



In any crisis, the mindset matters as much as the method, says Brunswick Chairman SIR ALAN PARKER. Good leadership through adversity can help define an organization

THE CRISIS ISSUE

BRUNSWICK HAS ALWAYS SPECIALIZED IN managing critical issues for clients and over many years we have served on the front lines at moments of extreme drama.

For more than 25 years, we have worked on everything from tragic plane crashes to oil spills, corporate fraud to financial meltdowns, supply chain disruptions to major product recalls. We have been proud to stand by our clients at some of the most difficult moments in their histories. We have learned a lot in the process and continue to do so.

In the past year, we have gathered our teams from around the world to develop a presentation for our clients setting out our point of view about “best practice” when dealing with a crisis. This article highlights some of the points in that presentation.

The first maxim is to act fast but don’t panic. A truly terrible event can batter an organization like a storm. It unfurls like a hurricane, gathering momentum and taking on a life of its own. This usually occurs because a trigger event reveals a deeper truth about an organization or collides with larger public or political agendas. Then suddenly, all credibility and goodwill is swept away and a howling gale of criticism sweeps all before it and drowns out your voice.

But a bad situation need not develop into a crisis. We all understand that, for example, a product recall can take place, that data can be vulnerable, and that no organization can inoculate itself entirely from individuals who act inappropriately or illegally. The question, though, is whether these are isolated incidents or whether they reflect

a deeper lack of values and integrity.

A common problem when a crisis hits is to think that you have to deal with all incoming fire, answering questions about what happened, how it happened, and who is to blame. But it is more important to establish *your view* of what is happening. If you can project that view from the outset, it will give credibility to your response.

It is important not to let the gap between your organization’s self-image and others’ perceptions of it grow too wide. This can be exacerbated at times of high political tension, for example in the middle of an election cycle. If management does not respond to this disparity appropriately, it can pay a high price.

There is a growing realization that companies in a crisis must contend with the opinions of many groups. They can face danger when they fail to fully realize the relevance of an event to the interests of others. There have never been so many stakeholders in a company’s reputation.

One central thought that emerges from our experience of the changing nature of corporate crises is that in today’s world too many organizations put their faith in “crisis management.” The word management implies control, but trying to manage a crisis can often compound a problem in a fundamentally uncontrollable environment.

To continue with the hurricane metaphor, you can prepare, you can train people and have them on standby, but you can never hope to manage the storm when it comes. Attempting to do so is a wasted effort and symptomatic of a command and control mindset, which can make matters worse. →

ALL CHANGE

It is more important than ever for a business to show leadership at times of crisis. At Brunswick, we believe that while you may not be able to manage a crisis, effective leadership is defined by the ability to quickly and clearly grasp the issues and take appropriate action. Management then needs to engage and communicate in an authentic and credible way. The starting point is to recognize just how much the world has changed.

Three things have transformed the way audiences think and behave:

The greatest transformational shift was, of course, the financial crisis, which triggered broader economic and social change. The debate about the haves and the have-nots has become more polarized, and resentment has reasserted itself. It is not just about perceptions and feelings; the social impact has been staggering as millions of people have lost their jobs and their homes. The impact of all this is, understandably, a deep disillusionment with both government and big business. The old institutions seem to have let everyone down.

The second transformation was a revolution in the nature of the public conversation. In the past few years, we have seen the birth of what has been called the “public information space,” a mass of real-time, interactive content that has disrupted the old world of communications – “key messages” broadcast to “target audiences” have been overtaken.

We are now in “The Age of Conversation.”

In the new landscape, the snap of a single photo, an offhand remark, or an ill-advised phrase can create narratives from nowhere that can quickly alter the perception of a public figure or organization. These can become truly global events in a matter of minutes.

The third transformation is a product of the first two. People have lost faith in established institutions, which they no longer believe are on their side. As a consequence, politicians, regulators and the media are now all striving to reassert legitimacy and prove they are part of the solution, not part of the problem. Many of these groups now define themselves as being against powerful banks and big business, and vigorously prosecute anything that looks like bad behavior. Indeed, their personal and collective futures depend on being seen to be “the good guys.” We live in a world where regulators are being pushed to make examples of corporate wrongdoers and are judged by the harshness of the penalty and the seniority of the scalp.



