

Crises happen

By: Daniel Cherrin

Many companies are reactive, rather than proactive, when confronted with a crisis. But a company can plan for the worst and hope for the best in preserving its reputation. Having a crisis management plan in place is the key to successfully managing a crisis and preserving your company's reputation.

Of course, it is easy to think a crisis will never happen at your company. However let's just say you arrive at work only to learn that your CFO is being investigated by the Securities and Exchange Commission and State Attorney General for misreporting funds. Also, a disgruntled employee starts the morning shift with gun fire injuring several workers and rupturing a chemical storage tank causing an explosion. Minutes earlier one of your delivery trucks overturned on the highway, traumatically injuring the driver while setting off a chain of accidents and backups during the morning rush hour. And it is not even 8 a.m.

Your cell phone goes off and you have a dozen e-mails waiting. Voice-mail messages are piling up. One of them is from a reporter from the local newspaper and one from a national reporter inquiring about the impact these events will have on the price of your stock. Your investors are furious, your customers are concerned and your employees wonder if they will have jobs when they arrive at work.

Suppliers already encounter tremendous challenges. In the auto industry, a crisis can take many forms. Vehicle production in North America is down and many auto companies and suppliers are on the verge of bankruptcy, the target of a merger or, worse, closing their operations for good. For those companies still in business that rely on an efficient U.S. Canadian border for just-in-time deliveries, congestion at the border or closures may further put everyone's business in jeopardy. Yet crises happen. Even the best of companies that are doing well are not immune from crises, and accidents happen. The last thing your company or industry needs is to be confronted with a crisis unprepared.

The one time you are guaranteed to get public attention is during a major crisis. Within seconds the company's reputation, which took years and perhaps decades to build

can be tarnished or, worse, ruined altogether. A crisis is anything that damages a reputation. And no one crisis is the same. It can occur in any business at any time with devastating consequences.

The Automotive Industry Action Group (AIAG) has been proactive in helping its members prepare for crises. The AIAG has developed guidelines to reduce production losses caused by disaster. While a company can never prepare enough, it can take a few preventative measures should it find itself in a crisis.

After all we can't control the weather and we all make mistakes. But steps can be taken to minimize the impact. Jeff Caponigro, president and CEO of Caponigro Public Relations Inc. in Southfield, Mich., and author of *The Crisis Counselor – The executive's guide to avoiding, managing and thriving on crises that occur in all businesses*, recommends seven steps to managing a crisis:

- 1) Identify and assess vulnerabilities;
- 2) Prevent a crisis from occurring;
- 3) Plan for a crisis;
- 4) Manage the crisis itself;
- 5) Communicate during a crisis;
- 6) Monitor, evaluate and make adjustments; and,
- 7) Insulate the business.

The best way to deal with a crisis, according to Caponigro, is to plan for one well in advance. Although no crisis is the same, you have a pretty good idea of your company's vulnerabilities and can plan around them. However, if you don't plan or prepare, you can still deal with the situation if you stick to the following set of principles:

Your company will survive

While each crisis is different, the first 24 hours are the most important. This is the time to set the tone, shape the message and instill confidence in those most affected. Depending on the nature of the crisis, people tend to give the benefit of the doubt early in a crisis. However, a company is judged by the incident and by its response. Therefore, be honest and upfront with what you know, empathize and, if appropriate, apologize. Let others know you have identified it as a problem and are fixing it. You should designate a spokesperson to interface with the media who is senior enough to have the credibility and

knowledge from which to speak about the company and the current crisis. And you should pull together a team of advisors to help you get through this difficult time.

Jack Welch, former CEO of General Electric and author of *Winning*, based his former company's crisis-management team under the assumption that every problem is worse than it is, yet the company will survive. While the problem is always worse than it appears the crisis-management team will serve as a crucial piece for dealing with the situation and moving on.

Gather the facts

As soon as you become aware of a crisis, no matter what its nature, look at the big picture, gather as much information as you can and ask:

- What happened?
- Where and why did it happen?
- What is the initial cause?
- What is being done to control it and prevent it?
- What are you doing about it?
- Is everyone okay?
- What are the legal/financial/human elements to it?
- How can we centralize the flow of information?

No matter what the crisis is, information will continue to emerge. Therefore, it is important that you have systems in place to respond to the crisis will learning more about it.

Gain control

In managing a crisis, the goal is to win back trust and preserve your reputation and your company's while emerging a stronger individual and an improved company. Your immediate objectives should be to:

- Find the facts, and fix the problem;
- Control the flow and accuracy of information;
- Demonstrate corporate commitment and expertise;
- Withhold from blaming anyone; and,
- Recognize the media's role is to report the news, so determine how best to work with them.

Focus

In responding to a crisis your messages must be accurate, consistent and timely. Messages should focus on your reputation, not the operation. Let people know you are taking care of your employees, protecting their confidences and are working to maintain their trust.

Don't panic. Like parents do in front of their children, you too must remain strong, calm and focus on the problem. Once you evaluate the big picture, it is vital that you gather all the information possible and listen to those who have been involved in the crisis. Then you need to take charge and act decisively. Implement the crisis-management plan previously developed and decide on one or more strategies to address the issue.

