

Questions Directors Should Ask About Business Continuity and Recovery during the COVID-19 Pandemic

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Abstract

The impact of the COVID-19 pandemic on businesses is staggering and will continue to be seen for years to come. Economic disruptions have been widespread and continue to grow. Many business leaders and boards of directors are now faced with making hard decisions around business continuity. The decisions made and direction taken now will impact their business for many, many years. This article offers practical guides through questions directors should be asking during a crisis such as the COVID-19 pandemic.

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As I write this, we are currently gripped in a pandemic of COVID-19. Businesses are shut down or scrambling to pivot their operations and maintain some cash flow. Some businesses have retooled their operations to produce health care products such as hand sanitizer, masks, and more while others are much less fortunate and have closed operations while unemployment rises. In Canada, an Angus-Reid poll (2020) reports that 44% of Canadians say they or someone in their household have already lost work with another 18% expecting future employment loss. Unemployment increased by 413,000 (+36.4%), largely due to temporary layoffs (Stats Can, 2020b). Statistics Canada GDP estimates indicates a decline of approximately 9% in March and will continue to drop in April and beyond (Stats Can, 2020a).

The impact of this pandemic on businesses is staggering and will continue to be seen for years to come. Economic disruptions have been widespread and continue to grow (Stats Can, 2020). Many business leaders and boards of directors are now faced with making hard decisions around business continuity. The decisions made and direction taken now will impact their business for many, many years.

There are two main considerations that boards must understand in times of crisis. Firstly, there is not the *luxury of time*. While many decisions at the board level are often urgent, this is particularly critical in times of crisis. Finding a good balance between oversight and allowing management to make decision quickly is critical. Decisions making during times of crisis should try to align with the strategies, goals, and risk appetite of the organization if possible. Secondly, board members cannot expect the same *quality of information* they normally have with which to make decisions. Within a rapidly changing environment and a lack of information, or even misinformation, during any crisis, boards have to expect a level of uncertainty. Boards have to ensure the information they receive is reliable and not rely on speculation.

The only way to mitigate these issues and risks is to prepare and ask questions. Questions are the best tool directors have to ensure effective oversight. We also have to have compassion and flexibility during these troubled times. The following are a series of questions to aid board decision-making processes during any crisis but is focused on

pandemic preparedness. This is particularly relevant today as we face COVID-19 and mass disruptions to businesses. These questions are not exhaustive by any means, but rather an aid to help boards generate discussions about planning, continuity, and resumption plans. Answers to these questions may be difficult and are often based on limited information using the best judgment of the board.

Questions to ask about Governance

Conducting a governance review is always standard practice for a board. However, during a crisis such as a pandemic, it may be necessary to review some of the bylaws and practices to ensure good governance continuity. Boards may have to take on an emergency management approach to policies during a crisis. This may grant new powers or alternative ways of working to ensure continuity. Clarity is important with regards to what powers are enacted, how they are enacted, and when they will cease to be in effect. Boards can pass temporary resolutions to deal with these extraordinary times. Perhaps in the future there will be amendments to bylaws, which will come into effect during times of crisis, with guidelines as to when they can be invoked and revoked (i.e., when there is a national state of emergency called).

1. How often will the board meet during this crisis?
2. Can boards meet via teleconference? What procedures will we follow online?
3. Do the current bylaws allow us to make decisions using alternative forms of communications (e.g. teleconferencing, videoconferencing)?
4. Do we have a risk management committee? Do we need to create one?
5. What if we have board absenteeism due to sickness? Do we have alternatives for decision-making if we do not have a quorum?
6. Are we holding an online Annual General Meeting?
7. How are we reporting to shareholders?
8. Can we hold elections? If so, can shareholders vote online?

