

# Latest YPO Survey Shows Damaging Impacts Of COVID-19

YPO

By Mary Sigmond, YPO

In mid-April, YPO fielded a second global COVID-19 survey of chief executives to provide a better understanding of the impacts the pandemic is having on business. Results drew from 3,534 chief executives ages 23-91 from 109 different countries. Roughly half of the survey respondents are from the United States.

This second snapshot of business sentiment conducted five weeks after YPO's original COVID-19 Survey clearly indicates the damaging impact of the past month of the pandemic with 84% saying their outlook is more negative compared to 1 March. Fifty-one percent of chief executives characterize the COVID-19 crisis as a large or severe risk to their business, with 11% saying their business is at risk of not surviving.

## A MONTH OF VOLATILITY

Another 56% of chief executives now say their business outlook has become *significantly* more negative. Very few chief executives (9%) reported their business outlook improved compared to last month.

COVID-19 is truly a global pandemic. In every region, over three-quarters of chief executives say their COVID-19 business outlook has become more negative compared to the beginning of last month. Business leaders in South Asia are significantly more likely than those in North/Southeast Asia (54%), the U.S. (53%) and Australia/New Zealand (49%) to say their business outlook has become significantly more negative since the beginning of March.

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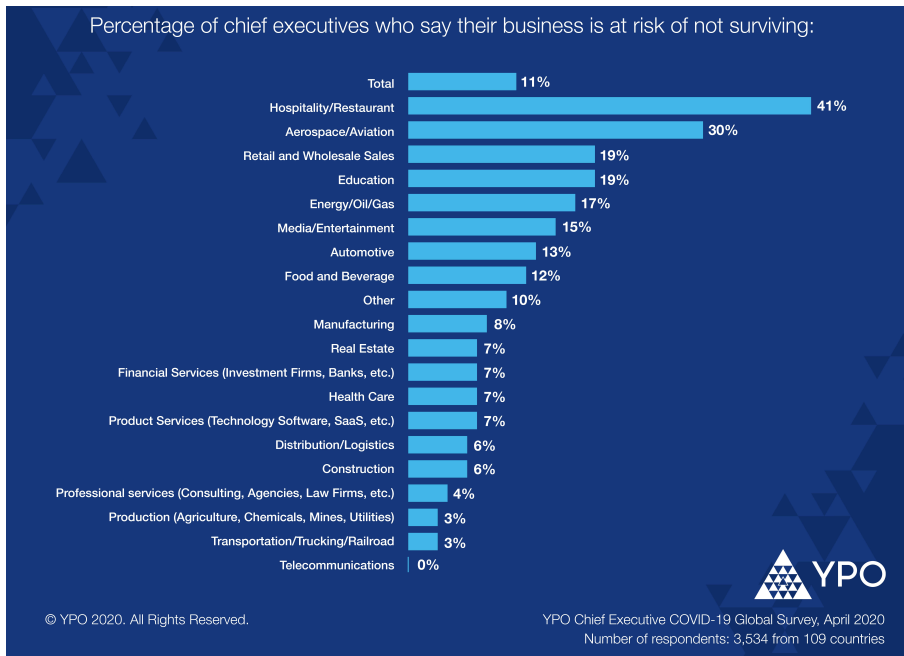
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**AN INDUSTRY SNAPSHOT**

Changes in COVID-19 business outlook differ by industry, but in every industry, more than half of chief executives say they have a more negative business outlook than just a month ago.

Chief executives in the food and beverage, health care and telecom industries are the most likely to say their business outlook has improved since last month. However, even in these industries, more than half of the leaders have a worse outlook than one month ago.

Perhaps it is no surprise that the hospitality/restaurant (91%), automotive (82%) and aerospace/aviation (80%) sectors have been hit the hardest and most likely to say their business outlook has worsened significantly.

Respondents in the media/entertainment (76%), retail and wholesale sales (73%) and real estate (68%) industries also report a significantly worse business outlook.

**SEVERITY OF THE THREAT**

The majority of chief executives surveyed lead middle market companies (revenues USD10 million to USD1 billion), and a high percentage (51%) see the COVID-19 crisis as a large or severe risk to their business. Eleven percent say their business is at risk of not surviving. Just 3% responded that the current pandemic doesn't pose a threat to their business.

