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A Need for More Crisis Management Knowledge

CHAPTER OBJECTIVES

Crisis Management Defined

- Define what a crisis is and differentiate between the various crisis.

The Initial Crisis Management Framework

- Compare and contrast the three-phase mode of crisis management to the regenerative model of crisis management.

Importance of Crisis Management

- Explain both the external and internal factors that make crisis management important to an organization.

The Boeing 737 Max was grounded for 20 months, Wichita State University exposes the social security numbers of over 400,000 people with a breach, thousands of Google employees walk off the job because of improper investigation of sexual harassment claims, employees of Periscope walk off the job when told they cannot publicly support Black Lives Matter (BLM), and organizations around the world had to cope with the effects of the COVID-19 pandemic. These are all reminders that no organization is immune to crises. Even exceedingly well-run organizations can suffer from a crisis of their own making or one driven by external forces. PwC's Global Crisis Survey 2019 survey of corporate executives found that 69% of the corporations had experienced at least one crisis in the past five years with the average being three crises. Moreover, each crisis cost the corporation about 5% in shareholder value the year after the crisis. The survey also found corporations are facing an increasing diverse range of crises adding to the difficulty of crisis management (PwC, 2019). If no organization is immune and crises can be damaging, then all organizations should be prepared. Pick any day of the week, and you will find stories about train derailments, plane crashes, funds used inappropriately at nonprofit organizations, explosions in manufacturing facilities, workers shot or injured on the job, or *E. coli*-tainted beef,

turkey, chicken, or even bean sprouts. Crises are situations that test resilience and the ability of people and organizations to bounce back from adversity. The bottom line is that all organizations should learn as much as they can about crisis management.

Developing a comprehensive crisis management program (CCMP) that captures the ongoing nature of crisis management is not an easy task. The crisis management process is varied and requires the integration of knowledge from such diverse areas as small-group decision-making, media relations, environmental scanning, risk assessment, crisis communication, crisis plan development, evaluation methods, disaster sociology, and reputation management. A diverse set of crisis management writings must be navigated in order to develop a complete CCMP that covers every stage and substage of the crisis management process. It is a daunting but necessary task to sort through the plethora of crisis management information to identify the evidence necessary to create evidence-based crisis communication. The most effective way to develop a CCMP is to base your choices on practices and policies that have proven to be effective rather than depending on speculation.

The primary goal of this book is to offer an integrative framework that simplifies the task of organizing crisis management knowledge. An ongoing approach based upon a three-stage model of crisis management provides the foundation. The three stages are precrisis, crisis event, and postcrisis, each of which is composed of substages. The stages are used to summarize and to organize various insights into the crisis management process. Myriad ideas from different areas are synthesized into one continuous process. The end product is a guide for developing each stage in the ongoing crisis management process. This book is a living guide because future developments in crisis management can be easily assimilated into the comprehensive framework of the three-stage approach. The three-stage model articulated here provides a variety of suggestions about how to “do” crisis management. This book is designed to aid those interested in practicing, researching, or teaching crisis management and uses what is called an evidence-based approach. The evidence-based movement started in medicine as a response to the underutilization of scientific evidence in medicine. An evidence-based approach involves the conscious application of multiple sources of evidence to organizational decision-making (Barends & Rousseau, 2018). Four sources of information inform organizational decision-making: scientific findings, practitioner experience, organizational information, and stakeholder concerns. An evidence-based approach to crisis communication draws upon the best crisis communication research (scientific findings from academic and industry research), contextual factors that influence crisis communication (organizational information), and stakeholder concerns that are then viewed through the lens of the crisis managers’ own experience with past crises. The book integrates the crisis communication research with practitioner observations, the key contextual factors, and salient stakeholder concerns.

To those interested in practice, the book offers a comprehensive approach for structuring a crisis management program. For crisis managers, the book is more useful to those just starting in the practice. Experienced crisis managers might learn something new but have strongly honed experiences to help guide their crisis decision-making. Newer crisis managers can benefit more from the lessons offered by research and the experiences of other practitioners. For those interested in research, the book provides an analytic framework for the study of crisis management efforts. Those involved in teaching

are offered an additional resource for educating future crisis managers. The book ends with a summary of key ideas and highlights some of the insights offered to practitioners, researchers, and educators. In addition, an appendix suggests a number of crises that can be used for study and research.

