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Questions CEOs Are Asking About Their Own Leadership in the Post-Pandemic World

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A great deal has been written about leadership challenges during the pandemic, but very little on how CEOs of big companies responded to the pandemic and the questions they are now asking themselves of their own leadership in the post-pandemic world. Our findings contradict what has been published so far. As we will explain, the published findings on how lower level managers responded to the pandemic do not provide reliable guidance for CEO leadership in the post-pandemic world. CEOs are learning to lead in new ways by asking key questions about their own leadership in addressing four key priorities: customers, talent, personal presence (self), and pulse of the organization (company). These questions have not been explored in depth and CEOs are looking for answers.

There is no shortage of armchair theorizing and popular writing on how leaders are leading in the post-pandemic world, but few systematic research studies have been

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published[1], and even fewer on CEO leadership in the post-pandemic world.[2] In this paper, we outline what we have learned from our research on what is new about CEO leadership in the post-pandemic world.

Our paper is different from what has been written so far. It is not yet another paper on leadership in the post-pandemic world. Based on in-depth interviews, it is a very specific study of how CEOs of mid-to-large sized international companies ($500 mn to $50 bn in revenue) responded to the pandemic, what they learned, and the questions they are now asking themselves about their own leadership in the post pandemic world.

Our findings contradict what has been published so far. As we will explain, the published findings on how lower level managers responded to the pandemic do not provide reliable guidance on CEO leadership in the post-pandemic world.

All the CEOs we talked to had previously dealt with one or more major crises, which helped them deal with the pandemic. They said that they responded with greater confidence and more quickly than they could have without this prior experience. Even so, they were surprised by some of what they experienced and observed. We present these findings first.

Next, we describe the challenges never faced before by the CEOs, even those who had managed a major crisis every year for the last 20 years. In the post-pandemic world, they are learning to lead in new ways by asking four key questions about their own leadership:

1. How to create superior customer value from the living room?
2. How to lead when the world is flat in the market for talent?
3. How to maintain executive presence when not physically present?
4. How to take the pulse of the organization, remotely?

These four questions are particularly important for CEOs because they touch on their key priorities: customers, talent, personal presence (self), and the pulse of the organization (company). They haven't been explored in depth, and CEOs are looking for answers.

What Is Not Really New but Still Surprising?

During the pandemic, CEOs became laser-focused on their top priorities, and the sense of urgency and high stakes produced company results that were actually better than before the pandemic.

As a recent paper in *McKinsey Quarterly* states:[3]

"We have spoken with and counseled hundreds of CEOs since the pandemic first

[1]   Julian Birkinshaw, Maya Gudka and Vittorio D'Amato (2021), "The Blinkered Boss: How Has Managerial Behavior Changed with the Shift to Virtual Working?", *California Management Review*, Vol. 63, No. 4, pp. 5-26; and Jooyoung Kim, Hun Whee Lee, He Gao and Russell E Johnson (2021), "When CEOs Are All About Themselves: Perceived CEO Narcissism and Middle Managers' Workplace Behaviors Amid the COVID-19 Pandemic", *Journal of Applied Psychology*, Vol. 106, No. 9, pp. 1283-1298.

[2]   Achim Schmitt, Katherine Xin and Robert Langan (2020), "Research: 3 Biases That Shaped CEOs' Pandemic Response", July 3, https://hbr.org/2020/07/research-3-biases-that-shaped-ceos-pandemic-response; and Billy FitzHerbert, "Crisis Management: How Are CEOs Responding to the Pandemic?", Gulf Covid 19 CEO Survey 2020, Oxford Business Group.

