

# PR AGENCY CEO PRESENTS CRISIS PR PREPAREDNESS AND RESPONSE WHEN THE WORST HAPPENS

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5W PUBLIC RELATIONS AGENCY

August 2016

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White paper **Crisis PR Preparedness  
And Response When  
The Worst Happens**

The internet is both a gift and a liability. Individuals, corporations and government entities have largely benefited from the increased reach and engagement that the internet provides to brands. However, increased online brand exposure contains risk, as errors are more visible and harder to erase than in the previous print media environment. One bad Yelp review, unflattering safety report or simply an association with a tarnished search term can result in a far-reaching negative brand perception.

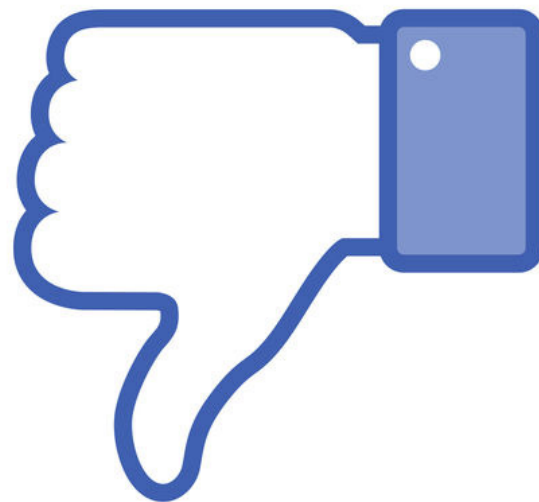
Especially on social media platforms, individuals are quick to scrutinize words and express their opinions. Tech-savvy risk-averse managers are pushing for crisis preparedness strategies in order to avoid panicking in the off-chance that a crisis occurs. These managers understand that crises can arise from unexpected domains despite good intentions and practices. We at 5W are strong proponents of preparedness and would like to share with you a few scenarios to avoid.

**ACCIDENTAL OR INAPPROPRIATE  
POSTINGS ON CORPORATE  
SOCIAL MEDIA ACCOUNTS**

Social media platforms are designed to be user-friendly and deliver content immediately. In a fast-paced work environment, employees may find that they have inadvertently or incorrectly posted something inappropriate or brand-damaging to a company account. Depending on how this is handled, such a crisis could destroy a company's reputation, or in rare cases of exemplary crisis management, enhance it.

A US Airways employee famously made such a mistake on Twitter, by accidentally sharing a pornographic image while trying to report it as inappropriate. US Airways had a plan and utilized it calmly, by immediately deleting the tweet, apologizing and investigating the issue. Upon discovering the honest error, US Airways was applauded for not firing the employee. This strategically implemented plan is one of few, as most companies are quick to blame the employee to detract attention from the corporate brand and publicly terminate their employment.

Preventive measures should be in place to ensure that such crises don't happen. However, human error is inevitable and should be understood as such. As exemplified in US Airways' response, the best way to handle these crises is to be prepared, calmly investigate the error, respond appropriately and issue a transparent and complete apology.



### HACKING

Investing in online security is crucial to any crisis preparedness plan. It can be hard to predict what hackers will go after, especially since their exploits are not always financially motivated. Social media passwords, photographs, customer information, medical records or even tax details can be targets. And never underestimate hackers! Even the best technology will not deter them from trying; which is why having both preventive and reactive measures in place is highly recommended.

Depending on the goal of the digital intruder, being hacked can be disastrous, particularly without a plan in place. When Ashley Madison, a website that organizes extra-marital affairs, was hacked and client's names publicly revealed, the site lost the trust of its customers. The public shame of being exposed in the leak effectively destroyed Ashley Madison's business. The hackers involved in the attack had previously expressed their displeasure with the company's primary business of coordinating cheating and had warned that if changes were not made, private information would be released. Ashley Madison did not appropriately secure sensitive information and failed to improve when threatened, showcasing an infrastructure ill-equipped to handle such a scandal. An external consultant with a clearer frame of mind would have been able to help had the organization been open to it after the initial threat.

