

CRISIS!...PREPARING FOR THE WORST

'Crisis is not always something that happens to other people - most companies will have to cope with one at some time in their history.'

The number of crises that can happen to companies and individuals are almost countless. They may not be anybody's fault (like acts of God) nor may they be predictable (like acts of terror). But we can prepare for them - and it surely makes sense to spend a few thousands on professional preparation if it is to insure ourselves and our companies against crises that could cost billions if mishandled.

Case histories which teach us all lessons frequently occur. Without exception, they underline the enormous power of the media which really can make the difference between corporate life or death.

The crises often cited are stories of Tylenol and the Piper Alpha oil rig tragedy.

Johnson & Johnson's Tylenol is one of the best-known painkillers in the United States. In September 1982, seven people in the Chicago area died after taking Tylenol capsules. It was found that the capsules contained cyanide. Tests showed that 75 capsules, all in one batch, had been contaminated - out of eight million. It was clearly established that the lethal tampering had occurred only in the Chicago area. Nevertheless, Johnson & Johnson took the decision to recall all stock throughout the USA. That cost them millions of dollars. They also spent half a million dollars to alert doctors about what had happened.

From the moment the original tragic news broke, the media were hot in pursuit. More than 2500 calls were logged from the press, radio and television. Disaster for the company? No, opportunity! It would be callous as to suggest that they profited from people's deaths - of course not - but they quite appropriately persuaded the media that they deserved admiration and support for the steps they had taken. They were widely quoted for their company policy which every employee is exhorted to observe - that their first concern must be for their public and customers. And there was high praise for the company chairman who was conspicuous throughout in being seen to take public-spirited decisions whatever the cost. He was permanently available to the media and gave many interviews almost every day.

Johnson & Johnson's final move was to develop a tamper-proof pack for their capsules - and to halt production entirely until the pack had been perfected.

The media applauded. And the company restored their share of the market - a massive 35 per cent with \$450 million annual sales as well as showing the way to its competitors by pioneering safe packaging.

As for **Piper Alpha**, this is what happened.

On 6 July 1988, the public affairs manager of Occidental Oil received a simple message at home. It said: 'Fire on Piper!' Within the next 24 hours he was to learn that 167 men had died in the worst accident on an oil rig in history. Fortunately, Alex Blake Milton had a well-rehearsed crisis procedure and the crisis was meticulously handled. However, the most significant fact was that the first official visitor to the Royal Infirmary at Aberdeen where the injured were taken was Dr Armand Hammer, chairman of Occidental, who had flown in from Los Angeles. He was followed by the Prime Minister and the Prince and Princess of Wales. By that action, Dr Hammer demonstrated his personal concern for the victims (his employees) and their families.

It was, of course, one of the biggest media stories in years. Pages of newsprint, hours of sound and television reports were seen and heard by every person in the land. All of it reflected the image and the reputation of Occidental. And the lasting image was that of a caring man.

One conclusion is simple, 'there is no doubt about it, the media can make or break your company'.

So how should you prepare for a crisis? There are four key actions to be taken:

1. Select a small crisis management team.
2. Establish a crisis procedure.
3. Nominate and equip incident rooms.
4. Train and rehearse!

It cannot be emphasised strongly enough that companies must take a positive approach to the media and view the exposure as an opportunity for promoting goodwill of the company and the quality of its product or service.

Preparing for Trouble

It is always best to prepare for disaster before it happens.

You should have a crisis team organised who meet regularly to work through all aspects of trouble and disaster.

Sample documents can be prepared in advance, together with files containing all the information and plans you might need.

If you know trouble is looming, then prepare ahead for it so that you are managing the timing and information flow right from the beginning.

HELP!

The one time that senior management will really love the idea of media relations is when disaster strikes. As the factory burns to the ground emitting poisonous fumes across the state, they'll shriek for you, in the fond belief that a smooth spokesperson can somehow save the day.

When you are overwhelmed by events and left in the dark about what's happening, you have to make wild guesses, thus get accused by journalists of incompetence, prevarication, cover-up, and lack of compassion. Then the management will come back at you and say it's all your fault that the press were so nasty.