[3]   Carolyn Dewar, Scott Keller, Kevin Sneader and Kurt Strovink (2020), "The CEO Moment: Leadership for a New Era", *McKinsey Quarterly*, July 21, https://www.mckinsey.com/featured-insights/leadership/the-ceo-moment-leadership-for-a-new-era

hit. It is clear to us that they sense an opportunity to lead in a new, more positive and impactful way... Challenged by the global pandemic, CEOs have made four shifts in the way they lead that hold great promise for both companies and society:

1. Unlocking bolder ('10x') aspirations,
2. Elevating their 'to be' list to the same level as their 'to do' in their operating models,
3. Fully embracing stakeholder capitalism, and
4. Harnessing the full power of their CEO 'peer networks.'"

All the CEOs we interviewed told us about how the existential threat posed by the pandemic and the high stakes and sense of urgency led them to become focused on their one or two top priorities, and they were surprised at how much their performance improved as a result. In fact, many of them wondered whether it was possible to become so intentional and laser-focused again without the urgency of something as life-threatening as the pandemic.

Face-to-Face Interactions Had to Be Replaced by Zoom and Other Virtual Technologies

A study of how 27 CEOs spent a total of nearly 60,000 hours that *HBR* published in 2018 just before the pandemic found that:

"The top job in a company involves primarily face-to-face interactions, which took up 61% of the work time of the CEOs we studied.... Face-to-face interaction is the best way for CEOs to exercise influence, learn what's really going on, and delegate to move forward the multiple agendas that must be advanced. It also allows CEOs to best support and coach the people they work closely with. How a CEO spends face-to-face time is viewed as a signal of what or who is important; people watch this more carefully than most CEOs recognize."[4]

Although the shift is not new, the CEOs we interviewed during the pandemic spoke about several critical challenges they were learning to deal with as a result of the shift from in-person to virtual face-to-face communication.

The Importance of a Strong, Positive Company Culture

As one CEO put it: "The culture is the number one thing that matters, in good and particularly in bad times. And it is the CEO's job to manage this." Another CEO told us: "In a hybrid set-up, your processes and tools evaporate, and what is left is the culture. This is what is holding the place together."

But concern was also expressed about giving a false sense of security to people who were not performing, or whose jobs had been rendered "situationally useless" by the pandemic. There is no need for valet parking if the restaurant is closed. As one CEO put it: "The Nanny company culture is an issue. Employability should be based on skills and mindset."

We now turn to the challenges that even CEOs with extensive experience in crisis management said they had not faced before the pandemic.

Challenges Never Faced by the CEOs Before the Pandemic

1. Health was concern #1 for not just the company but for the world.

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4   Michael Porter and Nitin Nohria (2018), "How CEOs Manage Time" and "What CEOs Actually Do", *Harvard Business Review*, July-August, https://hbr.org/2018/07/how-ceos-manage-time

2. Covid-19 was not just a threat to the business but also a personal threat to all stakeholders, including employees and their families.
3. Unlike past crises, the threat was truly global.
4. Lockdowns meant work from home (WFH) for everyone except essential workers.
5. New protective equipment and safety protocols had to be implemented immediately.
6. Video communication technologies had to be deployed overnight on a scale never before seen, and customer-facing workers had to learn to use new technologies like head cams.
7. The market for talent, particularly in IT, became regional, national, and global overnight.

Since the pandemic was like no other prior crisis in terms of the lived experience of everyone in the world, CEOs had to respond in some new ways to discover what worked and what did not. Now they are asking four key questions about their own leadership with a view to making it more efficient and effective in the post-pandemic world.

1. How to Create Superior Customer Value from the Living Room?

Firms had a very deep concern about their ability to connect with customers during the pandemic. This was particularly true of B2B firms, where salespeople and other customer-facing personnel regularly met with clients at their locations to co-develop and jointly implement customer solutions.

However, across industry sectors, our surprise finding is that less face-to-face time with customers leads to (1) higher customer satisfaction; and (2) higher financial returns. According to press reports, the investment banking industry had their best year ever, last year at a time when they were not able to meet face-to-face with their clients.

