

The importance of communication in excellent crisis management

Organisations experiencing crises typically form a team of senior executives to manage the crisis. This small group of executives usually includes the chief executive officer or managing director, the chief financial officer, the senior operations manager, the senior legal counsel and other managers relevant to the specific crisis.

Since most crises are newsworthy events, reporters from the region, state, nation, and, perhaps, world, will quickly gather at the site of the crisis. They will expect statements and explanations about the cause and effects of the crisis from the very earliest moments of the event.

This responsibility is often delegated to an organisation's media relations officer. It is their job to gather and disseminate information about the crisis to reporters: What happened? Who did it happen to? When? Where? How? Why?

Organisations that cannot or do not provide information during crises force its publics, such as reporters, employees, government officials, and members of a community, to turn to other, often less credible, sources of information. Many public relations practitioners are aware of the well-known axiom that 'in the absence of information, misinformation becomes news.' These second- or third-hand sources of information can usually only speculate about the details of a crisis and, as a result, often provide inaccurate information.

Although the facts may later prove these sources wrong, the misperceptions created by these non-organisational sources during the flurry of media coverage in the initial moments of a crisis may remain with important publics and be difficult, if not impossible, to change. These misperceptions, caused by the inability of the organisation to provide quick and accurate information during the crisis, may directly translate into significant organisational losses. Inaccurate information not challenged by an organisation may cause employees to quit, customers to switch brands, shareowners to sell their stock, government agencies to increase regulation, and reporters to conduct further investigations.

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Crisis communication plans and strategies provide the means to gather and release information as quickly as possible during a crisis. Authors such as Bernstein (1986), Barton (1993), and Fearn-Banks (1996) describe crisis communication techniques in great detail. These plans often perform a valuable function by helping organisations provide accurate and specific information on very short notice to important publics demanding immediate answers to a crisis.

Managers in Australia, however, too often ignore the importance of communicating during a crisis. Communication is frequently tolerated as a secondary issue much less important than 'managing' the crisis.

Crisis communication has this low status for a variety of reasons. In many organisations, the corporate communication or public relations departments are synonymous with media relations. These departments are responsible for generating publicity or providing information. They are staffed by former journalists who are rarely seen as managers or counselors to senior managers.

This myopic view of public relations in Australia—one-way communication to reporters—can lead to very serious consequences during a crisis. Organisations that focus on 'the general public' at the expense of more specific publics such as employees, customers, government officials, shareholders, and members of the community often suffer unnecessary financial, emotional, and perceptual damage. Here are some examples:

Employees: Companies that do not provide frequent information to its employees during a crisis risk significant effects such as lower morale, trust, and productivity. This dissatisfaction can translate into higher employee turnover (and recruiting and training costs), as well as a higher likelihood of strikes.

Government officials: Organisations that ignore politicians and other government officials during a crisis risk increased supervision and regulation. A judge, for example, released a report in July 1998 that severely criticised the safety of mines in Australia. As a result, the mining industry faced several government 'proposals for a national organisation to oversee safety in the mining industry' (*The Australian*, July 9, 1998).

Shareholders and customers: Not providing information to these publics during a crisis can cause investors to lose faith in the organisation. They can sell their stock, in sometimes very large amounts. Even small investors can cause significant damage:

'In unprecedented circumstances for a BHP chairman, Mr. Ellis was forced to respond publicly to calls by a small shareholder who, on Monday, threatened to mount a publicity campaign aimed at bringing together an extraordinary general meeting of disgruntled BHP shareholders to vote on the chairmanship' (*The Australian*, July 1 1998).

Companies also need to immediately provide customers with explanations and information during a crisis that go beyond the basic information provided by stories in the mass media. The damage to a product's or company's reputation can be significant. Stocker (1997) found the majority of costs associated with a crisis are not legal costs or penalties:

'Sears' reputation with customers was severely damaged in 1992 when its automotive centres were accused of selling unnecessary repairs. Auto centre repairs declined by \$80 million and generated a third-quarter loss. Legal fees were about \$11 million. Reimbursing California for its investigation and providing mandated employee training added another \$5 million. By far the biggest losses were to the shareholders and employees. The stock immediately lost 1.5 points, or about \$565 million. Finally, 1993 revenues declined by \$1.5 billion' (pp. 196–197).

