Avoiding PR Disasters

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Leaders don't want to think about worst-case scenarios for their companies. But advance planning is the best way to prepare for the unexpected. Here, some smart tips from the Harvard Management Communication Letter.

by Steve Gosset

A lousy earnings report, a product recall, a lawsuit, or an industrial accident can send even the most battle-hardened executive scurrying for the Maalox, especially when the media, shareholders, vendors, and board of directors all want to know what happened—and now.

A company's public relations department is supposed to be in charge of damage control. However, events often take on a life of their own that no amount of spin can make go away. Companies that try to figure out how to respond to a crisis after it's occurred will find themselves playing catch-up long after everybody stops caring. With some careful planning and preparation, it doesn't have to be that way.

Bad news is part of the cost of doing business. But plenty of companies, through their actions or inaction, make the situation worse than it needs to be. Among the reasons:

"What, me worry?" Sometimes a company will simply hope for the best or assume by carrying out its mission nothing will go wrong. It is a notion that is at once naïve and foolish. "We get in this insular mode and say it can't happen to me, it happens to the other guy. And lo and behold, boom! They don't look at the big picture," says Joyce Newman, president of The Newman Group, and executive training firm based in New York City.

In this age of 24-hour information, the traditional news cycle is long dead and buried. Assume the information will get out sooner or later—and most likely sooner.

"You have to think that everything your company does will reach the outside world," cautions Lynn Schulman, national crisis director for Magnet Communications in New York City.

"We know best." Corporations are often done in by their own arrogance. Executives are used to being in control. For many, ceding that control when dealing with the media is a scary prospect—and one they choose to avoid. Yet companies that aren't fully accountable only invite trouble. Richard Laermer, CEI of RLM Public Relations in New York City, calls it the "self-important theory of self-importance." He says that the outside world quickly takes note when those in the executive suite run and hide. "It's so easy to make it seem like the train is running without a conductor."

"Keep 'em in the dark." A PR department may stand ready to deal with a situation, but can find itself stymied by the very people it's trying to help. What gives? When a company finds itself nursing a public black eye, it's often because the PR people were the last to know about a crisis. That's a by-product of not having direct access to the executive suite. Instead of putting out a small fire, the PR department must now wrestle with a full-scale inferno. Such companies "have a culture that not only did we do nothing wrong, but we deserve to come out in the press as heroes," laments John Hellerman, executive vice president of Levick Strategic Communications in Washington, D.C.

"Just blame legal." Corporate lawyers exist to protect a company and minimize liability. An easy way to do that is to go slow and issue a measured response, if any. That might be a good strategy to elude litigation, but it's a public relations nightmare. "Their goal in helping a company through a crisis is a different role than what a communicator's role is—to help tell a balanced story," says Hellerman. "You can come out of the crisis without any legal problems, but your reputation is so diminished in the marketplace that nobody wants to buy your product."

The better lawyers know how to not only embrace the media and use them to get the company's position front and center, but to also have PR professionals at the table with them to formulate strategy. Alas, that is an approach that appears to be slowly catching on, at best.

So if finger-pointing, silence, and denial don't work, what does?

First, be honest. The first precept is basic yet elusive. Be honest about what happened. "Make a surgical strike instead of drawing out a story forever," urges Dean Goldman, president of Goldman & Associates, a PR and marketing firm in Norfolk, Virginia. "The longer your story is in the news, the worse it's going to be for your company."

The response has to be at once decisive and sincere. "When a company shows some humility by acknowledging that mistakes were made and then promising to make good, the public is more willing to forgive and forget," says Michael Fineman, president of Fineman Associates Public Relations in San Francisco.

In 1996, Fineman worked with health-food manufacturer Odwalla, Inc., when it was forced to recall unpasteurized apple juice linked to an outbreak of *e. coli*-related illnesses. Fineman says the company rushed to get its products off grocery shelves, made itself available to address concerns of worried consumers, and offered to pay medical bills. That didn't come cheap, but Odwalla quickly realized its shareholders had to take a back seat. "They were immediately forthcoming with a willingness to accept significant short-term losses," Fineman says.

Convey empathy with authority. When such a crisis develops, a company cannot just issue a press release. It needs a public face to convey empathy as well as authority. Ideally, the higher ranking executive the better a company can show it has a handle on the problem. "People basically look to the president or CEO and ask three things: are they managing it, do they know what they're doing, and are they doing the right thing?" says Brian Delaney, president of Clarke & Company in Boston, which has an extensive crisis management practice.

TV viewers last fall found it hard to escape commercials featuring Ford CEO Jacques Nasser seeking to reassure the public after the carmaker's Explorer models were involved in dozens of fatal accidents linked to defective Firestone tires. Some PR professionals say those TV spots gave Ford a leg up over Firestone in the public's eye. Merna Skinner, a partner at Exec/Comm in New York, isn't so sure. "It was a good proactive effort. The unfortunate thing was it was company-centric instead of community-focused," she says, "I thought what was missing was a sense of compassion."

Use a top executive—if she's good at it. Nasser came across as polished and assured, but top executives are not always good in front of a camera. Sometimes even the most ardent media trainers can't rid a CEO of that deer-in-headlights look. In such cases, the CEO might be put to best use behind the scenes, working the phones to soothe investors, vendors, and customers. Whoever speaks, though, has to make their words count.

"You may be speaking to millions of people. But they're hearing you one on one," says Tony Shelton, president of Shelton & Claude, the crisis communication and training division of Houston based PR giant Vollmer. "And they're making judgements about the company based on what they hear from you."

Never say "no comment." PR professionals spend a lot of their time keeping their clients on message without sounding scripted. The key is knowing not only what to say, but when to be quiet. But that doesn't mean clam up. "No comment" is something PR people never want to hear their clients utter. "I don't like people to use it, period," says Newman. "I believe the words no comment are perceived as guilt."

Have a crisis plan. A risk audit can assess where a company might be vulnerable. It should name a team of managers, including a PR chief, who have the authority to make snap decisions. It outlines what each department is supposed to do and when. Clear lines of authority make it easier to communicate when there is a crisis and prevent other problems from spawning. Sounds great, but it's easier said than done.

"Businesses prepare enormously for a merger, hiring a new executive, and labor negotiations. And that's good business sense," says Delaney. "But crisis is something we don't like to think about because it's not pleasant, yet it's happening more and more. A crisis can take a company down faster than anything."

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A company may spend thousands of dollars putting together a crisis plan, only to let it sit on a shelf, ignored, if not forgotten. Instead, crisis experts recommend reviewing the plan annually to update phone numbers and personnel lists. It's also a good idea to test the plan with "crisis drills"—invent a fictitious yet plausible scenario and ask all parties to play out how they would respond.

Skinner had a client in the petrochemical industry that staged a mock fire and discovered that when it tried to contact key personnel on cellphones, many people didn't have their phones turned on. "They went to pagers, so now they always have contact with the chain of command," she says.

When such plans are in place a company can look its best when it's prepared for the worst. Beats a bottle of Maalox any day.

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