BRIEFLY ON...

LEADERSHIP

"So many difficult occurrences have become normalized."

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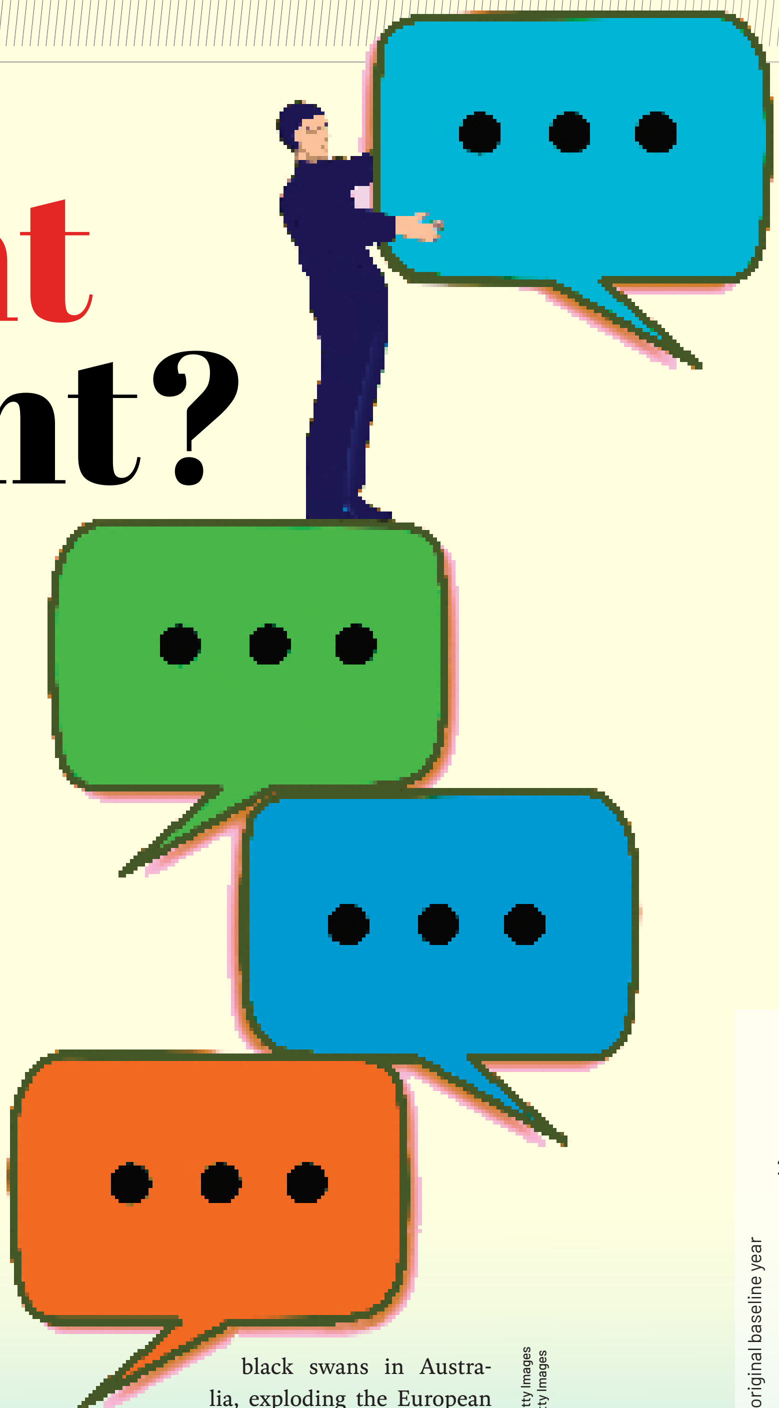
LEADERSHIP

The Silent Treatment?

So-called black swan events are happening two to 20 times more often, but you wouldn't know it from leadership comments. **By Arianne Cohen**



Westend61, Omelchenko Andrii, Coquet Adrien/Getty Images
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You remember those solemn emails from company officials, reminding everyone to remain resilient and take care of each other in these unprecedented times, that appeared almost daily during some periods of the pandemic. These days, the disruptions are almost as common, from new wars to $5-a-gallon gas to huge staffing changes caused by AI. And yet, where are the calming emails from leadership?

