

Crisis Command: Strategies for Managing Corporate Crises

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PUBLISHED BY **ark**
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Executive summary

IT IS two o'clock on a Sunday afternoon when the dreaded phone call comes in. A crisis threatens to destroy the hard-earned reputation of the organisation and impact severely on the bottom line, so that it appears that only luck would ensure its survival. Research shows that a quarter of crisis-hit organisations do not survive.¹ At the very least, the crisis could cost the organisation millions of dollars and set back production by years. Its senior executives and board members may be personally looking down the barrel of legal action as lawyers and regulators begin their investigations. Dramatic as it sounds, the decisions made in the next few minutes could save or destroy the organisation.

Fortunately, there is a crisis communications plan in place, a crisis response team has been formed, and both the plan and team have been tested with realistic scenarios over the past year. The organisation's culture is 'crisis aware' – its communication plan is ready to operate, decisions can be made quickly and the flow of information into and out of the organisation begins immediately. This organisation is ready to tackle the challenges of staying afloat, shielding its reputation all the way.

This report provides practical and realistic advice on preparing for an organisational crisis. It is about how to take command, how to communicate and how to work as a team facing unprecedented pressure and scrutiny, particularly from stakeholders. It is also about managing a

critical component of crisis communication – perceptions. In addition, the report includes input from the latest research and thinking of researchers and expert practitioners from around the world. The report focuses on three key themes: crisis communication, the preparation phase of a crisis and the response phase of a crisis.

In Chapter 1 an examination of crisis trends reveals that stakeholders are becoming acutely concerned about an organisation's resilience in a crisis event. In response, organisations are increasingly looking towards implementing effective crisis communication plans and procedures.

Corporate crises are the fodder of a news media that operates 24/7. This integral consideration of the communication process is the theme of Chapter 2, which explores the critical need to fill the 'information vacuum' in the first 48 hours of a crisis. The recommended approach is to regard the media as a communication tool, rather than an enemy. Practical strategies for dealing with probing questions and journalists demanding answers are provided.

When shareholders see profit as the company's first concern, the need for an effective crisis communication plan and team can be ranked low in corporate priorities. Barriers, such as a culture of invincibility and poor communication channels, can block efforts to get crisis communication high on the corporate agenda. Chapter 3 provides practical advice and strategies for overcoming these obstacles.

The effective management of issues – taking care of problems on the horizon – is explored in Chapter 4, where the report provides a model of how issues can be identified, prioritised and dealt with before they become a crisis. Organisations are increasingly encountering activist groups, ranging from the suburban ‘not-in-my-backyard’ group, to well-organised activist organisations that are resourced and experienced to bring opposition to its knees. Details of how to respond to these ‘seeds of a crisis’ are provided in Chapter 4.

The tactical tools of crisis communication – a crisis plan and team – are set out in Chapter 5, which provides information about planning and leadership styles that are most effective in mobilising group efforts. Importantly, planning is designed for response to a wide range of crisis events, as it will be the same team that will respond using the same set of communication principles.

Communication in a crisis – what words work – is the focus of Chapter 6, which sets out the basic elements of what to say and how to say it in a crisis. It deals with communication priorities and, importantly, the management of perceptions and building trust. This theme is further explored in Chapter 8, which provides strategies for shielding an organisation’s reputation.

Chapter 7 takes the critical need for effective teamwork further by exploring crisis response from the perspectives of those from various organisational disciplines, such as the corporate lawyer, human resources, security, production and external agencies, such as government and regulators. A key section deals with resolving conflict between the legal and public relations approach to communication.

Because a crucial area of effective crisis management is dealing with the ‘people issues’, Chapter 9 examines how people psychologically respond to a crisis. This is important to understand, because knowing

how people process information is an essential ingredient in crisis communication. Surprisingly, 20 per cent of people will do the exact opposite of what they are instructed. Effective decision making under pressure, leadership and human resilience are key topics covered in this section.

Just as important as managing the crisis is to show the way forward to recovering from the crisis. Chapter 10 addresses the dangers of ‘pointing the finger’ and the blame phase. It explains how a crisis can benefit an organisation by sharpening corporate structures, improving relationships with stakeholders and opening new communication channels. A crisis provides a learning experience that can help prepare an organisation for challenges of the future.

The report incorporates words of wisdom from the frontline – where experienced practitioners offer insights into relevant areas of crisis communications. A series of case studies in relevant chapters reinforce the strategies, tactics and theory of crisis communication provided in this report. Case studies include:

- Singapore Airlines (2000);
- Mercury Energy, Auckland (2007);
- Sizzler restaurants, Brisbane (2006);
- Domino’s Pizza (2009);
- Arnott’s biscuits (1997); and
- *Maleny v Woolworths* (2006).

Reference

1. Coleman, L., ‘The frequency and cost of corporate crises’, *Journal of Contingencies and Crisis Management*, 2004, Vol.12, No.1 pp2-13.

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After more than 10 years working as an editor and senior reporter for metropolitan and regional newspapers, Hamish ventured into the discipline of public relations where he worked at senior levels in police, emergency services and corrections for 10 years before starting his own agency, Maddison PR (<http://www.maddisongroup.com>). He currently consults to corporations mainly in the legal, law enforcement, health, aviation and technology sectors, and provides specialised risk communication and crisis management workshops for senior executives and corporate boards. His experience includes the asylum-seeker program on Nauru, managing significant international issues within the aviation industry and providing risk communication planning and crisis response for multinational organisations dealing with complex threats. He lectures in crisis communication at Bond University.

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