

Uncontrollable Crisis

James L. Horton

This is a true story about a company that was little known outside of its industry but emerging as it grew quickly through acquisitions. Its stock was buoyant and its CEO ebullient. There was nothing to stop it from reaching ambitious goals ahead of the schedule the CEO had set.

The first hint that something might jeopardize the company's trajectory came through a troubling phone call on a Monday from a renowned investigative reporter. The reporter demanded that the company talk to him but wouldn't say what he wanted to talk about. The dimensions of the problem became clearer on Wednesday when a national TV news show revealed stunning and deeply disturbing evidence of corruption and abuse in a foreign country that tangentially involved the company. The blow fell on Friday when the investigative reporter's story, published first on the Internet and then in a magazine, implicated a company employee in wrongdoing. Worse, the reporter had relied on a classified government document that had been leaked to him, which the company could not get hold of.

Suddenly, the CEO's world fell apart. The company scrambled desperately to learn what this reporter and others were writing about and how its people might be implicated, if at all. The company's stock dropped and would plunge further in days to come. New stories emerged daily, each a hammer blow. Errors flew through the media, some of which had come from the classified report. Charges were accepted as fact, innuendos as truth. The company was condemned as evil: Its good work dispatched as greed. Worst of all, the company could not get facts quickly because of the remote location of the wrongdoing, because of a number of classified investigations underway and because its own records were not easily accessible. The company lagged the news cycle constantly while members of Congress and the Senate and heads of state worldwide railed and launched investigations.

What the company had plunged into was uncontrollable crisis. All rules of crisis handling and communications were blown away. Nothing worked as it should. The communications department was overwhelmed with media calls from around the world. Demonstrators and news cameras appeared outside the company's headquarters. Absence of facts created a terrifying situation. Reporters demanded to know who, what and why and the firm could not tell them anything: It didn't know itself. Factual communications were impossible until days later. The CEO, a man of bedrock honesty who had built the company from little, now was portrayed in hideous terms that he was taking personally. He saw the media as a lynch mob. Government agencies and Congress launched probes and hearings. Hate mail and poisonous telephone calls flooded the company's

switchboard and the voice mailbox of the corporate communications director. Employees were confused then defensive and deeply hurt. Some began to leave the company. Activists began crusades to punish the company and filed lawsuits. Customers were asking questions, and the company feared it might lose business. Legal costs were mounting by the hour. The CEO, his top executives and corporate communications director went to seven days a week, 14 hours a day and more to stem the crisis and continue the business. Because the firm wasn't prepared for a crisis of this magnitude (No one could be.), it had trouble gearing up to get the basics done that it needed to do. The CEO felt let down, but his people were working flat out on two jobs – their day jobs and the crisis. Exhaustion set in, but there was no end in sight for months. The irony of the situation is that the company has never been charged with a crime, but everyone assumes it is guilty.

Confronting Hell

No CEO or communications professional wants to be in a situation like this, but it happens, and when it does, a company can be derailed not just from short-term objectives but from its mission. One reason the Union Carbide disaster in Bhopal, India has been used as a crisis case is the dimension of what happened and the powerlessness of the company to do or to say anything to mitigate harm. Union Carbide never recovered from the damage caused by spewing methyl isocyanate gas that left 3,800 dead and 11,000 injured. The company eventually was sold off and what remains is a subsidiary of The Dow Chemical Company.

The first step a CEO needs is recognition that the situation is out of control and likely to remain so. There is no handling of it, no turning it around, no strategy or phone calls that can be made to turn off vilification and investigations. The event is larger than the company. The task facing the CEO is to keep disaster from infecting the rest of the firm and imperiling its existence. It is a situation eerily similar to the chaos of war.

