



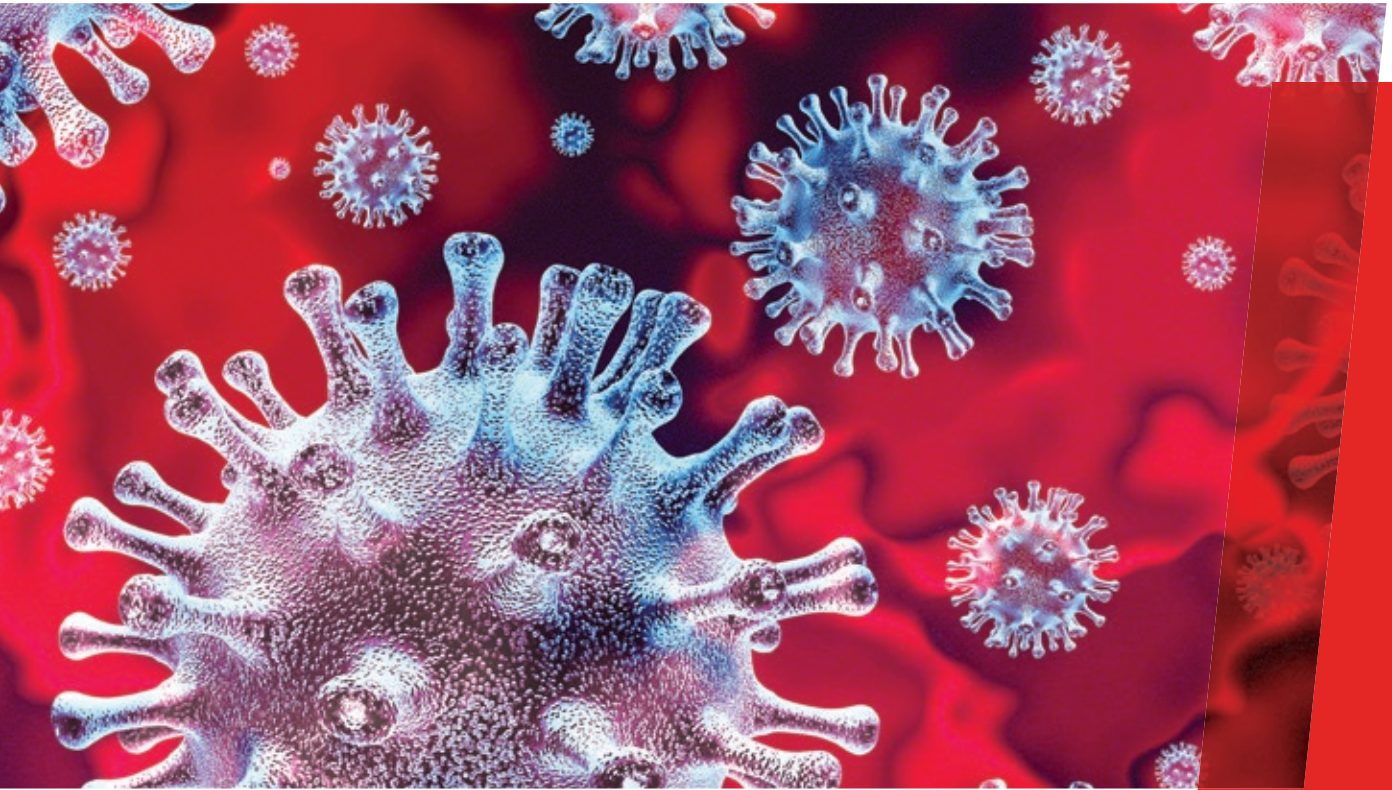
KORN FERRY®

Perspectives

LEADERSHIP IN AN OUTBREAK



As it spreads globally, the coronavirus is creating unique, if not unprecedented, pressures. Korn Ferry experts weigh in on how corporate executives can lead.

**The problem:**

What started as a China-specific issue is spreading fast across the globe for one business after another.

Why it matters:

One estimate says organizations may lose up to \$1.1 trillion before the tragedy ends.

The solution:

Korn Ferry experts believe leaders must rely on agility, transparency, and forward-thinking strategies throughout the crisis.

In China, a clothing factory normally humming with people and machinery is silent and empty. In Italy, a shoe store has seen its sales dry up because many of its customers aren't visiting the country. A US automotive firm has refitted an assembly line to make surgical masks. And a French salesperson for a cosmetics firm wonders how he will make his sales quota after his company banned international travel for the next month.

As 2020 began, COVID-19, the official name of the novel coronavirus, was thought of as mostly a China-specific issue. If an organization didn't have any China-based factories or customers, then from a business perspective, leaders didn't have much to worry about. But by late February, people around the world were learning the meaning of pandemic and coming to grips with the potential health impacts of a virus that has spread to more than 50 different countries, sickened more than 80,000 people, and caused nearly 3,000 deaths to date.