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THINKING STRAIGHT

In a crisis, the response must be separated into the tactical and the strategic. Tactical moves alone will never be enough. You also need the right mindset but that is not always straightforward. Perhaps the easiest way to conjure it is to examine some common missteps and explode a few myths.

The most natural emotional response to a crisis can also create the most dangerous mindset, that is to say: “it’s not fair.” Believing that accusations or implications are overstated or inaccurate, or that a more balanced perspective would take all the particulars of a situation into account, is beside the point. It’s not about fairness. In the eyes of the public *you* are where the blame lies. Saying “it’s not fair” won’t help.

There is, of course, the temptation to say, “We can’t comment yet, it’s too early to tell.” That would be a mistake. You may not have a full or accurate sense of events or facts but it is always possible to express concern and a commitment to respond appropriately.

Protecting your reputation requires fast thinking and responsiveness by the leadership of a company and all its advisers. Marshaling an experienced and practiced team, seizing the initiative, and being clear about what you want to do are crucial. It is easier to reinforce a view that has been established early than it is to change an alternative view that has been allowed to take hold. Prevarication or searching for an elusive certainty in a fast-moving and dangerous situation will only increase the risks.

One of the most dangerous mistakes in a crisis is to dismiss negative attacks as ignorant and ill informed: “It’s too complicated, they don’t understand.” If you can’t explain something to a broad audience, it says more about you than them.

In the new order, lawyers take a leading role in all major crises. The great ones understand the value of winning in the court of public opinion as well as the court of law. Still, reputations are lost by hiding behind a legal defense or corporate-speak and avoiding open and honest dialogue in order to prevent a later legal challenge. It is a commonly held view that business leaders, when faced with serious problems, will not only try to avoid blame but hide behind technical or legal constraints. Instantly, you are 30-love down and the game has only just begun. Enlightened lawyers work to ensure that communication is clear and powerful, which helps to protect and enhance a client’s reputation.

Management needs to be open and transparent in all its communications, and this should start

with internal audiences, as they can be the keenest judges of what is authentic. Not only that, employees can be valuable brand ambassadors during periods of crisis.

It has been drummed into us that “content is king,” so it is worth remembering that it is acceptable – important even – to create your own. You may not be able to control what everybody else says about your company in a crisis, but at least you can decide what *you* want to say, when you want to say it, and in what format you want to deliver it: advertising, video, print, online, and so on.

The ability to tell your own story is an enormous step forward. While many of the old forms of corporate content – a press release, a speech – are still useful, you can now bring the power of digital and social media to bear. Just as everyone’s voice is legitimized by the public information space, so is a company’s. The voice of its leadership, its employees, indeed all of its key audiences, can be brought into the conversation.

Authenticity is crucial, especially when making an apology. Conversely, corporate- and legal-speak is not authentic. When a leader steps up and makes it clear, in his or her own words, why something matters, what is important, and the values they bring to fixing the problem, it is the true test of character, defining a leader and their business. This takes real bravery.

Indeed, there are many cases where reputation has actually been enhanced by adept handling of a crisis. Sinopec’s action over an environmental threat has reflected well upon them. Bob Dudley’s handling of the litigation following the terrible Deepwater Horizon accident has been widely recognized as showing great leadership and diplomacy. Sir Richard Olver at BAE Systems has also been an exemplar of stalwart leadership in a crisis.

That brings me to one final observation. Ultimately, a company’s reputation isn’t just about paying taxes, abiding by regulations, and doing the right thing by the law. The real test is whether you have wider social value. What we find inspiring is how many leadership teams and organizations are putting enormous effort into doing business in a way that they and all of their key audiences would be proud of. It is very exciting to work with so many people who are hugely committed to showing that their organization can be a force for good. The business that can demonstrate this will be the champion of its class. ♦

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