

ICD Director Lens COVID-19 Survey Spring 2020

April 2020

ENVIRONICS
RESEARCH

Executive Summary

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1 Confidence in the Organization Regaining Strength

Almost all directors are confident that their organization will regain its strength in 2021.

2 Biggest Challenges for the Organizations

Verbatim comments show that top challenges facing their organizations include maintaining the health and safety of employees, continuing costs with falling revenue, cashflow shortfall, maintaining operations, and loss of donations.

3 Crisis Response Plan

Three-quarters of directors (74%) say their boards already had a crisis response plan in place prior to the COVID-19 and almost all of those who say their boards had a plan think that it has been effective.

4 Effectiveness of the Federal and Provincial aid packages

Nearly two-thirds (63%) think they will benefit from the federal and provincial aid packages, with two in ten (18%) expecting to receive it.

5 Expected Timeline for the Organization and the Canadian Economy to Recover

A majority of directors think the Canadian economy will take a longer time (more than a year) to recover than their organizations once this crisis has passed.

According to verbatim comments, top reasons for being optimistic include strong risk mitigation planning, managing expenses and cashflow carefully, good long-term planning, constant attention to day to day operations, the experience of management team, and being essential businesses. They are also more likely to think that the impact of a pandemic on their organization is more easily managed than the long-term impact on the economy.

6 Canada's Expected Recovery Compared to the Other OECD Countries

One-third of directors (34%) think Canada is in a better position compared to the other OECD countries to recover quickly, while two-fifths (40%) think it is neither in a better nor in a worse position to recover quickly. One-fifth of directors (20%), on the other hand, think Canada is in a worse position to recover quickly than other OECD countries.

Those who are optimistic about Canada's recovery are more likely to say government leaders acting promptly in implementing public health guidelines, Canada's strong banking system, and fiscal stimulus will keep the economy from crashing and will help it recover faster than the other OECD countries.

Those who do not expect Canada to recover faster than the other OECD countries are more likely to say Canada's large exposure to international trade, especially with the US, and over-dependence on its natural resources, particularly oil and gas, will make it difficult for Canada to recover faster.

7 **Concerns around COVID-19 Crisis**

Overall, a majority of Canadian directors express concern about the impact of COVID-19 on the Canadian economy. The top three concerns a significant number of business bankruptcies, Canadian charities & NFP organizations facing a significant reduction in donations, and a recession that could last one year or more.

8 **Expected Innovations**

Directors identified several innovations they saw coming out this crisis. We've identified them into three broad categories: technology, process and culture

Methodology



Methodology

Method

Institute of Corporate Directors commissioned Environics Research to oversee an online survey of its membership.

Field Dates

The survey was fielded between April 8 – April 24, 2020. After an initial deployment, two reminder notices were sent.

