

# The Global Outlook for 2021

As we move into another period of global uncertainty, business leaders must dig deep to unearth opportunities among the risks and challenges they face, finds **David Hobbs**





2020 was a year like no other and threw unforeseen challenges at all levels of society from governments to individuals and businesses to regions. What is clear is that as the world picks its way through the post-pandemic debris, more challenges – known or unknown – lie ahead. Members of the Criticaleye community give their assessments of what the next 12 months might hold in store.

## Hopes for Global Economy



Janet Mui

*With a vaccine for COVID-19 there are opportunities ahead, says Janet Mui, Investment Director at Brewin Dolphin.*

After a difficult year, there are some causes for optimism in 2021. With the vaccine we have an opportunity to get COVID-19 under control, a new US president brings hope for change while lowering geopolitical tensions, and confidence is returning to the markets for a sustainable economic recovery.

Equity markets are certainly more optimistic, and the growth of the global economy is expected to be more synchronised between developed and developing economies.

Risks remain though. We don't yet know how effective the vaccine will be nor do we know the true depth of the economic scarring from the pandemic. There is also the potential for austerity to return. This is certainly the case in the UK where GDP this year is expected to rise 4.2 percent in 2021 after slumping by 11 percent in 2020. As much depends on the vaccine as on Brexit for the country's revival.

“The Chinese economy is like a growing youth right now – there's no stopping it”

China will maintain its dominant position and could provide one third of global growth. Chinese and Asian equities will offer attractive investment opportunities, particularly with a less confrontational US administration.

## Momentum Lies with Climate



Ashley Phillips

*Environmental issues will take centre stage for government and business, says Ashley Phillips, Managing Director UK Markets and Bioenergy, Ørsted.*

Looking back to Q4 2019 and the start of 2020 there was such a focus on climate change. Then COVID-19 hit and we all went into crisis management. We're coming out of that now and with the Government's [Ten Point Plan for a Green Industrial Revolution](#) and accompanying social movements, I feel the forces are there to impact organisations going forward. I just

don't see environmental strategies as an option for businesses anymore, they have to be integral to an overall strategy.

COVID gave leaders the opportunity to take stock and examine how organisations have been tested. Now it's time to take those learnings and apply them to the opportunities and risks like climate change that will face us in the longer term.

The momentum is also with investors. Just in December, 33 institutional investors with \$9 trillion in assets launched the Net Zero Asset Managers initiative. They're committed to supporting the goal of net-zero greenhouse gas emissions by 2050.

I think more and more businesses will take notice of that and see its potential – create the right sustainability strategy and you will be in a better position to raise the right sort of capital going forward.

## Business Reset



Mui Hoon Poh

*Structural and operational changes in organisations will continue, says Mui Hoon Poh, Board Member at organisations including Singapore Pools and a Board Mentor at Criticaleye.*

It's hugely encouraging to have a vaccine for COVID-19, but I have two concerns for business. Firstly, how effective will the vaccine be and how quickly will it be rolled out? Secondly, there is so much uncertainty ahead – I don't think we will go back to the previous normal because much has changed, especially consumer behaviour. >



The move to ecommerce has been rapid and for many, successful, but there will be backpedalling among those organisations who may have rushed things and not put in proper controls and checks. There has already been a rise in cybersecurity incidents, and that will increase further.

The drop in demand for office space and even buildings is not going to be reversed and so with people staying at home, more will be expected in terms of digital tools. For businesses, a larger pool of talent will open up – remote working means that employees can be anywhere in the world and as companies get more comfortable with that, I see more moving to leverage talent in lower cost countries. This can have implications for people's jobs in more developed countries as organisations move towards hiring the best talent at the best value no matter where they are based in.

Globally, I expect to see a more positive approach from the new Biden administration in terms of alliances and working with partners – and that includes China. The Chinese economy is like a growing youth right now – there's no stopping it. The US needs to find that balance in partnering China and so does the rest of the world.

## Changing Leadership



**Matthew Blagg**

*Leaders need to find the right balance in another difficult year ahead, says*  
**Matthew Blagg**, CEO of Criticleye.

