

CHAPTER 20

Crisis public relations management



Learning outcomes

By the end of this chapter you should be able to:

- define and describe crisis public relations
- recognise how crises occur
- identify the key principles of crisis public relations planning and management
- apply this understanding to simple, personally meaningful scenarios
- apply crisis public relations planning and management principles to real-life scenarios.

Structure

- Crisis public relations management: the context
- Crisis public relations management vs operational effectiveness
- Where do crises come from?
- Communicating *during* a crisis
- The internet and public relations crisis management
- How to prepare for a crisis
- Key principles in crisis management

Introduction

Crisis public relations management is one of the most critical aspects of modern communications. Effective crisis management protects companies, their reputations and, at times, can salvage their very existence. A crisis is an event that disrupts normal operations of a company or organisation and if badly managed can ruin hard-won reputations in just days and even, in some cases, write off companies. The list of companies whose share price and market capitalisation have nosedived because of badly managed crises would fill this entire book, let alone this chapter. In a crisis, there is always more than the immediate issue at stake.

This chapter will look at examples of effectively managed crisis situations as well as some of those badly handled crises. We will explore, in some detail, the characteristics of a crisis.

The key to public relations crisis management is preparedness. It is vital to effective crisis management that a crisis is identified *before it happens* and, when it does, that it does not get out of control. In this ‘information and communications’ age, when a crisis does happen, it is crucial to understand the role communication plays and particularly the role of the internet. In this chapter we will examine the key principles for managing *any* crisis situation using a variety of case studies of both good and bad practice.

mini case study 20.1

Crisis snapshot – Andersen

In 2001 Andersen was one of the most well-known and respected auditing companies in the world. It was an established and trusted brand. As it became caught up in, and associated with, the problems arising from the Enron energy company crisis (Enron executives had been mismanaging the business and falsifying its financial performance), it saw its business and client base drastically reduced. More than just being associated with Enron's mismanagement, Andersen was im-

plicated in an attempted cover up with reports of coded instructions to employees to 'clean out' Enron-related documents as US federal investigators prepared to launch an investigation. Andersen's board were quickly into a situation of 'last ditch rescue talks' seeking a merger with rival firms. Eventually, Andersen as a brand and as a commercially operating company was destroyed as a consequence of a poorly managed crisis.

Crisis public relations management: the context

Public relations crisis management literature is filled with lists of 'dos' and 'don'ts' together with countless checklists, for example Howard and Mathews (1985) include a 17-point crisis plan in their media relations book. All these are helpful in describing and dissecting crises. Some of this planning relates to the preparations before a crisis has happened, but generally the lists and guidelines concern coping with the situation in a practical sense after a crisis has happened. Reference should be made to Chapter 19, which deals with issues management, often closely associated with the crisis planning or preparation phase, i.e. defining and understanding the issues. Heath (1997) supports the link to crisis management and highlights how managing issues can help prevent a crisis. He states (1997: 289): 'If a company is engaged in issues management before, during, and after a crisis (in other words, ongoing), it can mitigate – perhaps prevent – the crisis from becoming an issue by working quickly and responsibly to establish or re-establish the level of control desired by relevant stakeholders.' In this chapter we will aim to build understanding by applying theoretical and practical models to crisis scenarios.

As a starting point it is important to define the area. Cornelissen (2004) describes crisis management as a point of great difficulty or danger to an organisation possibly threatening its existence and continuity, that requires decisive change.

Seymour and Moore (2000: 10) use a snake metaphor to argue that crises come in two forms:

The *cobra* – the 'sudden' crisis – this is a disaster that hits suddenly and takes the company completely by surprise and leaves it in a crisis situation.

The *python* – the 'slow-burning' crisis or 'crisis creep' – a collection of issues that steal up on the company one by one and slowly crush it.

In 1989 Sam Black broke crises down into the 'known unknown' and the 'unknown unknown'. The former includes mishaps owing to the nature of the organisation and its activities, e.g. manufacturing or processing and potential for spillage. The 'unknown unknowns' are events that cannot be predicted and that can come about from employees' behaviour, unconnected events or circumstances that are unpredictable. Before reading further, see Activity 20.1.

activity 20.1

Cobras and pythons

Spend some time thinking about (and researching) crises that have affected organisations and list them under the headings of cobras and pythons as described by Seymour and Moore.

Feedback

Now refer to Lerbinger's eight types of crisis and classify your list under one of them.

Lerbinger (1997) categorised eight types of crisis that he attributed to two causes: management failures or environmental forces. The eight categories are:

- 1 *natural* (for example, the Asian tsunami, which affected nations, governments, corporations, businesses and the lives and social infrastructure of millions)
- 2 *technological* (Mercedes 'A' Class car had a design fault and 'rolled over')
- 3 *confrontation* (Shell Oil whose petrol stations suffered a consumer boycott after the company wanted to sink an oil platform in the North Sea – the Brent Spar, see also Chapters 6 and 19)

- 4 *malevolence* (product tampering by a private citizen, like the Tylenol case detailed later, or direct action by animal rights campaigners, such as placing bombs under the cars of executives whose stores sell cosmetics tested on animals)
- 5 *skewed management values* (Barings Bank went out of business after managers were accused of turning a blind eye to a ‘rogue’ trader who hid details of his massive financial losses in the currency markets)
- 6 *deception* (examples include deceiving employees about the amount of money in pension funds after it has been used by executives to support the business, a UK case being that of Robert Maxwell and the Mirror Group of national newspapers)
- 7 *management misconduct* (Enron is one of the most shocking examples of this with both illegal and unethical practices rife in the senior management of the practice – see also Andersen, Mini case study 20.1)
- 8 *business and economic* (the late 1990s boom/bust in numerous small IT/technology companies is an example of how economic cycles can impact an organisation).

Definition: Malevolence is wishing evil on others.

Fearn-Banks (2004) defines five stages of a crisis, outlined in Table 20.1.

Crisis public relations management vs operational effectiveness

However well a crisis is managed from an operational perspective, it is how an organisation communicates

about the crisis that makes the real difference. There is evidence that good communication in a crisis situation can support or increase a company’s reputation (British Midland, Tylenol, discussed later). Poor management or a lack of communication skills can have a powerful negative effect on a company’s business.

