

Crisis Leadership: The Critical Role of the Board Before, During, and After a Crisis



A Governance Institute Strategy Toolkit

Summer 2020





The Governance Institute®

The essential resource for governance knowledge and solutions®

1245 Q Street, Lincoln, NE 68508

(877) 712-8778

 GovernanceInstitute.com

 [/The Governance Institute](https://www.linkedin.com/company/the-governance-institute)

 [/thegovinstitute](https://twitter.com/thegovinstitute)

Jona Raasch	Chief Executive Officer
Cynthia Ballow	Vice President, Operations
Kathryn C. Peisert	Managing Editor
Glenn Kramer	Creative Director
Kayla Wagner	Editor
Aliya Flores	Assistant Editor

The Governance Institute is a service of NRC Health. Leading in the field of healthcare governance since 1986, The Governance Institute provides education and information services to hospital and health system boards of directors across the country. For more information about our services, please call toll free at (877) 712-8778, or visit our Web site at GovernanceInstitute.com.

The Governance Institute endeavors to ensure the accuracy of the information it provides to its members. This publication contains data obtained from multiple sources, and The Governance Institute cannot guarantee the accuracy of the information or its analysis in all cases. The Governance Institute is not involved in representation of clinical, legal, accounting, or other professional services. Its publications should not be construed as professional advice based on any specific set of facts or circumstances. Ideas or opinions expressed remain the responsibility of the named author(s). In regards to matters that involve clinical practice and direct patient treatment, members are advised to consult with their medical staffs and senior management, or other appropriate professionals, prior to implementing any changes based on this publication. The Governance Institute is not responsible for any claims or losses that may arise from any errors or omissions in our publications whether caused by The Governance Institute or its sources.

© 2020 The Governance Institute. All rights reserved. Reproduction of this publication in whole or part is expressly forbidden without prior written consent.

About the Author

Larry Stepnick is Vice President and Director of The Severyn Group, Inc., a Virginia-based firm that specializes in conducting qualitative and quantitative research, and writing and producing publications on a wide range of healthcare management issues. In addition to printed materials, The Severyn Group creates Web site content and electronic presentations for training and education purposes. Severyn's clients include a broad spectrum of organizations that represent virtually all aspects of healthcare, including financing, management, delivery, and performance measurement. The Severyn Group assists clients in resolving their most critical strategic concerns.

Prior to cofounding The Severyn Group in 1994, Mr. Stepnick served as Senior Vice President and an elected officer of The Advisory Board Company, a for-profit membership of more than 1,000 hospitals and health systems. Mr. Stepnick received his bachelor's degree from Duke University, where he graduated summa cum laude. He also holds an M.B.A. from the Wharton School of the University of Pennsylvania, where he graduated with honors.

Mr. Stepnick can be reached at (703) 858-9066 or via email at larry@severyngroup.com.

Acknowledgements

The Governance Institute thanks the following individuals for being so generous with their time and expertise in helping research and write this document:

- Deirdre Baggot, Ph.D., Partner, Oliver Wyman and Governance Institute faculty member (deirdre.baggot@oliverwyman.com)
- Lawrence R. McEvoy, M.D., Founder, Epidemic Leadership and Governance Institute faculty member (larry@epidemicleadership.com)
- Anne Murphy, Partner, Arent Fox (anne.murphy@arentfox.com)
- Kimberly A. Russel, FACHE, CEO, Russel Advisors and Governance Institute Advisor (russelmha@yahoo.com)
- Rulon Stacey, Ph.D., Partner, Guidehouse and Governance Institute faculty member (rulon.stacey@guidehouse.com)

The Governance Institute

The Governance Institute provides trusted, independent information, tools, resources, and solutions to board members, healthcare executives, and physician leaders in support of their efforts to lead and govern their organizations.

The Governance Institute is a membership organization serving not-for-profit hospital and health system boards of directors, executives, and physician leadership. Membership services are provided through research and publications, conferences, and advisory services. In addition to its membership services, The Governance Institute conducts research studies, tracks healthcare industry trends, and showcases governance practices of leading healthcare boards across the country.

Table of Contents

1 Introduction

3 Preparing for a Crisis

3 Step 1: Assessing the Fundamentals: CEO and Culture

6 Step 2: Making Sure Senior Leaders Have a Robust, Tested Crisis Management Program

13 Step 3: Making Sure the Board Is Ready for a Crisis

19 Oversight During a Crisis

19 Immediate Actions

20 Ongoing Monitoring, Support, and Decision Making Throughout the Crisis

25 Post-Crisis Assessments and Debriefings

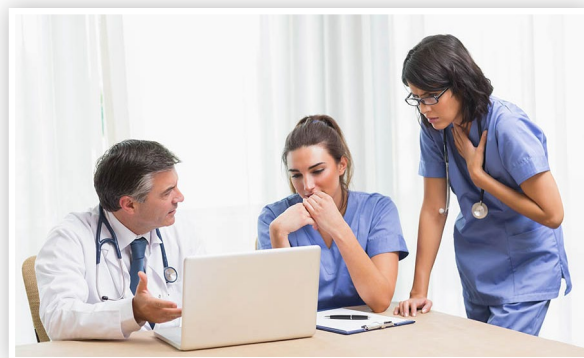
25 How Well Did Everyone Handle the Crisis?

26 Are Any Major Strategic Changes Needed?

Introduction

The COVID-19 pandemic has served as a wake-up call to the world about how quickly a crisis can arise and how devastating and widespread the toll can be. When all is said and done, few if any crises may rival the magnitude of its human, emotional, and financial impact.

In addition to the still-mounting human toll, many industries such as travel and hospitality experienced a sudden, massive decline in customers and revenues. At the same time, others have had to deal with an unprecedented surge in demand, such as online retailers, grocery delivery services, and streaming platforms. Virtually every industry has had to quickly figure out how to change its business model to accommodate the “new normal,” allowing as many employees as possible to work from home, serving customers virtually whenever possible, accommodating surging customer demand for delivery and curbside pick-up, and providing in-person services with dramatically new procedures designed to safeguard patrons and employees.



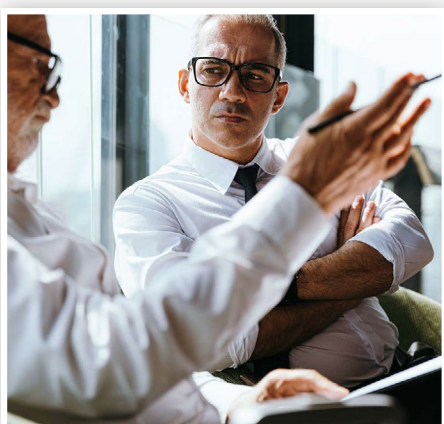
While almost all sectors of the economy have been affected, few if any have been as dramatically impacted as healthcare. Hospitals and health systems have literally been the eye of the storm. Most have had to deal simultaneously with massive revenue losses (due to the temporary suspension of elective procedures and the understandable fear among patients to access in-person care settings); significant cost increases (due to a deluge of highly infectious patients who require specialized testing and treatment protocols, including new infection control measures); and the need to serve non-COVID patients in new ways, such as via telehealth or in-person visits that have been redesigned to accommodate social distancing and other safeguards to protect employees and patients. While the initial round of social distancing appears to have thus far prevented the worst-case scenario for most hospitals—being overrun with more patients than they can handle—the challenges facing healthcare leaders during this crisis remain unprecedented and without parallel elsewhere in the economy.

What COVID-19 makes clear, of course, is that crises are unavoidable. Though it may be easy to avoid or delay discussing and preparing for crises, boards and C-suite executives have no choice but to do so. Before COVID-19, crisis-preparation activities too often got pushed to the back burner in the face of more pressing needs. They were seen as something that can wait for another day. In fact, many corporate boards and senior leaders have historically had a false sense of confidence about handling

a crisis, believing that everything is “under control,” that the CEO “has a plan,” and/or that “we’ll fix it when the time comes.”¹

It remains to be seen whether COVID-19 will change these attitudes. It seems reasonable to believe that, at least for the foreseeable future, boards and senior executives will pay closer attention to crisis preparation and management. What happens after the pandemic fades from memories is anyone’s guess. History would suggest, however, that it will return to the back burner, just as preparations for another terrorist attack on U.S. soil have faded over the nearly two decades since 9/11.

