



**ksapa**

**Advise**

**Invest**

**Advocate**



**ksapa**

WEBINAR

Leadership Lessons of the Great Recession:  
Options for Economic Downturns

1 SEPTEMBER 2020

# Online meeting instructions

Please note the following webinar instructions:

- You can change your **name**, but it's better for everyone to know who you are!
- You are automatically **muted** – use the chat function and presenter may invite to speak or relay your question
- Your **camera is automatically turned off** to save bandwidth and minimize our collective carbon footprint for attending this event
- You are welcome to **invite other participants**
- Feel free to use social media including **@Ksapaorg** so that everyone may track the discussion
- The **participant list** is accessible through LinkedIn
- A short **poll** will be activated. Please contribute so we may improve future webinars and connect participants as necessary!



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Invite



Participants



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Chat



Record

# Introducing Ksapa

- Our team and extended global network of experts
- Our 3 core services lines

*Ksapa (Sioux language): Discernment, Wisdom, Soundness, Reasonableness*

As a mission-native company, our purpose is to participate in shifting the economic world towards operating and investment models performing economically, socially and environmentally.

Ksapa draws on sustainability and finance expertise and combines ESG & Interdisciplinary Sustainability consulting and Innovative Impact Investment services to design and implement scalable solutions to build more resilient, inclusive and competitive operating models.



### We Advise

Ksapa provides strategic advice helping companies and investors to generate competitiveness with resilience and inclusiveness

- ESG / SDG Materiality
- Sustainability & Business Strategy
- ESG Risks assessment & Due Diligence



### We Invest

Ksapa provides scalable innovative financing solutions and impact investing programs generating return and accelerating impact on Global Goals

- Impact Investing Fund
- Sustainability-themed Investment Program
- Active Ownership



### We Advocate

Ksapa is a social purpose corporation sharing insights to show businesses and investors why and how to embed resilience and inclusiveness across investment and business decisions

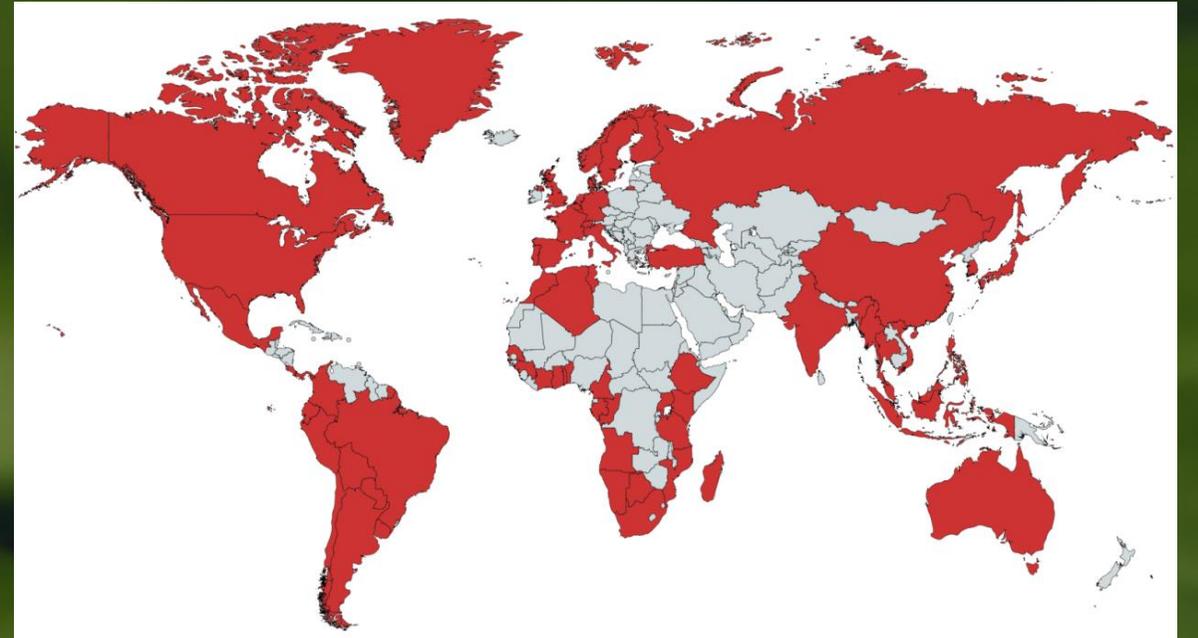
- Media
- Social Media
- Blog
- Reports & Briefing Papers
- Webinars

A purpose-native company headquartered in Paris

A core team of 10 complementary experts

A network of 150+ partnering experts worldwide

Ksapa offers close contextual and operational support, delivering high-quality results to global players



