

A Conversation with EPC CEOs on COVID-19:

Focusing on people while planning for an uncertain future

By Roger Aguirre; Andree Harahap, Jennie Rittberg,
Alessandra Tosi and Anthony Cavanough

While the whole world has been severely impacted by the COVID-19 pandemic, some industries have experienced greater challenges due to the geographic reach of their operations, the number of people deployed in the field and the essential nature of their services. Egon Zehnder hosted a virtual meeting with CEOs and divisional presidents in the Engineering, Procurement and Construction industry across a wide and diverse range of sectors, to gather their thoughts and insights as they navigate through these uncharted waters. The 12 companies represented had aggregate revenues in excess of \$70 billion and employ over 300,000 people globally.

Some of the topics discussed were related to their immediate response to the crisis, measures taken to protect their people while safeguarding ongoing operations, long-term implications and unforeseen challenges.

Balancing the needs of people and the requirements of the operation

Implementing a robust crisis management plan was seen as the most important action a CEO should take. For one company this meant having a COVID-19 response team solely dedicated to people matters. For another company it was the CEO directly driving their action plan. The common denominator, however, was the focus on people and on making sure that employees know how much they matter. As one leader put it, “... we want to send a message to our staff – ‘you matter’”. Displaying sincere empathy can be done in many ways. A CEO in a hard-hit region, for example, has continued to go to the office and work alongside his team, displaying an incredible level of engagement and care.

The current crisis highlighted the need to think outside the box and go beyond the obvious measures. While masks and sanitizers certainly help reduce the risk of exposure, maintaining proper social distance in the field, at mess halls or while transporting employees to construction sites, are monumental challenges.

A few tactical take-aways:

- Keep gates open, so people don't gather outside. Make temperature checks and sign in process more efficient
- Stagger lunch hours and clearly mark where people can sit
- Increase the number and frequency of trips to work sites, even if it means one person per car

Have a clear, frequent and multifaceted communication process

A sound communication strategy is imperative to ensuring that everyone understands that they have a critical role to play. Regardless of the medium used, frequency and inclusivity are crucial. Care should be taken to reach out to as many groups as possible. Pre-recorded video communications can help a CEO to deliver important messages to remotely located employees across multiple time zones. There are other stakeholders, however, who may require a different approach.

The CEO should rely on his/her Board for support during crises like this one. One CEO shared how he briefs the Board every two weeks while also holding more frequent one-on-one meetings with directors. This approach helps the Board to remain up-to-speed on what is happening, thus preventing the urge to go directly to the management team for answers.

Unions are another important stakeholder that need to be consulted and kept informed. Given the impact necessary measures can have on employees, discussing alternatives and potential solutions with Unions is important, as they can play a critical role in helping to maintain morale and compliance across the workforce.

Governments present particular challenges for EPC companies, as every country has its own regulations and requirements. There is also currently a lack of clarity on the degree of government intervention they might expect. Some may demand that companies pay for sick leave if employees are unable to work on location, while others may consider the company's activities essential and require that operations continue uninterrupted. Experience dealing with governments is more crucial now than ever.

It is just as important to increase the frequency and clarity of communications with clients. Social distancing measures and disruption in the supply chain can have a severe effect on project timelines and costs. Force majeure should not be first route chosen, but rather an honest discussion with clients, laying on the table the realities of the situation and finding ways to share the burden, realizing that every client is likely to react to these discussions in a different way.

A few tactical take-aways:

- Leverage technology to reach as many people as possible. While pre-recorded messages are effective, YouTube channels and WhatsApp groups, for example, can increase reach.
- Create internal and external communication teams to ensure outreach to all important stakeholders
- Develop an adequate cadence with suppliers to identify and preempt supply chain disruptions

Plan for an uncertain future

There was a strong sense of pride among this group of leaders in how they've managed this catastrophic and unforeseen crisis. Their companies were able to react quickly and focus on the critical task of keeping their people safe while looking after their companies' interests. They have had to show flexibility, agility and a willingness to change course along the way.

Most companies are tirelessly modeling activity scenarios to help them manage their businesses in an unpredictable world. As one executive said: "we have been building different scenarios and are applying corrective measures to each one of these."

In addition to business continuity, their impact on society and the legacy they will leave behind is also top of mind. One executive asked the group to reflect on whether the leadership exhibited during this crisis would be remembered by employees in a positive manner and how it would impact future retention and attractiveness of the company in a post-COVID-19 world. He suggested that going forward, the conventional recipe of safety and cost management would not be enough and that a focus on empathy would be more important than ever. He asked the group whether they believed that leadership in the EPC industry truly understands this.

COVID-19, as devastating as it has been thus far, is presenting leaders with an opportunity to reshape the culture of their companies and significantly enhance employee engagement and loyalty. Decisions made today will impact their companies and the EPC industry for many years to come.

For more information, contact:



Roger Aguirre
Houston
roger.aguirre@egonzehnder.com



Andree Harahap
Jakarta
andree.harahap@egonzehnder.com



Jennie Rittberg
Toronto
jennie.rittberg@egonzehnder.com



Alessandra Tosi
Rome, Milan
alessandra.tosi@egonzehnder.com



Anthony Cavanaugh
London
anthony.cavanaugh@egonzehnder.com



Michel Grebenikof
Dubai
michel.grebenikof@egonzehnder.com



Kumar Sasank
New Delhi
kumar.sasank@egonzehnder.com



Forrest Chen
Beijing
forrest.chen@egonzehnder.com



Antonio Martinez Dalmau
Madrid
antonio.mdalmau@egonzehnder.com



Rogerio Scatolini
São Paulo
rogerio.scatolini@egonzehnder.com

Covid-19 Micro-Website

We have launched a micro-website where this and other informative pieces are posted. This site will be regularly updated: [click here](#) for further details.

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