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# ASK A DIRECTOR

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What Lessons Have Boards Learned  
from COVID-19?

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Diligent Institute was founded in 2018 to offer a global perspective on corporate boardroom practices. The Institute serves as the global governance research arm and think tank of Diligent Corporation, the pioneer in modern governance. Diligent® empowers leaders to turn governance into a competitive advantage through highly secure, integrated SaaS applications, helping organizations thrive and endure in today's complex, global landscape. The Diligent Institute is solely funded by Diligent Corporation.

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# Introduction



The way the COVID-19 pandemic has played out on a global stage has meant that the business climate is evolving at an unrecognizable rate. In order to keep up with these changes and provide effective oversight, directors need to be vigilant, introspective, effective, and agile now more than ever.

As we move into the end of 2020 with no end to the pandemic in sight, director perspectives on effective company guidance are evolving. What many believed would be a temporary crisis has turned into a long-term reality with the potential to permanently alter the way businesses operate. Against this backdrop, Diligent Institute contacted directors to seek their perspectives, advice, and projections about the future as a follow-up to our March 2020 Ask a Director Series: How Are Corporate Boards Responding to the COVID-19 Crisis?

Diligent Institute conducted extensive interviews with over two dozen experienced directors from different sectors, geographies, and backgrounds on how modern governance practices and behaviors are changing in response to the pandemic and its impact, which boardroom changes might be permanent, and directors' most important lessons learned. This report provides a compilation of director responses to a series of questions about the pandemic and what it means for modern governance going forward.

# How Has the COVID-19 Pandemic Changed Corporate Governance?

COVID-19 impacted almost everything about our daily lives, including the way people work and operate in the business world. As we approach a full year of COVID-19, we asked directors about how board governance has been changing as a result of the pandemic. The following are some of the most significant and frequently discussed changes that came up in director interviews.

### Directors Are Learning How to Use Virtual Meetings to Their Advantage

Directors are working hard to adapt to virtual meetings. For many, adjusting to the dynamic of a board meeting without in-person interaction was challenging. However, as we move into the 10<sup>th</sup> month of COVID-19, directors are finding some unforeseen benefits.

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Anna Catalano

“The biggest adjustment has been virtual meetings. Directors have had to go through a learning process with technology and various platforms, but it has taught us about how to have productive conversations when we can’t be with one another in person. We’ve learned how to let everyone speak without interruptions and how to signal that we want to say something. For the boards with international members, we have adjusted our schedules because of time zone differences. We have moved committee meetings to the weekends, and instead of two full days of meetings, we do three morning meetings. For global boards, it’s been an adjustment as well.”

—  
Rafael Cerezo

“Virtual meetings do not come naturally to board members. We received more information beforehand than we used to. The actual meetings were more organized, with people raising hands before speaking, for example. The end result was that even though virtual meetings go against the grain, they became very efficient in terms of timing and topics as well as being much more flexible. Our chairman was able to send out meeting requests so that we could respond more quickly to any issues that arose.”

## Directors Stand Firm Behind Increased Meeting Frequency and Information Flow

Directors are working hard to adapt to virtual meetings. For many, adjusting to the dynamic of a board meeting without in-person interaction was challenging. However, as we move into the 10<sup>th</sup> month of COVID-19, directors are finding some unforeseen benefits.

Brad Neilley

“More than ever, we have to stay up to date on relevant, evolving issues. As board members, we have to do more reading and research outside of the normal company or industry updates. We have to keep up on changing news and facts surrounding the pandemic, social unrest, and political situations so we can have deliberate and intentional conversations on how any of these might impact our business. You want your organization to be proactive instead of reactive and help the CEO and executive leaders be ready for the unexpected.”

Donna Wells

“We have decided to meet with a much faster cadence. Rather than the typical quarterly board meetings interspersed with committee calls and meetings, we chose to meet monthly to make sure we were keeping up as significant new information was coming in. We were in frequent discussions to make sure that the board and management were in sync and informed.”



# How Have Director Roles and Responsibilities Changed as a Temporary Crisis Became Permanent?

During initial crisis management in March, our conversations with directors indicated that the lines between management and the board had blurred in some cases. As a result of the unprecedented nature of the pandemic as well as its sheer scope and magnitude, directors rolled up their sleeves and took a hand in dealing with some operational-level issues to ensure management was not overwhelmed. We asked directors how this relationship had evolved in the last six months.

## **Directors Are Shifting Back into Long-Term Strategic Management with a COVID-19 Lens**

It is clear the pandemic will disrupt normal operations well into 2021. Directors have had to make yet another shift: out of crisis management and into a precursor of the new normal of board governance.

Lea Ray

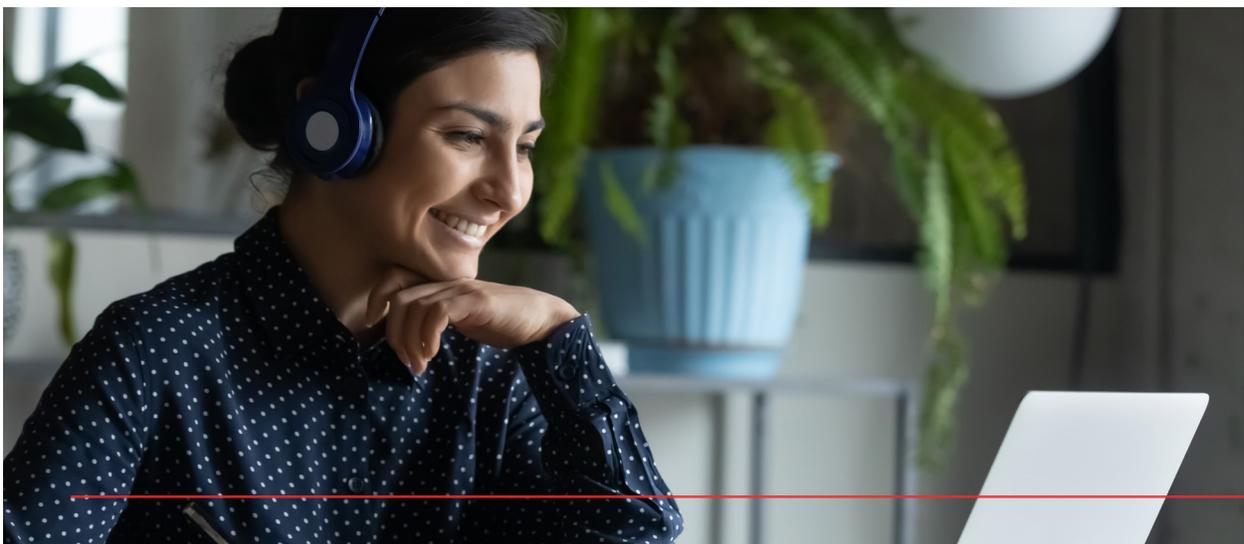
“We’ve had to shift focus to figure out when we can get back to normal. That has not been answered yet. The sentiment that ‘we can wait to handle certain issues until COVID-19 is over’ doesn’t work anymore. The temporary mindset of March and April has changed, and we’re shifting back to look at the long term. Specifically, for highly regulated companies, there are things that cannot be put off. So the question becomes, how do you accommodate decisions that cannot wait in the current climate?”

