

WHEN DISASTER STRIKES



A NEW GUIDE TO

Crisis Management

- PREPARING FOR A CRISIS
- INTEGRATING PUBLIC AFFAIRS STRATEGIES
- UNDERSTANDING NEW MEDIA
- REBUILDING YOUR REPUTATION



FOUNDATION
FOR PUBLIC
AFFAIRS

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Crisis Management

Tom Price



FOUNDATION
FOR PUBLIC
AFFAIRS

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DOING IT RIGHT

Arthur Wiese was headed to a funeral in Columbus, Ohio, in August 2005 when he learned he was needed in Jackson, Miss. Hurricane Katrina was roaring toward the Gulf Coast where his employer, Entergy Corporation, supplies electricity and natural gas. Wiese, vice president for corporate communication, was about to direct the most challenging crisis communication operation of his career. Fortunately, his company was well prepared.

Entergy's crisis plans tell employees exactly where to go and what to do when a particular kind of crisis hits. In this case — with the threat of a powerful hurricane causing cities to be evacuated — about 250 workers were directed to the company's emergency command center in Jackson, which in normal times serves as a company training facility. About 20 of them were public affairs and communication practitioners.

Twenty-five other public affairs and communication professionals hunkered down at operating sites or scattered to other locations where they could avoid the storm or be sheltered from it. Three stayed in the New Orleans Hyatt Regency Hotel, where Entergy set up an emergency center adjacent to corporate headquarters in a conference room without windows.

After crossing southern Florida as a relatively weak Category 1 hurricane, Katrina intensified to Category 5 over the Gulf, then slammed into Louisiana as a Category 3 storm with 127-miles-per-hour winds on Aug. 29. Levees failed the next day, flooding much of New Orleans and driving 250,000 people from their homes.

In all, Katrina killed more than 1,800 people and cost more than \$125 billion, mostly in Louisiana and Mississippi. Historians labeled it the most costly natural disaster in U.S. history and the deadliest since a hurricane struck Puerto Rico and Florida in 1928. It was just the beginning of the crisis for Entergy.

On Sept. 24, Hurricane Rita crashed ashore near the Texas-Louisiana border as a Category 3 storm that killed more than 60 people in those states, Mississippi and Florida. Property damage there, as well as in Alabama and Arkansas, totaled some \$10 billion.

For two months, Wiese lived at the command center, which has 40 bedrooms and kitchen facilities.

“Worst Catastrophe Ever”

Describing the pair of storms as the “worst catastrophe ever to hit a U.S. utility,” Wiese ticked off the damage Entergy had to repair: nearly 2 million customers without power, dozens of generating plants closed, almost 700 substations lost, more than 56,000 miles of power lines damaged, nearly 29,000 utility polls destroyed or damaged, and the New Orleans gas distribution system totally flooded.

In addition, 1,500 Entergy employees were evacuated from New Orleans because of Katrina, and Rita drove 700 from homes in Louisiana and Texas. Many employees lost homes, possessions, relatives or friends. Corporate headquarters had to be moved to Clinton, Mississippi, for eight months.

Internal communication was a top priority after Katrina hit, Wiese said, because “employees are your most important audience. If they don't perform or support the company, everything is lost.”



The Entergy Storm Command Center was a critical tool for its successful response to the destruction resulting from Hurricane Katrina in 2005. SOURCE: Entergy

Speaking with One Voice

Arthur Wiese manages Entergy's media relations, community relations, public relations, internal communication, websites, and radio/TV production facilities. He directs government relations in the Northeast, where the company operates five nuclear power plants.

Entergy's individual utility operating companies handle government relations in their states. And Entergy has separate public affairs and federal government affairs offices.

All are “completely integrated,” Wiese said. “We work hand in glove.” Those offices also work closely with the investor relations department, which communicates with major analysts who follow Entergy's stock and with major institutional investors. In this crisis, all were guided by the company's detailed and well-practiced crisis communication plan for dealing with a powerful hurricane.

A company communicates most effectively when it speaks with one voice, Wiese said, “whether it's lobbyists talking with congressmen in Washington or the guy on the phone with *The New York Times* or the person who answers a call from an irate customer or the investor relations person who's communicating with a brokerage house.”

“The research is very clear that organizations can emerge from a crisis with a better reputation than if the crisis never happened, because people see how you handle it under fire.”

Frank Ovaitt
President and CEO
Institute for Public Relations

Entergy e-mailed a message from CEO J. Wayne Leonard to all 14,000 employees every day, set up an employee telephone hotline, established a special “StormNet” internal website, posted a newsletter on its intranet site and distributed printed update reports to crews in the field each day.

Managers were sent electronic updates as many as 20 times a day with information ranging from rules for overtime pay to reports on service restoration. Each day, media relations personnel received four lengthy lists of talking points.

Shorter reports were also sent to lobbyists and selected government agencies. Key personnel from throughout the company participated in two conference calls a day. All communicators working on the storm held their own conference calls each morning and afternoon. Having operations and communication personnel working side-by-side in the command center facilitated information-sharing across the company.

A Wide-Open-Door Policy

The company faced a complex media-relations challenge because many local media had to evacuate their offices while national reporters poured into the region. Getting favorable news coverage was critical to winning support from the public, government officials and investors, Wiese said. To earn reporters’ trust, the company adopted a wide-open-door policy.

Journalists and camera crews could enter the command center and interview anyone they encountered as long as that did not disrupt operations. Reporters were invited to visit crews in the field. The company fulfilled every interview request. Every damage-assessment helicopter flight left a seat open for a news photographer.

Entergy provided information directly to customers through the company website, toll-free telephone numbers — and advertising in newspapers and on radio, television and news media websites.

Entergy’s communication, government affairs and public affairs professionals had already built relationships with journalists and government officials who care about the industry, as well as with influential residents of the communities the company serves *before* the storms hit, Wiese said. Those relationships — along with the open-door media policy — “paid huge dividends,” he said. “That bought us a ton of understanding.”

The company’s response to the storm was praised by news media and community leaders. *The Clarion-Ledger* in Jackson published an editorial cartoon that portrayed linemen raising a telephone poll in the manner of Marines raising the American flag in the famous Iwo Jima photo and monument. The cartoon, Wiese said, was the product of a longtime Entergy campaign to “project linemen as heroes.”

Entergy’s experience offers an example of one upside to confronting a crisis: A well-handled crisis can enhance a company’s reputation.

“The research is very clear that organizations can emerge from a crisis with a better reputation than if the crisis never happened, because people see how you handle it under fire,” said Frank Ovaitt, president and CEO of the Institute for Public Relations.

A study in the United Kingdom, for example, showed that stocks of companies that handled crises well outperformed the market during the year after the crisis, he said. “Investors looked at it as a test of management.”

GETTING IT RIGHT AFTER DOING IT WRONG

Unlike Entergy, Tyco International was completely unprepared for the crisis that struck it in 2002, when Chairman and CEO Dennis Kozlowski was indicted for tax evasion and looting the company. Tyco's board purged top executives and itself, and the company began rebuilding under new Chairman and CEO Edward Breen and new lead director Jack Krol.

Fruzsina Harsanyi became Tyco's vice president for global public affairs in 2003 and found herself in a company with no crisis communication plan and essentially no public affairs operation. "I had an office," she said, "but it was not a functioning public affairs office. It was a space in a building on Capitol Hill" in Washington. "Every lesson we learn as public affairs officers about how to do things, this company did the wrong way."

At the time, Tyco operated in more than 100 countries, making and servicing a variety of products, including electrical and electronic components, telecommunication systems and fire protection systems. Kozlowski ran the diversified corporation as a holding company and cared only about financial results, Harsanyi said. The company did not build relationships with government officials. It didn't advertise to promote a corporate image.

As a result, Harsanyi said, "Tyco had no credit to draw on when the good times ended, because it was nothing more than a money-making machine."