Response Rates

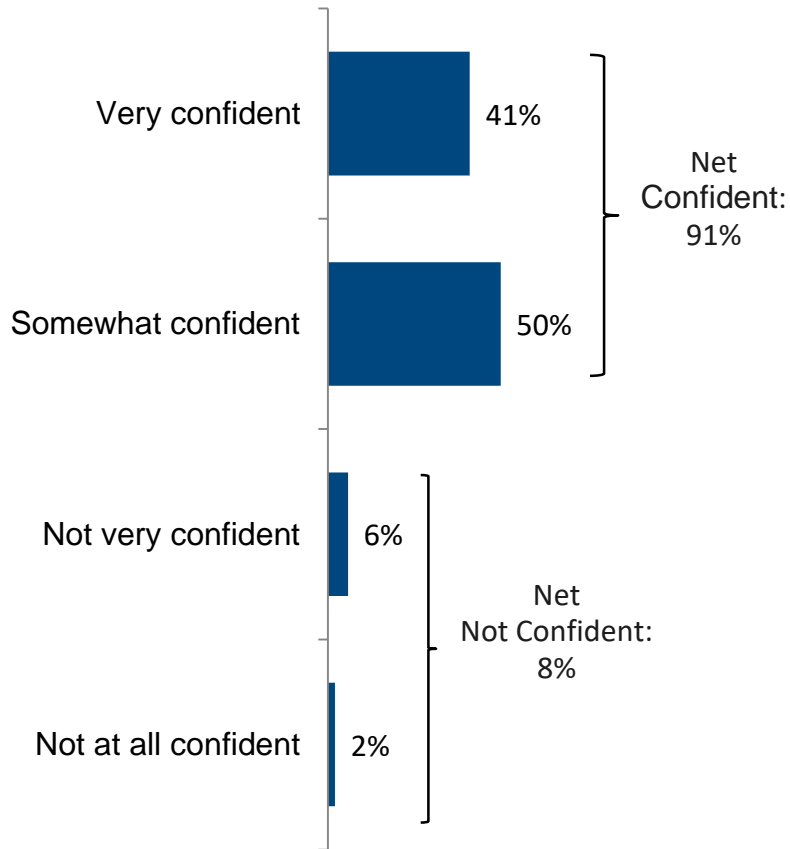
Email invitations with unique URLs were sent to a database of 14,512 ICD members.

A total of 693 responded to the invitation, yielding a response rate of 4.8% overall. A sample of this size produces results that can be considered accurate to within +/- 3.6 percentage points, 19 times out of 20. Data have been weighted to reflect member type distributions.

Challenges and Opportunities for Boards



Confidence in the Organization Regaining Strength



Findings:

- Almost all directors (91%) are confident that their organization will regain its strength in 2021, split between 41 percent who are very confident and 50 percent who are somewhat confident.
- Just under one in ten (8%) say they are not confident.

Q: How confident are you that your organization can regain its strength in 2021?

Biggest Challenges for the Organizations

“Biggest challenge will be how long the recovery will take depending when we get back to some kind of normalcy.”

“Balancing employee health and safety with the needs of customers and balancing the resource levels, personnel and monetary expense, with declining revenues.”

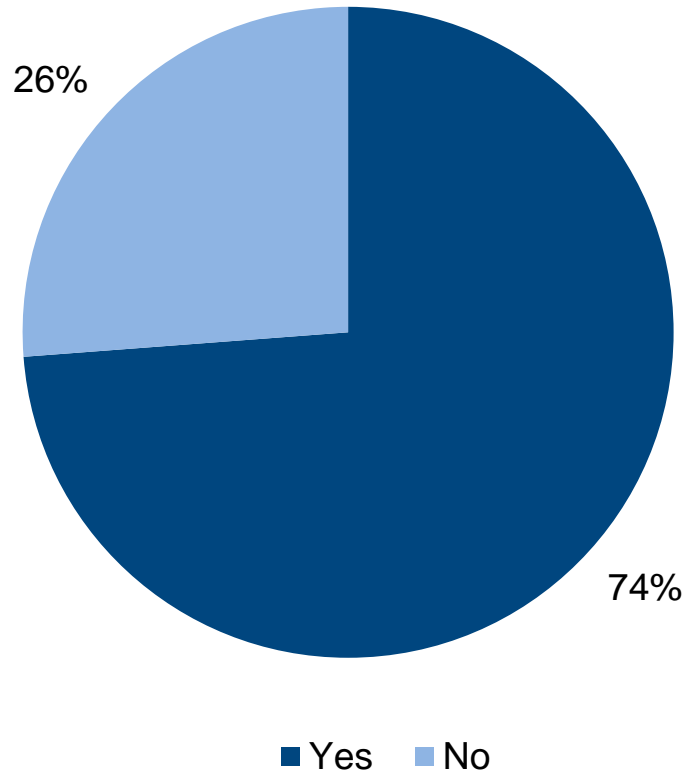
“Continuing costs with zero revenue - steps necessary to resume some degree of 'normal' operations...Covid-19 cost increases due to health concerns in an operational world.”