## Rafael Cerezo

“The pandemic has changed how we prioritized the short term. The Executive Committee became a crisis committee and we also had a COVID-19 committee looking at risk prevention measures for all our employees, clients, and cash. It was a short-term way of governing. Then when it became clear that this would be a U-shaped recovery, it was more about shifting back to long term. Now we are looking at how we handle going back to work. I’m a member of the audit committee, and we were looking at performance and security measures for people coming into the office and avoiding public transportation. Now we are in a stage where the new normal has become normal, so it’s becoming more about managing business as usual while taking advantage of any opportunity that arises in the short term. For example, you may have M&A opportunities because many companies did not have sufficiently strong balance sheets to withstand the pandemic.”

## Phyllis Campbell

“Boards are trying to figure out the tension of ‘nose in, fingers out’ in a world where no one has answers. Management has been asking lots of questions, so it has been difficult for directors to know when to lean in, and when to leave management alone. This dynamic is changing right now. I always say, ‘Nose in nose in’ twice. Keep the fingers out! This line is blurring right now because of the uncertainty of overlapping situations: COVID-19, racial equity, economic deterioration in many sectors faster than expected, natural disasters due to climate change, and so on. Directors need to bring up different possibilities for the future: Have you considered this option? What are we considering as a response? How has this changed? It may feel more intrusive, but you need to push nose in. Now it’s more important than ever to explore the assumptions and possibilities behind each decision.”



## Boards Are Asked to Answer New Questions

Because COVID-19 was so unprecedented, directors found themselves being asked for advice more frequently and on a wider range of issues. The pandemic brought workforce issues, such as travel policies, sick leave, health policies, mental health and well-being, and workplace sanitation into the spotlight. Boards are discussing issues that they had never anticipated before 2020, and the longevity of COVID-19 means that these topics are not likely to fade in prominence any time soon.

Phyllis  
Campbell

“Directors are being tapped more frequently for advice. More questions are being put out on a more frequent basis in advance about topics like layoffs, financial scenarios, and assumptions about financial projections. Now, management presents these projections with more explanation of the assumptions about them: business travel, personal travel, and so on. The questions we are being asked to answer are more focused. We spend more time debating because management is looking for deeper director perspectives, and everyone is guessing to a certain extent because of how unprecedented this pandemic has been. Calls take longer, but that’s okay.”

Lea Ray

“Our board has experienced a heightened awareness of financial sustainability. We are focusing on being nimble regarding spending money. We’ve also had to become more operationally focused and management has had to make some changes. The board is a bit deeper in operations right now than what was normal before the pandemic. I don’t think we have overstepped, but we are definitely more aware of operations-level decisions and asking more questions about things like employee sentiment and mental health that we would not normally have asked.”

Dawn Zier

“Boards are being tasked with a lot of issues around human capital given the pandemic and the pressing need to address gender and racial diversity. It’s imperative that boards have a handle on these topics and how they impact corporate culture and vice versa. All the social and human capital issues that management teams are currently facing will have profound impact on business moving forward, and it’s important that these topics be discussed regularly in the boardroom. One positive from the struggles we, as a society, have faced over the past year, is that these issues are being moved into the spotlight and action plans are being put in place. You can have the right strategy, but you need a strong underlying culture and talent agenda to truly win.”

# What Pandemic-Era Board Governance Practices and Mindsets Will Be Permanent?

It is clear that whatever the new normal will look like, in many ways it will not resemble how businesses operated before the pandemic. COVID-19 and its related effects has opened directors' eyes to ways they can govern more effectively and efficiently once the pandemic subsides. In every catastrophe, it is the job of directors to learn lessons that will help their companies be better off in the future, and to take positive outcomes as they come and turn them to their company's advantage.

## Directors Warmed Up to Virtual Board Meetings

Many directors noted that before the pandemic, they experienced stigmatization of virtual work--especially dialing in remotely to quarterly board meetings. In fact, on many governance scorecards, boards received lower marks for low in-person attendance. However, as the pandemic has forced everyone to virtual communication, directors are realizing some of its benefits for governance, namely efficiency and the opportunity to diversify the boardroom.

Anna Catalano

"As we emerge from the pandemic, we need to think about how many board meetings actually need to be in person. I see it changing for good. I believe a percentage of our meetings can take place virtually. Board meetings take time and cost money to get people there. From an enterprise perspective, it's vital for the board to talk to leadership and come to a consensus on how much travel is needed. For internal conversations and meetings, how much sense does it make for people to travel? The pandemic has taught us that we can be much more efficient in the usage of our time."