One financial services CEO told us that one of their most valued retail customers forgot to exit their Zoom screen at the end of the call—and, was overheard to say, in effect, "I hope this means that we no longer have to go to their office to have these consultations—this is much easier, more effective, and saves a lot of time." And this is a company whose entire value proposition is based on face-to-face interactions.

Firms have created ingenious ways to replicate the real customer experiences and visits using a variety of newer technologies. One CEO told us, "The customer can now see the test of a new product from their living room—drilling remotely to 2,000 m of depth." Another CEO said of her company: "We already had the infrastructure in place but the speed of adoption has now greatly accelerated. For example, the acceptance of Helmet cameras is much faster."

CEOs also said the culture and values they shared with their customers and suppliers served as a source of stability and resilience to face the unknown. The mutual trust cultivated in these relationships allowed them to pivot as needed and not lose the business.

One survey study that compares how middle managers behaved before and during the pandemic found that "managers working virtually were spending significantly less time in internal meetings with colleagues and

significantly more time on externally facing activities, such as with clients."[5]

Contrary to this finding about lower level managers, the CEOs, we interviewed said they spent less time engaged with customers but this did not adversely impact their business. This is one example of why published work on how lower level managers responded to the pandemic does not provide reliable guidance on CEO Leadership in the post-pandemic world.

2. How to Lead When the World Is Now Flat in the Market for Talent?

One CEO based in Nebraska told us about how his company's top IT talent was being recruited by Facebook! Facebook offered high compensation, and the talent could still reside in Nebraska. Another CEO with global operations described how he was able to redeploy his best managers based in India and the Middle East to take charge remotely of failing operations in Portugal and Greece within two weeks after the pandemic hit. As another CEO put it, "The world is now flat in the market for talent".

A noteworthy finding in connection with talent is that some people with roles that were culturally important to the organization were suddenly left with no purpose. So talent management in the post-pandemic world also requires an assessment of the functions now needed to be performed and, by extension, the people to keep and retrain, the people to redeploy, and the people to let go.

Several of the CEOs we interviewed said they were surprised to discover that some of their managers, whom they had viewed as talented high performers, did poorly during the pandemic, whereas others, whom they had considered weaker performers, delivered better results! As one CEO put it, the systems and processes in place "evaporated" overnight, so those who managed by command and control became rudderless, but those who managed based on the quality of their relationships with their people won. The pandemic acted as a leadership assessment.

As Peter Drucker famously wrote, traditional command-and-control managers tell their subordinates what to do and then make sure it gets done, but managers who focus on aligning their people's goals with those of the organization and then coach and mentor them to help them unleash their full potential deliver high performance for the organization via self-control.[6] CEO Leadership now requires reconsideration of what managerial talent means in the post-pandemic world.

One CEO told us, "People need to combine their self-control with their inventiveness to keep things going in a hybrid environment. Management is here to enable people to have self-control." According to another CEO, "Bad managers sank and good managers rose during the crisis, because it was all about people management."

Once again, it is instructive to compare these insights that we gained from talking to CEOs with the results of a survey study that compares how lower level managers, in this case knowledge workers (line managers and independent contributors), spent their time in 2013 versus during the pandemic in

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5   Birkinshaw *et al.* (2021), *op. cit.*, p. 12. This survey compared responses from 315 people in managerial roles in knowledge-work sectors in 2018 with a sample of 82 managers in August 2020 (p. 8).

6   "Management by Objectives and Self Control", in Peter F Drucker (Ed.), *Management: Tasks, Responsibilities, Practices*, Harper and Row, New York, 1974.

2020. These authors found that *"the people-based aspects of management work were rated consistently and significantly lower in the virtual context [in 2020]*. While fully aware of the importance of motivating and helping their subordinates, respondents rated their effectiveness as low—both relative to the equivalent ratings from 2018 and relative to the scores for the cognitive and task-focused domains of work." [*emphasis is in the original*, years in brackets added for clarity].[7]

The ratings reported in this study are averages, based on their survey of about 30 line managers, but the *variance* in the individual results was not reported. Based on the CEO interviews we conducted, we must now ask: Were the managers who spent *more* time on people-based aspects of management also more effective?

