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Leading in the B-Suite

Powerful conversations about life, race and leadership

"The Path Forward Will Almost Certainly Not be Smooth or Uniform."

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[Note: This article was published as part of our original "Leadership Moments" series. The series has since been changed to "Leading in the B-Suite" for a new focus on conversations about race in corporate America. The first interview in that series is [here](#).]

The Covid crisis is creating a relentless leadership challenge, particularly for balancing the need to be transparent while also creating clarity and confidence. I recently spoke with [Kevin Sharer](#), the former CEO of Amgen and my co-author on our book, "THE CEO TEST: Master the Challenges that Make or Break All Leaders," to be published early next year by Harvard Business Review Press. His insights:

Q. What are your thoughts on how best to lead through a crisis like this?

A. This crisis is unique. We do not know how bad things are going to get, when it will end, and how long it will take for the economy to come back and for society to return to some degree of normalcy. The path forward will almost certainly not be smooth or uniform, and it will be different for every company and every industry. This added dimension of complexity is what makes this crisis so hellishly difficult for leaders.

That said, for all the breadth and depth of the pain it's causing, the nature of the crisis makes communicating about the challenges more straightforward for leaders, because it is affecting everyone. It is

obvious to everyone it's not your fault. It's not your company's fault. It's not an indictment of your business strategy or the result of the wrong bet on a product or service. This is a hunker-down-and-get-through-it crisis. In a way, that clarifies the challenge. The ship just got torpedoed, everybody's on a life raft, and we're just trying to survive.

The actions you have to take as a leader are particularly challenging because, if you have to make cuts to reduce costs, you're harming people who didn't do anything wrong. But you have to prioritize the greatest good for the greatest number and the survival of the enterprise. That's a horrible moral dilemma for the leader.

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its survival is most important."*

What you can do for your employees will depend on your resources. As the leader, you've got four groups to think about: the overall enterprise and its survival, your employees, your customers and your shareholders. You put the enterprise first – its survival is most important. Employees and customers are next, and shareholders are last.

What that means is that you should use your financial resources to the maximum extent possible to help people. You should try to have the pain be as evenly spread as possible. If you're laying people off, give them all the financial support you can, and tell them, if you can be certain on this point, that you'll be calling them back when the

economy comes back. To share the pain, top management should take a giant pay cut and everybody in the top 200 below the most senior leaders should take a 10 percent pay cut.

Q. A lot of leaders are wrestling with conflicting impulses. They may have a corporate values that states, in so many words, that “we’re a family.” And yet not everyone can be protected in these moments.

A. If your company does have that value, then you have to say to everyone, “We are in the toughest possible state. We’re trying to make a decision to preserve the greatest good for the greatest number of the family. I can’t, in the short term, take care of every family member exactly the same. I can’t do it. If I could, I would. And here’s everything we’re doing to take care of as many people as we can. I’m making the most difficult decision anybody who’s in charge of a family can possibly make. I don’t make it lightly. I’m deeply saddened by this, but I’ve got to think about the greatest good for the greatest number, and let me tell you how I’m putting you before the shareholders.” You’ve got to be factual. That said, you have to be prepared for the fact that some people aren’t going to believe you.

Many companies are fighting for their survival, and that will and should consume all their attention. They should also be creative and tenacious about getting access to the resources that the government is making available. That’s proving to be far more difficult than it should be, unfortunately, but for many companies, getting that money should be their top priority.

But there are also many companies with strong balance sheets and cash flows that aren't planning layoffs, and they could be taking this moment to think about contributing to society at large. They might choose to donate millions of dollars to help others get through this crisis. A great example is that some companies are paying first responders' hotel bills so they can both rest and not worry about infecting their families. Other companies are contributing to food banks. The point is in this time of need, strong companies should think beyond their own ecosystems and look to society at large. They also can and should be involved in the policy dialogue, trying to help local, state and national efforts in any way they can.

Q. Another challenge for leaders is balancing transparency and uncertainty while trying to remain positive, rather than being uniformly grim.

A. You have to be honest, and you have to assume the people you're talking to are very smart and you cannot fool them or shine them. You have to educate people on how the company's in a bad place and have them understand what's going on. You need a strategic narrative that's defensible and that makes sense and is seen as moral.

You should attempt to have a narrative that includes some or all of these points:

“Here are the principles we're going to use to get through this. We're going to assume this is going to last months, not weeks and not years. We're going to make sure that we are economically viable, which

means that we've got an acceptable balance sheet coming out of this and we're in a position to recover. We're doing everything we can to conserve cash, and here's all the things we're doing now to make sure that when the economy comes back, we're ready."

"You need a strategic narrative that's defensible."

"We're doing the following things to take care of our customers. And here are my assumptions about how this is going to play out. I could be wrong, but these are the assumptions. This is the decision process we used as a team to come up with these planning scenarios. We considered a lot of alternatives. Here's why we decided on this path forward. Everybody in the leadership group totally backs this plan. When circumstances change, and they may very well change because we're in an unpredictable time, we're going to have to consider those facts and be ready to change ourselves."

"We can't be inflexible. This is a time to be nimble. This is incredibly challenging. We're doing the best we can under conditions of enormous ambiguity, but I'm absolutely confident we're going to come through this, and I'm absolutely confident we're going to learn from this as a country and be stronger, and we will be stronger as a company, too. But right now is the period of maximum uncertainty, maximum anxiety, and pain."

Q. Moments like this can be overwhelming. When you're advising

senior leaders, how do you help them slow things down so that it feels more manageable? What are the questions they should be asking themselves in any crisis, not just this one?

A. Ultimately, it's about developing a theory of the case. How did we get here? What's the context? What does everybody — on the leadership team and throughout the company — think? Who in the ecosystem do I have to manage? Who are my enemies? Who are my friends? Who are sources of wisdom? Who do I need to touch base with? Am I really listening? Am I giving myself time to think beyond the panic of the moment?

Do I have my own logical, fact-based, data-driven view of what we ought to do? Am I taking steps in a way that, if they don't work, the downside is tolerable? What's my risk profile? How do I manage risk? Who is somebody I can talk to that I trust — who can be one step removed from where I am, yet provide some wisdom or be a good discussion partner? What is my narrative to the company, in terms of acknowledging that we're in a bad spot but here are the steps we're going to take to get to a better spot?

It's about grasping reality, understanding the full risk dynamic, not being defensive, and having a good process to make decisions. All that helps build a credible narrative.