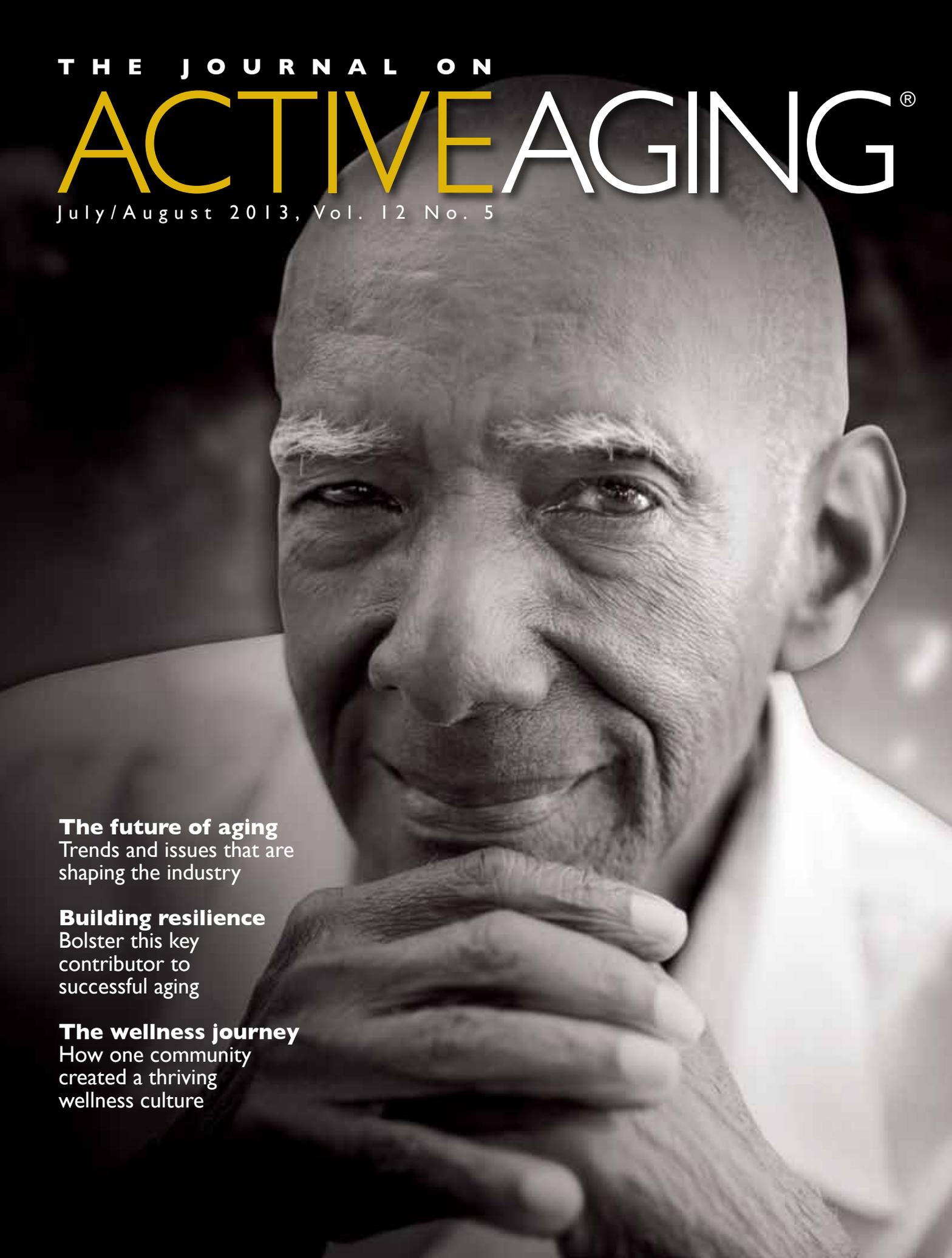


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# Crisis management:

when bad things happen  
to good companies



**With corporate crises filling headlines daily, ‘the really smart companies prepare for when a crisis hits, not if’**

*by Michelle Moore*

Do you ever feel that the decisions, words and actions of your industry and your company are under a microscope? That minor mistakes or unpopular policies—which a few years ago were known only to your immediate and innermost circles—now spin out of control splashed across Facebook, Twitter and even the evening news? Have you ever lost clients, seen sales halt or watched your stock plummet as a result? Welcome to navigating business communication in the 21<sup>st</sup> century.

Surviving this strange new dynamic is not for the faint of heart. Today, thanks to a media that never sleeps, a small

molehill of a problem can become a crisis mountain before you’ve had your first cup of coffee. That is, unless you have some serious crisis-management savvy.

“Crisis management” and “disaster management” have become part of the everyday business vernacular—and with good reason. Every day, there are numerous crisis situations filling headlines. The really smart companies prepare for *when* a crisis hits, not *if*. Why? Because, the reality is your organization is judged by its ability to handle the crisis, not the fact that the crisis occurred.

A crisis situation, handled well, provides an opportunity to demonstrate strength of reputation, values, and customer commitment. One way these things are demonstrated to your constituencies is through the media. Coming out stron-

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ger on the other side is possible, and is purely a function of being prepared to do so. The first step is to understand the media landscape.

