



Tony Hayward, BP's Chief Executive, speaks to reporters following the Deepwater Horizon oil spill in 2010

## How to avoid a PR disaster

As history attests, even the biggest multinationals aren't infallible when it comes to preserving reputation in the face of a crisis. QW speaks to PR expert **Sue Wolstenholme** on communication strategies, **Paul Simpson** on the role of the quality team, and **Gerald Ratner** on PR gaffes

# ANALYSIS

## CRISIS COMMUNICATIONS

### PR expert Sue Wolstenholme explains how organisations should really communicate when something goes wrong

Thousands of press releases are sent every day by businesses in the UK alone, but despite efforts to boost each brand, research carried out by Dr Dejan Vercic in 2000 showed that 'good news' stories have "little or no affect at all" on a company's reputation. On the other hand, when things go wrong, the entire reputation of the organisation is at stake. Many organisations feel misunderstood and under-appreciated; the problem lies with the fact that when good things happen, only a few people (usually those involved) take any notice, but when something goes wrong, the world and her dog pause on their way past to have a good look.

### A glass half-full

The Chinese have two words – 'wei jei' – that together mean 'crisis'. Separately, they translate as 'danger' and 'opportunity'. Too often we focus on the danger and ignore the most important part; the opportunity, which arises when we have our public's attention.

To respond effectively to a crisis, it helps if your organisation's relationships are strong beforehand. To foster the relationships necessary to build a foundation of good reputation, you should research your customers and communicate with them in their terms about their concerns, so that you matter to them.

You must also be sure to tell your own bad news as fully and factually as possible, to everyone who matters to you. If you leave it to someone else, your crisis can become their opportunity and you might never recover. Leaders must work to cultivate the relationships that they need to bring success. It's not easy to create the depth of trust that will make these relationships last.

Last year I worked with a college after its Head of Child Safeguarding was convicted on charges relating to paedophilia and subsequently resigned. When dealing with the communication strategy for this incident, the new principal, who hadn't been there when

Four Greenpeace activists wave torches in protest, on the platform of the Brent Spar oil rig in June 1995



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the arrest was made, was extremely good and keen to work to a plan.

Once the safety of all students who had come into contact with the Head of Child Safeguarding had been established, we set about listing everyone who should be told personally, and in which order they should be told. After meetings with staff, students, parents, MPs and employers, nobody betrayed the trust that the principal

had placed in them. The editor of the local paper also respected the information we conveyed through face-to-face meetings and honest, open communication.

When the story was published it was supportive and factual, and, as a result of this carefully planned approach by the college, a number of lasting relationships were forged.

### Owning your story

If Shell had bothered to tell the public about its reasons for sinking the Brent Spar oil rig in 1995, people might not have boycotted them for months or firebombed their petrol stations, as some did in Germany. Instead, Shell left it to Greenpeace to tell us.

The advice from Greenpeace was to protest. However, despite Greenpeace getting the facts wrong (they claimed that the sludge in the rig contained high levels of dangerous toxins, which was disproved by Norwegian scientists), the environmental group emerged with its reputation intact (unlike Shell) because we already trusted it and, above all, it brought us the news.



## CONSULTING THE EXPERTS

**Paul Simpson has held quality and safety roles in high-risk industries, most recently as Head of Brand Protection at oil and gas industry service provider GL Noble Denton. Here, he explains how the quality team should feed into a cross-functional response post-crisis**

The concepts of brand value and equity are now well established, and marketing colleagues regularly discuss 'brand health' based on customer perceptions of satisfaction with products and services. The marketing team will always take the lead in brand promotion, but are now keener to involve quality professionals when customers complain or a product/service-related problem occurs.

To avoid the negative publicity associated with product recalls or service failures, we must work with marketing to understand customer expectations and work through 'touch points' in the customer journey (from advertising through to after-sales care) to understand potential risks between what is promised and what can be delivered.

