

WELCOME

WHARTON FAMILIES:
SUMMER WEBINAR SERIES

Wednesday, July 1

The New Business Landscape
with Professor Mauro Guillen



Wharton
UNIVERSITY of PENNSYLVANIA

MORE THAN EVER
Our Campaign

Welcome Wharton Families!!!

- **July 1:** Mauro Guillen
The New Business Landscape.
- **July 8:** Nancy Rothbard
The Challenges of Remote Work and Strategies for Success.
- **July 15:** Eric Bradlow
The Promise of Big Data.
- **July 22:** Barbara Kahn
The Future of Retail.
- **July 29:** Adam Grant
Building Resilience at Home and at Work.

Bold Predictions

- A new age of technology adoption.
- The end of commuting.
- The demise of retail.
- The reversal of globalization.

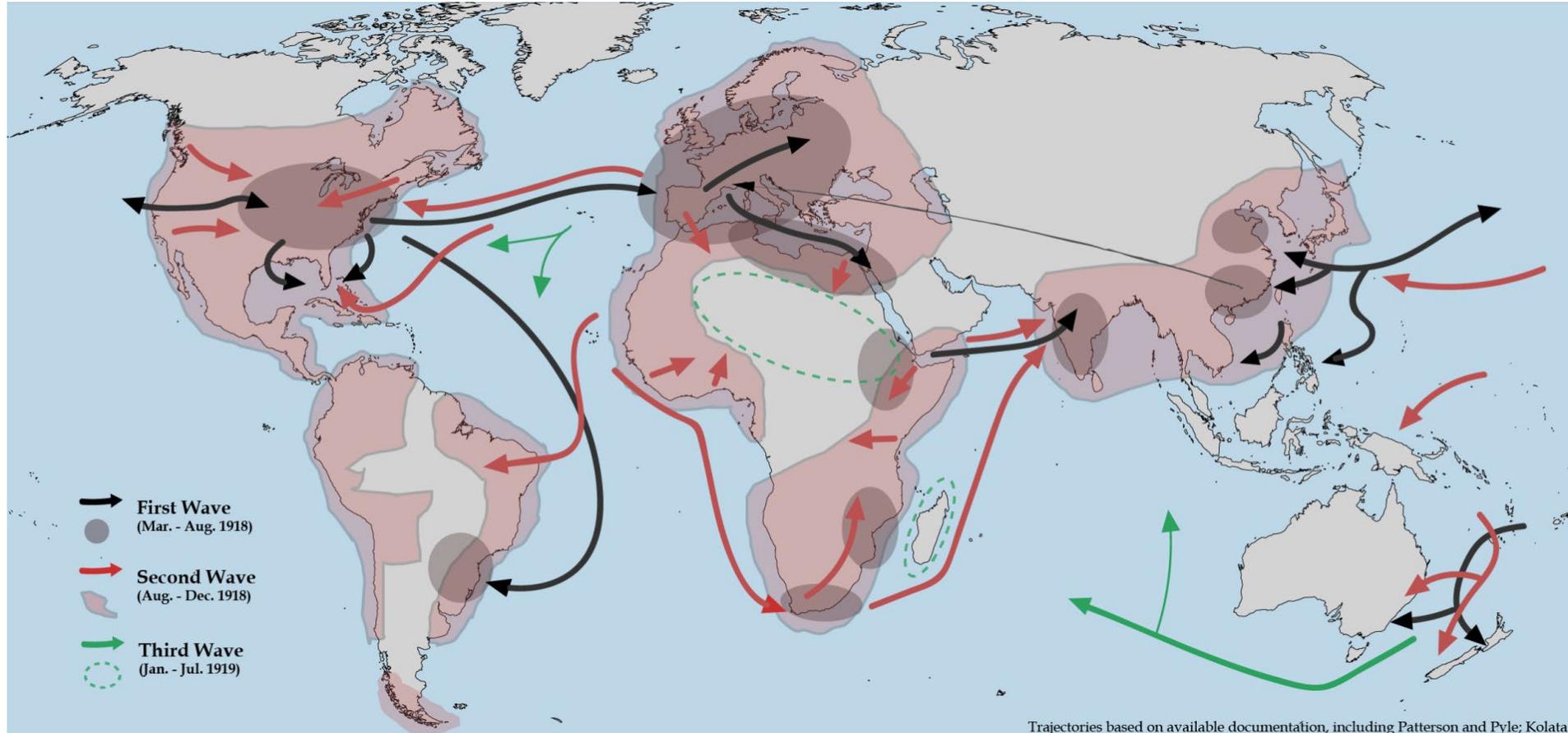
Plague of Justinian, 541-549



Black Death, 1347-1351

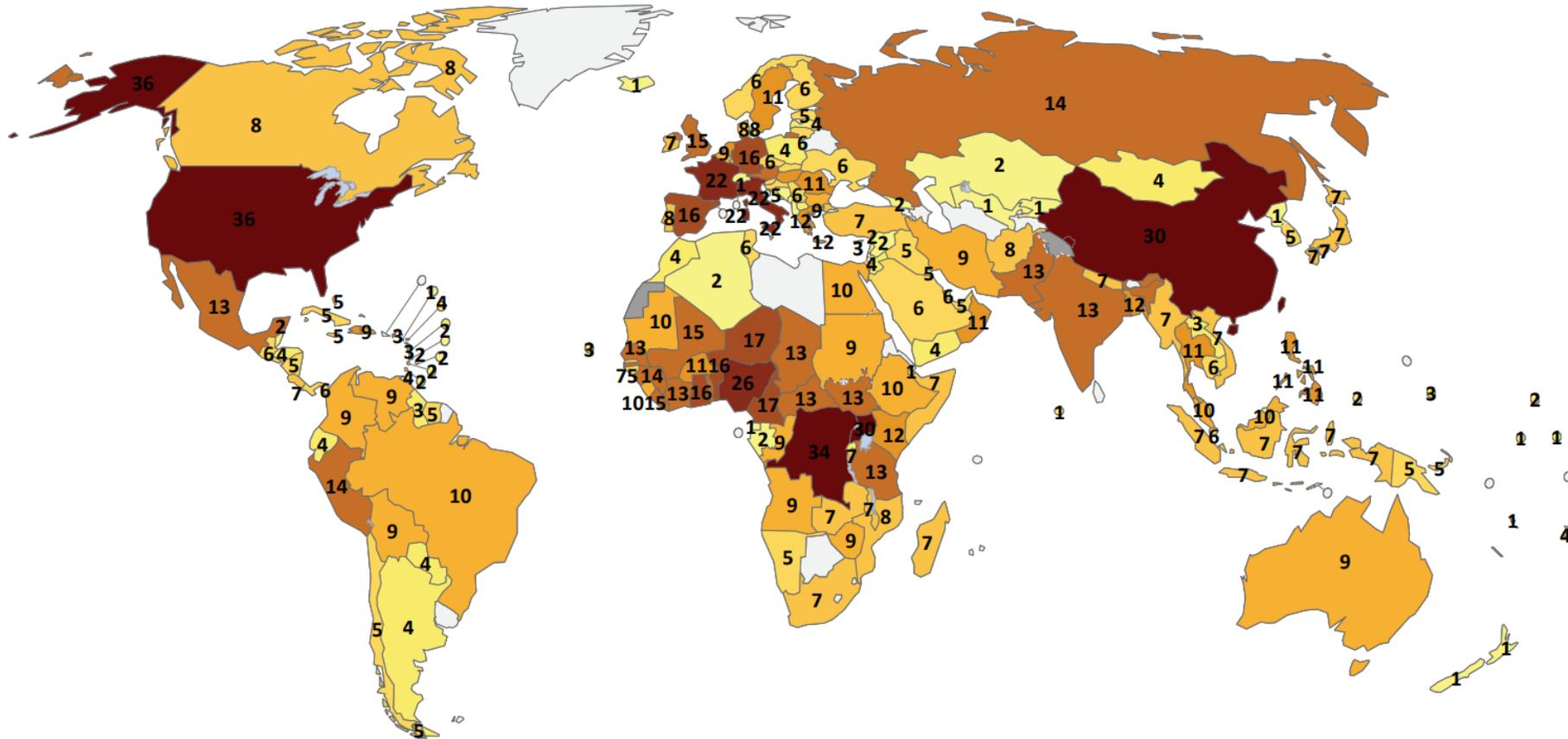


Influenza, 1918-1919: The “Forgotten Pandemic”



Frequency of Epidemics

Epidemic events* globally, 2011 – 2017**: A total of 1,307 epidemic events, in 172 countries



* Analysis excluded Poliomyelitis. The following epidemic and pandemic diseases were analysed: Avian Influenza A(H5N1), A(H7N9), A(H7N6), A(H10N8), A(H3N2), A(H5N6), A(H9N2), Chikungunya, Cholera, Crimean-Congo haemorrhagic fever, Ebola virus disease, Lassa fever, Marburg virus disease, Meningitis, MERS-CoV, Monkeypox, Nodding syndrome, Nipah virus infection, Plague, Rift Valley fever, Shigellosis, Typhoid fever, Viral haemorrhagic fever, West Nile fever, Yellow fever, Zika virus disease. If a disease caused more than 1 epidemic event by year in a country, it was only counted once for the year it occurred in that country. Includes cases imported or locally transmitted.

