



TenStep Supplemental Paper

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Defusing Crisis

“Tim, I need to speak to you right away before we go into the meeting. The Chairman and the executive committee are meeting in the board room in another 15 minutes!” Terry, the VP-Corporate Communications, sounded tense over the intercom. Tim realized something critical must have happened for all the bigwigs to have such a hurried and unscheduled meeting. ‘And what does a public-relations man like me have to do with this?’ he wondered aloud.

Fifteen minutes later the suspense got unmasked for Tim, Manager (Public Relations) of an automobile manufacturing company. Over 300 clients filed complaints regarding faulty cabling work, which in odd cases resulted in engine fires. The Road Transport Authority was set to investigate. The problem: Four years ago the company adopted an inferior installation process for copper tubing.

“We need to inform the employees about the investigation, through personal mail and office bulletin boards, before they read it in the newspapers,” announced the chairman.

Tim suggested that the company newsletter discuss quality processes and reinforce the success of the new manufacturing process. Small group meetings with key executives were scheduled by the company.

As the investigation evolved and new information emerged, the company decided to keep employees informed about the situation.

This story is a classic example of effective crisis management!

What is crisis management?

It means planning to deal with crises effectively. Taken a step further, proactive crisis management means forecasting potential crises and chalking out a strategy.

In the face of the current crisis, it is necessary to identify the real nature of the problem, and then intervene to minimize damage and recover from the setback. A good strategy often includes strong focus on public relations to assure stakeholders that recovery is underway.

Why do crises arise?

Some are the legitimate result of uncontrollable factors. However, many crises occur due to organizational indecisiveness.

Crisis may also arise when there is organizational restructuring. On a smaller scale, crises arise due to communication problems. A secretary forgets to relay an important message to the manager from the customer, resulting in the loss of a large account. At times, colleagues “forget” to communicate with each other about major changes and this leads to mishaps within the company.

Principles of crisis management



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No excuse for inaction

The first thing that will happen in the face of crisis is chaos. It can be a great asset. Opportunities not recognized in an otherwise slow-moving organization are created as a result of chaos. The prevailing energy and enthusiasm can be fruitful to manage the crisis. The most important thing is that people are willing to suspend negativity and animosity to go beyond their limits and use creativity.

Crisis management through chaos requires three key ingredients

Future pull - Do not predict the future based on past behavior.

Creativity - Derive innovation from the interaction of order and disorder.

Connectivity - Healthy connections with the environment act as a catalyst for advancement.

Paradigm shifts and incremental change can be complementary

With the forces of future pull, the organization can move towards the new paradigm. Every vision-related enhancement contributes to shifting the corporate mindset, thus assisting in the cultural change.

Keep moving, yet remain flexible

During restructuring, even if team members are dispersed to different business units, they should keep meeting and addressing their mission while staying alert for new priorities.

Strong belief in goals

The goals reflect what is best for the business to help it stay on track even in the midst of chaos.

How to survive a crisis?

- **Establish goodwill with employees before a crisis occurs.** It is the most important factor in surviving a crisis. The level of goodwill earned with key publics before the crisis occurs will provide a strong base of support.
- **Plan for eventualities.** For instance, there may be an employee, either former or present, who has an axe to grind with the company. The chances are that he or she could create situations that can cause major crises. The organization needs to have a contingency plan in anticipation of any crises.
- **Open and honest communication.** Sweeping the problem under the rug is not going to be helpful. Being as transparent as possible about the crisis is the need of the hour.
- **Varied communication channels.** Written, oral, print, bulletin boards, telephone - all these are effective communication channels for information dissemination about the crisis.
- **Ask for help.** Informing the employees and asking them for help is healthy for crisis management. When the crisis is over, it is also equally important to acknowledge the team effort.



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Qualities essential during crisis

- **Coolness and composure.** A balanced state of mind helps during the times of crisis.
- **Factuality.** Gather facts about the situation before finding the solution.
- **Clarity.** Make clear and distinct decisions. Mention the scope, implications and reasons for the decisions made in no uncertain terms.
- **Prompt action.** There is a need to act immediately and come to a decision as quickly as possible.
- **Self-exemplary.** People above suspicion with a clean record, integrity and clear conscience are ideally suited for crisis management.