The Governance Institute believes that forward-thinking leaders—both boards and senior executives—must keep the possibility of having to navigate through a



crisis “front and center” in their planning and activities from this point forward. The next crisis—be it another pandemic, a natural disaster, community violence, an institution-specific “scandal” due to a sentinel event or individual malfeasance, or something totally unforeseen—is potentially right around the corner. In fact, the frequency and velocity of crises continue to grow.² Roughly two-thirds of corporate CEOs report that their companies have experienced a crisis in the past three years, and nearly three-quarters expect to face at least one in the next three.³ And while every crisis is unique both in terms of its cause and its impact on an organization, the quality of leadership by the board and senior executives matters

a great deal—before, during, and after the crisis,⁴ particularly given the potential for crises to escalate quickly with today’s 24-hour news cycles and social media-obsessed culture.⁵

The Governance Institute has prepared this toolbox to assist healthcare boards and senior leaders in preparing for and managing crises, whatever they may be and whenever they may arise. It contains three sections paralleling the required activities: preparing for a crisis, managing during one, and looking back afterwards to see what can be learned, what needs to be changed, and what should be done differently the next time around. Throughout the toolbox are lists of questions boards can use to discuss and assess their capabilities and those of their leadership team when it comes to each of these critical activities.

- 1 Osler, Hoskin & Harcourt, *The Board’s Role in Crisis Management* (2016). Available at <https://bit.ly/36vvVAp>.
- 2 D. Konigsburg, A. Griffin, M. Rossen, and C. Snowdon, *Stepping in: The board’s role in crisis management*, Deloitte Center for Corporate Governance, September 2019. Available at <https://bit.ly/3gsmPZs>.
- 3 P. Loop, “How Your Board Can Be Ready for Crisis,” Harvard Law School Forum on Corporate Governance, July 7, 2017. Available at <https://bit.ly/2zLU7md>.
- 4 Osler, Hoskin & Harcourt, 2016.
- 5 S. Klemash, J. Smith, and J. Lee, “The Board’s Role in Confronting Crisis,” Harvard Law School Forum on Corporate Governance, October 7, 2018. Available at <https://bit.ly/2TGmqJw>.

Preparing for a Crisis

Ample preparation is the key to minimizing the fallout from any crisis, as it allows leaders and the entire organization to “hit the ground running,” freeing up precious time when a crisis hits.⁶ Surveys of corporate boards suggest there may be some level of overconfidence about how well prepared executive teams are for a crisis.⁷ The same can likely be said about boards’ assessment of their own readiness, as many individual board members may mistakenly believe that their board is ready for a crisis even when it is not. What follows is a review of key issues that boards should address in preparing for a crisis.

Step 1: Assessing the Fundamentals: CEO and Culture

The first task is to consider whether the organization has the “fundamentals” in place—a leader and culture capable of effectively navigating a crisis.

Can the CEO Effectively Navigate a Crisis?

It should come as no surprise that CEO leadership is perhaps the most crucial factor in determining how an organization fares during a crisis. Because leading an organization through a crisis is not something that comes naturally to most, prior experience in handling one or more crises can be helpful. More importantly, perhaps, effective leadership during such a turbulent, unpredictable time requires the ability to do the following: communicate effectively with—and listen to—all key stakeholders, be empathetic, portray calm and confidence, and de-escalate tensions. Effective leaders also tend to act as “concert conductors,” delegating key tasks to teams rather than embracing a command-and-control, do-it-myself leadership style. They tend to have great humility and little ego, exhibiting a service leadership mentality. Individuals with an entrepreneurial and creative mindset often tend to perform well during crises, particularly those that require out-of-the-box thinking, such as the need during COVID-19 to find innovative ways to procure scarce supplies and equipment. Finally, the most effective leaders tend to be “present” during crisis—highly visible to key stakeholders, making them feel supported and connected.^{8, 9, 10}



6 Osler, Hoskin & Harcourt, 2016.

7 *Ibid.*

8 Interview with Rulon Stacey, Ph.D., Partner, Guidehouse, conducted April 7, 2020.

9 Interview with Kimberly A. Russel, FACHE, Russel Advisors, conducted April 27, 2020.

10 Interview with Lawrence R. McEvoy, M.D., Founder, Epidemic Leadership, conducted April 14, 2020.

"You can't tell someone to stay calm; you have to be out there exhibiting calm—listening as well as speaking. This presence helps to settle everyone down and make them feel supported and connected. It helps facilitate communication in a way that makes sense and makes everyone more capable of responding."

—Lawrence R. McEvoy, M.D., Founder, Epidemic Leadership

KEY QUESTIONS FOR BOARDS TO CONSIDER

When assessing current CEOs and/or considering new candidates, boards should explicitly evaluate their skills related to effective leadership during a crisis. Such an assessment can not only help to inform hiring decisions, but also identify any gaps or deficiencies with respect to current leadership. These gaps can be addressed proactively through coaching and feedback and/or by tapping other members of the senior executive team to fill identified gaps. The goal is to have adequate leadership capacity to function well in the kind of unpredictable environment that comes with a crisis.¹¹

Questions for boards to discuss include:

- Can the CEO communicate clearly and effectively to key stakeholders, including clinicians, staff, patients, the board, and the public?
- Does the CEO exhibit calm and confidence, even during stressful situations? Does the CEO have the right temperament to handle a crisis?
- Does the CEO listen to—and really understand—other points of view?
- Does the CEO come across as empathetic? Does he or she understand and relate to the plights of others?
- Does the CEO come across as humble and with a “service leadership” mentality? Does he or she come across as egotistical?
- Is the CEO a natural delegator? Does he or she rely on well-organized teams rather than a “do-it-myself” mindset?
- Is the CEO entrepreneurial in nature? Does the CEO encourage the kind of creative, out-of-the-box thinking that may be necessary during a crisis?
- Do we have adequate leadership capacity to function well in an unpredictable environment? If not, how can we build that capacity?¹²

Does the Organization Have the Right Culture to Navigate a Crisis?

The culture of an organization tends to exhibit itself during a crisis. As a result, an organization's ability to navigate through a crisis smoothly and effectively may in large part be predetermined by the culture in place when it hits. Consequently, the time to assess organizational culture as it relates to crisis management is before the crisis, not during it.

11 Interview with Lawrence R. McEvoy, M.D., April 14, 2020.

12 *Ibid.*

Organizations with a cultural foundation built on collaboration, communication, trust, and transparency will generally do well, no matter the specifics of the crisis. In these organizations, the board, senior executive team, clinical leaders, and front-line clinicians and staff tend to believe in one another and work well together. Those without such a foundation likely will not fare nearly as well during a crisis.¹³ Organizations that promote transparency often have effective, trusted whistleblower programs. Such programs help build a culture of integrity that enhances an organization's reputation and ethics, which in turn are critical to navigating a crisis. Yet a survey of corporate directors found relatively low confidence in existing whistleblower programs.¹⁴

In addition, organizations that are most effective during completely unforeseen crises tend to have an "adaptable" culture—that is, one that embraces the uncertainties associated with such a crisis.¹⁵ (More information on the importance of being adaptable appears later in this section, in the discussion of simulations.)

"If you have strong relationships in place before a crisis, you will do well during one."

