

Navigating Through Rough Seas

For-Purpose Board Leadership in Times of Crisis

By Wendy Scott-Hamilton and John Morrow

April 2020

Executive Summary

The coronavirus pandemic presents complex issues for boards of for-purpose organisations. Many are now under pressure to increase services to their communities whilst their human and financial resources are stretched and fundraising, and other income is potentially at risk. The magnitude of the crisis faced by these boards is unprecedented.

However, amid this uncertainty and disruption boards have an opportunity to reframe their role and make critical contributions to help their organisations respond.

In this paper, we outline seven key areas of focus we believe boards need to consider as they steward their organisations through this crisis. These areas are:

1. [Your People](#)
2. [Your CEO](#)
3. [Clarity of Roles and Responsibilities During the Crisis – Board v Management](#)
4. [Early Organisational Focus](#)
5. [Keeping Finger on the Pulse](#)
6. [Internal and External Communications Strategies](#)
7. [Virtuoso Leadership...not traditional Governance](#)

As the crisis unfolds, Boards will need to think and act in multiple horizons to lead their organisations into the new environment.

In the papers that follow, the JBWere Philanthropic services team will be bringing additional insights to help for-purpose boards act in recovery and beyond and to ensure that they are best able to use their resources to effectively serve their communities into the future.

1. Your People

When an organisation is facing a crisis, it is the people and how they come together that will make the difference in its resilience. The culture, behaviours and capabilities of leaders can enhance or destroy the strength and endurance of any organisation.

Whilst the Board and management must be effective in the way that they handle the financial and organisational components of a crisis; the personal dimension is more critical – fail to get that right and no amount of efficient processes will be sufficient.

So, **an immediate priority is** look after the people.

Without them you have no organisation to deliver on your mission and support your beneficiaries and others you serve.

The Board should ensure it sets the right tone at the top in communication and policies to protect the wellbeing of staff.

In times of crisis, it's essential to address each stakeholder group separately:

- employees need honesty, reassurance about the security of their jobs, and truth about the facts
- volunteers need to understand the implications of the crisis on their capacity and safety to continue to volunteer
- beneficiaries crave certainty about the delivery and safety of services.
- suppliers want to know when (or if) they'll get paid—and the prospect for future orders; and
- partners, funders and donors, of course, may well be distracted by other ramifications of the crisis on their organisations, families, assets and/or their businesses¹

¹ John McLeod, *Where to from here? The outlook for philanthropy during COVID-19*

It's important that the leaders have a finger on the pulse of each stakeholder group — and tailor the message and care based on the needs of each. Caring for all key stakeholders will help to build trust and commitment as uncertain times continue, potentially having a positive impact on retention and attraction post the crisis.

Because the COVID-19 situation is changing rapidly, leaders must also monitor how stakeholder sentiment is evolving. Consider how your organisation can re-check the 'health' of each stakeholder group as the crisis progresses. In particular, many frontline staff will be facing an unprecedented amount of change and with that comes the potential for anxiety and stress.

The negative effects of the crisis on mental health are likely to exist long after the medical crisis has passed; and early support and recognition are key to mitigating the long-term consequences. In recognition of this, the Australian Government, in conjunction with Beyond Blue has established a dedicated COVID-19 Mental Health Support Service in recognition of the growing demand for mental health support during the coronavirus outbreak² Members of some communities are experiencing acts of racism, discrimination and verbal abuse with the COVID-19 outbreak. Clearly the virus does not discriminate and the containment or spread of the virus is not based on ethnicity. These communities must feel supported and know that these acts of discrimination should not be tolerated.

It is also essential for leaders to encourage and practice self-care and avoid moving into 'hero' mode and risking burn out. These are demanding times. Understand that this is a marathon and not a sprint and to lead through this, you need to maintain your sleep, good nutrition and physical activity.

Determine which decisions only you can make and delegate the rest. Establish clear guiding values and principles while foregoing the temptation to do everything yourself.

"The best executive is the one who has sense enough to pick good men to do what he wants done, and self-restraint enough to keep from meddling with them while they do it." — Theodore Roosevelt

Key questions:

1. Has the Board evaluated management plans to protect the health and safety of employees, volunteers, and those beneficiaries / service users in the organisation's care? Particularly, has it reviewed the plans for those in its communities that are more at risk, or highly concerned about the virus, or facing discrimination?
2. Has the Board considered how to mitigate the financial impact of absences due to illness, as well as care of families and others, including review of the organisation's sick leave policy?
3. Has the Board reviewed the impact of closures of certain operations / programs on employees, volunteers, beneficiaries, partners, funders and donors?
4. Has the Board and management developed a joint calling plan to speak to key funders and donors to update and check in on their care?
5. Has the Chair checked with the CEO that they have a mentor/coach that is regularly checking in on them at this time?

