



Good governance in crisis: Decisive leadership in uncertain times

Uncertainty is at an all-time high, with more than three million reported cases of the novel coronavirus and an estimated 200,000 deaths worldwide exacting a terrible human toll. As nations take extraordinary measures to combat COVID-19, the economic and social impact of the virus is unprecedented in the modern era.

How can business leaders most effectively support, inspire and guide employees and stakeholders in times of crisis?

We asked InstarAGF President and CEO **Gregory Smith** for his views on the qualities of effective leadership, and how companies can contribute to building stronger, more resilient communities.

How do you think about the role of a leader in a time of crisis?

Gregory Smith: A crisis is a defining moment for any leader and organization. Crises in various shapes and forms occur every day, and they happen to everyone eventually whether personally or professionally. The COVID-19 pandemic is an unprecedented crisis in its scale and

the ferocity of its impact on our health, economy and the way we live and work. It's an incredibly stressful and difficult experience with many unpredictable and unknowable elements.

A significant responsibility for me and for our portfolio company executives has always been to plan for and manage the risks in our businesses, from how we

evaluate and underwrite investments through a variety of market scenarios to ensuring that thoughtful, sound business continuity and communications plans are in place. While there is no playbook for COVID-19, these fundamental building blocks provide a foundation for our response and action through the initial pandemic phase, the period of stabilization that will emerge,

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and then the new "normal" that will take shape in the months ahead.

The most important responsibility of a leader is to ensure that employees and their families are safe and healthy, and that they have the resources and support they need. I'm really proud of our portfolio company management teams for the comprehensive measures they've taken to protect health and safety and for how they've reached out at a personal level to their people, including sending hot meals for families and care packages to lift spirits.

In an environment that is changing every day or even hourly, leaders must be flexible, adaptive and willing to make difficult choices, sometimes quickly and often with imperfect information. Our team is studying the market to understand macroeconomic variables, exchanging views within and across industries, following the analysis of leading institutions, and engaging with customers and counterparties. Making such decisions requires accountability and courage, because we may not always get it right. What's important is that we bring our team's best skills, insights and intentions to bear together, and that we are honest, transparent and consistent in our approach and communications. These are vitally important measures of leadership, especially in an uncertain environment, and set the tone for the entire organization and who we strive to be as a partner, employer and corporate citizen.

A prolonged crisis wears people down mentally, emotionally and physically. How can strong leadership support continued engagement?

GS: Working from home has not traditionally been very prevalent in private capital firms, and it's an adjustment we've all had to make while managing our concerns and

responsibilities for our families, friends and communities in this time of crisis. Bringing together the resources employees need to be successful, such as videoconferencing technology, home office tools, credible health and economic information and ongoing professional development helps to create a sense of stability. Regular and relevant communications and feedback channels also help to keep teams informed and confident in the steps we are taking together to navigate through the pandemic. Above all, we know that people need to feel physically and psychologically safe to stay engaged and move forward with purpose.

For that reason, leadership at its core is really more about others and not the person who is leading --- which is why empathy to me is such a distinguishing characteristic of effective leadership. Empathy is the foundation for understanding and insight and creates a personal bond between people that helps to establish a common direction and goals. Empathy reinforces alignment, which has always been a fundamental value of InstarAGF. We have always worked hard to bring a personal touch to our business endeavours and relationships, and that extends to our InstarAGF family at all levels of the organization. We are truly fortunate that our employees and partners are also our friends, and we are committed to helping everyone grow personally and professionally through these challenging times.

What can leaders take away from this crisis to strengthen their organizations?

GS: Learning to adapt, implement new approaches and re-orient strategy in the face of change is what successful companies do best, with flexibility and innovation at the core of longevity. The global COVID-19 pandemic will undoubtedly leave a long-term mark on

our society but over the past 100 years, through the Great Depression, Spanish Flu and two world wars, humanity has proven its resilience, with the ability to recover and rebuild essential industries and create new, better systems and opportunities. Leaders need to leverage the talents of their teams and networks in new ways and build clear plans for their organizations to improve resilience while capturing the opportunities that may emerge from the recovery. We have seen great examples of such leadership and vision across our portfolio company management teams.

This crisis has laid bare the inequities in our society and economy while also showing the incredible power and impact of collaboration, compassion and community. Last year, the members of the Business Roundtable, which includes the CEOs of the largest corporations in North America, publicly reframed the purpose of business and corporations as stakeholder value, not solely shareholder value. With this crisis, the conversation around environmental, social and governance factors has further intensified and will bring even greater focus to corporate conduct and how organizations treat people and share value more broadly within the community. I believe leaders will be tested in the months and years ahead to strengthen their ESG practices, elevate corporate citizenship and to articulate a larger purpose for their organizations, which are all important endeavours to build deeper, more constructive and rewarding relationships with customers, partners, communities, investors, and employees. Strong environmental, social and governance factors have always been central to our investment strategy and operating philosophy at InstarAGF, and a key value driver for our businesses. Above all, this experience should reinforce for leaders that people are at the heart of any business, and that we are all in this together. 