

# Managing the Message in Real Time: Crisis Communication in the Instant-Information Age

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“I ll prepared.” These may be the two most dreaded words in the crisis-communication world. Unfortunately, they are also the most common words in all too many corporate cultures that never anticipated needing a crisis communications expert to manage messaging in a distressed or chapter 11 scenario. What follows is intended to obviate the phrase “ill prepared,” and focus professionals on the importance of encouraging corporate clients, especially those not in danger of an imminent filing, to create a crisis-communication plan that can be implemented expeditiously and methodically under challenging circumstances. Doing so can save a company not only from irreparable damage, but can keep it on track with minimal disruption, which is particularly important in the early stages of a chapter 11 case.



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Disruption to the corporate environment following a chapter 11 filing is inevitable. The key, however, is to minimize that disruption while maximizing stability. Employees need to feel safe, vendors need to know they will get paid and consumers need to feel confident in the company, believing that it will survive, warranting their continued trust and loyalty. Achieving this is no easy task. However, being prepared and having an action plan is a critical element to a successful reorganization, and one that is frequently overlooked.

Granted, public relations (PR) firms cost money. Money spent on preparing for worst-case scenarios, however, will turn into a cost savings should the action plan need to be deployed. One way to view the crisis-communications plan is as an insurance policy: something one should never need but can rest easy that it is there if needed. Although denial is a natural part of humanity, the failure to

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react to and address a crisis exacerbates the crisis. With a solid crisis-communication plan in place, the risk of failure is minimized. If the messaging around a chapter 11 is created, controlled and contained in an honest and proper fashion, debt- and equity-holder, vendor, consumer and employee fears can be abated, which allows for greater focus on the otherwise critical steps to successfully emerge from chapter 11.

Despite the wisdom of putting a crisis-communication plan in place,

ing filed for chapter 11 protection to be swamped with everything from media requests to blog posts about what is going on inside the boardroom. This is when the company must refer to its crisis-communication plan and get in front of the story before potentially damaging and inaccurate information is disseminated, converting something small and containable into a behemoth of a PR problem, both internally and externally to the general public. This is especially so in consumer-driven environments.

Of course, instant information dissemination also means no time lag from leak to print. In eras past, managing a company response could be thought out over the course of hours or days, mak-

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something that is not new to the corporate culture, research indicates that up to 40 percent of the world’s largest corporations do not have a cohesive PR plan. Even those companies that do have a PR crisis-communication plan have to weigh which aspects of their plan is most important. Perhaps even more importantly, however, a crisis-communication plan needs to outline a variety of scenarios and specific responses to those scenarios. Priorities change based on specific circumstances. The best crisis-communication plans can be refocused quickly and effectively on developing client needs.

### Fast-Paced Information Will Take Care of the Panic

It is not the 1980s anymore: Television and radio as the primary sources of information dissemination are things of the past. Satellite, Internet, blogs or the otherwise instant transfer of information are ubiquitous, and information is moving at lightning speed—and not all of it is accurate. In the age of instant information, it is easy for a company on the edge or one just hav-

ing a full-blown crisis-communication strategy partially unnecessary, but that luxury no longer exists. Bad press about a distressed company at 9 a.m. cannot wait until tomorrow for a response; the company must be ready with a coherent message that instills confidence in stakeholders. Today’s information flows move too fast for missteps.

To avoid panic, crisis communications should be “a long term activity by which organizations use formal procedures to respond proactively to a crisis.”<sup>1</sup> In other words, the worst response is one that is reactionary and defensive. The message cannot be shaped and controlled when the company in crisis is playing defense. As in any other crisis, it is difficult for those in the midst of it to think clearly and objectively.

Staying on message and remaining visible and responsive is critical. Once a company is dragged into a reactionary mode, or goes into hiding, it can lose

<sup>1</sup> Gonzales-Herrero, A. and Pratt, C.B. (1996), “An Integrated Symmetrical Model for Crisis Communications Management,” *Journal of Public Relations Research*, 8(2) 79-105.

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not only its center of gravity but also the momentum necessary to keep a promising reorganization plan on track.

## What Not to Do

While the current economic crisis will give PR professionals a lot to ponder, the dust has yet to settle on some of the biggest business failures of this economic downturn, and how doomsday messaging was handled. The likes of Circuit City, General Motors and Lehman Brothers, for example, all presented immense communications challenges which, in time, will be looked to and studied for the “do’s and don’ts” of crisis communication.

Reflecting on past crises can provide insights into how current and future situations should be handled; take Enron, for example. Although the Enron debacle began nine years ago, it provides a good example of many important aspects of crisis communication. It occurred before the immediacy and ubiquity of social media was fully developed, and it happened not in the context of a failing economy, but a company-specific spectacular business failure. Although Enron’s messaging initially was effective and persuasive, it became clear over time that the messaging was not supported by facts. It is a classic study in crisis communication and messaging in the context of a chapter 11 case.

