

# Crisis-Ready Leadership in Hong Kong

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Hong Kong is a land of survivors. Its citizens are children of immigrants who have the sort of resilience that can be described as collective post-ordeal strength -- whether that be from the circumstances of their ancestors, the effects of multiple financial crises, epidemics such as SARS and Covid-19 or socio-political upheavals like the Umbrella movement and the recent protests. In the past 12 months, Hong Kong has survived two unprecedented events – the protests and the virus -- that have affected businesses as well as lives.

Many leaders have said they consider this latest crisis an opportunity to strengthen both operations and employees. It's no surprise, therefore, that this entrepreneurial, opportunistic and resilient group has been at the forefront of an agile, adaptive and more future-ready style of crisis leadership.

We spoke to 12 Hong Kong based CEOs, regional leaders and board members across industries to get a glimpse into this new style of leading. We have synthesized their answers into a few behaviours across three areas of responsibilities – insights that we hope will help define the next generation of leaders.

## **Decisionmaking: Staying agile without losing focus**

**Stay alert:** When dealing with uncertainty it is important to stay alert. Investing in good and reliable sources of information helps to filter through the 'panic pandemic.' Organizations should also empower people to speak and share information in real time, over professional channels, such as daily team meetings as well as informal catch-ups like virtual coffees and group chats on messaging forums. It is also important to be mindful that this may lead to information overload and even an influx of strong opinions or unchecked emotions. Leaders must be able to screen out judgment and biases in order to remain compassionate yet neutral.

One executive from a bank told us that he alerted his peers globally about Covid-19 in December 2019, when it was very much a local problem. This enabled his global colleagues to act quickly, holding their first crisis meeting in January, before much of the world had been affected.

While it is important to act quickly, especially when people's health and safety is a concern, it is equally important to avoid reacting too impulsively. One way to do this is by delaying decision-making until there is just enough reliable information to act on. Leaders also need to be comfortable with a high degree of uncertainty because action must be taken swiftly, despite imperfect information.

Many leaders observed that because Hong Kong was one of the first cities to be affected, they didn't have the benefit of learning from other regions. At the same time, many global organizations look to their Hong Kong operations to guide them and to prepare them for what may be headed their way. One executive mentioned that he felt the pressure to learn quickly and to make the sort of decisions that others could also learn from.

**Keep values at the forefront:** In rapidly changing situations, the right way forward is not always obvious. In such times, leaders should refer to their organization's values and make decisions based on them.

In one instance, a leader talked about how easy the decision to implement a work-from-home policy became when they looked at their values that said, "Put people first." One leader offered reimbursement for taxi rides for employees who needed to go to a physical office so they could avoid crowded trains and buses.

In another instance, the chair from a leading consumer company emphasised that its value of 'constant entrepreneurship' shone through, as this turbulent period provided the perfect practice ground for capitalising and acting on opportunities even when they only had 60-70% of the information needed to support a decision. Had they waited for perfect information, the opportunity would be long gone.

### **Performance Management: Surviving today to grow tomorrow**

**Stay productive:** The immediate focus has been to stay alive and minimise bleeding, to ensure productivity and maintain a constructive work environment. One way to do this is to maintain the ability to turn things around as quickly as before. The approach to maintaining productivity differs in the short-term vs. the long-term.

In the short-term, some CEOs decided to adjust KPIs for their sales team – for example, from tracking face-to-face meetings with clients to Zoom meetings, or from events held to online marketing budget spent etc. Refining KPIs has enabled staffs to refocus on what's achievable in the new environment and stay productive.

In the 'post pandemic' period, there will be an increase in the numbers of vacations taken since travel is being deferred. In anticipation of this, some leaders are already planning to ensure future productivity by encouraging days off now, or requiring their staff to stagger and spread out their leaves.

One leader spoke about increasing focus on a 'defence strategy' alongside the company's 'offense strategy'. For instance, their digital strategy started as an offensive strategy, but it was transformed to become more about digitizing the backend, which enabled people to work from home more effectively. This transformation started during the period of social unrest but by the time Covid-19 hit, nearly 90% of the employees were able to work seamlessly from home.

**Focus on relationships:** Emphasize empathy for others as a value and look towards non-transactional relationships. In difficult times, people look to brands they can trust. This gives businesses a crucial opportunity to exceed expectations and focus on ensuring customer loyalty. This requires a change in both mindset and skillset.

