

ECONOMY

Reinventing corporate culture in turbulent times

THINK STRATEGICALLY:

Creating 'Tracción'

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We want to bring about a digital and financial transformation for thousands of businesses. This platform has been designed to help boost growth, focus it on the future, change your business from an ordinary one to an extraordinary one.

The platform is named after the initials for words that form the acronym Tracción, which is Spanish for traction, as in the action of moving something toward the point from which the effort initiates.

A Birling Capital survey of entrepreneurs yielded the following responses about facing the Covid-19 pandemic:

- 92 percent want to transform digitally
- 97 percent are afraid of the transformation or do not know how to execute it
- 95 percent say that crossing the financial and digital bridge will help their companies transform almost immediately
- 54 percent fear facing another lockdown
- 60 percent fear not having enough capital
- 55 percent fear that they will not recover their pre-Covid-19 levels

Our business leaders already know how to transform themselves. What stops them is the fear of failure, and we intend to close that fear gap.

What is T.R.A.C.C.I.O.N.?

Among the most significant

developments in today's reality is that the competition no longer drives transformation, nor do customers; the central axis for transformation is now Covid-19.

More than 92 percent of companies already knew that their business should complete its digital transformation or it will fail, and were only held back by a fear of failure. Let's see how the pandemic has nevertheless accelerated this digital transformation.

Transformation: Faced with lockdowns, closures and safety measures, either we embrace the digital transformation or our businesses would go bankrupt. The best focused on:

- Work remotely
- Offer all services online
- Present services via teleconferencing applications
- Online ordering
- Provide delivery services to all of Puerto Rico and the world curbside service

Relationships: True leadership is based 100 percent on having good relationships with people.

- Every day, one of the first thoughts that come to my mind is, "Who will I help today?"
- Developing healthy and productive relationships with your team will make you a better leader and help your company reach its full potential.

Attitude: Attitude, for me, is more important than education, than money, than circumstances, than failures, than

successes, than what other people think, say or do. It is more important than appearance, knowledge or talent. It will make or break a business or a home.

Character: The most elusive quality is character, and we can say without reservation that leading a company or being president or governor requires having character. It is often said that you can have notoriety for a moment, but it takes a lifetime to develop character.

Courage: People do not follow titles or positions. People follow leaders with courage. Courage is not the absence of fear or a lack of failure. Courage means moving forward despite the fear. "Success is not the end; failure is not fatal: It is the courage to continue that counts." Despite being attributed to Winston Churchill, he may not have ever said that, but the quote nonetheless is a lesson to heed.

Innovation: The Covid-19 pandemic almost instantly and dramatically altered the priorities of nearly all founders, entrepreneurs and business owners. The innovators sought to solve the problems and barriers related to the pandemic and prepare to face the future.

Opportunity: Our most significant contribution to your business is to help you preserve your income, increase your sales and offer quality services to your customers.

Three actions to create your opportunity today:

- Create a high level of visibility in an environment of constant and dramatic change.
- Reimagine your products and services to meet the demands of your customers.
- Establish a robust and efficient virtual operating system.

Novel: Refers to developing a new technique or function. The crisis has forced businesses to go fully digital. People are forced to work remotely, and their entire daily life is digitally adapted. These changes will not go away once the pandemic is over. Hundreds of businesses will no longer require as much office space, and people who

were forced to adopt digital practices will continue to provide services that way.

For this reason, today more than ever, it is critical to:

Implement T.R.A.C.C.I.O.N. in your company and your life; the results will change your life.

- Another suggestion: Creating an emotional attachment to your brand, service or product is vital in all types of businesses.

Week in Markets: All Indices take a hit, even as economic data is substantial.

The U.S. stock market finished the week with more losses as all indices fell sharply. The force with which the stock market came back since its March lows, to most is a signal of a significant disconnect between Wall Street, Main Street and some of the most critical economic benchmarks. However, investors should not forget that the aggressiveness with which Congress and the Federal Reserve pushed the fiscal and monetary stimulus allowed the United States to position itself for stronger-than-foreseen economic growth.

Not all the news was negative; the U.S. economy continued its recovery.

The Bureau of Labor Statistics reported that unemployment fell to 8.4 percent last month, a 17.64 percent decrease.

The Labor Department reported that employers in the U.S. added 1.4 million jobs in August.

U.S. Initial Claims for Unemployment Insurance fell to 881,000 from 1,011,000 a week earlier, or 12.85 percent fewer claims.

In conclusion, the combination of reopening the economy in stages and government stimulus has allowed a substantial rebound in spending. We expect the result to be the most significant quarterly rise in U.S. gross domestic product for a third quarter. Our original projection for 2020 called for a GDP contraction of 6 percent; our updated forecast is now a minus-3.3 percent contraction for 2020 and minus-4.5 percent for 2021.

Now is a prudent time to evaluate

your portfolio and examine how all sectors are behaving year-to-date (YTD); let's see.

- Sector YTD Return
- Basic Materials: 4.92 percent
- Consumer Cyclical: 17.33 percent
- Consumer Defensive: 4.06 percent
- Energy: -41.92 percent
- Financial Services: -17.84 percent
- Healthcare: 3.77 percent
- Industrials: -4.46 percent
- Technology: 28.85 percent
- Utilities: -8.12 percent

Technology and Consumer Cyclical are leading YTD returns. However, sectors such as financial services and healthcare may be good ones to take another look at and add selectively to your portfolio.

Results for the week ending Sept. 4

- The Dow Jones Industrial Average closed at 28,133.71, down 520.16 points, or 1.82 percent.
- The Standard & Poor's 500 closed at 3,426.96, down 81.05 points, or 2.31 percent.
- The Nasdaq Composite Index closed at 11,313.13, down 382.50 points, or 3.27 percent.
- The Birling Puerto Rico Stock Index closed at 1,601.77, up 27.07 points, or 1.72 percent.
- The U.S. Treasury 10-year note closed at 0.72 percent, down 2.70 percent.
- The U.S. Treasury 2-year note closed flat, at 0.14 percent.

The Final Word: The Crisis Forces Businesses to Consider all Options

The current environment has forced a total revamping of the global economy.

We have seen once-mighty corporations fall as the coronavirus has impacted their business so dramatically that it forced filing for bankruptcy; it's always a good idea to be one step ahead of the herd.

As our business environment changes, every entrepreneur has to ask the tough questions:

- Is it time to sell my business?;
- How can we avoid bankruptcy?
- How do we get fresh capital?
- For most corporations survival is priority No. 1 near term. As a financial adviser, I know we are all facing very tough times; our job is to help you navigate this crisis.

Weekly Market Close Comparison	9/4/20	8/28/20	Change%	YTD
Dow Jones Industrial Average	28,133.71	28,653.87	-1.82%	-1.40%
Standard & Poor's 500	3,426.96	3,508.01	-2.31%	6.10%
Nasdaq	11,313.13	11,695.63	-3.27%	26.10%
Birling Puerto Rico Stock Index	1,601.77	1,574.70	1.72%	-21.40%
10-year U.S. Treasury	0.72%	0.74%	-2.70%	-1.20%
2-year U.S. Treasury	0.14%	0.14%	0.00%	-1.30%

Francisco Rodríguez-Castro, president & CEO of Birling Capital, has more than 25 years of experience working with government, and multinational and public companies.