

Navigating rough seas – how CEOs are preparing for turbulent times ahead

Bank CEOs are accustomed to complexity. An evolving customer landscape, increasingly nuanced regulatory demands and competitive pressures define their agendas, each year adding layers of intricacy that test their thinking and resilience. But, as the battle against the global pandemic wages on, CEOs are confronted with a new set of challenges – those that require not only their intellect and steadfast determination, but also their humanity, vulnerability and humility. We spoke with a group of CEOs from global banks to get a sense of what is on their minds, and how they will navigate their companies through these tumultuous times.

Assessing the damage – an evolving picture of the financial impact of the crisis

As the world begins to reopen, CEOs are starting to assess the economic and financial implications of a crisis unlike any before. The tremendous amount of market volatility, coupled with a scattered and inconsistent regulatory approach across geographies, creates uncertainty about both the current impact and the longevity of the downturn. “The mismatch between debt and equity markets is

particularly puzzling,” notes a senior executive at a large US bank. “We are more inclined to view the bond markets as an indicator of economic health; we are preparing for a long downturn.”

Governments around the world are taking swift action to provide vital support to an ailing economy. In particular, government-backed SME lending has seen unprecedented volumes, as banks rise to the challenge of pushing out billions of emergency funds to businesses. While some have high hopes for a swift recovery, banking CEOs are preparing for a wave of defaults that may lie in the wake of these well-intended programmes. “We are tightening our recovery and collections processes in anticipation of significant default activity, particularly for SME lending below €25,000,” says one CEO. Operational excellence, from customer-facing processes to record retention, will be essential in the lead up to this tumultuous period, particularly as regulators begin to cast a wider glance at banking practices in relation to the crisis.

Despite mixed signals from the market, CEOs are preparing for a difficult second half of the year. “2020 is a lost year,” says one CEO. “We need to prepare to recover in 2021.” Other leaders noted that the biggest losses would likely hit in Q1 next year, but that there were some signs for hope in the long term. “One bright light for us during this crisis has been the rapid growth of our digital channels. We can now reach more customers than ever before, and we have become more accessible to them by not leaning so heavily on physical channels to serve them,” remarked one leader. Indeed, the crisis has served as a catalyst in the formation of digital foundations across many industries, and as the growth of digital solutions accelerates, banks can maintain hope for the future.

Intimacy and isolation – the paradox of crisis-time communication

One of the most immediate impacts of the onset of COVID-19 and subsequent lockdown was the stark change in the way we communicate. Buzzing corridors and town hall meetings, annual reviews and team drinks alike have all been condensed into 30-60 minute chunks on a computer screen. CEOs find themselves battling employee fatigue, burnout, and isolation, and have sought to create a regular drumbeat of communication to connect with employees throughout this period. Retaining a company culture and identity is particularly challenging, as a lack of connectivity can lead to a feeling of “freelancers working under a loose corporate

framework.” However, CEOs have also found that this new form of engagement allows them to connect with employees they would never even see in a pre-covid environment. “COVID is a leveller – everyone has a seat at the table.” Many leaders are dropping into virtual team meetings, hosting informal sessions across all levels of the organisation, and making themselves open and accessible in a way they never could have before.

Mental health and resilience – persevering through a long and uncertain journey

Isolation, “Zoom fatigue”, and the pressures of balancing professional and personal life can take a severe toll on employee wellbeing. CEOs consider employee mental health as their top priority, and are taking rigorous measures to address it. Mandatory holidays, monitoring computer over-usage and simply role-modelling the ability to completely disconnect are some of the approaches leaders are taking. One CEO has brought in external support for both his management team and Board. “I relied on psychologist support to manage my emotions when I practiced competitive sailing,” he says. “In sailing, you can fall behind, times can get very tough with no clear end in sight, but if you manage your emotions, you can make it through. The same psychologist has developed a program for both my team and board to help them through this difficult period.”

Returning to the office – a cautious step forward

Uncertainty, anxiety, and mixed emotions surround CEOs as they prepare to return their employees to the office. While some major tech firms have publicly announced bold plans to keep employees at home until next year, some banks are taking a different approach, choosing to bring employees back before virus cases spike later in the year. Anticipation of a second wave of the virus is, in fact, a key component of scenario planning, “we must assume that the virus will return this autumn and plan accordingly, so that we are prepared for the worst”. The spread of employees across geographies adds a further layer of complexity. City-based employees are anxious about using public transportation, and mixed messages from local authorities cause confusion about their rights to use it. Outside of city centers, childcare remains the largest concern; a lack of cohesion about school re-openings has put employees in a holding pattern as they await further news. Finally, as in all other areas, the crisis

magnifies the growing inequality that separates head office and branch employees. “We need to have fair treatment of all of our colleagues,” notes one CEO. “100% of our branches are open, our branch staff is back at work. We cannot have head office people working from their beach holidays.” Senior leaders are developing gradual, but firm, targets to get a proportion of head office staff back to work.

In the midst of a pandemic, finding purpose

The groundswell of support for racial justice and the Black Lives Matter movement during the pandemic – while emotions are raw and focus is clear – has allowed for a deeper impact. Leaders find themselves confronting their own beliefs and ability to make positive, lasting change. Some have made sizable donations to support ethnic diversity in their communities. Others have supercharged efforts to recruit and develop diverse talent. But perhaps the most powerful tool at a CEO’s disposal is simply listening. Raw, honest and open conversations with black colleagues continue to make an impact. All leaders agreed that we are just at the beginning of a long journey when it comes to addressing ethnic diversity and the myriad of challenges that minorities face. But, in the midst of the isolation and chaos of the pandemic, the Black Lives Matter movement has helped unite people across a common purpose, giving us hope and a sense of togetherness in unprecedented times.

Bank CEOs are at the forefront of the continued economic downturn and its certain, eventual recovery. As the waters continue to stay rough for the foreseeable future, the need for visible, consistent, and empathic leadership has become even more critical.

For more information, contact:



Miranda Pode
London
miranda.pode@egonzehnder.com



Gabi Carvalho
Miami
gabriela.carvalho@egonzehnder.com



Roopa Foley
Dallas
roopa.foley@egonzehnder.com



Smriti Vicari
London
smriti.vicari@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.

About Egon Zehnder

Egon Zehnder is the world's preeminent leadership consulting firm, sharing one goal: to help people and organizations transform. We know what great leaders can do and are passionate about delivering the best solutions for our clients.

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.

For more information visit www.egonzehnder.com and follow us on [LinkedIn](#), [Twitter](#), and [Instagram](#).