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The severity and duration of the current pandemic is challenging even the most mature executive team. Executive leaders must leverage decision-making frameworks with traditional and nontraditional criteria, to guide and optimize their decision making now and in future significant disruptions.

Overview

Key Challenges

- Unprecedented individual mobility has fueled the rapid spread of the first global pandemic of the 21st century. Executives must make decisions regarding the short- and long-term viability of their enterprise activities based on a future with uncertain economics and the potential of less mobility.
- Information gaps and dynamically evolving situations and players in the game make decision making significantly more complex than traditional business crises and disasters.
- Executives, some for the first time, are making a myriad of stressful decisions that materially impact employee and customer health and safety.
- Executives must find ways to make these stressful decisions in a manner that protects their employees, the enterprise and its brand appropriately.

Recommendations

Executive leaders who need to optimize their decision making during significant disruption should:

- Anchor decision making on a framework that focuses on traditional criteria, such as revenue, cost and risk, to make sound decisions in the dynamically evolving situation.
- Adapt crisis decision making for the long term by using safety, continuity and resiliency criteria that reinforce and extend the core competencies of the enterprise.
- Embrace the social realities of the pandemic, including community, emotional and ethical criteria, to help drive decisions that are not only fiscally successful, but meaningful for all stakeholders.

- Create a three-part decision framework composed of traditional, crisis and social criteria sets, equally weighted to optimize decision making during the extended COVID-19 pandemic.

Introduction

COVID-19 is forcing many executive leaders to make decisions regarding employee and customer safety, business strategy and other critical issues at a pace and risk level they have never experienced before. These decisions are creating stress for executives, as they make difficult trade-off decisions where there is often no win-win scenario or clear precedent available. An enhanced decision framework can help executive leaders make more successful and meaningful decisions during the extended disruption of the pandemic.

The 2020 Gartner CEO Survey shows that only 38 percent of CEOs rely on clear decision frameworks and principles to guide their decision making and to resolve disagreements among the executive team. The rest of respondents use methods such as socialization, trusted advisors and delegation. Decision frameworks provide a stable set of criteria executives can use to make efficient and thorough decisions, and are an organizationwide transparency mechanism for how decisions are made. Without a clear framework, COVID-19 decision making may overwhelm executives.

Enterprises with traditional decision frameworks can easily make suboptimal decisions because they may give too much or too little weight to the special circumstances of the crisis. Therefore, leaders should adopt a decision framework incorporating three equally important sets of criteria (see Figure 1):

- **Traditional business value:** To protect the financial health and viability of the enterprise
- **Crisis and disruption:** To protect the health and safety of employees, customers and community
- **Social and emotional:** To protect the emotional health of the community, and deliver on the enterprise value system in a manner that reflects current societal priorities

Figure 1. Executive Decision Making in the Time of COVID-19

Executive Decision Making in the Time of COVID-19

Successful Meaningful Decision



Source: Gartner
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The three sets of criteria in the decision framework are equally important because they represent the trade-offs that all executives are making throughout the pandemic, where social and crisis decision making are playing an amplified role. For the purpose of this framework, consider traditional, crisis and social criteria as having equal weighting in a decision, or approximately 33% each.

While this weighting might seem less appropriate in normal business circumstances, in an extended disruption such as a pandemic, executives should assign the three sets of criteria equal weight.

An enterprise that neglects its financial performance will go out of business and be of no help to the community. At the same time, the community may reject an enterprise that focuses exclusively on financial performance during the crisis as having a value system too different from its own.

The decisions that executive leaders make throughout the pandemic must be both successful for the enterprise and send meaningful messages to all of its stakeholders, including customers and the public.

