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The executive in the “new normal”

The corona pandemic has given our health, economic, social and political framework a thorough shake-up. Together with the increased pace of digitalisation, this development is putting companies – and especially their executives – to the test.

By Raoul Nacke

Mid-tier companies all over the world have been badly rattled in recent months: sales collapsed and supply chains that were once planned to optimise costs down to the last cent ceased to function, resulting in delays in the flow of goods and supply shortages around the globe. On top of everything else, most top executives haven’t been trained to lead in times of such extreme complexity. First and foremost, following the financial crisis of 2008/2009, they were recruited because of their in-depth knowledge of the respective industry and processes in order to ensure survival in a market that has tended to develop positively ever since. Coping with the emergence of an unexpected global crisis or managing the exponential advance of digitalisation simply isn’t part of a typical executive’s core repertoire.

Such scenarios cannot be trained for.

In addition, the global lockdown has put companies across all sectors to the test. On the one hand, the team dynamic has been heavily impacted by the resolute shift from leadership via physical presence to management by means of online tools. On the other hand, in addition to communicating with internal and external stakeholders, the ability to preserve an organisation’s vitality during the crisis has also played a key role. Such scenarios cannot be trained for: as a rule, neither elite MBA courses nor top management seminars prepare executives for this kind of situation. As a result, all those affected have found themselves in comparable circumstances in recent months.

The lockdown was out of the ordinary and disruptive for all of

us. Some companies have used the time to push ahead with targeted changes, others are waiting to get “back to normal”. At the same time, the situation presents the opportunity to translate the learning effects gained from the crisis into day-to-day business practice.

One thing that became clear, for instance, was that there are both advantages and disadvantages to a global supply chain, whereas if it is too regionally based it can become a hindrance or even a risk. We’ve learned that the ability to use technology is essential in order to simplify existing processes, enable new processes (“smart working”) and make both an integral part of the management logic. Radiating confidence when the facts are unclear is one of the essential requirements for “reaching” staff and preparing them for the changes ahead.

Make it about the strength of the team.

Especially during the lockdown, there was a need for top managers who could motivate their teams to work towards a common goal. In other words, the kind of executive who “rolls up their sleeves” and is part of the team rather than living in an ivory tower – somebody who clearly embodies leadership but makes everything about the strength of the team rather than about themselves.

What does that mean for the near future? There won't be a “back-to-normal” situation. Depending on their sector, business models and possibilities, companies will create their own, new normal instead. It will be crucial to adapt to the ever more apparent paradigm shift rapidly: correlating, linear relationships will be replaced by a lack of correlation and unpredictability. We only need think of the stock market developments we've seen in recent weeks: the lack of correlation between what's happening in the world and stock

prices contradicts everything we were taught.

In the new normal, there will be a need for executives who can set a course for the future at a time when it is not yet clear where the signs are pointing. That calls for immense self-confidence coupled with the admission of fallibility, because the course will require constant correction. The ability to embrace the approach of “probing first and sensing next” and communicate it to the workforce convincingly is essential. That ability, however, is a rare characteristic. In today's understanding, an executive always knows the way forward. That's what makes them superior – and that's what they're paid for.

The natural charisma of next-generation executives.

Furthermore, there is a demand for executives who can function as team players by working in a complementary and respectful way with individuals whose strengths/weaknesses profile is very different to their own.

That calls for tolerance and an honest appreciation of diversity, as well as a management logic that demands active interaction within the leadership team and runs a functionally connected organisation. Internationality, especially when it has become part of somebody's DNA because of their own experiences on the ground, as well as a healthy curiosity about the use of technology and its application in day-to-day business, are crucial prerequisites for tomorrow's executives.

A natural charisma that secures the loyalty of the next generation is “the” vital characteristic for post-crisis executives. For this generation of leadership, self-aggrandising power games are out. The goal must be to present a convincing management logic that is commercially successful, sustainable, makes meaningful use of technology and looks to the future. That's all that is required.

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