

## Moving with the times - 15 years of crisis management

Regester Larkin celebrates its 15th birthday this month. In this special edition of ReputationMatters, Regester Larkin founding director Mike Regester looks at what has changed in crisis management and looks ahead to the next 15 years.

When Judy Larkin and I started Regester Larkin in 1994, we did so in a world of great change: the environmental message was resounding from the 1992 Earth Summit in Rio; South Africa elected its first black president; Clinton and Yeltsin agreed to lower their nuclear weapons in the Kremlin Accords; Rwanda experienced deplorable violence; Finland and Sweden said yes to Europe, Norway said no; hundreds lost their lives in air accidents in Pittsburgh and Nagoya; and businesses were about to float happily into the dotcom bubble.

Since then, the developed world has enjoyed rising levels of prosperity – low unemployment, businesses delivering unprecedented growth and a booming housing market the world over. Then last year, change struck again, leaving the prepared a little battered but the unprepared on life support.

The advice that Regester Larkin has provided to clients over the years has always been delivered in this context: the elements of good crisis management are obsolete if an organisation doesn't adapt to change or engage in anticipating it.

### Today's information anarchy

The biggest single change affecting crisis management has been technology. Early in my career, much of my time was spent on the telephone, without even a fax machine to hurry things along. This had the obvious disadvantage that it took a while for the message to reach the audience, but also meant that during a crisis, the organisation was on even-footing with external stakeholders when disseminating and accessing information.

This is a luxury that has long-since disappeared and if anything, organisations are now often one step behind external stakeholders in a crisis. Hardware and software developments have empowered a vast army of citizen journalists who accumulate evidence – be it by camera phone or eyewitness testimony – and disseminate it to a myriad of outlets before most organisations have even put the date on a press release.

When a US Airways plane ditched into the Hudson River in January, Twitter users broke the news 15 minutes before the mainstream media. The first Tweet was posted four minutes after the crash and a photo of the stricken aircraft was snapped by camera phone and uploaded within 10 minutes of the incident. This information was readily available to Twitter's estimated 10 million monthly visitors – all free to comment on the incident and interpret it in any way they chose.

To appreciate the profundity of this change, I like to contrast the old 24 hour news cycle with the '90 second news cycle' of today. The former was dictated by the cycle of the print press, the latter is dictated by a democracy of instant online publishing platforms. But it would be a mistake to dismiss the users of these platforms as a network of nobodies. Well-respected opinion formers regularly publish comment and the 'traditional' media has embraced these platforms too. Users are also 'smart mobs' (geographically dispersed groups of people who can be brought together as a collective force almost instantly) in-waiting and attract impressive readership: the network of Wordpress blogs receives 160 million visitors per month, while the Times Online receives 20 million.



## Increasing expectation, decreasing trust

Today's information anarchy has created a far more complex stakeholder environment in which organisations must operate. And this has had consequences on expectations and trust. We expect to find what we're looking for within minutes on the internet and are surprised if we don't. We endeavour to find 'official' information, but will go elsewhere if we can't.

Over the past 15 years, we have seen an alarming drop in levels of trust in society. In particular, surveys consistently show that trust in business is low. By virtue of their size and scope, companies are under enormous pressure of expectation and scrutiny. And as the world gets smaller, this will only increase.

Progressive businesses have reacted to this and value crisis management as an essential part of business

planning. The effects of a poorly managed crisis are clear. Fifteen years of experience with clients have shown us that processes become more difficult, slower and more expensive when your reputation is being dragged through the mud – from accessing finance and winning new deals to recruiting and retaining talented staff.

Consequently, companies are putting a premium on good crisis management and we are seeing more excellent examples of how to do it. Yet corporate reputations seem to be at an all-time low, so what's going wrong?

## Yesterday's tools for today's reputations

More and more, Regester Larkin sees companies preparing for the 'traditional' crises – the crashes and bangs – but struggling to grasp reputation management beyond the first 48 hours of an incident.

This was played out in 2005 and 2006 for BP, when an explosion killed 15 workers at its Texas City refinery. BP's crisis communications were in line with best practice and much of the media responded with sympathy. But it was over the next two years that BP's reputation suffered: an investigation found

that safety 'deficiencies' were to blame for Texas City; it was accused by a Congressman of 'unacceptable' pipeline neglect after an oil spill in Alaska; and then senior managers were accused of fixing the price of gas.

Initial 'fire-fighting' is only a small part of reputation management – the vast majority of reputation building happens in 'peacetime', where a company's values are lived and breathed every day. Building and protecting reputation does not just mean managing the asymmetric shocks. 21st century reputation management is about contributing to global societal issues, addressing performance-related issues, engaging seemingly insignificant local issues and even defending attacks on the very premise of a company.

**“The biggest single change affecting crisis management has been technology.”**

Corporate crises still occur all too often because companies are using the tools of yesterday to manage their reputations today. Most still operate in a safe, procedural and formulaic world where boxes are ticked

and the job is 'done'. It is the deficiency in 'soft skills' that has created a gap between crisis competency and stakeholder expectation – a gap which will only get wider if the requisite skills for the future are not obtained.

## The next fifteen years

Change is the crux of crisis management and wider reputation management. Whether it's a change in government, legislation, or societal expectations, the challenge is still the same: build trust, retain it and close the expectation gap that has been widening for the past 15 years. I won't attempt to predict social trends or technology changes for the next fifteen years, but I believe there are themes that can guide organisations through what will undoubtedly be an increasingly complex and challenging reputation landscape.

## Understand and embrace new technology

Adopting a positive mindset will be crucial. New communications platforms can be daunting, but also present tremendous opportunities for reputation management. While it won't always be appropriate to use certain technologies to communicate, organisations



need to be equipped to use them both proactively and reactively. Some of these platforms will be ephemeral and the communications landscape will consequently be capricious, but organisations need to know where their audiences are communicating. Great reputation risks lie ahead if organisations continue to use yesterday's tools to manage today's crises.

#### Stakeholders are never static

Whether a change in technology or a change in beliefs, stakeholders are never a homogenous mass. New groups with an interest in your organisation come and go regularly, making for an increasingly complex stakeholder environment. The result is a permanent reputation collision course. To navigate this, organisations will need to be convincing and talk the language of audiences in an ever-more astute and articulate way.

#### Soft skills will be the differentiator

Processes and procedures don't manage reputation, people do. Those organisations held in high regard in the future will have mastered the formulas and will also be successfully applying the soft skills. The key soft skill will be crisis leadership, which will require not only being able to effectively deliver messages and picking the right channel, but also getting the most from others, resolving differences, empowering people and knowing the audience in a more detailed way than ever before.

#### Understand and harness organisational values

Culture is the invisible glue that holds an organisation together. A significant element of culture is an organisation's values. These must be understood by senior management and used to inform decisions on how the organisation positions itself. If stakeholders become aware of a material gap in the professed beliefs and convictions of the organisation and those actually held by the majority of staff, the organisation is almost guaranteed to be embarking on a collision course that will impact its ability to meet its objectives.

#### Bigger role for communications

A major challenge for the next 15 years will be balancing commercial and reputation risk. In any organisation there is always some element of internal friction. This often plays a helpful role in keeping organisations moving. But this can also affect performance adversely if managed poorly. Good communication can be the necessary lubricating force by balancing these conflicts and enhancing processes. But this can only happen if communicators fully understand the processes of an organisation, its commercial requirements and the external environment in which it operates.

We welcome opinion from readers on the thoughts outlined above. I would be happy to hear from you and I can be reached at: [mike.regester@regesterlarkin.com](mailto:mike.regester@regesterlarkin.com).

