

COVID-19's Workplace Disruption: A Test of Board Resiliency (An Expanded Discussion)

The discussion below is a more complete coverage, including examples, of the topic addressed in Issue 126 of *Board Perspectives: Risk Oversight* (which is available at www.protiviti.com/US-en/insights/newsletter-BPRO126-COVID-19-workplace-disruption) and on NACD/BoardTalk (see blog at <https://blog.nacdonline.org/authors/42>).

In a crisis, clear thinking is needed in the boardroom. The unprecedented nature of the COVID-19 pandemic has set in motion one of the most abrupt disruptions in decades, leaving organizations reeling with uncertainty as fear spreads faster than the virus itself.

The Coronavirus Disease 2019 (COVID-19) crisis could very well represent the ultimate test of resiliency – for leading companies in every industry, including their boards. How well companies pivot in this environment and in the aftermath could have a lasting effect on their reputations and brands. More importantly, as organizations focus on transitioning their people to a remote workplace, opportunities may come about to learn new ways of doing business for the long term. It is a time when the board can prove its mettle as a strategic adviser to the CEO.

As the pandemic brings many businesses to a halt, the effects of quarantine, isolation and travel restriction strategies are having a brutal impact on the economy and multiple industries, with the financial markets punishing investors with steep declines. Up to this point, new and total infections, fatality rates, reductions in

economic activity, and massive fiscal and monetary measures by the public sector have overshadowed the impact on people in the workplace and what companies must do to sustain operations as best they can under the most extenuating of circumstances. But that is changing fast.

Now that countries, provinces, states and cities are instituting lockdowns, shelter-in-place directives or similar public health requirements and protocols to limit the spread of this highly contagious virus, companies are focused on transitioning their organizations and workforces to environments where their managers and employees will be working remotely for an indeterminable period of time. Given these conditions, what role should boards play as their organizations transition to a distributed workplace

Key Considerations

There are a number of items boards should consider acting on as CEOs and organizations grapple with the people-related challenges of the COVID-19 crisis. We offer 10 suggestions below, some of which relate to the basics found in any crisis management playbook. Rather than address the decisions associated with navigating an economic slowdown (e.g., downsizing headcount; compensation adjustments; asset divestitures; selling, general and administrative expense cuts; and other options), the focus below is on managing the effects of transitioning to a distributed workplace, including the impact on organizational culture.

1. Know the board's place at the table.

The board's role should be delineated from management's role. Management is responsible for developing and implementing the overall strategy to protect the health of the workforce while putting it in a position to continue to work productively. The board is responsible for advising the management team as it executes the company's response and monitors progress. Directors need to resist getting too hands-on. The CEO's job is tough enough at the moment.

2. Understand management's internal communications plan.

Communications are vital during any crisis. While disclosing the impact of the crisis is certainly important, the most important communications are to the organization's people. What are the plan, objectives and tone of the communications? Is there an appropriate cadence of communications from various leaders so that employees know when to expect messages as opposed to feeling left in the dark? Do internal communications convey empathy to employees? Are they forward-looking to give everyone an idea as to what's happening around the company?

The plan should consider the specific needs of select employees. For example:

- Employees abroad may face challenges returning home.
- It may be necessary to update employees who are on leave.
- Countries' paid-time-off policies to address the needs of people who become ill may require attention.
- Everyone needs to be apprised of office hours and operating requirements.

In lieu of droning on in negativity, offering something grounding and trustworthy can be valuable in these difficult times. Companies should support employee social interactions through communications on internal social platforms. They should empower employees to help each other address problems. Company leaders should also be comfortable expressing the needs of the company. Any fear employees may be experiencing over the future state of the company and how it will impact their financial well-being can be devastating to morale. Letting them know how they can make a difference offers a proactive way for people to take part in the outcome and make an impactful contribution.

3. Ask management how the company's transition to a remote work environment is going.

Highly mobile organizations can make the transition to a remote, work-from-home workplace relatively seamlessly — that is, among employees who can work remotely. But this transition can present formidable challenges to organizations that are anchored to their offices and physical facilities. During check-ins with management on crisis response, directors should ask what the company is doing to address the technology, tools and cultural challenges created by the sudden shift to virtual work, if applicable.

A workforce that is virtual and mobile is one that is equipped with, and trained on, the

technology tools needed to work remotely and, more importantly, address the void left by the lack of physical face-to-face contact. To work remotely, employees need the necessary equipment (chargers, accessories, etc.) to work away from the office and must have the necessary network bandwidth at home. Companies contemplating going remote should establish guidelines and toolkits to support remote workplace scenarios. There are many proven platforms that support communications, project management, document sharing and workflow, while also automating mundane tasks so employees can focus on the work that really matters.

4. Encourage a watchful eye for new leaders who emerge from the fire.

These are extraordinary times. Everyone in the organization — from top to bottom — will be battle-tested. Boards should encourage management to watch for those who flourish in this environment and provide leadership as everyone strives to adapt and support one another using the collaboration tools the company has available. History teaches us about many generations of leaders who have been steeled by extraordinary events. This fluid environment creates a unique opportunity for team members to shine and show what they are made of.

5. When the sun rises, request that management conduct a post-crisis assessment in the cool of day.

The COVID-19 crisis is not a black swan event. The threat of a global pandemic and the coronavirus itself have long been a “known unknown.” The crisis is more like a grey rhino that has been charging us for a long time. Unfortunately, all long-term threats rear their ugly heads eventually. For companies unprepared for this crisis, a process should be put in place to capture the lessons learned in real time. Before memories fade, company plans and procedures for navigating abrupt business disruptions — including a global pandemic —

should be updated using these lessons. And, as stated above, the employees who took the initiative to lead should be noted.