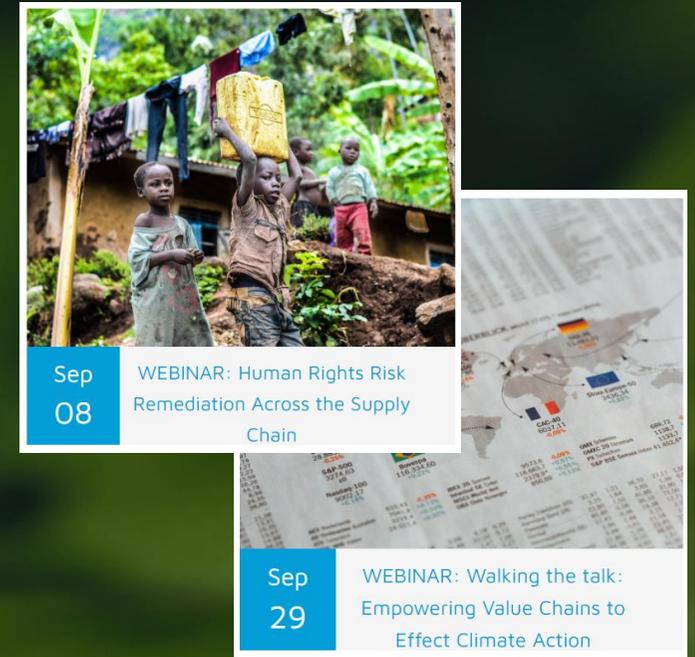
## REPORTS & BRIEFING PAPERS



## ILLUSTRATIVE LIST OF BLOG ARTICLES

- [Climate Disobedience and Stakeholder Engagement](#)
- [Boards of Directors and Adaptation to Climate Transformations](#)
- [Legally Binding Instrument to Regulate Business & Human Rights on its Way. 6 Areas to Monitor](#)
- [Just Transition Offers the Opportunity to Take Responsibility on Climate](#)
- [How to Scale Up Tech Solutions and Amplify Their Sustainability Impacts](#)
- [Fighting Deforestation Across Agricultural Commodity Supply Chains is Calling for Social Performance](#)
- [What To Learn From France's and UK's Human Rights Due Diligence Laws?](#)
- [Elimination of Child Labor: 5 Concrete Approaches for Companies](#)
- [Human Rights, a Source of Legal Instability for Business? Not Really. What's at Stake is More Profound](#)

## REGULAR WEBINARS



Sep 08 WEBINAR: Human Rights Risk Remediation Across the Supply Chain

Sep 29 WEBINAR: Walking the talk: Empowering Value Chains to Effect Climate Action

- Tune in at:
- 11-12am (NYC, Toronto)
  - 4-5pm (London)
  - 5-6pm (Paris, Brussels, Berlin)

# - Overview -

## 5 Key Levers For an Inclusive Recovery

### 5 Key Levers

### Ksapa Advisory & Investment Solutions

1

Ensure decent working conditions and a better standard of living for all employees

2

Preserve equitable access to opportunity for local businesses in territories of operation

3

Enforce respect of Human Rights throughout the value chain

4

Develop opportunities for growth and redistribution across territories of operation

5

Promote a more inclusive vision of capitalism and society



Framing definition and strategy of an inclusive growth approach adapted to the company's unique profile



Develop and activate a strategy of stakeholder dialog, to co-construct solutions for the challenges identified, by priority themes or geographical areas.



Build financial and digital coalitions to maximize resources in the geographical areas on issues of educational opportunities, energy transition and circularity.

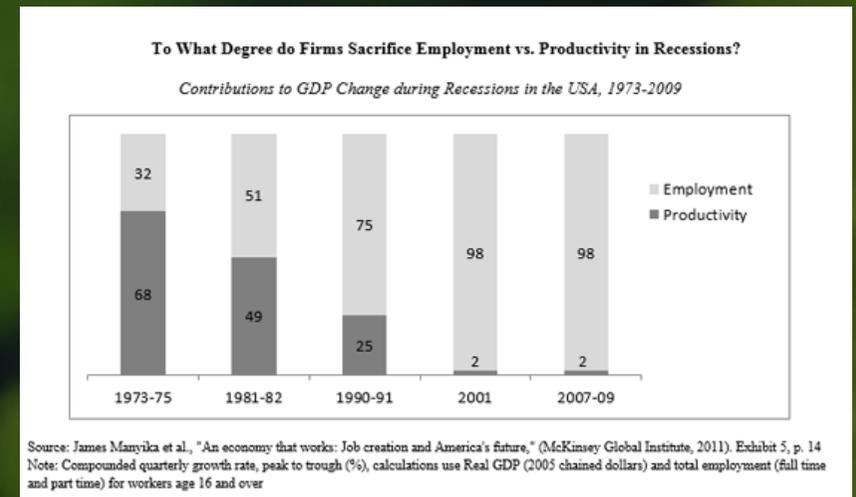
# Leadership Lessons of the Great Recession: Options for Economic Downturns

- Revisiting Lessons Of The Great Recession in Light of the Covid-19 Global Pandemic
- Controversy Lies At The Sensitive Interface Between Pandemic Crisis Management And Inclusive Growth

# Revisiting Lessons Of The Great Recession In Light Of The Covid-19 Global Pandemic

Past recessions made companies likelier to lay off workers than to accept short-term productivity slumps layoffs to address financial and competitiveness challenges – with the Covid-19 pandemic set to last and generate unprecedented uncertainty for supply continuity, the future of (tele)work and value creation, such approaches may not prevail.

- Confinement = Major drop in consumption/orders
- Operating efficiency measures do not suffice
- Executive decision to cut workforce costs = mass layoffs or furloughs (work sharing/short-time work)



FINANCIAL  
SHORT-TERMISM

TRADEOFFS

LONG-TERM  
IMPACT AND VISION

# Controversy Lies At The Sensitive Interface Between Pandemic Crisis Management And Inclusive Growth

Businesses Bear Primary Responsibility For Crisis Management With Regards To Their Employees, Suppliers And Broader Communities

Some opted to maintain their jobs and support their business partners. Others, in similar circumstances, have made mass layoffs - leaving their employees without social security in the midst of a pandemic crisis - or sinking strategic partners by suddenly terminating business relationships.