3. How to Maintain Executive Presence When Not Physically Present?

What is executive presence? Another *HBR* article offers this definition:

"Although executive presence is highly intuitive and difficult to pin down, it ultimately boils down to your ability to project mature self-confidence, a sense that you can take control of difficult, unpredictable situations; make tough decisions in a timely way; and hold your own with other talented and strong-willed members of the executive team."[8]

The CEOs we interviewed talked about the many ways in which they used executive presence to get things done during the pandemic. For example, one of our CEOs said,

"I spent two days in the house of one of my key new hires. I had to be willing to strip myself of the corporate props and protection normally offered in my office and when I travel."

Another CEO said: "Skip level meetings with employees gave me instant presence with all levels in the organization thanks to Zoom. People saw me more." Other CEOs also mentioned how meetings became more inclusive than exclusive with more voices in the room.

Several CEOs spoke about becoming what one of them called "a beacon of stability": "How is this different from other crises? I would say that I became a beacon of stability by becoming more personal than ever before by entering the private sphere of our people." One CEO said she organized "family calls" to reassure the family members of the employees who had to go on client sites during the pandemic.

CEOs also mentioned how physical presence with their people especially with their top management teams, was still important. The existential threat posed by the pandemic required them to be physically present.

As one CEO explained, "There is an important difference between executive presence (projecting gravitas, demeanor, confidence, etc.) and presence in the sense of people feeling like you are fully THERE with them, because there is an existential threat. There is a different layer of presence that hasn't always been part of the executive presence playbook."

Another CEO said, "We bought a company after due diligence and conversations on Zoom,

7   Birkinshaw *et al*. (2021), *op. cit.*, p. 10. This survey compared responses from 45 knowledge workers (33 line managers, 12 individual contributors) in 2013 with 40 knowledge workers (26 line managers, 14 individual contributors) in 2020 (see Research Methodology in the Appendix, p. 23).

8   John Beeson (2012), "Deconstructing Executive Presence", *Harvard Business Review*, August 22, https://hbr.org/2012/08/de-constructing-executive-pres

without the usual intensive in-person pre-meetings, and it did not go well. I will never buy another company without spending adequate face-to-face time with the CEO whose company we are acquiring."

And now, in the post-pandemic world, CEOs are asking themselves when they must be physically present and how they can adapt their leadership style to maintain executive presence without always having to be physically present.

4. How to Take the Pulse of the Organization, Remotely?

How do CEOs take a pulse of the organization and sense what is really going on when they are *not* physically present? One CEO was struggling with this as he was attempting to do more remotely: "I have no tools to know how the organization is ticking. It is harder to develop a gut feel for how the place is running." This CEO mentioned receiving resignation letters from key people who he did not know were thinking of leaving. He said in the past he would have picked up cues by "walking the floor".

However, other CEOs we interviewed were finding new ways to get a pulse of the organization remotely. One CEO said, "The ability to look into people's living rooms is very exciting, in case you are interested in people. All the masks come off." Another CEO put it this way: "You can now get to know the whole person. Formerly you used to see the private and the professional person differently. Through the pandemic, it became one. I used to have various chapters about people, now it is a full story. I can read them better. We connect at a deeper level."

This executive also mentioned the risk of learning so much about the personal challenges that colleagues and subordinates were dealing with that it is harder to be objective in holding them accountable for their performance: "It becomes difficult to put the genie back into the bottle!"

One CEO told us about how she was able to augment her intuition with video meetings to fill the gap: "I realized I was getting more from doing digital roundtables than from dinners in a region!". And some CEOs were able to "size up the organization" by reaching out to key informants from across the firm more rapidly than ever before. Leaders will have to learn to drill where the oil is.