Doris Honold

“The ease of video conferencing, and therefore the increased agility, will be helpful moving forward. Traditional meetings and agendas are normally scheduled as much as a year in advance, but now if there is something that comes up quickly, we can easily meet ad hoc via video conference. So, there is less rigidity in managing an annual calendar. Before the pandemic, if you dialed in virtually instead of attending an in-person meeting, it was frowned upon. Now however, this stigma is disappearing, and will likely continue to disappear after the pandemic ends. I think board members are beginning to realize that a healthy mix of in-person and virtual attendees will not affect the effectiveness of the board. I also think that this in-person and virtual mix will make for more international and diverse boards.”

### Boards Prioritized Flexibility and Adaptability

Directors have seen firsthand that companies that were agile in their pandemic responses have a much better chance of surviving the economic recession and coming out stronger on the other side. As a result, board members are emphasizing the importance of nimbleness and adaptability in decision-making and having diverse perspectives— for individual directors and for board processes as a whole.

Donna Wells

“The shift my boards have made to shorter, more informal, and more frequent meetings could be permanent. We’ve seen multiple benefits, similar to those that technology companies achieved when they transitioned from Waterfall to Agile software development. In Waterfall software development, you build out a detailed set of requirements for each feature, and only after 3, 6, or even 18 months do you get to see a finished product. Under Agile software development, the Product, Design, and Engineering teams collaborate in real time to create and ship features quickly, so your solutions are timelier and more relevant, and you learn in-market and faster. These are two very different approaches to the same problem. What we’ve learned from the pandemic, economic crisis, and social justice crisis this year is that a number of boardroom conversations can be more valuable when we take a more Agile and less Waterfall approach to corporate governance. Looking back, it seems odd that we thought every boardroom discussion should be held in the same way: in person and only every three months. Certainly, some board conversations lend themselves to a quarterly cadence, but for those that don’t, we need to adapt.”

Phyllis  
Campbell

“We have to stay flexible, and not kid ourselves that there will be a static state ever again. This pandemic will end, but there will be another. We need to be nimble, agile...And that’s where flexible and diverse directors are valuable. They will think about contingencies, and planning for scenarios that we might not anticipate today. 2020 has shown that we can have four pandemics at once, and they aren’t all health related: political unrest, racial unrest, unrest in cities, natural disasters. This has taught us to expect the unexpected.”

Dawn Zier

“One of the benefits of the pandemic, in my opinion, was that there were more frequent conversations between management and board directors. There was less formality, fewer presentations, and more candor and transparency as we all tried to address issues for which there was no playbook. This allowed for more discussion around what really mattered. I’d like to see this focus continue post-pandemic and believe that quarterly meetings should be reframed to allow more time for discussion and measuring progress rather than business presentations. Boards and management teams are operating at a higher level now than ever before; I don’t want to see us go backwards.”

### **Increased Focus on Mental Health and Well-being, Human Capital, and Empathy**

Part of what makes COVID-19 a uniquely crippling crisis is that it threatens financial, physical, and emotional well-being at every level of society. Directors have focused on the human aspect of the crisis, and of doing business, like never before.

Phyllis  
Campbell

“The emotional toll this has taken on everyone is unprecedented. You have to pay attention to your own mental health, especially as a director and a leader. Take care of yourself, and make sure your peers are taking care of themselves too. I spend more time being a counselor to management, listening to their anxieties: talking about sleepless nights and how hard it is to get through each day. Listening and supporting is important. The lesson here is to pay attention to the emotional and mental health of your leadership team. Quite often you find that there is something you can help them with if you just ask. We never used to talk about mental health and well-being, and it was unlikely CEOs would ever admit they aren’t doing well. Be the ears and sounding board to your C-suite team and keep in touch with their mental needs.”

Dawn Zier

“When you think about enterprise risk management, human capital issues did not dominate the conversation as much as other topics. As a result of the pandemic, we are being forced to really address people issues such as working from home, childcare, home schooling, illness, financial burdens, and mental health. It’s unprecedented and authentic demonstrations of empathy and compassion from leadership and boards have solidified how employees feel about their company.”

Karen  
Clarke-Whistler

“Our risk management is even more focused around making sure our employees and contractors are okay. We’ve been putting more effort into mental health, especially as this has gone on. We have been looking more at the people processes aspect of the business.”



# Concerns About Innovating Too Quickly

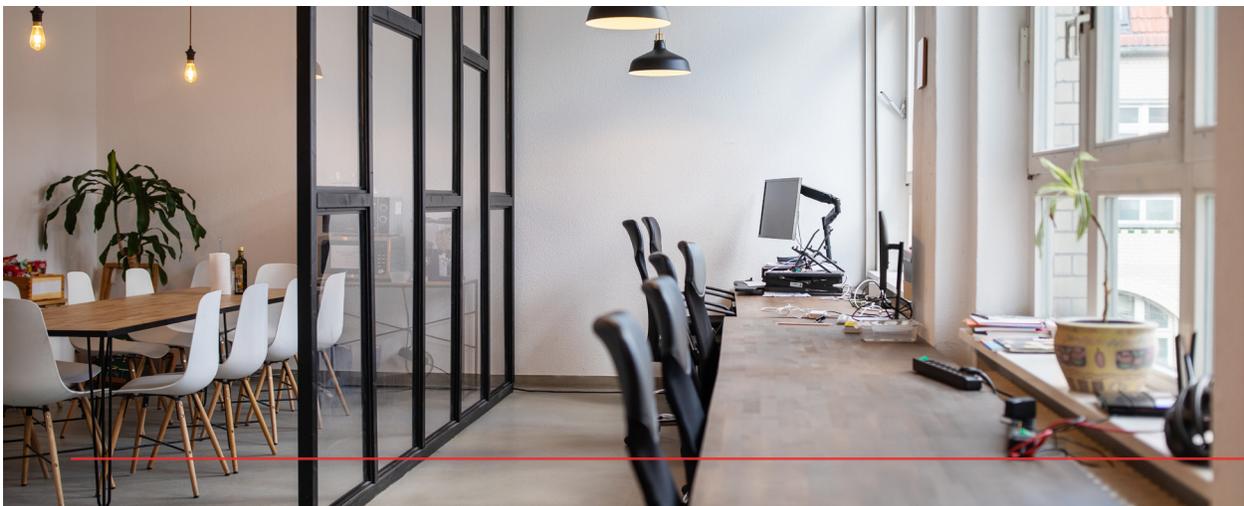
Despite the board governance silver linings and innovations that have come out of the pandemic, directors have reservations about the rate of change in the boardroom, and fear that moving to exclusively virtual meetings could result in a damaging blow to boardroom culture and effectiveness.