The scandal handicapped Tyco sales personnel because potential customers didn't trust the company. Tyco found it difficult to influence government decisions. Employee morale plummeted. The General Services Administration (GSA) — the chief purchasing agent for the federal government — suspended Tyco from federal procurement lists because the company had such an unethical reputation.

"It takes years to build a good corporate reputation," Harsanyi said, "and that reputation can be destroyed as quickly as a sand castle disappears under a wave. If you wait till the moment of crisis to tell your story, your message is lost. If the messenger's integrity has been compromised, no one will believe the message."

Rebuilding Your Reputation

Harsanyi commissioned APCO Worldwide public affairs consultants to sound out Tyco's reputation among federal officials, because "I wanted to know what government decision-makers and opinion leaders thought about Tyco and what we had to do to win back their trust."

APCO discovered many government officials didn't know about the change in top management personnel, the corporate governance reforms Tyco had adopted or the new ethics code it had promulgated. "Most people didn't even know we weren't the (Tyco) toy company," which had merged with Mattel in 1997, Harsanyi said. "We had in fact been making dramatic changes, but we did not communicate that to our Washington stakeholders."

Of the GSA suspension, later reversed, she said: "They were reading old news clips. Nobody thought we should march in there and bring them up to date about how our company has changed."

Harsanyi identified federal officials of particular importance to Tyco and began to visit them. She then organized a Washington fly-in of senior executives who split up to attend 60 meetings in one afternoon.

"This is not a crowd that's used to doing this," she noted. "But, after they had been to a couple of meetings, they got it and they loved it. They felt they were really doing something that mattered."

Tyco's Washington office now has public affairs practitioners who focus on state government relations, federal tax issues, federal business issues and grassroots activities. The company retains local lobbyists in state capitals. Harsanyi, who is set to retire at the end of 2008, has supervised a public affairs officer in Mexico. A senior attorney handles public affairs in China.

In the 50 congressional districts in which Tyco has more than 500 employees, a local manager is the company's public affairs representative. Harsanyi calls them "a tremendous resource for rebuilding the company's reputation by building constituent relationships with our elected officials."

"It takes years to build a good corporate reputation, and that reputation can be destroyed as quickly as a sand castle disappears under a wave."

Fruzsina Harsanyi
VP for Global Public Affairs
Tyco International

Coordinating With Communications

The public affairs office, which reports to the general counsel, coordinates closely with the communication shop, which reports to the senior vice president for strategy and investor relations, she said. The offices “make sure there’s consistency between what we say and what they say to investors and the media.” Similarly, what Tyco’s lawyers are telling regulators “can’t be different from what we’re saying on the Hill.”

Harsanyi is responsible for assessing general risks that government actions might pose for the company. Public affairs practitioners also periodically meet with executives at business units to assess political risks that might arise from their operations.

“There’s an awful lot of coordination, understanding the workings of the organization, being embedded in the business,” she said. “I don’t see government relations as an outpost.”

Tyco essentially put the scandal behind it in 2006, Harsanyi said, “not that anybody is ever totally over it.”

And the company’s corporate structure has changed significantly since 2002.

Tyco split into three publicly held companies in 2007: Tyco Electronics; Covidien, which makes medical products; and Tyco International, which manufactures a variety of industrial and construction products and makes and services fire protection and security systems.

UNIVERSAL PRINCIPLES

So what is a crisis, anyway?

Communications consultant James Lukaszewski defines crises as “show-stopping, people-stopping, product-stopping, reputation-defining situations that create victims and/or explosive visibility. Anything less falls more into the category of a problem or issue that, while disruptive, has far less potential to create explosive, unplanned visibility.”

According to consultant Peter Sandman, an “actual crisis” occurs when “people are upset and they’re right to be upset because the situation is legitimately upsetting.”

“Crises can spring from an infectious disease outbreak, a hurricane or a plant closing that throws hundreds of people out of work,” he said.

It’s not a crisis when “people are upset and they’re wrong,” he added. “They may have good reason to be upset. You may have upset them or been arrogant or they don’t trust you. But the substantive concern they have is mistaken. They’re making a mountain out of a molehill.”

That requires, not crisis management, but “outrage management,” Sandman said. “You’re trying to calm them down. You’re trying to change their understanding of the situation so they will be able to absorb the data that suggest this isn’t terribly serious.”

Most crisis communications experts define crisis according to the magnitude of damage it might do to the company.

A crisis has the potential to cause “the failure of the corporation or some significant part of its operations,” said Ovatt.

Similarly, Ketchum Senior Vice President Chris Nelson said crises “throw the company’s reputation or viability into significant question.” A plant explosion or oil spill is a crisis, he said. “Poor labor treatment in your supply chain is an issue.”

What might not seem to be a crisis to the organization as a whole might be a crisis to one of its units, said Ray Jordan, Johnson & Johnson’s corporate vice president for public affairs and corporate communications. “It might be that a special interest group mounts a public campaign against a product. That product might be wholly immaterial to Johnson & Johnson as a corporation from a financial disclosure point of view. But, if that product defines an operating company, it’s a crisis at that level of management.”

James Grunig, communication professor emeritus at the University of Maryland, said it can be difficult to distinguish an issue from a crisis. A crisis, he said, has the potential for “large amounts of litigation, regulation and loss of revenue and threatens the relationships you have with your stakeholders. Many crises develop because management hasn’t dealt with issues when they were manageable.”

FD Dittus Communications President and CEO Gloria Dittus argued that pending legislation could become a crisis if it’s on the verge of passage and “could change the way a company fundamentally does its business.”

“Many crises develop because management hasn’t dealt with issues when they were manageable.”

James Grunig
Professor Emeritus
University of Maryland

Earn a Seat at the Table

There's wide agreement among practitioners and scholars that effective crisis management requires public affairs professionals to:

- Seek a seat at every table where risks are assessed and crisis communication is planned.
- Acquire a thorough knowledge of all company operations and establish relationships with key operations staff.
- Prepare before a crisis occurs.
- Earn the trust of stakeholders by building and maintaining relationships that are based on honesty and transparency.
- Act quickly when a crisis happens.
- Demonstrate that the company comprehends the needs of victims and is working to resolve the crisis.
- Make sure all company spokespeople deliver a consistent message that is simple, easy to understand and honest.

An executive who oversees communication, government relations and other relationships is as important during a crisis as the chief executive officer and “whoever has operational responsibility for whatever has happened” to precipitate the crisis, Ovaitt said.

“The CEO cannot sidestep responsibility in a true crisis,” Ovaitt said. The operating executive's role is obviously crucial, he added. The public affairs executive brings knowledge about the concerns of stakeholders and how to address them. While operating executives may be best equipped to identify risks in their operating units, public affairs professionals can forecast how stakeholders would likely react to a crisis. Public affairs practitioners also can warn of political and reputational risks posed by company actions.

Becoming an “Input Person”

Citing research by University of Maryland Communication Professor Emeritus James Grunig, risk communication consultant Peter Sandman said the role and profile of the public affairs officer are the chief determinants of a company's public affairs reputation.

“In successful companies, the highest ranking public affairs person was an input person as well as an output person,” Sandman said. “He or she wasn't just a mouth for the company. He or she was also eyes and ears for the company.

“You have to sit in meetings with other senior managers, saying: ‘I don't think the public will like that. It will be hard to sell. It will damage your reputation. I think we ought to do this instead.’”

Public affairs professionals should attend risk-assessment meetings and be represented in company-wide strategy deliberations, W. Timothy Coombs, associate professor of communication studies at Eastern Illinois University, agreed.

“What often happens” in less-effective organizations, said Gloria Dittus, president and CEO of FD Dittus Communications, “is the general counsel gets together with the CEO and the CFO and they make decisions about how to deal with a crisis. Then they pull in their communication people or their public affairs people after the decisions have been made. They haven't factored in how the public is going to receive the information the company puts out, how the various stakeholders are going to receive that information, and how they'll react and affect the path of the crisis.

“In companies that do well, the public affairs and communication people are involved from the beginning at the very highest levels.”

