The New CEO Frontier: Leading in the Post-COVID-19 World

YPO GLOBAL PULSE

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Introduction

With the onset of COVID-19, the world turned upside down. The pandemic continues to wreak havoc on our lives, businesses, economies and governments, but as we enter the final quarter of 2020, we have a firmer grasp on navigating our new reality.

At the forefront of this global crisis are chief executives preparing for the post-COVID-19 world. These leaders have a pulse across the many facets of business and have found ways to help the world in which we are all global citizens as well.

Chief executives have pivoted their businesses quickly and efficiently throughout the spread of this pandemic. As we continue to create a future no one anticipated less than a year ago, chief executives have stepped up to the challenge of not only leading in the post-COVID-19 world, but for making this new normal work for their businesses.

This research report explores:

- Chief executives' perspectives on managing their workforce into the future
- Traits business leaders believe are most critical for the CEO of the future
- Business pivots CEOs have made that they believe will help them in the long run
- Predictions for the next 12 months around business outcomes (headcount, revenue, total fixed investment) and the workforce

Key Findings

Nearly half of chief executives have a slightly or significantly more negative business outlook compared to what it was on 1 March 2020. While this percentage is significant, it represents an improvement in negative business outlook as compared to survey data from the previous six months. Over one-third of business leaders report their business outlook is slightly or significantly more positive as compared to 1 March 2020, a notable increase from May 2020 data of 23%.

Forty-five percent of leaders expect their number of employees to remain the same one year from now as compared to 1 March 2020. The other two business outcomes—revenue and total fixed investment—are less agreed upon by chief executives, with near-even splits of those who expect significant increases versus decreases.

Work flexibility (55%) and digital/technology investments (51%) are the most frequently mentioned changes chief executives have made to their businesses due to COVID-19 that they believe will benefit their business in the long term.

These adjustments may help in navigating potential issues that are likely to impact businesses in the next year. Top issues that are extremely or very important to chief executives include COVID-19 resurgence/restrictions and the regional economic environment. This aligns with their predictions that the economic environment will be the most significant issue facing the CEO of the future.

Thirty-four percent of respondents believe engagement will be the most significant issue the CEO of the future will face when it comes to managing employees. As 50% of respondents plan to offer part-time remote work in the post-COVID-19 world, engagement may be even more challenging.

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Business Outlook

Since March 2020, YPO has tracked the business outlook of chief executives to understand how their perspective has evolved during the pandemic. Since the beginning of YPO's tracking, when business outlook was at concerning levels, there has been a consistent, positive rise in business outlook. While the pandemic initially fostered an environment of uncertainty, with time business leaders have gained an understanding of what the future may hold.

Across the world, chief executives have a growing positive business outlook.

Thirty-seven percent of respondents express a slightly or significantly more positive business outlook as compared to 1 March 2020. When compared to YPO's historical data of 23% in May and 9% in April, this supports the notion that chief executives will continue to have a more positive business outlook as the pandemic continues.

How has your business outlook changed compared to what it was on 1 March 2020? (n=2,572)

Total (n=2,572)	23% significantly more negative	26% slightly more negative	15% about the same	23% slightly more positive	14% significantly more positive

Furthermore, negative business outlook continues to decline as compared to YPO's historical data, with nearly half (49%) of business leaders currently expressing a slightly or significantly more negative business outlook as compared to 1 March 2020. Although a pessimism rate of almost 50% is notable, more significant is that the decline in pessimism continues to trend downwards, down from 64% in May and 84% in April.

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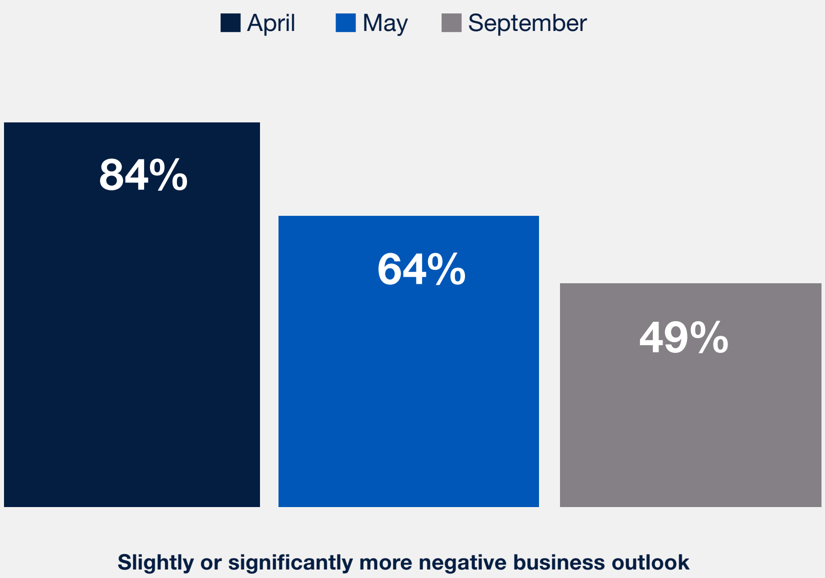
% of chief executives expressing a slightly or significantly more negative business outlook in April - September 2020 as compared to 1 March 2020



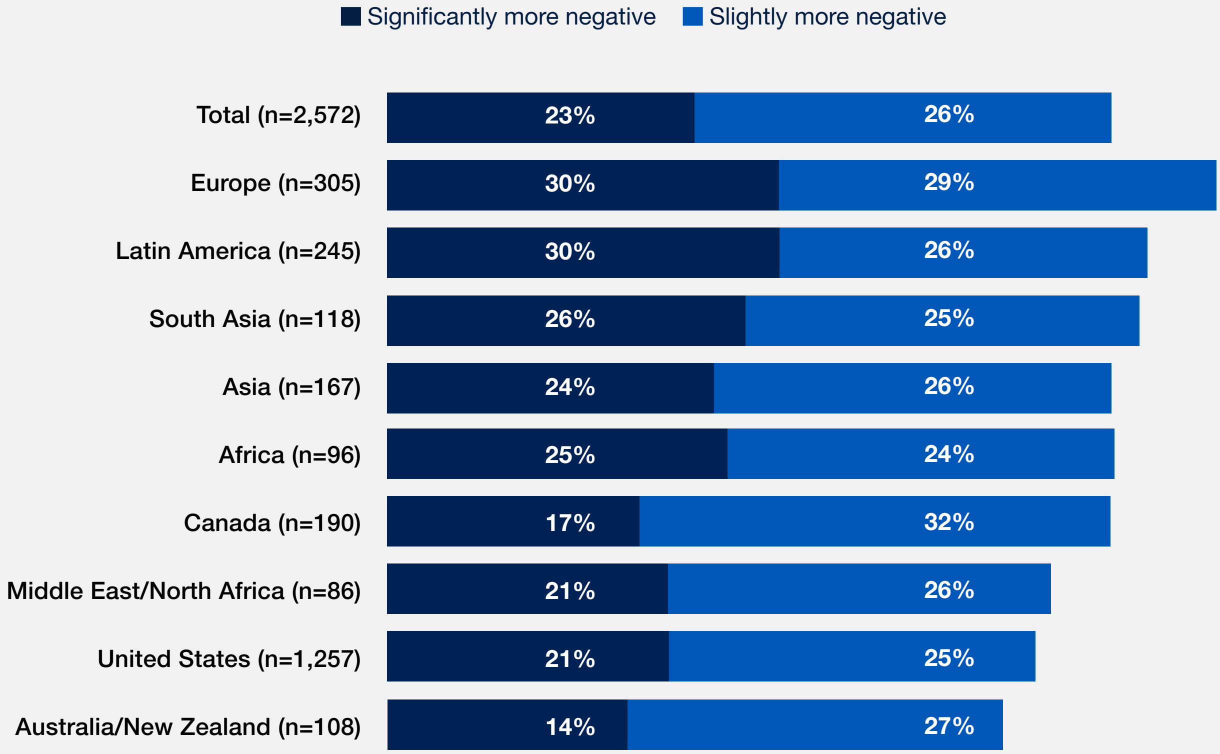
Fifteen percent of leaders say that their business outlook is about the same as compared to 1 March 2020. This percentage has remained nearly unchanged since May 2020, when 13% of leaders indicated a similar outlook as compared to 1 March 2020.

