



## THREE KEY POINTS TO CONSIDER WHEN MANAGING CRISIS

- **Teamwork** where each participant will have a role and specific responsibilities;
- Define a **Strategy** and think **outside the box** to identify new opportunities;
- **Communicate** with the market and manage expectations quickly and promptly.

*Creating a Crisis Management Team is the first step. Together, this team must define an intelligent strategy focused on prevention, communication, containment, and recovery.*

Today our conversation is about how Investor Relations (IR) teams can manage a company crisis due to situations that may or may not be within the company's control.

IDEAL Advisors is an investor relations boutique agency that prioritizes clients' needs, providing personalized services in an ever-changing environment.

*This is a collaboration between [Maria Barona](#) and [Lizette Chang](#) of [IDEAL Advisors LLC](#).*

### Teamwork

Each participant will have specific roles and responsibilities

### Define a Strategy

Think outside the box and *identify new opportunities*

### Market Communications

Managed efficiently and in a timely manner

## #1 TEAMWORK

When it comes to communications, it is essential to define the specific roles of each person involved in dealing with the crisis. We recommend the creation of a Crisis Management Team, and each member will be charged with responsibilities per their area of expertise.

The Investor Relations team is part of the leadership group tasked with defining the strategy and is responsible for promptly communicating with the market.

The roles must be clear:

- **Leaders** are responsible for determining the strategy and will inevitably have the last word in any decision. These leaders may be supported by legal or IR counsel, internal teams and/or external consulting, as needed.



- **Organizer and Supervisor** – this key function relies in the IRO, as their most important role is to consolidate the message and ensure that the designated spokespersons are clear about their specific responsibilities in disseminating the message and responding to questions. This is in the event that they are contacted by investors, analysts, or the media. Teamwork is crucial, and the IRO is tasked with coordinating the Crisis Communications team and all communications to ensure that information remains consistent throughout the company and thus so that all stakeholders may receive the same information.
- **Spokespersons** address market concerns in a timely manner. These spokespersons may be part of the corporate communications area that manages media relationships, or of any corresponding operating areas. The investor relations area shares the messaging with the financial markets.

Following this key triad are additional departments, such as public relations, government communications, and any areas that communicate with regulatory agencies or institutional organisms, for instance, in the case of a natural emergency.

## #2 NEW STRATEGY OR STAY THE COURSE?

In many cases, the company chooses to alter its plan to adjust to the new situation; but the company may instead choose to continue with its original strategy.

**Adjusting the strategy:** This is where the outside-the-box mentality makes effective leaders in times of crisis. Circumstances can force the hand of the company to come up with solutions that are innovative and unproven.

For example, during COVID, the restaurant industry in New York City was deeply impacted. Restaurant owners had to make difficult choices, whether to pause operations or try to subsist on a fraction of their usual revenues. The most innovative stories include building temporary dining



solutions such as “pods” (heated plastic bubbles), for diners to eat outside in the cold March weather. Those who did not have space outside made deals with the city to take over car parking spots and build wooden structures for their patrons to congregate. Restaurants that heavily relied on liquor sales made “cocktails to go” to

continue selling liquor when the bars were not allowed to operate. Still others converted their restaurants to

markets to sell much-needed food items for carry out. These adjustments seemed irrational and risky, but they were actually smart and innovative.

*Management must evaluate how it can keep generating revenues in a downturn, with inventive ideas and creative solutions. The answer is not always to execute plans that have worked in the past, instead the response may be to generate new strategies that are unexpected. Key concepts in this process include: reinvent and renew, seek new business opportunities, and be creative in coming up with solutions and ideas.*

**Stay the course:** Perhaps management believes the crisis is only a temporary setback and does not warrant a complete overhaul of the strategic mission. Or it believes that the current strategy will certainly withstand the long-term headwinds if the company does not deviate from the original plan. Whatever the reason, if the company decides that its original strategy is the best option to resist the strong winds of an adverse environment, then the priority becomes to inform the market and persuade investors to buy into the reasons for staying the course.

*IR must effectively communicate whatever the decision is, by sharing the results of their analysis and articulating valid reasons. Be convincing. In other words, arguments must be persuasive and well thought out, while always leaving the option open for*

changes or redirection if circumstances change.

### #3 OPEN AND TIMELY COMMUNICATION

**Effective communication is essential. If Management delays facing the situation or is unclear in its messaging, the market will retaliate by affecting the stock price and also by questioning the credibility of Management and their ability to effectively lead during unexpected situations.**

The IR team must work together with Corporate Communications and/or the area(s) that correspond, as determined by the Crisis Management Team.

Open and timely communications include informing all *stakeholders* at the same time and with consistent information. That is, the information presented *must be fundamentally the same*, one audience may not receive more detail than another, not should any audience receive the information earlier or later than other parties.



In this matter, the most important company stakeholders include:

**Employees** – a company must manage internal communications correctly to reassure employees and mitigate any negativity in the workforce. The objective is to control misinformation and manage the correct message. Working together with employees not only makes the effort easier, but it also promotes workers to contribute with creative and proactive solutions which is a win-win for both management and employees.

**Suppliers** – should be considered *strategic partners* as they are part of the production chain. In certain situations, it is indispensable that they understand how the problem will be tackled and what chain reaction this could cause. This includes working together to find financing solutions, via payment policies, as well as during the possible renegotiation of contracts to create more viable conditions and a healthier cash flow for the company.

**Financial Markets and Media Outlets** – these fall under the supervision of the IR team, whose objective is to mitigate uncertainties and transmit a clear action plan with consistent communications. This includes updates to the regulatory authorities, press releases to the financial markets and the news sources, management of social media networks, as well as meetings and phone conversations aimed at efficiently disseminating the message.

## CONCLUSION

*During times of crisis, Management and IR teams are the first to address market concerns. The first reaction may be to immediately tackle questions head-on quickly, but without having a clear plan; or delay communications, perhaps seeking more information to reduce errors. Using pro-activity as the best defender is always the best course of action. This means working together, using all the internal expertise that is available to generate solutions aimed at mitigating the impact.*

### HOW IDEAL ADVISORS CAN HELP MANAGE A CRISIS?

- Being the “**ears on the street**” for the company in order to control disinformation regarding specific items.
- **Training the management team** on handling uncertainty by discussing messaging and ways to effectively address the market during times of crisis.
- Generating press releases, in English and Spanish, to **reinforce the strategic message in all materials** disseminated by the company.
- Following up with the market to **understand perceptions** regarding specific topics of concern.

**IDEAL Advisors can help your company find solutions that work and be effective communicators during the best and the worst of times. For more information on how to successfully manage a crisis, contact us at: [team@idealadvisorsllc.com](mailto:team@idealadvisorsllc.com)**

## How can we help your company?

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