Know Your Business

To help assess risks before a crisis and to communicate effectively during a crisis, public affairs professionals must have a thorough understanding of what the company does. “One great weakness is exposed when we know so little about an organization's functions that we need to be educated” when a crisis occurs, communication consultant James Lukaszewski said.

At Principal Financial Group, Senior VP and Chief Marketing Officer Mary O'Keefe sits on senior committees. Her subordinates in various communication functions are embedded in business units. Her shop is responsible for communication about government affairs and works closely with the company's government relations staff, which reports to the general counsel.

“In companies that do well, the public affairs and communication people are involved from the beginning at the very highest levels.”

Gloria Dittus
President and CEO
FD Dittus Communications

“You want your senior communication people to have as much access to management as possible,” she said.

Preparing for a crisis also requires educating other executives about public affairs, Lukaszewski said. “The last time to teach people about the power of public affairs is when the crisis is occurring. There’s no time for that.”

Most companies that are effective in crisis communication prepare plans for responding to crises the company is most likely to face.

The plan identifies stakeholders who need to be contacted when a particular crisis occurs and how they can be contacted. It identifies spokespeople — both high-ranking executives and employees with expert understanding of each potential crisis.

“It’s very important to have people with knowledge to answer questions that a communication person couldn’t answer,” Coombs said. “When there are specific operational questions, questions about a chemical or a procedure, the media prefer to talk to the experts.”

Appointing a communication team for each potential crisis — with specific duties assigned to each member — enables the team to spring into action immediately when a crisis occurs.

Plans often include templates for statements and press releases, as well as “dark” Internet sites that can be placed online quickly.

Patterns of Behavior

In preparing a plan, Grunig said, it’s useful to think through scenarios that are likely to occur in a particular crisis, including how stakeholders probably would react and how



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“You stay and answer the phone.”

the company would need to respond. “We can prepare,” Lukaszewski said, “because we understand patterns of behavior — victim behavior, media behavior, regulator behavior.”

Grunig has done studies that show “the kind of relationships you have with the publics most likely to be affected by a crisis determines to a large extent how they react when a crisis occurs. An organization can withstand a crisis better if it has established long-term relationships with people who are at risk from something the organization does.”

Sandman said companies should warn the public of risks its operations pose and tell the public what to do if a crisis occurs. “Being forewarned helps us cope,” he explained. Research by the National Institute for Chemical Studies determined that neighbors’ fears are calmed when a chemical company advises them what they should do in an emergency and what plant personnel and emergency responders would do, Sandman said.

Chris Nelson, senior vice president at the Ketchum communication consulting firm, once worked for a chemical company that invited neighbors for lunch and a plant tour twice a year.

“It was all about demystifying what went on behind the fence, what the risks were, what risk management we were doing,” he said. “It was about reassuring them that we were prepared to deal with things and we would communicate with them honestly if something happened. I think we earned a lot of equity for doing that.”

Sandman suggested that companies involve community organizations in decision-making and give credit to critics when a company changes policy.

“People expect the communication to be two-way, and they expect the communication exchange to yield real changes in your plans,” he said. “Longtime critics usually can’t afford to say you did the right thing on your own. The more credit they get for what you did, the less compelled they will feel to criticize what you did.”

Filling the Information Gap

Speedy crisis response is essential, Lukaszewski said, because “there’s no later in a crisis. You have to say something relatively quickly because, if you don’t, someone else is going to make something up.”

“When people face risk and crisis, they do two things,” said Kirk Hallahan, professor of journalism and technical communication at Colorado State University. “They seek information and they share information.

“They seek it from sources like the news media and organizations that are responsible (for the crisis). They also, when there is an information vacuum, fill in the missing pieces from wherever they can. Sometimes it’s accurate, and sometimes it’s not.”

It was easier to delay speaking in the past, said John Himle, co-founder of the Himle Horner public affairs consulting firm. “You had far fewer information outlets that might communicate something,” he noted, “and the public expectations about transparency were nowhere near what those expectations are today. A company that offers a no-comment, or a statement that essentially is a no-comment, is taken by most audiences as some level of an admission of guilt. The view of most people is the company’s trying to hide something.”

By waiting too long to speak, Coombs said, “you allow other people to control the story.”

If a company knows little at the beginning of a crisis, it at least can “show you care about the victims,” Lukaszewski said. “The things you can talk about in the beginning are the processes of responding, what you intend to do.”

Full and honest disclosure of what happened is “a very powerful tool,” Grunig said.

“Most secrets eventually come out,” Sandman noted. “It’s better that you are the source.

“Acknowledge uncertainty. Tell what you know for sure, what you think is almost but not quite certain, what you think is probable, what you think is a tossup, what you think is possible but unlikely. Acknowledge errors, deficiencies, misbehavior. Apologize often.

“Never say anything is ‘safe.’ X may be safer than Y or safer than it used to be or safer than the regulatory standard, but it isn’t ‘safe,’ and it’s certainly not ‘absolutely safe.’”

Minimizing the possible consequences of a crisis is counterproductive, Sandman said. “‘It’s better than we feared’ is a far more tolerable day-two story than ‘it’s worse than we thought.’

“Candor is the core of credibility. Insufficient candor is a very common problem.”

“Longtime critics usually can’t afford to say you did the right thing on your own. The more credit they get for what you did, the less compelled they will feel to criticize what you did.”

Peter Sandman
Risk Consultant

WHAT'S NEW: FROM TYLENOL TO TWITTER

“Typically, we see events unfolding over minutes and hours in the communication environment now.”

Ray Jordan
Corporate VP for Public Affairs
and Corporate Communications
Johnson & Johnson

Johnson & Johnson's response to the Tylenol poisonings of 1982 has been hailed as perhaps the most effective crisis communication in history. As recently as 2007, *Fortune* magazine said the giant global health-care corporation's conduct 25 years earlier “remains the gold standard in crisis control.”

Johnson & Johnson quickly alerted consumers and withdrew Tylenol capsules from the market after an unknown murderer contaminated some packages of the pain-killer with cyanide and seven people died. Even though the crisis was not the company's fault, Johnson & Johnson accepted responsibility for protecting its customers. The quick action on behalf of consumer safety led the public to view the company sympathetically as a victim of a horrible crime, not as a perpetrator.

The company's focus in a crisis remains the same today, according to Ray Jordan, Johnson & Johnson's corporate vice president for public affairs and corporate communications: “being absolutely sure that the decisions you make are honestly in the best interest of the most important people impacted by the crisis — our customers and patients.”

Much else has changed.

Because of the Internet and round-the-clock cable news channels, crises tend to unfold faster and require a quicker response, Jordan said. More stakeholders take interest in a crisis and find it easier to acquire information, to comment and to mobilize for action.

“The Tylenol event unfolded over hours and days,” Jordan explained. “Typically, we see events unfolding over minutes and hours in the communication environment now.”

In 1982, Johnson & Johnson communicated with the public through toll-free telephone lines, press conferences with print and broadcast media — and advertising in those media. In a crisis today, Jordan said, the company might use the Internet to make multimedia material available to the public and the media. Company communicators might engage journalists in e-mail conversations.

The Need for Speed

Public affairs practitioners and scholars universally cite speed when asked how crisis communication has changed in recent years.

“The speed of communication and the multiple channels through which people get information have significantly changed the management of a crisis,” Himle said. “You tend to have far less time to get your arms around what's really going on.”

According to Link Hoewing, Verizon's assistant vice president for Internet and technology issues, “You can't think anymore, you've got to act so quickly. Issues ramp up and get to be critical much quicker. It has made it difficult not to carry Blackberries with you on the weekends. You're not working per se, but you're still on guard.”

It also means “there's barely time to run things through the traditional approval process,” said Nelson, who heads Ketchum's North American issues and crisis management network.

Companies — and their adversaries — can disseminate information faster and can communicate directly with narrowly targeted audiences. Information transmission is not restricted to a straight line from source to audience.

