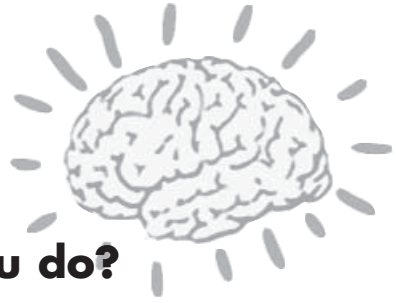


When it Hits The Fan

by Michael Bland



**turning crisis
into opportunity**



What would you do?

Test your crisis skills

A crisis or major issue strikes your organisation and its reputation is on the line – maybe its very existence. How well would you cope?

The following are all real-life examples. How would you handle them? Make your choices, then find out your rating.

- 1 **You sell baby care products nationwide and a lone scientist claims to have discovered that a chemical in cot mattresses is the cause of mystery cot deaths. A national consumer television programme tells you that they are going to broadcast a documentary profiling the scientist's claims and your mattresses. You are certain that the scientist's research is flawed and that your mattresses are safe – but it could take months to prove it. You:**
 - a) robustly argue against the scientist's claims on the programme and elsewhere – and run a customer reassurance programme.
 - b) say and do nothing, as the scientist is a lone wolf and the programme is only a one-off – so the fuss will all die down soon.
 - c) withdraw all your cot mattresses from sale at a huge cost to yourselves, announcing that you are certain they are safe but will leave absolutely nothing to chance.

- 2 **You run a food chain and a Sunday tabloid newspaper calls you late on a Friday to say that your burgers have been**

identified as ‘Worst in the Country’ in a survey of fast food outlets. They will run the story on Sunday’s front page and ask if you would like to comment. You:

- a) call in your lawyers and seek an injunction to stop the newspaper publishing.
- b) offer the newspaper a deal offering a free burger to anyone who visits one of your outlets on Sunday morning carrying a copy of their newspaper.
- c) provide the newspaper with a written statement defending your burgers and warn them that you will sue them out of existence if they unfairly harm the reputation of your product.

3 There has been downward pressure on your company’s share price recently and investors are agitated. You are certain that you will survive this rough patch and that your fortunes will recover, but a shareholder action group wants the company wound up now so that they can recover some of their investment. They have set up an Internet user group which is gaining in strength and popularity – and now the financial media have started reporting some of the wild allegations which are on that site. You:

- a) fight fire with fire by mounting a pre-emptive communications campaign, across all media including the Internet, refuting the allegations and issuing messages of reassurance.
- b) go onto the user group site yourself to put the record straight and reassure the angry shareholders, at the same time conducting one-to-one briefings with the financial journalists who have been writing about you.
- c) send a letter to all shareholders, referring to the recent publicity and reassuring them that you believe the company has a future.

4 A former employee says that unless he is reinstated and paid compensation for what he claims to be unfair dismissal he

will go to the press with a big dossier of alleged corruption, including large scale customer rip-offs. Some of the allegations could be true but you don't have time to investigate before his deadline. You:

- a) pre-empt him by going to the press yourself, showing concern at the allegations and demonstrating to your customers that you are launching an independent investigation, and will compensate them if any actual malpractice is discovered.
- b) give in to his demands and keep it all quiet.
- c) call his bluff and tell him you're not giving in.

5 You run a high-profile catering service, and a leading food journalist has got it in for you. His articles and television programmes contain constant attacks on the quality of your sandwiches. You:

- a) ignore him and wait till he runs out of steam. After all, there's no such thing as bad publicity.
- b) pay him to do your sandwich recipes for you and have his autograph on the packs.
- c) sue him for the damage he has done to your reputation.

6 You operate a large chemical plant which has leaked a small volume of toxin into a major river, killing hundreds of thousands of fish which are floating for miles downstream. The local community and the media are incensed, but you have quickly identified the source of the leak, repaired it and all is now safe and well. You:

- a) close the plant – even though you don't actually need to – while you are seen to conduct an independent investigation into the leak.
- b) apologise and offer compensation – but keep the plant running.
- c) close the plant, apologise and compensate.

7 You run a poster advertising campaign and a couple in a small town claim to be offended by its content and sue you for the distress they say has been caused. As they are the only people to do so, and you don't accept their claims, you decide to defend yourself against them in court. How much of your nationwide business could this decision cost you?

- a) None
- b) Up to 25%
- c) Over 80%

8 Your financially sound and successful company is about to launch a new product when a trade magazine reports, incorrectly, that the product has run into teething problems and the launch will be delayed. By how much do you think your share price could change that day on the news?

- a) Down 20%
- b) Down 10%
- c) Up 10%

What did you score?

Before you add up your score, there are seldom any 'right' or 'wrong' answers in crisis management. Sometimes you can do the 'wrong' thing and get away with it, and sometimes you can do everything 'right' and still be deep in it. Crisis is about a balance of judgement, so all the answers here are potentially valid solutions. But higher marks are given for the ones which will probably do most to help you come out smelling of roses.

