Board Consultants International

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Study 2024/2025

Management in disruptive times
- Hybrid leadership as a future model -

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Note:

For better readability, we use the masculine form throughout this text. Of course, all genders - male, female and diverse - are always meant equally.

1. Our study: Topic and participants

The term "disruption" has been appearing more and more in media for some time now. Financial crises, natural disasters, pandemics and political upheavals have led to the impression that the world is becoming increasingly volatile.

Since the experience with the Covid-19 pandemic, managers have been asking themselves questions like these more and more often:

Can we expect such major events to occur more frequently in the future? If so, what does this mean for the management of companies? Are usual organizational structures suitable for this? Does today's leadership fit the future? Where should decisions be made and who needs to be involved in decisions? Are our executives prepared for disruptive times and, if this is not the case, what needs to be done to make the management team crisis-proof?

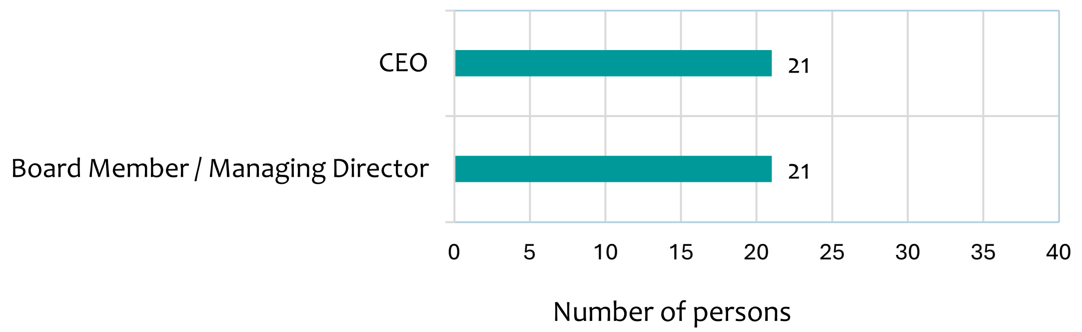
Our company publishes studies on top management topics at regular intervals. Following our study "Paths to the top" (2020), we are now looking at the question of what disruptive events mean for management and what consequences the increase in disruptions has.

To illustrate the range of opinions of German top management, we conducted a structured interview with 42 top managers. The fact that the topic is highly relevant is shown by the managers' willingness to talk: 95% of the people we approached agreed to our first request to take part in an interview. The following topics were discussed during the one-hour interviews:

1. Types of disruption, scope and frequency
2. Design of risk management
3. Impact on decision-making processes and corporate organization
4. Importance of corporate culture and requirements for executives
5. Consequences for the leadership of tomorrow

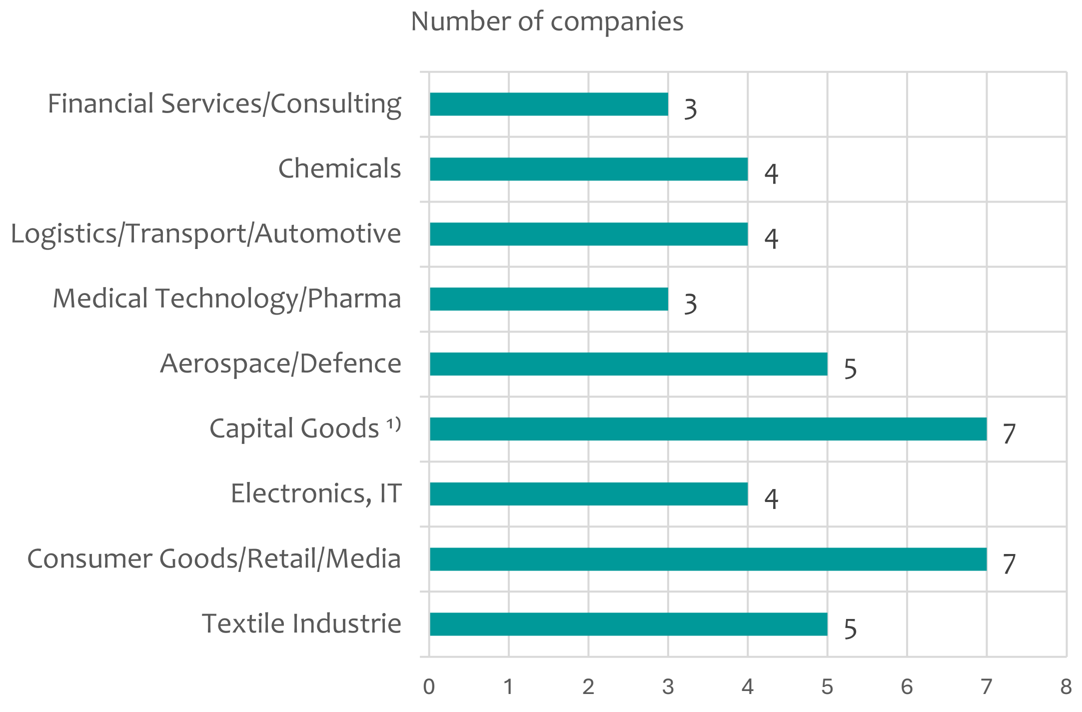
Without exception, our interviewees belong to the "C-level" (CEOs, Members of the Board, Managing Directors).

