



REPUTATION REPAIR

HOW TO REBUILD AFTER
A BUSINESS CRISIS

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In the lead up to a storm, we spend most of our time planning how to withstand the immediate danger. But once the eye passes, the real work begins. The same is true in a business crisis. Long after the negative headlines have receded (although they never disappear online), executives must begin the arduous process of rebuilding and repairing a reputation they've spent years building. It's a mistake to think that things can simply return to business as usual.

What does it take to rebuild a reputation after a headline-grabbing incident like a cyberbreach, product recall or criminal indictment?

There is no magic wand. Once the initial crisis has subsided, executives must commit to a multifaceted effort aimed at a broad range of stakeholders, including customers and partners, employees, media, shareholders and nonprofit or activist groups. Most importantly, improvements must be tangible and meaningful—a mix of operational changes and highly transparent communications.

Unfortunately, we can't prevent every business crisis. But we can learn and grow from them because "in the midst of every crisis lies great opportunity."

DO YOU HAVE A CRISIS PLAN?

Every crisis plan should include the following:

- Designated crisis team. Keep it small to prevent roadblocks and ensure sensitive issues remain tightly under wraps
- Key messaging and talking points
- A description of likely crisis scenarios based on industry
- A list of third-party allies willing to speak highly of the company and its executives
- Designated lead steers—the top five or 10 journalists who cover your industry. Focus on building relationships long before a crisis occurs

UNDERSTANDING THE PROBLEM

The next best thing to preventing a crisis is managing it well from the start. That means having a crisis plan in place before it's put into practice.

As the crisis unfolds, companies might feel the urge to strike back or justify their actions. That's a mistake. Company spokespeople must demonstrate empathy, transparency and honesty—whether they're at fault or not. If company wrongdoing is confirmed, admit it quickly, apologize and move on. People are far more willing to forgive when an apology comes from a sincere place.

Assess the Damage

The first step in fixing a problem is understanding it. That requires a thorough analysis. In certain situations, especially when wrongdoing comes from the top, businesses should consider hiring an independent outside party to conduct an assessment.

Take Uber. When the ridesharing company was rocked by a sexual harassment scandal—one that implicated founder and CEO Travis Kalanick—the board retained former U.S. Attorney General Eric Holder to lead an assessment of the workplace environment. As part of the months-long process, Holder's team interviewed over 200 people and reviewed three million documents. He ultimately delivered a 13-page report with 47 recommendations, which included paring down Kalanick's role, limiting alcohol during workdays and company events, and broadening its training and human resources teams. The board unanimously accepted the recommendations, which put Uber squarely on the road to recovery.

Whether the crisis is large or small, businesses need to get to the root of the problem. That requires taking both a qualitative and quantitative approach, meeting with stakeholders and gathering key data to get a full picture of the situation.

Engage with Stakeholders

No two crises are the same, but in the immediate aftermath of a crisis, brands need to step back from promotion and focus on listening and customer service. How a company handles a product recall that caused death or serious injury will be different from how it deals with a data breach or social media mishap. The key is to listen, stay engaged and keep the lines of communication open.

When engaging with stakeholders, consider the following:

- Use online listening and monitoring tools to see what people are saying in traditional and social media
- Deal directly with negative comments and offer a solution when possible
- Express empathy
- Keep in close personal contact—via social media, email, in person—with partners and other players
- Be transparent, communicate openly and often

REBUILDING TRUST

Repairing the Rift at Home

Too often, companies that are rebuilding after a crisis focus solely on their customers. In truth, they also need to repair damage done at home. Employees serve as a company's most visible and valuable ambassadors. When they are unhappy, the work suffers, taking its toll on the business.

