



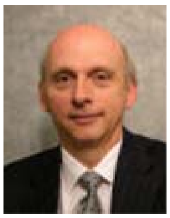

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# THE EMERGING FUTURE OF CRISIS THINKING TODAY

**By Montieth M. Illingworth**

The central operating conceit of our profession is that we say we can manage just about any kind of crisis. The longer I practice, however, the more I wonder whether the world is changing in ways where we should be more concerned about the phenomena we can't manage.

Before we claim stake to cutting edge thinking we need to engage in cutting edge analysis. The problem with our analytical architectures is that they're largely backward looking: they're defined by the crises we've already experienced. Call it the tyranny of the case study approach. There's a tendency to say that past performance is an indication of future outcomes.

Our challenge then, is evaluating what's happening in the world at the speed it's moving at now.

Here's my list of the things I don't fully understand yet but know are relevant and will impact our ability to serve our clients. Call it the emerging future of crisis thinking today:

## We're the government, we're here to help

Government is not a monolith and all of its moving parts don't march in unison. That's an old story. What's new is that there is greater vigilance, even activism, about policing the public interest and it has emerged with a multi-speed character. Witness the differing responses to the financial crisis by the SEC, the DOJ, Congress, the Treasury, the White House, etc.

A company in the crosshairs of one government entity may not even be bothered by another — or if it is, that comes months, even years, later. The DOJ's approach to insider trading seems quite different from that of the SEC. The SEC is in a very public spat with a federal judge about standards of enforcement. Ditto the mortgage crisis. One federal judge looks favorably on a settlement and another decries it as conflicting with the public interest.

Have the outcomes been in the public interest? A major investment bank, which shall go nameless, bets against its own clients causing them significant losses — and gets a slap on the wrist?

Wiretaps, previously used against mobsters, drug dealers, and gangs, are now deployed against Wall Street, raising privacy issues.

And while the FBI was taping Galleon's CEO in telephone conversations to go after $70 million in ill-gotten gains, where were the regulators, post-full heat of the crisis, when it came to protecting MF Global's clients who still can't find their $1.2 billion?

Trying to explain to a client this shifting policy making, regulatory and law enforcement landscape couldn't be more complicated. We certainly can no longer assume there is an off-the-shelf approach to communicating with those disparate constituencies. That has to be re-thought.

No one knows how this will all evolve. As time passes, regulatory complacency does tend to settle in, and the cycle starts all over again.

**Reacting at the speed of now**

I'm not sure precisely when the tipping point was where it now seems organizations move almost instantly when confronted by a crisis.

Maybe it was watching BP dangle in the wind as the oil spewed out of the bottom of the Gulf, on TV, day after day. Maybe it was seeing Bear Stearns and Lehman virtually disappear overnight. It is clear that organizational leadership got a new religion. Just look at how quickly the Penn State Trustees moved in the Sandusky matter.

The Citadel school in South Carolina did much the same when its sexual abuse scandal emerged. And HP, for better or worse, changes CEOs with an alarming frequency.

Has that been a good thing? It's better than hiding, as PR professionals know, and even sometimes better than telling the truth slowly. But if it's reacting without an overarching strategy — and in the face of a multi-speed government — I'm not sure it is, entirely.

The sense I get is that to some degree organizations are moving faster but perhaps a little too far in the direction of falling on their swords. Why? Because of the fear of how rapidly, and often how distorted, the story can become in the hands of the ever-morphing beast that is the news media — and most importantly, because of the power of social media, how exponentially can grow the forces of mass opinion and Occupy Wall Street-like action against an organization, or a consumer brand.

What this tells me is that we are only beginning to learn how to rethink crisis strategy in response to the changes occurring to the news media, online and off. The operative dynamic here is how the democratization of news has created a sense of mass intimacy between every "participant" in the story (meaning anyone who posts a comment to a story) with each other. That intimacy has become the new impetus and the glue for collective practical action, individual, interest group, and "mass" (e.g., the Occupy Movement) online and off.

Now, explain all that to the CEO.

**Creating new systems**

I've always believed in the (conceptual) power of Heisenberg's Uncertainty Principle.

Simply put, it says the act of observing something can change the thing you're observing. What we have to do is recreate our analytical and decision-making systems in concert with our clients. If we can do that, we can start to think about how to manage the new generation of crises that will be coming at us. There are no case studies yet for what's coming our way.

At this juncture, then, as communications professionals we must work more closely with not just the legal teams but also the governance, risk and compliance specialists. What the new, multi-speed government vigilance and activism (or lack thereof) means is all such advisors need to be looking at the same issues and as much as possible speaking the same language about solutions.

Who's going to reset this strategic agenda for the organization? The Board of Directors. A visionary CEO could do it but the issues are complex enough and sufficiently cross-disciplinary that the Board is really the right place to ensure focus and prevent turf battles. A Board committee might also be the best way to define action steps and assure accountability.

Communications professionals are perhaps the best qualified to create that cross-disciplinary architecture for the next generation of crisis management solutions.

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**Responses:**

***Bill Huey, Strategic Communications (12/22):***
"Now, explain all that to the CEO."

That is a very apt punchline, because in most cases it takes a present or impending disaster to get the CEO's attention. But it's really quite simple why the SEC and the DOJ have different approaches to prosecuting cases of fraud and malfeasance: the SEC has five politically appointed commissioners who must vote to bring an action; the DOJ has a review process but doesn't follow the same procedures.

And the un-named bank (Goldman) gets a slap on the wrist because it knows how to play the game--settle for a penalty rather than risk an outright fraud prosecution.

***Wes Pedersen (12/22):***
Crisis communications don't solve crises; they paint a rosy side to cacti but they do not solve nor do they predict crises. That is a job today for technicians of the highest order and intelligence experts who can gather and interpret facts by a crisis occurs or help end it when the worst happens. The predators are out now, hacking into corporate and government operations...the Chamber of Commerce, the Pentagon, this corporation, that organization. China is creating crises willy nilly, always with evil intent.

***arthursolomon4pr@juno.com (12/22):***
Great column. Not only am I a believer in what you wrote, I have been writing for O'Dwyers for years that each crisis deserves new strategy and that the old playbook should be discarded; also that fast knee-jerk responses to a crisis, with not having evaluated the facts, can be more damaging to a client than postponing a response for a day or so until more information is available and a strategy that makes sense can be formed. But all too often many PR crisis specialists still say,

you have to get out a response within the first hour, three hours, etc. Perhaps someone can tell me why?

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