

# NAVIGATING THE ROAD TO RECOVERY:

THE ROLE OF  
THE LOCAL  
CHAMBER  
AFTER THE  
PANDEMIC



## NAVIGATING THE ROAD TO ECONOMIC RECOVERY: WAYS IN WHICH THE LOCAL CHAMBER CAN HELP AFTER A GLOBAL PANDEMIC

Our world is facing an unprecedented challenge. While it's survived pandemics before, it hasn't done so in this age of easy global travel and social media reporting. Still there are some history lessons of past recessions and a pandemic that we can learn from.

In this report we'll draw from past lessons from history and apply them to predict what businesses (and the economy) may be facing as we heal from the 2020 pandemic. We'll also examine some innovations, activities, and programs the chamber can put into place to help their communities recover.

While history provides some good information and places to start, we'll need to harness some innovative and creative powers to apply it to future growth.

### WHICH COMES FIRST HEALTH OR BUSINESS?

For anyone with a focus on business, the idea of quarantine or even the relative isolation of a shelter in place order is frightening. However, as many leaders have wrestled with the idea of shutting down businesses for the benefit of citizens' health, researchers are providing solace in a lesson from the Spanish flu.



According to a [recent study](#) co-authored by MIT economist Emil Verner, using data from the flu pandemic of 1918-1919, he found that cities that were quick to limit social and civic interactions had higher levels of economic growth following the period of restrictions. That should ease

*"An extra 50 days of social distancing equaled a 6.5% increase in manufacturing employment"*

some of concerns about closing businesses and ordering people to stay at home avoiding non-essential tasks and activities.

It appears that making the hard decision to issue a social distance order just 10 days earlier can have a big impact on economic recovery. Areas that implemented social distancing and other public health limitations just 10 days earlier than others experienced a 5% (relative) higher increase in manufacturing employment after the flu ended than those that lagged behind. This increase held steady through 1923.

Historic data seems to suggest acting early and thoroughly produced the best economic results. An extra 50 days of social distancing equaled a 6.5% increase in manufacturing employment, in

the cities that maintained vigilance and restrictions.

There was no data that contradicted these findings. Every area that acted aggressively from a health safety perspective performed better in economic recovery than those that practiced later social distancing and an earlier return to normal activities.

Professor Verner, co-author of the paper "Pandemics Depress the Economy, Public Health Interventions Do Not: Evidence from the 1918 Flu" says their research "...casts doubt on the idea there is a trade-off between addressing the impact of the virus, on the one hand, and economic activity, on the other hand, because the pandemic itself is so destructive for the economy."

## CHANGE AHEAD



Assuming effective social distancing practices are put into place, what can we expect on the road to recovery? Predicting this, can help chambers begin to see where they might be of greatest service, connecting resources and individuals in need, being the voice for business by bringing its needs to leaders on all levels, and leading the change that this pandemic ushered in.

### Historical Economic Perspective

As mentioned earlier, there is no exact historic reference but there are similar situations. The Spanish Flu data provides some lessons surrounding health and business. While the following recessions and economic downturns provide additional insights into what government agencies can do to lessen the length of time it takes to rebound. But today's technology and interconnected communities provide a different backdrop to recovery.

### 1981 Recession

With double-digit inflation plaguing the late seventies and early eighties, the Fed raised interest rates. This ushered in the worst recession to date since the Great Depression. The solution (in basic, non-economist terms) was to cut taxes and increase government spending. It's likely the current administration would push for similar ways to end the economic crisis ushered in by the pandemic and forced close of businesses.

**If this happens**, chambers may be well positioned to help businesses understand how they may work with the government in securing bids and other government work should there be a similar increased in government spending and projects.



### 1989 Savings and Loan Crisis

Misuse of funds in financial areas brought on a crisis in consumer confidence and an unemployment rate around 7.5%. To end this, the government allowed a \$124 billion bailout.

There are certain segments of the economy that are intricately connected to economic well-being such as the financial markets and transportation industries. When these companies are struggling, a bailout often occurs in the name of economic stabilization. We have already seen the beginning of this in the current economic stimulus package and will likely see additional funding packages.

