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Be Prepared

Crisis planning is integral to any institution's sound long-term strategy. Effective managers surely knew that before Sept. 11. They've seen that principle proven since the terrorist attack on the World Trade Center, when New York City, ably led by Mayor Rudolph Giuliani, began deploying exceptional crisis-management plans to fight its way through the civic catastrophe. There are lessons here, a key one of which is that managing in crisis requires planning, knowledge, hard work and intangible qualities of leadership.

In a crisis, an organization's character—with all its inherent strengths and flaws—is exposed for all to see. That means managers at all levels must plan

dates from the managers they know best and trust most—their direct supervisors—who should err on the side of overcommunication with their colleagues.

Quick internal communications must be matched by effective external relations. To reach the media, corporations should have a senior public-affairs officer always on alert, ready to disseminate updated information or quash false rumors. To reach the financial community, they should have the standby capacity for conference calls to brief analysts and shareholders on any economic repercussions. Managers need to know they will be able to communicate effectively in any type of crisis.

Painful experience in crisis management has helped corporate leaders and their public-relations consultants develop a long roster of best practices that have helped protect corporate reputations from potential damage. Among the most widely recognized examples:

- Johnson & Johnson survived the Tylenol crises of the 1980s because its corporate culture had taught managers to respect its "Credo"—a body of belief that inspires managers throughout the firm. By keeping every employee focused on the company's responsibility to the public and to the consumer, Johnson & Johnson survived the episode with its corporate reputation enhanced—and created the classic business school case study of effective corporate crisis management.

- Swissair established an industry-leading standard of sensitivity by making immediate payments to the families of passengers aboard the ill-fated Flight 111 when it crashed in 1998. That type of quick payment—not for damages, but to help victims' families meet the expenses of personal travel, lost work time and funeral arrangements—has become common among airlines after crashes that threaten their corporate reputation. Not only does this demonstrate compassion, it addresses immediate pragmatic needs, and establishes good will at the beginning of the crisis.

- The International Olympic Committee began to repair major damage after the Salt Lake City scandal by establishing a powerful commission to advise the IOC chairman on internal reforms and creating a prestigious ethics body. By acting forcefully to prevent future crises, the IOC helped dispel suspicions and re-establish the Olympics' renown in time to have a great success in Sydney.

Every crisis poses different challenges, but effective managers recognize one constant: Preparedness is the best approach to crisis management. When the satellite-TV truck is pulling into the corporate parking lot, it is too late to discuss theories of crisis management.

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Manager's Journal

By Howard Paster

ahead for damage control. Given the range of crises that can suddenly occur—a major industrial accident, executive malfeasance, a financial scandal, product recalls, or massive class-action law suits, to name a few—preparedness is a business imperative.

While it's true that New York-based corporations could not have choreographed a step-by-step response to a World Trade Center catastrophe, they should certainly have built backup computer systems to protect against the loss of centralized data and alternative telephone networks as a backstop for local phone companies. They should have created an updated data bank of contact information for all pivotal executives, including their home and cell phone numbers, e-mail addresses and travel schedules. Managers need not have foreseen the events of Sept. 11 to have made basic preparations. As we have learned, many did.

Moreover, to reach corporate employees immediately—especially those in distant back-office facilities—institutions should have a system ready for sending mass e-mails, voicemails and letters to every employee in the company. The role of employee communications is vital: As public ambassadors of the corporation's identity—who are frontline spokesmen about the company and its business ethic—employees must be ready to deliver accurate corporate data to disparate constituencies, including the news media, during crises. Employees should be given frequent up-