

Don't Waste a Good Recession

Presentation #9
15.05.2020

Jacob Aldridge
International Business Advisor



[Facebook.com/groups/GoodRecession](https://www.facebook.com/groups/GoodRecession)

**Don't
waste
a good
recession.**

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Meditation > Squirrels!



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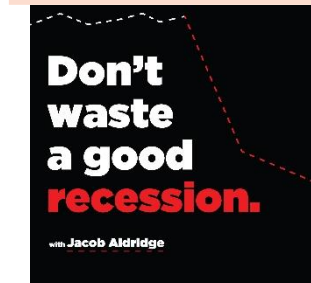


Snapshot 15.05.2020

| Coronavirus | Active Cases | Total Deaths | Case Change (last wk) |
|-------------|--------------|--------------|-----------------------|
| UK | 199,193 | 33,614 | 13% |
| USA | 1,037,581 | 85,333 | 4% |
| Australia | 590 | 98 | -22% |
| Global | 2,488,683 | 299,483 | 8% |

Source: www.worldometers.info/coronavirus/coronavirus-cases/

| Unemployment | | Change (5yr low) | Change (last mth) |
|---------------------|--------|------------------|-------------------|
| UK [Feb '20] | 4.00% | 0.20% | 0.10% |
| USA [Apr '20] | 14.70% | 11.20% | 11.20% |
| Australia [Apr '20] | 6.20% | 1.30% | 1.10% |



Source: www.tradingeconomics.com/united-kingdom/unemployment-rate/
www.tradingeconomics.com/united-states/unemployment-rate
www.tradingeconomics.com/australia/unemployment-rate

| Markets | Current | Drop Since Peak | Drop Already To Previous Low |
|---------|-----------|-----------------|------------------------------|
| FTSE | 5,684.12 | -26.44% | 48.47% |
| DJI | 22,897.90 | -22.56% | 28.88% |
| ASX 200 | 5,328.70 | -25.96% | 45.73% |

Source: Yahoo! Finance
 FTSE Peak 7,727.50 Low 3,512.09
 Dow Jones Peak 29,568.57 Low 6,469.95
 ASX Peak 7,197.2 Low 3,111.7

| GDP Growth | March Qtr | December Qtr | September Qtr |
|------------|-----------|--------------|---------------|
| UK | -2.0% | + 0.0% | + 0.5% |
| USA | -4.8% | + 2.1% | + 2.1% |
| Australia | ??? | + 0.5% | + 0.6% |

Source: www.tradingeconomics.com/united-kingdom/gdp-growth/
www.tradingeconomics.com/united-states/gdp-growth
www.tradingeconomics.com/australia/gdp-growth



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From 'Respond' to 'Plan'

(priorities w/c 17.05.2020)

1. Prepare for Lockdown to End(ish)

- *Review Cash Flow Forecasts*
- *Talk with your War Cabinet*
- *Call your Clients (Again!)*
- *Transform Product?*
- *Transform Sales!*

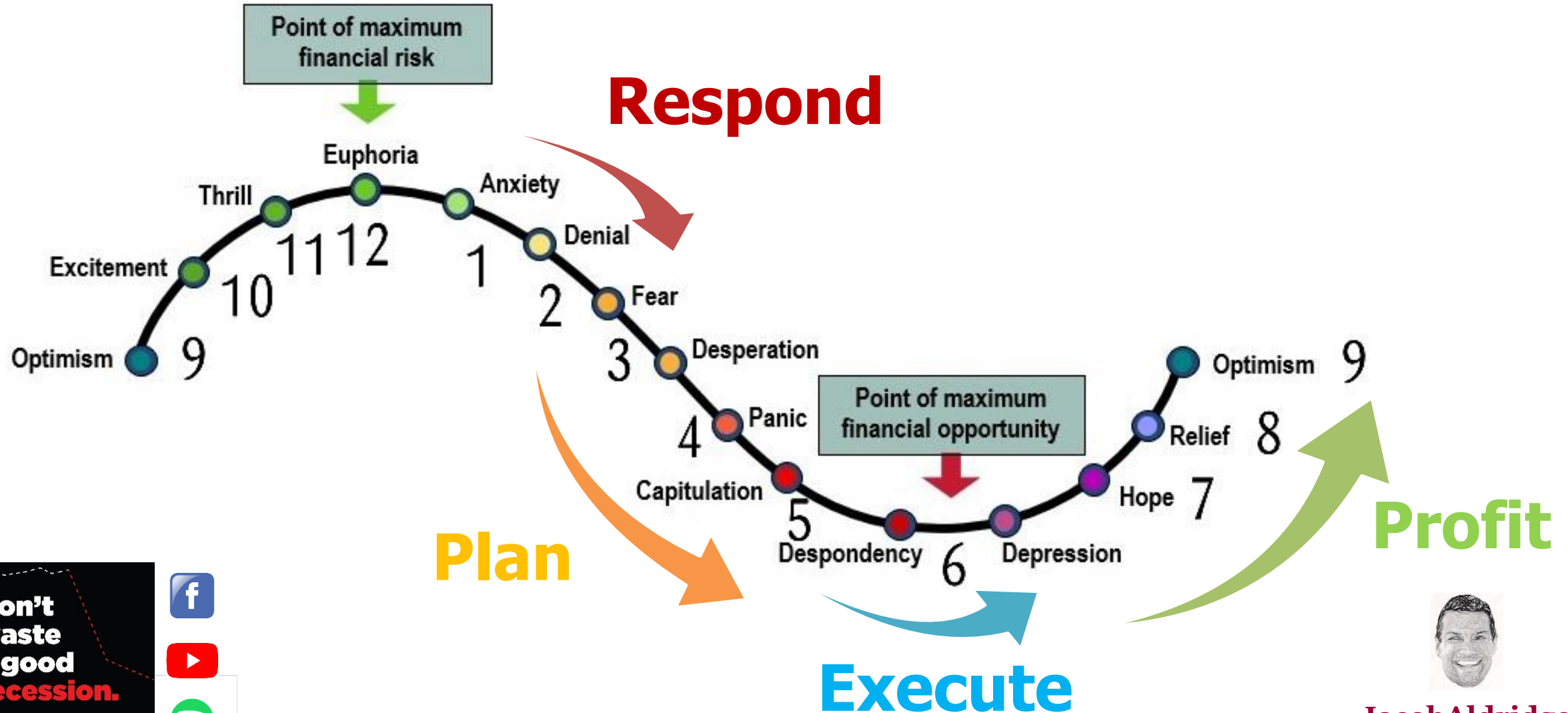
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The Economic Cycle Emotions