** WHO/IHM data as of 12 January 2018 (note: 2017 data is not complete)

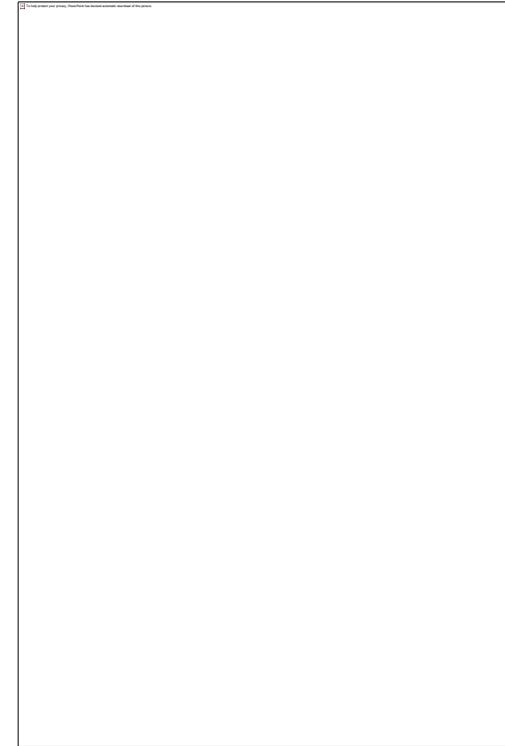
The New Business Landscape

- **Intensification** of pre-existing trends:
 - Use of technology (Eric Bradlow).
 - Remote work (Nancy Rothbard).
 - E-Commerce (Barbara Kahn).
 - Reconfiguration of supply chains.
 - Automation.
 - New consumer preferences and groups.

Trends in My New Book

- If you would like to get a hardcopy of the book, *completely free*, go to this website and enter your mailing address.
- I have 300 free copies available.
- Enter the code: WFW:

[https://whartonmgmt.wufoo.com/
forms/free-book-copies/](https://whartonmgmt.wufoo.com/forms/free-book-copies/)



Chief Financial Officers (CFOs)

Which of the following is your company planning to implement once you start to transition back to on-site work?
(Select all that apply.)

■ April 22, 2020 ■ May 6, 2020

Make remote work a permanent option for roles that allow it



Accelerate automation and new ways of working



Reduce real-estate footprint

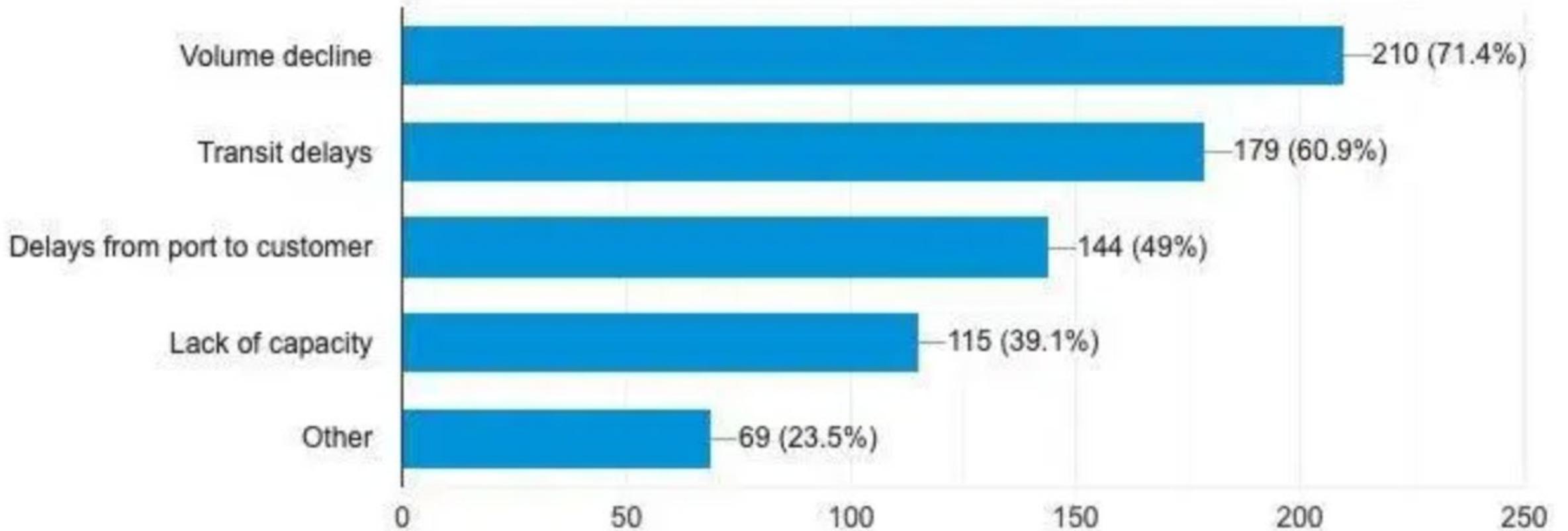


Source: PwC COVID-19 US CFO Pulse Survey
April 22, 2020: base of 305; May 6, 2020: base of 288

