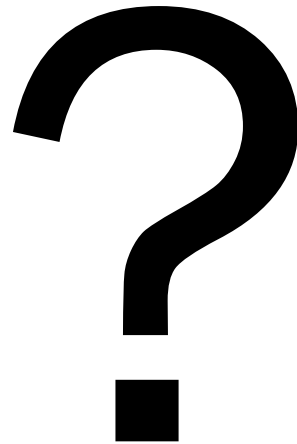


# Week 4. Crisis prevention

6 February 2017

# Questions



# Today's learning goals

1. Learn how risk, issue and reputation management are related to crisis communication.
2. Understand the difference between scanning and monitoring.
3. Be able to collect, analyse and evaluate information before a crisis.
4. Be familiar with available tools to monitor social and legacy media.

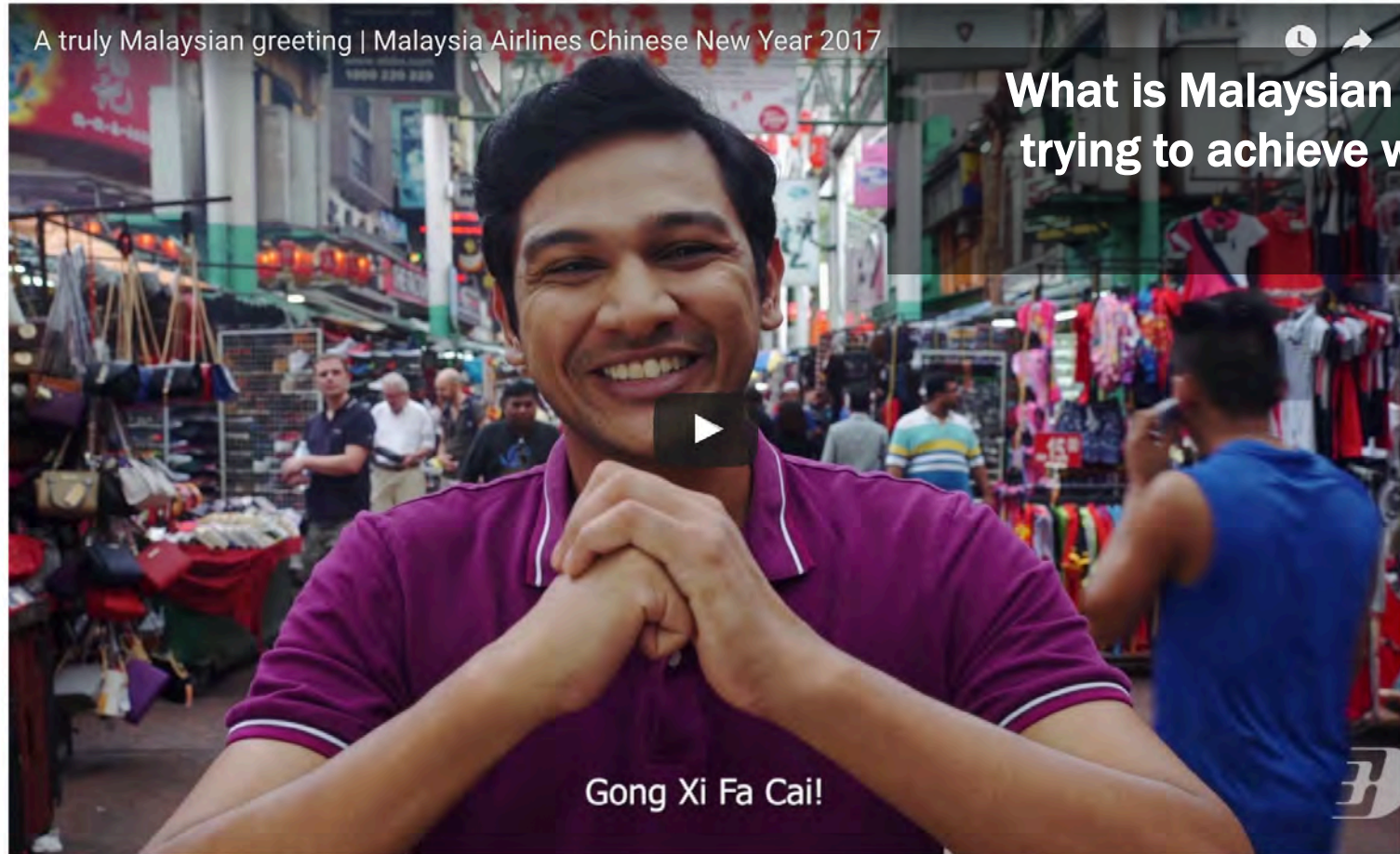
# Crisis management stages

Macro stages	Micro stages
<b>Precrisis</b>	Signal detection
	Prevention
	Crisis preparation
<b>Crisis Event</b>	Crisis Recognition
	Crisis Containment
<b>Postcrisis</b>	Evaluation

