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Crisis leadership: how to save your company's reputation

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11-13 minutes

There are crises and then there are reputation train wrecks.

In the former, your organisation is thrown into a period of chaos that may last days, weeks or months. Stakes and costs are high but by quickly demonstrating ownership, integrity, genuine stakeholder concern and swift action, your chance of recovering and even enhancing your organisation's reputation is strong. Think [Johnson and Johnson's Tylenol crisis](#) and [Pepsi's tampering case](#).

In the latter on the other hand, slow response, lack of responsibility, blame and insensitivity to stakeholders' perceptions will quickly propel your organisation into a reputation train wreck that may damage and possibly destroy it forever. Think [BP](#), [FIFA](#) and [Volkswagen](#).

Indeed bad management and communication can turn a crisis into a reputation train wreck and only principle-based organisations with effective crisis leadership and preparedness can weather the storm and even emerge from it stronger.

Globalisation and the increasing interdependence of our

societal systems are generating multiple levels of stakeholders that are a challenge to engage with in normal times but that become a nightmare to manage in a crisis. Besides employees, regulators, politicians, victims, customers and shareholders, organisations now also have to reckon with stakeholder groups that become involved through social media networks. The multitude and diversity of these intertwined stakeholder groups are compounding the intensity of crises. Overall, we are witnessing more stakeholder outrage at corporate and institutional misbehaviour. In this context sustained and upheld corporate values and crisis leadership skills have become invaluable.

Crisis leadership before, during and after

Strong crisis leadership skills make all the difference. Historical and contemporary examples are plentiful. While many may choose to invoke examples of national leaders, a business in crisis remains a highly personal affair. In contrast to Malaysian Airlines poor handling of the disappearance of flight MH370, [Air Asia's Tony Fernandes](#) has earned recognition for his personal touch and leadership at the front following his airline's crash a year ago. Today's business and tomorrow's crisis leaders are well-served by demonstrating astute crisis leadership skills, which are applicable in all three phases of the crisis planning cycle: Anticipation and Prevention, Mitigation and Recovery. Business leaders who can harness these skills are best placed for long-term success in even the most adverse circumstances.

Although not all crises can be prevented, the majority originate from within the organisation. Statistics from the [Institute of Crisis Management's 2014 annual report](#) show that 74.22 per

cent of business crises worldwide are non-event related, or smouldering, crises. Furthermore the report states that it is at the management, leadership, and decision maker level where almost half of all crises begin.

To mitigate this trend, more than ever, crisis management must be regarded as an investment rather than a cost. It must be treated as a strategic function that is embedded in the organisation's corporate culture, driven from and by the top echelon, and implemented across all levels. Crisis management is not only about tactical response preparedness, but also about anticipation, prevention and mitigation.

Anticipate and prepare

Perhaps the most important skill that business leaders can possess is the ability to anticipate and prevent a crisis. Leadership teams can anticipate many crises by creating a strong and open culture within their organisation and carefully mapping risks.

To anticipate and prevent crises, business leaders must have a solid understanding of the climate in which they are working. Potential problem areas must be identified and addressed well in advance of a crisis. Conducting periodical vulnerabilities assessments and mapping crisis risks are a critical first step for any organisation intent on enhancing its vigilance and resilience against crises. Risks must be ranked according to likelihood of occurrence and severity of impact.

Once crisis risks have been identified, worst-case scenarios and a crisis plan must be developed to withstand the impacts of any such scenarios. Stress-test the scenarios and your

crisis plan regularly via crisis desktop or better simulation exercises.

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Build crisis leadership skills

Many business leaders believe that their tenure at the top of major international organisations is sufficient preparation for a business crisis. This is simply untrue. Very few individuals are born with the ability to manage crises. Crisis leadership skills must be learned to be useful and salient.

A crisis is not a "bad week at the office," it presents particular stress characteristics that call for specific competencies.

Therefore it is a mistake to assume that your leadership team can by default operate successfully as a crisis team without training and practice. In a crisis, leaders are forced to make critical decisions under severe time pressure and a high threat environment. Skills such as situation analysis, sense-making, decision making under pressure are vital. Therefore Crisis Management Teams (CMT) must be built on the basis of suitability and not functionality alone. Executives first need to recognize that it takes different skills to lead in crisis and that, in spite of the extensive business experience they may possess, they will need to acquire crisis leadership competencies via training and exercises.