Quality professionals are best placed to challenge system capability; co-ordinate the assessment and management of risks; develop controls to prevent risk events from happening, and detect failures before consequences reach customers. Whether providing consumer goods from your own corner shop, designing and manufacturing cars like Toyota, or managing upstream oil exploration and production like BP, you'll have people in place assessing product and process risks and implementing systems that keep your organisation out of the wrong sort of headlines. And these people are quality professionals!

Over a 30-year career working for many blue-chip companies, I have seen instances when systems haven't worked as intended and we've had to invoke emergency response plans – normally involving a cross-functional team of marketing, quality, operations and legal professionals. The makeup of the team depends on the incident and can change over time as it unfolds.



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The first objective is to contain the situation, establish where any product is in the distribution channels and determine the rules for quarantining it. At the same time, it's important to manage internal and external communications – not in an Orwellian way, but to ensure that an individual's

assessment of what happened isn't captured and presented as fact. Consumer watchdog groups and the media are always looking to investigate parties involved in high-profile failures and are keen for quotes. An ill-informed opinion of the state of a product recall can result in inaccurate coverage and can put your company under the wrong kind of media spotlight.

The next step is to establish exactly what happened and not to assign blame. Everyone should be clear on the facts in the event of investigation by a regulator, and company press releases should be supported with said fact. Inevitably you'll question decisions made by individuals and there may be a tendency by some to cover tracks, but this has to be resisted as outside investigation is likely to be thorough. Investigation leads into the corrective action phase and will direct you to implementing more robust systems based on the risk now realised. Looking to the future, you'll examine what you can do to prevent something like this happening again.

**Paul Simpson, FCQI CQP, has worked as Head of Brand Protection at GL Noble Denton. He is now Senior Business Improvement Specialist at Network Rail Certification Body Limited, a Network Rail Group Company**

Research by crisis management expert Ian Mitroff indicates that there are two types of crisis-prone organisations. The first he describes as being "destructive, exploitative, uncaring and thinking there is little to be done". I would add 'arrogant' to this list. Others Mitroff called tragic.

These organisations understand the need to change, but just don't seem to be able to do it, culturally or in resource terms. A number of public-sector organisations also fall into this category.

So where on the scale would you place BP or Tesco? Why do you think

that John Lewis is less likely to suffer from a PR crisis than other high-street brands? And what about the Mid Staffs hospital scandal? Four years ago at Mid Staffs NHS Trust, the hospital's staff negligence caused many deaths (media reports showed a death toll of 1,200). The hospital felt wretched for



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the families and devastated to have caused so much harm to the NHS.

In the four years since, a new board worked with staff and Age UK to turn Mid Staffs from being a byword for bad practice into an exemplar for care and compassion, and they've achieved incredible results. But, although they did change the culture, and the story could have been about how this was accomplished, the focus is on the fact that many fine services for local people will now be closed and moved elsewhere.

It is possible to buy reputation insurance, where insurers pay for PR companies to work with organisations when something goes wrong. Considering how badly so many companies are suffering, many boards might find this option attractive.



When something goes wrong, the world and her dog pause on their way past to have a good look”

But the best insurance any organisation can have is a professionally qualified (preferably chartered) team of public relations or communications staff and advisers, to help build a secure reputation and behave in a way that will win friends, even at the worst of times.

### Two plane crashes, two very different outcomes

On 21 December 1988, Pan Am flight 103 exploded in mid-air, and came down over the town of Lockerbie, Scotland, killing everybody on board and 11 people in the town. The explosion was caused by a terrorist's bomb, which had been loaded



Above: CQI Chief Executive Simon Feary debates recent quality failures which damaged some big-name brands, during a CQI event at Birmingham City University in March



Left: Trevor McDonald reports on the British Midland plane crash in January 1989

on board at Frankfurt Airport. Pan Am tried to blame US government agencies, which were thought to have received warnings about a potential bomb. Pan Am representatives didn't visit the site during the aftermath or give interviews. While not to blame for the bomb, Pan Am's reputation suffered and it went bankrupt in January 1991.

