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It's not just herd immunity...
CEOs really want to know
when they can return to a
functioning normal

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Framing the return to functioning normal

Once a significant enough proportion of a population becomes immune to an infectious disease and its variants (i.e. herd immunity), the disease will substantially subside. However, for today's senior executive, herd immunity is not the endgame: the broader goal is the re-emergence of markets and economies post-pandemic.

This article proposes a framework to help C-suite executives gauge when markets and economies are likely to reach a **functioning normal**, defined as the point where the public trusts that the contagion has been controlled sufficiently to establish a new baseline/equilibrium of economic and social activity. Beyond quantitative measures such as percentages of positive tests, distribution of vaccines, and stimulus payments, the ability of an economy or market to return to a new functioning normal hinges on the public's trust that the pandemic has been substantially suppressed.

In a functioning normal, people and goods will flow more freely across borders, although they might be subject to higher regulatory restrictions (e.g., vaccine passports) than before the pandemic. Consumers will feel more comfortable visiting friends and family, shopping in stores, and eating in restaurants but some may still be reluctant to socialize in large groups. Employees will return to premises, although they might not commute to offices as frequently as they once did now that the alternative of virtual work has been demonstrated. Furthermore, global economies and employment rates will rebound, but it could take a long time to return to pre-pandemic levels.¹

Four factors that could influence public trust

The public's [trust](#) in institutions, in businesses, and even in each other is a critical pre-requisite to achieving a functioning normal. Four factors—immunity, therapeutics, public policy, and social practices—could collectively have a profound impact on building public trust. In this section, we provide a framework for C-suite executives to analyze each factor, assessing how it contributes to the suppression of the disease and thereby the re-establishment of sufficient public trust for markets to recover.

In the “What to watch” section for each factor, we also suggest key measures executives can monitor to anticipate when their relevant markets and geographies are nearing a functioning normal. These measures are indicative—not mutually exclusive and collectively exhaustive—and do not all have to be satisfied to reach a functioning normal. Also, the analyses below and proposed metrics consider our current understanding of variants (mutations), yet the progression of those variants is unpredictable and could have a material impact on the framework.

Our analysis was enhanced by running multiple scenarios through our Deloitte Scenario Modeling and Resourcing Tool (D.SMaRT), a customizable early warning system that can help forecast infection rates in markets around the globe. D.SMaRT's models mirror the physical dynamics of infection-spread by simulating group interactions and by overlaying mobility trends with vaccine availability, compliance, and efficacy to help organizations identify and plan for potential future COVID-19 outbreaks.

1. Immunity/infection rates:

Rebuilding public trust to reach a functioning normal requires the pandemic to be controlled and suppressed. This suppression requires a widespread immunity against infection and an identifiable reduction in infection rates, particularly among at-risk populations. As the most vulnerable members of the population are vaccinated, hospitalizations and deaths are likely to decline even if active infection cases do not decrease as quickly. Reduction in severe illness and deaths may result in returning to functional normal even without suppression in transmission; thus, vaccines that are effective in preventing serious illness can be an important intervention even if their overall effectiveness is less than expected.

Consensus estimates from medical experts indicate that herd immunity for this coronavirus will likely be reached when approximately 80% of the population is immune through vaccination and/or natural infection.² Yet tracking the level of immunity can be elusive: early evidence indicates that existing vaccines may be less effective against variants (mutations), so 80% immunity to the initial virus might not assure 80% immunity overall. Furthermore, the threshold for herd immunity changes as innate infection reproduction rates, referred to as R_0 or R-naught, increase or decrease for new variants,³ where R_0 is the average number of people that one infected person will subsequently infect with no interventions.⁴

What to watch in a market: Immunity

- Greater than 80% of the population is naturally immune (previously infected) and/or vaccinated
- No variant (mutation) which reduces vaccine effectiveness related to prevention of serious illness and death to below 50%
- New daily infections drop below 1 per 100,000 population⁷

Our analysis suggests that when a market crosses the 80% immunity threshold and when vaccines are still at least 50% effective against known variants, it is an essential signpost that a market has momentum to potentially emerge into a functioning normal.⁵ Likewise, the U.S. Centers for Disease Control and Harvard have set a target of new daily infections at or below 1 per 100,000 people, without lockdowns, to indicate sufficient virus suppression.⁶



