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Press release

Knicht Gianella Board Survey 2020

Boards feel Covid stress: business models and customer relations put to the test

- **Boards of directors and executive committees are under great pressure to master the Covid-19 crisis and act strategically.**
- **According to the survey, Covid-19 has greatly accelerated the digitalization of customer processes and internal processes.**
- **Surveyed board members anticipate a further change in customer behavior and a further increase in video conferencing.**
- **Digitalization is no longer an isolated, specialist issue; it is now an integrated component of corporate strategy.**
- **20 percent of surveyed companies counted themselves as losers from the crisis, 15 percent as winners. For the rest it was a mixed picture.**
- **For 86 percent of board members, “purpose” – i.e. a meaningful reason for the company’s existence – is a prerequisite for growth and profit.**

Zurich, November 27, 2020 - The seventh survey of board members commissioned by Swiss executive search firm Knicht Gianella and conducted by IMD (International Institute for Management Development in Lausanne) under the leadership of Prof. Stefan Michel, shows that boards are less concerned about political themes than they were last year. The main focus now is on dealing with the Covid crisis and the implications this has for business models and corporate strategies.

229 directors who sit on the boards of 826 listed and large unlisted companies in Switzerland took part in the survey. With a response rate of 33 percent of the 736 directors contacted, and with proportion of women at 23 percent, which matches the proportion in the overall cohort, the results are representative.

Sandro V. Gianella explains: “A year ago, board members were most concerned about developments on the national and international stage. Today, the effects of Covid-19 are the dominant theme. The consequences of the pandemic at the operational and strategic level overshadow every discussion. Dealing with the crisis, lessons learned from the rapid change processes and the need to adapt business models are major themes.”

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More than 80 percent of surveyed board members believe that the Covid-19 crisis has accelerated the digitalization of customer processes and internal processes.

55 percent of boards gave operational support to their companies' executive committees during the crisis. A third of companies used the crisis as an opportunity to discuss restructuring. An initial summary of business impact suggests that 20 percent of surveyed companies can be viewed as losers from the crisis and 15 percent as winners. For the rest, the net impact is mixed or unclear. A majority of 63 percent of companies introduced short-time working, but only 8 percent have laid people off.

Dividend policy has also been affected by the crisis. 25 percent of surveyed companies paid no dividend for financial 2019; 5 percent cancelled bonus payments, and 19 percent reduced the level of bonuses.

Sandro V. Gianella explains: "The Covid crisis has made the business environment more volatile and uncertain – which has made corporate management and control more complicated. Because of this, many companies want to be more agile; i.e. to work more flexibly, show more initiative, be faster and more adaptable." 97 percent of those surveyed said that nowadays agility is a strategic competitive factor. For 66 percent of them, rigid annual budgets are increasingly inappropriate in the current environment. A third of companies regard the Covid-19 crisis as a powerful catalyst for agility.

Board members believe that the effects of the Covid-19 crisis will continue to be felt in future. For example, 72 percent believe that boards will spend time in future discussing new customer behaviours in detail. Video conferences will become more important in future, according to 86 percent of those surveyed.

The second important issue for board members is, once again, digitalization. This is no longer seen as a separate new challenge for CEOs and boards of directors. It is rarely treated as a special issue any more, but is part of corporate strategy. Digitalization and its consequences, including digital transformation and cyber-security, are not as urgent as they were. Over the last three years, the percentage of respondents who regard the subject as urgent has fallen from 51 to 32.

Board members are still required to know a lot about digitalization, and cyber-risks remain high, but the percentage of respondents who feel that this requirement is "very much higher" has fallen to 46 percent from 56 percent a year ago.

Increasing numbers of employees and managers are asking about the meaningfulness of their own and their company's actions – i.e. about their "purpose". As well as generating profits and securing jobs, a company also needs to have a meaningful function. For 86 percent of surveyed board members, "purpose" is a prerequisite for growth and profitability, and also influences the

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promise made to customers. However, only 49 percent of the boards surveyed regularly discuss purpose.

Corporate Social Responsibility (CSR) activities play an important role according to the survey, especially for employee recruitment and for avoiding reputational damage. 51 percent of those surveyed stated that their companies intend to invest substantially in CSR over the next three years.

Boards themselves will face changes in the years to come. The old age of board members remains an important topic. According to [Knight Gianella's board survey](#), the most heavily represented age-group on Swiss boards is the 50 to 59-year-old cohort, which accounts for 42 percent of the total. Under-50 year-olds account for 15 per cent. The percentage of women on the boards of represented companies has risen slightly from 24 percent to 26 percent. 34 percent of them are under 50, compared with only 9 percent of male board members. Women heavily outweigh men in the under-50 group. Fabienne E. Meier, a partner at Knight Gianella, says: "Investments in promoting female managers at executive committee and board level are bearing fruit. This is promising for the future."

You can find the survey results at

<http://www.knightgianella.ch/verwaltungsrats-umfrage/>

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About Knight Gianella

The executive search consulting firm Knight Gianella focuses on the national and international direct search for executives and provides advice on filling key positions in management and on boards of directors. Founded in 1965 as a member of a US consultancy group, since the mid-nineties Knight Gianella has been an independent, Swiss thinking and acting partnership with a boutique character. Knight Gianella is often consulted for specific succession plans and new appointments where the process is sensitive. The success rate in recent years is 98 percent, repeat business over 70 percent. Over the last years, the two partners Sandro V. Gianella and Stephan Reifferscheid have successfully and sustainably filled approximately thirty positions at top management and board of director's level. Dr. Fabienne E. Meier has been a partner of Knight Gianella since September 2020.