

Currents



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How to Stand Ready If All Hell Breaks Loose

YOUR REPUTATION IS ONE of your company's most valuable assets, but what do you do if something goes terribly wrong, if one of your products is found defective, or a major business publication alleges financial misconduct? And what if an unhappy employee claims in a blog that she has been sexually harassed, or that the work environment in your firm is poor? Whether the allegations are true or not, you may soon find yourself surrounded by news media.

Badly managed crisis led to the collapse of companies like Adelphia, Arthur Andersen, and Enron, while others—ABB, Global Crossing, and Tyco—barely survived their respective scandals. However, companies like Citibank, Astra (now AstraZeneca), and Beech-Nut tackled their problems so adroitly that the public's trust in them actually grew.

It is possible to anticipate, manage and prevent the deleterious effects of a crisis on your corporate reputations. Here is a list of the nine actions you can take to protect and preserve your company's reputation in adverse situations.

CRISIS-PROOF YOUR COMPANY. Examine current and potential issues facing your organization and the constituencies linked to them. Fix what's broken today and reassess your vulnerabilities quarterly, gauging the relative degree of risk and urgency. Are they red-light, green-light, or yellow-light issues?

FURTHER, MAKE "TRUST DEPOSITS." Take charitable actions that build trust with your employees, customers, and others. Consistent goodwill activities over years build trust, and such "deposits" can be called upon in time of need.

CRAFT AN ACTION PLAN. Identify and trigger (such as those noted at the start of this article) that could launch you into crisis mode,

then draft a crisis manual that clearly delineates who is responsible for what and when. Develop messages for each scenario. Your goal is to establish an emergency communications chain and the channels to get messages out quickly. If there are any disconnects within your organization—between public relations and legal, for example—make sure the key players are able to operate as a team by "rehearsing" your crisis plan at least annually.

MOVE SWIFTLY. In some circumstances—as we saw in the recent Virginia Tech tragedy (in which there was a two-hour lag time between the initial two murders and the mass killings)—timely communications can mean the difference between life and death. Leverage new technologies (e.g., podcasts, mass e-mails, websites, social networks, text messaging) to get your messages out quickly to concerned stakeholders.

ACTIVATE THIRD-PARTY SUPPORT. This may come from a health inspector (as in the "thumb in the chili" crisis at Wendy's), a scientist, nutritionist, or other expert who has credentials and credibility and can bring balance to a situation.

TELL THE TRUTH. Stonewalling is never an option. Many careers of business and public officials would have been saved had they simply told the truth. Take the facts and present them to the advantage of the organization you represent; but don't tell an untruth that you wish were true, as a number of corporate executives have done, only to find themselves in jail.

TELL IT FROM THE TOP. The person at the top (i.e., the CEO)—and/or the one who had the experience—is the person the public wants to hear from and at the site at which the crisis occurred.

ADMIT MISTAKES. Don't dodge responsibility when you have made a big mistake. If you're at fault, you should apologize and show remorse. Ken Blanchard, author of *The One Minute Apology*, says that "the longer you wait to apologize for a wrongdoing, the quicker a weakness is seen as a wickedness."

FIX THE PROBLEM. For your stakeholders to trust you, your actions must match your words. Public contrition is not enough. To redeem your reputation, describe the steps you are taking to rectify the situation so it won't happen again.

KEEP YOU PROMISES. When you make a promise, plan to keep it. If the same bad thing happens again, trust is destroyed. For example, if JetBlue inconveniences large numbers of passengers again, the CEO's promises will have been for naught.

Showcasing management's candor and competence in a crisis is an important way to protect your reputation and build trust, market share, and shareholder value. If they trust you, people will purchase from you, invest in you, and recommend you to others. They will also give you the benefit of the doubt when things go wrong.

The writer is president of Makovsky + Company, one of the world's largest independent public relations and investor relations firms. The firm attributes its success to its original vision: that the Power of Specialized Thinking is the best way to build reputation, sales and fair valuation for a client. Based in New York City, the firm has agency partners in more than 20 countries and in 35 U.S. cities through IPREX, the third largest worldwide public relations agency partnership, of which Makovsky is a founder.

