

A Prophet, A Traffic Cop And A Chess Master Walked Into A Board: The New Roles Of Boards



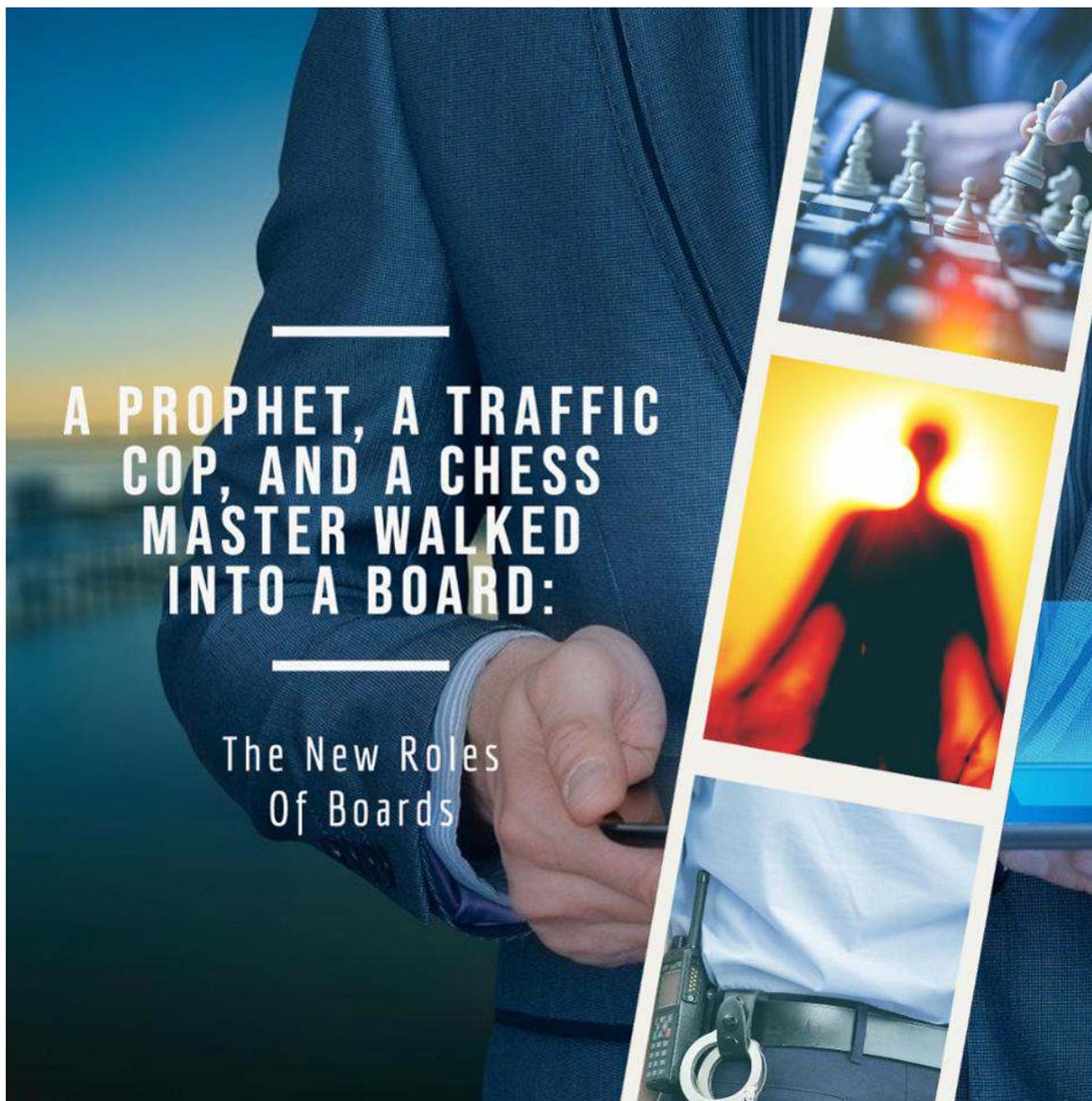
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CFO Network

I write about topics that concern CEOs, CFOs, and boards.

In normal times, most boards would meet on a quarterly basis to approve minutes from the last month, review current financials, and then adjourn for lunch. These are not normal times.

What is the board's role during crisis



A PROPHET, A TRAFFIC COP, AND A CHESS MASTER WALKED INTO A BOARD:

The New Roles
Of Boards

It's a new world and board members have new roles.

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CCO: Chief Culture Officer

”What is the culture we’re committing to and how is that reflected in this crisis?” Julie Abrams, CEO of How Women Lead. As Managing Partner of a board search practice, she coaches many board members on board roles during crisis. Those companies that can engender goodwill now, will benefit in the post-crisis world beyond. The corporate actions and the board posture should reflect the culture. For example, Salesforce is staking a claim that “we’ve built a culture of trust”. Salesforce made a commitment early in the crisis to

its employees to continue paying them for an extended period. This action in time of crisis reinforces the culture of valuing employees and building trust. President and CEO of State Street Global Advisors, Cyrus Taraporevala, noted that “an average of **52% of an organization's market value can come from intangible assets such as corporate culture.**”

<https://www.pionline.com/article/20190115/ONLINE/190119919/state-street-global-advisors-says-corporate-culture-is-top-engagement-priority-in-2019>

The Prophet

There is an overflow of information and misinformation but shortage of clear guidance. The board should confirm or challenge key assumptions. The board members were often chosen because of their experience, expertise, and strong network. They can leverage their networks to see trends first, and sort the facts from fog, and to bring visibility.

The Traffic Cop

“Board Chairs are increasingly playing the role of traffic cop to keep investors and other board members from micro-managing management” reports Doug MacKenzie, Partner at Kearney, who leads his firm’s Board Ready offering for women board members and those aspiring to join boards. MacKenzie recently interviewed public company board members from dozens of companies during this crisis. One finding—board members who were former operators have been tempted to lean in but are learning to give space for management to operate effectively and efficiently during this very tough time.

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The Chess Master

While management is focused on surviving the crisis, the board should be thinking ahead of the long-term win. Should the business consider pivoting its business model? Are there M&A opportunities? Which weak player has strong assets or brands or management teams so would be a great acquisition?

The Relay Racer

MacKenzie interviewed one board member that is the youngest member of that board by 15 years and she is 60! Boards need to think of their role as being a relay race. They will need to be in the position to pass the baton on to others. Succession planning is key. There should be succession plans for the board and the key executives. Companies are developing contingency plans if any key executive may be temporarily or permanently unavailable. To mitigate this and other risks, companies can set up a Crisis Management Office.

Board of directors are realizing they have new roles to play, from champion of the culture to visionary prophet, from directing board congestion as a traffic cop to strategizing 3 moves ahead as a chess master, and finally in preparing to pass the baton in a relay race.

The Evolving Role of Finance Chiefs

THE EVOLVING ROLE OF FINANCE CHIEFS

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