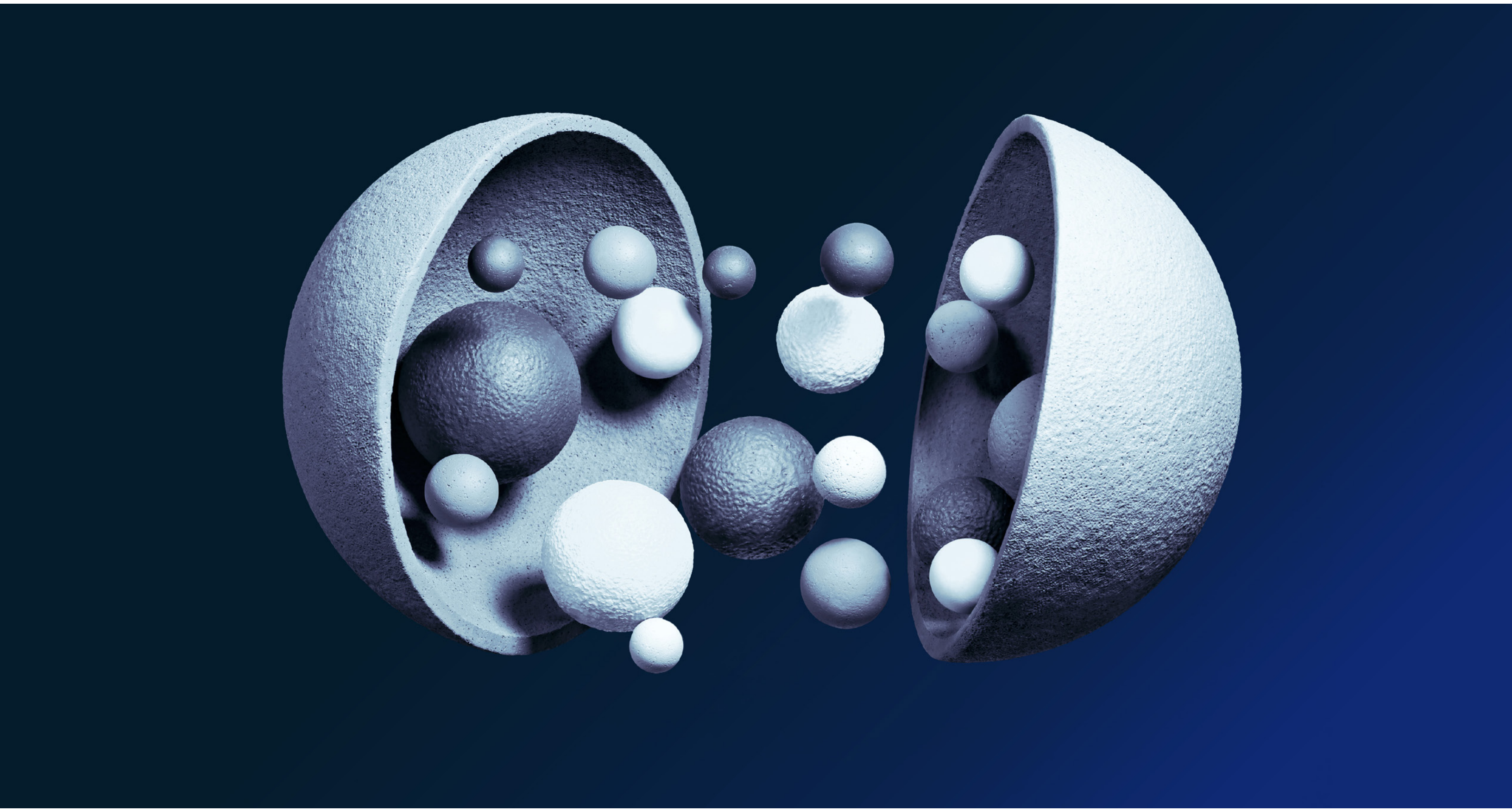
Risk Practice

COVID-19 and the great reset: Briefing note, July 9, 2020

As lockdowns lift, businesses are thinking about their next moves. McKinsey research offers insights into the near future.



July 2020

Around the world, economies are cautiously reopening. Businesses are keeping one eye firmly on the here and now but also tentatively looking ahead to what's shaping up as a great reset. Our new research this week offers several takes on this theme.

Start with the global pandemic's front line: the healthcare sector. This week, the McKinsey Global Institute published a new report, *Prioritizing health: A prescription for prosperity*, which measures the potential of proven interventions to reduce the global burden of disease. Taking advantage of them would not only alleviate a problem exposed by COVID-19—people with diabetes, hypertension, chronic obstructive pulmonary disorder, and obesity have been hit hardest—but also add, in our estimate, $12 trillion to global GDP in 2040.

Reimagining the workforce is another pressing task. Executives everywhere wonder how to bring people back to the workplace and how they will do their jobs. Our new research takes a look at the challenges of creating a sense of belonging, common purpose, and shared identity when some people work in their homes and some in offices and factories. Another article considers the great reset's tactical challenges, such as guarding against cyberattacks on remote workers.

