

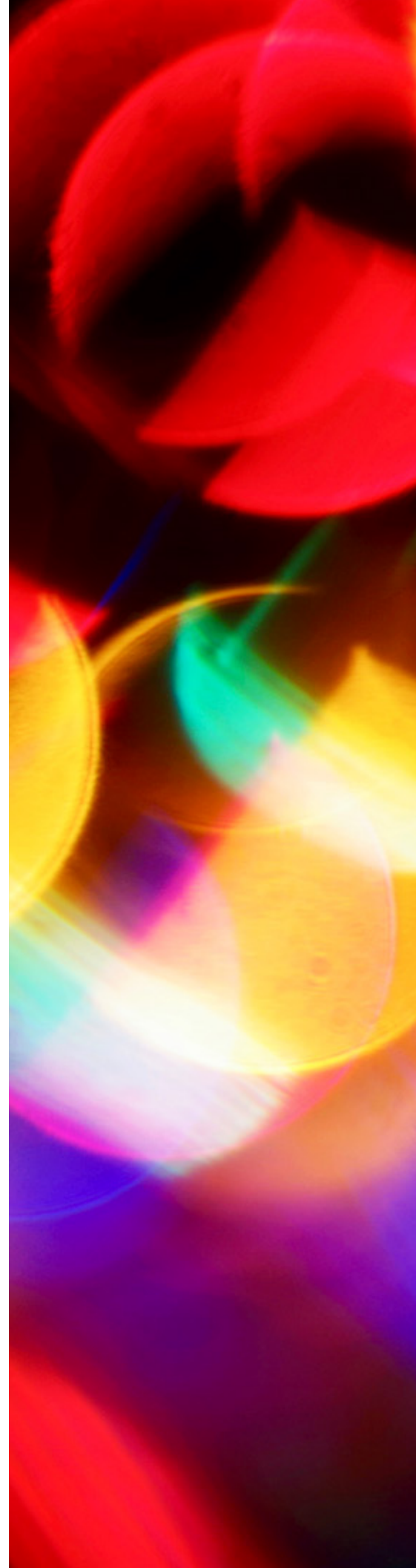
Meet Your New CEO ... on Video

Recently Appointed Executives Share Their Perspectives

More than 250 CEOs¹ have started since the onset of the global COVID-19 crisis. As billions of people grapple with unprecedented uncertainty and anxiety, these more than 250 leaders have taken the helm of large- and mid-sized public and private organizations while facing unprecedented business, humanitarian and even personal challenges. We sat down (virtually) with over a dozen of these CEOs to learn from their experiences and to help the cadre of new CEOs who will assume the role as this crisis continues to unfold. Their fresh eyes can help leaders of all tenures at all levels of organizations find a path through COVID-19 and to a more secure tomorrow.

Based on our research and interviews, we encourage leaders to take a step back, embrace authenticity and agility, and consider this crisis as not only a time for big goals and aligning with your organization's purpose, but also as a time to embrace your own creative and tactical mechanisms to help your employees get to the core of what needs to be done — whether that is delighting customers, driving meaningful long-term innovation, transforming your cost structure or doubling down on developing your talent.

¹ Based in U.S., for-profit, at organizations with more than 400 employees.



Here are five lessons from our interviews

Double down on authenticity. Whether or not they were naturals on camera before the crisis, these leaders have quickly gotten comfortable communicating with their teams and organizations through live and taped video. Much of this has been more informal than is typical, with leaders appearing in casual clothes and in their living rooms, dens or home offices.

“Authenticity is even more important at this time. I would advise people to go figure out a way to use virtual means to represent themselves and bring their personal leadership style to bear,” advised Steve Hasker, who took over at Thomson Reuters on February 25. “Make sure, as you tap into video conferences and mass communications, that you don’t let your personality and priorities get lost.” Neil Ashe, CEO of Acuity Brands, shared, “You have to double down on contact. Everyone understands that you aren’t physically in the same place, but you have to be with them in groups and one-to-one.” Every CEO said they see an increased need for empathy and a human touch during this crisis. “The crisis is a forcing function for building bonds and stronger relationships. We are all craving more human interaction which has allowed for deep, genuine relationships to be built quickly,” Tim MacDonald, CEO of LeadVenture, shared. While replicating the intensity of all-day executive sessions or late nights sharing dinner in a war room is incredibly hard, new CEOs are also cautioning that balancing contact with depth is critical.

Since it is often the intense moments a team spends together that solidify trust, CEOs must think harder about how to replicate intensity on a medium like video that naturally encourages us to “lean back” rather than “lean in.” A CEO of a large retailer said he is working hard to combat this tendency to multi-task or lean out over phone or video — especially on larger group calls — to ensure that his team stays engaged. One CEO is holding “virtual office hours” to try to bridge that gap while another is reaching into the organization and adding more skip-level calls — not just to check in (which he called a “very month one” crisis activity), but also to ask specific questions of rising stars and influential leaders throughout the organization. This is a chance to replicate some of the unscripted interaction that can lead to great insight during an onboarding plan.

