

THE BOARD REPORT:

# Lessons Learned From a Crisis



BOARD  
INTELLIGENCE

THE DISCIPLINE OF FOCUS

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# Introduction

What marks the COVID-19 crisis out from other crises that we may have experienced is that it has been systemic.

Almost nothing has been left untouched by it. Our home lives and work lives have converged, and our personal and professional concerns have often become one and the same. It has also become the catalyst of what will be one of the most challenging economic environments most of us have ever had to work in.

We were interested to see how one of the most significant crises of our lifetimes has affected the way boards operate and what lasting lessons this period will leave us with. We reached out to our network of senior leaders, chairs, board members, and governance professionals and asked them to share their observations in a series of in-depth interviews and a short survey.

We looked beyond meeting frequency and duration and asked whether boards have become more or less effective, whether the move to virtual meetings has improved or damaged boardroom dynamics, and how the crisis has affected decision-making and priorities.

We've distilled our findings into 12 lessons learned, grouped under the 6 recurring themes that emerged from our interviews and survey: Focus, Board Information, Purpose and Stakeholders, Decision-Making, The Virtual Board, and Technology.

Beyond the obvious short-term changes needed to accommodate new working practices, our research has uncovered a shift in thinking and priorities that may have an enduring impact on the way the board functions and organisations are governed. We think this is a transformational opportunity; the question this report asks is, will boards take it?



~ Jen & Pippa



“We needed  
laser-like focus.”

*~ Company Secretary, Global Insurance Company*





# Focus

*“We’ve cut the fluff”*

~ Chair, FTSE-100 Pension Plan

## LESSON LEARNED #1

### The fluff was cut and new priorities emerged

Nothing focuses the mind like a crisis and the sense that focus matters was common to all our interviews and survey results.

The sheer pace of events — with government policy evolving daily and the crisis unveiling itself before our eyes — required a far more agile governance model. Unsurprisingly, most respondents saw a shift to short-term agendas and a new set of priorities.

*“The COVID-19 crisis has forced us to step back and decide what we should prioritise”*

~ General Counsel, Asset Management Company

However, a concern we heard throughout the interviews was the challenge of calibrating the fine line between being in crisis-mode and accepting a new, more volatile normal. Some respondents were already deep into longer-term “new normal” planning whilst others were still fire-fighting. Those still in crisis mode were concerned about missing the new opportunities that are presented.

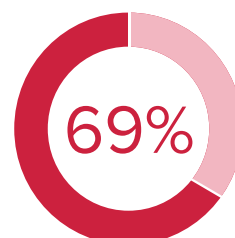
## LESSON LEARNED #2

### A stronger partnership was forged between the Chair and the Company Secretary

In identifying what to focus on, it was clear throughout our interviews that the crisis brought the Chair and Company Secretary closer together. Liberated from the burden of routine, the Chair–CoSec duo took on the responsibility of slashing the agenda and ensuring the board gets the information they need.

Both parties had to work more effectively upfront to ensure the balance of topics was right and that authors were better briefed. As a result of this rebalancing exercise, boards cut the time spent on compliance topics to focus on strategy, a change that was welcomed by all interviewees.

However, many more meetings, new technology, new agendas, new information requirements, and new priorities left many Company Secretaries somewhat shell-shocked, but their stamina and initiative deserve recognition.



of boards changed their priorities as a result of COVID-19

*“I have never worked more closely with my chair in my career and it’s been enormously productive. We speak every other day and our board is benefiting as a consequence.”*