*—Deirdre Baggot, Ph.D.,
Partner, Oliver Wyman*

KEY QUESTIONS FOR BOARDS TO CONSIDER

Boards need to proactively assess the culture of the organization and whether that culture will help or hurt in navigating a future crisis.¹⁶ Key questions for the board to consider include the following:

- Does the organization promote openness and transparency?
- Do leaders routinely share information with key constituencies, including bad news? Is there any history of hiding such information?
- Is there evidence of mistrust among key constituencies, such as between the board and C-suite, between administrative and clinical leaders, or between leadership and front-line staff?
- Are employees encouraged to escalate concerns or vulnerabilities they might observe? Is there a whistleblower program that encourages such disclosure without fear of retribution?¹⁷
- Does the organization align its core values with monetary incentives?¹⁸
- Does the organization have an "adaptable" culture that embraces uncertainty?
- Does the organization seem ready to respond in real time to things that could not be anticipated?

13 Interview with Deirdre Baggot, Ph.D., Partner, Oliver Wyman, conducted April 15, 2020.

14 Osler, Hoskin & Harcourt, 2016.

15 Interview with Lawrence R. McEvoy, M.D., April 14, 2020.

16 Osler, Hoskin & Harcourt, 2016.

17 S. Klemash, et al., 2018.

18 *Ibid.*

Step 2: Making Sure Senior Leaders Have a Robust, Tested Crisis Management Program

The second step is for the board to use its oversight role to ensure the organization has done everything possible to prepare for both foreseeable crises (e.g., another pandemic, violence within the institution or the community at large, a natural disaster) and unforeseeable ones. Boards should take a keen interest in the crisis capabilities of senior executive teams. In particular, they need to determine whether they have practical, relevant, and tested crisis response programs in place, and actively oversee and challenge all aspects of those programs.^{19, 20} While management is responsible for preparing a plan and executing it during a crisis, boards must oversee management's work in these areas, making sure the plan is simple yet robust, and that it will allow the organization to respond quickly and effectively to problems that could lead to crises.^{21, 22} The best plans serve as a crisis management "playbook"—including decision process flows and escalation protocols to guide the response—and all relevant participants knowing their roles.²³

Ensuring that management is ready to handle a crisis is a critical part of a board's risk oversight function. Trying to figure this out in the midst of a crisis is simply too late.²⁴

Surveys of corporate board members suggest that many corporations do not have robust, vetted, and tested crisis management plans in place—while two-thirds confirmed the existence of a plan, half of those with a plan acknowledged that it had never been reviewed by an external advisor and another quarter did not know if it had.²⁵ Consequently, boards need to be more proactive in their oversight role. They should question management's process and assumptions in putting together the plan. The goal should be to have a meaningful discussion among board members and with management about potential vulnerabilities and the organization's readiness to handle them.²⁶ This section reviews key issues that boards should consider when playing this active oversight role.



19 D. Konigsburg, et al., 2019.

20 S. Klemash, et al., 2018.

21 Osler, Hoskin & Harcourt, 2016.

22 D. Konigsburg, et al., September 2019.

23 S. Klemash, et al., 2018.

24 P. Loop, 2017.

25 Osler, Hoskin & Harcourt, 2016.

26 *Ibid.*

Does the Plan Consider and Prepare for a Broad Array of Potential Crises?

Boards must make sure that senior leaders are consistently and aggressively identifying potential risks, and should question their assumptions and approach to doing so.²⁷ Yet surveys of corporate directors suggest that only a minority are comfortable that their organizations have adequately identified all material risks or that they have considered the potential for multiple and/or interdependent risks to occur at the same time.²⁸

In the past, most hospitals prepared for “familiar” events that have occurred in recent memory somewhere in the region or country, such as in-facility or community violence (e.g., mass shootings) or local/regional natural disasters (e.g., hurricane, earthquake, flooding). Hence, many organizations had not considered or prepared for a worldwide health pandemic like COVID-19, despite warnings from global health experts about the likelihood of just such an occurrence. To address this issue, hospital and health system leaders need to make a special effort to think “outside the box” when developing future disaster planning scenarios.²⁹

Such plans should consider the real-world implications of every scenario. Before COVID-19, few organizations had considered the possibility that, overnight, the ability to hold in-person meetings, see patients, or perform elective procedures could largely go away. They had never contemplated the need to conduct business and see patients virtually on a massive scale, and hence did not have the systems in place to do so. Few had considered the need to isolate large numbers of patients from others, to quickly access significant quantities of ventilators and personal protective equipment, or to sustain operations in the midst of a revenue decline of over 50 percent. Yet COVID-19 required all of this and more for most hospitals and health systems. While one cannot be sure what the next crisis will bring, forward-thinking boards should press senior management to prepare for scenarios that create these and other previously unthinkable challenges.

KEY QUESTIONS FOR BOARDS TO CONSIDER

- Has senior management spent adequate time brainstorming about the potential for not only well-known crises, but also things that have not been experienced before?
- Has the organization considered a broad array of potential crises it could face, and considered how likely such events might be?³⁰
- Does the list of potential crisis scenarios include things that we as a board have not previously considered? Does the list seem robust and exhaustive?
- Is the identification and treatment of potentially disruptive risks a standing agenda item at either the full board or board committee level?³¹
- Do the plans consider broad implications of potential crises on various aspects of operations, including but not limited to communication systems, clinical delivery models, revenue generation, staffing models, and procurement systems?
- Do the plans include development of adequate back-up systems, redundancies, and mitigation plans to deal with these operational implications?

27 D. Konigsburg, et al., September 2019.

28 Osler, Hoskin & Harcourt, 2016.

29 Interview with Kimberly A. Russel, FACHE, April 27, 2020.

30 S. Klemash, et al., 2018.

31 R. Chadha and F. van der Oord, “Confronting COVID-19: Actions Boards Should Take,” NACD Boardtalk, March 3, 2020. Available at <https://blog.nacdonline.org/posts/covid-19-board-action>.

Does the Plan Establish a Trained Crisis Response Team?

Any crisis management program should put in place at least a preliminary crisis response team that can be activated quickly once a crisis arrives.³² The team should be prepared and trained to take immediate action on all aspects of a crisis.³³ It generally consists of senior executives and clinical leaders, and should include qualified backups in case a designated team member is not available during the crisis.³⁴ This team has responsibility for forming additional support teams to take on specific roles once the nature of the crisis becomes clear.³⁵

For its part, the board, either as a whole or through the appropriate committee, should have input as to team members.³⁶ The board needs to understand who will be responding to a crisis and whether those people understand their roles and responsibilities and have been trained to perform them.³⁷

KEY QUESTIONS FOR BOARDS TO CONSIDER

- Has senior management created a crisis response team that would take charge of any crisis?
- Has the board had input into who is on that team?
- Is the board satisfied with the composition of that team?
- Does the team include potential replacements in case the crisis renders some team members incapable of performing those duties? Are those back-ups satisfactory to the board?
- Have the roles and responsibilities of each team member been clearly articulated?
- Have team members been adequately briefed on, and trained for, their roles and responsibilities? Do they understand them, and are they comfortable with them?

Does the Plan Include a Ready Network of External Advisors?

Organizations in the midst of a crisis inevitably need to turn to outside experts and advisors who can quickly provide much-needed assistance. Depending on the nature of the crisis, these outsiders could include legal, accounting, public health, and financial experts; communications specialists; lobbying firms; and others. One name that should likely be on every organization's list is someone who can assist with communications. Experts in crisis communication can be useful to most organizations, even with a highly skilled internal communication team.³⁸

Since there will not be time to identify and vet these firms during a crisis, boards should make sure that relationships with well-vetted, highly competent outside

32 D. Temin, "The Role of Boards in Crisis: 10 Steps for Directors Before, During, and After Crisis," *Fortune*, October 8, 2014. Available at <https://bit.ly/2TGCpXS>.

33 Osler, Hoskin & Harcourt, 2016.

34 *Ibid.*

35 Osler, Hoskin & Harcourt, 2016.

36 M. Jeffries, K. Healy, and M. Chalmers, "Planning Ahead—The Board's Role in Crisis Management," Association of Corporate Counsel, February 15, 2013. Available at <https://bit.ly/3eqEoHP>.

