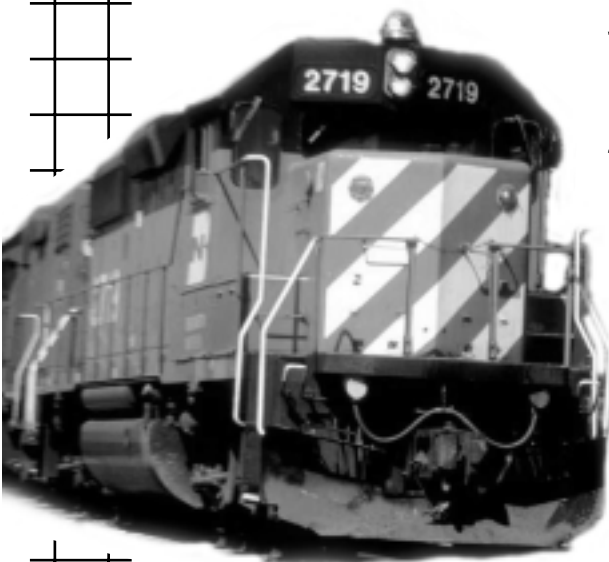




# Keeping it on Track

## Tough Times Call for a Sound Crisis Management Plan to Avoid Derailment



**W**hether a company discovers it has sold consumers a defective product, is navigating rough financial waters or needs to clean up its image after a manufacturing plant mishap, how the crisis at hand gets managed has the potential to derail the business or keep it on track. Having an effective crisis management plan in place can be the key to survival in tough times—no company should be without one. A crisis management plan is a road map for handling the media in volatile situations and for making mere bumps in the road out of potential public relations sinkholes. It outlines actionable solutions for making the best of bad situations. However, many companies have never thought about a crisis management plan, much less created one.

For example, when the Rainforest Action Network spearheaded an aggressive

campaign against The Home Depot protesting the sale of old-growth forest products, America's home improvement mega-chain had a public relations crisis on their hands. A blitz of negative media attention including broadcast coverage of public protests at stores nationwide kept The Home Depot on the defensive for two years. When the company finally announced that it would phase out sales of endangered, old-growth wood by 2002, environmentalists praised the decision. However, the mega-chain's image already was tarnished because they failed to act in a more timely, media-savvy manner. Better crisis management planning would have helped The Home Depot avert much of the negative publicity, curbing the need for extensive, costly damage control.

What has become all too apparent in the wake of the Sept. 11 terrorist attacks is that a crisis management plan is integral to survival, regardless of company size or type. A plan should concisely outline corporate procedures for taking control of a wide range of potential crises—preferably before the local news team plants itself in the company parking lot.

Crises to plan for can vary by industry. For example, in the water treatment industry, a crisis management plan would include procedures for addressing water contamination issues. A complete plan also would cover more general problems such as the sale of faulty products, bad installations, unethical salespeople and confusing contracts. Developing and implementing a crisis management plan requires significant time and resources, so outsourcing this critical function to a reputable public relations agency may be an option.

A solid plan assigns key individuals to a crisis management team with decision-making authority, and it presents specific guidelines for communicating with media, employees, investors and other stakeholders. For instance, ensuring that journalists don't find out about company layoffs before employees do is paramount. A plan also should explain how to interact with law enforcement and assist family members when employees are personally impacted by a crisis.

When confronting any crisis, employee safety, information security and media

management are top priorities. While safety and security procedures will vary, there are a few tried-and-true rules for handling media during a crisis. First, a company should issue a timely press announcement that addresses the crisis in a factual, forthcoming manner. Denial of responsibility or letting the problem fester are certain to bury a company deeper.

Taking steps to reestablish credibility with the media and public is next, which may include recalling a hazardous product, issuing a public apology or implementing special programs to mend customer relationships is pertinent. For example, when Kohler Co. began receiving reports of falling shower doors due to faulty hinges including a report from one consumer who sustained minor injuries, the company took swift, decisive action. Before another consumer could be injured, Kohler voluntarily recalled 41,000 shower doors and provided free replacements. Kohler's well-timed action kept their reputation intact and their customers satisfied—something that is virtually impossible to do without preplanning.

Don't forget to wisely select a company spokesperson. The best candidate is someone who will display patience with the media, keep a cool head under pressure and send consistent messages in every press interaction. While it takes time and diligence to repair the damage, if the right crisis management plan is in place from the start, the discomfort will be temporary. **WQP**

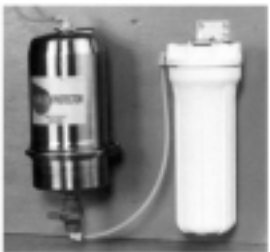
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