

Navigating a Crisis

Lesson 6-7: Thriving in the Next Crisis

Discussion Guide – Confidentiality Reminder

One Word Check-in

Update – Personal, Business, Leadership

“During the seven years of plenty the land produced bumper crops. Joseph gathered up the food of the seven good years in Egypt and stored the food in cities. ... Then seven years of famine arrived, just as Joseph had said. All countries experienced famine; Egypt was the only country that had bread. ... Joseph opened the storehouses and soon the whole world was coming to buy supplies from Joseph.” Genesis 41:47-48, 53-54, 56-57 (MSG)

Thriving in a future crisis is only possible if an organization invests in preparation. A nimble business (and non-profit) can react during a crisis to survive. But in order to thrive during a crisis, an organization’s leaders must be willing to do the following:

- Plan for the inevitable crisis
- Develop critical assets by strengthening the balance sheet, investing in people and knowing the customer
- Routinely evaluate the business model
- Capitalize on new opportunities by being able to react quickly

Through no fault of their own, companies should understand a future crisis is coming. No one knows the type of crisis nor when it will occur. Just since 2000, U.S. financial markets have seen the dot-com bubble, 9/11, the financial crisis of 2007-08, the coronavirus pandemic and a looming recession. Many companies failed and many companies thrived in each of these unique and unexpected events. What was the difference in these companies? The reality is that a crisis reveals the real health of an organization. Those companies that were struggling prior to the crisis likely did not survive, but companies that planned did very well.

Waiting until a crisis hits to build up a healthy margin of critical assets is too late. Prior lessons in this study have addressed the importance of building up critical assets in order to prepare for a crisis. Cash, people and customers will all be valuable currency in navigating a crisis. Genesis 41-57 (see above) notes that Joseph wasn’t simply reactive when a crisis hit. He prepared ahead of time by formulating a plan to collect excess food during seven years of robust harvest and store it in cities across Egypt. Joseph’s leadership allowed Egypt to not just survive but be able to provide resources to other nations to allow them to thrive as well.

Crises result in economic difficulty for many organizations, but the “new normal” also means new opportunities for well-prepared organizations. The pandemic resulted in widespread economic hardship, but it also opened up new opportunities. Restaurants shifted from dine-in to carry-out, medical testing companies moved from drug screening tests to COVID testing and non-profits had more opportunities to serve their communities as schools and businesses were forced to close. Joseph’s leadership of Egypt shows us an example to follow of how to financially thrive amid a difficult situation.

Non-profit organizations must function like a business. While this series focuses on business, it is critical that non-profits adopt the same principles. Non-profits that ignore business principles and dynamics will fail. The only thing different between a non-profit and a business is that the non-profit does not pay taxes.

Shared Experiences:

- What crises have you experienced in your career? What did you learn from these?
- In your organization, which of the three critical assets (cash, people and customers) are you best prepared? In which are you least prepared?
- How was your company able to pivot during a crisis?
- In retrospect, what was a missed opportunity for your business that arose during a crisis?
- If you could go back a few years, how might your company have prepared better for the current crisis?

Bottom line: Proper preparation can enable a business to not just survive the next crisis, but to thrive by being able to take advantage of the unique new opportunities resulting from the crisis.

One Word Check-out

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Dig Deeper

Want to learn more?

- *Article:* [I Can't Keep Doing This: Small-Business Owners Are Giving Up](#) by Emily Flitter, New York Times
- *Article:* [Five Steps for Preparing Your Business For A Future Crisis](#) by Scott Puaga, Forbes Magazine, April 2020
- *Video:* [Three Things: Preparing for Financial Crisis](#) by Robert Bruner, Professor at University of Virginia, February 2018
- *Article:* [8 things Warren Buffett says investors should do to best weather a recession](#) by Alisa Wolfson published in MarketWatch.com

Below is a list of preparations to consider in strengthening your organization for the next crisis, which is coming. For specific industries and companies, additional issues should be considered. What other items might you study for your company?

Goal	What to do	What not to do
Strengthen balance sheet	<ul style="list-style-type: none"> • Build cash reserves • Perform cash flow projections • Have adequate liquid assets • Limit debt • Perform stress test of the business • Grow retained earnings • Increase profitability 	<ul style="list-style-type: none"> • Spend money at year-end to avoid paying taxes • Let tax planning override sound business decisions • Distribute all profits • Spend money just because it is in the budget
Invest in people	<ul style="list-style-type: none"> • Create a learning environment • Have a leadership development system • Provide opportunities for personal and professional growth • Help people achieve their goals • Conduct truthful and meaningful reviews • Hire top talent 	<ul style="list-style-type: none"> • Ignore staff dysfunction • Allow under performing and toxic people to stay on team • Provide feedback in an untimely manner
Know your customers	<ul style="list-style-type: none"> • Develop discriminating selection criteria for customers • Understand profitability per customer • Develop meaningful relationships with your customers • Identify strategic customers • Exceed customer expectations • Deeply understand customer needs 	<ul style="list-style-type: none"> • Work for litigious customers • Work for overly difficult customers • Work for unprofitable customers • Work for customers that do not pay their bills
Routinely evaluate the business model	<ul style="list-style-type: none"> • Develop a financial system that allows a deep understanding of the business • Develop and monitor metrics to quickly understand the most important aspects of your business • Know where you are making money and losing money • Stay on the cutting edge of your industry • Be willing to quit services/products that are not profitable or marginally profitable 	<ul style="list-style-type: none"> • Only review monthly or annual financial statements • Ignore the reality of a changing business climate • Bet the company on unproven markets • Keep doing the same thing the same way year after year
Capitalize on opportunities during a crisis	<ul style="list-style-type: none"> • Be flexible as opportunities are presented • Identify how your products and services can be delivered in a new way • Move beyond just a surviving mindset to a thriving mindset • Identify how your service/product can be redeployed • Invest in undervalued opportunities with significant potential 	<ul style="list-style-type: none"> • Wait for the previous business model to be relevant again • Jump at the first opportunity • Take unnecessary risks