# Signal detection & crisis prevention

- The precrisis stage involves looking for **warning signs** to reduce the **likelihood of a crisis from happening**.
  - Signs can be found **internally** (within the organisation) and **externally**.
- Systematic **scanning** and **monitoring** of warning signs must be incorporated in crisis management plans.
  - We scan for ALL possible warning signs.
  - We monitor **ONLY** those signs that are the most likely to become crises.

# A truly Malaysian greeting - Chinese New Year 2017



Malaysians are one of a kind. We embrace the culture of others and celebrate in harmony. This Chinese New Year, watch how the richness of Malaysia comes to life. Wishing everyone a happy Chinese New Year!

<https://www.youtube.com/watch?v=U2FICLStkoc>

# Proactive management

- Crisis management should not be reactive, but **proactive**.
  - The best way to manage a crisis is to prevent it from happening.
- Good prevention implies adopting the three functions of proactive management:
  - Issue management
  - Risk management
  - Reputation management

# Issue management – Definition

An issue is “a trend or condition... that, if **continued**, would have a **significant effect** on how a company is operated”

(Moore 1979, p. 43)

“An issue is a type of problem whose resolution can impact the organisation”

(Coombs 2015, p. 32)

# Issue management – Overview

- Issue management involves identifying issues and taking action to solve them or to lessen their impact on the organisation.
- Tools available to a company to **manage an issue**: advocacy advertising, direct lobbying, grassroots lobbying, letter writing, e-mail, web pages, and publicity.
- Issue management might involve **changing the environment** (external changes) or **changing the organisation** itself (internal changes).