Questions to ask about Strategic Management

The role of overseeing an organization's strategy is one of the top priorities of a board. Maintaining the strategic direction of an organization may be difficult or even impossible during a pandemic. Flexibility in strategic objectives during an outbreak has to be prioritized, and those objectives may even be put on hold until business can resume its normal operations. This will have implications for the implementation of the strategic plan and make certain deliverables not feasible. New priorities should be initiated to deal with the crisis. This also would affect performance evaluations based on the strategic plan. However, caution should be taken in evaluating CEOs during these times of uncertainty and unpredictability, especially given potential government orders that may limit or even shut down business.

1. Will the demand for our services increase or decrease?
2. What lines of business can be maintained in a crisis to ensure the strategic objectives of the organization?
3. What lines of business can be shut down while minimizing the jeopardization of strategic objectives?
4. Can we retool our business to support ongoing disaster relief efforts?
5. What milestones can we cancel or postpone? What time frame are we looking at for canceling business activities?

Questions to ask about Financial Continuity

The fiducial responsibility of a board never ceases even during a crisis. In fact, the board's responsibility of oversight is especially critical during a crisis. Boards need

accurate and timely data regarding the finances given the rapidly changing environment of a crisis. Each organization should decide how often updates will be given dependent on their business lines, supply chain, and critical infrastructure. Some boards, such as smaller more hands on boards, may meet more frequently. Other boards may meet less frequently depending on the organizational needs. Boards must be aware of the amount of increased pressures and demands they are placing on management in times of crisis.

1. Do we have enough funds, reserves, or credit to continue operations?
2. Do we have enough funds to pay our employees even if we are shut down? For how long?
3. How are our revenues being affected?
4. What alternative arrangements for cashflow such as credit/borrowing can be considered?
5. How can we reallocate internal funds to cover unexpected expenses? Are there projects that may be put on hold or cancelled for reallocation of these funds?

Questions to ask about Human Resources

Boards are often not as directly involved in the ongoing human resource issues of the organization unless those issues may affect reputation or have other large-scale risks to the organization. However, they need to still be kept apprised of any potential threats to organizational continuity. During a crisis boards need to become more involved in understanding how the overall health of the organization is faring and what measures are in place to help employees.

1. Do we have health and safety protocols in place to protect employees?
2. Have we identified employees essential to the ongoing continuation of our business lines?
3. What essential components of our business require ongoing maintenance during a shutdown? Who will be performing this maintenance?
4. What level of absenteeism are we experiencing? At what level can we still operate?
5. How are we collecting and reporting on those who are sick? Are we reporting this to health authorities?
6. How are we handling part-time and casual employees? Are we continuing to employ or pay them?
7. What do we do in the event of a loss of life? Do we provide family support, continuity of position, employee grievance support?
8. Do we have an adequate Employment Assistance Program to support employees during this time of crisis?
9. Are we reaching out to employees to help mitigate issues of social isolation?

Questions to ask about Risk Management

Risk management and monitoring during a crisis is one of the top priorities of the board. During a crisis there are increased risks to an organization's continuity that are different than in normal business operations. A rapidly changing environment poses threats to IT infrastructure, production, productivity, employees, and reputation. Risks of continuity can be challenging as many are beyond the control of the organization such as government emergency measurement orders, supply chain disruptions, absenteeism, and even employee mortality. Directors should increase their time looking at risks and risk management as there is usually a cascading effect of risks.

1. Are we documenting the impacts on our business lines for future best practices and risk mitigation?

2. Are we in compliance with current government regulations and emergency management measures?
3. What lines of business are jeopardized? Are we looking at alternative business lines to maintain revenues?
4. Do we have a stock of items that may be seconded by governments during this time of crisis?
5. How are we doing as far as reputation management? Are we doing what are seen as the right things?
6. If prolonged closures endure and social unrest becomes a reality, are we prepared for potential threats to property?

Questions to ask about Communications

Communications are critical during any times of crisis, both internally in the organization and externally to the public. People want reliable information in order to understand the effects on their work and family life. We often see the CEO being the default spokesperson during a crisis. Yet, this does not have to be the case. Organizations may opt for an alternative senior official to speak on behalf of the organization. A board member may be asked to take a more active role in communications.

