

# CEO Community Call: Leadership through Crisis

Insights from a virtual gathering with  
Bob Dudley and Sir John Rose

March 23, 2020

## External Hosts



### **Bob Dudley**

Bob Dudley became the CEO of BP in 2010, following the Macondo incident where he was initially in charge of leading the response. He went on to lead the company through one of the greatest and most complex turn-arounds in corporate history. Before becoming CEO, Bob had already dealt with a crisis in Russia where he brokered a deal to sell BP's share of the venture, TNK-BP, to Russian oil producer Rosneft. Bob then led BP through an era-defining oil price downturn and into an era of a 'lower for longer' oil price, and made a major contribution to the path towards the energy transition. Bob has brought more than operational and financial reforms at BP; changing the culture by instilling a new set of values, of which safety — now overseen by a new global Safety and Operational Risk team — was the most prominent. Bob stepped down from BP earlier this year.



### **Sir John Rose**

Sir John Rose was the CEO of Rolls-Royce from 1996 to 2011, and led the company through a number of severe crises including SARS, 9/11, GFC, and the QF10 A380 issue in 2010. Despite turbulent times, Rolls-Royce's order book grew from £7bn to £60bn under his leadership. The share price reflected the turbulent markets and post 9/11, John got criticized for 'betting the farm' by investing into developing new engines which would take decades to pay off; bold moves for which he was later celebrated.

## CEO Community Call: Leadership through Crisis

Egon Zehnder invited Bob Dudley and Sir John Rose – arguably our most prominent ‘titans of industry’ in the UK – to host a virtual gathering of around 25 CEOs from the UK, US, Scandinavia and Continental Europe, in which they gave advice on steering a company through crisis.

This conversation took place on March 19, 2020 when all of the participants were facing staggering decisions in the days and weeks to come.

The discussion explored many different topics and was intended to offer tips, advice and watch-outs for current CEOs who are dealing with the COVID-19 crisis. This summary includes the headlines of the discussion and the critical topics to think about as a CEO in this trying time.

## Leadership and Communication

John opened the discussion by making it clear that, although Bob and he had both been CEOs leading through significant and multiple crises, they had never seen anything like what we are facing today with COVID-19. They have great respect and humility for the challenges the participants are facing, and wouldn’t proclaim to know the solutions any better than the CEOs in the virtual gathering. But they hope some of their learnings could be a helpful reminder of what’s most important when leading through extraordinary times.

Effective communication is key, and everyone will be looking at the CEO. So the leader has to stay calm as *“everything you do will be carefully scrutinized, listened to and pulled apart”*. The words you use and even the body language you use form part of this. They highlighted how important it is to be a genuine and authentic leader throughout it all; using your own language and making it personal – operating with a *“fair, firm and friendly”* approach at all times.

There are multiple groups of people that should be receiving frequent but considered and customized messaging from the CEO: the senior leadership team, the board, the employees, the shareholders, suppliers, unions (if relevant), government bodies (if relevant) and the press (if relevant). *“Shareholders and the media feel they have a right to know what you are thinking, [but they don’t].”* Take the time needed to get to the right conclusion and share the load with the team. In the event of news going to the press, there should never be a case where employees are surprised by what is announced: ensuring that the right people know - in the right sequencing - is imperative.

The corporate communications teams are instrumental in a crisis to ensure clarity and consistency, but key messaging as well as the communications strategy should be coming from the top: *“The employees want to hear from the CEO.”* It’s important that *“you only say what you’ve agreed to say, when you’ve agreed to do it.”* The CEO needs to set the

agenda and be mindful that some advisers may have an inclination towards a 'trading relationship' with the media, so it is important that information is locked down to avoid leaks or rumors.

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### Relationships: You are not in this on your own

Remembering that your business “doesn’t do transactions, it does relationships” will be useful. Both John and Bob recommended to try to avoid making quick decisions that damage partnerships – “discuss together, share the pain together and be empathetic with unions, suppliers, banks and governments.” Focus on creating win-wins and riding in tandem with partners as opposed to just helping yourself.

In the current situation, the relationship with Government will also be paramount for many businesses, and proactivity is key. Very often, they will want to interact with the CEO. “Show government that they can count on you. They are also dealing with a lot, so be considerate. If there is bad news coming, give them a heads-up.”

### Advice for the CEO

The CEO will be feeling lonely, isolated and worried. Both therefore agreed that “it is very important to get a good team around you and accept that you cannot be an expert in everything”.

Key advice was that CEOs “create a coalition” within the top team, in order to “share the load” of processing new information, managing the various parts of the crises and making decisions. It will take a trusted group of individuals to understand problems; and then when making each decision, building as much consensus as possible is ideal. “Help stakeholders to be complicit in the decisions being taken, which will give them more confidence.” However, consensus is of course not always possible, and the CEO is the ultimate decision maker.

This situation will likely be the most difficult thing any leader will have dealt with so far in their executive career. Staying calm is key. Everything the CEO does will be scrutinized and amplified even more than usual. “Don’t allow the personal stress to come out” and “do not lose your temper with your management team.” In addition, getting sleep where and when possible, and spending time with your family and friends in order to manage energy levels will allow CEOs to perform at their best in difficult moments. “Leaders need endurance.”