Q1: a:3 b:1 c:5 (the real life action by Boots the Chemist)

Q2: a:1 b:5 (the brilliantly successful choice of Happy Eater against the Sunday People) c:0

Q3: a: 3 (effective but probably over-elaborate at this stage) b: 0

(the user group will have you for breakfast) c: 5 (the company concerned took this prompt, simple, inexpensive and personal action, and the fuss died down immediately.)

Q 4: a: 5 b: 0 c: 2 (in real life the company concerned chose option c and it worked. Option a assumed a high likelihood of the story getting out and created an opportunity to demonstrate integrity to customers.)

Q 5: a: 3 (this will probably work – but it could also be disastrous; and there’s no way of knowing till it’s too late) b: 5 (this is what British Rail did with a critical food expert) c: 0 (it will only make things worse).

Q 6: a: 3 b: 3 c: 5 (all choices are ‘correct’ but c. would be the text book answer. In real life, the company concerned only chose option b and still came out of it pretty well.)

Q 7: a: 2 b: 2 c: 5 (you can be forgiven for thinking it wouldn’t do much harm, but the negative publicity escalated and the company lost 80% of its US retail outlets as a result).

Q 8: a: 5 b: 5 c: 5 (all scenarios are possible, so take a five whatever you said. In real life, the share price of Reuters fell 20% on a seemingly minor story and its knock-on effect.)

How do you rate?

34–40

You’d make an ideal member of a crisis team. Well done. You have the right instinctive attitude to rescue your company or organisation’s reputation single-handed – it’s the others who are the problem! Now all you have to do is learn how to put it all into practice; you will find this book invaluable.

22–34:

You'd handle a crisis or issue the way most executives would. You have plenty of common sense, but you also need to develop a little more foresight and empathy for the situation.

11–22:

Look, I'm sure you are a first class line manager, a great achiever, have plenty of friends and help little old ladies across the street with the shopping. But do not, under any circumstances, go anywhere near a crisis or issue until you've read this book. Twice.

It could be you next!

Just sit back for a moment, and think about whatever is worrying you most at work.

Meeting sales targets? Cutting costs? Production schedules? Staff problems? Behind on a deadline for a major new business proposal?

Worrying? Stressful? Potentially threatening to your business or your career?

Forget it! However bad it may seem, if a major crisis or issue were to hit your business right now, the original problem would fade into insignificance. It would seem so trivial that you would want it back again rather than have to deal with the tidal wave that is looming over you and everything you've worked for.

And it's just waiting to happen.

Crisis is no respecter of diaries and schedules, limited budgets, more urgent priorities, vacations or illness. Like the guy in the black hood with the scythe and the big grin, it will come and visit

you when it feels like it, not when you have a slot free. There's only one right time to prepare for a crisis: **yesterday**.

Nor does a crisis care which part of the organisation it hits, or how. Here's just a small selection of the sort of things that can happen:

- An explosion in your factory or head office: a gas leak? terrorist action? negligence? In each case the reaction of your public will be different. So will the way you handle it.
- Financial irregularity: a mistake? fraud? outsiders? insiders?
- A product defect: life-threatening? your fault or someone else's?
- An IT failure: how bad is it? is the call centre down? who's affected? how long will it last?
- Product tampering and blackmail: a hoax call? or the real thing?
- A scare story about your products from a piece of 'junk science': you know it's not true but who will your customers believe – you or the scientists? How can you convince them?
- An allegation about your practices – third world child labour, for example. You're innocent, but the story is out on the Internet. Can you stop it?
- Or it could be a chemical leak, an oil spill, a transport accident, a protest group barricading your premises, a strike, vandalism.....

.....in fact, it's a wonder it hasn't already happened.

Crisis fights dirty

And, like a street fighter who goes straight for the throat, a crisis goes for your most vulnerable spot – **your reputation**.

Nowadays, reputation is everything. We rely more and more on brand and corporate reputation to differentiate us from the rest. Without it we have no customers, no sources of finance, no staff.

We invest a fortune in time, money and effort to develop that all-important reputation. Then, in a badly handled issue or crisis, we can lose it in a flash. Because that's what crisis is really about: a threat to your reputation. Something goes wrong, everyone gets to know about it, and all of a sudden you're the bad guys.

And it knows where you live

Crises and issues are no respecters of zip codes or post codes. Nowhere in the world is safe from them. We live and work in a global goldfish bowl, with the media, pressure groups and other critical audiences watching us all the time.

Many of the real-life examples in this book happened in the UK but the country is irrelevant – the lessons from one country apply with equal validity to all. But much of crisis management best practice is derived from the UK because it has probably the world's most cynical public attitudes and the most sensationalist and hostile media. If you can handle an issue or crisis in Britain, you can handle one anywhere.