Tom Hunersen

“To ensure quality interaction in virtual meetings, agendas are becoming more focused, both in refining subject matter and more closely managing attendee lists. The board benefits from free-flowing discussions, and digital-only engagement can make that more difficult. In the absence of the informal interactions between directors and with executives at and around periodic board meetings, there is the danger members are left with a lesser sense of the state of the business.”

Karen  
Clarke-Whistler

“You miss the personal feeling of being able to read the room and look at nonverbal cues. Board chairs need to work hard to ensure all voices are heard. We are looking at technological solutions like breakout rooms. I miss the informal chatting, so I have found virtual meetings to be more formalized in many ways.”



## Boards Rose to the Challenge of Onboarding Directors Virtually

Outside of the chemistry that is lost when a tight-knit group of directors cannot meet in the boardroom, directors are concerned for colleagues who have onboarded virtually, and some fear that these directors will be at a disadvantage. Here's how some boards are getting around this drawback:

Phyllis  
Campbell

“How do you maintain culture and collegiality in a virtual world? I worry about recruiting new directors effectively as well as onboarding them virtually. Board buddy programs are very important. Utilizing that relationship can create a great peer coaching system to help directors figure out what the board culture is and what the relationship with management is. After we get out of a board meeting, you can look to that senior director to find out how you can improve and discuss what you did well. On video teleconferencing, it's hard to see body language cues. These buddy systems are especially important when you're bringing on more diverse directors who might not have ever been on a board before. Making sure they have the tools and the insight necessary to be effective early on is hugely important. Usually they bring different perspectives, so they need to know how to do that and be heard.”

Donna Wells

“When the pandemic first hit, several of my boards were concerned that we'd lose momentum in our ongoing board refreshment process. We initially thought there was no way we could properly evaluate and select a new board member without having met with them face to face. We were also worried about the company adding very senior leaders, for the same reason. Well, my companies have now added board members and senior executives who they've interviewed and onboarded 100% virtually and, so far, that's worked out very well. The pandemic forced a mind-shift, of course. But now that board members have become confident in making critical decisions based on virtual-only experiences, I don't think there's any going back. It's a new tool in our toolbox going forward.”

## DIRECTORS WHO ONBOARDED DURING THE PANDEMIC

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For the directors who onboarded during the pandemic, and who have never met their fellow board members in person, the desire for in-person interaction to effectively govern is more acute.

“We need to be careful that we don’t go virtual 100% of the time. I miss the energy you get being in a room together. The virtual environment is not conducive to building a culture, which is created with the trust and familiarity that comes from bringing people together. The reason why this has worked so far is because people are going virtual with people they know very well. It’s not easy to establish camaraderie virtually if you are a new employee or director. I joined a private board during the pandemic, so I have never been with them, and I feel I don’t know those directors as well. I’ve spent a lot of time with the CEO on the phone learning about the business. I haven’t even taken a plant tour, and it’s a manufacturing company! I’ve been able to do the job because I get the materials, but the fact that I haven’t met people is a disadvantage for me. You feel left out, and there is something lost without the in-person interaction.”

- Anna Catalano

“At Credit Suisse, I onboarded during the pandemic, which was difficult because I was unable to meet my fellow board members in person. There is so much context and history you need to know about, and this is much easier to learn in face-to-face interactions. The pandemic has shown me that although you can react quickly, this adaptation has its limitations. The longer it goes on, the more difficult it is to maintain the vital personal connections or to establish new ones. I have become more deliberate about establishing connection as a new board member. A big part of my introduction was over the phone. It was essential for me to ask personal questions and share my feelings to remind people of the personal component. Other board members and I had to make a conscious effort to remind ourselves that we are all dealing with other human beings who all have their unique challenges. Now that things have calmed down a bit in Europe, our boards have moved to conducting socially distant meetings in a massive board room, with all of us sitting two meters apart. It has made a huge difference for me, and really made me appreciate in-person connections.”

- Doris Honold

# How Has COVID-19 Changed Risk Management and Strategic Planning?

No board director could have successfully predicted the magnitude of the COVID-19 crisis. However, unprecedented side effects of the pandemic have forced directors to focus on how risk management and strategic planning are evolving in a world that changes pace at the blink of an eye.

## Changing Risk Matrices and New Elements of Operational Risk

The scale and scope of the pandemic has changed how directors are thinking about operational risks and risk matrices.

Phyllis  
Campbell

“For us, the biggest thing that changed on this front was how we looked at operational risk. It was important to take a fresh look at every risk dimension to see how it has changed. What does the new systemic risk look like? How do we know? How are we monitoring it? These are the questions we need to be asking.”

Sonia  
Villalobos

“Many of the risk matrices we had looked at as a board were not useful when the pandemic hit. We had not planned, even nonspecifically, for a situation in which we did not have access to our employees. Specifically, regarding risk matrices, older, more experienced directors tend to make the boards focused on old risks, which are basically operational: What will happen if a platform explodes? What will happen if trucks stop working? The risks of today are completely different.”

Mohamed  
Radwan

“It was paramount for us to activate the role of the risk committee and reevaluate how that committee is functioning and doing risk management assessments. The pandemic hit us the hardest when we looked at how we used to evaluate and mitigate risk. Our risk matrix will be changed forever because of COVID-19. It shined a light on the fact that our old risk management processes had not filtered down all the way through the organization.”