6. Ensure that the organization focuses on its customers. If there was ever a time to differentiate by demonstrating flexibility and agility with the company’s customers, it is now. If the business is high touch, the following are relevant questions:

- What are customers’ safety protocols and do ours mirror theirs?
- What is the nature of the pandemic response plans that they have implemented?
- Can we sustain ongoing collaborations and communications with them, while ensuring the safety of their employees as well as ours?

If the company transitions to a remote workplace, other questions include:

- Can we maintain continuity of service and deliver product, either during a lockdown or immediately once it is lifted?
- Have we worked with our customers, on a case-by-case basis, to identify those aspects of our relationship that may not be addressed through remote work arrangements during the crisis?
- If there are important aspects of our relationship that remain unaddressed, have we ascertained available alternatives both during and following the crisis to achieve the best possible outcome (e.g., changing priorities in real time, leveraging technology and collaboration tools, and reworking delivery schedules and project plans)?

The crisis may present opportunities to deepen relationships with customers. Now is the time for out-of-the-box thinking on how to help customers, particularly those that may be struggling to survive. This will help to

differentiate the companies that are flexible and agile from those that are not.

7. Point out the opportunity to improve remote work policies and procedures.

Whether deployed selectively or mandated outright, decisions to work remotely — beyond present remote arrangements in normal circumstances — offer an opportunity to learn how to ensure that such arrangements work effectively and efficiently in the future. These lessons may be invaluable for companies as the trend toward telework continues to evolve, worker flexibility programs expand, and the volume is turned up on improving quality of life. For example:

- What impact does a distributed work environment have on employee satisfaction, unscheduled absences, efficiency and employee performance?
- What lessons have been learned about how to foster more worker flexibility?
- What worked well in terms of fostering trust in this environment?
- Are the deployed technologies effective in fostering the communication, collaboration and virtual facetime among colleagues and team leaders needed to support the business?

This is an opportunity to engage everyone, request feedback and learn as an organization about what improvements are needed to facilitate a remote workplace in the future or to expand capabilities to enhance workplace flexibility, which has emerged as a standard accommodation in many HR playbooks.

8. Suggest that management make it a priority to regroup on a regular basis.

Keeping everyone on the same page in a remote environment requires special attention. The unique stresses, pressures and concerns the COVID-19 crisis presents to the organization's people create a difficult environment for preserving morale. Whether

as a small group, the whole team or even through one-on-one interactions, remote workers should “meet” at least weekly to stay in touch and ensure that everyone is on the same page about project deliverables and timelines while using the tools available. It is especially helpful when those tools allow for audio-visual capabilities, as nonverbal cues and body language that are only possible to recognize through face-to-face communications are an important part of human interactions.

In a remote environment, expectations must be set and managed and employees encouraged to establish the necessary discipline to separate themselves from distractions at home. No one should be allowed to fall into the trap of “out of sight, out of mind.” Team leaders as well as members must be proactive in finding ways to stay engaged, and drive tasks and activities forward while avoiding the temptation to wait for further direction from higher-ups.

As the “touch” in the workplace is removed, the “trust” between colleagues and senior leadership becomes even more important. Employees should be trusted to manage their projects, deadlines and overall responsibilities, even if they need to deviate (slightly or otherwise) from a traditional 8-5 schedule to accommodate personal obligations during these extraordinary times. A workplace founded on trust can be a powerful motivating force and offers an opportunity for leaders to celebrate achievements through electronic tools that create awareness of success, build motivation and develop social involvement. In uncertain times, it is good for employees to experience recognition of positive actions and a strong focus on the future from their leaders.

9. Ask the question: When the crisis passes, what will we have learned about how we do business? Two years from now when the CEO and executive team look back on this crisis, what will they observe? Will they recognize that what they have learned from the temporary transitions, as discussed above, served as a catalyst for accelerated workplace design? Will what they learned inform ways of altering the company's strategy, including how the company does business and goes to market? Will the lessons from the crisis alter management's views regarding the organization's real estate needs? These important questions point to the power of technology to transform how and where people work.

10. Ask another question: Will our people be more or less loyal based on how we managed the crisis? The crisis presents an opportunity for leaders to let their people know that the company truly cares about them and their well-being. Their actions in both word and deed carry the possibility of strengthening the culture. Does the company's response to the crisis meet this test?

Closing Comments

The COVID-19 crisis is a new test of resiliency for directors, managers and employees alike, and everyone must learn how to meet it together with a focus on continuous improvement, shared values and mutual trust. It is an opportunity for the board to advise management along the lines of ensuring the culture will be stronger and more

focused when the company emerges and moves full speed ahead to ramp back up to more normal operations.

For sure, the crisis presents a test of leadership. Prioritizing and reprioritizing tasks and activities is going to be a necessary art for most organizations over the next several weeks, if not longer. Keeping teams focused on the greatest issues and risks while avoiding needless distractions, positioning themselves to ramp back up to normal operations, and building a culture of trust and empathy is the name of the game.

How Protiviti Can Help

As the COVID-19 pandemic continues to disrupt business activity across the globe, organizations are reconfiguring the workplace and adopting new business practices to align with social distancing, stay-in-place directives and other public health protocols. As they do so, they are confronting questions related to their resiliency in shifting to a distributed workplace, adopting appropriate security measures around the enabling technologies they choose to deploy, and implementing ongoing changes in business models and processes affecting how they interact with people in the aftermath of the crisis. Protiviti has the experience, know-how and expertise to help companies navigate these challenges. Companies can benefit from working with our professionals who share their values and have knowledge and understanding of the technologies they deploy. Our people are fully operational as our firm functions remotely during this crisis.

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