Crisis Communication as Effective Tool of Change Management

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Abstract: Crises include downsizing, corporate lawsuits, negative media coverage, government probes, quality problems, product recalls, boycotts and strikes, or even the unexpected change/death of a senior executive, etc. This article examined communication challenges during the response stage of crisis management. Response is perhaps the most critical of the three stages (prevention, response and recovery) indentified in crisis research literature. The paper analyses Crisis Counselor Mindset Model developed by J Caponigro as an effective tool for crisis communication management.

Keywords: crisis management; Crisis Counselor Mindset Model; crisis communication guidelines

1 Introduction


All of these businesses have one thing common in their operations: they face problems every day. Many of these problems can be managed quickly and dissolve. Others fizzle out on their own. And many others erupt into crisis situations that needlessly damage corporate reputations and executives’ careers, also bring the need of a changing management strategy on the corporate level. Today a company acts before large audiences which make judgements based on their perceptions of the unfolding drama. Unless the company’s performance is visually clear and responsive, spectators will listen to critics. That’s why a staging strategy plays a critical role in a company’s crisis response.

There is also an evidence, that crisis situations have to be taken most seriously in order to manage lives, companies, industries, etc. Almost every crisis contains within itself the roots of success and failure at the same time. Finding and effectively using these potential success factors is the essence of crisis
management. On the other hand, the mismanagement of a crisis is the propensity to take a bad situation and make it even worse.

2 Defining Crisis and Crisis Management

A crisis can be defined as an incident or event with consequences, which pose a significant threat to the strategic objectives of an organization. These include downsizing, corporate lawsuits, negative media coverage, government probes, quality problems, product recalls, boycotts and strikes, or even the unexpected change/death of a senior executive, etc. All types of businesses need to be aware of ways to prevent crises from occurring and how to manage them before they would really hurt further activity.

From a different point of view it can be stated that organizational crises are events characterized by high consequence, low probability, ambiguity, and decision-making time pressure (Pearson & Clair, 1998). Research during the past two decades has focused significant attention on how companies handle such events. Crisis management consists of three distinct phases: crisis prevention, crisis response, and recovery from the crisis (Hale, Dulek, & Hale, 2005). It is worthy to notice that a wide analysis of crisis definitions is available in Duke and Masland (2002).

Managers often talk about “crisis communication” as one of the major tool of crisis marketing. Generally, it is difficult to create an effective crisis plan which would include guidelines for identifying vulnerabilities in an organization, preventing crisis from occurring, planning for crisis, recognizing the point where a crisis would start, communicating with employees, customers, news media, and other important publics, evaluating the crisis work and be able to adjust that when it is necessary, trying to avoid future crisis, being open minded, trying to learn from mistakes, beginning the process again with identifying any new vulnerabilities and mistakes.

In this sense, generally, crisis management can be very helpful in a company’s life. It is the function that helps to minimize the potential damage of a crisis to a business, and helps to gain control over such a situation. Crisis management works to minimize the damage to a company’s reputation and, at the same time, it tries to take advantage of any benefits that can be obtained from a crisis.
3 Problems to Solve

There are certain commonalties which may hurt a business, and they should be taken into consideration at corporate levels in order to find effective solutions for the changing environment; most common problems can be found below as follows:

1. Downsizing: nearly every layoff escalates employee anxieties. Usually it leads to the problem that the company loosens employee loyalty. In many cases people feel the fear of losing their jobs, therefore, their negative feelings come out. Naturally, it is reasonable on their part, as they become uncertain about their future.

2. Financial results are below the expectations: companies suffer crisis when they fail to meet financial expectations of their owners, shareholders, employees, market analysts, or the media. It is a very sensitive point, especially if we speak about a risky business environment, such as the airline industry. If the company faces such a problem, it usually has to pay with a breach of trust. Moreover, when mistrust escalates, the situation turns into a crisis, so the market value of the company drops, management changes occur, and the company works very hard to gain back its previous position.

3. Poor employee morale: this can hit every business. Poor morale can happen when employees feel overworked or mistreated; workers can feel that they are not well paid or appreciated. It is usually the result of continuous miscommunication, or even worse, the absolute lack of communication. In such a situation it is really difficult to work effectively, therefore, it can hurt productivity, profitability, and even workplace safety.

4. Corporate lawsuits: every business, especially an airline company can be susceptible to a lawsuit. In the most general cases, a firm can be sued by former workers, customers, competitors, investors, etc. These are uncomfortable for a company, and highlight bad things within the organization.