~ Company Secretary, Privately owned Company

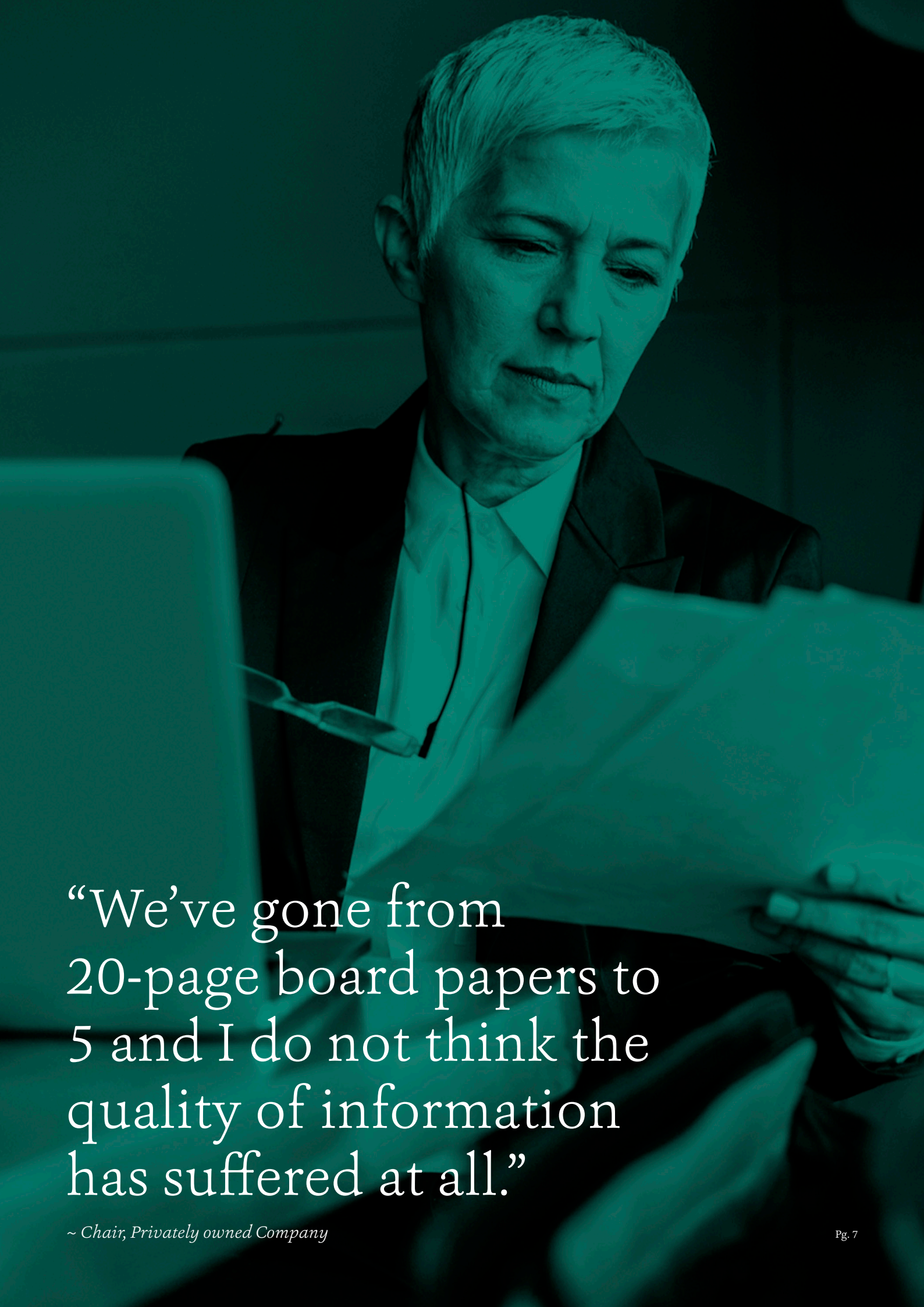
# Our Perspective

Unsurprisingly, we are fans of the changes that the crisis has driven in the area of focus. The shift to more agile board agendas is one we are champions of; however, this requires more than just willingness. The board must equip those tasked with delivering agility (the CoSec) with the tools and processes they need to enable agility — in agenda, priority, and board paper management.

We believe the shift to shorter, focused meetings should be embraced as a future operating model for board governance and we would recommend our own Six Conversations Model as a framework for running these meetings (outside of single-issue meetings).

One standout concern for us is the number of boards “waiting for the fog to clear” before they start to plan long-term. We don’t believe the fog will clear for some time. The fog is the new normal.



A woman with short, light-colored hair, wearing a dark business suit jacket over a light-colored collared shirt, is looking down at a document she is holding. The image has a teal overlay. The text is overlaid on the bottom left of the image.

“We’ve gone from  
20-page board papers to  
5 and I do not think the  
quality of information  
has suffered at all.”