On 8 January 1989, a British Midland flight crashed on the M1 at

Kegworth, Leicestershire. Of the 126 people on board, 47 were killed, 74 were seriously hurt and five suffered minor injuries. One of the engines had failed and so an emergency landing was attempted at East Midlands Airport. But the pilots shut down the wrong engine, giving themselves very little chance of landing safely.

The Chair of British Midland, Michael Bishop, was quick to arrive at the scene and although clearly

upset, was immediately available to give interviews. He was sorry and he promised to find out what had happened (at that point he didn't know himself, and, coming so soon after the Lockerbie crash, he refused to speculate). An honest, caring and speedy response from the top tier of the organisation was well received.

British Midland was named Airline of the Year the following year and in 1991, Michael Bishop was knighted. So: two very different outcomes. Where blame was unclear, in Pan Am's case, the company suffered. Where blame was clear, in British Midland's case, the company was forgiven.

These two incidents are not black and white and do not prove that the chairmen's behaviours made all the difference. Perhaps cultural issues should also be considered; the scale of the incidents was very different and one occurred just before Christmas. However, Michael Bishop's reaction was widely appreciated, which definitely helped to rebuild his company's reputation.

I've just started working with a large organisation that has become the focus of aggressive media attention. They've been successful as a business to date, but have been working in a slightly elitist bubble. This crisis is an opportunity for them to open a number of relationships, but if they'd already been focusing on building mutually satisfying links with their public, things would be much easier for them today.

Reputation only comes from past actions and current behaviour; it cannot be built on promises and it cannot be bought. It must be earned and it thrives on well-founded and carefully nurtured relationships, which must not be made to wait ☹

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**Sue Wolstenholme is a Chartered Fellow and President of the Chartered Institute of Public Relations. She is also the Managing Director of Ashley Public Relations.**

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**For a full list of references, email [editorial@thecqi.org](mailto:editorial@thecqi.org)**

## “MINE WAS A FATAL BLOW”

**In 1991, Gerald Ratner, the then owner of British jeweller Ratner's, made one of the biggest PR gaffes of all time when he called his own company's products 'crap'. QW asks him for his verdict on brand protection**



### **Apart from calling your products 'crap', where did it all go wrong?**

The PR company I hired was catastrophic: they alienated all my good press contacts, gave me the most rotten advice and tried to drag the whole thing out to make themselves money.

### **So you're not a fan of some PR companies?**

The so-called advisers who come in following the disaster have a hidden agenda. An adviser's not going to say: "Do nothing." These people are parasites who fly around those who are struggling. They're only interested in making money.

### **How would you rank the BP oil spill or Tesco horsemeat scandal against your disaster?**

I don't think BP or Tesco's mistakes were as bad as mine – mine was a fatal blow. They can recover, but with me – well, nobody's going to buy Ratner stuff when it's associated with crap!

### **How do you think BP responded to its disaster in 2010?**

The fact that BP's chairman, Tony Hayward – a supposedly successful, educated businessman – described those affected by the oil spill as "little people", beggars belief. I understood it more when he said: "I want to get my life back" – although that wasn't a clever thing to say either.

### **What advice would you give to a company in crisis?**

If you do make a mistake, don't broadcast it. Tesco recently took double-page ads in the papers [apologising] just as the horsemeat scandal was dying down. All that did was revive it. Let the disaster die its natural death – don't advertise it.

### **What's the best thing to say?**

Everyone tends to bring in a team of 'experts' in a crisis. But the people who've succeeded in dealing with disasters are those who hold up their hands up and say: "I've made a mistake." You don't need to diagnose it, analyse it and turn it into a huge thing.

### **Is honesty the best policy?**

Be honest and talk about how you feel rather than being overly media trained and delivering the obvious superlatives in management speak. It's meaningless. And don't be too defensive.

### **Does reputation count?**

The reason John Lewis has good brand management is because it's successful. People forgive you if you're successful.

### **Which companies do you admire for their brand management?**

I can't name the companies who manage their brands well because they don't make a hullabaloo about their problems, so you don't remember their mistakes.