JBS, a Brazilian multinational accounting for 25% of the global beef market, was sued for allegedly violating the rights of 40 Kaingang factory workers by laying them off during the Covid-19 pandemic



1150 textile mills in Bangladesh have reported the suspension or cancellation of orders from major brands such as C&A, Levi's Strauss and Gap, in excess of \$3.18 billion, which affected 2,28 million workers



In Leicester, Covid-19 revealed thousands textile workers were paid £3.50 per hour. Boohoo has since been boycotted by Amazon, Zalando and others while stock prices tanked after Standard Life Aberdeen sold all shares.

# Summary – Leadership Lessons of the Great Recession: Options for Economic Downturns

Focus	Illustrative Action Plans	Ksapa Solutions
<p>1</p> <p>Strike The Right Balance</p> <hr/>	<p>Learn from experience, to set realistic expectations and clarify engagement goals = avoid frustration through dialog</p> <p>Bring all stakeholders to the same level of understanding, particularly on contentious issues = dialog continuity</p> <p>Anticipate adverse impact on employee productivity, talent retention and investors' = secure loyalty &amp; commitment</p>	 <p>Proactive Stakeholder Engagement Strategy Design</p> <p>Reactive dialog tactics adapted to the crisis</p>
<p>2</p> <p>Identify Levers for Growth</p> <hr/>	<p>Cut production and financial expenses and focus on in supply chain efficiencies = secure quality supply responsibly</p> <p>Include the exceptional health crisis in calculations to freeze employee costs = invest in people and systems</p> <p>Invest in R&amp;D and other competitiveness programs = prepare for to build back better</p>	 <p>Impact investment model structuration &amp; management, to tap into available liquidities amid the crisis</p>
<p>3</p> <p>Prepare Inclusive Recovery</p>	<p>Document current state-of-play through a combination of desktop reviews, expert input and stakeholders = reflect market priorities</p> <p>Assess strengths, weaknesses and positive impact candidates for replication = adapt strategy to your entire ecosystem</p>	 <p>Inclusive Growth strategy design and activation: roadmaps and commitments</p>

Facilitation: Farid Baddache, CEO, Ksapa

1

Strike  
The Right  
Balance

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2

Identify  
Levers for  
Growth

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3

Prepare  
Inclusive  
Recovery



JOIN  ksapa  
FOR THE SEQUEL TO OUR  
INCLUSIVE GROWTH WEBINAR

Leadership Lessons  
of the Great Recession:  
Options for Economic Downturns

With insights from our 3 expert panelists



**SUSAN WINTERBERG**  
TECHNOLOGY & PUBLIC PURPOSE FELLOW

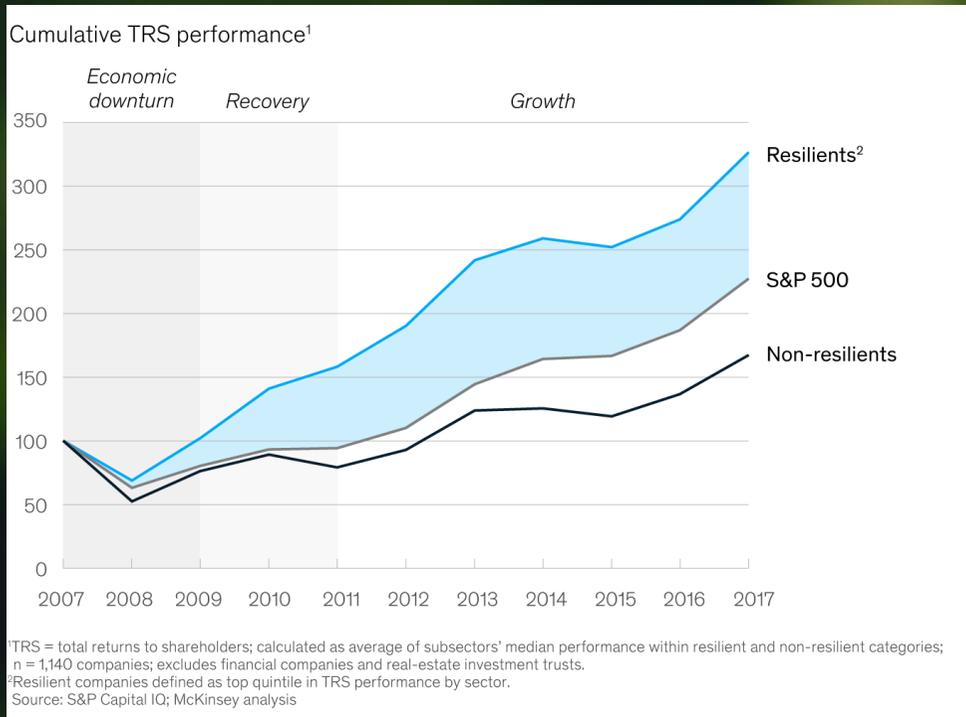


**ROMINA BOARINI**  
WISE CENTER ACTING DIRECTOR

**ŽIGA ŽARNIČ**  
HEAD OF UNIT,  
COUNTRY REVIEWS, B4IG AND THE SDG

Choices leaders make during an economic downturn drive performance during a recovery

## Strategies Used by Top Performing Companies



Total Returns to Shareholders (TRS)  
After the Great Recession

Source: McKinsey, 2019 – [Bubbles Pop , Downturns Stop](#)

Scenario Plan

- Had a 'Recession Playbook'
- Socialized plans with employees and stakeholders before downturn

