

# Risk and crisis communications

# What is a crisis?

**Not business as usual !**

**Traditional definition of crisis is:**

“A major event characterized by harm to person or property, threat to the company or to the company’s reputation.”

More recent definitions add “an issue out of control.”

**AND....**

The new context changes the definition and magnifies the risk: threat of terrorism, corporate scandals, mega natural disasters, financial meltdown, globalization, the internet, pandemics.

# Definition of a Business Crisis

“A crisis is a significant business disruption which stimulates extensive news media coverage. The resulting public scrutiny will affect the organization’s normal operations and also could have a political, legal, financial and government impact on its business.”

● Two categories with several levels:

- Sudden Crisis 31% (10 yr average)
- Smoldering Crisis 69% (10 yr average)

Source: The Institute for Crisis Management/PRNews Crisis Management Guidebook

# Causes of a Crisis

- Acts of God (storms, earthquakes, etc.)
- Mechanical problems
- Human errors (SMS texting while driving a train)
- Management decisions/indecisions (the problem is not serious, nobody will find out)
- Worst case scenario happens!

According to the Issues Management Council, *most crises are the result of management not taking action when they are informed of a problem until it grows into a crisis.*

Source: The Institute for Crisis Management/PRNews Crisis Management Guidebook

# Mitigate outrage

**Peter Sandman's formula for crisis communication:**

$$\text{RISK} = \text{HAZARD} + \text{OUTRAGE}$$

**There is a 2% correlation between outrage and things that make you die.**

**Therefore, mitigate outrage.**

# Top 9 Mistakes in Crisis Communication

1. Rushing to judgment
2. Over-reacting
3. Failure to Act
4. “Bending” the facts
5. Lack of concern/empathy/sympathy
6. Affixing blame
7. Absence of teamwork
8. Restriction of information internally
9. Failure to plan

Source: Peter Stanton, PR News, Crisis, p.35