

Richard Levick Asks: 'What's a Director to Do?'



"Are directors even relevant anymore?"

– Fortune 150 Board Member

Today we release the fourth eBook in our **series** on challenging issues facing companies and institutions, this one on our thoughts about Diversity, Equity & Inclusion. We are planning a number of additional broadcasts soon, including a new series we have developed with **CommPRO** and the **Museum of Public Relations** entitled *Conversations with America's Legends*, kicking off with Ambassador Andrew Young, which will be added,

along with others, to the eBook.

Over the years, I have had the honor of working with and speaking to many boards, public and private, and with many individual board members. Never was I simultaneously impressed and surprised by a question more than the one above. And that was three years ago. The world has only gotten faster, transparency more weaponized, political challenges more divisive. Into the breach, though always there, come sexual and racial issues. Certainly, there is no going back, nor should there be. There's not even hiding. Leading is the only option.

The number of Diversity, Equity & Inclusion speeches, matters and meetings we have participated in has only escalated in the past number of months, resulting in this new eBook. At each meeting, executives and, particularly, directors, are asking, "What should we be doing?" I find that when I speak about history, trends and what's next, it all seems too big. Understandable, as we have reduced so many of our board responsibilities down to lists, so here is one to make it more tactical, though these actions all require wisdom, grace and indefatigability, as DEI is not a destination but a journey that never ends.

Crisis Abhors a Vacuum – There are three notable periods in American history prior to the current pandemic where the federal government has utterly failed to assert leadership (James Buchanan, et al., on secession, Andrew Johnson on Reconstruction and Herbert Hoover on the Great Depression). When leadership is absent, others will or are forced to fill it, among them governors, mayors, city councils and CEOs. Companies are now expected to lead on the public health and social issues of the day. Covid-19, #MeToo, #BLM, climate change. As in 1909, corporate neutrality is dead and mercantile activism is expected.

#BLM is Here to Stay – As a director, do not think "this too

shall pass.” The Black Lives Matter and associated new Civil Rights movement inspired the largest series of demonstrations in the history of the United States, with 12 to 26 million Americans taking to the streets – during a pandemic – in over 500 cities, far overshadowing the street protests of the anti-war movement in the 1960s and 70s. Activity on social media is 12 to 120 times greater than any of the other high-profile political issues of the day such as climate change, #MeToo, immigration and abortion. Inactivity in the face of an immovable object is a miscarriage of responsibility.

Prepare Rather Than Respond – As challenging as this moment is, it is far easier at this very moment than it will be when the klieg lights are on your company, board or *you*. Prepare now for leadership.

It Is Not About Symbolism – A diverse advertisement, hire or CSR donation won’t work anymore. Instruct executives to conduct an audit of the full spectrum of the company’s engagements, all the things that make up its profile. This includes political donations, advertisements, brand and social activities, IR, CSR, ESG, legislative priorities, etc. Failure of consistency in one area (e.g., financially supporting a hostile politician) will overwhelm much if not all of the corporate good works.

527s Are No Longer Opaque – Companies have long enjoyed a more neutral approach to political funding activities and, in more recent years, “527” funds (so named for their IRS designation) when a funding position is more likely to be controversial. Until very recently, 527s were hard to track. **No longer.** When you are doing your corporate housecleaning, fully appreciate that 527s will become transparent.

Ask Simple Questions – I am always amazed at the amount of code used in large companies for critically important decisions. Rather than engage in an open discussion about risks, acronyms and buzz speak takes over and everyone assumes

all is well. Digital is but one example. It speaks its own language that few board members understand yet most are reluctant to ask for clarity for fear it will expose what they don't know. The same is true for other enterprise risks, and this sea change, if not addressed, will certainly turn from opportunity to risk. Ask simple questions and demand simple answers. "Why is our DEI recruiting healthy and yet fails to dent our executive ranks in any meaningful way? How do we fix that with a long-term, institutionalized approach?"

Offer Real Help – Tweets about DEI commitment are powerful and useful, but hollow when not combined with more. Ask executives how they are leading through this challenging period. Are we recommending meaningful **financial** and **mental health** recommendations? Have you conducted the audit recommended above so that the company commitment is consistent? Are we showing, not telling?