# Issue management – A case

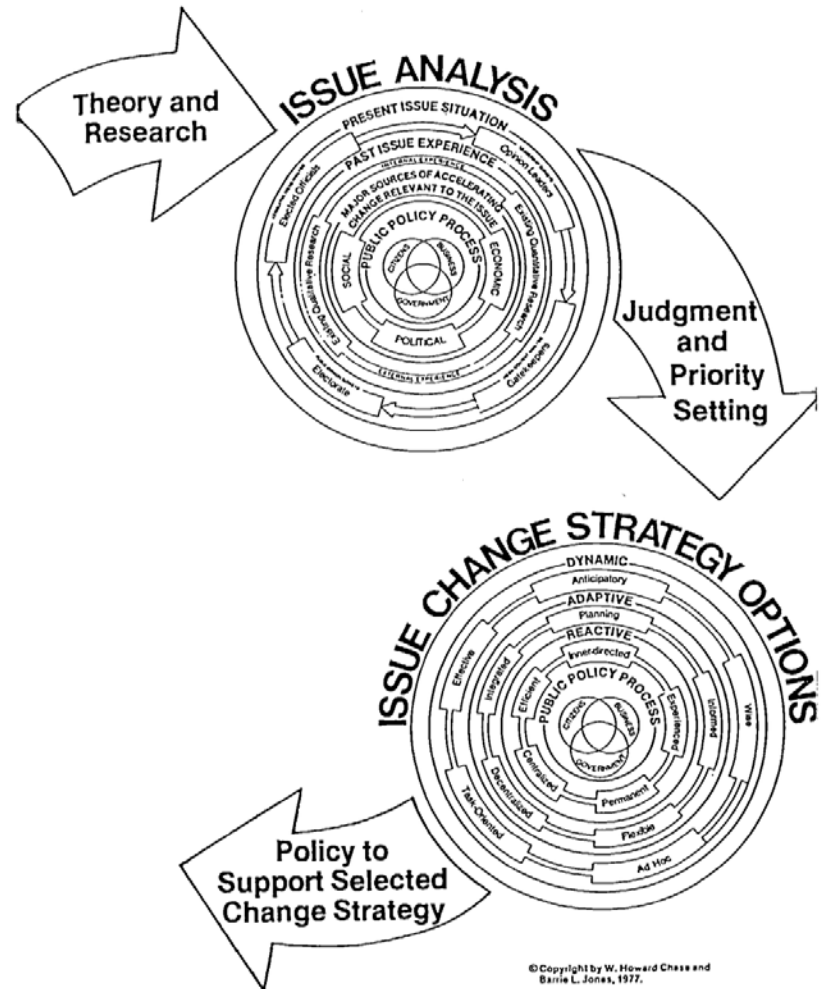
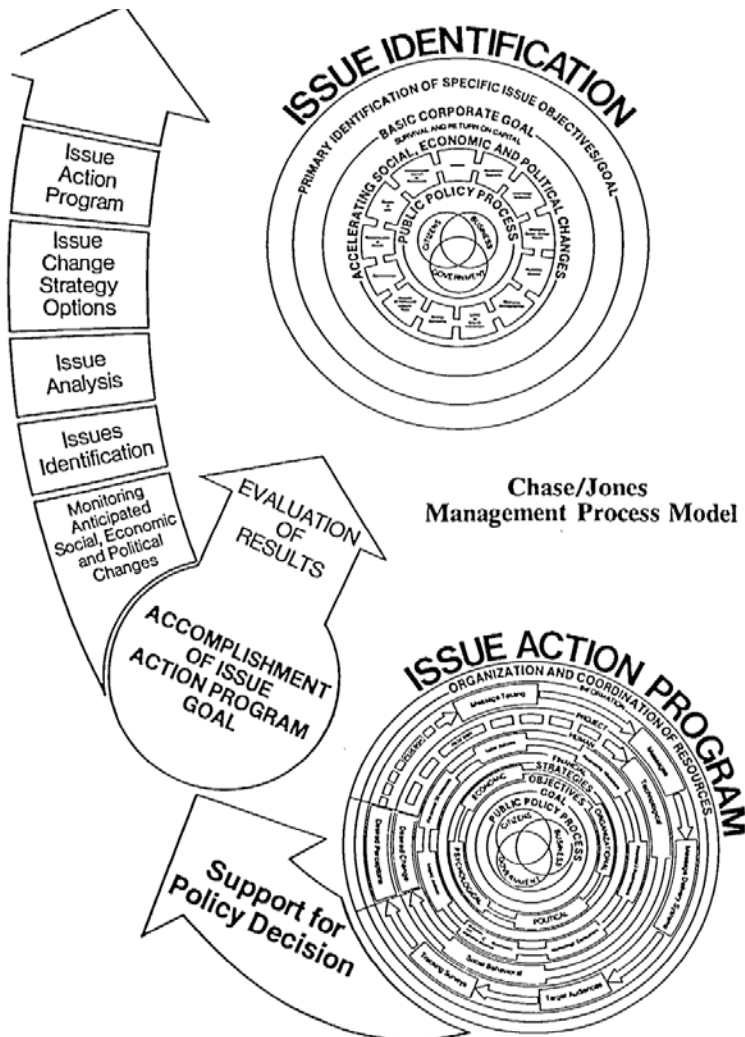
McDonald's tried to change the external environment by suggesting recycling of "clamshells"



McDonald's was unable to change the environment and, instead, decided to change the procedures of the organisation



# Issue management model



# Reputation – Definition

“Reputation is an evaluation that stakeholders make about an organisation (...) We can talk about favourable and unfavourable reputations. A reputation is a reflection of the organisation-stakeholder relationship”

(Coombs 2015, pp. 34-35)

# Reputation management – Overview

- Reputation management are the efforts taken by an organisation to influence the way stakeholders **evaluate an organisation.**
- In other words, it refers to the way organisations manage **their relationship with stakeholders.** Mismanaged relationships can result in reputational damage and, eventually, in a crisis.

# Reputation management – Overview

- Reputation is formed through direct and indirect contacts:
  - **Direct interactions** – refer to stakeholders' first hand experiences with an organisations' services, products, values and actions.
  - **Indirect interactions** – refer to mediated reports of how an organisations relates to stakeholders. They include news reports, friends/family comments, online reviews, commercials... They carry **heavier weight** on reputation formation.