Fig. 1 - Participants in the study



The 42 managers represent a wide range of industries. The majority of the companies represented is based in Germany:

Fig. 2 – Industries represented



[1)] Mechanical/Plant Engineering, Steel

The companies represented are of various sizes, various legal forms (AG, GmbH, cooperatives) and ownership structures (publicly listed, family owned, private equity).

Fig. 3 – Size of the companies

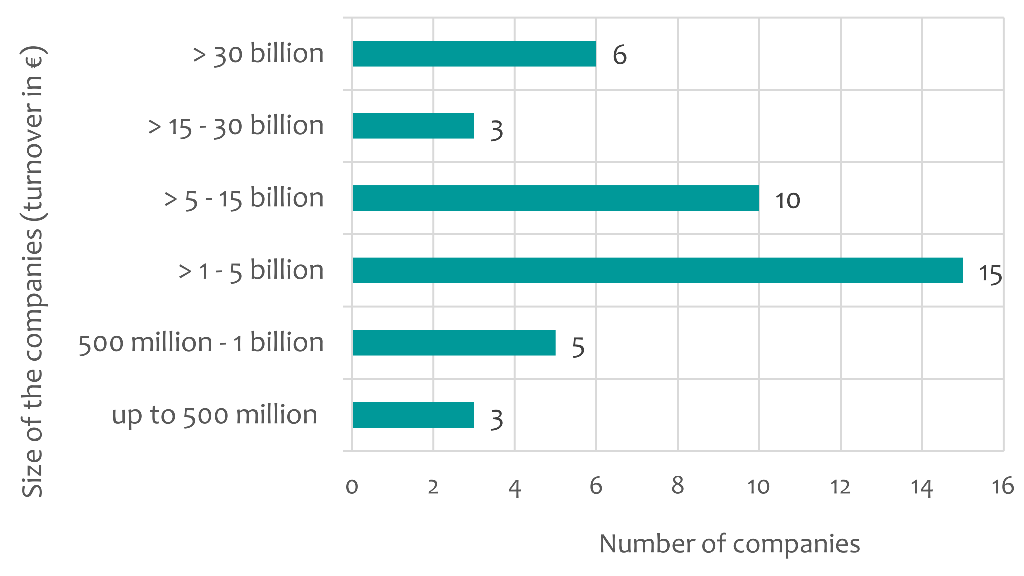
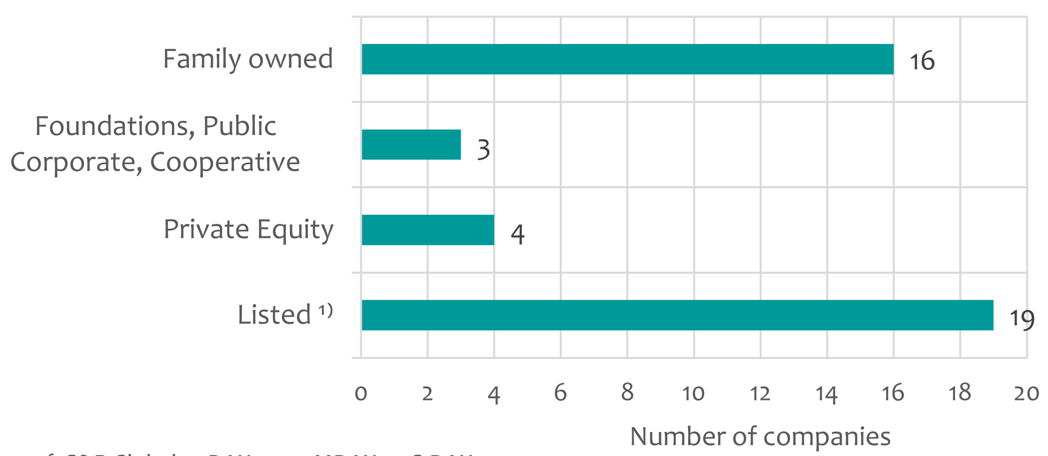


Fig. 4 – Ownership structure



1) thereof: S&P Global: 1; DAX40: 9, MDAX: 5, S-DAX: 4

2. Disruption: Types, scope and frequency

Experience

The Covid-19 pandemic is consistently marked as the most formative experience of the past. It is mentioned by all managers and described as the biggest and most far-reaching disruption in recent years, with a substantial impact on supply chains, markets and the general ability of companies to act. One airline CEO describes the Covid-19 pandemic as "...the biggest disruption in recent history, especially for the airline industry...".

The CEO of a fashion brand reports:

"All of a sudden, the majority of our distribution channels was dead. While other retailers (note: grocery stores) were happily selling clothes, the entire fashion trade remained closed."

The manager of a sporting goods company expresses a similar experience:

> "The only thing in my career where I was really at a complete loss was Corona (...). In the vast majority of countries, the stores were closed, so the sales channels were gone. Retailers were threatened with bankruptcy. It was a situation that had never been experienced before."