Regional findings

In every region, there are marked improvements in business outlook. The extent to which business outlook has improved, however, varies greatly. South Asia saw the greatest jump in optimism, with a 27% increase between May and September 2020. Europe saw the smallest jump, with a 6% increase in optimism. Europe and South Asia had similar levels of optimism in May 2020 (18% and 15%, respectively) indicating that European respondents' positive business outlook is outpaced by other regions. This is supported by the fact that only 26% of chief executives in Europe have a slightly or significantly more positive outlook as compared to 1 March 2020.

The spread of positive and negative business outlook is similar among regions, with a 19% difference between regions on positive business outlook and a 17% difference between regions on negative business outlook. This suggests chief executives have similar sentiments

% of chief executives expressing a slightly or significantly more negative business outlook in April - September 2020 compared to 1 March 2020



Fifteen percent of leaders say that their business outlook is about the same as compared to 1 March 2020. This percentage has remained nearly unchanged since May 2020, when 13% of leaders indicated a similar outlook as compared to 1 March 2020.

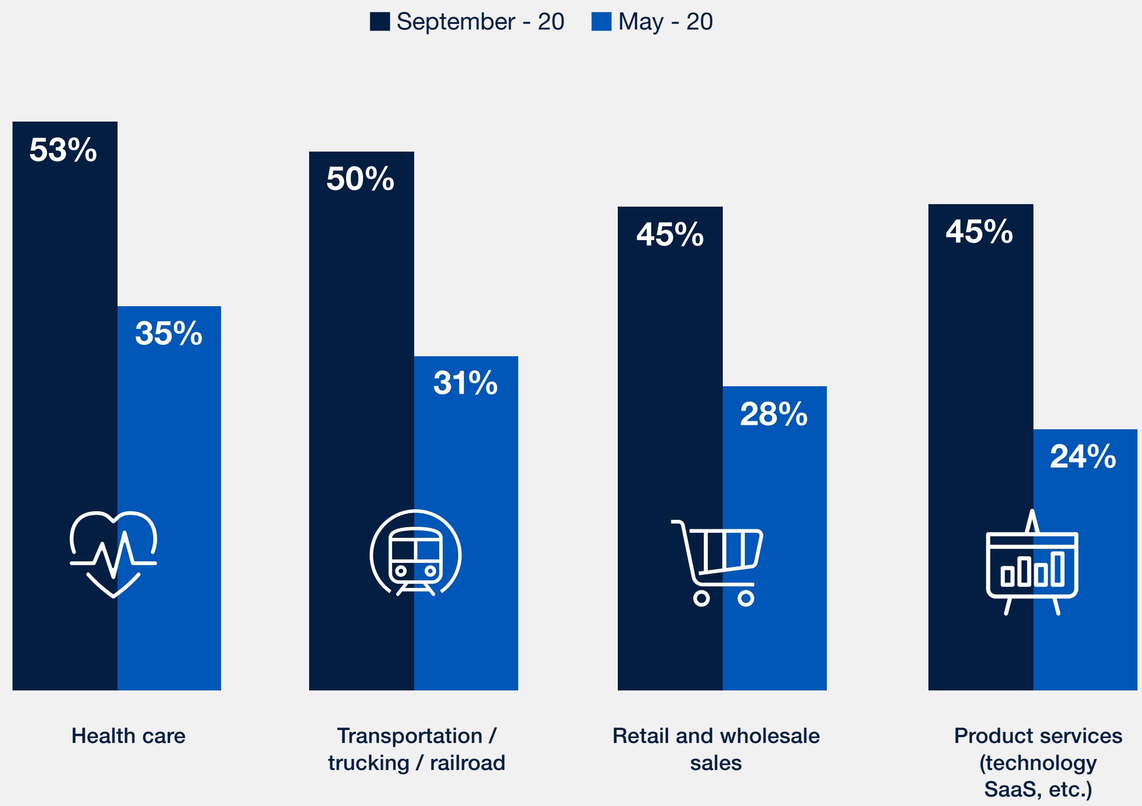
Business outlook varies widely by industry

Industry findings

When you look at the data by industry, notice the significant variances in business outlook, more so than differences in geographical regions. This is especially true when looking at negative outlook with a variance that ranges from 28% (transportation/trucking/railroad) to 77% (hospitality/restaurant).

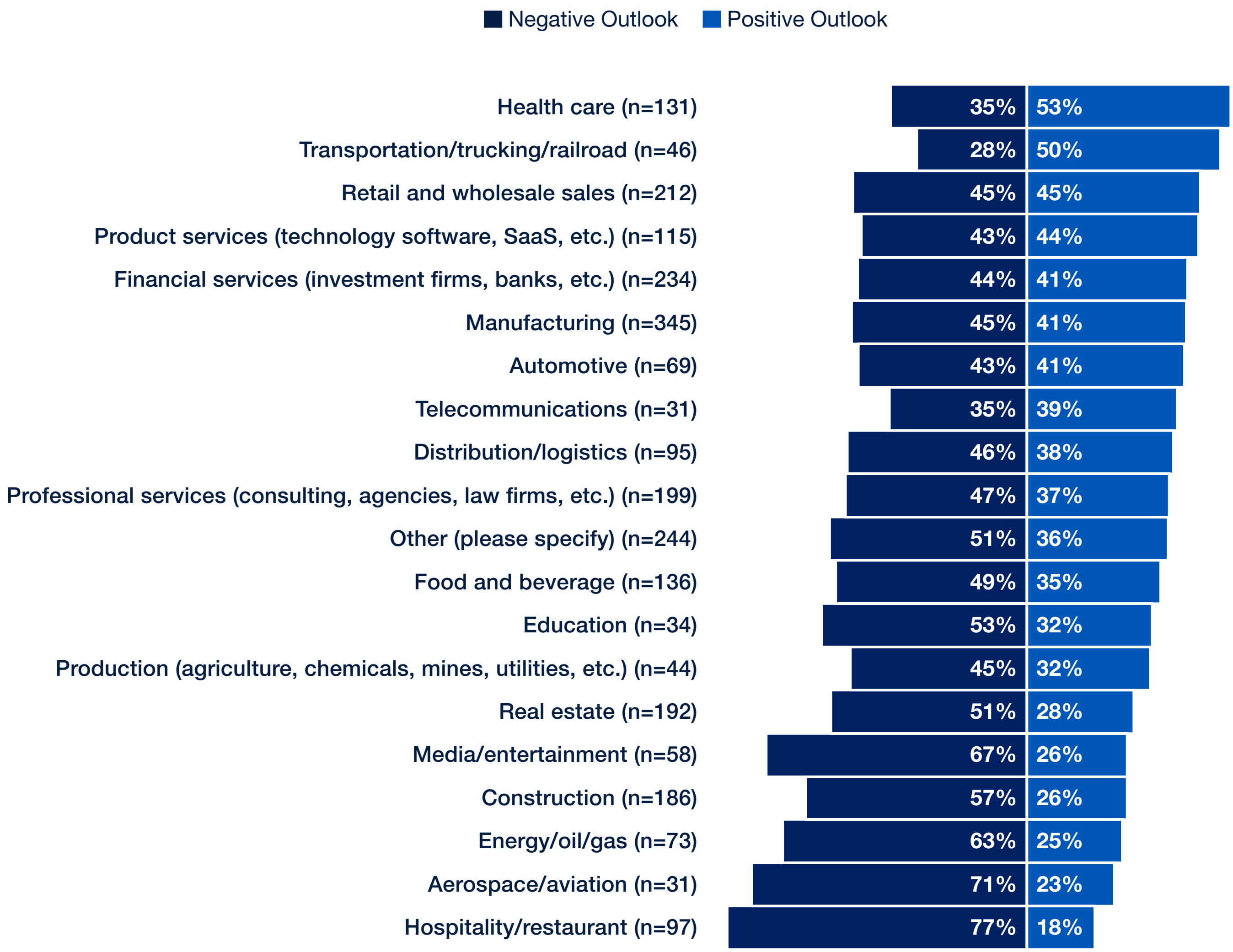
The industries with the most positive business outlook include health care, transportation/trucking/railroad, retail and wholesale, and product services (53%, 50%, 45% and 45%, respectively). Health care is the only industry with a top positive business outlook at present and in May 2020.