# Reputation management – Stakeholders

- Stakeholders are individuals or groups of individuals that have an interest, right, claim or ownership in an organization.
  - **Primary stakeholders** are those whose actions can help or harm an organisation. They can stop an organisation from functioning.
  - **Secondary stakeholders** (or influencers) are those who can “affect or be affected by an organisation”. They cannot stop an organisation from functioning, but they can create damage.

# Stakeholders

## Primary stakeholders

Employees

Investors

Customers

Suppliers

Government

## Secondary stakeholders

Media

Activists

NGOs

Competitors

Social Media influencers

**Organisation**

```
graph TD; Org((Organisation)); Emp[Employees] <--> Org; Inv[Investors] <--> Org; Cust[Customers] <--> Org; Supp[Suppliers] <--> Org; Gov[Government] <--> Org; Media[Media] <--> Org; Act[Activists] <--> Org; NGOs[NGOs] <--> Org; Comp[Competitors] <--> Org; SMIS[Social Media influencers] <--> Org;
```

# Reputation & crisis management

- Crises and reputation are closely linked.
- Crises **can have a negative impact** on reputations if they are not properly managed.
- Reputations **can also impact on crises**.
  - A negative reputation before a crisis makes it more difficult to manage.
  - A positive reputation before a crisis makes it easier to manage.

# Reputation global companies

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To see the industry lists, use the tools in the Filter box below, select an industry, and Industry Rank.  
[See our methodology and credits](#)

Filter Top 50 Rank

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Rank Search company by name

- Apple**  
Cupertino, Calif.  
Computers
- Alphabet**  
Mountain View, Calif.  
Internet Services and Retailing
- Amazon.com**  
Seattle, Wash.  
Internet Services and Retailing

Rank	Company	RepTrak® Pulse Score
1	<b>ROLEX</b>	78.4
2	The <b>WALT DISNEY</b> Company	78.2
3	<b>Google</b>	78.1
4	<b>BMW GROUP</b> <b>ROLLS-ROYCE</b>	77.9
5	<b>DAIMLER</b>	77.7
6	<b>LEGO</b>	77.4
7	<b>Microsoft</b>	77.0
8	<b>Canon</b>	76.9
9	<b>SONY</b>	76.7
10		76.6

Fortune - [www.fortune.com](http://www.fortune.com)

RepTrak - [www.reputationinstitute.com](http://www.reputationinstitute.com)

# Reputation Chinese companies



[http://www.fortunechina.com/rankings/c/2016-10/11/content\\_271939.htm](http://www.fortunechina.com/rankings/c/2016-10/11/content_271939.htm)

Company	
1	Alibaba (阿里巴巴)
2	Huawei (华为)
3	Haier (海尔)
4	Tencent (腾讯)
5	Wanda (大连万达)
6	BYD (比亚迪)
7	JD.com (京东商城)
8	Gree (珠海格力)

# Risk management – Definition

“Risk management represents attempts to reduce the **vulnerabilities** faced by an organisation... Vulnerabilities are weaknesses that could develop into crises. Like crises, not **all risks can be avoided or completely eliminated.**”

(Coombs 2015, pp. 38)

# Risk management - Overview

- Risk management involves a set of strategies that aim at **preventing vulnerabilities** from turning into crises.
- Risk management is based in **risk assessment**, which involves identifying risks and measuring how likely that vulnerability will turn into a crisis.

# Risk management - Overview

- Risk assessment has usually an internal focus and it involves the following steps:
  1. Risk identification.
  2. Cost-calculation
    - ❖ Sometimes, if risk reduction outweighs the costs of risk turning into a crisis, no action is taken.  
**DANGEROUS!!!**
  3. Decisions regarding risk aversion, elimination, reduction or non-action.
  4. (Sometimes, risk communication)

# Risk management - Overview

- Every single organisation can face risks. It is part of any organisations' operations.
- Possible **risk factors** include:
  - Personnel
  - Products
  - Production process
  - Facilities
  - Competition
  - Regulation
  - Costumers
  - CSR activities

# Risk/issue management – A case



Source: <http://p1.img.cctvpic.com/uploadimg/2016/02/10/1455092280938244.jpg>

# 春晚为何总被习惯性吐槽？

秦宁

2017年01月26日15:31 来源：人民网-观点频道

Risk management? Issue management?  
*People's Daily* defends Spring Gala before it is attacked

分享到：



从1983年开始，中央电视台春节晚会走进亿万国民心中，如今央视春晚已度过了30多个春秋，被誉为“全球华人的年夜饭”。毋庸置疑，央视春晚早已变为一种文化符号，而不只是一档综艺节目。