Reconfiguration of Supply Chains

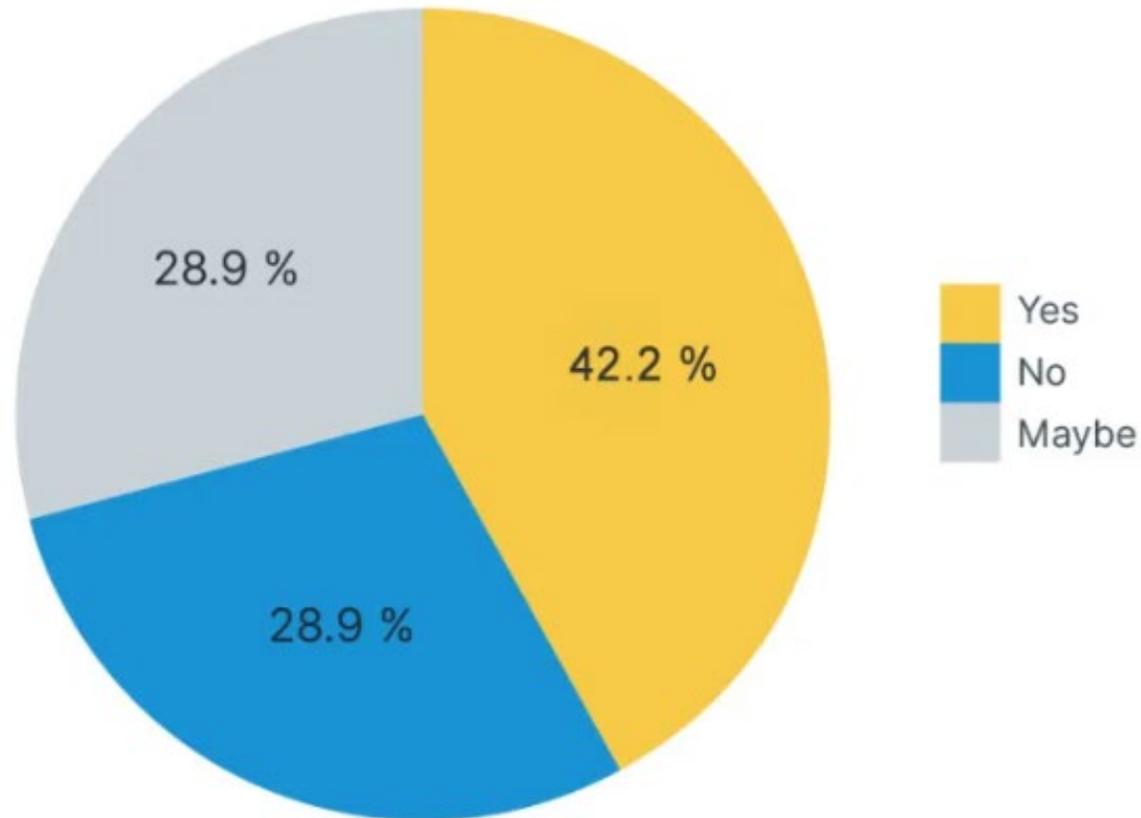
- Companies were already rethinking their supply chains before the crisis:
 - 2011: Japanese earthquake and tsunami.
 - 2018-19: U.S./China trade war: Companies shifted their sourcing towards Vietnam, Taiwan, Mexico, and Eastern Europe.

