

A shattered lightbulb is the central visual element, with its glass broken into many sharp, translucent red shards. The background is a deep black, heavily textured with a fine spray of red dust or particles, creating a sense of impact and chaos. The overall color palette is limited to red, black, and white.

What to Do When Bad News Hits Your Organization

mower

BAD THINGS HAPPEN

Sometimes, Bad Things happen to perfectly good companies and organizations...randomly or by accident. Sometimes, not-so-good people do Bad Things to, for or while working at perfectly good companies and organizations. Other times, companies and organizations cause nasty self-inflicted wounds through bad decisions, thoughtless actions, hubris or just plain cluelessness.

Regardless of how and why Bad Things have happened, one fact is immutable...



BAD THINGS = BAD NEWS

An old maxim among journalists asserts “Bad decisions make good stories.” And some old journalists will add “Really bad decisions make for Pulitzer-prize winners.”

This guide is not about fixing the Bad Things that caused the Bad News. But it does assume that most organizations are engaged in good, proper activities, not Ponzi schemes.

Not everyone who worked at Enron was a wrongdoer, or guilty of fraud. Ditto most of the folks at Arthur Andersen and Lehman Brothers. When Odwalla suffered a 90% sales decline after salmonella in their juice caused the death of a child, undeserved layoffs of innocent bystanders inevitably followed. The Ford/Firestone exploding tire fiasco also injured bystanders: a number of both brands' independent dealers lost everything when their businesses evaporated.

The point is, in order to ensure the continued healthy existence of a company struck by bad news, and in particular, to preserve the jobs of all the good people working there, somebody has to take effective action to protect its good name and reputation.

If that person is you, these are the critical survival strategies you need to employ if your organization finds itself in the most uncomfortable spotlight.

LET'S FACE IT. NOBODY LIKES BAD NEWS. MOST HUMAN BEINGS RECOIL AT IT. THEY DON'T LIKE TO HEAR IT, BE CONFRONTED BY IT OR BE FORCED TO RESPOND TO IT. BUT MOST OF ALL, PEOPLE HATE TO DELIVER IT. IT'S A FACT OF LIFE.

THE TRADITIONAL NEWS MEDIA OFFICIALLY LOST THEIR MONOPOLY OVER BREAKING NEWS AT 3:35 PM ON JANUARY 15, 2009.

Dealing with bad news has never been a welcome assignment for business and organizational leaders. But the massive transformation of the news media and what constitutes journalism in today's world requires understanding a fundamentally changed set of strategies in order to manage the flow of information surrounding a bad-news event.

We can point to one single event that changed everything previously known about the rules of the game.

A Twitterer set entirely new standards for the speed with which news gets transmitted that day. Today, the online world is capable of amplifying and accelerating the slightest bit of bad news, thus turning it into “Big News.” Small chunks of 280 characters leave little room for context, background or balance. This is the new “information flow” that surrounds bad news.



On January 15, 2009, US Airways Flight 1549 struck a flock of Canada geese during its initial climb out, lost engine power, and ditched in the Hudson River off midtown Manhattan.

IT'S ALL ABOUT TIME

TIME COMPRESSION IS YOUR GREATEST CHALLENGE. DAMAGE IS PROPORTIONAL TO DURATION.

How you handle yourself in the first moments of a crisis determines how you will ultimately be viewed in the court of public opinion.

That means by far the number one management challenge in dealing with a bad-news situation is time. It's called "time compression," and it's your biggest problem.

It wasn't so long ago that traditional television, radio and newspaper newsrooms dictated the daily news cycle. Conventional wisdom suggested you were okay if you responded within the first news cycle, which was typically eight hours.

Then cable TV came along and shortened the news cycle to such a degree that "the Golden Hour" became the target for acceptable response.

And now? Twitter had the "US Airways Flight 1549 in the Hudson" story in less than four minutes.



WHAT ELSE DO WE KNOW ABOUT TIME IN A CRISIS?

Obviously, we know that a true bad-news event will unleash a torrent of immediate commentary online. Thus, every minute increases the risk of erroneous information being circulated, along with critical opinion, speculation, rumors and innuendo—all of which will ultimately have to be addressed and cleaned up, and the damage repaired.

