

## >> Public Crises & Corporate Social Responsibility

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**W**hat role do companies play? How should they act when natural disasters occur? How should their actions benefit communities and businesses?

Only this year, **over 16 thousand square miles of forest burned in Portugal**, half of them over the first two weeks of October. With 4.5 percent of the country affected by wildfires, 2017 has been the worst year for natural disasters in Portugal since 2003. According to **the Portuguese Institute for Nature Conservation and Forests (ICNF)**, there has been a 407 percent increase in burned surface area from the last decade's average. Estimates by the **European Forest Fire Information System (EFFIS) – based on satellite images** – are even higher, pointing to over 2000 square miles destroyed by the fires. According to the ICNF, “large fires” consumed most of the surface area that burned (93 percent).



The fire that ravaged the area of Pedrógão Grande in June in central Portugal shocked both Portugal and the rest of Europe. The fires spread to neighboring areas and damaged 500 houses. This led to the resignation of the Interior Minister Constanca Urbano de Sousa and prompted regulatory changes. Official estimates point to material losses of €500 million and the death toll stands at 64, with over 250 wounded.

### CIVIC RESPONSE: MILLIONS OF EUROS IN DONATIONS AND SUPPLIES AND THOUSANDS OF VOLUNTEERS

Civil society and companies stepped in immediately. Unprecedented initiatives were developed. Television (both private generalist channels and the only public channel) and national radio stations agreed to simultaneously broadcast a charity concert that raised around €1.2 million in telephone pledges and €300,000 in ticket sales. Some banking institutions opened accounts for donations and many made donations themselves. The Portuguese Investment Bank (BPI) and La Caixa Foundation donated €1 million and opened two credit lines for the rehabilitation of the properties and businesses affected by the fire. Half a million euros was donated by the Santander Bank, €100,000 by Montepio Geral, and €50,000 by the Caixa Geral de Depósitos and Novo Banco. Fundraising accounts raised over 3 million euros. The Fundação Calouste Gulbenkian created a special fund intended to support civil society organizations in the region of Pedrógão Grande.

Companies donated food and supplies and mobilized their staff to volunteer. **The Sonae Group got involved through some of its brands:** Continente stores provided support to the firefighters and the affected communities by donating food (so did the Pingo Doce stores, operated by the Jerónimo Martins group). Well's drugstores donated first aid supplies to several fire

brigades. Electronics retailer Worten supported the Portuguese Red Cross by providing equipment, such as stoves, heating and air conditioning appliances for temporary shelters. Clothing retailers such as Berg Outdoor, Deeply, Zippy, MO, and Sport Zone donated over 15,000 new items of clothing for babies, children, men, and women. As for volunteering, over one hundred volunteers provided support in the affected area. Repsol made a donation to affected communities and got clients involved to support charitable institutions in the region.

Prio also contributed by donating fuel for fire fighting vehicles. Liberty Seguros deployed a Customer Support mobile unit to the affected areas to expedite indemnity and compensation processes. The payment management system SIBS expedited the collection of donations for the victims of the fire through the service Ser Solidário (Be Solidary) at ATMs and, for the first time, through the mobile app MB Way.

#### CSR: A COMPETITIVE ADVANTAGE WHEN BUILDING A REPUTATION

Corporate Social Responsibility (CSR) is undoubtedly a [tool for companies to build up a reputation](#). CSR enables companies to change the way they are perceived by communities and has increasing media coverage. There are rankings—such as the [Reputation Institute](#) annual report—that compile the best companies in terms of CSR. Economy and business media such as [Forbes](#) feature these rankings. This year, [Lego](#) was ranked number one, followed by [Microsoft](#) and [Google](#).

With this in mind, it is essential for CSR to be defined by a strategy. In the long run, the credibility of brands requires them to occupy well-defined spaces on a permanent basis and in a genuine and consistent way. Inconsistencies can be seen as a double standard and undermine companies' decisions, which could also affect the recipients of their efforts.

Companies must always be ready to step in during public crises. However, CSR must also be reflected in their daily actions, both in terms of communication and action – the way brands interact and discuss with employees, clients, suppliers and partners – not only when disaster strikes. Stakeholders expect companies to be ready to act but to be genuine and consistent with their values, attitudes, and long-term CSR programs.

The efforts made by [Unilever](#) – a multinational producing consumer goods (Nestlé), drinks (Pepsi), cleaning products (Cif) and personal hygiene products (Dove) – against climate change is a good example. The Group's CEO, Paul Polman, also takes part in the [Business & Sustainable Development Commission](#), a

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group of CEOs and NGOs who believe that the growth of companies must be aligned with the Sustainable Development Goals adopted by United Nations (UN).

