

InConsult Risk Day 2015– CRISIS COMMUNICATION
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If you google crisis communication, you're swamped with hits, there's no shortage of advice, plans, what to do and examples.

So, with all that help around, it does seem easy doesn't it?

And yet, I think we all know instinctively that crisis isn't easy. The very word implies something having gone wrong, a sense of panic about what to do, thoughts about the consequences, especially for us personally if we're in a position of responsibility – like, could I lose my job over this even if it's not my fault? Maybe we should have anticipated these events having happened.

These thoughts are actually ever present around the term crisis.

When I asked a colleague the other day about crisis communication, he said the hardest thing quite often is to have organisations understand that particular events are of crisis proportions because a natural response quite often is to play down an incident, hope that it might go away and that the best action is to lie low and wait till it blows over.

You know, that's often a tempting strategy but I've rarely seen it work.

But these two issues, should we just relax and rely on all the advice templates that are out there, or maybe just lie low till it goes away, the Linus and his blanket approach, set the theme of what I'd like to talk about today.

We'll start by having a look at a template and then, by considering few examples of crises from the real world in recent times, as well as some theory surrounding communication, we'll assess templates and see what directions we have ahead for crisis communication.

So let's begin by looking at a template. I'll play you a short video to give you the flavour.

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Now, as templates go, that's not a bad one. It meets the listicle demand of current journalism by having 10 points you need to know.

And they're not a bad 10 points, not too much you'd disagree with – like don't hide, be quick, think long term, remember your employees, journalists are there to gather the facts not be your friends, don't try to know everything, or over-react or try to create consensus, communicate with all your stakeholders and keep monitoring the media to prepare for future crisis eventualities.

Even though all this seems pretty good, and there's actually a few things missing, the problem with templates like this is that they create the idea that if you have a list like this, you can manage any crisis.

But I think we know that's a suspect proposition.

If there were a magic formula, we'd all know it, and yet we all appreciate that life isn't formulaic. When crisis happens, we need more than our crisis management manual and lists, as helpful as these things can often be.

Anyway, let's test out our template, and others like it, with some real world crises.

One to begin with is BP and its Gulf Oil crisis.

This happened in 2010 in the Gulf of Mexico when the BP owned Macondo prospect exploded and spilled oil into the ocean for 87 days, the worst oil spill in history, which claimed 11 lives and caused untold environmental damage. Cost to BP in 2013 was estimated at US\$42 billion, including US\$4.5 billion in fines, with an additional \$18.5 billion in fines levied just a few months ago.

Even though BP was contrite about what happened, I think most of us probably remember the attitude of the then BP managing director, Tony Hayward. Within three months of the crisis having started, he'd lost his job, principally because of his poor understanding of crisis communication.

In one interview, Hayward gave his most famous quote. He was being pressed about the oil spill and what was being done and said:

"The first thing to say is I'm sorry." He could have stopped there but he went on: "We're sorry for the massive disruption it's caused to people's lives. There's no one who wants this over more than I do. I would like my life back."

In a sense, you could understand how he felt, a crisis like that is all consuming. But the world, and particularly the American audience, was horrified.

There were also other quotes from Tony – like:

"The Gulf of Mexico is a very big ocean. The amount of volume of oil and dispersant we are putting into it is tiny in relation to the total water volume...The environmental impact of the spill will be very, very modest."

Unfortunately, this didn't turn out to be the case.

Also around this time, Tony took a weekend off and went sailing with his family in the UK – nothing wrong with that but it didn't look good when the media got a hold of footage during the crisis.

When it was all over, Tony said he might have done better if he had a degree in acting rather than engineering – perhaps a case of him not getting it after all.

An interesting sidelight to the reputational damage done to BP is that BP paid large sums to Google and Yahoo for the search term "oil spill", so that a search would take you to a page on BP's website with the tagline: "Learn more about how BP is helping."

Maybe we might just have a look at how a couple of Australian communication experts show how BP could have done things differently:

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Let's have a look at another recent crisis, that enveloping Volkswagen, a company with a reputation for trustworthiness and reliability, and its emissions crisis.

The scandal has been called the "diesel dupe". In September this year, the Environmental Protection Agency in the US found that many VW cars being sold in America had a "defeat device" - or software - in diesel engines that could detect when they were being tested, changing the performance accordingly to improve results. The German car giant has since admitted cheating emissions tests in the US, with this affecting around half a million vehicles and possibly another 10.5 million vehicles around the world.

