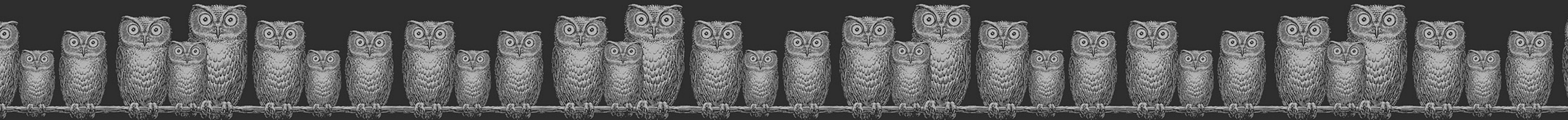




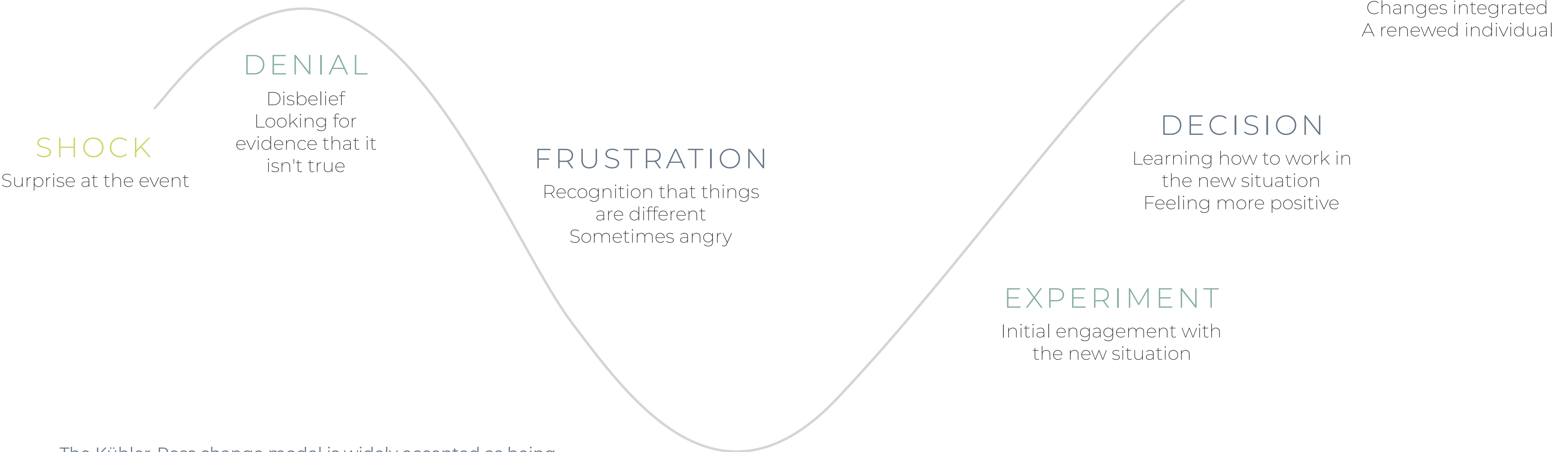
CHARLOTTE STREET
PARTNERS

NAVIGATING WITHOUT A MAP



FROM A DIFFERENT PLACE

KÜBLER-ROSS CHANGE MODEL



The Kübler-Ross change model is widely accepted as being transferable to varying degrees and in different ways to change in general. Similar reactions to those explained by Kübler-Ross's curve model have been noted in people confronted with far less serious traumas than death and bereavement, such as by work redundancy, enforced relocation, relationship breakdown, and financial insecurity.