**Current activity:** chambers should stay abreast of the packages as they are debated and act as an advocate for business and the needs of the community to the legislators. When the stimulus packages (bailouts and funding) become available, the chamber should understand the package contents and how it applies to the businesses in the community.

The chamber will likely take on the role of translator between government entities and business. The legislative process is difficult to understand for most people. The chamber will need to unpack the information and provide it to the business community in understandable and palatable terms, removing the fluff and partisanship to tell each business what's in it for them or how they can get the information and assistance they need.





### Post-9/11 Recession

The terrorist attacks on September 11, 2001, brought about unease and an unemployment rate over 10% that lasted for about two years.

Consumer confidence escalated and unemployment decreased as the US announced its response as a War on Terror.

**Applicable lesson:** distraction benefits the economy at least temporarily. Coming together behind a joint goal gives the community something to get excited about. Chambers should consider something that will build community good hope and create opportunities for all. This could be a large-scale beautification project or a restructuring of something the community has needed for a while.

### 2008 Financial

Crisis Exaggerated housing prices and increased demand led to a real estate bubble that was impossible to maintain. This followed by rapidly falling housing prices meant increased foreclosures and a massive subprime mortgage crisis, which the market responded negatively to. Again, bailouts were the solution for steadying the markets.

Many people lost their homes during this time and a restructuring of money down requirements and income verifications were some of those results.

The reverse may be true of this time. We've already seen the Fed drop interest rates. The government may provide some assistance to buyers and sellers in the future as well as helping people stay in their homes.

## Hardest Hit Industries

If recovery from the pandemic is anything like the recovery from the 2008 recession, the hardest hit industries will be:

- Marketing
- Residential
- Construction
- Auto Industry
- Airline and Travel
- Restaurants
- Oil
- Hospitality
- Recruiting/Employment services
- Freelancing

Remember, the following is only one scenario of how the recovery could look and the ways in which chambers can have the biggest impact on the communities they serve.

## The Stock Market and Financial Sectors Will Rebound

While the global equity markets rebounded 20% when the economic stimulus package was originally announced, it didn't take the market long to dip again when it was realized that the package was not as encompassing as originally believed. As long as the pandemic goes on, the



market will experience waves and troughs based on the numbers that come out and the plans that are announced.

It doesn't take a knowledgeable financial planner to understand that the market will not begin to rebound fully until the pandemic is nearly eradicated. We will likely see several spans of time with growth and plunges loosely based around the waves of COVID-19. If it is like most viruses, we will begin to make some progress against it and the second wave will hit. However, it's believed by the time the second wave hits we will be better situated to handle it.

As reported by Barron's, many "... forecasters anticipate, the economy contracts at a rate of 20% or more over the coming few months, and then experiences additional shocks when public health measures falter or seasonal effects appear, not only will earnings fall by as much as 25%, but uncertainty will force a large contraction of valuations. From here, it is easy to imagine another 25-30% drop in the stock market." The better part of 2020 is sure to be a bumpy one for the market.

But at some point, we will get the virus under control either through a growing immunity reached from people contracting the illness and recovering from it or a pharmaceutical solution such as a vaccine. Most likely it will be a combination of both. But when this happens, the market will (eventually) rebound.

### **Major Infrastructure and Stabilization Bills**

This is something we can expect will happen as part of the recovery. Certain industries will need more help than others. For instance, airlines and hospitality will be some of the hardest hit and take the longest to recover. People will be afraid to travel even after they have the confidence to eat at restaurants in their community.

The chamber may help alleviate some of that fear by planning a chamber trip. While this may not work in conservative or hard-hit communities, chamber leaders may have to be the group to lead the charge when things return to normal. Working with information from the CDC, WHO and travel companies with offices in the area the chamber is planning on traveling to, the chamber may be the organization to advance travel again.

*"Chamber leaders may have to be the group to lead the charge..."*





### **Telecommunication Needs Addressed**

The recovery will likely usher in a renewed interest in perfecting communication and telecommunications networks. Ensuring communities have the high-quality internet connections they need will experience a resurgence of importance. Solid telecommunications systems and access:

- Attract more business, both large business and solo-preneurs
- Provide greater online education options
- Level the economic opportunities in communities. Many smaller communities struggle without adequate telecom options.