Named in second place are disruptions that can be attributed to the political sphere. These include military conflicts (e.g., Ukraine war, Gaza conflict) and trade restrictions. However, regulatory interventions by state institutions are also mentioned frequently:

> "Regulatory interventions by governments, such as punitive tariffs or new laws, have a drastic impact on entrepreneurial activity. These can be individual regulations or extensive changes such as the EU's Green Deal. And it's getting worse every day." (CEO Aviation Industry)

> "The regulatory environment is changing rapidly, especially in homeopathy, where there is strong lobbying against the industry." (CEO Pharmaceutical Industry)

A CEO of the chemical industry makes a drastic statement:

> "We must constantly screen the environment for restrictions; legislation has a massive influence on what we do. There are new issues every week or month that are hugely complex and sometimes have retroactive effect."

In third place, technological upheavals and cybercrime are mentioned, both with equal importance.

Natural disasters are in fourth place. But also global climate change in general, which for example favours extreme weather conditions and results in regional flooding.

Expectations for the future

Key characteristic of disruptions is their lack of predictability. We therefore asked the managers about their fundamental future expectations and how they prepare for it.

The vast majority of managers believes that the frequency and intensity of disruptions will continue to increase in the future:

> "The intensity is increasing, and the frequency! Both! Yes, so amplitudes are closer together and the swings are higher." (CEO Electronics Company)

> "The volatility or unsteadiness in the world has increased and this has a huge impact on business. We now look at risks differently and analyse a variety of topics to what extent they could be a risk for us. We are constantly monitoring political decision-making processes and their impact on us." (CEO Steel Group)

The following types of disruption are expected in the future:

Political influences:

Regulatory interventions and requirements, protectionist tendencies and military conflicts were cited by many managers as major challenges. Such crises affect supply chains, market strategies and access to raw materials.

> "Disruptions that could come would be further wars or an increase in tensions between the US and China. I'm really worried about that. In last year's strategy exercise, we discussed whether we should still make large investments in China at all, and my opinion is really 50/50. So, the money could be sunk, but it could also be that you are the only brave one in a growing market who gets it all. If you do it right, everyone praises you, if you do it wrong, everyone asks, oh man, couldn't you see that we're running into a big conflict?" (CEO Chemical Company)

Technological changes:

Technological changes, including digitalization, are mentioned in almost all discussions as a major challenge for the future. Companies must increasingly adapt to rapid changes brought about by artificial intelligence, big data and the Internet of Things. The CEO of a large insurance company commented:

> "Artificial intelligence will revolutionize our business in a very short time. In a few years, apps will take over a significant part of our service agents' work".

But technological breakthroughs, for example in electronics, also represent upheavals:

> "One disruption - a change in our technology - that we are currently experiencing, is very much driven by China. The Chinese have become heavily involved in this technology in recent years, building up their own capacities. And now two things are happening: Firstly, China is suddenly no longer a market for us. And the second, as they have their own plants, they are now flooding the global market." (CEO Electronics)

Pandemics:

As mentioned above, the Covid-19 pandemic is cited as a defining example of global disruption. Many managers emphasize that the pandemic has shown how vulnerable global supply chains are and how important it is to be able to respond to health risks.

Also mentioned, but significantly less, are:

Cybercrime, climate change, e.g., as a trigger for natural disasters, and disruptions in financial/capital markets.

3. Risk Management

Systems

Expectation of increasing uncertainty might suggest changes in risk management. The picture here is mixed. All managers, especially those of listed companies, point out that there are legal requirements regarding the design and functionality of risk management. However, only very few companies reinforce these often static systems with additional features. The following statement can be considered a real exception:

> "Yes, we created a Center of Excellence AI. Already several years ago. We actually always try to keep our radar on for megatrends that might come. And AI has been around for quite some time. Quantum computing is the next big thing that we start scanning, in a first step with a team of five people: What's going on in the world, how can it affect us, where are the risks? But also, where are the opportunities?
>
> In addition, I have a global megatrend radar system in my strategy department, which I prefer to keep centralized. Otherwise, everyone in the company is doing anything anywhere without focus. I prefer to have a central team and we look at it once a month or once a quarter: Where are megatrends coming up, what could affect us? So, we are well prepared." (CEO Aviation Industry)

20% of managers explicitly reject such an approach and instead give preference to increasing general awareness in all areas of the company. Slightly less than 18% mention that they are partially turning away from previously practiced planning methods. Linear projections into the future as "best case" and "worst case" are becoming less important. Instead, more and more companies are developing scenarios in which very different future developments are depicted and entrepreneurial scope for action is explored.

> "We don't have a separate department that does this. It is integrated into the individual business responsibility. That's the only place where you can see the real risks." (Owner of a large family business)
>
> "I think it's important to have a decentralized organization and, even for me as CEO, to spend a lot of time on site in the key countries. You should not only talk with customers and colleagues, but also with other local organizations and people. Even with people who are active in other industries, in order to understand what is happening there in the political community or what is planned as an active intervention into the business environment." (CEO Chemicals)
>
> "I don't need more data. I need to make sure that I have the right and high-quality data. Otherwise, we end up in 'paralysis by analysis'. Because there is significantly more data today than in the past, but not all of it is useful!" (CEO Chemicals)

Almost all managers mention that they are investing massively in the expansion of IT security and will continue to do so, in order to limit the risk of cyberattacks to the lowest level possible.

