

Crisis Management

Getting the Small Business Prepared

By Sherri Petro

That can't happen to us, right? Wrong. Recent debacles in the business arena remind us that indeed it can happen. Intended or not, business decisions and external events can have unforeseen consequences. Bad decisions in one company can create a ripple effect and become a crisis in confidence in an entire industry. Unexpected events such as untimely deaths and legislative reversals can create havoc. While the misfortunes highlighted in the press tend to be in larger companies, does this mean small or medium-sized businesses should be prepared for a "worst-case" scenario as well?.

Ross Campbell in his book, *Crisis Control*, answers that in the affirmative. Why? In his words, "They (small businesses) often face the greatest damage from a negative event because they lack the financial and managerial support required to respond and recover efficiently." How can a business be prepared for the worst-case scenario? Start with a plan, make it real with rehearsals, and use it during a crisis.

Crisis Management Plan

The crisis management plan starts with a definition of potential devastating events. Possibilities include the death of a key employee, a loss of critical information, loss of reputation due to outside events or adverse legislative changes. The key is to define the 10 worst things that could happen which could cripple the company. Next rank these threats by impact and probability. This is very much like the threat portion of the SWOT analysis during strategic planning. Decisions must be made on the organization's tactics. What will be said? How will the organization respond? How will each situation be managed? Thinking ahead can save precious time, energy and, ultimately, the organization's reputation. A crisis management plan can help contain the damage when a crisis occurs.

Periodic Review

If it goes on the shelf, the crisis management plan is only as good as someone's memory that the plan exists. To be effective, the plan should be reviewed periodically, perhaps at a quarterly staff meeting. What's a few minutes of review in comparison to potentially saving the business? Since the world changes so quickly, any new threats, as determined by an external scan, should also be discussed and added to the plan. This is dynamic document and should reflect new intelligence.

The review should also include a rehearsal. The critical players must know the processes and information to be shared. "Has anyone been hurt or killed? What are the accurate facts of the situation and how should we get them? What is the business going to do to address the problem? Who is in charge of the situation?"

During a Crisis

If one of the threats does indeed come to fruition, don't forget the plan exists. Follow it. Respond in the ways the organization has been prepared to handle the situation. While containing the threat, begin the recovery process immediately. Just as was done in the rehearsals, stakeholders need to know the recovery efforts. The ability to manage a crisis can either make or break a company. If seen as inept in a crisis, that image can transcend the crisis itself and tarnish day-to-day operations.

Lessons Learned

Each crisis yields more information that should be integrated into the plan in the chance another crisis develops. While one hopes crises happen in small numbers, that's not always the case. Take the lessons learned from the crisis and insure they are integrated into the existing plan.

Conclusion

While a crisis is one of the dead-last things a small business desires, understanding what to do when there is no time to analyze is not a luxury. A crisis can bring temporary or permanent damage to a small business depending on how it performs during the crisis. Instituting, reviewing, rehearsing, using and updating a crisis management plan can help the organization recover from a crisis more quickly and increase control over its destiny.

If you have specific questions about building your practice, or marketing tips you would like to share, send your questions or comments to Sherri@vpideas.com. Sherri Petro is a senior partner at VPI Consulting, a San Diego based strategy, marketing, evaluation and training firm.