Top 4 industries with a positive business outlook (compared to May 2020 levels)



As was the case in May 2020, and in the exact same ranking, those with the most pessimistic business outlook are the hospitality/restaurant, aerospace/aviation, and media/entertainment (77%, 71% and 67%, respectively). Chief executives in these industries, however, are less pessimistic than they were in May 2020.

Negative versus positive business outlook by industry (n= 2,572)



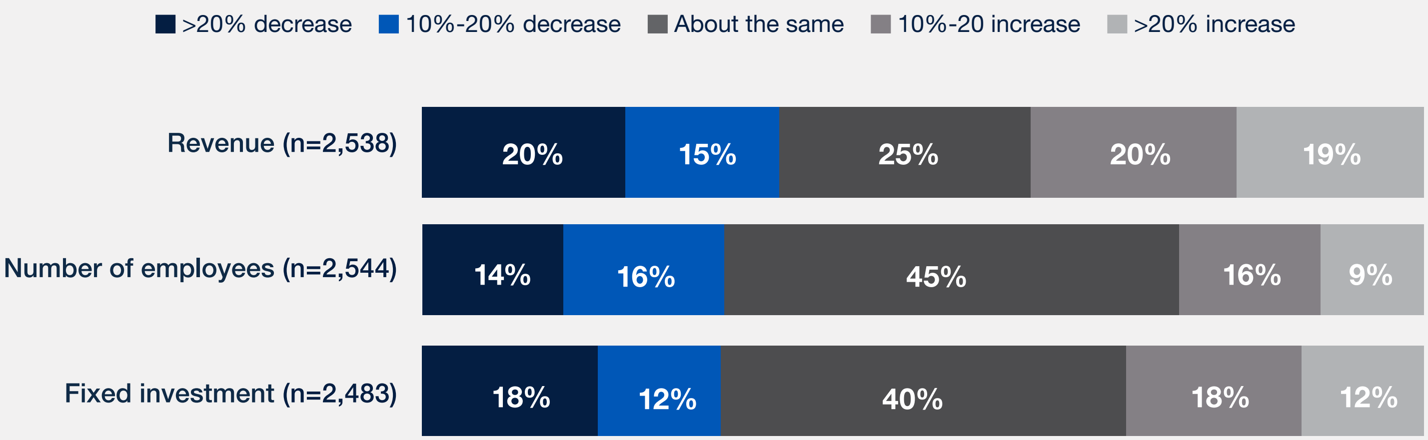
Road to recovery

Chief executives' responses are mixed when it comes to the road to recovery for business outcomes. While there are notable improvements compared to previous 2020 data from April and May, there is not a clear consensus on anticipated growth among the business outcomes.

Chief executives are most optimistic about revenue growth in the next 12 months as compared to 1 March 2020.

When forecasting revenue for 2021, respondents are split: 39% anticipate a 10% increase or more in revenue, but 35% anticipate a 10% decrease or more in revenue. This split also appears in total fixed investment, with 30% on either end of the growth spectrum. Number of employees does not follow this trend; nearly half (45%) of chief executives expect the number of employees to remain the same a year from now.

A year from now, how do you expect your company's totals in each of the following categories to compare to what they were on 1 March 2020?



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Revenue

Twenty percent of business leaders say they expect their revenues to still be down more than 20% a year out as compared to their revenue levels at the beginning of March 2020. This represents a 9% decrease from May 2020, at which time 29% of chief executives anticipated their revenues to be down more than 20% a year out. Twenty-five percent of leaders anticipate revenue to remain about the same a year from now as compared to 1 March 2020, unchanged from previous survey data.

Thirty-nine percent of respondents anticipate revenue to increase in the next year. This percentage is nearly identical to a recent McKinsey survey in which 37% of those surveyed believed companies' profits would increase in the next six months.[1]

Total number of employees

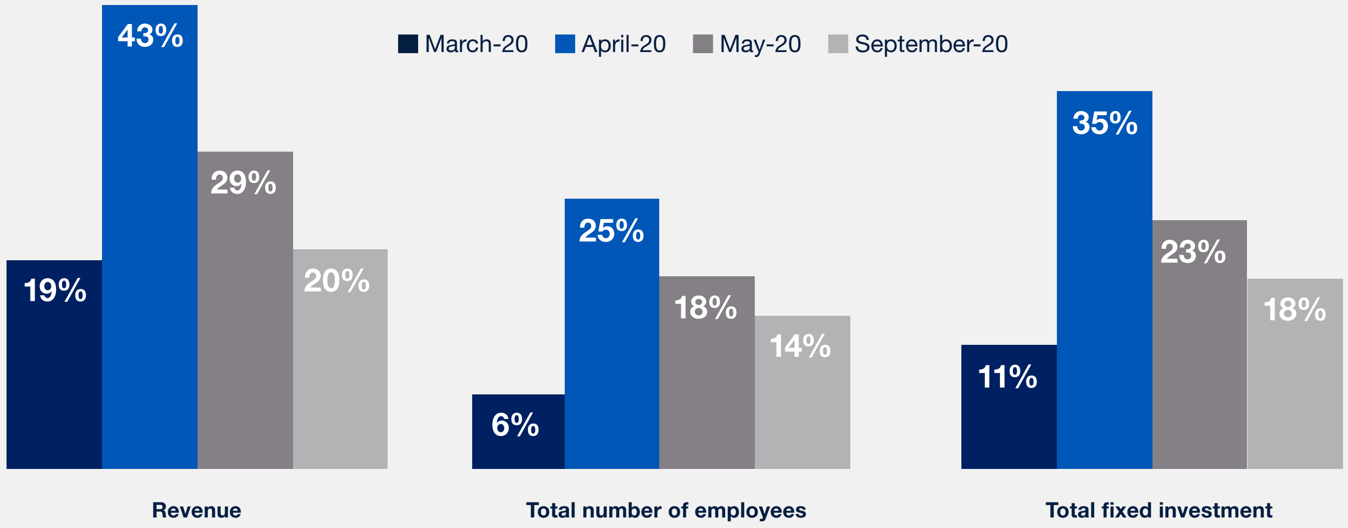
Fourteen percent of those surveyed expect their total number of employees to still be down by more than 20% a year from now. This is the smallest difference among the business outcomes as compared to historical data, down only 4% from May 2020. Optimism of a 10% increase or more in headcount has grown 10% since May 2020, now at 25%. Nearly half (45%) of business leaders anticipate that the number of employees will be the same or more a year from now.

Total fixed income

Eighteen percent of chief executives expect their total fixed investments to be down by more than 20% a year from now, a 5% decline from May 2020. Those expecting total fixed investment to remain unchanged is identical to May 2020 numbers at 40%. Thirty percent of respondents expect a 10% increase or more in fixed investment a year from now.

Economic outlook March - September 2020

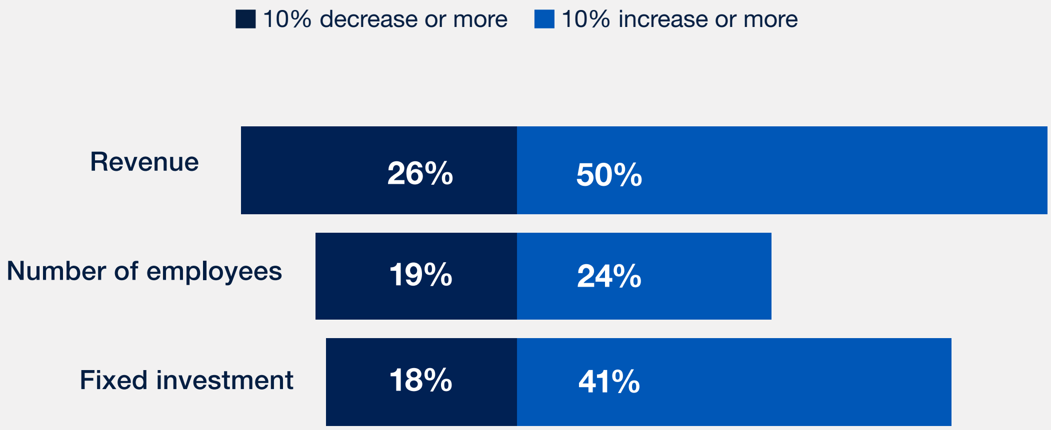
% of chief executives expecting company totals to be down more than 20% one year from now, compared to early March 2020 levels:



Regional findings

Across all business outcomes, there is a subtle but statistically significant relationship when looking at the outcomes across regions. Australia/New Zealand remains the most optimistic region when examining revenue and fixed investment, but the United States is most optimistic about growth in headcount. Yet leaders in Australia/New Zealand are least pessimistic across all three business outcomes, as was the case in May 2020.