Members of the community: This public is not the same as 'the general public'. It includes specific groups that form around very specific issues. One community group, for example, came together as a result of the Exxon *Valdez* crisis in 1989. This group of fishermen, landowners, and natives from Valdez, Alaska, were awarded compensatory damages of US\$287 million and punitive damages of US\$5 billion from Exxon Corporation in 1994. Most people agree the punitive damages awarded to this group of people would have been much less if Exxon had accepted fault and shown remorse instead of the arrogant and callous actions it took.

Excellent crisis communication

Excellent crisis management cannot exist without excellent communication. Managers in Australian corporations, not-for-profit organisations, and government agencies need to compare their ability to communicate in a crisis against these characteristics of excellent crisis communication, identified by Marra (1992) and J. Grunig (1992).

Pre-crisis relationships

Six characteristics consistently appear in the management and communication literature as a measure of relationships—trust, understanding, credibility, satisfaction, cooperation, and agreement—and all of them are applicable to crisis public relations. Quite simply, an organisation that has strong pre-crisis relationships with its relevant publics will suffer less damage than an organisation with weak or non-existent pre-crisis relationships.

Think of a person you have a good relationship with. You trust him or her, believe they are highly credible, agree with their actions, or easily offer your cooperation. Or if it's an organisation, you might be satisfied with its service or product or understand why it took a particular action. If it should experience a crisis, chances are pretty good you will give this company (or person) the benefit of the doubt and accept how they manage the crisis.

Arnott's pre-crisis relationships with its publics certainly helped it manage its product tampering crisis. And the high levels of trust, credibility, and understanding the Australian military had with its publics helped it successfully manage the Black Hawk disaster in 1996 and the *HMAS Westralia* crisis in 1998.

Poor or non-existent relationships work in the opposite direction — they can easily magnify the negative effects of a crisis. If you don't trust someone, or aren't satisfied, or think they have little credibility, you aren't likely to understand or agree with

their actions during a crisis. Telstra, for example, felt the effects of poor relationships with certain customers and government regulators in mid-1998 when it was accused of providing poor service. Politicians, similarly, who have poor relationships with the people they represent often can't successfully recover from crises of confidence in their ability to lead.

The research clearly indicates a crisis magnifies poor or non-existent relationships. Organisations can't build or repair relationships during a crisis, and even the most comprehensive crisis plan can't compensate for poor pre-crisis relationships. This strongly suggests managers in Australia should encourage and invest in pre-crisis communication as a cost-effective strategy to minimise damage during crises.

Autonomy of the public relations staff

Roberts and LaPorte's (1989) 'big wheel, little cogs' crisis management analogy is another very important characteristic of excellent crisis communication. In this analogy, organisations allow and encourage its 'little cogs' to make 'big wheel' decisions during a crisis. In other words, they give middle- and low-level employees the power and autonomy to make sometimes very important decisions during a crisis.

Pfeiffer (1989), reviewing Roberts and LaPorte's research, said organisations perform well because of intense training, open communication, fierce loyalty and dedication, and the ability of 'cogs' to make 'big wheel' decisions:

Most organisations consist of people in separate categories: big wheels, cogs, and specialists like accountants or chemical engineers. But the high reliability version is a hybrid, a mix of these roles played by the same individuals under different circumstances. The big wheels are there, but use their power rarely. The chain of command is much in evidence, orders may be barked out, and subordinates behave appropriately as spit-and-polish yes-men. But when tension is running high, all work together as specialists among specialists on an equal footing in a more collegial atmosphere. The most striking and surprising role change occurs in the white heat of danger, when the entire system threatens to collapse. *Then cogs can become big wheels. Whatever their status in the formal hierarchy, they are trained intensively every day so that—based on their experience—they can take com-*

plete command, redirect operations or bring them to a complete halt [emphasis added]. (p. 40)

The extent to which an organisation's communication staff can become 'big wheels' has a significant effect in determining how well an organisation communicates during a crisis. Excellent crisis communication requires the ability to provide information to an organisation's relevant publics almost immediately. Organisations, therefore, need to give its public relations staff the necessary autonomy to talk with these audiences. Organisations need to prevent delays in releasing information typically caused when public relations practitioners have little or no authority to release information themselves. Can a public relations staff do what they have to do—communicate—or must everything be reviewed and approved?