5. Discrimination/harassment claims: this includes discrimination against sex, race, age, appearance, religion, sexual preference, and many other things. Failure to manage or to prevent these situations may result in major crisis from which it can take years to recover.

6. A mistake in technology: nowadays, it is a common problem as viruses or incorrect data from the computer can mass up the daily operation of a firm. Increased vulnerability for most businesses exists as technology expands and organizations of all sizes take advantage of and rely on it.

7. Quality problems: these could be simple problems with the company’s products or services that place the given firm in a negative light, but that can
be fixed or repaired. This may end up in recalling a product or kill a certain brand.

8 On-the-job accidents: these can happen at manufacturing departments and are difficult to handle. Such a crisis and the recovering process may take a long time for the business and for the individual as well.

9 Changes in the management: this can cause misunderstandings and confusion of power. It can be unclear for the employees where to belong, how the power is distributed within the firm, or among the departments.

10 Loss of a major customer account: this type of crisis can happen when other customers, media, vendors, employees begin to question the company’s credibility. It can lead to the situation that certain major customers leave the company. It creates bad image, and it may end up in a situation that other customers will also leave the given firm.

11 Government probes/fines: the government can conduct such an investigation that ends up in a scandal about the firm. This may hurt a company a lot because it brings negative attention to the company.

12 Natural catastrophes: this can be a flood, an earthquake, even a lightning strike; this may force a company to close down its activity for a given time. Therefore, usually it also means that the company’s financial position will be hurt. It is important to be able to make fast adjustments in order to give a solution in these kind of cases.

13 Boycotts, strikes: these activities happen when a group of people think something differently within an organization, so they want to force the leadership somehow to understand them. It is radical however it also brings up negative image.

14 The corporation is a takeover target: a publicly held company can be forced to take part in an unwanted merger or acquisition that can escalate an environment when there is an opposition between the owners and the management. This can cause major misunderstandings that cause chaos. Such a misunderstanding leads to a real crisis, and usually new ownership as well.

15 Negative media coverage: this is also a very sensitive area: a negative story about a company can seriously damage its corporate image, public relations and the whole company. In many cases, such a coverage holds unreal information, therefore it is always important not to give out unnecessary or partially true data about the firm.
4 The Crisis Counselor Mindset Model

One of the most illustrative model of crisis management is the “Crisis Counselor Mindset” within the company. This would take care of all the important factors that affect a business, helps to understand the roots of crisis management. It is a series of activities and management steps to help prevent, manage, and thrive on business crises. This type of thinking includes the identification and assessment of vulnerabilities in the organization, the prevention of a crisis from occurring, advisedly planning for a crisis, the crisis itself, communicating during and after the crisis, monitoring, evaluating, and making adjustments.

Source: Caponigro, 2000 p. 17

Figure 1
The Crisis Counselor MindSet

Identifying and assessing vulnerabilities within an organization is one of the most difficult things to complete. Prior to a crisis situation, there are certain warnings and signs for its happening. However, to see all these and to see the connection
among them from inside the organization is extremely demanding. Therefore, a certain “self-searching system” should be developed which helps the management to pinpoint the weak points of their organization.

_Preventing vulnerabilities_ from erupting into crisis is one of the key factors of a successful business. A company should make sure that negative things and images connected to the company wouldn’t hurt the company too deeply. In other words, this prevention is about the smooth handling of negative vulnerabilities. Thus, steps have to be taken decisively so that the operation is kept under full control.

_Planning for a potential crisis_ is the basic element of the “Crisis Counselor Mindset”. A successful business has to know and understand that, one day, every business experiences a crisis and its potential damaging effect must be recognised. If a company invests its time, budget, personnel to plan for such an occasion in advance, they can prevent the company from a major negative fallout, which would be the result of a poorly-managed crisis. The best case is when the given firm sets-up worst-case scenarios, and conducts as much planning and preparation as possible.

_Identifying a crisis situation and determining actions_ that should be taken is the first step in solving a given problem. This should be precisely formulated and outlined in order to come out of the given situation in tact. The crisis has to be identified fast and the decisions and actions connected to the problem must flow smoothly on after the other. First, the problem needs to be fixed then the crisis can be managed through effective communication — a key factor in the continuous problem solving process.