In Australia/New Zealand, optimism of growth across business outcomes exceeds pessimism



Revenue

In all regions except South Asia and Europe, more than one-third of chief executives anticipate a 10% increase or more in revenue one year from now. In Australia/New Zealand, half of those surveyed predict a 10% increase or more in revenue one year from now. Almost half (47%) of leaders in Asia anticipate a 10% decrease or more in revenue one year from now.

Total number of employees

Across each region, most leaders expect total number of employees to remain the same one year from now. In some regions, there is a close split of expectations: In Latin America, 40% of leaders predict total number of employees will remain about the same, but 39% of leaders expect a 10% decrease or more. This is also true for South Asia (45% versus 42%) and Africa (40% versus 35%).

As with revenue, business leaders in Africa saw the greatest change in anticipating a 10% increase or more in headcount one year from now, jumping from 9% in May 2020 to 25% in September 2020.

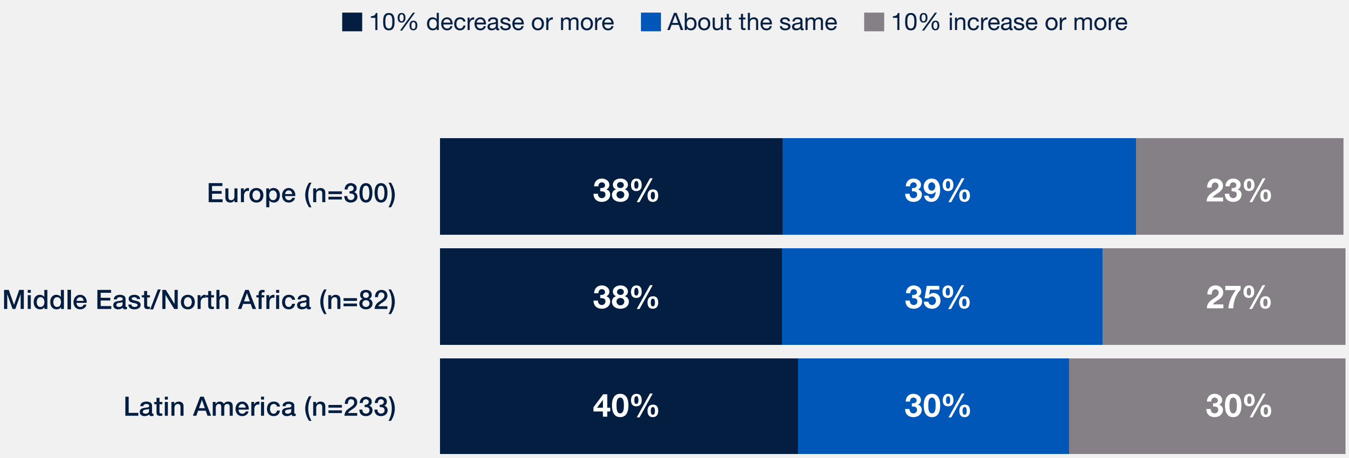
25%

of chief executives in **Africa and Canada** expect headcount to increase 10% or more one year from now.

Fixed investment

Australia/New Zealand is the outlier when it comes to forecasting growth in fixed investment, with 41% of leaders in this region saying they expect a 10% increase or more one year from now. In most regions, about 30% of leaders expect a 10% increase or more in fixed investment one year from now. The outlier on the other end is Europe, where only 23% of leaders expect a significant increase in fixed investment one year from now. Thus, it is logical to see that European leaders are one of the top three regions to expect a 10% decrease or more in fixed investment (38%). The other regions include Latin America (39%) and Middle East/North Africa (38%).

Top 3 regions least expecting growth in fixed investment



The greatest shift toward expecting growth in fixed investment is in the Africa region; there was a 20% decline in expecting a 10% decrease or more and a 17% increase in expecting a 10% increase or more between May 2020 and September 2020 data.

Industry findings

Revenue

Over half of chief executives in product services (technology, SaaS, etc.) (61%), health care (55%), telecommunications (52%) and transportation/trucking/railroad (52%) anticipate a 10% increase or more in revenue one year from now as compared to 1 March 2020.

Top three industries where chief executives expect a 10% decrease or more in revenue one year from now:

1. Hospitality/restaurant (76%)
2. Education (61%)
3. Aerospace/aviation (61%)

Respondents in the health care and transportation/trucking/railroad industries had the greatest change in sentiment between May 2020 and present, with a 44% increase and 31% increase, respectively, in forecasting a 10% increase or more in revenue one year from now.

Total number of employees

Expected increases of 10% or more in headcount does not match the optimism expressed when it comes to revenue. Product services (technology, SaaS, etc.) executives had the highest rate of predicting a 10% increase or more in total number of employees one year out, with 46% of respondents indicating such. In 15 industries, the majority of business leaders expect total number of employees to remain the same or grow one year from now as compared to 1 March 2020.

46%

of product services leaders expect a 10% increase or more in headcount.

In several industries, including food and beverage, education, hospitality/restaurant, and production (agriculture, chemical, mines, utilities, etc.) there was little change in respondents' predictions for headcount increases and decreases as compared to data from May 2020.

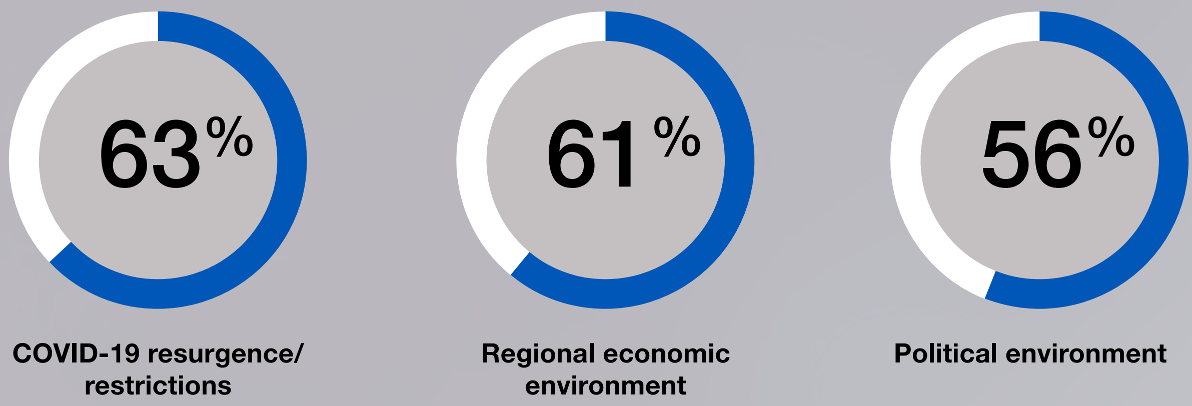
Fixed investment

Respondents across 13 industries expect, on average, total fixed investment to remain the same one year from now as compared to 1 March 2020. Industries that do not are evenly split between expecting a 10% increase or more and expecting a 10% decrease or more. Half of respondents in telecommunications forecast a 10% increase or more in total fixed investment, whereas over half of respondents in hospitality/restaurant (65%) and media/entertainment (52%) forecast a 10% decrease or more in total fixed investment one year from now as compared to 1 March 2020.

There was a 35% increase in retail and wholesale sales and 27% increase in professional services (consulting, agencies, law firms, etc.) leaders' anticipation of a 10% increase or more in total fixed investment between May 2020 and present.