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everybody is  
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We've got a very fragile global economy, so we're at an interesting tipping point. There are real opportunities with the vaccine, even among the sectors that have been hardest hit, but we're still in for a difficult 12 to 18 months, particularly around leadership and what the new leadership model will be. We'll only really know that in another 12 months' time.

There are plenty of things that organisations need to work through, especially the leadership and people agenda, that are both personal and professional. Nearly everybody is experiencing a reassessment of who they are and what their values are. That's going on at corporate and individual level and will take some time to filter through.

2020 was the year when individuals were always available. That can be brutal, and we shouldn't under-estimate the pressures that leaders have been under and the need for balance. If you're out of kilter it can spell trouble for the organisation, so it's vital that executives ensure they are in the right place in what will be another challenging year.

## Little Retail Therapy in Sight



**Ian Wright**

**Ian Wright**, CEO of the Food and Drink Federation sees a difficult year ahead for hospitality.

For our manufacturing members, survival and cash are the key priorities. We went into the crisis with 70 percent of food manufacturing going through retail production and 30 percent through home or hospitality. We've come out of it with 85 percent in retail and that has important implications for how we manage our margins, production and our customer relationships in 2021.

Online, click and collect and more local shopping will play a big role among consumers. There are a lot of people who have not strayed far from their homes during the lockdowns and that may well continue. Companies will need to look at how to provide products through those mechanisms that can address those demands.

With Brexit, the biggest risks for our industry is disruption, delay and increased costs. Retailers may absorb those costs but if they're passed on to the customer, they may have to offer lower price options as well. Those will more than likely come from the UK – and that's where an opportunity does lie post-Brexit. The question is though, if somebody could do that and do it well, wouldn't they already have done it? >



## Political Issues Driving the Economics



Mark Spelman

*Political pressure on the UK Government will deepen, finds Mark Spelman, Member of Executive Committee, World Economic Forum, and Board Mentor, Criticleye.*

The political implications from Brexit and COVID-19 will depend on how robust the UK's economic rebound is. If it isn't as strong as I think it could be, then there will be pressure on the Government over rising unemployment and unresolved social divisions.

The key issue is how long the scarring caused by COVID-19 and Brexit will last. A widespread decline in living standards will increase frustration with the political elite. We can expect Government subsidies to help sectors such as hospitality and retail for some of this year and alleviate part of the pain. However, it will be the quality of job creation that will determine if the UK recovers more strongly than it did post the 2008 financial crisis.

Expect changes in Europe. Angela Merkel has dominated European politics for 16 years, so when she steps down as German Chancellor there will be a big hole to fill. Emmanuel Macron will see an opportunity to leverage more French influence going forward but other tensions will resurface, particularly the financial divisions between northern and southern European countries on a green recovery.

Joe Biden will be preoccupied by domestic issues in 2021 but will also work to build

“A virus has achieved what boardrooms could not”

consensus in the West on how to handle an ever more powerful China. We should see moves to align the US and EU on trade around that challenge. On the other hand, Sino-UK relations will stall in 2021 because of the issues surrounding Hong Kong and Huawei.

## Data is Key



Mike Hobday

*Mike Hobday, Chief Revenue Officer at Antworks, sees technology moving into a new century.*

COVID-19 has been the catalyst for the shift from analogue to digital, from Industry 3.0 (20th Century industrialisation) to Industry 4.0 (21st Century data-driven enterprise). A virus has achieved what boardrooms could not. The change will prove radical to the design of work, and to an appreciation of data and data science. These digital business models are already being shaped by the green agenda and an increasingly protectionist economic environment.

Digital transformation is acknowledged as being central to sustainable growth

and profitability for most substantial enterprises. A focus on digitisation and data quality at the point of entry to your business should be the task ahead. Moving forward, organisations will need to eliminate those 20th Century processes whose purpose was to organise people to reconcile, correct, make manual decisions and move data between a legacy of systems.

Now, those business models must be designed to extract the fullest value and insight from the data that courses like a river through an organisation. It's this real-time data that is reshaping our concept of customer centricity. ■

### Featuring Commentary From:



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