“Getting people to come to our community charity events. Large groups are not allowed at the moment so how well will they work when allowed in the future?”

“Maintaining trust from all stakeholders in our safety measures and that of our suppliers and customer interfacing units will continue to be robust and continually assessed post-COVID”

Q: What will be the biggest challenge your organization will face over the coming weeks and months as a result of the COVID-19 crisis?

Crisis Response Plan

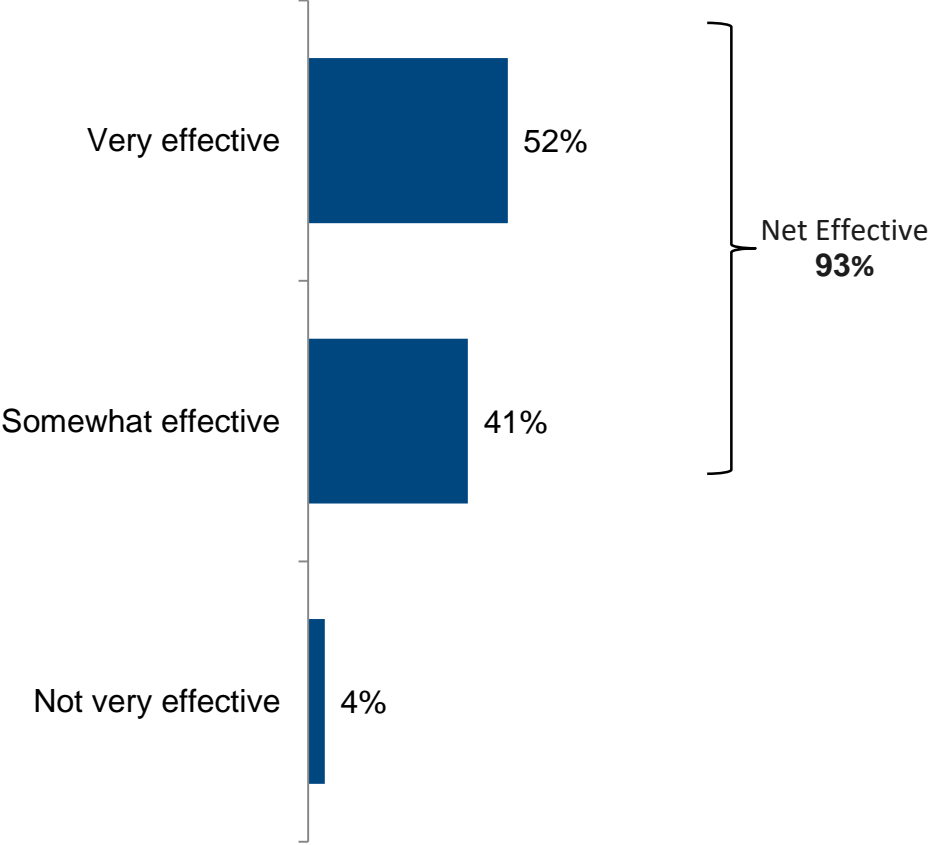


Findings:

- Three quarters of directors (74%) say their boards already had a crisis response plan in place prior to the COVID-19.
- A quarter (26%) say they did not have a crisis response plan in place.

Q: Prior to COVID-19, did your board already have a crisis response plan in place?