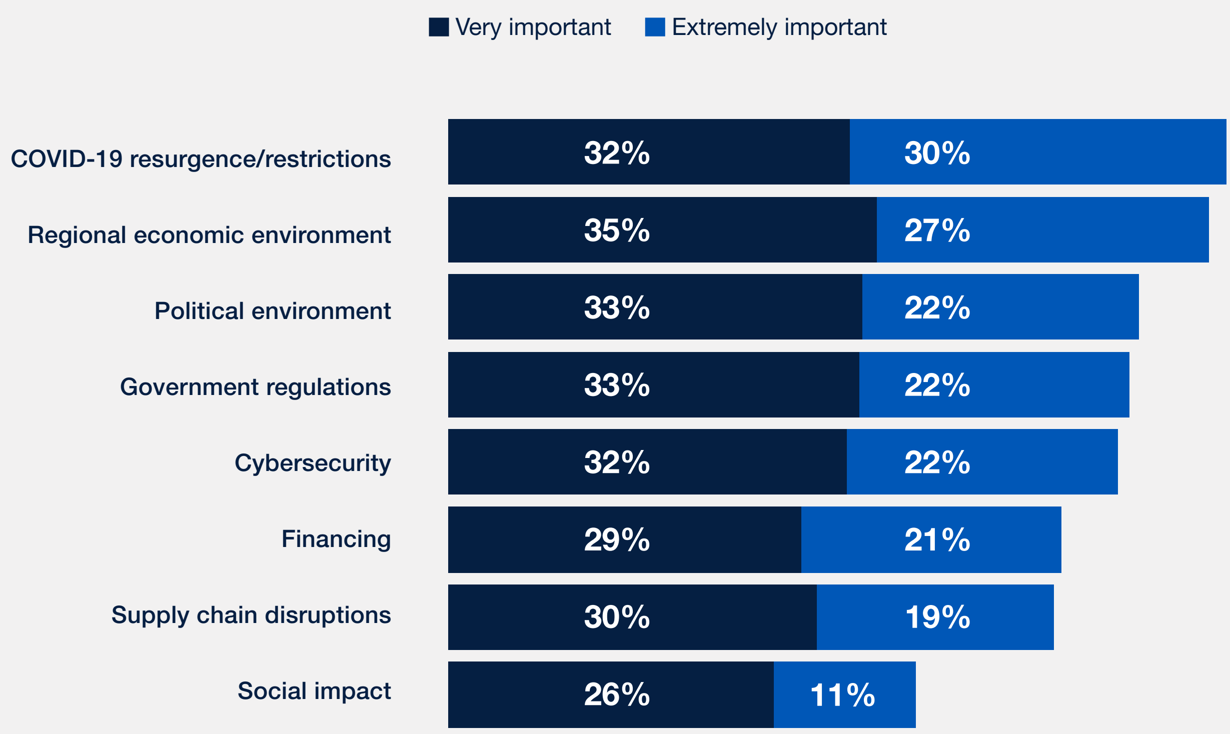
What may impact chief executives' businesses in the next 12 months

Issues global executives believe will impact business in the next 12 months (n=2,572)



Transportation/trucking/railroad chief executives are **least pessimistic about growth in fixed investment**, with only 5% expecting a **10% decrease** or more in total fixed investment one year from now.

Issues global executives believe will impact business in the next 12 months (n=2,572)



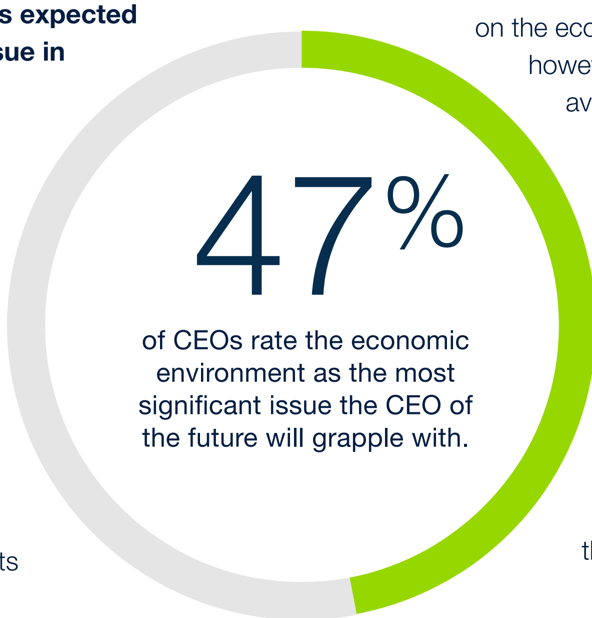
CEO of the Future

In these tumultuous times, employees look to their leaders for reassurance and guidance. Business leaders are under increased pressure to maintain business continuity and manage a changed workforce.

Chief executives across all regions are most likely to rate the economic environment as the largest issue in the post-COVID-19 world. Following the economic environment, digital technology ranked second across all regions.

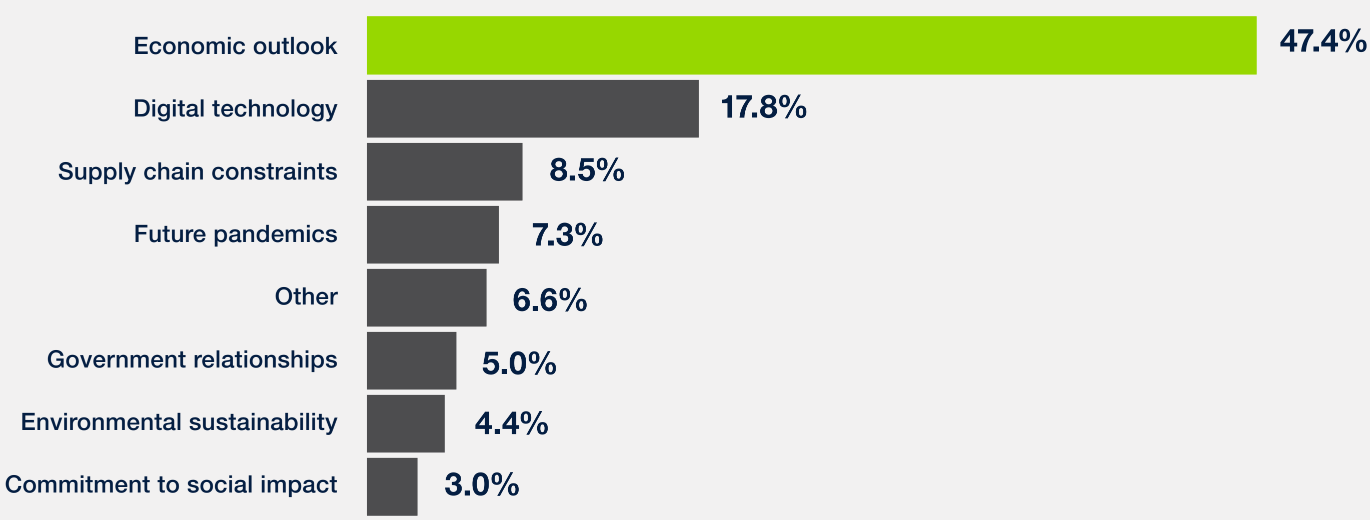
The economic environment is expected to be the most significant issue in the post-COVID-19 world.

The survey results are clear: nearly half (47%) of CEOs say the most significant issue the CEO of the future will grapple with is the economic environment. This concern is a justifiable one: According to the World Economic Outlook, 2021 global growth is projected at 5.45, which would leave the GDP for next year about 6.5 percentage points lower than in the pre-COVID-19 projections of January 2020.[2]



Business leaders in all industries place greatest weight on the economic environment. Following this, however, differences emerge: Aerospace/aviation executives are split between commitment to social impact and "other" as the second-most significant issue that will affect the CEO of the future. For chief executives who selected "other," government policy was the most popular suggested issue. In addition, leaders in the manufacturing sector responded that supply chain constraints are the second-most significant issue that will affect the CEO of the future.

