Thriving in 2021 and beyond

The crucial role of boards in driving organisations forward

Introduction

This year, we have seen many organisations respond positively to Covid-19 by transforming the way they operate. Organisations of all sizes have become more productive and efficient. They have proved their resilience. And they have done this quickly with digital and more agile ways of working.

Big questions around long-term viability remain though. The 'new normal' of economic uncertainty and dispersed workforces is here to stay for some time. Other factors like political, social and environmental change are likely to present further significant challenges.

There is one thing we can say with some certainty: only organisations with the most robust and forward-looking strategies will emerge stable and secure.

In this guide, we look at what this means for boards and how they can help organisations succeed beyond 2021.

Specifically, we explore:

- The importance of a new sense of purpose

- Governance over long term remote working plans

- Impacts of the new normal on culture and wellbeing

- The new opportunity to reap the benefits of diversity

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Maintaining a new sense of purpose

Despite the pandemic tearing communities and organisations apart physically, 2020 has seen workforces coming together from remote locations and on the front line to ensure the survival of their organisations – all under the now-familiar rallying cry of 'we're all in this together'.

Covid-19 has reminded us that people are more motivated when they can see how their work contributes to a bigger cause.

The challenge now will be to maintain any collective sense of purpose gained in the last few months, while also making improvements and refinements that will help to ensure that momentum continues to gather pace long term.

What board members must do

In the short term, boards need to push their leadership teams to recognise the contribution made by their staff this year. Momentum is growing in this area. Senior reward leaders, advisers, thinkers and policy makers have come together to form the Rewards after the Pandemic lobby group to help establish a charter for HR professionals as they review their reward strategies over the coming months.

68% of organisations have already added or increased at least one reward to help employees during the pandemic.

According to recent research[1], 68% of organisations have already added or increased at least one reward to help employees during the pandemic across areas like support for mental health and wellbeing, hazard pay, medical benefits, childcare and transport.

Boards should also ask for clear definitions of what employees' roles are against redefined company aims. The objective should be to create a sense of cause that goes beyond the survival of an immediate crisis.

Longer-term, boards should also consider how their businesses can empower employees more.

90% of organisations say future success will depend on empowering frontline employees to make decisions in real-time.

According to a recent report by Harvard Business Review[2], nearly 90 percent of organisations say their future success will depend on empowering frontline employees to make decisions in real-time. However only one-fifth of organisations say they currently have a truly empowered and digitally equipped workforce.

Boards now have an opportunity to provide strategic advice and direction that will help to rectify this kind of shortfall. This will help establish a more resourceful and adaptable workforce capable of dealing with future challenges similar to Covid-19, political upheavals like Brexit, or any other economic, social or political disruptions that take place.

This is not to say that boards should interfere with leadership teams in the day-to-day management of the organisation. But they should consider issues of employee empowerment and purpose when carrying out all strategy reviews, performance reviews and risk assessments.

Optimising remote working

Remote working isn't a new concept. Many businesses were already embracing the concept well before this year. There's no doubt though that 2020 has prompted a new need for policies and systems that make remote working viable for the long run.

Some businesses have already said that they will be staying largely remote. Facebook, for example, has said that 50% of its jobs will be remote within 10 years. It's likely that more traditional organisations will follow suit.
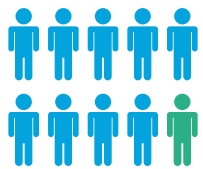
Nine out of ten employees who have worked at home during the Covid-19 crisis say they want to carry on doing so in the future.

Employees seem to like the idea too. According to recent research carried out by two UK universities[3], nine out of ten employees who have worked at home during the Covid-19 crisis say they want to carry on doing so in the future.

As the world enters this new remote working pattern, there needs to be some caution though. Businesses don't just need to ensure that employees have the correct set-up and tools to allow them to do their job productively and securely. They also need to make sure that their strategy will be sustainable.

What board members must do

The first thing that boards will need to do is prompt an internal review of any knee jerk changes that were made to working practices and policies to just get through 2020.

Equally, they will need to stop the business making any hasty decisions about the future.

If businesses do want to stay largely remote, boards need to push their management teams and ask them key questions, including:

- do we have the systems that will ensure remote working is secure and compliant long term?

- do we have the systems that will help ALL staff and directors work and collaborate remotely if necessary – from front line service staff right up to the board itself?

- and do we know what the true impact will be on staffing levels – not just in terms of retainment, but also future recruitment?

Boards need to empower decision making around potential returns to office-based working. If businesses do decide to have staff return to offices, even partially, they will need to assess the health risks associated with Covid-19, as well as compliance with ever-shifting guidelines.

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Safeguarding culture, people and wellbeing

If businesses decide to stay largely remote, they will also need to consider the impact this will have on company culture.

While remote working offers convenience and efficiency, it can also result in the erosion of company values. Organisations also need to consider the mental health and wellbeing of their staff. The long-term effects of remote working on a mass scale – with lines between home and family blurring – are not yet known.