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The Economic Cycle

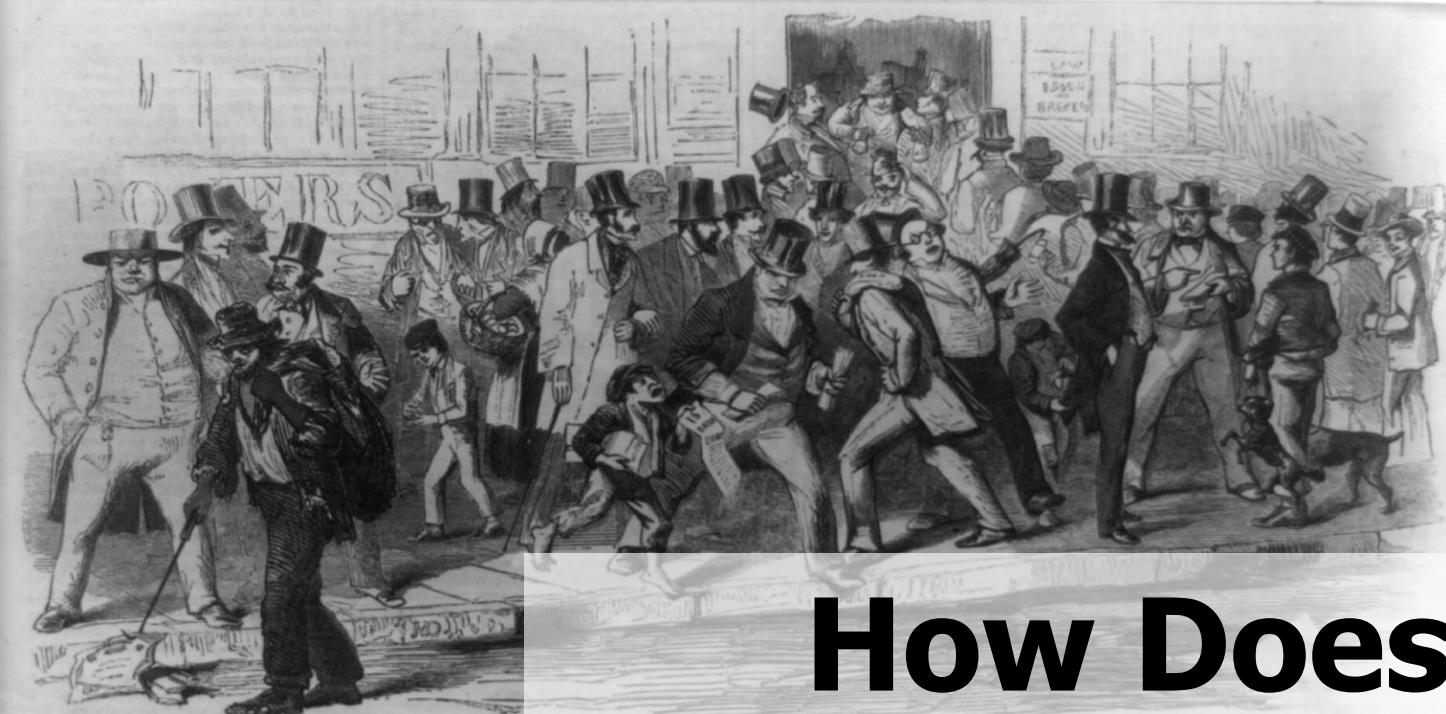


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How Does a Typical Recession Progress?



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How Does a Typical Recession Progress?



**Sector
X**



Banks



Suppliers



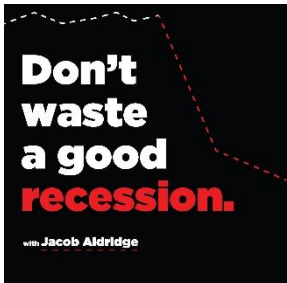
**Tertiary
Network**



**Negative
Multiplier
Effects**

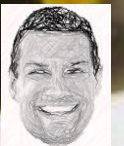
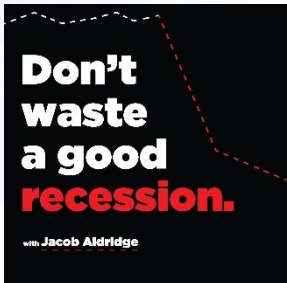


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in This
Together**



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How Does a Typical Recession Progress?



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How Does a Typical Recession Progress?



**Sector
X**

Banks

Suppliers

**Tertiary
Network**

**Negative
Multiplier
Effects**

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1706 Agriculture

1789 Copper Debasement

1857 Railroads

1893 Real Estate

1929 Market Panic

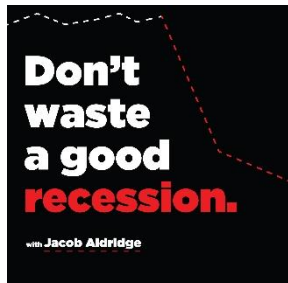
1970s Oil

1990 RE + Oil

2000 Dot Com

2008 Bank-Led

2020 Coronavirus



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How Does a Typical Recession Progress?



**Sector
X**



Banks



Suppliers



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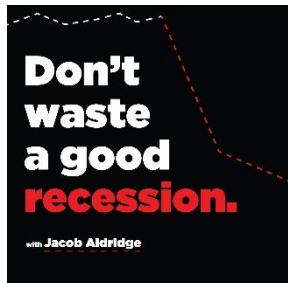
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**Finance and Liquidity
in General**

Recession Forecasting

**Sharemarkets Drop in
Advance**



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How Does a Typical Recession Progress?



