

Crisis Management: Best Practice

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Acknowledgment that crises do and will happen is the first step to mitigating against an arising issue becoming a major problem, as Financial Services Forum members heard at our 'Crisis Management: Best Practice' seminar on the 21 February 2017, hosted by Sapient and sponsored by FWD.

Key Insights

- Prepare, prepare, prepare
- Rehearse
- Respond: be consistent, clear and empathic
- Evaluate and be prepared to learn difficult lessons, then amend the plan
- Integrate departments and share valuable insight collaboratively

As an industry tasked with assisting both consumers and companies in the face of crisis, insurers are in the business of helping their customers overcome disaster. However, political and economic risk can inflict crisis on any company at any point – not to mention the risk of damage to reputation caused by internal personnel issues being leaked to the press or the power of unhappy consumers on social media.

When the Cumbrian floods hit a number of their customers, an established crisis management strategy meant that Direct Line were on the ground in the affected areas within hours, armed not only with insurance policies but assistance, cups of tea and 'Flood Boxes' containing essentials for victims evicted from their homes. Notably, they were also joined by CEO Paul Geddes, who donned his wellies to help out where possible as well as answering questions from the media. To find out how this process was managed internally and externally, attendees were joined by fellow members Frances Browning, Head of Brand PR & Social Media and Claire Foster, Deputy Head of News, to find out more about the strategy that allowed Direct Line to react quickly and effectively during a critical time.

To support the conversation from the perspective of a PR and communications business, members also heard from Ralph Jackson, Board Director and Partner at Lansons. Ralph has not only supported a number of high profile financial services companies with their communication strategies, but has extensive experience of working with government and regulators. Ralph was able to provide a number of cases-studies and perspectives from his experiences, enhancing understanding of crisis and reputation management approaches utilised by agencies.

Create a positive narrative from a negative situation

Frances began by explaining that the Chinese word for 'crisis' translates to two words often perceived as conflicting; 'danger' and 'opportunity'. Negative circumstances often arise from elements beyond our control, however instead of allowing them to determine our reactions, crisis management strategies can allow businesses to create positive narrative from the situation and bounce back from adversity. In doing this, Direct Line place a high value on the collaboration between the communications team and

key business functions, with the marriage of brand and media PR resulting in some of the best integrated campaigns in the financial services industry.

Direct Line see four distinct pillars within a crisis management strategy; Preparation, response, monitoring and evaluation - a sentiment later supported by Ralph. As an insurer, many of their highly-documented crises have arisen from natural disasters. As a result of the unpredictability of these situations, Direct Line ensure that they are ready to spring into action at any time. As well as internal 'Gold/Silver/Bronze' command structures, crisis management frameworks help executives pre-empt and deal with difficult decisions during times of stress.

Preparation has also involved the continued use of 'scenario planning'. During these simulated reality exercises, senior executives respond to 'real-life' crisis situations designed to help them deal with the adrenalin and better understand the ways that they will behave in times of stress. Claire added that this also involves performing live interviews and answering challenging questions under significant pressure. Confidence is key and Direct Line Group's own CEO has received praise for his honest and straightforward responses to the media following the Cumbrian floods as well as visiting affected areas.

Remove cultural hierarchy and encourage collaboration between departments

It is equally important that internal audiences are not overlooked. Frances noted that removing cultural hierarchies enables everyone to gain access to the executive committee if necessary in times of crisis. Additionally, business units should be clear about exactly who has the authority to sign off payments in times of crisis and managers should understand geographical spread of regional offices as well as having clarity on internal business maps. This will prevent friction from spreading internally as well as externally.

With this in mind, Frances explained that cross-departmental collaboration is a valuable tool. The social media team are able to offer a wealth of valuable insight, offering intelligence on emerging disputes and problems as well as information in times of crisis. At Direct Line, the social media team work closely with PR as well as marketing, scanning the environment for potential incoming issues. This enables the team to work together to quickly assess the situation and formulate a response ahead of further escalation.

A coordinated internal team are able to make significant headway in managing the crisis. However, when approaching consumer issues in particular, it is equally important to be wary of the 'false consensus effect' as Claire explained, whereby geographical or psychological distances between internal and external circumstances cause businesses to become detached from the problem at hand and therefore unable to fully understand the issue facing the consumer. Recognition of the 'false consensus effect' is the first step, but where possible, the company should get to the front line and fully gain an understanding of the issue.

Plan, rehearse and support your spokesperson with training

Echoing the sentiment of Frances and Claire, Ralph advised that planning ahead was a crucial component in the communications toolkit. Nobody can be sure when crisis will happen, however, businesses can be sure of how they will approach adverse situations. Following a crisis, undertaking a thorough learning and evaluation process can prove critical in avoiding future incidents and mitigate against further reputation damage.

As Ralph explained, rehearsal is crucial. Preparing extensive checklists verifying processes, decision makers and (perhaps sometimes overlooked) telephone numbers, allows a business to not only feel

confident that they are able to cope should a situation arise, but will buy time away from dealing with admin issues on the day a problem hits. Further to this, it is also important to think carefully about who would be the best spokesperson to deliver messages to the public and media.

Ralph added that the default option of CEO may not always be the best choice. A spokesperson must have the capability to respond and answer questions in a calm, empathic, reasonable and consistent manner and the PR team must be objective in their choice of the best individual to represent the company. Supporting the chosen colleague with ongoing media training will then help to counteract against mistakes being made under stressful situations. Ralph added that businesses must recognise that mistakes can and will be made, but training, planning and rehearsal will always preventing further damage.

Building good relationships with traditional media partners is still an advantage

It is also important for businesses to have a firm understanding of who their audiences are. Consumers, the leadership team and employees constitute a considerable group, but could businesses do more to keep close to their local communities? Having the support of those around you may be a valuable asset when reputation is at stake.

Ralph reminded the audience that in the age of new media everyone is a journalist, time-zones are no longer constrictive and messages have the ability to quickly spread and escalate. In the rush to manage social channels, we should not forget that building good relationships with traditional media remains an advantage. Make the most of traditional media partners and don't overlook their capabilities. Transparency remains the best way to recover reputation, and continuing to articulate key values and deliver a consistent message across all channels is paramount during periods of uncertainty.

Ralph closed the formal discussion with a number of fascinating case studies, providing members with real life examples of good and bad crisis management, as well as four key takeaways;

- Think the unthinkable
- In all communications during crisis, display empathy, be pragmatic calm and organised
- Constantly remind ourselves and colleagues to expect the unexpected
- Evaluate, prepare to learn painful lessons, take a critical view on what could have been done better and then adapt the plan

An excellent and insightful presentation from the speakers was concluded by a number of questions and thoughts from the audience, leading the conversation towards a discussion surrounding issues facing the businesses of the attendees. Thank you to Frances, Claire and Ralph for sharing their own best practice tips and experiences.

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