

BOARD MANAGEMENT

Is your Board ready for the next crisis?



On the occasion of an exchange of experiences on the management of the secretariat of the Board of Directors (“BoD”) organized by the International Board Foundation and the Swiss Board School, Dr. Roland Maurhofer, Partner of ELIGENDO AG, presented approaches for BoD management in crisis situations. He reflected on his many years of experience as a board secretary and General Counsel for international groups. The key takeaway: The BoD can and must prepare for corporate crises situations. Different success factors are appropriate depending on the type of crisis.

What is a corporate crisis?

A company can find itself in many types of crises: an extreme, sudden increase in specific types of costs, the loss of a core market, interruption in the supply of critical raw materials, allegations of criminal activity and investigations by authorities, loss of key personnel, etc. What does it take for the BoD to effectively manage these potentially existential threats? Corporate crises can be distinguished

according to a model developed by David A. Nadler as those with internal and external causes, as well as those that develop gradually or abruptly. Depending on the type of crisis, different success factors come into play.

Gradually emerging crises: Gradually emerging crises are difficult to identify because they develop over a longer period of time in combination with weaknesses within the company. A carefully balanced early warning system helps to identify the growing crisis exposure and to initiate countermeasures.

Abruptly emerging crises: Crises that abruptly arise require an efficient situation analysis and rapid action. The decisive factor is in obtaining the most reliable information possible as well as the ability and willingness of key persons to lead. Efficient and reliable (established) communication channels are essential.

Internal crises: Crises originating from inside the company are often difficult to identify because no one may want to see the issue or because of «operational blindness.» They are characteristics of the organization’s corporate culture and its ability to self-reflect.

External crises: External causes of crises are not within the company’s control and can therefore not be averted. The company must grasp them as quickly as possible and take appropriate precautionary measures.

The success factors for managing crises are early recognition, self-reflection, the ability to act, and information and networking of the BoD. At the decisive moment, the availability of suitable data and systems is important, but even more important is to have the right people with the right composition of the BoD team and management team: People make the difference!



Dr. Roland Maurhofer
Partner ELIGENDO AG

ELIGENDO AG
Executive Search
Freigutstrasse 40
CH-8001 Zürich

T +41 43 305 05 20
info@eligendo.ch
www.eligendo.ch