CRISIS MANAGEMENT DEFINED

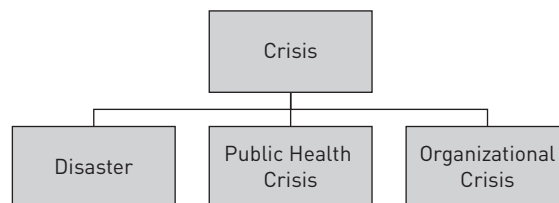
There are a lot of books written about crisis management, but there is no one accepted definition of a crisis. Having a specific definition is important because how a subject is defined indicates how it is approached. I choose to start with a definition so that readers will understand how this book approaches the subject.

Crisis is a very broad term that is used frequently by practitioners and academics. A general definition of crisis is some breakdown in a system that creates shared stress (Perry, 2007). Such a general definition can be applied to a wide variety of events. It is important that early on in the book I specify what I mean by the term *crisis* and differentiate it from similar concepts. Figure 1.1 is a visual representation of how I conceptualize crisis. We can take the general notion of crisis as the starting point, beneath which we have disaster, public health crises, and organizational crisis. There are volumes written about both disasters and organizational crises, but there is no one accepted definition of either term. It is important to draw a distinction between the two concepts in order to clarify how this book approaches the topic of crisis.

Disaster Defined

Disasters are events that are sudden, seriously disrupt routines of systems, require new courses of action to cope with the disruption, and pose a danger to values and social goals (Quarantelli, 2005). This is more a set of characteristics than a definition, but it does capture the nature of disasters. I would add that disasters are large in scale and require response from multiple governmental units. Disasters can spawn organizational crises. For instance, an organization may need to cope with the effects of the disaster on its operation. An example would be utilities needing to restore power to customers following a tornado. In rarer circumstances a crisis can trigger a disaster. Examples include the Union Carbide toxic gas release in Bhopal, India, and the crude oil spilled into the

FIGURE 1.1 Types of Crises



Gulf of Mexico when the Deepwater Horizon sank. Research has generated a significant amount of advice on how to cope with disasters, and there is some overlap between disasters and organizational crisis efforts. However, this book focuses on organizational crises. I choose to present a very specific definition of organizational crisis to clarify for the readers how this book will approach crises.

Public Health Crisis Defined

Public health crises are a threat to public health that exists across multiple geographic areas (Maibach & Holtgrave, 1995). In addition, a public health crisis has the potential to overwhelm the routine community capacity to manage it (Nelson, Lurie, Wasserman, & Zakowski, 2007). COVID-19, SARS, and Ebola are examples of public health crises as are slower moving crises such as vaping. The health component is the unique dimension of public health crises. The health of people are affected across a range of areas and can be more than the health-care system can manage. Consider how the health-care system in New York City was overwhelmed during the early stages of the COVID-19 pandemic. Disasters can spawn a public health crisis by triggering disease outbreaks. Government actors and non-governmental organizations (NGOs) take the lead in managing public health crises. However, as illustrated by the COVID-19 pandemic, organizations can be affected by public health crises and must prepare for that potentiality.

Organizational Crisis Defined

A crisis is the perceived violation of salient stakeholder expectations that can create negative outcomes for stakeholders and/or the organization. This definition is a synthesis of various perspectives on crisis that tries to capture the common traits other writers have used when describing crises.

A crisis is perceptual. What we typically think of as crises are events that are easy to perceive as such. That is why few people would dispute industrial accidents or hurricanes being crises. However, it is the perceptions of stakeholders that help to define an event as a crisis. A stakeholder is a person or group that is affected by or can affect an organization (Bryson, 2004; Freeman, 1984). If stakeholders believe an organization is in crisis, a crisis does exist, and stakeholders will react to the organization as if it is in crisis. For nearly a decade, the automobile manufacturer Audi told its customers there was nothing wrong with its transmissions. However, customers did perceive a crisis because a few cars were jumping into gear from neutral—with sudden acceleration—resulting in injuries and deaths. We fast-forward to 2009, and Toyota was wrestling with gas pedals that stick, causing cars to accelerate uncontrollably and at times fatally. Toyota was criticized for a slow response to the crisis. Toyota management had a difficult time seeing the problem and realizing the organization was in a crisis. Management must be able to see the event from the stakeholders' perspective to properly assess whether a crisis has occurred.