Most significant issue facing the CEO of the future in the post-COVID-19 world (n=2,572)



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Adaptability is a crucial skill for the CEO of the future

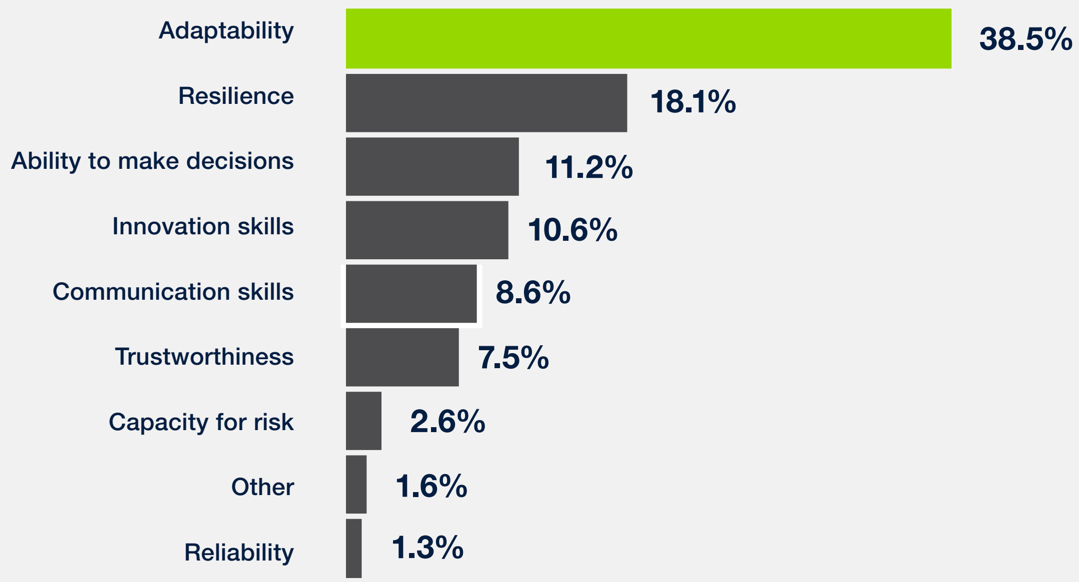
Due to the pandemic, the pace of change has rapidly accelerated. Ability to adapt to that change is becoming increasingly important.

Adaptability is the trait chief executives believe is most critical for the CEO of the future. World-renowned psychologist Daniel Goleman defines adaptability as “having flexibility in handling change, being able to juggle multiple demands, and adapting to new situations with fresh ideas and innovative approaches.”[3]

Following adaptability, **resilience** was the second-favorite choice among respondents, with 18% citing it as the most important trait for the CEO of the future. Some recurring answers in the “other” category include agility, emotional intelligence, judgment and vision.

Nearly 4 out of 10 chief executives agree that adaptability is the most important skill for the CEO of the future.

What trait do you believe is most important for the CEO of the future? (n=2,452)



From a regional standpoint, there are no significant differences in predictions about the most important trait for the CEO of the future.

There are, however, industry differences. Across all industries, adaptability was the top choice selected by respondents. In some industries, this was a clear first choice, but in others it was not. For example, those in the education sector are split between adaptability (26%), innovation (24%) and resilience (21%). Production (agriculture, chemicals, mines, utilities, etc.) was also divided between adaptability (32%), resilience (27%) and ability to make decisions (23%).

Traits highly rated by specific industries

Communication skills ▸	Telecommunications
Ability to make decisions ▸	Production (agriculture, chemicals, mines, utilities, etc.)
Innovation skills ▸	Education
Reliability ▸	Health care
Resilience ▸	Production (agriculture, chemicals, mines, utilities, etc.)
Capacity for risk ▸	Aerospace/aviation
Trustworthiness ▸	Media/entertainment

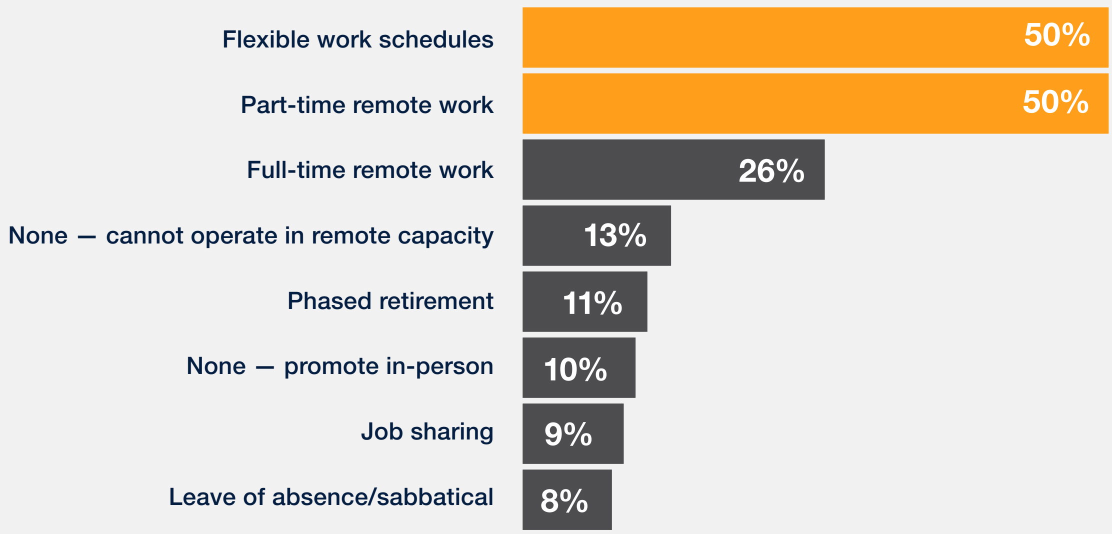
Employees of the Future

The path to back-to-work remains ambiguous in many regions not only for chief executives, but for their employees. Many businesses were forced to move to remote operations, which created a new set of problems: leading virtual teams, stifled communication due to lack of non-verbal and social emotional cues, and processes designed for in-person. Yet the challenges derived from working remotely have been successfully addressed by many businesses, creating a new possibility of continued remote work after the pandemic ends.

Flexible work arrangements are here to stay.

Over three-quarters (78%) of business leaders report they will continue to offer some sort of flexible work arrangements in the post-COVID-19 world. Of the businesses that will not offer flexible work arrangements in the future, most leaders cite that their business cannot operate in a remote capacity. Those that selected this option are most commonly in industries where remote work is difficult or impossible: hospitality 30%, construction 29%, food and beverage 24%, production 23% and manufacturing 21%.

In a post-COVID-19 world, which of the following flexible work arrangements will your business offer employees permanently? (n=2,452)



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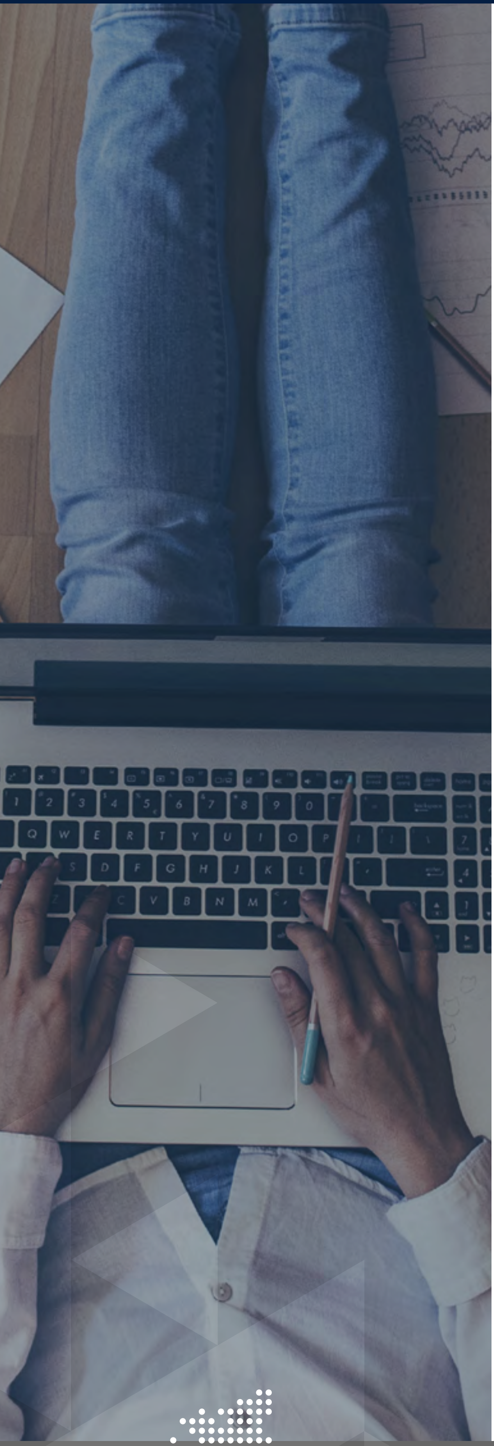


From a regional standpoint, there are differences in how business leaders approach flexible work arrangements. Part-time work and flexible work arrangements are the most popular choices across all regions. Respondents in Europe, Latin America and Middle East/North Africa are more likely to select part-time work, whereas respondents in the remaining regions are more likely to select flexible work schedules.