The EPA has said that the engines had computer software that could sense test scenarios by monitoring speed, engine operation, air pressure and even the position of the steering wheel.

When the cars were operating under controlled laboratory conditions - which typically involve putting them on a stationary test rig - the device appears to have put the vehicle into a sort of safety mode in which the engine ran below normal power and performance. Once on the road, the engines switched out of this test mode.

The result? The engines emitted nitrogen oxide pollutants up to 40 times above what is allowed in the US.

The immediate problem here from a communications perspective is that the whole crisis is one of VW's making, since it was an internal issue, and it wasn't until the EPA made its investigation public that VW said something publicly about an issue it must have known was looming.

So first VW issued a statement and then a few days later it came out with a video of Martin Winterkorn, the then CEO, speaking in German, and beginning, Meine Damen und Herren, or ladies and gentlemen, the "irregularities" - now there's corporate speak for you - in our group's diesel engines go against everything we stand for.

We don't need more of this. Martin was serious and contrite but it was pre-recorded, not spontaneous and not in front of a live audience.

The US chief of VW came closer to an understanding. A few days after the scandal broke, VW launched its new 2016 Passat sedan in the US and at the launch event, the US CEO, Michael Horn, began with an apology, using blunt words and in front of a live audience. He said:

"Let's be clear about this, our company was dishonest with government regulators and with all of you. We have totally screwed up.

"We have to fix those cars and we have to prevent this from ever happening again. We have to make things right with everyone. We will do what we have to do and pay what we have to pay."

That payment is going to be serious \$ and the reputation damage is even greater. VW lost a third of its value on the stock market when the crisis became public and it has already set aside \$10 billion in its accounts to cover the crisis.

While both VW spokesmen have apologised though, one thing their statements have been short on is detail about what actually happened, and slow revelations keep crises in the news when most organisations are hoping they will go away. This only happens when companies make full disclosure about what's happened and what they're doing about it. For Australian VW owners, it

was two and a half weeks after the first public announcement that there was information here about what could be done.

A professor from the Melbourne Business School in writing about the VW crisis in the Sydney Morning Herald said:

“There is a marketing word for the kind of trouble VW is now in but I do not dare to write it in this fine publication”. You could probably imagine the word he means.

Amongst all the rule books out there on crisis communication is one quite sound fundamental which is that if you’re in a position of authority and have to speak about a crisis, then you don’t speculate on its causes, especially since in the early stages you don’t really have the information to go on.

An example of breaking this rule came earlier this month when a Russian Airbus 321 crashed in the Sinai Peninsula in Egypt on its way to St Petersburg. It was a terrible event, with all 224 passengers perishing in the crash, mostly Russians heading back home from a holiday in Sharm el-Sheik.

Within a short time of the event making the news, Islamic State went public and claimed responsibility for bringing the plane down. Almost as quickly, investigators and authorities said this was highly unlikely.

This is where the rule book was thrown out. Authorities usually only make statements they can be sure of and when there’s a few spokespersons, they usually say the same thing, that they’re investigating, they’ve been communicating with relatives and generally providing assurance they are doing their utmost to get to the bottom of what’s happened.

But within a short time, contradictory statements emerged. One Egyptian official said the plane had safely left Egyptian airspace, another said the plane’s pilot had reported problems and requested an emergency landing in Cairo and not long afterwards, this last statement was retracted without any information about how it had been invented.

Both the Egyptian and Russian authorities immediately ruled out any link to terrorism, despite the plane flying over a jihadi hot spot and the Russians being the latest bogeyman for Arab militants thanks to their bombing campaign in Syria.

As one Arab former pilot said in commenting on the crash, the only reason you rule out something before you have studied whether it is true or not is because you fear it is true.

The problem that’s been created is that concrete statements have been made on the basis of what everyone could see as little or no evidence, making it hard for authorities to be believed when they do have a definitive answer.

As the days have gone on and it became clear that security for passengers boarding the plane was very tight, the focus was put on baggage handlers and catering staff.

Just days ago, Islamic State issued a photo of a Schweppes soft drink can it said was used to make an improvised bomb that brought the plane down.

