IVEY BUSINESS JOURNAL
IMPROVING THE PRACTICE OF MANAGEMENT

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By David Weiner
March/April 2006
Reprint # 9B06TB06

Ivey Business Journal Online is published by Ivey Management Services, a division of the Richard Ivey School of Business.
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www.iveybusinessjournal.com

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c/o Richard Ivey School of Business, The University of Western Ontario, London, Ontario N6A 3K7
Tel: (519) 661-3208, Fax: (519) 661-3882, Email: cases@ivey.uwo.ca

Crisis Communications: Managing corporate reputation in the court of public opinion

A crisis is the ultimate unplanned activity and the ultimate test for managers. In a time of crisis, conventional management practices are inadequate and ways of responding usually insufficient. This author, a communications practitioner with global experience, details a well-managed crisis response that will leave stakeholders with a favourable impression and renewed confidence in the affected company.

By David Weiner

David Weiner is Senior Partner at National Public Relations and head of the firm's Corporate Practice. He has brought Western communications and crisis management practices to MBA programs in China, as Visiting Professor at Tsinghua University, National Accounting Institute and Beijing Institute of Technology.

Few circumstances test a company's reputation or competency as severely as a crisis. Whether the impact is immediate or sustained over months and years, a crisis affects stakeholders within and outside of a company. Customers cancel orders. Employees raise questions. Directors are questioned. Shareholders get antsy. Competitors sense opportunity. Governments and regulators come knocking. Interest groups smell blood. Lawyers are not far behind.

As the ultimate unplanned activity, a crisis does not lend itself to conventional "command and control" management practices. In fact, some of the techniques for managing a crisis may fly in the face of conventional notions of planning, testing and execution. Preparation and sound judgment are critical for survival.

Note: The Richard Ivey School of Business will host a day-long conference on Crisis Leadership on Friday, April 21. Keynote speaker will be former New York mayor Rudy Giuliani. For tickets: www.ivey.ca.

Since the Tylenol crisis of the 1980s (unknown parties tampered with bottles of the product), the concept of crisis management has become a specialized activity in the domains of communications and public relations. Companies have come to recognize crisis communications capabilities as a vital part of their risk management and business continuity strategies.

National Public Relations has been on the front lines of some of the highest-profile crises in Canada and beyond, for more than 30 years. We have devoted many more hours to helping companies avoid, manage and recover from a crisis. This article encapsulates our strategy for survival.

1. Crisis prevention: The case for issues management

The first task is to identify crisis risks or to recognize a crisis when it breaks out.

From a communications standpoint, a crisis is a business or organizational problem that is exposed to public attention, and that threatens a company's reputation and its ability to conduct business.

A crisis can take on many forms, including natural or man-made disasters, environmental spills, product tampering or recalls, labour disruptions or criminal acts, to name a few. What makes them a crisis is the fact that they are the focus of intense media scrutiny.

Although some risks are beyond a company's control, others can be foreseen. Research shows that the vast majority of crises arise when companies fail to identify a potentially contentious issue at an earlier, more benign, stage, and to develop a plan of action to manage the issue before the issue manages them.

An issue can fester for months, maybe years, until events and circumstances intersect and propel it to centre stage on the public agenda. In some cases, an issue may have been badly handled, and as a result, has escalated to the brink of becoming a crisis. Examples include:

- A major pharmaceutical company recalls a product that has proven to have adverse side effects. Relentless media attention reveals that the company had known for years about scientific studies that questioned those side effects.
- A brokerage firm, steeped in its own male macho culture, routinely subjects female employees to embarrassing or degrading working conditions, and ignores the most reasonable of complaints, until an employee launches a lawsuit and gains the support of women's organizations nationwide.
- A company's blue-chip board, having confidence in its high-profile CEO, rubber-stamps his recommendations, until a whistle-blower reveals shenanigans within the company that lead to a special audit and an OSC investigation.

A coordinated approach to issues management can help an organization effectively identify and anticipate potential issues, prevent crises from developing, and influence their evolution and outcome.

The first step is to conduct an issues audit?an inventory of a company's vulnerabilities and the critical issues it is likely to confront. The task for companies in highly regulated sectors, like energy or pharmaceuticals, is more obvious than for other, less visible enterprises.

Within the company, a series of interviews with senior management is conducted. Business plans, processes, relationships and previous experience are analyzed. Key contacts in the industry, media and oversight functions are identified, and existing communications plans inspected for relevance.

Outside the company, media analysis, legislative tracking, industry reports, polls and surveys all help to bring potential threats to the surface.

Once a framework is established, the critical issues should be identified and prioritized in order of magnitude and likelihood of occurrence.

After the communications audit is complete, an issues manual is developed. This document details critical issues, the history and context of company involvement with them, and the company's position on each one. If the issues have seeped into the public domain at any point, the level of visibility should be described, and allies and adversaries identified.