Small businesses confront some of these problems. But much as Ginger Rogers danced the same steps as Fred Astaire—only backward and wearing high heels—small businesses must make the necessary changes at a greater relative cost and with less working capital. Our new research examines the struggles of US small businesses in three sectors (restaurants, manufacturing, and retailing) that could be facing a long, hard recovery (exhibit).

Another sector thinking hard about its future is infrastructure. In the United States, two scenarios are possible: a boom spurred by a government stimulus or a bust as tax revenues and user fees dry up. Agencies and investors alike must prepare for both outcomes. One key to generating a rapid impact from infrastructure spending is to repair existing assets.

This week we also look at global freight flows (down 13 to 22 percent this year) and the varied potential for recovery, reviewed the implications of COVID-19 for the US food supply chain, and considered the challenges of pricing in a pandemic.

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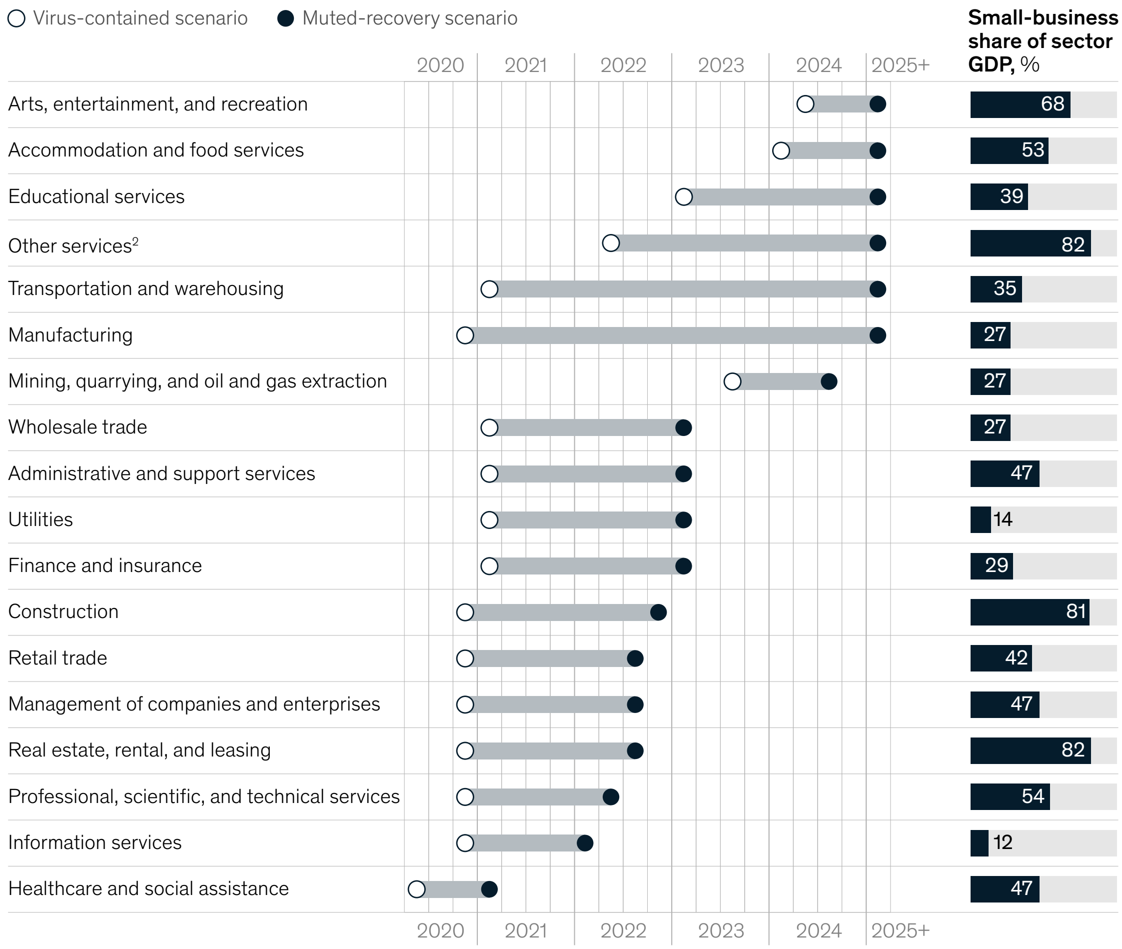
Exhibit

In a muted recovery, it could take more than five years for the most affected sectors to get back to 2019-level contributions to GDP.

Estimated time to recover to pre-COVID-19 sector GDP[1]



[1]Data as of June 15, 2020.
[2]Excluding public administration.
Source: Oxford Economics; McKinsey analysis; McKinsey Global Institute analysis

You can also see the full collection of our coronavirus-related content, visual insights from our "chart of the day," a curated collection of our first 100 coronavirus articles, our suite of tools to help leaders respond to the pandemic, and a look at how our editors choose images that help readers visualize the impact of an invisible threat.