Deleverage

- Reduced debt to assets ratio (+ divest)

Decentralize Decisions

- Empower managers to adapt to local economic conditions
- Customize services/sales terms

Reduce Costs

- Improve Operating Efficiency (OEF)
- Reduce Labor Costs (but layoffs as last resort)

Invest for Future

- Increase R&D (+ disciplined M&A)
- Implement new technology solutions (process automation & data analytics)

Source: Frick, W., [How to Survive a Recession and Thrive Afterwards](#) in the *Harvard Business Review*, 2019

# Layoffs: Costs to Business

Layoffs incur high business costs and should be a last resort



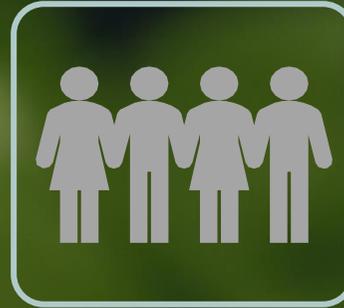
## Sales

- Less time with customers
- Lost account manager relationships



## Research & Development

- New patents decline
- Loss of key talent
- Delays on new product delivery



## Talent & Culture

- Loss of Teamwork & More Political Behavior
- Higher Turnover (Top Talent)
- Employee Engagement



## Quality & Safety

- More accidents and safety violations
- Rework and scrap costs



## Brand Reputation, Legal, Political Challenges

- Lawsuits
- Strikes & Work Disruption
- Boycotts
- Political Retaliation

# Layoffs: Costs to Society

Layoffs during economic downturns can be catastrophic to vulnerable people & communities

Income &  
Wealth

Unemployed workers often face:

- Stigma on job market
- Re-employment at lower wages
- Risk of home foreclosure/eviction\*
- Higher consumer debt, bankruptcy\*

*\*Low income and minority groups are most vulnerable*

Health

Unemployed workers are at increased risk of:

- Physical Illness (1.8 x)
- Drug & Alcohol Addiction (2-4x)
- Depression & Suicide (2x)
- Violent Behavior (6x)

Community  
Decline

The collective impact of high unemployment:

- Loss of Local Tax Revenues
- Home Values Decline
- Defunding of Schools, Police, Water & Sanitation
- Crime
- Social & Political Unrest



# The Business for Inclusive Growth (B4IG) Coalition



Business for Inclusive Growth (B4IG), powered by the OECD, aims to pool and strengthen efforts by private companies to reduce inequalities linked to opportunity, gender and territory, and to build greater synergies with government-led efforts. Currently, there is no such initiative attempting to integrate the public and private sector responses to the challenge of creating inclusive growth.

### Rising inequalities is a defining challenge of our time

Globalization and technological innovation have created tremendous opportunities for economic growth, prosperity and health. However, today an increasing proportion of the population in G7 countries and beyond has been left behind; the economic system has become bigger, but less inclusive. The "middle class" – the backbone of a healthy economy – is shrinking in most G7 countries, hitting the younger generation the hardest<sup>1</sup>. In addition, geographical inequalities have risen sharply, with larger metropolises driving growth and reaping its benefits, and smaller cities and rural areas falling behind.

Persistently high and rising inequality<sup>2</sup> risks fracturing societies and undermining economic and business growth. Growing numbers of citizens in G7 countries and beyond are therefore demanding a new economic growth model that puts people at the centre, delivering better outcomes and ensuring more inclusive societies.

Since this challenge is fundamentally about how value is defined, created and shared, we are convinced that business has a pivotal role in answering this call. Social businesses are already paving the way in many areas; however, there is an urgent need to mainstream inclusive business to expand and scale impact. This is crucial to delivering on the Sustainable Development Goals, particularly goals 1 (no poverty), 5 (gender equality), 8 (decent work and economic growth), and 10 (reduced inequalities).

### Inclusive growth is good for business, and inclusive businesses will grow sustainably.

Governments play a leading role in fostering inclusive growth through the stability and infrastructure they provide, regulatory environments they create, and education and social programs they administer. Business has a central role to play through the investments they make, the jobs they create, the products and services they provide, and the supply chains upon which they depend. It is time for our companies to embrace this role, and to work hand-in-hand with governments to reduce inequalities. We will show our leadership by both building a new narrative for inclusive growth and modelling it through our business practices.

This is not just good corporate citizenship; it is the future of successful business. Companies benefit from inclusive growth through a more educated and engaged workforce; a larger middle class of consumers with greater purchasing power; more stable operating environments; and a high level of trust from employees, customers and stakeholders. For instance, expanding workforce opportunities and skills benefits our employees, but also drives performance. Advancing human rights within business operations and supply chains makes them safer, more secure and stable, and thus has the potential to boost productivity for all actors involved. Moreover, investors and financial markets are increasingly looking at corporate ESG performance as a way to best allocate resources and are developing impact investment to incentivize positive externalities. In short, inclusive growth drives long-term value creation, creating broad benefits for shareholders and other stakeholders alike.

<sup>1</sup> According to the OECD, the share of people in middle-income households fell from 44% to 41% between 2008 and 2014, and from 30% to 28% between 2008 and 2014. Moreover, while about 20% of total income was spent on discretionary expenditure in five leading OECD countries in 2014, this is down from 25% in 2008. This is significant because a strong and growing middle class is crucial to sustain consumption, drive innovation, foster growth, health and training, and support social protection systems.

<sup>2</sup> Inequality trends show a clear, concerning trend towards more and wealth. Inequality compounds over an individual's life, limiting the upward opportunities of the next generation.