Covid-19 and Supply Chains

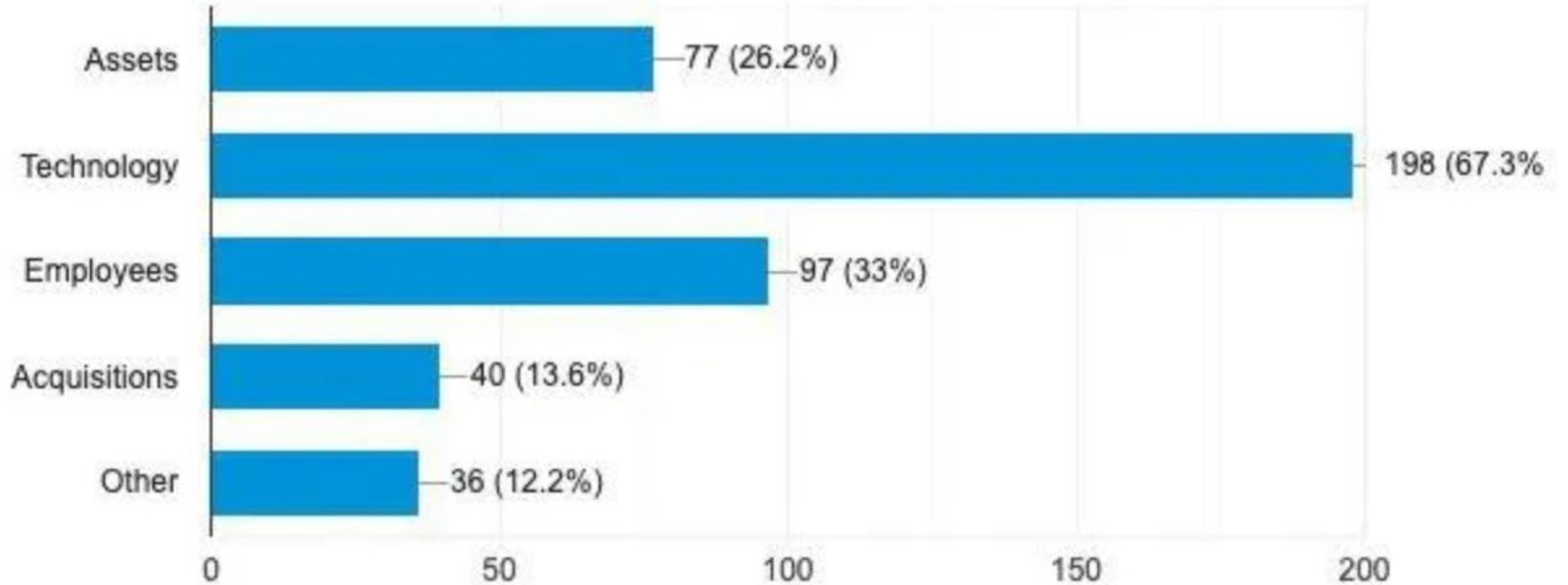


Change in Supply Chains

Will you change your shipping and supply chain strategies because of your experience with the Coronavirus pandemic?



What's Needed in the Future



Reorganizing the Supply Chain

- From “just in time” to “just in case.”
- Create redundancies: supply chain diversification.
- Create buffers: higher levels of inventories.
- Strike a different balance between efficiency and reliability.
- Value chains will be shorter and more diversified in the future.
- Use of technology.

Trade in Tasks

- Trade in tasks occurs when workers perform their jobs from a location in another country:
 - A radiologist interprets an X-ray.
 - A computer programmer creates code.
 - A professor teaches a class.
- **37%** of all American jobs can be **completely** performed on a remote basis. That's true in other countries as well.
- We will see more international trade in tasks → Offshoring of tasks.

Automation

- New incentives: building resiliency.
- Manufacturing.
- Service sector.
- Customer-facing jobs.
- Up to half of jobs could disappear in their present form.
- Other jobs will be created.