*~ Chair, Privately owned Company*

# Board Information

*“There isn’t time for War and Peace.”*

~ Chair, Privately owned Company

## LESSON LEARNED #3

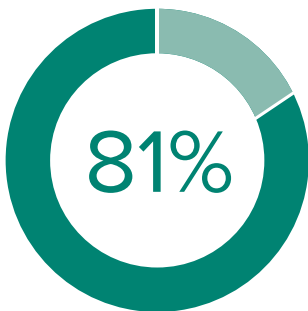
### Board Information got shorter and sharper

With shorter board meetings and more focused agendas, board papers themselves got shorter and sharper. Gone are the rambling papers, lengthy presentations, and 20-page functional updates.

*“There has been a need to over-communicate during this time.”*

~ General Counsel, Asset Management Company

In some cases, this shift towards sharper, shorter information was accidental, in other cases the Company Secretary and the Chair drove the change and made commitments to sustain this practice.



of boards felt they had the information they need to make high-quality decisions.

## LESSON LEARNED #4

### Communication had to step up

Board communication flows two ways: upwards, between the executive team and the board, and downwards, between the board and the organisation as a whole. Most of our interviewees observed that improvements were made in both areas.

Volatility meant boards required trading and operational insight at close to real-time frequency. Surprisingly, this resulted in little concern that the board was becoming too operational. Most welcomed the input and the opportunity to share the burden.

*“The board now meets for 40 minutes every Friday, it’s called the ‘Friday 40’ and it has been a very successful adaptation. There’s been no resentment. In difficult times, having access to greater expertise and smart people is always a good thing.”*

~ Company Secretary, Privately owned Group of Companies

Communication between the executive team and the wider organisation was improved and many interviewees shared the board’s relationship with the rest of the organisation was also strengthened. Board visibility is crucial in a crisis, especially one in which difficult decisions may be made. This resulted in some creative and effective new means of communication, that many are happy to embrace going forward.

*“The information has to be more dynamic and real time – we’ve used podcasts and videos.”*

