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» Managing reputation crises in a global society: do's and don'ts

What does transparency mean for crisis communications in a world where **reputation has never before been so vulnerable and at the same time so necessary? We have shifted from transparency to hyper-transparency in a global society where anything and everything can now be easily checked**. Controlling a company's narrative and safeguard it in public opinion and for all its stakeholders is becoming increasingly difficult, and must be done in real time, which is what sets the pace in a digitalized world.

This reality forces all organizations to be more proactive in their communication, making transparency management their **great challenge**. Its importance becomes even more evident from the responsibility it shares for a firm's reputation, with the perception of trust. Consequently, transparency is now seen as a **strategic asset** in business management.

Companies, brands and people all live in a **glass box**, where everything is transparent and liable to being made public. This puts risk management in a new light and brings challenges in dealing with it. Moreover, companies that are transparent in their everyday business **will be rewarded in handling a reputational crisis** by public opinion and its stakeholders, since they will start from a position of greater trust and better relationships.

However, for all the management protocols or crisis manuals a company might have, unless its management **includes the cornerstone of transparency from the outset**, it will be impossible to obtain optimum results from the procedures applied and so minimize the potential adverse effects. Transparency is not an end in itself, but **a means** to securing an environment of trust within organizations.

The conclusion is that being transparent and responding with swift, efficient action is fundamental in crisis management and an essential asset for protecting both the brand and the business: **it is the trump card of all organizations** at times of crisis.

CHARACTERISTICS OF THE RISK SCENARIO IN CURRENT TIMES

Companies now have **24/7/365 exposure** to public opinion and any crisis spreads at the **speed of light**. Businesses, brands, CEOs and executives must be ready for rapid and agile response at any time, (the so-called "Golden hour" no longer exists) and with a target impact that has no boundaries. This socio-digital context has led us to **hyper-connectivity and hyper-vulnerability**. A world in permanent connectivity that allows fluent communication and immediate feedback. Hyper-connectivity develops in **cyberspace** and we live in totally dynamic environments and circumstances, where many crises first come to light in the social networks. These in turn make us much more vulnerable.

On the one hand, **citizens are empowered** by the ease with which they can spread and make viral any type of content, in a life where the lines of where "online and life" begin and end are rather blurred. As José Antonio Llorente, founding partner and chairman of LLORENTE & CUENCA, explains in the magazine UNO 31 "Hyper-connected and hyper-vulnerable"[1], we are witnessing the birth of a **cyborg society**, in which the use of smartphones is converting everyone into a risk vector: "*citizens (many of whom have become cyborgs by virtue of their mobile extensions) not only spread information to all corners of the planet in a matter of seconds, but sometimes do so with even greater enthusiasm when the information is false, as recently shown by MIT research*[2]". This not only **stimulates the growth of social activism**, where the users of services/products and other people come together in social networks and forums to assert and pursue their interests, but also opens the door for the formation of misinformation bubbles.

On the other hand, this transparency requirement is imposed by different stakeholders: citizens, users, customers, consumers, partners, associations, the media, institutions … There are no differences: all stakeholders demand transparency to a greater or lesser degree of companies, organizations and governments on a daily basis. In our relations with the **media**, this forces us to be **more proactive, open and honest**. We must also take account of **cyber threats**, which make the future rather uncertain through breaches in data protection, and **cyber crime**, with all sorts of digital crimes. Both these phenomena are growing in importance as they become more widespread and potentially more disruptive, as mentioned in the latest *Global Risks Report 2018 of the World Economic Forum*[3].

It is worth noting that among the top 5 global risks by probability this year, **cyberattacks rank third and data theft or fraud, fourth, both having a direct impact on companies' transparency levels**. Some well-known examples from 2017 were the WannaCry attack, which hit some 300,000 computers in 150

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countries, and the NotPetya attack, that caused quarterly losses of some 300 million dollars for several companies. The recent cyber attack suffered in August 2018 by British Airways, **with the theft of personal and financial details of its customers**, making bookings in their name on the airline's website and mobile app, is just one example of our vulnerability and the need to be ready to tackle this kind of crisis, which is becoming increasingly common and from which no enterprise is safe.

Another growing trend is the use of **cyber attacks aimed at key infrastructure and strategic industrial sectors**, with the undesirable possibility, in a worst-case scenario, of collapsing systems that currently keep companies operating. This **cyber dependence** is on the rise and, owing to the growing digital interconnection among people, things and organizations, it could help to magnify and alter any kind of risk.

In turn, we face the challenge of adapting to constantly changing management, learning to live with the essentials. The old Crisis Manuals and Protocols are no longer valid: they must be adapted to give them a digital vision and incorporate protocols of how to act in the face of the new cyber risks, with permanent access to procedures and materials.

The rapid growth of **misinformation, fake news and rumors** forces us to monitor news constantly and make sure we are able to react swiftly to any **lies, biased information or half-truths**. "*We have access to such a large volume of information that we are unable to digest the details when thousands of fresh news items replace those the networks just provided. It is this same hyper-connection that has made society hyper-vulnerable to misinformation, hoaxes, rumors and all kinds of cyber attacks*", point out Ivan Pino, Partner and senior manager of the Digital Area, and Luis Serrano, Global manager of the Crisis and Risks Area, at LLORENTE & CUENCA, in their article: "The new paradigm for crisis and risk communications"[4], in the magazine UNO 31.