One leader from the luxury retail industry mentioned that in-store staff are now engaging with customers at a personal level – talking to them, celebrating their birthdays, etc., instead of focusing on making a transaction or sale.

A CEO of an asset management firm said he revised his approach to 'robotic advisory' and asked his staff to pick up the phone and talk to their clients as much as possible. During a crisis, no amount of technology can substitute for human interaction.

As Covid-19 advanced, one owner of a family business felt the need to stay connected with people and radiate his love. He started calling one person a day, whether it be a family member he had fallen out of contact with, his clients, or staff he has never met. The calls have no agenda except a simple catch-up and sending his care, encouragement and positive spirit.

## People Management: Helping people shine

**(Over) Communicate:** The frequency and quality of communication is a crucial determinant of success in difficult times. This could mean communication of a common goal, or even communicating with millennials, Gen-Z or younger staff. The variety and frequency of communications have also increased, with teams meeting more than once a day in several cases and using a spectrum of digital tools.

Many leaders mentioned that their teams are now spending more time talking to each other than previously. With many people working from their home, the conversation becomes less formal and has led to more bonding within teams.

People expect as well as respect transparency from leaders in these times. One CEO talked about how she now ensures that all staff from all levels and departments hear the same message at the same time. These group meetings with the whole office have led to more open interactions and increased trust towards leaders.

In another instance, a CEO mentioned that they started a transparent communications process in the early days of the crisis by setting up a mailbox for staff to write in concerns and questions. This was to ensure that there is a channel for people to express and deal with emotions. They assigned several HR managers to answer each email not only to calm fears and address concerns, but also to collect feedback.

**Focus on potential:** The definition of high performers is no longer dependent on historical performance. Employees who have done well in stable times are not always the ones who are doing well in turbulent ones. They are instead employees who are adaptive and change-ready, resilient and optimistic, learning-focused, and able to solve problems in creative ways in a time of uncertainty.

People show their true colours during times of stress. We heard one leader say she was pleasantly surprised by people who she had not previously considered high performers, and disappointed by others in whom she had had higher expectations. At Egon Zehnder, we use what we call a Potential Model to look into the future performance of executives. The Potential Model uses four determinants to identify Potential – Curiosity, Insight, Determination and Engagement.

One very motivating example given by the same CEO of the telecommunications company is how she has given her younger high potential leaders a voice. Because of their understanding of the next generation of customers, they decided to give free data to all kids from underprivileged families where most classes are taught at home. This has created a very natural bond and relationship with these future customers, and in the CEO's own words, "this is the best CSR campaign that money can't buy."

The most crucial element is to identify people with potential who can deliver evolving business objectives while also living the company's values. With hiring frozen at many organizations, internal development has taken on new importance.

Leaders have also recognized that it is important to balance commercial objectives with empathy for clients, customers, staff and suppliers. In the mission to keep business alive and recognize high performers, it can become easy to marginalize those who are perhaps not at their best in this moment. It is important to be forgiving where possible and compassionate at all times. More than ever, leaders must balance commercial objectives with compassionate behaviour.

One Board member we spoke to indicated that she recognizes the pressure on the leadership team to restructure and lower costs is high. Her advice was that wherever possible, the decision should be based not only on what is good for the bottom line, but also on empathy and concern for each individual's personal circumstances. Another executive told us that considering personal situations before making redundancy decisions has led to an increase in loyalty and motivation from his employees.

### **Creating a change-ready culture**

In Hong Kong, it is hard to know when things will improve – Covid-19 may end one day, but protests or other challenges may emerge. A fixed business continuity team with a static plan is not sufficient. Leaders should consider creating a culture of change-readiness in which people learn to adapt quickly to challenges and changes. Scenario planning can help to a certain degree, but it is more useful to have a change-ready organization that can act in the best interests of business continuity.

One leader talked about treating the Hong Kong office as a lab, rather than a pilot. In a lab, there are ongoing experiments continuously; some can be applied to the world outside, and some make sense only within the lab environment. There is continuous learning that includes everyone in the office, not just a small group of people. Whatever the future holds, Hong Kong will continue to play a key role in our shift to the *new normal*.

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## 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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