Donna Wells

“People are going to take business continuity exercises much more seriously in the future. We now understand, at a visceral level, how much more fragile our strategic and operating landscape has become over the past 20+ years. We’re living the impact that social justice issues, public health issues, climate change issues, and more, can have on shareholder value. Boards are expanding their oversight of these potentially existential threats...and demanding more management focus ... than they were before the pandemic hit.”

### Supply-Chain Issues Exposed

The pandemic also illustrated the extent of supply-chain gaps around the globe and how disasters like COVID-19 can quickly and drastically interrupt businesses even when one supply location is compromised.

Anna Catalano

“We didn’t realize what would happen when parts of the world were cut off from us. From a strategic standpoint, this will cause boards to re-examine supply chain and logistics in terms of the risks we’re willing to take. If inventories go down too much and you can’t get product in from another source, you’ve got an enterprise risk situation and you need to decide if you want to assume that risk or build more flexibility in your supply chain.”

Rajive Johri

“Whichever administration succeeds this one in the United States, they will both follow the direction of focusing internally on America, especially after COVID-19. It has made the vulnerability of American supply chains more exposed. When the pandemic hit, we had no masks and no ventilators because nothing is manufactured here. This will not be forgotten anytime soon, and it will bring an emphasis on self-reliance and taking care of Americans first.”

### Cyber Risk Looms Ever Closer

Virtual meetings and moving entire workforces to conduct business remotely have made many directors realize they need to do more to keep up with technological disruption and cyber security as risk factors.

Phyllis  
Campbell

“The systemic risk of businesses has changed dramatically, and directors need a fresh lens on this. How are we looking at systemic risk today? It has morphed in its dimensions, particularly in the realm of cyber risk. When you live in a virtual world, cyber criminals are much better at using it. How are directors keeping their fingers on the pulse of this risk?”

Sonia  
Villalobos

“We had not looked enough at cyber security, which became a much greater risk with everyone working from home. It also showed me that many of the kinds of people on boards today are no longer the best people to manage current risk horizons. Eighty to ninety percent of board members are out of their depth with cyber security.”

**Public Health Concerns Come to the Forefront**

A public health crisis as extensive as that of COVID-19 has shown directors that, as a result of our global and interconnected society, steps must be taken to mitigate public health risk in the corporate world.

**Brad Neilley**

“This has taught us to expect more pandemics and disasters that mean we have to work from home. Keeping people working at home makes it easier to pivot in the future.”

**Danesh Varma**

“Virtual meetings will be good moving forward. The overlay here is public health. The average person and business are ill-equipped to know what to do going forward. Part of risk management has to include having a medical advisory or public health board. Hygiene is now a CEO-level matter from the First Aid room just like cyber security from the IT department earlier.”



# Which Response to COVID-19 Makes You the Proudest of Your Organization?

In a time where it is easy to focus on fault and failure, we again asked directors about corporate responses that made them proud of their organizations. Responses, unsurprisingly, were centered around their fellow directors, their management teams, and their employees and customers.

## **Appreciating Fellow Leaders**

Many directors touched on how proud they were of their fellow directors or their management teams for leading their companies through the crisis and being willing to put in incredible amounts of time and effort to effectively manage pandemic responses.

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**Anna Catalano**

“I’m heartened by the caliber of people that I get a chance to sit in boardrooms with. These are people who are measured, deliberate, and who make really great decisions. They weigh a lot of complex variables, are measured and balanced, open to listening, and focused on what is best for the company and its stakeholders. Directors have been generous with their time, and so willing to roll up their sleeves and stay incredibly involved and attentive. That level of honesty and generosity is fantastic. It’s a privilege to sit in a boardroom with these people.”

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**Dawn Zier**

“Conversations initiated by management have been very productive: management is using the board as strategic advisors, and the board is doing their job around governance. We’ve learned we don’t need to be in person for every single conversation, and I hope we don’t let formality get in the way of valuable, transparent and frequent conversations. In the future, I’d love to see a hybrid model where we get together several times a year, but we also have these more dynamic conversations in between. The new way boards are engaging has actually been more meaningful, more helpful to management, and more rewarding for board members who feel that they are being more constructive while keeping the proper separation between management and oversight.”

Donna Wells

“Every one of my companies managed to go virtual within a matter of days. The effort and flexibility that took impressed me greatly; I’ve never been prouder to be associated with the board of my companies. There were many moments that illustrated how dedicated our teams are and represented silver linings in an otherwise awful situation. I think we’ve learned that we are more nimble, flexible, and capable than we gave ourselves credit for. The leadership teams I work with have absolutely risen to the challenge.”

### Caring for Employees and Customers

Directors listed the safety of their employees and customers as paramount, and were proud of the way they were able to keep their employees and other stakeholders as healthy and happy as possible, working remotely under the circumstances, and bringing them back into the office safely.

Barbara Kurshan

“Our on-ground nursing school, Hondros College of Nursing, a member of the APEI community along with APUS, was able to seamlessly pivot to a virtual environment without sacrificing service to students - even shipping computer equipment if needed to help the team get the job done. We serve a population that, in many cases, are first generation college students. We strongly believe that these students need to be able to stay on track toward improving their lives and their communities.”

Doris Honold

“I’m most proud of the response to COVID-19 with respect to our staff. We have shown incredible flexibility. For example, nobody has to come back to the office unless they feel comfortable. We have also given our employees support with respect to equipment. We were very accommodating to employees given the situation. Throughout the pandemic, our decisions were made with a single premise in mind: what is the right thing to do for our employees?”

## Ted Senko

“Focusing on the health and safety of our employees has been paramount. We had slight advanced notice because we have five facilities in China. So we had a board call and figured it would get outside of China very quickly. Our management team developed a 250-page playbook to get back to work, which was produced within about 10 days of our first closure in China. When the governments started to say we could reopen, this was what we used. We shared it with our vendors to ensure their employees were safe as well. We had a board call last week, and it was reported that an employee from Mexico said that work is the place he feels the safest throughout the day during the pandemic.”



