

What can directors do about COVID-19?

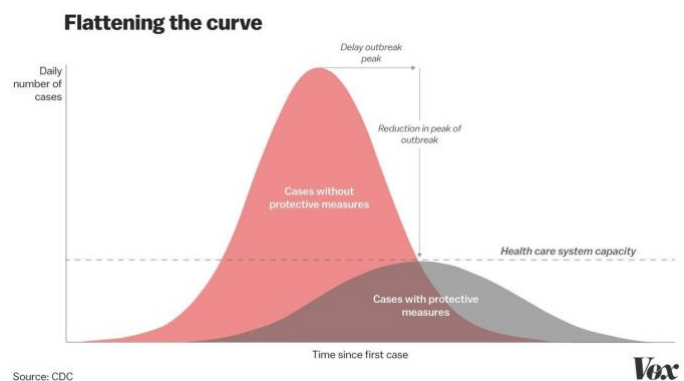
17th March 2020

Vince Murdoch, PhD – Board and Governance Advisor

Directors' roles and responsibilities particularly relevant to COVID-19 are their duty of care, and their fiduciary duty. Directors will be acutely concerned about how they can contribute to the physical and mental health of their employees, stakeholders and the broader community and the inevitable financial impacts of this pandemic, while balancing longer term interests in ensuring the ongoing viability of their organisation. Uncertainty and unpredictability abound, yet one certainty that is finally gaining traction is that it is in the community's and therefore every organisation's interests to slow the spread of this deadly virus.

Flatten the curve – The consensus from what has occurred in other countries is that *radically reducing social interaction* will significantly slow the spread of this pandemic. Leading epidemiologists and immunologists assert it is the only strategy that will work. Apparently, Australia is heading to approximately 150,000 reported cases by Easter (and that means the real number of underlying cases could be approaching a million) with a potentially disastrous situation of millions infected by May, unless we can reduce the reinfection rate (R0).

All businesses can contribute. We are in this together. A key contribution from all directors therefore is to communicate consistently that **we must help 'flatten the curve'**, by promoting social distancing. While this strategy may not reduce the total number eventually affected, it will avoid overwhelming the health system, killing more people, and destroying organisations.



From our recent experience, as of late last week, we know that some leading listed companies have determined that any face to face meetings (if really necessary and not capable of being done remotely) were to be confined to 10 or fewer people for less than 2 hours at a time.

Director behaviour – what can individual directors do?

Don't be a director vector – be self-aware - recognise that in the business community you are unique as you work in more than one business, and network widely. Without knowing it, you could become infected in one location and then spend 3-8 hours in an air conditioned boardroom, infecting a different group of directors and executives. (And demographically the people you infect are more likely to be susceptible to severe outcomes.)



Read the science. Stay informed. Pay attention to the science, not ideology, uncorroborated rumour or false hope. The best articles and thinking on COVID-19 are [Thomas Pueyo's](#) 28 million view article "Coronavirus: Why you must act now" and Corona Cast – ABC - [Dr Norman Swann](#) curates the latest and most authoritative medical scientists including Professor Bill Bowtell AO. Also check what our own Chief Scientist – Dr Alan Finkel is saying. An excellent website that plots incidence globally, updated regularly is [here](#). The WHO updates are available [here](#).

Eschew saying "don't panic". It runs the risk of sounding patronising, and is not helpful. This is a time for being alert, courageous, listening hard, acknowledging feelings, and thoughtfully providing as much certainty as possible. Acknowledging that none of us have been in this situation before, and therefore saying "I don't know" is transparent and honest. If, however you can make or confirm statements that will reduce uncertainty (eg around hygiene arrangements across the business, or working from home (WFH) protocols) you should.

Be mindful of what you say from your position of power and influence. There is a tremendous amount of misinformation, and emotions are running high – this is not a time for "she'll be right". Rather, it's an important time to remember how much weight your words, tone and demeanour carry, particularly when people are looking to those in key roles to provide clarity. Providing you're being realistic about the situation we are all in, it can also be helpful to remind others that the world will get through this.

Demonstrate reasoned calm. McKinsey's latest [update](#) "Leadership in a Crisis" puts it well "In routine emergencies, experience is perhaps the most valuable quality that leaders bring. But in novel, landscape-scale crises, character is of the utmost importance. Crisis-response leaders must be able to unify teams behind a single purpose and frame questions for them to investigate. The best will display several qualities. One is "deliberate calm," the ability to detach from a fraught situation and think clearly about how one will navigate it. Deliberate calm is most often found in well-grounded individuals who possess humility but not helplessness".

