

GS Insight

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Is Your Ship Watertight?

In 1911, the editor of the periodical *The Shipbuilder* declared that a new, state-of-the-art oceanliner was “practically unsinkable.” Little did he know that later that same year the now infamous Titanic would sink on its maiden voyage despite having the latest technology, an experienced crew and a captain who had logged more than two million sea miles.

Just as many thought the Titanic was unsinkable, so, too, do many corporations see only smooth sailing ahead. Many executives think, “a major crisis will never happen, and if it does, we can handle it.” Their common mistake is the assumption that the company will “automatically” have all the necessary resources and decision-making processes in place to preserve their reputation — whether or not this is actually the case.

As Titanic survivors would testify, once a ship starts to sink is not the time to realize that response mechanisms are inadequate. Such situations offer little recourse than to try not to panic and to hope for the best — a point that has been illustrated time and again by some of the world’s leading companies.

Pre-launch Inspection

Unfortunately, crises can come at any time and in any form. Making sure there is a well thought-out and tested plan in place, regularly conducting mock crisis simulations and encouraging spokesperson training are the best insurance policies for a safe journey. Prepared companies should be able to successfully manage most crisis situations, including the two most feared, “hitting the iceberg” and the “slow leak.”

Hitting the Iceberg

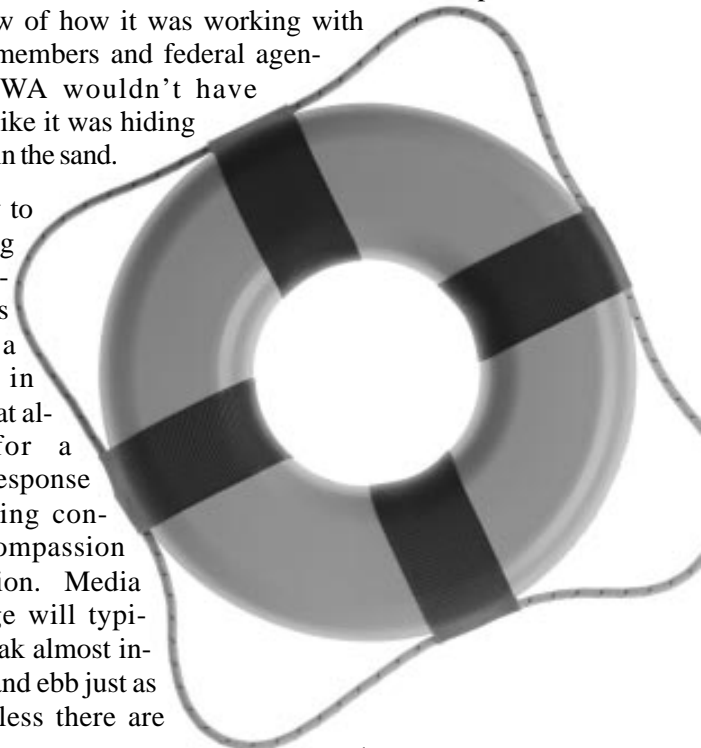
When a corporation “hits the iceberg,” typically, there is little that could have been done to prevent the incident. These catastrophic events can include “acts of God,” product tampering, accidents, computer glitches, hostage situations, etc. When faced with a sudden, overwhelming crisis, a company’s ability to respond quickly and communicate clearly often defines how the government, the public and potentially even the courts will view them.

The crash of Trans World Airline’s Flight 800 offers an interesting case study. TWA inadvertently worsened an already tragic event by refusing or being unable to communicate during the initial hours of the crisis. This tended to create the appearance that they weren’t in control or prepared to respond.

The Wall Street Journal ran a blistering article stating, “What could hurt Trans World Airline’s image more than the crash of Flight 800? Possibly the airline’s own ill-fated response to the crisis ... critics said it was slow and uncooperative with family members. Calls from the media went unanswered. TWA’s chief executive was late in reassuring families and the public that his airline was doing all it could do.”¹

Realistically, there was little TWA could have said or done to ease the pain of family members. But, they would have surely fared better by doing “anything” as far as the media and public were concerned. If the company had simply stepped out to voice sadness and shock at the situation and provide an overview of how it was working with family members and federal agencies, TWA wouldn’t have looked like it was hiding its head in the sand.

The key to surviving the “iceberg” is to have a plan in place that allows for a quick response expressing concern, compassion and action. Media coverage will typically peak almost instantly and ebb just as fast, unless there are



¹ *The Wall Street Journal*, July 22, 1996



extenuating circumstances surrounding the event.

The Slow Leak


Like a ship sinking from a slow leak in its hull, companies often ignore potential crises until it's too late. This makes damage control more difficult because the perception will be that someone should have seen it coming.

Examples of "slow leaks" include charges of discrimination, sexual harassment and pending litigation. According to a recent survey by the Institute for Crisis Management, approximately 63 percent of all business crises in the 1990s fell into this category.

The Intel Corporation was a high-profile victim of a "slow leak." When word spread that one of their micro-processors had a glitch — which realistically would have only impacted a handful of theoretical mathematicians — Intel was forced to pull the chips from the market and replace them. The result was millions in lost revenue and a major image problem.

The challenge of the slow leak is that once it breaks, there's no "quick fix." It focuses immediate attention on the company's management and has the potential of creating long-term negative impressions among key audiences. Communications efforts during slow

leaks entail more than surviving the initial media onslaught. These crises often require both short- and long-range strategies, utilizing a variety of communications tools (interviews, bylines, advertising, direct mail, etc.) to try to minimize the initial damage and buoy the long-term image.

While there is no patented communications solution for every crisis — since by definition, each crisis is unique — by making sure a company is adequately prepared to communicate, the odds of survival will be greatly increased. 

Avoiding the "Titanic Syndrome"

Just as the Titanic disaster could have been avoided, or at the very least minimized, corporations can enhance their crisis communications effectiveness by following seven analogous strategies:

Have a comprehensive plan in place ...

Being "unsinkable," insufficient thought was given to disaster response. Many crisis plans address operations to the Nth degree, however, communications is often relegated to one page that essentially says, "call marketing." The importance of clearly delineating the crisis communications process cannot be understated.

Take a lifeboat inventory ...

Because the Titanic didn't have enough lifeboats, hundreds perished. Once a crisis occurs is not the time to realize that the necessary tools aren't at hand.

Test new technologies and response mechanisms ...

The Titanic was equipped with new communications devices that failed when needed most. Never assume that technology will work as planned or when needed — have a backup.

Stage frequent practice drills ...

The day the Titanic sank, scheduled lifeboat drills for passengers were cancelled. Conduct

mandatory testing of the crisis plan. It's the only way to gauge the plan's value and the company's ability to communicate under pressure.

Make implementation easy ...

The deck of the Titanic was mass chaos. The result was the launch of half-filled boats. Plans are meant to be functional, not to gather dust. If they are not easy to follow and implement during a crisis, no one will use them. Easy-to-reference checklists and response flowcharts are strongly recommended.

Allow enough time to react ...

When the iceberg warnings arrived, the captain boasted that he would "run a great deal faster and get out of" the ice field. As a result, the crew only had seconds to react. Constantly monitor the horizon to identify potential hazards and, if possible, plot your course of response well in advance.

Don't weather the storm alone...

Fortunately for Titanic's survivors, nearby ships came to the rescue. Ask for help. If you actively work to foster relationships with key audiences every day, odds are, they will be there in support when you need them.

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