Issue: Crisis Management


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“You have to look at everything”

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Jonathan Bernstein

What does it take to be a good crisis manager?

You need to be genetically wired to do it. You need an innate ability to think on your feet, see solutions very quickly and not panic under fire. Being able to write very well, think very well and put yourself into the mind of different stakeholders are also necessary. Training can improve those skills, but, really, you have to be born with it. Virtually all the crisis managers I've talked to agree.

What does a crisis manager do? What are the most important parts of the work?

Crisis management has four phases: vulnerability assessment, planning, training and response.

When it comes to what's most important, there's a direct analogy to firefighting—where the people who save organizations the most money are fire inspectors. They save billions. But they don't get the glory. It's the same thing with crisis management. We're the fire inspectors. Unfortunately, lots of people in the field have only been crisis responders. In fact, they're what the public usually sees of crisis management, and it's missing the most important part.

What are some key steps in crisis preparation?

When you're doing a vulnerability assessment, you have to look at everything. That means becoming aware of things that most people aren't aware of. Example: A guy from [the Federal Emergency Management Agency] visited a plant where they told him that they were in good shape because they had shock absorbers capable of absorbing the shock of a 9.1 earthquake. He said, “So who's going to come to work the day after a 9.1 earthquake?” They didn't have an answer, but now they were aware and they started helping employees become more disaster-ready. It's worth millions to get people back to work a half day early.

Training and planning also have to be kept current and refreshed. We always say, “Let's train and rehearse, so when a crisis happens, you'll respond better.” At the end [of a client visit] we tell people, “You'll have wasted these two days if you don't practice and refresh what we did.”

Also, if you don't get full buy-in from the CEO, then you won't be prepared. Buy-in from top to bottom is important.

Do some aspects of organizational structure make businesses more vulnerable to crisis?

The silos have to come down. The operational people have to inform the communications people about what's going on, for example. A common scenario is something like a legal department that's aware of a very damaging lawsuit that may be on the horizon, but they don't talk to anybody else about it, don't tell the communications people, don't tell anybody who's responsible for thinking about and managing the company's reputation. A lot of crises start from operational decisions that are made without anybody considering the reputational risks.

What vulnerabilities are executives most likely to overlook in risk assessments?

Most organizations forget about reputational crises. When you look at crisis plans, first on everybody's list are natural and man-made disasters, and the most common thing missing from the documents is an assessment of risks to the organization's reputation.

Does that mean that leaders should devote a lot of energy to improving their organizations' overall reputation?

Not necessarily. The biggest reputation killer is acting contrary to public expectations. Nobody is surprised when BP has an oil spill. But when Arthur Andersen [the accounting firm that went out of business in the early 2000s after being accused of signing off on fraudulent reports]—or Tiger Woods—is accused of wrongdoing, people are shocked. Part of assessing vulnerabilities is to ask, “What are the expectations we're creating?” Sometimes you might actually think about lowering public expectations.

Has social media changed everything?
Yes and no. There isn't the kind of separation between social media and “traditional” media that's sometimes implied. They're all channels for communication, and traditional media all have a social media presence now.

The biggest thing is that now anything can go global, and very quickly, even something posted on a little blog. And with that being true, one person who's hostile or just looking for attention can damage an organization pretty quickly. In the past you could put off responding, for hours, at least, and you could contain crises geographically.

With rapid communication being so necessary now, it increases the need for preparation. You just can't respond quickly enough otherwise. And ideally you have a good reputation on the Internet as a cushion against negative things being said. You need to have people who will deal specifically with social media. People over 50 don't have the skills for it.

At the same time, though, there are some people now who call themselves social media crisis managers, and that's a gross disservice to the field, because a lot of times these people who know social media don't know all of the rest.

**What key principles about crisis should business leaders remember?**

The ostrich factor—just hoping it'll all go away—is a big risk. And looking just at how to increase profits without considering risks is another. That's the No. 1 reason that problems happen.