

Board–Management Relations

Actions Boards Can Take to Help CEOs Address Today’s Pressure Points

By Joe Tarantino

COVID-19 and the mass protests against racial injustice present as difficult an environment in which to run a business as I have seen. While the severity of the situation varies by industry, CEOs are operating under extreme stress and in strenuous and uncertain conditions that are simultaneously redefining how the board strategically supports the CEO and the company.

In today’s business environment, directors should be prepared to ask informed questions about adapting to unprecedented change in the marketplace, and request data on customer preferences to understand their needs, the evolving workplace, and the supply chain. Sending the CEO the latest article isn’t enough if the immediate focus is on survival.

Transformative digital technologies are impacting processes, products, and services, simultaneously requiring and inducing greater emphasis on innovation, change, and resilience. During the pandemic, digital leaders have fared much better than laggards. Cyber risks continue to evolve as bad actors in the global community take advantage of this uncertain environment.

Meanwhile, strategic communications have rarely been more critical than they are now. Leaders are faced with converting fear into hope and, in situations requiring significant layoffs, restoring trust in the corporate culture. The board should engage with the CEO to focus on this never-ending stream of internal and external communications.

Diversity, inclusion, and treating people right are receiving an incredible focus in the boardroom, C-suite, and through the ranks at the moment. But these discussions

should entail much more than asking, “What are we doing about diversity?” or, “Should we write a check to social justice causes?” They should be grounded in how the organization should proceed in building a diverse and inclusive workforce on a foundation of core values and respect. Much more than just listening and learning, this entails action with an emphasis on initiatives, metrics, and accountability.

Additionally, CEOs still have to run the business and be mindful of their shareholders. Environmental, social, and governance (ESG) issues continue to build momentum as a means for stockholders to screen investments, requiring the CEO to address sustainability goals and, at the same time, serve shareholder interests. And shareholder activism remains ever present, as the number of campaigns and total market capitalization targeted actually increased up to the onset of COVID-19.

In short, we’re seeing a sea change in the nature of pressure points CEOs are encountering. Directors should focus on how they can best support their CEO by doing the following:

1. Keep the discussion strategic and high-level. CEOs have a lot on their plates. Board discussions with management shouldn’t distract the CEO from the immediacy of the formidable issues they face.

2. Be proactive. Watch for trouble spots—underperforming assets, declining revenues, neglect of needed innovation, or outdated strategies—and challenge the CEO and management team in a constructive manner to address them. Disrupt or be disrupted.

3. Think and act digitally. Ensure there are digitally savvy members on the board who can help the CEO and C-suite focus on where and how to invest in technology and cybersecurity. If the company doesn’t digitize new products and services to strengthen customer engagement and deploy digital technology to create a flexible and secure workplace, as well as improve operational performance and information for decision-making, it may fall behind competitors that do.

4. Align the company’s culture with its values. Embrace an adaptive, innovative, ethical, and trust-based culture that aligns the strategy with the enterprise’s core values as well as the mood in the middle with the tone at the top. Diversity and inclusion practices start with the board and C-suite. When directors support a positive culture, they can inspire and encourage the CEO to listen to their people with empathy, learn from them, take appropriate action, and strengthen the bonds of trust.

5. Be mindful of the influence of ESG performance on long-term value creation. Ensure the management team focuses on appropriate sustainability objectives in delivering acceptable financial results and that they integrate them into the strategy-setting process. Don’t be left behind as the market shifts.

Now is a time for clarity in which the board can help the CEO succeed with big-picture, out-of-the-box, and bold strategic thinking and ideas.



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