Size doesn't matter

Nor is crisis any respecter of how big or small you are. While it is true that the national media are more interested in the big fish and will give more coverage to something going wrong with a big name than an unknown one, a small or medium enterprise will suffer just as much in a crisis as a corporate giant, maybe more so.

If you're a small company you still have 'audiences' – local and trade media, regulatory authorities, employees, customers – who can make or break you depending on how you handle the crisis.

The advice in this book is just as vital to a small organisation as it is to a big one.

Whose job is it anyway?

Which directors/managers have an essential role to play in a crisis?

Please tick your choices:

- | | |
|--|---|
| <input type="checkbox"/> Board | <input type="checkbox"/> R&D |
| <input type="checkbox"/> CEO | <input type="checkbox"/> Sales |
| <input type="checkbox"/> Business Continuity | <input type="checkbox"/> Customer Service |
| <input type="checkbox"/> Legal | <input type="checkbox"/> Manufacturing |
| <input type="checkbox"/> Public Relations | <input type="checkbox"/> Purchase |
| <input type="checkbox"/> Human Resources | <input type="checkbox"/> Security |
| <input type="checkbox"/> Investor Relations | <input type="checkbox"/> IT |
| <input type="checkbox"/> Security | <input type="checkbox"/> Marketing |
| <input type="checkbox"/> Finance | |

The answer to this one is simple: all of them. Whatever you do, if you have any management responsibility and/or interface with others, you are involved in a crisis whether you like it or not.

The ‘front line’ may be people like the CEO, public relations and legal advisors, but everyone else has a crucial role to play. For example:

- Being the ‘eyes and ears’ of the organisation – able to spot potential crises and developing issues and report them to the front line.
- Getting involved in efficiently and effectively putting crisis decisions into action, e.g. initiating product recall, suspending manufacture or conducting an investigation.
- Having input into the formulation of key messages.
- Communicating the crisis to your own department/team and relevant audiences, e.g. customers, regulatory authorities etc.

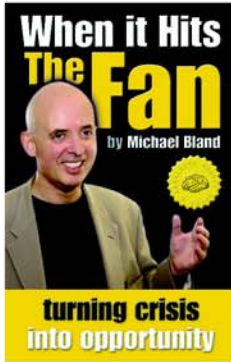
Most companies and organisations make the mistake of thinking that crises and issues are the job of the board, business continuity, legal and PR, and that no one else needs to worry about it.

They do. Rescuing reputation in a crisis is everyone’s job; your future career depends on it.

And finally...

International standards and accounting and legal procedures increasingly require you to assess and prepare for the risks. A failure to anticipate a potential crisis and establish a handling procedure (and preventative measures) can result in a crippling fine or a long spell in jail.

So, whoever you are, wherever you are, and whatever you do, a crisis is waiting to happen – and this book could help you to rescue your reputation when it hits the fan.



When It Hits the Fan BY MICHAEL BLAND



How would you react when a crisis suddenly hits your business? What would you do first? What next? How prepared are you in case of a terrorist threat, sex scandal, shareholder riot or stockmarket crash? This is a 'MUST READ' book for everyone involved in running an organisation, from the CEO right through to the receptionist - in fact, you are obliged by law to deal with these matters.

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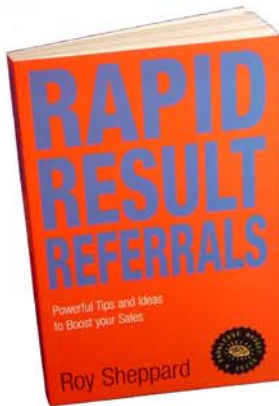
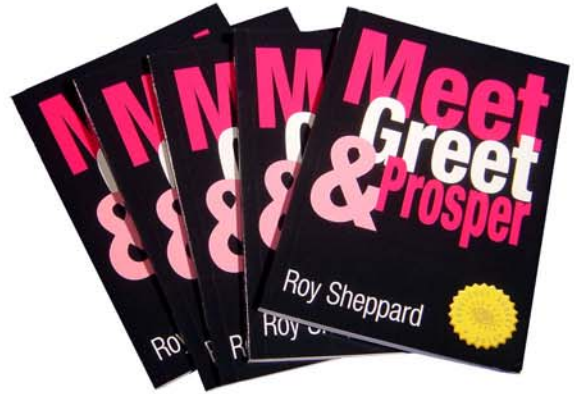
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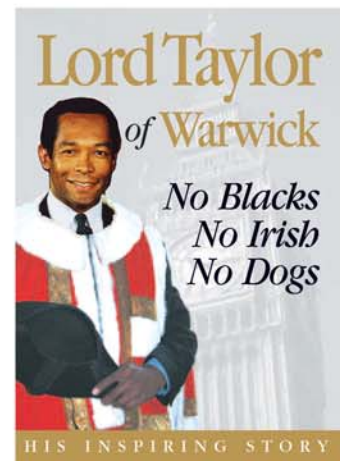
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