It doesn't have to be so. By looking ahead and taking sensible precautions, a crisis ought to be containable. It certainly shouldn't be made worse by stumbling and fumbling. It's a matter of sensible management practice. You have to anticipate, prepare and perform. Get a good system in place before crisis strikes, and you'll be far more likely to perform well on the day.

Anticipating Trouble

Very few disasters are completely out of the blue. You can't anticipate that your oil terminal will explode on any particular day, and you obviously take all sensible precautions to make sure it never does, but it shouldn't come as a complete surprise if it blows up.

Even less surprising is any trouble that comes your way because you are laying off employees, or closing down a particular work site, or are announcing dreadful half-yearly figures. In such a case, you should be able to think through - before it all happens - how you will announce the news and manage, as best you can, any criticism that is bound to come your way.

Yet very few organisations have really sat down to think what they would do if trouble strikes them. Either they think it never will, or they decide that they'll face that problem once it happens because they can't afford the time to worry about it now.

Alas, if something really bad comes your way, you won't have the luxury of being able to calmly sit down and prepare a plan. You'll be involved not just in managing the crises itself, but also in fending off reporters and phone calls from worried employees and harried customers. Any mistakes made at the beginning will be hung around your neck like a rotten albatross for the rest of the troubles.

So what sort of crises should you think about? There are three sorts:

1. Definite trouble: **strikes, redundancies, closures**
2. Possible trouble: **product tampering, employee injury, attacks by opponents**
3. Horrible disasters: **fraud, deaths, crashes, fire**

The first two can be fairly well anticipated and prepared for, so that what might be unpleasant, at least, won't turn into a total crisis through mismanagement. Even horrible disasters can be thought about and some sort of preparation put in place. After all, the more horrible it is, the more likely the media will come running and the less time you'll have to do anything.

What Could Happen to You?

The first thing to do is to work out a list of all the troubles that could hit you, from the most ordinary through to the most ghastly. For instance, let's say you're in charge of the Delhi Zoo; what are the contingencies you might have to prepare for? First, the fairly possible ones in a sort of escalating list:

- cut in grant
- falling number of visitors
- increase in entrance charges
- road works outside the entrance or a burst water main at the entrance creating queues during your most important promotion
- strike by cleaning staff
- ticket sellers accused of pocketing money
- visitor has heart attack and dies in the crush to see the famed Orangutan recently gifted by the Sultan of Brunei
- child falls into lake and is seriously injured
- food on sale outside is contaminated with argemone
- lovers try to jump off the ramparts of the fort in a suicide pact
- madman attacks lion with knife
- berserk bear breaks open from captivity and attacks visitor
- bomb threat leads to evacuation.

The list is endless and for each of those crises, there ought to be some sort of plan worked out that is not too rigid, but at least a blueprint to be immediately turned to when crisis looms. The broad issues can all be isolated and a thinking on how they need to be managed needs to be developed.

Companies can, for instance, become a victim to a 'murder', even though it had nothing to do with the company's work but that the company offices are the chosen premises. Some more possibilities to think about could be computer crash, kidnapping, unwanted takeover bid, pollution, rumour about bankruptcy, major supplier goes into receivership, financial scandal, sex scandal...

Also don't forget outside problems that might have a bearing on you. This might include legislation proposals, government policy, environmental disasters elsewhere, or a scandal in a similar field.

No amount of preparation can be undertaken for a **disaster brought onto oneself**. A classic example is the downfall of a leading businessman from a reputable industrial family. He proclaimed at a serious business dinner where he was the invited speaker that he would consider selling all of his companies should he be offered an "appropriate price". This merry quip aimed at his peers was, of course, picked up with glee by the newspapers, and thus his employees and investors. All this at a time when one of his group companies was shrouded in speculation on its probable divestment.

Sometimes a **natural mistake** triggers a crisis too which could have been avoided if the people concerned had been a bit more careful. Like a clothes company sent a sample T-shirt to various fashion editors, with a release claiming that they use only 'natural fibres' in their upmarket products. Unfortunately for them the label inside clearly stated: '50 per cent synthetic polyester' a point picked up with interest by the journalists.