Crises can violate salient expectations that stakeholders hold about how organizations should act. These expectations are important to the stakeholders and can be related to health, safety, environmental, or economic concerns. Planes should land safely, products should not harm us, management should not steal money, and organizations should reflect societal values. Crises disturb some stakeholder expectations, resulting in people

becoming upset and angry, which threatens the relationship between the organization and its stakeholders. That is why crises are considered dangerous to organizational reputations (Barton, 2001; Dilenschneider, 2000). A reputation is how stakeholders perceive the organization. When expectations are breached, stakeholders perceive the organization less positively: The reputation is harmed.

Crises have the potential to create negative or undesirable outcomes for stakeholders and organizations. Product harms crises place customers at risk for injury or death. If business is disrupted, an organization will usually suffer financial losses (e.g., lost productivity, a drop in earnings). Crisis damage extends beyond financial loss, however, to include injuries or deaths to stakeholders, structural or property damage (on and off site), tarnishing of a reputation/social evaluations, damage to a brand, and environmental harm (Loewendick, 1993). The damage can affect a variety of stakeholders. A plane crash can kill crew members, passengers, and people on the ground. In addition, an entire industry can be affected by a crisis for just one of its member organizations. An industry can suffer financial loss (e.g., new, costly regulations) or reputational damage as people project a localized crisis onto an entire industry. In 2006, the cruise ship industry became involved in the Carnival Cruise Lines fire because the crisis was an industry-wide threat, not just a company-specific one. Fires were a risk on every cruise ship, and people needed to feel safe. Employees, customers, or community members can be injured or killed by industrial or transportation accidents.

Environmental damage is another outcome of accidents. Community members can suffer structural or property damage from accidents as well. Explosions can shatter windows, and evacuations can cost community members in terms of money, time, and disruption. Careless handling of an accident can add to the damage. Investors can lose money from the costs of the crisis. For example, an organization can incur repair expenses from an accident while a faulty product can result in product liability lawsuits and recall costs. A crisis presents real or potential negative outcomes for stakeholders, the organization, and even the industry. Crisis management is designed to ward off or reduce the threats by providing guidance for properly handling crises. The negative outcomes from crises are what bind it to resilience. Stakeholders and organizations must be able to bounce back from the shocks created by crises.

One final point to mention is the unpredictable nature of crises. A crisis is unpredictable but not unexpected. Wise organizations know that crises will befall them; they just do not know when. Crises can be anticipated, but their often sudden nature can give them an element of surprise or unpredictability (Barton, 2001; National Research Council, 1996). However, some crises offer a great deal of warning (Irvine & Millar, 1996). For instance, if a major television news magazine is planning to run a negative story about an organization, management will know the event months in advance. Metabolife, a diet supplement company, faced just such a crisis in 1999. It used the lead time to create an aggressive multimedia campaign to defend itself from charges linking its product to harmful side effects. Radio and newspaper advertisements were used to drive people to a specially created website where people could watch an unedited video of the interview and learn how news shows can distort the truth.

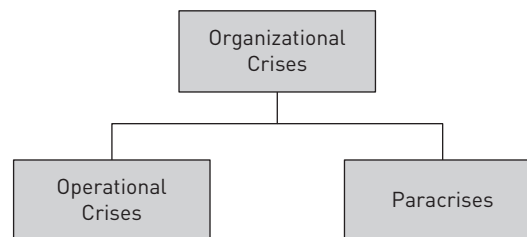
At this point, it is instructive to further separate organizational crises into operational crisis and paracrises. Operational crises reflect the roots of crisis management itself. One potential effect from a crisis is to disrupt operations either completely or partially. Many

early definitions of crisis included disruption of operations as a key component (e.g., Barton, 2001). Crisis management was developed in part to limit disruptions to operations because an organization loses money when it is not operating at full capacity. Business continuity, a sister discipline to crisis management, is dedicated to preventing or limiting operational disruptions. Operational crises capture those situations where there is actual or potential disruption to organizational operations. Facility fires, natural disasters, and product harm situations are all examples of operational crises. I will elaborate on the various types of operational crises in Chapter 4. Operational crises create some specific communicative demands for crisis managers because they must consider the information needs of various stakeholders when there are disruptions. For instance, employees need to know when, if, and where they are working while suppliers and customers need to know if there will be deliveries and shipments and the size of those deliveries and shipments.