曾有网友感慨，“自我记事以来，看春晚就与包饺子、吃团圆饭、写春联、放鞭炮等传统习俗一样，是过年的一部分。”这显然不是一个人的观感，而是绝大多数中国人的真实感受。是故，著名作家冯骥才多年前就认为，除夕夜看春晚已成为中国人的新年俗。

## 人民网评

治霾急不得，但应对要及时

“网上的人民日报”这样炼成

“见官大三级”，监督不可失

“权大于法”的“荒唐底气”从何而来？

要退休先缴费？乱收费成“心头之霾”

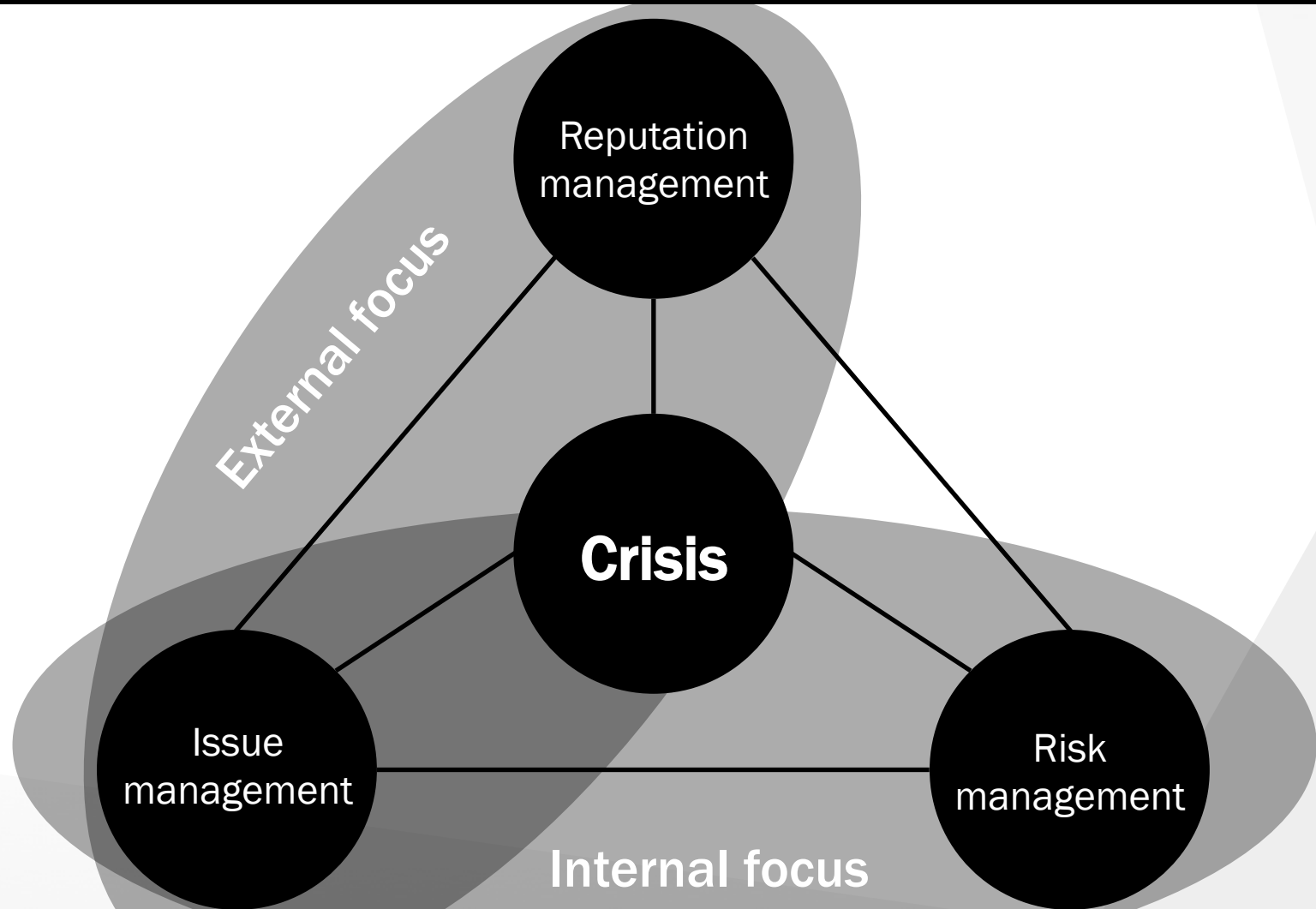
庄严正名“14年抗战”到底意味着什么？

<http://opinion.people.com.cn/n1/2017/0126/c1003-29051278.html>

# Risk/Issue management – A Case

- **Risk / Issue**
  - Online criticism of Spring Festival Gala
- **Goal (of China's Propaganda Department)**
  - Stop people from criticising the show.
- **Stakeholders**
  - Netizens, media professionals, gala watchers.
- **Message**
  - The gala is tradition that gathers all Chinese people together, thus should not be criticised.
- **Time frame**
  - Days before the CCTV Gala
- **Channels**
  - Official media, social media

# Proactive Management Tetrahedron



# Crisis prevention program

- The goal of crisis prevention is to avoid a crisis, but sometimes crises can only be mitigated, that is, to reduce the effects.
- In any case, organisations should have a crisis prevention program in place to look for signs of potential crises and, only when needed, correcting them.

# Crisis Prevention

**Identify the sources to scan**

Locating the source of crisis risk information

**Collect the information**

Channelling information to a single location

**Analyse the information**

Convert all the information into knowledge

**Take action preventively**

When needed, act to diffuse the risk

**Evaluate the effectiveness**

After risk is managed, asses effectiveness

CRISIS SENSING

CORRECTION

# Source Scanning

- By combining risk, issue and reputation management, organisations have a comprehensive set of sources to scan for possible **red flags**.
  - Red flags are warnings signs that aid crisis managers in identifying what and where to look for.
- Scanning sources can be overwhelming, so a careful selection must be made.

