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After the Riot Condemnations, How Boards ‘Step Up’

By [Amanda Gerut](#) January 8, 2021

Following this week’s breach of the U.S. Capitol by pro-**Trump** rioters that saw legislators bar their doors and police officers draw firearms inside the House chamber, companies and CEOs quickly got the word out to the employees and stakeholders that such violent behavior was intolerable and abhorrent.

Now that the communications have been tweeted, posted and e-mailed, however, the work doesn’t stop there.

Boards will now be tasked with overseeing even more distracted, politically divided workforces and companies’ efforts to assure employees’ physical and psychological safety. In addition, boards will have to ensure that corporate culture is flexible enough to adapt to the increasingly urgent operational and geopolitical risks that could emerge over the next two weeks and thereafter.

Already, former government officials and other experts have issued explicit warnings about other possible disruptions and violence in the days leading to President-Elect **Joe Biden**’s inauguration later this month, and the events this week have made plain the shocking ineffectiveness and inefficiencies at the federal level.

For boards, these events should ring alarm bells, sources say.

The “violent assault on our Capitol, an effort to subjugate American democracy by mob rule, was fomented by Mr. Trump,” said former Secretary of Defense **James Mattis**, who now serves on the board of **General Dynamics** and previously served on the board of Theranos. “His use of the Presidency to destroy trust in our election and to poison our respect for fellow citizens has been enabled by pseudo political leaders whose names will live in infamy as profiles in cowardice.”

Indeed, the underpinnings that allow for sustainable business results, including strong communities, democratic rights and institutions, and economic recovery and stability, must be rebuilt and bolstered, says **Paula Stern**, former chairwoman of the U.S. International Trade Commission, an international advisory board member of Swiss-French cement giant **LafargeHolcim** and a former board member at **Avon Products**, **Hasbro**, **Rent-A-Center**, **Infinity Broadcasting**, **Neiman Marcus** and others.

“Condemnation is not enough,” Stern says. “The weakness of political institutions under the Trump administration requires business leaders to really step up.”

With the president still in office, corporate leaders can’t just be reactive, says Stern. They have to take steps to proactively start rebuilding trust in institutions.

“What we are seeing are fascists,” she explains. “But the wolf is not at the door, the wolf is inside the Capitol and came through the window.”

Stern compares 2021 to the post World War II era in which business and political leaders in the U.S. and Europe coalesced in support of the Marshall Plan, which provided financial aid and led to normalization in Europe following devastation caused by the war. “This is a moment in which the recovery from a worsening health pandemic here at home and a rotten White House led by a psychologically disturbed president requires more than condemnation,” she says.

In terms of risk, the concerns for companies could be wide-ranging, says **Cathy Allen**, founder and chairman of third-party risk firm **The Santa Fe Group** and a director on the boards of **CRI Advantage**, **RiskSense** and **Belief Agency**. The physical breach of the U.S. Capitol sends a glaringly overt signal to adversaries that it’s easy to get inside the Capitol and gain access to senior members of Congress, she says, and follows the widespread SolarWinds cyber attack revealed in December that appears to have penetrated various government agencies and companies. The unrest this week also called greater attention to the fact that the U.S. currently has a sitting president “who doesn’t act normally,” Allen says.

“What happened yesterday was absolutely domestic terrorism and insurrection,” she says, “and it was promoted by a sitting president.”

Therefore, the events this week in Washington, D.C., should be on boards’ radar in several ways, according to Allen. Because it happened in the U.S. rather than, for instance, shaky democracies in the developing world, the way boards typically think about geopolitical risk should be viewed through a slightly different lens. The committee tasked with overseeing risk or the full board, depending on how directors organize themselves, should ensure the company is aware of the potential impact to vendors, clients, employees and the broader organization. Secondly, the board should ensure the company is aware of how geopolitical risk could impact standing operational risk heat maps. Board members should consider potential harm to employees and the organization’s ability to function as a business when there is significant and increasing political unrest.

