

The Pulse Business CEO Confidence Tracker

Today's vision for tomorrow's business

JUNE
2020

Reading between the lines: the influence of COVID-19 laid bare

Insights at a glance:

- A combination of planning and thought-through business recalibration has been rocket fuel for CEO confidence as the coronavirus crisis continues to unfold
- Operational changes made now are helping CEOs to feel more confident about their organisation's ability to seize the opportunities that will follow in the wake of the pandemic
- Confidence has been dented in some sectors where caution, business uncertainty and governance by committee could yet put the brakes on innovation

It's a vital part of the CEO's role to lead from the front, with confidence. So it really isn't surprising to see that outwardly at least, confidence levels are so high in our latest Tracker: **more than two thirds of our participants say they are either very or quite confident.**

Some might suggest that this is largely an essential comfort blanket of feel-good optimism at a time when the reality for many businesses is wave after wave of uncertainty. But when we dig beneath the headline message, the most striking thing is that **this confidence is rooted in a considerable variety of circumstances – and no two CEO experiences of the coronavirus crisis have been the same.**

In some cases, it has been their good fortune to helm a business that coincides with a need generated by the pandemic. Often, this is sector specific. Elsewhere, it is a result of quick, proactive thinking from the moment the potential scale of the crisis became clear. For other CEOs – particularly in financial services – a combination of healthy reserves and new opportunities has helped to sustain optimism. And many participants revealed in different ways the operational value of flexibility and adaptability.

The positives

“ We are a Venture Capital firm with control positions in a hospital disinfectant/hand-sanitiser company and a plastics recycling company, ” said one CEO in the financial services sector. “ Both [are] doing extremely well. Both meet our ethos for Environmental, Social and Governance (ESG) investing as well as Socially Responsible Investing (SRI). ”

“ Change brings about new opportunities and so we are adapting and finding opportunity in markets that were previously closed with old dominant players, ” said another.

Confidence is also high in the technology and healthcare sectors at a time of accelerated digital transformation. One participant said that their tech start-up had benefited from the speed of adoption in research services, while a healthcare CEO said their business was performing well in the crisis and anticipated significant demand post-COVID-19.

Another financial services CEO said they were quite confident because the business organised its operations quickly and decisively when it started to feel the impact of the gathering storm around 1st March. [Continued overleaf >](#)



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Although losses will be incurred, the expectation is that the immediate steps taken will deliver benefits in the long run. Essentially, the business has reinvented itself as a start-up.

“ This has enabled fresh thinking, innovation and new ideas and activities to be brought forward as well as reviewing existing internal communications key to overall success, ” they said.

The public funding effect

The impact of the pandemic on confidence in the charity sector was among the first indications to emerge of the potential scale of the crisis for many businesses. But for some CEOs, that adversity has been turned into strength. One participant from a charity supporting and housing homeless young people said the ever-present worry about dependence on public funding has actually been a strength during the pandemic.

“ We see as many opportunities as threats to our finance and we've worked over the last four years to move from a precarious to a strong financial base, ” they said. “ That gives us confidence, security and somewhere to build from. Our (my) primary worry is not the organisation's sustainability but rather our ability to meet demand, which I expect to increase dramatically throughout 2020. As we work with the most vulnerable young people locally we expect to see the impact on their lives for years to come. ”

The curse of uncertainty

Similar uncertainties, however, are denting confidence in other charities and business sectors – particularly education and retail, where consumer habits and spending capacity are likely to be drastically changed by coronavirus. While only 13% of participants said they are neither very nor at all confident, they did include CEOs from across the board.

“ Our organisation will need to downsize for a period to push through and I suspect it will be several years before we can confidently start a new period of growth, ” said a representative from the education sector.

In the industrial sector, another CEO anticipated a big loss in 2020, and ongoing severe uncertainty about how / when / if there will be a rebound. There is also

“ Concern over implications of societal changes to the effectiveness of our business model, ” they added.

Finally, it's worth noting some hints of uncertainty in the middle ground, where 20% of respondents feel neither confident nor unconfident. Some CEOs are keeping their powder dry until the end of lockdown reveals the scale of subsequent challenges. And one – another from financial services, which has provided a micro view of the complete spectrum – suggested that caution could yet slow the progress that the crisis has generated.

“ The committees are now starting to meet, ” they said. “ Progress is being slowed. Some don't want to consider change until after the lockdown has finished; some don't want to entertain new products/services that would help plug an income gap. If it was just the management team, I'd feel very confident. However, that is dampened by the bureaucracy and lack of speed the committees bring. Governance change anyone? ”

In the coming months, as the big picture becomes clearer, it is possible that the real test of confidence will lie in the more nuanced challenges yet to be faced. And they could lead to even greater operational upheaval for CEOs than anything experienced so far.

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