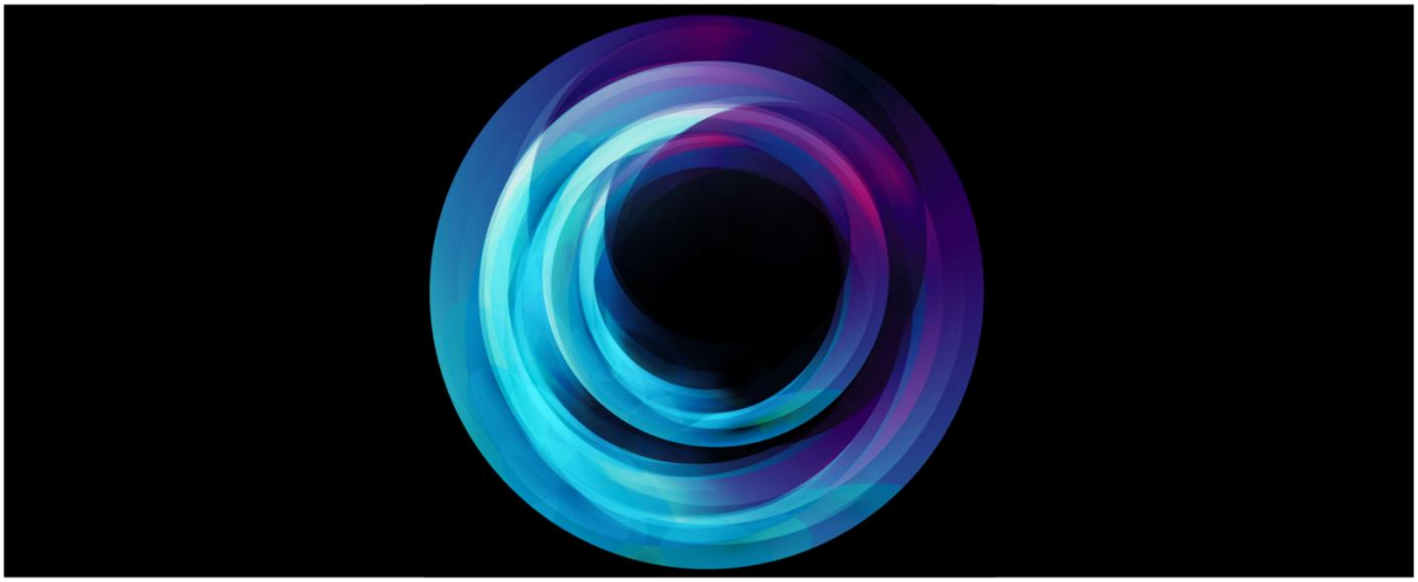

A post-pandemic guide to C-suite and board engagement

Best practices for board engagement and relationships

An exploration of how key C-suite members can better prepare for interactions – and further nurture successful relationships with the board

Facilitating board interactions in a post-COVID-19 environment

Boards fulfill an essential oversight role for CEOs and their management teams. C-suite executives can help the board to carry out its responsibilities, including providing critical information and insights. As companies emerge from the pandemic and the associated economic fallout, it is particularly critical that executives provide boards with information and analysis in order to help achieve resilience and execute the enterprise's strategy.

Through subject matter interviews and a culmination of research studies, we highlight how some key C-suite members can help the board and facilitate better board interactions in a post-COVID-19 environment:

CEO

More than other C-suite leaders, CEOs have the potential to mobilize their boards as a strategic asset. That is particularly true as companies reposition themselves for growth, and possibly brace for increased shareholder activism.

The pandemic has presented a range of challenges, including a focus on workforce health and well-being and return-to-work strategies that have elevated human capital management to a boardroom issue. However, CEOs have had to contend with much more than the pandemic this past year. Accelerating social change and renewed emphasis on corporate purpose beyond shareholder primacy continue to shape the future and amplify uncertainty. Despite—or possibly because of—these and other challenges, boards expect CEOs to articulate the vision and strategy that will allow their companies to thrive regardless of what comes next.

At the same time, the universe of stakeholders seeking to influence the board and management continues to expand. This has led many CEOs and boards to anticipate the factors that may motivate activist investors in 2022. In some cases that may mean conducting a self-assessment across several dimensions, such as cash flow and capital structure, as well as risk landscape, profile, and appetite. CEOs and boards face challenges beyond activism. A Deloitte Risk and Financial Advisory survey found that a majority of CEOs and boards may not be properly prepared to deal with risks in critical areas, such as brand and reputation, culture, cyber, and extended enterprise.

For CEOs, addressing such risks in collaboration with the board will be key to the future—both their own and the company's. As one CEO told us, "The board relationship is really the most critical factor in [a CEO's] success." (For more information, see "Seven steps to a more strategic board," Deloitte Insights, July 2019.)

