

The Ambassador



July 2007. Volume 2, Issue 3

“The Ambassador” is a monthly communiqué designed to provide tips on best practices in effective communications.

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Communications During a Crisis: How to Plan the Basics for the Unexpected

As a CPA Ambassador, you understand the value of preparation in managing your message. A crisis brings that preparation to the forefront and provides the opportunity to leverage the skills you’ve honed.

This is the first article in a series that will take a close look into how you and your organization can better prepare your communication strategy before, during and in the wake of a crisis. By understanding the importance of protocols and procedures around crisis management, you can take the lead within your organization to ensure these systems are in place when the need occurs. If you’re part of a large organization, speak with your Communications team to ensure they’re prepared to support you properly or, if part of a small organization, recognize that *you* may be your Communications team. In either circumstance, you’ll want to know that these considerations have been made before you’re called upon to speak to a wide variety of situations, great and small.

In this issue, we’ll take a look at what constitutes a crisis and basic communication protocol considerations for your organization. Next month, we’ll cover Media Dos and Don’ts, and, in the final month, we’ll look at some memorable examples of crises that were handled either well or poorly from a communications perspective and what specific lessons may be learned.

Part 1: Definitions and Protocols for Establishing a Crisis Plan

What Constitutes a Crisis?

When does a problem escalate into a crisis?

When it lasts? When constituents outside the organization know about it? When it negatively and materially affects the organization’s bottom line? When your reputation and brand equity are at stake?

The answer: all of the above and any of the above. The question is not *can* a crisis befall your firm or your clients, but *when* will it happen. While *when* may be difficult to predict, what is important is that you are prepared.

Being prepared to manage a crisis is akin to buying insurance. You hope you don’t have to use it, but when an accident or event occurs, you are grateful to have the policy.

Sudden and Potential Crises

Sudden crises can touch any business, including CPA firms and/or their clients. Some of these may include natural disasters that effect the local economy and well-being; violence; downsizing and layoffs; professional misconduct; and on a different scale even personal events like sudden resignation or death.

In the past year in the United States alone, there were:

- 4.1 million workplace injuries
- 2 million incidents of workplace violence
- \$2.6 billion in property loss from non-residential structure fires
- 349,500 fire department responses to hazardous material spills
- 45,000 natural and manmade disasters
- 10,000 incidents of sudden cardiac arrest at work, and
- 5,999 accidental workplace deaths

(Source: 911 Consulting)

These incidents do not happen solely at factories or major office buildings. Indeed, most businesses are small businesses and these and other sudden crises befall all organizations, regardless of size.

While these sudden and sometimes impossible-to-predict crises make the headlines, they make-up only 23% of all business crises (Source: *Institute of Crisis Management*). The rest begin as *potential* crises and can be better anticipated. Potential crises in the Accounting profession include:

- Ethics violations
- Declining sales, profits or share price
- Failure to respond to competition gaining marketshare
- Negative client testimony, bad reviews
- Management scandal
- Staff turnover
- Regulatory investigation
- Industry troubles (crisis by association)
- Client troubles (crisis by association)
- Former or current employee grievance
- Criminal activity
- Systems failure or sabotage
- Discrimination
- Audit perceptions

Both sudden and potential crises can – and often do – happen at the same time. One may trigger the other. Often, one may aggravate the other. For example, a CPA firm may have a malfunctioning billing and record keeping system that has sent out erroneous invoices to clients and misstated tax statements for other clients. For a time, the media and the public at large has not scrutinized the CPA firm about this problem. But, then, a sudden crisis occurs – an associate at the firm files a discrimination lawsuit against a partner and intends to sue for millions. This lawsuit shines a harsh light on all the firm's practices and the once innocuous systems malfunction problem becomes front-page news.

Thus, the need to prepare for a crisis. Where do you start? First, there has to be a set of rules, a procedure to follow. That procedure has to be developed *before* a crisis occurs in order for it to be effective. This may seem obvious, but many leaders are under the impression that they – or one of their staff members, partners or CEO - are capable of making all of the critical decisions on the spot. This is a critical mistake.

Crisis Communications Protocol: The INC Process

The INC Process provides a checklist for what a firm should consider when creating a crisis communication protocol (*Source: CommCore Consulting Group*). INC stands for Identification, Notification and Communication.

Identification

INC starts with identification which is where the majority of the questioning and planning is done. The following questions will prepare you for this first step in the three-step process. Identification is about knowing and seeking. It entails all that a firm needs to know beforehand or seek out as it prepares for and endures a crisis.