# What are Your Biggest Takeaways from the Pandemic? How Would You Advise Other Directors?

No matter how bad the crisis, companies have an opportunity to learn from their responses to improve. Directors are already thinking about the next crisis, what they can take away from COVID-19 and what it means for their company and long-term strategy going forward.

## Take Time to Reflect

Before directors can adapt their strategies and responses, they first advise a moment of reflection.

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Anna Catalano

“Take stock in how pandemic management has gone. Talk about how you managed it, take a post audit. This type of crisis will not be a onetime occurrence. Learn from what happened and take a look at what you did right, what you did wrong, and what you would change. This will help mitigate risks down the road.”

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Debbie  
Alvarez-  
Rodriguez

“Even in the midst of the pandemic and social unrest, we have an opportunity as boards to regroup and rethink. What are the most important things that we need to focus on? Knowing that management is trying to keep things running, use this time to think about becoming more agile, accountable, and understanding the scope of risks and rate of change surrounding those risks. We actually added some extra time to our board meetings to spend more time with each other. We carved out times for our deep-dive sessions. At every meeting, we allocate an hour to talk about strategy and the future. We have been working as a board to look into best practice and checking in with Diligent Insights, KPMG, NACD, and other sources of high-quality research.”

## Focus on Fundamentals

In the midst of a crisis that can make the business environment seem unrecognizable from day to day, directors believe in the value of adapting established governance fundamentals to the new normal.

Ted Senko

“You have to focus on the fundamentals. Do you have the right management team and relationship with them? Do you have transparency? Focus on the management team, focus on proactive strategy, stay focused on the business. You should have a team that understands the risk management process. Take stock of your situation and look for ways to stay flexible and take advantage of the silver linings of COVID-19 with long-term strategy in mind.”

Mohamed  
Radwan

“Our biggest find was switching from best practice to best thinking. We had to return to fundamentals. We used to refer to best practices whenever we ran into a challenge, but now we have pivoted toward best thinking when problem-solving. We are also going to change the way we look at the skills our board has and what skills our board still needs. We need to make sure we are developed correctly.”

## Be Proactive

Directors urge vigilance and thinking about what comes next instead of resting on one’s laurels for successfully navigating the pandemic.

Jim Treadway

“We stayed out front. We were talking about it in early January, so we were able to get out in front of it. Everyone else started talking about it in March. By virtue of our industry, we were aligned with the medical community, skilled nursing and hospitals that we were on top of the pandemic. Taking advantage of communication channels and building the necessary relationships were very important for us.”

Roy Dunbar

“The skills corporate leaders need for the next business cycle following the disruptions of COVID-19 may not be the same as the recent past. Boards should carefully consider whether among the C-suite and the directors, the right skills, commitment, and passion are present to lead the next phase of transformation as winning companies will not look the same as they did in 2019.”

## Use This Opportunity for Transformational Change to Your Company’s Advantage

The pandemic presents a watershed moment for many companies. Directors advise that boards should accept and embrace opportunities for systemic change and use moments like these to explore new avenues for value creation.

Danièle  
Bergeron

“I think the pandemic has opened everyone’s mind to change. People always want change, but when it’s time to change, everyone’s afraid, and they go back to their old ways of doing things. This pandemic has helped raise awareness of the need for necessary change. It has helped some of the boards I’m on make quicker decisions and explore new avenues to doing business and creating relationships and strategic partnerships that they otherwise would not have thought of. It’s the role of the board to generate that level of awareness, and challenge management to do things differently and support them.”

Lea Ray

“You have to be willing to let management take some risks and try something different. The world changed. If you try to stay entrenched in old ways of thinking, it probably won’t work. Nimbleness is a mindset. For the most part, I saw people jumping on board with good thinking. You can’t get entrenched, and you’ve got to keep an open mind. Make sure you have diverse sets of skills and backgrounds around the table. Meet frequently on issues. Things can’t wait during a pandemic, and they still can’t.”

Sam Weiss

“We accelerated our move to a cloud platform, which has caused us to change how we apply our engineering and R&D resources. The pandemic gave us the courage to make a big strategic change to the company, at some risk, but we felt there would never be a better time to do it. It was the right decision for the long term.”

## HOW YOUR BOARD CAN PREPARE FOR THE UNTHINKABLE

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In some cases, the best time to take advantage of innovation and transformational change is in times of relative prosperity and calm. For Debbie Alvarez-Rodriguez, the painstaking work she and her fellow directors at Recology put into embracing modern governance made all the difference when disaster struck, nearly two years later:

“The pandemic has changed the role risk management and risk oversight play. Fortunately, we started this work two years ago. We anticipated that the rate of disruption, change, and disconnection was accelerating so quickly. We had to ask a big question: Did we really have a handle on risk management from an enterprise perspective? The board brought in a consultant to help with enterprise risk management. From that we created a new committee: the enterprise risk oversight committee to systematically look at risk: identifying risks, what they mean for processes, systems, and talent. That has saved us in this era.”

“It’s forced us to look at deep dive scenarios around critical areas of risk. It has brought into the conversation ‘what does this mean for board composition and succession?’ The board asked management to look at our policies, charters, and procedures. We reviewed and revised them all. One of the deep dives was looking at technology and cyber security. We saw that we needed significant investments, so we had already made these investments when COVID-19 hit. Within a few days, we had 200 employees with laptops in hand working remotely. We had already built the infrastructure that enabled for remote communication. We were able to deploy resources and shift our processes very quickly because of risk oversight.”

“DE&I was another of the deep-dive exercises we explored as a board. Our conversations about this are centered around race and gender equity, but it’s really focused on having the right talent and mix of skills at the board level. We are going through a whole planning and succession process. The questions here are: Who do we need and what do we need in the next three years? We are re-examining everything. Should we have terms? We looked at the charter of the governance committee with an eye towards getting the right mix of skills. Are we focusing on the right levels of conversation? Are we focusing on strategic conversation? Are we providing enough guidance to the leadership team?”