Paracrises are situations where crisis managers must manage a crisis risk in full view of its stakeholders (Coombs & Holladay, 2012c). Paracrises reflect the reputational/social evaluation focus of many crises. All crises will inflict some reputational damage on an organization. However, certain situations are primarily reputational and have limited effects on operations. The terms *reputational crises* and *social media crises* have been used in attempts to capture the emphasis on reputational concerns. The term *reputational crisis* is confusing because reputation also is an antecedent and consequence for a crisis and because all crises have a reputational dimension. The term *social media crisis* is extremely vague, referring to events that transpire in or are intensified by social media. Again, any crisis can have a social media aspect to it, and labeling a crisis by the dominant media involved is imprecise. Instead, I prefer to make a distinction between organizational crises that are operational crises and paracrises as illustrated in Figure 1.2

The term *para* means resembling or protection from something. A paracrisis resembles a crisis because it threatens the organization's reputation and related assets. However, a paracrisis would not require the activation of the crisis team and does not disrupt the organization. Still, a paracrisis warrants attention because neglect or mismanagement could escalate into an operational crisis. A paracrisis is a specific type of crisis warning sign. It mimics a crisis itself. Motrin's offensive ad to mothers is an example of a paracrisis. In 2008, Motrin created an edgy ad that noted how mothers have back pain from using sling-type baby carriers. The ad was in print and online in video form. Many mothers were offended by it and took to social media to express their outrage. Twitter was a popular location for mothers to attack Motrin. There was even a nine-minute YouTube video

FIGURE 1.2 Operational Crises and Paracrises



featuring the Twitter complaints. The ad appeared online on a Saturday morning. The social media criticism stormed Twitter by Saturday evening. On the following Monday, McNeil Consumer Healthcare, the maker of Motrin, removed the ad from the Internet and replaced it with an apology (Tsouderos, 2008). McNeil Consumer Healthcare did not see any disruption in the production or sale of Motrin. There was minor damage to the corporate and brand reputation that had the potential to escalate if the paracrisis was not handled swiftly and effectively. By removing the ad and apologizing, McNeil Consumer Healthcare managed the paracrisis, thereby defusing a potential crisis.

Paracrisis that emerge in digital communication channels and platforms such as social media are unique crisis warning signs (crisis risks) because they appear in full view of stakeholders. Typically, crisis prevention efforts are invisible to stakeholders. For instance, organizations might revise safety procedures or replace a dangerous chemical to reduce the threat of hazardous chemical releases. Visibility is what gives a paracrisis its impact. Moreover, organizational stakeholders are driving the risk by raising it as a public concern (Coombs & Holladay, 2012c). The public appearance of the paracrisis demands public management. Managers must explain to all stakeholders what is being done to address the concern or why they are choosing to ignore it. The paracrisis blurs the line between precrisis and crisis response because addressing the paracrisis can appear to be a crisis response rather than mitigation actions. The key point here is that the digital communication channels and platforms increase the visibility and number of paracrisis because the Internet can highlight the stakeholder concerns that drive paracrisis. As one white paper on social media and crisis recommended, “Never ignore conflict/crisis on social media” (“Crisis Management for Social Media,” n.d., p. 4). I discuss the various types of paracrisis and response options in Chapters 2 and 3 as part of the explanation of the links between risk management and crisis management.

WHAT WOULD YOU DO?

BP AND TEXAS CITY: ACT 1

It's 1:20 p.m. on March 23, 2005, in Texas City, Texas. You work at the BP refinery in the town. Suddenly, an explosion rocks the ground. You go outside and see large flames and smoke coming from the direction of the isomerization unit. You know that workers were performing a start-up at the isomerization unit today, and start-ups are

one of the most dangerous procedures at refineries. Alarms are going off, people are running and shouting, and some personnel are heading over to help. You are the public relations person on the BP Texas City crisis team. What do you do now? What does the organization need to do to respond to this event?

Crisis Management

Crisis management represents a set of factors designed to combat crises, to lessen the actual damage inflicted, and to facilitate resilience. Put another way, it seeks to prevent or lessen the negative outcomes of a crisis and thereby protect the organization, stakeholders, and industry from harm while facilitating positive response to the situation. Crisis management has evolved from emergency preparedness and, drawing from that base, comprises a set of four interrelated factors: prevention, preparation, response, and revision.