~ Company Secretary, FTSE 100 Company

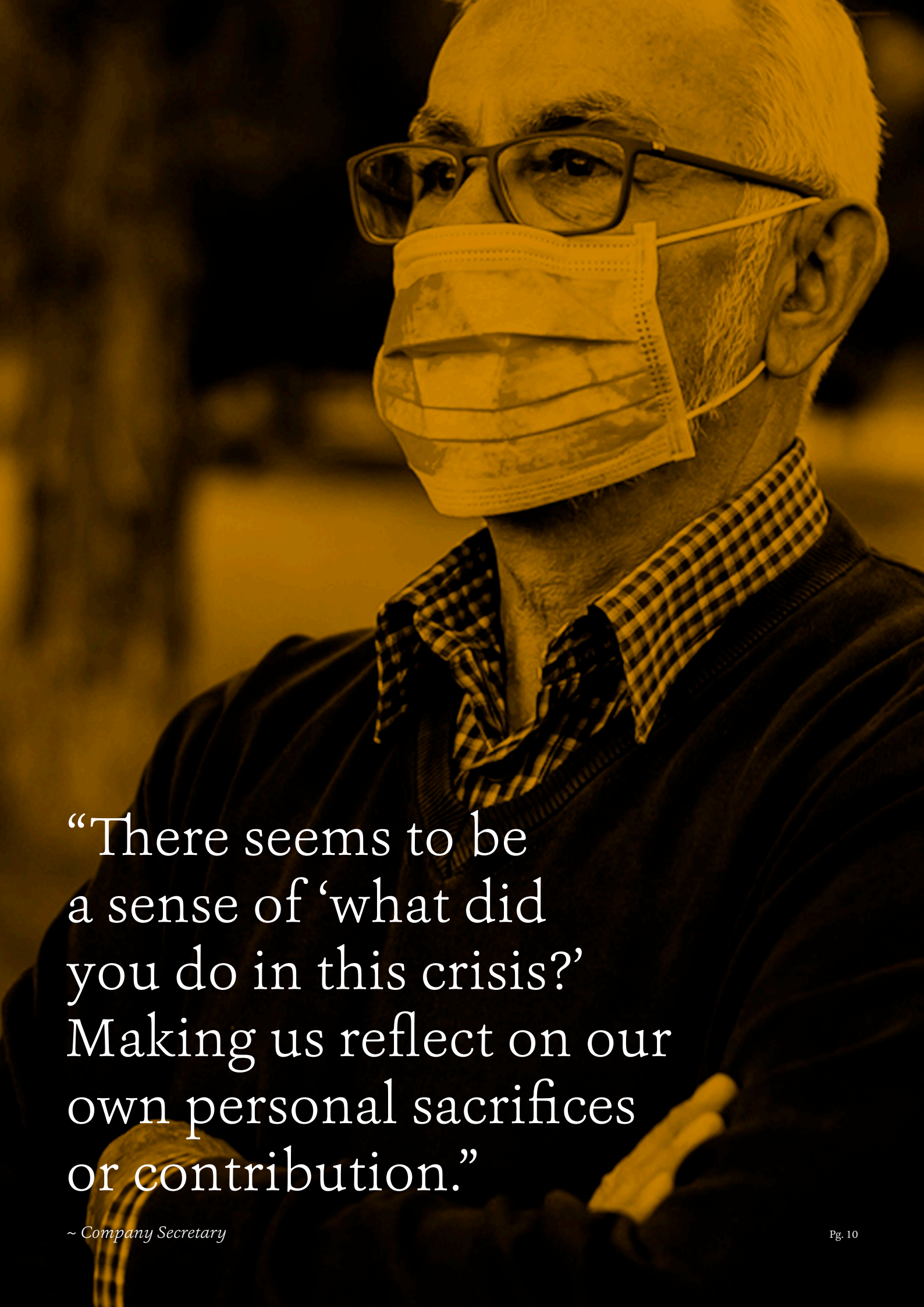


# Our Perspective

There should never be time for “War and Peace” in board papers, but habit and fear of getting it wrong are powerful forces. Our hope is that COVID-19 has showed boards what good board information looks like and that they will demand more going forward.

For many boards, the drive to greater boardroom transparency around decision-making, specifically around how stakeholder interests are taken into account, has created a stronger link into the organisation.

Transparency is everything, especially when decisions may not be universally welcomed. We hope boards seize this opportunity to connect better with their organisations and their stakeholders.

A close-up, profile view of an older man with glasses and a white surgical mask. He is looking slightly to the right with a thoughtful expression. The image has a warm, yellowish tint. He is wearing a dark sweater over a checkered shirt.

“There seems to be a sense of ‘what did you do in this crisis?’ Making us reflect on our own personal sacrifices or contribution.”



# Purpose & Stakeholders

*“We have moved at an electrifying pace to ensure customers are okay.”*

~Chief Executive, UK Bank

## LESSON LEARNED #5

### The crisis brought meaning to purpose

The strong desire to make a difference came through in every single one of our interviews. The sense that each one of us must “play our part” was a powerful driver for many.

For most organisations we interviewed, that sense of wanting to be of service was directed towards the customer base, many of whom had been badly impacted by the crisis, through lay-offs or redundancy programmes.

This commitment wasn’t entirely selfless of course, but by combining that human urge to be of service with a genuine need to protect revenues, there is no question that many organisations felt they can make a difference.

*“Over a period of one week we worked tirelessly to produce a single-page dashboard that could be produced every Thursday, prior to the Friday meeting. Top of the list of concerns was customer metrics.”*

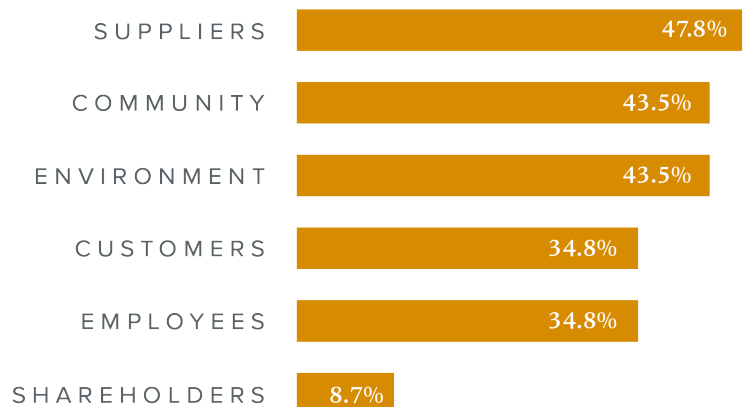
~ Company Secretary, Privately owned Group of Companies