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X**



Banks



Suppliers



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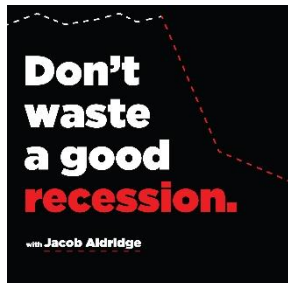
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Suppliers to Sector X

**Companies needing
(Bank) Finance**

Geographic Region



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How Does a Typical Recession Progress?



**Sector
X**



Banks



Suppliers



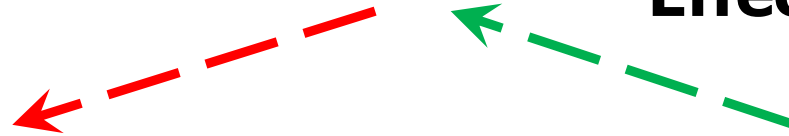
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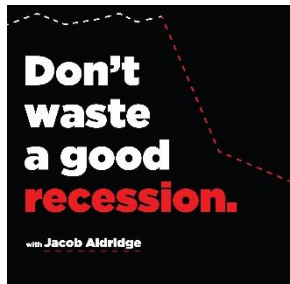


**Downturn Spreads into other
Sectors, Communities, Asset Classes**

**Spending Slows (or Stops!) across
multiple industries, often Top-Down**

Demand Side and/or Supply Side

**Government
Intervention
Starts**



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How Does a Typical Recession Progress?



**Sector
X**



Banks



Suppliers



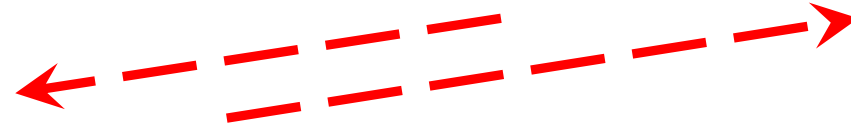
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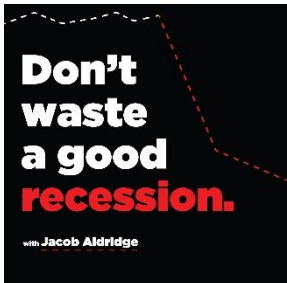
Unemployment Increases

Business and Consumer Confidence Decreases

Less Spending creates a downward spiral

Fewer People Die

Deflation



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How Does a Typical Recession Progress?



**Sector
X**



Banks



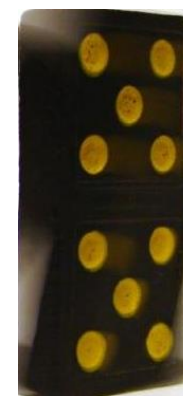
Suppliers



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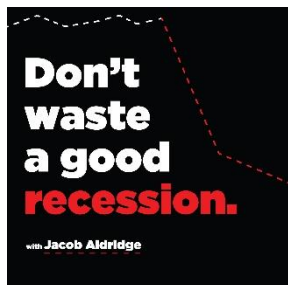
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Recessions will Typically End when Sector X
bottoms out (first in, first out) and

Wider Inefficiencies in the Economy are rectified
(when the tide goes out, we see who's been
swimming with no clothes on)



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**This is not a
Typical Recession!**

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How is the Coronavirus Recession Different?



**Sector
X**

Banks

Suppliers

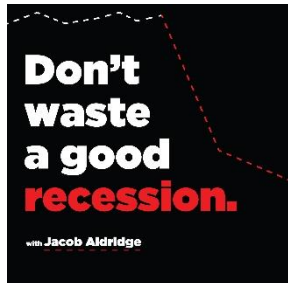
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Multiplier
Effects**

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**Hospitality
Tourism & Travel
Supply Chain**

1. Faster



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How is the Coronavirus Recession Different?



**Sector
X**



Banks



Suppliers



**Tertiary
Network**



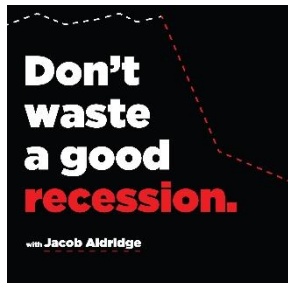
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2. Bigger



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How is the Coronavirus Recession Different?



**Sector
X**



Banks



Suppliers



**Tertiary
Network**



**Negative
Multiplier
Effects**

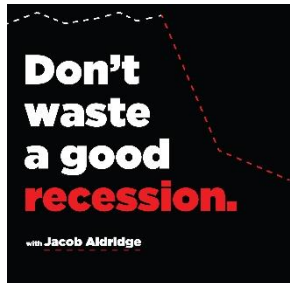


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**Interest Rates already
at Lowest levels**

**3. Fewer Tools =
Longer**



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How is the Coronavirus Recession Different?



**Sector
X**

Banks

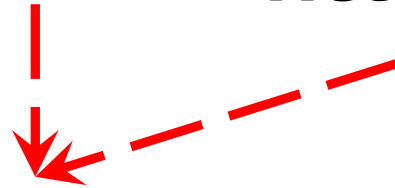
Suppliers

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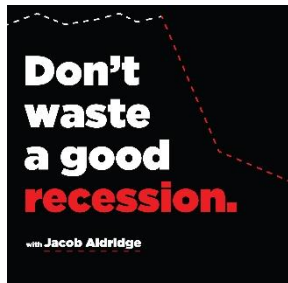
4. Supply-Side Recession



Most Recessions are Demand-Side – money dries up, people spend (demand) less.

