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The BoD Perspective In Corona Times



*The functioning of the Board of Directors (BoD) is key for the success of a company. This is a no-brainer. But how can you measure whether a BoD is really functioning? In times of crisis, each BoD goes through the test. Corona was and still is such a crisis. Uncertainty was huge from the beginning, drivers of success changed rapidly and radically, and governments intervened in areas which were controlled privately before. Based on his own experience, stars Vice Chairman Dr. **Markus NEUHAUS**, Vice Chairman of Barry Callebaut, Board Member of Galenica, Baloise, Orior and Jacobs Holding, and former Chairman of PwC Switzerland, shares what he sees as the success factors for a BoD in times of crisis.*

Companies and their boards do not operate in a vacuum. The environment is decisive for what a company can and has to do. How can, should, must a board adapt to such changing circumstances?

Based on my own experience as a member of multiple boards, I see a number of success factors for a board in times of crisis. And it goes without saying: each case is different, there is not just one way to success in times of crisis. But there are a number of buttons to be pushed:

1. Be prepared for the unknown

In good times, you have to prepare for bad times. Structures should be flexible enough to quickly adapt to new circumstances. Flexibility impacts your asset structure, your capex, your workforce structure, your ability to divest in case of need, your financing strategy, access to internal and external information etc., i.e. every aspect of your business. And being prepared includes strong relationships with your key stakeholders. You may need their support in times of crisis.

2. Act decisively

Do not hope it will go away anyway. And do not wait until it is too late. Take immediate action where required. Establish crisis rules. Adjust your organizational set up, if needed. You may need a special crisis task force to keep the business focus on the business and have the task force to deal with defined crisis topics. Stop the bleeding. Check contractual obligations, starting with bank covenants. Secure liquidity from banks and other sources. Review your cost structure, cut or reduce expenses where possible, continue to invest where you make a difference. Secure your supply and distribution chains. Give confidence to your people internally and to your customers, suppliers, and investors. Communicate – communicate – communicate.

3. Board level

Speed up. BoD meeting schedules must be changed. Regular – weekly – spontaneous – involvement during the toughest times is essential, not to intervene into operations, but to take action quickly and give the management the support to act decisively. And if needed: make the necessary leadership changes. Go back to normal frequency as soon as possible. Board members need to have the personal flexibility and time to adjust to the new speed during the crisis. Overburdened members of the board or board members with an executive role in another company may be more challenged than others.

4. Market

Stay focused, be even closer to your clients. Think about how to adjust your messages / value propositions to the new needs, to the new expectations of your clients: health / safety / home are key topics in Corona times. Unless you have been a fully digital business before the crisis, communication with your existing and in particular with new customers is more difficult in the current remote environment than in normal times. The lack of personal contacts slows down innovation and customer relationships. And still, you have to find new business models, new customers, new distribution channels for your products or adjust your products and channels to the new needs. M&A opportunities will come for the ones with cash and management capacity and divestments will have to be accelerated by others.

5. The new normal

Design a plan how to move to the new normal, which is not the old normal. Build on what has worked well during Corona times. The forced test phase is over. New models had to be implemented within a much shorter time frame than what is usually required to change. Keep this drive to move forward and distance yourself from the ones who struggle. Show confidence, not fatigue. Communicate your plan. Plan in scenarios, since uncertainties are still around. Hold against populist propositions, such as bringing the drug production back to the home countries of the patients. We don't know the future, we only know that it will be different. Keep moving, alongside your clients and your people and strengthen your stakeholder network even more.

To conclude: Churchill said "never waste a good crisis". I know that this statement may sound cynical for people whose business has been closed down completely or who lost their client base because of a lockdown or who are not protected as workers. But still: We cannot change the environment. The crisis happened and continues to happen. We must deal with it and make the best out of it. Success is in the making, not in the waiting.



Dr. **Markus NEUHAUS** spent his entire career at PwC, ultimately serving as Chairman of the Board of PwC Switzerland and member of the Supervisory Board of PwC Europe until 2019. Since 2019, he has been Vice Chairman of Barry Callebaut, the world's leading manufacturer of high-quality chocolate and cocoa. Markus is also a Member of the Boards of Galenica, Baloise, Orior and Jacobs Holding. Furthermore, he serves as Vice Chairman of the Foundation Board of Avenir Suisse, Chairman of the Finance and Tax Committee of *economiesuisse*, Member of the Foundation Board of ETH, Vice Chairman of the Zurich Chamber of Commerce, Chairman of Zuercher Volkswirtschaftliche Gesellschaft as well as Vice Chairman of the Foundation Board of stars. Markus studied law at the University of Zurich and received a doctorate degree in law in 1988.

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