



RESILIENCE BAROMETER 2020



Build resilience. **Protect** value.

Crisis:

The hidden cost

Our survey shows that the financial and reputational health of a company is not the only measure affected when a crisis hits. It also shows the damaging effects crises can wreak on the psychological and physical health of senior executives tasked with steering the company through challenging times.

While being unprepared for corporate risks can impact negatively on a company's turnover, there is often an unseen effect on the senior managers and leaders. Respondents across the board report that being unprepared for dealing with crisis takes a toll on the health and well-being of senior managers and executives.

We know from neuroscience that moments of high stress can affect performance. At a time when we rely on our leaders to make the right decisions, and quickly, they need personal resilience to make those decisions effectively.

More than a third of business executives report negative mental health issues, such as stress, worry, panic attacks, anxiety and depression as a consequence of time spent thinking about or actually dealing with crisis situations. A further 34% report interrupted sleep and physical health issues such as exhaustion and burnout.

In the fast-paced world of the modern crisis, it seems that not enough time is given to protecting those who are in charge of making the right decisions.

We underestimate the impact that a crisis can have on the physical health of those caught in the eye of the storm.

Crises tend to be all consuming while they last and it's interesting to note the impact that this is having not only on the mind, but on the body as a whole as the methods we rely on to keep well during peace time – exercise, hobbies, relaxation – get pushed to one side. Striking also was the impact that respondents pointed to in relation to their relationships. Almost one in five say a crisis has



“The growth of social media combined with increased activism from all stakeholders and a culture of antagonism towards corporates has the potential to escalate the velocity of a crisis. Companies need to invest in preparing their leaders to be crisis-ready with the same rigour and discipline as they do in helping the organisation to achieve readiness.”

JAMES MELVILLE-ROSS

Senior Managing Director, Strategic Communications

had a detrimental impact on their relationships with their colleagues, which is understandable. Perhaps less obviously, 20% of business leaders also report that crises take their toll on their relationships at home. Longer working hours and work distractions when at home, leading to a lack of attention to the needs of family, are the likely culprits.

Overall, 90% of respondents claim they have had a crisis situation over the last 12 months and 87% claim there has been some negative impact.

This research suggests that companies are not preparing leaders sufficiently to manage a crisis. There needs to be recognition that the resilience of an individual depends on their wellbeing – and that business managers who are not prepared to deal with high stress situations are unlikely to prove resilient when the pressure is on. Examples of best practice captured in this survey include programmes inviting senior executives to take part in crisis simulations to ensure their personal readiness to deal with such situations and to identify gaps where further support needs to be provided.

A culture of resilience is often characterised by low power-distance ratios - enabling junior employees to engage with or challenge people who are senior to them as well as enabling senior staff members to engage with, consult or listen to people in their teams.

Leaders most likely to be resilient in the face of difficult business challenges are those most likely to be the best prepared. As a crisis unfolds and evolves, companies need to provide their senior executives with regular access to new data and information to help inform their tactics and strategy. They also need to consider the types of support provided in terms of gathering evidence to help executives conduct a diagnosis, develop solutions, appraise options and move onto effective execution in a crisis situation.



“Given that 36% of respondents have suffered mental health issues as a result of dealing with a crisis, the importance of personal resilience and

for leaders to be equipped physically and mentally to deal with a fast moving situation is a business imperative. Part of that preparation is having access to the data to make informed decisions under pressure and in real time.”

SIMON LEWIS

*Vice Chairman in EMEA
Global Head of Financial Services
Strategic Communications*



TAKING A TOLL

Q. As a consequence of the time spent thinking about or actually dealing with crisis situations over the last 12 months, what has been the negative impact upon you personally?

36%

Mental health issues (stress, worry, panic attacks, anxiety, depression)

34%

Physical health issues (exhaustion, burnout, poor diet)

34%

Interrupted sleep

29%

Interruption to your day job

20%

Deterioration in relationships with your spouse and family

19%

Deterioration in relationships with your colleagues

4% Other

13% There was no negative impact

10% I have not had a crisis situation



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