Authenticity also means owning your shortcomings. A common tendency among newly minted CEOs is to try to get everything right, especially early on. COVID-19 makes this kind of perfectionism dangerous because timidity and slow decision-making can imperil employees or leave some businesses illiquid. “I’m very confident that there will be things, probably five to 10 things that I should have done differently when we come out of this — and I’ve told the board and my team that very openly,” one CEO told us. His candor signals that the leadership team can make quick decisions in a rapidly unfolding crisis without worrying about their status with the new CEO, and this helps avoid paralysis in a time of uncertainty.

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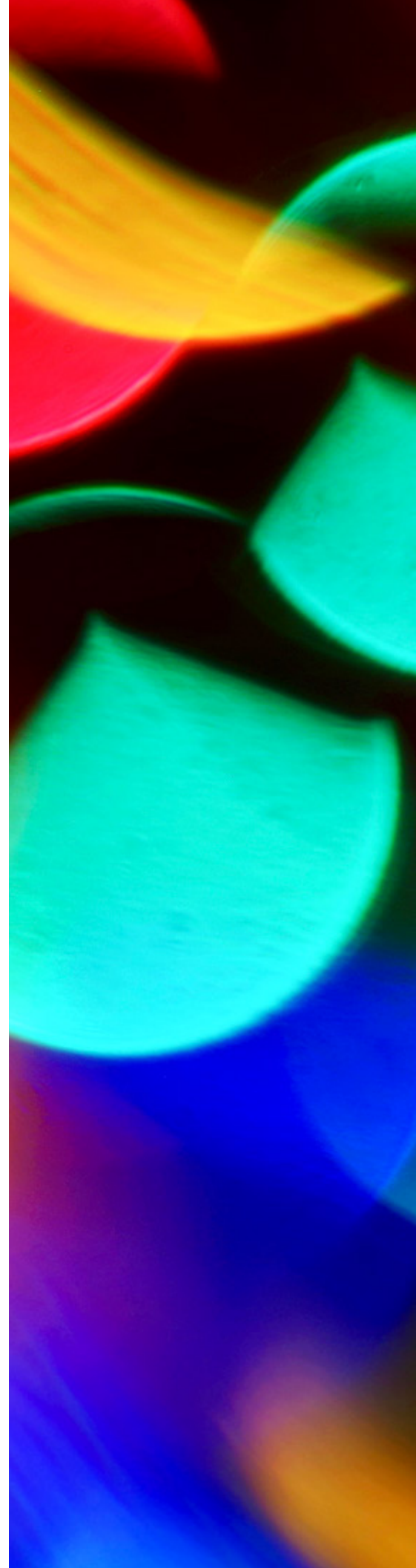
Prioritize, refocus and cascade. Teams that used to meet once every week are meeting twice a day, and extended leadership teams that used to meet monthly are now meeting three times a week. Boards are being called on weekly, if not multiple times a week. One CEO shared, “I am spending time weekly with my board and almost daily with my chairman.” The increased frequency of interactions is helping to solidify bonds between the CEO and the team. However, managing everyone’s energy when many are working seven days a week and are “always on” can be a challenge. As Ashe said, “We recognized after two weeks of this that we can’t just power through. People need to marshal their energy and I need to help.”

One CEO is doing a bi-weekly phone tree so that everyone in the entire company gets a phone call asking everyone the same two questions. This is more than just a creative approach to maintaining a sense of connection: he is using those questions to focus the whole organization on key short-term actions. Uncertainty can be paralyzing, and it is critical to recognize that even the most motivated people need ways to recharge and to feel anchored.

For CEOs, especially those that are more introverted, this can take a huge toll on time and energy management. Emergencies start to fray attention spans and well-honed time management strategies. Recognizing this challenge, CorePower CEO Niki Leondakis very early on decided which issues and topics she needed to personally be involved in and which she felt comfortable letting others handle. “I stayed close to the things I thought were critical: those that had reputational risk, legal risk, or were culture-defining for the organization. These were the things I stayed really close to because the risk and reward was high.” It is critical to return to first principles of time and energy management and cascade those reminders and practices throughout the organization.

Culture matters most when none of the choices are easy. David Gibbs, who became CEO of YUM! Brands on January 1, said it best: “You know how Mike Tyson used to say, ‘Everybody has a plan until they get punched in the face?’ Well, everybody has a great culture until you have a situation like this.”

Hal Lawton, the new CEO of Tractor Supply, credits his predecessors with investing in a strong and durable culture that puts Tractor Supply team members and customers first. He has continued to build on that legacy: “We’re trying to still make deposits in the culture right now” by being fast-acting and team member-centric. For example, Tractor Supply bought all 34,000 team members and their families “dinner on us” as a way of acknowledging the stress and strain that COVID-19 has placed on everyone. Chris Walters at Blucora shared, “Our organization is coming together in a way that aligns to where we want to go faster ... this environment can help accelerate culture change and we aren’t slowing down.” Crisis is shaping every companies’ culture; and smart CEOs are investing in stronger, swifter and more resilient cultures today.



