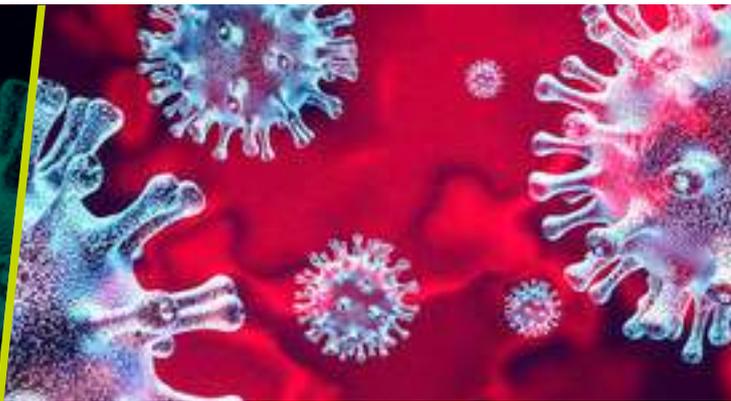


# Boards in the time of Covid

Pulse survey - Australia & New Zealand- June 2020



## Boards have changed how they work with the business due to Covid-19

### Key points

- Cadence of board meetings changed significantly
- Virtual meetings to continue
- NEDs are deeper in the business
- 60% NEDs gained deeper appreciation of the ELT

As boards transition from managing the peak of the Covid-19 crisis to supporting executive teams through to recovery, NEDs are considering which Covid-related changes to the workings of the board could become a more permanent part of board practice.

Korn Ferry surveyed 52 NEDs (some who are Chairs) in Australia and New Zealand to learn how Covid-19 had impacted how their boards work, and the insights they gained from the experience.

Almost all boards have changed the frequency of board meetings, with 97% of NEDs surveyed saying the cadence of their board meetings had either changed significantly (60%) or somewhat (37%).

Most boards initially met more frequently as cash flow required careful and frequent scrutiny and financial and liquidity stress testing was modelled.

While there was a higher frequency of meetings, the duration was often shorter. Weekly meetings, and opportunities to discuss issues in between, have for many boards now shifted to fortnightly.

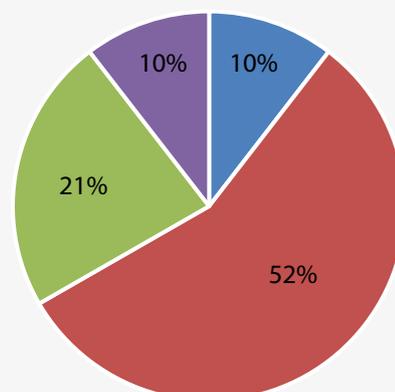
Virtual board meetings have proven to be efficient and 52% of NEDs support the board meeting virtually for some of the time. Indeed, virtual

meetings were adopted by many boards pre-Covid, but the frequency has increased markedly. However, a permanent increase in board meetings and engagement was not supported with just 10% of NEDs saying the board should meet more frequently post-Covid-19.

One Chair commented that board cadence will revert quickly to previous practice and video conferencing would be used more often for catch-ups with the CEO.

One aspect of board work which increased during Covid-19 was the need for discussions of 'single paper topics' which enabled boards to quickly review and sign off on matters that could not be held over for a formal board meeting.

**Figure 1: Aspects of board work that should continue post Covid-19**



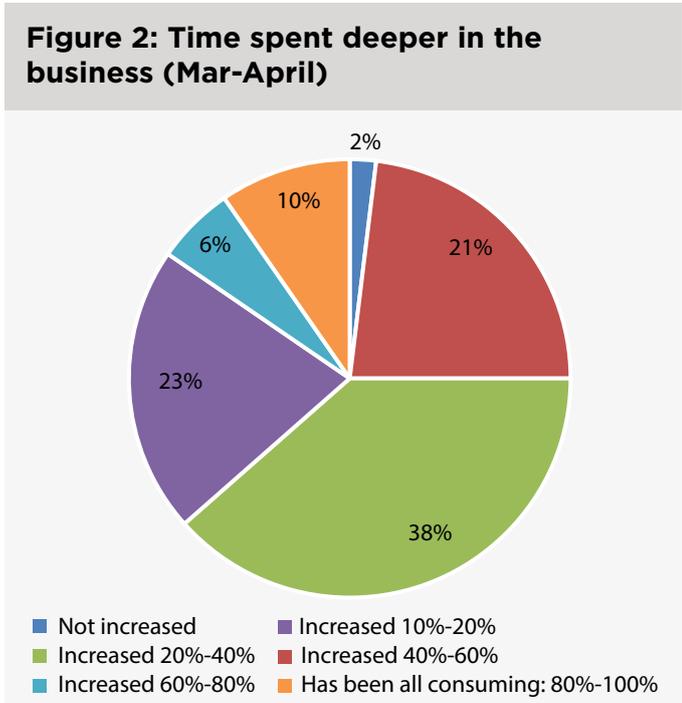
- Board to meet more frequently
- Board to meet virtually for some of the time
- Single paper topics to be quickly addressed by the board in real time
- Deeper engagement with the executive



One NED noted that boards have previously addressed single paper topics but what has changed is that management has become more agile in responding to changes in the environment and in preparing forecasts and plans.

**"Decisions on the single paper topics were quickly applied. I have found a much better and sharper focus on the formation of the agenda."**

All but one NED deepened their engagement in the business during the peak of Covid-19 activity (Mar-April 2020) in order to understand and react to the impact of the crisis. According to one NED, the Chair and the Audit Chair were spending significantly more time in the business while the role of other NEDs was more to be available and helpful to management - but not to get in their way.



While almost all had increased the time they spent deeper in the business, 38% increased engagement by 20%-40%. The work has been all consuming for 10% of NEDs working more deeply in the businesses by 80%-100%.

Leaders are tested in times of crisis and Covid-19 has presented the greatest challenges that most executives will face in their working life. During this time 60% of NEDs have gained a deeper understanding of the skills and resilience of members of the ELT and 36% have increased their understanding of the ELT somewhat. When asked to assess the ELT through a post-covid lens, 42% of NEDs said most members of the team are right for the future and spoke in positive terms about the ELT.

**"I always had confidence in my top team, but they have excelled."**

Just 14% of NEDs noted that some members of the ELT are unsuited for the future, and one noted that the lack of suitability of some executives for the future was known prior to Covid, with the crisis highlighting their shortcomings.

It is early days into recovery from Covid-19, but as the Australian and New Zealand economies continue to open, we will see the outcome of decisions made in those early months by our boards and executive leadership. It is clear that they worked well together. Agility was arguably the most important trait required of everyone faced with reengineering businesses in whip fast time. No one is saying we will go back to 'normal' in the near future, but for the two key levels of governance and management - the board and the ELT, there will be new, more agile ways of communicating that will become part of the cadence of how they work together.

**Please contact Korn Ferry Board Services, Australia and New Zealand for further information: [Boardservices@KornFerry.com](mailto:Boardservices@KornFerry.com)**

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