

# FROM TYLENOL TO TOYOTA; BP TO TIGER: THE CASE FOR THE RPM© *REPUTATION PROTECTION MODEL TO HANDLE CRISES*

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If Johnson and Johnson's handling of the Tylenol poisonings in 1982 is considered the birth of modern Crisis Management, then BP, Tiger Woods and Toyota in 2009-2010 provide bookends for three decades of Crisis Preparation and Response.

Tylenol stands for best-in-class company values, decision making, brand management and recovery. After the dust settles, BP, Tiger and Toyota will probably represent examples of the gravest risk of brand implosion, failure to anticipate calamities, and the Media piling-on effect. The Big 4 -- Tylenol, Toyota, BP and Tiger -- are "teaching moments" to understand reputation management, crisis anticipation, response and recovery.

The term **reputation management** applies to a broad range of crisis scenarios. Crises generally fall into two categories: those in which life and property are at immediate risk from disasters such as accidents, earthquakes, fires, hurricanes, or explosions; and those in which a company, organization or individual has its brand or public standing at stake from criminal or civil charges, allegations of negligence or wrong doing, product defects, or social media rumors and innuendo.

To learn from current crises, and avoid or respond better to the next one, we need to explore:

- The Three Stages of a Crisis
- The Power of Checklists
- How the Internet changes everything

Crisis preparation and management requires a broader perspective than just a set of tips and tactics. Every organization should proactively develop a Reputation Protection Model – RPM©. RPM is CommCore's methodology that goes beyond preparation and response; it adds a lens that *views crisis preparation as an investment* in an

organization's long term reputation in the eyes of its most important stakeholders.

## THE THREE STAGES OF A CRISIS

First, let's establish: What's a crisis? How does it differ from the day-to-day emergencies we face in business, government or organizations, and generally know how to handle?

In essence, crises are emergencies known to a larger audience – mostly through media and web exposure.

A crisis is an event that is a Game Changer. It's the **emergency** that escalates to a business disruption, a fatal or serious injury from a product, employee deception or fraud, a factory that explodes. It's the added pressure from public exposure via the media and/or social media that ups the ante.

While no one ever wants a crisis, almost all have an aspect of contributory negligence or human error. Hurricane Katrina was a natural disaster compounded by human mistakes and lack of planning. Tylenol, the SARS outbreak and 9/11 represent the very small number of crises with little or no contributory negligence.

The three stages of Crises are:

1. **BSH – Before the Crisis, aka Before Stuff Happens**
2. **HBL – During the Crisis, aka Hell Breaks Loose**
3. **RRR – After the Crisis, aka Repair Reassess Reputation**

The **BSH** time is the time to prepare: Appoint the crisis team, monitor your potential issues, set aside resources and physical assets for a War Room to guide crisis response, ask questions

about possible doomsday events, run simulations and *repeat the process*, on an as needed basis. Crisis simulations are not just fire drills, or stress testing (a term made fashionable by the financial crisis of 2008-2009). BSH also requires a level of candor and openness to discuss the worst case scenarios. Whether we call it preventive medicine or anticipation, the best crisis is one that never happens. Upfront BSH can help *bad news from becoming worse*.

**HBL** is the crux of the crisis maelstrom and is driven by what appear to be mutually contradictory concepts – calm and speed. HBL works best with a tested crisis plan in place, strong antennae to gather information, rapid response capabilities, a trained spokesperson and effective teamwork. A crisis is no longer a linear event with sequential deadlines over a 12 or 24-hour news cycle. In today's 24/7 Internet world, a crisis spreads across multiple time zones and communications platforms before you know about it.

During the first 1-2 hours of a crisis, the team needs to assemble and gain an initial read of facts, causes and possible responses. Medical Emergency Response personnel use the term, "the golden hour," for the period of rapid response in a trauma situation. The Golden Hour doesn't mean that success or failure in treating a patient will be determined only in the first five minutes. Until one gets a sense of the vital signs – whether it's pulse, temperature and blood pressure, or in business the extent of damage to people or operations – it's difficult to decide on the most effective response. Of course, the crisis can be heightened by immediate media involvement with either camera crews broadcasting or tweeters and bloggers posting.

During HBL, it's essential to have a **War Room** -- a central place for the crisis team. Nowadays it doesn't matter whether it's a physical location or a virtual room, or a hybrid. The important aspect is that the location is set up information sharing and critical discussions either on white boards, flip charts or computer screens. All parties involved should have access to the

information in real time. The sharing aspect often helps people see patterns and connect threads of data to make informed decisions, and create messages and communications plans.

