

# CS&A

INTERNATIONAL RISK, CRISIS & BUSINESS CONTINUITY MANAGEMENT



N E W S L E T T E R

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## No Summer Breaks for Crises

Crises do not go on summer holiday. As we are witnessing the unfolding of News Corp.'s tabloid hacking crisis this July, we were watching BP's Gulf of Mexico disaster last summer. Be they sudden/event related (BP) or smouldering (News Corp), crises contain three components: surprise, short time and threat. And they happen when we are least ready for them, that's the name of the game.

A crisis is best described as "An event, revelation, allegation or set of circumstances which threatens the integrity, reputation, or survival of an individual or organization. It challenges the public's sense of safety, values or appropriateness. The actual or potential damage to the organization is considerable and the organization cannot, on its own, put an immediate end to it."

In recent times, there seems to be more of the revelations and allegations-type crises (or smouldering type) rather than event-type. The public is also increasingly concerned about values and appropriateness.

There are some clear trends and compounding factors making crises spin out of control and creating the mega crises we are witnessing in the last 18-24 months (Toyota, BP and now the News Corp case to name a few). They include: globalization, the interdependencies of systems, politicization, the increasing media competitiveness and of course last but by far not least social media. The News Corp case is deeply challenging the public sense of value and appropriateness. It is causing outrage and a sense of enough is enough!!

It is a classic smouldering crisis case. The key is to recognize a smouldering crisis early and "nip it in the bud" before it escalates out of all proportions.

All-time sound crisis management principles still apply. However today, once out, events unfold at a speed that is almost impossible to keep up with and there are no boundaries, be they geographic or other.

So the message is, prepare for that viral spread before it happens, make your crisis plan global but be sensitive to local concerns. Don't imagine that you'll be able to contain the situation to one area; if the scope of your activities is global, expect the crisis to flare up multi-dimensionally. It's Murphy's Law: crises get worse before they get better. So plan for the worst, don't try to catch up during the crisis, because chances are you'll never make it.

Wherever the summer holidays take you, we wish you safe and happy travels.



Caroline Sapriel

Managing Director

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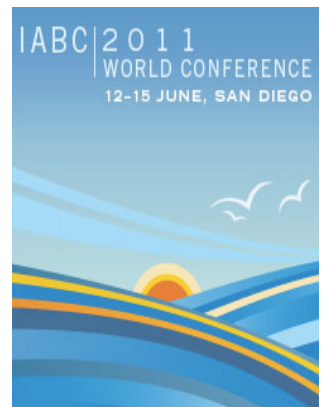
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## Reflections on Professional Roads Traveled

I've just returned to my desk from San Diego, California, the site of the International Association of Business Communicators' (IABC) global conference. Inviting as the jacaranda- and bougainvillea-lined streets of the city's historic gaslight district were, I bypassed their pleasures for the ballrooms of the Manchester Hyatt.

With some 15,000 members spanning over 80 countries and 100 local chapters, IABC's mission is to track trends and promote best practice in communication. Judging by this year's conference agenda, our expertise continues to loom large in the professional landscape. Crisis management and communication were the focus of 6 sessions across 5 of 7 conference tracks:



- Employee and change communication
- Media and pr
- Reputation and brand
- Marketing and business
- Global trends



*Choosing sessions*

# CS&A NEWSLETTER

To my mind, these facts highlight the growing complexity of both communication and crises, and the growing need for cross-functional approaches to address the latter. Communicators have a vital role to play, but they can't succeed on their own.

The CS&A team had the honor of participating in two of the 6 conference sessions focusing on crisis management and communication.



*Eager participants*

In one, I shared the stage with Shel Holtz, Mark Schumann, and Kellie Garrett – experts in technology, branding, and strategic communication respectively. Our common ground? Each panelist authored a chapter in the revised edition of *The IABC Handbook of Organizational Communication* published earlier this year. My aim was to trace a 30-year journey from tactical responses to proactive crisis preparedness among communicators.