Smart CEOs are not letting a single team both run the now and plan the soon-to-be. Many people and companies are in crisis mode today, but several of the CEOs we talked to have established formal two-parallel-track teams that combine strategy and operational themes. One called the future-looking team the “recovery team” and staffed it with top strategic and operational talent, while a second team focuses on providing day-to-day leadership of the business. One of the reasons for this is that the extra strain on the financial and operational teams to truly understand liquidity, debt covenants and the financial stresses that could impede the day-to-day operations is higher than ever before and, for many, being managed by teams that have never weathered a downturn. The recovery team is solely focused on identifying what a post-COVID world will look like, and on what the implications of those changes are for their business. CEOs are putting process and discipline around addressing both the right now and the recovery. While a team looking at long-term strategic planning may be normal for some, this CEO took it further, asking that team to make the planning real. “Think about what is needed if we need to turn these plans on in six months, 12 months, make them actionable and ready to go. Be bold not incremental in your view of what it would take to have a great new day.” Even CEOs of smaller companies, which may not have the depth of leadership of larger companies, should consider creating step-up opportunities for next generation talent or risk overwhelming their top teams.

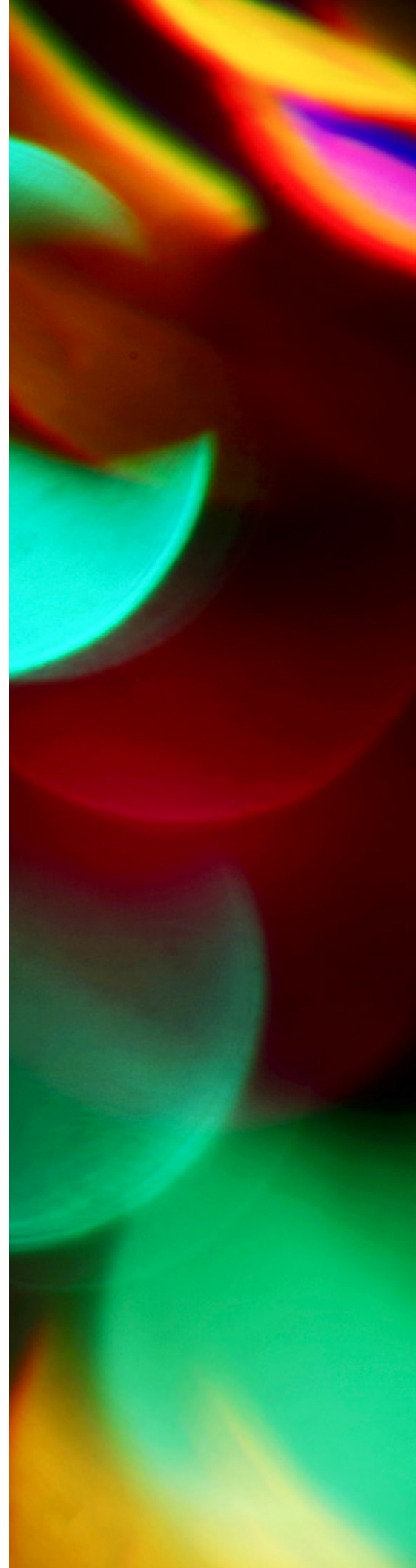
New CEOs are being decisive, even in today’s uncertainty. Leaders at every level are tempted to postpone decisions until they have perfect information. During a crisis, perfect information is even harder to obtain — but several of the new CEOs we talked to are not letting uncertainty stymie them. “Every crisis is an opportunity, and the CEO more than anybody in the company needs to be reframing this crisis as an opportunity. The organization needs to come out of this stronger,” said David Gibbs. Several CEOs expect this crisis to drive M&A, whether the goal is to get closer to customers, acquire long-sought-after technology or expand to new geographies. Jim Holthouser, FOCUS Brands’ new CEO, found a silver lining in this crisis: “We have been able to accelerate some of the structural changes that I was planning to do in the next couple of months — and this gave me an excuse to do some of those things faster and earlier.” Charlie Cole, the new CEO of FTD, told us, “We have been forced to have conversations and drive decisions in a condensed period that probably would have taken years to have normally.” Empowering organizational agility and decision-making despite imperfect information is likely to drive early advantages.

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CEO, YUM! BRANDS

Time will tell who got up to speed the fastest, who identified the right moves, who embraced and developed the best virtual teams and adapted to the unknown. Every CEO, whether new in the role or a long-tenured chief, is being forced to marshal their own energy, to manage the focus and productivity of their organizations and to inspire with purpose and connect with empathy. New CEOs, who are not encumbered by institutional knowledge and “the way we do it here,” have an opportunity to shape their legacies and set the course for a new tomorrow with authenticity and courage, setting the stage for years of prosperity. But the truth is that all leaders have the ability to think like they are just starting their journey to reshape their approach to leadership, to build authentic bonds with their people, and to chart a course to a healthy and hopeful future for their teams and organizations.



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