2. Therapeutics:

While vaccines and natural immunity will help reduce infection rates, therapeutics can help minimize COVID-19 morbidity and mortality rates, easing public concerns and establishing trust in institutional responses. For example, preliminary data from recent clinical trials indicates that monoclonal antibody treatment may be useful as a prophylactic.⁸ Other trials suggest that drug combinations may reduce the severity, hospitalization, and mortality of the disease.⁹ We modeled the binary options of all eligible patients receiving typical therapeutics versus no patients receiving therapeutics in a single geography. Full access to and adoption of therapeutics yielded a one-third reduction in ICU bed occupancy and a 50% decrease in COVID-19 deaths.¹⁰

Since there is not a direct measure of therapeutics, we monitor the effects of therapeutics indirectly via proxy relationships like fatality rates and ICU occupancy (see “What to watch”). Although these variables may correlate with immunity status as well, they still provide indicative information about the efficacy of therapeutic treatments.

What to watch in a market: Therapeutics

- Consistent drop in COVID-19 hospitalizations for four straight weeks
- Development of an accessible and effective oral treatment that reduces incidence to the rates associated with influenza (for example, deaths per 100,000 population is 1.8 or less in the past 12 months¹¹)
- Approval and distribution of any therapy reducing hospitalization death rate by 80%

3. Public Policy:

Decisive, coordinated policy decisions are shown to significantly impact COVID-19 outbreaks and infectivity, both in the immediate response to viral outbreaks and in longer-term vaccination approaches. Early in the pandemic, for example, New Zealand, France, Spain, Germany, and the Netherlands all introduced early-onset lockdowns and social distancing restrictions leading to an infection reproduction rate (R_t) of less than 1.5 over a 90-day period, which contrasts with the significantly higher R_t of 4.4 in Sweden where lockdowns were not implemented.¹² The U.S. response varied as states adopted heterogeneous responses and guidelines which consequently drove a R_t of 4.9 over an equal period, underlining the importance of coordinated policy action for slowing disease progression. Research in Germany, similarly, found that mandatory face masks reduced the number of new infections by 45%.¹³

As discussed in the Immunity section above, rapidly vaccinating a large percentage of the population is a significant enabler of reaching a functioning normal—and policy decisions play a large role in getting vaccines from aspirations to arms.

Effective policy decisions are essential for flattening the infection curve, identifying the most effective way to distribute vaccinations, and ultimately discerning the appropriate time to relax restrictions for markets to reach functioning normal. Identifying markets that have established and enforced uniform policies provides a baseline to assess if a market is poised to reach a functioning normal. Similarly, tracking hospitalization rates as policy restrictions are eased can help gauge whether the virus has been successfully suppressed or if a market is easing restrictions prematurely and hasn't yet reached a functioning normal.

What to watch in a market: Public Policy

- Standardized practices for risk-based testing, tracing, and quarantine enforced uniformly
- Vaccinations promoted and rolled out effectively by public sector
- No rise in hospitalizations for 30 days in the defined geographic area as social restrictions are lifted



4. Social practices and attitudes:

As vaccines and therapeutics become accessible, social practices and attitudes—such as adherence to masking, social distancing, and public belief in their own risk/immunity—will continue to play a pivotal role. Although 80% of people who are infected with COVID-19 develop mild to moderate symptoms or no symptoms at all,¹⁴ non-pharmacological social measures will need to continue to ensure successful containment of the virus especially among vulnerable populations. Research from the Imperial College in London found that 65% of COVID-19 infections originate from individuals aged 20-49, demonstrating the importance of widespread compliance to protect at-risk groups.¹⁵

Beyond public policy decisions such as lockdowns and other restrictions, individual adherence to social practices is critical to reaching a functioning normal. Individuals who regularly wear masks and comply with social distancing were found to be one-tenth as likely to contract COVID-19 as those who didn't participate in wearing masks or distancing.¹⁶

Research recently conducted by the UCLA Fielding School of Public Health reports that near-universal adoption of masks and social distancing could drive the COVID-19 R_t to near zero and add almost \$1 trillion to the U.S. GDP.¹⁷ Additionally, infection transmission was 7.5 times higher in countries without masking than those with strict masking requirements and adherence.¹⁸ As discussed above, while decisive policy actions are necessary to curtail COVID-19 infection rates and distribute vaccines, social practices and attitudes are essential for reaching targeted immunity thresholds.