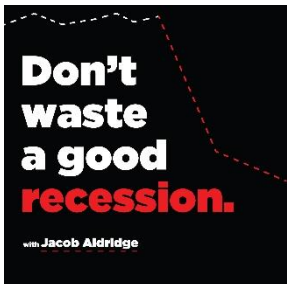
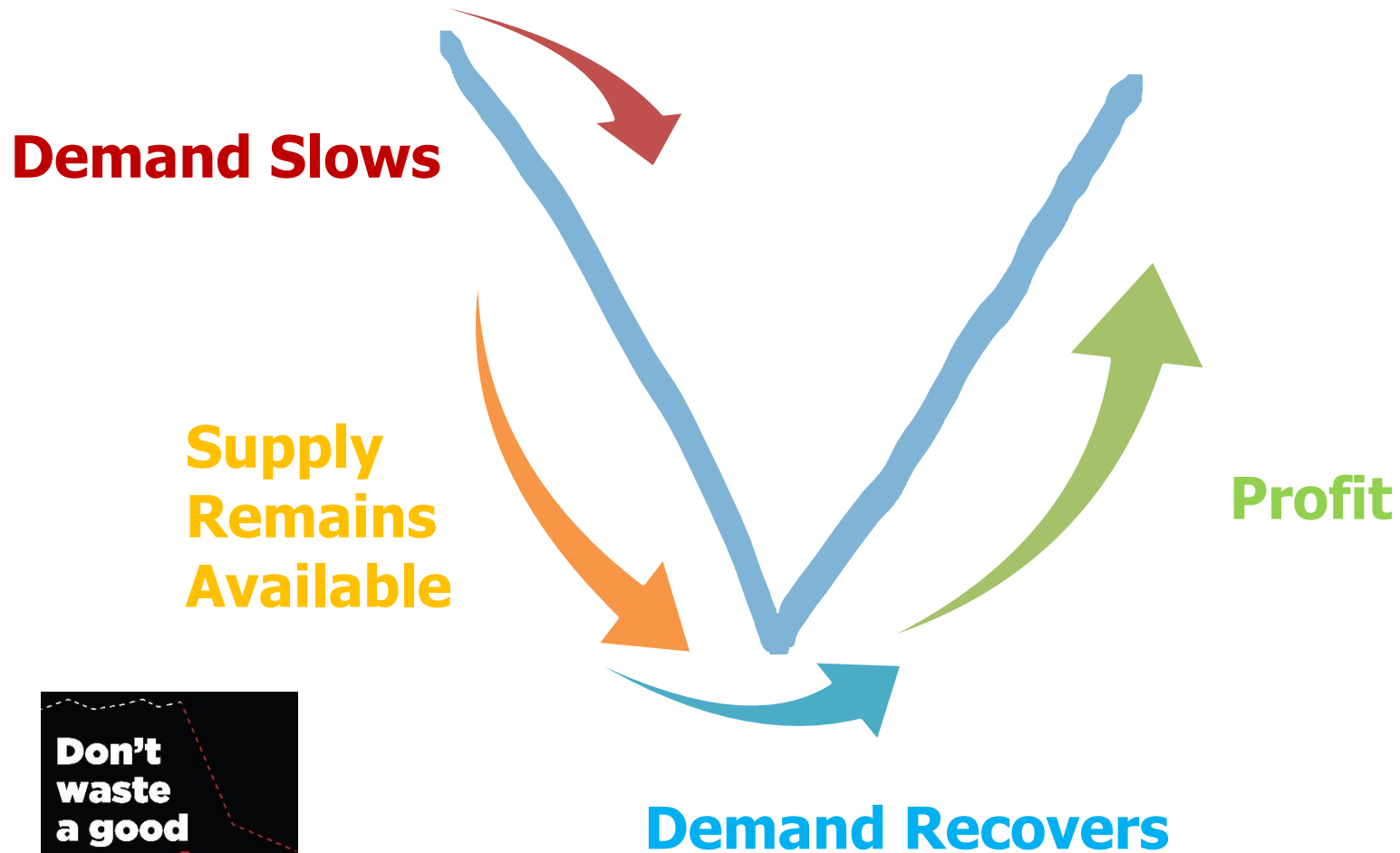
Is this just Artificial Supply restrictions? Will we bounce back when Active Cases and Lockdown end?

No



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The V-Shaped Recession

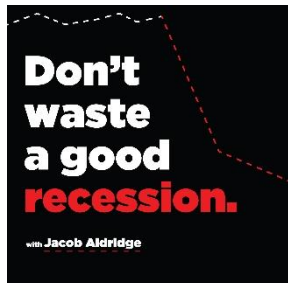
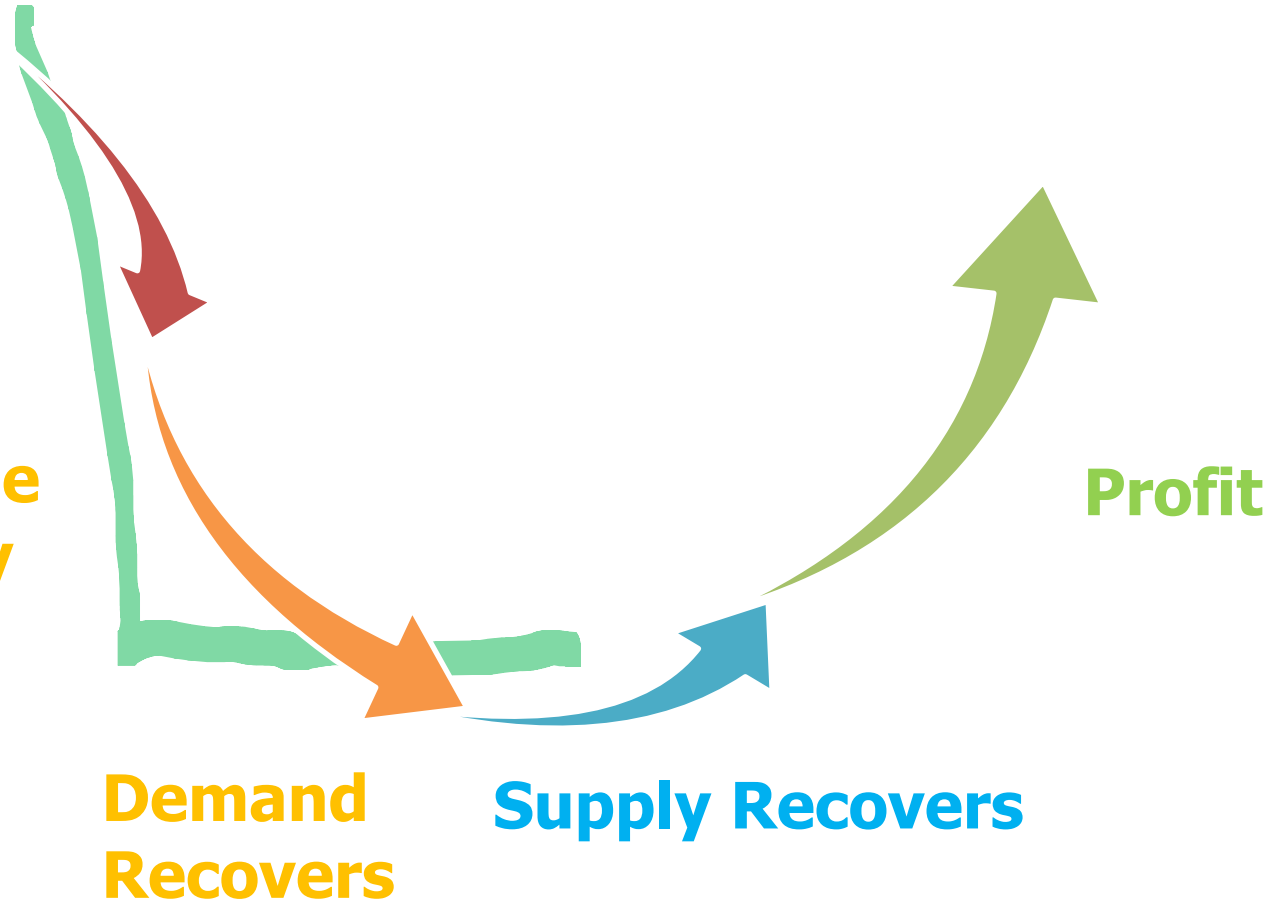


