

“If this, then that”: Towards Scenario Planning in the Uncertainty of a Global Crisis

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Coming into the current crisis, we were already becoming acutely aware of how constant market volatility and uncertainty were necessitating changes in CEO leadership. VUCA (for volatility, uncertainty, complexity, and ambiguity), an acronym derived from the military, had been appropriated into the business world to convey the message. But COVID-19 has taken leaders to places akin to warfare. “You don’t go into business thinking you will make life or death decisions,” explained one CEO facing the moral dilemma of how long to keep workers on the frontlines and when to stop production of high-demand consumer products. Uncertainty is no longer a variable in decision making, it is the central axis around which leaders are negotiating future choices. “The biggest challenge I see with the epidemic is that we are negotiating unknowns,” an industrial products CEO recently told us. “When asked for guidance, I said ‘I really don’t know.’”

After weeks of being immersed in immediate questions about the unfolding situation—addressing supply chain breakdowns, virtual workforces, lock-downs and much more—leaders are starting to tackle the challenge of preparing for what is next. Derived from the Greek, “krisis,” a crisis spans the critical sifting and winnowing of consequences which accompany a disruptive decision. And reckoning with what is passing through the COVID-19 sieve is where many leaders are now. “As the CEO, I am thinking now more about playing offense and the recovery and what will be different,” one shared a few days ago.

As leaders move from the emergency stage into an adaptive phase of scenario planning, Zander Grashow, an expert in adaptive leadership and business evolution, has organized the many choices they will face into three categories: preserving what is **essential** in the present business; noticing what is **emerging** as potentially important to the future; and determining what from the past may become **expendable** or necessary to let go of. Several CEOs we have spoken with have offered nascent observations as they begin this process.

“You have to really live your values. And it is easy to talk about that when times are going well, but how do you live them when things are not?”

For many of the leaders, company values are providing the most essential decision-making roadmaps. Just how to initiate future planning with these values in mind is something CEOs are actively considering. It is very clear that “putting people first” is paramount. The widespread, devastating physical and material losses from COVID-19 are eliciting unprecedented humanitarian responses from world business leaders. We are committed to “taking care of the future of our people more than ever” said one. “This is something we feel very strongly about,” another stressed. “And it requires a lot of leadership attention.”

CEOs are also telling us that they realize that the ongoing communication with their employees—all their

stakeholders really—is more important than ever. “If we don’t communicate, we feed the fear,” one elaborated. But here, too, the vast uncertainty at large requires leaders to be deeply thoughtful. “[Y]ou have to be real with people. So you have to acknowledge what you don’t know and not lock into commitments that ultimately we can’t deliver on,” one explained. In addition, CEOs are beginning to recognize more emergent factors to build into their nascent planning.

“We are an industry in transformation... and we see an opportunity to advance many elements of our strategy, but it has to be done in a very thoughtful way, balancing all of the often conflicting priorities.”

Many industries are now experiencing massive transformation. Amid the destruction and chaos, COVID-19 has become a strong accelerator of change. That “change is going to continue to speed up” few doubt. Exactly what those changes will come to look like, no one knows at this juncture. But that they will be widespread and impactful seems clear. Moving forward, one CEO emphasized, “Now what we are looking for is a lot of creativity, which is more important than ever,” as is providing an open and secure environment within which this creativity can flourish. The crisis may actually give CEOs the license to make bolder choices and invite new partnerships. As one explained: “It is more important than ever to continue on this transformation with things like agility, being able to co-create and collaborate. A lot of issues today are not sufficient for a single company to solve the problem; you have to work in an ecosystem.”

Increasingly, leaders will find themselves gauging the right pace of action to turn the crisis into a marathon or change journey. From the short-term (where there would be less pronounced downdraft) to the long-term (a much longer period of time and more severe

impact), different scenarios will continue to be devised with triggers: “If this, then that.” Balancing these choices against the likelihood of a truly global recession will add a great deal more complexity. With each incremental factor, particular concern will be given to determining customers’ behaviors and needs, to discovering how to keep accelerating and meeting these vital changes.

As to what may become expendable and possibly necessary to let go of, most CEOs are telling us that is still too early to really know, though there are several indications afoot.

“We have gone through a pretty rigorous review of projects and we have shut down a number of them....Some of those fall in the ‘leave behind’ category.”

Rapidly rising unemployment levels are causing some companies to hit the pause button on initiatives that could reduce labor—automation and robotics, for instance. What might become necessary to actually lose remains to be seen. The impact of the crisis has put into sharp focus the real need for change in global supply chains as well as highlighted those organizations with agile ones. One CEO recently shared that “with the shutdown of a critical offshored subassembly, we lost in three weeks the benefits of three years’ cost saving. We definitely see us re-evaluating our supply chains in the context of being less subject to global disruption.” Certainly the prospect of further dismissals is also pronounced; the depth and duration of the expected recession will dictate the measures necessary to remain competitive and sustainable in the long run. Finally, as one CEO called into question: “What will be the expectations of governments as a result of what they have done to preserve not just sectors and industries, but really companies and the workforce?” The impact of government loans and potential bailouts remains to be seen but will surely be part of the evolving equation.

Whatever comes and whichever scenarios finally rise to the fore, most believe that the post-COVID-19 world will be a markedly changed one. The implications for lasting global alterations along the political, social and economic spectrums are clear. Through it all, the most resilient and impressive leaders will be those who address more than the company—those who, in sorting through the complicated negotiations of what to do next, continue to embrace the weight of their communities, to care for and

lift them up, however possible. At the end of the day, the greatest legacy of leaders during this time will surely be established by the numerous lives protected and saved, and by the hope and promises for future recovery and growth that their newly calibrated visions generate.

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