



Managing Issues, Risks & Crises: A Strategic Approach to Communication Chaos

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When You Hear The Word Crisis – What Comes To Mind?

#RobFord



“Credo Quia Impossible” (I believe it because it is impossible)





Can You Remember Any Crisis Events From The Last Year?

Global Crisis Events 2013

(no particular order)

- Bangladesh Factory Collapse (1100 deaths)
- NSA Snowden Whistleblower
- Syria's Civil War (125,000+ deaths)
- Boston Marathon Bombing (5 deaths/280 injured/\$70 million in donations)
- Carnival Cruise Ship -- #cruisefromhell (4,200 stranded for five days)
- Typhoon Haiyan (Philippines – 6,000 deaths/\$1.5 billion)
- Obamacare launch
- Asiana San Francisco Crash (3 deaths/180 injured)



Canadian Crisis Events of 2013

- Rob Ford
- Lac Megantic Train Derailment (47 deaths -- \$50 million in insurance claims)
- Alberta Floods (4 deaths -- \$1.7 billion damages)
- Cronut Burgers (200⁺ ill)
- Blackberry
- Senate Spending Scandal

How Many Have This In Your Home?



And In Your Trunk?





STUFF HAPPENS!

YOU NEED TO BE PREPARED



Organizational Crisis Truths

- It's not a matter of “if” but “when”
- Most organizations aren't prepared
- Crisis response time has been reduced to minutes (thanks to SM)
- Goal is to get back on the horse
 - Get to a ‘New Normal’

The 9/11 Commission

- “We were **unprepared**. We did not grasp the magnitude of the **threat** that had been **gathering** over a considerable period of time. This was a **failure** of policy, management, capability and, above all, **a failure of imagination.**”

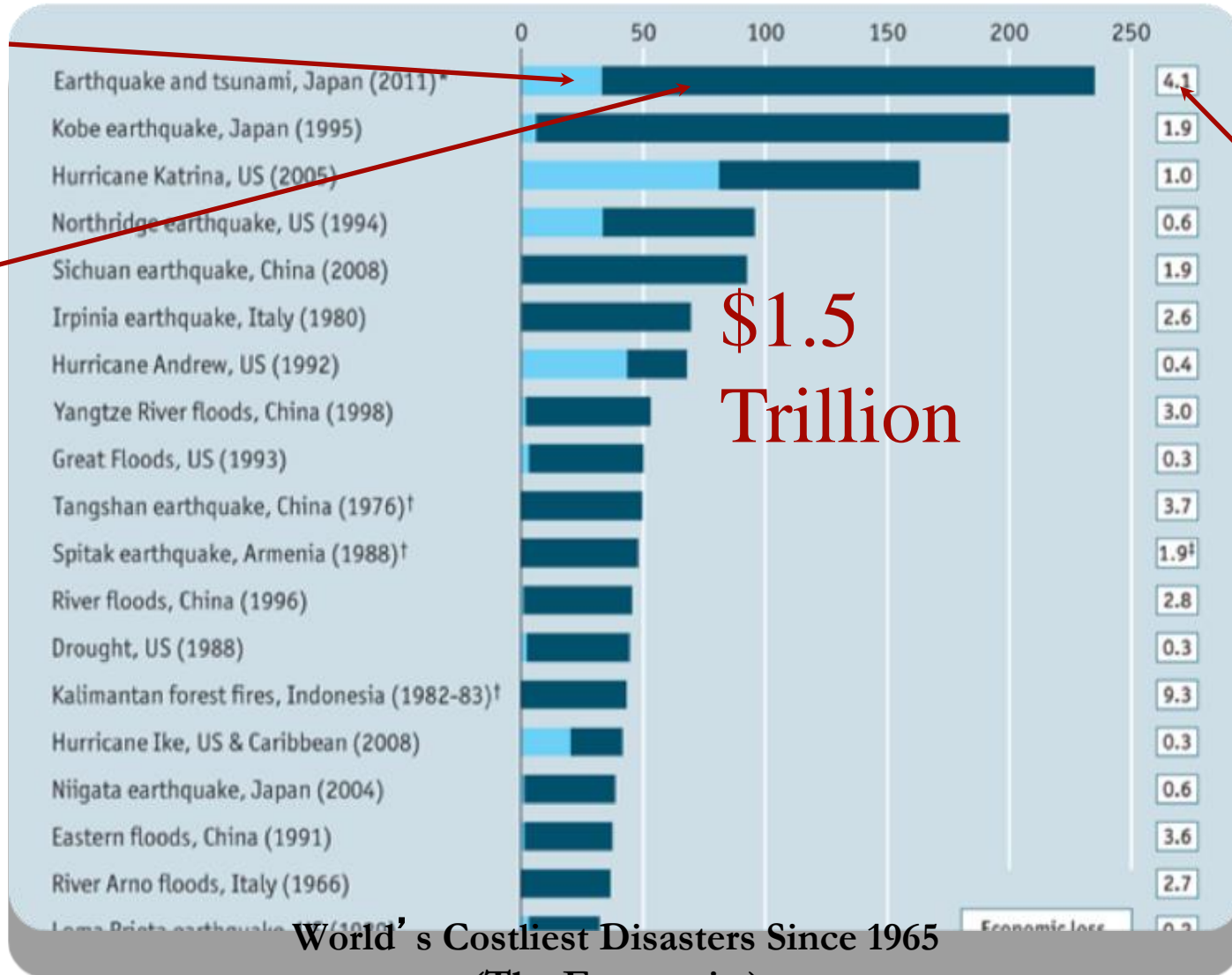
»Thomas H. Kean (Chair)