U.S. Manufacturing Output and Employment, 1987=100

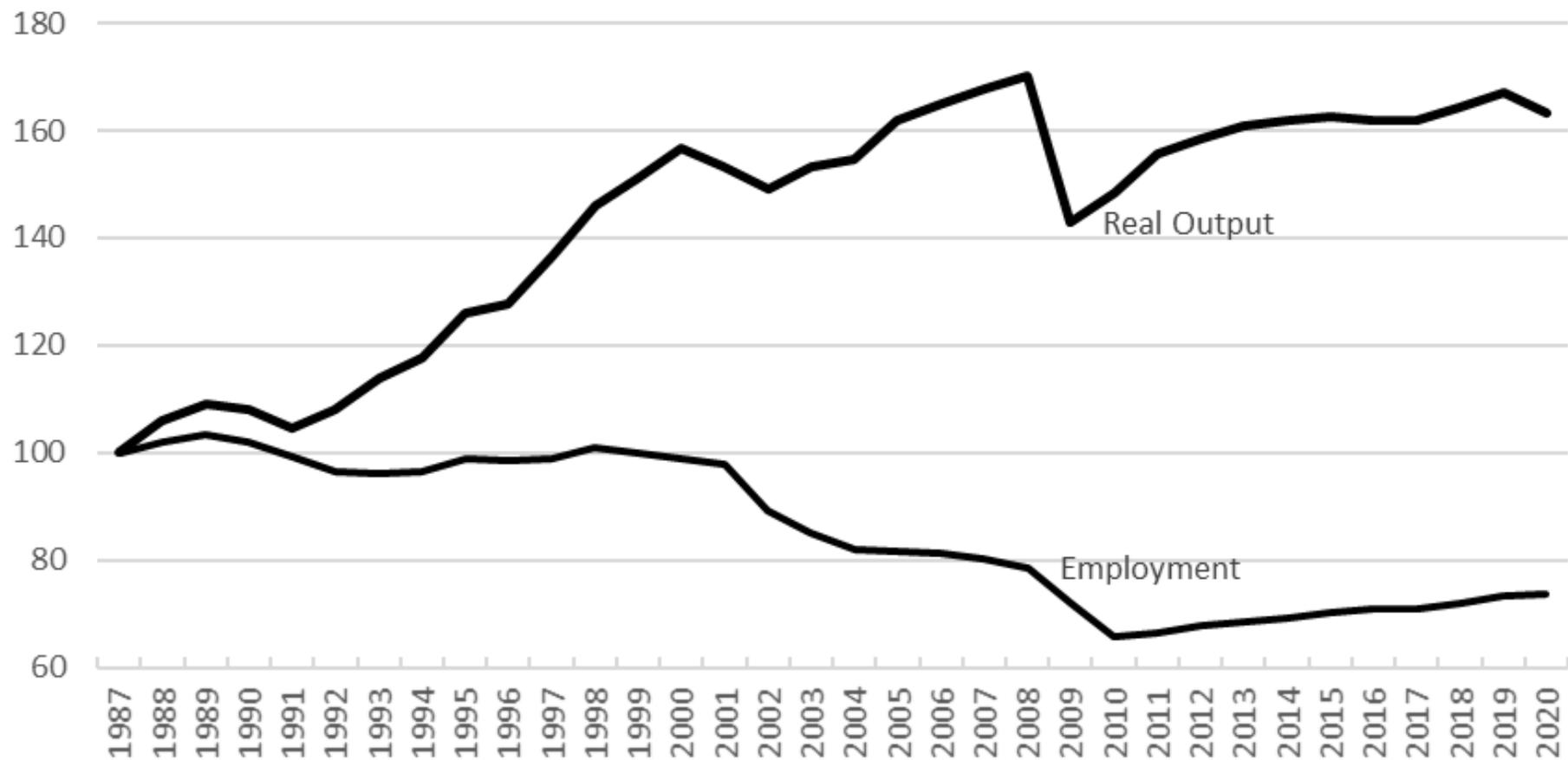


Chart by Mauro F. Guillen. Source: Federal Reserve Bank of St. Louis.