2. Your CEO

The effect of the COVID-19 outbreak is more complex and multi-faceted in the for-purpose sector than in mainstream business, and in these last few weeks many for-purpose CEOs have been working the hardest they ever have been. They are making plans and decisions about how to respond to the rapidly changing environment - to protect the health of staff and the people they serve, to put their organisations in a position to continue work productively, and to keep focussed on their Mission.

These times are unprecedented, the situation is rapidly evolving, and the path ahead remains unclear. What then should the Boards of for-purpose organisations be immediately focussed on?

Step up personal support of CEO - In the first instance the Board needs to extend their personal support to the CEO. A Board cannot take its primary employee – the CEO – for granted during this time. They should make sure they are getting the help they need, that they feel supported in making tough decisions, and that they are taking care of themselves when their work is all consuming.

² <https://www.health.gov.au/sites/default/files/documents/2020/03/covid-19-national-health-plan-supporting-the-mental-health-of-australians-through-the-coronavirus-pandemic.pdf>

Key questions:

1. Is the Board readily available for emergency conference calls, and individual calls, from the CEO for quick counsel to talk through scenarios and provide their expertise and access to networks?
2. Has the Board reprioritised work and adjust expectations on the CEO delivery and reporting to free up CEO capacity?
3. Has the CEO been given permission to openly share management reports on key performance indicators with the Board, without feeling the need to refine or add commentary that involves extra work?

3. Clarity of Roles and Responsibilities– Board v Management

To ensure the CEO can act quickly, and for the Board and management expertise and networks to be fully optimised, each must have a good understanding of their roles in supporting the organisational response in this time of crisis. Honest conversations between the Board and management help to ensure everybody knows the role they are to take.

Board to be as active as they can be with management - Typically the Board's role in a crisis is to stay informed and oversee the management's response, but without getting in their way. Good governance practice warns Boards not to overstep recognised boundaries and interfere with management's work in running the organisation.

Broadly it is management's responsibility to develop and update a pandemic response plan for COVID-19 and integrate it with the existing business continuity plans. However, given the fast pace of this crisis and what is at stake for organisations and the communities they serve, the separation of the roles of governance and management at this time need to be more fluid than normal.

During the initial response phase, the Board needs to join the management team for critical actions and have an effective and open rapport with management.

The degree to which the Board is more active in the affairs of management will depend on the needs of each organisation and the experience of the management team in handling a major crisis situation.

It will also depend on the confidence that the Board has in being kept informed during a rapidly changing situation, its capacity to oversee the management response, and the ability to support relations with key stakeholders.³

Benefits will outweigh the challenges - Obviously more active involvement by the Board will bring complexity to the governance/management dynamic. CEO protection of their Board relationships will need to be addressed, parameters on release of new information reviewed, and any inconsistency with prior delegations to Board-level committees needs to be managed.

Those challenges, however, will more than likely be offset by the external perspectives and responsiveness provided by a heightened involvement of the Board at this time. The role of the Chair will be to strike the right balance and manage active Board Member engagement so that their involvement is adding value and does not overwhelm or distract management from core operations.

On the other side, Board Members will likely be stretched in meeting the responsibilities they have independent of the organisation. To best use Board Members at this time, the CEO, in partnership with the Chair, should make very specific, actionable asks of them.

Whilst the line between governance and management may not be as clear as normal and there may be additional delegations established for key tactical decisions, it must be remembered that ultimate responsibility for decisions still rests with the full Board.

³ For a further discussion on the moving-line between governance and management during the COVID-19 outbreak refer to Michael Peregrine, "The Board's role in responding to an improbable 'Black Swan' event." Forbes, 12 Mar 2020. <https://www.forbes.com/sites/michaelperegrine/2020/03/12/the-Boards-role-in-responding-to-an-improbable-black-swan-event/#1ebe63c71c45>

Do not overstep – Equally, and as challenging as this may be the Board must resist management creep and remain vigilant in coming back to providing oversight, guidance and assurance to the management team. Where there is a need for a Board Member to step into full management of certain operations, the term needs to be agreed to ensure that it is only temporary support and the lines of accountability and reporting should be made clear.