Let us examine the case of the *Exxon Valdez* oil spill in March 1989. The spill took place in Alaska, one of the few true wildernesses in the world, and received a considerable amount of global media coverage. Even though the accident site was appropriately cleaned up (*operational effectiveness*), Exxon took far too long to address its stakeholders (see Chapter 12 for a definition of stakeholders) and, particularly, the media. As a result of this failure of communication, its reputation was substantially tarnished. Insult was added to injury when the CEO finally did talk to the media as he blamed them for exaggerating ‘the public relations disaster’ that was created around the spill. Exxon’s stock market capitalisation dropped \$3 billion in the two weeks after the *Exxon Valdez* oil spill in Alaska. (Seymour and Moore 2000: 157)

Seymour and Moore (2000) describe the ‘association’ or ‘parenthesis’ factor that lingers on after a crisis. In discussing the mass poisoning of Minimata Bay in Japan, caused by Chisso Corporation, when mercury was dumped into the sea over several decades, poisoning thousands who ate polluted fish, Seymour and Moore (2000: 157) write:

For Chisso the hundreds of deaths and thousands of injuries represented a financial burden, aside from the fact that it would be linked with Minimata. The ‘association factor’ lingers on over other companies; Union Carbide and Bhopal; Exxon, the Exxon Valdez and oil spills; the Herald of Free Enterprise, ferry safety, and P&O.

Now, consider the frequently discussed case at Johnson & Johnson. Over 20 years ago Johnson &

TABLE 20.1 Fearn-Banks’ five stages of a crisis (source: adapted from Fearn-Banks 2002)

Stage	Features
1 Detection	The organisation is watching for warning signs or what Barton (1993) calls <i>prodromes</i> (warning signs)
2 Preparation/prevention	The organisation takes note of the warning signs and prepares plans proactively to avoid the crisis or reactive ones to cope with the crisis if it comes
3 Containment	Taking steps to limit the length of the crisis or its effects
4 Recovery	This is the stage where effort is made to get back to the ‘normal’ operational conditions or effectiveness of the organisation
5 Learning	This is when the organisation reflects and evaluates the experience to consider the negative impacts for the organisation and any possible positive benefits for the future



PICTURE 20.1 Protests against Union Carbide following the Bhopal chemical plant disaster. (Source: © Reuters/Corbis.)

Johnson faced a potentially devastating crisis. Tylenol, the company's trusted and leading analgesic (pain reliever) was contaminated with cyanide by a member of the public. This action directly caused the deaths of six people in the Chicago area. Could anything worse happen to an over-the-counter product? Johnson & Johnson did not hesitate to act and act quickly. For the first time in the history of any product, it issued a complete product recall. It literally pulled off the shelves *all* the capsules throughout the USA – not just in the Chicago area where the deaths occurred. The potential financial consequences of losing a leading product, and the subsequent damage to its brand, could not be exaggerated. But, at the same time, it communicated exactly what it was doing, in a timely manner to *all* stakeholders – shareholders, employees, press and consumers. How would it act next? How would it re-establish confidence in the product and the brand? How was anyone to trust a Johnson & Johnson product again? Could anyone with a grievance or another random 'madman' claim to have poisoned the product and effectively blackmail them?

Johnson & Johnson's next response was both direct and decisive. It introduced tamper-evident packaging. It was, in many ways, a very simple operational 'addition' in terms of production – a metal foil to visibly 'seal' the product plus two more physical barriers to entry. Its simplicity was its key. Now, without any doubt, all stakeholders could actually see that the product was safe. Johnson & Johnson acted swiftly

activity 20.2

Crisis lessons

The bad . . .

What could Exxon have done better in its situation – think in terms of actions and words? If you were an environmentalist, what would you want to know? If you had shares in the company, how would you react? If you were a news reporter, what would your agenda be?

The good . . .

What do you think are the key lessons from the Tylenol case that make this crisis, from over 20 years ago, still discussed so favourably? What do you feel the company got right? How did the company get it right?

and effectively both in terms of operation and communication. Even today Tylenol is seen as one of the best-managed crises and the brand (appropriately) is still a success around the world. This crisis was so well handled that Johnson & Johnson's reputation has actually benefited in the long term – Johnson & Johnson's words *and* actions were seen to be in accord. (See Activity 20.2.)

Where do crises come from?

A spoonful of sugar

Leading crisis counsellors argue that over 50% of crises occur with products that are either ingested or swallowed – including food, drink and oral pharmaceuticals. We all eat and get ill – it is easy to understand how a damaged or defective foodstuff or pharmaceutical can be a major cause for concern. But the source of a crisis might not always be so subtle. A crisis can hit any organisation regardless of what or whom it represents. Whatever manufacturing process is employed or whatever information is disseminated, things can and will go wrong. The food dye scandals that hit the UK in early 2005 showed the extent of potential damage, when potentially cancer-causing additives caused the recall of nearly 500 products (see www.food.gov.uk/news/newsarchive/2005/ for further information).

It's not what you know, but who knows it

This is the information and communications age and highly confidential information somehow always escapes the bounds of its host organisation. Strictly confidential, paper-based hospital records have been found on rubbish dumps and the hard drives of second-user computers have been found to contain sensitive company or even government information. In today's climate it is nearly impossible to keep confidential information confidential. Any organisation should expect that what is known on the *inside* is just as well known on the *outside*.

You won't believe what so-and-so just told me

According to the Institute of Crisis Management, around a quarter of global crises are caused or triggered by employees/members of an organisation. Employees are a company's best asset when they are effectively motivated, remunerated and appreciated. But loyalty may turn – often when least expected.

The disaffected employee or former employee taking some form of revenge can trigger a crisis – and when feelings are running high, their negative impact can be huge. One disaffected employee brought down the stock price of a leading healthcare firm by 35% by giving incorrect research information to a leading newspaper; how can we forget the one-man crisis caused by Nick Leeson who brought down the merchant bank Barings through his overzealous financial actions! These actions were well chronicled in a 1998 film, *Rogue Trader*.