Everyone's a Publisher

This has “democratized information,” said Torod Neptune, senior vice president at the Waggener Edstrom Worldwide communication consulting firm. “Everyone has the power of what used to be the traditional media at their fingertips. An individual consumer anywhere in the world could start your next crisis.”

Previously, said Pete Snyder, CEO of New Media Strategies, which protects brands online, “if you had a beef with Coca-Cola, the worst thing you could do to them was harass a secretary on the phone or stand outside with a sign. The average Joe or Jane couldn't buy time on CNN or take out a full-page ad in *The New York Times*.”

“These days, everyone's a publisher. Anyone can say anything about anyone in real time, whether it's true or false.”

Mark Twain's comment that “a lie can travel halfway around the world while the truth is still putting on its shoes” has become obsolete, Neptune said. Now, “a lie can travel around the world and back again before the truth has even gotten out of bed.”

The problem can be compounded by news media that — seeking greater interaction with their audiences — encourage “citizen journalists” to file reports. In October 2008, for example, Apple shares fell more than five percent after someone posted an inaccurate story on CNN’s iReport.com website that Apple CEO Steve Jobs had suffered a “major heart attack.”

And the spread of misinformation doesn’t have to be intentional. A month earlier, an investment advisor, thinking he was reproducing a current newspaper report, posted on the Bloomberg financial news site a six-year-old *Chicago Tribune* story about United Airlines’ 2002 Chapter 11 bankruptcy filing. The carrier’s stock quickly plunged 76 percent.

“In the traditional system, where the editor served as gatekeeper, things that looked a little odd would be checked out much more carefully,” Hallahan said. “Today, very little of the information that is on the Net from nontraditional sources is really checked out before it’s exposed to the public.”

“Word-of-Mouth” Influence

The Internet is different from traditional media also because it is an “audience-initiated communications tool,” Hallahan added. “People come to visit your websites. They opt in to receive e-mail. It’s probably not effective to send out spam.”

Individuals use search engines such as Yahoo and Google to seek information without relying on traditional news media or reference sources. The information can be obtained quickly and easily — but it also can be inaccurate.

Sandman, who consults with the U.S. Centers for Disease Control and Prevention about promoting vaccination, described an individual being told by a neighbor that the measles vaccine causes autism:

“I go home to my computer and type in ‘measles autism,’ and a whole new world opens up to me. If you’re worried about people getting their measles vaccine, you really have to pay a lot of attention to what people who are worried about vaccination are reading.”

Government officials often seek information online. A Congressional Management Foundation Study found that, when allegations are made against a company, most congressional aides search the Internet before they call the company for its side of the story, Neptune said.

Once individuals obtain information, they can share it through e-mail and online discussion groups. Activists organize online to push for changes in government policies and corporate behavior.

Pressure on Policy-Makers

“Because information moves so quickly today, the public affairs officer has to be very concerned about how issues play out with regulators and policy makers who often are responding to pressures from constituents,” Himle said. “The ability (of Internet communication) to magnify an event — and the outrage that often is associated with high-profile events — often translates into constituent pressure for policy makers and regulators to engage where maybe in the past they felt they didn’t have to get involved.”

Public affairs practitioners need to be aware that “the political blogosphere is much more robust than a lot of other areas online,” Snyder said. “Journalists read the political blogs all the time, so those blogs have an undue influence on what the media cover.”

At the same time, the new media give public affairs professionals new tools.

The Internet enables a company to communicate quickly and directly with stakeholders, to learn what stakeholders care about, to discover how the company is being talked about, and to monitor the activities of potential adversaries.

“We think of the Internet too much as a way to send out and not enough for researching activists and potential crises and understanding what might happen,” Grunig said. “The Internet is as useful — if not more useful — for bringing information into the organization as for giving information out.”

It’s easy to follow advocacy groups’ activities online and even to engage them in discussion, Coombs said.

“Because information moves so quickly today, the public affairs officer has to be very concerned about how issues play out with regulators and policy makers who often are responding to pressures from constituents.”

John Himle
Co-founder and Principal
Himle Horner Inc.

“The more sophisticated companies have built crisis communication teams that understand the dynamics of all of the stakeholders.”

Gloria Dittus
President and CEO
FD Dittus Communications

Growth of Social Media

Companies are using online social media — such as MySpace, Facebook, Twitter and YouTube — to build relationships with stakeholders in normal times and to communicate during a crisis. Supporters cultivated online can provide crucial third-party support in online discussions during a crisis.

Political organizations have found cell phone text messaging to be an effective tool, although it's important to obtain the recipients' permission to avoid broadcasting the telephone equivalent of spam. According to researchers at Princeton and the University of Michigan, individuals were more likely to vote after they received text reminders, and the cost was less than for other get-out-the-vote techniques.

Organizations also are using text messages to communicate with large numbers of stakeholders in emergencies. Colleges, for instance, are establishing emergency alert systems for students, faculty and staff. Colorado State University reported that 90 percent of its 25,000 students have signed up for emergency text messaging.

Globalization of Issues

Because of the global reach of cable television and the Internet, small local problems can quickly become large global crises. Globalization of the economy puts global companies at risk around the world. An adverse event in one country can affect a company's reputation elsewhere. Activists in one country can attack a company's reputation in other places.

“Where is your reputation located?” Neptune asked rhetorically. “It's global. In this new media world, your reputation is located where I type your name into Google.”

A company may begin operations that are welcomed by a developing country, then find itself under attack from activists in the developed world. Grunig said one of his students did a case study of Coca-Cola cutting rainforest trees to plant citrus groves in Belize. Opposition came not from Belize, but from Friends of the Earth in London.

A company not prepared to respond to these fast-moving global threats “is going to spend way too much time thinking through how to deal with that threat while the damage is being done,” Nelson said.

Public affairs practitioners must understand the culture of the places their company does business, or obtain access to people who do.

“An American crisis response message is not necessarily going to play the same in Spain, Japan and Korea,” Nelson said.

“It's one thing to apologize in the United States,” Hallahan noted. “It's another thing to apologize in Japan, and that is one of the most important issues in crisis communication.”

Stakeholder relations — including with foreign governments and news media — must be built and cultivated wherever the company might face a threat.

The Value of Public Affairs

On the positive side, practitioners and scholars report that high-ranking executives today understand better what public affairs professionals can contribute to corporate-level decision-making. As a result, public affairs practitioners are being invited more often and earlier to join discussions about those decisions.

“Today, any organization that sees its public affairs function as purely output is a very old-fashioned operation,” Sandman said.

Most executives now realize that “you cannot successfully manage (a crisis) without managing successfully a whole panoply of relationships,” Ovaitt said. “The person in charge of those relationships has grown in stature.”

Himle warned of senior managers being swayed by lawyers who “can only see risk in the context of how it plays out in a courtroom.” In that circumstance, he said, “I'll pose the question to the CEO: Is it more important to lose this in the court of public opinion or is there greater risk in losing in a court of law? You may be faced with the danger of losing in litigation in order to protect the customers' loyalty to the company, to protect the stock price, to protect your employees' productivity and loyalty.”

Dittus noted that “more and more public affairs people are being elevated to senior adviser or part of the executive team or just a step down. The more sophisticated companies have built crisis communication teams that understand the dynamics of all of the stakeholders.”

There's also a growing recognition that public affairs decisions can be based on scientific research, Sandman said. “When Jim Grunig started his career, only other academics read him. Now, few practitioners haven't read him and not tried to understand him.”

BEFORE THE CRISIS BEGINS

The most effective crisis communication is communication that helps to avoid a crisis in the first place. Preparing for that communication also prepares a company to respond more effectively when a crisis occurs. Companies “pay too much attention to how we should deal with a crisis and not enough to how we can practice communication management in ways that will deal with issues before they become crises,” Grunig said. Because of that tendency, Himle said, consultants “make a lot of money in the cleanups.”

The public affairs officer’s role in crisis avoidance is to point out risks other executives might not see — from government action, activist groups and the broader public. When public affairs, government affairs, stakeholder relations and various communications responsibilities are siloed, the public affairs officer must make sure they’re all brought into the crisis communication process.