## BUSINESS PLEDGE AGAINST INEQUALITIES



The G7 Biarritz Summit will give impetus to this effort, catalysing robust action in the private sector, and underlining the importance of strong public-private collaboration to address major economic and societal challenges in G7 economies. Collectively, current B4IG members have a large social and economic footprint, with over 3 million employees and USD 1 trillion in annual turnover.

### Our commitment to inclusive growth

We pledge to play our part in advancing the G7 agenda to strengthen equality of opportunity; reduce territorial inequalities; promote diversity and inclusion; and reduce gender inequality. To this end, we will support a new model of growth by focusing our actions around three key pillars, which are fundamental to inclusive business:

#### Advancing human rights in direct operations and supply chains by working to:

- Combat child labour and forced labour; and
- Respect freedom of association.

#### Building inclusive workplaces through:

- Good jobs with decent wages;
- Diversity and gender balance;
- Progress toward achieving pay equity across equality areas (e.g. gender, ethnicity, disability, sexual orientation); and
- Training, re-skilling and up-skilling to enable employees to adapt to the future of work.

#### Strengthening inclusion in company value chains and business ecosystems by:

- Expanding access to and affordability of basic products and services;
- Working to provide workers in our supply chains with the opportunity to earn a decent income;
- Strengthening inclusive sourcing; and
- Supporting training and/or community development programs for vulnerable groups (e.g. unemployed youths and women) in territories where companies operate.

To help deliver on these pillars, we will work together to define actions or strategies that can trigger systemic change, activate them inside our own companies, and catalyse action in companies we work with and/or invest in. We will drive on-the-ground transformation by building, piloting and scaling models for inclusive business including through the B4IG incubator, and by developing a measurement framework that can be used to assess impact.

### Our call for innovative public-private collaboration

Governments and businesses will be key allies in the battle against inequality. New models of public-private collaboration, including blended finance mechanisms, are needed to achieve systemic change, and ensure inclusion efforts on both sides are mutually reinforcing. We commit to partnering with G7 governments to better link public policies and business practices for inclusive growth and to accelerating on-the-ground initiatives that bring concrete results for people and places left behind.

To this end, we will work together in thematic workstreams, and at CEO level, to ensure B4IG is delivering impact and to engage with policymakers and other key stakeholders. Drawing on OECD's expertise and research, we will use the B4IG platform as a multi-stakeholder forum to progress on policy, practice and innovation for inclusive growth.

At Elysée Palace, Paris, France  
Friday 23rd August, 2019

Julie Sweet, Chief Executive Officer	John P. Driscoll, Chief Executive Officer	Dr. Raul Beyruti Sanchez, President	Alex Gorsky, Chairman of the Board of Directors and Chief Executive Officer	Thierry Bolloré, Chief Executive Officer	Alan Jope, Chief Executive Officer
Robert Coallier, Chief Executive Officer	Louis Audet, Executive Chairman of the Board of Directors	David M. Solomon, Chairman and Chief Executive Officer	François-Henri Pinault, Chairman and Chief Executive Officer	Yoshinori Yamashita, President and Chief Executive Officer	Antoine Frérot, Chairman and Chief Executive Officer
Thomas Buberl, Chief Executive Officer	Philippe Brassac, Chief Executive Officer	Hans Van Bylen, Chief Executive Officer	Robert Gamport, Executive Chairman of the Board and Chief Executive Officer	Jean-Pascal Tricoire, Chairman and Chief Executive Officer	Sir Richard Branson, Founder
Dr. Martin Brudermueller, Chairman of the Board of Executive Directors and Chief Technology Officer	Emmanuel Faber, Chairman and Chief Executive Officer	Jesper Brodin, President and Chief Executive Officer	Dr. Nigel Wilson, Chairman and Chief Executive Officer	Denis Machuel, Chief Executive Officer	Antti Kerppola, Chief Executive Officer
Jean-Laurent Bonnafé, Director and Chief Executive Officer	Richard Edelman, President and Chief Executive Officer	Jamie Dimon, Chairman of the Board Chief Executive Officer	Jean-Paul Agon, Chairman and Chief Executive Officer	Jean-Louis Chaussade, Chairman of the Board of Directors	
Laurent Mignon, Chairman of the Management Board and Chief Executive Officer	Isabelle Kocher, Chief Executive Officer	Olivier Goudet, Managing Partner and Chief Executive Officer	Grant F. Reid, President and Chief Executive Officer	Roger W. Ferguson Jr., President and Chief Executive Officer	

# B4IG Collective Financial Support & Facilities in Response to the Covid-19 Crisis

**The B4IG international coalition unites against the inequalities  
deepened by the COVID-19 pandemic.**

**Since the start of the crisis B4IG companies have dedicated over €38bn in relief plans or  
support of their employees, communities, clients and suppliers.**

Paris, May 8, 2020

In response to the COVID-19 crisis, the 38 members of the Business for Inclusive Growth (B4IG) platform today announced **collective financial support and facilities totaling more than €38 bn** and launched a collective **call for an inclusive recovery**.

**The numbers in brief**

**Donations (funds or products): €885 million**

**Companies financial commitments to their ecosystem (clients, suppliers, communities...): €1.9 billion**

**Financial institutions funds made available in relief efforts: €35.5 billion**

**Units of Protective & medical equipment: 120 million units**

**B4IG more critical than ever.**

The *Business for Inclusive Growth (B4IG)* coalition was launched at the G7 summit in Biarritz on August 23, 2019, spearheaded by Danone and powered by the OECD. Today, 38 multinationals have signed the B4IG Pledge with a common goal: fighting against inequalities.