Effectiveness of the Organizations' Crisis Response Plan

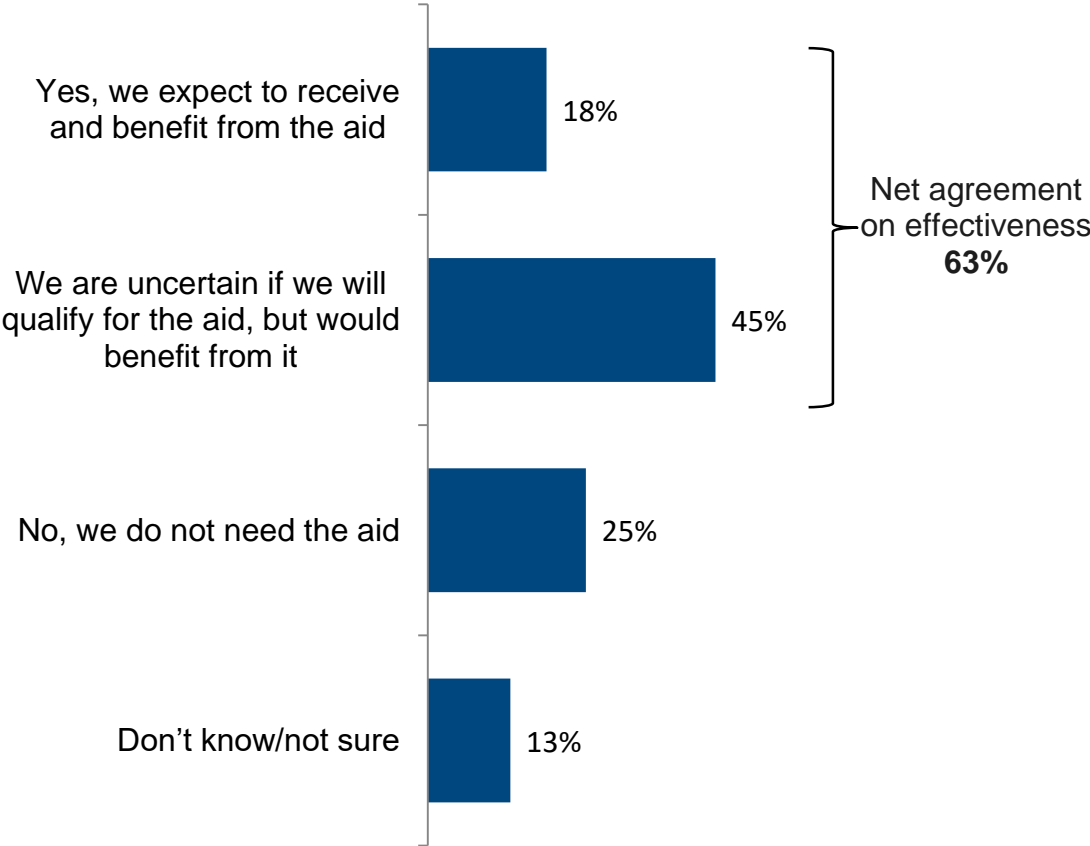


Findings:

- Almost all of those (93%) who say their boards already had a crisis response plan in place think that the plan has been effective, split between 52 percent who say it has been very effective and 41 percent who say it has been somewhat effective.
- Only 4 percent say it has not been very effective.

Q: How effective was your organization's crisis response plan in helping it manage through the crisis?

Effectiveness of the Federal and Provincial aid packages



Findings:

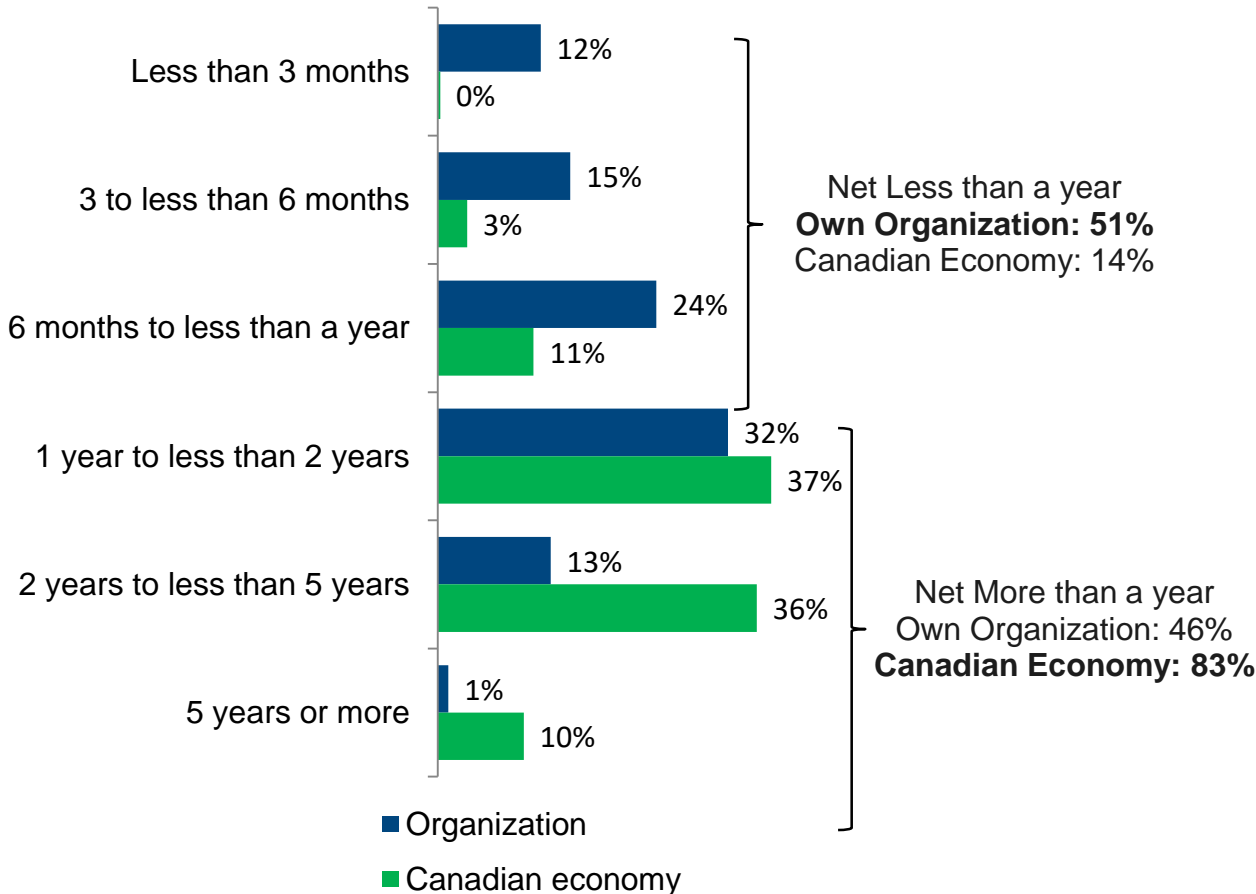
- Nearly two-thirds (63%) think they will benefit from the federal and provincial aid packages, with two in ten (18%) expecting to receive aid and over four in ten (45%) being uncertain about their qualifications to receive it.
- However, a quarter (25%) say they do not need the aid, while over one in ten (13%) say they do not know or are not sure.

Q: Are federal and provincial aid packages sufficient to help your organization over the coming weeks and months?

Challenges and Opportunities for Canada



Expected Timeline for the Organization and the Canadian Economy to Recover



Findings:

- Half of directors (51%) say they expect their organization to recover in less than a year, while over eight in ten (83%) think it will take more than a year for the Canadian economy to recover.
- A majority of directors think the Canadian economy will take a longer time (more than a year) to recover than their own organizations once the crisis has passed.

Q: How long do you expect will it take your organization and for the Canadian economy to recover once this crisis has passed?