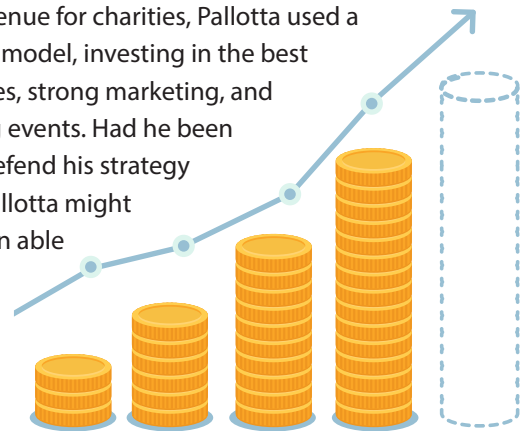
### POOR OVERHEAD MANAGEMENT

Managing overhead is hard, especially with constantly improving technology, increasing office rents and utilities. Without overhead, work can't be done, and yet there is constant pressure to reduce overhead. The brainteaser here, to raise revenue and

be more effective while lowering costs, is a point of widespread frustration on income statements and often leads to tension between employees and investors.

In the non-profit world, overhead is an even bigger concern because donors expect the organization to spend close to 100% of donations on the cause itself. For many organizations, investing more on overhead allows the funds donated to have a greater effect. Focusing on research and finding devoted employees should not be seen as a waste, but it often is, since income statements show accounting details, not explanations.

In 2013, Dan Pallotta gave an impassioned Ted Talk about the failure of his non-profits, AIDS Rides bicycle journeys and Breast Cancer 3-Days. To manage these non-profits, Pallotta founded Pallotta TeamWorks, a large for-profit company that handled event-planning for charities. Pallotta TeamWorks was publicly lambasted for spending 40% of funds raised by the non-profits on overhead. The events themselves were largely successful, donating \$81 million after expenses. In his talk, Pallotta described his unique perspective on charity work that had led to his disrepute. In order to produce more revenue for charities, Pallotta used a for-profit model, investing in the best employees, strong marketing, and engaging events. Had he been able to defend his strategy earlier, Pallotta might have been able to retain



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sponsors and avoid shutting down all operations.

## FOOD QUALITY ISSUES

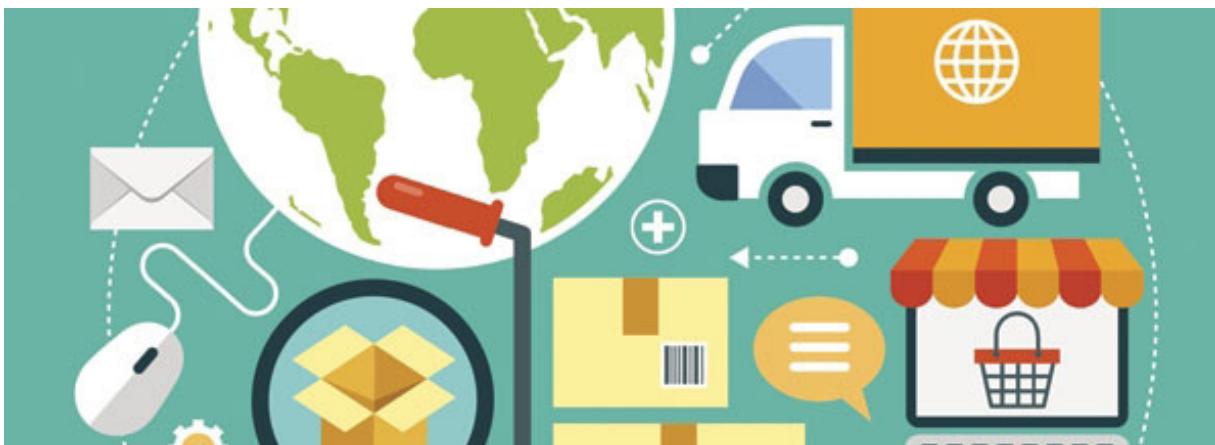
Recently, many food chains have faced PR crises when the quality of their food supplies has been called into question. Chipotle Mexican Grill's stock dropped in March of 2016 after a string of health violations and virus outbreaks. Chipotle was able to absorb the cost of shutting down and cleaning all of the involved restaurants, but is still working on regaining the trust of many customers by offering free meals and tinkering with their supply chain. In the latest report by the American Customer Satisfaction Index (ACSI), Chipotle's rating dropped 6%, with much of the change attributed to food quality concerns. Chipotle has an uphill battle ahead and we are eager to see what strategies they implement moving forward.

## SUPPLY CHAIN CORRUPTION

Related to the above scenario, the supply chain can also be a source of product issues and large companies are expected to maintain ethical and cost-effective production measures from across the world.

The customer only sees the business at the top of the chain, so the brand is often blamed for all flaws. To this effect Primark, a massive fast-fashion department store with famously low prices, faced scrutiny in 2014 when multiple customers in the UK found help letters sewn into their clothing by foreign workers and inmates, claiming to be working under slave-like conditions. The scandal came only a year after a factory collapse in Bangladesh producing clothing for Primark killed 1,100 workers and injured 2,500. The factory was in very poor condition and had evidently not been properly inspected or maintained.