Source: UK Government

INFORMATION AND COMMUNICATION EMOTIONAL SUPPORT GUIDANCE AND DIRECTION

THE KÜBLER-ROSS MODEL APPLIED TO COVID-19



PAUL GRAY
Consulting partner

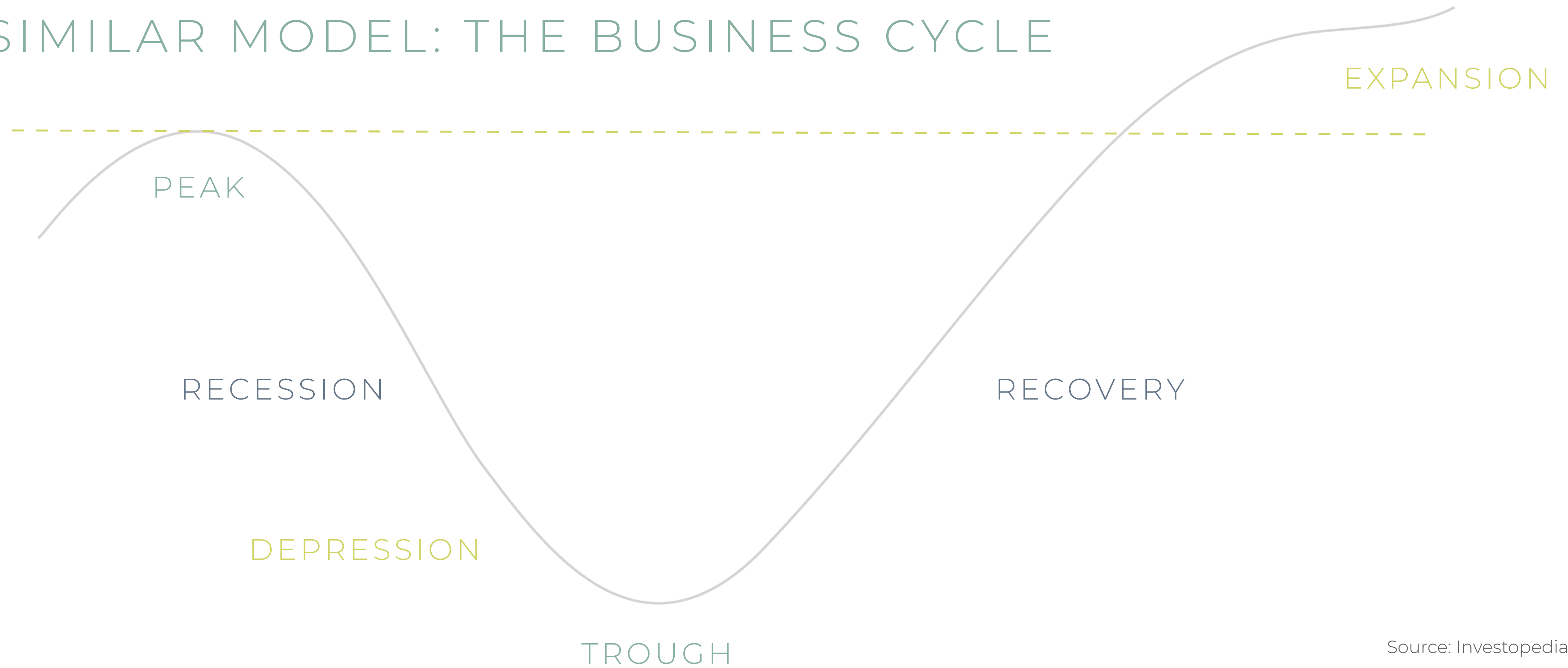
If we apply Kübler-Ross's model to the current situation, there is a potential overlap with the coronavirus infection rate, and the measures taken in response to that. As the rate drops, restrictions may be eased but only temporarily as the wave rises again. Flattening the infection curve is the real challenge — we can't open schools for a week to see what happens; our understanding is that the 80% of pay proposal is intended to ensure that staff are kept on so that businesses can re-open quickly, but clearly some businesses can't open and shut on a cyclical basis. It would be easier to relax the social distancing measures in response to a downturn in the infection rate, but the risk remains the public would assume that lowering restrictions meant a return to normal.

The Kübler-Ross model, as applied to business, is useful in identifying where emotions are coming from. The emotions do not necessarily occur in a linear fashion, and we can oscillate between them.

We also need to remember that people are dying, and more will die. That reality will hit businesses and individuals. The current norms of grieving and acknowledgement of loss are largely suspended by the current rules on social distancing, so people will be coping with their losses without the usual supportive social context. Added to that, people are also losing out on their celebrations and transitional events — no birthday parties, no school leavers' ball, no graduation, no wedding reception. No marking of Friday evening in the manner of our choice, even.

So there are different interacting cycles, and organisations and individuals need to be equipped to recognise and respond appropriately without becoming overwhelmed. It is important to be able to offer some reassurance that in abnormal times, the response is not in fact abnormal, and it may be more pronounced, organisationally and individually, in the absence of the usual social context and constructs.

A SIMILAR MODEL: THE BUSINESS CYCLE



Source: Investopedia

The business cycle describes the rise and fall in production output of goods and services in an economy. When an economy reaches its maximum level of growth (**peak**), prices hit their highest level and economic indicators stop growing. Once a peak is reached, a **recession** period brings a rise in unemployment, production slows down, sales start to drop as a result of a decline in demand, and incomes become stagnant or decline.

