

# The Keys to Effective Crisis Management: Essential Steps to Take Before, During and After an Incident

By Frances Jeter and Liz Zale / Sard Verbinnen & Co.

There are few business events as formidable and potentially damaging to a company's reputation as a crisis. Whether a company is dealing with a cybersecurity incident, workplace violence, financial scandal, the sudden departure of a key executive, product quality or supply chain issues, or any other unexpected event, the gravity and risk posed by a crisis can challenge the best-laid plans of any organization. That's all the more reason organizations should plan and prepare for potential crises that represent the most significant and likely risks to their business and their most valued assets.

In every company, multiple leaders and employees across the organization will play a role in the mitigation of a crisis event. It is imperative that all of these individuals understand their respective roles in addressing a crisis in order to ultimately resolve the situation, minimize disruption to their day-to-day operations and preserve the company's reputation.

To help companies better prepare, the following checklist provides a summary of important steps to take before, during, and after a crisis.

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## The Calm Before the Storm

### 1. Outline the most relevant and most likely types of crises and assess the company's preparedness

From the outset, companies need to be thoughtful in assessing their risk and preparedness for various crisis situations. How do we limit the reputational impact of a product recall? What do we tell our customers in the event of a data breach? How do we address the demands of an activist shareholder? How do we respond if one of our offices experiences workplace violence? It is important that any differences in approach to managing each of the most likely crisis scenarios are highlighted in the overall assessment.

### 2. Establish crisis response principles and protocols

As part of the crisis response planning process, companies need to establish high-level principles that reflect their core values and guide their responses to any type of crisis. These should take into account factors such as a company's operating model, culture, safety record, customer relationships, business partners, regulatory oversight, community relations and approach to corporate responsibility. These principles and protocols should provide the foundation for an approach to any company crisis and should be endorsed and embraced throughout the organization as the guiding principles for response.

### 3. Develop a crisis response plan with a clear decision-making framework

Based on the outline of most likely crisis scenarios, differences in approach and the establishment of crisis response principles, companies are ready to develop an actionable crisis response plan. The plan should include the crisis response team structure and roles and responsibilities (which may vary depending on the type of crisis situation – such as financial vs. operational), the communications approval process and governance, notification protocols, the response timeline and various communication materials, including templates that reflect the communication nuances for different crisis scenarios.

In the midst of a crisis when a rapid response can be critical, a company's normal approval protocol and timeline for communications may not be feasible. It is important that a communications approval process is included as part of the crisis response plan and that all members of the team respect that process. Companies should include a chief communications liaison in the crisis response team to ensure that individual has access to the latest information and can participate in the initial and ongoing decisions regarding crisis response and communications. Close collaboration among executives, communications and legal decision-makers is necessary to ensure that essential information is distributed to the right audiences – media, law enforcement or first responders (if the situation warrants), customers, partners, regulators, elected officials, investors, employees and other key stakeholders – as quickly and consistently as possible.

### 4. Hold annual simulation training

Crisis simulation training is most effective when it involves testing a crisis response plan using the company's designated crisis response team and top executives so they become well-versed in what to do during a real incident and how to function effectively as a team. It is important to develop and test a variety of scenarios, that include the possibility of key resources being inaccessible (e.g. on an overseas flight) and unable to participate. How will the company execute? Who is going to make decisions? Who is accountable?

## When a Crisis Unfolds

### 1. Provide key information to the appropriate stakeholders

In the event of a crisis, typically there are multiple stakeholders who need specific information and reassurance based on how they are affected by the crisis. The company will need to prioritize these audiences and provide this information in a timely way. In addition to communicating with the most affected stakeholders, a company must step back, assess the implications of the crisis to its business and its relationships, and communicate with all of its stakeholders in order to mitigate financial and reputational risk. Determining what and how to communicate to different audiences — whether investors, regulators, law enforcement, customers, employees or the general public — is a critical part of responding effectively to a crisis.

### 2. Use trained, empathetic company representatives when it is necessary to speak publicly about the crisis

Companies must demonstrate both leadership and a command of the situation, despite the uncertainties they may be facing. It is critical to “speak with one voice” and maintain a consistent approach and messaging, even if multiple spokespeople are involved.

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Organizations need to carefully choose a company spokesperson who projects accountability, sincerity and competence. It is imperative that the spokesperson express empathy, an apology when appropriate, and leadership. There are several well-known recent incidents when a top company executive exacerbated the situation by seeming arrogant, insensitive and unapologetic in a public media appearance.

### **3. Respond to the crisis in a way that is timely and utilizes the most effective communication channels for the situation**

Time is usually of the essence during a crisis and a company's lack of response or its silence is likely to be interpreted negatively, leading observers to conclude that the company doesn't care, was not paying attention, or doesn't have the situation under control. Companies should respond as quickly as possible, utilizing the most effective communication tools for the particular crisis – including, for example, social media, an internal email, a specific crisis website or the news media – while understanding that *any* stakeholder communication could quickly become publicly available.

Additionally, in many situations, it is important to provide an avenue for affected stakeholders to contact the company directly through a stakeholder phone line or email. By making these direct channels available, the company is able to respond on a personal basis to concerns and potentially help mitigate the risk of an escalating public conversation about the crisis.

## **Learning the Right Lessons**

### **1. Take a hard look at the response to a crisis and learn from that experience**

During a crisis, the priority is resolving the immediate issue and mitigating potential negative consequences. Following the incident, companies benefit from reviewing and examining key decisions and outcomes. With the advantage of hindsight and experience, would the same actions collectively or individually be taken, and if not, why not? What changes need to be made to adapt crisis plans and processes to improve outcomes? How could a problem be handled differently to more effectively address a crisis?

### **2. Develop a recovery narrative and a comprehensive strategy to address any reputational damage**

In the aftermath of a crisis, most companies would prefer to erase the history of a crisis from public perception, but that is unlikely to happen. A company must recognize that perceptions of the company may have changed, and it is important that they develop a communications narrative that addresses those concerns and sensitivities. As part of that narrative, a key focus likely will be the communication of what the organization has learned from the crisis and how it will conduct business differently going forward. Demonstrating ongoing commitment and progress on steps to prevent a similar situation from occurring again can be a critical milestone in restoring or maintaining trust and reputation. Integrating those key messages into its existing investor, communications, marketing, employee, public and community affairs efforts is key.

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## ABOUT THE AUTHORS

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