

Taking the Long View



Companies are increasingly emphasizing proactive approaches to crisis communication

by Caroline Sapriel

Corporations have long understood that they must be prepared to respond effectively to crises. But today many are emphasizing anticipation, prevention and mitigation of crises as well. Communicators in particular have an opportunity to help shape best practices in this critical management function.

In response to the threats posed by a more complex world, crisis communication over the past two decades has become more sophisticated. Gone are the days when corporate spokespeople could work with their journalist contacts to mop up bad news when things went wrong. Crisis management used to consist of having the PR department write up a crisis manual and organize media training to make sure top management was ready for the worst.

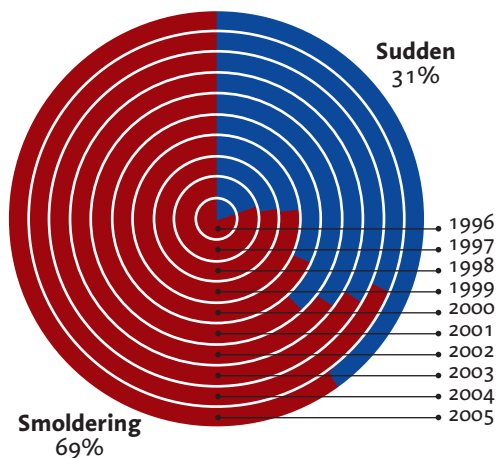
MARLENA ZUBER

Today, proactive crisis management and mitigation includes a more deliberate process of identifying risks and issues early and managing them before they escalate to crisis levels. Especially since September 11, 2001, both the public and private sectors have come to recognize that communication is a strategic tool that's not only useful in the midst of crisis, but may be even more important in the pre- and post-crisis phases.

Communicators are uniquely positioned to integrate crisis communication into the overall business strategy. "Professional communicators understand the environment their organization operates in, which provides them with a keen understanding of emerging discrepancies that can evolve into a crisis," says Dr. Arjen Boin, director of the Leiden University Crisis Research Center in the Netherlands. Because they have their fingers on the public's pulse, Boin continues, "they also have a good grasp of the credit level remaining for an organization hit by crisis. This allows for a smoother transition back to a state of normalcy."

Statistics show that most business crises today are non-event-related, or so-called smoldering crises (see "Sudden vs. Smoldering Crises," below). This implies that a great majority of business crises could be prevented or mitigated.

Sudden vs. smoldering crises



Research from the Institute of Crisis Management has shown that nearly three-quarters of all organizational crises are "smoldering," that is, non-event-related, and therefore potentially preventable.

Rethinking crisis communication plans

Shift your organization's focus from reactive to proactive crisis communication:

- **Establish cross-business line risk and issues management systems** to monitor, assess and manage threats. For example, instead of having the communication department and finance or planning departments manage issues and risks on behalf of the entire organization, best practice calls for all functions to manage their respective risks and issues under an umbrella of cross-organizational issues and risk management systems. This approach ensures alignment and consistency across departments and functions and enhances the organization's ability to detect risk.
- **Establish and manage risk** based on well-defined common assessment criteria that are adopted throughout the organization.
- **Manage risk and issues** through clearly assigned areas of expertise. For example, assign responsibility for risk management to people with particular knowledge in that area.
- **Identify stakeholders** and map out their potential actions early in the business planning, project management and market entry cycle to build resilient strategies.
- **Plan for potential scenarios** for each case based on detailed stakeholder analysis and risk impact assessment.
- **Define communication strategies** to anticipate, prevent and mitigate escalation.

—C.S.

Consequently, organizations are shifting their focus to issues and risk management to monitor new and unimagined threats and, if possible, to anticipate and prevent their escalation. For instance, when Hong Kong hosted the World Trade Organization conference in 2005, the communication groups in all the key companies of one of Hong Kong's leading multinational conglomerates put in place contingency plans to mitigate potential incidents, alerting management to possible complications and escalation (such as in the case of SARS), ensuring crisis management procedures were in place and well maintained, and capturing and sharing lessons learned by senior management.