A review of a crisis experienced by global communications company AT&T in 1990 showed its public relations staff—which managed the crisis very well—had a tremendous amount of autonomy (Marra, 1992). Its mid-level public relations managers began providing information about the crisis within 30 minutes of the start of the crisis. They were able to provide information this quickly because they had the autonomy to do their job. These public relations practitioners felt very comfortable releasing information without obtaining approval from senior managers, particularly attorneys. An AT&T public relations vice president, in fact, said he didn't consult with a company attorney during the entire crisis.

The public relations staff at a large university in the United States, unfortunately, had an almost opposite level of autonomy. The university's director of public information required her staff to funnel all requests for information to her. The enormous number of requests, not surprisingly, prevented one person from releasing information as quickly as it needed to be provided. In addition, the director of public information was only allowed to release information that had been approved by the university's president, his vice presidents, and the school's senior attorney. A dean at the university (and a former newspaper managing editor) said it typically took a three-hour cabinet meeting to decide what information they would release on any given day during the crisis.

The ability of a public relations staff to move from 'little cogs' to a 'big wheels' during a crisis is consistent with the practicing excellent crisis communication. Organisations need to empower its employ-

ees with the autonomy necessary to make strategic decisions during crises. Without this autonomy, public relations practitioners will rarely be able to provide the immediate information required during a crisis.

Communication culture

Organisations often have many different cultures within themselves. It is not unusual, for example, for organisations to have different unwritten 'rules' about safety, promotion, decision making, personal appearance, reimbursement, and absence from work. Mitroff and Kilmann (1984) listed several typical organisational norms: Don't disagree with your boss, don't rock the boat, treat women as second-class citizens, don't enjoy your work, cheat on your expense account, and look busy even when you are not (p. 69). In a similar fashion, many organisations also have definable communication cultures. Some organisations encourage two-way communication while others rarely or grudgingly disseminate information to its relevant audiences.

Unfortunately, few public relations practitioners recognise the important relationship between communication culture and excellent crisis public relations. Many practitioners devote significant resources to produce a crisis communications plan that is destined to fail because the technical strategies contained in the plan contradict the dominant and accepted communication philosophies used by their organisation. In other words, a great crisis communications plan won't work if 'it's not the way we do things here.'

The communication culture present at the Thredbo disaster in 1997, for example, clearly prevented various publics, particularly reporters and families of the victims, from receiving important information. Columnist Frank Devine wrote in *The Australian* that 'official dissemination of information has been a disgrace—grudging, tardy, and frequently inaccurate or untruthful.' This was caused, in large part, by the presence of a communication culture that valued defensive, one-way communication instead of a more effective (and ethical) open and two-way model of communication.

Senior-level, strategic communication

Research has shown that excellent crisis communication often results when the top communicator in an organisation is a strategic manager who reports directly to the chief executive officer. He or she uses research to plan communication activities instead of doing what they've always done

in the past. The top communicator is also a trusted adviser and counselor to the chief executive officer. He or she sets communication policy, instead of implementing it.

Excellent crisis communication cannot occur if the top communicator for an organisation is valued for his or her skills as a technician — writing news releases, preparing press conferences, and acting as a spokesperson. The top communicator needs to be inside the boardroom during a crisis, offering strategic communication advice.

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need what information, and how and when these publics should receive it. This strategic approach to crisis communication is very different (and much more effective) than the more typical tactic of providing a statement to 'the general public' through the mass media.

The value of excellent crisis communication

Corporations, not-for profit organisations, and government agencies cannot underestimate the importance of developing and maintaining communication with its relevant publics. According to public relations pioneer Arthur W. Page, 'all business in a democratic country begins with public permission and exists by public approval' (Nelson, 1997, p. 325). This approval becomes critically important during a crisis.

Crisis management without adequate communication risks losing the support of strategic publics such as employees, customers, stockholders, and members of the community. Trust and credibility built up over many decades can be quickly and permanently lost. Walter Isaacson, the managing editor of *Time*, recognised this when he wrote an apology to readers in July, 1998 retracting a story published earlier that year:

'Our credibility is our most important asset. When we make mistakes, it's important to be open and honest about them, get all the facts out as quickly as possible and try to set the record straight. And to say we're sorry. We are.' (p. 6)

Managers in Australia need to be as equally forthcoming and recognise the danger of delegating communication to a secondary role during crises. Equally as important, public relations practitioners need to demonstrate their value to executives by providing strategic communication counsel rather than technical media relations skills.

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