To be sure, experts say corporate leaders are responding behind closed doors as each disruption percolates. They will shift business strategy when new tariffs are announced and change staffing when AI tools become more accessible. But few are apparently making public statements or being internally transparent with their workers. "Most leaders are coping—but few are actually leading," says Andrew Healey, principal at Prospice Consulting in Newcastle, Australia. Publicly, firms are greeting many events with the same response: a shrug.

To be sure, some of this makes sense. Surprising events have always existed. In the aughts, academic Nassim Taleb popularized the term "black-swan event" to refer to rare and unpredictable happenings. (The term comes from the 1600s discovery of black swans in Australia, exploding the European belief that all swans were white.)

These impactful events were typically treated as shocking outliers that required an emergency response. But this year, leaders say they have become so consistent that they are more akin to "gray swan" events: They're not entirely unpredictable, but still consequential—and no longer commented on by the brass, who try to carry on as if everything is normal.

For example, major weather disasters happened on average every 82 days in the 1980s, compared to every 19 days over the last 10 years, according to government data. Similarly, roughly nine major data breaches are reported daily in the US, a count that didn't even exist in the early aughts. And yet, reactions are tempered. "So many difficult and terrible occurrences have become so normalized," says Karen Huang, senior director for search assessment at Korn Ferry. "Leaders can't possibly comment on all of them." Research suggests that even when leaders want to comment, they frequently don't know what to say or do: A Korn Ferry survey of CEOs and directors found that 63 percent of global leaders said they face heightened business risks, yet only 11 percent feel fully confident in managing them.

Some of the silence follows years of previously strong responses, via both company messaging and logistical changes, which backfired. The tariff announcements of last year are one of the last major events to which many leaders reacted publicly. Firms spent millions on yanking foreign operations, only for some to discover that they may not have needed to. Now, many leaders stay mum.

Still, experts say great risk lies in the silence. When little is said publicly, different messaging tends to leak out to different audiences: one message goes to the board and another goes to employees, while customers get inexplicable silence, potentially leading them to assume that the leader is in self-preservation mode. "The danger is fragmentation," says Julian Baldwin, a former healthcare executive who now leads Cohere Leadership Group.