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The L-Shaped Recession

1. Faster
2. Bigger
3. Longer

Supply-Side
Availability
Reduces



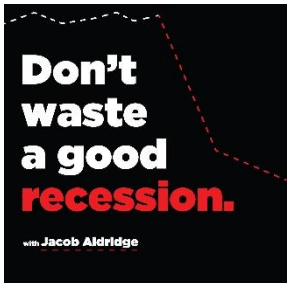
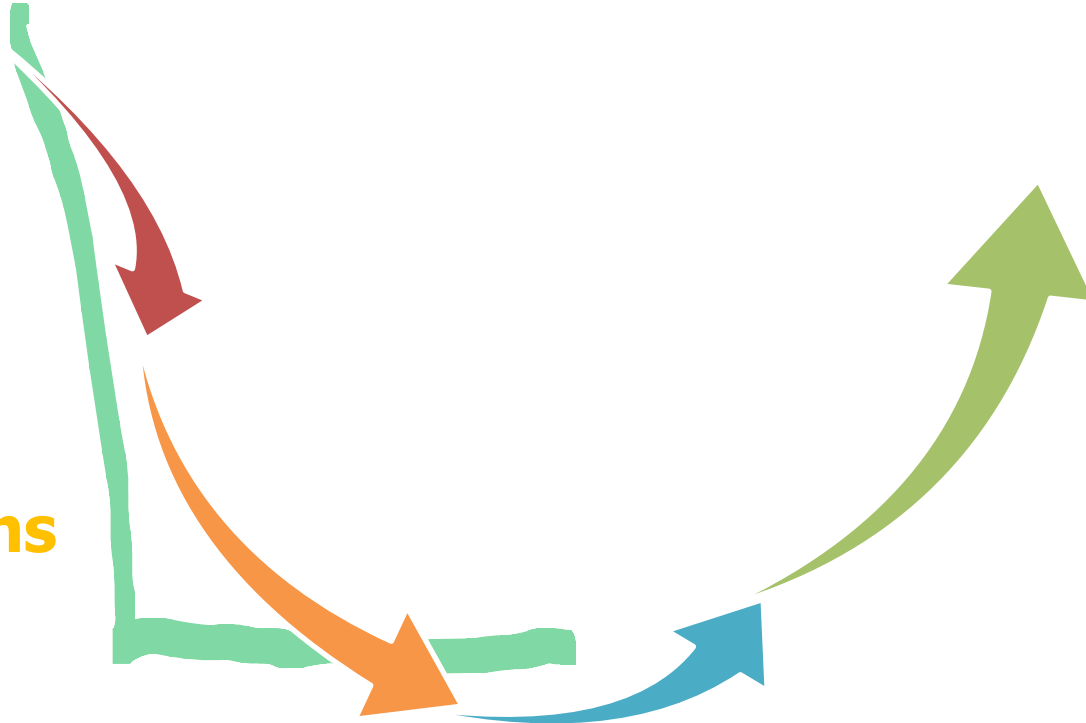
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The L-Shaped Recession

Q1 2020

12-18 months

> July 2021

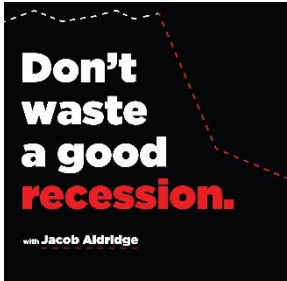
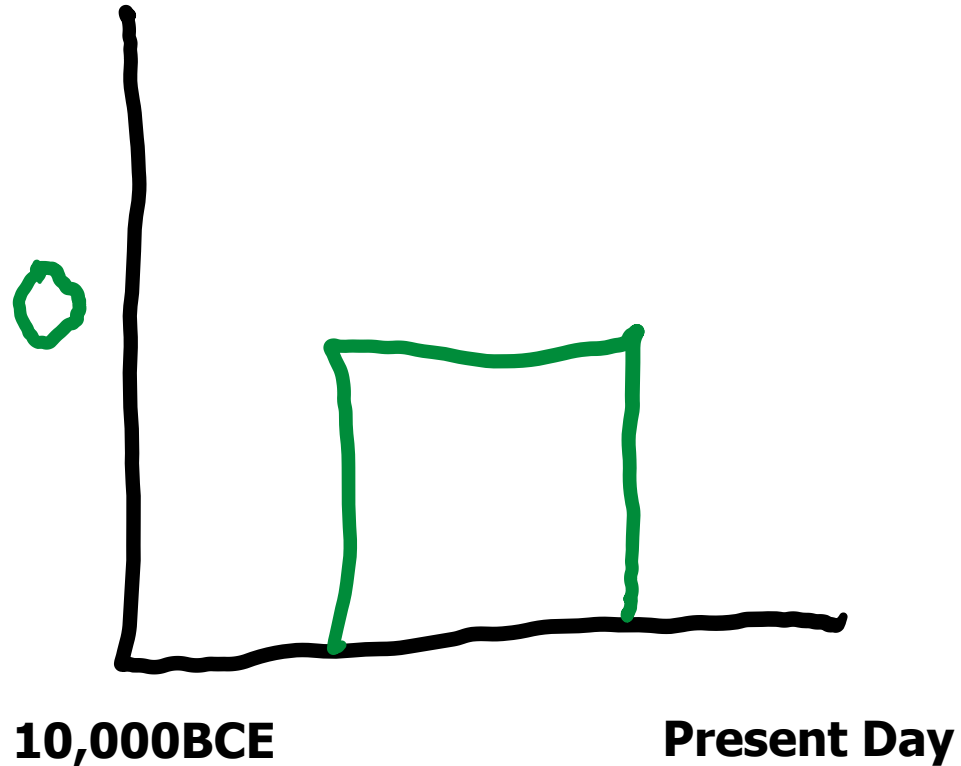


