



## Board Leadership in Navigating Volatility

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### In Short

**The Situation:** Public company boards are facing an unprecedented convergence of destabilizing forces, including geopolitical shocks, inflation, supply-chain disruptions, social unrest, and rapid technological change. At the same time, stakeholders continue to have high expectations for effective board oversight and value creation.

**The Result:** Boards can seek to direct the management of this rapid pace of change by adopting structures and processes that promote swift, disciplined decision-making, continuous learning, and candid communication. With these elements in place, directors empower management to pivot decisively, safeguard the enterprise, and capitalize on emerging opportunities, thereby preserving and enhancing long-term value.

**Looking Ahead:** Forward-thinking boards treat volatility as a strategic catalyst rather than a threat. By anticipating issues, developing flexible response frameworks, and thoughtful stakeholder engagement, boards can create a governance framework that anticipates disruption rather than merely reacts to it. Directors who master this proactive approach fulfill their fiduciary duties to the corporation and its shareholders while positioning the company for success during volatile times.

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## Agility—Creating a Boardroom Built for Speed

In order to succeed in today's rapidly changing, demanding environment, directors cannot rely on episodic governance but must instead embed agility, resilience, and transparency into board practice. Agility is now a core boardroom competency—static governance frameworks can be counterproductive in a time of rapid change. To build an agile boardroom, directors must foster flexible and consistent information sharing, encourage iterative action planning, and develop a bias toward rapid but disciplined decision-making. This approach enables the board to anticipate

change, respond swiftly to emerging risks, and position the organization to capitalize on new opportunities.

Boards should also consider the flexibility afforded to management in decision-making. Providing board-vetted parameters around categories of decisions allows management to execute time-sensitive actions while remaining within the guideposts established by the board.

Agile boards also invest in continuous director education. Cybersecurity, evolving regulatory regimes, and shifting consumer preferences can upend strategic priorities overnight. Directors who stay current on these emerging risks bring sharper insight, ask more incisive questions, and provide more honed insights, elevating the quality of board deliberations.

Finally, an agile boardroom culture encourages open debate. Directors who challenge assumptions sharpen strategy and expose weaknesses before they metastasize. A board chair or lead independent director who solicits diverse viewpoints and manages constructive tension converts healthy disagreement into superior decisions.

## Resilience—Absorbing Shocks and Emerging Stronger

Resilient boards integrate risk identification and assessment into committee charters and meeting agendas, escalating significant threats promptly for full board action. This vigilance allows directors to intervene early, limiting downside exposure and protecting corporate reputation.

Talent is at the core of resilience. Robust succession planning—addressing the C-suite, other mission-critical roles, and the board itself—creates a deep bench ready to step up when disruption emerges. Directors should review and refresh these plans regularly with management, verifying that internal candidates possess the skills, experience, and judgment required to lead effectively under stress.

External relationships also fortify resilience. By cultivating credibility with regulators, investors, and community leaders during periods of calm, a company builds reservoirs of goodwill that can be drawn upon in a crisis. Directors, too, play a hands-on role in external relationships, building oversight capabilities and demonstrating stewardship that resonates with long-term stakeholders.

Resilience is not merely survival; it is the capacity to spring forward. Boards that link risk mitigation to strategic reinvestment—reallocating capital toward innovation, new markets, and digital capabilities—position the organization to thrive amid continuing volatility.

## Transparency—The Cornerstone of Credibility

Agility and resilience fail without transparency. Directors must insist on accurate, timely, and appropriately nuanced disclosures—internally and externally—so that stakeholders understand the basis for strategic decisions.

Effective internal communications allow the board to remain informed about the dynamic circumstances affecting management decision-making, so that the board can add value and provide insight regarding adjustments to strategic approaches as circumstances unfold. With respect to public communications, boards should consider how dynamic circumstances should shape the company's message. Consider earnings guidance—in some situations, scenario-based earnings guidance may convey expectations more effectively than single-point forecasts. A thoughtful explanation of key variables and a robust safe-harbor narrative, cleared with counsel, will further mitigate litigation risk while reinforcing the board's commitment to transparency. Further, when material events occur, boards should have protocols to reconnect as a board to assess the ramifications and evaluate whether existing guidance remains appropriate. These board sessions also provide a structured forum to extract lessons learned, recalibrate strategy, assess current courses of action, and adjust oversight protocols in real time.

Proactive investor outreach anchors transparency, even as some institutional investors change their rules of engagement. Companies that hold periodic discussions with long-term shareholders and adapt to the changing modes of engagement gather market intelligence, signal accountability, and strengthen alignment on strategic horizons—all of which prove invaluable when circumstances shift.

## Turning Volatility into Strategic Advantage

The governance landscape continues to evolve, shaped by doctrinal developments, enforcement trends, and market practices that collectively raise the bar for director performance. Boards that embed agility, resilience, and transparency into their operating fabric transform volatility from an existential threat into a strategic accelerant. By adopting these principles, directors not only meet their fiduciary obligations but also unlock pathways to value creation in a world defined by perpetual change. To foster greater agility and resilience in the boardroom, directors should consider the following practices:

- While reinventing the wheel is wasteful and maintaining a steady cadence is important, boards should not hesitate to consider and embrace changes in boardroom roles, processes, and practices when circumstances demand. Flexibility in governance structures enables boards to respond more effectively to emerging challenges.
- Be open to, and actively encourage, the articulation of varying points of view. Creating an environment where directors feel empowered to challenge assumptions and offer diverse

perspectives leads to more robust decision-making and helps uncover potential risks before they escalate.

- Regularly invite “guest speakers”—including customers, analysts, politicians, and other external stakeholders—into the boardroom and board-related events to bring fresh perspectives and challenge conventional thinking. These interactions can provide valuable insights, enhance the board’s situational awareness, and strengthen relationships with key constituencies.

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## Three Key Takeaways

1. Boards that prioritize agility by fostering flexible decision-making, continuous learning, and open debate are better equipped to anticipate and respond to rapid changes, turning volatility into a strategic advantage rather than a threat.
2. Building resilience through integrated risk management, robust succession planning, and strong external relationships enables boards to absorb shocks and position their organizations to emerge stronger from periods of disruption.
3. Transparency in both internal and external communications is essential for maintaining credibility and stakeholder trust, ensuring that directors can provide effective oversight and adapt strategies in real time as circumstances evolve.

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