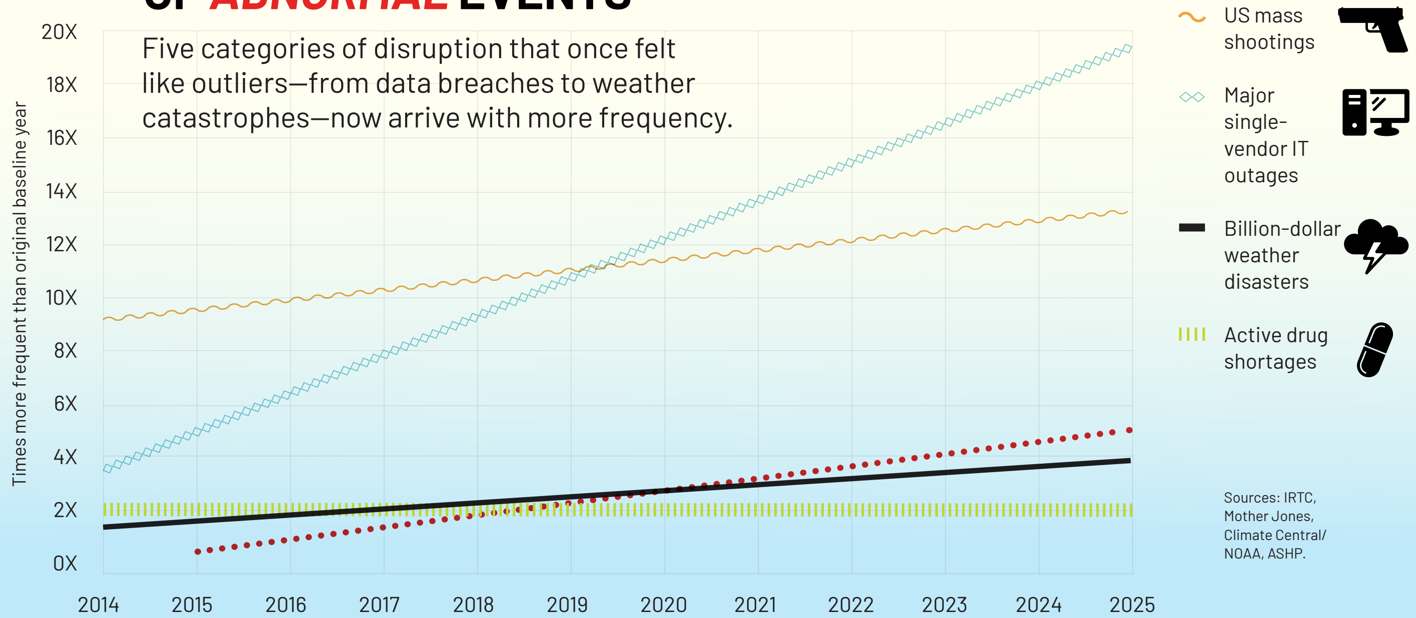
Experts advise firm leaders to handle ongoing disruptive events with a steady, measured approach, rather than responding to each as an individual crisis. Any response should be part of a broader long-term strategy. For the leader, "it should be part of an ongoing conversation over a long period of time," says Jeff Constable, coleader of the Global Financial Officers practice at Korn Ferry. The key messaging is a sense of control, achieved by highlighting that there is continuity in the firm's efforts to adapt to upheaval, says Lorenz Graf-Vlachy, a chaired professor of strategic management and leadership at FAU Erlangen-Nüremberg. As a rule of thumb, look for opportunities in every event—and highlight them to stakeholders. The messaging is that yes, the underlying change is challenging, but there is an opportunity in it too. "Find the potential gain in the change, and frame it as an opportunity to get employees to adapt and not remain rigid," he says.

THE TAKEAWAY

Leaders need to take a measured, but not silent, approach to disruptions.

THE ACCELERATION OF ABNORMAL EVENTS

Five categories of disruption that once felt like outliers—from data breaches to weather catastrophes—now arrive with more frequency.



Sources: IRTC, Mother Jones, Climate Central/ NOAA, ASHP.

TECHNOLOGY

The One AI Holdout: You?

IT MAY BE A HUGE BUDGET line, but companies can't seem to get enough of AI and all that it offers. In short order, they are weaving the technology into everything from customer service and software development to marketing and human resources. For leaders, AI has clearly become a competitive necessity. But there's just one group that doesn't seem quite as enthusiastic about AI: the employees expected to use it.

Resistance to AI in the workplace appears to be growing. In some cases, that resistance may be showing up as subtle acts of sabotage. A recent survey found that 29 percent of employees—including 44 percent of Gen Z workers—admitted to pushing back against workplace AI efforts, whether by refusing to use AI tools or by entering sensitive company information into public AI systems in violation of company policy. Employee excitement for AI also remains low, with only 16 percent of workers strongly agreeing in one poll that the AI tools were actually useful in their day-to-day work.

Hamzaturkkol/Getty Images

THE TAKEAWAY

Leaders can't overstress how much AI can be a partner for human work and not replace most of it.

The biggest issue is that too many workers feel that, far from helping them, the technology will ultimately replace them. "Organizations that don't communicate the impact of AI on workers are asking employees to take a leap of faith," says Bryan Ackermann, head of AI strategy and transformation for Korn Ferry. Indeed, as Tamilla Triantoro, a professor at Quinnipiac University who studies AI in the workplace, puts it, "People don't operate well under uncertainty, especially uncertainty that affects their economic well-being." Based on what they hear leaders say, many see AI as their major workplace competitor.

To some degree, company leaders only have themselves to blame. According to a press account, one call-center worker helped integrate AI into his workplace only to be fired; in describing that experience, he said, "I was literally digging my own grave." At the same time, companies continue to ramp up spending on the technology. One recent study projects that global corporate spending on AI solutions will reach $632 billion by 2028. The gap between company enthusiasm and employee anxiety may help explain why some workers remain reluctant to embrace the technology.