## Inclusive workplaces: FOR EMPLOYEES

- Business Continuity Plans to minimize business disruption while ensure a Safe Working Environment and Work-Life Balance for employees, especially for workers with children and other dependents
- Supporting employees' earnings and jobs by securing wages during the crisis, appropriate re-arrangements of work schedules in unison with relevant public interventions.

## Inclusive ecosystems and value chains: FOR VULNERABLE CLIENTS, SUPPLIERS & COMMUNITIES

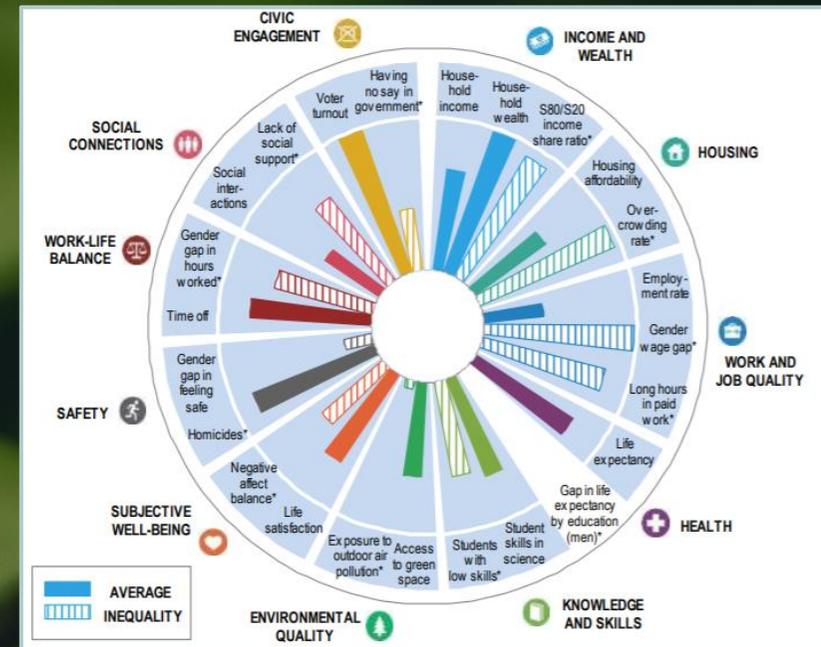
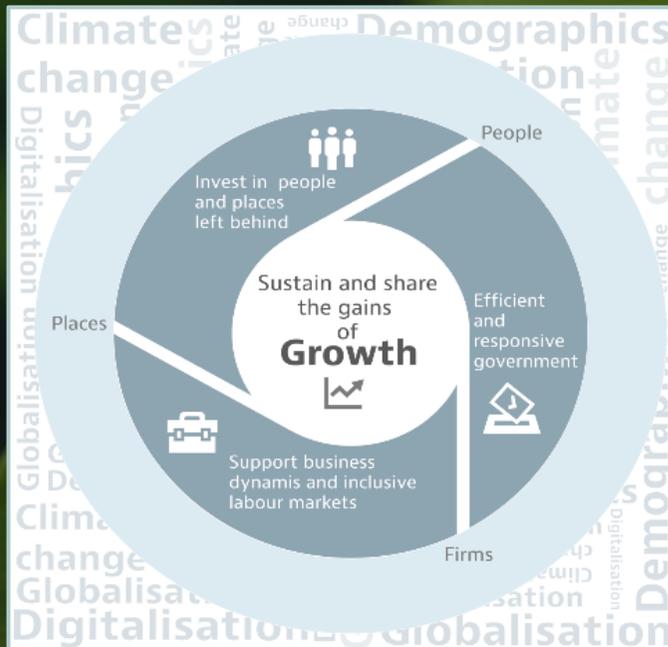
- Ensuring service supply continuity for companies & the provision of essential inputs (water, food, energy, etc.)
- Helping vulnerable clients and suppliers through the crisis through acceleration of payment, deferral of credit repayments, and other financial mechanisms.
- In kind/financial donations to support communities/governments in addressing the following crises wherever our companies operate:
  -  Sanitary crisis: funding for healthcare centers, hospitals or research institutes to find an antidote, providing emergency medical supplies and other critical health-related essentials.
  -  Social and economic crisis: providing food or essential goods and services for the most vulnerable

For additional reference, refer to the [OECD press release on Collective Financial Support And Facilities Totaling More Than €38 Bn With A Call For An Inclusive Recovery](#) and [B4IG website](#)

## The OECD Centre For Wellbeing, Inclusion, Sustainability And Equality Of Opportunities

Policies for an inclusive recovery to promote well-being

- Investing in people and places
- Business dynamism and inclusive labor markets
- Efficient and responsive government



