

Amid tariff turmoil, companies need to speak to stakeholders now to be able to thrive later

The Trump administration's tariffs have ushered in unprecedented economic uncertainty that has greatly rattled most major global equity indexes and flummoxed corporate executives, Boards of Directors and the general public, alike.

Amplifying the confusion: Reports of administration infighting. Surrogates making seemingly conflicting statements about the tariffs' intended effect. Abrupt policy reversals muddying the waters. All this is leaving businesses questioning how to separate rhetoric from reality. Make no mistake, this hyper-charged uncertainty is showing no signs of going away.

Staying silent is not an option. Every audience is worried. Employees with retirement accounts see giant holes in them. Customers already weathering persistent inflation expect higher prices on goods and services. Shareholders watch stocks whipsaw as they evaluate whether their positions are still good investments.

Business leaders need to focus simultaneously on the near- and long-term, nimbly navigating through trade uncertainty while also carefully developing an operating model for the full length of a Trump presidency. Both objectives are tightly linked. Companies that act and communicate successfully through this moment will be better positioned for future challenges because their most important stakeholders are watching – and listening – closely, and their support is anything but guaranteed.

NEAR-TERM RECOMMENDATIONS

As markets plummet, reassess and zigzag, investors are seeking precise information, analysts are struggling to model trade impacts across a range of scenarios, capital markets are retrenching, consumer spending is cooling, employees are bracing for job cuts, and many economists and business leaders are forecasting a recession.

With earnings and annual meeting season here for publicly traded companies and the financial community watching private company and private capital behavior as well, companies need to:

- 1) **Ditch the “closely monitoring” and “wait and see” messages.** Leadership must be able to answer detailed, pointed questions from investors and analysts. This is especially important if a company has substantial exposure and/or a complex global supply chain. Tackle the issue head on. Don't wait for the question.
- 2) **Ensure internal alignment and message consistency.** Board directors should use the same talking points as the CEO and CFO, and the same goes for investor relations and government affairs. All must be consistent to avoid confusion with financial audiences and uncertainty with other stakeholders.
- 3) **Deliver earnings and investor calls live – or be prepared to ditch any pre-recorded versions.** Daily, if not hourly, news and market jolts mean messages may have to quickly change to be credible with audiences. Addressing pressing issues immediately instills confidence in management.
- 4) **Tailor financial guidance to a specific situation. Adjust and augment disclosures if needed.** Even if near-term expectations have not changed, longer-term outlooks may be nearly impossible to peg accurately. It's acceptable to adjust guidance disclosures to reflect current circumstances. Outline underlying assumptions and key swing factors. Silence can be perceived as re-affirming.
- 5) **Talk about operational changes being considered or implemented – to a point.** Focus on options rather than disclosing specific long-term plans, given that tariffs could be diluted or reversed if Trump strikes deals. It's also OK to acknowledge what level of tariff in a certain country the business can sustain – and what it can't.

Most importantly, business leaders should bust traditional corporate silos, surround themselves with the right advisers – including political, policy, investor and communications experts – and consider new partnerships that enable good political outcomes.

This radically uncertain period underscores the need for an agile, responsive and integrated team that can provide political AND business insight. The right team can help sort out what's valuable information and what's misinformation or disinformation. It's also a good time to find new allies because advocacy works best when aligned interests work together on a shared outcome. Question traditional alliances and look for new – and, perhaps, strange – bedfellows.

Leaders who surround themselves with internal and external advisers with insights and partners with shared interests will be better prepared for the balance of this administration's term.

LONG-TERM RECOMMENDATIONS

In addition to addressing near-term pressures, companies must manage overall reputation in a way that keeps its most important stakeholders – employees, customers and investors with them through the tumult.

To protect their reputations with their most important backers, companies should:

- 1) **Be as transparent and authentic as possible.** Favor real talk. Kill the platitudes. And consider the spreading anxiety among employees, customers and investors. They want reassurance. Focus on what the company IS doing and CAN control and pair ACTIONS with WORDS to provide concrete proof that they can trust leadership.
- 2) **Acknowledge the radical uncertainty.** It's acceptable to underscore the different nature of this moment, which is the result of a single nation's political moves rather than economic crises in the past, sparked by wars, conflict and market bubble bursts. Doing otherwise can be seen as tone deaf.
- 3) **Don't be afraid to say "we don't know."** It's acceptable to punt on questions leadership shouldn't be expected to know – like Trump's thinking or what he might do next. But answer questions leadership should be able to – like the effect the 46 percent hike for Vietnam may have on a Vietnamese-reliant supply chain.
- 4) **Disclose what leadership IS doing to respond to the hikes.** Say what's on the table and what's not. Moving supply chains from Brazil to Indonesia? If so, over what timeframe? Passing costs onto customers? If so, to what degree? Stakeholders want specifics and leadership must give them.
- 5) **Meet stakeholders where they're at.** It's near impossible to break through this noisy media environment. Instead, speak directly to stakeholders. Employees chat in the lounge? Dispatch leaders there. Customers talk on social media? Participate on those platforms. Always provide consistent messages.

In times of intense volatility, strong stakeholder communications are the key to protecting a company's reputation and ensuring the business is still standing. Leaders who focus on – and communicate with – those audiences who matter most now and later will fare much better than those who stay quiet and try to ride it out alone, especially when the tumult may last for years.

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