

Leading Through Crisis

5 Steps for Developing and Communicating an Effective Plan

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“The art of communication is the language of leadership.” —James Humes

Step
1

Understand Your Customer’s Changing Needs and Identify Win-Wins

Call your major customers and ask them these questions:

- Give them an update on any current orders and assure them you are working to meet their needs.
- How have your immediate needs, goals and objectives changed?
- Can any of our products or services be better tailored to meet those immediate needs?
- Can we better structure our timing, pricing, inventory, delivery, availability, frequency, terms, etc. to better meet your needs?
- What else can we offer you to help in your situation? (Solicit them for ANY ideas on how you may align your resources to help them during this crisis.)

Understand Your Employee’s Needs and Seek Possibilities

Schedule a series of virtual meetings and ask your most caring employees these questions:

- What are your fears, motivations, or constraints?
- How has your family been impacted?
- How has your job been impacted?
- Clearly communicate how the customer’s changing needs may be impacting your near-term goals.
- Do you have any ideas for opportunities? How can we better meet the immediate customer need?
- Where is our opportunity to shift resources to better meet the new needs from your view?
- Do you have any ideas for where we might have waste? Is there anything we can temporarily remove or stop doing that is not helping us achieve our customer’s immediate needs?

Understand Your Vendor’s Constraints

Call your vendors and ask them these questions:

- Do you have any new constraints, goals, or needs as a result of this crisis?
- What are other companies in our industry doing about these new constraints? Have you heard of any ideas that might be working for our industry?
- Do you serve any other industries like ours? How are they mitigating this crisis?
- Explore win-win and shared risk-taking ideas for both you and them.
- What flexibility do you have for pricing, delivery, inventory, or terms?
- What opportunities and new needs do you have to grow your business? Can we help you with these new opportunities?

Understand the Restrictions and Opportunities of The Other Owners or Your Debt Holders

Call your partners and the bank and ask them these questions:

- What rules and restrictions are in place for my current debt? Which of these rules might have flexibility in this crisis and which will not?
- What are your expectations for our company with regard to our current funding?
- What additional funding could I obtain? Can you help me qualify for emergency government aid?
- What ideas do you have to extend further funding if needed or if I have a new opportunity?

“Cash is the lifeblood of your business.” –Robert Herjavec

Step
2

Increase Cash Flow

Initiate this step right away with easy changes, then let your plan drive your bigger changes.

- Collect all outstanding receivables and negotiate relief on all payables necessary to produce value for customers (rent, leases, payment terms, etc.).
- Implement stronger expense controls and approval processes for all expenses.
- Immediately cut or suspend all existing expenses that do not directly improve your customer experience and create sellable value. Go all the way down to the smallest, recurring expenses. Everything must be on the table and considered.
- If your customers can not buy for a period of time or you have lost a big customer, consider negotiating reductions in salaries, contractors, etc.
- Take prices up where you can. Review existing contracts to understand the rules and find win-win outcomes.
- Pull in your incremental, profitable sales where possible.

“There’s a way to do it better – find it..” –Thomas Edison

Step
3

Think Big

Brainstorm all possible opportunities. Use your imagination combined with your gathered data. Include innovative or “out-of-the-box” thinkers inside or even outside your organization.

- Make a list of ALL opportunities gathered in step one.
- Brainstorm additional opportunities.
- Discuss how your current assumptions, sacred cows or constraints might be preventing you from seeing an opportunity.
- Be opportunistic. Can you deploy capital for longer term growth for you company, such as...
 - Buying or investing in a good business at a great price that will now give you a higher return on capital
 - Launching new products or services that better meet the new needs in the new environment
 - Negotiating great deals on capital equipment that will better serve the customer (better performance, lower cost, quicker deliveries). Make sure purchases are lower risk with immediate return (clearly increase customer satisfaction, lower cost, increase throughput, etc.).
 - Can you fund and resource a great project or initiative that will work in this new environment?
 - Can you re-focus existing resources to higher return projects and initiatives during this environment?
 - Can your resources be retrained and reskilled quickly to address a new opportunity?
 - For resources that must be idle and saved, how can you put them to work for customers to increase your brand value?

“Productivity is never an accident. It is always the result of a commitment to excellence, intelligent planning, and focused effort.” –Paul J. Meyer

Step **4**

Generate a Simple, Practical Plan

Identify the critical few new opportunities that will have the biggest impact during this time of crisis.

Include discerning implementers in your organization when making your plan.

- Clearly identify what has changed or is changing permanently to define the new game you are playing and how you will win (short and longer term).
- Focus on the critical opportunities and threats to your business only. What tweaks, adjustments, or wholesale changes need to happen to better help your customers succeed? Resist the temptation to over-stretch the organization too much or not enough.
- Make a list of things that are not working and will continue to be a drain on your focus going forward.
- Write down your revised plan and bounce it off trusted business advisors and key stakeholders who care about your success. Make sure you have clear evidence that you will succeed with any proposed change (low risk and high return). Clearly identify gaps and barriers and simplify.
- Create a zero-based budget around the revised plan. Focus on only spending money that will delight your customers and make it harder for competitors to earn their business from you (increase your advantage)
- Compare the zero-based budget to your current financial position and very conservative estimates for future sales, margins, cash flow, credit lines, etc. and make sure your budget is well below those conservative facilities.
- Anticipate another potential crisis on the horizon. Run a few worse case scenarios. Is your plan robust enough? You don't want to have to do this again in six months.
- Can you reduce fixed costs (make variables) where it is not valuable to your customer?
- Be courageous. For capital, resources, initiatives, or projects that are now sunk cost (or will drain your energy and focus going forward) sell it or shut it down. Be fair and act quickly.
- Rationalize your product or service offering accordingly. Focus on the 20% of products and / or services that produce 80% of your profits.
- Make sure your stated plan is customer driven, simple, measurable, robust, and empowering to your organization.
- Have owners define their actions and due dates. Make sure they are very involved in the communication and feedback process.

“Good communication is the bridge between confusion and clarity”

–Nat Turner

Step **5**

Communicate Your Plan and Progress to The Stakeholders in Step 1

Communicate widely, transparently, and frequently.

- Make sure feedback loops are open at all levels to customers, employees, owners, suppliers, etc.
- Make sure you have clear metrics, dates, owners and frequent reviews to verify progress and help teach your organization to make trade-offs in this new environment. Teach more by asking questions than giving answers.
- Repeat step 1. Verify and adjust frequently and with transparent communication.
- Align the deployment of the new plan by revisiting performance reviews, targets, incentives, etc.