CFO

The CFO is accountable for synthesizing financial data and communicating a command of risk management to the board. In any environment, that means keeping the board up-to-date on critical balance sheet developments, disclosure requirements, growth metrics, and many other topics.

During the past year, however, the board has looked to the CFO for much more, including assurances of sufficient liquidity or a more comprehensive understanding of the risk profiles of business units. In addition, CFOs have had to demonstrate that the company's crisis management system suited the crisis at-hand. In some cases, that meant setting up crisis command centers that assigned well-defined roles and responsibilities for the board and management to provide swift decision-making. Then, throughout the pandemic, many boards have looked to the CFO for updates on digital and other types of transformation efforts both within finance and throughout the organization—and the key insights those transformations promise.

Audit committee members want finance chiefs who have strong working relationships across the C-suite, lead competent and effective finance teams, and deliver "no surprises." In the post-pandemic environment, though, the CFO's knowledge of risk management, as well as the ability to position the business to accelerate out of the recovery, will likely be top priorities for both the audit committee and the board overall. (For more information, see "Accounting and financial reporting considerations for audit committees regarding COVID-19," Center for Board Effectiveness, Deloitte LLP, 2020.)

CIO

CIOs serve boards as key advisors on business strategy, translating technology matters into broader mandates for organizational development and growth. That role also includes elevating the board's awareness of technological risk. Case in point: a Deloitte study found that 48% of board technology conversations centered on cyber risk and privacy topics.

During the past year, the profiles of many CIOs have been elevated as many companies accelerated their digital transformation efforts to address weak spots in the supply chain, upgrade networks and systems, deliver new product/service configurations, and more. While technology also enabled the pivot to virtual, CIOs are now tasked with identifying the breakthrough technologies that can drive innovative change, including 5G and artificial intelligence (AI). And from their perspective, boards want to know that those investments can enhance productivity, collaboration, and engagement—and deliver value in a time frame that might have seemed unthinkable a year ago—without creating undue risk.

According to Deloitte's 2020 Global Technology Leadership Study, the board members of high-performing organizations have a strong positive relationship with technology and the CIO. These leaders and board members advocate for, prioritize, and appreciate the value of technology. As a result, their organizations are often better positioned to respond to crises, jump-starting their recovery and developing new business opportunities. For companies embracing post-pandemic opportunities, such relationships can serve as the gold standard as CIOs and boards aim to balance mitigation efforts with capturing opportunity. (For more information, see "Forging alliances: How tech leaders and boards collaborate to deliver agility, resilience, and performance," Deloitte Insights, July 2020.)

CLO

At any given time, a company's chief legal officer (CLO) can represent the CEO, management team, or board of directors. But while the "client" may change depending on the circumstances, the CLO's clear, consistent objective remains to engage in behaviors that establish credibility and trust.

Coming out of the pandemic, that mission will likely be in the spotlight as companies confront myriad legal issues related to their return-to-work policies and go-forward strategies. For example, the board may want clarification on the legality of vaccine mandates, as well as other issues specific to on-site employee safety. In addition, for those companies that did not fare well over this past year, there may be bankruptcies or restructurings; those with growth aspirations may have M&A deals on the docket. And as companies seek to enhance the resiliency of their supply chains, the board is likely to ask questions regarding the enforceability of contracts and the applicability of force majeure provisions, as well as undertaking reviews of business continuity/disaster recovery plans.

As both advisors to and confidants of the board, CLOs may also be called upon (as they are in any environment) to document unethical conduct from wherever it surfaces, including new hybrid work environments. At the same time, the added value that CLOs can offer largely stems from their ability to "issue spot," or to identify and examine a complicated set of facts and discern related issues that need to be addressed. (For more information, see "The chief legal officer's role in transition to the workplace," Deloitte Development LLC, 2020.)

CMO

Unlike some C-suite counterparts who serve as management liaisons for board committees, CMOs haven't always had clear-cut connections to the board. However, there are indications that this is changing. For example, in a Deloitte study, more than one-third of CMOs viewed the board as a champion of growth strategy.

Brand and marketing are key components of success. As a result, board members may lean more heavily on CMOs to analyze competitors, gather customer insights, and monitor the market ecosystem—breaking down those findings in plain language so board members can anticipate crises and spot opportunities. By helping the board understand key metrics, from customer acquisition cost to marketing ROI, CMOs can help shape how sturdily companies emerge from the pandemic. In addition, board members could look to them to comment on trends and competitive influences or threats that may affect the company's current health.

Additionally, as the business environment evolves, many organizations are pursuing new ways to enhance connections with customers. The close, holistic connection CMOs have nurtured with consumers is helping to drive better understanding and deeper relationships with customers.

As a result of these and other factors, CMOs—along with their C-suite peers—are demonstrating that they have absorbed a major lesson from the past year: Preparedness is paramount, even in the face of unforeseen circumstances. (For more information, see "Why CMOs should mobilize the board of directors to support growth,")

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