

THE BOARD'S ROLE IN RESPONDING TO CRISIS, CURRENTLY COVID-19

Whatever the industry, boards have a crucial role to play as management teams navigate this global crisis. By now, most companies are past the initial stage of reacting and have taken action too. Depending on the nature of your business, responsive actions will vary considerably.

Most of my client boards have struck special committees to assist management in addressing priorities. These special committees will be particularly important as priorities evolve when external factors change, and risks transition from dealing with the immediate crisis to potential changes to service models and the economic and financial fallout. In all cases, regular communication with employees, shareholders, customers and suppliers is paramount.

If the company operates an essential business, areas of risk include employee health and wellness, the potential for a disrupted supply chain, having sufficient staffing to meet demand, employees adhering to new safety practices, continued access to working capital, and more.

For non-essential businesses, management priorities include layoffs, compensation decisions and, of course, financial management. Maintaining working capital is critical while navigating this crisis.

Boards can assist by asking these questions in each of the following areas:

Financial Health

- How are we measuring our financial health? What additional measures has the CFO or others put in place?
- What is the nature of, and how frequently are we engaging with our bank or credit union?
- What timeframe are we using for planning purposes? (I recommend a four-month rolling plan.)

Supplier Health

- How are we tracking the stability of our suppliers?

- What contingency do we have in place should any of our suppliers run into financial difficulty, or they develop an inability to meet our demand?

Employee Health

- How frequently are we communicating with our employees, shareholders, and customers/clients?
- What HR actions are we taking? Are we providing additional compensation to essential and/or frontline workers?
- What protections are we offering to frontline staff?
- Where have demands for products or services increased? What actions are we taking to hire additional staff, or redeploy staff resources, rapidly?
- How are we tracking employee compliance to quarantines, and/or new social distancing on the plant floor or within call centres, etc.?
- What benefits are we offering to those who have been laid off to encourage them to stay, e.g. continuing health benefits?

Stakeholders

- What are the planned communications to shareholders to provide reassurance during the economic downturn, and our own company's ability to meet customer and financial obligations?

Just as we were rapidly hit with the impacts of COVID-19, at some point in the future, we will be required to just as rapidly respond to the recovery phase. The nature and timing of this response will differ by industry and region, and the ability to pivot and rapidly recover will be necessary. Pivots and recoveries may include changes to your business, a new business model, enhanced or changed products, or service delivery. We will address this further in a later post.