During a really big crisis, such as Toyota, BP or GM bankruptcy, companies often set up parallel operations and communications war rooms – both running 24/7. It has all the necessary monitoring and communicating devices. And communicators must be in close proximity to executive leadership and operations and security personnel.

Even if experts are scattered in different locations, we advocate at least one physical room, where key crisis team members and senior executives can come in, get a quick snapshot of the information that is known, talk face-to-face while gauging the temperature of the situation and the effectiveness of the response. Up to the minute messaging and spokesperson preparation can also occur. A word of warning: don't allow too many people access to the war room; information during a crisis is sensitive and can easily be spread or misinterpreted. Unnecessary voices can lead to a lack of decisiveness.

Transition from HBL to RRR can be as short as a few hours or several weeks. This year's BP spill is an unfortunate example of inordinate time from inception of the crisis to the RRR.

**RRR** – Repair, Reassess, Reputation – is the most overlooked step and perhaps the most important part of the RPM. It's human nature that once the immediate danger has passed, to revert to business as usual. Yet, a focused period of time to fix the problems that caused the crisis and developing systems and procedures to prevent a future occurrence is a valuable investment. If faulty processes caused cross contamination of foods on an assembly line, it's worth the time to correct the problem permanently, and not put on a temporary band aid. If the Crisis caused damage to a firm's reputation, then it's time to figure out the next steps to recover: Public acts to inform key stakeholders know your corrections? Develop new drills or

procedures? Meetings with legislators and regulators that demonstrate both a fix and a commitment to do better?

Overlaying the tactical response, the **Reputation Protection Model RPM ©** is the lens that impacts all aspects of Crisis preparation and response. RPM involves all the day-to-day goodwill that an organization develops. In the old days, companies and organizations just concerned themselves with running efficiently. Now it means proactively building and maintaining key relationships -- letting others know about your vision and values, your community service programs, safety record, charitable efforts, awards for Best Places to Work. All of these efforts build credibility among media, customers and stakeholders.

RPM during the crisis may take a back seat to the tactical measures of getting a situation under control. The BP ads featuring local Gulf Coast claims adjusters, however, are an example of RPM actions that the company hopes will outlast the actual fix of the leak.

RPM following a crisis is about restoring faith and trust in the organization. It can be a long and lengthy process and requires investment of people and capital.

#### **THE POWER OF CHECKLISTS:**

*The Checklist Manifesto*, by Atul Gawande, a Harvard surgeon and a writer for the *New Yorker*, adds a blocking and tackling component to crisis planning and response. Gawande is foremost concerned with medicine and how checklists help doctors and other healthcare workers to pay attention to details, commit fewer errors and improve outcomes. To convince the medical community, Gawande cites examples from the construction industry and aircraft design and airplane flying to prove that checklists work. While surgeons dislike the thought of something as basic as a checklist, when implemented and followed, the proof is in results of fewer law suits and patient

complaints. Checklists also empower more members of a surgical team to raise issues

To develop a checklist, start with an industry model for the most frequent types of crises. Is it a leak or spill, an explosion, labor or financial issues, supplier problems, regulatory or IT issues? On the checklist, leave room in each category for OTHER. (See the Mirror Principle below).

#### **THE INTERNET:**

The WEB changes everything, from how a crisis starts, to internet-only crises, to speed of response and how to manage the events, and the perils and upsides of Twitter, blogs and whatever comes next. The internet basically means that we're forever globally wired 24x7, 365.

There is no hiding, no escaping; everything is instant, searchable and scalable. In addition, the internet creates whole new types of crises – viral rumor mills, hacking, IT breakdowns. Suffice it to say just as we recommend a RPM lens on Crisis planning and response, all organizations should have a Web lens for planning, response and recovery.

#### **LOOK IN THE MIRROR:**

Finally, remember the **Mirror Principle**. Toyota, Tiger and BP and other recent crises all have a unique set of facts and circumstances. The Mirror Principle states that an organization must hold up the looking glass to its own issues and culture. For example, a leading consumer goods company with a low-profile CEO and few operations in high risk countries won't have kidnap insurance as a big issue; a competitor with a high profile CEO and a global footprint has a different set up issues to prepare for.

**Bottom Line:** Learn from others, use the current bumper crop of unfortunate events to look at risks, review or create crisis plans and consider the reputation aspects of any short or long term emergency that can become a crisis.

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