Twenty-one percent of chief executives in Africa note they cannot operate their business in a remote capacity; this was the highest of all regions. South Asia and Middle East/North Africa are also regions where chief executives report an inability to work remotely with 18% and 16% of respondents selecting this option, respectively.

Respondents in Canada (36%) and the United States (31%) had the highest selection of full-time remote work.

More interesting, however, may be the differences in flexible work arrangements by industry. As seen in the regional split, part-time remote work and flexible work schedules are the most popular choices across all industries.

When it comes to full-time remote work, construction and production (agriculture, chemicals, mines, utilities, etc.) chief executives are least likely to offer it in the post-COVID-19 world (10% and 11%, respectively). The industries where chief executives are more likely to indicate that remote work is not possible are hospitality/restaurant (30%), automotive (29%), and food and beverage (24%). Nineteen percent of respondents in the construction industry and 15% of respondents in real estate indicated that their businesses will promote an in-person work environment in the post-COVID-19 world.

Top industries that will not offer flexible work arrangements in the future:

1. Automotive (39%)
2. Hospitality/restaurant (38%)
3. Construction (37%)
4. Food and beverage (36%)
5. Transportation/trucking/railroad (35%)
6. Manufacturing (35%)

36%

of chief executives in Canada will offer full-time remote work, the highest rate of any region.

YPO

Engagement is a top concern when it comes to managing employees in the future

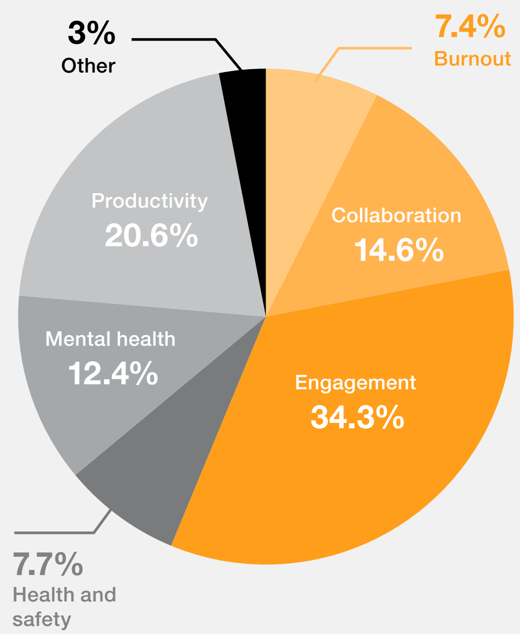
Thirty-four percent of chief executives noted that engagement is the most significant issue they will face in managing employees in the future.

This concern may be mitigated by other side effects of the pandemic. Recent research from Gallup found that engaged workers (defined as those who are highly involved in, enthusiastic about, and committed to their work and workplace) climbed to 38%, the highest it has been since Gallup began tracking engagement in 2000.[4]

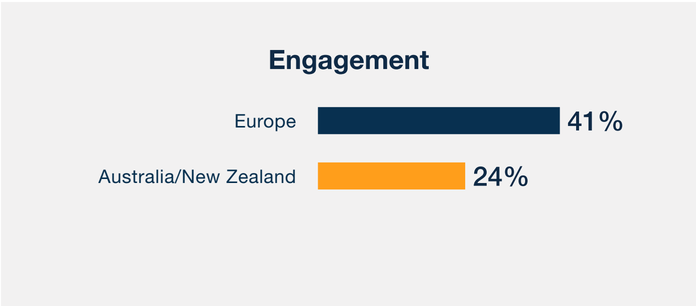
In addition, according to Gallup, engagement climbs when employees spend 60-80% of their time working remotely.[5] This allows employees to maintain a flexible work schedule while still getting face time with their managers and coworkers. Given that most leaders plan to offer part-time remote work in the future, they may be well suited to navigate the challenges of employee engagement.

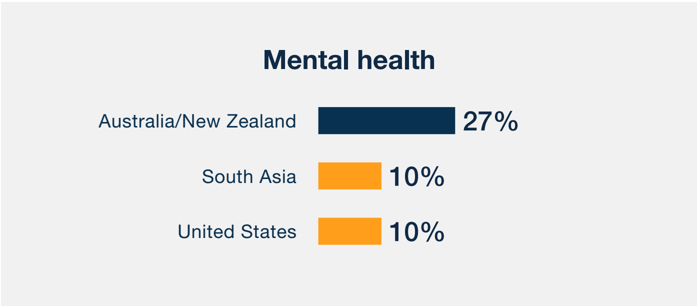
Following engagement are concerns about productivity (21%) and collaboration (15%) when it comes to managing employees in the future. These responses align with data from the Society for Human Resource Management, which recently reported that 35% of employers are grappling with changes in employee productivity.[6]

What is the most significant issue the CEO of the future will face in managing employees? (n=2,572)



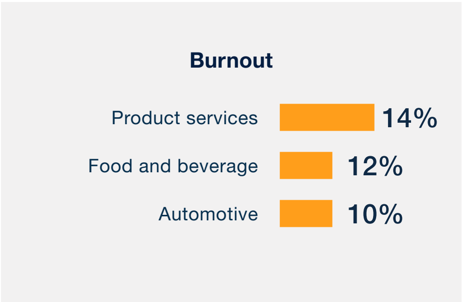
Productivity is less of a concern for chief executives in Europe, with only 14% of these leaders selecting it as the most significant issue in managing employees. In contrast, 30% of those surveyed in South Asia responded that productivity was their top concern. Engagement and mental health tie with a 17% differential among regions for what concerns leaders.

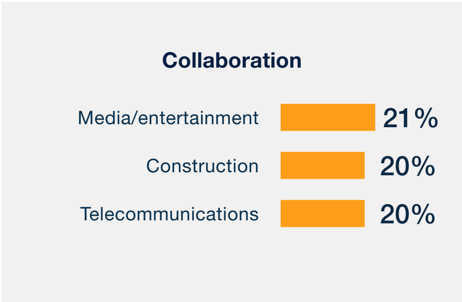


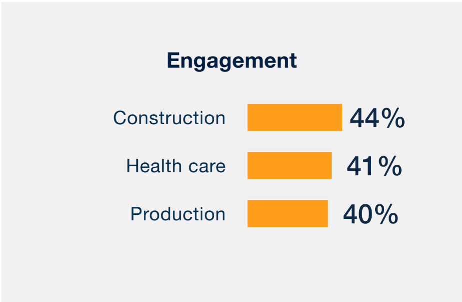


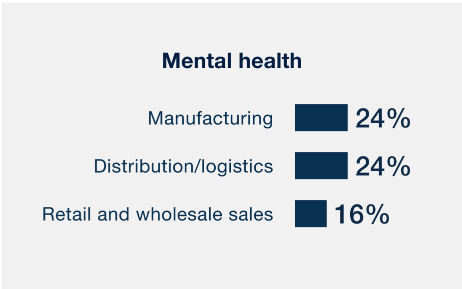
Chief executives in all industries are most likely to select engagement as the top issue the CEO of the future will face when managing employees, though the second-most selected issue varied by industry. In media/entertainment (21%), telecommunications (20%) and construction (20%), respondents selected collaboration as the next highest issue. Mental health was the second-highest ranked issue for chief executives in the distribution (24%) and manufacturing (24%) industries.