Seymour and Moore (2000: 142) outline the characteristics of rumours under crisis conditions:

- Accept that rumours always generate interest and are often more attractive than the facts.
- Silence – or a vacuum caused by lack of communication – will always be filled by rumour and speculation.
- Any organisation of 10 or more people will always have a series of rumours circulating.

Under these circumstances, rumour can contribute to and exacerbate already serious problems. Thus monitoring and *pickup* systems are required, especially when a company is facing or handling a crisis situation.

Definition: *Pickup* systems are a key element of crisis preparedness when it is essential to have systems in place to identify potential crisis situations in advance and to provide up-to-date information on how the company is perceived during a crisis. Many agencies provide news-monitoring services; others monitor content in internet chatrooms, giving real-time updates of what is being said. An effective pickup system, of course, also needs dedicated resources within the company to act on the intelligence available and a defined communication tree of developing issues.

What are the real costs of a crisis?

With any crisis there are, as we have seen, clear financial costs involved in withdrawing a product, cleaning up after an industrial accident, etc. However, compared to the damage that can be done to a reputation, these costs are minimal. Let's take a look at the *real* costs of a crisis.

Management distraction

Even when a crisis is handled well, key leaders or the leadership team are preoccupied for periods that can last from several days to several weeks and cannot manage the daily business. When a crisis hits, the people running an organisation have a crisis to handle!

Labour/employee concern

Employees will naturally be concerned about their own welfare, jobs and financial security. Too few companies communicate effectively with their employees during a crisis. Employees who are both well informed and motivated can be a powerful force in times of crisis (see also the BBC case study in Chapter 17). Without them, an organisation will not exist. With them, all things are possible.

Political backlash

Whether at country, EU or global level, crises sow discontent among regulators and ‘the authorities’ and the chances of regulatory or political pressure on or against an organisation are high. This may be driven by public reaction to the crisis.

Legal actions

We live in a ‘do or sue’ world. Crises encourage litigious behaviour in individuals, and injury or other compensation claims can make huge financial demands. In terms of litigation, an organisation should plan for the worst – and particularly so in the area of product liability.

Customer reactions

It is reassuring how forgiving customers can be, but only if they feel their concerns have been adequately addressed. When an organisation fails to communicate effectively with consumers, it is likely to see its support disintegrate and market share plummet irretrievably.

box 20.1

Crises in action – What *actually* happens and how does it feel?

The following description of a crisis is based on the experiences of a senior crisis consultant who describes what happens and how it feels.

There is a distinct pattern of events and behaviour that occurs during a crisis. Let’s take a look at them.

Surprise!

Crises happen at the most inopportune times – Easter, Christmas, bank holidays or 8 o’clock on a Friday night after a week of hell, when you’re enjoying a ‘good night out’. It’s almost guaranteed that if a crisis were to happen in Japan it will be during the Golden Week holiday, in China it will happen during Chinese New Year or over Thanksgiving in the USA. And the company is usually unaware of the situation until the issue is raised by someone else – be it a regulator, ‘authority’, key customer or media. Your mobile phone rings. You don’t recognise the number, but it’s a work phone, so you answer it. What next? Snowball effect.

You’re on your toes and you can guarantee that your briefcase is not where you left it and you can’t find the number for the out-of-hours public relations officer. You think you know what to say and the caller tells you they’ve got a deadline and whatever you say is going to be quoted. As you are thinking on your feet, so your organisation may feel they don’t have enough information to deal with the crisis. What are the facts? Who has that information and how is it best understood and represented? Both you and your organisation feel there is an escalating flow of events. Within what may feel like moments, the media are talking about the situation, investment analysts are asking awkward questions and NGOs are getting involved. Everyone seems to be looking in on the organisation – you are in a goldfish bowl and everyone is peering in. It’s highly probable that you and your organisation will feel a loss of control over the situation – there are so many different stakeholders and they want to know *right now* what has actually happened and what’s being done, or going to be done, and said about it.

Roll down the shutters – crisis leads to drama

There is immense and intense scrutiny from outside the company. This can lead to a siege mentality where individuals feel everyone is *against them* and their organisation. This reaction invariably and rapidly leads to panic. ‘I don’t know what you’re on about!’ you tell the caller. ‘I don’t believe a word of it – you’re just after a story. I suggest you go and pick on someone less gullible.’ Once panic sets in rational decision making goes out of the window. But applying *rational* thinking to *irrational* events is exactly what’s called for. ‘Those are very serious allegations. It is not appropriate for me to comment immediately. I will return your call within 15 minutes. Before this time, I’m afraid I’m unable to comment.’ What happens next?

activity 20.3

Crisis and reputation

In 2004 Shell was overoptimistic about its global oil reserves (oil stocks). This miscalculation resulted in the resignations of the head of exploration and the chairman. These two resignations had a substantial impact on share price and reputation for Shell. Think about the points just examined – how would you, as a trainee public relations crisis manager, begin to piece together the full impact on Shell of its crisis? What should you be thinking about? Whom should you be thinking about? How does the future look? How has your reputation suffered? What is the way forward?

Feedback

You need to systematically research and answer questions such as these to build an accurate picture.

Market confidence and reputation

This is the most significant cost of all. Rebuilding a reputation with stakeholders, such as shareholders and consumers, is not only costly, it can also take years to achieve. Again effective communication is key to reinforcing both public and market confidence. (See Activity 20.3 and Box 20.1.)

Communicating during a crisis

The examples and experiences described so far in this chapter dramatically demonstrate that today it is more and more evident why a company or organisation should communicate effectively at the onset of a crisis. Yet many companies argue against it. Preparing for a crisis costs time, money and energy – and crisis preparedness training is often seen as an unnecessary luxury. Even when an organisation is urged to communicate about its situation by experienced crisis management counsellors, there is often a list of reasons why it cannot communicate, such as:

- The need to assemble all the facts before it communicates.
- The desire to avoid panic, for instance it fears that by mentioning the individual brand people will think the corporate brand is ‘infected’ as well.
- It does not have a trained spokesperson and is not going to put anyone up against a seasoned television interviewer such as Jeremy Paxman on the BBC’s *Newsnight* (a late-evening ‘hard’ news programme).
- It has had other problems recently and cannot talk about this problem because it will impact on its overall corporate reputation.