We also know that any delay in responding fuels perceptions that your organization is hiding, or worse, planning a cover-up. More damage ensues.

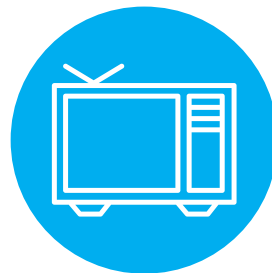
Most importantly, we know from research that damage is proportional to duration.

Most companies can survive one day of bad news. It's when the story drags on and the crisis continues that your reputation suffers. Again, how you handle the early moments goes a long way in determining how long the negative news will persist.

But here's the great new risk: truth—or lack thereof—also has a time dimension.



DAYS



HOURS



MINUTES

It used to be easy. Then came radio and TV. Now the internet determines the news cycle.



It's all the internet's fault.

The very word “News” still carries strong connotations that whatever it embraces is believable, credible, to be taken seriously.

Just the fact that something is labeled as news, or is carried by or referenced on a known news outlet, gives it a dangerous power to deceive. As *New York Times* reporter Noam Cohen observed:

“Most of the damage from false [internet-driven] reports occurs in less than an hour.”

Depending on your point of view, the internet is either:

A. The most wondrous and important communications and information tool ever devised and is transforming business, democracy, society and the world. Or...

B. A fetid swamp of lies, misinformation, perversion, sleaze, fraudulent behavior, unsubstantiated claims, unchecked self-aggrandizement, pathetic self-absorption, smarmy rumors, damaging speculation, deliberate attacks and general mischief-making. ***And, oh yes, politics.***

Today, as they navigate the murky waters of cyberspace, information users and news consumers are stuck with the responsibility of figuring out what's truth and what's not—making them ripe targets for hoaxes and misinformation, deliberate or not.

Which makes the internet the perfect vehicle for attacks, mischief, dishonesty and wrongdoing. Identity can be cloaked. Anonymity means the old rule “consider the source” no longer applies. In the absence of traditional journalistic practices, there's no oversight, no checks and balances, no fact checking. Whatever the internet is, it's not credible journalism.

And yet, this is where people get their “news” today.

For anyone charged with protecting organizational reputations, it's a cruel world out there. There seems to be no shortage of disgruntled employees, angry customers, uncredentialed experts, enemies, irresponsible noise- or mischief-makers, opponents, critics, self-serving watchdogs and whistleblowers, advocacy groups, publicity seekers and amateur politicians. Every one of them represents a risk factor—and together, a whole new category of risk factors.

Whether they have an agenda, a cause, a grudge or a screw loose, perpetrators have one thing in common: they all need targets to reach their objectives. The higher your company's profile, the greater the risk that someone out there might target you.

In this environment, there are huge implications for time management. Now let us help you manage.

“The press, like fire, is an excellent servant, but a terrible master.”

