

MANAGING THROUGH CRISIS

PRINCIPLED LEADERSHIP TOOLKIT



Introduction

When a crisis hits your business, it can be hard to know what to do next, much less how to get through it. Even though you can't know exactly what the next crisis will be, you can be prepared to respond.

As the global pandemic showed, crisis can come from anywhere. This Toolkit shows how to prepare for the inevitable. It also provides tips and techniques for managing through tough times. When crisis comes, you will be ready to meet the challenge.

**PREPARATION IS THE KEY
TO SUCCESS**

Alexander Graham Bell

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CRISIS MANAGEMENT FLOWCHART

The following flowchart provides an overview of the steps in this Toolkit. Each step corresponds to an exercise or action.

1. Gather information
2. Set priorities
3. Communicate
4. Avoid the next crisis



**IN A CRISIS, DON'T HIDE BEHIND
ANYTHING OR ANYBODY**

Bear Bryant

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INFORMATION CHECKLIST

When a crisis hits, the first step should be to seek information. By gathering all the relevant data, you will be able to determine the extent of the crisis and adapt your response. Use this checklist to root out the details you need to respond.

- What are the facts?
 - If this is an internal issue, can you objectively determine what happened? Finding out the simple facts (and complete scope) of the problem will help you determine how to work through the crisis.
 - If the crisis is external (such as a pandemic, economic downturn, or national emergency), focus on reliable information. What are experts associated with reputable organizations saying? Is there consensus in major news outlets? Avoid conspiracy theories and less-reliable sources.

- Are there legal consequences?

If a legal issue is raised by the crisis, it's important to know sooner rather than later. Is the crisis based on criminal activity? Should (or are) the police or FBI involved? Do any regulatory authorities need to be alerted? Is there a risk of a lawsuit? Involve your attorney in this analysis.

- How does it impact finances?

Successful navigation through a crisis requires funding. It's important to know what effect the crisis is likely to have on reserves and upcoming revenues in order to plan a path. Did the crisis directly impact the company's finances (as with embezzlement, for instance)? What revenue streams are still solid? Is there a way to adapt to the situation to maintain revenues? To reduce costs?

**CRISES ARE PART OF LIFE.
EVERYBODY HAS TO FACE THEM.**

Jack Nicklaus



SET YOUR PRIORITIES

When an organization deals with a major crisis, normal operations may yield to an emergency footing. But how does management decide which activities to put on hold and which to continue? Use this list to categorize projects and tasks when making decisions.

- **Required Activities:** Certain tasks must continue. These include (but are not limited to) reporting & paying taxes, employee benefits, shareholder communications, corporate meetings, and meeting regulatory rules for your industry (such as license maintenance, for example).
 - **Caution!** If you have a collective bargaining agreement or a large on-site workforce, check the legal requirements before laying off staff. You may need to provide notices and meet clear standards.
 - **Note!** Many states allow employees to pursue double or even triple payment for late payrolls.
- **Operational Needs:** What is the core of your business? Special projects, new markets, and marketing partnerships can likely be set aside, but what is your bread and butter? What resources and personnel do you need to keep that running?
 - **Tip!** If you have multiple revenue streams, consider which are most central to your business in terms of profitability, reputation, and long-term planning.
- **Contracted Items:** What expenses are under contract? Office space? Tech services or equipment? Plant or coffee service? If there are items you can do without, can they be cancelled or negotiated away?
- **Nice-to-Haves:** In crisis mode, some expenses may not be justified. Your company's "nice-to-have" items might need to be "not-right-now" until the crisis has passed.

CRISIS COMMUNICATIONS

When companies are in crisis, their executives often choose to withhold information. While it may be tempting to keep bad news from employees, being tight-lipped may cause a company to lose its some of its best allies.

A lack of information causes stress and uncertainty among employees. They may feel that their jobs are on the line or that the company is in worse shape than it actually is.

Transparency with employees has many benefits to the organization, including:

- **Participation in Problem-Solving.** When employees know the scope of a problem, they are often willing to help solve it.
- **Continued Productivity.** If employees feel confident that management is solving a problem, they are likelier to maintain their productivity right when the company needs it.
- **Strengthened Relationships.** Transparency builds trust, and trust improves relationships. As a company moves out of a crisis, it may do so with more loyalty and commitment from staff.



**THERE'S ALWAYS AN
OPPORTUNITY WITH CRISIS**

Judy Smith



CRISIS AVOIDANCE

If you've ever managed through a crisis, you would probably like to skip the next one. Use this checklist to identify and avoid future crises.

- **Brainstorm.** Assemble a group of managers and leading staff in your organization and brainstorm possible scenarios that would cause difficulties for your organization. These could be external or internal, and likely or unlikely. Keep a list, but reserve judgment for the next step.
- **Identify Risks.** Work with the group to rank the risks identified in the first step. Which are most likely? What would need to happen for the risk to become a crisis?
- **Manage Risks.** Determine which of the likely risks can be managed. For example, if you identify the loss of a major customer as a possible crisis, work on making sure that customer is happy while also diversifying your customer base to reduce the risk.
- **Establish Priorities.** If a crisis occurs, you may need to stop some activities or change focus. What are your organization's top priorities? Determine the list before a crisis occurs.
- **Crisis Plan.** Determine your first steps should a crisis appear, so you are ready to react quickly.
- **Confront the Crisis.** As soon as the indicators for a crisis appear, swing into action!

**WE'VE GOT TO BE JUDGED BY
HOW WE DO IN TIMES OF CRISIS**

Johnnie Cochran

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