- The issue of how to solve the crises – no one knows how to solve the problem at the outbreak of the crisis; every single crisis situation companies face and its solution will be substantially different.
- The fear of revealing proprietary information or revealing competitive information that may give the company new competitive problems.

See Think about 20.1, overleaf.

Talking to the media

The way a company communicates to the media is critical. Selecting a spokesperson or spokespeople is one of the most important decisions in the effective management of any crisis. Whoever acts as spokesperson should follow the proposed 5Cs model (Figure 20.1) to be effective. This is based on consultancy experience of senior crisis managers.

The sections of the 5Cs model in Figure 20.1 can be explained as follows.

Concern

Not to be confused with legal liability, concern is a simple human emotion. The organisation’s spokesperson needs to show true concern about the problem, concern about what has happened and concern for the people affected now and in the future – including potential customers/service users.

Clarity

Organisations need to talk with clarity. Starting from the early hours of the crisis, they need to have very clear messages. What the spokesperson says at the outset will be repeated throughout the duration of the crisis.

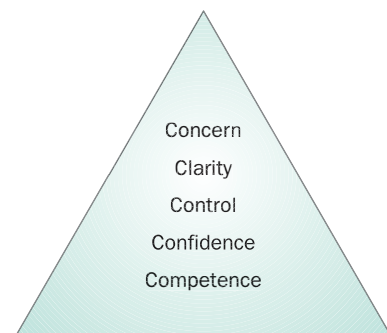


FIGURE 20.1 The 5Cs effective communication model

think about 20.1

'No comment' – what happens when companies will not respond

If a company spokesperson refuses to comment, what is your reaction? What would you think if you were the journalist asking the question? or a customer of the company?

Feedback The sequence of events may go something like this:

- The company chooses to say: 'No comment.'
- The media say: 'The company was unwilling to take part in this programme.'
- Consumers think: 'No smoke without fire.'
'They're hiding something.'
'Guilty!'

When an organisation does not take control of a crisis situation and fails to communicate immediately, the media will go to a whole range of *other* sources to get the information they need. Take a look at the following list – they are all very readily available sources of information and 'expert' opinion in a crisis situation: the company website; the internet; emergency services – police, ambulance, fire, coast guard, mountain rescue, etc.; hospital authorities; medical, scientific and other experts; former employees; directors; local authorities; government departments; government ministers and other politicians; social services; neighbouring businesses, security, business and other analysts; academics; your customers and clients; charities and aid organisations; psychologists and 'disaster' counsellors; specialist writers and correspondents; freelance journalists; newspaper cuttings; film; picture libraries; public records; annual and other reports and directories; members of the public and 'eye witnesses'; competitor companies and organisations; trade unions and professional bodies and pressure groups and other NGOs.

The media will also talk to the company receptionist – the friendly face who's been on the front desk representing the organisation for the last 25 years. They'll speak to the night security officer or the person in company overalls who keeps the boiler going and is seen leaving the plant at 6 o'clock in the morning. They're loyal and dependable; they are the face of the company . . . But how much do they really know? How much do you think they know? Maybe they know more than you think. Have they been prepared for crisis situations – for the leading questions of journalists who might appear to be their best friend? They have a voice and the media will let them speak for themselves. If they are prepared appropriately, they too are an invaluable resource to a company.

Control

When talking to the media, spokespeople must take control of the messages, the situation, the environment and the venue.

Confidence

The spokesperson must get the key messages across with confidence, but without appearing complacent or arrogant.

Competence

They must also demonstrate competence and reflect how, as the representative of the organisation, they will handle the crisis.

How will the media react?

In the first instance, the media will want to know the facts. Their first questions are likely to be those in Box 20.2.

While these initial questions are generally predictable, how the media will act and how they will report a crisis should never be assumed. Everyone asks

box 20.2

Typical first questions from the media

- What happened?
- What went wrong? Why?
- Who is to blame/accountable?
- What is happening right now?
- What are you doing to prevent it from happening again?

questions from 'their own perspective' and everyone, especially the news-hungry media will have their 'own take' on the crisis situation. As well as general reporters, there may also be very well-informed specialist correspondents to consider. (See Activity 20.4.)

The internet and public relations crisis management

Since the days of the Tylenol crisis referred to earlier in this chapter, the media environment has changed

activity 20.4**A crisis from a journalist's perspective**

Put yourself in the position of a journalist being asked to report on a crisis scenario, say a major rail crash. How might you react as a journalist in a crisis? What might you want to know if you were in their situation? To whom would you want to speak? What do you need to get your story on the front page? How different would your questions be if you worked for the local paper or a transport publication?

Feedback

If you were in this situation, what kind of media coverage should you expect? You *could* experience the following:

- The initial media reports will be speculative, wrong, exaggerated, sensationalised, often very personalised, spiteful or hurtful – and possibly, even, right! Expect the media to ‘round up’ the scale of the problem simply because it makes for a better story. Expect the media to make a drama out of your crisis.
- Experts will be called in to comment on the problem. These ‘specialists’ in various ‘fields of expertise’ will push around ideas on what went wrong and how it happened.
- An exclusive article, containing sensitive information that, of course, the organisation did not want to have made known.
- Someone will say this disaster has been waiting to happen.
- The timing will be wrong, the crisis team will be out of town, their deputies abroad or the spokesperson’s mobile phone will have been stolen!
- Opinions and rumours will dominate media reporting – especially if the organisation does not respond effectively. Expect rumours to become fact and expect rumour to chase rumour.

dramatically. The once limited media market has become global and highly sophisticated. The impact the internet has on crisis management today is enormous. The speed with which communications can be

delivered is phenomenal and available to so many people – from home computers, via internet cafés, through to corporate communications infrastructure. If something happens, someone somewhere will be giving their own, often live, version of events. From individuals, through online communities, adversarial organisations and NGOs, the internet is very effective in putting a message out. It is impossible to censor the internet – which is both its strength and its weakness – but it is a highly effective vehicle to the dissemination of information and opinion that may masquerade as information.