37 P. Loop, 2017.

38 Interview with Kimberly A. Russel, FACHE, April 27, 2020.

advisors are formed in advance.³⁹ The goal is to screen, develop relationships with, and come to mutually acceptable and understood agreements with the advisors in advance. In the best of circumstances, a quick text or phone call should be all that is needed to bring someone on board once the crisis hits.^{40, 41} In many cases, board members can assist with this process by tapping their personal and professional contacts.

KEY QUESTIONS FOR THE BOARD TO CONSIDER

- Does the organization have a robust, ready network of external advisors who can be tapped in case of a crisis?⁴²
- Have these advisors been thoroughly and adequately vetted?
- Does the organization have a good relationship with these advisors, such that they would be able to secure their help with little notice?⁴³
- Has the board adequately tapped its personal and professional contacts in helping to develop this set of advisors?
- Does the network of advisors include individuals or firms with expertise in crisis communications?

Does the Organization Have a Robust Crisis Communications Plan?

As discussed previously, communication is critical to getting through any crisis. Depending on the nature of the crisis, regular, transparent communication will need to take place with a broad array of internal and external constituencies throughout the crisis. Performing this task well requires preparation long before the crisis hits.

At a minimum, hospitals must meet CMS emergency preparedness requirements related to developing and executing a communications plan. These plans must allow for communication with staff, physicians, and others within the facility, across providers, and with local and state public health departments and emergency management agencies. Meeting these requirements likely necessitates the development of multiple, redundant back-up systems, including Wi-Fi networks that can operate without Internet access, data recovery servers, back-up generators and fuel, mobile and virtual technologies and systems, and potential “old-school” communication vehicles such as walkie-talkies.⁴⁴ For its part, boards must be confident in such systems, the protocols and processes for initiating them, and the ability of all key stakeholders to use them if necessary.

The goal for most hospitals should be to go well beyond CMS requirements. Robust crisis response preparation should include development of a detailed plan to guide communications with key internal and external stakeholders.⁴⁵ Sometimes a single

39 Interview with Kimberly A. Russel, FACHE, April 27, 2020.

40 M. Jeffries, et al., 2013

41 Osler, Hoskin & Harcourt, 2016

42 S. Klemash, et al., 2018.

43 *Ibid.*

44 J. Moore, “Crisis Communication: 10 Tips for Hospitals to Prepare for a Disaster,” *Patient Safety and Quality Healthcare*, March 19, 2019. Available at <https://bit.ly/2Tlt7up>.

45 Osler, Hoskin & Harcourt, 2016.

spokesperson will be tapped to handle communication (typically a senior executive). Another option is to have one person in charge of internal communications and another in charge of external communications. The external person can work with the CEO to push out talking points and send out information to the press and via social media. This person can also route calls to the appropriate person in response to external media requests and liaise with legal experts as appropriate. Regardless of how it is organized, the communications team should include someone who will monitor traditional and social media outlets and get the organization's message out via these outlets. In a 2016 survey of corporate directors, only about half of organizations indicated that they monitored social media on a regular basis.⁴⁶ The full plan should include lists of all potential stakeholder groups, including contact information for communicating with them.⁴⁷

For its part, the board needs to make sure that a robust, effective plan is in place, with a defined team and well-defined roles and responsibilities. Senior management and the board need to make sure that everyone feels comfortable and confident in taking on their communication roles. While part of this relates to choosing the right people for the team in the first place, in some cases team members, including senior executives and board members, may need training, particularly with respect to talking with the media about a crisis. Surveys of corporate CEOs suggest that just over half felt vulnerable and expressed concern with respect to communicating with internal and external stakeholders.⁴⁸

KEY QUESTIONS FOR THE BOARD TO CONSIDER

- Has the hospital adequately met CMS emergency preparedness requirements related to communications, including adequate “back-up” systems if traditional vehicles for communication are not available?
- Beyond CMS requirements, has the senior management team developed a robust crisis communication plan, including designation of a team to handle internal and external communications?
- Does senior management have established protocols for where and how meetings and communications can take place securely in the event of identified crisis scenarios, including the potential for virtual meetings?⁴⁹
- Does the plan prioritize communications with all key stakeholders, including employees, patients, the public, other hospitals and health systems, public health agencies, government and regulatory agencies (at the local, state, and federal levels), and other stakeholders?⁵⁰
- Does the plan clearly lay out the roles and responsibilities for team members? Do team members understand these roles and are they adequately prepared and trained to handle them? If not, is additional training needed, or is a change in assigned roles warranted?
- Does the plan clearly delineate all key constituencies and delineate strategies for reaching them, including social media?

46 Osler, Hoskin & Harcourt, 2016.

47 *Ibid.*

48 P. Loop, 2017.

49 S. Klemash, et al., 2018.

50 *Ibid.*

Does the Organization Have an Extensive Simulation Program to Test Preparedness?

CMS requires hospitals to complete two emergency exercises during every 12-month rolling period and to update training and testing at least once a year.⁵¹ The hope is that these regular exercises build “muscle memory” that allows everyone to react reflexively during high-stress situations.⁵² Two exercises a year, however, are likely not nearly enough to know that crisis management plans will actually work. Rather, the board must make sure that a robust simulation program is in place to ensure that senior management and clinical leaders know how to implement the plans and to test whether they will in fact be effective.⁵³

At a minimum, crisis response plans should be tested via simulations that incorporate all potential known scenarios developed in the plan, including any risks and vulnerabilities associated with those scenarios.⁵⁴ Simulations test how the organization will respond in real time and whether teams and activities are working as envisioned in the plan. Often these exercises identify areas of confusion and/or expose gaps that need to be addressed.⁵⁵ Simulations should use a wide variety of techniques, including scenario-specific walk-throughs, table-top exercises, and half- or full-day simulations that allow for thorough practice and discussion. Drills should be repeated regularly, particularly when there is significant turnover on the team.^{56, 57} To test various systems (e.g., communications, supply chain), simulations can potentially include use of an outsider (i.e., someone not involved in setting them up) to try to disrupt them. This process helps identify and fix flaws before they show up during an emergency.⁵⁸

As noted earlier, no organization can conceive of every potential scenario. Consequently, simulation exercises should also incorporate “unknowable” scenarios that likely necessitate the “mixing and matching” of various elements from planned-for scenarios and/or require new elements to be developed “on the fly.” Simulations should also incorporate “what-if” scenarios, including what would happen if existing mitigation plans fail. The end goal for simulations is to have rigorously tested leaders and a thoroughly tested process for responding, not a pre-designed playbook with



51 J. Moore, 2019.

52 *Ibid.*

53 Interview with Anne Murphy, Partner, Arent Fox, conducted April 9, 2020.

54 M. Jeffries, et al., 2013.

55 P. Loop, 2017.

56 Deloitte, “Focus on: Building crisis-ready boards,” The Deloitte Center for Crisis Management, 2015. Available at <https://bit.ly/3d7bXhH>.

