

Newly appointed CEOs to make tough calls amid COVID-19

Highlights from a recent digital gathering with new internal successor Chief Executives, hosted by Egon Zehnder

Becoming a new Chief Executive Officer in the time of COVID-19 adds numerous challenges to an already difficult task, including making a challenging transition at the same time as the world also transitions towards an uncertain future. The difficulty in finding one's bearings in such an environment and the sense of isolation that stems from being considered differently by one's former peers are realities that internal CEO successors have to face, notwithstanding the added burden of having to make tough decisions early on in their CEO mandates.

A sense of isolation

It's only natural for a newly appointed CEO to feel isolated. Paradoxically, internal successors often feel the same, as long-standing and trusted colleagues can change their behavior overnight "from being completely open to acting cagey". One CEO suggested that engaging in frequent and open communications with a wide range of stakeholders can not only alleviate the sense of isolation but also and importantly provide great learning opportunities. "The crisis has given me the opportunity to talk to a lot of people and the best perspective and insights I've gained have been from those conversations."

Giving a voice to the frontline

A consistent yet previously forgotten theme which we are hearing from many is how re-engaging directly with the frontline can be a source of extraordinary insights. “As an internal candidate, you might fall into the trap of thinking that you know the company well, but the reality is that you don’t.” One participant explained how he wrote to his top 200 managers on his first day to inquire about their questions, fears and wishes. Requesting a response in writing encouraged many to speak up. “It’s extraordinary the comments I’ve got back – they’re so candid, balanced, and well-intended. This has been the single best action I’ve taken in the last few weeks.”

Video calls are also emboldening those who wouldn’t naturally speak up to take part in the conversation, which makes for richer debates and helps harness diversity of thoughts more fully.

Making tough calls

The COVID crisis is providing companies with an opportunity to transform their business model. Tough decisions have to be taken and CEOs need to be straightforward with their employees about this reality. “At the end of the day, I have to run a company,” says one CEO. “Survival has to be the main focus, otherwise we won’t be relevant anymore.”

Some of these tough decisions may run counter to a company’s prevailing culture and purpose. One CEO revealed that after a year of building up a strong customer-focused culture, he had to issue customers with a voucher rather than a refund as would have been the case in normal circumstances because “survival was at stake”.

These tough decisions may also oppose the actions of their predecessors, who were operating in a different world. Nevertheless, a new internally appointed CEO needs to act “more like an external hire” as he or she addresses those unique challenges.

Balancing ‘polarities’

The new generation of CEOs undoubtedly have to deal with more paradoxes, as they move from a world where everything was fairly simple into an ambiguous future where they have to balance polarities such as care with performance, short term survival with long term strategic intent, managing the crisis versus preparing for the

future, and speed of execution with embedding change. It is therefore vital to “find the right balance as we navigate the crisis in the here-and-now while rebuilding the future”.

In this environment, purpose and values become all the more important in guiding the way forwards. It’s important to acknowledge the ambiguity and manage it, rather than seeking to over-simplify and remove it. For example, one CEO in his first board meeting decided to highlight the different strategic dimensions and polarities which he was balancing, rather than providing a definitive strategic direction for the business. They were reassured by his holistic and nuanced approach that reflected current reality better than the overt appeal of a simpler solution.

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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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Our more than 500 Consultants in 68 offices and 40 countries form one powerful, collaborative team. Our services include: leadership development, individual, team and organizational effectiveness, CEO search and succession, executive search and assessment, Board advisory, and cultural transformation.

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