The outbreak is making its way through the business world, as well. Already it has cost organizations billions of dollars in lost revenue (potentially up to \$1.1 trillion by the end of this year, by one estimate). Goldman Sachs estimates that economic growth around the world will be zero in 2020 thanks to the virus. But COVID-19 is causing far more than just financial damage. Leaders are scrambling to secure supplies, keep fearful employees motivated to work, and, in some cases, keep bold strategic plans that have been years in the making from falling apart.

Indeed, it is a test of corporate leaders, to an extent unseen since the depths of the financial crisis more than a decade ago. Combine that with the short tenures of current senior leaders, and it's quite possible that many of today's top executives have never faced such a challenge. Korn Ferry canvassed its experts across the world on how leaders can help their organizations navigate—and excel—during this time of uncertainty.

Here's what they had to say:

LEADING WITH AGILITY AND HUMILITY

It's only natural: senior leaders, always under intense pressure from investors, may default to looking at the financial damage the coronavirus is causing, or could cause. There's good reason to be concerned, especially since the bottom-line toll has already been so large.

But employees don't want to know how much the virus is costing the company; experts say workers want to feel they're in the same boat as the boss. "People need to

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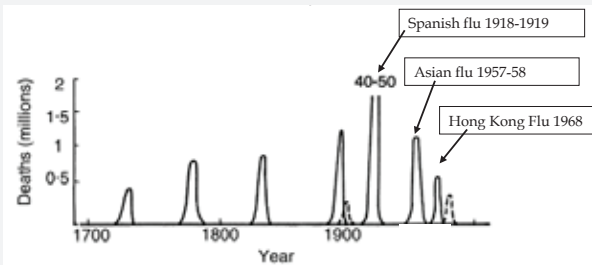
know that even though the leader is employed to manage and run a business, he or she is also a human being—someone that cares for them and understands what they are going through,” says Michael Distefano, president of the Asia Pacific region for Korn Ferry and a member of the firm's Global Operating Committee. “The leader must lead from the front, exhibiting the values and behaviors they expect from the team.”

Leading from the front doesn't mean being isolated, however. Indeed, for many leaders, one of the hardest things to do is to rely on the opinions and decisions of other people. But that's exactly what they need to do in times of crisis, especially when the cause of the crisis is outside of their area of expertise.



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First the Panic, then the Recovery



For centuries, from the bubonic plague to the Ebola outbreaks, flu pandemics have occurred in a reliable pattern--and then typically resolve within three months after the peak escalation.

Source: Hackett Financial

Leaders also have to be agile, not only in changing plans and work schedules but also in their own leadership style. In fact, it is likely to be the case that different leadership styles will be needed as the year progresses through different stages, says Distefano. Right now, for instance, an affiliative and participative style of leadership, where decisions are made through consensus and based on relationships, may be best. Later, assuming the virus runs its course, a pacesetter, “run fast and keep up” style, or a more directive “here’s what we need to do to make up for lost time” approach may be in order.

EXPLICIT AND TRANSPARENT COMMUNICATION

At this point, leaders should know that they need to communicate with stakeholders during a crisis. Experts say executives have to communicate quickly and clearly to be in front of potential issues rather than having to counter misinformation. And with a viral outbreak such as this, different organizations will need to communicate differently—airline employees and



stakeholders have different concerns than those of an industrial B2B company, for instance. Richard Marshall, global managing director of Korn Ferry's Corporate Affairs practice, says communications should be tailored to each stakeholder constituency based on their unique concerns.

Communicating with employees about what protocols the organization is putting in place to keep them safe should always come first, Marshall says. With partners and vendors, he suggests establishing a project team to monitor the situation and relay updates. Investor relations, corporate communications, and management teams should work in unison to navigate the response from investors and consumers and address any concerns proactively.

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Experts say leaders need to be authentic and transparent. “People are obviously nervous about the implications of the virus, and it is essential to keep them engaged, informed, and safe,” says Peter McDermott, a senior client partner in Korn Ferry's Global Corporate Affairs and Investor Relations practice. This is indeed a time for human resources and management to show a supportive and steady hand. “We don't want to be proactively alarmist, but managers should be prepared to support employees' concerns individually, as

individual needs may vary widely,” says Jennifer Beery, senior director of talent for North America at Korn Ferry Advance.

Sometimes that means admitting to stakeholders about being afraid, and other times it may mean admitting you don't know something. Communications should always include “here's what we know, what we don't know, and what we're trying to find out,” says Andrés Tapia, a Korn Ferry strategist on diversity and inclusion.