_Effective communication during a crisis_ is extremely important. Once a business begins addressing its crisis, the next step would be to determine at what level the company should be communicating with its employees, customers, regulators, shareholders, news media, and other important publics. Failure to communicate to the extent expected and desired by the various publics almost always leads to problems, often long-term problems for a business. The last basic step is to _monitor and evaluate the crisis_ and always make adjustments in time, if needed. In the often manifold decision making process, it is difficult to know whether one makes a good decision or not. Recognizing good options and monitoring them from time to time can be valuable for the company. It might be important to adjust the messages that are communicated, the publics that are addressed, and the manner that one uses in the communication. These may seem to be small changes. However, they can improve the situation a lot.

Of course, in the middle of the whole process there is _the business insulation_ through activities, which would improve the organization’s reputation and credibility, overall. During a crisis, the reputation of a given firm is hurt to a great extent, so a firm should work hard on this key point: throughout the year, to build its reputation, to gain respect, confidence and trust from the key publics —
employees, customers, vendors, regulators, politicians, community leaders, news media, and others. This helps to develop and keep a friendly environment within the organization.

5 On Crisis Communication’s Importance

Crisis communication, which is one of the main tools of crisis marketing, is essential in crisis management. As well as being a key to gaining people’s involvement, communication is a basic element of all the above change activities. In terms of involvement, the establishment of a regular and effective communications process can significantly reduce people’s levels of uncertainty. In turn, this eliminates one of the major obstacles to people’s willingness to get involved in the change process, which can be crucial within the affected company. The purpose of communication is not just to inform staff that change is being considered, but by drawing them into the discussions and debates about the need for and form of the change, and allowing them the freedom to discuss the issues involved openly, to get them convince themselves of the need for change.

Communication should be a regular rather than a one-off exercise. Nor should it be developed through one or two channels, such as newsletters or website. As mentioned above when discussing the need to make people aware of the need for change, organisations have a wide range of formal and informal channels for communication. They should use all of them with definite consciousness. The strategic decision on ways to communicate during and after a negative event is one of the most important decisions that a company can do to manage a crisis. Setting up and agreeing upon a strategy for communications can make the difference between a crisis that is forgotten in a few days and one that lingers around to haunt an organization for years.

6 Steps of Handling a Crisis

There are certain general steps that should be taken into consideration when a company handles a crisis; these are as follows:

- Identify all the various publics who may be affected by or expected to be informed about the crisis. The company should communicate differently with respect to the different publics. It should decide what message should be communicated to each particular public concerned. Moreover, it should also determine the precise way in which the public at hand can be reached. Setting
priorities is also important in a crisis. In such a negative situation, it must be made clear as to which public is more crucial than another.

- Prove that problems are identified and that something is being or has already been done about them. The employees, customers, and other publics will be extremely frustrated if they don’t feel that the company takes the problem as seriously as they do. Therefore, they can often keep calling on the given firm until they are convinced that the problem is recognized as it should be.

- Communicate a small number of core messages to the appropriate publics. Fight the temptation to speculate on anything. It is much better to explain why only few points are confirmed than to postulate on others and seriously damage the credibility of the company, if they happen to be proven mistaken in the future. The information that can be communicated with certainty should be stated confidently and effectively.

- Identify the company’s spokesperson who will be the official speaker on behalf of the company. It is convenient that the company appoint a specific person who is authorized to inform the various partners about the organization’s official position on the situation. He/She should be well trained to know what, how and when to say and also to address the questions and issues that are likely to arise.

- Determine the specific communications tactics to use. The firm should be apt to determine the best ways to carry on a relationship with the publics. Tactics could include personal and group meetings, letters and memos, phone calls, E-mail messages, newsletters, flyers, brochures, and newspaper ads.

- Make decisions on when the implementation should begin. Evaluate all the options, settle on a plan and decide when to begin implementation of the communications activities. Make decisions quickly, however, not before the basic precautions are carried out.

- Don’t distort the truth about anything. In addition to avoiding speculation, the company concerned should always avoid being dishonest. This is the worst mistake any business can make while trying to protect its reputation during a crisis. Getting caught in a lie is one of the worst and most damaging things among mistakes in business conduct.

- Don’t comment on hypothetical situations. Members of the news and the other media often ask hypothetical questions. It is better to try and avoid answering them. Such questions are always about uncertainty and about events that have not taken place. One cannot declare what the company would do in the future, in such and such a situation.