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Coronavirus Recession Unknowns

IT'S A F@^\$ING PANDEMIC!

Number of Coronavirus Vaccines Successfully
Created Throughout All Human History



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Coronavirus Recession Unknowns



**Sector
X**

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Multiplier
Effects**

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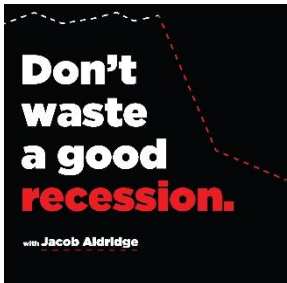
It mostly kills the elderly, not working-age. Less GDP impact.

Age + easier mobility compared to the 1918-19 Spanish Flu means less of an impact on Inequality than the Black Death

How long can businesses survive at forced 50% Capacity?

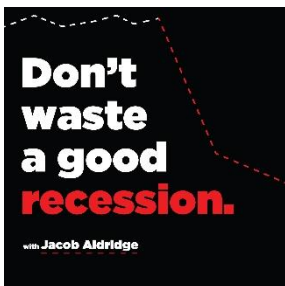
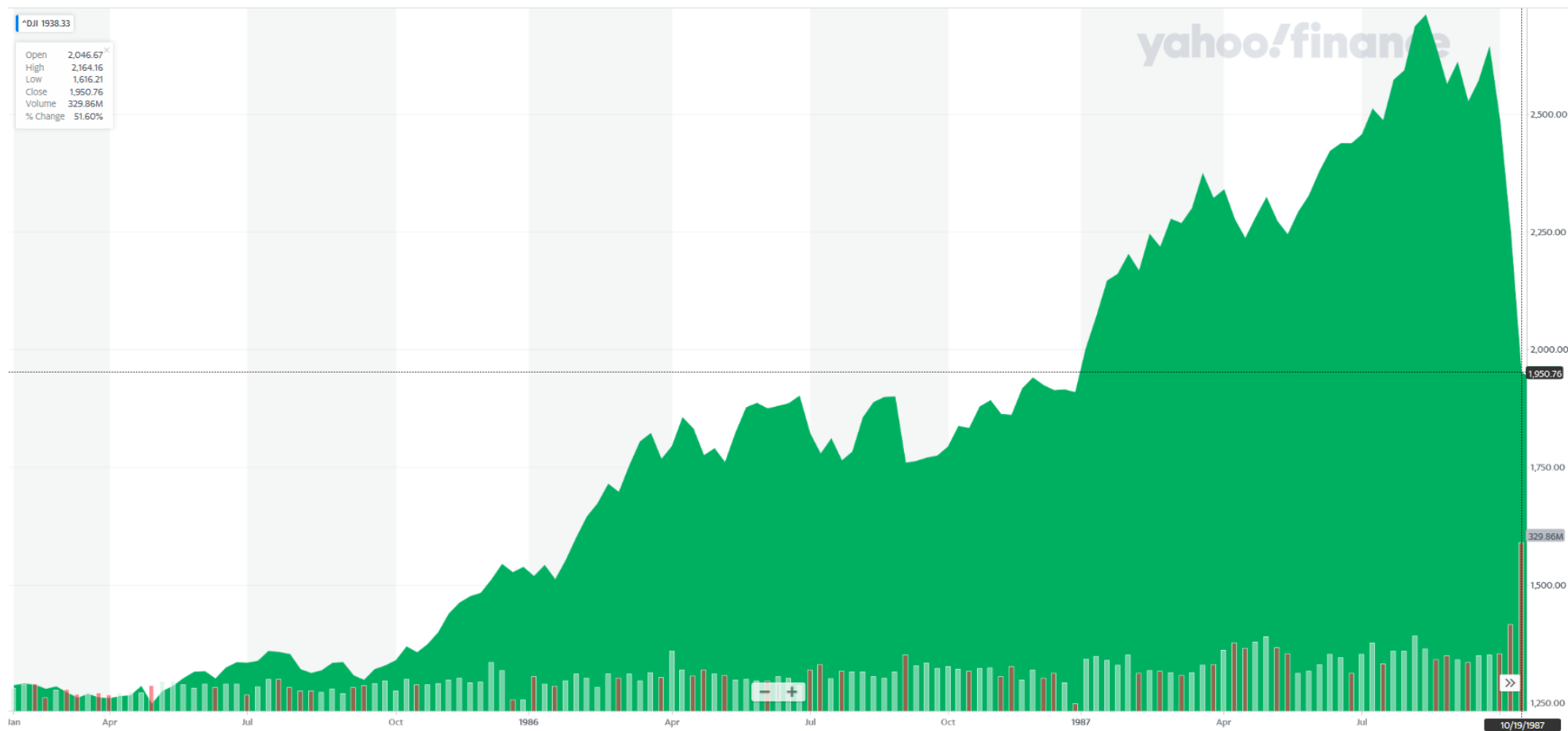
Benefit from Automation and Productivity / Fewer Staff?

Paradigm Shifts: Work From Home? Local Suppliers? Tariffs?
Remote Work? Zoom Meetings?



