



Panic over

By taking some practical actions, you can stay cool and lead effectively through a crisis

Writing
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When crisis hits a business, it is critical that the C-suite has the ability to stay cool, make measured, well-thought-out decisions and lead effectively. Bad news now travels the world with the click of a button, so a situation can snowball and become ever more difficult to slow down or contain.

No one wants to be associated with a company that is plagued by crisis. Almost immediately, the

company's market capitalisation tumbles and headlines ask challenging questions about the top leadership. Customers become nervous, especially those that are procuring complex, multi-year projects. Suppliers worry about the cash crunch and tighten their credit lines. Banks become concerned about potential credit downgrades and collateral requirements. This is because they know the organisation can expect to incur significant additional costs as it deals with the crisis.

Unfortunately, corporate crisis management isn't always intuitive. Leaders often have to undertake difficult, seemingly counterintuitive,

measures to get a grip on the crisis. As such, a crisis is likely to be mishandled by anyone who hasn't already experienced serious crises first-hand – i.e. most corporate managers.

So how can you stay cool and lead effectively through a crisis? Here are nine top tips:

1 Avoid initial missteps

When there is an allegation against a company, the first question many leaders ask is: "Who raised this issue?" This places the focus on the messenger, rather than the message. As a result, it often leads to the allegation having its severity downplayed, or even being dismissed outright. Put aside these rationalisations: corporate leaders should do everything in their power to encourage a 'speak up' culture and investigate all allegations that come to them.

The temptation for a leader may be to tell his or her people: "Go and deal with this." As a leader, make no assumptions and get the facts. Encourage your team members to be open to any possibility, and make it clear you are also engaged and open to any possibility. The right instruction is this: "Get me the facts about what's going on."

2 Don't put profits or short-term priorities ahead of dealing with a crisis

Even in the most serious crises, corporate leaders often go to great lengths to avoid any action that could be perceived as disrupting the course of normal business. This signals that the allegation and any investigation into it are secondary, and should not take precedence. It is a denial of the situation and sends the wrong message. Everyone connected with the organisation needs to understand that the operating environment has changed and that there are new priorities.

3 Establish a committee or group to oversee the crisis and response

Draw on all available resources to perform a thorough, credible and coordinated investigation. Of course, you will need to have legal, communications and the implicated business unit around that table. But you also need the company's gatekeeper departments: finance and accounting, ethics and compliance, human resources, internal audit and procurement. They will help to ensure that you are not just going through the motions of an investigation while saying the right things. By working collaboratively across functional lines, you will give yourself the best chance of getting to the bottom of things quickly.

4 Confirm that senior leadership prioritises the facts

Good corporate governance dictates that the company's leaders should initiate their own

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response immediately to protect the company's reputation. They should send the message that leadership places the highest priority on matters of integrity and ethics.

5 Communicate only the facts and the process – never speculate

Communication needs to be fact-based and honest. The company will need to be as transparent as possible and keep the flow of communication going, while being mindful that there are limits to what can be revealed publicly.

6 Provide a roadmap for fact-finding and remediation

Following any investigation, facts and issues will come to light that require the urgent attention of the board. The situation may demand immediate reviews of business practices, personnel and organisational safeguards. A clear strategic plan for reform and recovery will be needed to strengthen the organisation's structures and rebuild trust and goodwill with various stakeholders.

7 Reassure key stakeholders about the process

The company should assure stakeholders that they will receive periodic updates, including information on any investigative findings and planned remedial actions. This is an important opportunity to affirm that the company takes all allegations seriously. In keeping with this approach, staff should be informed that while daily business continues, the investigation takes precedence and that their full cooperation will be expected.

8 Learn from the process and build a stronger company

Suitable policies, processes and systems need to be introduced to prevent, detect and respond to issues. Business models and practices may need a deep, risk-focused review. When leaders communicate on ethics and compliance areas, they should not dictate or lecture. The tone of leaders should be one of contrition, openness and commitment to real change. Leaders will need to call on employees to help define the new vision and how to put it into practice.

9 Never let a crisis go to waste – use it as a platform for change

A willingness to self-correct rather than fight to retain the status quo may determine whether a crisis becomes a long, drawn-out process of litigation or becomes a catalyst for change. **E**

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