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The Ten Steps of Crisis Communications

by Jonathan L. Bernstein

"Crisis: An unstable or crucial time or state of affairs whose outcome will make a decisive difference for better or worse."

(Webster's New Collegiate Dictionary)

Your company is up for sale and under scrutiny by a variety of potential acquirers...there's a death "under questionable circumstances" at your retirement facility...an employee commits a crime...regulators are questioning your compliance...a market analyst recommends that stock be sold...investors and/or customers are confusing your successful firm with your unsuccessful competitors...

All companies which provide goods or services to seniors are, routinely, faced with minimizing the impact of such crisis scenarios on their ongoing marketing programs. However, not all companies, unfortunately, are aware of the difference between marketing in routine versus crisis situations, namely:

- Marketing's routine function is to build the value of the business.
- Marketing's crisis communications function is to preserve the value of the business.

Preparation vs. Reaction

What are your chances of having to deal with such situations? Well, the bottom line is that there is no such thing as a business in which crises don't occur. Perception is as damaging as reality. If any of your external or internal audiences think or might think that there's a problem, then your communications program needs to address their concerns.

This leaves you with two choices: prepare for crises or just react to crises. The longer it takes to react effectively, the greater the potential for damage. This is increasingly true in our world of instant communication; a world where bad news is the favorite menu item of sensation-hungry media audiences. In fact, the most dangerous thing you can do is nothing, to go into paralysis. If anything, marketing and public relations becomes more important during a crisis.

Very few crises are total surprises. Usually, key executives are privy to information which suggests the possibility or probability of crisis and this is the absolute latest point at which contingency planning should start.

The Ten Steps of Crisis Communications

1. Identify Your Crisis Communications Team

A small team of senior executives should be identified to serve as your company's crisis communications team. Ideally, the team will be led by the company CEO, with the firm's top public relations executive and legal counsel as his or her chief advisers. If your in-house PR executive does not have sufficient crisis communications expertise, he or she may choose to retain an agency or independent consultant with that specialty. Other team members should be the heads of major company divisions, to include finance, personnel and operations.

Let me say a word about legal counsel. Often, during a crisis, a natural conflict arises between the recommendations of the company's legal counsel on the one hand, and those of the public relations counsel on the other. While it may be legally prudent not to say anything, this kind of reaction can land the company in public relations "hot water," which is, potentially, as damaging or even more damaging than any financial or legal ramification. Fortunately, more and more legal advisors are becoming aware of this fact and are working in close cooperation with public relations counsel. The importance of this understanding cannot be underestimated.

2. Identify Spokespersons

Within each team, there should be individuals who are the only ones authorized to speak for the company in times of crisis. The CEO should be one of those spokespersons, but not necessarily the primary spokesperson. The fact is that some chief executives are brilliant business people but not very effective in-person communicators.

This doesn't matter for written communications and may not matter for some audiences (see discussion of audiences below). Often, however, image communicates as strongly as facts, as politicians know well. Hence, communications skills are one of the primary criteria in choosing a spokesperson.

3. Spokesperson Training

Two typical quotes from well-intentioned company executives summarize the reason why your spokespersons should receive professional training in how to speak to the media:

- "I talked to that nice reporter for over an hour and he didn't report the most important news about my company."
- "I've done a lot of public speaking. I won't have any trouble talking to the press."

Regarding the first example, there are a good number of Mike Wallace's "60 Minutes" victims who thought they knew how to talk to the press. In the second case, most executives being interviewed have not learned how to help ensure that "the most important news" gets across to the interviewer.

Also, analysts, institutional investors, individual stockholders and other key investment community audiences are just as capable of misunderstanding or misinterpreting information about your firm as the media and it's your responsibility to minimize the chance of that happening.

In one example of such confusion, a completely healthy, well-managed \$2 billion company's stock price dropped almost 25 percent in one day because Dow Jones reported that a

prominent securities firm had made a "sell" recommendation which it later denied ever making. The damage, of course, was already done.

Spokesperson training is the Boy Scouts of media and investment community contact. It teaches you to be prepared, to be ready to respond in a way that maximizes the chance of a story or analyst's evaluation coming out the way you want it to.

There are expert spokesperson trainers in most major metropolitan areas, either operating as independent consultants or as part of public relation agencies. Contact your local chapter of the Public Relations Society of America or International Association of Business Communicators if you need a referral.

4. Establish Communications Protocols

Initial crisis-related news can be received at any level of a company. A janitor may be the first to know there is a problem, or someone in personnel, or notification could be in the form of a midnight phone call from an out-of-town executive. Who should be notified, and where do you reach them?

An emergency communications "tree" should be established and distributed to all company employees, telling them precisely what to do and who to call if there appears to be a potential for or an actual crisis. In addition to appropriate supervisors, at least one member of the crisis communications team, plus an alternate member, should include their office and home phone numbers on the emergency contact list.