In early December 2001, word had started to spread in the media that Enron was going to file for chapter 11 protection. Enron did not hesitate to seize the moment and take control of its crisis messaging. When the news broke, then-CEO Kenneth L. Lay issued a statement stating that “[w]hile uncertainty during the past few weeks has impacted the market’s confidence in Enron and its trading operations, we are taking steps announced today to help preserve capital, stabilize our business, restore confidence of our trading counterparties and enhance our ability to pay our creditors.”

The message should have inspired confidence on the part of its stakeholders. The company had acknowledged that there was market uncertainty, seemed sensitive to its public status and trading partners, promised to make whatever was wrong right to bring confidence in the company back to a stable state, and

it assured re-payment to creditors. The glaring problem with Enron’s crisis communications in this scenario was that the message was not fact-based; it did not mirror reality.

A basic tenet of crisis communication is to tell the truth. After it became clear to the media and Enron’s stakeholders that Enron’s communications were not fact-based, the company’s credibility was compromised and it lost control of its messaging.

Corporate reputations are defined and careers are ruined or enhanced depending on how crisis messaging is handled. The moral of the Enron fiasco is that honest, consistent and proactive messaging minimizes damage in a crisis, while continued obfuscation and misleading statements merely exacerbate the crisis.

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## Deploying the Crisis-Communication Plan: The “Red Flags”

By this point in this article, “ill prepared” should be replaced with “be prepared.” For every company action, there will be a reaction, and there is no room for PR missteps in a time of crisis. Corporations and management must understand how the media “chess game” plays out and anticipate many moves in advance relative to crisis-communication messaging.

While each crisis is unique, there are some common red flags that should call a company’s crisis-communication plan into action. Some of these are common to most situations. How they are addressed depends on the type of company involved and the strategic path chosen by its professionals on the road to recovery.

Every crisis is initiated by a specific event. It could be a hostile takeover,

a negative earnings surprise, fatalities in the workplace or an inevitable chapter 11 filing. Whatever the triggering event, it will cause an outside reaction that must be anticipated and addressed. The company’s response to that triggering or ongoing event must be managed both within and outside of the company, which instills confidence and creates stability.

How the initial messaging is handled will then cause further reaction from the outside world. This is the opinion phase of the process, and a company in crisis should watch how its crisis messaging is being received and how opinions about it are being formed among key stakeholders. In this next phase of crisis communication, the company needs to be on standby to address, in a nonreactionary way, how its initial messaging has been received, without succumbing to the temptation of moving from measured offense to chaotic defense. This may be in the form of opinions from consumers, employees or Wall Street analysts. Various opinions may converge, and while Wall Street may be optimistic about a company’s initial messaging in a crisis, employees or consumers may be less so. Multiple alternative responses may need to be formed with a careful eye on maintaining a calm atmosphere for all relevant constituencies. While messages vary by stakeholder, the main themes should be consistent.

Once this back-and-forth has gone into play and the crisis-communication plan is in full deployment, there is an eventual shift from crisis communication to a credible dialogue with positive give-and-take between the company and those affected by the crisis. With this phase complete, the plan is an initial success, and continued maintenance is key to a smooth reorganization process. In addition to positively communicating the truth, management should seek to communicate instances of “doing what we said we would do” throughout the crisis. The more milestones and proof points that management can point to, the more credible the message and management team behind the message.

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### ***Stay on Message, Even as the Waters Calm***

Just as failure is not an option when a solid and credible crisis-communication plan is deployed, neither is complacency. The end game, particularly in a chapter 11 case, is as critical as the initial messaging when the crisis began. Taking it to the one-yard line is simply not enough. The goal is scored when the reorganization is complete and the messaging itself typically goes on for some time thereafter.

Reassurance may be one of the most difficult aspects of crisis communication, but once a crisis has hit and the

waters have calmed, reassurance is key to maintaining confidence. Stakeholders will remain skittish, even as management appears to make progress. Remaining calm, visible and reassuring will minimize damage and maximize credibility even beyond the reorganization itself.

Post-chapter 11 credibility takes time to rebuild, and making post-confirmation messaging an integral part of your crisis-communication plan will expedite this process. An honest—yet positive—assessment of the post-reorganization progress helps stakeholders measure progress and promotes further confidence.

The nature of crises is that a given corporate entity will only experience such an extraordinary event once or twice every 50 years. As such, while individual managers may learn from this experience, there is often no corporate “memory,” which perhaps explains the broad lack of crisis-communication preparedness across corporations. Effective crisis communication can be the tipping point between corporate survival and failure, and should be viewed as critical to the overall communications strategy, particularly in a chapter 11 or similar event. ■

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