Grunig also argues that the public affairs practitioner must be “an advocate for the public within the organization. If you do not consider the public’s interest to be as important as the corporation’s interest, you will be seen as selfish and unconcerned and even evil.”

Building Relationships

It’s important to build and maintain relationships with stakeholders before a crisis occurs, because they can’t be built during the crisis. Strong relationships help a company to avoid a crisis and to respond effectively when one occurs.

“Whether it’s the news media or regulators or policy makers or investors or customers or advocacy groups or whoever, they will cut you more slack if they know you and like you and trust you,” Himle said. Such relationships must be built early, he added, because “the worst time to try to make a friend is when you need one.”

When a company comes under attack, Coombs said, stakeholders in a strong relationship with the company “are going to wait to hear my side and not jump to conclusions.”

Relationships with advocacy groups helped Verizon minimize the outcry over a company employee’s decision to deny a text messaging service to the abortion rights group NARAL Pro-Choice America in September 2007, Hoewing said.

Hoewing uses old-fashioned tactics and new media to develop and utilize personal relationships with people at advocacy groups, think tanks, high-tech organizations and academic institutions.

“Human interaction” is the key to building the relationships, he said. He attends conferences that those individuals are likely to attend, sends them copies of company statements and asks for their opinions. In general, he explained, “I make excuses to meet with them. The more they get to know you, the more they trust you.”

Keeping Track of Your Friends

Verizon maintains a computerized database of contact information of those individuals and organizations, including home and cell phone numbers. The database is sortable by such criteria as issues the organizations are most interested in, their positions on issues and whom the media are most likely to contact about specific topics.

In the NARAL incident, Hoewing said, a subcontractor misinterpreted a Verizon policy against selling the text-messaging service to groups that send “controversial or unsavory” communications. The policy was meant to ban hate messages and adult materials sent to children, not political speech.

Although Verizon quickly rectified the mistake, Hoewing said, he knew *The New York Times* would publish a story on Sept. 27. He sorted the database by “who is most influential in the media” on free-speech issues and “who cares about it the most.” He began telephoning those contacts at 7 a.m.

“By the time the rest of Washington was starting to read about it, we had already talked to most of the groups that we thought would be most influential and likely to react.”

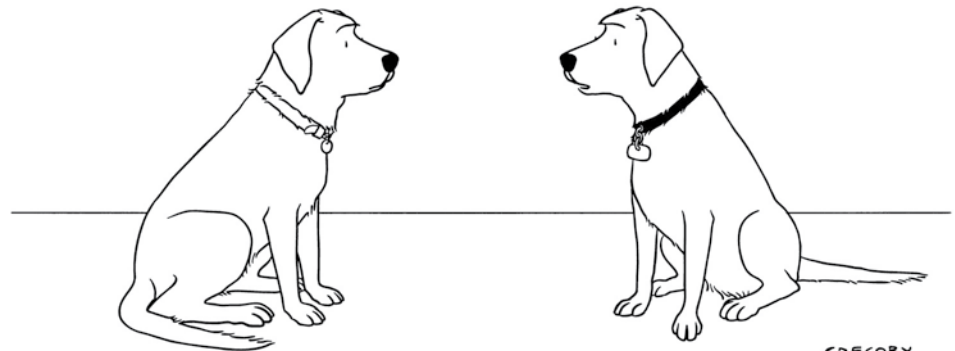
The effort did not prevent criticism, Hoewing said. But most critics weren't harsh, and the controversy did not last long, he added.

Third-Party Validators

Beyond avoiding or minimizing the effect of attacks, strong relationships can produce "third party validators" who will support the company's case during a crisis, Neptune said.

He described Waggener Edstrom Worldwide creating MySpace and Facebook pages for a client's product before the product became engulfed in a global crisis of consumer confidence. The online discussions of the product created consumer feedback for the client and grew into a community of fans of the product, Neptune said.

When the crisis hit, Waggener Edstrom posted critical news reports on the pages and asked



"I had my own blog for a while, but I decided to go back to just pointless, incessant barking."

© The New Yorker collection, 2005, by Alex Gregory, from cartoonbank.com

members of the online community if they agreed with the criticisms. Readers could click on links that enabled them to post comments on the newspapers' websites. Favorable comments about the product appeared with the articles that contained the criticism.

MySpace, Facebook and other online tools give companies powerful opportunities to interact and communicate directly with targeted stakeholders while avoiding news media filters. But public affairs professionals need to understand all the implications of using any of the tools. Misuse can make a crisis worse.

Gaining Online Credibility

To be effective, a blog must be established before a crisis hits, Coombs said. When Southwest and American Airlines were hit with allegations of inadequate maintenance in early 2008, Southwest successfully engaged customers on its longstanding blog, Nuts About Southwest, through which the company has "a very active dialogue with its customers," Coombs said. American created a blog to address the issue, he added, but few people read it.

Consistency is a key to online credibility, Hallahan said.

If a company publishes a blog, readers will expect it to comment on significant events, even during a crisis, he said. "If the blogger does not address timely information in the news, there's going to be a credibility issue."

If a blog allows reader comments in normal times, it must allow them during a crisis as well, he said. Many organizations treat comments to blogs as valuable intelligence, Hallahan said. And blog comments "often are very supportive." In addition, he said, "in today's era of transparency, generally you should allow comment because that's the expectation of what the medium is about. A blog is interactive, genuine communication."

Most organizations censor racist and other offensive comments, Hallahan said. Some also censor criticism. Hallahan termed those choices "a judgment call organizations have to make." But, "if you have allowed critical comments in the past, I think it's imperative to allow them in a crisis."

Beyond their own blogging, companies need to establish relationships with other bloggers in the same way they engage the mainstream media — not just to minimize criticism but to encourage positive commentary, Snyder said.

"If the blogger does not address timely information in the news, there's going to be a credibility issue."

Kirk Hallahan
Professor of Journalism
Colorado State University

“Talk to them,” he said. “From time to time, have lunch with them. Bloggers are in the content business. They wake up in the morning and say, ‘What are the 12 things I’m going to post today?’” If a company offers content a blogger can use, “there could be a happy marriage there.”

Companies can’t control what bloggers write, Ovaitt said, “but we can ensure they understand what we’re trying to do.”

If a public affairs practitioner decides to respond to criticism on an external blog, Hallahan said, “you have to understand the blogger just like you do a reporter. They have personalities, quirks, axes to grind, pet peeves, pet projects, biases.”

Although there seems to be an infinite number of blogs online, Snyder said, “there’s a relatively finite number of blogs that matter for particular industries.” Consulting firms such as his can help companies identify blogs that matter to them.

IDENTIFYING RISKS

Effective risk identification enables a company to avoid crises as well as prepare to deal with them. Public affairs practitioners should participate in corporate risk assessment because they bring knowledge of the public and government to the table and can identify risks that other executives might not perceive. A key role for the public affairs professional is identifying and addressing issues before they become crises. To do this successfully, the public affairs executive must acquire a thorough understanding of a company’s operations throughout the world.

Each year, Verizon engages in an “emerging issues” evaluation that considers about 200 issues and identifies 10 for special attention, Hoewing said. Key measures are the issues’ potential impact on Verizon’s reputation and bottom line.

Among issues that have been on the top-10 list for several years are the possibility that cell phones could be found to cause health hazards or that a 911 call from a cell phone could be mishandled and then implicated in a death.

Verizon retains a consultant to scan the media for emerging issues, and each morning Hoewing checks blogs that are most important to the company.

At Tyco, public affairs personnel work with a task force that assesses risk throughout the company, Harsanyi said. Public affairs practitioners also regularly travel to operating units and pose questions designed to uncover public affairs issues that could affect the units.

For its clients, Ketchum trains managers at various levels to recognize and report potential crises, Nelson said. Sometimes the training goes “all the way down to the rank and file.”

