

A word from Anne and her team...

The importance of being prepared for a crisis and how to react

Hello and welcome to our latest newsletter. Once again, I was delighted with the feedback I received to our last newsletter which covered the importance of board leadership when it comes to health and safety. If you didn't have a chance to read it, you can find it by clicking [here](#). Our last two newsletters have very much focused on the prevention of health and safety related incidents but, even with the very best intentions, businesses cannot ever really be certain that they are immune to incidents. So, in this edition, I'd like to focus on how businesses and boardrooms can be prepared for when something does happen and ensuring it doesn't become a crisis. As with so many things in business life, preparation is critical.

Every organisation is vulnerable to crisis and the days of simply burying your head firmly in the sand and hoping the problem swiftly becomes yesterday's news are long gone. The never-ending cycle of news, supported in a large way by the evolution of social media, means an incident can all too easily become a crisis. It is because of this that crisis management simply cannot be a reactionary process. Effective crisis management has the potential to greatly reduce the amount of damage an organisation may receive as a result of an incident.

How not to handle a crisis

You don't have to look too hard to find examples of companies that have got it badly wrong. Perhaps one of the most notable cases is that of Boeing and their response, or lack of response, to the tragedies of Ethiopian Airlines Flight 407 and Lion Air Flight 610. Boeing allowed others to tell the story about what might have been happening with its 737 Max planes. Most commentators, at best, thought the company was shirking, rather than acknowledging, its role in the tragedies. At worst, others were claiming a huge cover up.

At the time, Boeing repeatedly insisted in press releases and in an email from CEO Dennis Muilenburg, that its planes were perfectly safe. But people didn't believe them. Muilenburg then dug his heels in and personally lobbied President Trump about the plane's safety, instead of acknowledging what the rest of the world was saying – that people don't want to fly on a plane that might suddenly crash. Before long, what had been a small suspicion of doubt about the safety of the 737 Max became a global flood of demands that the planes be grounded – including those made by very senior politicians in the US.

And the rest of the world took note. The EU, India, China, Australia and Singapore, amongst others, banned the 737 from their airspace until questions about its safety could be resolved. Finally, President Trump ordered the plane to be grounded. Only then did Boeing speak up to say it supported the decision – far too late. Their reputation was in tatters.

Apart from a litany of poor decisions, Boeing basically appeared to forget what it is selling and to whom. They don't just sell airplanes to airlines; they sell safety and reliability to travellers and their families.

This is a fundamental point for any business where part of the crisis concerns an impact on human lives. Whilst no crisis is a good crisis, when it includes the emotion that comes from loss of life, there's little doubt that the crisis is magnified. For any of you who have potential incidents that can occur where there may be loss of life, I cannot stress enough just how important I think it is to be prepared.

Closer to home, I'm reminded of Thomas Cook's handling of a crisis that so tragically saw two children lose their lives due to carbon monoxide poisoning on a Greek holiday in 2006. The company was actually legally cleared of any blame for the incident; that lay with the hotel owner. Yet their response was poor. They failed to apologise to the parents, with the Chief Executive going so far as to tell a tribunal that "there's no need to apologise because there was no wrongdoing by Thomas Cook". A complete lack of empathy that undoubtedly damaged their brand.

Of course, in the litigious world we live in, one could argue that admitting responsibility and apologising could open them up to litigation, but the bigger point is customer perception. Their customers are not, in the main, lawyers, rather the man



and woman on the street. Showing humility and a sense of understanding is by far the better approach.

How to limit potential damage after an incident

I think it's helpful to spell out how businesses should approach planning for a crisis. Reacting, in the moment, can often be the reason why an incident becomes a crisis. The following steps should be taken to help prepare for a crisis.

1. Anticipate

A business should be ruthlessly proactive in its preparation. Think about arranging an intensive planning session that goes through every possible crisis that could happen at your organisation. Involve as many people as you can from across the organisation at this stage to ensure you capture all potential threats.

2. Create a plan and test it. Then test it again.

Your plan should be tailored to your business and it should ideally include both operational and communications components. It needs to fully answer the question; in a crisis, what will you do and what will you say? So that the process can be delivered effectively, it must be tested. You may find that you need media training for key executives who could be giving interviews or statements. Theory is a wonderful thing, but nothing beats a real-life simulation. If you need some external expertise here then find it. The cost of this is small when compared to the potential financial impact of mis-managing a crisis. It's not just the potential fines and exposure to litigation, it's the long-term brand damage.

3. Identify your crisis communications team

A small team of senior executives should act as your business's crisis communications team. I believe that the best approach is to have the CEO or MD lead the team with a PR specialist and legal counsel as chief advisers. Many organisations have PR professionals in their team, but crisis communications requires a key level of knowledge and experience. So, if you have PR resource that is more often focused on brand building, you may want to think about specific crisis communications resource as well.

This team should lay out the communications process for the business. The last thing you want to happen is for someone who is not fully briefed to be making external comments. Make sure

a clear process is created and shared to your staff. And regularly remind them of it.

When a crisis happens, be proactive

Of course, having done all your preparation, it's important to be ready to respond to a crisis in the right manner. There are also a number of key steps you should take when something does happen.

1. Take responsibility

Whilst there is never a one-size fits all approach to these things, in most cases don't try and cover up the crisis; it will only worsen the damage. Proactively manage the situation by taking responsibility, reacting immediately, and responding to feedback. Don't ever get into any public arguments. Put a statement or press release out and post on social media to provide a visible response.

2. Be transparent and accountable

It takes a lifetime to build a reputation, but a moment to lose it all. Clichéd as it is, it's true and no more so than in today's social media driven world. It is normally always best practice to acknowledge an incident, accept responsibility and apologise. Never say "no comment", that only increases suspicion.

3. Apologise first, take action after

Most experts argue that a business has to offer a heartfelt apology first. Not doing so just adds fuel to the fire and delays changing the overall narrative. And remember to be human. The difference between saying "you'll look into it" and "you're deeply saddened and are working on making it better" is enormous.

4. Lead the narrative

Don't let others write the stories for you. Thinking back to the CEO of Boeing, he should have accepted responsibility and taken charge straight away. He let others lead and the consequences were pretty dire.

5. Respond to social media

One of the worst things a business can do is ignore the possibility of a social media backlash and not respond when it happens. And even if you are not on social media, don't think that that will limit your exposure.

My own experience

As with so many things in corporate life, your response to a crisis is defined by your culture. I've seen lots of businesses with KPIs for incident numbers, but very few with KPIs for how an incident has been dealt with. Businesses that create these, and share them with their staff, will naturally create a company-wide focus on the importance of handling a crisis.

For those businesses that have shareholders, they will want to see that you are prepared for anything and everything because it is in these moments of crisis that their investment has the potential to devalue in the blink of an eye. The same can also be said if you are looking to sell your business at some point. New buyers or investors will want to see that you take the possibility of a crisis incredibly seriously; they should, and will, put value on this.

One final thought on the legal aspects. We have already identified that, in the main, being human and accepting responsibility is the best way to handle a crisis. Yet there will be some instances where a business will need to use legal privilege to its advantage. This needs to be part of your planning and considered from every angle before you decide to enact it.

In conclusion

The potential for long-term damage caused in just a few minutes cannot be ignored. Rigorous preparation, continual testing and an ability to react quickly and with empathy are critical. It's in no way an exaggeration to say that how you handle those first few minutes can, and will, define the future of your business.

If you'd like to talk about this and understand how I can help you be prepared, please do get in touch.

With my very best wishes



Anne Davies,
Partner

e: anne.davies@gunnercooke.com
m: +44 (0) 7833 093 965