As a company comes back from a crisis, it's important for the CEO and senior leaders to be visible and transparent to employees at all levels. Here are some steps senior management should take to boost company morale:

- Identify employees' chief concerns and deliver regular communications that respond to those issues
- Have the CEO and senior leaders host regular company meetings, either in person or via video conference
- Encourage dialogue; ask employees to share their ideas for how to strengthen the company
- Provide instructions on how your employees should respond to customer concerns, direct reports or even friends and family. Give them a script that they can use in various situations
- Send out surveys to gauge workplace sentiment

Committing to Change

Businesses that successfully recover from crisis recognize that they must make fundamental changes to how they operate. Instead of focusing solely on media perception, the best companies implement tangible change. The classic example is Johnson & Johnson—maker of Tylenol—which famously spent hundreds of millions to redesign its packaging in the early 1980s after seven people from the Chicago area died from tainted capsules. One year later, the company's share price had nearly rebounded to pre-crisis levels.

More recently, pasta maker Barilla was named to the Human Rights Campaign's list of LGBT friendly workplaces only one year after the company's chairman, Guido Barilla, apologized for making incentive comments. How did Barilla do it? In addition to the chairman's apologies, the company created a diversity and inclusion board, launched a training program for employees and contributed to LGBT causes.

What's most important is to align changes to operational needs. The media is pretty good at calling out companies that make only skin-deep fixes. Here are some examples of how companies can improve their operations and signal to stakeholders that they're serious about engineering a business turnaround:

- Order recalls; commit to making improvements to manufacturing, production and operations
- Create a board and/or training program to create greater awareness of the issue company wide
- Replace senior leaders, including CEO, when the company is complicit in the crisis
- Contribute to a cause that relates to the crisis and/or partner with a credible charity
- Offer credits and incentives to lure back dissatisfied customers

COMEBACK COMPANIES

Think you can't come back after a crisis? Here are five businesses that have emerged from a crisis stronger than ever.

- **Johnson & Johnson**
Tylenol poisoning
(1982)
- **General Motors**
ignition switch defect
(2014)
- **Jet Blue**
flight cancellations
(2007)
- **Taco Bell**
"seasoned beef" lawsuit
(2011)
- **Texaco**
racial discrimination lawsuit
(1994)

WRITING A NEW CHAPTER

In today's digital age, negative news lives forever online. But with some positive press and evergreen content, it's possible to push negative news down below the first page of search results. According to reports, the first page of Google search results captures 71% of clicks and sometimes as much as 92%, making investing in online reputation management a smart strategy. Like most areas of crisis management, remaking a digital footprint takes time, especially for extremely high-profile companies.

Here are three strategies for online reputation management:

1. **Positive Press.** Search engines rank stories according to several factors, including quality and authority of content. That means it's a waste of time to secure puff pieces in unknown outlets. Focus instead on communicating how the company has transformed, offering exclusives or profiles to friendly reporters at well-respected outlets.
2. **Evergreen Content.** An effective way to improve online reputation is to consistently create content that will always be relevant, seeding the internet through blogs, websites, social media posts, etc. The copy should be closely tied to the type of crisis. For example, if the crisis involves the CEO, consider creating a personal Wikipedia page and separate blog page on the company's website. Alternatively, if the crisis is tied to the company or a product, consider publishing blogs and contributing to guest blogs, along with long-form LinkedIn articles.
3. **Influencer Engagement.** In times of crisis, third-party endorsements are highly valuable. Reach out to influencers—who can include journalists, bloggers, business executives and other high-profile figures—and enlist their support. There are many ways they can help, including posting messages to their social media feeds, publishing blogs (on their sites and in the media), posting videos and making joint media appearances.

EMERGE STRONGER THAN BEFORE

Rebuilding after a crisis is complex. Businesses must undertake a multi-step process to restore trust both at home and with the public at large. While there is no single roadmap for companies mired in crisis, there are several universal principles: honesty, transparency and a willingness to make tangible changes. There are no guarantees. Even companies that properly manage crises can face significant setbacks. But when businesses approach a tough situation with a desire to listen and learn, they'll be ideally positioned to turn crisis into opportunity.

Need to rebuild your brand after a business crisis?

Contact **Chris Cherry**, Chief Engagement Officer at **ccherry@jconnelly.com** or call us at **973-850-7329** to learn more.