# Sources – Issue management

## Traditional media

News media: Newspapers, television news, news and business magazines

Trade journals: Medical and science journals

Newsletters: Publications by foundations, NGOs, government agencies

Public opinion: polls, experts commentary, stakeholders views

## Online media

News and business wires

Online newspapers, magazines, and trade publications

Archives for professional associations, interest groups, government

Consumer-generated media: Websites, blogs, and discussion groups

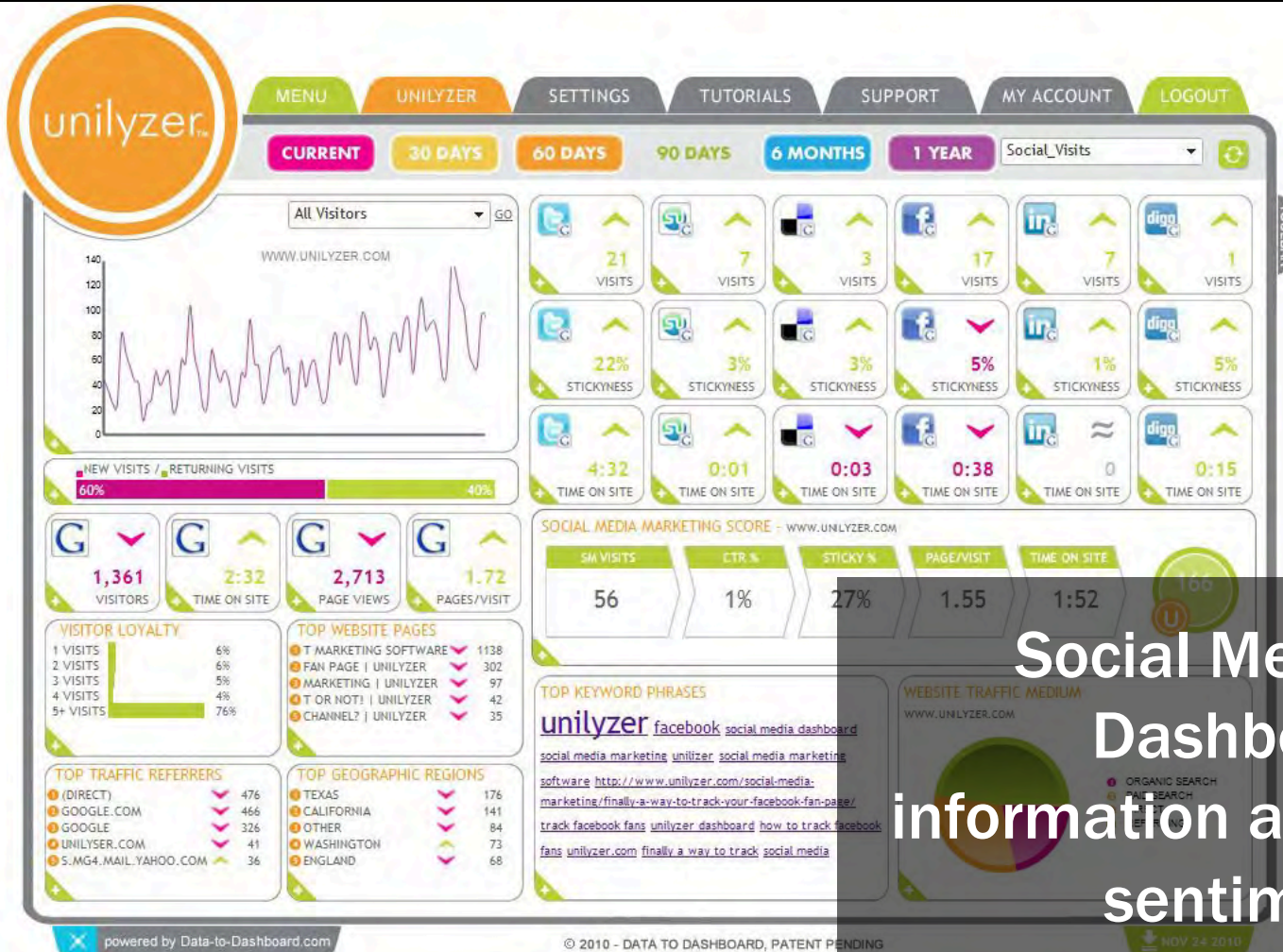
Social networking sites

(Coombs 2015, p. 50)

# Sources – Issue management

- Scanning of the news media can be done internally or can be externalized to companies that provide the service for a fee.
  - Google Alerts (Internal)
  - Factiva (Internal, subscription based)
  - <http://trendspottr.com> (External)
  - <http://www.burrellesluce.com> (External)
  - <http://www.cyberalert.com> (External)
  - <https://sysomos.com> (External)

# Sources – Issue management



Social Media Analytics Dashboards include information about: impact, sentiment analysis, demographics...

# Sources – Risk management

## Risk assessments

Total quality management

Liability exposure

Environmental crisis exposure

Criminal exposure

Legal compliance audits

Financial audits

Workers compensation exposure

Safety, accident records

Internet use monitoring

Natural disaster exposure

Product-tampering exposure

Ethical climate surveys

Behavioral profiting

(Coombs 2015, p. 50)

# Sources – Reputation management

- The sources for reputation monitoring are not well developed. Possible places to start are:
  - Consumer-generated media: websites, blogs, discussion groups and social media
  - Stakeholder comments sent to the organization
- Complaints and inquiries also help to detect dissatisfaction among customers and to discover rumors.