The Cost of Crisis

- **Exxon Valdez**
 - Clean up \$2 billion
 - Lawsuits and legal costs \$5 billion
- **1998 Ice Storm**
 - Deaths 45 (Can/US)
 - Insured Loss \$1.2 billion
- **Walkerton**
 - Deaths 7 residents
 - Remediation/legal \$155 million
- **SARS**
 - Deaths 44 people
 - Economic impact (Toronto) \$1.5 - 2 billion
- **Maple Leaf Foods**
 - Deaths 23 people
 - Response/Recovery \$30 million
 - Market Value Depletion \$136 million
 - Lawsuits and Legal Costs \$25 million +

Insured
Loss

Economic
Loss



Economic
Loss as a %
of GDP
during year
of disaster

World's Costliest Disasters Since 1965
(The Economist)

The Cost of Crisis

- **Annual insured costs**

	\$10-60 billion
○ Man-made disasters	\$6.0 billion
○ Natural catastrophes	\$14 billion

A Definitional Framework

- The crisis continuum:
 - cause (incident) and effect (survivability)
 - Vary in degree and probability
 - All share the threat of causing damage
 - Physical and financial
 - Overwhelming majority start small and internal and are left unchecked/unnoticed.
- Therefore should be defined as:

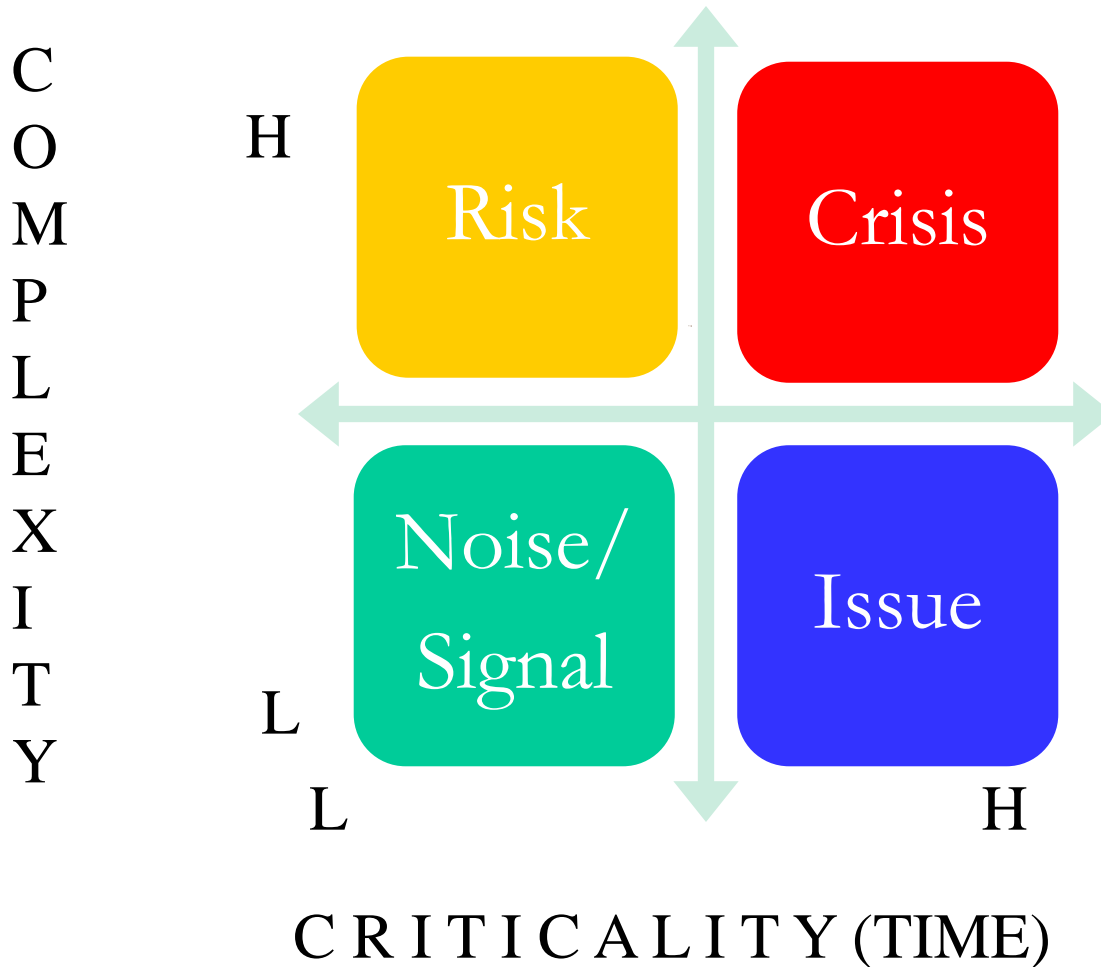
“an event, large or small, that can suddenly disrupt an organization’s ability to efficiently and effectively achieve its mission.”



So What's The Difference?

- Issue
- Risk
- Crisis

Decision Matrix





SIRMC Process





The SIRCMC

- Issue Identification
- Assess Likelihood of IRC
- Evaluate the Impact
- Prioritize
- Assign Responsibility/Ownership
- Plan for/Implement Corrective Action
- Continually Monitor
- Report