—James Fenimore Cooper

“The internet is far worse.”
—Mower



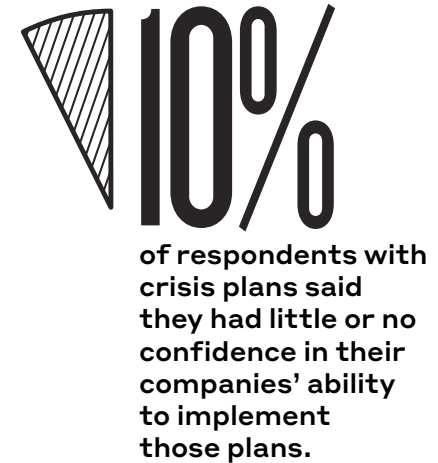
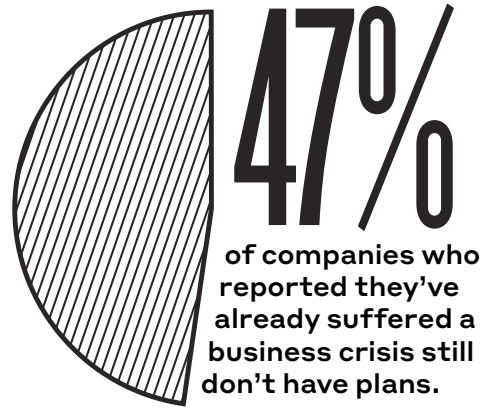
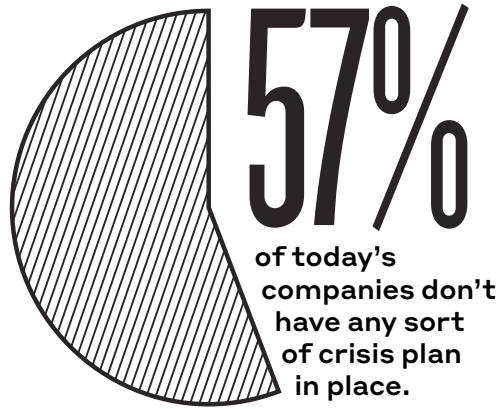
SIMPLICITY IS THE CORE STRATEGY FOR SUCCESSFUL CRISIS RESPONSE.

We can say with certainty that there's absolutely no time to flip through a (previously unopened) three-inch-thick Crisis Plan in a binder looking for instructions when you are slammed by a bad-news event. If this describes your organization's current state of readiness, abandon all hope.

If you want to properly manage and survive, you must recognize fundamental reality: there is simply no time to conduct all the preparation, training and practice you should have done before the bullets started flying.

Making good decisions when individuals are likely to be under the worst stress they'll encounter in their careers is not easy, nor is it a skill anyone acquires naturally. The only way to manage it is with preparedness.

ACCORDING TO A SURVEY WE CONDUCTED WITH BtoB MAGAZINE



FRANKLY, SUCH UNCONCERN STRIKES US AS IRRESPONSIBLE, GIVEN HOW MANY PEOPLE'S JOBS ARE AT STAKE.

Communicating effectively and credibly during a crisis is the key to minimizing permanent damage to a company's reputation and returning it to business as usual as soon as possible.

Responding effectively instills confidence that your organization is acting honorably. People deal better with bad news than they do with uncertainty. Facts reassure while they squash rumors. Remaining silent or, worse, denying, delaying and deceiving, leads in a direction that can destroy corporate reputations, damage brand equity and ruin careers.

Today the public is highly sophisticated and, thanks largely to all the sources of available information, quick to form an opinion. People can spot a phony in most cases. They can spot a liar even quicker. They're also ready to give the benefit of the doubt to companies that step forward to provide facts and take responsibility.

“People can spot a phony in most cases. They can spot a liar even quicker.”



REMEMBER:

TIME COMPRESSION IS YOUR GREATEST CHALLENGE.

1. Damage is proportional to duration. The longer you let it linger, the more you will pay.
2. Ignoring bad news doesn't make it go away. It causes spiraling problems that make the crisis longer—and worse.
3. Weak crisis management prolongs the mess and worsens the scandal.
4. Successful crisis managers have only one goal: to end the crisis as quickly as possible and return completely to business as usual.
5. The primary objective of crisis planning is to squeeze as many delays and hurdles out of your response time as you possibly can.

**PEOPLE ONLY SUPPORT
ORGANIZATIONS THEY TRUST.**

WHY IS THIS IMPORTANT?

Support and **trust** are directly determined by public opinion regarding your organization's reputation. And in our democratic economic system, "support" equals permission to operate with the freedom to determine your own fate.



5 Rules

FOR WHEN BAD THINGS HAPPEN.

WHILE BAD NEWS, EITHER POTENTIAL, FICTIONAL OR REAL, CAN TRIGGER AN ACTUAL ORGANIZATIONAL CRISIS, IT'S NOT THE BAD NEWS BY ITSELF THAT FUELS THE CRISIS.

IT'S THE COMBINATION OF BAD NEWS AND TIME MISMANAGEMENT.

