

Planning a Crisis Management Strategy

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When companies experience a major problem that threatens their business, they need to react quickly and effectively to protect their reputations. Providing clear information to customers and the media can build support and help the company to recover quickly. An important part of the process is having a crisis management strategy in place before problems occur.

What You Need to Know

Why is crisis management important?

Any company can find itself thrown into a crisis at any time, usually without warning. Because news, especially bad news, travels so quickly across 24-hour media, it is vital to be prepared. The way your company communicates, especially in the crucial early hours and days, can have an enormous impact on your reputation, brands, and your long-term profitability.

Who should handle crisis communications?

It is essential to have a single nominated spokesperson who is thoroughly briefed on the crisis and familiar with the crisis management plan. This gives the media a point of contact and ensures that your company speaks with a consistent voice.

What to Do

Recognize the Risks

A crisis is an unforeseen event or series of events that creates public interest and may threaten your company's ability to continue operating. These events can include product recalls, takeovers, layoffs, work-related accidents, strikes, plant closures, regulatory investigations, and environmental issues, as well as poor business or financial performance.

The best way to stop a crisis is to recognize when one is coming. The process of planning for crisis management can help you identify potential risks and, perhaps, make changes that actually prevent a crisis. Planning for crisis management therefore has three preliminary objectives:

- Identify potential problems that might cause a crisis.

- Assess the potential negative effects on the company or the brand.
- Take positive actions that reduce the risk.

Be Prepared for Media Interest

Crisis management dictates that when a crisis occurs, you will have two priorities:

- bringing the crisis under control
- dealing with the intense media and public scrutiny

To keep your organization's reputation intact, you must be prepared to communicate effectively and respond immediately. When a crisis happens, it is likely that the media will take an interest, so you must be aware of journalists' needs for information and deadlines. Make sure you have nominated someone to act as a spokesperson so that there is two-way communication between journalists and the company.

Prepare a Plan in Advance

The key to successfully protecting, and even enhancing, your company's reputation is to have a plan in place and to train your staff for a crisis situation in advance.

Your plan should outline your approach to crisis management and should describe the nature of the brand and the corporate reputation that you want to protect. It is also useful to consider the potential impact of different crisis scenarios. What would happen if a fire occurred and you were unable to fulfill a vital contract? Suppose someone contaminated your main product? How would you handle a product recall? How would a drop in your stock price affect your reputation?

The plan should include:

- assessment of potential risks;
- the members of the crisis response team;
- responsibilities of the crisis response team;
- step-by-step action plan and checklist;
- crisis communications plan;
- list of key media;
- plans for crisis training;
- media training;
- developing background material for media information;

- preparing statements for a variety of risk scenarios.

The crisis plan need not be a comprehensive, highly-detailed document since it cannot cover all contingencies. However, it should provide a flexible, action-oriented plan that can be easily adapted.

Set Up a Response Team

You should preselect a leader to deal with crisis management. The nominated person should be a senior manager or director with the authority and experience to make decisions in what could be difficult circumstances. If a crisis happens, the leader may have to step away from his or her day-to-day responsibilities in order to lead the crisis team. You should therefore also make provision for a flexible management structure in the event of a crisis.

The nominated leader should identify representatives from key operational and policy areas and make them aware of their responsibilities during a potential crisis. Crisis-related problems usually bring together diverse interests. For example, you may need technical specialists on the team to explain product or operational issues. Marketing specialists can advise on customer communication requirements, and finance managers can assess the financial implications of a crisis. Public relations managers will play a vital role in dealing with the media.

If you do not have functional managers responsible for each of those areas, you may need to identify people with relevant skills or brief an agency to provide standby support.

Your team should be able to meet the information needs of different groups of stakeholders, such as consumers, regulators, the media, employees, and stockholders, who would each view a crisis from a different perspective.

Prepare an Action Plan

Your action plan should detail the events that should happen after a crisis occurs. Each member of the response team will be responsible for gathering information and reporting it to the rest of the team. They should therefore have an up-to-date list of internal and external contacts for their particular area of responsibility. The action plan should cover a number of key points including:

- the point at which the plan will be activated;
- who will be alerted when the plan is activated;
- how the team members will communicate with their main contacts.

The action plan should identify the spokesperson who will deal with media and other inquiries. Ideally the spokesperson will have media training, but should also have the level of responsibility and seniority to make statements that are credible. Although it may seem easier to give responsibility for

this frontline role to a public relations consulting firm, it may be more appropriate for the company to handle its own media response, as this demonstrates commitment to resolving the crisis.

Identify the “Target Audience”

Your crisis communication plan should be similar to any other communication plan—who you want to reach, how you reach them, and what the key messages are. By looking at a number of crisis scenarios in advance, you can prepare a communications plan that will enable you to keep the most important parties informed on progress in dealing with the crisis. Your communications plan should cover contact with:

- customers;
- suppliers;
- employees;
- business partners;
- the media;
- stockholders.

Prepare Communications Materials in Advance

If a crisis happens, you need to be able to respond immediately. The media does not care about the corporate interests of your organization—they need to get a story in time for their deadline. So it is important to have basic media information ready for release. Although it would be impossible to predict the detailed content, you can prepare background material that fills in the gaps in the crisis story. You can also prepare a “skeleton press release” that gives you a framework for quickly producing a full release when you need it.

Respond Effectively

Your initial press release should state that you have incomplete knowledge of the crisis details, but should describe your general approach to the crisis and promise to update the media when there is new information. Where possible you should explain why the crisis has happened, but without speculating.

As soon as you are in a position to do so, you should state what you are doing to resolve the situation. If possible, you may also be able to describe what you are doing to prevent any similar event from recurring. If necessary, you should explain what you are doing to compensate any parties

affected by the crisis. For example, in the event of a product recall, will you be offering customers special deals on future purchases.

Maintain a Good Reputation

Your company will survive a crisis better if it has established a good reputation—something which is built up over a period of time. When a crisis occurs, it is too late to start building relationships and credibility. Although a good reputation takes time to build, you can either strengthen or destroy goodwill and reputation by the way you manage the crisis. Make sure you have a sound response plan in place and stick to it.

Plan for Postcrisis Rebuilding

When planning, you should also look ahead to the situation after a crisis. Your medium- and long-term planning should assess the possible damage that might be incurred through a crisis. You should identify how to prevent similar crisis situations while looking to maximize recovery and minimize the damage. At the same time, you should consider the type of communications program that would help to restore confidence in your company and its products.

What to Avoid

You Fail to Plan in Advance

Industry statistics indicate that a high percentage of companies who do not have a response plan in place fail to recover from a crisis. It is essential that you are prepared in advance.

You Try to Win Goodwill When It Is Too Late

A crisis highlights the importance of good relations with the media, your customers, and your stockholders. If you have already built a good reputation, you are more likely to get a sympathetic response and fair press coverage.

Where to Learn More

Book:

Reger, Michael, and Judy Larkin, Risk Issues and Crisis Management: A Casebook of Best Practice. Kogan Page, 2005.

Web Site:

Lexicon Communications Corp: www.crisismanagement.com

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