



4 STEPS TO PREPARE YOUR BUSINESS FOR PHASE 2 OF CRISIS MANAGEMENT

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The Coronavirus has made quick work of turning a public health crisis into a lasting economic one. The impact is seen at various severities across industries with a single commonality. Businesses that are willing and ready to adapt to the changing environment will survive and even thrive in the new economy. The vulnerable ones risk failure.

According to an enterprise strategy, *Navigating the Coronavirus Crisis*, by The Hackett Group, there are three stages of any crisis that demand a unique leadership approach placing unprecedented demands on the leadership team.

1. Short-term (3-4 months) – Crisis management
2. Near-term (3-12 months) – Recession management

3. Mid- and long-term (12 months and beyond) – Post-crisis/recession strategy revision

We are nearing the end of the first stage—short-term crisis management. Here we reacted and responded to the immediate impacts of the crisis. You took measures to ensure physical safety. You put out the fires.

A business will not return to pre-crisis conditions. The global economy, supply chains, value propositions, political relations will all have changed in some respects, and crisis conditions will persist after health risks subside. Here we focus on our current situation: phase two—near-term recession management. Develop a plan for managing the expected Q2 recession.

The following framework for crisis management takes into account the four types of risk affecting organizational agility.

1. People Risk:

The most significant risk is the health of employees and clients. Businesses have most likely taken steps to review employee PTO policies and expand virtual working opportunities where applicable. Leadership continuity is equally vulnerable. Take the time to mitigate risk by implementing a contingency plan for your leadership team.

2. Supply Chain Risk:

Supply chain risk extends beyond the initial shutdowns in China. As the virus spread to other countries, additional sources were affected. The wake of a coming recession may shatter further domestic supply chains with potential bankruptcies and business closings.

Begin by improving visibility across all supply chains. Prioritize essential goods and avoid future disruption by building out multiple supply options, reducing geographical risk, and optimizing current inventory.

3. Recession Risk:

According to The Hackett Group, "Q2 is projected to see the largest collapse in GDP growth in history." The Wall Street Journal [reports](#), "the biggest drop in quarterly economic output since the fourth quarter of 2008." And hopes of a quick recovery in Q3 are waning.

It is an excellent time to update recession triggers, scenarios, and contingency plans. There is likely a new industry-specific worst-case scenario as we continue to navigate the unprecedented

times. In periods of recession, cost-cutting, and budget revision is necessary. Take precautions to avoid paralyzing operations and inhibiting the company's ability to compete in the marketplace.

4. Business Continuity Risk:

Disruption of day to day operations can be mitigated by fortifying business infrastructure. First, ensure core applications and data are available in the cloud. Develop systems and processes for operating at a new post-crisis norm. Finally, assure these processes are communicated to customers and clients when appropriate.

We live in a world that is more connected than ever before. The virus was able to spread exponentially with the ease of cross-continental travel. The uncertainty surrounding the spread of the virus, international responses, government recommendations, and economic repercussions have created unprecedented leadership adversity.

Through this adversity, the most agile businesses will survive and prosper. Only those willing to pivot, implement changes, manage talent, evolve to client needs, and respond to new regulations will see the other side of the recession.

Get started mitigating people's risk with a custom employee benefits strategy.

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