As unemployment rises and production plummets (**depression**), businesses find it hard to secure credit, trade is reduced, and bankruptcies start to increase. The end of depression is known as **trough**, after which comes recovery. During **recovery**, employment and production start to rise and lenders begin to open up their credit coffers, ultimately leading to a stage of business **expansion** (increase in employment, incomes, production and sales).

2008 GLOBAL FINANCIAL CRISIS VS CORONAVIRUS CRISIS

A downturn in real estate in 2008 saw financial uncertainty and recession spread around the world, causing economic activity to contract, with 750,000 job losses being recorded per month in the United States in the worst of times. It was the largest economic contraction in international trade ever seen.

Fast forward to 2020, another economic recession brought by the coronavirus pandemic now seems inevitable, especially considering the shaky performance of the global manufacturing industry in 2019. According to the Economic Policy Institute, even with moderate fiscal stimulus, the US is likely to see [three million jobs lost by summertime](#), that is, one million losses every month — a sharper downturn than in 2008-2009.

A major difference between both crises, however, is that the 2008-2009 recession period resulted from years of deeply rooted weak spots in the economy. That is not the case with the Covid-19 crisis, which is caused by something external to the economic activity.

Another important difference is their duration. Whereas the 2008 global financial crisis lasted around 18 months, assuming the number of cases peak in the next few months and abates by summer, economists such as Grant Thornton's chief economist Diane Swonk have predicted that any downturn is likely to last six months or so. In terms of growth, most economists expect the virus to shave it [by one or two percentage points over the next couple of quarters](#).

Adding to that, an analysis of 27 bear markets since the 1800s [suggests that the effects of the current crisis could be shortlived](#). Unlike structural and cyclical bear markets, the current one seems to be event-driven — a type of bear market that on average leads to a 29% decline and lasts only 15 months, according to Goldman Sachs's chief global equity strategist, Peter Oppenheimer.

That being said, the current bear market could develop into something more painful than the typical event-driven bear markets of the past. A global pandemic such as this one is unprecedented in modern economic history and central banks have seen their available firepower reduced as a result of already extremely low interest rates across most of the global economy.

As pointed out in predictions by Oxford Economics, another caveat for a quick post-virus recovery is that, despite assumptions that Covid-19 will be tackled fairly quickly, [no-one knows how long it will last](#). Most pandemic modelling used by economists is based on flu and factors the arrival of a vaccine within six months, which ultimately supports the V-curve narrative of economy activity being 'delayed', rather than 'destroyed'.

With Covid-19, however, a vaccine could be 18 months away and we still don't know if the virus will come back in a second or even third wave.

ACCOMPANYING YOU ALONG THE CURVE

Over the past few weeks, we, like you, have been listening to publicly listed companies, business and trade associations and, of course, government officials as they battle with the many complexities of responding to a pandemic virus and trying to plan for an uncertain future.

Decisions must be made quickly, messages need to be understood for the benefit of everyone, but never has careful reflection before acting been so important.

Our choices today are building our future after this crisis. It's clear that this change and upheaval is going to transform the way we do things in the future but that is for tomorrow; your role requires you to meet the essential challenges of today, every day, in extraordinary circumstances and [that's where we can help](#).

INFORMATION AND COMMUNICATION

CRISIS RESPONSE

Putting effective processes in place, we can react quickly to provide hands-on support and advice as you manage the crisis in real time.

EXECUTIVE COACHING AND COUNSEL

Chief executives and other senior leaders are judged increasingly on their ability and willingness to communicate clearly. Every leader benefits from the support of mentors and advisors in managing long-term reputation, negotiating difficult decisions, and instilling confidence in your most important stakeholders.

MESSAGING AND NARRATIVE DEVELOPMENT

During this dynamic and fast-changing situation, we can assist you by identifying and developing the key messages and narrative needed for your organisation and sector, and review accordingly as the situation develops.

EMOTIONAL SUPPORT

EMPLOYEE ENGAGEMENT AND WELLBEING

A supported workforce during times of change or uncertainty leads to improved employer brand and the retention of existing staff for when the crisis fades. We are experts in developing and delivering employee wellbeing strategies to ensure organisations are fit for the future.

GUIDANCE AND DIRECTION

LONG-TERM STRATEGY

We are on hand to support you with the review of existing strategies and make recommendations on how these should be adapted in the new operating environment in the mid to long term.



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FROM A DIFFERENT PLACE