KEEPING THE BUSINESS RUNNING EFFECTIVELY AND SECURELY

Right now, the focus should be on keeping employees and their families safe and free from contagion. Making people feel secure and taken care of will then help leaders get the workforce focused on preserving operations as best as possible as the outbreak spreads. For many organizations, that means finding supplementary suppliers that can ramp up production and fill in the holes created by the shutdown of Chinese factories, says James Day, who leads Korn Ferry's Supply



Chain, Operations, and Procurement Center of Expertise. Organizations without a secondary supplier run the risk of not being able to access inventory, having delays, or being trapped into paying a steep premium, he says.

But that's just the day-to-day work. For leaders in the midst of restructurings or mergers, they face the question of how to continue. The essential parts of a merger or restructuring that need to proceed, even as the virus impacts the world, are getting (or keeping) an organization's leadership aligned on business strategy and setting up a new governance structure, says Mark Arian, CEO of Korn Ferry's Advisory business. Most everything else, such as workflows, reporting structures, and other "process work," as Arian says, can be pushed back. Actually, the virus can offer an opportunity for leaders to assess whether they can realistically achieve the objectives on the timetables they've established. "Most places are very aggressive with synergies and merger impact already. You can reset expectations internally and externally," he says.

OUT OF OFFICE BUT NOT OUT OF WORK

In many countries, with schools and factories closed, employees are working outside the office. Remote work is increasingly a fact of work life around the world. (Nearly one-quarter of Americans say some or all of their work is done outside the office.) But experts say the coronavirus is another reason why firms should invest in allowing workers to be able to productively work remotely.

Downloads of office software and communication apps have surged in China amid the outbreak. Tencent Holdings said its WeChat Work app is being used by millions of companies, up drastically from a year ago. Alibaba estimated earlier this month that its DingTalk app is being used by about 6 million companies for remote work. "If firms don't have strong collaboration tools now, then they need to have them and implement them," says Mary Cianni, global head of integrated solutions for Korn Ferry's Advisory business.





Working remotely is not a panacea, of course. Research shows that productivity can decrease in the short term when workers go remote. For leaders, more people working from home more often, if not exclusively, creates a level of risk if the team isn't proactively managed, says David Marzo, global vice president of solution design for Korn Ferry's global Products business. "Many employees thrive on the physical environment and face-to-face collaboration," he says. "The abrupt change can easily impact their engagement and feeling of being properly enabled to do their job." He suggests leaders be in daily, frequent contact with remote employees. Another tip: translate some of the office's culture to virtual work. For instance, if an office normally does face-to-face meetings, have participants turn on the cameras of their phones or devices when they are having work calls. It's a practice that can apply for all sorts of virtual work, virus inspired or otherwise. "Then everyone is on a level playing field," he says.

All the remote work—along with vacant offices—could bring up another dilemma: keeping an organization's property and networks secure. Thousands of workers who are used to an office network are now logging in from unfamiliar places on devices that may not be fully up-to-date with security features. Corporate leaders need to increase vigilance at an organization's security operations

center, monitoring abnormal behavior since more employees will be mobile, says Bill Mayville, a Korn Ferry consultant and retired US Army lieutenant general who served as deputy commander at US Cyber Command. "Be extra cautious with emails and spear-phishing attempts using coronavirus themes," he says.

ENGAGE, ENGAGE, ENGAGE

Leaders already struggle with engagement; surveys have shown that fewer than half of employees worldwide say they are "highly engaged" at work. That task is even tougher now as the coronavirus has employees not working in their usual spots or, worse, temporarily not working.

Soliciting feedback through a pulse survey can give leaders information about what employee concerns are, and what actions would be most helpful to resolve those concerns, says Jennifer Streitwieser, an associate client partner at Korn Ferry and head of the firm's US engagement and culture business. Just as critically, she says, it's important to ensure employees are energized once the crisis has passed. Gathering employee feedback about what would be most helpful to them as life returns to normal will ensure that leaders and managers focus on the actions that will have the greatest impact.



There are three keys to effective surveys, Streitwieser says: listen to employees, act on the feedback they provide, and, importantly, communicate “We hear you, and here’s what we’ve done based on your feedback.”

LEADING THROUGH AND BEYOND THE VIRUS

Before the coronavirus appeared, many leaders were recognizing the power of prioritizing “purpose movement” issues over maximizing profits at their organizations. Indeed, explicitly stating a company’s purpose, and then having the organization revolve around that purpose, has actually been shown to increase employee engagement and, in some cases, increase profitability.

One of the main questions critics have about the purpose movement is whether organizations will abandon their principles when the bottom line is on, well, the line. But the best leaders are able to turn short-term tragedy that hurts their organizations into a sense of shared purpose and community that betters it in the long term.

Indeed, the coronavirus may help identify the next generation of great companies ... and leaders. “There will be people who see the connections between the coronavirus and opportunities to contribute to society and provide business value simultaneously,” says Jane Stevenson, global leader for Korn Ferry’s CEO Succession practice. “There will be leaders who will emerge out of a crisis like this. These are the types of leaders we need for the big CEO jobs.”