

Leadership in the times of COVID-19

May 2020



Introduction

“The ultimate measure of a man is not where he stands in moments of comfort, but where he stands at times of challenge and controversy.”

– **Martin Luther King Jr.**

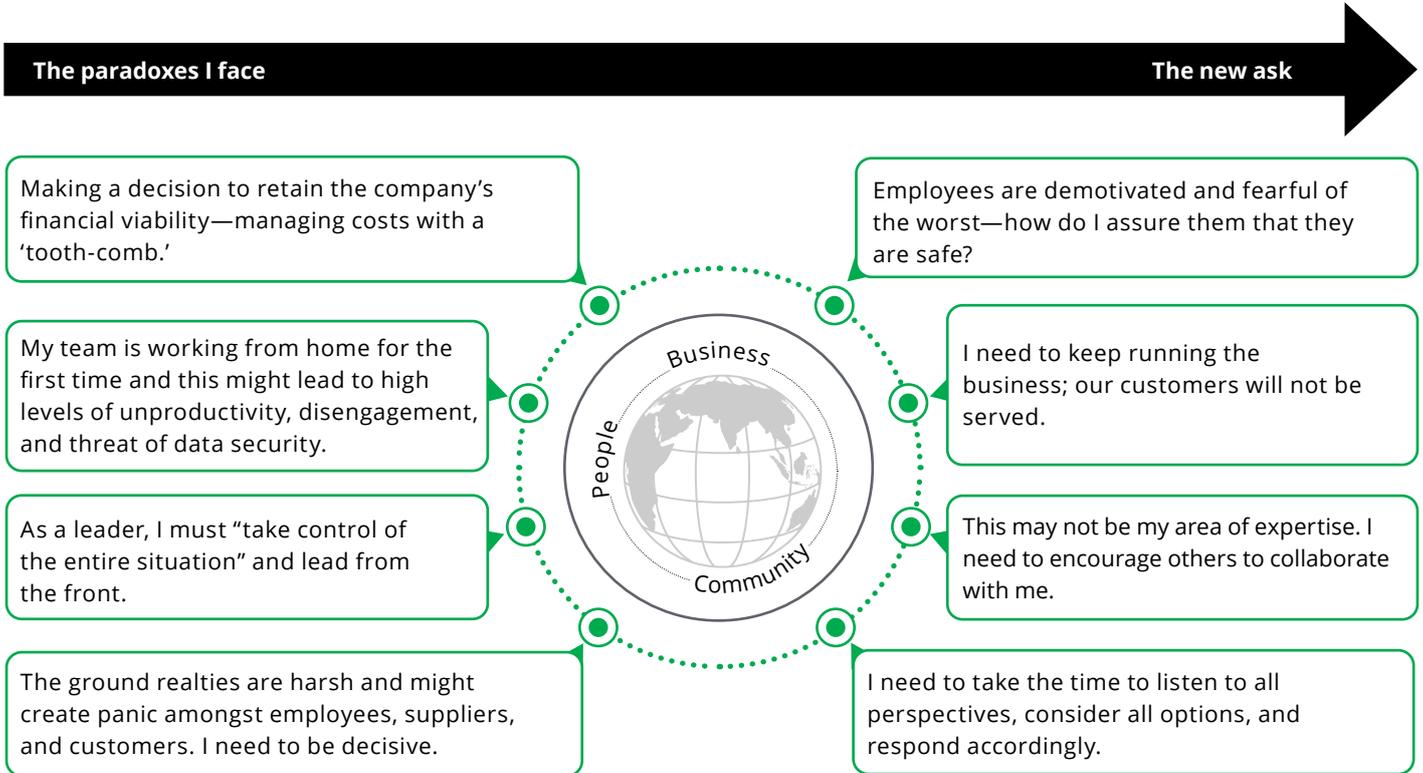
The rapid and unprecedented spread of COVID-19 has quickly eclipsed other epidemics, both in size and scope. In addition to the deadly human toll and disruption to millions of lives, the economic damage is significant and far reaching. It is appropriate to use this phrase Volatile, Uncertain, Complex, and Ambiguous (VUCA) now.