Seymour and Edelman (2004) describe the new challenges posed by the internet:

But when considering how to turn around a crisis today, management teams must accept that the media represent only part of an array of communication channels – albeit one of the most noisy and demanding. In a world dominated by low trust and the corrosive effects of cynicism, corporate voices can quickly be ignored, distorted or drowned out by the incessant noise that characterizes each and every crisis situation . . . Over the last ten years, crisis management and communications have been forced to develop in response to a series of technology and IT-driven changes. . . . At the same time single-issue groups and NGOs were recognizing the potential of the internet. Now it is possible for a small group to drive campaigns across the internet, while at the same time empowering individuals to express their opinions at the click of a mouse. (See Box 20.3.)

The totally unregulated nature of the internet thus gives organisations huge cause for concern. The internet has become the new rumour mill where people can say anything they want or create websites that criticise specific organisations, companies and specific industries (see, for example, www.untied.com, which is dedicated to problems with United Airlines,

**box
20.3****Speed of the internet in a crisis**

The speed of spread of information and news in the new communication era is well illustrated by the Paddington/Ladbroke Grove accident in London on 5 October 1999.

At 08.06, Michael Hodder, the Thames Train driver, pulled out of the platform at Paddington Station.

At 08.11, having gone through three warning and stop signals, the Thames Train ploughed into the front of inbound GNER express train.

It took until 08.32 for the operational staff at Reading to establish from the controlling signal box at Slough that a serious accident had taken place involving one of their trains, that a serious fire had broken out (most unusual in train crash incidents) and that there were probably many injuries and even fatalities.

But if anyone had been on the internet at 08.21 they would have been able to read ‘breaking news’ reports of a rail accident at Ladbroke Grove involving deaths, serious injuries and a severe fire.

or www.mercedesproblems.com, a site whose agenda is obvious!). On a basic level, we see viruses crippling so many of our computer systems, from worms to Trojans, and the average user gets increasingly concerned about losing control of their own computer. As technologies advance so these viruses and the impact they have on our day-to-day lives become more apparent – they are, at best, an annoyance.

At a corporate level, there are a host of both technical and security issues that affect the operation and effectiveness of an organisation. Consider website tampering – where individuals can gain access to a company's website – a malicious individual or organisation can enter their views, enforce some new policies or give spurious comments, interfere with email and raise all manner of hoaxes. This costs a considerable amount of time and money and can become unmanageable. In September 2004, UK telephone company NTL had its systems sabotaged when a hacker changed the outgoing message on its customer service phone number to tell callers that NTL did not care about their problem and they should just get a life! One need only think back to the resources deployed for preparations for the 2000 new year (Y2K, the new millennium, when there was a fear that all computer systems would crash) to see how many companies chose to spend large sums of money on IT, rather than take any chances. The Gartner Group estimates that global spending on Y2K totalled \$600 billion.

Direct face-to-face communication generally, and particularly during a time of crisis, is therefore a positive advantage – whether that be two individuals face to face in a TV interview or the CEO of a 'mega corp' (major multinational organisation) addressing their staff directly at a meeting.

How to prepare for a crisis

Crises do come as a surprise and at unexpected times, but any organisation – commercial or public sector – can prepare itself for the inevitable and every one should. Methods such as research in the form of crisis audits, preparing a crisis manual and conducting crisis simulations or training will ensure that organisations are better equipped to handle any crisis. (See Box 20.4.)

**box
20.4**

Actions to prepare for a crisis

- Conduct a crisis audit.
- Prepare a crisis manual.
- Conduct crisis simulation and training.

Crisis audit

The first step in preparation is to conduct an audit that assesses the current vulnerabilities and strengths of the company or organisation. The audit will research key areas, such as operations, marketing, employee relations, safety experts, environmental experts, government, legal and communications people. It will ask tough questions to determine the most likely scenario that could happen, assess how well prepared the company is to deal with it and whether it has all the necessary resources.

The audit results can then be used to identify the key trouble spots, identify which stakeholders would be affected and help management build scenarios to train a key crisis team with the techniques of effective crisis management. In addition to being able to train a crisis team, the assessment can help build a comprehensive system for managing crisis communications. (See Activity 20.5.)

Crisis manual

Another means of preparation is a crisis manual. A good crisis manual contains a simple system of rapid communications, basic messages and audience identification and should not be more than 10 pages long. Anything longer will not be used in a crisis. A well-prepared crisis manual can serve as a guide for many of the basic tasks, such as activating the crisis team and facilities, and allows more time for the crisis team to focus on the more urgent issues (see Figure 20.2).

activity 20.5

Doing a crisis audit

If you were conducting a crisis audit for your place of study or work, what would you need to know? Make a list of the key areas where something might go wrong. How could you find out whether your organisation has a crisis plan? What would you expect it to contain?

Feedback

The audit often shows companies a need for change. It might be an operational change, a change in how a product is labelled or how the company is marketed, or a change in what research is openly discussed with the regulator.

An educational organisation, for example, would have to consider potential problems originating from staff or students, such as scandals, court cases, exam results, protests. Some colleges and universities have also had crises due to outbreaks of meningitis, for example, which have led to clearer guidance to new students about symptoms and proper actions to take.

Crisis simulation and training

The final step in crisis planning is to conduct simulation training. Crisis simulation training is designed to create a real atmosphere of crisis. It integrates group and individual exercises, tests the skills of the spokesperson or spokespeople, tests the crisis plan and finally examines and evaluates the communications tools to find weak spots. Such exercises range from desktop exercises to full-blown global tests of the team. Repetition of crisis simulation and exercises are crucial to ensure that weaknesses are addressed.

A useful method that can also help prepare a company is to incorporate debriefing sessions into

the communications plan to make sure the team understands what the emerging issues are, what they are doing in terms of community relations and how they are working with the newest techniques in crisis management. They should also be aware of the importance of community and employee relations.

Today in the UK, just over one-quarter of companies (27%) research possible vulnerabilities but only 16% conduct regular crisis preparedness workshops (Websolve Solutions Ltd, www.websolvesolutions.net). Those companies who have not prepared or trained will be rehearsing their crisis strategy in the middle of their first major crisis!

