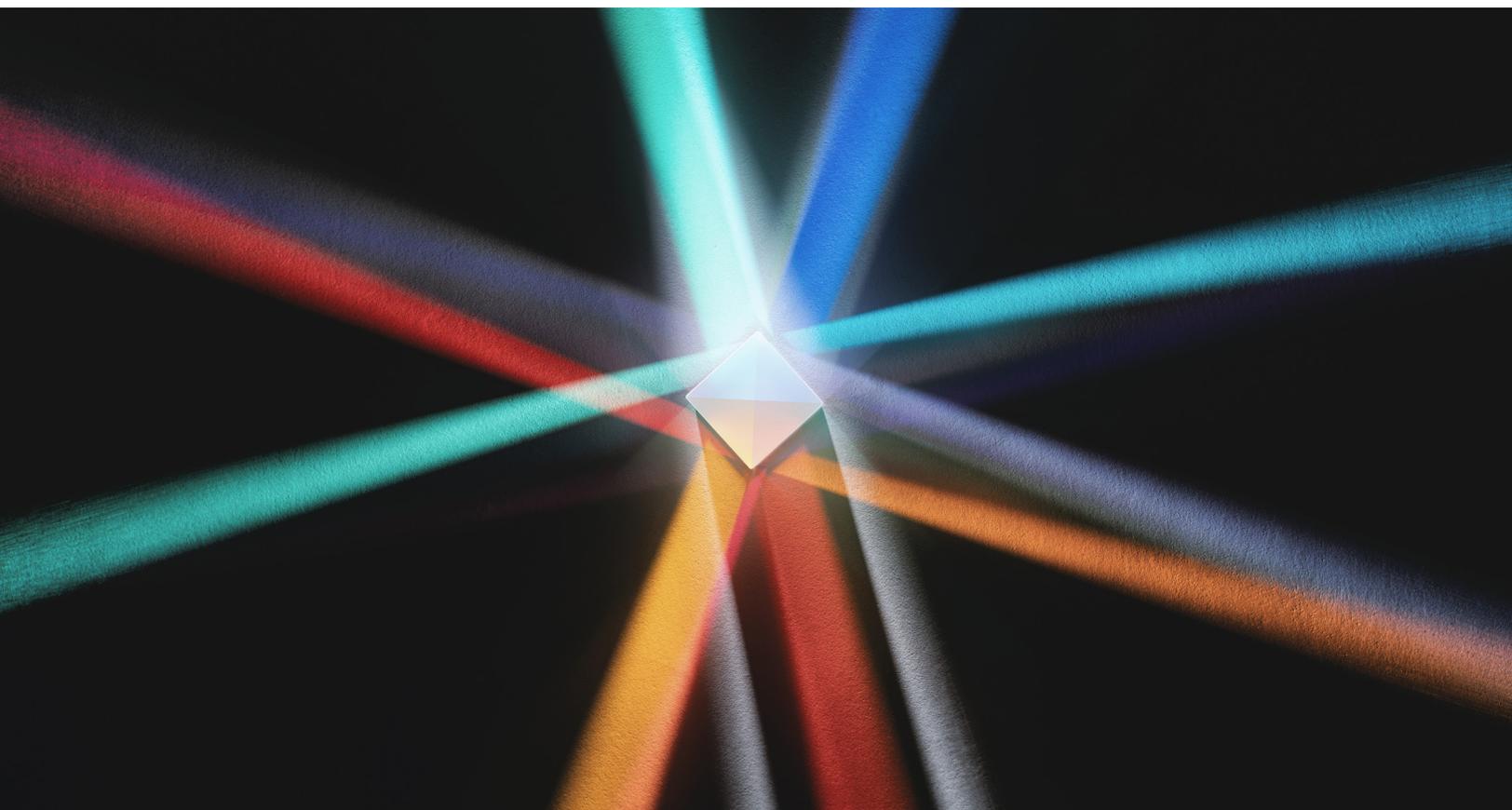


Strategy & Corporate Finance Practice

# The postpandemic board agenda: Redefining corporate resilience

As boards move beyond crisis management, survey results suggest that specific risks and organizational issues are increasingly top of mind.

*by Celia Huber, Frithjof Lund, and Nina Spielmann*



**Faced with a global crisis in 2020**, board directors and executives reported a renewed focus on corporate resilience in our latest McKinsey Global Survey on the board.<sup>1</sup> Now, as boards (and the rest of us) look toward a COVID-19 recovery, the survey responses suggest that in the pandemic's wake, boards—especially those that were quickest to adapt to the crisis—are shifting their attention toward more specific risks and organizational and cultural issues.

