

The Next Normal Offers Great Economic Development Opportunities

Action & Resource Allocation	Business Sector Strength	Business Sector Outlook
50%	Strong Cluster	Negative Outlook
Take Action to Minimize Impact and Preserve “Quality of Life Reputation”	Craft Beer ⁱ	60% going out of business
	Restaurants ⁱⁱ	25% going out of business
	Fashion Stores ⁱⁱⁱ	20% going out of business
	Aviation MRO ^{iv}	53% spending reduction; 10 years to recover
	University/College ^v	Unanticipated attrition; cash flow issues
	Financial Services ^{vi}	Increase in problem assets; reduced fees; FinTech adoption as competition and reduced labor needs
10%	Strong Cluster	Neutral Outlook
Monitor and Support	Healthcare ^{vii}	Increased costs; lower revenue; reduced portfolio values; no growth
	Cybertechnology ^{viii}	Slowdown to 6%/yr. growth
30%	Strong Cluster	Favorable Outlook
Aggressively Grow	Textiles ^{ix}	16%/year growth; PPE repatriating to US
	Chemicals ^x	Pharma feedstock repatriating to US
	EdTech ^{xi}	100%+/year growth
10%	Weak Cluster	Favorable Outlook
Opportunistically Pursue	FinTech ^{xii}	Accelerated transition
	Robotics ^{xiii}	-10%/growth; reduces exposure of personnel
	MedTech ^{xiv}	22%/year growth; reduces cost; reduces labor needs
	Medical Robotics ^{xv}	20%/year growth; Reduces personnel exposure
	Mobility as a Service ^{xvi}	35%/year growth; booming delivery and transport
	Drones ^{xvii}	43%/year growth; remote viewing and sensing
	Telehealth ^{xviii}	27%/year growth; transition from office & hospital; reduced personnel exposure

Chart 1

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[McKinsey](#) describes five qualities critical for business to find their way in the next normal: resolve, resilience, return, reimagination, and reform. These qualities equally apply to Economic Development entities. Economic development spending and strategy must be rethought. Is the current strategy even applicable in the next normal? Should more money and effort be focused on current businesses survival and prosperity? What is the best allocation of the limited resources available? Now is the time to grasp the new opportunities before the new normal negatively impacts the long-term future of your community.

One approach to reformulation of the economic development strategy is as follows for each significant business sector in the local economy:

1. Forecast the future outlook based on available data and rank as negative, neutral, or favorable;
2. Rate its strength/importance to the community as strong or weak;
3. Group business as to their strength and outlook;
4. Develop a strategy for each group; and
5. Assign targeted allocation of resources to each group.

An example (Chart 1) was prepared based on available data. This is not meant to be an in-depth rigorous review but an example based on limited research. The economic ecosystem was tabulated and assessed as above with the result shown on Chart 1.

Another way (Chart 2) to assess the untapped potential in your community is to identify where smart money is investing and follow that strategy. Venture capital (VC) and private equity (PE) investors have continued to invest during the height of the Covid-19 crisis. Their investments provide insights as to what the new normal will look like. Data from two tracking sites (Pitchbook and Crunchbase) was collected during the lockdown period and immediately before. Chart 2 below shows the result of this review and demonstrates why the NASDAQ exchange is at a high for the year!