# Information collection

- Once sources of information have been identified, crisis managers must **systematically gather information.**
- Methods for data collection include:
  - **Content analysis** of news sources
  - **Interviews and surveys** with stakeholders
  - Internal and external **focus groups**
  - **Informal contacts** with stakeholders

# Executive Summary Feedback

- Make sure you reference ALL the sources in your text. Attribute ideas that are not yours to whomever they belong and use quotation marks when getting text literally from other sources..
- Your reference list needs to follow an established referencing system (for example, APA style) consistently.

# Executive Summary Feedback

- Adjust your report to the limits in the template. An executive summary needs to be brief, concise and to the point. Your future bosses will not like reading long texts.
- Be specific in your recommendations, if you can think of concrete actions (tactics) write those instead of general should-have-done statements.

# Group exercise

Scenario: Let's imagine you work for the Volkswagen Group in China. You work in the external communications department and you are responsible for two tasks.

Divide the work among your team members to make sure you have completed both tasks by 1150. You must submit a single document with your findings on Canvas. Manage your time wisely.

# Group exercise

1. Use Factiva to monitor coverage of the Volkswagen Group in China from 14 March 2013 to 17 March 2013.
  1. How much coverage did your group receive?
  2. Was it largely positive or negative?
  3. How would you summarize all the information?
2. Use Trendspottr (need to register) to monitor current Volkswagen news online.
  1. How much coverage is VW getting?
  2. What is the sentiment towards the company?

# Questions