Experts say organizations can address the problem by focusing as much on the human side of AI adoption as on the technology itself. Triantoro argues that companies should be transparent about how productivity gains from AI will be used and should identify where people still bring unique value. "At this time, for many tasks, human-AI collaboration works better than AI alone or a human alone," she says. Employees, she adds, can have valuable input in the decision-making around "where automation is important, where human work is important, and where a combination of both would be best."

Leaders should also pay closer attention to employees' emotional reactions to AI, Triantoro says, because anxiety and distrust can undermine adoption efforts. "It's always up to us to decide how we organize our workplaces," she says. "With this technology, organizations should think carefully about how to integrate it for the long term, instead of chasing every shiny AI object simply because it's new."

LEADERSHIP BY PETER LAURIA

CFOs: A New Threat to CEO Job Security?

Valeryia Launikovich/Getty Images

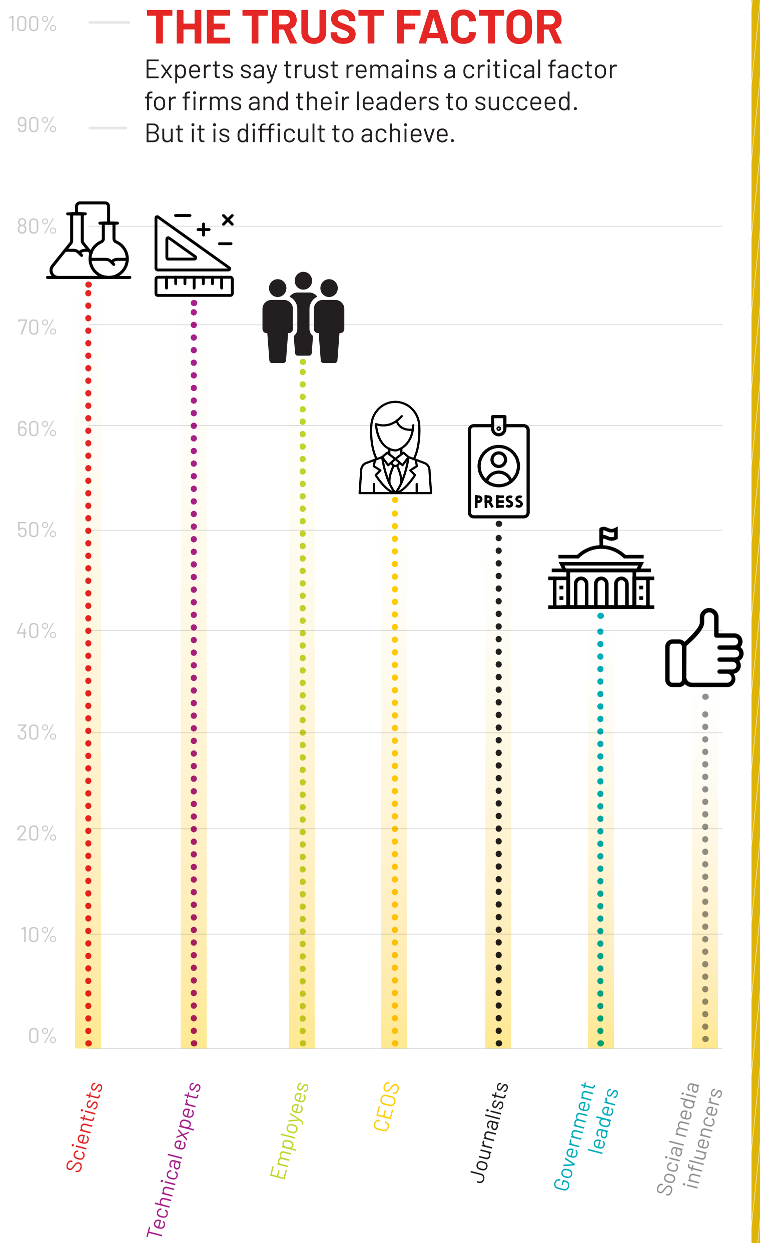
ARTIFICIAL INTELLIGENCE. Activist investors. Relentless board pressure for growth. And now, the CFO.