## LESSON LEARNED #6

### But the benefits for stakeholders were unevenly distributed

Inevitably, boards and leadership teams picked their battles during the crisis. For some, cash was the number one concern (and it would be churlish to argue that’s putting the needs of shareholders first). Close behind cash came the workforce, a concern for many allayed by the furlough scheme, and then customers, as shown below.

*I wish we had more time to spend on the following stakeholder groups as part of our crisis conversations:*



However, with one or two notable exceptions, other stakeholder groups struggled for airtime. Our survey indicated board members felt suppliers, the environment, and community had not received sufficient attention on the board agenda.

*“It’s given us a massive sense of purpose; we have to help customers to get through this. It’s cost us hugely, but we wanted to get it done.”*

~ Chief Executive, UK Bank

# Our Perspective

It's arguable that the language of corporate governance, in particular the term "stakeholders" has made some of these stakeholders more abstract than real. COVID-19 has reduced that distance in ways that we think are beneficial for all in the long term — especially for employees and customers. These stakeholders are better represented as a result.

However, it's imperative that boards find ways to better connect with still "abstract" stakeholder groups, such as "community" and "environment", if their decisions are to take into account these wider sets of interests. There is work to be done.



“This is the  
wake-up call that  
was required,  
and we can’t  
afford to lose  
momentum.”

*~ CEO, UK Bank*



# Decision-Making

*“We need to take time to reflect on the process and quality of decisions.”*

~ NED & Board Advisor

## LESSON LEARNED #7

### CEOs relished momentum to act fast

Whilst we think that our sample could easily have missed those organisations more inclined to pessimism or unable to respond easily (what options does a hairdresser have?), in the most part, we were astounded by the degree to which CEOs have seen the opportunity in the crisis.

The speed with which some business leaders tore up business plans and completely reimaged their businesses is impressive. As one senior governance professional said, “necessity is the mother of invention” and there are few things as necessary as finding new sources of income if revenue is falling off a cliff.

If the Chief Executives we talked to have their way, we’ll see organisations reimagine and re-engineer themselves to be fit for the new future.

*“Having dealt with the initial cocktail of issues (the dividend, helping customers and our people) we are now looking at longer term issues – a banking model with zero interest rates, offices reduced to 25% occupancy, and a rapid movement to digital.”*

~ CEO, Banking

## LESSON LEARNED #8

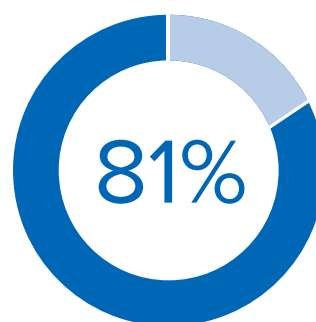
### Boards remained a valuable check (or a brake)

On the flip side, many directors questioned whether now is the right time to make some of the biggest decisions an organisation might face, and instead, preferred to put them on ice.

With so much uncertainty, it’s understandable that some were more cautious. We didn’t get a strong sense that this tension between the CEO and the board was anything but healthy; perhaps just the sheer scale of the crisis has thrown it into relief.

*“It’s healthy to have directors who act as a contrarian to the direction of travel.”*

~ General Counsel, Asset Management Company



of boards said decision-making wasn’t negatively impacted by remote meetings.

*“We need to sift the urgent from the important.”*

~ Company Secretary, FTSE-100 Company


# Our Perspective

Agility is an underrated virtue in the boardroom, but agility in a crisis is fraught with more risk than normal — and that's a challenge for all. Boards have a responsibility to both steer and supervise, and it's important that directors recognise that, if a vehicle is careering out of control, the best option is to help the person at the wheel steer more effectively and not to supervise a fast-moving car crash.

We don't accept, however, that speed means a lack of discipline in decision-making. There are frameworks and tools that can support more effective decision-making — even when facts are thin and opinions full.