Risk management and supply chain

A key issue for companies is security of supply and the question of how operational performance can be maintained even in the event of disruption. Production shutdowns, delivery delays and supply bottlenecks were part of the typical pattern of the Covid-19 pandemic. To mitigate such experience, companies are acting differently; supply structures are being changed:

- 21 out of 42 companies are broadening their supplier base by switching from single to dual or multiple sourcing. This approach is extended if implemented per critical region.
- 10 out of 42 companies have responded by insourcing to a significant extent, i.e., bringing individual stages of their supply chain back in-house
- 2 out of 42 have even substantially changed their own business model and massively invested into backwards integration

> "As a food manufacturer, we have invested directly in farming, i.e., we bought plantations. If we don't get our essential raw material in top quality at all times, we'll be dead by tomorrow!" (CEO Food)

Such a radical response to supply risks is rare. We have only found it where quality of raw materials is essential to business success (e.g., high-quality food, luxury segment of the textile industry). Such an approach is certainly not applicable in general:

> "Complete insourcing, i.e., believing that you are better than the world's suppliers, is a fallacy in my opinion! Especially in phases like these, you need to concentrate on your real strengths and focus!" (Board Member Food)

Steps that fundamentally change the relationship with suppliers are rather rare. These include, for example, the conscious assumption of risks that previously lay entirely with the supplier, with the aim of stabilizing the supplier base:

> "In some cases, we even finance start-ups in this technology in order to secure our supply." (Board Member Cosmetics)

> "In some cases, we are also prepared to selectively assume financial risks from suppliers, e.g., with advance payments, purchase guarantees or indemnity bonds." (Board Member Defence Industry)

In order to manage supply chains, logistics service providers are sometimes required to provide significantly greater transparency:

“With disruption, I need a lot more information. I need to know where my goods are at all times so that I can redirect them if necessary.” (Board Member Mechanical Engineering)

Risk reduction through reserves

When it comes to the threat of resource shortages, a clearer picture emerges:

- 50% of companies are increasing their stock of critical raw materials and primary products and are consciously accepting the deterioration of balance sheet ratios.
- To a lesser extent (28%), this also applies to the supply of capital: Equity is increased, and credit lines are extended and agreed for longer periods than would have been the case in “quiet” times. Correspondingly, higher financing cost is seen as the lesser evil.

“Our buffers last for about 3 months, which has helped us incredibly during Covid-19 times. We kept producing and we were always able to deliver. This has given us incredible gains.” (Board Member Mechanical Engineering)

“We had to consider which components of our products are critical and needed to be kept more of in stock. (...) Long credit lines were negotiated to ensure that we didn't dry up in difficult times.” (Board Member Defence Industry)

“We are rather conservative in our accounting approach, we have a very high equity ratio, we have an extremely healthy balance sheet. Some analysts say that we could leverage more, but our philosophy is more that of a cautious businessman, partly due to our family (shareholders).” (CEO Chemicals)

4. Implications for management

Decision processes

The increase of disruptions has consequences for leadership and organization. Traditional organizational structures (functional, divisional or matrix organization) are designed for a stable environment but are not necessarily suitable for rapidly changing situations. Therefore, the task for management is to possibly deviate from the "permanent" management structure in the event of disruptions. This is expressed very clearly in almost all interviews. Different points are addressed:

- **Where** are decisions made?
- **Who** makes decisions?
- **How** does the **coordination** of decisions work?

In all discussions, it becomes clear where decisions need to be made: It is a case of "both and". Neither centralization nor decentralization are patent remedies. Rather, companies must be able to switch quickly between centralized and decentralized leadership. This necessity is seen by many managers as one of the decisive factors in successfully overcoming crises.

Arguments in favour of **decentralization** of decisions:

Acceleration of decision-making processes: Disruptions often require quick action. Decentralized structures speed up reactions and make them more efficient, provided the problems are local by nature.

Proximity to the problem: Decentralized units are closer to the action and have specific knowledge.

> "I am a great friend of the principle of subsidiarity. Decisions should be made where you have the expertise." (CEO Steel Industry)

Empowerment: Decentralization gives managers more responsibility and decision-making authority. This leads to more initiative and faster action.

> "We want our employees to take ownership. (...) This has helped us to make quick and clear decisions in times of change and uncertainty." (Board Member Pharmaceutical Industry)

"How do companies actually manage to embed this entrepreneurial mindset? It's only possible if you shift responsibility as broadly as possible." (CEO Food)

Arguments in favour of **centralization** of decisions:

Coordination: Decisions that affect the entire company require a "helicopter view". They must therefore be made at the top.

"If decisions must be made centrally, this does not necessarily mean that a single person makes the decision. As is so often the case, it is best when the Board acts as a team." (CEO Private Equity)

Assertiveness: The same applies to decisions that require strong hierarchical power.