Premiers Dan Andrews and Gladys Berejiklian communicated very effectively during this summer's bushfire emergency only a few weeks ago, and sadly are having to continue to do it now: observe how they speak clearly, directly and in a no-fuss way conveying what recognised, authoritative experts are telling them; how they listen to, and rely upon those experts and in a volatile, dynamic environment, when things change they will tell their community what's going on as best they can, and what's needed.

Encourage speed. Acknowledge that you won't get it perfectly right. As the WHO Executive Director of Health Emergencies, expert Dr Michael J. Ryan (who has had direct experience in dealing with many Ebola virus outbreaks) emphasised recently, "*Be fast; have no regrets, always be the first mover. The virus will always get you if you don't move quickly. Speed trumps perfection.*" So for all of us, speed of reaction is more important than waiting to see. Maintain a sense of urgency with your board colleagues and with the Executive.

Be a champion for mental health. People are going to feel anxious and those who are prone to depression and anxiety disorders will suffer even more than usual. Some of your employees, suppliers, customers, other stakeholders and even some of your board colleagues may wrestle with the mental health aspects of this crisis. Make it as safe as possible for people to share their concerns. Give extra mental space where required. Ensure your organisation has access to professionals. Don't be afraid to ask your fellow directors "are you ok?" and then really listen.



Forget about looking foolish. Australians often don't want to be seen to be over-reacting. The time to act in an exponentially worsening situation is long before it feels like you MUST. Directors should be brave in stepping into the arena and urging action.

*Reinforce communications that it's not **just** about you,* especially if you are feeling healthy. The reason for hand washing and social distancing is to protect OTHERS and all within our communities including the most vulnerable.

Demonstrate hygiene leadership. Wash your hands before and after board meetings. Don't shake hands. Don't air or cheek kiss. Disinfect your phone and iPad.

Be creative

Explore how to collaborate with other organisations – (eg Woolworths with Meals on Wheels donating toilet paper) – and explore how you can provide some aspect of your organisation's offering at reduced rates or free – (eg Optus and Telstra providing free additional data downloads to assist in larger numbers of people WFH)

Ask questions about

- the implications of any actions on the most vulnerable
- what can be done to help the most vulnerable (eg Woolworths opening supermarkets an hour early for the aged, disabled, infirm thereby providing access to restocked shelves amidst less frenzied crowds) What can your organisation do?

Bring the expertise and success of other organisations to the board table. If ever there were an opportunity to add value by providing evidence of what others have done, this is it. For example, as a Director you may have witnessed another organisation gradually stage WFH over a period of week or two, or you may have seen someone else shut the doors overnight. Share what you know about worked well and what didn't. What are peers, competitors, and other sectors doing that may be relevant, helpful, or ingenious that we could explore, adopt, or adapt?

Look for how to help the organisation work remotely at scale. For example LinkedIn has opened up [LinkedIn Learning courses](#) for free that focus on being productive while working from home, including tips on using virtual meeting tools to build relationships in a new working environment. They have also added the [LinkedIn Events](#) capability for your

Company Page that provides an easy way to invite first-degree connections and manage events online.

Boards – what can directors do collectively?

In most crises, boards rally and schedule more rather than less meetings. For example, in the past I have witnessed boards in crisis deciding to meet three times as often – eg if 10-12 meetings is the annual norm, they might engage in 30-40. This time is different. Subject to key decisions that may need to be made at Board level, convene fewer meetings and conduct more of them virtually.

Reduce your director fees (if any). Reduce Executive salaries and bonuses. Delay unnecessary board activity which can't be done virtually and will distract already overburdened management. Do remember however that ensuring you and your colleagues continue to feel connected and constructively involved is important. All these steps demonstrate how seriously you consider this situation and take your fiduciary duties.

With the CEO and Executive

Support your CEO and Executive team like never before. You can expect that your Executive will have conducted a range of scenario planning exercises and held many discussions across the business. They will be intensely busy in wrestling with the financial and human aspects of this crisis. And they will be evaluating risks and exploring downsides urgently. They will have established teams with discrete responsibilities and have rapid information exchanges in place. They do not need a huge escalation of requests for information, status updates etc.

- Your CEO will be under intense pressure. Many current CEOs will have limited (if any) experience of a human, customer and financial crisis of this scale and its exponential speed. The combination could overwhelm them so you owe it to the organisation to ensure that all directors are united around supporting the efforts of the CEO and Executive team. Of course, if you have serious concerns about the approaches they are taking, talk to the Chair and if needed, have a board hook-up about the concerns.
- Agree that the Chair will be the conduit to the CEO and let the Chair take on the role of communicating to the rest of the board. If your Chair also chairs other organisations, check whether he or she would appreciate support in carrying out any aspects of the role in your organisation during this crisis - possibly from one of the senior directors or committee chairs.