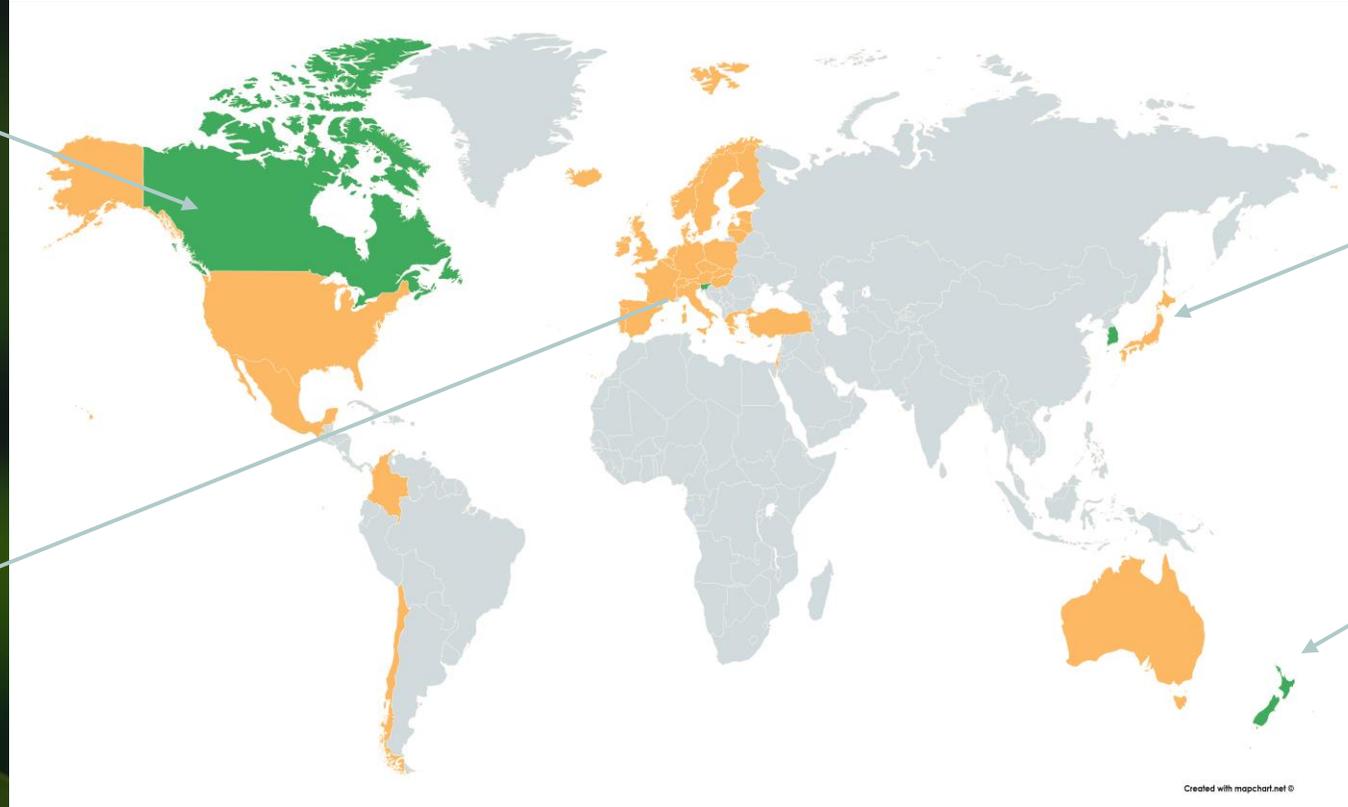
For more information, visit the OECD web page on the Inclusive Growth Framework

## Canada

Ongoing integration of wellbeing into policy, decision-making and budgetary process

## Slovenia

Supported measurement framework and analysis for National Development Strategy



## Korea

Inclusive Growth Country Review

## New Zealand

- Chapter on well-being in 2019 Economic Survey
- Informed the Living Standards Framework and the Wellbeing Budget