## **A challenging landscape**

With the 24/7 global nature of communication today, companies are under more media scrutiny than ever before. By “media,” I mean anyone with an ability to communicate with an audience, and not just in the form of television, radio, newspaper, magazine and online. While traditional reporters will chomp at the bit the minute they sniff a potentially controversial news story, every one of your employees and customers—even competitors—can join their ranks if they have a Facebook page, Twitter account, YouTube channel or LinkedIn profile.

In fact, these new “content generators” can be the source of crisis situations you never would have imagined. What they think about you—if they are upset and social media savvy—can quickly spiral out of control and grab the attention of the traditional news. That makes mastering crisis management a must-have skill for anyone charged with a communications task inside a company today.

Although crises are by their very nature unpredictable, it is possible to list and prepare for those potential negative threats that might occur. You can learn concepts and techniques to guide you and help you maintain order when your company is in crisis mode and in the public eye.

## **Crisis defined**

So, what is a crisis and why does it matter to your company? A crisis is any unexpected event, real or rumored, that has the potential to damage your organization’s reputation. It’s your values, your integrity, and your wherewithal on trial in the court of public opinion. And, it matters because your reputation is a tangible asset.

We’ve all heard that it takes years of hard work to build a reputation and only a few days to destroy it. But inside many organizations, unless staring down the face of a crisis situation, the gravity of the platitude sometimes rings hollow, and they may fail to adequately plan.

It wasn’t so hollow for Glenwood Gardens in Bakersfield, California, when a 911 dispatcher pleaded with a nurse to save a resident’s life by giving her CPR, and the nurse said policy did not allow her to. In fact, when the audiotape of the 911 call was released and made the news, it was a crisis of catastrophic proportions. Though I’ve never worked with this senior living community, I’m certain there are many things that, in retrospect, the administrators would have done differently.

[**Ed.** For those unfamiliar with this incident, Brookdale Senior Living, the national owner/operator of Glenwood Gardens, was drawn into a media firestorm. Initially, Glenwood Gardens confirmed its protocol in a health emergency was to call emergency services and wait with the resident until responders arrived. Brookdale said it was doing an internal review to determine the facts and also provided the media with some details. The company stated that Glenwood Gardens was an independent living community, which by law was not licensed to give medical care to residents; and that its employee “was serving in the capacity of a resident services director, not as a nurse.” A later statement by Brookdale clarified that the incident “resulted from a complete misunderstanding of our practice with regards to emergency medical care for our residents.” The organization was “conducting a company-wide review of our policies involving emergency medical care across all of our communities.”]

Ultimately, understanding and mastering disaster management will enable you to look back after a crisis situation

with few regrets because you will have gained valuable skills that allow you to better manage a crisis and better protect your reputation. Clear thinking drives smart decisions—which are essential to damage control—and is a function of adequate preparation.

The reality is some crisis situations *are* preventable. That’s because there are two basic types of crisis: sudden and smoldering.

## **Two types of crises**

Of all the crisis situations experienced by businesses over the last decade, one-third have been sudden crisis situations and two-thirds have been smoldering crisis situations. Though the word *crisis* is never good, these statistics are good news in that a smoldering crisis, with some preparation, can be lessened or even prevented. How do these crisis situations differ?

*Sudden crisis situations.* A sudden crisis is just that: You couldn’t have seen it coming. The sudden crisis situation can be either intentional or unintentional. An unintentional crisis includes natural disasters, sudden death, building failures, equipment failure, information technology failures, and incapacitation of a senior executive—those occurrences that happen without warning that your company cannot prepare to prevent. An intentional crisis includes sabotage, tampering, security breaches, hacking, workplace violence, lawsuits, protests and terrorism. Whether a situation is intentional or unintentional, the list of potential disasters is downright ugly.

*Smoldering crisis situations.* Then there are the small problems that have been brewing right under your nose that, with awareness and attention, can be fixed to either minimize or eliminate damage to your organization. This bucket of nasties

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includes smoldering crisis situations. A smoldering crisis includes occupational safety violations, disgruntled employees, governmental investigations, class action lawsuits, product tampering, workplace violence and acts of terrorism. This is still an ugly list, but a preventable one with good crisis preparation.

## Keys to surviving and thriving during a crisis

Whether your company experiences a sudden or a smoldering crisis, it's important to realize crisis situations will happen. Crises are valuable to the collective wisdom of your organization because every single one is a learning situation that can help you be better prepared to handle the next.

Truly, there are three outcomes to any crisis: Your organization can be destroyed, it can make it through but lose trust, or it can come out better. Your goal is to come out better. To do that, mission one is to survive and restore trust.

Surviving a crisis and coming out stronger, reputation intact, boils down to three major principles that the remainder of this article will explore:

1. Tell the truth. Don't do, say or not say anything to make it worse.
2. Be adequately prepared so you are in a strong position to handle the crisis with a disciplined methodology.
3. Act in smart, calculated and measured ways to preserve your credibility.