Some examples of issues that faced companies in recent years and escalated into crises include:

- Canadians' penchant for bank-bashing was the context in which the country's major banks unsuccessfully attempted to merge with each other;
- Advocacy groups raised red flags about unknown risks in producing and consuming genetically modified organisms before GMO-based products were sprung on the market;
- Heavy industrial emitters knew of Canada's intention to ratify the ill-conceived Kyoto Protocol on Climate Change years before they expressed their views on its economic impact;
- Labour groups and others had been advocating better working conditions in the Third World before ethical sourcing became a mainstream concern for retailers.

Creating a crisis communications plan

The issues audit becomes the front end of a company's crisis communications plan, and arguably, the most important document in the plan. As a complement to a company's emergency procedures, the crisis plan should contain detailed communications response procedures in the event that any of the potential crises identified in the communications audit, or unforeseen external events, come to pass.

The following is a checklist of the contents of a good crisis communications plan:

- Names and contact information of the crisis team/ spokespeople. People need to know who holds responsibility for leading the organization through the crisis.
- Crisis triage. Understanding what level of "crisis" you're facing. Establishing criteria to decide when a minor incident has the potential to become a national crisis can be a challenge.
- " First response. What information has top

priority? How will you initially respond to media?

- Alert/ notification procedures. Who needs to get information, and in what order of priority? By phone, e-mail, pager or fax?
- Situation room. Assess the physical space that will be the nerve centre for managing the crisis, including the required hardware and software, staffing, location and layout.
- Stakeholder communications. How do you plan to communicate with customers, shareholders, employees, government and the media?
- Contact lists. Include the "inputs (which media outlets and Internet message boards should be monitored, which opinion leaders should be kept track of, etc.) and "outputs" (which journalists should be contacted, which newspapers and television programs should be approached, which media outlets need to hear your story).
- Template responses. Standardized format, language and protocol for all communications.

Access to the crisis plan is essential. Many companies now maintain both print and electronic versions for ease of access and remote retrieval.

Testing the plan

In order to ensure that the messages contained in the crisis plan are delivered effectively and with credibility, and that the plan can be carried out, it needs to be tested. This is where crisis training and simulations come in, as well as media training.

Crisis training is best delivered by outside trainers who take participants through crisis theory and its practical applications to their industry or company. The crisis plan is reviewed and implemented in a simulated crisis to assess the organization's preparedness, and to identify areas that need improvement. Did the crisis response, when played out, escalate or solve the crisis?

2. Crisis Management: "Plan for the worst; hope for the best"

Despite the best planning and foresight, organizations inevitably find themselves in a crisis from time to time.

- An oil company's head office receives a media call asking for its reaction to the bombing of its pipeline in Central America, before the company itself has even heard the first report from the field.
- A packaged goods company learns it is being sued by disgruntled consumers.
- A delivery truck driver for a hazardous waste company calls his dispatcher to report he's been in an accident and spilled his load of chemicals in a densely populated part of town.

Research has discovered common internal reactions when the issue first breaks.

The first casualty of a crisis is perspective. Characteristically, the pattern is one of escalation, with the initial response being surprise, itself the result of a lack of information.

Before the company knows about the incident, cameras are on the scene. In the absence of real information, an organization cannot respond meaningfully. However, that doesn't stop media from reporting on it live, minute by minute.

As events escalate, management senses a loss of control over the issue. Intense scrutiny by the media, regulators, stakeholders and competitors breeds a siege mentality, tempting a company to batten down the hatches and say nothing at the very time the media is pounding at their door.

Panic sets in. Business planning horizons change from years into hours. Management attention is focused entirely on getting through the next interview.

External reactions mirror these internal dynamics. Initially, an incident may attract the interest of only a small constituency.

- Reports out of a small town indicate residents are concerned about the quality of its water supply.
- An obscure illness begins to affect a marginalized group of citizens.
- A scientific journal questions the safety of technology used in a popular consumer product.

As the hours and days pass, media reports breed a wider concern as other stakeholders become aware of the impact of the situation on them. Curiosity turns into concern and anxiety.

The absence of an adequate response by the players involved breeds anger and fear and invites a desire in others to retaliate for what is seen as wrongdoing. Stakeholders begin demanding answers. They want to strike back, with the view that someone has to "pay" for the consequences. Sooner rather than later, an organization loses the public trust and goodwill upon which its business has been built. Market share begins to erode. Stock prices drop. Government orders an inquiry.

Assessing a crisis

One of the most vital skills a company can possess is the ability to determine if, when and at what level of importance a crisis has struck:

- Is this a crisis, or is it simply a continuing business problem coming to the surface?
- Is it confined to a local area, or does it have the potential to become a situation of national or international importance?
- Has someone verified the incident or crisis?
- What are the legal implications?
- What level of resources will be required to manage it?

So what's to be done? Ten rules for crisis management

1. Respect the role of the media. The media are not the enemy; they have direct access to the audiences you need to reach. Rather than avoiding media, use them as a conduit to communicate key messages. Prepare a statement that includes the confirmed facts; communicate what the company is doing and provide background information.

2. Communicate, communicate, communicate. The first rule of crisis management is to communicate. Early hours are critical and they set the tone for the duration of the crisis. The media's first questions are likely to be simple and predictable:

- What happened?
- Where?
- When did you know of the problem?
- What are you doing about it?
- Who's to blame?
- Were there warning signs?
- How will life or property be protected or compensated?

