

COVID-19: Prepare for the worst-case scenario

A digital gathering with Jean Pierre Mustier, Group Chief Executive Officer of UniCredit, and 40 CEOs from the Banking world, hosted by Egon Zehnder's Financial Services Practice

Working around the globe and being closely connected to clients in Financial Services, Egon Zehnder is currently offering a variety of digital gatherings via Zoom Calls. It is encouraging to witness the desire of peers to openly exchange their views from around the globe. Everyone is navigating an unparalleled crisis.

While Jean Pierre generously shared the experiences of UniCredit on Saturday 21 March 2020, he pointed to the fact that the evolution of the situation in Italy has yet to reach its peak and will most likely worsen. "We are preparing for the worst, and this includes allowing as many people as possible to work remotely." Speaking with fellow CEOs on the call, mostly from countries where the crisis is about to accelerate, he added: "Even if taking all these measures feels extreme at the time, and even if you worry you are creating panic, don't underestimate the magnitude of what is ahead." This, in his view, includes unprecedented societal changes as well as an inevitable drop in GDP in all affected nations and regions.

"Health comes first – and keeping morale as high as possible"

The bank has rolled out a comprehensive remote work scheme for its entire staff – only 1% are currently working at the Milan HQ and 15% at the local branches, 30% of which are open in the morning on alternate days by appointment only. While the situation is dramatic, Jean Pierre's priorities are clear: "We are not here to gain market share in this crisis; we are here to protect our team members and to serve the many SMEs that are running out of cash or risk doing so."

Also, his statement is an articulation of priorities. When asked at the end of the call what actions he would like to have taken earlier, Mustier shares: "We should have been moving even faster on the remote work. While we will be fully remote [across the whole Group] by the middle of next week, we have found it challenging to send the protective kits

needed to the branches; and lobbying the governments, in the interest especially of SMEs, shouldn't be underestimated either.”

Communicating on a personal and emotional level (daily and via video) is a key priority. This includes providing information for the personal well-being of all employees: information on how to connect within the community as well as information that is work-related. It is no surprise that some staff members are depressed and many feel lonely. The bank has remote doctors dedicated to employees, along with hired psychologists and virologists. The focus is to ensure colleagues across the network are as well cared for as possible.

Building and broadening the IT infrastructure is not only challenging; it also includes a host of regulatory issues, since staff working from home have no opportunity to record conversations. Other ways are now being found, in close collaboration with the regulators, to ensure low risk and high security. The dynamic is breathtaking – and so is the speed of innovation: “In 2 to 3 weeks, we made more progress than otherwise in 2 to 3 years. The transformation we had been planning is now making quicker progress than ever, thanks to more remote work and engaging in digital interactions with customers, which will accelerate in the future.” The entire situation has several practical implications, for which fast solutions are being found: “We don't force people who can't work remotely to take holidays, we pay them as normal; also, when I record my messages to my team, it is always the topic of health that comes first.”

Building a working relationship with relevant stakeholders

Maintaining a close working relationship with the Government, with the ECB and with those governments in other countries where the Group is active, is key to Mustier. The Group's AGM will take place behind closed doors on 9 April 2020. But Mustier makes it clear that the conversation is not about the Group only, but the many SMEs the Group is serving. While bank guarantees in Germany are at 90%, the level is only 35% in Italy. Some clients will soon struggle to get enough working capital and will be under enormous pressure. The situation may even worsen if smaller banks collapse. Supporting banks may be politically unpopular in many countries, but this has to be seen in the context of supporting the entire economy and the many SMEs that form the backbone of the European economy and employment.

CEO and Chair: Speaking with One Voice

Constant connection between the CEO, the Chair and the Board, working on a daily basis and with full transparency, is mandatory in Mustier's view. From our previous calls, we know the importance many Chairs and CEOs are placing on working more closely together than ever before. This is challenging, since they are both living in isolation but now need to align more than ever – on strategic questions, and also in order to convey a compelling message internally and externally. There are multiple groups of people that should be receiving frequent but carefully considered and customized messaging from the CEO: the senior leadership team, the board, the employees, the shareholders,

suppliers, unions (if relevant), government bodies (if relevant) and the press (if relevant). Leaders need to help others remain calm and focused, so it is important that it is a genuine and authentic message; use your own language and make it personal.

We're in this together

While Mustier points to the speed of innovation in his own bank, we as Egon Zehnder Financial Practice Group are witnessing a level of openness and collaboration among different stakeholders of the Financial Services industry that we have never experienced before. In this crisis, it feels as if we are all in the same boat. Mustier, as a consequence, has invited his fellow CEOs to reach out to him and put their teams in direct contact with those in UniCredit to exchange, help and learn wherever possible. The clear message is that we will only be able to master this unprecedented challenge together.

To read more about Unicredit's activities, please visit: <https://one.unicreditgroup.eu/>

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Covid-19 Micro-Website

We have launched a micro website where this and other informative pieces are posted. This site will be regularly updated: [click here](#) for further details.

About Egon Zehnder

Egon Zehnder is the world's preeminent leadership consulting firm, sharing one goal: to help people and organizations transform. Our services include: Leadership development, individual, team and organizational effectiveness, CEO search and succession, executive search and assessment, Board advisory, and cultural transformation.

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