Primark has been on a carefully constructed PR campaign since, paying compensation for the victims of the factory collapse, adding more comprehensive factory inspections, signing up for the Sustainable Apparel Coalition and adding a section on their website showcasing their newly transparent supply chain and ethical initiatives. Since the back-to-back scandals, Primark has shown a vastly improved public relations strategy and is now expanding outside of Europe.



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## DISASTER

There is a time for marketing and a time to hold back. In the aftermath of a disaster or tragedy, no matter the cause, a mourning period should be respected. Analysis, words of advice and instituting a project or product that can prevent future tragedies should only be introduced after. Companies that get over-zealous and plug their brand before the larger community has processed the losses will be perceived negatively. For example, Kmart responded to the shootings in Newtown by tweeting a message of prayer and well wishes, then added a hashtag for their product Fab15Toys. Needless to say, the attention Kmart generated was not positive and regaining business in Newtown will be a long struggle.

If the tragedy or victims were associated with a company, the need to respond quickly is imperative. The most common response to a faulty product is a recall or refund issued to all affected customers. After a toddler died in a car fire because her seat buckle stuck, Graco Children's Products was faced with a federal safety investigation and under pressure, recalled almost 4 million car seats. The recall statement issued by Graco acknowledged the potentially fatal flaw in buckle design while also blaming food and liquids for making the buckle sticky. That it took significant pressure and an infant's tragic death for Graco to respond did not bode well for the brand in the eyes of concerned parents.

For transportation service companies, the response should be appropriately tailored. Airlines, oil rigs, train services and bus systems should have a plan in place regardless of safety records. When providing such a service, there is always risk. In addition to preventive and safety measures such as inspections, drug testing, employee training and exhaustive product

testing, companies should have a comprehensive plan for a company response and rebuilding stage. There is an appropriate way to break terrible news to the public, after family and friends have been informed, and the company must be united in this strategy.

## INSENSITIVITY

When planning a PR campaign, it's best to have a few eyes on the messaging in order to avoid publishing someone's lapse in judgment. Every once in a while, a campaign slips through the cracks and is released to the glee of internet trolls, who ensure that the campaign can never be erased. Subsequent messaging has to be meticulously prepared and disseminated, in order to absolve the company of any labels related to bias or insensitivity with which they may have become associated. An example of such an error can be seen in the beauty brand Seoul Secret's campaign bearing the slogan of "White makes you win" and flaunting a skin-lightening pill. The explicit racism and black face shown in the accompanying advertisement ensured the campaign's failure and the company was forced to backtrack and profusely apologize. Their assertion that the company had no intention of conveying a racist message was also not well-received. In less extreme cases, messaging may truly seem benign to employees, but could still be offensive to consumers. In all cases, the company needs to apologize promptly and appropriately, taking responsibility and pledging to be more sensitive in the future. Showing an internal shift or initiative to improve sensitivity and discuss the offensive message would be beneficial as well.

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*Not all crises are the same, so they should not be treated the same. For preventive purposes, here are your action items...*

- Pinpoint potential vulnerabilities and create measures to protect against crises.
- Develop contingency plans to handle crises.
- Ensure that your plan is documented and accessible to relevant employees, so they can follow prescribed procedures.
- Assign and train a team to respond to crises.
- Set up alerts on search engines, so you can get an immediate notification of negative press and react quickly.
- Build up a positive and strong brand perception so that in the event of disaster, you can refer to your stellar history.
- Set alerts on social media accounts and search engines. Be vigilant and respond quickly and honestly to customer concerns.
- Create template press releases and responses that can be used if necessary. Avoid using the same exact wording twice, but use the templates as a generic guide to be modified to fit the situation.
- Create a fund for emergencies so that you can avoid budget concerns in the immediate aftermath of an issue.
- Build a list of organizations and people who can

provide help and resources when the crisis hits.

- Build ties with the community or customer base to generate longstanding goodwill and trust.

As technology continues to change, the list of potential avenues for crises expands. The basic principles of public relations and marketing remain the same- remember that your customers are human. React to professional crises as you would to a personal one; be compassionate, prepared as transparent as possible, and if need be, apologetic. Think about what it would take for someone to regain your trust and apply that line of thinking to your brand. Human nature is forgiving, but trust takes work and maintenance.

As always, we welcome your feedback and would love to hear from you!