## Relationship with the Board

When going through a crisis, it is to be expected to have *“a great deal more board meetings”*. It was noted that during crisis times, board members become *“their most useful”* because they bring a range of experiences that the business can tap into. *“It’s important to be open and considerate with each other. Check what board members are concerned about and ensure you come back to them on it.”*

Specifically for the COVID-19 situation, the speakers commented that for most companies, the executives will not have been in their current role during the 2008/2009 crisis, while many of the non-executive board members may have been in similar roles at that time.

These NEDs may be able to provide real insight and guidance based on this experience and should be encouraged to contribute in the right way.

In particular, the relationship to the Chair (or Lead Director) is critical, and a stress test such as COVID-19 will certainly surface the strength (or weaknesses) of this relationship. Ideally, the CEO and the Chair stay very close, with open and regular interactions to support and challenge each other. John shared that the relationships he had with

his Chairs during his CEO tenure were never the same, and he learned that he could expect different input from each. *“Different Chairs will have different skills, so utilize them accordingly.”* There is no ‘one way’ of setting up this relationship, but it is universally important that the two leaders stay very close. *“Very important to have open and unfiltered dialogue with the Chairman at a time like this.”*

Both Bob and John also said that in times of crisis, the CEO will sometimes have to push back on the board. For example, both of them experienced the burden of *“too many board meetings”*, where management had to spend a disproportionate time preparing for these meetings versus actually managing the crisis and running the business. When

they shared this sentiment with the board, they had met understanding – and sometimes relief! – from board members who felt the same.

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*“Have open and unfiltered dialogue with the Chairman at a time like this.”*

## The Leadership Team

Those who are proactive and roll up their sleeves will naturally stand out in these times. Hierarchy and formality become less of a priority and those in the organization who offer the most and lean into the ambiguity become leading voices. Having said this, it was recommended to *“forgive those who drop the ball”* – the impact of stress and isolation should be met with empathy.

Both reflected on how important it is to also get feedback from the team: *“Stay calm, let people speak, be available and stay focused.”* Some members of the team will need to self-reflect on whether the crisis circumstance suits them. There will also be team members who are affected by the virus and will not be able to perform their duties. Of course, with COVID-19, you have the added complication of not being able to physically spend time with each other.

You may need to make changes that ensure that you have a fit-for-purpose high performance team that you trust, who can get things done quickly and who will ditch the politics. But remember to stay open beyond the ‘inner circle’: *“You can’t get isolated as the CEO and just rely on 2-3 people to tell you what is happening. You need to ensure that you get updates regularly across all aspects of the organization.”*

A practical piece of advice is to encourage close collaborations between your CFO with your Chair of Audit and your HRD with your Chair of Rem in order to forge the most productive links between the board and the management.

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## Finance Matters

Staying close to the financials is paramount in any crisis, and the CEO needs to get ‘closer to the numbers’ than they may on a day-to-day basis. Cash flow and liquidity is of course extremely important, and enabling and encouraging the finance organization to model the various potential outcomes ensures greater clarity of optionality: *“Make sure to model the worst case, too.”* They spoke about keeping *“very tight banking relationships, keeping an eye on bonds and turning off the business’s dependence on asset divestments, as they likely won’t be able to occur”*.

## Important of Succession Plans

Practically speaking, some of the board members and executives may have to self-isolate if they show symptoms of COVID-19; so *“keeping an eye on your time and who you’d want to step into certain roles as a short term succession option”* is crucial.

## Managing Complexity

This is a very unusual situation. Normally the approach is the try and assess the overall shape of the problem; breaking it down into manageable and visual parts, and then program managing these parts. Though the complexity of COVID-19 is greater than most other crises, Bob and John still encouraged that the CEOs stick to similar ground rules to find a path through the complexity. Despite the complexity, it still makes sense to “*where possible, eat the elephant one bite at a time. Therefore, break it down into manageable tasks that are easier to visualize.*”

“*Seek more input than usual and be open to different views.*” The key is to develop a clear plan and execute it calmly and with focus. “*At a time like this, people hope there is a silver bullet. There’s not. Everyone needs to move forward step by step.*”

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## Social Responsibility in the Time of COVID-19

When asked whether the COVID-19 epidemic placed an ethical and moral responsibility on businesses to utilize their assets in new ways to assist society, they agreed that an important step would be to identify if there are areas within the business where the company’s assets can be deployed in a way that benefits the community and doesn’t harm the business. Today’s climate was described as an opportunity for innovation teams and innovative thinkers to help both the world and the bottom line.

In summary, the role of the CEO in times of crisis is at its most critical. This situation is unlike anything we have seen prior; however, we can still learn from those that have faced prolonged crisis and uncertainty and yet have - not just survived but - come through stronger than before. We must remind each other, in the words of Bob and John to “*stay calm, get sleep when you can, and don’t forget to laugh.*” There are no silver bullets, but there will be silver linings.





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Carol Singleton Slade, based in London and Houston, leads Egon Zehnder's global Energy and CleanTech Practice and its Board Consulting Practice in the U.S. She is also a member of Egon Zehnder's Executive Management Committee. Carol works closely with CEOs and boards, particularly in the industrial sector, with a focus on energy. She also helps clients recruit, assess and develop the right individuals for crucial technical and operational senior executive roles.

### About Egon Zehnder

Egon Zehnder is the world's preeminent leadership consulting firm, sharing one goal: to help people and organizations transform. We know what great leaders can do and are passionate about delivering the best solutions for our clients.

Our more than 500 Consultants in 68 offices and 40 countries form one powerful, collaborative team. Our services include: leadership development, individual, team and organizational effectiveness, CEO search and succession, executive search and assessment, Board advisory, and cultural transformation.

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