“We wanted to shift our culture from compliance and delivering along existing processes to one of innovation. This work was what made us start looking at scenarios. We started paying attention to opportunity and disruption. We were only able to pull this off because we were proactive and started the work before the crisis. Things were going well, so we could take the time to investigate risks and opportunities for change, make critical investments, and decide tough questions like CEO and executive transitions. We had a mentality of: Let’s elevate our conversation about renewal and refreshment at all levels in the organization-board, C-suite and strategy. We also had a newly reconstituted board, which made it easier to innovate. This was a great opportunity to spend more time on strategy and foresight, and less time on reviewing what we had already read in a report.”

# Quoted Directors



## Deborah Alvarez-Rodriguez

Deborah Alvarez-Rodriguez joined the Recology Board in January 2014 and has served as Chair of the Innovation Committee. She is currently Chair of the Governance Committee and a member of the Risk Oversight Committee. She is a strategic and ethical leader with deep expertise in innovation strategy, ESG, DEI, value/resource recovery and environmental ethics. After nine years as President and CEO of Goodwill Industries of San Francisco, San Mateo and Marin Ms. Alvarez-Rodriguez founded Seam Innovation in 2013, a strategic advising practice serving boundary spanning leaders committed to doing well and doing good in the world. Deborah has chaired and served on numerous national social sector boards including Pacific School of Religion, Independent Sector, Goodwill Industries International, East Bay Community Foundation, Cordes Foundation, the Harwood Institute, and SF AIDS Foundation.



## Danièle Bergeron

Danièle Bergeron is President and associate of La Société des Leaders de Marques. She has also been President and CEO of Mayrand Ltd, a food trade specialist operating in Montreal and part of the AOF-Alimplus-Mayrand Group. Previously, she held various executive positions at recognized Quebec-based retailers including Vice-President and Chief Operating Officer of Sail Plein Air Inc. and President of Mobilia. A seasoned director, she serves on the boards of Colabor, Prompt Innovation and Patrick Morin. Ms. Bergeron holds an Executive M.B.A. from McGill - HEC and is a certified Corporate Director.



## Phyllis Campbell

Phyllis Campbell is the Chairman for the Pacific Northwest region for JPMorgan Chase & Co. Previously she served as the president and CEO of The Seattle Foundation - the largest community foundation in Washington. Phyllis has served as an independent director for Alaska Air Group from 2003-2020. She previously served on the Nordstrom board of directors. She currently serves on the Diversity Advisory Board of Toyota and is a board member of SanMar. Phyllis is chair of the board of the US-Japan Council, as well as a member of the global advisory board of Women Corporate Directors. She serves as board member of the Allen Institute.

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# Quoted Directors



## **Anna C. Catalano**

Anna C. Catalano has over 30 years of corporate experience and manages a diverse board portfolio, serving as member of the Board of Directors for Willis Towers Watson, Kraton Corporation, HollyFrontier Corporation, Frontdoor, Inc., and Appvion. In the not-for-profit sector, she is a Board Director for the Houston Grand Opera, President of the National Association of Corporate Directors Texas TriCities Chapter, a Co-Founder of The World Innovation Network, and a former national Board Member of the Alzheimer's Association. Ms. Catalano is an expert on the topics of global business, board governance, strategic branding, and an outspoken champion of women in business.



## **Rafael Cerezo**

Rafael Cerezo holds a degree in economics from the London School of Economics and an MBA from the University of Columbia. He worked for The Boston Consulting Group from 1977 to 2008, holding various positions including founding Partner and Director of the Madrid office, European Executive Chairman, and member of the BCG Global Executive Committee. He is a member of the Boards of Puig, Flamagas, Aubelia (Uriage), and ISDIN. Advisor in the Advisory Board of Exea as well as a Trustee in the Board of Trustees of the Anti Drug Foundation.



## **Karen Clarke-Whistler**

Karen Clarke-Whistler serves on the Board of Directors of Enerplus Corporation, a publicly-traded oil and gas company. She is the former Chief Environment Officer of TD Bank Group, and is a Principal in ESG Global Advisors, a strategic advisory consultancy.



## **Roy Dunbar**

Roy Dunbar is the founder of private renewable-energy and property development companies. Dunbar served as CEO and chair of Network Solutions between 2008 and 2010, and was president of Global Technology and Operations at Mastercard, and prior to that, Chief Information Officer at Eli Lilly where he worked for 14 years. Information Week named him CIO of the year in 2003. Dunbar was named to the NACD Directorship 100 in 2015 and is a NACD Board Leadership Fellow. Dunbar has served on several public company Boards and is presently a Director of Johnson Controls International PLC and SiteOne Landscape Supply. Inc.

# Quoted Directors



## Doris Honold

Doris Honold's career spans more than 25 years in financial services across Chief Risk Officer and Chief Operating Officer roles in Frankfurt, Tokyo, Singapore and London. Until last year, Doris was Standard Chartered's Group Chief Operating Officer and a member of its executive committee. She currently serves as a non-executive director of Credit Suisse International, chairing its board risk committee, and is a Trustee of the Climate Bond Initiative. Doris is also an advisor to a number of pre-IPO fin-tech companies. She is currently a Fellow of Harvard Universities Advanced Leadership Program.



## Tom Hunersen

Tom Hunersen works with financial services and technology firms focusing on Strategy, Governance and Capital. He has had a varied career leading banking, funds management, corporate and nonprofit organizations in Europe, North America and Australasia. Recent focus has included working with distressed European financial institutions on operational excellence and strategic transformation. Tom holds a MBA from the Katz Graduate School of Business and a Bachelor's degree from Lafayette College and is a member of the Independent Directors Council (NY) and the Institute of Directors (London).



## Rajive Johri

Rajive Johri has 14+ years of governance experience, having led a variety of Fortune 500, private, and not-for-profit companies at the board level. Currently, he sits on the board at ConAgra Brands, Inc. on the HR & Compensation, Governance, and Audit & Finance Committees. Rajive's specialties include enterprise risk management, cyber security, global business leadership, and business turnaround.