Leadership Dilemmas

The current situation pose an enormous challenge for leaders across

the world. The uncertainty embedded in this situation makes the ‘leadership challenge’ even more complex. Today, leaders face innumerable ‘leadership dilemmas’ and conflicting demands, and most of these do not have a simple binary answer. Considering opposing perspectives is vital, especially in a situation where both the perspectives seem logical, it almost is like a game that cannot be won. In short, leadership demands are of an unprecedented nature.

Leadership dilemmas: Complex decision points leaders face during a crisis



The world of COVID is like a microcosm within the larger ecosystem, which has allowed us to observe presence of leadership with sharp clarity. Leadership in action and the impact that the presence or absence of leadership in situations like these can make are clearly visible. The Deloitte paper 'The heart of resilient leadership—Responding to COVID-19'¹ highlights practical insights from leaders around the world and provides valuable guidance for leadership teams around appropriate actions they can consider during this crisis.

We attempt to distil leadership lessons from our observations. When juxtaposed with years of Deloitte research on leadership, we find that these lessons further reaffirm the leadership model. The ultimate goal is to strengthen individual and business leadership through effective leadership lessons.

Based on the evidence so far, we have seen five fundamental themes of resilient leadership¹ during the COVID-19 crisis that constitute successful leadership behaviours.

Five pillars of leadership: Fundamental principles that are the test of 'resilient leadership'

The infographic consists of five horizontal callout boxes, each with a green circular icon on the left and a white text box on the right. The callout boxes are arranged vertically. Each icon contains a key principle, and each text box contains a corresponding principle and a reflective question.

- Design from the heart and head**
Seek and reinforce solutions that align with your purpose and societal obligations and serve the heart of the organisations.
How are you demonstrating to your employees, customers, communities, and ecosystem that you have their best interests at heart and are providing them with psychological safety?
- Put the mission first**
Stabilise today and harness the energy and constraints of volatile conditions to spark innovation tomorrow.
How are you turning crisis into an opportunity to emerge stronger?
- Aim for speed over elegance**
Decisive action, with courage is often more essential than getting it perfect.
How are you empowering your teams to act courageously in a volatile environment?
- Own the narrative**
Paint a picture of a compelling future and a path forward that your stakeholders can support and rally around.
How are you proactively filling the information vacuum to combat the spread of misinformation and rumours?
- Embrace the long view**
Stay focused on the horizon to instill confidence and steadiness across your ecosystem.
How are you anticipating and responding to the new business models likely to emerge post this crisis?

Source: Deloitte paper titled, 'The heart of resilient leadership–Responding to COVID-19'

We can safely assume that certain leadership principles and actions play a big role in determining the effectiveness of their decisions, and nature of the outcomes. A resilient leader drive these actions; someone who is able to think, act, and react appropriately in these times and guide the enterprise and its people towards positivity and sustenance.



Design from the heart and head

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One of the most fundamental asks from leaders has been to act from ‘their heart.’ As the pandemic started to make its presence felt, we saw overwhelming evidence of leaders **recognising and empathising with the human side** of the upheaval. It was evident that great leaders **prioritised people over business**.



Resilient leaders often applied the same principles to better serve their customers, especially during a crisis. **Designing for the customer’s heart** starts with understanding how it may have changed dramatically from earlier perceptions.



As organisations begin the recovery process, **leaders will need to stay committed to the principles of empathy and well-being of the employees**.



The coronavirus pandemic has become one of the most serious public health crises in living memory. It has brought the world to its knees, shutting down entire countries and causing an exponential spike in the disease and death rates. The race is on to find a vaccine, but experts say we won't be able to see one for at least 18 months.² Due to this pandemic, those people who drive the organisation (employees and customers) are put into vulnerable positions. The unpredictability, overabundance of information, and sheer magnitude of this crisis is becoming overwhelming for people, who are looking for a sense of calm, surety, and a reliable source of support to tide over testing times.