## SOCIAL CONNECTIONS

- Social interactions
- Lack of social support
- Perceived loneliness



## SUBJECTIVE WELL-BEING

- Life satisfaction
- Negative affect balance



## INCOME AND WEALTH

- Financial insecurity
- Income inequality



## WORK AND JOB QUALITY

- Employment rate
- Female employment rate



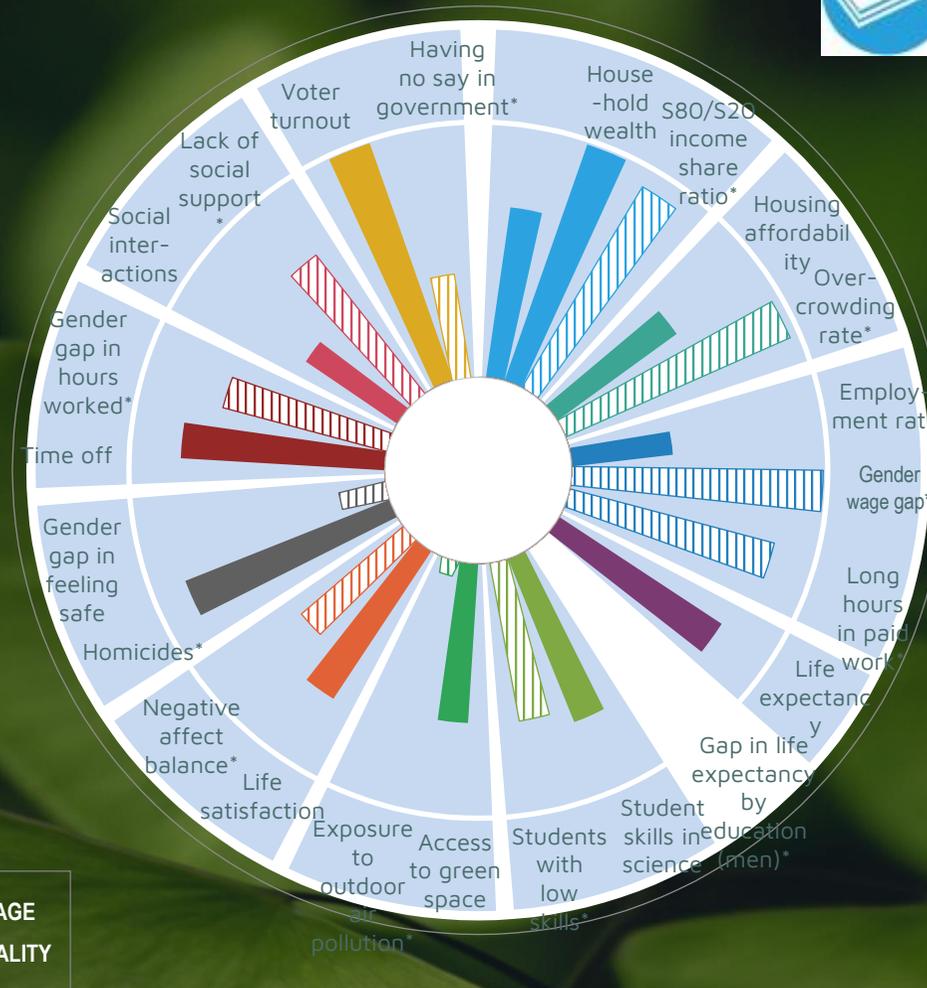
## HEALTH

- Perceived health
- Health inequalities



## KNOWLEDGE AND SKILLS

- Low-skilled students





## The OECD Digital Hub on Tackling the Coronavirus (COVID-19)

### MONITORING COUNTRIES' RESPONSES

Tracking countries' sanitary and economic actions in real time with granular data

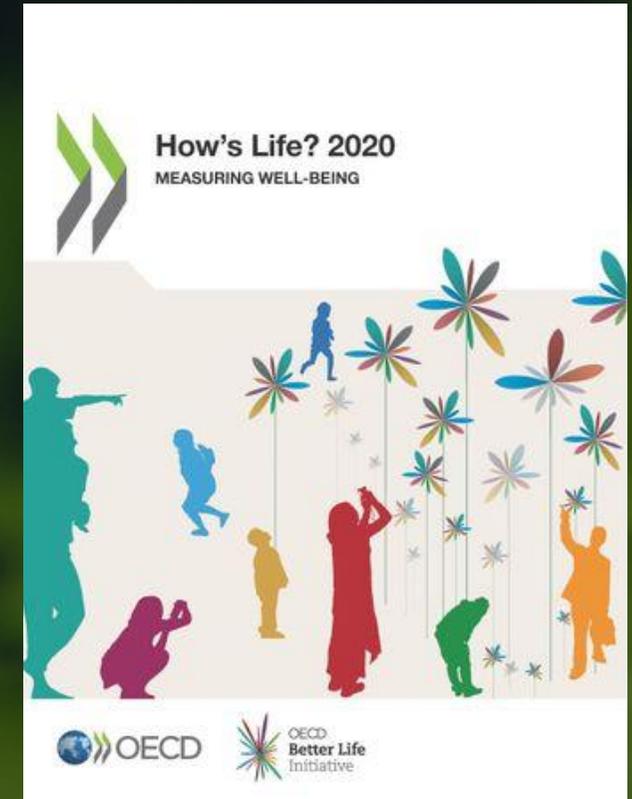
### ANALYSING ECONOMIC AND SOCIAL IMPACTS

Understanding the complex dimensions of the Covid crisis, at national and international level

### SUPPORTING COUNTRIES' RESPONSES

A series of policy instruments and solutions to best support countries' strategies

- COVID-19: Protecting people and societies looks at the broad range of effects that COVID-19 will have on different aspects of people's lives, with a focus on specific population groups such as children, women and the elderly.
- COVID-19: Responsible Business Conduct discusses the redesign of company operations and supply chains to address the crisis and the increased role of governments in shaping the economy for the years to come provide new opportunities to emphasize commitments to RBC.
- The 2020 edition of Measuring well-being: How's Life? presents the metrics and latest evidence from an updated set of over 80 indicators, covering current well-being outcomes, inequalities, and resources for future well-being.



# For an Inclusive Recovery: 5 Key Levers for Businesses and Investors

## 5 Key Levers

## Ksapa Advisory & Investment Solutions

1

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## Upcoming Ksapa Webinars



Sep  
08

WEBINAR: Human Rights Risk  
Remediation Across the Supply  
Chain



Oct  
27

WEBINAR: Stakeholder  
Engagement in a Contentious  
Digital Era



Dec  
08

WEBINAR: Walking the talk:  
Empowering Value Chains to  
Effect Climate Action

### Further References on Great Recession and inequalities generated by the Covid Recession:

- How to Survive a Recession and Thrive Afterward (Harvard Business Review, 2019) <https://hbr.org/2019/05/how-to-survive-a-recession-and-thrive-afterward>
- Beyond the Downturn: Recession Strategies to Take the Lead (Bain, 2019) <https://www.bain.com/insights/beyond-the-downturn-recession-strategies-to-take-the-lead/>
- Bubbles Pop, Downturns Stop (McKinsey, 2019) <https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/bubbles-pop-downturns-stop>
- The Coronavirus Recession and Economic Inequality: A Roadmap to Recovery and Long-Term Structural Change (Equitable Growth, 2020) <https://equitablegrowth.org/the-coronavirus-recession-and-economic-inequality-a-roadmap-to-recovery-and-long-term-structural-change/>



**ksapa**

# Questions & Answers

Getting in touch

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