*Engaged in listening*



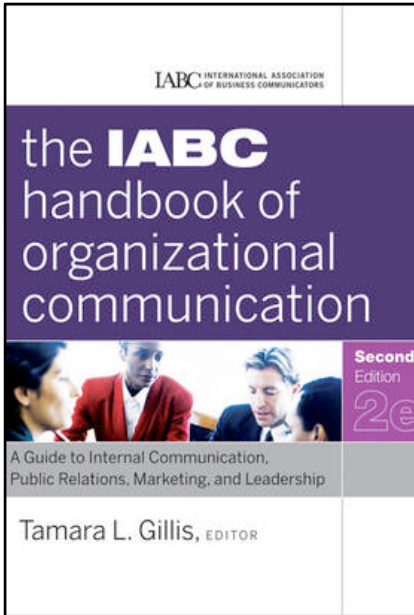
*Taking breaks between sessions*

In the other, Ann Andrews Morris, our Washington-based colleague, and I explained how good public relations can help save brands in crisis.

I'm guessing that few readers of the CS&A newsletter made it to San Diego for the conference or have yet bought a copy of the revised handbook. In this issue, we're pleased to present some key insights from both about best practice in addressing crises.

Caroline Sapriel

## Crisis Management Excellence High on Agenda of Major International Communicators' Conference



Variously described as a communication “bible” or “cookbook,” The IABC Handbook of Organizational Communication (2011) offers practical advice and case studies across a broad range of sub-disciplines – from corporate social responsibility to internal branding, from customer relations to reputation management. But just four of 31 contributing authors spoke at this year’s global IABC conference in San Diego, California. Caroline Sapriel, CS&A’s Managing Director, joined leading practitioners representing three other sub-disciplines in a session focusing on how to apply best practices from the newly revised Handbook.

At a champagne book-signing ceremony afterwards, Tamara Gillis, moderator of the session and editor of the Handbook, commented: “Crisis communication has to be prominent at the conference because it’s a critical element of professional practice.”

As the past few years have shown, the stakes in a crisis can be very high for organizations and, at times, whole industries. Financial services continue to weather damage to their reputations from the meltdown in 2007. The BP oil spill in the Gulf of Mexico has brought about some changes in industry practices and regulation. And the full effects of Japan’s earthquake and tsunami on the nuclear power industry are still unfolding.

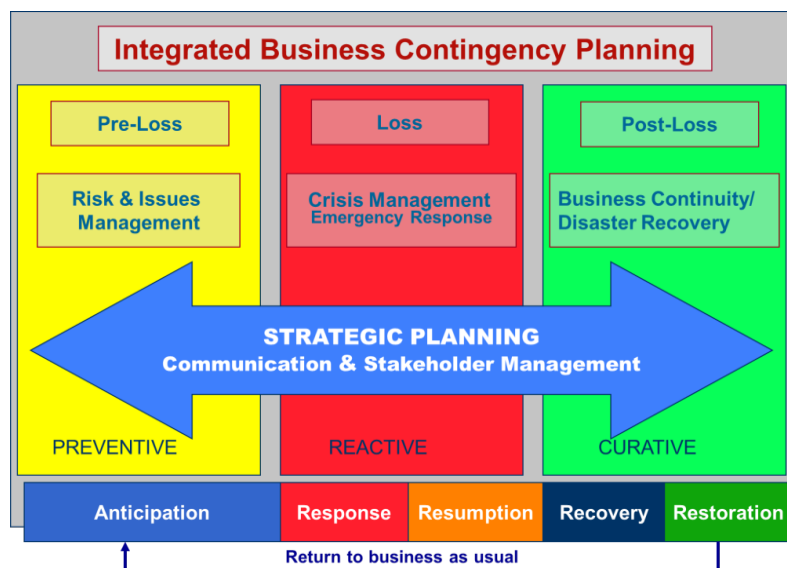
In fact, the complexity of crises and their potential for harm have never been greater. The nature of crises – sudden and unexpected events or circumstances that threaten the reputation or survival of individuals or organizations – remains the same. At the same time, dizzying new challenges are posed by globalization, instant worldwide media access, the rise of social or “viral” media, the polarization of societies, the politicization of events, and other trends. In particular, the number and size of stakeholder groups and the array of communication channels have mushroomed.

