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# Seven Questions for Corporate Boards Navigating COVID-19



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## **A guide to steering companies effectively through the crisis and beyond.**

Corporate boards across Europe are reacting to the coronavirus pandemic in three ways. For some, it's business as usual. "Crisis is the business of the CEO; the board does not need to adjust its workings," the chair of one such board told me. Other boards are going in the opposite direction: becoming very engaged, involving themselves in operations and even making key executive decisions. In the words of the leader of such a board: "When the crisis of this scale strikes – we all become executives."

I am glad that the most widespread reaction is of a third and healthier variety: Boards adapt their routines to reflect the new reality of extreme uncertainty, increase the frequency of meetings and change their agendas – but stay away from executive functions. The chair of one such board said: "The essence of our work has not changed – we look after the company's sustainability, we protect shareholders' value, we provide oversight to management. At the same time the intensity and formats of our interactions have been adjusted dramatically."

What exactly do effective boards need to do to navigate the current crisis? My recent interviews with chairs and directors turned up seven questions that could serve as a guide.

### **1. Is our executive leadership adequate?**

When the scale of COVID-19 became clear, good boards conducted candid and comprehensive discussions about whether the incumbent CEO and other senior executives were fit to lead the organisation through the unprecedented crisis. No doubt Abraham Lincoln cautioned against changing horses mid-stream, but keeping unmotivated, unstable, physically weak or professionally unprepared people at the helm of a company at a time of profound and most likely prolonged crisis is even riskier. I know of a number of boards who replaced their CEOs in recent weeks after realising the power of the storm and its consequences for the business.

### **2. Does management have the right mandate?**

A good board that has put in place capable management proceeds to make sure the latter has an adequate frame for action. One board chair explained: “We had three meetings last week to debate how we should adjust the CEO’s goals, authority, evaluation and feedback process. We made significant changes and we agreed to revisit her mandate in a month.”

Many boards have switched to short-term targets and are reviewing them in weekly or biweekly online meetings. Most boards these days identify cash flow and employees’ health as primary targets of management attention. Many boards have reduced the CEO’s spending authority and put investment projects on hold.

### **3. Are we supporting management effectively?**

The crisis puts an enormous strain on corporate leaders. Despite their own anxiety and stress, they need to help their team stay healthy, calm, rational and productive, and often do so while working remotely. Senior executives therefore need emotional support, expert advice and an attentive ear from the board. Good board chairs and directors make themselves available to the CEO and key executives 24/7, and proactively offer advice and support. As the chair of a European development company shared: “I used to speak with my CEO every week, now we are on the phone a few times every day.

“I try to accomplish three goals in these conversations: Provide him with emotional support, help him cope and show him some bright spots in the dark sky; discuss and if possible answer any specific questions he has; and share my experience of managing people and organisations in times of crisis.”

#### **4. Are we providing stakeholders with the information they need?**

One of the key roles of the board of directors is to ensure that shareholders and other stakeholders are adequately informed about the state of the business. Good boards consider it their top priority to adjust the stakeholder communication process, replacing standard communication channels and procedures with faster online tools as necessary.

“**Stakeholder communication** has become a standing agenda item for our board in the last three weeks,” said the chair of a UK-based company. “We asked our CEO to speak to our community daily, we opened extra hotlines, we provide daily updates to employees, customers and vendors. Our investor relations team is in consistent contact with investors.”

#### **5. Are we operating in the most effective way?**

At a time when the business context has been transformed, international travel is on life support and millions of executives and employees have switched to remote work, **good boards are quickly adjusting their own processes**. Most European boards have moved their work online and hold more frequent but shorter meetings. Free discussions and information exchanges have replaced management presentations. Interactions during meetings have become more informal. Directors now interact virtually with one another outside of board and committee meetings. It is remarkable how quickly some directors have adopted technology after resisting it for years.

Effective boards are also engaging external experts and consultants or reading reports and articles to get up to speed with the latest developments. The chair of a global energy company explained: “We can’t elect people with medical expertise or disaster management experience to the board overnight, but we find them and invite them to enlighten the board.”

#### **6. Are we preparing for the post-pandemic future?**

Good boards do not wait for the crisis to pass before starting to assess the opportunities created. The chair of an F&B chain said: “We have no idea how

this crisis will end up for our business, although we are pretty sure we will be hit very hard. Yet we have put together a sub-committee of three directors and two senior executives to look at strategic options this crisis may open up for us. They have already identified five potential avenues we will experiment with.”

## 7. Are we taking care of ourselves?

Working in times of crises, much less one on this scale, demands high levels of **resilience**. Board members need to take care of their emotional and physical health in order to perform their duties effectively. Good boards help their members to stay motivated and fit by making time for them to share their feelings and concerns, exchange their experiences and support each other.

As a board chair and a director myself, I feel the pressure of the times and have my low moments. But these seven questions help shine a light on the path ahead and, I hope, through to the end of the tunnel.

### Find article at

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### **Covid-19**

Covid-19 is no longer a global health emergency but its impact on public health, the global economy and the future of work cannot be overstated. INSEAD's thought leaders — both faculty and their close collaborators in the practitioner and entrepreneurship communities — give their informed perspectives that could help us not just weather the crisis but emerge from it stronger than ever.