When uncontrollable crisis happens in war, coordinated strategy and implementation break down. Battle plans deteriorate to small-unit actions that are uncoordinated and sometimes effective, sometimes not. Generals suffer the fierce pressure of knowing their armies face ruin if they cannot get hold of the situation, but there is seemingly nothing to get hold of. Information is sparse. Uncertainty prevails. Rumors abound. Alarms are sounded from many quarters, and there is no way of knowing which are true and which false.

CEOs face the same pressure and decisions they take are nearly as important as those of generals in battle. While lives are not at stake, the jobs of thousands are and existence of the company. The future of the business depends on making whatever decisions one can and implementing them swiftly. But, as the collapse of Enron, Worldcom, Adelphia, Global Crossing and Arthur Andersen proved, there are as many wrong as right ones.

The CEO

Containment, withdrawal or defense are first orders of business in uncontrollable crisis – isolating the damage if possible, separating survivors from the dying and/or fighting back. With modern communications, containment is next to impossible. The world knows instantly what has happened and who is involved. Fighting back takes insight and courage to offset what would otherwise be called foolhardiness. The CEO above could have closed operations and left the location. He was advised to do so, but he refused. He would not abandon customers in need. His decision cost the company in the news media. He was lambasted. Other CEOs, however, have closed businesses to preserve the rest of a company, but there is no right answer in uncontrollable crisis. Whether one stays or goes, there is no stopping criticism or injury to reputation nor cessation of investigation and threats of criminal charges.

Because of the nature of uncontrollable crisis, communications decisions lie with the CEO. The CEO determines what the company can absorb in terms of pressure and what can be remedied. The communicator is counselor and implementer – important roles unto themselves, but not primary decision maker in messages or media. Crisis books tell communicators to get to the CEO quickly to provide counsel, but in uncontrollable crisis, this guideline is insufficient. The CEO is desperate for information, facts, anything that can help him determine what to do next. Standing next to the CEO is no way to help the CEO get information. The communicator should be launching actions to gather facts using a team supporting the communicator and CEO. Support is often as basic as finding a phone number or as complex as crosschecking stories, digesting facts and tracking down rumors. This is not a job for corporate communications alone and corporate communications may not even be the main player in fact finding. A CEO typically will parcel the task. The CEO will want direct observation from the site of the crisis, queries of project managers and others in charge of the location, record pulling, contacts to customers, investigators and others who would have a reason to know what is going on and media monitoring.

The CEO's mental state is a consideration in uncontrollable crisis. It is the severest test of a leader used to controlling events. Uncontrollable crisis crushes emotions and logic. The CEO needs great courage and huge reserves of self-control not to collapse under the weight of disaster. One cannot protect the CEO from what is happening but neither should one add to the CEO's pressure nor take too seriously the CEO's temper. Even the stoically calm George Washington threw down his hat three times during the rout of his army on Manhattan Island and broke into tears as he watched by telescope from his position on the cliffs of New Jersey the destruction of his last men defending Fort Washington on the northern tip of Manhattan. At times like these, a CEO may make decisions, which might not seem advisable -- and indeed, may not be – but

thinking is colored by emotion. One must speak up but remain intensely aware of the situation. The CEO is the primary hope for leading the company out of its wilderness. Even if the CEO communicates in ways not recommended, one should look at results, not process, to confirm whether the CEO is being effective. The CEO like a general on a battlefield must be seen in hours of crisis in order to calm employees and keep them at their duties. There is fear in the ranks and if there is suspicion that panic exists among officers, employees will flee like routed soldiers. In uncontrollable crisis, the CEO's absence is a failure felt keenly by all. The CEO may believe his job is to stay in the bunker but it is just as much outside it. The communicator should tell the CEO who hangs back that the CEO is imperiling the company. That is no guarantee the CEO will get out front. If he doesn't, the communicator inherits perceptual problems that may be well out of the communicator's capacity to handle.