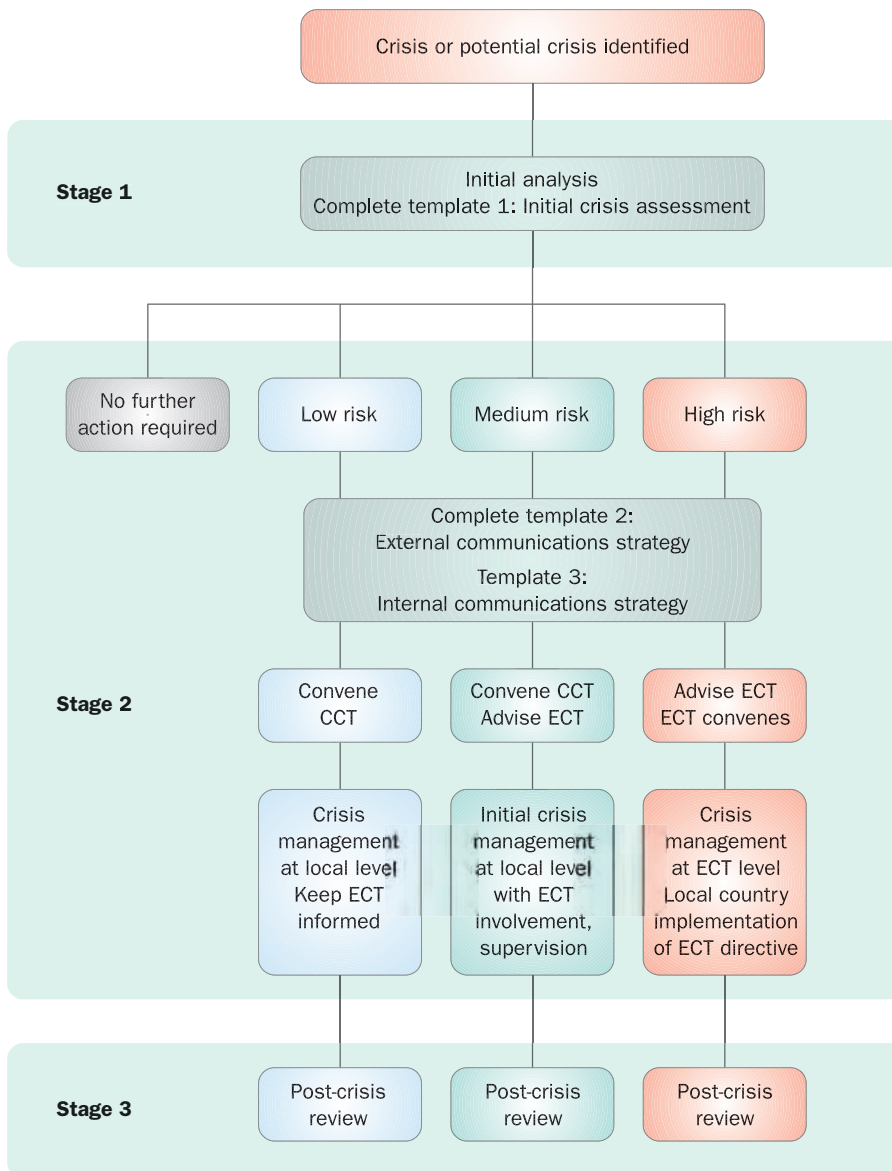


FIGURE 20.2 Crisis communications action plan

Ambassador L. Paul Bremer, former Chairman of the US National Terrorism Commission before he was assigned to his mission in Iraq, stated in an article in the *Harvard Business Review* April 2002:

Before 9/11, a poll of CEOs in the US showed that 85% expected to manage a crisis during their time in office but only 50% admitted to having a plan. However 97% were confident that they could handle a crisis. This sounds to me like over-confidence. I hope that more businesses are taking a hard look at their plans.

There is no doubt that physical and IT aspects of plans – contingency plans, business continuity, security and business interruption – have come under closer scrutiny since the 9/11 tragedy. However, the main focus has been on operational factors and often the key aspects of communication readiness and planning have been neglected.

One of the hallmarks of a well-managed crisis is knowledge. A company is better prepared when it knows what its stakeholders think about the product, the brand and the corporation. Both Mattessons Walls (see the Peperami case study at the end of the chapter) and Johnson & Johnson (in the Tylenol crisis covered earlier in the chapter) commissioned research throughout their situation to find out precisely what their key audiences were thinking. There is often a tendency to judge what the audience thinks on the basis of media headlines, which can lead to overreaction and mismanagement of a crisis.

Definition: 9/11 has become the worldwide shorthand reflecting the date 11 September 2001, when international terrorists crashed planes into the World Trade Center and the Pentagon in the USA. (Americans write the date month first, day second.)

Key principles in crisis management

To draw this chapter together and support students in understanding how to manage crisis public relations situations, the following 10 key principles have been identified. These are based on the experience of leading crisis consultants (counsellors) over three decades and influenced by the analysis of crises in a range of international settings, with various commercial and non-commercial situations. These principles are summarised in Box 20.5 and described in further detail below.

box 20.5

Ten key principles in public relations crisis management

- 1 Define the real problem.
- 2 Centralise or at least control information flow.
- 3 Isolate a crisis team from daily business concerns.
- 4 Assume a worst-case planning position.
- 5 Do not fully depend on one individual.
- 6 Always resist the combative instinct.
- 7 Understand why the media are there.
- 8 Remember all constituents (stakeholders).
- 9 Contain the problem.
- 10 Recognise the value of short-term sacrifice.

Crisis management principles

Define the real problem

This is the most critical aspect of effective public relations crisis management. Define both the short-term problem – address the situation right now – and the long-term problem to ensure the brand/corporation recovers in terms of both market share and reputation.

Centralise or at least control information flow

This applies to items of information both coming in and going out. If there is a multi-country issue, have one ‘central place’ as the focus. This, in very practical terms, will make communication within the organisation easier. If it is not feasible to have one centre, then all spokespeople must be rigorously trained so as to communicate the same message. Be aware of language sensitivities and terms of reference that may not translate readily from one language to another.

Isolate a crisis team from daily business concerns

Crises, as we have seen, are by their very nature, all enveloping. While managing a crisis, the day job has to be put on hold. In the case of Tylenol, Jim Burke, Johnson & Johnson CEO, insisted he became the brand manager for Tylenol. He was able to delegate his many leadership tasks and this enabled him to focus on doing the right thing for Johnson & Johnson while relieving him of his day-to-day responsibilities.

mini case study 20.2

Coca-Cola Belgium

Coca-Cola representatives in 1999 acknowledged that the crisis described below was bigger than any worst-case scenario they could have imagined. They also publicly admitted that perhaps they had lost control.

