

Media release

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Power Up Switzerland: How businesses and policymakers can help the country regain its pole position post-COVID

Switzerland's model for success is under pressure - declining competitiveness and trivial gains in productivity were already posing challenges before the coronavirus crisis. Businesses in Switzerland need to seize the momentum generated by their exceptional location and state support and switch from crisis mode to sustainable growth mode as soon as possible. In addition to efficiency and costs, they must also strengthen their resilience and sustainability credentials. Deloitte Switzerland surveyed around 400 leading names from business, trade associations and politics about the success factors needed to power up Switzerland now and in the future. This new comprehensive report entitled, *Power Up Switzerland* reveals eight central areas where action is needed by both the state and companies to boost Switzerland's competitiveness in the years to come.

Switzerland's competitiveness has declined. The country risks losing its top position globally and relegated to the second division. Economists are worried by poor gains in productivity and various relevant rankings (e.g. [the WEF Global Competitiveness Report 2019](#) or [the World Bank Doing Business Report 2019](#)) indicate that Switzerland is losing its attractiveness as a business location. Adding to this is the aftermath of the [coronavirus crisis, which is not yet over](#), and is further exacerbating existing challenges. If Switzerland fails to act in a timely and determined manner, there is a risk that competitiveness will deteriorate even further, growth will weaken and the country will no longer be able to maintain its top position.

Coronavirus crisis exposes failures & shortcomings

Despite the response from the Swiss authorities in the early stages of the pandemic, which was praised on all sides, weaknesses have also become apparent. "The coronavirus crisis revealed public failures that are irreconcilable with a modern and innovative country", explains Michael Grampp, Chief Economist at Deloitte Switzerland. "However, many companies have also shown that they were not sufficiently proactive and prepared to respond appropriately in and to a crises signalling a need for action in multiple areas". In addition, businesses in Switzerland are [no longer banking on rapid economic recovery](#), as the latest CFO survey by Deloitte shows.

The country needs to act now if it wants to maintain its competitiveness and attractiveness as a business location. "Success always comes with the temptation to rest on one's laurels", says Michael Grampp. "Targeted reforms are necessary if Switzerland is to regain its previous leading position long term. We should take advantage of the momentum generated in coping with the crisis and now take long-term steps necessary to make the Swiss economy fit for the years and decades ahead. The state and the private sector need to play their part in this", says Grampp.

Eight promising areas of action

"At Deloitte Switzerland, we have supported our [private and public sector customers during the coronavirus crisis](#), helping them to address the new challenges proactively. In April and May, we published surveys and opinion pieces to show [how COVID-19 has changed our lives](#). *Power Up Switzerland* now serves as a roadmap for Switzerland's renewal as a model for success. We aim to provide suggestions on how to make the economy and companies in Switzerland more sustainable and resilient", explains Reto Savoia, CEO of Deloitte Switzerland.

As early as January 2020, Deloitte had interviewed 400 leaders from business, administration and the trade associations about Switzerland's competitiveness. The respondents to the online survey identified and evaluated

| Areas of Action | Measures | |
|--|---|---|
| | Policy-makers | Businesses |
| Entrepreneurship and Start-up culture | Reduce barriers, bring down taxation and include entrepreneurship in school curricula | Create a genuine culture of tolerating mistakes and develop new forms of cooperation |
| Innovation | Reduce burden of regulation, be a better role model and improve data security and data administration | Promote innovation capacity through maturity analysis, ecosystems and mobile solutions whilst also prioritising cyber security |
| International trade | Dismantle barriers to trade and broaden trade agreements | Review and optimise supply chains and location strategy |
| Talent and Skills | Adapt the framework for tackling the looming skills shortage and bring labour law in line with the digital age | Focus strategically on new forms of employment and on untapped and alternative pools of labour |
| Research and Development | Move away from industrial policy and towards research agreements, clusters, measures to promote talent and collaboration | Promote agile development processes, technology partnerships and customer-centred feedback rounds |
| Tax environment | Promote and maintain tax competition and the relationship of trust between taxpayers and tax authorities, and make the tax system more efficient | Create more openness and transparency with external agencies and step up digitalisation of internal processes |
| Sustainability, Infrastructure and Energy | Formulate a clear vision for Switzerland as a sustainability hub, create greater responsibility for pollution and unsustainable practices, and improve security of supply | Devise specific definitions, clear goals and a coherent strategy for sustainability and new approaches to infrastructure and energy by instigating mobility budgets for employees |
| Financial markets | Improve the resilience of the financial centre's competitiveness, achieve smart regulation for fintechs and cryptocurrencies, and draft clear standards for sustainable finance | Improve digital maturity, use of cloud computing solutions and liquidity management |