For CEOs already anxious about their job security, the list of threats now includes an entirely new concern: the C-suite executive most responsible for having their back. In a recent survey of CEOs at companies with between $100 million and $5 billion in revenue, one-quarter

DATA

THE TRUST FACTOR

Experts say trust remains a critical factor for firms and their leaders to succeed. But it is difficult to achieve.



THE TAKEAWAY

Misalignment between the CEO and CFO could erode trust and impact performance.

identified their own CFO as the greatest threat to their job security, the highest among any C-suite position, even outpacing the often second-in-command COO. "It underscores the insecurity many CEOs feel," says David Larcker, director of the Corporate Governance Research Initiative at the Stanford Graduate School of Business.

CEOs are already under pressure from a host of areas, including trigger-happy boards pulling the plug on underperforming leaders. CEO turnover accelerated in the last two years, hitting a record high in 2025, before starting to slow this year.

As a result of the turmoil, CFOs have gained more influence in the boardroom, says Kim Van Der Zon, vice chair of global board and CEO services at Korn Ferry. "Financial matters are at the top of the agenda for most boards," she says. Indeed, the CFO is an essential partner to the CEO—the person responsible for protecting blind spots, translating strategy into financial reality, and maintaining credibility with the board. And now, many are starting to get uncomfortably close to directors. It's no coincidence that, according to the survey, the three biggest concerns for CEOs are, in order, meeting growth targets, managing costs, and meeting the expectations of the board, all of which are crafted primarily by the CEO and CFO.

Patrick Walsh, a senior client partner in the Board and CEO Services practice at Korn Ferry, says, boards must be sure the CEO and CFO are aligned. When they are not, disagreement can quickly move beyond the management team and into the boardroom, says Walsh. CFOs have direct influence over capital allocation, strategy, and the company's growth agenda, as well as their own channels to directors, audit committees, investors, and lenders. "The CEO and CFO have to move in lockstep," says Walsh. "There can't be any noise in that relationship." Jeff Constable, coleader of the Global Financial Officers practice at Korn Ferry, agrees, adding that misalignment could ultimately divide the C-suite and push the board into "camps." Instances of CFOs undermining CEOs in audit committee meetings or cozying up to an activist investor have happened, after all.

To be sure, the concern may be more in the CEO's mind than anywhere else. Last year, CFO-to-CEO promotions accounted for about 10 percent of all CEO appointments. For his part, Larcker says that disagreements between CEOs and CFOs are a sign of healthy governance and attributes some of the perceived threat to recency bias. He also notes that aside from the COO, the CFO would be the next logical successor to the CEO among the C-suite positions in the survey. "I don't think CEOs are looking over their shoulders at their CFOs and thinking 'That guy wants to replace me,'" says Larcker. "I think it says more about how complicated the CEO role has become."

