



BY TONY JAQUES

Is the CEO Really the Best Crisis Spokesperson?

Four Myths Exposed

THE CEO SPEAKS ON BEHALF OF THE ORGANISATION, EVEN WHEN THE NEWS IS NOT GOOD. THAT IS PART OF THE ROLE; IT GOES WITH THE TERRITORY.

Current thinking about crisis management shows there is a lot more to it than simply 'the buck stops with me'.

The enduring image from BP's Gulf of Mexico oil spill disaster in 2010 is CEO Tony Hayward making the infamous statement, "I would like to get my life back."

Although he later apologised to the families of the 11 men who died on the rig, the image captures everything that is wrong with the CEO as crisis spokesperson.

Apart from Mr Hayward, whose misjudgement cost him his job, worrying data about the reputation of big business in general and top management in particular raises important questions about the role of the CEO as a spokesperson.

A Harris Interactive poll in the US found just 15 per cent of those questioned had a great deal of confidence in the people running major companies, and 27 per cent said they hardly had any confidence at all. In addition, a Gallup poll of honesty and ethics of professions placed business executives near the bottom of the table, just ahead of car salesmen and telemarketers (at the top of the list were nurses, pharmacists, high-school teachers, clergy and police officers).



A major study for the Public Affairs Council published in November 2011 found only 61 per cent of the public had a favourable view of major companies. It also found that 86 per cent of Americans rate non-managers as having average to high honesty and ethics, whereas just 50 per cent think CEOs possess high honesty and ethics.

Considering the results of this study, the first of its kind, PAC President Doug Pinkham said companies might need to reconsider whether it is smart to have their CEO as their spokesperson on all occasions, especially during a PR crisis. "Underlying negative feelings about CEOs may make it difficult to build trust," he said, "and in such cases the best face for the company may need to come from the factory floor, not the corner office."

Mr Pinkham just may be right when it comes to speaking for the company on non-controversial matters. However, genuine crises demand different rules and different standards at every level of the organisation.

In fact, there is an entire cottage industry of experts advising what to do and, more importantly, what to say in a crisis. Some of this advice tends to favour good communication ahead of what is necessarily good management, and that has led to the development of some damaging and dangerous myths.

MYTH # ONE: ONLY THE CEO CAN SPEAK FOR THE ORGANISATION

Choosing a spokesperson can be one of the most important acts in dealing with a crisis. And it is essential to recognise that the spokesperson may or may not be the CEO. Moreover, the spokesperson in a crisis may be different from the one who operates best in a normal, non-crisis situation.

The CEO should be visible and speak when there is a crisis, especially to address key issues of policy and show that the organisation cares. The big difference is that the myth suggests, once the CEO has spoken, he or she automatically continues as the 'official spokesperson'.

This is not only a misuse of top executive time and status, but can lead to the situation faced by CEO Tony Hayward of BP. In that case, the CEO responsibly stepped up to speak on behalf of the company. He then seemed to become the all-purpose, anytime spokesman providing continuous updates on just about every operational detail of the spill, which allowed the media to personalise every tactical setback. That level of exposure inevitably leads to physical and mental tiredness and the danger of saying too much or making communication slips, just as Mr Hayward did, with damaging consequences for himself and the company.

For the CEO, speaking in a crisis is very different from being the ongoing media spokesperson.



MYTH # TWO: THERE MUST BE ONLY ONE SPOKESPERSON

The first myth leads directly to the second, which says there must only be one spokesperson. This myth arises largely from a basic misunderstanding, namely that the need to 'speak with one voice' means only one person should speak.

Nothing could be further from reality. One voice means consistency of message. It does not mean only one spokesperson. It is entirely appropriate – indeed, often desirable – to have a number of different spokespersons, each with their role well defined and clearly understood by the media.

The CEO should speak to demonstrate compassion and commitment to correct the problem. However, it is equally acceptable to have a small number of other well-trained spokespersons to deal with specific matters. Using a PR professional as spokesperson is not the norm in Australia, even for large organisations (though banks and airlines are typically among the exceptions). Qualified executives speaking on operational or technical issues, or providing updates, is an effective strategy which reduces the risk of over-exposing the CEO, and allows the CEO to focus on providing leadership to manage the crisis itself. It also allows the CEO to be held 'in reserve' to step in if things go wrong or a dispute arises.

In the same way, the organisation should consider using different spokespersons for internal and external audiences. The key to success when there is a crisis is not one spokesperson, but one calm, consistent and confident voice.

MYTH # THREE: LEGAL COUNSEL SHOULD DETERMINE WHAT GETS SAID

In every crisis, the CEO needs to balance a variety of risks and demands, none more important than balancing legal counsel against the overall best interests of the organisation. While no CEO can properly ignore legal risks, these must be weighed against other considerations such as financial, competitive and customer risk as well as risk to reputation.

Lawyers have a professional obligation to minimise risk and to protect the organisation in the event of litigation, even though there is little evidence that a good-faith statement has seriously damaged a company in court. However, there is good evidence, especially in the medical area, to show that open, honest communication can reduce the chance that an affected person will pursue court action.

It is recognised that lawyers will err on the side of caution and may advise the spokesperson to say little or nothing. But it is also well known that an organisation can win in the court of law and lose in the court of public opinion. The CEO needs to balance these factors, in particular competing advice about what should be said on behalf of the organisation.

