

**THE
BUSINESS
LEGAL
LIFECYCLE**

**How to Successfully Navigate
Your Way from Start Up to Success**

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CHAPTER 14

It's Lonely at the Top - Dealing with Crisis

"Everyone has a plan until they get punched in the mouth." When I started writing this chapter, this quote from ex-heavyweight champion of the world Mike Tyson came to mind. At the end of 2019 I had spent a significant amount of time with my leadership teams across a number of businesses planning 2020. As I sit down to write this chapter at the beginning of April 2020 this is exactly the situation that I find myself in, I feel and I am sure you feel, like you have been punched in the mouth.

I am writing this as an emergency additional chapter to my best selling book, The Business Legal Lifecycle, a book that has been, at the time of writing, released in Australia, the United Kingdom and the United States. This book is designed to help guide businesses through their lifecycle and to achieve my goal of making legal advice accessible to all SME's and their owners around the world. I want to help you to deal with the change that you are going through and how to plan for the future.

I have created a page <https://www.businesslegallifecycle.com/chapter-14> with links to all of the Information referred to In this chapter.

The Current Context

This chapter has been written specifically to deal with the Corona Crisis that is sweeping the world at the moment. It will no doubt be judged against what happens in the weeks, months and years to come and may eventually find itself into the print versions of my book. I believe that it is important that you understand the context in which I write this chapter, whether you are reading this now, in April 2020, or in the future.

Firstly the world has turned upside down, this is not the Global Financial Crisis, it's not a normal recession and it's not the dot com bubble. Governments around the world have closed entire industries, social distancing, a term that I had never heard before is one of the most common words you see on social media and in businesses around the world. Secondly, governments around the world are injecting billions and trillions of dollars into their economies to stop a mass of people who are unable to work from going without. Thirdly, for a lot of those who are able to continue to work, they are working from home, often something they have never done, nor ever wanted to do in the past.

Why did I write this additional chapter?

The consequences of how all of the steps that are being taken now by governments and businesses around the world will be judged in history. Understandably you may be concerned about the legacy that these decisions are leaving generations to come, for example the effect of the level of government debt, this is impossible to predict. What I wanted to do was to

share with you what to do now, how to deal with a crisis and in particular, to record what I have seen in business. Also I want to show you where this is going, to give a playbook on how to deal with this crisis right now, and to help business owners. The entire world, whether they like it or not are in this together and we will get through this if we all work together.

The structure of this chapter is as follows, firstly I will go through the stages of change, secondly I will map that against what I am seeing with my clients, colleagues and the world right now and finally I will give you a structured plan of what to do next.

Important considerations during a time of crisis are:

- Who can I help right now?
- What help do I need right now?
- Where can I serve my community right now?
- What is the plan to get through the next 7, 14, 30, 60, 90 and 180 days
- What is my plan for the future when the crisis is over?

Dangerous ways of thinking during a time of crisis are:

- I will put my head in the sand and ignore the world.
- I will never recover, my life is over.
- I need to cut costs by getting rid of everyone straight away, that is how I will save costs.

What you can Control

At a time of crisis there is a lot of advice out there about what you need to do. There are things you can and things you can't control. Three things that you can control are, how you use your time, what you put into your mind and how you nurture your network. In my view these are the 3 most important parts of any business owner's journey through the Business Legal Lifecycle. If you can control these 3 aspects of your life you will be able to come through any crisis in the best way possible.

Time

When you control your time you take control over what you do and how you do your work. An issue that I see time and time again with business owners is that they say that they never have enough time. The truth of it is that we all have the same amount of time it's what you do with it that will determine your success. By putting together a default diary of how you will use your time you can ensure that you maximise the time that you spend doing your most valuable work (for instructions on how to do that visit <https://jeremystreten.com/default-diary>).

Mind

Being deliberate with what you put into your mind is also crucial. Especially in a time of crisis avoid news and minimise the amount of negative input. You should focus on filling your mind with great information and inspirational material (for my recommendations see <https://jeremystreten.com/podcasts> and <https://jeremystreten.com/reading-resources>).

Network

Finally you need to acknowledge and serve your network. The goal of the Business Legal Lifecycle is to set your business to be in a salable position because at some point you will exit your business. When you do exit your business, you still have to live and interact with your network. So make sure that you have a well defined network and that you maintain it (for instructions on building a network audit, which will help you to understand the strength of your network go to <https://jeremystreten.com/networth-audit>).