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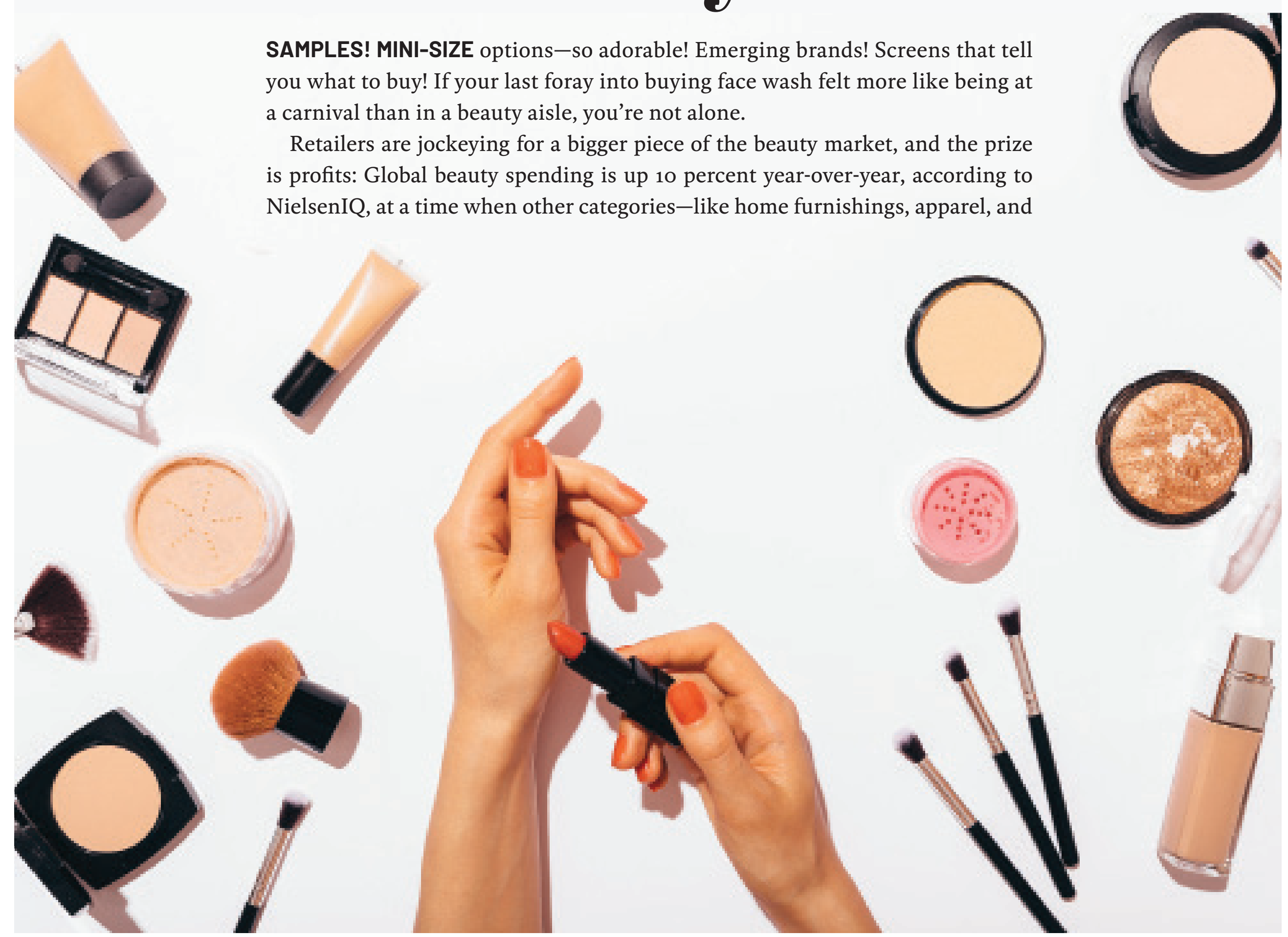
RETAIL BY ARIANNE COHEN

Everyone Wants In On the Beauty Business



iprogressman/iStock/Getty Images

SAMPLES! MINI-SIZE options—so adorable! Emerging brands! Screens that tell you what to buy! If your last foray into buying face wash felt more like being at a carnival than in a beauty aisle, you're not alone.

Retailers are jockeying for a bigger piece of the beauty market, and the prize is profits: Global beauty spending is up 10 percent year-over-year, according to NielsenIQ, at a time when other categories—like home furnishings, apparel, and gardening supplies—are flat or dipping. Retailers are focused on making beauty feel more experiential, even in busy big-box stores, says Hana Selvog, vice president of sales at sales and marketing agency The Barcode Group. "They're positioning themselves as beauty destinations."

To those not in the retail industry, there is a lesson here: Follow the money. Beauty has always been a dependable seller. This year, shoppers are treating it as an affordable indulgence, or as Elizabeth Lafontaine, director of research at foot-traffic analyst Placer.ai, describes it, "a lower-cost upgrade against a backdrop of economic uncertainty." But e-commerce is expanding six times faster than in-store beauty sales are, and the TikTok Shop alone now accounts for roughly 10 percent of all beauty e-commerce. Stores are leaning on the draw of new products that shoppers want to see and hold before purchasing. Stores are particularly keen to reintroduce shoppers to products they wouldn't necessarily stumble on while scrolling, says Jenna Young, head of creative for Korn Ferry's Culture, Change, and Communications practice. "It's a reason to get people in the store."

