



## COVID-19 and the board

### A chair's point of view

The global COVID-19 pandemic has hit all states and provinces in the United States and Canada and as of this writing, the number of cases is rising every day. While our countries and others around the world grapple with how to respond, businesses should be supporting the health and well-being of their people and initiatives to help “flatten the curve”.

None of us can predict the true impact of the pandemic on the global economy, but at this pivotal moment, there are clear choices to be made. The way in which boards do their work at this time will be a critical factor in an organization's ability to emerge from the current crisis and push forward into a new era of economic recovery and opportunity for the benefit of all stakeholders.

To accomplish this, boards—while maintaining appropriate separation from management—should support executive leadership and share the burden. Boards should also acknowledge there is no off-the-shelf playbook for the current situation, and that they must be flexible and pragmatic in how they govern their organizations.

As two chairs experiencing this within our own boards and those of our clients, we see five principles that strong boards exemplify as the crisis unfolds:

### 1. Take care of each other.

Boards are social constructs; chairs and their board members must support each other and their executive teams during this time of extraordinary challenge. The tone from the top matters, and boards are also in a unique position to reinforce a culture of inclusive human concern for the mental and physical well-being of the entire organization at a time when it's needed more than ever.

### 2. Challenge the operating model of your board.

Revisit existing structures and be agile in considering what aspects of the standard board agenda can be streamlined or deferred to create more time for management to focus on the short-term challenges facing the organization:

- Leverage the skills and expertise of individual board members— and their experiences elsewhere— to support management's specific set of near-term needs to enhance stability in the organization.
- Evaluate if new crisis-based working groups could support the organization in more successfully navigating urgent issues. For example, establishing an ad-hoc committee to focus on response— specifically, business continuity and sustainability— while the larger board focuses on recovery, and ultimately on the ability to thrive after COVID-19.
- Help management by reinforcing the concept that “perfect is the enemy of the good.” Set expectations for interaction, communication, and material production that respects the situation.

### 3. Be flexible in board engagement.

When thinking through engagement, boards should remember that the average corporate director in the United States and Canada sits on more than two boards<sup>i</sup>, and that one-third of US CEOs sit on an outside board other than their own<sup>ii</sup>. In our experience, this is a double-edged sword: On one hand, directors serving on multiple boards at this moment are dealing with a myriad of challenges at the same time. They may have less time to give. On the other hand, this may be precisely the time that organizations might want directors who serve on other boards given the significant value of sharing cross-board insights of how others are responding to the crisis.

Contingency planning that takes into account the health and well-being of current board members and management teams should be considered as it is a very real possibility that more than one board member or executive may be unable to perform duties during overlapping periods. Issues related to illness, family caretaking duties, stress, and bandwidth due to multiple board seats, as well as board members who have to return to their primary C-suite responsibilities, all need to be considered.

### 4. Take the long view.

There is no question the primary near-term responsibility of the board is to support management in navigating the repercussions of the pandemic. However, the board must also keep a lens on two mutually inclusive issues: being the vehicle to hold an organization to its societal purpose, and balancing decision-making between the short-term need and long-term success. As studies of past volatile times have shown, the organizations that emerge as winners are those that strike the right balance between shorter- and longer-term strategies<sup>iii</sup>. Boards can support management in near-term moves and actions by thinking through what the mid- and long-term impact will be. This includes reflecting on how decisions will impact all stakeholders and encouraging the consideration of diverse needs, including meeting the most pressing societal needs right now.

<sup>i</sup> 2019 ICD Member Survey

<sup>ii</sup> <https://www.spencerstuart.com/research-and-insight/us-board-index>

<sup>iii</sup> <https://www2.deloitte.com/global/en/insights/economy/covid-19/heart-of-resilient-leadership-responding-to-covid-19.html>

<sup>iv</sup> <https://www2.deloitte.com/us/en/insights/topics/leadership/strategic-board-of-directors-ceo.html>

## 5. Ask deliberate questions.

Be thoughtful about avoiding questions out of personal curiosity. Focus instead on the critical issues facing the organization in the short term, and those that will chart its future course. Continuous dialogue, including constructive challenge, can create a healthy tension<sup>iv</sup> that should be seen as positive and necessary to get to the best decisions.

**This pandemic and its aftermath will test the stamina of organizations to preserve, to endure, to be resilient. Boards can play an outsized role in providing the ultimate pressure test of an organization's position and purpose, as what is decided today will define the future.**

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For more detailed guidance for boards, chairs, and their role in the current crisis, see 'Stepping In: The Board's Role in the COVID-19 Crisis, found here: <https://www2.deloitte.com/global/en/pages/about-deloitte/articles/covid-19/stepping-in--the-board-s-role-in-the-covid-19-crisis---deloitte.html>

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