A Message From Michael McCain

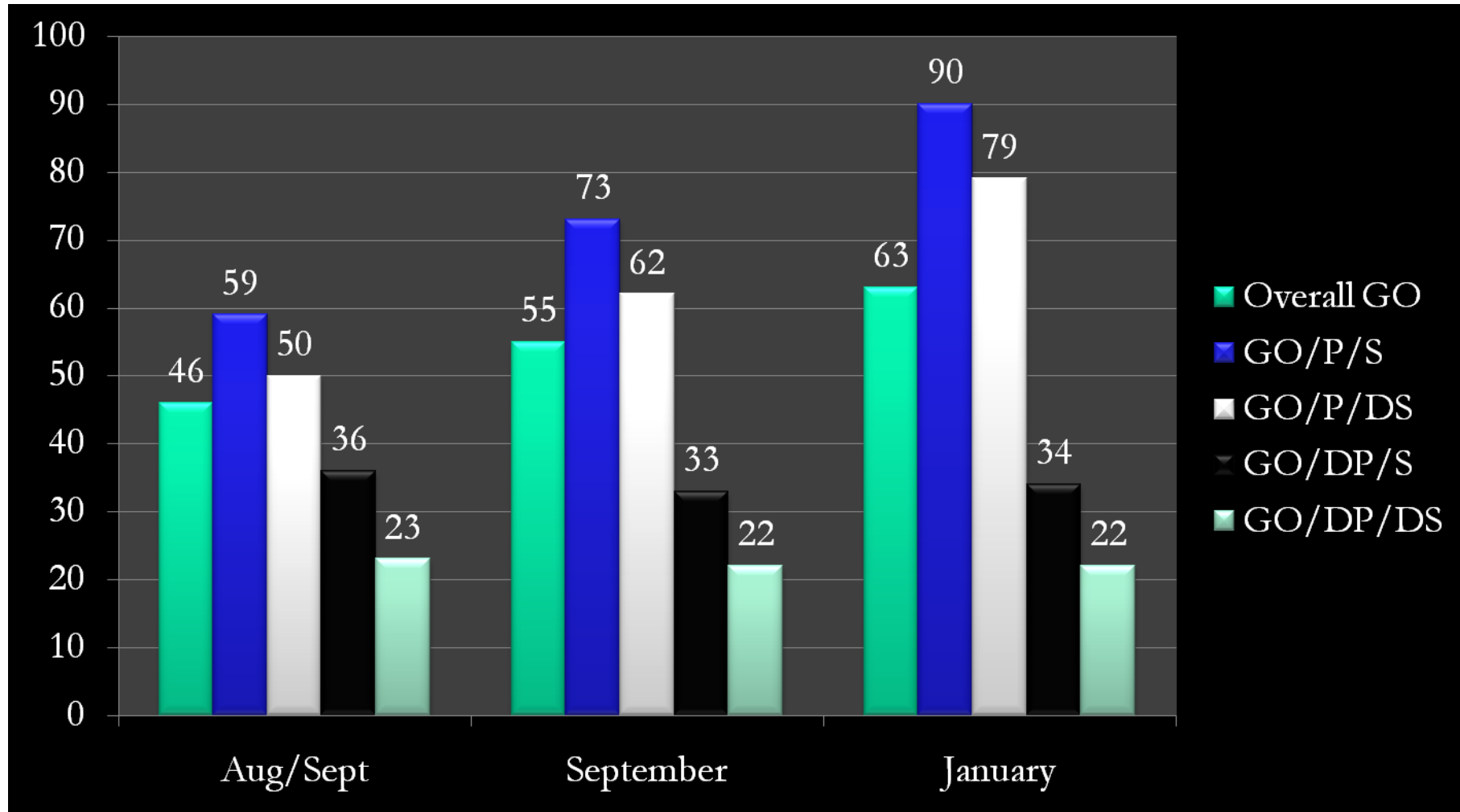




Firehouse Research

- Objective: To get into the field quickly, and then over time, to assess how Canadians were responding to MLF's crisis communications strategies.
- Five Phases Conducted by Leger Marketing:
 - August 27-September 2, 2008
 - September 26-29, 2008
 - January 8-12, 2009
 - February 27 – March 3, 2009 (post WR)***
 - May 26 – May 31, 2009
- Representative survey (N=1500+) reflective of age, gender and province – total participants 7,721.
- Margin of error for a sample of this size is +/- 2.1% 19 times out 20.
- Used the same 10 questions for each survey

GO x PH x Impact



Reputation Capital Restored

Recall



Market Cap	Aug 1/08	\$1.43 billion
	Jan 26/09	\$1.57 billion ✓



The Path To Preparedness

1. A systematic crisis management system
2. A focused crisis leader
3. A desire to learn from previous crisis events
4. Developing and fine-tuning a crisis mindset
5. Strong relationships with key stakeholders
6. A strategic and managed approach to public relations
7. Advancing preparedness beyond the basics

So What Does Mean For Your Company or Your Clients?

- They need to recognize that they are now in a pre-crisis state -- Crises happen everyday
 - Crisis/Reputation Dashboard
- They need to develop a crisis issues anticipation system – assassin teams
 - Issues tracking
- They need to develop strong relationships with their priority publics
 - Ongoing stakeholder tracking surveys
 - Measurable public relations programs
- They need to anticipate, prepare and practice (and practice and practice...)
- They need to be ready to communicate...now (make sure that you have organizational managers that have been trained, evaluated and are ready to go).
 - Spokesperson testing
- They need to live their values – honesty, transparency, safety
 - Internal engagement surveys
- They need to realize that a crisis plan is necessary but not sufficient!

So What Can You Do Today?

- Recognize that you are in a “pre-crisis” state
- Ready your SM resiliency
- Focus on Issues & Reputational Risks
- Develop strong relationships with influencers
- $C \int (A + P^2)$
- Test your spokesperson(s)
- Test your #crisismanagement systems
- Live your values: honesty, authenticity, transparency & safety
- Be empathetic -- **say you're sorry!**

Thank You

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