14.1 The Stages of Change

The change curve is based on a model developed by Swiss physician Elisabeth Kubler-Ross in the late 1960's to explain the grieving process.

The Change Curve

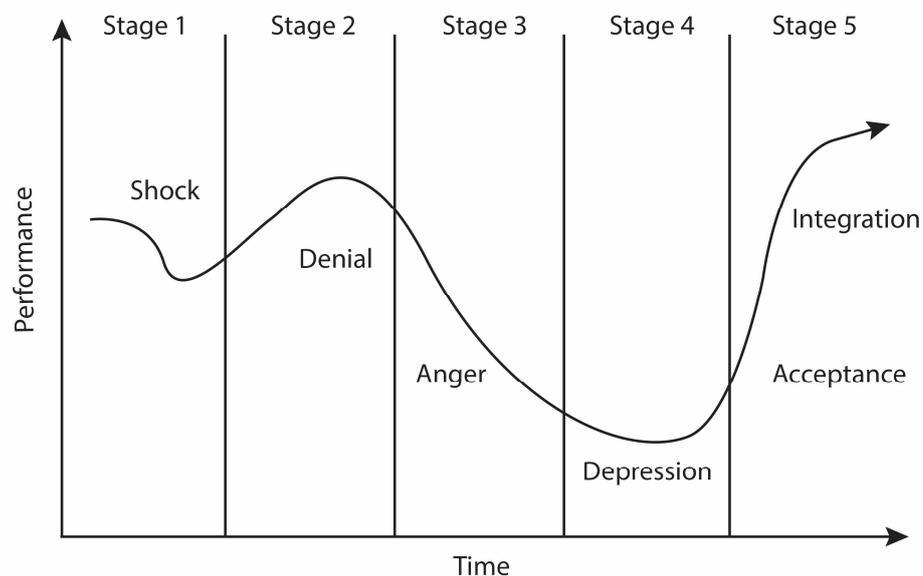


Figure 1: the Change Curve

The Change Curve is a graphic that has changed and adapted over the years and takes a number of different forms. They are all based on Elisabeth Kubler-Ross's 5 stages of grief,

denial, anger, bargaining, depression and acceptance. They all start when something about a persons life or business changes and follow the basic human emotions that all human beings feel. There are, at the time of writing this chapter, around 7.5 billion people on the planet. Each one of us experience things differently and so the way you will feel and how long you experience each stage will be different depending on you. This, like the Business Legal Lifecycle, is a guide to how you will deal with change and grief.

In this model the stages are as follows:

Stage 1 - Shock

Usually when change occurs there is shock, how long you are in shock and how quickly you can progress through this stage will depend on you. Shock is a defense response that is natural in all people. The reasons for the shock vary but can generally come from a lack of understanding that falls into 3 categories:

- Numbness, a feeling that you can't feel anything
- Disbelief that something that you weren't expecting just happened
- Confusion as to what to do next

Stage 2 - Denial

Once you move through the shock stage generally you will move into the denial phase. This is most often categorised when you feel that everything was okay and will go back to the way it was quickly. You will feel a:

- Fear of being a failure
- Feeling that the way you knew the world must be right
- Being comfortable with the status quo.

The problem with this denial stage is that the world is changing at a remarkable pace, you need to realise that in many ways life and business will not go back to the way they were. Often this stage will be prolonged if you haven't experienced major change in the past or haven't dealt with it very well.

Stage 3 - Anger

Here you will look for a scapegoat, in the shape of a company, politician, ethnic group or some individual. You start looking for someone to blame which fosters below the line statements for example:

- Suspicion
- Skepticism
- Frustration

Stage 4 - Depression

Once you go through the anger stage you will find yourself thinking that you are moving into acceptance, which is usually depression. This is the lowest point on the change curve, as anger diminishes you start to realise that change is happening and you can't stop the change. Often your morale will be low and your self doubt and anxiety will reach its peak. You know you are here when you start to think that nothing will ever get better and is associated with feelings of:

- Apathy
- Isolation
- Remoteness

Unfortunately it is at this stage that you start to fixate on the little things which distract you from what you need to be doing. You start to be reassured that other people, including family and peers are having the same feelings.