This Is Going To Get Personal – Change activists – Gandhi, Martin Luther King, Jr., Saul Alinsky – never wasted their time in jail. Gandhi wrote *My Experience with Truth*; King wrote *Letter from a Birmingham Jail*, and Alinsky wrote *Rules for Radicals* which, whether they realize it or not, has become the rule book for a new generation of change activists. "Make it personal." Doxing, call-outs on social media and protests at the homes of executives and board members. You are likely to get called into the public fight one way or the other. If you are standing on the right side of history, bolster your courage and stand firm; if you are standing in the way of history, similarly bolster your courage and lead the change.

It is Now About Stakeholders, Not Just Shareholders – Whether you are publicly traded or not, you have shareholders *and* stakeholders. Measuring profit through maximization is a great strategy for the quarter, but it increasingly leaves companies antiquated in the future – likely the very near future. What investments, financial and otherwise, can companies make in their expansive view of

communities to empower the brand and its evangelists, which build for the future? An expansive view of this is provided below in an article I co-authored with former Monsanto general counsel and private attorney Bill Ide.

Don't Rush In With "Fixes" – Don't rush in with the thought of a "fire sale" on DEI. These problems took hundreds of years to get to where we are today. They will not go away with instant fixes, command authority and a few hires. This will take time. And you will get it wrong along the way. Plan for an institutionalized approach that is as sensitive to people who fear they will be displaced as those you are welcoming. This is really difficult stuff where even the language is so loaded and trust so low that missteps are easier than modest leaps forward.

Recruitment and Advancement – We will not fix the DEI challenges with hiring opportunities alone. Saying you recruit from the "Ivies" is a brand, it's also exclusive. Look at the world differently. Challenges are historic and deep rooted. Look to form close, deep and long term relationships with Historically Black Colleges and Universities (HBCUs) and develop training and support programs for years. As directors, don't just ask about diversity numbers, break them down and study the patterns, then lead.

Silos are Dead – For over 70 years companies have operated as silos – HR, GR, PR, Legal, Brand, etc. But problems, particularly social justice challenges, are fully integrated. Activists look for the weakest point and leverage. As media coverage escalates a recruitment problem, heretofore assigned to HR alone, is now a legal, brand, GR and PR problem, to name a few. Directors should be looking for ways for their companies to integrate their silos so companies think holistically, just like their critics.

If Biden Wins – I am not going to prognosticate, but it is a scenario well worth considering as there is at least a 50%

likelihood this may happen. If there is a sweep and the Senate turns over for an entirely Democratic alignment, it creates a moment that occurs only once or twice in a generation. I am not speaking of political power, but the historical kind. Change comes in waves. Prior to 1964, Lyndon Johnson was no Civil Rights leader. Yet, in the wake of the Kennedy assassination and the televised Civil Rights movement, the mood of the country changed radically and quickly. It became Johnson's *raison d'être*. The 1964 Civil Rights Act, the 1965 Voting Rights Act, the 1968 Fair Housing Act. Over 240 new laws were enacted during the first few years of the Johnson Administration because the country was ready. We may be entering a similar moment; as directors, you should be considering it, if not expecting it.

No Company is Exempt – Business-to-Business and Business-to-Government companies luxuriate in the opaqueness of what they do because their customers aren't usually also activists-citizens. If Takata and Foxconn taught us anything, operating in this sector is no longer a shield to citizen activism. Expect to be in the limelight and act now to do the right things.

Have a Strategy, Not Whack-A-Mole – Think long term and proactively. Develop an approach that will put you in a leadership role. Responding to one problem after another without the systemic approach leads to bad decisions and weaker boards. Activists – unions, #BLM, plaintiffs, etc. – need the Internet to build alliances, support and to communicate direction. Ask questions about how the company is tracking these trends and, just as importantly, how they are evaluating it. Are there potential allies? Thoughtful critics who can provide opportunities? Nascent but critical information that can be corrected before it passes for "truth"? The Internet is where social movements are born. Why wait until they are adults to address them?

Read – This may sound passive, but understanding the

historical swings – the Hegelian Dialectics – of business and politics, gives us both understanding and vision. We are in 1918, 1929 and 1968 all at once. We might as well learn from them – reducing errors along the way – and have them serve as our guides.

Courage – Patience, vision, integrity, honesty. These are all needed to exhibit courage. Be willing to question and if necessary sacrifice the board member who stands in the way; the short-term profits that will lead to future exposure; the self-righteous and inflexible leaders; and those that counsel hiding. There is time for reasoned, wise and calm discussion followed by action. Overwhelmingly fear is an emotion which rules us. Fortunately, courage is needed in short supply. But it is, of course, needed *now*.

Happy reading.

Richard Levick

Download the eBook