It must be remembered that most of the time the greatest impact a Board can have is through asking the right questions and testing the assumptions of management, while being careful to frame this oversight with acknowledgement that the work is being done with incomplete information. The Board needs to balance this with appreciation for a team that is working long hours, in often less than ideal decentralised circumstances.

Key questions:

1. Has the Board assessed the need and desire of the management team for increased Board involvement in their organisation's response to the COVID-19 outbreak?
2. Have the Board and management team agreed on any shift of roles and responsibilities at this time?
3. Have adequate safeguards been established to elevate engagement of the Board while minimising distractions for management?

Board/governance continuity. The Chair needs to consider the potential impact of the COVID-19 crisis on the Board's operations and effectiveness. This is the time to speak to Board Members individually and get a sense of what is concerning them, and their capacity to act. The Chair should consider scheduling in advance special Board meetings over the next three months. These can be cancelled if not needed.

Key questions:

1. Does the Board have the capacity and is it appropriately positioned to provide guidance and oversight as the COVID-19 threat intensifies? Are Board members able to offer the availability and time commitment required?
2. Can every Board member utilise technology to continue to meet and make decisions, while it cannot meet in person? Does the constitution allow for decisions to be ratified in these circumstances?
3. Are Board members and the management team taking sufficient precautions to limit their own exposure to the virus?
4. Are there emergency succession plans in place in the event that the members the management team become ill? Do the governance policies provide a clear line of authority and decision making in the case of absences by the CEO, and a contingency in the event a Board quorum is not available?

4. Early Organisational Focus

Boards need to have full awareness and monitoring of management's initial response plans. Whilst these plans need to represent all functional areas of the for-purpose organisation it is suggested the Board need to focus on four imperatives:

- Critical actions for ongoing missional impact
- Core operations and their continuity
- Immediate actions required to manage cashflow
- Future scenarios and risk assessment of impacts

Focus on critical actions for ongoing missional impact

The initial response must carefully look at the programmes and services that the organisation carries out and prepare for possible cuts of some as well as escalation of others. It needs to manage the tensions between organisational stewardship and avoiding having the people and communities it serves put at additional risk. Of those programmes that are identified as critical, leaders need to plan to ensure that they can continue in the event of social distancing, self-isolation, staff absences, interrupted supply and/or a fall in income.

This is not the time to expand into areas where the organisation currently does not have expertise or experience. Neither is it the time to be enticed to start an ad-hoc new programme where there is fresh seed money or emergency relief funding, but no long-term funding source. The economy is expected to be in recession for a period after the virus threat wanes, and funding for initiatives that have weak cases for support are unlikely to attract support from funders facing unprecedented demand and curtailed granting budgets.

In taking action to ensure the organisation can survive and can ably serve for an extended period of time the Board and management need to have absolute clarity about who it is serving, its Mission, and its programmes

that deliver the sought outcomes. It needs to stay focussed on delivering these core programmes, to the extent that it is organisationally viable.

Key questions that leadership need to be asking are: Which programmes are producing surpluses? Which are producing deficits? How important are deficit-producing programmes to the organisation's mission? What programmes are most critical to the organisation's mission? What will be the cost of an additional person / family served by each programme? What programmes are likely to see a greater demand during a deep recession? What programmes are the organisation's partners, funders and donors most likely to continue to support? What services can the organisation continue to deliver without increasing its staff and space resources?⁴

Key questions:

1. Has the Board reviewed management's plan for continuing critical programmes?
2. Are there specific plans around keeping the beneficiaries and others that it serves safe?
3. Has the Board challenged management on the opportunity that COVID-19 presents to move away from programming that is no longer aligned with the organisation Mission?

Focus on core operations and continuity

At the same time as the leadership clarifies what programmes are critical to its beneficiaries it must stabilise its operations and form a clear understanding of what it needs to do to throughout the crisis. All the usual operating assumptions need to be questioned as to their relevance.

The Board needs to then regularly review the crisis and business continuity plans and ensure they keep in sync with any updates to the national pandemic response plan. It also needs to be assured that any operational changes will not have a material adverse impact on the functioning of its internal controls and audit.

The Board needs to monitor management's efforts to identify, prioritise and manage potentially significant risks to ongoing business operations, including through more regular updates from management between Board meetings. Obviously, Board vigilance for red flags of related risk must be heightened, for example, financial position, cybersecurity, workforce stability, supply chain and new regulation.