When respondents were asked about the topics on their 2020 agendas, corporate resilience made the biggest jump since 2019—perhaps unsurprisingly, in the midst of a global pandemic. In our research, we identified boards that made changes to their structures, processes, and interpersonal dynamics during the pandemic *and* were effective in their overall response to the crisis. These “most adaptable” boards,<sup>2</sup> according to their directors, were more likely than their peers to have resilience on their agendas.

But when asked about this year's agenda, directors at the most adaptable boards suggest that they are moving away from overall resilience as a topic: the share citing it has dropped 20 percentage points.

Instead, survey results indicate that the most adaptable boards will spend more time looking at the types of risks that, experience suggests, can test a company's overall resilience. These respondents not only expect to maintain many of the operational changes they made last year but also expect to focus more than they did in 2020 on three specific issues (Exhibit 1): political risks (up 15 percentage points since 2020), geopolitical and macroeconomic risks (up 19 percentage points), and climate-related risks (up ten percentage points). To tackle this growing set of responsibilities, respondents on the most adaptable boards also plan to spend much more time than peers on their board work this year.

## Boards that were quickest to adapt to the COVID-19 crisis are now focusing more on specific external risks than on corporate resilience overall.

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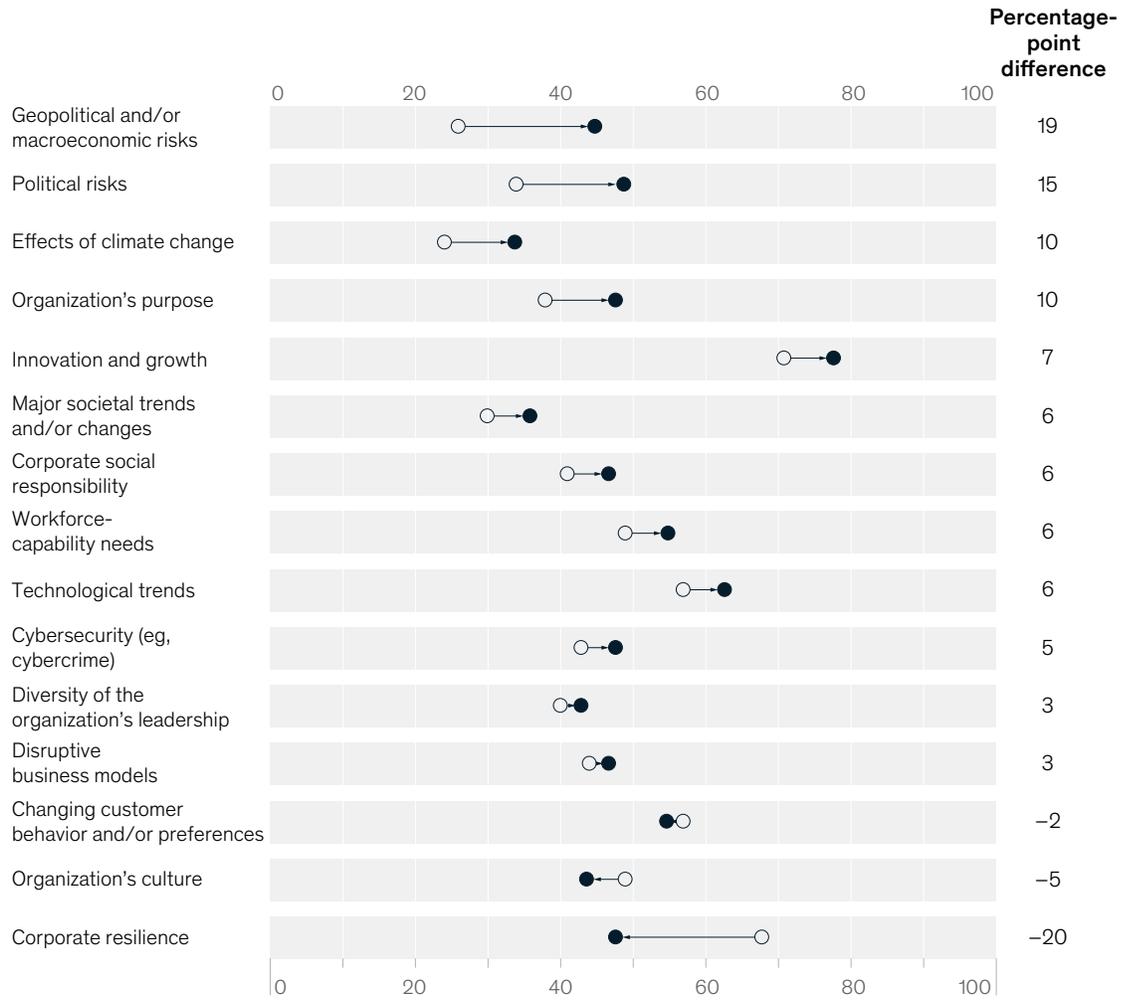
<sup>1</sup> “How boards have risen to the COVID-19 challenge, and what's next,” April 29, 2021, McKinsey.com.