Egypt's interior minister in response has said there was "no information" about security lapses at the airport but a Russian investigator has said traces of foreign-made explosive had been found on fragments of the downed plane and on passengers' personal belongings.

For a change of mood, let's look at quite a different crisis.

The day before the Rugby World Cup final, a photographer from The Daily Mail turned up at a training run by the Wallabies at Twickenham and took some photos of papers in the hands of coach Michael Cheika and one of his assistants. This revealed various kick off plans, with the Daily Mail publishing an article and a blow up photo of the plans, helpfully interpreting for readers what notes from the plan meant.

Here's two examples:

One kick off plan was: get Kieran Read rattled, with the Daily Mail interpreting: Foley will aim for Read from the re-starts, with Wallaby kick-chasers ordered to get in his face when he catches.

Another plan excerpt: Keep Poey back but no Carter rage, with the Daily Mail interpreting: Rather than target Dan Carter at kick-off, David Pocock will hang back for the next phase of play.

Coach Cheika didn't want to comment before the game but after the final, journalists asked him if the leaked plan had played a role in defeat.

Cheika was probably furious about what had happened but with typical Cheika nonchalance, he didn't let on, brushed the question aside and said:

"What was in the tactics, it's no biggie. It's not like there were any super tactics or anything like that. It is a little bit disingenuous though, this happens when you open yourself up to the media and then someone focuses on that. But that's the way it goes. What do you do? There's nothing to cry about. I think I'll cancel my subscription to The Daily Mail, although I don't even know if I've got one."

The brush off with a bit of humour, not a bad way of deflecting tough questions.

For a diversion, let's look now at a couple of examples of crisis media interviews from the US, both about disasters and with one interviewee performing better than the other.

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I think you can see that the first video shows someone who's articulate but not really able to show emotion, while the other, although veering a little towards the PR side of things, at least gets across concern and an intent to fix things up.

An example closer to our local knowledge is that for Australia's biggest company, BHP, which has had a tough crisis unfold in recent weeks. Let me outline some of the facts and communications aspects.

Just before dusk on Thursday 5 November, there was a tailings dam burst in Brazil at a copper mine operated by Samarco, a company owned equally by BHP and Brazilian mining group, Vale.

Samarco's mines and dams are in the warm, lush hills of Brazil's "iron quadrangle". An area so steeped in mining history they named the local state Minas Gerais, which roughly translates to "General Mines".

For reasons that remain unclear, yet hotly debated, one of the three dams used by Samarco for storing wastes or tailings collapsed.

The three dams were designed to work in a tiered, co-ordinated way, and so when the water and banks of the highest-positioned Fundao dam began to slide, they pushed straight into the Santarem dam, which was also seriously affected.

With Samarco being pushed to raise production in recent years, the waste levels in the dams were high, to the extent that British company Dyrhoff had recently been hired to raise the height of the Santarem dam with an extra metre or so of rubber girding.

The failure of the two dams created an enormous, fast-flowing torrent of mud, water and rocks that flowed down the hill before smashing and smothering Bento Rodrigues; the small, nearby village created mainly to house Samarco workers.

Houses were destroyed or left with vehicles pushed onto their roofs, amid a scene of chaos and destruction. With nightfall imminent, rescue efforts and communication flows were hampered.

The death toll is currently 11 and 12 are still missing and the 600-plus people who lost their homes in the accident have been placed in hotels or bed and breakfast accommodation.

The dam failure unleashed the equivalent of 25,000 Olympic swimming pools of poisonous slurry, affecting a dozen villages on its 500 kilometre journey to the Atlantic Ocean.

Clean up and reparation costs have been estimated by a Brazilian investigator at between 3.5 and 5 million Australian dollars, with class action law suits to be on top of that. One Brazilian prosecutor has already pronounced that BHP and Vale had made a mistake in operation and shown negligence in monitoring.

But let's consider some aspects of communication.

When news broke, BHP at its Melbourne headquarters was immediately at work, gathering facts and preparing responses.

CEO Andrew Mckenzie had been in Sydney at a function and caught the earliest plane to Melbourne he could when he found out. When he joined the crisis team on Friday morning he went off script and said he wanted to do two things – he wanted to front a press conference that day to address the catastrophe and then he wanted to fly to Brazil.