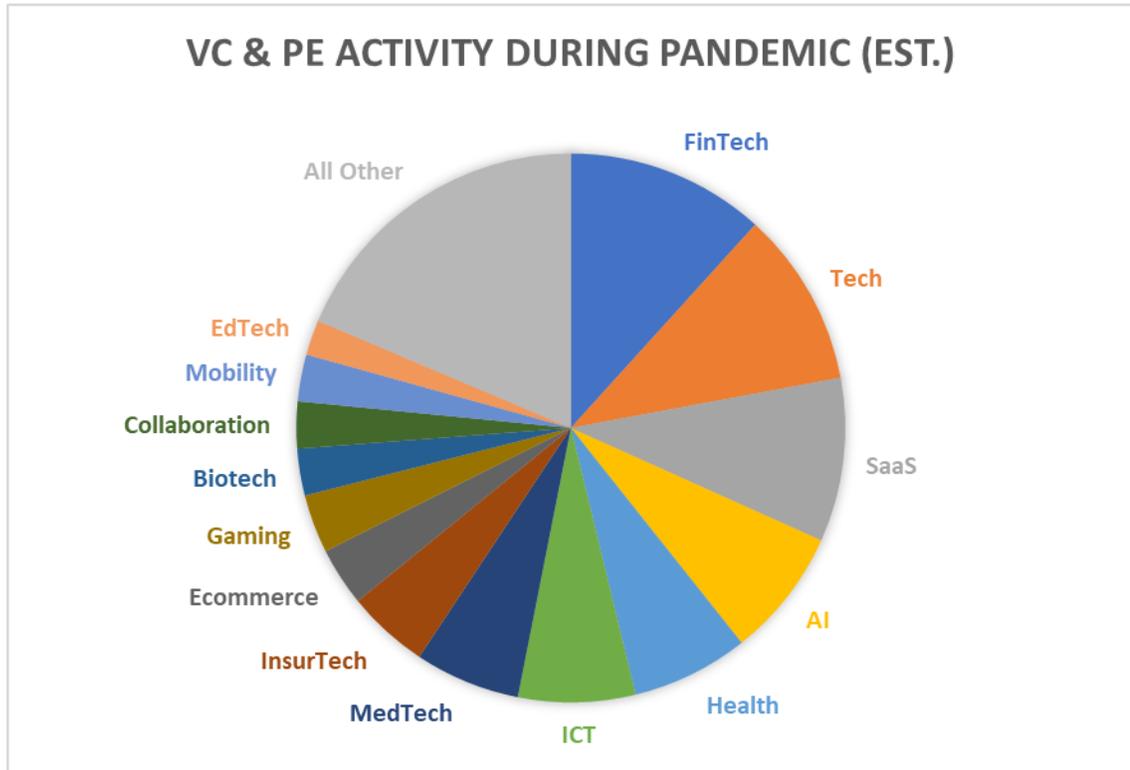
[Just Remember Cargo Cults Don't Build Vibrant Communities!](#)

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Chart 2



ⁱ <https://www.oliverwyman.com/our-expertise/events/2020/apr/webinar-forecast-update.html#Overview>

ⁱⁱ <https://www.qsrmagazine.com/outside-insights/13-things-could-change-restaurants-after-covid-19>

ⁱⁱⁱ https://www.just-style.com/comment/whats-the-future-for-fashion-retail-after-coronavirus_id137480.aspx

^{iv} <https://www.marketwatch.com/press-release/aerospace-mro-market-analysis-with-impact-of-covid-19-top-companies-trends-demand-future-opportunity-outlook-2025-2020-04-30?tesla=y>

^v <https://www.spglobal.com/ratings/en/research/articles/200310-covid-19-and-falling-rates-cloud-the-outlook-for-u-s-financial-institutions-11382434>

^{vi} <https://www.spglobal.com/ratings/en/research/articles/200310-covid-19-and-falling-rates-cloud-the-outlook-for-u-s-financial-institutions-11382434>

^{vii} <https://www.healthcarefinancenews.com/node/139910>

^{viii} <https://www.businesswire.com/news/home/20200507006258/en/Global-Cyber-Security-Market-Forecast-Grow-Slower>

^{ix} <https://www.businesswire.com/news/home/20200421005048/en/Pre-Post-COVID-19-Market-Estimates-Smart-Personal-Protective>

^x www.chinalawblog.com › 2020/03 › pharma-will-be-leaving-china-to

^{xi} <https://useinsider.com/online-learning-during-covid-19/>

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^{xii} <https://www.spglobal.com/ratings/en/research/articles/200310-covid-19-and-falling-rates-cloud-the-outlook-for-u-s-financial-institutions-11382434>

^{xiii} <https://www.businesswire.com/news/home/20200424005397/en/COVID-19-Impact-Global-Industrial-Robotics-Market-->

^{xiv} <https://www.mckinsey.com/industries/pharmaceuticals-and-medical-products/our-insights/reimagining-medtech-for-a-covid-19-world>

^{xv} <https://www.marketwatch.com/press-release/medical-robotics-market-global-demand-top-companies-influence-of-covid-19-on-future-growth-and-opportunity-outlook-2023-2020-04-27>

^{xvi} <https://www.bloomberg.com/press-releases/2020-04-13/analysis-on-impact-of-covid-19-mobility-as-a-service-market-2019-2023-popularity-of-public-transport-to-boost-growth>

^{xvii} https://www.americanewshour.com/2020/04/29/drones-market-key-facts-and-forecast-predictions-presented-until-2024-2/174025/?mod=article_inline

^{xviii} <https://www.marketwatch.com/press-release/telehealth-market-analysis-with-impact-of-covid-19-top-companies-trends-demand-future-opportunity-outlook-2025-2020-05-05>