Gonvarri Steel Services, a leading company in the transformation of steel that operates in the automotive sector, road safety, solar energy and industrial production, carried out the [Emotional Driving](#) program in its plants and offices in Spain, Germany and Portugal, with the collaboration of AESLEME (Association for the Study of Spinal

Cord Injury). Destined at first to its employees, Emotional Driving promotes safe and responsible driving through the transmission of positive and emotional values. This initiative, which has received multiple awards, includes a [web series](#) with four trips (physical and emotional) and a book entitled [“Emotional Driving: Reflections to understand road safety with optimism”](#) where stories of improvement are collected to demonstrate the need to change certain behaviors on the road. Emotional Driving has also made use of technology (as in the case of Augmented Reality) and networks to get their message through more personalized and interactive channels and formats.

It is important that, as they create and develop a CSR strategy, companies think about the benefits and the value different options create for business and communities. They need to evaluate and manage the potential of CSR activities and be vigilant for opportunities that are significant, scalable, and favorable to their global strategic priorities. Moreover, companies need to channel their strategy through a story. Because telling others what you do is important, but so is how you tell them.

#### CSR COMMUNICATION: WHEN? HOW? FOR WHOM?

It is essential that companies have the capacity to [get their message across to their actual target audience](#), since something that fails to be communicated might as well not exist. Additionally, they need to do so in a balanced manner: they must communicate well but not bring themselves into the spotlight too frequently for their own benefit.

In today's information-rich environment, attracting the audience's attention has become one of the main challenges for organizations. As a result, [storytelling](#) is becoming one of the most effective options to capture a brand's target audience. Emotions foster empathy and, by making a message more humane, show transparency and preoccupation with concerns and interests of others. Storytelling is complemented by storydoing: when brands go further and create experiences for their target audiences. These tools are no longer optional, but are required to capture

audiences and to keep them interested and engaged. Any time there is a [public crisis](#) – such as the fires mentioned earlier, floods, or other natural disasters – it is a good idea to have clients engage in the company's efforts. The same applies to employees: it is important to communicate initiatives internally, either because those living in the affected areas and those with friends or family there need to know that the company has taken action to help. Clearly cultivating a timely and appropriate response sends a powerful message about the company's corporate values and culture.

In other words, it is far more effective to call upon employees and clients to help those in need and offer ways for them to take part in the company's efforts than to just send out communications announcing that support is being given.

### ASSESSING THE RESULTS OF CSR ON A COMPANY'S REPUTATION

Providing disaster relief establishes a mutualistic relationship between the recipients of the support and the supporting companies. Clients enjoy doing business with socially responsible brands. Also, employees of organizations that play active roles in times of crisis normally show better performance and take pride in their jobs more than those working in companies that do not get involved.

Today, we know that reputation management does not work as it had for decades past. Back in the day, communication was used as a way of advertising, choosing a message to get across through different channels in order to communicate with different target audiences. At present, reputation management is based on the analysis and interpretation of the beliefs and expectations of target audiences in order to give an empathetic response through both action and communication.

Many studies on this matter ([Fombrun, Alloza, Villafañe](#), among others) show that the sharing of a company's and a community's beliefs has proven effects on attitudes (respect, trust, credibility) and triggers favorable or unfavorable behaviors toward the organization in areas such as client loyalty and support, the attraction of investors and talent, and access to funding.

The media and communication channels and formats have changed too and follow new rules.

### THE WALMART CASE

US retailer Walmart realized this over a decade ago. Walmart is a great example of the benefits that a consistent CSR policy can have for a company during a public crisis. In 2005, after Hurricane Katrina claimed over 2,000 lives and left 3 million people without

access to electricity, the brand, in the face of the institutional inertia of US public authorities, offered provisions for those most in need. Walmart was ready to act. [It helped the affected communities and improved its reputation.](#)

In April of 2005, Forbes listed Walmart as the largest corporation in the US, but noted that it was embroiled in so many controversies – some regarding labor matters – that it had “marched itself straight into a [...] quagmire.” However, by the time the hurricane struck the states of Louisiana and Mississippi in August, Walmart had already anticipated and was ready to act in “complex situations.”

The company donated \$17 million to support response operations and announced that it would hire employees that had to flee their homes and relocate because of the hurricane.

Walmart's actions during this crisis were praised throughout the world and triggered a change in the business paradigm. This had a great impact on the company – much more than the [advertising campaigns](#) on which the company had invested millions of dollars in the previous years.

Companies do not have to be the size of Walmart to engage in these actions. No business is too small to be part of the solution and improve its reputation through CSR, creating and maintaining value for both the company and the community.

