

Protecting Your Reputation in the Event of a Government Shutdown

The potential for a government shutdown has become a perennial – if largely empty – threat in Washington in recent years. Yet the current dynamics in Washington are raising the odds of a protracted and potentially destabilizing fight over government spending priorities.

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President Donald Trump this week threatened to block any new government spending unless Congress agrees to fund the border wall. And some conservative Republicans are urging President Trump to block any bills that allow an increase to the federal debt limit without steep cuts to entitlement programs.

Suffice it to say, the uncertainty is raising alarm bells: Even before President Trump's border wall comments, Goldman Sachs Group Inc.

was predicting a 50 percent chance of a government shutdown. Treasury bills – which have been slowly rising in anticipation of a debt-limit debate – surged this week, with the rate on bills maturing Oct. 12 jumping as much as 5 basis points.

In order for the federal government to continue operating fully past Sept. 30, Congress needs to pass – and President Trump needs to sign – a “continuing resolution” to authorize spending. There is concern that President Trump will veto any spending bill that doesn't include the border wall funding. Even if Congress can buy time by kicking a more fulsome spending bill down the road, there's another trigger lurking in the “debt ceiling,” which the U.S. is expected to hit in October.

This has huge implications not only for Congress but for U.S. corporations, who are more exposed to a federal shutdown than might be readily apparent.

Given policy debates are essentially a game of chess, it's essential for corporations to think one step ahead and plan for every potential move Washington could make.

The first step a company should take: Assess the impact a shutdown could have on its business operations, including the ripple effect on employees, customers, investors, vendors and other areas of exposure.

For instance, if the federal government is a customer, it will suddenly be unable to pay its bills, creating issues for businesses that factor those payments into its capital planning. A small business that provides services to the federal government could find its cash flow cut off and unable to make payroll. Those

employees could find themselves unable to pay their credit card bills or mortgage payments, posing challenges for financial institutions that hold those loans.

Companies will need to prepare for various scenarios and plan how to manage and communicate both externally and internally around those events.

It's also worth assessing the potential to mobilize against a shutdown. Through a campaign-style effort, businesses could potentially change the policy trajectory by reminding policymakers of the very real cost a shutdown would have on workers, economic growth and output. Given the 2013 shutdown is estimated to have cost the U.S. economy \$24 billion in economic output, or 0.6 percent of projected annualized GDP growth for that year, there's probably little appetite for a similar impediment at this point in the economic growth cycle.

How Brunswick Can Help:

Effectively protecting your reputation and license to operate requires tools and strategies that are aimed at engaging your different stakeholders.

This requires proactive and reactive response plans tailored to the different segments that are critical to your business.

Brunswick can use its global reach and expertise to provide strategic counsel and to develop tools to help you best prepare for a potentially destabilizing event.

This includes identifying areas of exposure, planning for various scenarios, stakeholder identification and communications support. We also engage in coalition building and can mobilize key businesses within and across industries to come together to wage concerted campaigns aimed at a policy or regulatory goal.

Our experience in crisis preparation and management, stakeholder engagement and media will ensure that you have the best resources and experts available to protect your reputation during a period of uncertainty.

Our Approach:

- Identifying stakeholders impacted/affected by the shutdown
- Scenario planning for market uncertainty surrounding shutdown to full-blown shutdown
- Determining when and how to communicate with stakeholders
- Developing holding statements for key stakeholder groups
- Determining when to issue proactive or reactive statement
- Establishing a chain of command for decision-making related to a possible government shutdown and the implementation of key protocols
- Identify a point person for each business unit to ensure familiarity with protocols
- Determining social media/digital plan

For more information, contact

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