The crisis leader and spokesperson positions must be carefully selected. The CMT leader's role is to manage his team under the duress of a crisis. It should not be your CEO, who should be consulted by the CMT on all critical crisis decisions, but remain free to manage the company during this

time. Equally your CEO should not be the main spokesperson. He instead should be visible and available for key statements early on and on chosen occasions. A trained, well-heeled senior member of the CMT should take the role of spokesperson on the team.

Business leaders who are unsure of whether or not they possess crisis leadership skills should assess their strengths and weaknesses in light of past experiences. Has an executive's business undergone a significant crisis? Was the executive able to assess the threat and respond to the crisis? Did the business recover from the crisis successfully? Carefully evaluating the answers to these questions will guide executives as they assess their own crisis leadership know-how.

Leaders are often unable to assess their true crisis leadership skills until a crisis strike, but since real crises are rare, the best way to assess and hone in crisis leadership skills is through regular crisis simulation exercises with a structured feedback loop. A business leader with solid training in crisis leadership is an asset that no organisation can do without.

Respond quickly and protect your reputation

Waiting for facts to issue a first response in a crisis is often the most damaging decision a crisis team can make. External stakeholders rely on their own perceptions of the situation and the way the company is managing it. Such perceptions are a reality that leaders must contend with and address early and quickly before the opportunity to show ownership and integrity vanishes and is replaced by media and social media exposure and pressures. Stakeholders will perceive slow or lack of

response as an indication of incompetence or worse – guilt.

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In today's high stake crises, mapping and managing communications with stakeholders is perhaps the most critical task of the CMT and one that is often neglected. When an organisation is in crisis the stakeholder web tightens its grip via Internet-based news sources that allow individuals worldwide to follow and comment on them. Social networking sites, blogs and online news sites play a big role in the unfolding of crises and the popularity of Twitter and Facebook has led to the light-speed dissemination of information and misinformation alike. Therefore, listening to and addressing stakeholder concerns genuinely must be initiated immediately and sustained throughout the crisis lifespan.

Being open and cooperative with the media will only help to sustain your organisation's credibility while stone-walling them will only serve to damage it. Developing messages, anticipating questions, correcting errors and managing the information flow with the media is a formidable task in a crisis that demands resources and competencies, and one that should not be improvised. A well-trained spokesperson and his or her team can help prevent your organisation from fast-forwarding into a reputation train wreck.

What about social media? Has it really changed the crisis playing field?

Yes. In the social media era, speed of response is ever more critical. But the fundamental principles of crisis communication remain solidly in place even with the advent of social media.

The traditional media still retain their trust factor. [A survey by e-Score in July 2013](#) found that despite record usage of social media sites by the public, trust in sites like Facebook and Twitter as sources of reliable news has dropped. Therefore whilst social media has created a “new” type of crisis most “on-line crises” are relatively short lived unless they unmask or amplify a much more serious and deeper problem.

As in traditional media, managing social media in a crisis requires skilled resources and careful judgment. Not every negative quote needs a rebuff, likewise not every Facebook post or tweet needs a comment or a response. In a crisis, actively monitoring and listening, and strategically balancing communication with the traditional and social media is the sound way to go.

Crises are inevitable in the lifespan of any organisation. “The emissions scandal continuing to engulf Volkswagen shows that no company, however large or well-established, is immune to a crisis”, [wrote Daniel Thomas for BBC News in October 2015](#).

To build crisis resilience leaders must foster a culture that anticipates threats and risks, prepares for them and respond promptly, responsibly and with integrity when it hits. Only then can the organisation be saved from a reputation train wreck.

CS&A's 10 Commandments of crisis management

1. Own up to and communicate the problem early on.
2. Recognise that you cannot make what is bad look good.
3. Be prepared for the worst. In a crisis, things get worse before they get better.
4. Prioritise and remember people's safety is always first.

5. Focus on protecting your credibility and not winning brownie points.
6. Set the course, have a Mission Statement and stick to it.
7. Map and remap issues and stakeholders as the situation develops.
8. Use every available channel to communicate with your stakeholders.
9. If the crisis drags, don't retreat. Stay out there!
10. Manage the aftermath of the crisis. Remember, it's not over until it's really over.

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