

Boards of Directors Oversight in the COVID19 Crisis

Author: Taurai Masunda . April 2020

The COVID-19 is the worst global crisis since the Second World War. The COVID-19 pandemic has intensified and expanded in terms of its global reach, with huge impacts on public health and unprecedented shocks to economies and labour markets. Lockdowns and related business disruptions, travel restrictions, school closures and other containment measures have had sudden and drastic impacts on workers and enterprises.

How can boards of directors cope with this ongoing COVID-19 pandemic, high-threat environment? Boards should begin with the basics:

- To be calm
- Be alert
- Be engaged
- Be informed
- Be advised
- Be thoughtful
- Be decisive

It very important that boards and management collaborate very well to find the best way forward for the organization in this pandemic. The boards are responsible for overseeing management's work and monitoring its progress. Management has the principal role of addressing the organization's day-to-day needs of the organization and this includes in this pandemic taking steps to safeguard the organization's people and resources, executing on a crisis response plan. Board members must be careful not to interfere with management's handling of the day-to-day operations of the company however, board members should not hesitate to reach out proactively to request information or ask to schedule an online board meeting to receive updates from management as needed under the circumstances.

Boards should be in a position to ask appropriate questions to management and testing underlying assumptions. A well-functioning board can assure that the company is making thoughtful, fact-based decisions in responding to the crisis and serving as a port of calm amid the storm of rapid fire communications and actions that need to take place during a crisis. Boards members should exercise their core oversight and risk management responsibility to assure that management is looking around the corners to assess short and long-term risks, as well as opportunities; taking appropriate action to assure business continuity and to activate contingency plans; and communicating appropriately.

Below are some of the questions boards may periodically ask management. Management should also be prepared to answer to those questions.

1. Communication

How are we communicating messages across all divisions so that we are providing consistent messaging? How are we coordinating the communication of messages? What are our core messages that we are trying to get across? Are we following best practices that is communicating quickly, accurately and candidly about what we know and don't know? Are we providing assurance about what we are doing, and that we are proactively addressing issues, without overcommitting or providing false hope that will lead to damage of credibility?

1. Security

How are we dealing with security and retention of confidential information with employees and documents in a globally disbursed organization? Do we need outside expertise to assist with this task?

1. Employees and Facilities

What is the status of our workforce and facilities? Have we had employees who have reported that they have tested positive? Are we considering layoffs? Are there teams that are working remotely and those that remain at our facilities? What have we done to assure connectivity with our employees? Are we experiencing stresses on the infrastructure support we have put in place, such as IT or videoconferencing capabilities? Are there arrangements we have considered or need to consider to provide IT infrastructure support for employees working remotely or temporary changes regarding overtime and other workforce policies? Do we need to adjust or delay executive compensation decisions to ensure our compensation programs are aligned with the current environment? Do we have contingency plans in place in the event that one or more of our key employees is taken ill? What have we done to assure employees and provide for their well-being? What has been the feedback we have received from employees, and how do we assess and measure whether, where possible, our workforce continues to be engaged and productive?

1. Financial

What are the short and long-term financial impacts of COVID-19 on our business? What are the most significant factors that affect our forecasts? What is the assessment of our capital resources? Is our balance sheet strong enough to cover the storm? What is the sensitivity analysis around that? Are there lines of credit we can and should draw upon now? If we have vulnerability from a capital resources, what is our plan for dealing with that?

1. Customers

What has been the impact of COVID-19 on our relationship with customers? Are we able to continue to perform our contractual obligations to them? Have we communicated with them how we are responding to the crisis and how we are continuing to serve their needs? How have our most significant customers themselves been impacted by this? How are we staying engaged with our customers?

1. Governmental Assistance

Are there potential governmental assistance programs that we may be able to participate in?

1. Supply Chain

What has been the impact of COVID-19 on our supply chain? Can we help our critical suppliers through this crisis, or does that become an unmanageable conflict? Are we facing shortages or increased pricing? Do we have alternatives? Do we need to terminate or reduce supplier commitments? Should we reevaluate our supply chain construct to mitigate future risk?

The challenges and decisions facing companies at this time are very difficult and painful. It is important for the board and the management team to maintain an atmosphere of respect and shared concern in order to promote effective decision-making in this period of great stress. The board should be careful to resist any temptation to take the role of management in running the company's day-to-day business and addressing the challenges resulting from the COVID-19 pandemic.

Taurai Masunda is a Business Analytics Consultant at Industrial Psychology Consultants (Pvt) Ltd a management and human resources consulting firm. <https://www.linkedin.com/in/taurai-masunda-b3726110b/> Phone +263 4 481946-48/481950/2900276/2900966 or email: taurai@ipcconsultants.com or visit our website at www.ipcconsultants.com

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