Philippe L'Enfant, a senior executive with Coca-Cola Enterprises in 1999, in an interview on Belgian television said: 'Perhaps [we] lost control of the situation to a certain extent.'

The population of Belgium was still reeling from fears about mad cow disease and the presence of the carcinogen dioxin in animal feed when reports of schoolchildren being hospitalised after drinking Coca-Cola surfaced. More cases from other parts of Europe were found and

Coca-Cola products were banned in several countries. While the public speculated as to the cause, ranging from rat poison to extortion, the company delayed full apologies and tried to deny the problem and its responsibility.

Coca-Cola sources speculated that the problem could be due to contaminated CO₂ and creosote-tinged pallets and were quoted as saying: 'It may make you feel sick, but it is not harmful.' Meanwhile, Coca-Cola was losing an estimated \$3.4 million in revenue each day and 19% of consumers had 'reservations' about drinking Coke.

Coca-Cola most definitely had a crisis management strategy but it still found itself losing control.

Assume a worst-case planning position

Ensure the crisis team thinks about the worst-case scenario in terms of what could happen to the brand and to the organisation. More often than not, people estimate the worst from their own perspective, or what they are able to handle, rather than a true worst case. It is therefore important to brainstorm and get as much input from others as possible. (See Mini case study 20.2 and Box 20.6.)

Do not fully depend on one individual

The person managing the crisis must depend on the whole team for information, but never rely on information from just one individual. Some team members may have a vested interest in a particular area and want to protect their own or their department's reputation. It is important that the messages put out during a crisis are not subverted by the influence of one department over another. These subtleties can be worked out at a

later date. There is usually more than one department's internal reputation on the line when a crisis hits.

Always resist the combative instinct

Do not go into battle with the media, NGOs, competitors or suppliers. An organisation must demonstrate it is in control during the crisis. The outcome of being combative could well destroy the brand or reputation. Words said in anger, or defence, may be temporarily satisfying, but they may not represent the best position for the crisis public relations manager or the organisation. When Ronald Li of the Hong Kong Stock Exchange suspended trading in 1987 in an attempt to defuse a run on the exchange, the crisis was made worse when he lost his cool with a journalist at the subsequent press conference. The journalist suggested that closing the exchange was outside Mr Li's legal powers. Mr Li responded by demanding his name and threatening to sue him. He actually ended

**box
20.6****Key learning points from the Coca-Cola case**

- Facts do not always rule – emotions, speculations/rumours are strong complicating factors.
- Think 'outside in' – plan messages and actions based on stakeholders' perspectives. Here, Coca-Cola was caught out by a combination of extremely sensitive regulatory authorities and parents keen to protect their children.
- The CEO must be visible.
- Do not let other stakeholders shape your reputation.
- Call on your allies (these could be other producers or suppliers of materials or packaging).
- Message alignment and internal communications are key (to maintain consistency in messages circulating inside and outside the organisation).
- Regret, resolution and reform (demonstrate regret, find a resolution to the problem and how to reform what the company is doing).
- Be better prepared – think 'worst case', not just precedent.

up in prison himself (for unrelated charges of insider trading).

Following the 2001 general election campaign in the UK, the Deputy Prime Minister John Prescott found out only too well the impact of a violent reaction from someone in the public eye. When a heckler threw an egg at Mr Prescott, it was not particularly newsworthy. But when Mr Prescott replied with a left-hook punch, it was in all the papers for days.

Understand why the media are there

The media are searching for a good story. They need focus, a 'cause and effect' – something that their audience will relate to. A firm can assert the facts as it sees them and thus defuse an 'on-the-face-of-it' story.

Remember all constituents (stakeholders)

It is not just the media that need fast and relevant responses during a crisis. The crisis plan has to take all the stakeholders into consideration. (See Activity 20.6.)

Contain the problem

Reduce the problem to as small a geographical area as possible to prevent it becoming a bigger problem – from local to national or national to international. In these days of the international media and the internet, localising an issue is a major challenge. However, it should be an objective. For example, in the Peperami case (Case study 20.1), the affected batch was only being sold in the UK. Efforts to focus the problem led to the subsequent recall being limited to just the UK despite the product being widely available throughout Europe.

Recognise the value of short-term sacrifice

This might involve recalling the product or dismissing the person responsible for causing the problem.

The value of short-term sacrifice can be well illustrated by Case study 20.1 on Peperami (see also Case study 20.2, overleaf).



PICTURE 20.2 Following the 2001 general election campaign in the UK, the Deputy Prime Minister John Prescott found out only too well the impact of a violent reaction from someone in the public eye. When a heckler threw an egg at Mr Prescott, it was not particularly newsworthy. But when Mr Prescott replied with a left-hook punch, it was in all the papers for days. (Source: Rex.)

activity 20.6**Stakeholders (publics)**

Think of an organisation you know well or are interested in and note down all the stakeholders (publics). See also Chapter 12 for further information about stakeholders. You could think about the university or college you considered in Activity 20.5.

Feedback

It can be useful to break stakeholders down into internal and external as follows:

Internal stakeholders

Employees and their families, medical department, security, supervisors, managers and corporate managers and unions if applicable. In a university, there would be employees – academics, administrators and service workers, each group with its own hierarchies and unions, as well as students and their unions.

External stakeholders

The online community, local authorities, factories or facilities (in the local community), community residents and leaders, regulator(s), government, contractors, suppliers, customers, distributors, shippers, technical experts, the financial community and relevant NGOs. A university is accountable to the government, research bodies, grant-making bodies, suppliers, students' parents and local authorities, as well as the local community.

activity 20.7**Consumer reaction to a crisis**

Consider these questions related to the Peperami case (Case study 20.1).

Why did consumers react so positively to Mattessons Walls' handling of this crisis?

The market share of the product increased by 14% post-relaunch – why do you think this happened?

Feedback

Now think about companies and products you experience every day.