Notably for attention, are:

- **key person dependencies and minimum staffing requirements** -The Board needs to assess adequacy of the contingency in staffing plans, and whether more people need to be trained in the event that key persons are unavailable for an extended period – whether due to staff being sick, volunteers unable to serve, or new requirements for isolation. The Board need to ensure attention is being giving to the volunteer workforce, particularly the steps required to support critical volunteers with specialised skills, certification, or training, to safely keep active.
- **managing supply chain and production disruption** - The Board needs to assess the risks associated with a disruption in the supply chain and adequacy management plans to minimise this, including identification of all key suppliers and contractors required to support critical programmes and operations, assurance of their continuity plans and ability to meet their contractual obligations.
- **non-compliance with key policies in the disruption** - The Board needs to be alert that in times of great organisational stress it may not be beyond some staff to 'push the edge' too far and to use the pressures of the crisis as an excuse to pursue questionable practices or initiatives
- **exploitation of cybersecurity vulnerabilities** - With remote working the norm, security and IT teams subject to heightened demands, and escalating stress, leaders need to be alert to exceptions to security standards, such as the use of personal devices, and the significantly lower level of security protection relative to the organisational infrastructure. Potential exposure of sensitive information heightens legal and reputational risks and the exploitation of certain information can go undetected where computers are not appropriately secured and monitored.

⁴ Adapted from 'Program Reviews' in 'Managing Crisis: Risk Management and Crisis Response Planning,' Strengthening Nonprofits: A Capacity Builder's Resource Library, National Resource Center (US) https://natanel.org/docs/Managing_Crisis.pdf

Key questions:

1. Has the Board reviewed management's plan for stabilising its operations?
2. Has Board reviewed management's efforts to identify, prioritise and manage potentially significant risks to ongoing business operations?
 - What activities or services would the organisation need to curtail if specialised volunteer attrition became an issue?
 - Do internal resources need to be reallocated to ensure critical activities can continue?
 - What specific goods are required to continue the mission at full capacity, what is organisation doing now to secure those supplies?
 - Are any significant vulnerabilities in cybersecurity being addressed?

Focus on immediate actions required to manage cashflow

For many organisations, financial instability is the biggest risk confronting them in this crisis. Organisations need to find ways to get through while maintaining as much of their core programme as possible. The key responses to consider are reforecasting cashflow, implementing cost control measures, utilisation of reserves, and focusing on revenue recovery including reviewing fundraising.

Re-forecast cashflow - In the face of the threats posed by the COVID-19 the Board needs to quickly understand the current cash position and weekly cash needs - then review forecasts with rolling weekly cash flows. These should incorporate up-to-date assumptions regarding fundraising levels and investment income, as well as include sensitivities for further potential impacts on support during this time of disruption. If management has a fundraising campaign planned for later this year, it makes sense to assume that it will take longer than might have been initially expected. The revised forecast needs to have included a review of each line item. It may also anticipate additional expenses and contingency costs to continue to work remotely and enhance safety post the initial lockdown period. In these times the forecast must be radically conservative.

The Board needs to have a clear understanding of the cash headroom in the organisation through the forecast period (including from any cash reserves and existing bank facilities, where it is agreed they be available for drawn down) and know how many months of operation it can cover. If nothing changes the Board needs to know when it will be out of cash, excluding wind down costs.

The Board also needs to scrutinise the risk of cash shortfalls in the future that could impact this analysis. Some may encourage management to move to a receipts and payments basis, to provide further certainty and a possible increase in headroom.

Implementing of cost control measures - With fundraising severely curtailed, managing cashflows will be a significant challenge and implementation of certain cost control measures now is critical to capture savings and conserve cash. These could include - analysing fixed and variable expenditure, clarifying costs needed to run the core of the organisation, developing a cost strategy (as in, for example, rationalising programme and operating costs, considering rent commitments, limiting discretionary expenditure, delaying major capex), and then ongoing monitoring of the cost reduction initiatives.

The more leadership can reduce costs now, the more flexibility it will have and the more likely it can avoid layoffs of staff. At the same time when reviewing costs, leaders need to be careful on what to cut and have particular consideration as to what is required for the organisation to serve critical needs and to bring in revenue when the initial crisis is over. Leaders need to balance short term cost cutting measures with the real needs of their beneficiaries, and the need to maintain fundraising capability and stewardship of funder relationships - so the organisation can readily engage with funders when they are in a position to recommence support.

Understanding the up-to-date cashflow position and implementing cost control is part of the financial narrative and informs the case for support. In managing working capital needs in the near term, leaders should consider approaching its existing key funders:

- to ask if unutilised restricted grants can be re-purposed for overhead, or other programmes than the programme it was intended to fund,
- for those who have made pledge commitments, to see if they can bring these forward and grant now, and
- to ask for emergency support to retain key staff and continue core programmes.

