

A board's response to the coronavirus crisis



Recent experiences of a FTSE chair

Since the outbreak of the coronavirus pandemic, much has been written about topics such as what strong leadership in a crisis looks like and how boards should be responding in these challenging times. In this short series of unattributed interviews, I discuss their practical experience with a few board members. First up is the chair of a FTSE-listed, nationally-critical infrastructure company.

Hanif: This is a particularly hectic time for you, as chair of a substantial listed company and with your other commitments, so I particularly appreciate your taking the time to discuss your recent experiences as chair with me. What have been your priorities?

Chair: Thank you Hanif. There are three key priority areas for us. Firstly, keeping our people safe is crucial, protecting both their physical and mental wellbeing. Secondly, we need to keep the business running as we are a key part of the UK's national infrastructure. To keep the business running, we have had to help set up all of our staff to work from home – including all our call centre staff. Thirdly, we have continued our strong focus on our customers and our supply chain, and we have maintained an active dialogue with the government. I should emphasise, though, these are not my priorities alone. All our board and executive team share these priorities and we have been working together towards them.

Hanif: What has the crisis meant for you, in your role as chair?

Chair: The role of a chief executive is a lonely one at the best of times, and it is much more difficult in the current circumstances, isolated at home like everyone else. Supporting our chief executive during this period has been vital. Though we do not have routinely arranged calls, we talk daily. It provides him with someone to talk to about the critical challenges we face, and it also helps me as I need to stay informed.

In addition to speaking to individual non-executives where their experience has particular relevance, I now have a weekly scheduled video call, by Skype, with all board members. These have worked very well as we recognise that they need to be kept short, focused and business-like to maintain attention spans and energy levels.

The chief executive and I have included all executive committee members on the call as well, even though they are not all board members. These calls give the executives an opportunity to learn from experienced non-executives who each bring a different perspective, and the board can hear ideas from the executives. There is a lot of best practice sharing that can be done to address the issues and concerns we have to grapple with.

By involving the executive team in these weekly meetings, it provides a conduit back to the rest of the organisation. It is important that all staff know where the board stand and that they wholly support and appreciate their efforts.

Last year, we introduced quarterly staff forums to improve communications between employees and the board. Despite the workload caused by the pandemic crisis, we felt it was important that we continued to hold a meeting scheduled for last week. This was an opportunity for the chief executive and me to get our staff's views of their views and concerns about the current environment, and for us to feed back to them what the board and executive leadership are doing. These forums have proved their worth.

Hanif: Have you had to schedule additional board meetings or required additional board information?

Chair: Although we now have our weekly board calls, we have not introduced additional formal board meetings. I have an agenda for each call and the calls are all minuted so we retain a corporate record of the discussions.

At a time of crisis, it is important the board does not over-burden the management team with information demands. They need to focus on

responding to a rapidly changing environment, and papers risk being out of date very quickly.

One key area where we have needed paperwork is in relation to the financial position of the company. The CFO and his team have done a lot of work, looking at a number of different scenarios and stress testing the financial resilience of the business. The weekly board calls have been a good opportunity to keep my board kept up to date on the financial situation.

The resilience of the business is also hugely important to our financial stakeholders – banks, bondholders, investors and others. There are disclosure requirements, trading updates, as well as key timelines for reporting, dividend announcements and our AGM. Our company secretary has played a crucial role to enable us to be on top of these aspects, especially at a time when the regulators have announced changes to requirements.

Hanif: What about the focus on staff, customers and supply chain that you mentioned earlier?

Chair: Health and safety has always been at the top of the board's agenda but the current situation means we have had to give it additional focus. For example, it is important to know what the minimum safe-staffing levels for our plants is, given staff illness and absence.

We have also operated with greater flexibility by assessing our workforce's transferable skills and redeploying them where this has been necessary. We have also reviewed the timing of any planned major maintenance work as these situations require bringing many contractors on site which we need to avoid if at all possible at the moment.

Additionally, by enabling our call centre to work from home, we've been able to support our customers in these difficult times. This took less than a week to set up.

Many of the changes we have made have been enabled by the work our organisation has done

over the last twelve to eighteen months to plan for the future and introduce more effective working practices and be more innovative.

Disruption in supply of raw materials and in transportation would be problematic and very disruptive, so we have given considerable focus to our supply chain. The situation can change daily so it has needed effective monitoring and regular communications with the third parties that we work with. This work is done by the management team, of course, but the board has been kept informed.

Hanif: How would you sum up and what are your thoughts for the future?

Chair: Without doubt, the most important thing we have done is to be clear about our priorities and to focus on the essential. We have a strong improvement culture and, in due course, we will be undertaking a lessons learned review to see how we can do things better and be more resilient.

Even though we did not specifically prepare for a pandemic scenario, our contingency planning and disaster recovery work has proved effective. Nonetheless, we will revisit our approach to risk management as we cannot afford to be complacent. We could also always be clearer about specific responsibilities, and who does what at a time of a crisis.

The experience of the last few weeks and that of the weeks to come will inform the way we work in the future – there is a lot we can learn from to shape our working practices and to reinforce our company's culture. For example, the home working should be an enabler to greater diversity in our workforce. Overall, and most of all, I have been incredibly impressed by the ingenuity and responsiveness of our people all across the organisation.

Hanif: That's been a very interesting discussion, with many interesting points to take away. Thank you.

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Contact: HanifBarma@boardalchemy.com www.boardalchemy.com © Board Alchemy Limited, April 2020