Eight areas of action and recommended measures

There are specific proposals for each of the eight identified areas of action in *Power Up Switzerland* – both for the state and for businesses – that are designed to promote Switzerland's competitiveness and to return the country to a successful course.

a total of 21 influential factors. The economists and industry experts at Deloitte have identified eight thematic areas with the highest potential for success. The corona crisis and the measures subsequently taken by the state and businesses were incorporated in the evaluations.

"In *Power Up Switzerland* we identified eight areas where consistent action on the part of the state and business can achieve a great deal. The short-term measures taken by politicians and the business community after the coronavirus shock were vital and absolutely correct, but they do not constitute a sufficient basis for long-term success", explains Savoia.

A sustainable and robust approach for the future

"Swiss companies must now intensify their innovative strength and initiative, and reposition themselves internationally", states Savoia. We have proposed numerous measures for each of the eight areas of action identified in *Power Up Switzerland* designed to strengthen Switzerland's competitiveness and to develop the companies doing business here. Politicians can play a vital role here by eliminating trade barriers, reducing red tape, reforming pension policy provisions or digitising their own administrative processes more rapidly.

The measures designed to aid businesses can be summarised under a common umbrella term "sustainable resilience": Sustainability involves the environment, society and the economy - three topics that, according to the current issue of swissVR Monitor, are still not being handled systematically by many [companies](#). Resilience must be increased to survive difficult economic situations without sustaining lasting damage.

Strengthen supply chains and cyber defences

In international trade, for example, "sustainable resilience" means that companies have to reassess their existing supply chains and location strategies to optimise and differentiate them. When it comes to environmental issues or taxes, it makes sense to intensify discussions with relevant stakeholders and to communicate transparently in public to have a constructive dialogue on a level playing field", says Savoia.

"There is also considerable potential for greater resilience in leadership", argues Reto Savoia. Companies should allow their workforce greater access to more mobility, flexibility and personal responsibility. If increasing numbers of employees can work more independently in terms of time or location, an organisation's resilience

will grow. Companies need to realise that better integration of older workers and women can make a significant contribution when it comes to combating the growing shortage of skilled workers. Skills and knowledge can increasingly be acquired and exchanged on digital platforms. The successful implementation of these changes requires a cultural shift, a forward-looking HR strategy and the necessary technical infrastructure.

Switzerland as a model for success for the future

Power Up Switzerland outlines a host of other measures to ensure Switzerland has the robustness necessary for sustainable future growth (see the excerpt in the table above). These range from more vigorous preventive measures against cyber threats to the consistent use of mobile technologies and cloud applications, or the promotion of more resilient business ecosystems to the development of a new cultural attitude to errors and learning.

"Switzerland has developed into one of the most successful countries in the world over the past 200 years", says Reto Savoia. "We have now reached a point where we have to take sustainable and future-oriented measures to ensure that Switzerland continues to be celebrated as a model for success in the future".

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About the Power Up Switzerland study:

Based on the results of an online survey conducted in January 2020 of more than 400 executives, primarily company directors and CEOs, but also economists and senior civil servants, Deloitte identified eight areas of action and proposed measures in cooperation with the responsible industry experts from Deloitte Switzerland and the international network. The survey was conducted under the aegis of the twice-yearly swissVR Monitor published by swissVR, Deloitte and the Lucerne University of Applied Sciences and Arts. We will regularly publish in-depth information on the eight areas of action this year and next, and will maintain contacts with organisations, trade associations and companies.

Deloitte Switzerland

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