Industrial Robots per 10,000 Manufacturing Workers

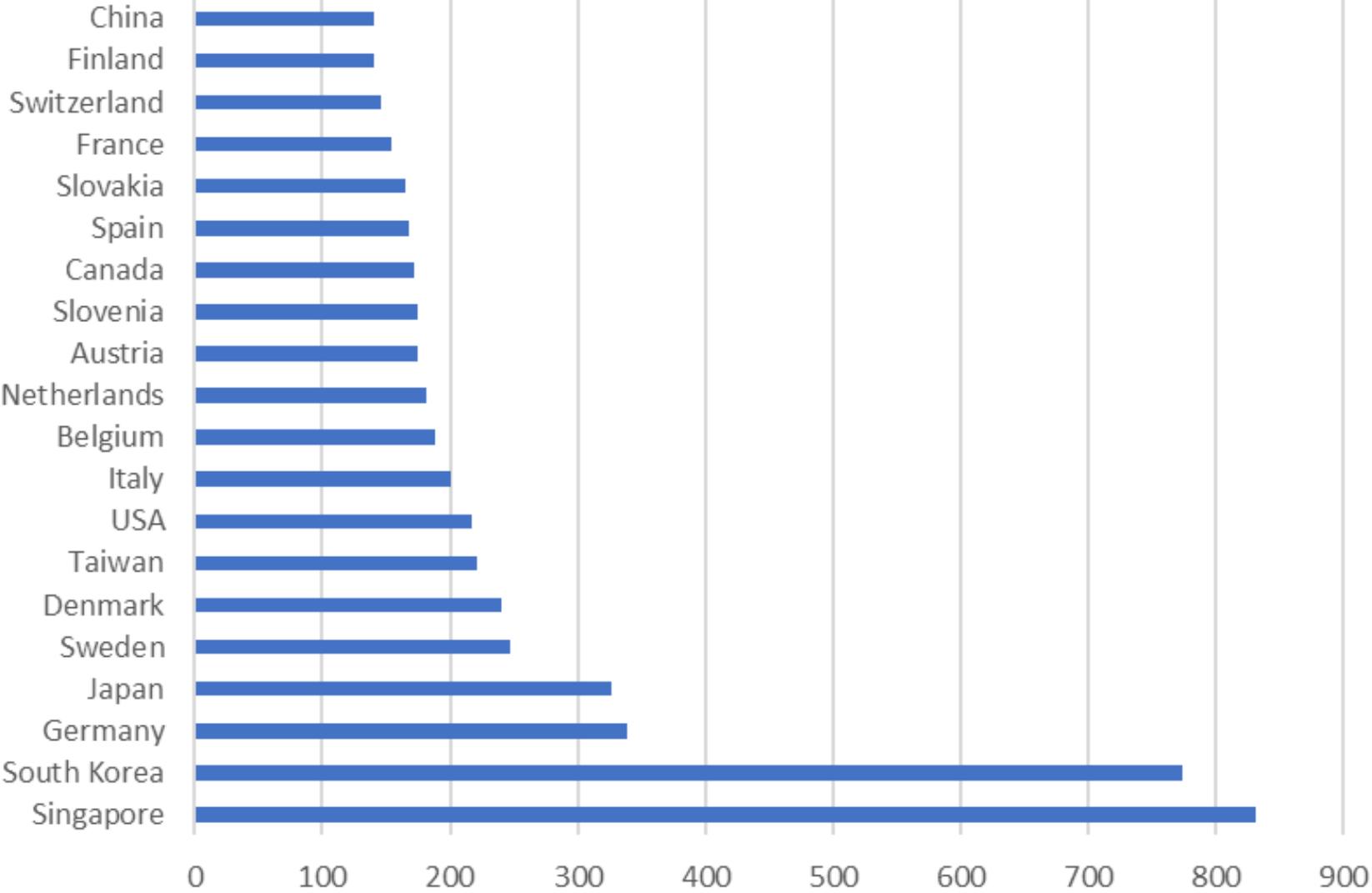
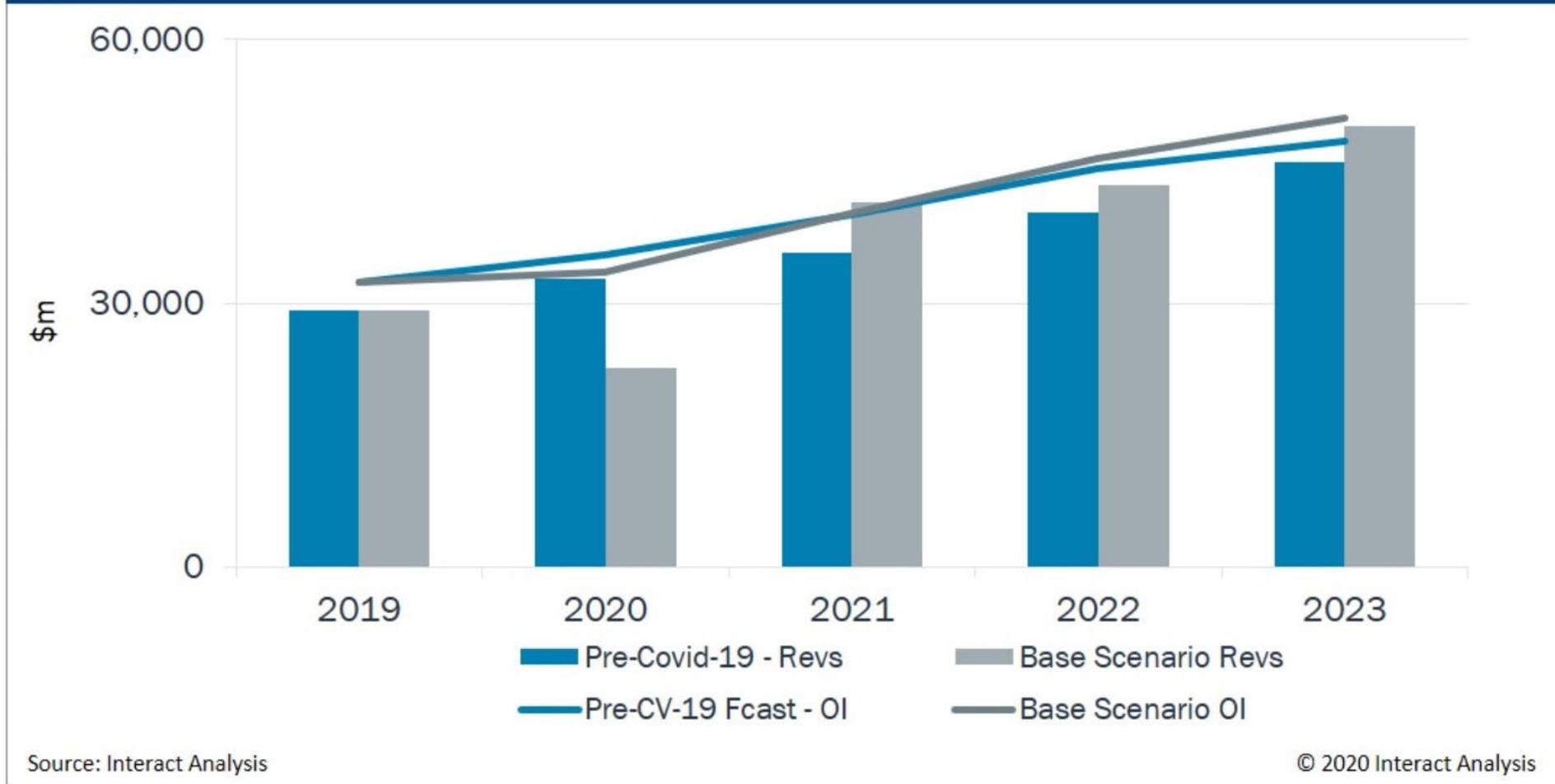