[1] **Llorente, José Antonio** (2018), "Hyperconnected and Hyper-vulnerable", UNO 31, 2018. Available from: https://www.uno-magazine.com/31-number-uno-hyperconnected-hyper-vulnerable/high-cost-reputation-crises-ready/

[2] Science, 9 Mar 2018,Vol. 359, Issue 6380, pp. 1146-1151 "The spread of true and false news online". Available from: http://science.sciencemag.org/content/359/6380/1146

[3] The Global Risks Report 2018 of the World Economic Forum. Available from: https://www.mmc.com/content/dam/mmc-web/Global-Risk-Center/Files/the-global-risks-report-2018.pdf

[4] **Pino, Iván & Serrano, Luis** (2018), "The new paradigm for crisis and risk communications", UNO 31, 2018. Available from: https://www.uno-magazine.com/31-number-uno-hyperconnected-hyper-vulnerable/new-paradigm-crisis-risk-communications/

MOST COMMON MISTAKES MADE IN CRISIS MANAGEMENT WITHIN A CONTEXT OF TRANSPARENCY

Most mistakes made by companies in a crisis, considering the continuous risk scenario to which they are exposed, are closely related to a lack of transparency. We indicate below the 5 most common errors that are contrary to that valuable quality:

- **Transparency vs striking a balance**: Transparency is frequently confused with the habit (and often the duty) of providing information. In the initial stages of a crisis it is important to obtain all necessary documents and details in order to define the company's strategy and messages and take the most appropriate decisions. Being transparent does not mean that we have to give absolutely all the details of what has happened from the word go, especially as there may well be some aspects yet to be discovered. Transparency means not lying, being honest and able to develop the story and fill in the details as the crisis progresses.

- **Being late**: Transparency should be part of the strategy from the outset. Using it as a last resort to try to solve mistakes we might have made will be punished by public opinion. The best ploy is undoubtedly to be transparent and admit our mistakes from the beginning.

- **The ostrich technique**: Believing there is no need to be transparent, that the crisis will blow over and that it is best to hide our heads in the sand like an ostrich is another common mistake. Failure to provide answers and official communication will be detrimental to solving the crisis.

- **Concealing information**: Although this might be the first natural reaction of organizations, concealing the negative parts of a story (or even lying) always ends up being counterproductive. For a simple reason: the likelihood that the public will eventually find out is extremely high and when this happens, the crisis will be magnified and get worse. And, what's more, the company's integrity will then be questioned.

- **The absence of proactive corporate communication**: A company that offers communication or transparency for the first time in a crisis may be met with certain skepticism among public opinion, so it is important to have a proactive corporate communication strategy that will act as a buffer and serve as a base for communication and management in a crisis.

Most common mistakes made in crisis management within a context of transparency

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KEYS TO INCORPORATING TRANSPARENCY IN CRISIS MANAGEMENT

Companies are only able to implement a transparency strategy at times of crisis if they previously have one embedded in their corporate culture. Businesses should also have the necessary technology and tools to enable them to manage the crisis correctly. Otherwise, however well they have prepared their team and for all their goodwill, they will be unable to respond adequately. The key aspects that must be borne in mind to incorporate transparency into crisis management are described below:

- **Prevention and monitoring** of possible critical issues at all times. The best prevention strategy is to be permanently present in cyberspace, listening actively and making an intelligent analysis of all data. This will give us the opportunity to anticipate possible contingencies and address them in a more transparent manner.

- **Leading communication**. It is crucial to be one step ahead in publicizing the organization's messages, thus conveying trust: explain your story before the media or social networks tell it for you. This is the only way to safeguard and strengthen the company's reputation: taking control of communication. This is explained by José Manuel Velasco, Executive Communication Coaching, in the article Seven principles for managing transparency[5]: "*The decision of whether to inform is no longer an option; even the choice of when to inform is frequently unavailable.*" Remember that we now have "*a new scenario for communications in which transparency is no longer a strategy or an option: it is an essential condition*".

- **Multi-stakeholder and multi-channel transparency**: Transparency should not be applied only to the media, but should also take account of all stakeholders and all channels through which the company is able to communicate. Organizations should be able to respond to the growing demand for corporate transparency.

- **Having a sound plan to respond** to an incident or a crisis is extremely important: it enables us to identify risks and make sure the main spokespersons and executives are ready and aware of the importance of leading communication through a transparency strategy. This will boost our agility and ability to coordinate.

- **Incorporating the culture of transparency** in organizations: Transparency should not only be applied at times of crisis, but should be an intrinsic value in all organizations. This would make their measures more effective when responding to a crisis. **Employees** may also be important, as they are usually active in social networks. So by training them and informing them of the company's efforts to be transparent, they can be converted into brand ambassadors, able to share key messages through their own channels in times of trouble.

- **Ethics**: Engaging in self-criticism, constant self-assessment and looking inwards to define values and purpose. This will enable organizations to become more transparent and present themselves to public opinion as they really are, not only in their everyday activities but also in a risk situation. Ethics and honesty are allied with transparency.

- **Digitalization**: Companies should invest in process technology to expedite the detection of risks, notification of alerts and implementation of management protocols, using tools that are currently available in the market, such as SOS Works[6]. Transparency is also linked to digital transformation and rethinking company procedures. One common mistake is to think that what happens in the digital world is a crisis that is confined to cyberspace. But there are actually no barriers and if we keep different departments sealed off, this will impair our transparency and agility. The companies that are making the most progress in their digital transformation will be more transparent and respond better in situations of crisis.

In short, companies must see transparency as a **strategic element**, rather than an enemy to be given a wide berth, although in order to incorporate it in their everyday activities, organizations need to **reformulate or transform their corporative culture** and how they work. Transparency is essential to build and protect a company's reputation and will be the **backbone of its management of any crisis**.

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[5] **Velasco, José Manuel**, Available from: https://www.developing-ideas.com/2018/06/13/seven-principles-for-managing-transparency/

[6] https://www.sosworkstech.com/

Keys to incorporating transparency in crisis management

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