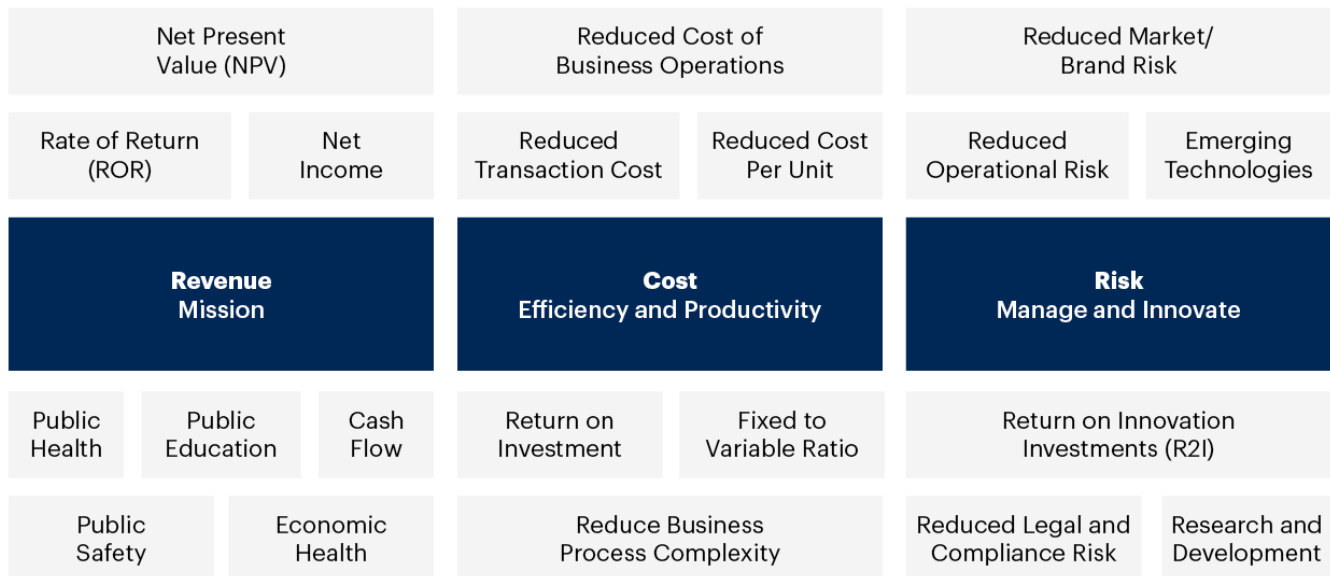
Analysis

Anchor on a Traditional Business Value Framework to Start

Effective executive decision frameworks will include a set of criteria that resemble traditional business cases, designed to drive financial value while minimizing risk. One visual representation of such a framework is shown in Figure 2.

Figure 2. Business Value Is Composed of Three Key Criteria

Business Value Is Comprised of Three Key Criteria



Source: Gartner
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When using the business value part of the framework in the time of COVID-19, keep the following recommendations in mind:

- Each and every time the executive team takes on a new decision of any significance, start by discussing which business criteria matters most for the decision at hand. Recognize that financial priorities will have to shift, and may have to shift publicly. For example, paying dividends may have less importance through the end of 2020, while risk becomes the greater daily and public priority.
- Then, work together as a team to determine which option best fulfills the traditional financial and risk criteria, in the desired time frame whether it be today, this quarter, or in the next year.

Traditional frameworks, such as the above, which focus on revenue (mission for public sector and not for profit entities), cost and risk, are highly critical, but insufficient in the current context. So nontraditional crisis criteria are the next most important to consider.