Stage 5 - Acceptance and Integration

No matter how quickly or slowly you go through the first 4 stages you will always come out the other side. It's here that you accept that the change is inevitable and that you need to adapt. You begin to then look at the ways that you integrate the change into your life. Often you will be thinking of:

- Exciting new opportunities
- Relief that the change has happened
- You survived the change
- Impatience that the change is not yet complete.
- Hope for the future.

Ultimately you need to get yourself to this stage as quickly as possible, you can't skip the other stages. You can however step through them quickly and efficiently so that you can accept the change and then make the change that you need to make in your business.

14.2 The Corona Crisis

As a consultant and lawyer/attorney I have had many conversations with many business owners, employees and people about how the world has changed with the Corona Crisis. You will be dealing with it in your own way and what I have noticed is that business owners in particular are following a similar pattern in dealing with the change that they are dealing with

on a day to day basis.

Stage 1 - Shock

When governments announced lockdowns, closed entire industries and told people to socially distance themselves, everyone went into shock. Prior to that the COVID-19 disease and SARS-CoV-2 virus were in other parts of the world and everyone thought that it wouldn't affect them individually. The shock, whether you look at social media, talk to people or read the news was severe.

Stage 2 - Denial

This quickly led into a denial phase. Again if you looked at social media or talked to people there was a lot of denial. I know for myself that I couldn't believe what was happening, entire businesses owned by my clients were being forced to close and business owners had to think about what affect that would have on them as business owners and individually. Most business owners were in denial, they were confused, thought that the status quo would come back soon and were fearful of where their business would end up.

Stage 3 - Anger

This stage was characterised in two broad ways. Firstly business owners were concerned about themselves and their livelihood. What was the impact on them and their ability to earn a living. Secondly, they started to think about their team (if they had one), business owners immediately thought of the people that they employed and how they were going to deal with them. Decisions were hastily made to furlough or stand down team members (due to the fact that the employer wanted to keep them employed but were unable to pay them or give them work because of a government order). Proper procedures were not followed and irrational decisions were made.

Stage 4 - Depression

This is one of the most dangerous stages for a business owner as it could cause serious damage to their business. Governments around the world are making billions and trillions of dollars available for businesses to pay their team. So now the anger, confusion and worry is giving way to a feeling of hopelessness, apathy and isolation. There is a real danger that the forced isolation and social distancing could make this worse for a lot of business owners and entrepreneurs. As a business owner, you will have a network, a community of people that you work with. Make sure that you are reaching out to them now more than ever as we need to get everyone through this stage.

If you are reading this and don't know where to turn please email me directly at jeremy@jeremystreten.com and we will arrange a time to have a talk to get through this stage. I am not a psychologist or psychiatrist though so if you need more help I can direct you to someone that can help.

Stage 5 - Acceptance and integration

Some people reading this chapter will already be in the acceptance and integration stage. You know you are here when you have accepted that the change has occurred, you cannot change what has happened and you know that there is hope for the future.

It is this stage that you will need to be in to plan for the future in section 14.3. If you are still in the previous stages you will be distracted by anger and depression and won't be able to see the light at the end of the tunnel.

I think it is also important to note that with any crisis, you will go through the change curve and the stages of denial multiple times. Different events occur that cause you to go into shock and start again. This is an overview of the general stages that I have seen and how this applies to business owners.