There is also research on how Artificial Intelligence (AI) driven by big data can augment intuition. For example, big data and machine-learning algorithms can be used to develop a turnover propensity index for employees—a real-time indicator of who is likely thinking about quitting—so that timely action can be taken to prevent a valuable employee from leaving.[9]

Finally, a Question Some CEOs Are Not Asking That They Should Ask of Their Own Leadership

It is perhaps the most difficult question for any CEO to ask of his or her own leadership: To what extent am I wanting people back in the office because this is how I know how to lead?

Some of the CEOs we interviewed were concerned that WFH, if carried to extremes, would hurt company culture and make the firm a network of independent contractors. One said: "I don't want to end up managing a

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[9] Brooks Holtom and David Allen (2019), "Better Ways to Predict Who is Going to Quit", *Harvard Business Review,* August 16, https://hbr.org/2019/08/better-ways-to-predict-whos-going-to-quit

network of gig workers only". As another CEO said: "Culture, over time, will disappear, if you don't do some togetherness. You need to drive your culture forward. People are hungry for communication because they are missing the water cooler."

But another CEO had the opposite concern: "The power has shifted. People will quit if you force them to return back to the office. This is the upside-down pyramid. Leaders serve their employees. They help them to be successful. They don't tell them where to live and work".

Thoughtful commentary published recently reflects the same ambivalence. "Is going to the office a broken way of working?" asks an article in *The New Yorker*.[10] Analysis in *The Economist* provides another perspective:[11]

"Respondents to surveys suggest that they would like to work from home nearly 50% of the time, up from 5% before the pandemic, with the remainder in the office... (on the other hand), firms expect that around a quarter of all work hours will be done from home in a post-covid world—about half what workers want. These harder-nosed preferences in part reflect the perception that too much time spent outside the office is bad for productivity and company culture.

Yet there is less disagreement on the benefits of a "hybrid" approach. Research suggests that a mixture of home and office work can actually be the best arrangement for productivity. It enables a more efficient division of labor between "deep work" (the sort requiring lots of concentration, which may be best done at home) and collaborative work (best done with colleagues, in person, in the office)."

Surveys regularly conducted by three economists strongly suggest that WFH is here to stay.[12]

In our view, CEOs will have to work out how much WFH to enable, for whom, and under what circumstances. We offer two perspectives on this:

One of the authors has closely followed the journey of VeriFone, the world's first global virtual company that retained a very strong and positive culture even with a highly distributed workforce as it grew rapidly. In the words of the CEO who drove that company to great success before it was acquired by Hewlett Packard.[13] "The quality of time you spend together increases the quantity of time you can spend apart".

The most difficult question CEOs need to ask themselves about their own leadership in the post-pandemic world is this: "To what extent do I want people back in the office because this is how I know how to lead?" followed by, "To what extent and where do I need to change?"

Recent experience of remote working during the pandemic was one of a crisis-based lockdown and not a balanced and intentional mix of remote and face-to-face work. CEOs

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10   Cal Newport (2021), "Is Going to the Office a Broken Way of Working?", September 27, https://apple.news/Auuuv1lsFRTy0Ivp31nF1PQ

11   "The Fight Over the Hybrid Future of Work", The World Ahead 2022, *The Economist*, November 8, 2021, https://www.economist.com/the-world-ahead/2021/11/08/the-fight-over-the-hybrid-future-of-work

12   Jose Maria Barrero, Nicholas Bloom and Steven J Davis (2021), "Why Working from Home Will Stick", April, https://www.nber.org/papers/w28731

13   David Einstein (1997), "HP Buys VeriFone for $1.15 Billion/Move Secures Foothold in Electronic Commerce Market", April, https://www.sfgate.com/business/article/HP-Buys-VeriFone-for-1-15-Billion-Move-secures-2844311.php

who unlearn what has worked for them over the years so that they can learn to unleash the power and the potential of the hybrid workforce of tomorrow will remain effective in the post-pandemic world, while those who stick to their old ways because they are unwilling or unable to change their leadership will be left behind. ⦂