Prevention, also known as mitigation, represents the steps taken to avoid crises. Crisis managers often detect warning signs and then take actions designed to prevent the crisis. For instance, a faulty toaster is recalled before its overheating problem causes any fires or injuries to customers. Prevention is largely unseen by the public. News stories about crises that did not happen are rare.

Preparation is the best-known factor in crisis management because it includes the crisis communication plan (CCP). If people know nothing else about crisis management, they know an organization should have a CCP. The CCP is the tip of the crisis management iceberg. Although people think the CCP is the crisis management process, in actuality, most of the process is unseen. Preparation also involves diagnosing crisis vulnerabilities, selecting and training a crisis management team and spokespersons, creating a crisis portfolio, and refining a crisis communication system. Preparation creates a more agile organization and fosters both individual and organizational resilience.

Response is the application of the preparation components to a crisis. A crisis can be simulated (as in an exercise) or real. The preparation components must be tested regularly. The testing involves running simulated crises and drills that determine the fitness of the CCP, crisis team members, spokespersons, and the communication system. A real crisis involves the execution of the same crisis management resources, only the outcomes are real rather than hypothetical. Response is very public during an actual crisis. An organization's crisis management response is frequently reported and critiqued in the news media (Pearson & Clair, 1998). Many publications critiqued Bausch & Lomb's failure to recall ReNu with MoistureLoc when it was linked to a 2006 outbreak of *Fusarium keratitis*, a form of fungal eye infection that can produce blindness (Dobbin, 2006; Mintz & Di Meglio, 2006). Bausch & Lomb did stop shipping the product and eventually asked retailers to remove the product from shelves. However, it was not until May 15, a month after the crisis began, that an official recall was issued (Mintz & Di Meglio, 2006). Remember, crises make for good news stories, and news of ReNu with MoistureLoc was everywhere. We witnessed a similar pattern of intense media coverage for Volkswagen's poor handling of its Dieselgate crisis (Clemente & Gabbioneta, 2017).

In an actual crisis, responses seek to achieve outcomes related to reducing the negative impact of a crisis on stakeholders and the organization. Put another way, the response helps to achieve the objectives of crisis management. Organizations try to limit the threat to public safety, reputational erosion, brand damage, and loss of sales, to name but a few of the common crisis communication objectives. There is even a chance that the response leads to an improved organization. Improvements can include a stronger reputation, a more powerful brand, and changes to the organization that make it a safer place to work.

Part of the response is *recovery*, which denotes the organization's attempts to return to normal operations as soon as possible following a crisis. Resilience is the key to recovery because the capacity to be resilient facilitates recovery. *Business continuity* is the name used to cover the efforts to restore operations to normal. As noted earlier, downtime from a crisis is a financial drain. The quicker an organization can return to normal operations, the fewer financial losses it will incur.

Revision is the fourth crisis factor. It involves evaluation of the organization's response in simulated and real crises, determining what it did right and what it did wrong during its crisis management performance. The organization uses this insight to revise its prevention, preparation, and response efforts. Ideally, in the future, the right moves are replayed while the mistakes are avoided and replaced by more appropriate actions. Revision is the development of an institutional or organizational memory, which can improve the effectiveness of crisis management by expanding the organization's perception of crises and its response capacity (Li, YeZhuang, & Ying, 2004; Weick, 1988). The more and varied the crises an organization experiences through practice sessions, the better it can handle similar situations in reality. The factors are linked in a spiral. If prevention fails, preparation is required for optimal performance. Revision is derived from performance and informs both the prevention of and preparation for future crises. In turn, improving preparation should improve response.

Understanding the crisis management process is a necessity for effective crisis communication. We can extend the notion of process by creating a framework for crisis management that involves distinct stages that influence one another.

THE INITIAL CRISIS MANAGEMENT FRAMEWORK

The idea that crises have an identifiable life cycle is a consistent theme that permeates the crisis management literature. This section explores crisis management as a process. The life cycle approach is explained along with details on the three-stage approach to crisis management and the regenerative model of crisis management. The section concludes by explaining the importance of social evaluations (centering on reputation) to crisis management.