57 Interview with Deirdre Baggot, Ph.D., April 15, 2020.

58 Interview with Lawrence R. McEvoy, M.D., April 14, 2020.

all the answers. The hope is that these simulations will allow them to be ready for anything that might happen, not just everything that one can think of now.⁵⁹

As discussed earlier, organizations that come through crises well tend to have more adaptable cultures. Consequently, part of the purpose of running simulations is to become more adaptable as an organization. Such adaptability allows people to more readily embrace the uncertainties associated with a crisis. It needs to exist at every level of the organization, as a mindset among both individuals and teams. Done well, simulations help create this mindset, forcing leaders and teams to consider how to handle a completely unexpected scenario in real time. To support these simulations, organizations should consider bringing in outside experts who have experience with unpredictable environments, such as those who have served in a war or responded to an earthquake in a region that seldom has them.⁶⁰

For its part, the board needs to be assured that the simulations have been successful in making the various teams familiar with and comfortable in using and executing all crisis management plans, including in response to unknowable crises. Individual board members should consider attending simulations and other exercises—and taking part in them as appropriate—to make sure they are satisfied that everyone is indeed prepared.^{61, 62, 63}

KEY QUESTIONS FOR BOARDS TO CONSIDER

- Does the organization conduct rigorous simulation and other exercises that go well beyond CMS requirements?
- Do simulations incorporate all scenarios identified in the crisis management plans and require participants to practice for all the risks associated with those scenarios?
- Do simulations explicitly stress test the various back-up systems, redundancies, and mitigation plan outlined in the crisis management plan?
- Do simulations use outsiders who try to intentionally disrupt systems?
- Do simulations go beyond identified scenarios to help in preparing for an unknowable crisis?
- Have board members attended simulation exercises and, if so, are they satisfied that they are effective?⁶⁴
- Do the simulations suggest that the organization has an “adaptable” culture?
- Is the organization ready to respond in real time to things that cannot be anticipated?⁶⁵

59 D. Konigsburg, et al., 2019.

60 Interview with Lawrence R. McEvoy, M.D., April 14, 2020.

61 Deloitte, 2015.

62 D. Konigsburg, et al., 2019.

63 S. Klemash, et al., 2018.

64 *Ibid.*

65 Interview with Lawrence R. McEvoy, M.D., April 14, 2020.

Step 3: Making Sure the Board Is Ready for a Crisis

Just like the senior leadership team, boards must be prepared before a crisis hits, not figure it out once one unfolds.⁶⁶ Consequently, crisis management should be on the board's agenda on a regular basis, likely at least several times a year. Boards might also want to consider holding a retreat focused exclusively on assessing the board's preparedness for a crisis, identifying gaps, and addressing them quickly. This section discusses the key questions and issues that boards should address related to their own readiness for a crisis.

The board should discuss its readiness and ability to navigate through a crisis at least several times a year. Consider a half- or full-day retreat on the subject.

Does the Board Have the Right People to Handle a Crisis?

Boards need to be unified; long-standing disagreements or factions tend to surface during a crisis, thus undermining the board's ability to be effective. Consequently, these issues should be discussed and addressed proactively.⁶⁷ In addition, boards should explicitly consider whether they have the right competencies and skill sets around crisis management.⁶⁸ Ideally, having someone on the board who has been



through a crisis before can be helpful, bringing not only knowledge but also poise and confidence under pressure. While crisis experience alone is likely not a reason to select a board member, it is something to consider when screening otherwise qualified candidates.⁶⁹ Similarly, it is useful for boards to have at least some members who are comfortable operating in unpredictable environments and/or who have an entrepreneurial mindset. Both can be quite useful when dealing with totally unforeseen circumstances,

such as the need to procure or produce supplies in an environment where almost none are available.⁷⁰ Finally, boards need access to individuals who have certain skill sets during a crisis, such as public relations/communications, safeguarding risk, and the like.⁷¹ These skills can reside within the board itself, or could potentially be found in a network of outside advisors or through non-director committee members.

66 D. Konigsburg, et al., 2019.

67 D. Temin, 2014.

68 Interview with Anne Murphy, April 9, 2020.

69 Deloitte, 2015.

70 Interview with Lawrence R. McEvoy, M.D., April 14, 2020.

71 Deloitte, 2015.

KEY QUESTIONS FOR BOARDS TO CONSIDER

- Are there factions or disagreements bubbling under the surface within the board? If so, can we discuss those openly and attempt to address them soon?
- Does anyone on the board have experience in a crisis? If not, should we consider bringing on someone with such experience in the future?
- Does anyone on the board have an entrepreneurial, creative mindset that might be helpful dealing with unforeseen circumstances?
- Does the board have access to individuals with skills that are critical during a crisis, including communications and public relations?

Is the Board Prepared to Convene and Function During a Crisis?

The board must be prepared to quickly convene and make decisions during a crisis. Pre-established protocols should spell out how communication will be maintained in the event of various scenarios, such as the temporary inability to meet safely in person or loss of access to power, the Internet, or telephone lines. Boards must make sure that their bylaws and state laws allow for virtual meetings and voting. Typically, state laws allow virtual meetings so long as every participant can hear and participate in interactive decision making. Meetings may be subject to some advance-notification requirements as well, although those potentially can be waived for a special meeting if relevant documents and laws allow.⁷² With not-for-profit organizations that have corporate or individual members, there may be reserve powers that individual members can exercise with respect to meetings, and there may be limitations on proxy voting as well. For example, due to COVID-19, the governor of Massachusetts signed emergency legislation giving additional flexibility to not-for-profit organizations with respect to some of these governance issues.⁷³ Finally, legal experts disagree to some extent as to whether the boards of public hospitals can meet virtually; public hospital boards should seek clarification on this issue before a crisis hits and then plan accordingly.⁷⁴

All board members must understand how to participate in any virtual meeting, be it via video or conference call. Boards should conduct their own training and simulation exercises to make sure that all board members are familiar with established protocols and know how to execute them, including use of any technologies to facilitate communication and decision making.⁷⁵ Many boards will need orientations on how to use virtual meeting software such as Zoom.⁷⁶

With respect to decision making, boards might want to consider whether the bylaws allow for—or should allow for—the executive committee to make decisions on behalf of the entire board in certain well-defined crisis situations, as there may be scenarios where it is difficult or impossible for the full board to come together.⁷⁷ Alternatively, it may be worth considering whether there is any scenario where the CEO would be temporarily granted the authority to make certain types of well-defined decisions that might under normal circumstances require board approval.

72 Interview with Anne Murphy, April 9, 2020.

73 *Ibid.*

74 *Ibid.*

75 S. Klemash, et al., 2018.

76 Interview with Deirdre Baggot, Ph.D., April 15, 2020.

77 Interview with Kimberly A. Russel, FACHE, April 27, 2020.

KEY QUESTIONS FOR BOARDS TO CONSIDER

- Does the board have established protocols for where and how to meet securely in the event of a crisis, including the potential for virtual meetings under various disaster scenarios?⁷⁸
- Does the board have established protocols related to communication and decision making in the event of a crisis?
- Do all protocols comply with all relevant state laws and bylaws, including any reserve powers?
- Are all board members familiar with established protocols? Have all board members received training on how to use any systems or technologies specified in these protocols? Has the board used simulations to make sure they understand?⁷⁹
- Should the board consider defining specific circumstances where the executive committee or the CEO would have defined decision-making authorities normally held by the full board?

Are Board Committees Ready to Handle Crisis Oversight?

While the full board has oversight responsibility for crisis management plans and preparations, one or more relevant committees should conduct closer ongoing oversight. Depending on the size and complexity of the organization, these committees could include the audit, quality assurance, risk management, and/or executive committees.⁸⁰ Boards should decide upfront which committees have oversight responsibilities over which aspects of the organization's crisis management plans and preparations, and make sure that the full board, CEO, and senior leadership team understand these assignments. As part of this preparation, the board should consider the possibility that it will need to play a very active role during a crisis, such as if the CEO is accused of malfeasance and hence must step aside temporarily or permanently. The board should plan for this possibility when defining the various crisis-related roles and responsibilities of individual board members and committees, thus ensuring that critical time is not lost during a crisis.⁸¹

In some cases, it may also make sense to pre-populate a "crisis" committee that could spring into action if needed when a crisis arises. This committee could include directors with certain skill sets such as communications, government relations, finance, or audit.⁸² This committee can also be charged with developing a board-specific crisis response plan and running simulations against it periodically.⁸³

Finally, board committees with oversight responsibility might consider tasking senior executives with a range of scenario-specific modeling exercises related to crisis management and preparation. These models should include the potential financial ramifications for the balance sheet and profit-loss statements. For example, the finance committee will likely want to see models of the ability of the organization

78 S. Klemash, et al., 2018.

79 *Ibid.*

80 Interview with Anne Murphy, April 9, 2020.

81 D. Konigsburg, et al., 2019.

82 Deloitte, 2015.

83 M. Jeffries, et al., 2013.

to withstand significant revenue declines and cost increases, such as the overnight 50%+ drop in revenues and spike in costs seen by many organizations with COVID-19.⁸⁴ Before a crisis hits, this simulation helps the board and senior leaders figure out how much of a financial cushion the organization has and allows for proactive decision-making to increase that buffer by conserving capital and boosting reserves. This analysis can also be used to lay out various actions that may be necessary during a future financial crisis, including the need for furloughs, layoffs, downsizing, or even facility closure.⁸⁵ During the crisis, real-time updates can be used to guide decision making related to tapping into credit lines or reserves and determining when the organization may need to execute any of these actions.