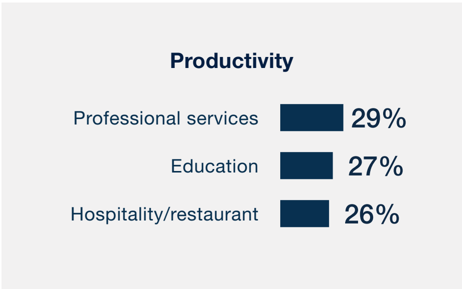
Industries most affected by top future significant issues as reported by CEOs







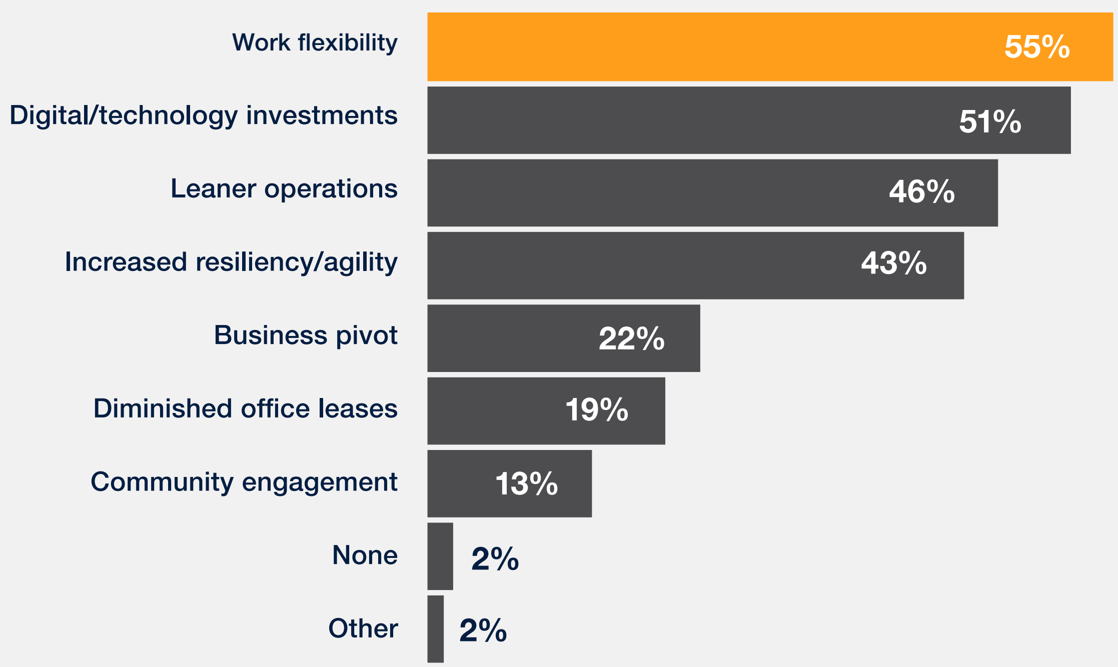




Changes spurred by the pandemic are expected to benefit business in the long run.

Chief executives have made changes due to the pandemic that they anticipate will benefit their businesses in the long run. The survey data indicates that over half of business leaders enacted work flexibility (55%) and made digital/technology investments (51%) since the beginning of the pandemic.

Have you made any of the below adjustments due to COVID-19 that you anticipate will benefit your business in the long-term? (n=2,572)



Appendix

COVID-19 Resources

Please visit our COVID-19 **Resource Center** for the latest insights, research and advice from our extraordinary YPO member community.

If you are a YPO member, please visit our **YPO COVID-19 Microsite** and **YPO COVID-19 Discussion Group** for the valuable insights and information from your fellow global leaders.

About YPO

YPO is a global leadership community of chief executives driven by our belief that the world needs better leaders. Members grow stronger as people and leaders through peer learning, life-changing experiences, and important relationships. Trust and authenticity have been the foundation of YPO learning since it was founded 70 years ago. We are eager to help inspire and support leaders to make a meaningful impact on lives, businesses, and the world.

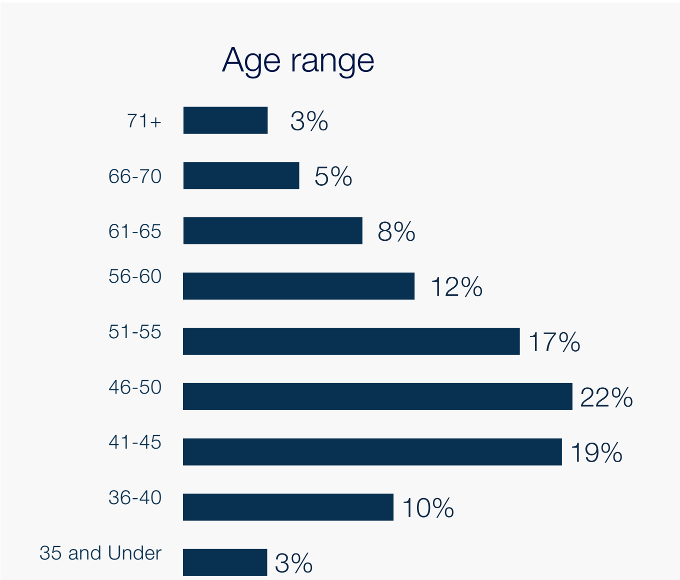
Methodology

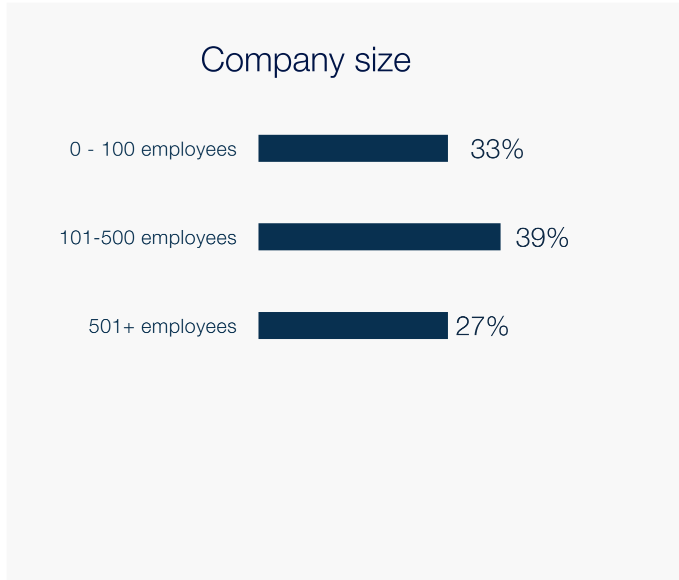
The 2020 Global Pulse survey on the new CEO frontier was sent to all YPO members on 21 September 2020 and closed on 24 September 2020. A total of 2,572 chief executives responded to the survey (10% response rate, margin of error +/- 1.84%). The survey sample is representative of the larger YPO population across a range of demographics, including region, age, chief executive type and firm type. The members in this sample come from 100 different countries and range in age from 28 to 92 years old.

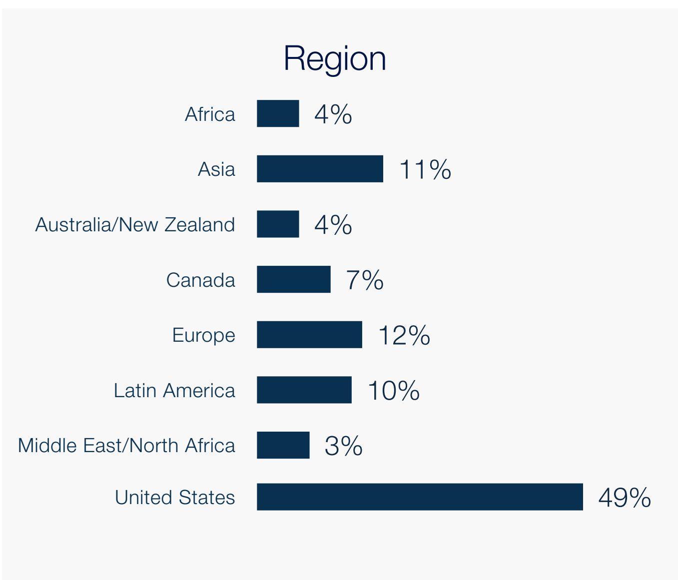
Company size was a variable in this report's analysis; however, analysis of the data showed no significant differences in answers across all questions based on company size.

Additional survey information is available upon request by emailing YPOGlobalPulse@ypo.org.

Survey Demographics







YPO is the premier global leadership organization for more than 28,000 chief executives in 142 countries and the global platform for them to engage, learn and grow. YPO members harness the knowledge, influence and trust of the world's most influential and innovative business leaders to inspire business, personal, family and community impact. Today, YPO member-run companies, diversified among industries and types of businesses, employ more than 22 million people globally and generate USD9 trillion in annual revenues. For more information, visit ypo.org.

Endnotes

1. McKinsey & Company. (2020, July). **COVID-19: Briefing Materials.**

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6. SHRM. (2020, April). **COVID-19 Research: How the Pandemic is Challenging and Changing Employers.**

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