Why a Life Cycle Approach to Crisis Management?

The crisis manager needs to understand this life cycle because its different phases require different actions (Gonzalez-Herrero & Pratt, 1995; Sturges, 1994). The crisis life cycle has been translated into what I term *staged approaches* to crisis management. A staged approach means that the crisis management function is divided into discrete segments that are executed in a specific order. Moreover, the life cycle perspective reveals that effective crisis management must be integrated into the normal operations of an organization. Crisis management is not merely developing a plan and executing it during a crisis. Instead, it is appropriately viewed as an ongoing process. Every day, organization members can be scanning for potential crises, taking actions to prevent/mitigate them, or considering any number of the aspects of the crisis management

process detailed in this book. Crisis management should be a part of many people's full-time jobs in an organization, not a part-time fancy. Each working day, crisis managers can be doing something to improve crisis prevention and response (Coombs, 2006a).

The life cycle perspective has yielded a variety of staged approaches to crisis management. These provide a mechanism for constructing a framework for organizing the vast and varied crisis management writings and for creating a unified set of crisis management guidelines. Regardless of the discipline, the various topics addressed can be placed within a comprehensive, incremental approach to crisis management. An overarching framework organizes the scattered crisis management insights and permits crisis managers to easily envision their best options during any stage of the process. Crisis managers can find it easier to access and apply available resources, thereby improving the crisis management process. The framework I use in this book is influenced by existing models of the process. Reviewing these models will reinforce the importance of process in crisis management.

Fink's (1986) four-stage model is the earliest staged approach to crisis and can be found in his seminal book, *Crisis Management: Planning for the Inevitable*. His cycle is well represented in writings that have appeared since the 1990s. He uses a medical illness metaphor to identify four stages in the crisis life cycle: (1) prodromal: clues or hints of a potential crisis begin to emerge; (2) crisis breakout or acute: a triggering event occurs along with the attendant damage; (3) chronic: the effects of the crisis linger as efforts to clean up the crisis progress; and (4) resolution: there is some clear signal that the crisis is no longer a concern to stakeholders—it is over.

Fink's (1986) approach is one of the first to treat a crisis as an extended event. Of particular note is his belief that warning signs precede the trigger event. The job of crisis managers expands and becomes more proactive when they know and read the warning signs. Well-prepared crisis managers do not just enact the CCP when a crisis hits (being reactive); they are also involved in identifying and resolving situations that could become or lead to a crisis (being proactive). In addition, Fink divides the crisis event into three stages. A crisis does not just happen, it evolves. It begins with a trigger event (acute phase), moves to extended efforts to deal with the crisis (chronic phase), and concludes with a clear ending (resolution). The different stages of the life cycle require different actions from the crisis manager. As a result, crisis management is enacted in stages and is not one simple action. The demands of the crisis stage dictate what crisis managers can and should be doing at any particular time.

Richardson (1994) provides one of the earliest detailed discussion of the three components: (1) precrisis or predisaster phase: warning signs appear and people try to eliminate the risk; (2) crisis impact or rescue phase: the crisis hits and support is provided for those involved in it; and (3) recovery or demise phase: stakeholder confidence is restored. Others using the three-staged model include Ian Mitroff (1994), Birch (1994), Guth (1995), and Mitchell (1986). Following from this three-stage approach, I divide the crisis management process into three macrostages: precrisis, crisis, and postcrisis. The term *macro* indicates that the stages are general and that each contains a number of more specific substages: the microlevel. This is similar to economics, where macroeconomics deals with all the forces at work on the economy while microeconomics deals with specific factors.

Outline of the Three-Stage Approach

The ideal crisis management model accommodates the various crisis models plus additional insights provided by other crisis management experts. Not all crisis managers have placed their ideas within a phased model. Therefore, a comprehensive model must be able to place random insights into the crisis management process. The three-stage approach has the appropriate macro-level generality for constructing the comprehensive framework necessary for analyzing the crisis management literature. The three stages are general enough to accommodate the other two dominant crisis management models and to allow for the integration of ideas from other crisis management experts.

Within each stage there are separate substages or sets of actions that should be covered during that stage. Each substage integrates a cluster of writings about that particular crisis management topic. Each cluster of writings has been carefully examined to distill the essential recommendations they could offer to crisis managers. For each substage, the crisis wisdom and any tests of that wisdom are reported along with a discussion of its utility to crisis managers. Moreover, this three-stage approach provides a unified system for organizing and utilizing the varied insights crisis managers offer.