“To have this happen in our own country is astonishing,” says Allen. “These are extraordinary times, and boards have to be paying attention.”

Reputational risk should also be considered, she says. Videos posted to social media showing those who participated in or who potentially funded the insurrectionist effort to halt the government from certifying **Biden**’s election win could have cascading effects on companies. Consumers and potential new employee talent could shun companies seen as helping to support the defrauding of the election or President Trump’s efforts to sow chaos and disrupt government functioning.

“People are choosing to support companies that support their own ideology and mission and reject those that don’t,” says Allen.

Furthermore, boards have to ensure that employees and supervisors at all levels are ensuring compliance with policies that require mutual respect, diversity and inclusion and the eschewing of unconscious biases, she adds. “The board has to set the tone at the top,” says Allen. “So the worst thing, I think, is to totally ignore this and act as if nothing has happened. But the board is also in a delicate position because within a company you may have people who side with what happened [this week] and think they were being patriots.”

In addition to setting a tone of mutual respect, boards will also need to double down on their efforts to meaningfully oversee people and culture as seriously as they oversee audit and C-suite compensation, notes **Rita Meyerson**, an organization expert, executive coach and an adjunct professor at **George Washington University**.

Meyerson suggests that boards augment their work in the compensation committee with a broader focus on people and culture so that directors can keep a pulse on specific goals meant to help a company move forward in various areas related to consistent performance and behaviors and diversity, equity and inclusion. “Whether it’s leadership values, culture — a sense of ‘this is how we operate’ — then that needs to be embedded into the performance management and total rewards systems,” she says.

Similarly, Stern suggests that board members think about how much time they spend on compensation discussions versus how much time they think about employees below the C-suite and those who earn hourly wages and may be parents or serve as caregivers to relatives. Stern says corporate responsibility has largely been divorced from community responsibility and it has created an “exploding situation” in light of the current public health crisis, which has now been layered on top of other crises.

As government institutions have shrunk — setting aside the areas of defense and intelligence — Stern says there have been vacuums revealed that previously helped to address the health and well-being of the country. In order to help bridge the gap, Stern suggests that boards and businesses review actions they can take in their communities or where they have nationwide reach to try to address basic needs. For instance, areas that have poor internet connectivity will have a more difficult time vaccinating residents who need to make appointments by phone or e-mail. Pharmaceutical companies did their part in developing vaccines, she says, but a more comprehensive response is needed in order to get people vaccinated. That means the response necessarily includes telecom companies, internet providers and other infrastructure businesses, she says. The national health and economic crises require a more comprehensive response from businesses, including buy-in from the CEO and the board, says Stern.

Meyerson adds that employees are likely scared and will need constant and consistent communication, similar to the way companies rose to the occasion when the pandemic began in earnest in the U.S. last year. If a CEO says that the behavior that was seen this week won’t be tolerated, “what does that mean to a cashier or pharmacist? How are they going to feel safe?” says Meyerson.

The events that played out this week have a tendency to create the need for more of what Meyerson calls psychological safety. Providing that safety also requires empathy and compassion and a humanistic style of leadership that respects individual circumstances facing employees, executives and even board members. Modeling a humanistic leadership style by the board to the CEO can help send the message to managers to be respectful, compassionate and empathetic — without its being seen as a business weakness.

“Leadership matters,” says Meyerson. “Culture comes from the top, especially during a crisis.”

Still, Allen says she is optimistic based on the swift reactions from businesses and industry groups in making a plea for reasonableness and decency.

“The new administration will have responsible adults who are reasonable,” says Allen. “And I think the business community is going to need to step up — and are stepping up.”

Indeed, Mattis, in his statement, notes that the U.S. will overcome the unrest of the past week.

“Our Constitution and our Republic will overcome this stain and We the People will come together again in our never-ending effort to form a more perfect Union, while Mr. Trump will deservedly be left a man without a country.”

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