WHEN ORGANIZATIONAL LEADERS AND CRISIS MANAGERS WAIT TOO LONG TO RESPOND AND/OR DON'T KNOW HOW TO RESPOND, SIMPLE BAD NEWS COMPOUNDS INTO A COMPLEX CRISIS.

A DELAYED RESPONSE SUGGESTS SOMEONE IS ATTEMPTING A COVER-UP, IS HIDING, OR AVOIDING RESPONSIBILITY, ANY ONE OF WHICH TENDS TO MAKE PEOPLE ANGRY AND IMPOSSIBLE TO REASON WITH.

OBVIOUSLY, IT'S TIME FOR A NEW RULEBOOK, ONE DRIVEN AND SHAPED BY THE EXTREME DEMANDS THE INTERNET PUTS ON TIME MANAGEMENT.

SO HERE'S A COHERENT MASTER STRATEGY INTENDED TO PREVENT BAD NEWS FROM TRIGGERING A FULL-BLOWN, NASTY, UNPLEASANT, REPUTATION-DAMAGING AND EXPENSIVE-TO-FIX ORGANIZATIONAL CRISIS—BOILED DOWN TO FIVE STRATEGIC “RULES.”



IF BAD NEWS IS GOING TO COME OUT ANYWAY, YOU SHOULD RELEASE IT FIRST, PROACTIVELY AND PREEMPTIVELY.

Your mom was right. In life, you only get one chance to make a good first impression. And when bad news is imminent, you only get one chance to shape and control the story: at the very beginning.

Being first to disclose and reveal an unflattering, embarrassing or negative story about yourself defuses anger, suspicion and hostility, thus changing the entire tone of how it's reported and how it's perceived.

This strategy works because admitting your own failures marks you as a stand-up guy, and in our culture, a stand-up guy secure enough to admit mistakes almost always gets forgiveness and a second chance (assuming, of course, they deserve it).

Acknowledging your own failings is the dynamic that also tends to make the story fade away quickly. And you may be surprised to learn that it also increases your credibility when you do. Credibility equals trust.

Ignoring bad news doesn't make it go away. Remaining silent means you agree with your accusers—which usually equates to “guilty as charged.” Attempting to cover up bad news rarely worked in the past, and in today's internet culture that demands total transparency, such foolishness has even less chance of success. Both gambits merely cause problems that spiral out of control.

Ignoring someone's legitimate concerns can never work. It's an insult, and that just makes people angrier or more likely to panic from the rumors and speculation that arise to fill the void created by your silence.

Why does this matter so much? Because you simply cannot reason with angry or panicked people. And if you cannot reason with them, you have rendered yourself impotent in ending the crisis.



ALWAYS REVEAL AND SHARE THE BAD NEWS WITH YOUR OWN PEOPLE FIRST.

And more importantly, give them full permission to share the news and your response to it whenever and wherever they encounter concerned people.

“What?” you say. “Give our own employees morale-destroying bad news?”

Seriously, do you think they won't get the news as soon as it breaks online? That their friends and family and customers and professional colleagues won't be sending them e-mails or texts demanding “What's happening?” “What's going on?” “What does this mean?”

Think of what it says to them if your own people are ignorant of the news while the rest of the world knows all about it. It says you don't trust them—or even worse, you think they might not want to put their trust in you. And if in fact you don't trust them to defend and support their own organization, then you have far larger problems than we can address here.

In today's world, the majority of employees have access to company-provided email. Our preferred tactic today is to utilize e-mail for crisis and bad-news response communications whenever possible, knowing that the “Forward” button is one click away, along with the ability to share, tweet, post or blog.

Today, whatever is said inside an organization can easily and will almost always end up on a post or blog somewhere. So you have a choice—you can either be proactive and take the offensive...or you can let someone else write the story for you.



TAKE ALL YOUR HITS IN ONE ROUND. GET ALL THE BAD NEWS OUT AT ONCE.

Practice full disclosure—get it all out at once.

If all the bad news comes out at once, then you have a realistic chance for a short-lived crisis. (We used to call them one-day stories back in the old days when there were such things as editions and news cycles.)

If, on the other hand, parts of the story are withheld so they might come out in dribs and drabs later, then you've guaranteed yourself a lingering, multi-day story with reputational damage that just keeps mounting up.