KEY QUESTIONS FOR BOARDS TO CONSIDER

- Has the board clearly defined committee-specific oversight responsibilities with respect to crisis preparation and management?
- Is there a common understanding among management, the board, and board committees about their respective roles and responsibilities during a crisis?⁸⁶
- Has the board prepared for the need to play a highly active role during a crisis, such as in a scenario where the CEO is accused of malfeasance?
- Should the board consider pre-populating members of a “crisis” committee that could be mobilized if necessary, depending on the nature of any crisis that arises?
- Have board committees worked with senior management to conduct and analyze relevant modeling exercises based on various crisis scenarios that might arise?
- Are these modeling exercises adequate or do they need to be stronger, particularly with respect to the organization’s finances and credit rating?
- Do the results of the financial modeling exercises indicate the need for any immediate decisions, such as cost-cutting to boost reserves?
- Do the results of the financial modeling exercises indicate the need to develop a set of potential action items that could be available in the event of future financial distress?

Is the Board Prepared for Potential Crisis-Driven Turnover?

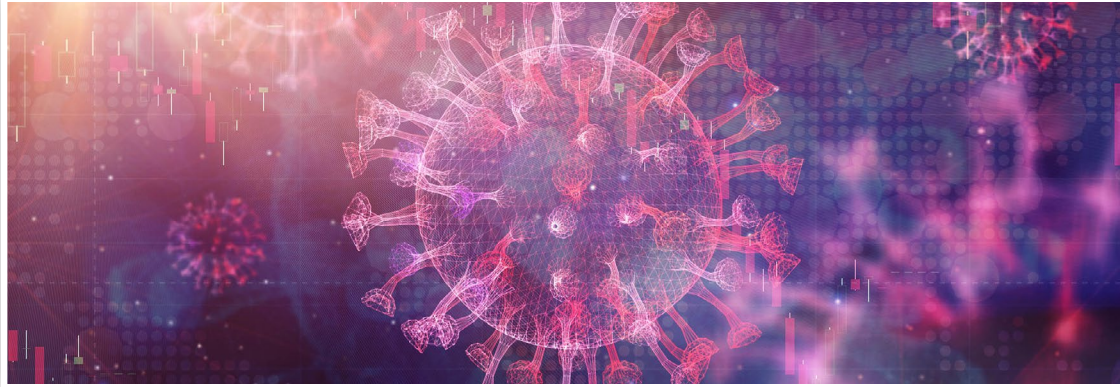
Succession planning is a key part of crisis preparation. Because some crises might involve the CEO and/or other members of senior management (such as alleged wrongdoing) or put them at risk (such as a health pandemic), the board should have a short list of internal and external candidates to take over key leadership roles, including but not limited to the CEO.⁸⁷ The board should also have a ready list of people qualified to join the board, given the potential of a crisis to affect individual board members.

84 N. Donaire, “Leadership during COVID-19: Best Practices for Boards and Executives,” *Diligent Insights*, March 16, 2020. Available at <https://bit.ly/2X5qo00>.

85 A. Murphy, “The Governing Board’s Role in Assessing Possible Closure or Downsizing,” *E-Briefings*, The Governance Institute’s, Vol. 17, No. 3, May 2020.

86 R. Chadha and F. van der Oord, 2020.

87 M. Jeffries, et al., 2013.



The COVID-19 crisis in particular has highlighted the need for boards to prepare for leadership turnover. It has made very real the possibility of losing key leaders, either temporarily or permanently. It has highlighted the potential for board members to be temporarily sidelined due not only to illness, but also due to competing responsibilities. COVID-19 has dramatically affected almost every industry and company, including those where many board members work in their “day jobs.” Consequently, for some organizations, the ability of the full board to remain engaged has been compromised.⁸⁸

At a minimum, boards need to make sure that a robust succession plan exists and, if not, work to develop a deeper bench of executive and board talent. Some of these individuals can potentially be tapped to provide temporary help if key individuals are sidelined or relegated to behind-the-scenes roles during a crisis.⁸⁹ The board’s crisis management plan should also include a periodic review of director and officer indemnity agreements and insurance policies, as out-of-date or missing agreements or policies could be a distraction during a crisis or even leave to unwanted board turnover.⁹⁰

KEY QUESTIONS FOR THE BOARD TO CONSIDER

- Does the board have adequate succession plans in place that consider the potential for multiple board members to be temporarily or permanently unable to serve?
- Are there potential board candidates who could help in a temporary or permanent capacity if necessary?
- Does the board have a deep bench of qualified candidates who could take over senior executive roles within the organization, including but not limited to the CEO?
- Are director and officer indemnity agreements and insurance policies complete and up to date?

88 Interview with Kimberly A. Russel, FACHE, April 27, 2020.

89 Interview with Deirdre Baggot, Ph.D., April 15, 2020.

90 Osler, Hoskin & Harcourt, 2016.



Does the Board Have a Crisis Communication Plan with Senior Executives?

The board must establish clear expectations upfront about communication between senior leaders and the board during a crisis, although the exact timing, frequency, and nature of these communications will undoubtedly need to be more clearly defined once the nature of any crisis becomes clear.⁹¹ These expectations should include guidelines on when senior management should alert the board about potential crises.⁹² In addition, the board and management need to establish communication channels that will be used during a crisis in advance, including alternative vehicles for communication in case regular channels are not available. Planning should consider the possibility that face-to-face communication and regular and mobile telephone might not be available. Back-up systems must be operational and protocols for how to use them understood in advance of any crises.

KEY QUESTIONS FOR BOARDS TO CONSIDER

- Has the board made clear its expectations as to when it should be alerted by the CEO about a potential crisis?
- Do protocols and ground rules exist about information flow to and communication with the board during a crisis (recognizing that the specifics may change depending on the nature of the crisis)?⁹³
- Have the board and senior leaders established channels that will be used to communicate with each other during a crisis, including back-ups in case they are not available?

91 M. Jeffries, et al., 2013.

92 P. Loop, 2017.

93 R. Chadha and F. van der Oord, 2020.

Oversight During a Crisis

In a crisis, when the stakes are high and scrutiny is intense, the board has a unique role. Stepping in may be uncomfortable but stepping aside is not an option.⁹⁴ This section discusses the critical role of the board, both immediately after a crisis becomes apparent and on an ongoing basis as it runs its course.