"In times of uncertainty, a strong hand is sought, ... the lone fighter, the strong CEO who carries the responsibility on his shoulders." (CEO Consumer Goods)

"We then focused on centralized decisions. (...) Decisions that apply to everyone, for example on cost cutting, can only be implemented quickly from the top." (CEO Domestic Appliances)

Traditional management behaviour: It is often a reflex that in crisis situations Board Members take the decisions.

"Because it's quicker. And probably also because it's simply a reflex, because managers think that they have more control if they decide at the top." (CEO Airline)

Where the decisions are made (centrally or in a decentral manner) depends on the type of disruption in question. Therefore, a rigid definition does not make sense:

"We operate both ways. Flexibility is required. Centralized action is usually the right thing to do in the case of geopolitically induced disruptions, for example. On the other hand, you will only be able to deal with the consequences of a natural event locally, i.e., in a decentralized manner." (Board Member Aviation Industry)

Organizational structure

Defining the right decision-making level does not yet clarify whether the classic organization (“structure of boxes”) is the right answer to disruptive situations. Disruption requires the ability to quickly take the necessary expertise from the line organization and to allocate it in temporary structures on a modular basis as required:

> “We normally have a line structure, the classic one with boxes. But we have learned - this came with the pandemic - to work in task forces again and again. This has become normal practice for us now.” (CEO Textile Industry)
>
> “In a crisis situation, we have to bring together the people who can immediately contribute to a solution on an ad hoc basis.” (CEO Steel Industry)
>
> “Unfortunately, people like to think in hierarchies and boxes. That’s something they are used to. What is more important to me is to create permeability, even if there are boxes, to create this permeability between the functions.” (CEO Security Technology)

Most companies fall back on temporary teams and task forces in times of crises. However, the classic organization remains indispensable, in order to provide operational performance under “normal” conditions, but also to maintain expertise and corporate know-how, i.e., to offer a “professional home”. Flexible, cross-functional teams, however, offer the opportunity to bundle expertise and experience according to the situation, thus developing ideas faster and implementing solutions quicker:

> “In crisis situations, the organization has learned not to ask questions, but to simply act and just do it. In certain situations, we put aside traditional structures and decision-making processes and work in task forces.” (CEO Textile Industry)
>
> “Every time I have set up crisis teams, they varied from before because the challenges were different, and different expertise was required in each case.” (CEO Chemical Industry)
>
> “I think almost every German company can do 'task force mode' in any form. In other words, bring people together in small teams, give them a task to solve and let them worry about nothing else.” (Board Member Mechanical Engineering)
>
> “Project organization is becoming a permanent state. Whenever we have a disruption, we manage it in project organizations. These can then even lead into line and staff organization later.” (CEO IT Group)

Hybrid leadership as a future model

Therefore, the answer for the future is “**hybrid**” leadership. Companies must learn to switch quickly between centralized and decentralized management. Competencies and decision-making power must be reassigned again and again, depending on the situation. Nevertheless, the classic organization (“structure of boxes”) retains its regulatory function. It is the home of professional competence. This is where operational processes take place under stable conditions. In disruptive situations, it is supplemented and sometimes replaced by a management organization that is geared towards temporary circumstances. Parts of the permanent “box structure” are detached from it and reassembled in a modular fashion, but only for a limited period of time.

> “In my opinion, part of good management is defining exactly what I need to decide centrally and where I need to support the decentralized decision-makers. Of course, in the example of the Philippine floods, I must let them decide locally. At the same time, you still need to consider the impact on the whole company.” (CEO Private Equity)

The owner and CEO of a large family business sums it up perfectly:

> “Decisions in disruption must be made differently. In such a situation we need two operating systems: One is still the permanently structured, hierarchical one. This still has its place in the organization. But in disruptive times, it is important to connect the participants directly with each other.”

However, managing two different “operating systems” is by no means easy. It creates areas of tension that are unknown to the classic “box organization”:

> “Our rule for crises is: 'Decide whenever you can, but if you can't, then escalate quickly'. That's very simple to say, but it's not easy to implement. Because it contradicts usual decision rules.” (CEO Insurance)

The art of future leadership is to live with a “built-in” contradiction, to accept a field of tension and to maintain this in the long term:

On the one hand, entrepreneurial, autonomous and decentralized action must be encouraged. Managers who make competent and self-confident local decisions, take responsibility and bear risks, are preferred. Such managers value their scope for action and rely on their own power of judgment. At the same time, however, the same people need to accept tight, centralized leadership in certain situations, to subordinate themselves and to implement decisions made by top management.

> “Managers must change. They need to become more independent in balancing the decision on what needs to be done in a decentral manner in a country or region, and the points of view on a topic at HQ.” (CEO Chemical Industry)

5. Culture and values

Importance of corporate culture

Hybrid leadership brings new challenges. Who coordinates the individual actions of decentralized teams? Who recognizes that a regional task force needs to take an issue to the very top? Who has enough information to set the right priorities? How do you steer decentralized action even though you do not have all the necessary information?