Remember, the longer the duration of a bad-news story, the greater the ultimate long-term damage. When a negative story is repeated over and over, the perceptions it creates become reinforced and remembered, until these perceptions eventually assume the mantle of "truth."

Research tells us that today's short-attention-span information consumers only need to hear something between six and 10 times before they perceive it as a known fact.

Rule 4

THE BEST WAY TO ANSWER TOUGH QUESTIONS IS TO ANSWER THEM BEFORE THEY'RE ASKED.

This is a corollary of Rule 1. Sounds easy, but it's not.

If you anticipate the worst, the nastiest, the most uncomfortable questions, and then answer them completely in clear, direct language, you will further defuse anger, suspicion and hostility.

You will look like someone who is clearly not trying to hide, and thus will benefit from the "stand-up guy" dynamic.

In the short run, deliberately making yourself extremely uncomfortable is not fun. But in the long run, it will be a lifesaver.

To make this work, you have to level with people, using solid, specific facts and avoiding platitudes. In a bad-news situation, jargon-laden execu-speak is usually seen as a cloak for scoundrels, cowards and the obviously guilty to hide behind. All such baloney does is make people angry and impossible to reason with.

We admit this is the hardest thing to do. But it works.

WELSH

FACTS AND ACTIONS ARE THE ONLY THINGS THAT TRUMP RUMORS AND SPECULATION.

In a crisis or bad-news situation, it's unlikely you will have the complete solution to the problem in the first minutes or hours. People aren't stupid. They understand that.

What they want to know is that you recognize there's a problem, and that you're on top of it, and are taking responsibility for fixing it.

For example: "At 2:30 p.m. today, we learned of a problem with our (whatever). By 3:00 p.m., a team of our best technical personnel had assembled and was determining how to fix it. As soon as we know more about the situation, we will post the information on our website."

This is a sufficiently fact-based and action-based message to get you through the early minutes of a crisis.

In contrast, how do you think this worked?: "We're committed to returning life for Gulf Coast residents back to normal."

It's exactly the kind of empty, imprecise baloney most Americans have lost their taste for.

A typical skeptical American's thought response: "Don't tell me what you're committed to; hey, I'm committed to winning the lottery, but that doesn't mean I will."

"Just tell me what you're going to do about the oil spill you caused." Public tolerance for mealy-mouthed corporate-speak is at an all-time low.

If you find yourself in a crisis or bad-news situation, don't start communicating until you are ready to tell people exactly what you are going to DO.

Actions—your behavior—count far more than your words.

WHAT ABOUT WHAT NOT TO DO?

When institutional or individual embarrassment, hubris or management egos get in the way of the honest and candid delivery of bad news, the same dangerous behaviors are inevitably repeated.

First comes **denial**. “Problem? What problem?”

Then **delay**. “If we wait long enough, this will just go away.”

Sometimes, reluctant messengers go way beyond making excuses or blaming others and cross the moral line into **deceit**. In other words, they flat-out lie, as in “We did nothing wrong” or “Our tires did not fail” or “I was not privy to those decisions.”

We call this progression of Deny—Delay—Deceive...

