

A memo to the C-suite on confronting the unexpected

It usually happens on a day when you're trying to leave the office early.

You get a telephone call that something unexpected (read: bad) has happened. It could be that a trusted manager has stolen funds. Or that an employee has taken corporate secrets to your competition. Or that the government is investigating your operations.

You thought that something like this would not happen to you. But it did. What do you do now?

This is not an uncommon scenario. Regardless of your nature or size, some variation of these events will occur to your company. The only issue is when — and whether — you will be ready to respond.

Here are some considerations for addressing this challenge.

First, whatever it is, do not take it personally. To paraphrase theologian Harold Kushner, author of *When Bad Things Happen to Good People*, you cannot necessarily control whether bad events will occur. What you can control is your response. Clearly, taking the issue personally (i.e., why is this happening to me?) does not assist in moving the ball down the field. It only diverts your attention from Job One: attempting to resolve the issue.

Second, assemble your crisis team. Depending upon the issue, this group could include corporate officials for finance, human resources, communications and information systems. An integral member of this team is your attorney. Besides providing legal counsel, it is essential that the consideration of alternatives be conducted in a privileged setting.

Third, responding to the crisis is a front-end loaded process. It is essential that resources be deployed into addressing the issue right away. Generally, doing nothing is not a viable option; the problem will probably not vanish simply with the passage of time.

Develop a plan with multiple timelines: immediate, short-term, and long-term. As a guide, consider where you want to be at some defined point. Then work backwards in evaluating the tasks that need to be accomplished and the deadlines for their completion.

In conjunction with your counsel, consider whether other experts need to be retained. This is a critical step. It is imperative that you have objective and independent assessments from trained professionals of the key underlying issues.

Fourth, ensure that documents — paper and electronic — are preserved. Remember that the issues faced by Arthur Andersen and Martha Stewart were caused, in large part, by the cover-up and not by the underlying problems themselves. Retaining records ensures that you will not face the spoliation of evidence or other difficult issues further down the road.

Fifth, consider whether an internal investigation should be conducted. Who will carry out this inquiry? How will it be managed? A frequent course of action is for outside counsel to retain former governmental special agents to assist in interviewing personnel and analyzing documents. Such individuals provide a level of independence and integrity that can be invaluable for ensuring that you have solid facts for decision-making and for enhancing the public perception of your response steps.

Sixth, develop a communications strategy. In the Internet age, information travels instantaneously. Your stakeholders, such as employees, customers, vendors, and bankers, will hear rumors and innuendo. It is better that they receive the corporate response rather than gossip on the street. Whatever your position, make sure that it is accurate.

While the outlined steps might help in navigating the minefield of a crisis, the best time to confront the unexpected is before it happens. Develop a plan for addressing crises. Treat it as a living document, revising it as your operations change. Make sure that your corporate managers understand the plan.

Now is the time to start drafting your plan. As physicians advise, it makes better sense to get your physical while feeling fine — as contrasted with waiting until you get throbbing pains in your chest (or your business). [CRW](#)

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