When New Media Strategies acquires a new client, the consulting firm conducts an “initial online audit,” which searches for online conversations about the client and its competitors, Snyder said. The process is designed to identify a manageable number of sites that can be monitored on an ongoing basis.

“If you look at what people are saying about you,” Grunig said, “you can identify, not only what they see the issues to be, but also the distortions and inaccuracies that are out there. Then you can disclose more accurate information.”

Crises Come in Many Colors

Companies also need to consider risks posed by natural disaster, such as tornadoes or hurricanes, by business partners and by other organizations that are located near company facilities.

“If there’s a chemical plant nearby, could a crisis there shut me down?” Coombs said a company should ask. Large organizations and companies with long supply chains face greater risk “just because you’re in more locations,” he said

A company also must be prepared to respond to a crisis in its industry, even if the company is not directly involved in the crisis. During the financial services meltdown of 2008, for instance, the Principal Financial Group “kicked into high gear” to assure customers, shareholders, employees and the public that the company remained healthy, O’Keefe said.

“We don’t have a specific crisis of our own,” she said at the time, “but we are participating in the financial crisis that’s going on because we’ve all been kind of painted with the same brush.”

“If you look at what people are saying about you, you can identify, not only what they see the issues to be, but also the distortions and inaccuracies that are out there. Then you can disclose more accurate information.”

James Grunig
Professor Emeritus
University of Maryland

“A huge percentage of the information you need to communicate in a crisis can be prepared beforehand.”

Chris Nelson
Senior Vice President
Ketchum

Companies don't need to obsess over identifying every possible risk, no matter how rare, Hallahan said.

“I don't think organizations are going to be criticized for (failing to anticipate) an extraordinary circumstance,” he said. “I don't think anybody criticized the World Trade Center or the City of New York for not having a plan for an airplane crashing into the World Trade Center. If they had a fire, however, and 3,000 people were killed, we would have a different attitude.”

GETTING READY TO COMMUNICATE

Public affairs staffs often create messages or message templates that can be delivered in a crisis.

“A huge percentage of the information you need to communicate in a crisis can be prepared beforehand,” Nelson said. “Typically in the early hours of a crisis, when you have limited information about what's actually happening, the message you need to send out is one about how the company deals with these things and its commitment to producing the best solution possible. If it's already approved (by company lawyers), it doesn't have to go through a massive approval process” during the crisis.

That material probably won't need to change in the early hours of a crisis, he said, and can be revised quickly if necessary.

Different messages may be created for use during different kinds of crises, for use in different localities and for delivery to specific audiences. Messages to employees include information they need to do their work. Other messages may be created for customers, shareholders, neighbors, government officials and the news media.

A global company can develop templates that public affairs practitioners at the site of a crisis can adjust to reflect local customs, laws and regulations, Lukaszewski said.

A company also can prepare templates for advertising that can be placed in newspapers and on television, radio, websites and even billboards.

A website is particularly effective in a crisis, Grunig said, because the company can update it quickly and people — including from the media — can look there for the information they want at any time. The website can enable viewers to ask questions, but the company then must be prepared to answer rapidly.

A company can prepare “dark” websites for the most likely and most serious crises. They are created ahead of time, revised if necessary when a crisis occurs, then put online quickly.

It's crucial for a website to be reliable and contain up-to-date information, Ovaitt said.

Narrowly targeted communications can be sent by e-mail. Some companies arrange for 1-800 phone services that can be activated in a crisis.

BUILDING A TEAM

A crisis management team should be relatively small but should include representation from all departments that play a role in addressing the crisis, Nelson said.

“The general rule of thumb we use is that any senior manager who would be in a position of making decisions that would be crucial to the resolution of the crisis needs to be at the table,” he said. But, he added, Ketchum has a narrow definition of “crucial” that is designed to identify “the people who are really the key decision-makers.”

Depending on the nature of the crisis, other team members might come from the financial, legal, personnel, sales and marketing departments, as well as any operating units involved in the crisis. The public affairs practitioner’s role depends in part on how the company is structured.

Public affairs and communications personnel should communicate with the constituents they normally deal with, Nelson said. And they need to bring their knowledge of stakeholders to the crisis management table.

“Organizations that do the best job of managing risk start with the fundamental notion that public affairs, media, internal communications — all of these groups — are at least coordinated if not integrated,” Himle said. “Companies where these functions are heavily siloed tend to have great difficulty responding to a crisis and have an even worse track record of being able to plan for any kind of crisis scenario.”

Telling Truth to Power

Nelson also advises retaining consultants to add “an outside perspective” and “the ability to tell truth to power.” “Sometimes there are a lot more things an outsider can say to a CEO than his own people can.”



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“I just feel fortunate to live in a world with so much disinformation at my fingertips.”

Outsiders may fill holes in the company’s staff or contribute crisis-communication expertise. Companies sometimes simply need more bodies, or bodies in places where the company doesn’t have personnel. Principal retains APCO Worldwide and Fleishman-Hillard for advice and some media outreach, O’Keefe said. She values their expertise and perspective about “things we don’t do every day. We want someone who can say, ‘This has worked in the past.’”

Companies with global operations need team members who are stationed in foreign countries or who are responsible for public affairs in those countries. “If a crisis happens in Asia, you’re going to need people on the ground in Asia to be managing it,” Nelson said.

As a global company, Principal relies on its “people on the ground” to handle an overseas crisis, O’Keefe said. “I wouldn’t try to do PR in China. We don’t know the publications like they do, the environment, the regulators.”

“We want someone [on the crisis team] who can say, ‘This has worked in the past.’”

Mary O’Keefe
Senior VP and Chief Marketing
Officer
Principal Financial Group

“During a crisis is not the time to test.”

W. Timothy Coombs
Associate Professor of
Communication Studies
Eastern Illinois University

She does have to be included in the process, however, she added. Much work will be done at the overseas site, she said, “but we’re going to review it.”

Outside assistance can be particularly important when a company needs to communicate with government officials and other segments of the public in foreign countries and doesn’t have public affairs personnel there.

Internal Crisis Managers

Some companies employ fulltime crisis managers whose job is to constantly monitor risks and prepare for crises. Others make those responsibilities part of some executives’ duties. Ovatt suggested rotating employees through a permanent team so the entire public affairs and communication staff can be trained in handling a crisis.

Some companies call an ad-hoc team into action when a crisis occurs. Others create separate teams for specific kinds of crises and for crises that occur in specific locations or operating units.

However the team is organized, Nelson said, members should be freed from day-to-day business responsibilities while they focus on the crisis.

The CEO or other top executives may be the company’s best spokespeople in a crisis. But, depending on the crisis, the public affairs staff may want to recruit spokespeople, from various parts of the organization, who are dealing directly with the crisis — operations executives, plant managers, engineers or scientists, for example. The team also needs individuals who can engage in one-on-one communications with government officials and other important members of the public.

Coombs suggests testing potential spokespeople before sending them out to meet the public. “During a crisis is not the time to test,” he said.

Hallahan said companies could identify and train a wide range of employees to gather and disseminate information during a crisis. He suggested training workers at plants and other work sites to use digital cameras and cell phones to document an emergency and how the company is responding. The images could be transmitted to headquarters for use by public affairs, operating and senior executives. Public affairs practitioners could use the image and audio files to communicate with stakeholders. The images and sounds also would provide information that other executives could use in making decisions.

Working with Associations

While not part of the team, associations also can provide outside assistance. An association may offer training in crisis communication, serve as an information source for the company, offer expert knowledge to the press and offer third-party confirmation of the company’s statements.

Some crisis-related actions can be taken easier by companies as a group, Grunig said. Industry-wide activities avoid competitive cost disadvantages.

The American Chemistry Council has made major contributions to improving risk assessment and crisis avoidance in the chemical industry, Nelson said. Members of the council are required to participate in the association’s Responsible Care program, which promotes health, safety, security and environmental protection in the industry. The global initiative has participants in 53 countries.

Entergy has benefited from membership in the Edison Electric Institute and the Nuclear Energy Institute, Wiese said. Wiese directs reporters to the organizations for third-party comments. The associations, in turn, can refer reporters to scientific studies on energy matters.