What board members must do

Leadership teams and HR directors are making decisions faster than ever before. Boards needs to recognise this and provide support to ensure that these decisions are not detrimental to culture or wellbeing. As McKinsey[4] put the situation in a recent article:

"Never before have CEOs and their teams been more in need of the foresight and seasoned judgment that a well-functioning board of directors can provide."

As the quote from Deloitte opposite shows, some regulating bodies are also starting to demand that businesses disclose how they are monitoring employee wellbeing in light of the pandemic.

To help meet this demand, boards need to move beyond their traditional compliance-focused supervisory role and put more focus on softer people issues. They may need to recruit new board members who specialise in this area.
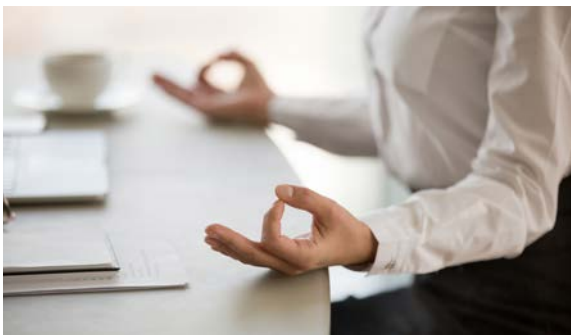
They may also need to open up regular communication and collaboration between the board and management teams, and also ask for regular workforce pulse surveys to help them assess risk.

By doing so, they will not just help to ensure that new ways of working do not disrupt current values. They will help to secure the long-term future of their organisations.

"Given the increasing complexities of workforce issues, the board's fiduciary oversight role includes integrating and strengthening workforce and culture issues. As some regulating bodies, such as the Securities and Exchange Commission, propose to include human capital-related information in their business disclosure requirements, and there is increasing focus on and expectations around employee health and safety and other workforce issues in light of the pandemic, boards have a responsibility to understand the alignment of the business strategy and the workforce strategy for external stakeholders."

Deloitte, The board's role in guiding the return to work in the future of work, 2020.

Listening to diverse voices

For some time now organisations have needed to address issues like diversity and inclusion to provide a fair and equitable workplace and preserve reputation. Demands have also been placed on boards to look at their own make-up and ensure they appoint directors from diverse backgrounds. Progress has not always been as fast as it could have been though.

One of the upsides of the new normal is that it provides the opportunity to reset and make progress on a range of issues that have not been pushed hard enough before now.

What board members must do

Right now, many organisations are reconstructing their strategies and creating new objectives to reflect changing times. This gives boards a unique window of time that they should use to encourage their organisations to put the diversity agenda front and centre.

The Hampton-Alexander Review has set a target of having 33% of all board and senior leadership positions in the FTSE held by women by the end of 2020[5].

Firstly, boards need to lead by example and meet targets provided by independent and regulating bodies. In the UK, for example, the government's Hampton-Alexander Review has set a target of having 33% of all board and senior leadership positions in the FTSE held by women by the end of 2020[5].

Boards need to take these targets seriously and communicate how they are performing against them.

Secondly, boards need to question their leadership teams and make diversity targets part of standard strategy and performance reviews. They also need to assess the risk of poor performance on diversity and inclusion as part of regular risk assessments.

Finally, boards need to assess the benefits diversity will bring to their organisation within the context of the 'new normal'. Where possible they should seek to make KPIs that guide future strategy.

Ultimately diverse organisations are more adaptable – and hence more suited to disruptive times – because they are better able to think from a variety of perspectives, solve problems, hire creatively, retain staff, and innovate faster. According to a new post Covid-19 report by McKinsey[6], there is even stronger evidence to suggest there is a direct link between diversity, profitability and outperforming competitors.

The Covid-19 crisis, among many other things, gives boards a new chance to help their organisations to reset and ensure they realise these benefits long into the future.

Next steps

The coming year will be the most important in the history of many organisations. At Admincontrol we are monitoring how this fast-moving environment is impacting how boards need to act to help secure the futures of the organisations they represent.

If you would like to find out more, we recommend:

The digital habits of resilient boards - a guide to 2021 and beyond.

Admincontrol's mission is to provide the ultimate solution for decision-makers. The company offers a smart and secure collaboration platform for boards, management and other stakeholders, where they can access, share, discuss and process information efficiently. Admincontrol has over 80,000 active users worldwide.

The company is growing rapidly and is headquartered in Norway with local offices in the UK, Denmark, Sweden, Finland and the Netherlands. Admincontrol is part of the successful Visma Group, a leading European software company.

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Sources:

1.   Gartner, Increasing rewards in response to Covid-19, 2020
2.   Harvard Business Review, Meet the new decision makers, 2020
3.   WISERD, Homeworking in the UK: Before and during the 2020 lockdown, 2020
4.   McKinsey & Company, Boards in the time of coronavirus, April 2020
5.   Gov.uk, FTSE Women Leaders: Hampton-Alexendar review
6.   McKinsey, Diversity wins: how inclusion matters, 2020

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