Be as forthright as possible; tell what you know and when you became aware of it; explain who is involved and what is being done to fix the situation. Be sure to correct misinformation promptly when it emerges.

- In the aftermath of the 9/11 tragedy, New York Mayor Rudolph Giuliani held a press conference in the ruins of Lower Manhattan that afternoon. In the coming days, he became the reassuring voice of calm for worried residents of the city.
- In the hours, days and months after the 1998 crash of Swissair 111 in Nova Scotia, the Transportation Safety Board of Canada held a series of media updates on the status of the crash investigation, and provided regular safety alerts to the international aviation community.
- When Pepsi-Cola heard first reports of syringes being found in soft drink bottles in 1993 -- which turned out to be hoaxes -- it launched a broad communications offensive to reassure consumers. Tactics included media relations and interviews, company open houses, video news releases, third-party endorsement and consumer hotlines.

Remaining silent or appearing removed, perhaps on the advice of legal counsel, tends to enrage the public and other stakeholders. A balanced communications strategy must be developed that protects corporate liability while satisfying the demands of today's information and media dynamic.

As demanding as the public may be, they are usually inclined to give an organization the benefit of the doubt in the early hours of a crisis. They judge a company and its leaders not by the incident itself -- which they recognize is often beyond the control of those individuals -- but by their response.

3. Take responsibility. One of the more controversial tenets of crisis management is that someone involved in a crisis must be prepared to empathize, even publicly apologize, for the events that have transpired. This is different from accepting blame. Taking responsibility means communicating what an organization is doing to remedy a situation that the media and the public have determined involve that organization in some way.

4. Centralize information. A company needs to move quickly to gain control over information and the resolution of the crisis. Ensure that appropriate levels of management are updated with information from a wide variety of sources (media coverage, analyst comments, competitive intelligence, managers' first-hand reports, etc.).

5. Establish a crisis team. Create and train the crisis team before a crisis strikes, and establish a situation room. During a crisis, when everyone goes into action, be sure the team has access to the highest levels of management.

6. "Plan for the worst; hope for the best." Assume the worst-case scenario. Develop contingencies for the hours and days ahead, forecast possible consequences and determine plans of action.

7. Communicate with employees. Remember that employees are your front-line "ambassadors" in a crisis. Be sure they are aware of what the company is doing to deal with the situation.

8. Third parties. Use third parties to speak on your behalf. Third parties act as character witnesses and often carry more credibility than the organization at the centre of a crisis.

9. Use research to determine responses. Polling, market research and focus groups provide essential insight into the magnitude of a crisis and public attitudes about where hidden issues may lie. Monitor the Internet, chat rooms and blogs.

10. Create a website - If circumstances warrant, create a website to give quick, up-to-the-minute information and get the company's story out.

Tips for handling media in a crisis

3. Crisis recovery: Regaining trust

As the crisis comes under control, a company should examine the impact the incident has had on its brand(s) and reputation. If the brand has taken a hit, a company may need to give consumers a reason to trust them again.

Companies should consider a broad range of potential communication initiatives to restore trust and loyalty.

- Following a recall of millions of cases of beer that may have contained a few bottles tainted with caustic cleaning material, a major brewery ran ads in newspapers across Canada, assuring consumers the problem was rectified and offering them coupons redeemable for a free beer.
- A major appliance company weathered controversy following the closure of a manufacturing facility that saw hundreds lose their jobs. The company ran a major public relations and advertising campaign to remind customers that it continued to have an active presence in the country, and was here for the long haul.
- An international mining company seeks to restore normalcy to an overseas site that has been occupied by demonstrators and attracted an international backlash. The company begins a real effort at stakeholder communications and engagement, learning to work with its staunchest critics.

An entire arsenal of public relations techniques can be

Tips for handling media in a crisis

Do	Don't
Prepare for interviews Develop key messages and facts about the incident and steps taken so far Anticipate questions journalists will ask. Have answers and keep them short Respect deadlines Provide written information Be positive but show empathy for those affected by the crisis Ask a journalist to clarify something you don't understand Correct misinformation Make yourself accessible	Speculate about circumstances or facts. Tell a reporter what you know and commit to disclosing more as you learn the facts Repeat loaded words like "crisis" or "devastating" Make "off the record" statements. Anything you say can be used by the media Use jargon Say "no comment" to something you are not sure about. Tell what you know Lose your temper Try to stop a journalist from writing a story

called upon, from media relations, internal communications, and thought-leadership initiatives to comprehensive corporate social responsibility programs.

Public opinion surveys can track changes in attitudes towards a company in the weeks and months after reputation-focused programs are launched.

Weathering a crisis: The last word

Most lectures on crisis management point out that the Chinese expression for crisis, *wei ji*, is a combination of two words: danger and opportunity. While no company would willingly submit itself to the dangers inherent in a crisis, the company that weathers a crisis well understands that opportunity can come out of adversity. A well-managed crisis response, coupled with an effective recovery program, will leave stakeholders with a favourable impression and renewed confidence in the affected company.