As a consumer, what do you want to know about the products you buy? Make a list and try to organise the issues you are interested in. Put them in themes or categories, e.g. safety, the manufacturing process, location of production, who owns the company, etc. You may find it useful at this stage to refer to other chapters in the book about issues management (Chapter 19) and image, identity and reputation (Chapter 13).

case study 20.1**Peperami**

In 1987 the UK Department of Health linked Peperami to an outbreak of salmonella poisoning, a notifiable illness in the UK. The decision was taken to recall affected products, but due to the packaging used for the product, the affected batch could not be precisely identified by consumers from the bar code. The recall was therefore extended to the whole of the UK.

Peperami dominated the salami-style meat snacks market, with 80% of market share and widespread product distribution across 40,000 outlets. Peperami could be found in a huge range of retail outlets, including supermarkets, corner stores, clubs and pubs.

Strategy

Peperami is just one of many meat products produced by Mattessons Walls and a key early priority was to limit the impact of the salmonella problem to the Peperami brand. Mattessons Walls was positioned as an importer and not a manufacturer, distancing Peperami from the parent company to stop a product problem becoming a major corporate problem. Meanwhile, it was crucial to share the facts in the case and communicate fully to all stakeholders.

Actions

A media control centre was set up, manned by experienced media relations people 24 hours a day, 7 days a

week. A consumer telephone centre was also established with telephone operators given daily updates/briefings. Tracking research was initiated to determine exactly how consumers thought the crisis was being handled and analyse their perceptions of the Peperami brand, giving the management team crucial information on the impact it was having beyond the media reactions.

Employee statements were prepared for all Mattessons Walls employees and regular updates were given to Unilever, Mattessons Walls' parent company, to keep it up to date with developments.

During the recall and the time the product was off the market, each media relations executive worked with an individual health editor from each national newspaper and a member of the team was appointed to liaise with the Department of Health.

Result

Mattessons Walls received public commendation from the Department of Health for the way it had handled the situation and research showed that more than 90% of consumers were impressed with the way the withdrawal was handled. Within three months of relaunch, Peperami's share of the salami snack foods market stood at 94%, a 14% increase, despite the introduction of a competitive product from a national supermarket's (Sainsbury) own label. (See Activity 20.7.)

case study 20.2

Melbourne Gas crisis

Finally, let us take a look at a crisis that puts all these key principles into perspective: the Melbourne Gas crisis that threw the entire state of Victoria, Australia, into chaos for a fortnight, but is remembered for being one of the best managed crises in Australian history.

Event

A major explosion at the Exxon refinery at Longford, Melbourne, on Friday 25 September 1998 destroyed part of the plant, killing two and injuring eight refinery workers and cutting gas supplies to factories, businesses and private homes across the state.

Effects

The state of Victoria was highly dependent on cheap gas and its population of more than 3 million was almost totally dependent on this one plant. Ninety-eight per cent of Victoria's gas customers would have no gas supply for the foreseeable future. Manufacturing industries stood down 150,000 employees and the estimated cost to industry was \$A100 million a day. VENCORP, the distributor of gas for Victoria, invoked emergency powers to restrict gas use and media reporting highlighted that millions of people faced the prospect of cold showers.

Strategy

Gas would only be available to emergency services and both VENCORP and the state government stressed in all communications that jobs were the first priority, not hot showers!

When the gas supply was ready to be restored, it constituted the biggest single gas relight programme in the world and both consumers and the system needed to be prepared to be protected from relighting accidents. The crisis team made editorial content and a multi-language brochure the focus of a safe relight communications programme. Operationally, when the supply was ready to be reintroduced, the odd/even house numbers would be used to phase gas supply in safely and particularly to protect the gas network.

Actions

Four thousand emergency service volunteers were used to turn off gas meters and call centres were established which, at the crisis peak, received 131,561 calls a day. There was in-house coordination and development of call centre scripts and the top 10 frequently asked questions from the call centres were advertised daily in major media.

To ensure seamless communication, the communications team sat on the government gas supply emergency coordination committee and critical services working group, established a 24-hour media response centre manned by a team of 15 people and arranged

twice-daily media briefings at 10am and 3pm. Key spokespersons were given media training.

A responsive and pre-emptive issues management programme was developed and as a key element of a safe relight programme, 2.3 million brochures were sent to all households and small businesses alongside a major print and television ad campaign.

Communicating with the ethnic communities was identified early as a challenge in Victoria; the brochure was translated into 20 languages and distributed, and an information line was set up offering interpreter services in 100 languages.

Assessment

When the gas supply was restored there were only nine relight accidents and 12,000 appliance repairs.

Alan Stockdale, Treasurer of Victoria, said at a government press briefing on Friday 9 October 1998:

I think every Victorian can take pride in the fact that our community has responded so well, and that the reconnection program, on the massive scale, is taking place in such a safe and orderly manner.

We estimate that 1.1 million domestic customers, out of a total of 1.35 million, have been reconnected to the gas supply now.

Eighty-five percent of domestic customers have been able to reconnect without assistance, indicating that the wide-ranging safety program has been very successful.

I consider this to be the best-handled issue that I have seen since I have been interested in public affairs issues in this state.

I have been told by many, including my wife, that this [holding up the brochure] was the first document of the kind that they have read and clearly understood what they needed to do and what they shouldn't do.

This incident has been managed as well as it could have possibly been done – there is no higher praise than that.

David Guthrie-Jones, Manager Communications VENCORP, said at an Australian Gas Association meeting on 16 November 1998:

So we called in communications experts, who sent an excellent team of experience and enthusiasm to help with our crisis communication strategy and implementation.

I can tell you this. Having back-up communication or public relations consultants experienced in crisis management is absolutely crucial to the success of handling large scale emergencies . . . this is what helped make the difference between success and failure for us at the end of the day.

Summary

There is no guaranteed recipe for successful crisis management but there are key ingredients: knowledge, preparation, calmness, control and communication will see an organisation secure the best possible outcome from a crisis. They may even help to find the opportunity

that can come from a crisis (the characters that represent 'crisis management' in both Chinese and Japanese actually mean 'danger' and 'opportunity'). Preparing for the unexpected but inevitable ensures that any organisation can take the drama out of a crisis.

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