Need for integration

Corporations recognize more and more that crisis management must be institutionalized and that all key business functions must formally anticipate, prevent, mitigate and recover from a crisis—a task made more challenging by the complexity and size of today's organizations, and the effects of restructuring, mergers and acquisitions, and divestments, and the ever-growing number and diversity of stakeholders.

"Today we see a more integrated approach," says Bjorn Edlund, vice president of communications for Royal Dutch Shell. "The higher level of

transparency or permeability that has been brought into the business world by the stick of stricter reporting rules and the carrot of constructive societal interaction has made crisis management less of a deep-foxhole activity.” Now, he says, crisis management is more of a “rough-

weather test of established relationships, and not abrupt ruptures in a company’s networks.”

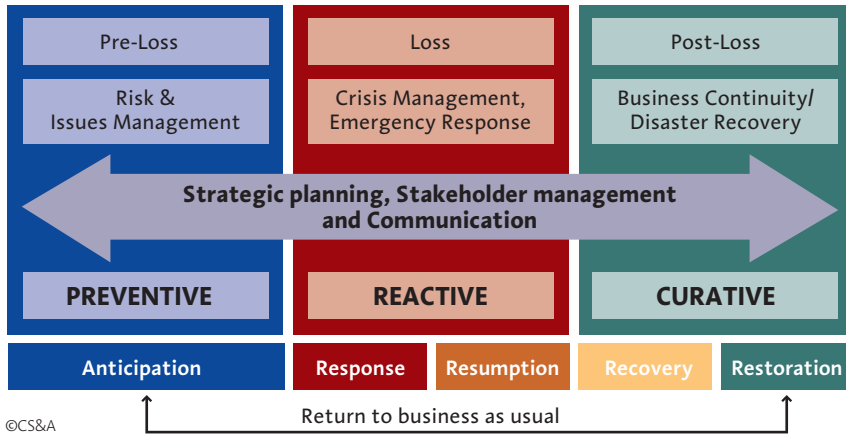
Historically, high-risk industries have led the development of emergency response and crisis management capabilities. In the past decade, both the public and private sectors have emphasized risk detection and management as well as business continuity, with a focus on protecting people, the environment and assets. To date, though, these efforts are mostly evident in improved operational and IT resilience, but probably less so in the less tangible reputation domain.

“Shell is a process-oriented corporation with a focus on risk mitigation,” Edlund says. “In the energy business, with a large oil and gas portfolio, we have to be. So risk management and business continuity are part of ‘normal’ business reality. It is a corporatewide responsibility that cuts across business lines.”

Best practice shows that integrating issues and risk management with crisis management enhances organizational resilience and vigilance. However, risk management, crisis management and business continuity are often managed independently by different functions. This lack of coordination often generates gaps and/or overlaps in processes, which reduce overall effectiveness.

To provide an integrated approach to crisis anticipation, prevention, mitigation and recovery, it is essential to assign ownership of the entire business contingency planning process (see “The Business Continuity Framework,” left) to a custo-

The business continuity framework



In this integrated model, issues and risk management are loss-prevention functions; emergency response and crisis management planning focus on being prepared to handle adversity, minimize impact and facilitate the management process during chaos; and business continuity planning concentrates on post-loss recovery. Strategic communication planning runs through the full process and provides the glue that facilitates more effective results.

Prepared for crisis

SWIFT is a cooperative of global banks, broker-dealers and investment managers that supplies secure, standardized messaging services and interface software to nearly 8,100 financial institutions in 207 countries and territories. We talked to Euan Sellar, public affairs manager for SWIFT in Belgium, about how the group handles crisis communication.

“We must sensitize more people in the organization to nonoperational risks and issues.”

Can you describe in general terms how crisis management is structured in your organization today and where crisis communication fits in?

At SWIFT, communication is an integral part of crisis prevention. Corporate communication contributes to business continu-

ity plans and crisis scenarios covering a range of issues. The plans are formulated and reviewed at the highest levels in our organization, which is a clear indication that crisis preparedness is not an afterthought but rather is integrated into SWIFT’s corporate management planning. We even hold high-level crisis simulation exercises with authorities in the major currency markets, which involve various corporate functions, including communication.