Although legal opinion is important, and just about every crisis has a legal component, the CEO should never use the 'legal risk first' approach as an excuse to abdicate responsibility and completely assign crisis management to the legal team.

It has been said that the company lawyer should have a seat near the front of the bus but should never be allowed to take the wheel. Or

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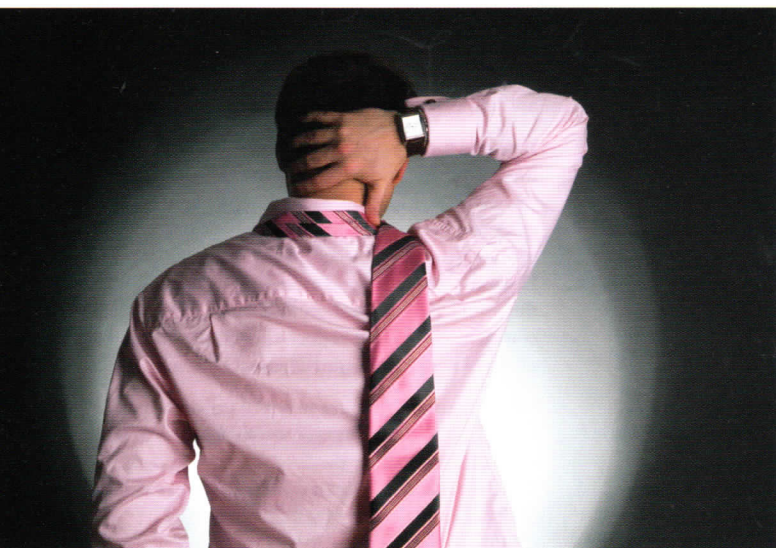


as Daniel Diermeier wrote in a book out in 2011: “Good crisis management teams have a strong, opinionated general counsel, while poor crisis management teams are run by the general counsel.”

Lawyers will always have at least half a dozen good and valid reasons why the company spokesperson should say nothing. However ‘no comment’ is never the right answer.

A striking example of how a top executive successfully balanced competing demands was seen in early 1990 when the legendary CEO of BP America flew to the scene of a major oil spill off Huntingdon Beach, in Orange County, California. Despite the spill coming from a contract carrier and not a BP-owned tanker, the CEO told a press conference: “Our lawyers tell us it is not our fault. But we feel like it is our fault and we are going to act like it is our fault.” Because the communication and subsequent clean-up were so well handled, the spill was soon virtually forgotten by the wider community and the news media – unlike the Exxon Valdez oil spill disaster, which happened only a year earlier and still remains a blot on the company’s reputation.

In the Huntingdon Beach case, the CEO’s frank statement might have been a bit extreme – and perhaps even a little risky – but it laid to rest once and for all the myth that lawyers should decide what the spokesperson says.



MYTH # FOUR: THE CEO MUST BE ON THE SPOT TO TAKE CHARGE

The fourth myth is the most contentious, because it raises an almost unanswerable question, namely where should the CEO be during a crisis? American crisis expert William Small says no other issue has been debated as much as the role of the CEO in the first few hours and whether or not he or she should race to the scene.

The CEO certainly does need to be visible during a crisis, but not necessarily at the site to drive the operational response. This is a balance which leaders can easily get wrong. Two of the most famous corporate crises in the last 30 years provide a good example of what not to do.

In the wake of the catastrophic chemical leak at Bhopal in 1984, Union Carbide Chairman Warren Anderson impetuously flew halfway around the world to India. He was promptly arrested on arrival and spent almost a week cut off from proper communication in an Indian prison, leaving the company leaderless at a critical time.

By contrast, after the oil tanker Exxon Valdez ran aground in northern Alaska in 1989, Chairman Lawrence Rawl immediately sent Frank Iarossi, his highly competent President of Shipping to the scene to take charge. Meanwhile, the chairman remained bunkered in his New York headquarters and did not issue a statement for six days. After he finally emerged, he gave a disastrously mismanaged TV interview in which he tried to blame everyone else for the crisis.

Asked why he did not directly visit the spill site at Prince William Sound, Rawl said his instinct was to go, but his management colleagues persuaded him he would ‘just get in the way’.

As President George Bush famously learned after he failed to visit New Orleans immediately after Hurricane Katrina, the window of opportunity for a leader to do the right thing is extremely narrow, with 24/7 news media making it even more urgent.

Should the CEO go to the scene of a crisis? Usually the preferred option is yes, even if for no reason other than to be visible and show they care. But it is a myth to think there is a simple, definitive answer that applies in every case.

By definition, a crisis is a situation out of control where routine responses and processes usually do not apply. As with all the myths discussed here, history provides useful lessons. But today’s CEO must exercise judgement and find the balance which best suits the company and the situation. Most importantly, the CEO needs to remember that in any crisis situation, the eyes of the world are upon decisions made under pressures of time and emotion, often with inadequate information at hand. It is those decisions which can make or break reputations. •

About Tony Jaques

Tony Jaques is Managing Director of Issue Outcomes Pty Ltd and an acknowledged expert on issue and crisis management. He specialises in auditing corporate issue and crisis processes and has developed tools to help organisations identify and prioritise potential crises. He is widely published in the field, and writes Australia’s only regular online issue and crisis newsletter *Managing Outcomes*, which can be seen at his website www.issueoutcomes.com.au. Contact him at tjaques@issueoutcomes.com.au.