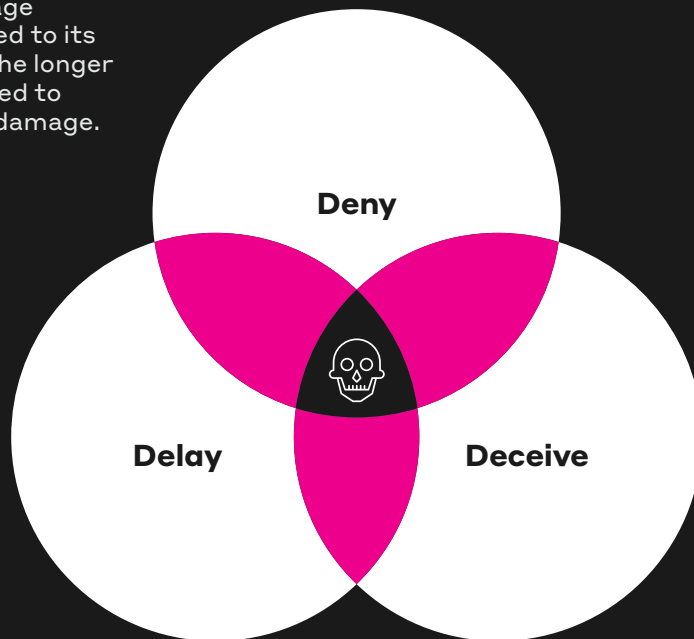
THE DEATH STRATEGY

Employ the Death Strategy and you'll kill your company's or organization's reputation by destroying the public's trust.

Legendary practitioners of the Death Strategy include Enron and Arthur Andersen, whose last trip took them both to the Graveyard of Lost Companies. Ford and Firestone provided a memorable demonstration of it during the Explorer rollover/exploding tires fiasco. Together over a period of several years, they sent more than 10 billion dollars up in smoke by way of lost sales, lost market share, whopping legal fees and settlements, government-ordered recalls, punishing fines, and most entertainingly, travel expenses for their CEO's private jet flight to Washington so he could be dragged before Congress for public humiliation.

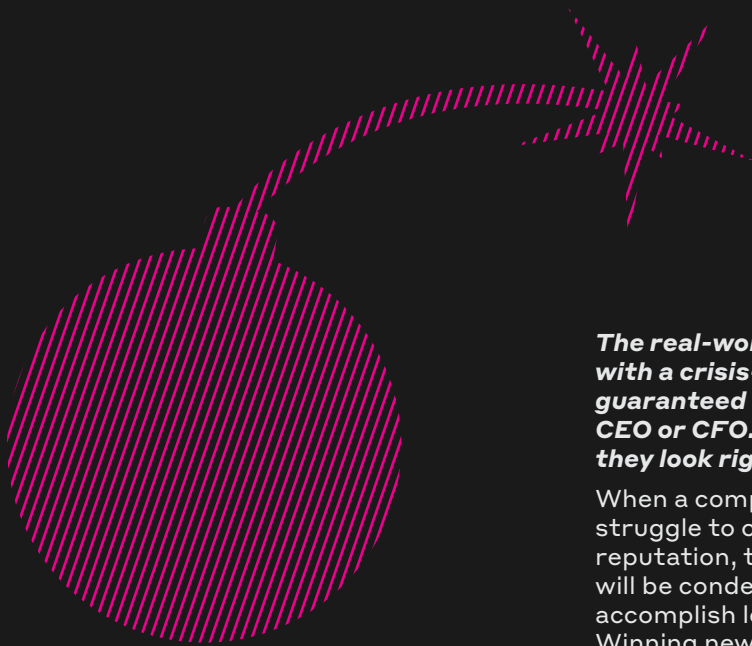
More recently, both Toyota and BP field-tested the Death Strategy for our instructional benefit, further illustrating its ill effects on businesses deploying it.

Research has shown that the damage from negative news is not correlated to its intensity—it's a function of time. The longer the duration that bad news is allowed to prevail, the greater the long-term damage.



***Remember, getting the story
over with and behind you is
always the crisis manager's
primary objective.***





The real-world business costs of operating with a crisis-damaged reputation are guaranteed to get the attention of any CEO or CFO. To measure them, we suggest they look right on the bottom line.

When a company must constantly struggle to overcome a poor or negative reputation, then, over the long term, it will be condemned to spending more to accomplish less than its competitors. Winning new customers will cost more, and so its marketing costs will be higher. Recruiting the best employees will cost more. Financing costs will be higher. Getting community or public support to

expand (or in some cases, even continue) operations will cost more. Governmental or regulatory compliance will cost more. Legal bills will probably cost more. And on and on. Nearly every aspect of the business's or organization's activities will have higher costs embedded in them.

Following a damaging bad-news episode, every little controversy becomes protracted, more painful, more costly. There's something called "distraction cost." When management is consumed by putting out fires, they're not growing the business. In business school, that's called opportunity cost, and it's lost.



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