Add Nontraditional Crisis Criteria to the Framework

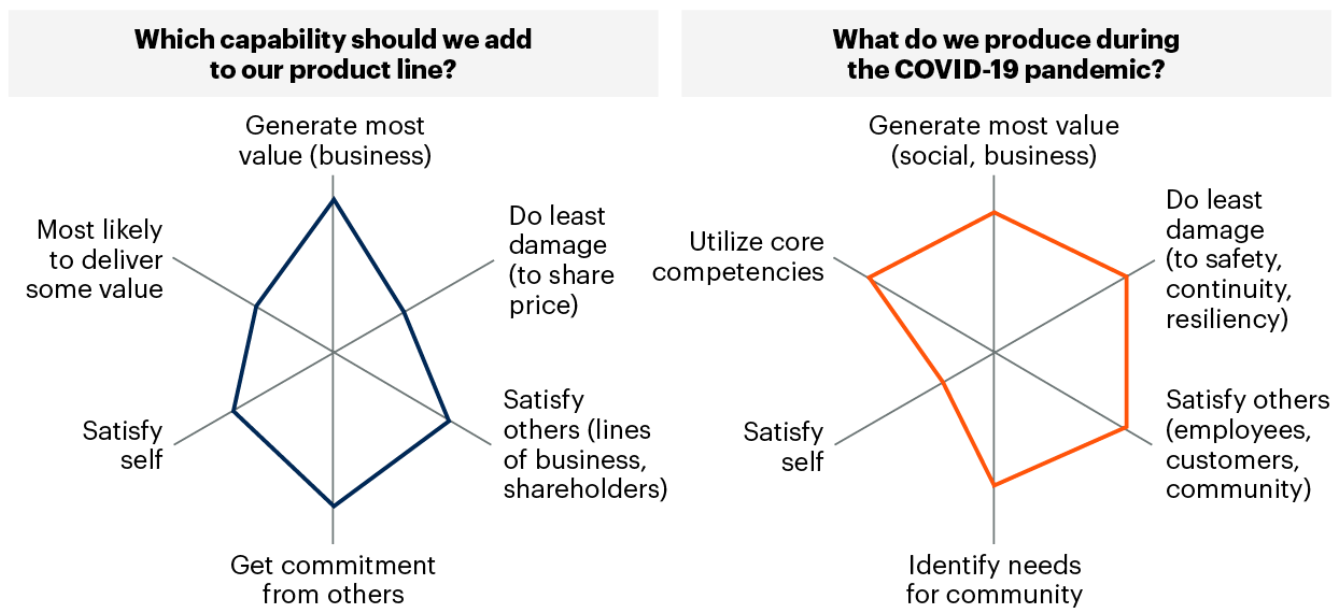
Data available at the time of publication indicates that the pandemic is likely to affect different regions of the world on and off for the next 18 months. As a result, different regions and the enterprises that operate within them are likely to experience varying periods of crisis through the

end of 2021. The new normal in executive decision making may include dealing with pockets of pandemic in different regions on a regular basis.

To help deal with this extended crisis, executive leaders must consistently include criteria in their decision frameworks that focus on maximizing the core competencies of the enterprise to create enterprise resilience. Figure 3 illustrates how the criteria for decision-making success changes during times of active pandemic and potential crisis.

Figure 3. Defining Success: What Is the “Best” Decision

Defining Success: What Is the “Best” Decision



Source: Gartner
722901_C

While the traditional criteria on the left are more than sufficient during steady-state operations, in a period of long-term disruption, the criteria for the “best” decision will change. Changes may take the form of:

1. Replacement or additional criteria, such as the need to utilize core competencies, as there is neither time nor resources to build fundamentally new ones
2. Shifting definitions and priorities within each criterion, such as the nature of value (societal versus business) or the most important stakeholders
3. The relative importance of each criterion; for example, a major emphasis on the damage control required during a period of crisis

Executive leaders must revisit their own enterprise core competencies to determine what options they have readily available to continue to generate revenue and maintain operations while emphasizing safety, continuity and resiliency.

- **Safety criteria:** Add both proximity and social distance as key criteria for product, design and engagement for all stakeholders in the long term (see “Video: An Expert’s View of COVID-19”).