> "Culture is the framework in which we operate and make decisions. Without clear culture and values, it becomes difficult to coordinate decisions in times of uncertainty." (CEO Plant Engineering)
>
> "I think the important thing is culture, i.e., how you deal with such situations." (CEO Chemical Industry)
>
> "It's about what kind of culture you have as a company ... Culture links them to maybe a certain characteristic or values that the people who work for the company should embrace or should be part of." (CEO Food Industry)

More than 70% of managers agree on this point. The most important values mentioned are:

- Resilience, the willingness to endure hardship in the interest of the company
- Courage to make risky decisions if needed
- Clear goals, "purpose", to which decisions are aligned
- "Ownership", i.e., the willingness to accept a difficult situation and take responsibility
- Trust among those involved
- Intensive communication, willingness to network and collaborate

> "I always try to build an organization that corresponds to the so-called 'bamboo principle'. In other words, very strong roots as a basis and something extremely flexible and storm-proof on top. The basis, the roots, that is the culture. That is the precondition and foundation for all that comes. If we have a team that trusts each other, that is open, that is connected, that respects each other, where there are no big politics, no big power games and all these issues." (CEO Fashion Industry)

Guidance by values

Jointly accepted and practiced values make a significant contribution to the coordination of decisions and the management of a company. They create a common understanding and a uniform direction for entrepreneurial action. Companies that have a strong culture and clear values can react more flexible to changes, and make decisions faster and more reliable:

> "Responsibility was delegated to teams as far as possible and there was always the guiding principle of acting in the interests of the customer." (Board Member Automotive)

> "A shared understanding of values, i.e., that employees must be protected in such a situation. But at the same time, of course, there must also be a common understanding of the need to provide the customer with the promised service despite everything." (CEO Logistics)

> "It's about: how do you get employees to work together cross-functionally, i.e., the whole issue of collaboration, how do you get employees to link issues beyond the horizon of their own sphere of influence?" (CEO Airline)

> "I notice this in all companies, no matter how big they are, no matter how fast they grow, no matter how they are doing. You need this sense of togetherness." (CEO Private Equity)

> "Consultants always like to talk about the "tone from the top". So, it's important that you lead by example according to these values and that you communicate clearly in certain situations." (CEO Logistics)

Most managers emphasize that values such as ownership, fast decision-making, delegation of responsibility, trust, customer orientation, communication culture, purpose-driven leadership, risk-taking and agility are particularly important in disruptive situations. Values and culture are seen as an organizing and coordinating force. This force guides human behaviour without the need for constant individual directives. It ensures that the right priorities are set consistently (e.g., "customer first") and it allocates resources to the right topics.

6. Executives

Strengths and weaknesses

The discussion of values and culture is seen by executives as topic no. 1. They see deeply rooted, shared values as the invisible but effective guiding hand that ensures the right behaviour in crisis situations. What do managers who behave "correctly" look like? What qualities should they have? What attitude is expected of them? Strong nerves, quick learning, flexibility, the ability to improvise and a high degree of resilience will be key selection criteria for senior managers.

> "So, for us, people who are authentic and can live our entrepreneurship are a good fit. You need to take more risk and step out of your comfort zone. You need to be agile and able to play several balls at the same time. We need managers who are able to develop a vision and who can also dig deep in times of uncertainty. We have also learned that it is important for them to be truly purpose-driven. Our credo "Caring for the people" has helped us enormously, both during the pandemic and later in the Ukraine conflict. We had to do everything to ensure that we could continue to supply medicine for people. We really stuck to our 'purpose' and that helped our managers to make the right decisions." (Board Member Pharmaceutical Industry)

> "Often the best attitude is to simply do what you think is right. When something goes wrong, we apologize, but we do what's best for our customers. Of course, this requires a culture that backs someone who makes a mistake and doesn't punish him for it. That's what I liked so much about the N.N. Group back then. Responsibility was delegated to teams as far as possible. And there was always the principle of acting in the interest of the customer." (Board Member Automotive)

Leadership development

Some companies have developed special programs to promote core values and prepare their managers for uncertain times. Specific initiatives can help to implement the values. Such concepts help to make an organization more resilient and adaptable:

> "Ownership and the courage to decide is not something everyone has and can do, but it can be trained. And I think we really need to create a way of working together that breaks through this traditional behaviour of '...if I have a problem, I delegate it to the top...'." (Board Member Defence Industry)

Development concepts can be, for example, structured, regularly conducted training programs:

"It has always been important for us to have people who can deal with the issues of ownership and agility in particular. They should be driven by their personal purpose, which in turn should be identical to the company's goals. This is extremely important so that we have authentic leadership. But we also try to prepare managers for this.

