



# Book The Small Business Owner's Guide to a Good Night's Sleep

## Preventing and Solving Chronic and Costly Problems

Debra Koontz Traverso  
Bloomberg Press, 2001

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## Recommendation

Debra Koontz Traverso is out to save your business. Her book lives up to its billing as the first practical guide for small business owners who want to know how to manage a crisis like the big guys, or even better. Traverso tells you how to prepare for a crisis, prevent a crisis and manage a crisis if one happens. She's written a thorough manual imbued with her understanding of the mindset and circumstances affecting small business owners. Traverso's well-written book is jam-packed with insights, valuable lists, ideas and examples, and it never skims the surface of an issue. Come wind, sleet, hail or dark of night, if you are in a small business, *BooksInShort.com* recommends this essential book. Even if you work for a large organization, this book might be worth your time, since many big companies are strictly small-time when it comes to planning ahead.

## Take-Aways

- No matter how small your company is, you need a crisis-management strategy.
- Crisis management mistakes can ruin your business.
- Small businesses are particularly vulnerable to the effects of crises.
- Crises range from natural disasters and accidents to product liability, employee problems, business setbacks and even computer crashes.
- You can and must identify risks and plan for the unexpected.
- A risk is anything that threatens your plans for your business.
- Be prepared for the unexpected - You have tangible and intangible assets to protect.
- Properly planned and handled crisis management can benefit your business and make it stronger than it was before the crisis.
- Include your employees in the planning and execution of crisis management.
- Learn how to deal with the media in a crisis - It could be the most important thing your do.

# Summary

## Risky Business

Companies of all sizes must develop on-going crisis-management strategies that protect their images and prevent, prepare for and manage a worst-case scenario. Planning for a potential crisis is time-consuming, but in the face of situations that could wreck your company, the benefits of being prepared are obvious. Think of crisis management as your company's first-aid kit, always well stocked and ready if needed.

“The response and the reaction by the public to the crisis often becomes bigger than the crisis itself. Exxon learned this the hard way following the Valdez incident.”

Every business is potentially a risky business. A risk is anything that threatens your plans for your business, from simple, yet annoying things that merely waste your time, to major destructive calamities. Major corporations have risk-management departments that plan for the possible problems that can develop while building a company, introducing a new product, entering a new market or bringing on more employees. What kind of crises could befall companies of any size? Well, for instance:

- A disgruntled former employee assaults a former colleague at your workplace.
- A whistle-blower says your company is the site of drug use, theft, racial discrimination, sexual harassment, pollution or criminal misconduct - even though it isn't.
- Personal trouble erupts on your premises, from a domestic fight to suicide.
- A fire destroys your inventory.
- One of your company vehicles is involved in an accident.
- An anonymous user starts a media inquiry by claiming your product is tainted.
- Your computers crash in the midst of rushing to meet a very lucrative client's deadline.

“Many small businesses have folded - especially family-owned businesses - because no one was trained to take over in case of unexpected leave or death.”

Don't be overwhelmed. Follow the example of professional risk managers: Take large complicated risks and break them down into smaller, more manageable pieces. This approach actually works for any kind of risk, from the smallest to the largest and most complex. When dealing with any risk that threatens your company, you must eliminate it, accept it or manage it. Though you can't eliminate all risk, you can shift the responsibility for a lot of risk by carrying as much insurance as you can afford. However, insured losses are usually accompanied by the costs of uninsured losses, including lost profits and opportunities.

“Sadly, if you want negative information to get out quickly, tell it to an employee during a crisis.”

You can identify risks and plan for the unexpected in a practical way, even if you don't have a legal department or a public relations agency. You will have to handle unexpected situations yourself, but that is easier than you might expect if you have planned ahead. Since your survival is at stake, planning is a must. Your margin of error is smaller than that of a large corporation. One crisis literally could put you out of business, while larger corporations can generally weather their storms and outlast their critics and crises.

“Unfortunately, a common reaction during a crisis or negative situation is to try to avoid reporters or evade their questions, which always is a risky media relations tactic.”

Prepare yourself for the unexpected, because you have plenty of assets to protect. Your firm's assets include far more than equipment and inventory. Assets are broadly defined as anything of value that is owned by or that is a part of your company. Your tangible assets include accounts receivable, cash, cash flow, certifications and licenses, computer data/records, copyrights, customer databases, customers, equipment, facilities, inventory, leasehold interests, mailing lists, patents, personnel, raw materials, suppliers (your relationships and contracts with them), trademarks, and other things your particular company can add to this list. Your intangible assets include brain trust, claims ratings, credibility, employee pride, experience, integrity, liabilities, market share, product leadership, reputation, stockholder confidence and other valued aspects of doing business.

“The best survival technique for many businesses could well be maintaining a positive cash flow. Without it, your business will not be able to weather the finicky sales environment.”

Consider the security or precautionary measures you have in place to protect each of your tangible and intangible assets. Include them all in your plans.

