

# Beyond #MeToo – The Board’s Role in Crisis Management and Event-Driven Litigation

## 1. Culture is the new risk.

2018, for the first time, saw more CEOs forced out for ethical lapses than any other reason, including poor financial performance. #MeToo catapulted ethics issues to the fore of crisis management, but now the range of cultural issues giving rise to crisis communications has expanded dramatically.

## 2. Crisis management has changed.

Shift from event-driven response to holistic review of a company’s culture and compliance environment. Now, the question is: what is the cultural rift or compliance failure that caused this divide?

## 3. Getting ahead of the problem involves identifying reputational risk in a much more culturally-fraught environment.

Reputational risk: the gap between a company’s stated values and its behaviors. This gap especially motivates employees (who may protest in a variety of public ways) and customers (who protest where it hurts the most immediately).

## 4. Boards need to develop criteria for assessing whether there is a gap between a company’s stated values and its behaviors.

Goal: early alert system and a value-driven culture. Values should have behaviors attached to them and those behaviors should be monitored.

## 5. Boards need to develop criteria for assessing compliance risks.

This starts with a robust enterprise risk management analysis, and metrics to ensure those risks are being addressed.

## 6. Today’s boards need to own cultural/compliance decisions jointly with management.

With more tenure in the boardroom than the C-suite, non-executive directors have to insist that management develop the right corporate culture and the leaders required to support the longer-term sustainability of the company.

## 7. Diversity in the boardroom helps spot cultural/compliance gaps.

A more diverse board can identify reputational blind spots. Companies with diverse boards tend to have fewer governance-related controversies.

**8. Prompt and direct response to crisis is required.**

Stakeholders expect straightforward and prompt communication about misconduct allegations. The Court of Public Opinion is usually far more immediate and powerful than judicial courts, and must be addressed even when facts are unclear.

**9. A well-defined culture can provide a framework for responding to crisis.**

Carefully consider public announcement of risk assessment review and/or investigations into the issues. Tie communications to company's values and adhesion to same. There should be no compromise from company values.

**10. Be prepared and coordinated.**

Create an Incident Response Plan *now*. Find public relations and legal advisers. You won't know the exact nature of the crisis ahead of time, but you *can* decide who should be in the room as decision-makers, and who should lead the communications strategy.