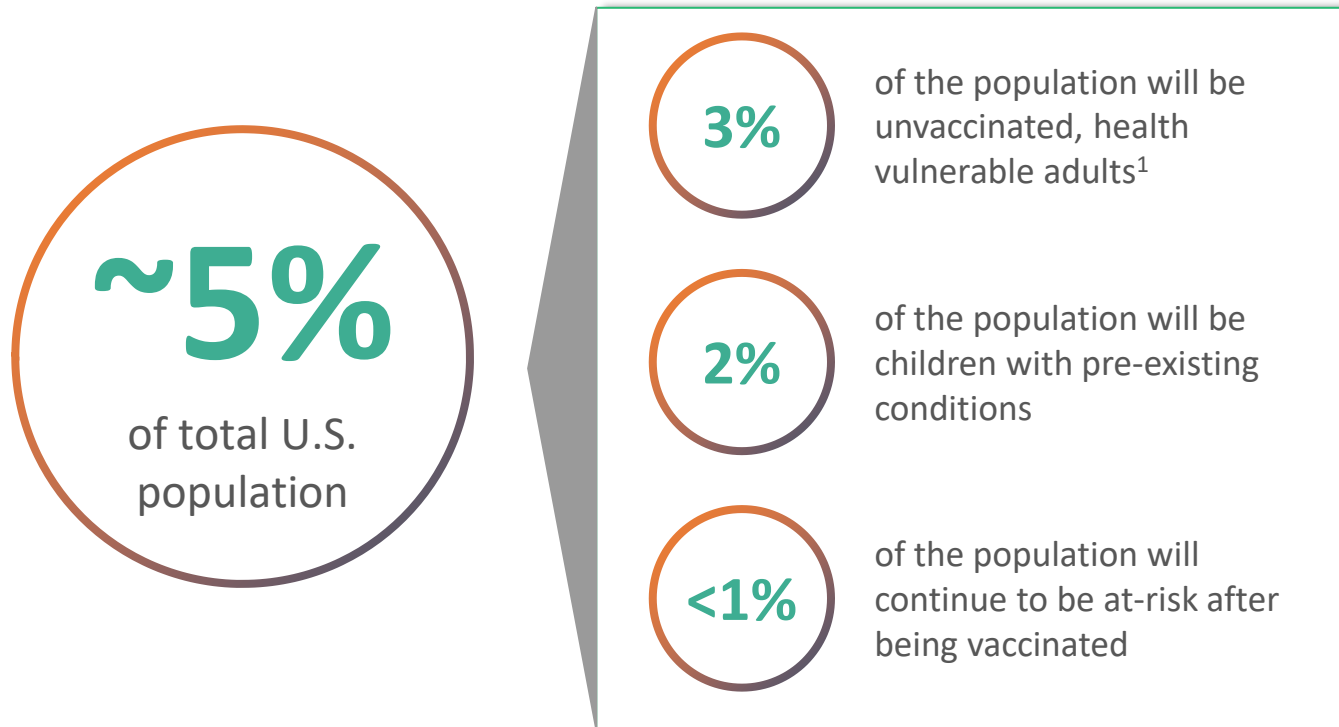
are looking for better compensation
and benefits