Chart by Mauro F Guillen. Data: International Federation of Robotics.

Warehouse Automation

Figure 1: Post Covid-19 Warehouse Automation Revenues & Order Intake



Service Sector Automation

- Hospitality.
- Healthcare and tele-medicine.
- Education.
- Legal.
- Office work.
- Retail.

New Consumer Preferences: *Product Attributes*

BROAD

- Functional
- Social
- Self-expressive

NEW FOCUS

- Safety.
- Experience.
- Comfort.

Shifts in Consumer Preferences

- Physical and mental wellbeing?
- Quality of life?
- Quality time?
- Safety?
- More space in the home?
- Small pleasures—the simple things in life?
- Introspection and soul-searching?

Brands & Tensions in Society

- Inequality: income, wealth, gender, race, etc.
- Access to remote work.
- Impact of automation.
- Impact on children.

Future of Brand Loyalty

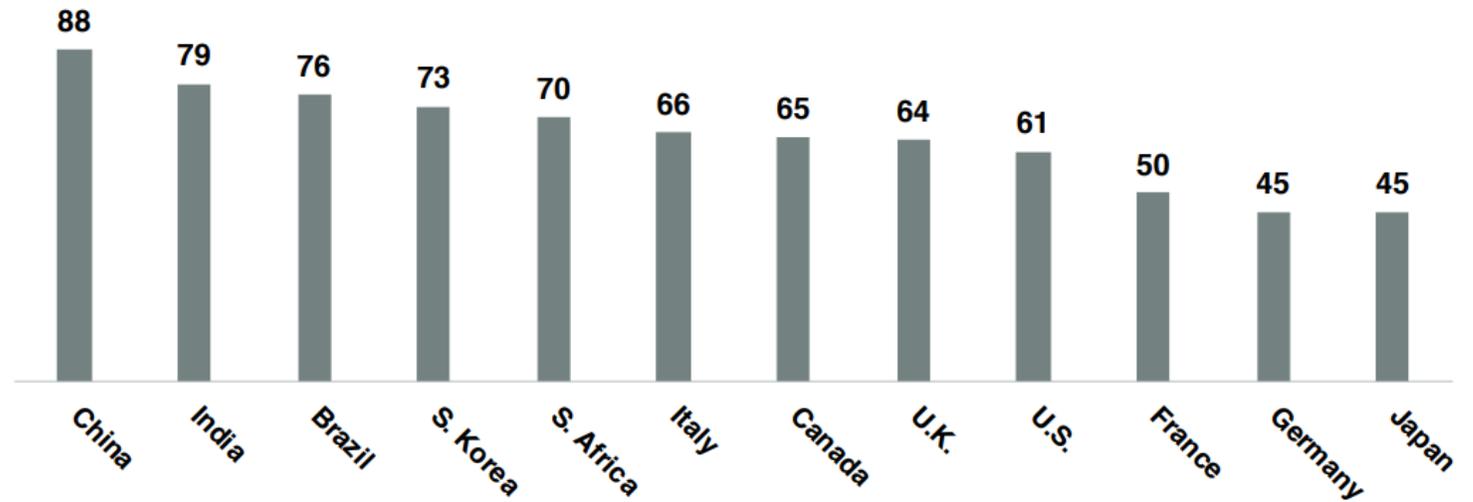
BRANDS' RESPONSE TO PANDEMIC WILL INFLUENCE FUTURE PURCHASE

Percent who agree

How well a brand responds to this crisis will have a huge impact on my likelihood to buy that brand in the future

65%

Global 12



Seniors: Work & Consumption

- 60+: most important market segment.
- Educated seniors: remote work & gig work.
- They own 80% of the net worth in the U.S.
- As a consequence, gray will become the new black.

Will Globalization Be Reversed?

- **Demography:** Fewer births and population ageing.
- **Politics:** Rise of populism and xenophobia.
- **Economy:** Temporary reduction in trade and investment, driven by the recession.
- **Society:** Rising inequality.
- **Virtual interconnectivity and technology.**
- **Public health:** Frequency of epidemics.
- **Geopolitics:** Europe, China vs USA, EEs.
- **Climate:** Global warming is a global issue.

Recalibration of Globalization

- Relocation and diversification of offshoring rather onshoring.
- Growing importance of emerging markets, but increasingly driven by their own middle classes.
- Reduced physical immigration, but with growth in remote work and virtual teams operating on a global scale.

One Potential Trend Reversal

- Pre-Covid cities:
 - Growing at a rate of 1.5 million additional residents every week.
 - 1% of the land, 55% of the population, 80% of the carbon emissions.
- Post-Covid cities:
 - Developed world: People may reconsider their residential and work decisions.
 - Emerging markets and developing countries: Urbanization likely to continue.

Trends in My New Book

- If you would like to get a hardcopy of the book, *completely free*, go to this website and enter your mailing address.
- I have 300 free copies available.
- Enter the code: WFW:

[https://whartonmgmt.wufoo.com/
forms/free-book-copies/](https://whartonmgmt.wufoo.com/forms/free-book-copies/)



Resources

- Visit my website for free sources of information, presentations, and videos:

<https://whartonmgmt.wufoo.com/forms/covid19-resources/>

Online Courses

- Analyzing Global Trends for Business and Society.

<https://www.coursera.org/learn/wharton-global-trends-business>

- Managing the Global Firm.

<https://online.wharton.upenn.edu/leadership-and-management-certificate/>

- Managing in the Global Digital Economy.

<https://online.wharton.upenn.edu/courses-global-digital-management/>

- Globalization: Social, Economic, and Political Aspects

To be launched in the Spring of 2021.

Contact Information

Mauro F. Guillén

Zandman Professor of International Management

The Wharton School

University of Pennsylvania

2016 Steinberg Hall-Dietrich Hall

Philadelphia, PA 19104

Email: guillen@wharton.upenn.edu

Personal website: www.management.wharton.upenn.edu/guillen

WeChat: mfguillen

Twitter: @MauroFGuillen

LinkedIn: mauro-guillen

Pre-order my new book:

<https://read.macmillan.com/lp/2030-mauro-guillen/>

