



# CORPORATE LEADERS STEP UP AS POLITICAL LEADERS LAG BEHIND

The coronavirus pandemic has shaken the foundations of American life and exposed political and institutional weaknesses. But U.S. business leaders have stepped up just when Americans need it most – and surprisingly, trust in companies and corporate leaders has grown.

**61%**

of American workers have reported increased trust in their employer as a result of their handling of COVID-19.

**36%**

reported trust in their organization increased significantly.

At the peak of the pandemic last month, 61% of the population working across a number of industries said they had increased trust in their employer compared to pre-pandemic, with 36% saying the trust of their organization had risen significantly, according to the second Shifting Expectations Survey conducted by FTI Consulting.

## Extra Stresses on Leadership

This sentiment reverberates across industries, with 65% of Americans working in healthcare and 52% in retail echoing this increase in trust. Moreover, this increased trust in employers is particularly pronounced for those working in financial services, where 80% claim their trust has increased, and over half (59%) say this trust has significantly increased since the beginning of the pandemic.

This stands in stark contrast to widespread sentiment among Americans that political leadership has been erratic and significantly ineffective in response to the various challenges facing the country today.

While many challenges remain, in conversations with executives and experts, corporate leadership has gained tremendous insight into optimal communications and operating strategies among employees, customers and investors in managing the future beyond the pandemic. Several key industries have played pivotal roles in restoring some confidence, though, as foremost a healthcare crisis, the spotlight first hit the biotechnology and pharmaceutical organizations.

“Pharma and biotech companies were extremely proactive in positive ways in the pandemic,” said Carlyle Newell, a Managing Partner specializing in the life sciences and industrial sectors with executive search firm Boyden. “Early on they knew this was a global crisis, and with the industries’ higher level of sensitivity, they adapted to a rapidly changing environment to find solutions in terms of people, supply chains and communications.”

“Great leadership rises during crises and people more than ever are looking for authenticity and transparency,” he added. “It’s business as usual in terms of eyes on sales and revenue, but it’s not the same with the urgent elements and the extra stresses on leadership teams.”

### Executive Privilege Declining

For most companies, while attention was sustained for the usual priority stakeholders such as customers and investors, employee engagement and team satisfaction quickly emerged as the initial baseline to get right for most organizations. And, companies are surpassing expectations.

The FTI poll found that an astounding 83% of Americans across all industries said their organization during the pandemic has treated all employees with the same concern for their well-being, no matter who they are. Perhaps striking is the comparison between Americans working from home and those continuing to work on-site during the pandemic: 89% of those working from home say their employer is treating all people with same concern, compared to 69% of those working on-site who share this view.

Company leaders and gurus share that after rising to the

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occasion to manage the difficulties with the pandemic, employee and general public expectations now have moved beyond the healthcare emergency to also include urgent focus to broader societal disparities.

“The issues today go to the heart of privilege, beginning with the pandemic and now with the focus on inclusion

and fairness,” observes Noor Menai, President & CEO of CTBC Bank USA, an institution with more than \$180 billion in assets globally. Menai, who has also served on the Federal Deposit Insurance Corporation (FDIC) Subcommittee on Modernization, said, “It’s invisible and it’s about the whole class structure of rank, seniority and responsibility.”

### Black Lives Matter and Elections

Retail, grocery and food industry experts also see the pandemic and other recent events affecting company culture broadly.

“In addition to the pandemic, companies are also responding to the Black Lives Matter movement, and both situations are providing executives the opportunity to make some positive moves with employees and customers,” said Doug Ehrenkranz, who co-leads Boyden’s North America consumer & retail practice. “It’s a real chance for CEOs and companies to do the right things involving employee and customer goodwill. One potential pitfall is that nobody in the executive ranks has seen this movie before. The total environment right now is very dynamic. If things get worse in a true second wave, with the elections, the economy or other factors, companies may get caught off guard if they don’t manage the issues closely.”

Company executives quickly have understood the thresholds are higher with an emphasis on more definitive actions. “If you weren’t authentic as a leader in this crisis you were in trouble,” explained a senior executive at a large national bank.

Instead of payroll cutbacks, some organizations increased training opportunities. “With other crises or economic downturns, we normally would have laid off more junior managers, but not only did we not lay off people, we gave them opportunities to learn our jobs and grow,” added another executive from national food and beverage company.

### Video Meetings: The Great Equalizer

For many companies, the dynamic in the “room” has changed with less hierarchy brought on by the fast rise of the video meeting culture.

Pre-pandemic there was an established “pecking order” with in-person meetings. “Nobody has time for that now when you’re on a Zoom call,” explained a senior financial executive. He added that recently among a dozen multi-company executives on video conference with a billionaire tech founder, the tech bigwig immediately “got into

business and there was nothing about ‘who do you know’ and ‘let’s discuss over lunch.’ It was all about getting things done.”

However, some executives have expressed downsides to the rapid egalitarian ways brought on by the pandemic and ubiquitous video gatherings. Some say they have trouble “reading the room” and another top executive with an investment company quipped that an important meeting “was hijacked by an administrative assistant; after that, I tuned out and had to set up another meeting.”

Despite notable adjustments, the pandemic era has set new cultural standards where there will often be no going back. For example, at the start of the pandemic, all CTBC Bank USA employees were issued iPads, laptops, and desktop computers for home use, which were previously only issued to senior executives. But, moreover, it provided a signal “for people to feel more open, creative and comfortable to share their ideas, even at a junior level,” said Menai.

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### Banks Get Second Chance for Redemption

The surge in focus on inclusion has brought dynamic prospects for redemptive “catch up,” along with the commensurate challenges. Front and center have been reputational gains in the pandemic for some community and large regional banks, which received high marks for the efficiency with the PPP loan programs. Lessons were learned with second chances when banks faced omnipresent ire during the financial crisis.

One teaching from the last financial crisis, bankers say, was that this time there has been no overt push to recognize potential losses due to better inter-agency cooperation among regulators, accounting bodies and other industry

players. The message from regulators was “you go to your customers and tell them ‘we’re here for you,’” while signaling ‘we’ll back you up,” said one senior bank executive.

CTBC’s Menai said this is something banks are still continuing today. “We told our customers we’ll get you through the next several months and grant up to six months of forbearance, as we are in the ‘relationship business’ as a community bank.” For some customers, Menai said, multi-generational relationships mean that the bank has become an extension of their businesses and their families.

### Retail and Food Company Challenges

Many large retail companies that sell groceries have benefited from notable spikes in revenue and EBITDA as consumers stocked up during the pandemic. Though, this time next year, there will be quarters that companies will have beat as the grocery sector “normalizes,” creating a challenge for CEOs and company leadership to balance shifting perspectives among employees and investors. “Especially with retail food companies, the market is going to react to the last six to nine months skewed by Covid, with higher revenue and profits and most companies will be challenged to match or best these numbers in 2021,” explained Boyden’s Ehrenkranz, who recently booked five new executive search assignments for several large food companies.

“No one wants to hear that next year they are going to see less, he added “So, the CEO’s challenge is how do you keep employees and customers in the stores happy and not spoil the goodwill that’s been built?”

### No Going Back

Top-down announcements from the corner office have turned into interactive discussions across levels and regions – and it looks like these new qualities of CEO and leadership communications are here to stay.

“You have to relate to people in terms of the realities they will truly experience even if it’s not always good news,” said CTBC’s Menai. “The era of prescriptive communication is over.”

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