The First Message

A crisis manual advises to speak only with facts in hand. Facts should determine the message. In an uncontrollable crisis, critical facts aren't there and won't be. One can dial constantly and send rivers of e-mail but nothing is enough or soon enough. One can climb on a plane and fly to the site but that takes hours, maybe days, and by then, it may be too late. One can scramble for files and databases only to find they are not readily identifiable.

Where no facts are available to confirm or refute allegations, the CEO states intent.

- We intend to find out. We have appointed an investigative body.
- We intend to and will cooperate with investigations.
- We intend to correct whatever is wrong, if there is anything wrong.
- Our company has been and will be ethical in all it does and if there were wrongdoers in our ranks, the company will deal with them.
- We intend to report what we know when we know it.

Such statements sound hollow and are, but what else can one say? Silence is a mistake because it looks like the company is hiding. Still, the key for the CEO and corporate communicator is to develop an overriding theme and to stick with it until events calm down. The theme should accommodate facts as they surface and the theme should be one which the company is prepared to act. To state intentions but not fulfill them works sometimes but is dangerous. Sooner or later, the media might start asking questions and the company is put into a worse position.

Mobilize

Uncontrollable crisis shatters plans and imposes demands for which one can be totally unprepared and logistics insufficient. Ideally, every organization has a crisis plan in place and rehearsed regularly and the plan includes a primary alert chain of calls, e-mails and other contacts to an internal/external crisis team that starts with the CEO. (In reality, many don't because the nature of their businesses doesn't lend to crises.) At a minimum, an organization should have a logistics database that it can draw upon quickly -- list of resources and where they are, such as media monitoring, internal/external web sites, VNR facilities, graphics, staff -- crisis agency, public affairs concern, internal teams -- beepers, cell phones, PDAs, etc. It may be too expensive to keep such resources on hand or on retainer, but one should know how to access them quickly. Most resources are likely to be in some corporate database already. It is a matter of collecting them in one place for fast action.

Secondly, plan and implement simply and quickly. There is no time or need for elaborate planning. Strategies, objectives, goals and assignments can be one side of a sheet of paper as long as everyone knows what to do and when. The most important part of this effort is to have a clear line of authority from the CEO to prevent tugging and hauling from departments. The CEO must make it clear that corporate communications is handling certain duties and has full authority to get them done. Duties may include:

- **Coordination.** Who stays in touch with whom and how.
- **Communications resource procurement.**
- **Crisis fact gathering and verification**
- **Employee and customer monitoring and response**
- **Public affairs monitoring and response.**
- **Media monitoring, intercept, response, interviews.** One can use existing media databases or build simple ones quickly
- **Communications strategy.** What to say, what to avoid, media to pursue and media to dump nicely. Everyone will want to talk to the CEO. There is no time for everyone.
- **Communications preparation.** Releases, e-mails, employee memos, investor alerts, customer contacts, town halls, etc.
- **Communications approvals.**
- **Distribution.** Newswires, e-mails, Web site, blog, advertising, TV, radio.
- **Accuracy:** There is no room for error
- **Deadlines.** There is little room for not getting work done on time.

Fact gathering and verification is of enormous help to a CEO in an uncontrollable crisis. The CEO needs understandable and digested facts to make decisions and communicate. Fact gatherers should be the corporate communicator's most trusted and diligent team members who perform with speed and accuracy. The closest analogy is a newspaper or wire service working to keep up with a major event such as the tragedy of 9/11. The company above had hundreds of stories written about it in the first few days, but facts boiled to a few statements culled from redundant stories. Facts were amplified by the hour as reporters honed in on the story. The CEO needed the fact set and not hundreds of stories. So too, the CEO needed to know who was working on what stories and what was likely to show in the morning or later that night. This required listing reporters who called, their questions and the likely answers along with a recommendation to speak to the reporters or not. Because facts come from multiple sources during uncontrollable crisis – employees, investors, regulators, customers, activists – there is an need to integrate them for the CEO to grasp quickly the situation. Corporate communications may have a role in the integration or be a member of a team, but either way, the corporate communicator should endeavor to help the CEO by presenting facts in a way that the CEO can scan them quickly, size up the situation and take the next step.

