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## **When the ‘Me Too’ movement impacts the middle market, will your business be ready?**

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Middle-market business owners, beware: The “Me Too” movement will ultimately impact your business, and you would be wise to be proactive and prepared.

Without a doubt, big companies are not the only ones with serious exposure. Middle-market businesses can have significant liability, reputational risk and suffer serious damage if the company or any team members — senior or junior alike — are the target of allegations. Middle-market businesses face unique challenges, so accurate assessments of their particular situations and customized approaches are key.

Following are general considerations to keep in mind based on our experience working with middle-market business owners:

**Salary discrepancies:** Men and women performing the same job/output should have equal pay and be compensated appropriately. Employees should be compensated based on their roles, their work, performance and the value they bring to the company — not just because of their titles or gender. You should assess your company’s policies and compensation levels to ensure fairness and equality.

**Board positions:** While diversity is important, board members should neither be added nor kept in positions based on gender or race alone. They should be selected based on their qualifications and the value they bring. Additionally, their bandwidth should be considered — their ability to contribute their time and energy to the business, particularly when their personal or business lives become more demanding. That said, diversity is important, as it yields different points of view and helps better represent all constituencies. Today, many boards lack diversity as a result of the “good old boy” network. Appropriate, qualified, diverse candidates to fill any openings should be sought.

**Sensitivity training:** Starbucks, for example, has launched a sensitivity training program addressing discrimination. The same can be done for equality or sexual harassment concerns, etc. ADT provides employees with manuals and guides. Your training and policies should be as clear and detailed as possible, and include rules governing things like in-office photos, and what is appropriate and what is not. You must also follow the procedures. Having procedures alone is not enough.

**Human resources:** Have a good internal HR person, if you can afford it, or an external source, which could be a law firm or consulting firm. Many of the payroll companies have this resource available.

**Internal communication:** Have a system in place for employees to raise issues. Make sure their comments and concerns are properly documented, investigated, addressed and responded to. Do not ignore them.

**Insurance coverage:** Consider appropriate insurance coverage that offers protection for any employment-related issues that may arise. Middle-market business owners often neglect to obtain the necessary coverage. I have seen in my decades of experience that having a policy can make or break a company in the event of a lawsuit or other crisis. Many carriers provide proactive assistance and training to help ensure the appropriate policies and procedures are in place. In addition, when an event occurs, many carriers have expertise that they will make available to the insured to help minimize the exposure.

**Issues management:** When any issues do occur, it is important to investigate and address them head-on. Time is not your friend in these cases, and timely action is key. Work with communications consultants who can help ensure you take the right steps both internally and externally to avoid any potential negative publicity. Address problematic people, including terminating your biggest producer if he/she is a liability.

At all times, awareness is vital. Keeping a close pulse on your company can help you anticipate issues and nip them in the bud. If you see a problem, act!

As the Weinstein Company learned the hard way, ignoring the problem and neglecting to properly handle issues can lead to tremendous liability and even bankruptcy. Like it or not, the implications of the “Me Too” movement will be felt by middle-market businesses. The only question is “when.” Business owners who take the right steps will best position their businesses for continued success.

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