Customers and employees are currently trading proximity for social distance and safety, while striving to remain consumers (see “Consumer Sentiment About COVID-19: What They Expect of Companies”). Habits are often formed after only three months of practicing a behavior, and many regions are well into their third month of community lockdowns. ¹ Therefore, while some consumers will rush back to social proximity, others will make social distancing a new habit. At the very least, consumers are likely to want to retain many of the socially distant engagement options that enterprises are creating as temporary measures now, as permanent options going forward. Consumers will likely want to choose whether to engage with enterprises through proximity or distance as they feel is appropriate. Executives must factor in both social proximity and social distance as core decision criteria in the long term.

- **Continuity criteria:** Add criteria that focus on additional or evolving business activities that leverage or extend the enterprise core competencies to ensure business continuity. ²

Successful enterprises are revisiting their core competencies and shifting production to products that they have not traditionally produced, but are in high demand during the pandemic. Some fashion companies have started to make face masks. ³ Perfume and beer makers have shifted their production to hand sanitizers. Each has a core competency in making products that contain alcohol. Prior to this crisis, their boards might have said their core competencies were selling luxury products and beverages.

By breaking down their core competencies to a more elemental level, enterprises were able to create business continuity and agility without major refactoring of operations. Many of the pandemic-born products, even some that were created to be donated, may become long-term reliable revenue streams for their enterprises.

- **Resiliency criteria:** Add high resiliency as a key decision criterion throughout the pandemic (see “React to the Coronavirus (COVID-19) Outbreak via Raising Business Model Resilience”).

For anything the enterprise starts or stops doing throughout this extended crisis, consider how much time and investment it would take to stop or restart that activity if another pocket of pandemic hit the enterprise (see “Coronavirus Impact on Service Delivery Continuity, Employees and Customers”).

For example, some staff positions may take six to 12 months to refill after an employee is let go and there are costs associated with that search and lag time. Would it create higher resiliency at a lower cost to keep that employee, even if they remain idle for several months while the pandemic

passes through the region? Alternately, if the enterprise shuts down production of a low demand or low-margin product during the pandemic, consider if it is worth restarting production at all when the pandemic eases.

Add Social Elements to the Framework

The scale and duration of the pandemic are creating executive and societal stresses at a level that many enterprises and individuals have not experienced before. While traditional decision criteria strive to eliminate emotions and nonbusiness criteria from decision making, this approach will neither serve enterprises nor the communities in which they live. The business mantra of, “it’s not personal, it’s just business,” simply does not apply during an extended pandemic. It is all personal right now. Enterprise leaders who embrace this new reality as part of their decision frameworks will make more successful and meaningful decisions.

- **Community criteria:** Add decision criteria related to the most critical members of the enterprise community, and consider how enterprise decisions and activities will impact them going forward. For example:
 - Retailers have decided to help their communities in various ways. Walgreens, CVS and Rite Aid, for example, have waived delivery fees on prescriptions to motivate customers to stay home rather than visiting stores for refills and new medications. ^{4,5,6,7}
 - Automakers are offering special financing and other forms of assistance. ⁸

An enterprise cannot thrive in an unhealthy community. Executive leaders should identify who their most critical communities are both inside and outside the walls of their offices and manufacturing plants, and ensure that they are critical criteria in all decision making (see “COVID-19: Inoculate Your Workplace Against Racism”).

- **Emotional criteria:** Add emotional criteria and embrace decisions that feel good because they benefit your stakeholders and community members who need it the most, even if the decision may make traditional stakeholders unhappy (see “How HCM Technologies Can Scale Inclusion in the Workplace”).

During this period of extended disruption, different stakeholders are impacted disproportionately (see “Responding to the COVID-19 Coronavirus and Other Outbreaks”). Many shareholders for example, are losing significant value from their portfolio in the near term, and potentially in the long term. Average employees and many enterprise customers will feel a proportionately greater impact from significantly smaller financial losses. Shareholders may find the best long-term decision will actually be to take care of employees and customers in the near term. Many executive teams will feel compelled to take care of others as best they can for the duration of the pandemic. Executive leaders should embrace these emotional criteria, since they and others will have to live with the implications of their decisions in the long term.