25%

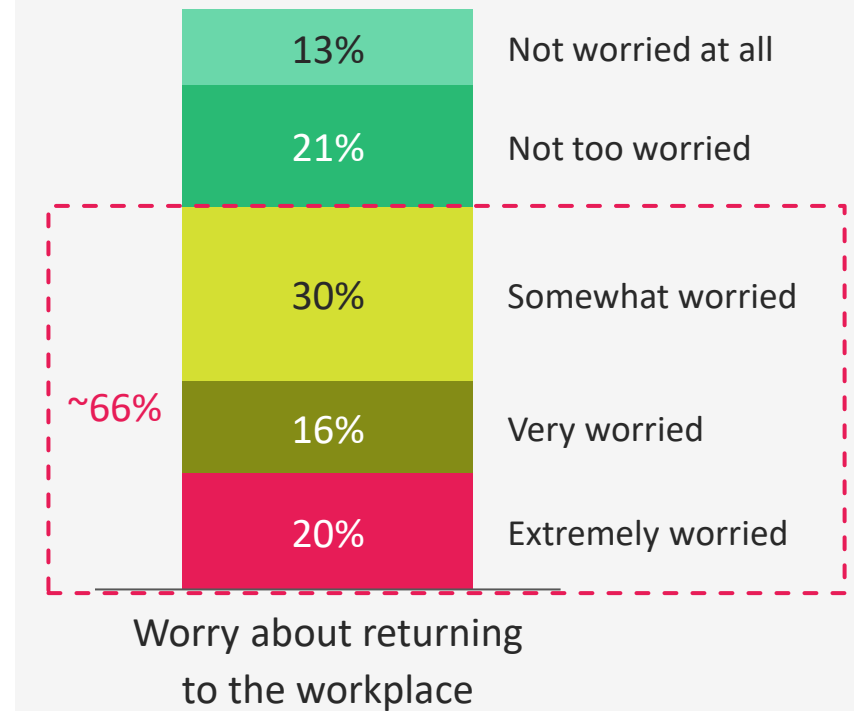
Are looking for better work / life
balance

Perceived risk is more than 10x higher than true risk among U.S. employees

As vaccinations roll out, only ~5% of U.S. population will remain at risk for COVID... **... but ~66% worry about workplace safety; >10x higher than true risk**



Respondents who were (%):



Note: True and perceived risk expected to vary dramatically across geographies through the transition

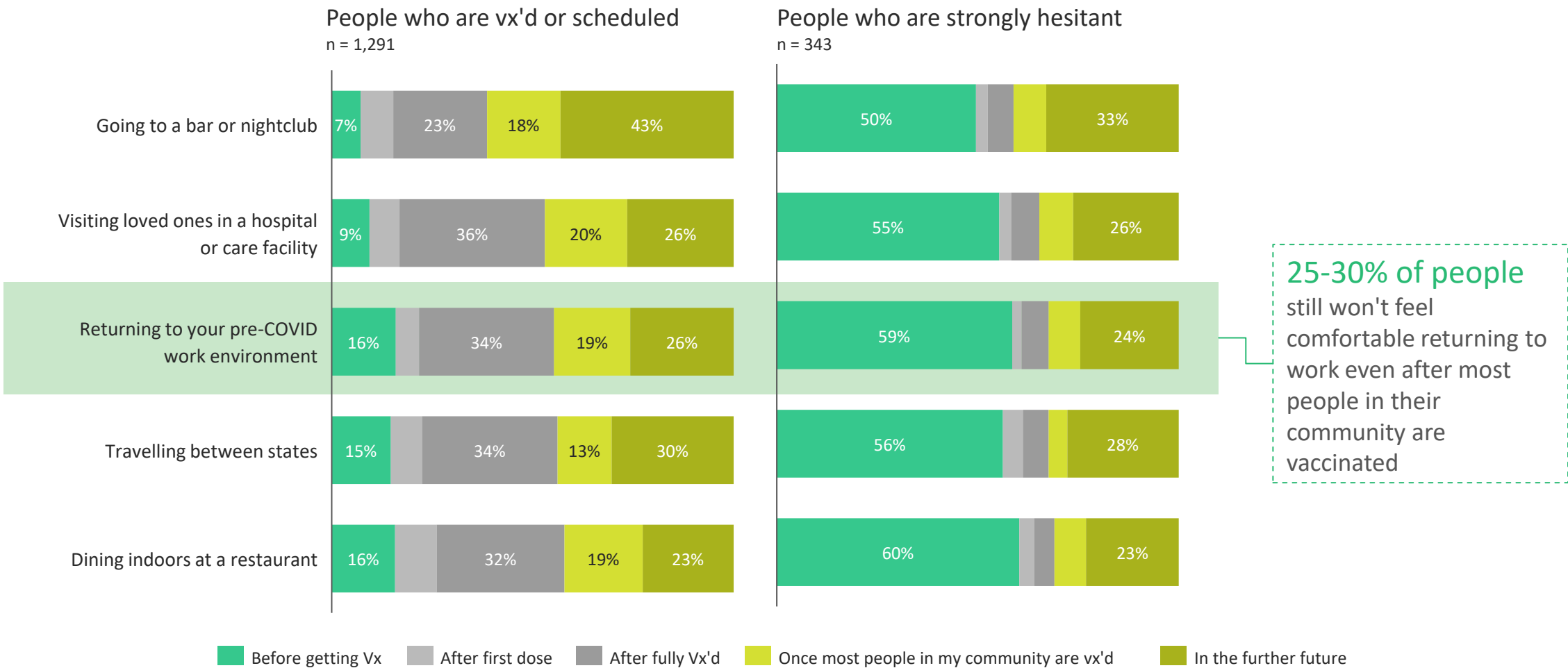
1. 19% of U.S. citizens have preconditions as defined by the CDC, 14% of whom are estimated to remain unvaccinated at steady state (e.g., when supply and access are sufficient to cover all demand)