It's likely more leaders will see this as important to economic survival and growth. Again, this becomes an advocacy opportunity for the chamber with a recent applicable lesson with increased teleworking and education that can be used to sway support for increased national network expansion.

### **Long-term Lessons from the Pandemic**

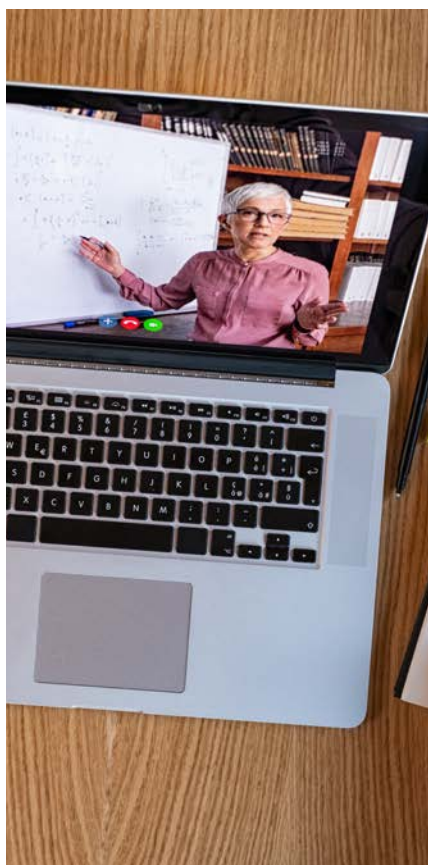
These trends will shape businesses as we return to a new normal. Even if a stimulus package could reset the financial markets overnight, which it won't, there will be lasting effects from this virus on how we do business. The public has shifted how they work. As Oliver Wendell Holmes expressed, "A mind, once expanded by a new idea, never returns to its original dimensions." So it will be in 2020 and beyond.

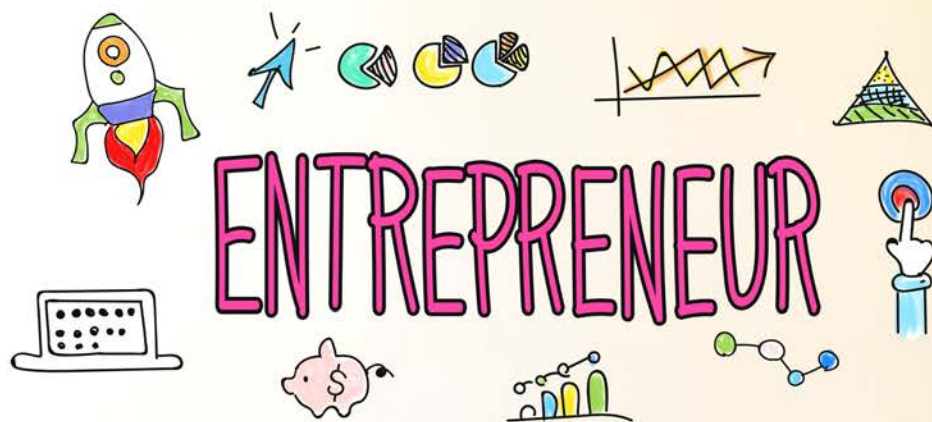
The following areas have been greatly altered and will continue to have ripple effects on life post-recovery.

## Online Education

Online learning has become the new normal for most students from elementary school through graduate school. Schools have moved past the cons of distance/virtual learning as well as the arguments on the costs of doing so to allow students to remain on track toward completion of this year.

In the future, online learning may help address inadequacies in education or teacher need in economically underprivileged areas. Children across the country will have shown that they had the discipline to learn from home with the support of their parents. This will drastically affect future learning and opportunities. Online learning will now not just be a way for colleges to get more students into a popular class. It will become the new normal for a generation as districts have been forced to find a way to pay for and implement it.