- Chief executives in Africa (68%) are significantly more likely than those in Europe (55%), Asia (54%), Latin America (53%), Australia/New Zealand (52%), Canada (50%) and the U.S. (48%) to say their business is under a large or severe threat, with 16% of African business leaders indicating their businesses are at risk of folding.
- Business leaders in the U.S. are significantly less likely than those in Africa (68%) or the Middle East/North Africa (61%) to report that the crisis poses a

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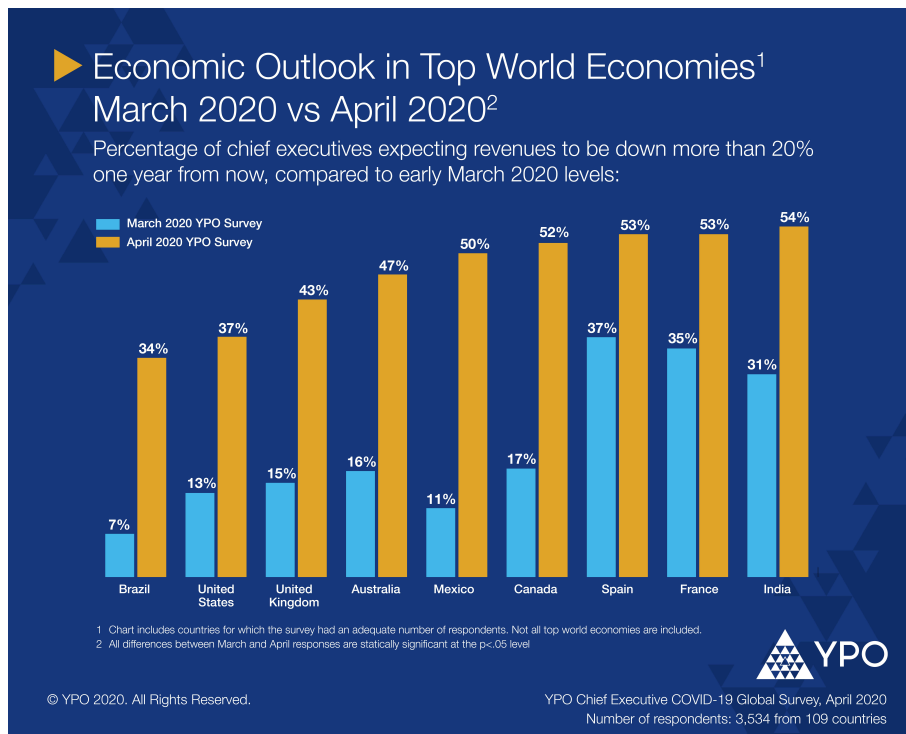
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Industry plays a big role in respondents' point of view on their businesses survival. Business leaders in the hospitality/restaurant (41%), aerospace/aviation (30%), education (19%), and retail and wholesale sales (19%) are the most likely to say their business is at risk of not surviving.

**COVID-19 BUSINESS OUTLOOK: ONE YEAR FROM NOW**

Outlooks differ by region. Chief executives in the U.S. are generally the least pessimistic about what the economic landscape looks like in a year, though the percent anticipating negative impact on each business outcome is still sobering.

Almost two-thirds (64%) of leaders now anticipate continuing negative effects on revenues one year from now. Forty-three percent of chief executives expect revenue to be down more than 20%, compared to their 1 March 2020 levels. However, they are leading for the long term, as demonstrated by the fact that roughly half of chief executives foresee their total fixed investment and number of employees being the same or higher one year from now, compared to their 1 March levels.



**Expected Revenues.** Forty-three percent of respondents expect their revenues to be down more than 20% a year from now, compared to their revenue levels at the beginning of March. This represents a sharp increase in pessimism from YPO's first COVID-19 survey at the beginning of March, at which time only 19% of chief executives anticipated their revenues to be down more than 20% a year out. *Perspective:* the percentage of chief executives expecting a greater than 20% decrease in revenues a year out has never exceeded 3% in all quarterly YPO Global Pulse Index Surveys run between 2009 and 2017.