One of the most fundamental asks from leaders has been to act from 'their heart.' As the pandemic started to make its presence felt, we saw overwhelming evidence of leaders recognising and empathising with the human side of the upheaval—acknowledging the radical shift of their employees' personal priorities towards family health, extended school closures, and the human angst of life-threatening uncertainty. Leaders engineered and executed communication campaigns to communicate to their employees that the organisation understands their changing priorities. In a public letter to employees and customers, the CEO of a leading telecom company acknowledged that the first priority of its employees 'must be your and your family's health and well-being'. The MD of a leading car manufacturer stressed that safeguarding the health and safety of its employees and stakeholders was their top priority during the COVID crisis. Apart from recommending work from home, as done by several organisations even before the country went into a lockdown, we also witnessed instances where leaders' actions have shown their employees' best interests in mind. Organisations started to focus on emotional, mental, and physical well-being of employees through counselling, yoga, and mindfulness practices.

A leading engineering and construction conglomerate stopped work at multiple live projects and earmarked huge money every month to support its contract workers. It also assured the food provision and basic amenities at labour camps, while maintaining COVID-19 prevention and containment protocols.

It was evident that great leaders prioritised people over business. Their initial efforts were focused into securing people, whether it came to working from home, ensuring the safety of all employees, solving for safe return of teams that were deployed overseas, providing support to employees needing special assistance, or being concerned with the mental and emotional well-being of employees and their families.

Resilient leaders often applied the same principles to better serve their customers, especially during a crisis. Designing for the customer's heart starts with understanding how it may have changed dramatically from earlier perceptions. Consider that in a crisis, customers often come down to the basic desires in Maslow's Hierarchy of Needs, such as safety, security, and health. How should you shift the nature and tone of your customer communications and the sensitivity of your customer experience amidst the COVID-19 crisis?¹ Customers relish the same grace and kindness that leaders extend to their employees—they are also navigating through the crisis and expect empathy.

As organisations begin the recovery process, leaders will need to stay committed to the principles of empathy and well-being of their employees. The focus would be on physical, psychological, and financial concerns. Physical well-being will include emphasis on health and safety, the cleanliness of workplaces, and the availability of testing and treatment. Psychological well-being will include workplace practices, such as flexible schedules that address workers' mental and emotional health. Equally the commitment to well-

being should extend to well-being at home, as workers continue to take care of children and elderly family members.³

The COVID pandemic and the resultant focus on designing from the heart further reinforces the increasing realisation around the organisation's role as not just business enterprises, but as social enterprises. The social enterprise, as defined in Deloitte 2018 *Global Human Capital Trends Report*⁴, clarified and expanded on the 'new social contract', proposing a more human-centred rewiring of the relationships between the individual and organisation. Deloitte's forthcoming 2020 *Global Human Capital Trends* report, *The Social Enterprise at Work* also focusses on this topic and tries to offer a sustainable path to organisational leaders for their workforce and organisational DNA for the future.



Put the mission first

“Stabilise today and harness the energy and constraints of volatile conditions to spark innovation tomorrow.”

Amidst the entire crisis, a resilient leader’s focus on his or her **organisation’s purpose remains steadfast: it is never negotiable.**



Making **decisions that tie back to the organisation’s purpose** is particularly important, when companies are under increased pressure and stakeholders are paying close attention to every move.



It is equally important for leaders to **define their priorities and mission at a time when organisations face a flurry of urgent issues across innumerable fronts.** Resilient leaders zero in on the most pressing of these issues, establishing priority areas that can quickly be cascaded.



Amidst the entire crisis, a resilient leader's focus on his or her organisation's purpose remains steadfast: it is never negotiable. Making decisions that tie back to the organisation's purpose is particularly important, when companies are under increased pressure and stakeholders are paying close attention to every move.¹ Many organisations have tackled the outbreak by tying their actions to their purpose and business model.

Businesses are using their unique capabilities to meet society's immediate needs. Indian Railways' decision to convert train coaches into COVID-19 isolation wards (in response to the growing number of cases in the country) reinforces their mission of service to the nation. The ongoing evacuation of Indian citizens by the national carrier Air India from affected countries reinforced their mission to always be on the forefront and augment the efforts of the Central Government in times of national calamities.⁵ Leaders of leading FMCGs in India decided to reduce the prices of soaps and hygiene products and ramped up production of such items to fulfil increased demand.⁶ A leading

manufacturing company in India leveraged its manufacturing facilities for making ventilators for COVID-19 patients. Another leading healthcare and biomedical engineering company publically shared the complete design specifications and product manual of its portable ventilator, and contributed towards fast production of the much-needed ventilators. Leaders are synchronising their actions with the purpose of their organisations to deliver a socially relevant, and purpose-driven plan of action.

