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The Simple Question That Every Board Should Ask Its CEO This Week



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Effective board oversight can sometimes be achieved by asking one basic question. GETTY

Style it any way you want: “*Are we okay? Are we ready? Do you ‘got’ this?*”

No matter the phrasing, the import is the same. Every corporate board, in every industry, should consider asking their CEO this week about the

company's preparedness for the uncertainties of the Delta variance.

Because it is the essence of their duty of care to do so.

For a country, and an economy, that are in "full open" mode, the coronavirus resurgence is as welcome as the proverbial skunk at the picnic. *The pandemic? That's so 2020.* You don't have to like it; you can try to downplay it; but it's hard to ignore the reality of the variant that is rapidly spreading through unvaccinated areas of the country. And that's especially the case with its potential impact on businesses of every stripe, and in every region.

The Biden administration is reported to be "increasingly anxious" about the variant's spread and with the potential that it could spiral out of control in regions with low vaccination rates. Indeed, they're reported to be reviewing models that predict a range varying from a few thousand, to over 200,000 cases per day by the fall, with nearly three times the current number of daily related deaths. And then there's the whole "breakthrough infection" thing. The variant's trajectory is uncertain and its public health, economic and cultural risks concerning. Mixing metaphors, it resembles more of a "red flag" of warning – no one is crying wolf.

And when red flags do arise, the board is expected to respond in kind; not by usurping the role of management but by engaging with management to the extent necessary to assure that an appropriate responsive strategy is being pursued. And, as the Delaware courts have made clear, there can be painful repercussions for boards which ignore red flags.

In the early months of the pandemic, it was appropriate for the board to give wide deference to management in its handling of the crisis. So much was unknown, and there were risks of distracting management by excessive board involvement. That fiduciary model is probably not going to fly now. The infection and economic risks are more established, the science and the public health strategies more clear, the responsive landscape more tested.

So with the Delta variant, the most appropriate form of board engagement might just be that simple question of “Are we prepared?”

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It’s is not a dumb question; it’s not an impertinent question; it’s not an unfair question. For many companies, it’s absolutely the right question the board should ask in context of red flags waving in the Delta wind—and it doesn’t require much elaboration. The attentive CEO will expect the question, and will intuitively respond with an answer that hits the key points that the engaged board will want covered:

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Business Resilience: Will the company’s recovery from the shocks and stresses of the pandemic, and its efforts to adapt and grow from the experience, be harmed?

Strategic Planning: Will specific strategic initiatives implemented by the company be disrupted?

Operations: Will the company's day to day operations, its product development and its supply chain be limited?

Finance: Will access to capital be restricted? Will inflationary pressures increase? Can debt requirements be satisfied?

Staffing: Will job positions at all levels be able to be filled? Can production commitments be satisfied? Can the necessary talent be retained?

Workforce Culture: Must [return-to-workplace](#) plans be revised? Must [vaccination mandates](#) be required? Must workplace safety measures be improved?

Lessons Learned: Are we set to apply the ingenuity, the efficiencies and the "hard knocks" gleaned since the beginning of the pandemic?

In the context of its oversight obligations, the board really needs to know the answers to these questions. That diligence is consistent with longstanding risk oversight positions of the [National Association of Corporate Directors](#). And once so advised, board monitoring becomes much easier. But while the board is in a "must know" position, other corporate constituents (e.g., employees, shareholders, vendors, partners, community constituents) are at least in a "want to know" position—and the CEO's response to the "Are we prepared" question will facilitate an appropriate response to those constituents.

It's a frustrating situation for corporate leaders. At a time when most businesses were aggressively moving forward with long-stalled resiliency measures, they are countered by the equally aggressive Delta variant. "*Just when I thought I was out, they pull me back in.*"

By nature, most boards are reluctant to interfere with management. They are appropriately deferential to the skill and experience of their executive leaders, especially where - like throughout the length of the pandemic - they have been successful corporate stewards. But the Delta variant is coming

faster and harder than predicted - with a concomitant potential to roll back corporate recovery. Given the history of the pandemic, that's a simple concept to understand and, for corporate boards, there's a simple way to respond.

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