

'YOU MIGHT WANT TO SIT DOWN...'

As ADAM TAUB explains, there are tried and tested methods for breaking bad news without shattering a firm's reputation. In fact, breaking bad news 'well' can actually enhance it.

'WE'RE LETTING YOU GO'

'I'M TRANSFERRING YOUR ACCOUNT'

'THIS HURTS ME AS MUCH AS YOU'

'WE'RE CLOSING DOWN'

'IT'S BEEN CHALLENGING THIS YEAR'

'WE'RE LETTING YOU GO'

The classic novel *Anna Karenina* opens with the famous line: 'Happy families are all alike; every unhappy family is unhappy in its own way.' News is like Tolstoy's families. Good news is always welcome and can be communicated in a general way. Bad news is never welcome and should ideally be delivered personally. But there are four rules for breaking bad news in an honest way that does not ruin your reputation. In fact, breaking bad news 'well' can enhance it.

RULE 1: BE VERY CLEAR

When you have bad news to break, come to the point quickly and make sure that you communicate as clearly as possible. If you are breaking bad news to many customers or shareholders at once, it is unlikely that they will be able to discuss the issues with you immediately. So the communication needs to answer the questions they will have and set out clearly what actions they need to take. The wording and design of any communication play a critical role in people's ability to absorb the information. Ask people outside your team to read your communication to identify ambiguities; work with designers to ensure the layout and typography clarify the messages. As far as possible, try to ensure that the communication is personal - that it relates to the circumstances of the individual.

RULE 2: SOONER IS BETTER THAN LATER.

There is never a good time to break bad news and the general rule is 'as soon as possible'. However, there are three reasons that you might choose to delay. **The outcome is uncertain.** This is the



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most common and justified reason for delay. 'Should I warn investors or employees about a possible event that may never come to pass?' It is not an easy decision. However, if you are in regular communication with the audience it is easier to broach possible problems than if the communication comes out of the blue. **We don't have all the facts.** It is essential that you can respond to any issues that are raised and so you need the facts. Find them as quickly as possible and remember that you will never have all of the answers - you just need to have credible responses where you don't have them. **It is too soon.** This is rarely a good reason to delay. In a recent reorganisation, the internal communication team of a bank told employees that an office would close in three years. This caused great concern and the team spent many days responding to emails. In retrospect, I still feel that breaking the news early was correct, although the way it was handled might have been improved.

RULE 3: OFFER A 'SOLUTION'

When you break bad personal news to someone, it is usually best not to offer advice or suggestions immediately; simply to allow the news to sink in. But when corporations break bad news to customers, it should be communicated together with potential 'solutions' - the options that are available to the individual as a result of the situation. When Bradford & Bingley folded, the branch network was sold to Santander. The mortgage book was retained and it was decided to manage it down. This presented a number of important issues for customers, many of whom were already uncertain about the implications of the business restructure.

Bradford & Bingley explained to its customers the ramifications of the changes and what the company could and could no longer offer.

At the same time, it began an extensive communication program to prepare customers for the decisions that they would have to take in the future - as interest rates rise or if they want to increase their borrowing.

The result is a very low default rate and an extremely valuable book of mortgages which returned £150 million to the UK Government in 2011.

RULE 4: SAY YOU'RE SORRY

In the 1949 film *She Wore a Yellow Ribbon*, John Wayne famously says: 'Never apologise and never explain - it's a sign of weakness.' It isn't. An apology is an admission of fallibility, not weakness. A proper apology can make a huge difference to the way that bad news is received. Around 10 years ago, the University of Michigan Health System adopted a radical approach to the hazard of medical negligence claims. It instructed its lawyers and doctors to admit mistakes up front and to offer compensation to patients before being sued.

THE COMMUNICATION NEEDS TO ANSWER THE QUESTIONS THEY WILL HAVE.

The effect has been striking. Malpractice claims against the health system fell by 50% over six years and the average time to process a claim shrank from 20 months to eight months. Financial services companies can learn from this approach. It is not a sign of weakness to apologise; it can help to restore confidence and trust. But there is a proviso to this rule. Saying sorry on its own is not enough. It must be followed up by actions that demonstrate contrition and a commitment to learn - otherwise the apology is hollow. A genuine apology involves taking responsibility for mistakes and

SPEED READ

- The four rules for breaking bad news
- When to break bad news
- Enhancing reputation through handling bad news 'well'

implementing the changes needed to prevent it happening again.

AND FINALLY...

Brian Hartzler, until recently the Head of Wealth at RBS, tells the story of a small VISA business in Singapore for which he was responsible. It was not profitable so he sent out one of his best managers to close the business.

Two weeks after she went out, the global employee survey was sent to all employees. Brian was amazed to find that this business in Singapore showed the highest employee engagement score of any part of the business.

He called the manager and the conversation went like this. 'Have you told everyone that the business is closing?' 'Of course.' 'And do they understand that they won't have a job?' 'Of course!' 'So how do you have the highest engagement scores in the whole business?' There was a short pause and then she answered. 'This is a small company - just 35 people work here. I make it my business to stop at every single person's desk once a day to ask them - "How is the job search going? Can I help you put your resume together? Do you need a reference?" At that moment, Brian says, he realised that engagement does not come from the salary we pay people but from the care that we show them. Bad news is never welcome, but the way that we handle it can make all the difference. ■

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