The spokeswoman tried to retrieve the situation by apologising and saying that they had ordered 100 per cent cotton, but by then the damage was done. Their products weren't attacked, but the story was printed in diary columns and the like, as a bit of a giggle.

The Crisis Team

You can't cope with a crisis alone. There are too many things to do all at once, and many different skills will be needed. So it's important to have a crisis team organised beforehand, who have an occasional meeting to talk through their plans, and who know their tasks, should trouble happen. Such a team won't be just for disasters; they should also be thinking about the management of any bad news, from the sudden illness of the chairman to a full-scale industrial dispute.

A basic committee might consist of the chief executive officer, the works manager, the personnel manager, the legal counsel and the PR person. If there are several locations, then each should also have at least one person on the team so that they can make an input and also know the policies.

The crisis committee should meet regularly to update the crisis list, examine any possible troubles coming up, and plan procedures. They should all know each other's home phone numbers, and at least one person, at all times know who is on holiday, who is the deputy, and any information that could help track someone down at weekends or evenings. They must know the roles of each person - who will be the spokesperson, for instance; who will brief the staff; who will be in charge of any written statement? Policy should be clear, too; what will be the order of priority, what can and cannot be said to the press?

Certain things can be planned ahead, just in case:

- Basic press releases on the most likely problems e.g. if you are a food production company you could prepare releases about food poisoning, product tampering, contamination of a product, etc. Then it is very easy to fill in the particular details on the day.
- An emergency press pack, giving details of safety records, security precautions, evacuation plans, etc., as well as normal background material and photos.
- Copies (kept up to date) of installations, work sites, lists of key people at each location, safety equipment, etc.
- Message pads suitable to log incoming and outgoing calls, especially to the press, so that each conversation is recorded, with full notes on what was said to whom, and follow-up calls, etc.
- Work out whether the switchboard could cope with a flood of calls. How would calls be routed? Where would extra help come from?
- Prepare a list of who must be told about a crisis, and organise who will tell them. It's vital that people know quickly what's going on and what they have to do.
- Prepare a list of outside organisations which might help. Obviously that starts with the police and the other emergency services. But also other local employees, or other employers in your industry, or sympathetic MPs, or local community health doctors. You might need third-party support.
- Where would you put an emergency press room? It needs lots of phones, fax, etc.; refreshments for those on long duty
- Train ahead, e.g. the media spokesperson needs to go on a media interview course.

SAMPLE PRESS RELEASE

Here's an example of a possible contingency press release which can sit in the files until it's needed. Obviously it's quickest to have sample documents on a word processor disk.

Swaraj Industries confirms that an incident (state what it was) happened at its (place) building at approx. (state time) today.

At this stage specific information about exactly what happened is not available, but a detailed press statement will be issued as soon as this is feasible. This will probably be by (state time).

We will be holding a press conference this afternoon at (state time and place)

when the Managing Director will answer questions.

Further press information will also be available by telephoning the following numbers (give telephone numbers) and asking for the Press Room. An information pack on the Swaraj Industries can be faxed on request.

Leak the News

A little judicious advance warning can work wonders with bad news about profits or jobs. Everyone tends to react unfavourably if a big blow just arrives, so it's better to prepare the ground. You can issue a press release with the news that the dividend 'may' be cut or jobs 'could' be shed, or - the more usual way - you gently hint to the right journalist that something is in the offing. That paper will probably print the speculation; and others will follow.

Be prepared to be quizzed about exact figures, so decide beforehand how you'll deal with that. You also have to decide whether the damage caused by such speculation will be less than the damage caused by a sudden announcement.

However, a gently leaked piece of bad news can defuse a crisis before it begins. Your share prices won't suddenly dip, your employees won't feel quite so astounded. (Note that listed companies have to give the Stock Exchange - and only the Stock Exchange - any information that might affect the market. So a real leak to the papers in advance of the Stock Exchange is illegal, while a gentle hint may not be.)

One final ploy used sometimes is to leak an exaggerated figure. It's a dangerous plan which can backfire, but in essence, what is done is to let it be known that the yearly figures will be horrendous, or that hundreds of jobs are going to be lost. Then when the real situation is revealed, things look quite good by comparison.

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