For any communications spokesperson/lead, they need to be seen as trustworthy with an ability to convey regular messaging in a clear and concise way. It is recommended that any crisis management spokesperson will have had crisis communication training, will have knowledge of the crisis, and be tied into the daily operational aspects during the crisis.

It is important to have common and consistent messaging to avoid any confusion or contradiction. It is recommended that a central web source contain up-to-date information on the crisis. For internal communications, employees are looking for stability, answers, and clarity on their own roles during these times. Speculation, sensationalism, and false information is rampant, and we should only rely on trusted sources of information when communicating. If organizations do not have the communications capacity or expertise, they may want to consider hiring a consultant or firm with communications expertise (Poprawa, 2020).

1. Have we identified a spokesperson during this time of crisis?
2. Who is the designated backup spokesperson if the designate become incapacitated and unable to work?
3. Have we developed common messaging based on reliable information? Is everyone adhering to the common messaging?
4. Are we regularly communicating with employees, stakeholders, shareholders, and the general public about the ongoing measures being taken during this crisis?
5. Is the tone of our communication utilizing a calm and compassionate approach?

Thoughts on Relationship Management (Communications cont.)

During a times of crisis, relationship management becomes increasingly difficult. Face-to-face meetings, crisis management, and other competing priorities may hinder the maintaining of relationships with various stakeholders. Communication becomes important to maintaining these relationships. Even standard communications messaging can keep a connection alive and give necessary information regarding operational needs or issues. During a crisis, everyone is trying to maintain organizational normality and does not expect regular or perfect communications. The board's role in relationship management is to ensure shareholders are kept informed about key initiatives the organization is doing to ensure continuity. The board also has to gain assurance that the

organization is maintaining ties through meaningful communications with the following list of stakeholders.

1. Employees – regular, clear, and consistent messaging. Checking on their health and wellness.
2. Customers – let customers know of any changes in business and what they can expect.
3. Suppliers – check with suppliers to see if they can still deliver needed goods or services. See if anything is needed to help them.
4. Unions – keep in regular contact with unions on HR decisions. Have them offer solutions and be part of the decision-making.

Questions to ask about Information Technology Continuity

During a crisis, many organizations are forced to have employees work from home. This raises issues of web access, software licensing, protection of sensitive material, and cybersecurity. The unfortunate reality is that incidents of cyber-attacks and security breaches increase during these times. It is a significant challenge to IT departments to maintain workflow through various contact points. Boards should be asking questions about IT integrity and security to ensure organizational continuity.

1. Are we able to have employees work from home?
2. What licenses or software do we have or need to facilitate for working remotely?
Do we have adequate funds for this?
3. Are we ensuring protection of sensitive documents?
4. Do we have adequate cybersecurity measures in place to prevent cyber-attacks?
Have we had any increases in attacks?
5. Do we have data stored on-site, and if so, is it physically protected?

Thoughts on Business Resumption

As we move through a crisis, we need to consider the resumption plan of a business. While many businesses want to return to normal operations as quickly as possible, speed may also cause irreparable damage to the organization's continuity (Jain, Pasman, and Mannan, 2020; Dai, Hu and Zhang, 2020). Take, for example, a restaurant that rehires all their employees back, restocks its inventory, and is open for business in a post-pandemic world. A global multi-national that restarts its on-demand supply chain while other countries are still in crisis mode or have not ramped up their productions. As we saw during the SARS outbreaks, many people didn't want to go to restaurants for months afterwards given the fear and anxiety of being out. Many businesses were completely unprepared to deal with such an outbreak (Tse, So and Sin, 2004). During post-COVID-19 the issue will be intensified given the length of time of social isolation and the new normal of people staying at home.

Resumption plans will be different for every organization. Key questions can be asked to begin thinking about the post-pandemic world and how business can return to a normal state of productivity and what that productivity may look like. Some businesses that pivoted may not retool back to their original state.