To support all stakeholders, enterprises can point also people to content for guidance on dealing with stress:

- “How HCM Technologies Can Scale Inclusion in the Workplace”
- Cornerstone offers “promoting self-care and helping you manage stress.”⁹
- **Ethical criteria:** Define how to apply corporate values to reflect the realities of the new environment, and make them a regular part of your decision-making framework.

There is no more important time than now, to be a purpose-driven enterprise. We recently recommended that CIOs and other leaders focus on being a purpose-driven enterprise anyway (see “CIO New Year’s Resolutions, 2020”). But we could not have imagined how important becoming purpose driven would become. Consider the following actions:

- Decide what weighting the corporate values should have as part of your executive decision framework. Ensure the percentage is meaningful, or the values risk becoming a checklist exercise.
- Ensure that your corporate values are clear and actionable. Assemble groups of key stakeholders and identify decisions and actions the enterprise has taken during the pandemic crisis that are consistent with the enterprise’s values. Then identify those actions that do not appear to be consistent with the values, and what remedial actions the enterprise can take.

Values are not that different from projects. If enterprises do not invest in them, they do not materialize. Track how much of your spending directly and materially advances the stated enterprise values. Adjust spending as needed to execute on the enterprise value system in a meaningful way.

Make the Three-Part Framework the Focal Point of Your Pandemic Decision Making

COVID-19 will continue to create enterprise disruption and executive stress in different parts of the globe for the next 12 to 24 months. And executive leaders within the enterprise will disagree as to which decisions will be best, or more realistically, the least bad. To facilitate your decision making, apply the three-part framework in the following way:

- Discuss, as an executive leadership team, the decision criteria that matter the most to each of you individually as leaders, and what that means to you as a team.

- Collaboratively agree as to which criteria matter the most for your enterprise at this moment in time, and which will matter most through the duration of the pandemic. This should vary depending upon the overall financial impact of the pandemic on the enterprise and its stakeholders.
- Revisit the enterprise's values, and decide what weight they will have in decision making, and the corresponding actions and investments the enterprise will make.
- Create your own framework using the business, crisis and social sets of criteria as a base. Then use the customized framework as a focal point to resolve decision disagreements among the executive team throughout the disruption of the pandemic.

As noted earlier, in many ways during a pandemic, executive decisions are not just business; they are very personal. Enterprises are essential parts of the broader community and all of the decisions executives make will affect the community, and vice versa. By openly discussing and agreeing upon a decision framework, executive leaders can create a stable basis for decision making to help them navigate through the stressful trade-off decisions they must make in the months ahead.

Evidence

- ¹ ["Guidance on Preparing Workplaces for COVID-19,"](#) U.S. Department of Labor, Occupational Safety and Health Administration.
- ² ["COVID-19 Business Continuity Plan: Five Ways to Reshape,"](#) EY.
- ³ ["For Fashion Companies Making Medical Masks, Sewing Them Is the Easy Part,"](#) Quartz.
- ⁴ ["Walgreens Takes Further Action to Support Customers During COVID-19 Pandemic,"](#) Walgreens Newsroom.
- ⁵ ["CVS Health Response to the COVID-19 Outbreak,"](#) CVSHealth.
- ⁶ ["Rite Aid Expands Services in Response to COVID-19,"](#) Rite Aid News Room.
- ⁷ ["6 Ways Retailers Are Helping Communities During COVID-19,"](#) National Retail Federation.
- ⁸ ["COVID-19 and Car Buyers: What Automakers Are Doing to Help Customers,"](#) Road Show by CNET.
- ⁹ ["Cornerstone Cares,"](#) Cornerstone.

Recommended by the Authors

[Harness Remote Learning to Equip Employees for COVID-19 Response](#)

[Digital Ethics: What Every Executive Leader Should Know](#)

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