Be upfront – tell what you know when you know it

The fact is – it is human nature to gossip. Most like to learn interesting things about neighbors and co-workers, and some relish in the misfortune of others. In handling a crisis, assume no secrets exist. Eventually, others will find out if they want to. So quickly gather the information and facts and be the first to report them before someone else does and before it gets worse. Welch tells us to “tell the truth, no shades of grey.” Understand the media is interested in your story – give them one but manage it well. However, there may be times when you should not divulge everything. Therefore, use caution and be very calculated in what is said publicly about the company and the current crisis.

Tell what you know, when you know it, explain who is involved and what is being done to fix the situation. But seek a balanced communication strategy that protects corporate individual liability while satisfying the demands of today's media. The message needs to be controlled and given by someone who has authority within the company and credibility with the public.

Remember, we all have a job to do. Your job is to minimize any damage and preserve the company's reputation. The media's job is to report on what they feel is newsworthy. By being open, honest, quick and decisive, you can use the media to preserve your reputation and emerge from the crisis even stronger.

Responding to the media

The media can prepare a story with or without your cooperation, perspective and information. So, consider whether the positives of cooperating outweigh the potential negatives of not doing so – and vice versa. Every crisis is different, therefore your response to the media will never be the same. However, should you already have a crisis communications plan in place you will know exactly what to do. For example, times exist when you do not want to communicate with the media because:

- You do not have all the facts and cannot say with certainty; or,
- You are waiting until the problem is resolved.

In addressing media during a crisis it is necessary to show a public effort is being made to get to the bottom of the problem. Corporate executives and plant managers often receive media training to learn how to properly communicate with the media and be comfortable in doing so, including:

- Create three or four key messages to communicate to the media. Remember the messages should be strategic, positive, brief and simple which address the problem and shows a remedy.
- Avoid the temptation to withhold information. Maintain credibility and build confidence by quickly and decisively acknowledging a shortfall or bad judgment.
- If you cannot divulge information say why not.
- Never say *no comment*. It makes you look like you are hiding something.
- Typical questions by reporters during a crisis:
 - What happened?
 - Why did it happen?
 - Who or what is responsible?
 - What is being done about it?
 - Has it happened before?
 - Were there any warning signs?

The bottom line, during every interview be positive, concerned and empathetic.

Time heals, but only if you make things better

The best way to avoid a crisis is to plan for it and know the warning signs. However, if it is too late to plan for a crisis, your company needs to take the necessary steps to rebuild or enhance its reputation. This includes implementing an aggressive media and community relations campaign complete with strategically placed features,

opinion pieces or advertisements in key publications that help put the events in perspective while reassuring employees, vendors and the community that you took the necessary steps to deal with the crisis. The more negative information reported or communicated by others, the more positive stories are needed to compensate for the negatives. It takes a minimum of 10 positive media stories to compensate for every single negative one.

In communicating *after* a crisis, it is important to let people know that you have put the situation behind you and are looking into the future. For example, if an employee was involved, investigate the situation and create employment policies that may help prevent the crisis from happening again. If it is caused by a natural disaster, plan for it the next time and prepare.

At some point a crisis will come to an end. In dealing with a crisis, it is vital that we learn from it to prevent a similar crisis from happening again. We must become smarter and emerge from it as a stronger organization with our reputation preserved.

Planning is everything

Hopefully, you have time and you have not yet experienced a crisis. Should that be the case, plan, prepare and practice so you will be ready should a crisis occur. In his book, *The Crisis Counselor*, Jeff Caponigro provides a list of precautions a company can take to emerge unscathed from a crisis include:

Step 1: Conduct an issue audit or vulnerability assessment. Businesses need to think about what their vulnerabilities are, and:

- Identify the warning signs
- Minimize vulnerability; and
- Determine the level of risk

Caponigro recommends implementing a system to continuously monitor the media and Internet for warning signs, looking out for harmful legislation and other issues that may affect your industry.

Step 2: Rank critical issues and risks in order of impact and the likelihood of occurring.

Step 3: Develop a plan. Make sure it is detailed and put in company context. Map out your response or how your company will respond should that crisis occur.

In each plan, make sure you include:

- Names of contact information of your crisis team and spokespeople;
- Key messages;
- Prioritize stakeholders or audiences;
- Templates of any document you need to distribute, such as press releases, statements to the media and a list of key contacts;
- A list of third part supporters to speak on your behalf; and,
- A website ready, just-in-case.

Step 4: Test the plan. This should include trainings, simulations and media trainings.

A company also can prevent a crisis by knowing the warning signs and being prepared. Companies should create internal processes in making good hires and offering regular professional development trainings. Each company must work diligently to create a culture of integrity, honesty, transparency, fairness and adherence to rules and regulations. Public relations must be part of a company's strategic plan. Don't wait for a crisis to happen.

Find good help

Unfortunately, no sure-fire way exists to avoid a crisis. Although every crisis is preceded by some sort of warning sign, sometimes they arise unexpectedly. However, it is a good idea to have a pre-existing relationship with a public relations firm, with strong expertise in this area, just in case. The public relations agency can help set strategy for the future and implement a variety of tactics to minimize damage and preserve the corporate/individual brand. A crisis strategy cannot anticipate every crisis or even the specifics of every crisis. But it can help avoid a crisis, reduce the damage caused by a crisis, and provide a framework for dealing with a crisis should one occur.

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