If the organisation is now in the middle of a major fundraising campaign, the Board needs to do everything it can to help management close it as soon as possible.

In conjunction with going out to funders and donors with special requests, leaders will need to assess whether to increase any lines of credit, keeping in mind the ability to repay if the crisis is prolonged, and whether they are able to negotiate more favourable terms with suppliers.

Utilisation of reserves - At this time the Board needs to consider whether or not to use some of its cash reserves, if it is fortunate enough to have these available. There are few guidelines for organisations on when and how to use reserves. Generally, they are intended for an emergency or some sort of special purpose as opposed to any regular, on-going operations. Under this convention the uncertainty as to the length of this crisis makes it difficult to apply reserves to an operating deficit not knowing if this is the start of a significant structural adjustment for the sector.

If the Board can get confidence that the current turmoil will pass relatively quickly and can foresee only a short to medium term fundraising hit, then dipping into reserves to maintain current staff and programmes seems warranted, knowing that those reserves can be replenished later.

However, the more prolonged and deeper the crisis, the more a Board needs to consider how realistic it is to consider the reserves as a bridge for the duration of the crisis.

Revenue recovery – While in lockdown, traditional fundraising is impossible but major fundraising is still viable when it is more broadly considered within donor stewardship - of cultivating and maintaining relationships. COVID-19 affects us all and at this time donors need to know that as well as being focused on the beneficiaries and programmes that they support; you personally care about them. We suggest that this is the time for Board and management to reach out to key funders and donors whom they influence and to connect thoughtfully. How organisations communicate and steward their supporters now will be critical to making lasting relationships.

More broadly the Board needs to actively consider how to recover from revenue opportunities that are to be lost in this crisis – both from cancelled fundraising activities and lost revenues for the services and programmes that can no longer be delivered with distancing and lockdowns. We suggest now is the time for the Board to create a special working group comprised of Board members, staff and volunteers - who are experienced in fundraising and applications to funders and government - to develop a strategy, make grants applications and when the time is right lead a fundraising campaign.

The initial task would be to generate a list of potential revenue sources. The list should be as diverse as possible and combine larger sources that may have a longer lead time with smaller sources from which funds can be raised more immediately. The prioritisation of the list needs to be a function of - research required, potential size of gift/grant, restrictions attached to gift/grant, time it will take to be received, people power needed, sunk prospecting cost and any rules or policy requirements on accepting revenue.⁵

Key questions:

1. Is the Board satisfied as to the ability of the organisation to remain financially viable during these times, and be in a position to provide ongoing support to its beneficiaries?
2. Has the Board been able to clearly assess the ways that the organisation is able to help in the current situation, and reviewed what is core versus non-core programmes?
3. Has the Board considered its stewardship of current partners, funders and donors at this time, and reviewed the communication strategy in connecting with potential supporters?
4. Has the Board reviewed the pro-bono and in-kind support that the organisation needs at this time?

Focus on future scenarios and risk assessment of impacts - Scenario planning can provide much needed clarity where the amount of information available is overwhelming, the external situation is rapidly changing, and path unclear. It offers leadership a structured way to think about the impact of the crisis and the possible financial and societal consequences - particularly for those that depend on the organisation.

As successfully evidenced in the aftermath of the Christchurch and Kaikoura earthquakes in New Zealand, scenario planning is a critical tool for for-purpose organisations during a crisis. When combined with an enterprise risk assessment framework, the result provides a number of probability scenarios of how the future might unfold and the risks that those scenarios present to the organisation.⁶ Leaders can use the best and

⁵ Adapted from 'Revenue Recovery' in 'Managing Crisis: Risk Management and Crisis Response Planning,' Strengthening Nonprofits: A Capacity Builder's Resource Library, National Resource Center (US) https://natanet.org/docs/Managing_Crisis.pdf

⁶ Refer to ERM toolkit for charities, jointly produced by the Charity Council, KPMG in Singapore and National University of Singapore (NUS) Business School. This toolkit sets out the best practices and key foundations for building an efficient and sustainable ERM programme within charities across various sectors. <https://assets.kpmg/content/dam/kpmg/sq/pdf/2017/06/Enterprise-risk-management-toolkit-for-jbwere.com.au>

worst-case scenarios to guide their decision making and identify triggers for changing operations and programmes.

