

says, to avoid pushing back and forth, and instead focus on finding the right solution. This strategy will sound familiar to anyone who has worked in the hospitality industry, where managers are trained to swiftly de-escalate interactions with unruly customers. The rule of thumb: don't create more conflict.

When new policies or projects are announced, experts advise emphasizing the why, and in particular why it is beneficial to the employee. "Connect the dots for employees," says Elise Freedman, Workforce Transformation practice leader at Korn Ferry. "An assignment shouldn't just be a box to check." ▀

BOARDS

BY PETER LAURIA

# Virtual Directorships



## THE TAKEAWAY

*The pandemic continues to create new business changes.*

**CONVENTIONS AND TRADE SHOWS ARE BACK** at full capacity. Airlines and hotels are reporting upticks in bookings. Business travel, as the headlines note, is back. Or at least it is for all but one important segment of the corporate world: board directors.

Not unlike the employees of the companies they serve, new data shows that board directors are still

opting to remain virtual. According to a recent survey, 22 percent of firms are letting directors decide whether to attend meetings in person. Some smaller firms have taken it a step further: **45 percent of them say their board meetings have gone fully remote.** Those figures essentially mirror return-to-office data among workers in the top ten US cities, where only

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about 40 percent have returned, despite strong urging from corporate leaders.

But just as it does for workers, the virtual trend raises a pandemic-fueled debate that may last for years—on the pros and cons of a new way to interact. Charles Elson, founding director of the Weinberg Center for Corporate Governance at the University of Delaware, says it is harder for directors to carry out their responsibilities in a virtual setting. He says in a remote setting, they lose intangibles such as the abilities to read body language and build trust that leads to strategic alignment and high performance.

Elson says the customary board dinner the night before the meeting or side conversations during a break, for instance, is often where directors build relationships and settle disputes. Face time is often a selling point for new directors, too. “Directors are more effective when they are in a room with each other,” he says, noting that the two boards on which he serves are back to meeting in person.

But some experts believe that the virtual setup can make boards more productive, long an issue for many boards. In a traditional meeting, all the committee work must be jammed into a single day when all the directors are physically present. Now, governance,

compensation, and other committee work can be done remotely a few days before the official meeting. Indeed, 61 percent of firms say their board’s post-pandemic way of working is more efficient. “The virtual setup can make boards more productive, at least in a strict work sense,” says Jane Stevenson, vice chair of Korn Ferry’s CEO and Board Services practice.

Not having to travel also opens opportunities for companies to cast a wider net in recruiting directors. The need for directors with international experience and a global perspective has only heightened in recent years, for instance. Virtual board meetings can expand the candidate pool by making companies more attractive to executives and leaders from international companies.

The new wave of COVID makes traveling less appealing as well, particularly considering that the average age for a board director is around 63, putting them firmly in the virus’s high-risk demographic. Still, most experts believe that when the latest surge calms down, more directors will start showing up for meetings in person again. “When you come into high-stress situations, knowing those people, and the values they bring, is essential,” says Stevenson. ▀

## WHAT’S ON THE NEXT BOARD AGENDA

# 1

### GEOPOLITICS

Boards must assess macro-level risks as wars, both hot and cold, escalate across the world.

# 2

### RECESSION

With the global economy softening, boards must consider worst-case scenarios for their firms.

# 3

### CORPORATE ACTIVISM

Boards need a plan on whether to speak out on political issues sensitive to stakeholders.