Once a year, we take them out for a whole week and send them to a place that they don't know before. They do not even know the agenda. And I can tell you, it does something to these managers. For example, we took our top-team offsite and they didn't know where they were going. They spent a week there without any comfort, under difficult conditions both mentally and physically, with little sleep, and had to deal a lot with topics such as self-leadership, self-reflection, and vulnerability. I think the fact that we had been doing this for several years meant that our team was extremely well prepared for a time of uncertainty. They didn't know what was going to happen, but they trusted each other due to this exercise. I think this is a truly groundbreaking format in order to prepare managers for uncertainty and disruption." (Board Member Pharmaceutical Industry)

"We've just set up a new program where we're currently putting every executive, really everyone, through again. They have to go through a specific curriculum. In total, it's about two weeks for everyone, over the course of a year. Mixed across all hierarchy levels to break it up a bit so that there is more networking. It works pretty well, I have to say." (CEO Insurance)

Deficits in leadership qualities are often due to a one-sided background of experience and biographies that focus heavily on professional development and expert knowledge but pay little attention to the further development of leadership skills. Conversely, it has been observed that managers who previously led a rather shadowy existence suddenly show leadership qualities in crises that make them highly valuable: Strong nerves, courage to take risk, flexibility and decisiveness. A CEO from the aviation industry comments on long-term development concepts:

"After the experience of the pandemic, one thing is clear to me: People who aspire to higher management positions must have experience and success in at least three very different areas of responsibility. Even excellent specialist careers are no longer enough if they have always taken place in the same environment."

Another CEO of the aviation industry comments:

"For one year, we have been working on a development matrix: What management skills do we need at different hierarchical levels? And we are now incorporating our findings from the last three or four years."

The focus is on training behaviour and skills, not on acquiring further specialist knowledge:

"You can't prepare for specific situations because they are always different. It's like the fire brigade: Sometimes you have no water, sometimes the hose is too short, sometimes you can't get through with the vehicle, sometimes the wind comes from one side and then from the other. You need to train certain skills. And people then need to apply them on their own responsibility." (Board Member Mechanical Engineering)

"We deliberately take managers out of their 'box' and let them work on a different topic where they have to interfere in other colleagues' business. So, they need to come to some kind of agreement with them, because some of the resources come from the other person. This has worked extremely well both at the top and bottom of the hierarchy. And it has meant that everyone needs to network with everyone else and everyone knows that they depend on each other and that it will also be the other way around the next day. So, nobody can really resist it.

It's difficult with middle management. There, you often find top performers who are very good in their field. But they are also defensive and competitive, fighting extremely hard for their responsibilities. That's where change is most difficult. That's why we apply a kind of sandwich method: We train with lower management and their teams. And we also train the heads of the divisions, i.e., the upper level. And in doing so, we try to get middle management on board. This is the most difficult step. Middle management often defines itself in terms of expert knowledge. They quickly feel threatened and fear losing visibility. But we can do it, we are getting better and better, through constant training and intensive communication." (CEO Insurance)

However, executive training does not necessarily have to follow a formal, structured program. Individual practice can already bring significant progress:

"You need to think in scenarios! But does that mean I have to change my organizational structure? My experience is that I can even inspire many people to think systemically. That they no longer think in their silo, but in the system. You can do this with the existing people and anything else would not be successful, because I need to keep the knowledge in the company. But I simply need to train people to do it. Everyone needs to train themselves first. It's not that easy." (Board Member Medical Devices)

And even the simple "appeal" has obviously not yet had its day:

"I believe that many of the 'soft and woke topics' that are so common today need to be toned down a bit and the topic of performance needs to be emphasized more again." (CEO Insurance)

"We are not a 'chair circle company', but a traditional medium-sized company! In stormy times you have to be able to deal with more stress. And in times of crises, employees want more guidance. Then you need to explain a lot and communicate intensively!" (Board Member Domestic Appliances)

7. Disruption as an opportunity

Many managers emphasize that disruptions not only present challenges, but also offer the opportunity to promote learning processes, in order to emerge stronger. Here is a CEO from the defence industry:

> “The IT hacker attack taught us, painfully of course, that we need to do things differently and become better. And it has helped us a great deal in the sense that everyone is working more closely together again.”

In disruptive situations, pragmatism often takes hold, the attitude to “get to work”, the sudden willingness to slaughter sacred cows and prioritize time, energy and resources. Disruption becomes a kind of training camp:

> “I had a disruption in some business units and suddenly it worked. Suddenly some people said, now we're prioritizing the allocation of resources, now we're going to do things differently. Resistance disappears and people are ready to tackle projects... We are seeing a certain degree of flexibility.” (CEO Chemicals)

> “Due to the disruption, we had to set up our own web store very quickly, which has sustained us to this day.” (CEO Fashion)

> “I always tell my people 'Never miss a good disruption'.” (CEO Food Industry)

The opportunity to show leadership in disruption is also explicitly mentioned. Leadership becomes more vivid and tangible, is reduced to essential parameters, is experienced vividly and thus serves as a role model:

> “For me, such disruptions are always a great opportunity for leadership. Because static rules are put aside for a moment, and you can show what leadership really is. People know when things get serious, the boss is at the forefront and supports their decisions. Or he delegates the decision completely. I don't need a sophisticated process; I just call him and in three minutes we have clarified whether I can make the decision myself. Or he explains to me why he wants to decide at the top.” (Board Member Mechanical Engineering)

At their best, disruptions give rise to new technologies, markets and companies:

> “For example, this whole energy crisis and the entire ecological pressure have led to the emergence of new companies. (...) For us, these were positive disruptions.” (CEO Private Equity)

The importance of an entrepreneurial attitude and seizing opportunities is illustrated by a heartfelt quote:

"In a situation of disruption, the entrepreneurs have the advantage, and the cowards have the disadvantage." (Board Member Mechanical Engineering)

8. Summary

The topic of disruption moves top management. Experience during the Covid-19 pandemic, but also experience with natural disasters or the consequences of political action and government intervention, have left their mark on everyone. Almost all managers expect an increase in disruptions in the future and are generally prepared for this. Challenges of a more "technical" nature are relevant, but do not cause excessive concern: Building up financial reserves, broadening and increasing flexibility of supply structures or changes in the value chain are considered feasible and are being systematically implemented.

The real challenge is seen in the design of leadership and the further development of managers. Companies must learn to adapt structures and processes extremely quickly. Depending on the situation, centralized action, defined by hierarchy or the exact opposite, autonomous action by decentralized units, is the right recipe. Companies with the ability to switch very quickly between these extreme poles will have an advantage. The future belongs to **"hybrid"** management.

The demands on managers are changing drastically:

Flexibility, courage and the willingness to take risky decisions characterize the manager of the future. Hardships must be accepted and role models are experiencing a renaissance. Values are becoming the dominant criterion for leadership, coordinating fast, decentralized and autonomous action. This requires a culture that lives by values in a credible manner, that inspires trust, rewards courage and also allows for mistakes.

9. List of figures

10. Our company

BCI Board Consultants International

Offices in Frankfurt · Hamburg · Munich · Stuttgart

- We dedicate ourselves exclusively to Executive Search and Board Consulting.
- In Executive Search, we concentrate on the first two management levels and the search for selected experts.
- In Board Consulting, we conduct efficiency audits of supervisory boards / board reviews and search for members of supervisory boards. In the German-speaking world in both fields we are regarded as pioneers.
- Our seniority and long experience give us personal access to the top performers in the economy.
- In order to guarantee the highest quality, we as partners look after our clients ourselves.
- For the same reason we deliberately limit the size of our company.
- Internationally we are connected to outstanding companies in our profession via “Global Board Advisors”.

Christine Arlt-Palmer
BCI-Partner since 2012

- M.A. in politics and sociology
- Several years of work at the Institute for Foreign Cultural Relations
- Management of the office of a member of the Bundestag
- Experience as a municipal representative
- Focus at BCI: Medium-sized industry, family and foundation companies, family offices as well as the public sector and its associated companies

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BCI-Partner since 2003

- Graduate economist
- Infratest Market Research
- Project Manager with Roland Berger
- Since 1990 in executive search (Partner with Spencer Stuart, Partner and Board Member with TMP)
- 2003 Founding Partner of BCI Board Consultants International
- Focus at BCI: Consumer goods, retail, e-commerce, media, luxury and lifestyle

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Dr. Peter Diesch

BCI-Partner since 2009

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- Graduate economist, Dr. rer. pol.
- 25 years of experience in industry (i.e., Managing Director of Dornier Medical, Airbus Germany and Board Member of Linde AG)
- Member of various supervisory boards
- Focus at BCI: Technology industry (e.g., mechanical engineering, automotive, chemical industry, aerospace & defence, medical devices),
- listed corporations and family owned companies

Dr. Florian Schilling

BCI-Partner since 2005

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- Graduate economist, Dr. rer. pol.
- MBA INSEAD
- Roland Berger Strategy Consultants
- Since 1984 in executive search (Partner with Egon Zehnder and Mülder & Partner)
- Vice Chairman of Heidrick & Struggles, Head of the International Board Practice
- Focus at BCI: Board Reviews, Supervisory and Advisory Board searches

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- Master of Business Administration, Dr. rer. pol.
- Self-employed with financial software company
- Sell-side share analyst with Sal. Oppenheim and ABN AMRO
- Since 2000 in executive search (Managing Director and Partner with Russell Reynolds)
- Focus at BCI: Financial services (banks and asset management organisations), professional services / consulting companies, real estate companies and private equity

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- Graduate economist
- Since 1988 executive search (Mülder & Partner) and in management training
- 1996 Business Unit Manager at Bausparkasse Schwäbisch Hall
- 1998 Managing Director Horst Rückle Team GmbH
- Focus at BCI: Industry, especially family companies, public companies and institutions

- Each of our search assignments benefits from the many years of experience of our international partnership.

- Only a few consultants have the necessary international reputation and seniority to have access to top business executives.

- We have formed the "Global Board Advisors" network from such advisors, which works together seamlessly across borders.

  - AUSTRALIA – Maritana Partners
  - BRAZIL – INWI
  - GERMANY – BCI
  - FRANCE – NB Lemercier & Associés
  - JAPAN – Board Advisors Japan
  - SWITZERLAND – Dr. Bjørn Johansson Associates
  - USA, Greenwich, CT – Greenwich Consulting Group
  - USA, New York / San Francisco – Rich Talent Group
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