Some companies prefer not to use the term "crisis," thinking that this may cause panic. Frankly, using "potentially embarrassing situations" or similar phrases doesn't fool anyone. Particularly if you prepare in advance, your employees will learn that "crisis" doesn't even necessarily mean "bad news," but simply "very important to our company, act quickly."

5. Identify and Know Your Audiences

Who are the audiences that matter to your firm? Most firms care about the media, customers and prospects. Private investors may be involved. Publicly held companies have to comply with Securities and Exchange Commission and stock exchange information requirements. You may answer to local, state or federal regulatory agencies.

For each audience, you need to have in advance complete mailing, fax and phone number lists to accommodate rapid communication in time of crisis. And you need to know what type of information each audience is seeking.

6. Anticipate Crises

If you're being proactive and preparing for crises, gather your crisis communications team for long brainstorming sessions on all the potential crises which can occur at your organization. There are two immediate benefits to this exercise:

- You may realize that some of the situations are preventable by simply modifying existing methods of operation; and you can begin to think about possible responses, about best case/worst case scenarios, etc. Better now than when under the pressure of an actual crisis.

- In some cases, of course, you know that a crisis will occur because you're planning to create it e.g., to lay off employees, or to make a major acquisition. Then, you can proceed with steps 7-10 below, even before the crisis occurs.

7. Assess the Crisis Situation

Reacting without adequate information is a classic "shoot first and ask questions afterwards" situation you could be the primary victim. But if you've done all of the above first, it's a simple matter of having the crisis communications team on the receiving end of information coming in from your communications "tree," ensuring that the right type of information is being provided so that you can proceed in determining your reaction.

Assessing the crisis situation is, therefore, the first crisis communications step you can't take in advance. But if you haven't prepared in advance, your reaction will be delayed by the time it takes your in-house staff or quickly-hired consultants to run through steps 1 to 6. Furthermore, a hastily created crisis communications strategy and team are never as efficient as those planned and rehearsed in advance.

8. Identify Key Messages

You already know what type of information, categorically, your audiences are looking for. Now, what do you want them to know about this crisis situation? Keep it simple have no more than three main messages for all audiences and, perhaps, a few messages targeted at specialty audiences. In a hypothetical "death under suspicious circumstances" scenario, a retirement facility's key messages might include:

- We deeply regret this tragic loss of life, and we are cooperating fully with the police department and coroner's office to confirm the cause of death.
- This organization has a superb safety record and meets all regulatory requirements for health and safety.
- We will provide the media with updated information as soon as it is available.

9. Decide on Communications Methods

There are many different ways to communicate about a crisis situation, internally or externally. Employees, clients, prospects and investors can be briefed in person, or sent letters, newsletters or faxed messages.

The media can receive press releases and explanatory letters, or attend one-on-one briefings and press conferences. Each of these options and the many others available have a different type of impact and must be evaluated by a professional who thoroughly understands the pros and cons of these various methodologies as applied to each company's needs.

10. Riding Out the Storm

No matter what the nature of a crisis...no matter whether it's good news or bad...no matter how carefully you've prepared and responded...some of your audiences are not going to react the way you want them to. This can be immensely frustrating. What do you do?

- Take a deep breath.

- Take an objective look at the reaction(s) in question. Is it your fault, or their unique interpretation?
- Decide if another communication to that audience is likely to change that impression for the better.
- Decide if another communication to that audience could make that impression worse.
- Decide if making that additional communication is worth the effort.

"It Can't Happen To Me"

When a healthy, no-crisis firm's CEO or CFO looks at the cost of preparing a crisis communications plan either a heavy investment of in-house time or, typically, from \$10,000 - \$25,000 using outside experts there is a tendency to fantasize "it can't happen to me" or "if it happens to me, we can handle it relatively easily."

However, the delay-related damage caused by lack of planning can easily double or triple the time and cost of damage control. Delay can also result in irreparable harm. At the same time, it takes only a one-time plan, with minor updating, to serve as a template and operating basis for all future crises. In other words, a crisis communications plan is to most companies what a mammogram is to a woman a relatively low cost procedure today to preclude much higher costs later on.

And Finally

So, now you know how to minimize the impact of crisis. And if you heed at least some of this advice, you'll be one of the rare exceptions to the "head in the sand" attitude which most companies have toward crisis communications. A corporation named Exxon comes to mind...but maybe they thought Valdez couldn't happen to them.

About the author



Jonathan L. Bernstein is the Principal of Bernstein Communications, Monrovia, California, USA. E-Mail: jonathan@bernsteincom.com.

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Internet: www.crisisnavigator.com | E-Mail: roselieb@crisisnavigator.com