The energy associations also offer training programs and opportunities for members to exchange information about their experiences. Wiese has made presentations to association meetings and shares what he’s learned with his counterparts at other energy companies.

Entergy plans to experiment with sharing communication personnel during crises, in the way utilities have long shared workers and equipment to restore power after storms.

Companies with international operations can look to affiliations with associations overseas. In 2008 Waggener Edstrom was hired to identify foreign trade associations that a client might join to help promote its public affairs agenda overseas. The consultants interviewed association officers in eight countries to spot potential partners for the client and to learn best public affairs practices in those places, Neptune explained.

PREPARING A CRISIS PLAN

Most companies that do crisis communication effectively prepare a written crisis communication plan or plans.

Plan contents vary from company to company. Some common elements are:

- Lists of stakeholders and the media through which the stakeholders should be contacted,
- Addresses and phone numbers of stakeholders who might be contacted by mail, phone or e-mail,
- Contact information for news media, law enforcement agencies and other first responders,
- Contact information for online media that are likely to be interested in the crisis, such as websites, bloggers and social media,
- Descriptions of crisis communicators' duties; contact information for employees and consultants, including emergency contacts if a disaster forces them out of their homes and temporary contacts when they leave town for vacation or other reasons, and,
- Instructions for using alternative work sites if necessary; procedures for keeping all company spokespersons on message.

Stakeholders may include customers, suppliers, shareholders, employees, neighbors, advocacy groups and government officials.

A Different Plan for Every Crisis

Companies need to consider preparing multiple plans for different kinds of crises, because different crises require different responses.

"A plant accident is very different from a natural disaster," Coombs said. "In both cases you're trying to restart your operations. But, with an accident, you have to address questions — what is your responsibility and why didn't you prevent the accident from happening — that you don't have to address in a natural disaster."

A very large company with decentralized decision-making may have separate plans written by each operating unit, Nelson said.

Imagination and creativity are key attributes of successful planners, Nelson said.

"You've got to imagine what scenarios could unfold as the crisis progresses," he said. "You have to have the imagination to come up with creative solutions to the problems. You have to anticipate what kinds of criticisms could come out of a crisis and who might attack you — advocacy groups, government regulators, politicians."

Ovatt said planners need to think carefully about who should be contacted in different kinds of crises.

"It could be the mayor," he said. "It could be the leaders of the homeowners' association surrounding your plant. It could be the head of the Consumer Federation of America, your congressmen and other government officials, the media or key employees."

Because it faces emergencies frequently, Entergy has prepared about 75 crisis communication plans, Wiese said. They range from "skeletal" plans to "very thick books of procedures." They address a wide range of crises, from hurricanes to "a company airplane crashes with a company executive on board to somebody is caught with his hand in the till to a collapse in the stock price."

In 2007, Entergy developed a plan for an earthquake, even though its facilities are not located in places ordinarily thought prone to earthquakes. The following spring, an earthquake in southern Illinois knocked Entergy's nuclear plant in southeastern Michigan off the grid. The communications practitioner responsible for the plant, Wiese said, "could open the book, look at the plan, pull out the press release for 'earthquake,' fill in the blanks, and he was ready to roll."

"The work you do on building ethics into your culture is going to do more for your ability to manage a crisis than any spreadsheet or database or risk-assessment strategy that you can put into place."

Ray Jordan
Corporate VP for Public
Affairs and Corporate
Communications
Johnson & Johnson

Crisis of Confidence

The Principal Financial Group also has prepared multiple plans, including one for a “crisis of confidence” that was implemented during the financial services meltdown in 2008. Principal stores duplicates of its plans in multiple locations and has made provisions for alternative workplaces in case employees can’t get to corporate headquarters in Des Moines. The plan is activated through a phone tree that lists multiple employees for the key tasks.

“I go to this guy, and if he doesn’t pick up the phone I go to Number Two,” O’Keefe explained. “I go straight down the line until I get the people I know can do those functions.”

Principal’s senior executives were in China when the 2008 crisis hit. From there, O’Keefe was able to activate the crisis communication plan, which told staffers at the Des Moines headquarters exactly who was to do what. The plan listed what kinds of messages needed to be put out and who the messages should be sent to. It contained templates for crafting the messages.

Johnson & Johnson bases its crisis response on “a set of values and expectations about business behavior that flows across the organization,” Jordan said. The company issues crisis communication guidelines and publishes a corporate credo that emphasizes Johnson & Johnson’s responsibilities to customers, employees, stockholders and the communities around its facilities.

The credo and guidelines are emphasized in crisis and issues workshops that are held for executives and communicators in Johnson & Johnson businesses throughout the world. Chairman William Weldon promotes those values in his visits to company sites.

During a crisis, Jordan said, “the expectation is that corporate behavior is to support any adversely affected stakeholder. In some ways, the work you do on building ethics into your culture is going to do more for your ability to manage a crisis than any spreadsheet or database or risk-assessment strategy that you can put into place.”

Practicing the Plan

A company needs to practice its crisis communication plan regularly.

Principal usually practices on an annual basis, O’Keefe said. Entergy practices twice each spring. One is a company-wide crisis response drill. The other focuses on crisis communication. The purposes is to “make sure everybody understands what they’re supposed to do and where they’re supposed to be when the whistle blows,” Wiese said.

Practice should be followed by evaluation and possible revision of the plan.

“They should review their business against the scenarios that are in the plan and determine if the business has changed and whether the plan needs to be changed” because of that, Nelson said. “They should review the decision making process and the leadership of the crisis response team as employees may turn over.”

O’Keefe notes the need to “get the contact list out and find who changed their phone number and forgot to tell us.”

THE ART OF CRISIS COMMUNICATIONS

While rapid communication is essential in responding to a crisis, a company doesn't want to act in ways that draw more attention to a problem. The company should communicate first in the medium in which the problem has appeared, for instance.

"There's no sense in repeating negatives in a platform where (the negatives) don't exist," Snyder said. "If we have a client that has a problem in print, we don't want them addressing it online until it jumps over."

A company does need to admit it's in a crisis and tell what it's doing to fix what's wrong. Even if the crisis is not the company's fault, the company is most effective when it accepts responsibility for ending the crisis.

"If you blame yourself more, we will blame you less," Sandman said. "Get your attorney's advice about how to accept moral blame without increasing your legal vulnerability. But don't let him talk you into taking no blame at all."

Blaming others usually backfires, he said, "especially if you're blaming the public. Put out exculpatory information, but don't emphasize it. Explain what you've done to make (the crisis) less likely to happen again."

According to Nelson, companies that "acknowledge the problem and fix it and communicate openly do better (at preserving their reputations) than companies that don't. Companies that try to bury the problem and ignore it and stonewall tend to get punished."

The Right Response

The Gap responded effectively in 2007 when a British newspaper reported children as young as 10 were making Gap clothing in an Indian sweatshop. A Gap spokesman immediately told the newspaper that it would not sell items that might have been made by children in the plant.

The Gap later reported on its website that it had banned the sweatshop operator from future Gap production, suspended 50 percent of orders from a middleman involved in the incident for at least six months, added new safeguards to its acquisitions practices, and convened a summit of Indian vendors to reemphasize its zero-tolerance policy against child labor and to warn of actions it would take to punish noncompliance.

If the crisis produces victims, the CEO or other top executive should express concern for those hurt. Lukaszewski suggests that top executives go to the scene where victims were injured and talk there to victims, the media and those who are trying to fix what went wrong.

In addition to communicating through the news media, Hallahan said, companies can use audio and video podcasts to enable executives to speak directly to stakeholders whenever stakeholders seek company comment. Video files also can show visible evidence of the company responding to the crisis. These videos should be placed on YouTube as well as the company website, he said, because "who knows what else will be put on YouTube by others." Posting to YouTube alone will not work, Coombs said, because YouTube visitors don't tend to look for corporate information.