## **Making Bad Situations Worse: Crisis Management Mistakes**

Business owners’ most common mistakes before, during and after a crisis fall into these categories:

- Failing to plan.
- Ignoring warning signs.
- Failing to prepare advance material to use when a crisis hits.
- Being overly optimistic about weathering a storm.
- Making decisions too slowly.
- Making decisions based on fear, not facts.
- Failing to communicate with those who need information, including employees.
- Failing to return media phone calls (or using guilty phrases like "no comment").
- Being unwilling to make changes or adjustments

“The idea is to identify your vulnerabilities and your areas of risk, then prevent them from turning into crises.”

**As a result of these mistakes, a business owner can experience:**

- A damaged reputation that eventually leads to shutdown.
- Loss of employee morale and loyalty, or even complete employee turnover.
- Decreased production because the focus shifts from business as usual to survival mode.
- Fewer sales and reduced profits.
- Expensive name changes in an attempt to create a new identity.
- Crippling attorney fees, fines or other expenses.

“Employees sometimes are in a much better position to spot problems and to be objective about those problems than the owner of the company is.”

Business owners who embraced crisis management planning could transform the crisis into a beneficial turning point, and achieve:

- Extended visibility.
- Heightened customer awareness and understanding of the business.
- Increased name recognition.
- Stronger bonds with people and groups important to the business’ success.
- Improved reputation and credibility.
- Validated management plans.
- Enhanced confidence.

## **Crisis Planning 101**

Start by listing potential crisis situations that could affect your business. Include technological accidents, natural disasters, internal concerns, external threats and other hazards, and even threats due to your location (hurricanes, etc.) Include even common events that can be anticipated, such as executive departure or resignation, executive scandal, discovery of fraud, key customer loss, key supplier loss or failure, poor earnings, senior executive entering rehab, serious product problems and severe weather. Create a plan of action by asking:

- Who will respond?
- How can responders be reached?

- Where will responders meet?
- How will responders know what to do?
- Will responders understand the magnitude of the situation?
- Will we be able to continue operating?
- How will we handle the news media?
- Can we keep the crisis and the response isolated?

“No matter how strong the company’s management techniques are, a crisis can still occur.”

Your action plan should include information on staff assistance, communications, supplier issues, data protection, security and relocation. Determine areas where your company may be vulnerable and list the possible negative outcomes of these potential problems. To be sure you include all vulnerabilities, also ask:

- What would you do if your facility were damaged and had to close for several days?
- What if it was totally destroyed?
- How would you quickly contact each other to activate back-up plans?
- Could you operate elsewhere? Where? Can you secure that location now?
- How will you quickly move your computers, inventory and equipment?
- If you have back-up supplies and equipment, are they stored somewhere that isn’t vulnerable to the same disaster as your main facility?
- What is absolutely critical to your survival?
- What can you do to make sure you never have to live without these critical items?
- What would you do during a prolonged power outage or loss of phone service?
- What if your most important suppliers or shippers had a crisis even if you did not?
- What if your vital records were destroyed?
- Can you set up a way to inform customers quickly about your company’s ability or inability to fill orders and supply services?
- Is your insurance enough to get you back into operation?

## **The Personnel Touch**

Employees of small businesses often work more closely with their employers than those in larger companies. This closeness can allow you to prevent problems that routinely plague larger businesses and to address employee problems and grievances quickly. Your personal touch is vitally important in risk and crisis management. Plan for both expected and unexpected problems that can arise regarding your employees, including safety, accidents, illness, resignation, training, discrimination or sexual harassment complaints, succession and continuity, employees’ personal and family situations, indiscreet employees, rumors, and the possibility of employees taking confidential information or clients with them if they leave you to start their own businesses. To protect yourself, identify trustworthy staffers. Train employees to handle crises and emergencies, and don’t hire in haste. Understand your legal obligations to your employees, and make a plan for what you will do when someone leaves your employ (or when you have to dismiss someone).

## **Handling the Media**

When your crisis goes public, you must already have a plan in place. Even with a good plan, this is a difficult situation. Brace yourself for negative publicity and scrutiny. As you create your prevention and response plans, remember:

- You must learn and understand how the media work.
- Practice making a smooth transition between the questions reporters might ask to the points that you want to make.
- Practice your media interviewing technique in advance in a simulated crisis setting with colleagues or consultants.
- Know how you will react to being caught off guard when you first learn of a crisis and the media is pursuing you for interviews or showing up at your door with cameras.
- When the unexpected happens, remember that it’s OK to tell a reporter that you don’t know the answers, but that you’ll get them.
- Don’t sweep the crisis under the rug. The news media will find out anyway, and then you’ll look like you’re hiding something.

“If your supplier experiences a crisis, then chances are you might too.”

Not all crises merit attention. According to the Institute of Crisis Management in Louisville, Kentucky, the media pays more attention to some types of crises than to others. The top attention-getter cited is the degree of controversy involved in the story. To turn this crisis into a benefit, use media attention to educate the public about your company.

## About the Author

**Debra Koontz Traverso** teaches crisis management and prevention as an adjunct professor at Harvard University. She is a small business consultant who serves as the small-business expert for WorkingWoman.com. She is also the author of *Outsmarting Goliath*, and co-president of WriteDirections.com, which offers consulting and tele-classes in business and personal writing. She lives in the Washington, D.C. area.

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