## Dr. Barbara (Bobbi) Kurshan

Dr. Barbara (Bobbi) Kurshan has honed her vision of "what can be" using technology while supporting the growth of new education companies and developing innovative software products. She currently serves as a Senior Fellow and Innovation Advisor at the Graduate School of Education at the University of Pennsylvania where she builds and advises education innovation ecosystems for researchers, teaches, investors and entrepreneurs. She currently serves on the Board of several companies including APEI, Tulane University College of Engineering and Science, and many education technology companies. She is the author of several books, articles and regularly blogs for Forbes.com.

# Quoted Directors



## **Brad Neilley**

Brad Neilley is currently a Board Member at Princeton International Technology and a Board Trustee at William Patterson University. Prior to this, Brad was Senior Vice President at Avalon Bay (the largest multifamily REIT) and previously Worldwide Vice President and a member of three company Management Boards at Johnson & Johnson. He also holds an MBA in International Business.



## **Dr. Mohamed Radwan**

Dr. Mohamed Radwan is the Managing Director and Board Member of Platinum Partners, a Corporate Governance Consultant with IFC (International Finance Cooperation) - World Bank, an Adjunct Faculty with American University in Cairo, and a NED on leading organizations in the MEA region.



## **Lea M Ray**

Lea M Ray is a Chartered Professional Accountant, ICD.D certified director and a seasoned board member. Lea has served in multiple board leadership roles including Chairman, Vice-chairman, Lead Director and Audit Committee Chair on a variety of publicly-listed, public sector and non-profit entities. She is a former executive, Vice-President Corporate Finance, of Warner Bros. Entertainment Canada Inc. and former member of the Professional Conduct Committee of the Chartered Professional Accountants (Ontario).



## **Ted Senko**

Ted Senko is an experienced Board member and audit committee leader with strong corporate governance skills, including ESG, compliance and enterprise risk management. He currently is a member of the Board of Directors of Autoliv, Inc., a Fortune 500 Company, serving as Audit Committee Chairman. Ted qualifies as an “audit committee financial expert” under SEC rules and serves on the National Association of Corporate Directors Fortune 500 Advisory Council on Risk Oversight. During an extensive career at KPMG, LLP Ted successfully led several global consulting businesses, developing significant business strategy and operations experience.

# Quoted Directors



## Jim Treadway

Jim Treadway is a founding member of Seattle's Lodging Roundtable and the Yountville Business Roundtable. He is a past Chairman of the Board of IndeCorp, now known as the Preferred Hotel Group. He currently serves on the board of The Tug McGraw Foundation, which supports and promotes brain health. Hotelier, consultant, and advisor, Jim Treadway most recently served as general manager of the renowned Bardessono in Yountville, Napa Valley, California, one of Benchmark's Personal Luxury Hotels & Resorts<sup>SM</sup> properties. Previously vice chairman of Benchmark and founder and chairman of MTM Luxury Lodging, which Benchmark purchased in 2011, he is well known and respected in the hospitality industry for his 23 years with Westin Hotels and Resorts, at which he rose to the position of president of the North American Division.



## Danesh Varma

Danesh Varma is a Chartered Accountant and Director of junior exploration companies like Anglesey Mining plc, Buchans Resources Inc., Canadian Manganese Corporation, Minco Exploration plc., Xtierra Inc. as well as investment vehicles like Brookfield Investment Corporation, Crowd For Angels and Nine Point Senior Credit Fund.



## Sonia Villalobos

Sonia Villalobos, CFA, is a member of the Board of Directors of Telefonica Vivo, LATAM Airlines, and EcoRodovias, with the first two being Latin American companies listed in the NYSE. She is currently the coordinator of EcoRodovias' Auditing Committee and a former board member and president of the Auditing Committee of Petrobras. Up to the end of 2019, Mrs. Villalobos was also a finance professor in graduate courses at Insper, one of the most prestigious business schools in Brazil. Her 35-year-long professional career in finance encompassed sell-side and buy-side equity research, as well as private and public equity fund management. Mrs. Villalobos was the first person in Latin America to become a CFA charterholder, in 1994.

# Quoted Directors



## Sam Weiss

Sam Weiss (AB, Harvard College; MS, Columbia University Business School, FAICD) is Chairman of Altium Limited is a highly experienced Company Chairman. He has been instrumental in the growth and leadership of Altium Limited over the past ten years as the Company has generated shareholder value through superior technology and strategy, capital and financial controls, and strong corporate governance. His experience in global markets has helped the Company to become the market leader in electronics design for Printed Circuit Boards. Sam has more than twenty years of Boardroom experience gained at both listed and unlisted companies as well as with leading arts and social services organizations. Sam has lived and worked in Asia, the United States, Europe as well as Australia with executive roles in large multi-national corporations.



## Donna Wells

Donna Wells has a decade of corporate governance experience and currently serves on two public boards: Mitek Systems (MITK) and Apex Technologies (APXT); and two private boards: Betterment and Happy Money. She previously served on the board of Boston Private Bank (BPFH). From 2010 to 2017, Donna was CEO of Mindflash Technologies, a private, enterprise software company. Prior to Mindflash, Donna led US marketing for both Fortune 500 companies, including Expedia and Intuit, and for digital disruptors such as Mint.com, where she was the founding CMO. She teaches entrepreneurship at Stanford's Graduate School of Business and resides in Northern California.



## Dawn Zier

Dawn Zier is an independent board director and accomplished CEO best known for engineering a remarkable turnaround of the iconic brand, Nutrisystem. Throughout her career she has successfully architected and led enterprise-wide transformations propelled by innovative product and marketing breakthroughs. Dawn currently serves on the Board of Directors of Hain Celestial Group (Nasdaq: HAIN) and Spirit Airlines (NYSE: SAVE), where she chairs the Nominating and Corporate Governance Committees, as well as Prestige Consumer Healthcare (NYSE: PBH).

# Acknowledgments

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