### ALIGNING OUR STORYDOING WITH CRISIS PREVENTION POLICIES

However, even though the example of Walmart or others cited above are authentic examples of responsible communication that can generate undeniable contributions to society and the reputation of companies, it is also true that massive and disorderly aid can generate serious logistical problems in crisis situations.

There are many examples of this in the recent history of humanitarian aid. Let's take Haiti as an example, where the 2010 earthquake left 200,000 dead and millions of people homeless. Help arrived massively from all corners of the world, but it was piled up in the airport without being able to be distributed to those who needed it most, due mainly to the state of the transport infrastructures and the lack of security.

Some NGOs and cooperation agencies often seek visibility. In Haiti, for example, the debris removal process was delayed because no donor wanted to finance it. It was one of the most urgent actions, yet it was not attractive enough for anyone to take care of it, since it offered poor branding opportunities.

Therefore, planning is vital in civil protection. Globally, we are seeing that climate change is increasing the virulence of GFFs (Great Forest Fires) and in the case of Portugal, fires are endemic. Knowing that each forestry campaign will require a growing effort in terms of rehabilitation and reconstruction, anticipating and planning the help that companies can provide is revealed as key to manage a truly beneficial public response.

As a conclusion, companies should not implement their CSR strategy as an improvisation to current events, but this should be the result of careful

planning and consideration, even when time is of essence. Organizing the logistics of the aid in a planned manner improves the quality of the help and reduces response time, and allows the population to be protected. But above all, it helps corporate efforts to avoid being perceived as opportunistic, by showing that CSR is part of the company's DNA. The administrations will be more thankful, more lives will be saved and we will recover earlier from the damage caused, without reputational risks for the companies being at stake.



**Tiago Vidal** is Managing Director at LLORENTE & CUENCA Portugal. Vidal leads a team of experts responsible for the development and implementation of Reputation Management strategies, Communications, and Public Affairs in national and international leading companies in sectors such as: Finance, Real Estate, Energy, Transport and Logistics, Distribution, Automotive, and FMCG. He was previously Head of Corporate Communications at Sonae Sierra, leading all B2B communication activities in 14 countries where the company is present. During the 16 years in Sonae Sierra, Vidal was responsible for reputation management, brand, corporate marketing and PR, relationships with stakeholders and crisis communications whether in business activity, including IPOs, mergers, and acquisitions.

[tvidal@llorenteycuenca.com](mailto:tvidal@llorenteycuenca.com)



**Luis Serrano** is Director in the Crisis Area of LLORENTE & CUENCA. Luis holds a degree on Journalism and is one of the leading experts in Spain in the field of management of communication of emergencies and catastrophes, and the development of action plans for crisis in social networks. He has been press officer of the 112 Emergency Centre of Madrid for 17 years, where he actively participated in the management of critical situations, such as the 11M attacks in Madrid. He has intervened in more than 100 industrial accidents, accidents with multiple victims, accidents in leisure areas, health crisis, etc. His book 11 M and other catastrophes. Managing communication in emergencies is the result of all these experiences. He also has vast teaching experience in the field of emergencies and crisis management. He is a lecturer at the Master's Program in Emergencies of CEU-TASSICA, as well as the Master's Programme in Fire of the University of Lleida, Master's Programme in Political Communication of the Camilo José Cela University, Master's Programme in Security and Emergencies of the Ortega y Gasset Foundation and the Rey Juan Carlos University, Master's Programme in Emergencies of the Murcial-Alebat University. He also worked as lecturer for 12 years in the National Civil Protection School of Spain. As a journalist, he spent seven years working for the information services of Onda Cero.

[lserrano@llorenteycuenca.com](mailto:lserrano@llorenteycuenca.com)



**Joana Carvalho** is Consultant of the Corporate Communication and Public Affairs Area at LLORENTE & CUENCA Portugal. Carvalho has experience in crisis and reputation management, public affairs, and media relations with clients from insurance, real estate, and investment management sector. She has managed accounts of companies such as Sonae Sierra, COSEC, and has participated in merger and acquisition announcements, international investment projects in the Portuguese market, and in storytelling projects. She is a certified media trainer and practices frequently. She has a degree in Journalism and studied Civil Crisis Management and Contemporary History. Carvalho worked for five years in the Portuguese news agency Lusa, Portugal and in parts of France. She was a correspondent for Rádio Renascença and the public television RTP, was Radio France International correspondent in Lisbon, and covered economics in the news magazine *Sábado*.

[jfernandes@llorenteycuenca.com](mailto:jfernandes@llorenteycuenca.com)



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