It is equally important for leaders to define their priorities and mission at a time when organisations face a flurry of urgent issues across innumerable fronts. Resilient leaders zero in on the most pressing of these issues, establishing priority areas that can quickly be cascaded. They should address multiple priorities that will vary as organisations navigate from the initial days of the crisis to the next phase. The initial days required an urgent response to the crisis and the next phases will involve finding novel ways to recover from the crisis, and finally thriving by capitalising on the opportunities that the new normal presents.

Some of the critical actions for leaders in different stages of the crisis include the following¹:

Respond to the immediate crisis by launching and sustaining a crisis command centre.

Find ways to recover and grow revenue, i.e., severely impacted by large scale lockdowns. Find ways to increase margins and profitability.

Examine the impact on workforce strategies, including strategies for work, workforce, and workplace.

Maintain business continuity and financing, and find ways to optimise assets, liabilities, and liquidity.

Shore-up the supply chain in the immediate and explore alternate supply chain arrangements for future flexibility.

Stay engaged with customers and ascertain how you can continue to serve them better and meet their changing needs.

Strengthen digital capabilities and consider ways to move faster towards digital transformation.



Aim for speed over elegance

“Decisive action, with courage is often more essential than getting it perfect.”

Perfect is the enemy of good, especially during crisis when prompt action is needed. There will be **many unknowns' in the days and weeks ahead. Are you ready to accept that you will need to act with imperfect information?**



Leaders need to **focus on quick solutions that help combat the situation to the extent possible.** As leaders confront situations that were unanticipated, this is also the time to encourage more initiative and decision making across levels of the organisation.



Perfect is the enemy of good, especially during crisis when prompt action is needed. Most companies do not have the infrastructure to deliver perfect information or data in real time on operations that could be affected during an epidemic. There will be many unknowns' in the days and weeks ahead. Are you ready to accept that you will need to act with imperfect information? Collect as much proxy data as you can to inform your decisions so as to not fly blindly. When the crisis is over, you will be able to conduct a thorough review and analyse how to improve the quality of information during future crises—but during this one, you will have to set aside that kind of analysis.¹

The COVID crisis placed unprecedented challenges in front of leaders, and we saw how timely decisions made a difference between uncontrolled spread vs containment of the virus. India and Belgium were the only two countries that called for a lockdown at very early stages of the contagion.

Leaders need to focus on quick solutions that help combat the situation to the extent possible. A hospital in Chiari, in the Brescia area of northern Italy (hit hard by the virus) had many coronavirus patients in intensive care, and was short of vent valves (which

connects the ventilator to a patient's face mask), and needed replacement for each patient. The hospital was unable to obtain a digital model of the part, so its team decided to reverse-engineer its structure themselves. The first prototype was ready within six hours, with a good number of working valves printed and supplied to the hospital within a day.

As the health challenges move towards the economic challenge, organisations are attempting to find a way to recover through new products, solutions, and services for their customers. Other challenges around supply chain, cash flows, workforce, and digitisation require alacrity in response as against waiting for the perfect solutions. Leaders must demonstrate courage, risk taking capabilities, and an ability to experiment.

As leaders confront situations that were unanticipated, this is also the time to encourage more initiative and decision making across levels of the organisation. Trusting teams and individuals, who are deeply embedded in a specific context, might be in the best position to come up with creative approaches to address unanticipated needs. Make the objective clear, but allow more flexible local autonomy.⁷



Own the narrative

“Paint a picture of a compelling future and a path forward that your stakeholders can support and rally around.”

It is critical for leaders to own the narrative by **explicitly sharing their perspective on the situation**, what it means for the organisation, and also clarifying what they expect from their teams.