Unless a company has already established a presence in online social media, Coombs said, it can't initiate communication in places like MySpace or Facebook during a crisis. The company should monitor the social media, however, and jump in if the crisis begins to be discussed there, he said.

The Personal Touch

Some stakeholders — notably important public officials and influential third parties — should be contacted in person by public affairs practitioners who have established relationships with them.

The workforce is the first group Principal contacts during a crisis, O'Keefe said. "They're being asked about it by their families, their neighbors and our customers. They're our first line of defense, so we arm every one with our messages."

During the 2008 financial services crisis, President and CEO Larry Zimbleman sent a message to employees every Friday. The themes, O'Keefe said, were "we're aware of what's going on, we're taking decisive action, we're all in this together, so we need to hunker down and weather the storm."

"If you blame yourself more, we will blame you less."

Peter Sandman
Risk Consultant

“You be the one who’s in control. That’s the only way you’ll have a hope of getting that other person back into control.”

Arthur Wiese
VP for Corporate
Communication
Entergy Corp.

Ovaitt agreed that employee communication is crucial because workers may see themselves as among the victims of the crisis. Company messages need to “give them a sense of control of the situation, a sense they can do something about this,” he said.

He suggested that employee identification cards carry a phone number that workers could call to obtain information during a crisis.

Proactive Communications

To reassure its stakeholders during the financial crisis, Principal’s home page featured a link labeled “Financial strength and stability during turbulent times: How we’re different from others.” The linked page described Principal’s “high quality and well-diversified investment portfolio, continued strong business performance,” and “strong third-party ratings for financial strength, capital position and ability to meet obligations.” The website also offered “Six Tips for Alleviating Anxiety,” which included statistics about relatively swift recoveries from previous stock market plunges.

The company also decided to release its earnings report a month early to demonstrate its financial health.

In some crises, a corporation must deal with emotional stress, both inside and outside the company. During hurricanes Katrina and Rita, for example, thousands of Entergy’s employees and hundreds of thousands of its customers were driven from their homes. Many lost loved ones and many more lost nearly everything they owned.

Employees were dealing with customers who were “irate, angry, frustrated, hot and bothered,” Wiese said. All of the company’s crisis communicators suffered fatigue and some suffered major personal losses.

He recalled a woman sitting next to him in the command center who looked at a television screen, saw her neighborhood under water and “began to cry hysterically, unnerving everybody else who was there. She put her head on my shoulder and sobbed and sobbed. I just let her get it out of her system. Then I walked her out into the hall and suggested she go back to her room if she needed to and take some time off.”

Managers must handle subordinates’ stress with empathy and concern, Wiese said. He said he usually ends crisis conference calls with “a little soliloquy to the troops — about how proud I am of them, how hard I know this is. Often it’s a keep-your-cool message: Don’t let a reporter or a customer bait you into losing your cool. When somebody is irate about not having their electricity back, apologize. You be the one who’s in control. That’s the only way you’ll have a hope of getting that other person back into control.”

After the Deluge

When the crisis ends, the public affairs staff should evaluate the effectiveness of the response and determine the need for changes in the crisis communication plan.

Entergy conducts a “lessons-learned” exercise after every storm, Wiese said. His staff also does a post-mortem after each time it must swing into crisis-communication mode. “You try to capture things that worked well and things that didn’t work well and immediately begin changing your game plan for the next one,” he said.

Sometimes he brings in consultants to analyze the company’s performance with fresh eyes. “I’m a great believer in tapping a different perspective.”

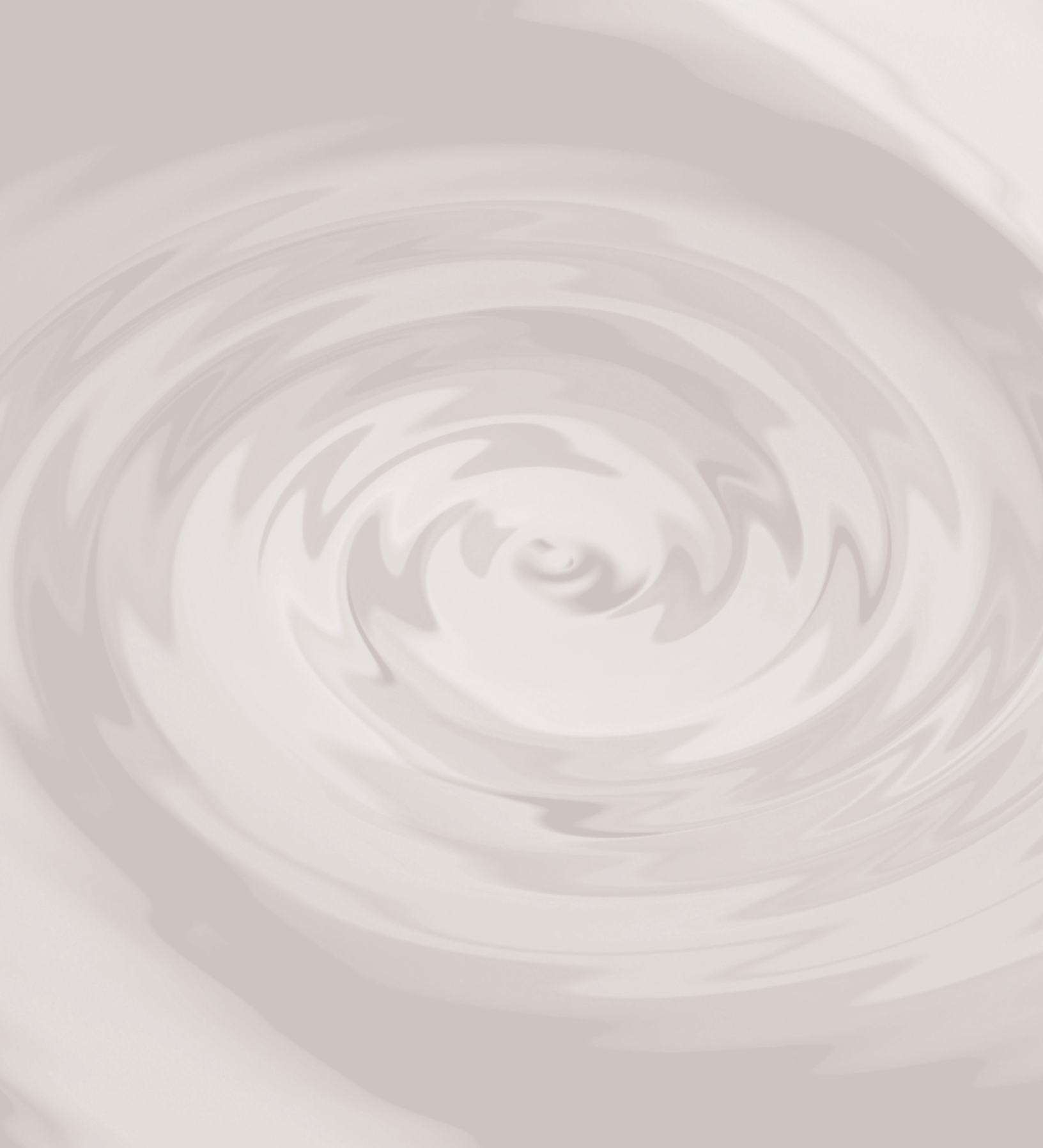
Post-crisis evaluation sometimes leads a company to make major changes in its approach to crisis communication.

Neptune said he’s seen companies emerge from a crisis and realize they need a public affairs presence in places where they don’t have an operating unit but do sell their products. The realization has led to placing a company public affairs practitioner on the ground there or retaining a consulting firm, he said.

Grunig, Coombs and Himle all said crises can create a greater appreciation for the public affairs function in a company.

“I’ve seen companies go from viewing public affairs and communication as a tactical function only to get hit by a major crisis and discover that public affairs and communication can play a very strategic role,” Himle said.

When he asks a company why it includes public affairs in the strategic decision process, Grunig said, “for the most part, it was caused by a crisis.”



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