Making management aware of reputation issues in an environment focused on operational ones is a challenge. At the planning stage it is relatively easy to get everyone’s attention, but

when things go wrong, the priority is often on the operational aspects, because understandably, there is a belief that if you fix the problem it will go away. As communicators know, this is not necessarily true. Moreover, nonoperational risks and issues are often harder to discern and more complex to resolve because they cut across many divisions and many stakeholders.

Nevertheless, SWIFT is getting better at issues planning. For example, in our recent case of compliance with compulsory subpoenas from the U.S. Treasury for access to subsets of SWIFT messages, we prepared early. At the early

dian, whether an individual senior staff member or a department, and embed it into corporate management planning.

When the business contingency planning process is not assigned to a custodian in the organization, corporate communication departments are increasingly called on to take on its coordination.

“While crisis management and communication today definitely play a much more prominent role than, say, 10 years ago, I observe a dual evolution,” says Marianne Amsoms, vice president of corporate external communication at InBev, the Belgian-Brazilian multinational brewery company. “Many companies have embraced crisis management, introducing the necessary procedures and tools to increase crisis awareness, preparedness and management, and external catalysts have multiplied over the years. Consumer organizations, shareholder associations and pressure groups have become more organized and outspoken. Our role as professional communicators is to drive the agenda to get to an integrated crisis approach.”

Moving up the ladder

Across industry sectors, best-practice organizations are busy designing a sustainable crisis anticipation, prevention, mitigation and recovery capability, and building a proactive crisis management culture—one where the continuous drive to detect problems and identify issues early, encour-

age reporting, plan for different scenarios and mitigate effects, can actually unveil opportunities for improvements and enhance efficiency across the business (see “The Crisis Management Culture Ladder,” right).

Moving up the ladder from reactive to calculative to proactive and finally generative, organizations must examine the external context more closely and listen to their stakeholders’ perceptions and needs while staying on track with business goals. In crisis mitigation, the communicator is often best placed to link these.

Not all crises are preventable. However, having effective risk and issues management processes in place will help organizations plan and be more proactive, deciding whether to take, treat, transfer or terminate the risk.

More than ever, communicators can make their mark on crisis management not only to facilitate preparation and response but also to anticipate, prevent and mitigate. Communicators in professional organizations are recognizing and seizing this opportunity to demonstrate the long-term strategic benefits of a proactive crisis management culture in their organization.

So is the role of communication truly gaining momentum in an integrated crisis management approach?

“I am not sure whether this is a general trend or a growing realization among trendsetters,” says Boin. “Recent crises suggest this may not be a widely shared insight, but that it should be.” •

stage, because the federal government program had to remain confidential, we established a confidential project team to address leaks. Second, we developed our strategy so that when *The New York Times* published the story [detailing the government’s efforts to access the financial records of people with ties to terrorist organizations such as Al-Qaeda], we were ready with our response.

Another example is our pandemics team, which monitors developments globally, regularly exchanges information and adapts our preparedness according to the feedback and input we receive from our team members around the world.

How does SWIFT approach risk management and business continuity in relation to crisis management?

Our plans are integrated. Business continuity planning focuses on operational continuity, and our corporate crisis management process manages the fallout of incidents. These processes include triggers to activate various response mechanisms. Risk management is still a challenge: We must sensitize more people in the organization to non-operational risks and issues.

What role can the professional communicator play in crisis anticipation and prevention?

I believe we are the antennae of

the organization. It is our role to pick things up and escalate them appropriately. That does not mean corporate communication should be the only department doing that. It is sound business to build a culture that encourages the long view, where employees are encouraged to anticipate issues and bring them to the fore. A big challenge is sorting through all the information to end up with usable intelligence. Another one is learning how to deal with an expanding and more complex range of stakeholders, particularly since the compliance case. Corporate communication at SWIFT is definitely leading this initiative.

—C.S.

The crisis management culture ladder

Forward-thinking companies are taking a look at how they view crisis management. The “ladder” below describes the various states of readiness to crisis, from least prepared to fully prepared for almost any kind of crisis.

Generative: Crisis anticipation and prevention is how we do business around here.

Proactive: We continuously work on problems that we still find.

Calculative: We have systems in place to manage crises.

Reactive: Crisis management is important; we do a lot every time we have a problem.

Pathological: Who cares as long as we’re not caught?

about the author

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