There was some debate from his advisers about timing – the BHP annual meeting in Perth was only a bit over a week away and that needed preparation, given the fall in iron ore prices, not to mention the BHP share price. But Mckenzie was adamant.

Even though details were sketchy, a solemn Mckenzie spoke of "very tragic circumstances" and warned that the town of Bento Rodrigues had been devastated. He vowed BHP would provide its full and complete assistance. He said: "It's extremely important to me and everybody who works for BHP, and I believe our shareholders, that today we offer our deepest sympathies to the people of Minas Gerais."

Straight after the press conference, Mckenzie and iron ore boss Jimmy Wilson were on their way to Brazil and on Sunday the board of BHP issued its own release expressing sympathy and commitment.

From Dallas, Mckenzie and Wilson took a private jet to Brazil then a helicopter into the disaster zone and by Wednesday BHP and Vale were ready to give a joint press conference

BHP's swift, compassionate and public actions contrasted a little with those of Vale, which came under fire for publishing nothing but a five-sentence statement in the first four days of the disaster.

It was later revealed that Vale chief executive Murilo Ferreira had made an unpublicised visit to the affected site within 48 hours of the disaster, but by Wednesday the negative perception of Vale's behaviour was further entrenched when a company spokeswoman engaged in a clumsy email exchange with the Wall Street Journal.

"Vale is only a mere shareholder in Samarco, without any operational interference in the management of this company, whether directly or indirectly, closely or remotely", said the Vale spokeswoman, despite the presence of Vale representatives on the Samarco board.

"Vale really doesn't have any responsibility for the unfortunate and sad accident that occurred."

If you go to the BHP website, you'll see a vast amount of communication and evidence of BHP doing what it can on the ground, providing sustenance and alternative housing.

When Andrew Mckenzie fronted the BHP annual meeting last week, he got emotional in his speech when he had to talk about the disaster and the deaths that had occurred. Mckenzie wept. He wouldn't have had a note to self on his speech about how he should speak here. It was an emotion of almost Biblical proportions, Mckenzie wept.

But Andrew's no messiah. He might be heading up Australia's biggest company but in these circumstances, he's just an ordinary human being, showing genuine concern, and surely we can't expect much more from anyone in crisis communication.

I'm going to finish shortly to tie in these threads of rule books and examples but before that I want to refer briefly to a few instances of theory that are relevant here.

One is a psychological principle which is that in the absence of facts, people speculate.

Another is the work of American academic, William Benoit, who developed the theory of image restoration which is at the basis of crisis communication. When an organisation is responsible for a serious event, there are two fundamental assumptions in the theory – that is that communication is goal oriented and a key goal of communication is maintaining a favourable reputation.

This leads to five strategies organisations can pursue in dealing with crisis and restoring image – these are denial, evasion of responsibility or scapegoating, reducing or mitigating the offensiveness of what has taken place, taking corrective actions or apologising and seeking forgiveness.

From many case studies, Benoit found the dominant recommendation was for an organization to immediately admit fault or accept responsibility. Corrective actions should be taken and an

organization needs to publicise those actions. Mitigating the incident, provided it can be done credibly, is the most effective strategy. If an organization is confident of its innocence, denial can be an effective strategy. Image restoration theory is the dominant line of research generating these recommendations. The most common course of action when an organisation appears to be at fault is to combine apology, seeking forgiveness and implementing corrective action.

Just one more piece of theory for you – I'll briefly mention the work of French sociologist, Pierre Bourdieu.

Bourdieu's view of society is that organisations create and compete for capital in many forms, from economic to social and cultural. For Bourdieu, the competition for capital was a battlefield and the chief weapon was language, because it could increase understanding and create a more competitive position for attracting and creating capital.

Bourdieu argues that capital has three characteristics – it's scarce, in demand and creates differences. So, it's worth competing for, and if communication is your weapon, make sure it's sharp.

It's time to wrap up.

This talk is taking place in the context of considering risk. I think we'd all agree that you reduce risk by preparing for the eventuality of crisis but keep in mind, as the BHP example shows, actual events can't be predicted with certainty.

Similarly with rule books – they can help but don't get locked into them and be prepared to throw them away in the interests of acting quickly, genuinely and sincerely.

And finally, words count, not just what you say but how you say it.

If you think about these things, you'll have mastered the basics of communication in any crisis.