14.3 Your plan

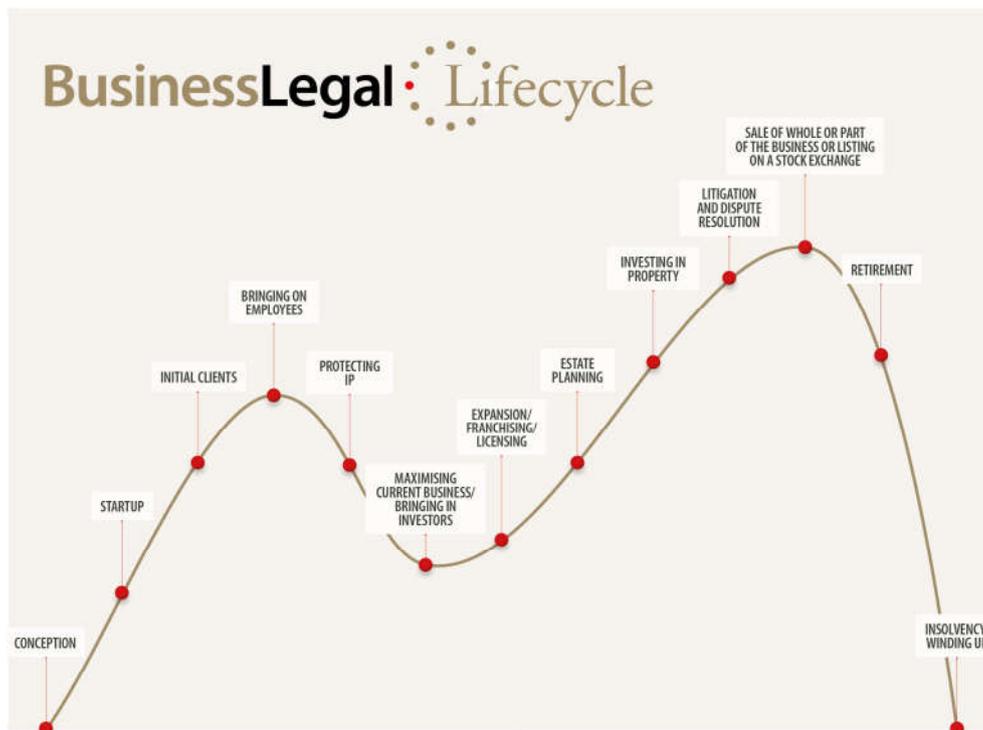
As you were reading the sections 14.1 and 14.2 I hope that you spent some time thinking about how these stages apply to you. If not I encourage you to go back and spend some critical thinking time thinking through how you have dealt with the change caused by the Corona Crisis. If you found yourself thinking that, "I wasn't in shock or denial" I would simply point out that you probably were but you dealt with it quickly. Congratulations on getting to this stage as this is where you will get through to the other side of the change caused by the Corona Crisis.

As I have said before every person in the world will be on a different trajectory through the change curve. Different events will happen that cause you to have different change curves, and different starting points. You may go through multiple change curves depending on the upheaval in your life and business. The one thing that will be the same is at the end you will need to move into acceptance and integration.

What to do next?

At the beginning of this chapter I quoted Mike Tyson "Everyone has a plan until they get punched in the mouth." This quote is often misinterpreted to mean that there is no point in planning because once something goes wrong it is thrown out the window. Nothing could be further from the truth. The skill of planning is one that you need to get good at, if you have never really planned before then this is the time to start. Planning is a skill that will help you immensely going forward and one that you will build a bit like a muscle through repeated workouts.

The Business Legal Lifecycle gives you the structure of that plan and allows you to understand what you need to put in place for your business. I have reproduced a copy of the image here:



Now that you have dealt with the shock of the initial change, the despair and anger of what has occurred and your team, what's next? The following is a structure of what to deal with next in your business.

Contracts

I know most business owners don't like contracts, a lot of business owners have never read their key contracts. This is the opportunity to read and review your contracts to figure out what affect the Corona Crisis will have on those contracts. It is not time to put your head in the sand. Depending on your business you may be able to negotiate:

- your lease
- your supplier agreements
- your financial agreements.

Once you read the contract, if you are unsure what it means or how the change caused by the Corona Crisis may affect the contract, you should get advice from your attorney on the contract. Don't try and do it all yourself, there will always be subtle blindspots in contracts that you may not be aware of, so having a third party expert review the contract will help spot these blindspots.

To be clear, I know that some business owners are looking for opportunities to take advantage of the crisis to get better terms to some of their contracts. You may be able to do this but remember that if you are not affected financially then at the end of the crisis you still have to work with the people on the other side of the contract, you could do serious damage to that relationship if you aren't genuine.

Your Foundations

Understanding the foundations of your businesses structure are crucial to the continued success of your business. If you don't have the foundations in place then any growth or leverage you experience in the future will be hampered by your poor foundations. Now that you have accepted the change that has come into your business and life you need to build on your foundations.

There is a lot of noise out there on what you need for your business. You need to pick a methodology (or methodologies) and use that for your business to get your foundations in place so that you can handle change and push through it even more successfully on the other side. Now is the time to consult with your lawyer/attorney, accountant, coach and work out what foundations you need in place to build your success. A good place to start is to read the other chapters of my book, The Business Legal Lifecycle, which I have made available for free in PDF at <https://www.businesslegallifecycle.com/chapter-14>.