The corporate communications person has a fundamental responsibility to keep everyone working on a crisis informed and up to date on changes and amplifications as a crisis unfolds. A critical need is a central communications point where all crisis team members can come 24 hours a day and find out the state of the crisis and what everyone else is doing. Use a web site, intranet site or a web log, also called a blog. E-mail is not a good idea: It is episodic and one ends with a list of entries to click and read. Serial posting on site or in a blog is better because one can scan quickly or search for information. In the best of circumstances, a company will keep web sites and/or blogs in reserve and activate them as needed. While some might consider posting raw information to a central communications point, this is dangerous. Information should be edited for accuracy, clarity and usefulness. Piles of information are no substitute for right information. Either the corporate communications person or someone sitting next to the corporate communications person should be deputized to keep communications current for all team members and by extension, all employees.

One has to decide if the nature of the crisis is such that employees at large need to know everything one is doing. Chances are that most employees don't want to know details. They want to know the company is doing about it, so too investors, customers, regulators and others. The company should carve out a section of its main Web site immediately and dedicate it to information related to the crisis. The information should be prepared under the direct supervision of the corporate communicator, approved by the CEO and legal counsel and posted quickly. It is up to the head of corporate communications to gain approvals and to resolve hang-ups without delay. If there is any one area that slows vital communications, it is executives below the CEO and in-house counsel who "don't want to say that"

and end by saying nothing. The corporate communicator cannot resolve these issues. The CEO can. That is a reason for being at the CEO's side constantly.

The issue of what to say and when is fraught with difficulty. Lawyers are right that any slip of tongue or inaccuracy can place a company in a liability situation. Lawyers are wrong when they elect not to say anything at all. The CEO must mediate between opposing viewpoints and decide whether to proceed with a communication or not. The corporate communications practitioner should have specific reasons for sending a message in a simple and bottom-line statement. For example, "We should tell everyone about the following because monitoring shows employees and customers are concerned and some are panicking." Statements like "this is the right thing to do" are inadequate and unjustified. The CEO needs to know outcomes as well as principles. In a crisis that involves wrongdoing, tugging and hauling of what to say and what to keep hidden will consume hours of a corporate communicator's time.

Breathe Deeply

In uncontrollable crisis, so much happens so quickly that the temptation to attack on all fronts is overpowering. Don't. Breathe deeply. There are situations that will occur no matter what one does, and the company will be a victim. There is a pattern to a crisis that is readily identifiable – the shock of discovery, emergence of facts, hearings and investigations, criminal charges or exoneration. One can rarely change the course of events. Focus instead on what needs to be done and get to work.

The scale of uncontrollable disaster can be so overwhelming, there is a tendency to choke, but doing something is better than doing nothing, as long as one avoids wheel spinning. The corporate communicator should know the difference between what advances the company's cause and what wastes time. There is no time to waste and less important activities should be stopped immediately. However, the corporate communicator also should know that priorities can change swiftly and dramatically with events and news. Sitting still is an invitation for the CEO to push one aside and lack of flexibility will make a corporate communicator useless to the CEO.

Get rest. You will need it work quickly and to think well. In the early hours of uncontrollable crisis, there is no time for sleep, but a day will come soon enough when there is an option to nap or work. Take the nap if you need it, and chances are you will. Exhausted minds make bad decisions and distort events. Losing objectivity helps no one – least of all the CEO.