- Convey a strong sense that the company will be accessible and communicative. If the publics feel the openness of the business they will put much more trust in it. In a crisis situation, it is very important to explain what
can or cannot be communicated at the present time and convey a strong sense of honesty, openness and accessibility. This is among the most important factors in effectively managing a crisis.

- Be decisive. A crisis forces a business and its senior management to be quick on their feet and fast in making informed decisions. It is very important in the early stages of a crisis to prove the company’s competence and control over the problem.

- Keep yourself cool. Don’t become upset at anyone or give the impression of panicking. It is much more valuable to convey a sense that the situation is being managed effectively, and it couldn’t consume the whole organization.

- Avoid saying “no comment” to the news media or anyone else. Several ways exists to say basically nothing but to still convey a sense of control and accessibility, honesty, and credibility. Saying no comment reflects that the given company is amateur in handling crises and it also shows that they have never actually managed one.

- Communicate all the bad news at one time. It is more effective to communicate the problems together than allowing the business to rupture each time bad news is communicated or speculated.

- Include ways to obtain feedback and input from the publics. Simply providing information isn’t sufficient. It is also valuable to allow for feedback, suggestions and ideas from the employees, customers, vendors, and other publics. If the damaged company fails to build up a two-way-communication channel, it can lead them to a disconnection in the relationship.

- Document the records. Make sure that the company document the phone calls, important meetings, and communications conducted during a crisis. It is important to keep all the information in a systematic order during a panic or chaos; just to know where to find something, if that is needed.

- Monitor and evaluate the situation. How are the communications being received? What messages are getting across? What type of questions are we receiving? The answers to these questions will help to determine the necessary adjustments that the company should plan in order to have an effective communication (Caponigro, 2000).

- Don’t stop communicating. Many businesses make this mistake. They communicate the problems during the first 24 to 48 hours and after that they feel that their publics don’t need any further information. Although it may be unnecessary to continue communications on the crisis itself, it is almost always a mistake to stop communicating with the affected publics; the crisis may be an excuse for being in close contact with them, however, it is much better to continue the momentum, and look for ways to further enhance the relationships.
One can ask why it is important to focus on communication at all. Reputation takes years to establish. However, a negative event can destroy all the values in a short instance. Thus, the preparation time is of great value in a company’s life. It is much better to know what those clear steps are which should be taken in a crisis. Bad things can happen to good companies, too. It is a misinterpretation that crisis happens only with the others, but not “with us”. It can happen with anybody, anywhere. During the lifecycle of an active company it is normal to have a crisis at least once therefore it is crucial that senior management realize this simple fact.

The world out there will be watching. Due to the fact that this industry is considered to be a very risky business, people are watching the news for mishaps and problems with any airline. It is a psychological phenomenon that people like to listen to negative information because it is as if they hear negativity they feel much more positively their lives. Moreover, any crisis poses a serious threat to the organization’s survival. However, this can be turned around. If a problem or a crisis is handled properly and communicated well, the company can come out positively from the situation. In many cases, it has been shown that a crisis indeed helped the company to solve problems and build a solid image in the long-run, both internally and externally. Therefore, the survival is much determined by the perceptions of key stakeholders. Perception will be determined largely by what these audiences see, read, and hear about the company’s response to the crisis through the media.

7 Summary of Communication Objectives

A crisis can be well controlled with the help of communication. It can influence people’s thoughts about the given crisis that hurts the business.

Establish the affected organisation as the most accurate and credible source of information. If the publics feel that the problems are well communicated and they also get more than enough information, they will feel positively about the company, they get the impression that the business cares about and focuses on relations.

Communications also discourages speculations. Logically, it comes from the previous statement: if key audiences get enough information about an accident, for instance, in most cases they don’t start to speculate simply because they don’t have time for it; they have to absorb and analyze the data–flow which takes time. Therefore, they tend not to speculate.

Communication helps the organisation to fully understand the crisis and influence subsequent coverage accordingly. It is a skill that is useful for clarifying all kinds of misunderstandings or difficulties, both internally and externally. Upon repeated
communication of a problem, the interpreter may familiarize him or herself with the content and thereby make the overall communication more effective and clear.

One of the most important objectives is to emerge from the crisis with the business’s reputation undamaged or even enhanced. Reputation is the most valuable asset of the company therefore it cannot afford to loose it. The company has to protect its name at all costs and must always take it into consideration, both in the short-, and the long-run. (Burnes, 2000)

References