Disputes

A lot of law is built on precedent, this means that we look at previous cases to interpret what a legal position is in any circumstance. Even legislation, (laws written by parliament) have to be interpreted and meaning given to certain terms, which is often very different depending on the people involved. I have no doubt that coming out of a crisis there will be significant change in the way that we live our lives. The law surrounding businesses has not had to deal with this situation before, whole industries being shut down, governments requiring people to stay at home. What affect does this have on contracts written without a global pandemic and shutdown in mind. New laws will be written and in a lot of cases courts will look at what was fair and reasonable in the circumstances.

Determining what is fair and reasonable in any circumstance is not an exact science. For that reason coming out of the Corona Crisis there will be a lot of litigation surrounding the conduct of people and businesses during the crisis. In a lot of situations it will not be necessary, only a small number of disputes ever reach court and most will be able to be resolved without costly litigation. Where a difficult decision is necessary I recommend that you document your decision and reasons. In the future if you may need to justify why you thought a decision was reasonable then that is the best evidence of your mindset at the time.

Businesses need to be able to function, they need to be able to collect their debts. It may be that at the time of the Corona Crisis that you have made a decision to pause collecting debts. That is understandable however as with any change, once you have accepted that change has occurred you need to assess that decision in light of the current circumstances. Another strategy is to work on any debts that may be owed to you and negotiate an arrangement for those debts to be paid into the future. People want certainty and they want to have that moving forward so this is an opportunity for the arrangements to be in place.

Acquisition Opportunities

An often overlooked area during a crisis is the opportunity that arises to acquire business assets to grow your business. Coming out of any crisis there will be many opportunities open to you, that you will set yourself up as we come out of the crisis. Stage 5 of the Change Curve is the time to start seriously looking at these opportunities. Is a competitor struggling and you can help by acquiring them? Is another business owner looking to get out of business? At the time of writing this we are not only in the Corona Crisis but at the start of the baby boomer retirement tsunami. Many baby boomers will be looking at moving to Phase 12 retirement, so you may have an opportunity right now to acquire a business asset.

Before you do that though you need to get advice from your lawyer/attorney, accountant and other coaches to ensure that you have your foundations set up correctly. This will ensure that you don't suffer from the problems that often occur during expansion as mentioned earlier in the book (Expansion - Chapter 7).

Business Startup

I have no doubt that coming out of this crisis, like every other crisis before it, there will be a large number of startup businesses. So many businesses fail each year (even without a crisis 60% of businesses don't last 5 years) because they did not build their foundations properly. As a startup business there is a lot of noise around how to start your business properly, at the same time it has never been easier to start a business but never harder to get the right advice.

I speak from experience in this regard, my business partner in my law firm and I started our law firm out of the 2008-2009 recession. We didn't know everything about running a business. What we did know was that we needed advice, we met with an accountant, we met with a coach and we received advice about what we needed to do to start up correctly. I strongly encourage you to seek advice from your lawyer/attorney, accountant and business advisors before you start your business to ensure that you do it correctly.

14.4 Conclusion

I like to think of business is like a rubix cube. There are over 43 quintillion (43 quintillion ,252 quadrillion, 003 trillion, 274 billion, 489 million, 856 thousand,000 to be exact) combinations in a rubix cube. Googles super computers say that any of those combinations can be solved in 20 moves or less. I don't know all of those combinations or even one to solve it in 20 moves but I do know that you can teach yourself a methodology that lets you solve any of those combinations in under a minute (visit jeremystreten.com/rubix for the instructions). In business there are many different ways to plan your business. You need to pick a plan to work through and build a great business that can deal with change.

Understanding that will help set yourself to come out of the Corona Crisis, and any future crisis in a great way. Know that change is inevitable, it is scary but that you will get through it and so will everyone else. When you get to acceptance and look at ways to integrate the change into your life then you will set yourself up for success.

As I said earlier if you want to discuss any of the concepts in this book or want any help please reach out to me at jeremy@jeremystreten.com, I am happy to provide advice, to be a sounding board and to help you through this or any future crisis.

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WHERE TO FROM HERE:

1. Where am I in the Change Curve?
2. Have I been through all of the stages?
3. What have I missed?
4. What is my plan for the future success of my business?
5. Where are you at in the Business Legal Lifecycle?

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