Rather than seeking to slow the rate of decision-making; seek to improve the quality of fast-paced decisions. In a crisis, sitting on your hands can be more damaging than making the wrong decision in haste.





“There will be no return to the old way of doing things once this is all over, meetings will increasingly be conducted virtually.”

*~ CEO, UK Pension Plan*

# The Virtual Board

*“Remote, shorter meetings have driven more disciplined contributions from NEDs and less talking over each other.”*

~CFO, FTSE-250 Company

## LESSON LEARNED #9

### Boards that embraced remote meetings thrived

Convening meetings for global boards is costly, and members will be reluctant to travel by plane anytime soon. All interviewees agreed that remote meetings will be here for much longer than social distancing measures.

It was clear from our conversations that boards that felt they performed well in switching to remote meetings were those that recognised early on this move was much more than a case of swapping from a meeting room to a webinar. It changed everything — and the better boards, and Chairs especially, changed the way they operate.

*“Before our first remote meeting, I shared guidelines outlining remote meeting etiquette.”*

~ Chair, FTSE 100 Pension Plan

Interestingly, the combination of changes driven by remote meetings meant more was expected of the NEDs.

*“Having shorter meetings means we expect NEDs to come to the meeting having fully read the paper and asked any questions in advance using the portal. Crisis has given us the mandate to expect more.”*

~ Company Secretary, Privately owned Company

There were some respondents who felt the virtual board meetings stilted conversation and reduced contribution.

*“The value of our NEDs is in their experience and insights. The shift to remote meetings means we are hearing that less.”*

~ Company Secretary,

For the over 68% of respondents who believe their board is more effective when meeting remotely, the change was clearly welcomed. However, when restrictions begin to lift, be wary of hybrid meetings in which some attendees are in a room together and others need to dial in remotely. Those who are remote tend to get forgotten.

## LESSON LEARNED #10

### But the board is also a social beast

With the exception of the Strategy Away Day, we anticipate the majority of meetings will continue to be remote. Our hypothesis is this may only continue for a couple of years before a more distributed model is adopted.

Some of those we talked to outlined their concern about renewing the board and welcoming new board members remotely. The concern was that once NEDs come to the end of their tenure, and are replaced with new members, the social ties will need to be re-established. Few felt comfortable with the long-term effectiveness of a board who had never gained the opportunity to build bonds beyond the virtual boardroom.

*“If you don’t know each other, social cohesion is much harder in a remote setting. This social aspect is important.”*

~ Chair, FTSE 100 Pension Plan

# Our Perspective

There are as many flavours of jellybean as there are opinions on the impact of remote working on board effectiveness. However, on balance, our respondents believe that boards have improved the quality of their discussions as a result. The chair and CoSec are forming a more dynamic relationship and NEDs are having to work harder.

We don't doubt that everyone enjoys social interaction — but is it really necessary for an effective board? It may make boards more clubbable, but does it make them more effective? We think that the shift to virtual meetings creates opportunities to improve the diversity of board opinion, debate, and composition. Yes, that means people need to work harder but the opportunity significantly outweighs the risk.





“I really hope I can keep driving the technology agenda forward now the cat is out of the bag that the board can actually ‘do’ technology.”

*~ Company Secretary*



# Technology

*“It’s been exhausting being the technology go-to, whilst having to ensure that we operate as governance professionals at extraordinary pace.”*

~Company Secretary

## LESSON LEARNED #11

### The Company Secretary became the Board Technology Officer

With almost 90% of boards having to implement new technology for their first few meetings, what almost all respondents agreed on was that the early days of shifting to virtual board meetings were painful — 62% of survey respondents said they experienced challenges.

Company secretaries found themselves troubleshooting technology issues and assuming the role of the Board Technology Officer. Thanks to their efforts, many found new ways of operating to ensure that technology doesn’t dominate proceedings.

Boards that had an easier time with a switch from a technology perspective made one simple suggestion to board members: two devices.

*“Use two devices, an iPad or a PC for example, so you can operate BI [our board app] while enjoying the company of colleagues virtually, simultaneously.”*

~ Chair, Privately owned Global Conglomerate

A board portal (such as Board Intelligence) which integrates with video conferencing tools is an added bonus. It keeps the meeting link secure whilst making it simple for even the most tech-phobic director to join meetings with ease.