At times like this it is also clear that leaders may not have the complete information and it is all right to **communicate this transparently. Authenticity in communication, and being equally open about what is clear and what is not clear is critical to establish trust.**



Communication is vital to engage and keep the teams energized .



Communication at all times is important, but during a crisis it assumes a completely different significance. There is plethora of information available for everyone to consume. It is critical for leaders to own the narrative by explicitly sharing their perspective on the situation, what it means for the organisation, and also clarifying what they expect from their teams. We have seen effective leaders adopt an approach of frequent, shorter communication with their teams. At times like this it is also clear that leaders may not have the complete information and it is all right to communicate this transparently. Authenticity in communication, and being equally open about what is clear and what is not clear is critical to establish trust.

In the absence of a narrative from leaders, teams and stakeholders may start to fill the void with misinformation and assumptions. Setting a regular cadence with a clear voice is critical. An ongoing communication from the leaders serve multiple objectives. For one, it helps reinforce the mission and priorities of the organisation. A constant reminder of who we are and what we stand for re-energises the organisation and engages teams below in the call for action. It provides direction on how to respond to the crisis enabling others to find their own ingenious ways to serve customers and add value. Hence, it is important for the leaders to state facts and frame the problem in a way that helps people understand the importance of the problem and what it means for the organisation. A leading hotel chain CEO in his video did not state sugar-coated facts to his organisation. He placed the numbers in perspective leaving no room for confusion. In addition, he spoke about a more severe and sudden financial impact on their business than 9/11 and the 2009 financial crisis combined due to COVID-19. He said, in most markets their businesses were already running significantly below

normal levels. Incomplete or conflicting communication can slowdown the organisation's response rather than providing a better guidance.

In his address to the nation, Singapore's prime minister highlighted about the situation and unanticipated and massive spread of the virus. He enumerated systematic actions on medical, economic, and psychological fronts taken by the state to tackle the situation while focusing on the citizens' needs. He outlined the reasons for restricting all public gatherings and clearly articulated his belief in Singapore's ability to respond calmly and responsibly to the ongoing situation. Singapore Prime Minister's communication clearly focused on transparency and assessment of all stakeholders' needs.

Authenticity in communication helps to establish trust especially, in a crisis. Trust starts with transparency—admitting what you know and what you don't. This is the time where leaders will need others to comply with tough actions. In Korea's war against coronavirus, amongst many other things that stood out, one clear winner was the communication from leaders – giving strong messages with empathy. Leaders warned against premature optimism, kept sharp focus on the crisis, and shared the plan to defeat the coronavirus. Korea's plan on dealing with the situation required public support, because they did not impose a full-fledged lockdown. The leadership's transparent communication tried to establish trust, which was critical to enable public cooperation.

Communication is also important to engage and keep the teams energised. One way to do this is by communicating the wins and success stories. In difficult times like this, it adds cheer and uplifts the positivity. Equally important is the need to connect with people at the more personal level. The prime

minister of Singapore, one of the most recognised leaders in the fight against COVID, publically acknowledged that the rise of the virus was unanticipated but that they were in it together. Through the careful use of words such as 'confidence in each other' or 'we are Singapore united,' he was able to articulate empathy and in turn, connect with his people.⁸ Leaders connecting frequently and checking into the well-being of their teams reinforces the strong bond and helps the team feel understood. While this is critical at all times, in times where people are dealing with high levels of stress, insecurity and anxiety, it becomes even more critical. More conscious efforts are required to create that connect because of the virtual working environment. Leaders are spending more time than ever in strengthening these relationships.



Embrace the long view

“Stay focused on the horizon to instill confidence and steadiness across your ecosystem.”

We believe that a typical crisis plays out over three time frames: **respond, recover and thrive**, where the company prepares for and shapes the ‘next normal’. While most leaders were busy attending to the basics in the respond phase, the **view changed gradually as we progressed into recover phase and gradually into the ‘thrive phase’.**



Each industry will have its **unique challenges and industry leaders need to recognise and plan for these changes.** Leaders who step up their game are expected to be better off and far more ready to confront the challenges — and opportunities — of the next normal than those who do not.



