

# Miami Herald

## **In today's uncertain times, planning for the unexpected is critical**

*April 22, 2018*

*By James S. Cassel*



James S. Cassel is co-founder and chairman of Cassel Salpeter & Co.

If a disaster or other unexpected event were to strike your business, would you be prepared, and would your brand be protected? How would a data breach, product contamination, loss of a key member, negative accusation, hurricane or earthquake affect your business?

Particularly in today's uncertain times, planning for the unexpected and responding appropriately is critical. It can mean the difference between your

business suffering irreparable damage or surviving unscathed, or if you manage to do things right – emerging stronger.

I have seen many middle-market business owners neglect to plan properly. Focusing too much on managing day-to-day operations, they are caught unprepared and therefore put their businesses at risk by taking reactive rather than proactive, strategic approaches. I know a business owner who racially profiled by adding tips to the bills of certain minorities. When a complaint was lodged against him, he defended his inappropriate behavior rather than apologizing. This killed his business. The practice was wrong and the response could have and should have been handled better.

Compare this to the steps taken by Starbucks last week after the manager at a Philadelphia location refused to allow two black men to use the bathroom while they waited for a colleague, calling police to have them arrested.

CEO Kevin Johnson took immediate action, flying to the location, speaking with national media and community groups, apologizing, and announcing the closing of over 8,000 company-owned U.S. stores for an afternoon to provide racial-bias education for U.S. Starbucks employees. Following this response, the store — which had been closed temporarily because of demonstrations — reopened and returned to business as usual, according to news reports.

In our experience counseling middle-market business owners through all types of disasters, we have found some general principles to be helpful. Following is some practical guidance:

- **Consult experts to prepare a SWOT analysis (strengths, weaknesses, opportunities and threats).** This can help guide development of an appropriate crisis plan.
- **Consider the needs of your internal and external audiences.** For example, what do your employees, clients, partners, investors and other stakeholders need from you — consistent service, effective communication, reassurances for future growth, etc.? Develop a road map to ensure their needs are met.
- **Work with a crisis-management expert to develop a communications strategy and train your people on it.** Communications are critical, as they can provide the necessary reassurances to retain the trust and confidence of

your internal and external stakeholders. In this fast-paced world of social media, crises move very rapidly.

- **Cultivate, train and prepare someone to be the face of your company.**
- **Identify people to appoint as interim personnel if necessary**, and train them to quickly assume the desired roles. You do not want anything similar to what happened with Alexander Haig after former President Ronald Reagan was shot.
- **Run practice drills for your crisis plan.**
- **Have appropriate insurance.** Some insurance policies cover certain types of crisis management as well as financial exposure.
- **Every step of the way, you must acknowledge the problem** (consulting with legal counsel, insurance providers, and communications experts) and consistently communicate your company's unique value proposition, proven track record, and plans for continued growth and success.

Tylenol did this and emerged from its product recall scares as a stronger company. Consider Facebook's response to its own crisis, first with denial and then finally with the CEO and COO issuing public statements and making the appropriate public appearances. Now Mark Zuckerberg has spent more time on Capitol Hill than he probably ever imagined — first trying to appear humble, then apologizing and finally talking about the steps Facebook is taking and needs to take to stop the problems from recurring. Time will tell how much damage has been done and how Facebook will fare.

Planning is vital work. Business owners who recognize that unthinkable disasters can strike, and who take the necessary steps to prepare and protect their best interests are more likely to position their companies for continued success. Those who bury their heads in the sand, as time has proved, tend to not be as fortunate.

*James S. Cassel is co-founder and chairman of Cassel Salpeter & Co., LLC, an investment-banking firm with headquarters in Miami that works with middle-market companies. He may be reached via email at [jcassel@casselsalpeter.com](mailto:jcassel@casselsalpeter.com) or via LinkedIn*

at <https://www.linkedin.com/in/jamesscassel>. His website is: [www.casselsalpeter.com](http://www.casselsalpeter.com).