

Global luxury goods' CEOs glimpse a silver lining in the corona crisis

Highlights from a digital gathering of CEOs from the global lifestyle and luxury goods' sector, hosted by Egon Zehnder

How we live and work has been thrown into disarray in the wake of the COVID-19 pandemic. As the dust starts to settle and the immediate impact of the shock recedes, leaders in the global lifestyle and luxury goods' sector are starting to examine what long-term changes the crisis will introduce and how they should evolve to meet changing consumer habits, they reveal to Egon Zehnder in a recent digital gathering.

For most CEOs, the COVID-19 crisis came like a bolt from the blue, with no template to refer to. "There was no reference point, no comparison to help you make a decision," reflects one. Yet a global pandemic was long predicted, points out another CEO, making him reaffirm his commitment to immediately address other impending issues, such as climate change.

Short-term needs versus long-term consequences

There are inevitably innumerable negative aspects to the crisis, as managers in the luxury goods' industry struggle to balance short-term needs with long-term consequences. Rents are an issue as stores attempt to renegotiate lease terms and retail landlords take a hardcore stance.

The crisis has also magnified pre-existing strains within companies. How can he sustain the current momentum and optimism over the next 12 months as his company undergoes inevitable restructuring, asks one CEO?

There's a silver lining, though, to every crisis. Without disregarding the devastating loss of human lives, and "as long as you manage the bad aspects", COVID provides the chance to answer key questions, such as "are your troops ready to fight?" points out one luxury furniture provider. "Every few years we should have a crisis as it's a fantastic opportunity. During every single crisis, the leaders exit stronger than they began."

Contributing and caring

One positive aspect of the crisis is that those with talent have been allowed to shine, says the CEO of an online fashion retailer. "This period has been a sieve for talent. How people can rise to the occasion in these circumstances is testament to their ability to make decisions in a crisis and show incredible resilience."

Furthermore, by throwing people together, the crisis has engendered a strong sense of solidarity. This has fostered a feeling of belonging and a bigger sense of responsibility towards others. "For the first time, the enemy of this crisis isn't a person or the economy – it's something beyond society. So, we've been looking to each other for guidance," says one leader. How can we make sure this sociological reaction continues, he wonders?

Ultimately, COVID-19 has thrown a spotlight on how much employees actually care – about each other and about their company too. "The push to reopen came from the staff," says one CEO. "They realized the company was suffering and so they acted, devising solutions for a faster reopening." This new sense of inclusiveness has taught employees that they can contribute socially, as well as economically.

One CEO even managed to run a digital roadshow and meet with 2000 investors and analysts digitally to present his new strategy. Another CEO managed to complete an acquisition and negotiations with lawyers via Zoom, which would previously have been unthinkable before the crisis but - "we made it work".

Luxury CEOs learn valuable lessons

Even if they're not selling anything right now, retailers need to stay in touch with customers and listen and react to their evolving needs, while not being over-reactive, and "crucially not be tone deaf", says the CEO of one online retailer.

Retailers are trying to predict some aspects of altered consumer behavior, such as a preference for home delivery. Another wonders whether marketing habits will become more local, and less global, predicting that "local pride is going to grow".

The importance of being a global business has helped another CEO, meanwhile, as it enables his company to diversify risk, have a healthy balance sheet, and ensure that "cash is king".

When the going gets tough

On a personal note, CEOs are being put to the test, with one CEO admitting that his limits are being tested further than ever before. This makes self-care critical – leaders need to take time out from the accelerated pace of crisis management and make sure that their teams do the same.

At the same time, leaders are unearthing previously overlooked personal qualities, including a sense of service, empathy, self-sufficiency, and leadership courage, namely the "ability to transparently make tough calls and say why".

What you have learned about yourself during this crisis?



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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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