

Getting Rid of Conventional Wisdom in Corporate Damage Control

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The last thing that a company wants is to face a crisis.

The tumult over a number of tainted children's toys shipped from outside of the U.S. left 2007 holiday shoppers looking, at times, for U.S. produced alternatives. The recent controversies over tainted spinach, toothpaste, ground beef, dog food, and tomatoes, though mostly rooted out and removed from store shelves, continue to impact shopping habits. It seems that even the most well known companies, from a large toymaker like Mattel to a national supermarket chain such as Kroger, aren't immune to the damage caused by crisis.

So what's the best way to respond? In the book *Damage Control: Why Everything You Know About Crisis Management is Wrong*, authors Eric Dezenhall and John Weber explore the tricky business of public relations efforts after a company crisis, and how a traditional approach of showing remorse and remaining positive may not always be the best approach. Instead, the duo argues in their book that a proactive stance, strong leadership, an adaptive nature, and an understanding of the marketplace and the political forces at play are the better approaches.

Dezenhall, CEO of Dezenhall Resources, a high-stakes communications firm, and Weber, president and second partner at the organization, offer advice from an insider's viewpoint, providing informative case histories to illustrate their theories. A company under attack after a financial scandal or product recall stands to face the wrath of lawyers, shareholders, the news media, activist groups, government regulators, and, most importantly, its customers. Consultants and crisis management experts are often engaged at this point to 'make the bad news go away,' they note. Unfortunately, company executives generally spend more time studying the matter, and top-level management may not buy-in to the crisis plan. Without an active commitment on the part of the company and its key players, crisis management efforts are doomed to fail.

Modern crisis management, say the authors, is not about 'good communications,' as was traditionally thought by many PR experts. Instead, a more political approach is needed, note Dezenhall and Weber. This approach 'assumes the threat of motivated adversaries.' The book goes on to note, 'That opposing team consists of competitors, plaintiffs' lawyers, the news media, politicians and regulators, short-sellers, multimillion dollar nongovernmental organizations (NGOs), corporate stalkers, whistleblowers, and bloggers.' The vast universe of adversaries doesn't necessarily care about the company acting responsibly, the authors add. It's all about competition, profit motivation, and defeating the organization in trouble.

Playing the Odds

Consumer product companies may always run the risk of tampering, such as was the case with Tylenol in the early 1980s. While tamper-proof packaging can limit some exposure, the authors also point out that the majority of tampering reports remain mere rumors. They term this 'sabotage gossip,' and add that good crisis managers advise companies to use 'educated intelligence' and the odds to respond appropriately. This may sound ugly to understand that company execs may be playing the odds game with consumers, but when the authors explain that many of these reports are usually just mere rumor, the reader begins to understand the logic. The book states, 'If every company recalled its products based on adverse event rumors, there would be no economy for consumer goods.'

They even bring up the efforts of malicious forces and how a motivated party can cause a negative media frenzy. Case in point-the finger in the Wendy's chili news story. The fast food chain faced a plethora of criticism, note the authors, when the news broke of a 39-year-old woman named Anna Ayala finding a human digit in her container of chili. Despite the skepticism by Wendy's executives of her claim, the media flashed the gruesome story across the papers, the Internet, and TV. However, the authors note that the fast food chain quickly mounted an effective crisis effort, in concert with the police and health authorities, thoroughly investigating the incident. The efforts led to the discovery that Ayala had placed the finger there, after getting it from some associate working at a hospital, in the hope that she would garner legal damages from the chain.

The authors spend some time defining the many other scenarios that can lead to crisis situations for highly visible or well-known companies. Here, the pair identifies the potential crisis situations facing large companies, from a failure to adequately protect intellectual property or deal with the threat of online pundits as they post complaints on blogs or MySpace accounts. They also note brand targeting, as consumer groups, environmental concerns, and a variety of what they term as 'anti-corporate campaigners' look to identify a company with a particular controversy. In other words, it's a vast universe of forces at work and against a company.

Surviving the Controversy

Dezenhall and Weber mention the many controversies already out there-from outsourcing of jobs overseas and the related attacks on Nike to the concerns over global warming and the protests against ExxonMobil. Of course, this level of protest and corporate distrust wasn't the case a few short decades before. But, the authors make it clear that industry behemoths can no longer assume their positions of authority without expecting a serious challenge or two. They need to cull the resources of top executives and managers, along with crisis consultants, lawyers, and even technical experts (depending on the situation).

The survivors are the companies best able to be flexible and to question the 'conventional PR wisdom.' This requires strong leaders to make critical decisions. In crisis situations, the best leaders, argue the authors, are those individuals who can commit the resources to resolve the problem, and those who are realistic about the situation getting much worse before it can get better. The book wisely points out that we've moved away from 'lionizing messianic CEOs' and that the public is now used to the corporate scandals. This change in the old business paradigm-how individuals now look at household name companies and its top leaders-may just be the most interesting aspect of this book. They conclude, 'In a crisis, an understanding of the prevailing culture, context, and societal expectations can determine success or failure.'

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