

How to manage different types of company crises

Q: Business continuity is important for any business. What are some crisis management and crisis communication lessons that SMEs can draw from recent events in Singapore? What should companies do to be prepared?

A: There are two types of crises. Type A is when a business suddenly drops the ball on what customers have decided should be its key performance indicator. This is usually not just a technical problem. Instead, businesses forget what they're held accountable for. When Wildlife Reserves Singapore (WRS) cancelled Halloween at the Night Safari last year, they were right about protecting the animals' welfare. However, the public holds WRS foremost accountable for providing family entertainment, and dropping Halloween thus meant dropping the ball.

Type B crises are when a business is breaching the very values that it upholds otherwise. Walmart has been successful in China, where it operates in over 130 cities. Doing what's best for China has always been a commitment and it produces as much as possible locally. So when claims arose that Walmart fooled its customers in Chongqing into believing that normal pork was "organic", the backlash was all the more powerful.

Two things can fan the flames of either type of crisis. Firstly, a crisis can become the symbol of a deeper discontent. Last month, a security guard at Dolce & Gabbana in Hong Kong stopped a photographer from taking pictures of the storefront. The company stated that only foreign and mainland Chinese visitors were allowed to photograph the store. On Facebook, nearly 15,000 then vented their anger over a stinging symbol of underlying tensions between mainlanders and Hong Kong residents. Likewise, ComfortDelGro's fare hike became a set piece in many grumbling conversations among Singaporeans about the cost of living. Grumblers may have old issues, but they need fresh symbols to raise them.

Secondly, the more a crisis appeals to the cameraphone, the wider it will spread. When



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a failure is "picture perfect", audiences will record, forward and post it hundreds of times. SMRT's broken window was on every Facebook wall in Singapore and got some reprimand only when people started posting the Abercrombie & Fitch guys instead. OCBC fared better last year when an IT failure caused all its ATMs to break down. Since an ATM is hardly cameraphone-friendly, public interest died down after the repair and an apology.

How can companies be prepared?

Always have a crisis communication plan, review it yearly and train your staff. Never say "no comment", as this is the loudest comment a company can make and says "we don't care what our audience thinks". When companies get into a Type A crisis, it is best to start with a public acknowledgement of having disappointed the customers. Companies needn't formally apologise if they're not at fault, but should never blame the public for setting expectations too high. Afterwards they need to fix the technical problem, take steps so that it doesn't arise again, and tell the public that it's fixed and what exactly has been done to avoid a relapse. Even better if those steps appeal to the audience's need to see, forward and post: OB last month reinstated its Ultra Brand tampons and apologised for supply

problems with a personalised music video for every woman who visited its site. However, symbolic crises run deeper and a company won't get out of them alone. They require responses by entire industries or nations; even if the CEO of a bank cuts his bonus, he won't change public anger about the role banks played in the financial crisis.

Type B crises require all of the remedies of Type A, but companies will additionally need to restart a dialogue with their audiences to find out what values truly matter to them. To live up to those values, companies might need to make changes in their business model. Disney would make an easy target for protesters against cultural infiltration by shallow entertainment; setting up an English tuition centre in Shanghai and contributing to education was therefore a smart move.

Preparing for a possible crisis takes time, management attention and a budget. But being prepared will be less costly than the damage done to a company's reputation if it gets into an actual crisis. Meanwhile, businesses shouldn't overreact. There will always be negative media reports, enraged "Stompers" or opinionated bloggers like Xiaxue, but not all lead to a crisis. Or does anyone remember the nail that a consumer found in a loaf of bread from Carrefour at Plaza Singapura? Precisely.

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