Reasons for the Organizations to Recover Faster than the Canadian Economy

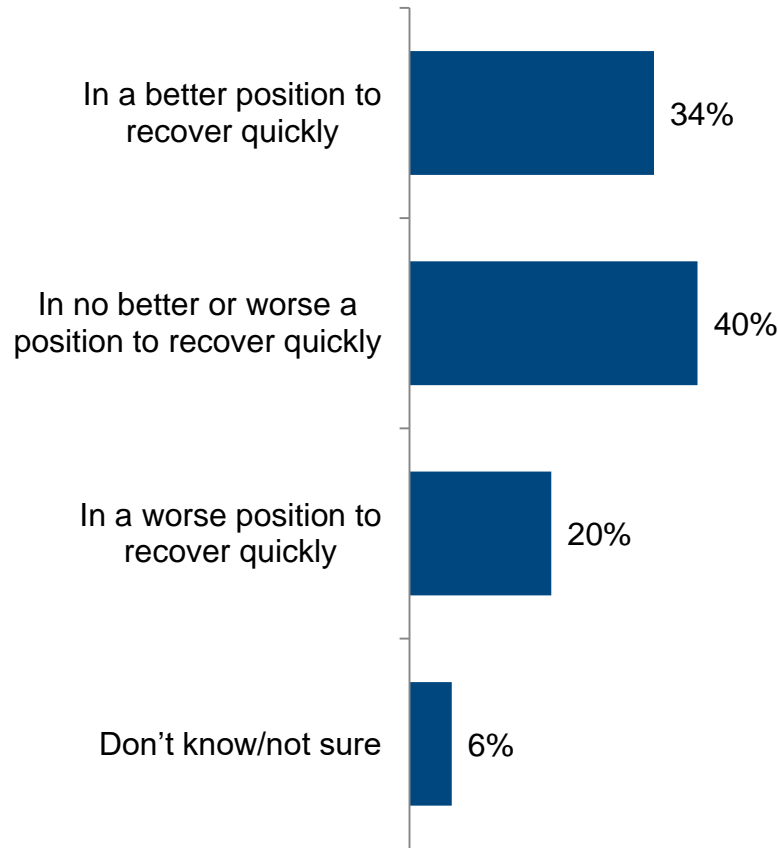
“Because the impact on our organization can be managed more easily than the longer-term impact on the economy”

“I have more information on what my company needs to accomplish to recover versus the broader economy”

“Good long-term planning, constant attention to day to day operations”

Q: Why do you think your organization will recover faster than the Canadian economy as a whole?