There are various scenario planning tools available.⁷ Any scenario planning should consider second- and third-order effects that could adversely impact continuity. The Board's role here is to push management to look at the true worst-case possibility. Scenario planning by management is commonly based on the worst that has ever happened previously, not the worst that could happen in the future.

This work needs to help inform response plans in the case of a 30/60/90% reduction in revenue, and loss of participation of volunteers by similar proportions. On the positive side it should help identify the 'third option' where the organisation can go on the offense as well and develop new collaborations to enhance its effectiveness and increase its outreach.

In identifying plausible future scenarios and enterprise risk assessment of impacts, the Board is encouraged to pay attention to the most authoritative information sources and to be vigilant in looking for new information to reframe the understanding of what is happening.

As important as accessing accurate information from relevant and credible sources is the need to ensure that the right teams and plans are in place for decision-making and response.

Mapping the scenarios and consequent disruptive risks through a visual representation of the many situations unfolding can help to clarify the essential role to be filled by the Board and create space for management to succeed.

Key questions:

1. Has the Board identified 3-4 scenarios to plan the organisation's response to the crisis? Has the Board considered the true worst case possibility?
2. Do these scenarios change with different timeframes? What information is missing or potentially inaccurate?
3. What are key enterprise risks for each scenario? What are the organisation's greatest vulnerabilities?
4. With the resources we have how can we prevent the worst from occurring?

5. Keeping your Finger on the Pulse

Ensure effective crisis management reporting to the Board - The Board needs to increase its familiarity with COVID-19 events and their impact upon its people and the organisation. At the same time, it needs to have full awareness and monitoring of management's initial response plans. This requires the Board to ask for more and different information from management than what is asked in the ordinary course, and to seek further and more frequent clarifications. The Board should establish fresh protocols on what and when the CEO and their team report to the Board. It should include key indicators that represent operational impact, risk mitigation, recovery, as well as impact on programme delivery and current support to beneficiaries. Any identified deficiencies in reporting protocols should be addressed immediately.

Establish clear CEO-Board communication channels and rhythms - In working closely with the CEO the Board needs to optimise all three of its communication channels to alleviate stress and have the CEO establish a regular rhythm in their reporting. The channels between (1) the CEO and the chair, (2) the CEO and the full Board, and (3) the chair and the Board each need a well thought out process and regular cadence. In the initial response we recommend at least 1-3 update calls per week between the CEO and chair; short written updates to the full Board at least every two weeks; and calls with the full Board at the appropriate pacing, which will vary by Board and the severity of the impact being experienced during the crisis.

[charities-and-institutions-of-a-public-character.pdf](#) For NZ sporting and recreation organisations refer to the local ERM toolkit developed by Sport New Zealand, which will also be of help non-sporting organisations, <https://sportnz.org.nz/managing-sport/search-for-a-resource/news/enterprise-risk-management-resource> For risk assessment resources for non-profits at this time refer to the links list being compiled by Risk Alternatives (US) <https://riskalts.com/coronavirus-nonprofit-risk-page/>

⁷ The widely acclaimed Oxford Scenarios Planning Model works well in placing the immediate environment of an organisation with changing outside forces in which it operates <https://global.oup.com/academic/product/strategic-reframing-9780198745693?cc=nz&lang=en&> For a summary of the tool refer to Mark Looi, 'The Oxford View on Scenario Planning' Medium, 13 Sept 2017 <https://medium.com/@marklooi/the-oxford-view-on-scenario-planning-b3db26628b93>

In the context of COVID-19 the most accessible framework currently for for-purpose organisations is perhaps the one freely offered by consultant, Trista Harris (Trista Harris, 'How Nonprofits & Foundations Can Use Scenario Planning to Prepare for Coronavirus' 2 March 2020 <http://www.tristaharris.org/new-voices-of-philanthropy/Tristaharrisorg/how-nonprofits-amp-foundations-can-use-scenario-planning-to-prepare-for-coronavirus>) Refer also to the template offered by Nonprofit Finance Fund (US) <https://nff.org/file/1031/> and the McKinsey COVID-19 macro scenarios here (exhibit 2) <https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/safeguarding-our-lives-and-our-livelihoods-the-imperative-of-our-time>

Key questions:

1. Does the Board have sufficiently visibility and capacity to readily process fast-changing information about this crisis? How can it ensure that it uses the right sources of information to keep effectively adapting its understanding of and response to this crisis?
2. Does the Board have tested protocols in place for each communication channel, to gather and provide relevant and up-to-date information as to all impacted areas of the organisation?
3. Does Board and management understand the areas of disruption caused by Covid-19 that are most likely to impact the organisation to help frame their initial response? Are Board and management of the same mind as to what should be done now, and what is required in the immediate days / weeks?