That is, of course, the second lesson leaders can take from the beauty buzz: Know thy customer.

The beauty shopper is unusually mobile, Selvog notes, hopping between big-box stores, social-media shops, pharmacies, and specialty retailers—sometimes all in the same week. Which means retailers are fighting for a higher share of customers they're already sharing. However, consumers tend to be more loyal to retailers than to brands—an opening that brick-and-mortar stores are eager to exploit. Beauty aisles also attract Gen Z, a demographic that might not otherwise show up in person, giving stores the opportunity to build that loyalty.

In beauty retail, firms have found a way to stay ahead of customer interest—at least for now. Even mass merchandisers are jumping into this once-exclusive sector. "They're moving fast to bolster their beauty departments, fueled by some impressive market data," says Michael Sjolie, CEO of spray-tan company Sjolie Sunless. At least one big-box retailer is staffing the section with trained beauty experts, who receive samples of products and are trained in selling items like eyeliner. The reasoning is simple, says Craig Rowley, a senior client partner at Korn Ferry: "It's a business driven by product knowledge—customers just don't buy products they don't understand."

THE TAKEAWAY

Experts say smart firms keep a laser-like focus on consumer or client needs.

WHAT'S ON THE NEXT BOARD AGENDA

1

INTERIM CEO PAY

Median pay for interim CEOs is up sharply, creating compensation challenges for boards.

2

QUARTERLY REPORTING

The SEC officially proposed reducing reporting to twice annually. Now, will boards follow?

3

GRAYING LEADERS

CEOs are 10 years older than they were in 2000, raising succession concerns for boards.

HISTORY LESSON

BY GLENN RIFKIN

Yellow Corp: Too Big to Fail?

The 99-year-old freight firm was a fixture in the trucking industry—until it wasn't.

IN 2023, WHEN YELLOW Corporation, the nation's third-largest so-called "less-than-truckload" freight company, went out of business, the industry was shaken. Words like "epic failure" were used, and for good reason: The company, with iconic trucking brands like YRC Freight, Holland, and Reddaway, had been traversing America's highways for 99 years, and its demise cost 30,000 jobs and shut down its fleet of more than 12,000 trucks.

Yellow, formerly known as YRC Worldwide, was considered a fixture in the trucking industry, one that seemed, for much of its existence, too big to fail. Founded in 1924 in Oklahoma City, Yellow became a notable success in part due to its innovative use of technology, according to American Global Logistics, a research firm monitoring the trucking industry. It pioneered the use of satellite tracking and real-time data analysis.

But in the early 2000s, Yellow, whose customers included Walmart and Home Depot, struggled in the new world of e-commerce and faced stiff competition from companies like Amazon and FedEx. Rising fuel costs and a nationwide shortage of drivers added to its woes, as did the subsequent losses of its lower costs and vast freight capacity.

The less-than-truckload market is focused on the transportation of freight that requires only part of a trailer; it hauls cargo for multiple customers on a single truck. Through growth and acquisition, Yellow, then located in Overland Park, Kansas, peaked at nearly $10 billion in revenue in 2006, behind only FedEx and Old Dominion. But trouble loomed right after the global financial crisis in 2008, and the company, facing heavy debt, narrowly avoided bankruptcy.

Trouble continued as the company remained locked in a long-term and contentious battle with the Teamsters union. In 2020, during COVID-19, it received a $700 million national-security loan—which a congressional oversight committee said was improperly issued because Yellow's survival was not "critical to maintaining national security." Finally, the end came when it filed for Chapter 11.

The lesson here? Experts say Yellow's demise was a warning to all corporations—not just freight companies—to keep control of supply-chain management and avoid incurring potentially disastrous debt while chasing major acquisitions. "One core takeaway is that 21st-century companies need flexibility," wrote Benjamin Gordon, a leading advisor and investor to supply-chain companies, in a 2023 report on Yellow's demise. "Firms that lack adaptability will simply be unable to compete with more nimble competitors."

Orlin Wagner/AP Photo