Questions to ask About Business Resumption

1. Can we restart our business lines without major disruptions to our budget?
2. With what speed can we ramp up business lines and how long will this take?
3. What will that productivity look like?
4. Will we have the human resources to restart our business lines?

5. If our business lines are slow to restart, how are we ramping up operations? Will we have a gradual ramp-up of business lines or rehiring of employees?
6. Where will we be in the strategic plan after this is over? Can we readjust our deliverables?
7. What will we learn from this pandemic which will help to mitigate future risks?

Additional thoughts on Business Continuity, Disaster Recovery, and Resumption

Roles of Directors

During any time of crisis, there is uncertainty as to the roles and responsibilities of those working in an organization. For the board of directors, this is equally so as they are responsible for the oversight of the organization. As COVID-19 spreads worldwide and has profound impact on businesses and the economy, boards need to be clear on their roles and responsibilities. The board's role in oversight does not change, and directors must perform their due diligence more than ever to ensure confidence and sound ethical decision-making during trying times. What does change for a board is the questions boards must ask to ensure that continuity, confidence, communications, and relationship management to continue. It is important to note that in crisis times such as a pandemic everyone is effected and some directors may be absent due to illness, family issues or be dealing with their own business (Poprawa, 2020). External pressures may limit some board members participation so boards must prepare for this during a crisis by having crisis plans in place.

Health and Wellness, Work-Life Balance, and Flexible Work Hours

Perhaps one of the biggest unexpected challenges for many is the toll of social isolation on mental health. The WHO (2020) and the CDC (2020) have issued suggestions for battling isolation, fear, and anxiety. Isolation and loneliness have become particularly problematic as businesses scramble to offer Employee Assistance Programs (EAP) and online social interactions. A lengthy period of isolation attributes to increased stress as we enter the "new normal" phase of alternative work arrangements, routine, boredom, and for many, losing the feeling of purpose or usefulness. Online interactions have become the norm, but as we see, they cannot replace social interactions. If anything, this is teaching us that we will never be a virtual species working online.

As schools and public places are now closed, work-life balance becomes a particularly difficult challenge for many. Parents are trying to juggle homeschooling and productivity. Some employees may be working more hours than others due to their availability. The concept of flexible work arrangements becomes a reality for everyone rather than an accommodation for a few. "Flexibility" becomes a new forced value for many organizations as they try to juggle compassion and economic reality.

Final thoughts and the Future

With all these issues that businesses and individuals are facing, it becomes critical that leaders of organizations rise to the challenges of these extraordinary times. Decision-making is a particular challenge given the urgency of time, lack of information, uncertainty, and even fear. While leadership in these times comes from all levels within an organization, and even some unexpected unsung heroes will arise, the CEOs and boards of organizations are critical in times of crisis management. By asking questions, boards can do their due diligence by gaining a reasonable assurance the organization is working towards continuity and resumption.

COVID-19 is an echo from the past when in 1918, the Spanish flu gripped the world in a pandemic (McGinnis, 1977, Humphries, 2005, Johnson & Mueller, 2002). We know firsthand the damages to business and the economy that the Spanish flu had. Today, as states of emergency have been called, many are wondering how long this will last and what the implications will be. There is no answer to this question other than this, too, shall pass, and we will endure. To what extent this will damage the economy has yet to be seen and is difficult to predict. However, we will feel this one for years to come. The one thing we can all agree on is the incredible amount of cohesion we have seen from the people and even governments. The streets of Italy bursting out in song and applause for health care workers. Letters from Canadian children all over the country finding their way to hospitals to thank those on the front lines. In the U.S., businesses are retooling to produce much-needed emergency equipment. China providing valuable information on treatments and restarting their economic engine. These are extraordinary times, and expectations, policies, and even rules may not apply. We just have to have compassion, flexibility, and understanding until we return to normality.

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