6. Internal and External Communication Strategies

With the volume of information surrounding COVID-19 it is easy to feel like any further communication is just contributing to the noise. Leaders must understand that a crisis is a time to manage through transparency and clarity and that regular communications to all stakeholders are essential.

During this time the Board should actively oversee the communication strategy, internal and external, and ensure it is regularly updated. Establishing protocols about who communicates what, and through which channels will ensure that staff, beneficiaries, funders and community receive timely and relevant updates, as well as see and feel that you care about them.

Communications are a two-way street and in the dynamically changing environment of a crisis, some decisions such as a change to normal working arrangements or service delivery can have unintended consequences. It is essential to implement feedback loops from all stakeholders to capture and address these unintended consequences as they arise.

In addition to formal communications, the Board needs to be ready to stand with the CEO in advising and negotiating with funders, service contractors and any lenders, as a consequence of a diminished ability to meet contractual obligations and service levels/goals.

Over the longer term, consistent and regular contact with all stakeholders will be essential as a means for remaining connected. As we face into an extended period of social distancing, these communications will be critical in maintaining relationships and the connection to the organisation and mission.

Internally, the Board's role is also to protect open, clear, effective lines of communication between directors and management, increasing meeting frequency and internal communications as necessary at this time. This enables both collaboration and flexibility as events unfold.

And across all stakeholders, one goal should be constant: communicate in a way that is focused and shows empathy and leadership.

Key questions:

1. Has the Board reviewed list of key external stakeholders that need to be communicated to?
2. Is there a clear strategy around who communicates what?
3. Has Board reviewed the internal and external communication strategies and sought updates?
4. Is the Board regularly communicating even when they don't have all the answers?
5. Is leadership demonstrating the composure to reassure all stakeholders that the organisation is in safe hands?
6. Has the Board considered likely hostile questions from the press, government and funders that could erode public confidence and trust?

7. Virtuoso Leadership...not traditional Governance

Lead with compassion - The Board will be defined by the tone they set for the organisation during this crisis, and how well they model that tone themselves. Leading with high character will inspire others and instill confidence in the organisation.

A crisis is a crisis because it affects people. Whether they are your beneficiaries, staff or in the wider community, they are all human beings. As the pandemic continues to unfold, the most important priority for the Board is leading across these groups with compassion in a timely and thoughtful way, maintaining ethical integrity, and taking responsibility for the wider community.

Compassionate leadership begins with the intention to see and feel as others feel. It empowers others, actively cares and commits to others development. For a Board at this time this translates into supporting the well-being of the management, as well as having greater sensitivity to the impact of events on the organisations workforce and the community it serves. It involves pausing to ask how partners and immediate families are holding up and being ready to encourage and express gratitude for the hard work being done to stabilise operations and keep serving for the mission. It also involves looking out for other leaders in the community who need support, being aware enough to listen and offering appropriate counsel and introductions to them at this time.

Behaving with ethical integrity earns respect and loyalty that money just can't buy. According to Edelman's research⁸, public trust in companies is influenced three times more by ethics than competence (76% versus 24%)

When we emerge from this crisis, organisations with leaders that have shown compassion ethical integrity, and embraced a wider responsibility of their communities while keeping engaged with their stakeholders, are more likely to recover faster and thrive, over those that have not led with good character and have lost connections along the way.⁹

Focus on your Mission - In times of crisis, leaders can become stuck by focusing on the daily metrics of revenue and costs, and cashflow. These are important, but for-purpose organisations exist in order to deliver on a mission.

In chaotic situations, people can become paralysed with conflicting data and opinions. Leadership needs to quickly develop a point of view as to the best path forward that reinforces the organisational Mission and purpose. When the new direction is clearly in line with the Mission, and communicated in that context, it will help galvanise agreement among stakeholders in how to act.

At JBWere, we spend a lot of time with our for-purpose clients encouraging them to ensure their beneficiaries remain at the heart of their strategic decision-making.

Bringing the focus back to the beneficiary and the Mission can support ongoing Board decision making, as well as help each person in the organisation understand how they can contribute. It brings clarity and meaning to the different streams of work that needs to be done and is the 'currency' to reinvigorate a fatigued team of staff and volunteers at all levels and keep them energised for what is next.

Order vs control - There's a wealth of information about crisis management and response, but less is said about how to behave.