We believe that a typical crisis plays out over three time frames: respond, in which a company deals with the present situation and manages continuity; recover, during which a company learns and emerges stronger; and thrive, where the company prepares for and shapes the 'next normal' (heart of resilient leadership). While most leaders were busy attending to the basics in the respond phase, the view changed gradually as we progressed into recover phase and gradually into the 'thrive phase'.

Coronavirus crisis has given to us a new normal. Several experts are pointing to structural changes that will take place as a consequence of coronavirus crisis. As COVID-19 impacts every aspect of our work and life, we have seen two years' worth of digital transformation within two months.⁹ Work from home is expected to be accepted at a greater level. Remote meetings are likely to become the norm. Multiple technology collaboration platforms have seen millions of meeting participants every day generating billions of meeting minutes. Now, we know that touching things, being in close proximity with other people, and breathing the air in an enclosed space could be risky. How quickly that awareness recedes will be different for different people, but it can never vanish completely for anyone who lives through this year. It could become our second nature to recoil from shaking hands or touching our faces—and we will not be able to stop washing our hands.¹⁰ Even the education sector has witnessed various changes. In spite of a whole lot of online learning options available, much of education was classroom driven. With schools and colleges turning into virtual classes during the pandemic, the

trend towards more online interaction is likely to become larger.¹¹ We are also likely to see new respect for those on the frontlines against coronavirus—doctors, nurses, pharmacists, teachers, caregivers, store clerks, utility workers, small-business owners, and employees.¹⁰

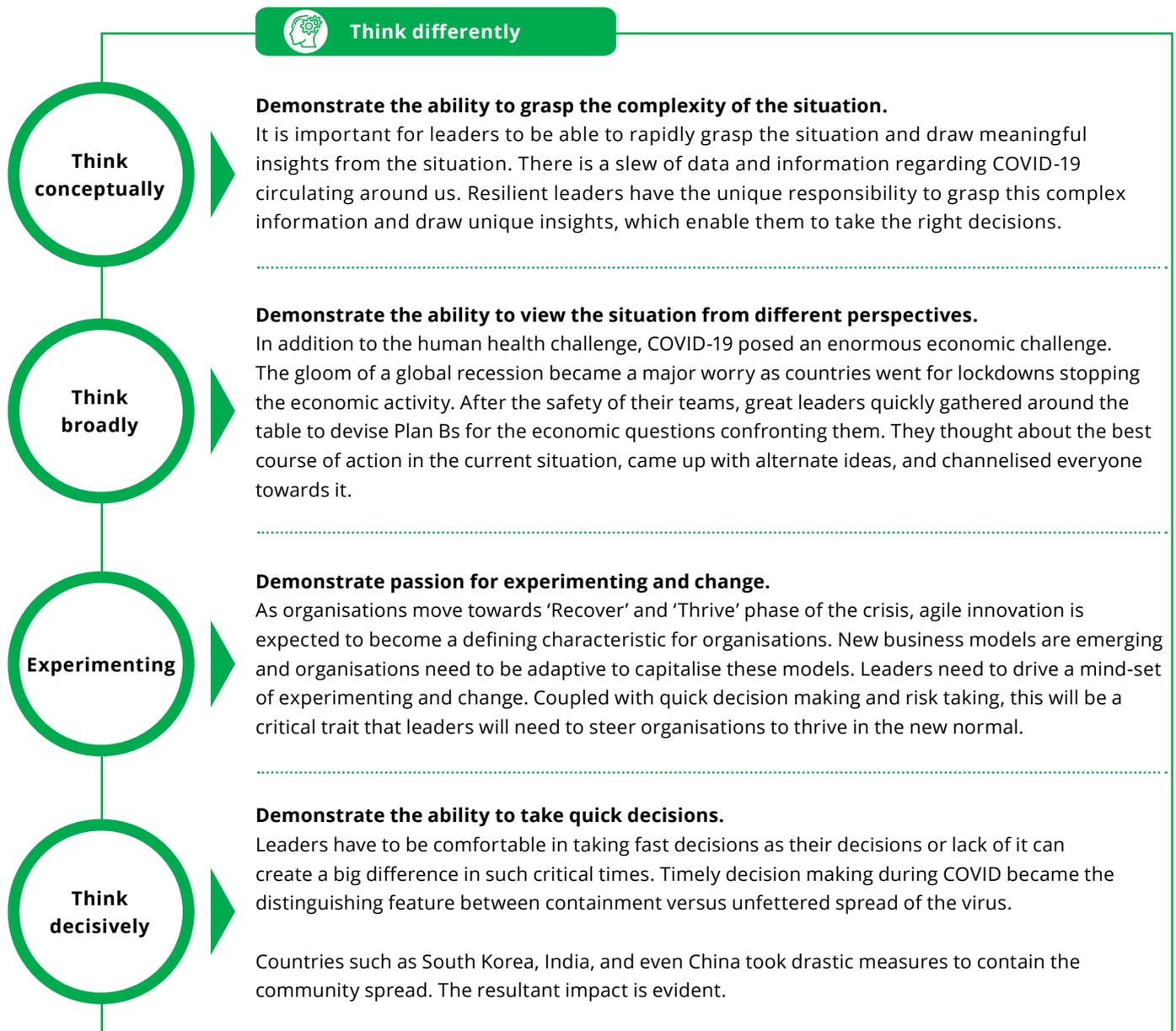
Each industry will have its unique challenges and industry leaders need to recognise and plan for these changes. Leaders must be able to think of long-term implications and start preparing for those by anticipating structural changes and their lasting effects. They should shape the market by creating new value emerging from unanticipated crisis and creating new business models.¹ During the current crisis, organisations have been able to respond with a sense of urgency, willing to embrace agile ways of working with teams focused with clear goals and rapid decision-making. These learnings need to be imbibed in the ways of working going forward to become an enduring source of competitive advantage.¹²

