



Seven warning signs a crisis is imminent:

A crisis is any internal or external event that causes an interruption of normal business operations *and* threatens your organization's reputation. Your only goal: end the crisis as quickly as possible and return to business as usual.

Here are seven warning signs a crisis may be looming.

- 1. Matters that attract unwanted media attention or give rise to a dramatically increased level of commentary on the web.
- 2. Incidents that involve serious personal injury, death or jeopardize public safety.
- 3. Activities that may cause law enforcement and/or regulatory involvement.
- 4. Matters that result in significant work stoppages or production delays.
- 5. Behavior by managers or employees that reflects badly on your company's reputation.
- 6. Actions by competitors or others including rumors that threaten financial performance or customer or investor confidence.
- 7. Be especially alert to "smoldering crises," such as drops in stock value or sales, an employee exodus, pending lawsuits or government investigations.

Smoldering crises are often self-inflicted. For example, consolidations and restructurings with subsequent layoffs and facility closures are potentially volatile situations that should be properly anticipated. The most damage to your reputation can stem not from the event, but from management's failure to plan accordingly.

Heed these warnings, and ask yourself: Is there a good chance this situation will escalate if left unattended?





Guiding principles for crisis communications:

that would otherwise be filled with rumor and speculation. If you want people to hear your side of the story, level with them. Facts are specific. Platitudes are ignored.
Know how to present your facts clearly and quickly – fewer than 20 seconds.
Get all the bad news out at once on a carefully planned basis. Covering up bad news never helps in the long run. People can take bad news, and they respond to it far more positively than they do to uncertainty, unanswered questions, and shifty responses.
Avoid all speculation and premature announcement.
Before you spend time thinking about answers, figure out what you will be asked. Know what your audience wants and expects. Rehearse possible questions ahead of time. Knowing your messages and how to use them is the key to communicating well.
Never lie. People only support organizations they trust. Tell the truth. Even if it hurts. Candor receives more positive attention than "no comment" and defuses hostility.
"No comment" is not an option. Remaining silent means you agree with your critics, which often equals "Guilty as charged".
Follow a "full disclosure" principle. Give all known information that has been factually established except for admission of fault.
Communicate frequently, as often as possible, whenever new information is ready to deliver.
Manage emotions. Be calm. Keep your tone down and don't be combative if questions turn hostile. If a questioner attacks your information or your credibility, hold your ground. Repeat your key message points, and don't go on the defensive.
Correct any false statements immediately. Object to invalid statements or misleading characterizations.
Assume everything is "on the record." Deliver your message with the facts, make your point and stop. Don't speculate.
Be human. Demonstrate compassion.
Admit mistakes. Do so with honesty and humility. You can defuse a hostile situation by exposing your humanness.





Reputation management infographic:



Value of corporate reputations of the S&P 500—more than 20% of the gross market capitalization.¹

595%



of Walt Disney Corp.'s market value stems from its corporate reputation.'

chance in any 5-year window that there will be a month when a company loses 20% of its value.²

SEVENTY-SIX

percent of people are unlikely to accept a job offer from a company with a bad reputation —even if they were unemployed.³ \$180 MILLION

United Airlines share value decline after damaging a guitar, refusing to replace the instrument and having the musician's "United Breaks Guitars" YouTube song viewed 19 million times.⁴

of companies see a direct link from their reputation to customer loyalty, revenue and market share.5

FIFTEEN

PERCENT

Average **drop** in a company's value the year following a reputational incident where it was slow, failed to communicate, issued inadequate responses, refused to take responsibility or attempted to shift blame.⁶

of marketing executives said their company does not have a

21%

Amount a company's value increased in the year after a reputational incident that was handled with prompt disclosure, transparency, honesty, the company taking responsibility for its actions and changing its behavior.6

The 2017 U.S. Reputation Dividend Report

²Oxford Metrica 2012 Reputation Review

3Corporate Responsibility Magazine

Times of London

Reputation Institute's 2013 Global RepTrak** 100

Oxford Metrica 2011 Reputation Review

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** About Mower

We work as a single firm with offices in ten top cities. That way we can collaborate to match our projects based on our people's passions, not place.

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