Risk and uncertainty increase during a crisis because much is ambiguous and unpredictable. The trap for leaders to avoid is trying to control everything. Creating new layers of approval for minor decisions can gridlock the organisation, leading to inefficiency and frustration.

The preferred approach is to seek order over control. According to the Cynefin framework¹⁰ when dealing with a chaotic situation, leaders need to look through the lens of Act/Sense/Respond - 'A leader must first act to establish order, then sense where stability is present and from where it is absent, and then respond by working to transform the situation.'

⁸ Refer <https://www.edelman.com/research/competence-not-enough>

⁹ Refer to Fred Kiel, Return on Character: The Real Reason Leaders and Their Companies Win. Harvard Business Review, 2015. Fred Kiel, 'Ease Employee Fear with High Character Leadership' <https://www.linkedin.com/pulse/ease-employee-fear-high-character-leadership-fred-kiel>

¹⁰ Harvard Business Review 2007: A Leaders Framework for Decision Making. <https://hbr.org/2007/11/a-leaders-framework-for-decision-making>

No one is expecting the leadership to have all of the answers, the key is to not allow the situation to overwhelm. The stakeholders need to know that you have a plan and are working to retake some control. Emotional contagion is an important consideration.

A principal based approach means that people know what is expected of them and what they can expect of others. A leader cannot lead alone in time of crisis. At best, once they have triaged the situation, they do not seek to control but instead enable and create opportunity for others to lead.

Key questions:

1. Does your Board or management have experience in crisis management that you can draw on?
2. What actions can you take to address the situation in an incremental way?
3. What measurements and/or feedback loops do you have to sense the results of these actions and understand any unintended consequences
4. Can you provide management with the freedom to take action within clearly defined boundaries?

Ultimately, it's not about the organisation

Under stress we experience a 'threat state' where our attention narrows. When leaders have problems based on uncertainty, the tendency is to narrow the focus and try and solve the problem. Whilst this is an evolutionary survival mechanism designed for self-protection, the trap is that a leader's field of vision becomes restricted to the immediate issue; in this context keeping the for-purpose organisation viable for its own sake.

Remembering that in a crisis it's not about the organisation per se – people are doing it tough and thinking about how they might feel, what they need most, and how the organisation can help them, can bring clarity to what role the organisation can and should play and can help everyone to 'lift their gaze'.

Leaders need to intentionally step back opening their mindset to take in a broader, holistic view – this will allow them to understand not only the challenges but also the opportunities.

About the authors

Wendy Scott-Hamilton is Director of Philanthropic Services at JBWere Australia, based at the Perth office. John Morrow is Head of Philanthropy at JBWere New Zealand, based at the Auckland office.

About JBWere Philanthropic Services

The mission of the JBWere Philanthropic Services team is 'to inspire, educate and support of clients in delivering sustainable impact'.

We are the leading provider of services in Australia and New Zealand and serve a broad range of purpose-driven organisations, institutions, corporations, families and individuals (currently entrusted with more than \$7.5bn across Australia and New Zealand).

We partner with our clients to support them in delivering on their mission, and fulfil our own, through:

- best practice governance;
- research, education and insight; and
- tailored strategic advice.

To discuss how we might be able to work with you please contact your Adviser, or JBWere Philanthropic Services, on 1300 263 116 or by email philanthropic.services@jbwere.com.au

Important notice

This document has been prepared by JBWere Limited (JBWere). The information within this document is indicative and prepared for information purposes only and does not purport to contain all matters relevant to any particular investment or financial instrument. JBWere does not hold itself out as providing professional taxation advice. Any tax information provided in this document is based on our understanding of taxation and other laws. You should consult with your professional taxation adviser before acting on the information or data contained in this document.

So far as laws and regulatory requirements permit, JBWere, its related companies, associated entities and any officer, employee, agent, adviser or contractor thereof (JBWere Group) does not warrant or represent that the information or conclusions contained in this report (Information) is accurate, reliable, complete or current and it should not be relied on as such. Subject to any terms implied by law and which cannot be excluded, the JBWere Group shall not be liable for any errors, omissions, defects or misrepresentations in this report (including by reasons of negligence, negligent misstatement or otherwise) or for any loss or damage (whether direct or indirect) suffered by persons who use or rely on the Information. If any law prohibits the exclusion of such liability, the JBWere Group limits its liability to the re-supply of the Information, provided that such limitation is permitted by law and is fair and reasonable.

If you have any questions, please contact your JBWere adviser.

Copyright© 2020 JBWere Ltd ABN 68 137 978 360 AFSL 341162 All rights reserved