Establish a protocol for the entire board to meet virtually for updates from the Chair. At those meetings discuss –

- progress on social distancing
- how the crisis and risk management plans are progressing and any material issues/changes that may be usefully suggested,
how your people are coping and anything that may need to be prioritised to support them
- whether the appropriate delegations are clear, in place and working,

- what are the lessons from elsewhere that may be applied
- appropriate organisational responses as the pandemic unfolds over various timeframes, and
- what (else) needs to occur to maximise business sustainability and long term future.
- (with thanks to David Shortland, a pre-eminent and considered communications and risk expert and director who will be familiar to AICD members from his facilitating Essential Director Updates, Company Director Courses and Risk management sessions, for these points)
- Finally, start thinking about the learning from this experience and what the board can introduce to its processes and arrangements to (even) better deal with crises in the future.

Adopt “if not why not” to review working arrangements across the business. Push your CEO and Executive to get as many staff as possible into WFH arrangements. For essential operations, explore how you can create social distance.

Avoid establishing additional committees and structures. You run the risk of slowing the Executive down, unless you have specific expertise, for example in crisis management. In that case, consider joining management or special purpose committees as an advisor, not a director. Note that you will need to behave according to your director roles and responsibilities when decisions then come to the board.

Give your executive permission to re-set. Recognise that in your organisation this crisis might occasion a fundamental strategy re-set. Whether it is about elements of your strategy that govern, for example your supply chain (should you stay lean and just in time, should you consider spreading your sources of supply globally), or internal transformations on which you might already be embarked, or indeed new directions. Listen to what your Executive might suggest, and look for how you can add value.

Employees

Challenge the Executive to develop ways to ensure the most vulnerable of your employees are not disadvantaged. For example, take the lead from companies who have continued to pay hourly workers even if they are no longer required. Ensure that sick leave provisions are adequate. Consider increasing them if necessary.

Look hard at policies to ensure that they do not inadvertently cause problems – eg cancelling home deliveries by a supermarket, pharmaceutical or food delivery service might disadvantage severely those who are at home providing 24/7 care to family members

Ensure that *employees are kept up to date* with unfolding events. While this communication should be delegated to the Executive, it is appropriate for the Chairman or other directors to be called upon to assist according to their particular skills.

Financial

Your CEO and CFO are probably already all over the numbers. The board's role will be to provide counsel on how to balance the competing demands that are likely to descend upon the business. Cash might be the first consideration. So, for example, the board might decide to make recommendations about whether or not to issue a dividend, or cancel a share buyback and how to use the money otherwise. The board might want to heighten any cost cutting programs, and recommend delay in investment for new projects, transformation initiatives, etc. Or look at how to lower debt.

Discuss around the board table what opportunities there are to reallocate resources for whatever the organisation needs. For example, a sporting, events, tourism or conference organisation might need to cancel all fixtures/events, thereby losing revenue and not needing a range of staff and facilities. So, what can be reallocated to ensure long term sustainability of the organisation, while also addressing the physical health and well-being of affected staff and participants. What needs to be done to shore up support from sponsors and business partners?

Customers & Suppliers

All the relationships we have had in the 'normal course' of how we go about our business are currently being stretched and strained to the extreme. That is not going to change quickly. In the networked, interconnected world we have been operating to date in this century, we probably won't be able to serve, support, supply and pay in the same way as we did, even a month ago. In turn, those whom we serve, support, supply and pay us won't be able to perform as expected.

Clarity and respect for all is required in all our dealings with our people and partners. We will need to ensure we bring decency, dignity and determination to seek to address all the complexities this extraordinary situation commands of us. Communication is the key, but it needs to be coupled with innovative and creative problem solving like never before.

Government and external stakeholders

Agree who will be the spokesperson. Often the best choice will be the Chairman and CEO jointly. No doubt this has been considered as part of the Crisis Communication /Management plans in place, however be mindful of continuity; capability and changing contexts that may need to be considered.

In summary

So, in this (unheralded) crisis, reflect on the value of the board. Apart from all the essential elements already mentioned, the board has two vital roles:

1. being able to stand back a little and thoughtfully consider the broader impacts for all stakeholders during the crisis, and
2. addressing how to ensure the organisation is as well positioned as possible to move forward strongly once COVID-19 reduces and eventually passes.

Finally, be yourself. This is a humanitarian health crisis greater than anything we have seen. It dwarfs what organisations typically think about as VUCA. Employees, customers, suppliers, families, the elderly and children are frightened and uncertain, and might say and do things they otherwise wouldn't. You will need to be resilient, kind, compassionate and wise in equal measure.

To the extent possible under law [Vince Murdoch](#) has waived all copyright and related or neighboring rights to "What can directors do about COVID-19?". This work is published from: Australia.

