Insights from Devin DeCiantis April 28th, 2020

• What has attracted your attention since the beginning of the crisis?

I've been struck by the polarity of most of the media and research coverage -- on the one hand dire warnings, human suffering and economic collapse, and on the other hand hopeful optimism and an embrace of stakeholder capitalism. I am actually drawn for different reasons to both ends of the spectrum. On the downside, I am still not convinced that enough of humanity is tracking that this condition of either full or partial lockdown will likely persist through the end of the year. This is despite the fact that there is plenty of evidence to suggest that until we develop herd immunity, or a vaccine, or get MUCH better at testing and tracing, COVID-19 will continue to spread with a vengeance every time social distancing rules are relaxed. On the upside, I am quite encouraged by how quickly innovators are racing to adapt to these new patterns of consumer behavior, but even more importantly, how private enterprise is being challenged to place purpose before profits. Enterprising families will need a healthy balance of each of these perspectives not only to survive the crisis but also to thrive once conditions begin to normalize.

• What do you think is foremost in the minds of family enterprises at the moment?

Many of the families we advise are still working through the first phase of their crisis response -- assessing the full extent of their exposure; making tough decisions about how to allocate scarce resources between talent, investments and dividends; communicating effectively with owners; and taking the opportunity to educate and engage the owners. In contrast, those operating in industries which more directly benefit from evolving consumer patterns (e.g. essential services like grocery chains, pharmacies, medical manufacturers, FMCGs, digital platforms, logistics and last-mile delivery, environmental services, etc.) are focusing on innovation, in this case out of necessity given a rapid increase in demand for their goods and services. That said, even these companies are feeling vulnerable to disruption -- now more than ever given their elevated roles as "essential services."

• Are you aware of family enterprises having put into place emergency measures with respect to the pandemic?

Many are reviewing dividend policies in light of strained cash flow conditions. Others are tightening the relationship between the Board and Senior management, though they also recognize that managers need to focus on Crisis *Management* while the Board, CEO and Family Council Chair focus on Crisis *Leadership*. Our expectation is that the most substantial changes to governance structures will likely take place *after* the crisis subsides -- during post-mortem reviews of the crisis response. We also expect family enterprise risk management (FERM) programs will become far more common in the years ahead, after their emergence in the wake of the Global Financial Crisis over a decade ago.

• Have you got a sense of how family enterprises are preparing for the post-pandemic era?

Right now, given that we're still in the early innings of this pandemic, the focus is appropriately on damage control. However, once organizations feel out the "bottom" and begin to regain their strategic footing, conversations among leadership teams and at the Board should first turn toward coping strategies to endure what is likely to be a prolonged 12-18 months of transitional uncertainty. Additionally, some attention needs to be paid to the post-COVID world, and we are already beginning to work with families to seed possibilities, though many are finding it difficult to conceptualize the future when there is limited visibility beyond the next few months. Interestingly, based on our research, this experience of strategic myopia is quite common in emerging and frontier markets, where unstable conditions are the rule rather than the exception.