Canada's Expected Recovery Compared to the Other OECD Countries

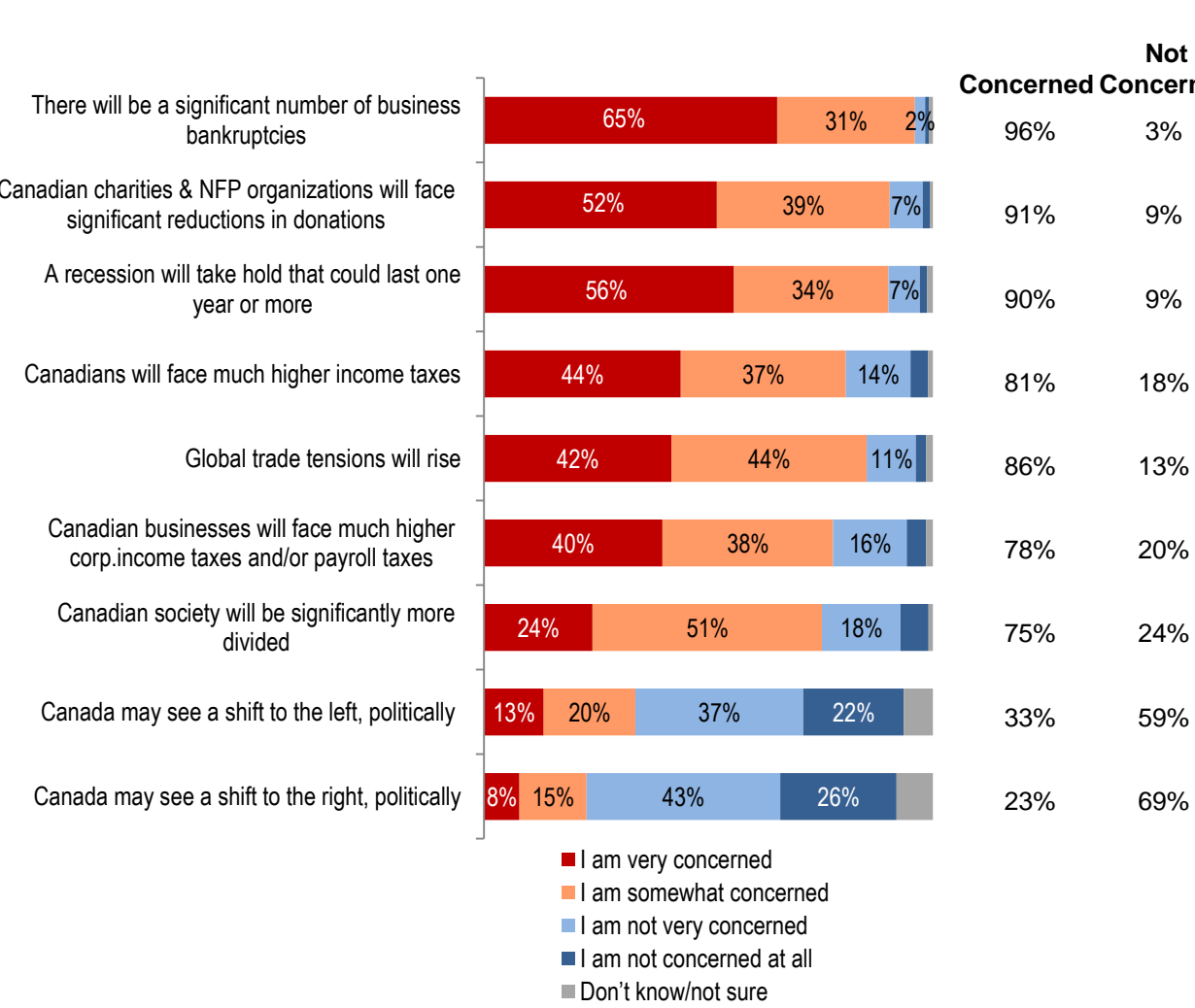


Findings:

- One-third of directors (34%) think Canada is in a better position compared to the other OECD countries to recover quickly, while two-fifths (40%) think it is in no better or worse position to recover quickly.
- One-fifth (20%) think Canada is in a worse position to recover quickly than the other OECD countries.

Q: Compared to other comparable OECD countries, do you believe Canada is...

Concerns around COVID-19 Crisis



Findings:

- Overall, a majority of Canadian directors express concerns about the impact of COVID-19 on the Canadian economy.
- The top three concerns around COVID-19 crisis include a significant number of business bankruptcies (96%), Canadian charities & NFP organizations facing a significant reductions in donations (91%), and a recession that could last one year or more (56%).
- Fewer express concerns about Canada shifting to the left politically (33%) or to the right (23%).

Q. To what extent are you concerned or not that as a result of the COVID-19 crisis:

Expected Innovations coming out of COVID-19

We have divided the responses to this question into three categories but obviously there is some overlap:

Technology

Increased automation and robotics, virtual meetings, virtual medical service delivery, green technology investments and solutions, AI applications, online learning, better Wi-Fi infrastructure, and the re-tooling of Canadian manufacturing.

Process

Better crisis management techniques, better data governance, innovative home care services, more collaboration in public services, reduction of governmental red tape, smart agriculture, and increased ability to quickly scale up innovative solutions

Culture

The rapid number of employees working from home, the change in the relationship between the individual and society with more focus on the public good, more self-reliance, an evolving understanding of what it means to be a good corporate citizen

Q: What innovations do you see coming out of COVID-19?

Conclusion

In the fog of COVID-19, it is hard to make sense of the issues and to plan accordingly. Directors who are governing Canada's most important institutions, are seeing beyond COVID-19. They are seeing innovation, and the path to recovery while being realistic about the challenges ahead. They are, however, already turning their minds to what Canada will look like after the pandemic has passed.