



Board Leadership in an Era of Upheaval

Leadership Strategies

Board Composition And Succession

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EXECUTIVE SUMMARY

Boards should focus on elevating communications and ensuring they balance crisis management with a focus on the long-term.




Recent tariff announcements by the United States—and ensuing trade tensions and market volatility—have triggered waves of both activity and uncertainty in executive suites and boardrooms. Companies are now grappling with policy volatility, inflationary concerns, and geopolitical instability on top of the existing challenges of artificial intelligence and other forms of disruptive innovation, and growing stakeholder pressure on a variety of business and social issues. Significant downturns in the equity markets are only adding to the difficulty.

In a recent interview on CNBC, Delta Airlines CEO Ed Bastian remarked at how “we’re in uncharted, unprecedented, uncertainty,” adding that these pivots were a “self-inflicted situation.” He went on to note that “whether you’re a corporate manager trying to figure out whether you want to step forward on an investment, whether you’re a bond trader in the markets trying to allocate capital, or even as a consumer, I think everything has stalled. So there’s been a freeze. Until we get better clarity [...] I think our economy is going to continue to lose steam.”

For global enterprises, the difficulties multiply. Critical issues such as sustainability, diversity, technology, and governance are being viewed and regulated in diametrically opposite manners across markets. Directors and executives in these companies can’t move in any direction without risking backlash from governments and stakeholders in certain regions, but will likely also generate criticism from within for not making potentially unpopular moves that have the support of the workforce.



response to those questions was, 'we've been around for almost a century. Political winds blow all different directions, particularly when you operate in almost 150 countries. But there are some fundamental truths about this company that have guided us for those 98  years: We welcome all to our hotels and we create opportunity for all. And fundamentally, those will never change. The words might change, but that's who we are as a company.'" Over the next 24 hours, Capuano received 40,000 emails from Marriott employees thanking him for taking the position and clearly stating it to the public.

Moment such as these are real tests of both board and leadership effectiveness. The most effective boards will engage deeply on critical issues, and strive to support without distracting their management teams. Ultimately, in this climate, boards face the challenge of maintaining stability while positioning their organizations for long-term success in a rapidly evolving landscape.

Based on our experience, and guidance from experienced board leaders, here are eight pieces of practical guidance for navigating our current era:

First and foremost, remain focused on your people and your purpose:

1. Center on purpose: In the race to confront new challenges, many leaders will naturally succumb to the tendency to focus on the urgent in spite of the important. In these situations, the board plays a particularly critical role in keeping purpose at the center. Review major decisions through the lens of organizational purpose, ensuring that any steps your company takes to address the current period of disruption aligns with the company's reason for being, the customers and stakeholders they serve, and the value they provide in the



Demonstrate unwavering commitment to the firm's mission, vision, and core values in board deliberations and communications, particularly when facing difficult trade-offs. Be courageous. Care for your management team—they are feeling the weight of this disruption and of any problems your company faces far more than you are as a director. Encourage senior leaders to delegate what they can in order to remain focused on the most important issues without becoming overwhelmed. Similarly, encourage them to consider what steps they can take to support the workforce, especially as supply disruptions and tariffs disproportionately impact lower-income workers.



3. Reassess your leadership bench: Market disruption often reveals both weaknesses and strengths in leadership ranks. Note which executives demonstrate resilience and strategic thinking under pressure versus those who struggle to adapt. Consider what this moment reveals about your leadership team – some unexpected individuals will have likely stepped up, while some leaders you expected to excel will have stumbled. It is unlikely that your succession plan will still look the same after an extended period of crisis or disruption.

Balance risk and reactivity:

4. Resist short-term thinking and maintain forward-looking agendas: Short-termism spikes in moments of volatility and uncertainty. Board leaders can help counter this by ensuring that board meeting agendas balance immediate risk management with strategic discussions focused on long-term competitive positioning. Decisions need to be made that stand the test of time, not just this moment in time. Dedicating specific time in each meeting to exploring these opportunities can help fellow directors stay focused on the long-term.

5. Challenge management's level of reactivity: One CEO we spoke to reflected that they spent three weekends in a row working to respond to new crises that came into existence on a Friday but were gone by Monday. Board



their analysis, identifying ways in which the current market turbulence has fundamentally shifted business operations, which changes are temporary, and what steps should the company be taking in response.




Address today's challenges while remaining focused on the future:

6. Encourage the management team to play offense and defense: The most significant shifts in competitive rankings often occur during periods of uncertainty and disruption. The board should support and encourage the senior executive team to assess where competitors may be vulnerable and how your organization can gain strategic advantage. In periods of disruption, it's easy to fall into a pattern of defensive, reactive activities. Encourage your leadership team to look up and out for opportunities to play offense while your competitors take a more defensive posture. Ask members of the management team where they see both small and large moves that will help the organization remain competitive.

Maintain clear channels of communication:

7. Communicate and offer to assist often (but within reason): Both board leaders and senior executives should strive to increase the frequency and depth of communication between the board and management during periods of market turbulence. Board leaders may consider increasing the frequency of their meetings, and they wouldn't be alone: one chair told us their board was now meeting weekly, reminiscent of how they worked at the height of COVID in 2020. That cadence will feel right for some boards, and too frequent for others; what matters is finding the right pace for your organization. Remember that while boards and CEOs can't over communicate in volatile times, too many requests for updates and briefings will overwhelm a management team that is already operating under significant pressure and time constraints. As one



teams should collaborate to craft and articulate a clear, compelling narrative about the company's response to current challenges and its vision for emerging stronger in the end. Ensure communications with stakeholders are candid about challenges while conveying confidence in the organization's resilience. The board and management should be thoughtful as to who engages with which stakeholders, identifying those who should hear from both board leaders and management together. 

Governing for resilience and growth

The unprecedented challenges leaders are facing today can make or break organizations. By remaining focused on your people and your purpose, balancing risk and reactivity, addressing today's challenges while remaining focused on the future, and maintaining clear channels of communication, directors can help steer their senior executives through the near-term disruption and toward a successful future.

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