**Employee Counts.** A quarter of chief executives (25%) expect their total number of employees to be down by more than 20% in a year. This represents a sharp increase in

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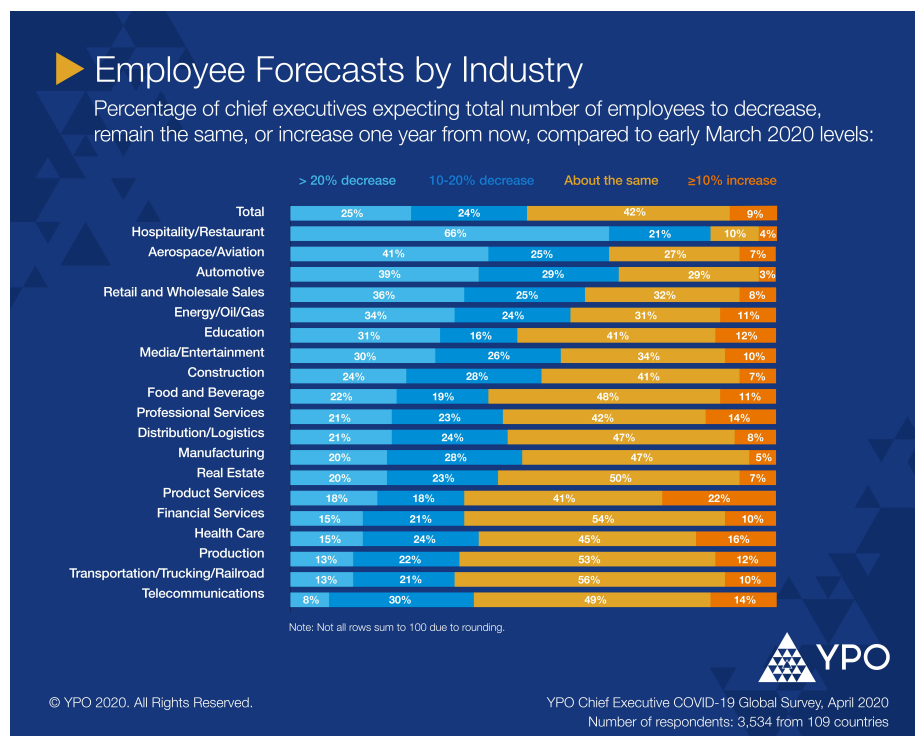
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20% a year out. *Perspective:* the percentage of chief executives expecting a greater than 20% decrease in total number of employees a year out has never exceeded 2% in all quarterly YPO Global Pulse Index Surveys run between 2009 and 2017.

Chief executives in the U.S. are also the least likely (22%) to expect their total number of employees to be down more than 20% a year from now, compared to 1 March levels. Chief executives in the Middle East/North Africa, Australia/New Zealand, and Canada are the most likely (35%, 35%, and 32%, respectively) to expect their total number of employees to be down more than 20% a year from now, compared to their 1 March levels.



**Total Fixed Investment.** A third of business leaders (35%) expect their total fixed investments to be down by more than 20% a year from now. This represents a sharp increase in pessimism from YPO’s last COVID-19 survey as well, at which time only 11% of chief executives anticipated their total fixed investments to be down more than 20% a year from then. *Perspective:* leaders expecting a greater than 20% decrease in total fixed investment a year out has never exceeded 4% in all quarterly YPO Global Pulse Index Surveys run between 2009 and 2017.

Chief executives in the U.S. are the least likely (29%) to expect their total fixed investment to be down more than 20% a year from now, compared to 1 March levels. Chief executives in Latin America and the Middle East/North Africa are the most likely (46% and 45%, respectively) to expect their total fixed investment to be down more than 20% a year from now, compared to their 1 March levels.

