

Corporate Governance and Crisis Management

The market is not performing as expected and your business is in trouble. Your creditors and investors have advised you to get some help. You need to assemble attorneys, accountants and other advisors to help you through this crisis. But you can mitigate the disruption of business if you begin with an assessment your corporate governance, followed by adapting your governance structure to fit your current crisis situation. Having the right governance in place will ensure the best possible operational and financial performance and allow you to focus on the most important asset of your business, the customer.

Corporate governance is the infrastructure that allows a company to make decisions and execute the business. In addition, it provides the structure required to delegate authority and make the rules of operations. Governance is a combination of people such as Board members, Officers of the company, management and advisors. It is also procedures and controls such as legal and regulatory procedures and financial controls. Governance has many components, some complex like board charters and stock plans and some simple, like check signature procedures.

If you are in a crisis, your employees, customers, vendors and investors will be looking to you to demonstrate the highest level of accountability and responsibility. Therefore you must be able to quickly assess your corporate governance and then make the appropriate changes to have the most effective and efficient governance programs in place.

Start with an assessment that will allow you to take a pulse of your organization and assemble all pertinent materials and documents. If you do not have time or the appropriate staff to complete this task quickly seek the help of a corporate governance expert.

The assessment process will cover the two components of governance: people and policies, procedures and controls, such as:

- Legal and Regulatory
- HR and IT
- Business Operations
- Financial Management and Reporting

Consider the taking the following steps in your governance assessment:

- Assemble, review and update corporate documents
- Do a high level review of internal procedures and controls
- Understand how to make changes in your organization and be familiar with:
 - Regulatory requirements
 - Customer requirements
 - Bank requirements
 - Shareholder and/or investor requirements
- Evaluate the people from board to employees in terms of roles and responsibilities
 - Do you have the right people?
 - Do roles need to change?

- Review the most current key financial and operational data
 - Change appropriate procedures and controls to conserve cash.

If you perform the assessment and devise a plan to meet your needs, the result should be better governance, which means good business, even in a crisis. The proper structure will help you to deal with all stakeholders in a way that maintains trust and restores confidence from employees, investors, creditors and most importantly, customers.