Thankfully, the field of crisis management has also evolved. Thirty years ago, it was common to take a reactive approach that relied heavily on crisis communication. Corporate leaders often tasked communicators with “fixing” crises by working their media contacts. In the heat of the moment, it was tough to make good decisions. Yet speedy action is vital to protect lives, the environment, assets, reputation, or whatever is at stake in a given crisis. Over time, limited or tactical preparations, such as crisis manuals or plans and media training, came to the fore.

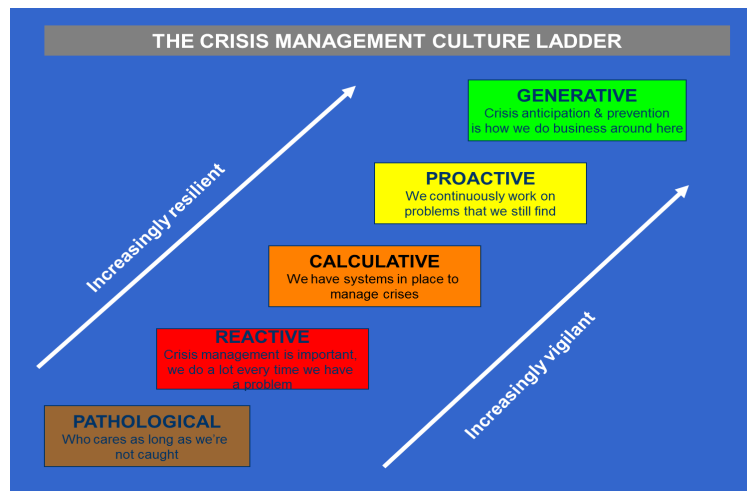
Today, by contrast, ‘crisis management’ is no longer adequate to describe the field, which gives equal weight to prevention and recovery. Preparing for, responding to, and recovering from a crisis must be an integrated and ongoing process – not a one-time event – that is anchored in strategic business planning. This holistic process entails:

- Issues management
- Risk mapping and management
- Stakeholder mapping
- Scenario planning
- Mitigation plans
- Competency building
- Testing or simulations

Finally, crises must be managed cross-functionally, championed by senior leaders, and owned by a crisis custodian – whether a single department or senior staff member. The state of the art is summed up in the diagram.



Though in part a matter of process and technique, crisis prevention, management, and recovery are at bottom driven by values and culture. The willingness to detect problems early, to acknowledge a crisis promptly, to express concern and regret, to step in quickly to help those who are in jeopardy, to learn from experience, to make painful and costly changes, and to go on adapting to new risks cannot simply be engineered by specialists or imposed from above. While starting at the top, these commitments have to be broadly shared and enacted on a day-to-day basis. In short, becoming more effective in preventing, managing and recovering from crises calls for cultural change and organizational transformation.



As the climax of her presentation, Sapriel explained how one CS&A client moved up the crisis management culture ladder – mitigating escalation of one crisis and averting another. The client, a multinational corporation, faced a court ruling on its guilt in an explosion that had killed and injured workers at one of its plants 3 years earlier. If the ruling generated much negative media coverage, it could derail a planned merger that was to be voted on at an Annual General Meeting of shareholders scheduled two months after the date set for the court hearing.

The company assembled a task force led by the CEO with representatives from the communication, legal, operations, and health, safety and environment functions. In the weeks prior to the court date, the task force developed a plan to prevent any adverse effects on the merger. The plan included:

- Research on similar cases and their outcomes
- A stakeholder map that was regularly reviewed, updated, and fine-tuned
- Possible court verdicts, including worst-case outcomes
- A strategy for each scenario
- Position papers, messages, and Q&As for each stakeholder group in each scenario
- Media training for each scenario
- A contingency plan for worst-case outcomes

These efforts paid off. While the court handed down a partially guilty verdict and imposed a large fine, media coverage was mostly confined to local and national news and focused on the victims and their families. The client's response to international news inquiries was so credible that they did not escalate. The experience built the company's confidence and commitment, helping it move up the crisis management culture ladder.

In the Q&A session after Sapriel's presentation, a participant asked about the highest rung. Are crises eliminated once organizations achieve a generative culture? "The bad and good news is – no!," replied Sapriel. "Certainly, they have fewer crises and respond more effectively to any that do arise. But crises are opportunities – not just threats. They help companies adapt to business environments that are more complex and competitive than ever."