Immediate Actions

Once the existence of a crisis becomes clear, boards will need to convene as quickly as possible, virtually if necessary, making use of protocols and systems established during the crisis preparation stage. The CEO should likely be part of this meeting unless the crisis relates to his or her alleged malfeasance or that of another senior leader. In the event of malfeasance, the board's first action step will be to consider the need to temporarily or permanently remove the CEO; if that decision is made, the board will also need to decide whether to appoint an interim CEO or have a director step into the role temporarily.^{95, 96}

In addition, the first meeting should establish a special meeting schedule going forward, and assign crisis-related responsibilities, either to existing committees, the pre-populated crisis committee (discussed earlier), or, if deemed appropriate, to a specially formed *ad hoc* committee or workgroup tailored to the specific crisis. The pre-populated crisis committee or special committee will support and oversee management's handling of the crisis, as it should have the ability to meet, respond to issues, and make decisions more quickly than the full board.⁹⁷ Bylaws typically allow for such a committee to have a certain number of non-directors, giving the opportunity to bring in specialized expertise not present on the board (e.g., a public health expert to assist with COVID-19).⁹⁸ If management is implicated or conflicted by a crisis, the board may need to create a committee of independent directors to oversee investigations and make recommendations to the full board on how to proceed.^{99, 100}

This first meeting also provides an opportunity to discuss whether to consult with internal or external expert advisors, choosing from the list developed during the crisis preparation stage. (Decisions to tap additional advisors can be made later during the crisis as well, as events unfold.) In addition, the CEO should inform the board how he or she intends to organize the crisis response team, again generally drawing from the upfront preparation work described earlier. The board should make sure that the CEO seems to be responding in a way that demonstrates the aforementioned traits of effective crisis leadership, including self-awareness of strengths and

94 D. Konigsburg, et al., 2019.

95 Osler, Hoskin & Harcourt, 2016.

96 M. Jeffries, et al., 2013.

97 Osler, Hoskin & Harcourt, 2016.

98 Interview with Anne Murphy, April 9, 2020.

99 Osler, Hoskin & Harcourt, 2016.

100 M. Jeffries, et al., 2013.

weaknesses, making use of a command-center methodology that delegates important tasks to others, and not being negatively affected by ego or a need for control.¹⁰¹

Finally, the board chair and CEO should discuss what role the board should play, if any, in communicating with key constituencies during the crisis. Often the board can and should do some upfront contextual communication with the public, staff, and other key stakeholders, but then leave the rest to the CEO and clinical leaders.¹⁰² In some cases, however, such as a scandal involving the CEO or senior leadership, the board chair may need to take a more active role in addressing key constituencies, including the public, throughout the crisis.

KEY QUESTIONS FOR BOARDS TO CONSIDER

- Is the CEO directly involved in the crisis and hence not able to lead the organization through it? If so, who should take over the CEO's responsibilities?
- Has the board developed an appropriate meeting schedule to oversee the crisis?
- Do all existing committees understand their roles, if any, related to crisis oversight?
- Will the pre-populated crisis committee play a role?
- Is there a need for a special *ad hoc* committee specific to the crisis? If so, who will be on that committee?
- Is there a need to tap internal and external advisors, given the crisis as it is understood today?
- Does the response to the crisis thus far conform with existing crisis management plans and protocols? If not, is there a legitimate reason for the disconnect?
- Does the CEO seem to be exhibiting strong crisis leadership skills?
- What role should the board chair play in terms of communicating with key stakeholders, including the public?

Ongoing Monitoring, Support, and Decision Making Throughout the Crisis

Assuming a formal crisis management plan is in place, the board generally provides oversight and guidance during the crisis, making sure that the established plan is being followed and working effectively. For most crises that do not directly involve the CEO and his or her leadership team, boards let these leaders handle day-to-day responsibilities and try to avoid placing too many demands on their time.¹⁰³ That said, throughout any crisis, boards have a critical responsibility in monitoring and supporting senior leaders and in making quick, thoughtful decisions as necessary.

Regular Communication with and Support of Senior Leadership

As soon as possible after the crisis begins, the board chair will work with the CEO to agree on the frequency and nature of communications between the board and senior management, although this could change over time as the crisis evolves. This

101 Interview with Deirdre Baggot, Ph.D., April 15, 2020.

102 Interview with Lawrence R. McEvoy, M.D., April 14, 2020.

103 Osler, Hoskin & Harcourt, 2016.

plan should build on the work done during the preparation stage, and must allow the board to be informed of and involved in key decision making as appropriate, including those related to patient safety and quality, workforce management, financial stability and liquidity, liability exposure, and legal compliance. It must also allow legal counsel and compliance professionals to be integrated into decision-making processes as appropriate.¹⁰⁴

Regular communications during the crisis allow the board chair and individual board members to not only ask questions, but also provide much-needed guidance and support.¹⁰⁵ Being CEO during a crisis can be quite lonely, and board chairs often play the critical role of sounding board.¹⁰⁶ This role is particularly important during lengthy crises such as COVID-19. Regular communication also allows for honest discussions about what senior management expects from the board and vice versa during the crisis.¹⁰⁷ The most effective conversations will likely be one-on-one or in small groups. These conversations tend to have a different feel than larger conference calls and hence allow for more open and honest feedback and more effective guidance and support from the board. Larger conference calls can become unwieldy and may lead to less-than-full disclosure of information during a crisis.¹⁰⁸

Any communications schedule must not become too burdensome on the CEO. For example, CEOs will generally not have time to call each board member to brief them individually. In many cases, a brief, regular call between the board chair and CEO will suffice, with the frequency varying depending on the nature of the crisis—and even over time with a given crisis. During a fast-moving crisis such as COVID-19, it may not be unreasonable to have brief, daily check-ins between the CEO and board chair.

Along with these regular check-ins, the full board should have timely access to relevant written communications through the board portal. If the portal is not available, back-up communication protocols should be activated, as laid out in crisis management preparations described earlier.

KEY QUESTIONS FOR BOARDS TO CONSIDER

- Do the board and CEO have a mutually acceptable plan for communicating during the crisis?
- Does this plan give the board the information it needs without being too burdensome on the CEO?
- Does this plan allow the board to provide adequate guidance and support to the CEO throughout the crisis?
- Is there a need to change the plan over time, depending on the course of the crisis? If so, when should these changes be considered?

104 A. Murphy, “Healthcare Board Oversight During the COVID-19 Pandemic,” The Governance Institute, April 2020.

105 Osler, Hoskin & Harcourt, 2016.

106 D. Konigsburg, et al., 2019.

107 Deloitte, 2015.

108 Interview with Anne Murphy, April 9, 2020.

Rapid but Effective Decision Making and Documentation

The ability to make decisions quickly becomes critical during a crisis. At the same, boards must make sure that the need for quick action does not undermine the quality of those decisions. Depending on the nature of the crisis in question, boards may need to consider giving CEOs greater authority to make needed decisions, such as CEOs and others needing to exceed approved budgets in order to secure time-sensitive, potentially life-saving supplies during COVID-19. Any additional authority granted should be spelled out clearly and generally be limited in scope.

For any decisions that require board approval, the board must be in a position to convene the full board or relevant committee with very little notice, so that needed decisions can be made and approvals given in a timeframe that does not lead to harmful delay. If the full board cannot convene and make decisions quickly, one option, as discussed earlier, might be to cede power temporarily to the executive committee. Either of these methods can work, but everyone must agree to them and be on the same page. Regardless of approach, the need for regular communication between board leadership and the CEO remains critical. In addition, boards need to be especially cognizant of the need to document decision making during the fast-moving environment that typically surrounds a crisis.¹⁰⁹

During a severe crisis, the full board will have a duty to consider and potentially take actions that might be needed to save the institution from financial ruin. Ideally, these deliberations will be informed by the results of financial simulations run during the crisis preparation stage (and updated as the crisis unfolds) and by pre-approved lists of potential action steps to be considered in the event of financial distress. COVID-19, has forced many hospitals to make the difficult decision to furlough employees. In addition, some hard-hit hospitals—particularly those without ample cash reserves—have had to consider more significant, permanent actions, including downsizing or even closing facilities. Any such decision—particularly downsizing or closure—would have to be a board decision made only after a careful evaluation of all the factors and complexities involved.¹¹⁰

KEY QUESTIONS FOR BOARDS TO CONSIDER

- Does current decision-making authority allow senior leadership to take the actions needed to respond effectively to the crisis in a timely manner?
- Do temporary changes to decision-making authority need to be made to facilitate a more effective response, such as granting additional, limited authority to the CEO or the executive committee?
- Is the board appropriately documenting its decision making during the crisis?
- Does the board need to consider major actions to protect the organization's viability?

