

Corporate Governance . . . Under House Arrest

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Corporate Governance and Business Transactions

Fifth in a Series

By now we are closing in on our I/T certifications in remote apps. We have force-fed ourselves more about *Skype*, *Zoom* and *MS Teams* than we ever hoped or feared, including their wonders, glitches, limitations and workarounds. Our Help Desks gasp for air, deluged by oceans of bone-headed urgent calls. The daily battle rages for bandwidth as multiple *Game Boy* generations (*it isn't just the kids!*) compete with mobilized armies of remote workers with dozens of SaaS apps chugging along in RAM. (“*You are not connected to the internet. Please connect and try again...*”) That’s right, Virginia, not all enjoy fiber optics running through the city at 1000 MPS. One consolation: this did not happen when we were hog-tied to the slave galleys of DSL and CompuServe. *Mamma Mia!*

In prior editions, we summarized certain options for Governance during States of Emergency (SOE). Statutes and judicial rulings provide guidance to navigate SOE’s when bylaws, ministerial requirements and contract provisions need stretching or streamlining. Corporate law and practice favor efficiency and relaxed enforcement of rules by which we govern when the life and health of the company, the State and Nation are on the line during an SOE.

As we use these tools, we do so with our eye on the long-term health of our fiduciary systems. I.O.W. we operate in “emergency mode” and take advantage of the “short-cuts” and temporary accommodations. But we recognize that, equally crucial to survival and SOE agility, are the continuing principles of Governance that support healthy organizations before and after an SOE. Sustainability requires that we enhance the knowledge, competence and loyalty of the board, shareholders, and community stakeholders, *especially now*. We are not the mom with a two-year old who can say, “Just swallow this medicine; it’s good for you.”

The functional conversation between management and the fiduciary cohorts upon which we rely to execute the legal obligations of the board of directors does not stop during an SOE. Rather, it should grow and intensify in a healthy organization. An SOE serves the same function as the stress test during your (*ahem*) annual physical. We learn things about our fiduciary cohorts that surface during times of crisis.

- *Do we have the right people on the board and in management throughout the business?*
- *What skills and competence are evident and are they effectively diverse?*
- *What have we taught to equip them to function?*
- *Have our learning and orientation methods/practices readied us to perform now?*
- *Is the board engaged and working alongside management to demonstrate credibility in existential, painful decisions during crisis, when the unexpected becomes the daily norm?*
- *How will our conversations now affect core Governance systems (e.g., structure, information gathering and sharing, competence, compliance, loyalty, care, trust) once the SOE is past?*

One news source today headed a story with: **Coronavirus kills its first democracy** Yes, we all are well-accustomed to the 24/7 hyper-ventilations from our good friends in the Fourth Estate.

Yet, at the core of the Hungary story lie truly provocative questions. Most essentially: *What will we be when this has passed?* Our organizations are precious. Communities, clients, and workforces place their confidence and trust in us. Let us not morph into Hungary as we battle CV-19's grip on our daily lives.

Yours for Better Governance

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