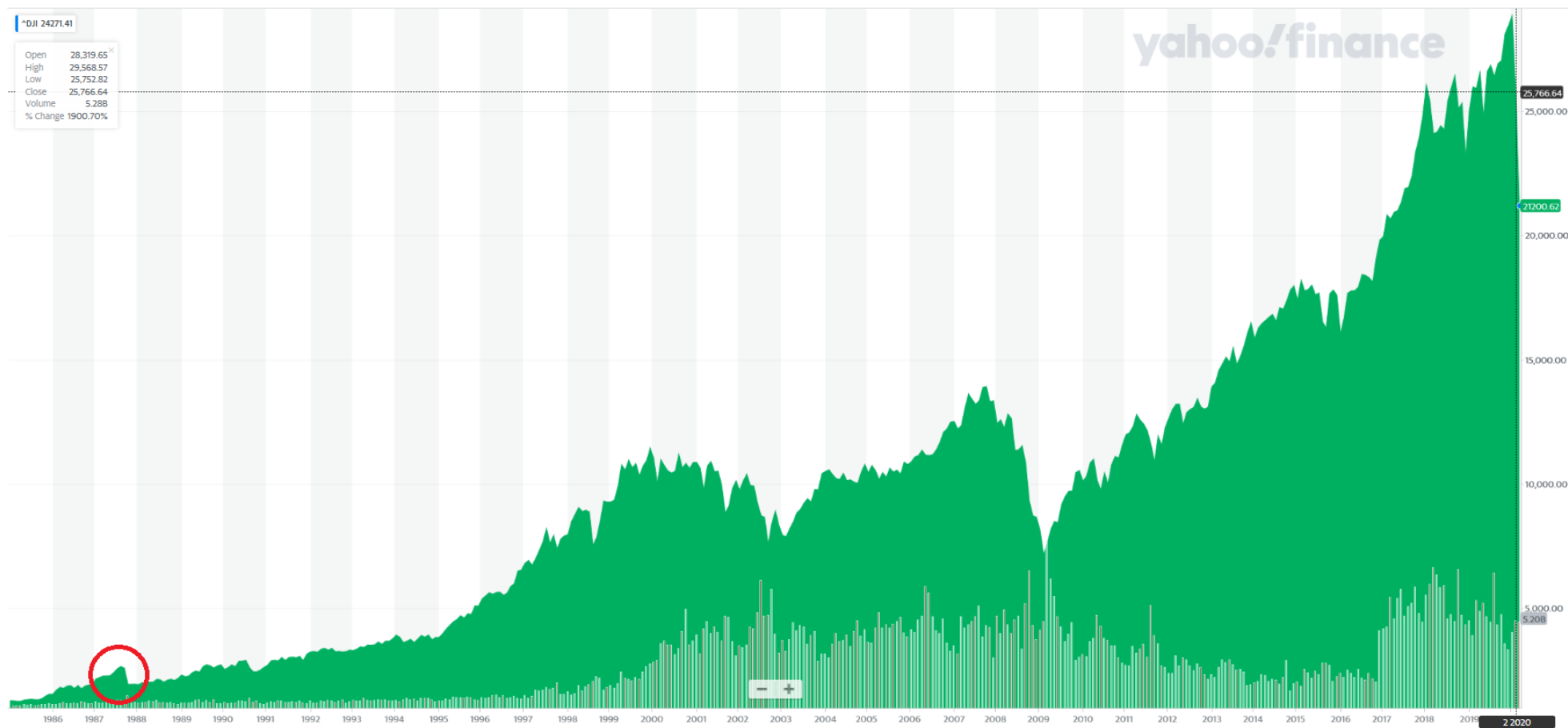
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Macro Economic Cycles



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Macro Economic Cycles



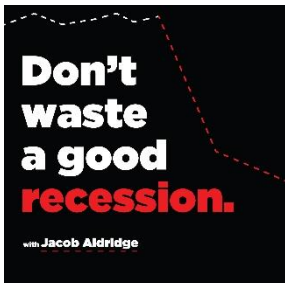
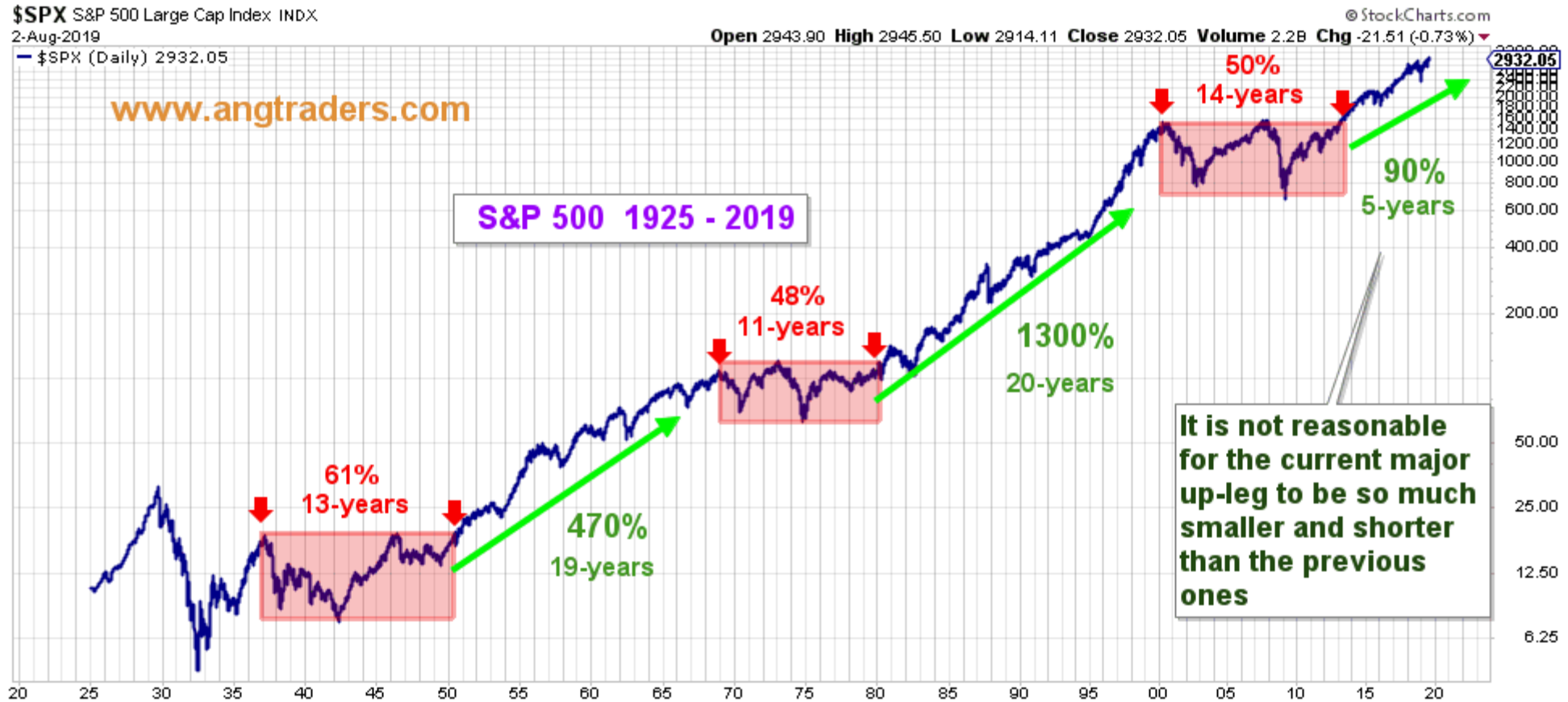
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Macro Economic Cycles



