

# Responding To A Corporate Crisis

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A corporate crisis can arise without warning and from many causes.

A journalist writes a story about exploited workers at a foreign factory where the company manufactures product.

The CEO is charged with sexual harassment in an explosive lawsuit accompanied by public posturing from the plaintiff's lawyer.

Workers go on strike and claim unsafe working conditions at a company facility.

The privacy of customers is compromised when a computer hacker gains entry to the company's computer systems and accesses sensitive personal information.

Earnings and revenue come in significantly short of prior guidance provided by management, rattling markets, investors and analysts.

The question is, what now? How do you deal with a crisis? How do you navigate the tricky waters of extraordinary, unexpected and potentially damaging events that fall outside the normal day-to-day of running the business?

While no two crises are identical, and each requires a tailored response based on the specific issues and external factors at play, there are common steps that can be useful in dealing with most all corporate crises.

## 1. Organize A Team Of People To Help You Respond And Manage The Process

The team should include people from various functional areas – legal, public relations, customer service, financial, government relations, etc.

## 2. Get It Right The First Time You Respond

Your initial response to a crisis is crucial. If you flub it, you could compound the problem and dig yourself a hole you may never get out of. Therefore, make sure you have all the facts before responding for the first time. This means you may not be able to rush out a response as quickly as you like. Still, you need to respond quickly, so work hard to assemble the facts as fast as possible, through internal investigation and other means, so you can determine the best way get your message out.

## 3. Be Honest And Credible

You can't pull the wool over people's eyes, especially in a crisis. If the company made mistakes, you can't pretend it didn't. Don't compromise your legal position but be forthright about steps you're taking to address the crisis, and take steps that inspire confidence from the public, clients, regulators and others.

## 4. Create A Multi-Faceted Strategy That Addresses All Areas Of Concern

A single crisis usually creates multiple problems. You may have public relations issues, a social media storm of negative tweets/postings, problems with government agencies that oversee your industry, damaging and costly lawsuits, and financial disruption that has a negative impact on future revenue and earnings. When responding you need a coordinated plan that addresses each risk as part of the larger problem. For example, a coordinated and multi-faceted strategy may dictate a shift in legal strategy vs. the strategy that would be followed if legal issues stood alone as the only concern.

If you follow these and other crisis management steps you will increase the likelihood of developing a plan and responding to any crisis in a manner that offers the best opportunity to survive the firestorm and get back to what you do best – serving customers, offering quality products and services, and building value for employees, shareholders and the larger community.

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