Repair the Damage

During the height of an uncontrollable crisis, there is little one can do except to correct errors and project the company's message. But eventually, events and

news flow decline. It may be hours, days or weeks, but it does end, whether or not an organization survives. The effects of the crisis, however, may linger for years and for the history of the company and its relationships with internal and external audiences. Lasting damage needs repair. The company may never return to the reputation it once had, but it may again be considered credible. Some corporate communications tasks may include:

- **Telling the whole story.** It may be too late for a company's reputation to tell the whole story, but it may be essential for some audiences to know it – such as employees and investors. Union Carbide, for example, spent months recreating the Bhopal disaster to prove that water was injected into the underground methyl isocyanate tank from an outside source. Someone sabotaged the tank, and it was likely a disgruntled employee. This made no difference to the Indian government nor to thousands who sued Union Carbide but it was important for Union Carbide's employees and investors to know essential processes were not at fault.
- **Acceptance of the company's position.** Moving forward requires an assessment of where the company is. This is a clear-eyed damage assessment of the company's relationships with key audiences. This may require direct contact, surveys, consultation with influentials such as financial analysts and more. The corporate communicator and the CEO need to listen hard and objectively to what key audiences say.
- **Rebuilding relationships.** A company depends on customer, employee, investor and regulator relationships to survive. If these were damaged, they must be rebuilt with whatever promises the company must make to do better or with changes in how the company handles its relationships. Some audiences may never trust the company again but may not have the power to block the company's future. For example, a company might expect that activists will demonstrate whenever it tries to enter a new business, but the groups may not have the power to stop it.
- **Putting processes in place to prevent this kind of uncontrolled crisis from happening again.** This is shutting the gate after the horse has bolted, but it is also keeping the replacement horse safe and secure. A gut-wrenching uncontrolled crisis is a stress test for an organization. The crisis shows quickly where the organization is weak in policy and process. Boeing Co. learned, for example, that it was weak in its ethical approach to business during scandals that nearly ruined its huge military contracting business. A replacement CEO, Harry Stonecipher, made ethics training and a code of conduct a top priority for the company's 157,000 workers. Stonecipher knew he had to root out previous business practices swiftly and completely or Boeing would never compete in the Defense market again, a potentially fatal blow.
- **Fixing but not over fixing policies and procedures.** A regrettable outcome of crisis is that companies and regulators put in belt-and-suspenders

regulations to make sure a failure never happens again. The outcome of such caution is bureaucracy that hampers the company and makes it less competitive. The key to fixing failures is to apply the right amount of policy and procedure, but there is no clear way to assess this. It is a judgment call, as many things in management are. The basic guideline is to develop an economical process that meets deadlines. A temptation is to prepare huge plans with many contingencies. Those not only bog the organization, they waste the time and talent of communicators who should be getting on with their jobs.

- **Risk management and monitoring.** If the company had not been doing systematic risk management and monitoring, it should once the crisis is concluded. In the case of the company at the beginning of this article, there wasn't a formalized system to scan the media, and the company inadvertently entered a contract that set it up for failure if the wrong circumstances occurred. Before the company had accepted the contract or gone to a dangerous location, it might have asked what it would look like if its name and its activities were bannered in *The New York Times*. It might have understood a need for precautions. That, however, would not have protected it when the crisis erupted, unless it had turned down the contract.

Summary

There is no way to prepare for uncontrollable crisis. It can make crisis handling processes irrelevant. It can force a CEO into considerations of survival. In the first hours, one cannot know the outcome of events or of the organization. Courage and persistence are important. The fate of the company rests with the CEO, and the corporate communicator should move rapidly to support the CEO's need for facts to make decisions and formulate messages. It is quite possible the CEO may not survive the crisis and a new one is brought into to stop the damage. The corporate communicator should show the same support to the new leader and understand that a new CEO's need for facts are even greater than those of a departed one.

It is also possible a CEO will push the corporate communicator to the side and rely on his own wits or that of his general counsel. Should that happen, it is better to swallow disappointment and to get on with the job than to protest. The CEO doesn't need more stress in uncontrollable crisis and fighting for one's position is the same as arguing over who should be the first mate of a sinking ship.

#

James L. Horton is the founder of online-pr.com and has been in PR for more than 25 years.