

Governance Action In Crisis

Integrated Emergency
**Management
and Recovery** 



If leaders are forged in crisis (1), then the time for strong corporate governance is now.

We know leadership must take action to ensure the financial stability – and the solvency of their businesses immediately. We also know they are acting on recovery strategies to effectively get back onto a business as usual trajectory to and keep the lights on in our operations. These actions are fundamental and necessary.

But what other governance action should leaders be taking now?

What are the priority areas?

1. Compliance

Leaders must ensure the on-going compliance of your business even in unexpected or abnormal circumstances. This means reviewing the status of your Compliance Register, ensuring that existing obligations have been met and the current situation has not created new compliance issues to be managed. Leaders must also be aware of changes in legislation that affect their business, and ensure they remain compliant through their business recovery.

For example, for listed companies, the ASX has issued a guidance (2) on continuous disclosure including material operational decisions, earnings and capital raisings.

2. Risk Management

If you have not re-visited your headline risk register, do so immediately. These are risks that are high impact, and low probability for your business. They are the risks that ‘keep you up at night’ if not appropriately managed – those with significant safety, environmental, or reputational risk.

In our current conditions of social distancing, working remotely and lower staffing, leaders must ensure that the controls the business put in place to manage these risks are still active and effective. Consider how your business is managing and supervising during times of high stress. Leverage an extended team of emerging leaders (3) in your business, and ensure appropriate procedures are in place to support changed conditions.

3. Culture

We know our leaders define the ethics and values of their organisation, and therefore its culture. The pressure on leaders to set the standards for behaviour and accountability within their business is extreme. Leaders must show empathy and provide direction for teams experiencing uncertainty and fear. You can help your people deal with this by providing clear guidance and specific deliverables – give them focus on what they can control.

Leaders must also ensure that decision making aligns with the risk appetite of your business. You can tackle this through a review and update of your Risk Appetite Statement. If circumstances have changed, then revisions should be made and communicated widely across your organisation.

These simple actions will realign your leaders at all levels, supporting appropriate decision making and building trust through your recovery.

4. Customers

Leaders must continually mitigate impacts of business interruption and triage the unexpected (4), with a focus on customers. From a governance perspective there are obvious financial and contractual considerations at play. However businesses must also consider their reputation, relationships and future brand stability with their customers.

A simple way to mitigate risk to customer experience is by thinking realistically from the outside in (4). Consider what your customers need now? As a minimum, your business should connect with all of its critical customers to understand their current needs. Are there creative things you can do as a business that will support a valued client now and create a strategic partner in future?

What value does your organisation bring to the table, and is this reflected in the experience they get in their interactions with your organisation? For example, a business focussed on relationships with customers should embrace the digital tools available and connect with their customers in a new way.

While the ASX has offered relief from directors in some areas, all other Corporations Act duties still apply, including acting with good faith, diligence, and care (5). These are times where all leaders must keep their fingers on the pulse of their organisations.

Article posted on LinkedIn by Laura Sullivan

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