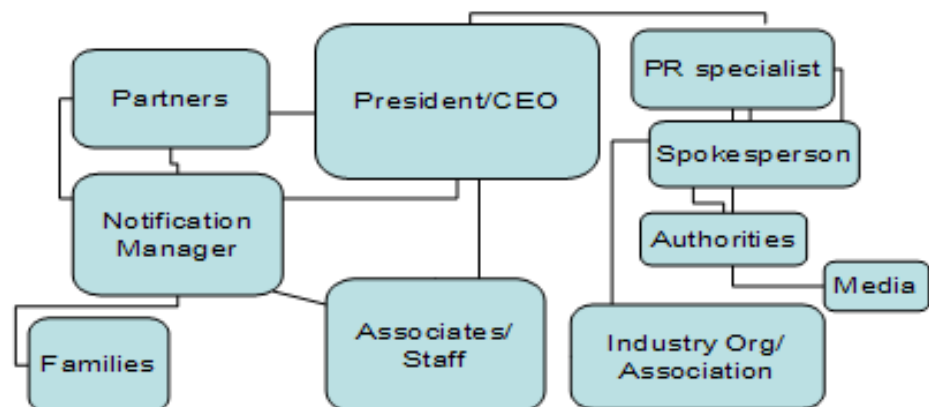
- What type of crises are most likely to occur? Make the list. Describe the nature of each crisis scenario.
- Audiences:
 - Whom does each crisis affect immediately?
 - Who else can subsequently be affected?
 - What can be done *first* (if anything) to stop the crisis from affecting others?
- Who is on the regular, ongoing communications team?
 - CEO
 - CFO
 - Senior Account Manager
 - Public relations expert (may be an outside agent)
 - Board member(s)
 - Legal advisor
 - Spokesperson or spokespeople
- Who is on the *special* (crisis specific) crisis communications team?
 - These individuals are determined based on the type of crisis.
 - For example, if the crisis is computer system sabotage, an IT specialist – in house or outside consultant – would be included.
- What/where is command-central?
 - Command-central is a physical location for the crisis team to meet regularly and, in the end, to debrief and measure.
- What/where is the command-central location for the media and others to receive updates?
- What communications content can be developed in advance?
 - Standby statement(s)
 - Firm fact sheets
 - Boilerplate messages and background
 - Contact information for all constituents (primarily firm staff and families)
- What crisis-specific communications content will need to be developed?

- Statement
- Press release
- Facts on the crisis
- What is the testing schedule?
 - Similar to a fire evacuation plan, this information and planning must be tested regularly – at least annually – to ensure it works and see what improvements need be made.
 - What types of crisis simulations do you need to have?
 - Minimal disruption to operations
 - Multiple stakeholders effected but damage still “contained”
 - Full scale test for major media stories and full-blown press
- Remember the Mirror Rule. Hold your crisis plan up to the mirror of your firm or your client. Each firm or organization is different. General rules must be customized for your industry, locale and facts.

Notification

Notification outlines the logistics of whom to contact, when and in what order. As most crises follow a similar order, it is worthwhile to create a flow chart. Keep in mind that each individual crisis may require a re-working of the chart. The firm’s notification segment should have the following elements and information:

- Contact information for:
 - Employees and their families
 - Board members, associates, stakeholders of any kind
 - Authorities
 - Regulatory agencies
 - AICPA and State Society
 - Other third party industry organizations and associations
 - Vendors, partners (especially technology vendors)
 - Media
- Call precedence, or a call tree, that determines who calls whom and in what order. An example of what such a call tree might look like for a CPA firm is below. If the firm is just a two or three person operation, the CEO can make all the calls. A firm with as few as five or more professional and support staff would benefit from creating a call tree. It is important to know in advance who is responsible to call whom and that they have the required contact information at the office, on the road, and at home. That is the only way to ensure that you can all act quickly.



Communication

The communication segment is where the message is crafted and when communicating appropriately, in a timely manner and with due sensitivity becomes critical.

- Message
 - What are the main and supporting messages? (determined by the crisis team)
 - Do the messages first and foremost show concern for the affected?
 - Is there enough information or too much information?
 - Do the crisis-specific messages support the overarching firm positions?
 - Do they break any confidences?
- Dissemination Technology
 - What controlled vehicle(s) are to be used to send information?
 - Telephone
 - E-mail, Instant Messaging (IM)
 - Fax
 - Website
- Media
 - Determine if/when to approach or respond to the media and by what means:
 - Press conference
 - Conference calls
 - Webcasts
 - Media alerts (via fax or e-mail)
- Spokesperson Delivery Skills
 - Are they articulate, calm, appropriate and clear?
 - Are they adept at fielding questions from a variety of sources?
 - Are they credible? If so, do they *appear* credible?
 - Are they well prepared and able to anticipate issues?
- Measurement
 - At the end of the crisis, how did you fare?
 - Is the firm's reputation damaged? If so, how much? Is the firm's reputation undamaged? Was the reputation improved?
 - How quickly were you able to resume normal business?
 - Did you lose any clients or projects? Did you gain any?
 - What are the lessons learned?
 - Who needs to know these findings?

Lessons Learned

Every crisis has a lesson to be learned. Even those crises after which a company emerges stronger and more respected, even revered. There are still lessons that the leadership can take away to improve readiness. Measurement can be perhaps the most important part of your protocol. Often, executives and leaders having just weathered a tough period want to put it behind them and not think about it again. However, the best way to prepare for your next crisis is to review your last one.

In the next issue of this three-part series...

Now that we have discussed the framework for a good communications plan, we'll take a close look at handling the media in particular. As noted in the INC Process, the media and reporters are a vital vehicle to properly manage a crisis and safeguard your firm's viability and reputation. But how do you approach them? What do you need to know and what do you need to avoid. Look for the next installment entitled: *Media Dos and Don'ts During a Crisis*.

Have a suggestion on a topic? E-mail James Schiavone at jschiavone@aicpa.org

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