The pace of disruption in pre-COVID times was much more than ever. The 33-year average tenure of companies on the S&P 500 in 1964 narrowed to 24 years by 2016 and is forecast to shrink to just 12 years by 2027. At the current churn rate, it was predicted that about half of S&P 500 companies will be replaced over the next 10 years.¹³ The big swan event of COVID-19 has further changed the game too much. Those who step up their game are expected to be better off and far more ready to confront the challenges—and opportunities—of the next normal than those who do not.¹²

The leadership DNA

The leaders who exhibit these behaviours share a common DNA. Their ability to think from the head and the heart, put the mission first, prioritise speed over elegance, own the narrative, and take the long view is derived from clearly distinguishable leadership characteristics or DNA. All these actions together constitute the response of resilient leaders in times of crises.

At Deloitte, we believe that the DNA of leaders is their ability to think, act, and interact differently.¹⁴ When the situation is that of crisis, the accent on these asks from leaders is even more heightened. The following constitutes the DNA of leaders who have shone through in these times and have created impact on people and societies they lead:





React differently

Be driven

Have a relentless desire to excel, even in the most demanding situations.

Leaders need significant energy and drive in dealing with a crisis. A crisis places enormous demands on the leader—both in terms of managing business outcomes as well as dealing with stakeholders.

Be resilient

Be mentally tough and persevere in difficult times and rapidly changing situations.

These are times when people are looking towards their leader for hope of a better place. As individuals, leaders grapple with their own fears and insecurities during the crisis. They need enormous self-care and self-management to ensure that they remain mentally tough.

While it is acceptable for leaders to display emotions, they cannot get bogged down by them to be able to think straight and navigate through the complex situation.

Risk taking

Demonstrate boldness in the face of ambiguity.

In a crisis situation, leaders have to bolt on towards tough decisions that require courage and risk taking ability. The crisis has brought upon us uncharted territories, which need to be navigated. The bold are likely to be able to tread these paths by getting comfortable in taking the tough calls both concerning the safety of the employees and in dealing with the aftermaths of the pandemic.





In such times, leadership matters the most. Organisations that respond, recover, and thrive through crises such as these are going to be generally those that are led by leaders having these fundamental characteristics. In addition, such expectations are not limited just for the top level, but should be also be demonstrated within all levels in the organisation. These lessons are expected to serve as a guide as leaders find more effective ways to direct and invest in building these capabilities for the future.

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Endnote

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