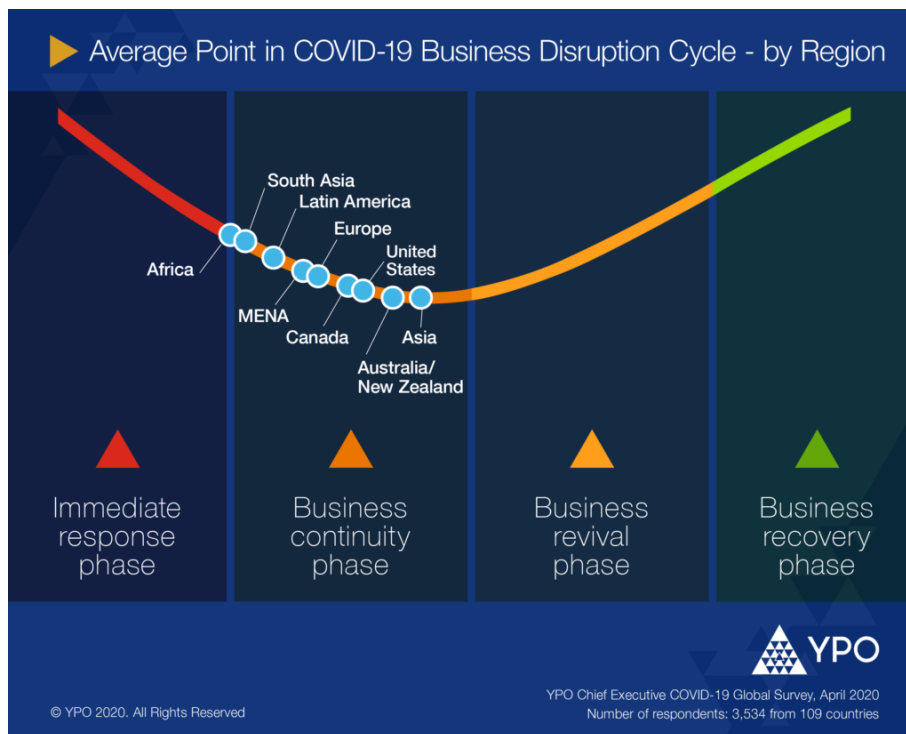
**PHASE OF BUSINESS DISRUPTION**

Most chief executives (62%) feel that their country is in the business continuity phase of business disruption from this crisis. Thirty percent report that their country is still in

business recovery phase.

Business leaders in North/Southeast Asia are the furthest along in the business disruption cycle and significantly further along than chief executives in Africa, South Asia and Latin America. Still, most North/Southeast Asia survey respondents feel they are in the business continuity phase and not the business revival phase.

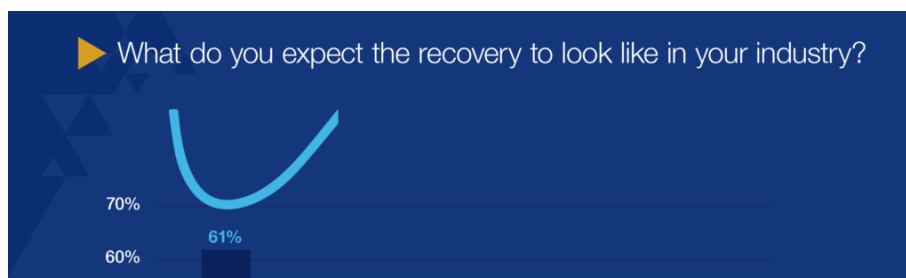
Across industries, nearly all chief executives report that their country is in the business continuity phase of disruption. Hardest-hit industries like education and hospitality/restaurant businesses are the most likely to report that they are still in the immediate response phase.

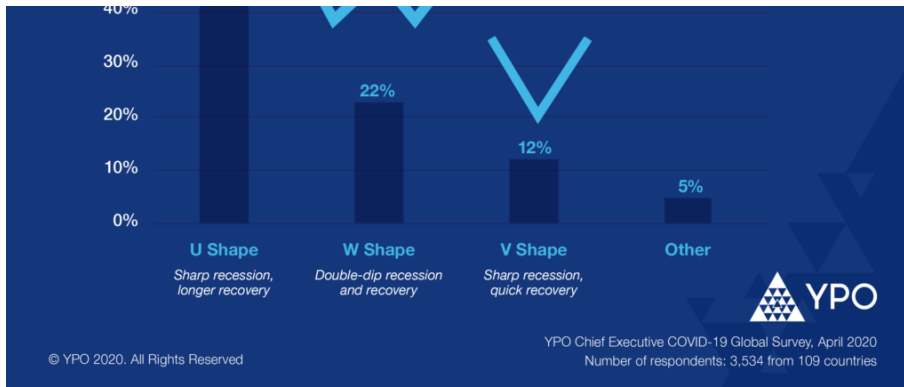


**WHAT RECOVERY LOOKS LIKE**

A U-shaped curve – a sharp recession with a longer recovery – is the expected view of the recovery for the majority of chief executives (61%). Twenty-two percent anticipate the recovery will follow a W-shaped curve – a double-dip recession and recovery. Few (12%) of chief executives foresee a V-shaped recovery, which represents a quick recovery period.

Recovery forecasts did not differ greatly globally.





For more crisis leadership stories like these check out the *COVID-19: Leading Through Crisis* page on YPO.org. All YPO members can find breaking news, offer insights and view current discussions happening about COVID-19 impact within the YPO community on the YPO member-only platform.

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**MARY SIGMOND**

Mary Sigmond is a content strategist, an award-winning storyteller and editor in chief of YPO's Ignite digital magazine. She has the pleasure of telling the engaging stories of some of the most influential young business leaders who are making an impact across the globe.

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