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OMG! What Now? Crisis Communication Lessons

March 20, 2013

Panelists:
Daniel Diermeier, Professor, Kellogg School of Management; author of “Reputation Rules”
Jeff Bailey, Editor, YCharts; 30+ years as a financial journalist
Seth Frank, Vice President, Investor Relations, Allscripts Healthcare Solutions

Moderator: Janine Warell, Consultant; Co-Vice President, Programs, NIRI-Chicago

Key Takeaways

Change is in the wind. Daniel Diermeier set the tone for this panel discussion, noting that he frequently sees tension between the C-suite and communications during crisis events, but things may be changing. Since 2010 – a banner year for business crisis – he’s seen a “massive” increase in interest from the C-suite about crises and their impact on corporate reputation. “Awareness is there,” he told the audience. “Right now, corporate boards are struggling mightily with what to do.”

When a crisis hits, a company is thrust on the world stage and the day-to-day rules no longer apply. The biggest mistake that companies make is to focus on damage control, only to lose the opportunity for reputation management. The panel offered these thoughts:

Build management’s trust. When the time comes, management will listen to advisors they know and trust. Diermeier and Seth Frank emphasized building relationships with the C-suite, general counsel and other key internal players. And don’t count on your “crisis expert” status to convince management in a crisis. Use reasoning that will resonate with the CEO and CFO.

What is a crisis? The word is overused, said longtime business journalist Jeff Bailey. There is a difference between an operational crisis – accidents, loss of life, product recalls – and the repercussions of management decisions. Frank emphasized that it takes perspective and maturity to assess an acute crisis event, versus chronic issues that cascade over time.

Business is messy. Management builds credibility by discussing failings, as well as successes, Bailey said. He cited Warren Buffet, who uses the Berkshire Hathaway annual letter to shareholders to take responsibility for his business decisions, regardless of how they turned out. He also suggests that companies tell their story rather than clam up. “Even if the truth makes you look like a moron, it’s so much better than letting an outsider – me – do it for you.”

Manage yourself. An experienced crisis manager, Frank offered counsel about the potential for personal burnout during prolonged crisis management. He says you need to recognize your limits and ability to solve the problem, a point also emphasized by Diermeier. Frank recommended that you manage your bandwidth and establish a relationship with an external crisis consultant, who can offer a broad range of experience, objectivity and credibility.

– *Bess Gallanis*