Source: CDC; BRFSS; US Census Bureau; South Korean Government; BCG National Vaccine Sentiment Survey 4/20/21 - 4/25/21, n = 1,945; Harvard Medical School and BCG analysis

Draft

Hesitance across a wide variety of activities remains, even after vaccination

When is the earliest you would feel comfortable doing the following activities?



Source: BCG National Vaccine Sentiment Survey 4/20/21 - 4/25/21, n = 1,945

People will continue to perceive various ongoing risks through the transition

Not exhaustive

Kids at home



Sydney and Ed have two kids who aren't yet able to get the vaccine, and despite being vaccinated, they are worried they might transmit the infection at home – maybe without even knowing they have it.

Commuting colleagues



Luis can walk to work every day, but he works at a company where many colleagues come in on public transit. He is afraid they will bring COVID in with them and not know it.

Visiting mom



Shaun's 80-year-old mother recently recovered from COVID, but is worried about getting the vaccine. He is afraid to visit her in the nursing home even though he is vaccinated knows they both probably have immunity.

Chronic asthma



Alisha has severe, chronic asthma, and has barely left home through the pandemic. She just got vaccinated but is afraid that a breakthrough infection could be devastating.

Often perceived risks do not match reality – but will feel real to people

Not exhaustive

Kids at home



Vaccination reduces transmission⁴, and COVID was only the 10th leading cause of death among children in the U.S. in 2020, **behind the flu, heart disease, and homicide**¹

Commuting colleagues



Sophisticated contact tracing in France, Austria and Japan have all **failed to link any COVID-19 clusters** to public transit²

Visiting mom



More than 95% of recovered COVID patients showed at least 3 of 5 immune system components to recognize the virus **up to 8 months after infection**³

Chronic asthma



Emerging real world evidence from the U.S. has shown **less than 0.01% of vaccinated individuals** have been diagnosed with COVID¹

Five priority areas for holistic people leadership through the transition

Businesses must holistically **adapt old priorities to the new people context** to success as leaders in the transition

- 1** **Protect your people**
by promoting physical & psychological safety
- 2** **Support your people**
by listening and responding to changed needs
- 3** **Enable your people**
with the tools & training needed in the New Reality
- 4** **Expand your people**
by competing for newly available talent
- 5** **Represent your people**
through commitment to equity & sustainability

COVID-19 Disclaimer

The situation surrounding COVID-19 is dynamic and rapidly evolving. Although we have taken great care prior to producing this presentation, it represents BCG's view at a particular point in time.

This document is to be used as a preliminary discussion document. It is intended to share practices from other jurisdictions that are working to vaccinate their population.

This presentation does not: (i) constitute medical, legal or safety advice, and is not a substitute for the same; nor (ii) should be seen as formal endorsement or recommendation of a particular decision.

As such you are advised to make your own assessment as to the appropriate course of action to take, using this presentation as guidance. Please carefully consider local laws and guidance in your area, particularly the most recent advice issued by your local (and national) health authorities, before making any decision.

