AGENDA

Opinion

The Board's Credibility Gap

Why even well-informed boards can be dangerously unprepared

By Erin Passan | November 23, 2026

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A crisis that calls a company's leadership into question can quickly put the board's own credibility at risk.

Recent research raises important questions about board preparedness. In our survey of more than 1,400 board directors and CEOs, only 35% strongly agreed that their board provides adequate risk oversight, and a similar percentage strongly agreed that their board treats CEO succession as an ongoing, strategic priority.

Meanwhile, only a quarter said most of their board meeting time is spent on forward-looking discussions on issues like strategy, risks and opportunities rather than retrospective reporting. And just 43% of CEOs said they were very comfortable raising difficult issues with the board before having a fully formed solution.

Whether the challenge comes from an activist investor, a regulatory investigation or an unexpected corporate crisis, boards are increasingly tested on their ability to anticipate risks, challenge management and demonstrate credible oversight.

Together, these findings suggest a question that deserves more attention: Can a board have a strong understanding of the business, but still be dangerously uninformed about reputational risks and its ability to navigate a crisis?

I believe the answer is yes.

The Board's Credibility Gap

There is often a significant disconnect between what directors believe about their company's performance, leadership and reputation and the confidence stakeholders actually have in the enterprise.

The danger is that this gap rarely announces itself. It grows quietly through filtered information, unchallenged assumptions and warning signs that are individually easy to dismiss. By the time it becomes visible, the board may have already lost the confidence it needs to lead effectively.

The problem is not necessarily inadequate information. Sometimes it is the absence of independent perspectives, sufficiently candid conversations and a willingness to challenge long-standing assumptions.

The strongest boards understand that closing this gap requires more than a crisis communications plan. It requires the ability to hear uncomfortable truths and act before external pressure forces the issue.

Disciplines of Crisis-Ready Boards

Make reputational and communication risk a standing board conversation.

Boards routinely oversee financial, operational, regulatory and strategic risks. They should also examine how those risks could undermine confidence in the enterprise.

Which events could most seriously threaten stakeholder trust? A cyberattack, an activist campaign, a product failure, executive misconduct or an unexpected leadership transition? For each, directors should understand the potential consequences, stakeholders affected and decisions that might require board involvement.

The objective is not to predict every possible crisis. It is to identify the vulnerabilities that could most seriously undermine confidence in the organization and ensure the board understands how those risks are being managed.

Bring the outside into the boardroom. Establish direct access to the people who know what stakeholders really think.

Important information can become filtered as it moves through an organization. An investor relations officer may recognize that shareholders are questioning management's credibility. A chief communications officer may see reputational vulnerabilities emerging among employees, customers or the public. Yet those perspectives do not always reach directors with the same clarity or urgency.

Boards should establish structured opportunities to hear directly from these types of leaders. Independent investor perception studies, external reputation assessments and appropriately coordinated shareholder engagement can provide additional insight.

The objective is not to bypass management. It is to ensure that directors receive the candid perspectives necessary for informed oversight.

Become your own activist.

Activist investors frequently question strategy, capital allocation, management effectiveness and board composition. Directors should be asking those same questions: What would a well-informed critic say is wrong with our strategy? Which assets might create greater value under different ownership? Are we investing in the right businesses? Does our leadership team have the capabilities required for the next phase of growth?

Boards should periodically pressure-test their strategies through the eyes of their most informed critics, not simply rely on management's assessment of the company's competitive position.

Establish a board-level crisis decision and communication protocol — and test it.

Many companies have crisis-management plans. But directors should also understand how those plans operate when the board itself must make consequential decisions, including questions such as:

- Who informs directors?
- What triggers a special meeting?
- Which decisions require board involvement

- Who coordinates legal, operational, investor, employee and public communications?

Boards should establish escalation thresholds, decision rights and communication responsibilities in advance.

A crisis plan that has never been tested is largely a statement of intention.

Earlier in my career, as a communications officer at **Vanguard**, I participated in a cybersecurity crisis simulation that reinforced the importance of testing leadership decision-making under pressure, particularly when information is incomplete, circumstances are evolving rapidly and multiple stakeholders are seeking answers.

Simulations can reveal weaknesses in these plans that are easy to overlook on paper: unclear decision rights, gaps in information flow and differing assumptions about what should be communicated and when.

Boards should participate in realistic exercises involving cybersecurity incidents, activist approaches, unexpected leadership transitions and other company-specific vulnerabilities. The exercise should end with a candid debrief and specific improvements to procedures, responsibilities and readiness.

Make succession planning a part of crisis preparedness.

Few events test a board's credibility more directly than an unexpected leadership transition. Whether prompted by a health emergency, misconduct, a sudden departure or a loss of stakeholder confidence, the board may be required to make consequential decisions about leadership under extraordinary pressure.

Yet having a CEO succession plan is not the same as being prepared to execute it.

Boards should consider how a leadership transition would affect employees, customers, investors and other stakeholders, and how they would communicate decisions in ways that preserve confidence and continuity — including in the event of an unwelcome media leak.

These conversations can be uncomfortable, particularly when the company is performing well and leadership appears stable. But the time to evaluate alternatives, establish decision-making protocols and build relationships with potential advisors is before a transition becomes urgent.

Understand the capabilities of key corporate teams and establish relationships with external advisors before they are needed.

When a crisis occurs, time becomes a scarce resource. Companies may need specialized legal counsel, investor activism advisors, cybersecurity experts, communications professionals or executive search advisors in addition to their own management teams. Identifying and onboarding these individuals during an unfolding crisis can create unnecessary delays.

Boards should understand the expertise available within the organization, where additional capabilities may be required and how external advisors would work with management and directors. For significant risks, advance relationships or retainer arrangements may be appropriate.

Advisors who understand the company's strategy, leadership, investor base and vulnerabilities can provide more informed judgment when circumstances become difficult.

Four Questions for the Next Board Meeting

No board can eliminate the possibility of a crisis. Even well-governed companies will encounter unexpected events, disappointing performance and challenges from shareholders.

But directors can influence whether their organizations enter those moments prepared to make sound decisions, confront difficult truths, and communicate with credibility.

At the next board meeting, directors should consider four questions:

1. **What don't we know?** What do our most important stakeholders believe about this company that may not be reaching the boardroom? How can we bring an outside perspective into our discussions?

2. **What are we unwilling to confront?** What is the strongest criticism an activist, regulator, employee or customer could make of our leadership, strategy or governance?

3. **What would we regret?** If a serious crisis emerges tomorrow, what would we wish we had done to prepare today?

4. **Are we prepared to lead?** If circumstances required an unexpected leadership transition, could we act decisively, identify the right leader, and maintain stakeholder confidence?

The answers may be uncomfortable. They may also be among the most valuable conversations the board has all year.

A board's credibility is not established by how convincingly it explains a crisis. It is established by how effectively it governed before the crisis occurred.

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