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REPUTATION MATTERS

GREAT CRISIS
MANAGEMENT IS
COUNTERINTUITIVE

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It's easy to be a Monday morning quarterback, especially for huge companies facing huge problems. But too many companies, like Wells Fargo and Boeing, are getting it all wrong time and time again.

The stakes for their failure – doing the wrong things in crisis and not understanding why – are too high. And consumers, investors, partners, and stakeholders are suffering the consequences. Why the blind spots? Why the inability to get it right when crisis hits?

WHY COMPANIES ARE GETTING CRISIS RESPONSE SO WRONG

The core reason that so many big companies, who should know better, fail in crisis is because the best crisis management is counterintuitive, sometimes even illogical, and they absolutely do not understand that.

So they listen to the wrong people, consider only partially the impact and ramifications of their actions, ignore emotion or the zeitgeist of the moment, reflexively make the wrong decisions,

dig themselves into holes, and then are loathe or incapable of digging themselves out again.

IT'S EPIDEMIC

CEO jobs are lost, managements are shaken up, boards too, all because leaders cannot see clearly, find the right advice, or refuse to believe it. And this is happening everywhere, not just at Boeing and Wells Fargo and other headline-makers. It is epidemic. It can happen to you without your ever realizing it.

Why? Because truly effective and inspired crisis management is not a management or leadership skill you learn at business school – or law school. It's also not always what you learned in your last crisis or leadership position, or even on your last board where you dealt with something similar.

SEEING THROUGH WALLS, FROM THE OUTSIDE IN

No... inspired crisis management makes you see around walls, from the outside in, not just the inside out. It means taking a 360-degree view of what happened; who is being affected; how they are liable to feel and react; where the worlds of media and social media are; what the mood of the populace is; and what the general level of free-

floating anger is in the world, because that can attach to your crisis whether it deserves it or not.

Then this observation needs to be viewed through a lens of experience, humanity, social responsibility, integrity, and kindness. Only then can an organization – or individual leader – begin to make the right decisions and mean and say the right things in a crisis.

A NEW “CRISIS ALGORITHM”

Essentially this is a new kind of affective algorithm that leaders need in crisis more and more. And it’s so easy to get wrong.

Let’s take Boeing and Wells Fargo for instance, and explore how 5 elements of our proposed new “Crisis Algorithm” were missing in their actions:

1. DENIAL IS NOT JUST A RIVER IN EGYPT

When a crisis is beginning, it is awfully difficult to understand just how bad it can get. Boards, C-Suite leaders, human beings, usually go straight into the deepest of denial: “This cannot be happening to us.” But if it is, “it’s not that bad.” Or if it is that bad, “no one will notice.” Or if people do notice, “they

won’t dwell on it, they won’t put it all together, they’ll move on to the next crisis.” Etc. And sometimes this is true.

But, of course, mostly not. At Boeing, everyone noticed. They also noticed the comments of airline pilots on blogs calling attention to unsolved problems. They noticed the seemingly cavalier attitude of the company toward implementing software fixes in an urgent manner. They noticed a seeming complete lack of urgency, a lack of responsibility taken for the crashes, and the deflection of blame. They noticed immediate silence from the top. And of course, they noticed that Boeing had to be forced to ground their 737 Max 8 fleet – and that they did not offer to do so in the first place.

All of this snowballed into a crisis that has cost lives, billions in shareholder value, jobs, and reputation. Initial denial helped make a horrific tragedy that much worse.

2. THE PERSISTENCE OF REPUTATION

An extension of the denial problem is when, after the crisis is over, leadership actually believes that it IS over. A new rule of crisis is that it is never over just

because you want it to be, or are ready for it to be.

Where in other cases attention may be fickle and people may move on, if a crisis is egregious enough, or perceived to be, the public's memory will often be very good indeed.

Friends tell us that at [Wells Fargo](#), many employees simply don't understand why the public is still holding their mistakes of years ago against them. "That's not who we are anymore," they say. "We have majorly evolved." But a bad reputation sticks, either until the public feels that proper reparations have been paid, a true and humbling apology has been made and felt, or the company or organization has done something truly monumental to make up for the misstep.

Clearly in the case of Wells Fargo, the public perception (perhaps different from the truth) is that none of these cases is true.

3. THE RULE OF RECIPROCITY

So, let's look at what we call "The Rule of Reciprocity." We're talking about the blood lust that the public can feel when they believe an organization has done them truly wrong. They don't just want window dressing punishment. Their

innate desire, fueled by social media these days, is for the organization and its leaders to "suffer" just as much, or more, than it caused others to suffer. So, that means, for Wells Fargo, the public wants to see it bleed, and suffer over time and through public humiliation in Congress, until they feel the organization has sufficiently suffered as much as those whose mortgages they foreclosed suffered.

No one ever said public perception was logical. In fact, this new algorithm is quite illogical. But it is emotion-determined reality, and an effective crisis response must understand and heed this.

4. THE NEED FOR APOLOGY AND ATONEMENT

Therefore, a whole new level of apology is being called for. No more moderation,

Boeing. No more perceived non-apology apology, Wells Fargo. No more just saying it once and feeling like you have accomplished your mission. No.

What really works in a crisis situation these days is authentic and true groveling. Now we don't mean a formulaic response on how management takes the problem "very

seriously.” We mean prostration – the organization literally throwing itself on its sword in atonement. Over and over again.

It is in this way, when the “public” sees an organization punishing itself thoroughly enough, and truthfully enough, it actually does not feel as much of a need to punish the organization further. That’s the only end-run you get around a cycle of endless anger and humiliation that many of the banks have suffered.

You must also have the truth on your side, of course. But the combination can help organizations persist through the hardest of realities, and come out finer, better, stronger, and smarter than when they started. Because otherwise, not only does crisis await, but wholesale disaster.

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5. PERCEPTION TRUMPS REALITY

Perception has almost always superseded reality, but never as thoroughly as today. And with social media making it so easy to manipulate perception, every organization and individual needs to be on guard.

It’s your job, our job, to make sure that public perception does reflect your reality. But to do that takes a whole new set of skills, and probably ones that you will not learn in business school or law school. As one trained as a psychologist, and honed through years and years as a crisis manager, I can promise you that emotional intelligence is a far more valuable asset these days than ever before.

About Temin and Company

Temin and Company Incorporated creates, enhances, and saves reputations.

Temin and Company also markets by leveraging the expertise, ideas and insight of its clients to produce differentiated intellectual capital and content.

The firm helps corporations, professional services firms, and other institutions define and strengthen their public image – and their bottom line – through strategic marketing; branding; media relations; thought leadership; social media; speaker, media and leadership coaching; financial communications; and crisis and reputation management.

Strategists, coaches, writers, and social media experts are available “25/8” to assure that every crisis is addressed, and every opportunity leveraged.

Clients include the CEOs and Boards of some of the world’s largest and most well-known corporations, financial institutions, portfolio companies, pharma and biotech companies, law firms, consulting firms, publishing houses, venture capital and private equity firms, authors, politicians, and colleges and universities.