

Leading through the COVID-19 crisis and beyond

The initial response to the COVID-19 pandemic, which included mandatory shutdowns and a rapid transition to remote work, forced leaders to adjust their styles and approaches. As companies and their boards manage through the current, prolonged phase of the crisis, the profile of an effective leader looks different than it did before the pandemic.

During a November 5, 2020, virtual meeting, Lead Director Network (LDN) members were joined by Stephen Miles, founder and CEO of The Miles Group, for a discussion of effective leadership. Members also participated in a separate, off-the-record conversation about the business implications of the recent US elections with Covington & Burling's Stuart Eizenstat, senior counsel, and Anne Pence, senior international adviser.

This *Summary of Themes* provides a brief overview of the meeting.¹ *For a full list of meeting participants, please see the list on page 4.*

- **New and different leadership skills emerged during the early phase of the pandemic.**

The capabilities necessary to lead a company through a crisis like the COVID-19 pandemic are different from those needed in ordinary times. Mr. Miles observed that many, but not all, leaders stepped up to the challenge: *"People generally have a binary response to a stressful event: they are either good at it or they are not."* LDN members were largely complimentary of their senior leaders' efforts, with many praising their executives' exceptional leadership. One director said, *"We recently hired a new CEO to assist in pivoting our business. He happened to be based outside the US and was stuck there during the early part of the pandemic. We did not expect him to be so adept at communicating with the board and the tens of thousands of global employees through video conferencing as he has been. He has far exceeded our expectations."* Another noted, *"Our CEO entered into the high seas immediately in this crisis and has shown the ability to see what has to be done now without sacrificing what needs to be done for the future. It is striking that the qualities you need in a leader right now, such as resiliency, are different from what you needed before."* Mr. Miles observed that boards have *"a great opportunity ... to use this crisis to assess their succession plans and determine how potential candidates would react in a similar situation."*

- **Companies are preparing for a prolonged crisis.** While LDN members were generally pleased with how their companies managed through the initial shock of the pandemic, they realize that the crisis is not over. According to Mr. Miles, the world will continue to be "abnormal" for some time: *"The concept that we are entering the new normal is the biggest*

fallacy in the world. This is not normal at all. Companies need to bear that in mind as they make decisions going forward.” A global spike in coronavirus cases in recent weeks continues to make things challenging for senior leaders as they try to motivate employees. Mr. Miles added, *“The second lockdown will be much harder than the first one, from both a business and a psychological perspective. We now know how bad it can be.”*

- **Effective communication has emerged as a key to leadership success.** Frequent, sometimes daily, communication between the board and senior management was necessary at the outset of the pandemic. As the crisis drags on, LDN members said that the cadence of board-management communication has slowed but should not yet revert to precrisis levels. A director said, *“I speak with my CEO at least once per week now, occasionally more. I think all CEOs have increased their communications considerably, but there is no magic formula.”* Directors added that some managers have excelled at using all available modes of communication to stay in touch with their teams. In some cases, they have become more effective communicators with the large swaths of employees who continue to work from home. One member said, *“Our CEO has been holding virtual town halls to share opinions on issues facing the company. It has been a good way to encourage dialogue.”* Mr. Miles said it was incumbent upon the CEO to keep the board and employees regularly updated: *“People more than anything now need context since things are changing so quickly. A CEO’s ability to communicate this to an organization is critical as we move forward.”*

Lead directors and non-executive chairs discussed the challenge of serving as a coach or sounding board for a very busy CEO. They are mindful of the challenges the CEO faces and shared some of their efforts to help. One said, *“The CEO job can be a lonely one. I try to check in on our CEO in between our monthly reports to make sure his stress is manageable.”* Another added, *“The amount of hidden stress throughout the organization is accumulating.”* Mr. Miles noted that while video conferencing has been a huge benefit for keeping in touch through the pandemic, it can be exhausting. He suggested that directors consider using alternative modes of communication periodically to mix things up: *“I have found that telephone calls work really well. It can be relaxing for the CEO.”*

- **Planning for a postpandemic organization starts now.** As the crisis persists, leaders are trying to strike a balance between running the business and planning for the longer term. Mr. Miles said, *“Those who are hunkering down and waiting for a light at the end of the tunnel will not be successful. Those who are continuing to innovate and move forward, either through pivoting or making personnel changes, will be successful.”* As companies plan to move forward, leaders may need to recalibrate the approach they took earlier in the pandemic when many were very accommodating of employees’ personal situations and unwilling to making changes. Mr. Miles said, *“While it is important to help your employees, it is also important to have them perform at a high level.”* In some cases, this may mean finding ways to make personnel changes: *“A lot of people in our company*

opted into a voluntary retirement program. We were empathetic, but this allowed us to move on and make some key changes.” The pandemic has provided future leaders with opportunities to take on stretch assignments and grow professionally, and Mr. Miles advised directors to support that: *“Part of the engagement right now is providing feedback to foster new growth and awareness. Boards should not lose the opportunity to develop their leaders into being who they want them to be.”*

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Meeting participants

- Alan Bennett, Fluor Corporation and TJX
- Curt Espeland, Lincoln Electric
- Ann Hackett, Capital One
- Mel Lagomasino, The Coca-Cola Company
- Lou Lavine, Zynga
- Les Lyles, KBR
- Bob Murley, Stericycle
- Henry Nasella, PVH
- Chuck Noski, Booking Holdings and Wells Fargo
- Craig Omtvedt, Oshkosh Corporation
- Pat Russo, Hewlett Packard Enterprise

Endnotes

¹ *Summary of Themes* reflects the network's use of a modified version of the Chatham House Rule whereby names of members and their company affiliations are a matter of public record, but comments made before and during meetings are not attributed to individuals or corporations. Guests, however, have given permission for their remarks to be attributed. Comments by guests and network members are shown in italics.