109 A. Murphy, April 2020.

110 A. Murphy, May 2020.

Oversight of Senior Leadership Response

To do its job right, the board needs systems in place to understand how well the CEO and senior leadership team are responding during a crisis. They need clear, direct, and honest communication from these leaders, as well as information from other sources, both inside and outside the organization. Boards must compare what senior



leaders are saying about the crisis with what they are seeing in the news and on social media channels and what they are hearing from experts. The board will need to challenge management if it senses a disconnect between the two.¹¹¹

As noted, the culture and natural tendencies of an organization and its leaders will often exhibit themselves during a crisis. Consequently, boards should pay special attention during a crisis, particularly to how the CEO and other senior executives are making decisions and explaining them to key internal and external constituencies.¹¹² Communications should be open and honest about both the good and the bad, as anything less than full disclosure will ultimately be uncovered and lead to a lack of trust.¹¹³ Also as noted, leaders need to be calm, empathetic, “on the ground,” and highly visible, bringing people together.¹¹⁴

“Trust and transparency must increase during a crisis. The focus should be on what we know, what we don’t know, and how we are approaching the crisis. Sometimes the honest answer may be ‘I don’t know,’ and that’s okay. It’s important then that is followed up with, ‘here’s what we’re going to do to find out and keep moving.’”

—Lawrence R. McEvoy, M.D.

KEY QUESTIONS FOR BOARDS TO CONSIDER

- How effectively is the CEO and his or her team responding to the crisis?
- Are they communicating effectively, being fully transparent, and displaying the type of calm, confident, and empathetic leadership style required?
- Are tasks being delegated as envisioned in the crisis preparation plan?
- Are major decisions and actions being taken well-considered and reasonable, given the nature of the crisis?
- Are these decisions and actions being explained clearly to affected stakeholders?

111 P. Loop, 2017.

112 A. Ellison and M. Gamble, “73 hospital leaders in 10 states hit hardest by COVID-19 offer advice to colleagues: If you do nothing else, at least do this,” *Becker’s Hospital Review*, April 16, 2020. Available at: <https://bit.ly/2TIU15g>.

113 Interview with Lawrence R. McEvoy, M.D., April 14, 2020.

114 Interview with Deirdre Baggot, Ph.D., April 15, 2020.

Behind-the-Scenes and Other Support

In addition to acting as a sounding board and/or as mentors to overburdened CEOs, individual board members often can serve best during a crisis by working behind the scenes, leveraging their personal and professional relationships and connections to address key issues and needs.¹¹⁵ For example, with COVID-19, some organizations have benefited greatly from board members tapping into their connections with businesses, non-profit organizations, and local, state, and federal government and agency officials (e.g., mayors, governors) to assist in securing needed equipment, supplies, funds, and other support.¹¹⁶ To assist board members in playing this role, the board chair should regularly communicate with the CEO about any specific needs that may arise as the crisis unfolds, and then quickly relay those needs to the full board with instructions on how they may be able to help.

Depending on the nature of the crisis in question, boards should consider the need to play a more visible support role. For example, board members may want to look for ways to say “thank you” both publicly and privately to those dealing with a crisis. With COVID-19, executive teams and front-line clinicians and staff have stepped up in ways that have no precedent in modern history. Boards have made a huge difference in boosting morale by talking openly about that sacrifice, expressing thanks, and finding other ways to support.¹¹⁷

KEY QUESTIONS FOR THE BOARD TO CONSIDER

- Are the board chair and CEO regularly discussing any new organizational needs and whether and how the board might be able to help address them?
- Is every board member doing everything possible to tap into personal and professional networks to elicit help with this crisis?
- Should the board consider more visible ways of supporting key stakeholders, privately and/or publicly? If so, what type of board-level support would be helpful?

115 D. Konigsburg, et al., 2019.

116 Interview with Deirdre Baggot, Ph.D., April 15, 2020.

117 Interview with Kimberly A. Russel, FACHE, April 27, 2020.

Post-Crisis Assessments and Debriefings

After any crisis, the board needs to work with senior leadership to assess the crisis and figure out what changes, if any, to make going forward. Two key questions should be assessed, as outlined below.

How Well Did Everyone Handle the Crisis?

The first task is to assess how well key stakeholders handled the crisis, including the board itself, the senior leadership team, and the organization as a whole. The goal is to identify problem areas and address them proactively, before they can undermine the response to the next crisis. Much of the work will center on understanding how all the pre-crisis preparation and planning discussed earlier actually performed in the “heat of the battle.”

The review should be broad in nature, probing underlying causes of the crisis, what lasting impact it will have, what can be done to minimize that impact going forward, and what should be done differently by management or the board the next time around.¹¹⁸ The board should be willing to ask difficult questions, including whether any cultural traits exacerbated the situation and, if so, what needs to be done to create a more crisis-ready culture.¹¹⁹ As part of any assessment, the board should closely evaluate information flow and communication with key stakeholders, including how quickly the command center got up and running and how effectively it performed.¹²⁰ For any crisis that also affected other organizations, such as COVID-19, the board should look at how they handled the situation and figure out what, if anything, can be learned from these case studies.¹²¹ If necessary, an independent outsider can be brought in to facilitate discussions, a step that may be necessary if the crisis stemmed directly from the actions of the CEO or senior executive team.¹²²

Any lessons that come out of this assessment should be discussed by the full board and reviewed with senior leaders, who will then generally take charge of making recommended changes, including updates to the crisis preparation and response plan. The board chair will take charge of any needed board-level changes.¹²³

Finally, in some cases, the board and senior leadership may find it necessary to respond to external evaluation of the organization after a crisis, including by regulators. These external stakeholders will likely scrutinize how well-prepared the organization was when the crisis hit, including whether crisis management plans existed, how often and rigorously they were tested via simulation, and how senior management and the board performed during the crisis.¹²⁴

118 Osler, Hoskin & Harcourt, 2016.

119 D. Konigsburg, et al., 2019.

120 *Ibid*

121 *Ibid.*

122 P. Loop, 2017.

123 Osler, Hoskin & Harcourt, 2016.

124 D. Konigsburg, et al., 2019.

KEY QUESTIONS FOR THE BOARD TO CONSIDER

- How well did the organization's crisis management planning and preparation perform during the crisis? What worked well? What didn't and hence needs to be changed?
- How did senior leadership, including the CEO, perform during the crisis? Are there specific areas in need of improvement?
- Is the CEO equipped to handle the next crisis? If not, is a change in leadership warranted?
- Is the board ready to handle the next crisis? If not, what needs to be done to get the board ready?
- How did the organization's culture manifest itself during the crisis? Did the culture help or hurt the organization's ability to navigate the crisis? If so, how?
- Should the board and senior leadership consider actions designed to change aspects of the organization's culture and improve its ability to navigate future crises?
- Is there anything to be learned from how other organizations handled the crisis?

Are Any Major Strategic Changes Needed?

Some crises may call into question fundamental strategies being pursued by an organization. For example, COVID-19 may result in permanent changes to the nature of demand for in-person and virtual care, and in how such care must be provided. After any major crisis, therefore, the board and senior leaders should consider the need for major changes in the strategic and capital plan, particularly with respect to whether specific product or service lines warrant additional investment or downsizing. For example, after COVID-19, some organizations might re-think the relative emphasis on inpatient versus outpatient care and/or in-person versus virtual care. Some products or service lines may require substantial new investment; for example, COVID-19 will likely create the need for investments in infection control (e.g., revamped ventilation systems and room configurations) and telemedicine. Consequently, resources previously earmarked for expansion of some products or service lines may shift to others. Finally, fundraising goals may need to be increased to meet revised capital and operational spending needs.

KEY QUESTIONS FOR THE BOARD TO CONSIDER

- Does the aftermath of the crisis warrant reconsideration of the organization's strategic and capital plans?
- Should the organization increase or decrease proposed resource allocations to certain product or service lines?
- Do proposed capital spending plans need to change?
- Do fundraising plans need to change?