## LESSON LEARNED #12

### The Board are not Luddites after all

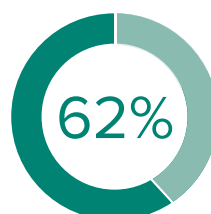
Some pervasive myths have held back the boardroom from embracing new technology. Many of these myths have come from those tasked with enabling the board.

For many boards, the issue of secure distribution and collection of board papers was resolved through board portals. Based on what we heard from our interviews we now see three possible directions for the adoption of technology in the boardroom:

1. “Real-time” board dashboards that reflect the breadth of the board responsibilities across its stakeholder groups — in particular especially those harder those more intangible groups.
2. Tools that improve the quality of boardroom discussions and papers and that help leaders focus on what matters most.
3. Technology that enables greater board agility — from simple agenda management through to the alignment of board priorities and stakeholders. The crisis threw into stark relief the sheer burden of governance complexity. Governance complexity cannot be the brake on organisational agility.

*“The technology has proven itself”*

~ Company Secretary, FTSE 100 Company



of boards struggled to adopt new technology

# Conclusion

If we can put aside the significant impact the COVID-19 crisis has had on organisations and look simply at its impact on board effectiveness and governance, the evidence of this research suggests there have been more gains than losses. We are, for today at least, more focused, more disciplined, and more agile. Relationships are stronger and the crisis has brought home to boards the truth that business can make a difference and that stakeholders are not simply tick boxes on a Section 172 statement.

However, we also appreciate that we are still largely in the response stage of this crisis. As we enter a new and deep recession it will be harder and harder to maintain our cohesion and commitments. In a sense, the real test of what we have learned starts now.

We hope boards seize this opportunity to connect better with their organisations and their stakeholders.

## Authors



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Dineshi is a Director at Board Intelligence. She's a specialist in board information and effective meetings – working with boards to help them take smarter, faster decisions that drive their organisations forward, purposefully and responsibly.

Dineshi leads Board Intelligence's consulting arm and Academy, an online learning platform for board members and executives. Prior to BI, she worked as strategy consultant for 20 years and holds an MEng from Imperial College.



Anna Humphreys

Anna is a Consultant within Board Intelligence's advisory team. She focuses on delivering bespoke projects solving the complex problems our clients are facing.

During her time at BI, Anna has become an expert in driving more effective communication, meetings and decision making for a wide variety of organisations. She holds a BA from the University of Birmingham.

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Effortlessly build an unparalleled view of the next 12-18 months of meeting agendas across your organisation's forums with the ability to quickly react to changing circumstances, no matter how big.

The image shows a woman in profile looking at a laptop. The laptop screen displays the Board Intelligence agenda planner interface. The interface is divided into several sections:

- Navigation:** LIBRARY, MY PAPERS, TEMPLATES, ACADEMY, PEOPLE, OPERATIONS.
- Agenda Grid:** A grid showing agendas for January Board (29/01/2021 09:00-12:55), March Board (26/03/2021 09:00-13:10), May Board (28/05/2021 09:00-13:25), and July Board (30/07/2021 09:00-13:15).
- Agenda Details:** A detailed view of the March Board agenda is overlaid, showing a list of items with durations. A context menu is open over the 'Digital Marketing Strategy' item, with options for 'Move' and 'Copy'.

**March Board Agenda Details:**

AGENDA	MINS
1 Chairman's Opening Remarks	10
1.1 Conflicts of Interest	5
2 CEO Report	10
2.1 Company Dashboard	10
3 STEERING	--
3.1 UK Growth Plan	30
3.2 Digital Marketing Strategy	30
3.3 Enterprise Risk Management F	30
BREAK	30
4 SUPERVISING	--
4.1 DEEP DIVES	--
4.1.1 Acquisition Landscape	20
4.1.2 Stakeholder Engagement	20
4.2 STANDING ITEMS	--
4.2.1 CFO Report	10
4.2.2 IT Transformation Update	10
4.2.3 Key Strategic Initiatives	10
4.2.4 People & Talent Update	10

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