What to watch in a market: Social practices

- At least 65-80% of the population is willing to be vaccinated (geographies with higher infection rates and therefore higher natural immunity rates may require a smaller percentage of the population to be vaccinated to reach herd immunity)
- Broad public compliance with social distancing, masking, and hand washing policies
- Widespread public adoption of testing and tracing protocols (along with the Public Health capability to administer)

Six key actions for business leaders to consider

In the interim, there are six specific actions senior leaders can take to build trust and position their organizations for an emerging functioning normal:

- 1. Monitor each of the four factors cited above in relevant markets and develop playbooks when certain positive thresholds are met:** While executives monitor the key variables, detailed playbooks outline steps to be taken when certain thresholds are met. For example, an employer may consider redesigning workspaces to facilitate social distancing and specifying return to work policies. Such playbook activities might be triggered when certain metrics are met, such as when new daily infection rates are less than or equal to an agreed-upon threshold (for example, the U.S. CDC and Harvard both cite that 1 case per 100,000 people indicate that a sufficient containment threshold has been reached).¹⁹
- 2. Continue to focus on (and invest in) the physical and emotional well-being of employees:** In January, Deloitte and Fortune [surveyed more than 125 CEOs](#) in the global Fortune CEO community – Nearly all (98%) of CEOs agreed that employee mental health and well-being will continue to be a priority even after the pandemic is under control.²⁰ CEOs expect more than one-third of their employees will continue to work from home a year from now.²¹ Revisiting HR policies to reflect the changing environment, ongoing communication, and anticipated investment will be critical to support employees even as infection rates subside.
- 3. Encourage public acceptance of vaccine programs:** Senior executives have several levers that can help enhance vaccine adoption among their employees. They can *promote* vaccines by getting inoculated themselves; and they can establish *policies* that remove barriers, such as flexible paid leave to get vaccinated in accordance with regional and national guidelines.
- 4. Re-architect the future of work for a post-pandemic world:** Senior executives are acting now to position their organizations to thrive in a functioning normal by [humanizing the future of work](#): *re-architecting work* to identify desired capabilities and outcomes; *unleashing the workforce* by leveraging technology to support employees; and *adapting the workplace* to reflect evolving virtual demands while still driving effective collaboration and team engagement.²²
- 5. Conduct scenario planning for prolonged COVID-related restrictions:** It is still too soon to know if certain markets will return to a functioning normal relatively quickly or if the effects of COVID-19 (and its variants) will lead to uneven recoveries or a prolonged downturn. The near-term decisions that business leaders make today could determine the sustainability of their organizations in the long-term. To aid in this decision-making, Deloitte recently released [four economic case scenarios](#) to guide leaders in strategic, financial, and operational planning for 2021. Each of the scenarios posits a potential future state leading to corresponding economic implications. These scenarios describe imaginative possibilities about what could happen under different conditions and are designed to frame planning discussions and develop measured response criteria.
- 6. Build the resilient organization:** Amidst the COVID-19 crisis, senior executives are navigating through [three phases](#): *Responding* to the immediate crisis and lockdowns; *Recovering* from the initial shock by establishing alternative ways of working; and ultimately *Thriving* in the functioning normal world. Resilience is the ability to thrive before, during, and after such a disruption. [Resilient organizations](#) rapidly and successfully cycle through Respond, Recover, and Thrive (RRT) for every major disruption they face. Therefore, resilient leaders embrace lessons learned from the COVID-19 crisis to build the further institutional muscle to navigate through RRT for future disruptions.

Conclusion

We have been in the midst of this pandemic—and its attendant economic consequences—for longer than many of us expected. While we anticipate and yearn for a return to economic stability, resilient leaders embrace the extended timeframe as an opportunity to predict and plan for when our markets will return to a functioning normal. Careful monitoring of key indicators across all four factors of immunity, therapeutics, public policy and social practice can signal when our markets are likely to emerge into a new baseline/equilibrium of economic and social activity.



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Endnotes

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