NOT MY CHART!

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But making the same point: This Recession is the middle of a lengthy Bull Market. How you transform your business in the Recession will determine how much you 'Profit' for the next decade.

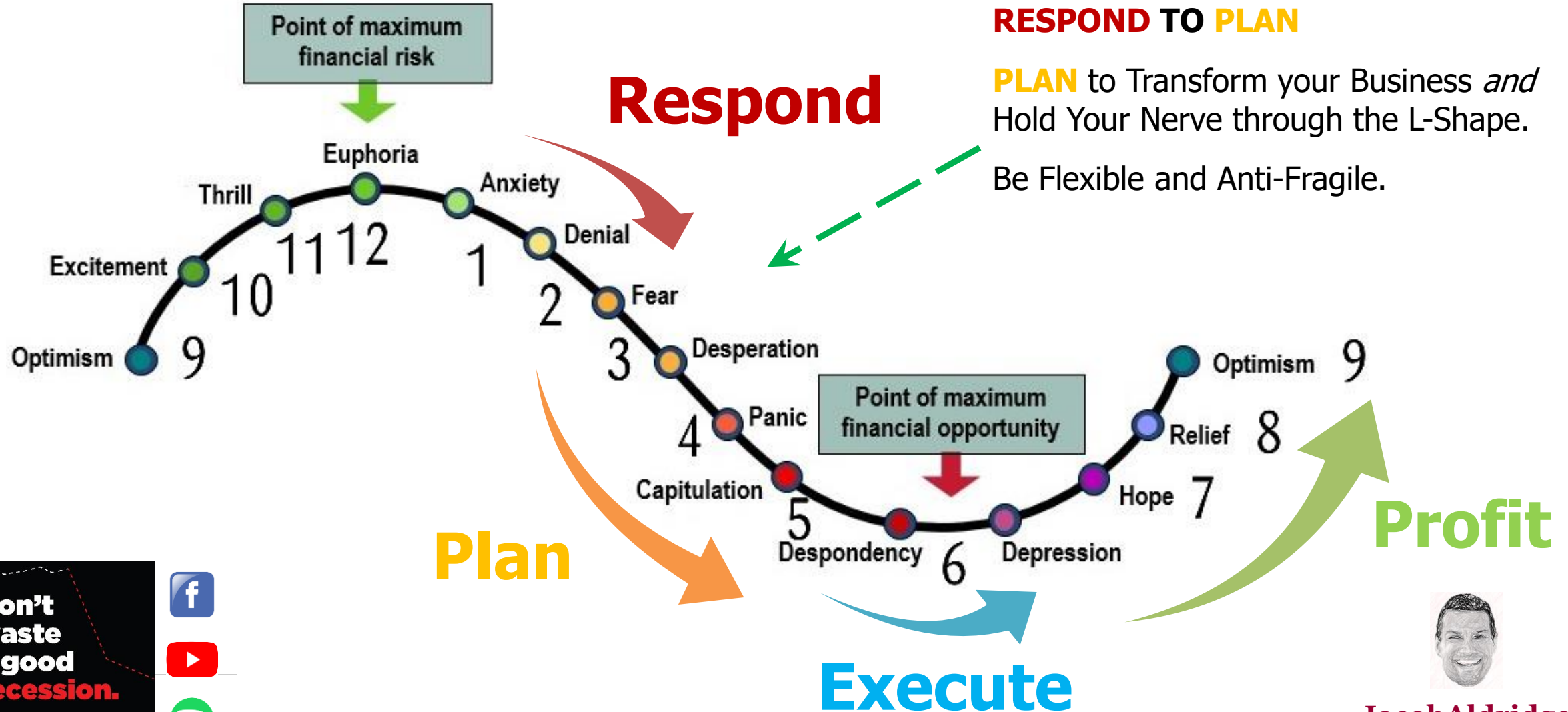


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What does this mean for my Business?

WHEN YOU SHIFT FROM
RESPOND TO **PLAN**

PLAN to Transform your Business *and*
Hold Your Nerve through the L-Shape.
Be Flexible and Anti-Fragile.



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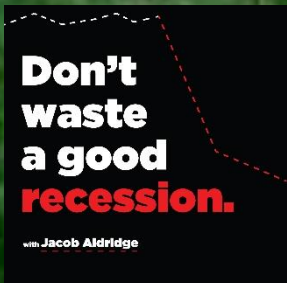
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By End of 2021, Plan to Transform:

1. Your Client Base
(and how well you know them)
2. Your Product / Packaging / Pricing
(and how well it suits them)
3. Your Sales & Marketing
(to grow marketshare)
4. Your Team Members
(efficiency and capability)



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Presentation #9 Actions

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