## Entrepreneurship

There will be a rise in entrepreneurship as we move toward recovery for several reasons including:

- The "safety net" has fallen away. Many people who longed to become part of the gig economy but hesitated doing so because they worried it wasn't safe as their day job, will be forced to reconsider. They will realize there is little safety in most positions when an economy crashes, as in the case of a pandemic.
- Carpe diem ideals will influence people to see the opportunities. A crisis in health prompts people to reconsider the length of life and the things they have put off. People with dreams of going out on their own will feel renewed interest in doing so.
- Nowhere but up mentality. For some people who lose their jobs and can't find work, they may decide to leverage the power of the internet and low start-up costs/entry to business to create their own opportunities.
- Relationships will be reexamined. All sorts of relationships will be reexamined during this recovery time, including the employee/employer relationship. Those in unsatisfactory relationships will decide to recreate a new reality.



### Working from Home/Out of Office

Similar to online learning, online working will see a renewed interest from employers. They will see that it is a cost-savings solution in some cases. For some employers, it may help cut expenses by getting rid of a costly lease and allowing more employees to work from home.

For businesses that lost their leases, they may be able to experience a rebirth by going back to the garage/working from home beginning of many start-ups.

People will begin to understand their preferences as employees, whether they are willing and capable to work from home or whether they prefer the company of their peers. Working from home will return to favor as it had prior to Marissa Mayer's pivotal decision at Yahoo to bring employees back on campus.



## Company Culture

For about a decade, company culture has been used for recruiting and retention. Many companies have become employers of choice based on the appeal of their culture. Companies have introduced fun perks like ping pong tables, unlimited snacks, and beer Fridays at the office.

While company culture will still be important in recruiting and retention in becoming an employer of choice, it will not be beer Fridays that make it so. Employees will see how their employer reacted during the pandemic and whether they looked out for them or not. Some employers who were unable to pay employees during the pandemic gave the employees the option of driving deliveries for tips. Some hosted virtual fundraisers for them. Some helped them find other means to keep themselves fed. These efforts will become the new beer Fridays and those caring organizations and leaders will have fewer difficulties hiring after the economy begins to grow again. Other entities that were believed to place their employees in harm's way may not be able to attract employees in the same way they did pre-pandemic. Talk of company culture will no longer be enough. Employees will have seen the difference between a carefully-crafted HR message and the companies that live the culture.





*People will begin future-proofing their business by looking at it from the pandemic perspective.*

### **Additional Lessons**

Inspired by the Pandemic There are a few other lessons learned from the pandemic that will shape the business and hiring environments. People will begin future-proofing their business by looking at it from the pandemic perspective. Disaster recovery plans will encompass more than a temporary loss of space due to natural disaster as has been the case previously.

There will be a new appreciation for agility. Businesses that could reinvent themselves to meet market demand will have fared better in the new economy than those that kept doing as they always had. Even in-demand businesses, like grocery stores, restructured parts of their business to be of more help like changing hours to accommodate

senior citizens who needed to shop with fewer people around and necessities in stock. Distilleries made hand sanitizer. Restaurants that never offered delivery put their waitstaff to work driving instead of carrying food to tables. Fitness instructors hosted online exercise classes. Some embraced a freemium model while others charged per class via electronic payment solutions. Ingenuity helped some businesses survive even when they were deemed non-essential.

For people disenchanted with their employer's inability to make agile decisions in the wake of the pandemic, they may decide they could've done it better. This will provide a further incentive to see what else is out there.



### **Roles for the Chamber**

Based on the lessons learned from the pandemic, the new economy presents many opportunities for chambers to add additional value to members and the community. All of these offerings should be marketed as solutions as they assist in addressing a pain point. These areas of possibilities and roles include:

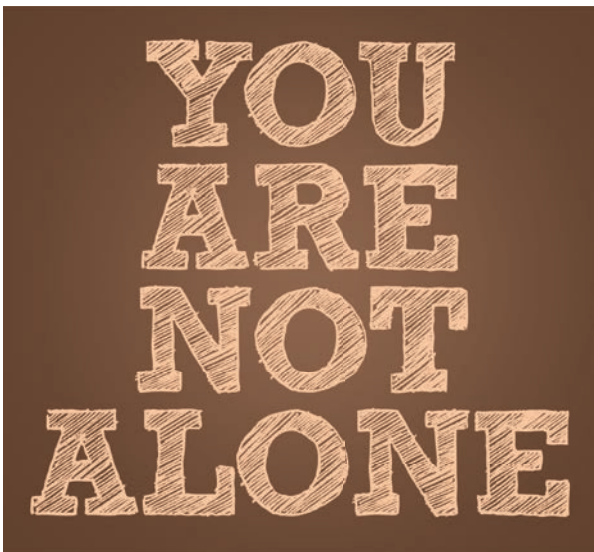
- **Top community news sharer and communicator.** Chambers likely began this role during the pandemic, curating and disseminating information to the community. It's likely the community turned to them as a resource and the chamber bolstered its reputation as a news sharer. Post-pandemic, the chamber should continue its role but branch out into sharing stories of recovery and good news. The news media will be looking for these stories. Be there to provide them. In addition to sharing news, chambers should consider creating a communication plan to help the community understand how they can have the biggest impact in helping their neighbor businesses. Chambers should map out how they will get the information out so that everyone sees it. Chart the different marketing channels at the chamber's disposal.
- **Organizer and convener.** The chamber spent the pandemic months connecting the disparate groups that needed to work together for the success of the community.

Post pandemic, these workings relationships will be solidified and strengthened as the chamber helps introduce groups that can offer coordinating complementary services for faster growth.

Chambers can identify lessons learned and bring together different groups to talk about them, bringing healthcare and civic leaders, together for instance. The community may need help connecting groups that can address the psychological impacts of the pandemic, especially on the healthcare workforce. These individuals may be burned out or have other frustrations that will need to be addressed with local leaders. There may be people who want to leave healthcare or healthcare leaders may see a need for restructuring things like resources and insurance. They may need leadership to advocate on their behalf or bring others leaders to the table.

Another important area for convening will be to encourage stakeholders across all sectors, public and private, to examine their pandemic and emergency response plans based upon the lessons learned from COVID-19. The chamber is in a unique position to assemble these groups.

- **Legislative advocate.** As mentioned earlier, there will be a need to lobby for the businesses in your community. Chambers can translate



legislative efforts for the citizens and keep them aware of what is in the pipeline to become available. Chambers can also act as an ombudsman helping research grants, loans, and other assistance programs, making the application process painless and easy to understand.



- **Training and education.** Not only is the chamber in a position to offer the kinds of professional development training that benefits the community but it also can help coordinate the efforts of other organizations. It can become an umbrella organization that houses community-wide efforts targeted at areas of growth like workforce development. The Vail Valley Partnership is currently doing this.
- **Business incubators and job boards.** As mentioned above entrepreneurship will likely continue to be a desired path for many. Chambers that help launch business incubators and coworking spaces or partner with organizations that do to provide much needed information on the path to entrepreneurial success will bring value to the community.

The gig economy was growing and will rebound, adding new converts to its ranks. A chamber that helps people navigate this process will be valuable to the community it helping it rebuild. The chamber may also be able to make introductions to new entrepreneurs and investors or new entrepreneurs who could benefit working with others to divide costs by sharing space and other resources.

During the pandemic, people wondered what was open and what wasn't. Chambers jumped in and created Facebook groups, infographics and graphics, as well as websites and lists dedicated to keeping people abreast of what was available. This contributed to businesses staying in business because people knew they could buy from them. The same will be needed for businesses that are hiring. A job board or reference group will be a needed service if one does not exist already. Job alerts or flashes may also benefit out-of-work residents.

- **Community coordinator.** It is likely that post-pandemic there is a disparity in resources and goods. Help may be needed to coordinate requests and offers. Creating a centralized spot (online) for these types of exchanges could be very valuable. Nonprofits and extinct businesses may be in a position to offer these things. Chambers from nearby areas may join their efforts together.

This will also be a good time to bring together leadership to assess the effectiveness of programs implemented during the virus. Share findings with members, the local community, local, state, and federal leaders in case there is something they can institute on their level.

Finally, there will be other needs of the community and best practices the chamber can implement to strengthen its own organization. Listen to these needs of local businesses during and post-pandemic. Use that information to review and revamp membership tiers in the future.



Thank you for your interest in downloading the Navigating The Road To Recovery: The Role of a Local Chamber After The Pandemic.

If you have further questions or ideas for us to make this report better, please reach out to me at [frank@frankjkenny.com](mailto:frank@frankjkenny.com)