### Principle 1: Tell the truth

Telling the truth should be obvious for a company in a crisis. But if you follow the news, you know that too often it's not. If you've cut off your leg and you're bleeding out, you don't make the situation worse by chopping off your arm to plug the gaping hole in your leg. So many companies and individuals panic when in crisis mode and do just that: limp around limbless, leaving an obvious trail

of blood all over the place. Remember, it's usually the cover-up that gets people in trouble, not the crime.

When a crisis situation hits and you are under the microscope, don't lie or put a spin on the story, and don't blame others. The general public today is so skeptical and jaded that any hint of spin causes an immediate loss of credibility and trust. It is what it is. Simply accept responsibility if you're at fault, figure out the fix, and move forward with resolving the problem. Then, communicate that you are doing so.

### Principle 2: Be prepared

While your efforts to avoid making a crisis worse happen in the throes of the situation, the actions that support a disciplined approach to handling the crisis must happen well in advance. This preparation will give you the ability to impact a potential crisis in a well-thought, carefully executed manner.

Among the smartest preemptive actions any company can take to prepare for a potential crisis—sudden or smoldering—is to conduct a vulnerability assessment at the outset of crisis planning. While you can do this assessment yourself, there is often tremendous value in the nature of the feedback you receive when an objective external resource assesses vulnerabilities.

In checking to find hidden areas within your organization where a crisis may lurk, begin by investigating every major functional area within your company. These include:

- company and community history
- geography
- human error
- property and equipment
- employees and labor

Brainstorm the "what ifs" that could happen. Given your functional business areas, what would be your worst night-

## Seven steps to savvy crisis management

1. Conduct a vulnerability assessment.
2. Create a crisis team.
3. Establish systems of communication to the public and to the media.
4. Prepare a crisis response process or policy.
5. Develop a crisis communications plan.
6. Use best practices to handle a crisis when one hits.
7. Review actions, messages and ultimate outcomes once the crisis ends.

mare within each? What internal problems or vulnerabilities do you have that could be damaging if they went public? Then weight your responses to create a list of priority issues. This list will allow you to effectively focus your efforts and resources.

Once you have developed a solid list of areas in which you are vulnerable and have ranked your priorities, you need to develop an approach to handling your crisis—to establish your crisis readiness.

First, create a crisis team. This is a team of people in high-ranking positions who will be tasked with handling the crisis once it hits. I recommend meeting with your crisis team well in advance so each person knows the lines of command and can be assigned clear tasks. In addition, appoint a spokesperson. Who can authoritatively speak on behalf of your company? To convey authority, accountability and credibility, it's important to have the highest-ranking person possible

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as your spokesperson (i.e., your CEO, unless that person has been compromised). Establish systems of communication to the public and to the media. And develop a process (or policy) for your company's response to crisis situations.

When creating your process/policy, it's important that you commit to framing crisis situations. What does that mean? Do not let others deliver bad news for you by blowing off the media's request for information with "No comment." Avoiding the media and burying your head in the sand never works. In fact, it always makes the situation worse.

## **Principle 3: Act in smart, calculated, measured ways**

Once a crisis hits, you'll want to respond using best practices. A tried and true method to most any crisis situation includes the following:

- gather as much information about the situation as you can; get the facts
- alert members of the crisis team
- assign tasks and continue fact finding
- respond to the problem directly
- implement your solution; solve the problem
- communicate what you are doing
- review the actions, messages and ultimate outcomes

Messaging and communication are the difference between surviving a crisis and coming out better on the other side, and being massacred by the media. That's why one of the essentials in crisis planning is developing a crisis communications plan. This is an in-depth, written plan that, among other things, clearly spells out its purpose and objectives, and identifies the crisis team, key publics for communication, emergency personnel, local officials and media. It outlines the process, articulates the messages, and includes press statements your company will use to communicate during a crisis. In a crisis situation, the crisis communications plan is *the* authoritative handbook for you to use.

Lastly, every action that your organization takes must work to preserve your credibility. How? Provide accurate information and manage expectations. Yes, it's important to release information, but remember that there's a time and a place that works for your organization—gaining points with your publics.

For example, say your organization is embroiled in an embezzlement scam at the hands of your chief financial officer and people want answers. Finding all of the facts and deciding a clear line of action, such as firing the CFO and launch-

ing an investigation, are absolutely the right moves. But, you must make certain you actually do have all of the facts—that it wasn't the CFO in cahoots with the CEO—and that your action is correct *before* you communicate it far and wide. Once you have released that you are firing the CFO, the story is no longer about your company and embezzlement as much as it is about the character of the CFO. In releasing accurate information in the right way, you can effectively change the course of the story. And, because it's a decisive start to your solution, you are preserving your credibility.

## **It can happen to you**

Crisis situations happen every day in companies worldwide. All you have to do is turn on the news to see that it's fueled by crisis. It is negligent to pretend that there's no possibility inside your company for things to go awry or to fail to prepare in advance because you don't want to invite bad luck. As a crisis communications expert, I'm a firm believer in the value of outside counsel. But, regardless of whether or not you choose to navigate a crisis situation with an outside team, there are numerous steps you can and should take today that will help your organization fare better when a crisis hits. You'll be rewarded when media scrutiny comes your way. 

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