<sup>2</sup> We define “adaptable boards” as those where respondents report at least one structural change, one process change, and one change to collaboration on their boards since the COVID-19 crisis began *and* that their boards have been effective at helping the organization respond to COVID-19; n = 143. This analysis included only board directors and not those respondents who identified as C-level executives and answered on behalf of their own company's board.

Exhibit 1

**Since 2020, the boards that adapted most to the pandemic are increasing their focus on external risks (including climate change) and corporate purpose.**

**% of directors from most adaptable boards<sup>1</sup> reporting topics on the board agenda** 2020 ○ —● 2021



<sup>1</sup> Respondents who reported at least one structural change, one process change, and one change to collaboration on their boards since the COVID-19 crisis began and that their boards have been effective at helping the organization respond to COVID-19 (n = 143). Those who answered "other" or "don't know" are not shown.

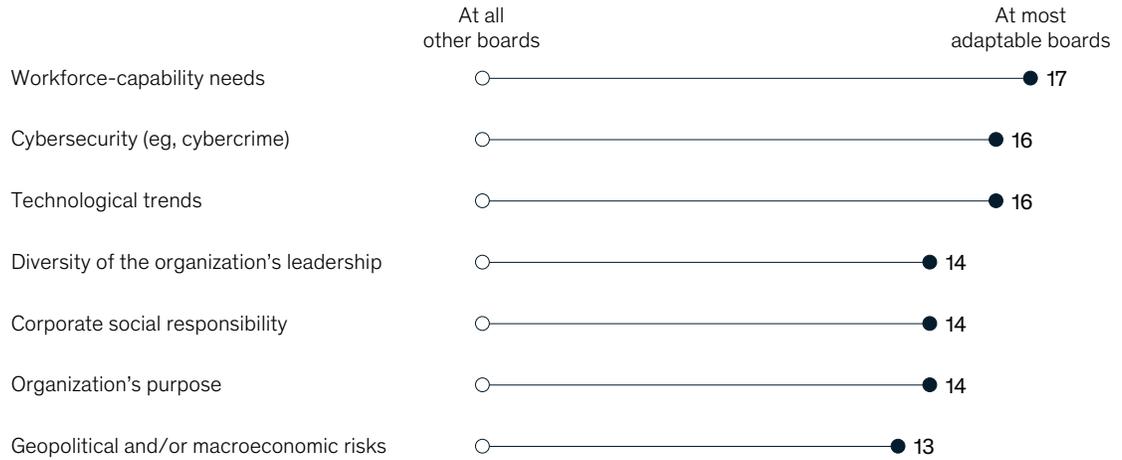
Directors on the most adaptable boards also cite these issues as agenda items more often than their peers (Exhibit 2), along with a range of other topics, among them: technological trends and topics that

are more cultural or organizational in nature, such as corporate social responsibility, the company's purpose, workforce capabilities, and diversity of the leadership teams.

Exhibit 2

## Nearly every topic the survey tested is more likely to be on the agendas of the most adaptable boards, compared with their peers.

**Reported topics on the board agenda,<sup>1</sup> percentage-point difference, directors on most adaptable boards<sup>2</sup> vs others**



<sup>1</sup>Out of 15 topics that were offered as answer choices.

<sup>2</sup>Respondents who reported at least one structural change, one process change, and one change to collaboration on their boards since the COVID-19 crisis began and that their boards have been effective at helping the organization respond to COVID-19; n = 143. For all other respondents, n = 268.

While directors on the most adaptable boards report a greater focus on the areas that will support their organizations' future resilience—and on average cover more agenda topics than other boards—we know from experience that all of these strategic, risk-related, and organizational topics are critical to

a corporation's success and should be discussed by all boards at least once a year. As more and more companies and economies begin to recover from the COVID-19 crisis, now is the time for boards to engage deeply in these issues, support their management teams, and ensure that their organizations remain resilient and competitive through—and beyond—the pandemic.

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