

Leading a Company That Can Thrive in a Chaotic World

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Recently, we met with a group of American and European CEOs of major companies to discuss how to lead in the context of the multiple, intersecting crises the world is facing — from geopolitical conflicts to environmental disasters, deepening political and social fractures, disrupted value chains, and disruptive technological change. This challenging context is causing significant stress for these leaders and their employees.

What emerged from our discussion is that leaders need to aim higher than simply withstanding or responding to these seemingly never-ending shocks. Although playing defense may be necessary, it's not sufficient on its own. Leaders must instead ensure their organizations can thrive in this new environment. Here are six strategies for accomplishing this.

Take care of yourself

Crises are stressful and exact an emotional toll. Since the Covid-19 pandemic, organizations have become more attuned to the importance of their employees' mental health and well-being.

The CEOs we spoke to recognize that to build organizational resilience, it is essential to create a caring and supportive environment for their employees. Yet, just as we're instructed to put on our own oxygen masks first, leaders must first take care of themselves before they can care for others. Even though crises require leaders to show confidence, they should not try to be superheroes, but recognize they too are only human.

Early in his career, Nike's CEO John Donahoe received important advice: Although elite athletes rely on a team that focuses on their wellness to excel, business leaders often see getting help as a sign of weakness. Donahoe now starts his day with exercise, meditation, and a gratitude practice. He actively seeks out others who can provide him useful counsel. He sees caring for his physical, mental, and spiritual health as part of his job, and encourages everyone around him to do the same.

Lead with values

Fundamental values and principles remind us of what's important so that we don't get lost in the fog of uncertainty. In a world characterized by increasing volatility, our CEOs emphasize the importance of anchoring leadership around core values and principles, which remain stable even when the environment isn't.

That's how it went at Best Buy, where one of us (Hubert) was previously CEO. Without a handbook for the fast-evolving crisis of the pandemic, current CEO Corie Barry called an emergency meeting with her leadership team and reached out to Best Buy's store general managers to decide collectively how to handle the unprecedented situation. Leading with her collaborative style and rallying her team around the values they shared, she established three principles that shaped the way forward: 1) Make the safety of employees and customers Best Buy's highest priority; 2) avoid layoffs as long as possible, even if stores were forced to close; and 3) make decisions based on long-term value creation.

Having these values-based ground rules enabled Best Buy not only to navigate the crisis, which entailed shutting down over 1,000 stores and furloughing over 50,000 employees, but to retain employee goodwill and thrive as the market rebounded.

Seeing opportunities

Even the most challenging situations offer opportunities. To discover the best ones, our CEOs recommend leaving the home office and going to the marketplace to listen to customers and frontline employees, understand their needs, and determine how to meet them.

During the worst of the Covid pandemic, guaranteeing the safety of employees and customers by offering a sanitized environment was essential for restaurants and hotels. Amid large-scale closures of facilities that threatened their business, Ecolab's CEO Christophe Beck shared with us how he and his team worked closely with key customers like McDonald's to develop disinfection protocols and certifications, which helped reignite these industries. The skills Ecolab learned from partnering creatively with their customers are now being leveraged to explore how they can reduce their water usage and advance their sustainability goals, opening up yet another growth opportunity.

Rethink your higher purpose

External shocks can sometimes challenge the existence of a business or even an entire industry. As the effects of climate change become more widespread and severe, they are pushing risk-pooling mechanisms to their limits and forcing insurers to think about alternatives.

Concerns about such uncertainties prompted global insurance company AXA, where Thomas is CEO, to re-found its business around its customers' fundamental need to protect against risks. It reframed the role of insurance from being a payor of claims to a partner in helping customers mitigate risks. This has led AXA to expand its catalog of products, including the launch of AXA Climate, a new unit offering innovative satellite and parametric insurance and adaptation advice to help businesses, farmers, and communities build their resilience. This shift also caused the company to introduce a portfolio of health-related services beyond health insurance.

These CEOs found that challenging the company's *raison d'être* and rethinking its purpose to address fundamental human needs enables them to focus the company on a long-term, value-creating agenda beyond the crisis-du-jour.

Redefine winning

The CEOs advocated for redefining what it means to "win" in this new environment.

Many workers have changed their view of work and careers in the last few years. For example, one recent survey found that only 27% of knowledge workers have a healthy relationship with work, and another found that most employees care more about their company's impact on the world than they do about traditional measures of business success, such as financial metrics.

With its mission to "Alleviate pain, restore health, and extend life," Medtronic (where Bill was formerly the CEO) is well known for its purpose-driven culture. For example, Medtronic's key metric tracks how many seconds transpire until another person's health is restored by a Medtronic product. Over 30 years, that number has fallen from 100 seconds to two per second today. It's this purpose-driven metric, and not shareholder value, that inspires employees to meet human needs with innovative, high-quality products.

Create energy

The current environment is so draining for employees that the leader's primary responsibility is to become a chief energizing officer.

With his calm, positive, and yet demanding demeanor, CEO Alan Mulally was famous for lifting everyone's energy when he turned Ford around. Despite a desperate situation (Ford was facing a \$17 billion loss), he developed an inspiring vision for the company, crafted a winning strategy, and created an operating environment where it was safe to speak about performance issues and easy to get help from others. This was in sharp contrast to Ford's previous culture, where reporting problems without an immediate fix was seen as a sign of weakness. By reenergizing its culture, Mulally unlocked Ford's potential.

Similarly, Satya Nadella realized Microsoft needed a cultural transformation following years of stagnation. He introduced a growth mindset and empathy for customers and fellow employees by encouraging employees to experiment, learn from failures, and collaborate across boundaries. He became a role model by admitting his own mistakes, asking for help, and praising the achievements of others, leading to an open, energizing environment where innovation could flourish. This was in stark contrast to the culture he inherited, which has often been described as toxic and focused on internal rivalry.

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To thrive in this chaotic new world, organizations need leaders with inner strength, character, and a moral compass. By continually adapting and learning, they'll enable their organizations to navigate these ever-turbulent waters.