



Managing Stakeholders' Expectations When It Matters Most

During the best of times, communication with stakeholders is vital. During an economic downturn, like the one we are currently experiencing, it's even more critical that we keep interested parties up to date. Allan Nackan urges businesses to open dialogue with key stakeholders as we all grapple with the flurry of economic and financial challenges.

At times like these, the clichés are numerous. One that's indisputable is—*we're all in this together*. It's the ubiquitous slogan we've heard countless times in the last few weeks. However, as a business owner, this rings true on many levels. That said, when it comes to managing your stakeholders' expectations—clear and early communication is key.

The Economic Freeze

If your business has just seen its revenue fall off a cliff, as many retail businesses and restaurants have, your employees, suppliers and lenders are all looking to you for an indication of what you're going to do next. Are you going to make payroll? Are you going to even make payments? The perceived pressure can be immense. Where do you begin?

At this time everyone is trying to understand how to access the government sanctioned financial relief that's coming, while thinking of [new and innovative ways](#) to keep their businesses afloat.

During these times, your customers are hoping you don't call them to ask for money. They're facing the same pressures and are trying to assess the impact of COVID-19 on their revenue streams. Of course, you should call them, not solely to ask for money, as we already know what the typical answer is going to be, but to also check in with them on a human level as well as to hear their explanations of what is happening to their business. This information will help you to form the story that you must communicate to your stakeholders.

On the flip side, if you are a lessee renting your premises, you should proactively call your landlord if you expect any hiccup in paying your rent on time. Your landlord has stakeholders too. Expectations need to be set and understood.

The same goes for suppliers. No one likes making collection calls, but imagine if the customer proactively called their supplier? As we have seen in the past when certain industries encounter downturns, payment terms can become extended from top to bottom in that supply chain. We are now seeing this become necessary on a much larger scale, and that 'stretch' is going to happen across all industries affected by COVID-19.

Cash Flow Craftiness

In all consciousness, government bailouts should not be seen as blank cheques, at least not until the slack is taken up as much as possible within each sector or vertical.

We've seen many articles that state the importance of updating cashflow projections to reflect the new reality and to help with communicating the financial impact of COVID-19 to financial stakeholders. A 360-degree perspective of your stakeholders is necessary to properly update or prepare that financial model.

Although Canada's insolvency statutes are available to assist a company that cannot obtain the necessary concessions from its stakeholders, these are last resort solutions and there is much to gain from first trying these proactive and informal approaches.

Honest Conversations

As you can start to see, communication with your stakeholders—both upstream and downstream in the supply chain—is key at this critical time. As businesses seek to avail themselves of the economic support that's coming, one must be able to clearly articulate the true realities facing one's business. If these conversations aren't happening, they must begin now.

Frank and honest conversations with suppliers and customers alike will bode well if we're going to get through this unprecedented economic freeze. It's also an opportunity to build trust and strengthen relationships. After all, we're all in this together, right?

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