Pre-crisis

The pre-crisis stage involves three substages: (1) signal detection, (2) prevention, and (3) crisis preparation. Chapters 2, 3, 4, and 5 are devoted to the development of this stage. Organization members should be proactive and take all possible actions to prevent/mitigate crises. The pre-crisis stage entails actions to be performed before a crisis is encountered. However, not all crises can be prevented, so organization members must prepare for crises as well.

Chapter 2 develops the links between risk and crisis. Chapter 3 deals with signal detection with an emphasis on mitigating crises. Most crises do emit early warning signs. If early action is taken, these crises can be avoided (Gonzalez-Herrero & Pratt, 1995). Crisis managers must identify sources for warning signs, collect information related to them, and analyze the information. For example, a pattern in customer complaints could identify a product defect. Reporting the complaints to the appropriate manufacturing sector of the organization could result in corrective action being taken. In turn, the corrective action could prevent further complaints and the potential of a highly visible recall, battle with customers, or both. Crisis managers must develop a system for detecting potential crises and responding to them, what is called risk management. Risk management is actually a form of resilience.

Chapters 4 and 5 develop the idea of crisis preparation. Crisis managers must be prepared for a crisis happening. Preparation typically involves identifying crisis vulnerabilities, creating crisis teams, selecting spokespersons, drafting CCPs, developing crisis portfolios (a list of the most likely crises to befall an organization), and structuring the crisis communication system. Preparation helps to build a capacity for resilience.

Crisis Event

This stage begins with either a trigger event that marks the beginning of the crisis or managers realizing they are in a crisis. The crisis stage ends when the crisis is considered

to be resolved. During the crisis event, crisis managers must realize that the organization is in crisis and take appropriate actions. This phase has two substages: (1) crisis recognition and (2) crisis containment. Communication with stakeholders is a critical facet of this phase. An organization communicates to stakeholders through its words and actions.

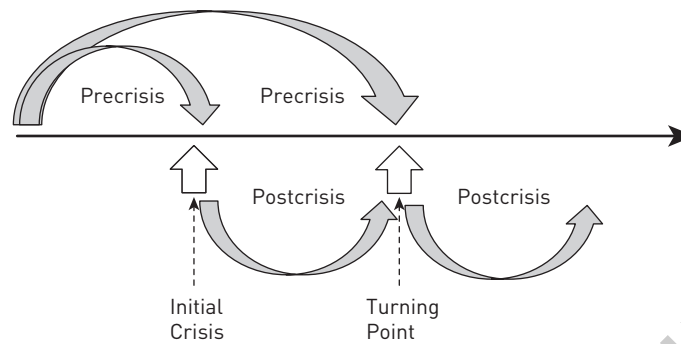
Chapter 6 is devoted to crisis recognition. People in an organization must realize that a crisis exists and respond to the event as a crisis. Crisis recognition includes an understanding of how events get labeled and accepted as crises—how to sell a crisis to management—and the means for collecting crisis-related information. Chapter 7 covers the crisis response and includes topics related to crisis containment and recovery. Crisis containment focuses on the organization's crisis response, including the importance and content of the initial response, communication's relationship to reputational management, contingency plans, and follow-up concerns. The crisis response allows individuals and organizations to demonstrate their resilience.

Postcrisis

When a crisis is resolved and deemed to be over, an organization must consider what to do next. Postcrisis actions help to (1) make the organization better prepared for the next crisis, (2) make sure stakeholders are left with a positive impression of the organization's crisis management efforts, and (3) check to make sure that the crisis is truly over. Chapter 8 addresses evaluating crisis management, learning from the crisis, and other postcrisis actions, such as follow-up communication with stakeholders, mourning, and continued monitoring of issues related to the crisis. The ability to recover is a direct reflection of resilience.

A More Advanced View: The Regenerative Model of Crisis

The regenerative model of crisis offers a more complex and dynamic view of a crisis situation. While composed of only two phases, the regenerative model is dynamic because it explains how crises can become reframed and produce significant communicative shifts for crisis managers. The regenerative model is composed of the precrisis and postcrisis phases. The precrisis phase is all factors that occur prior to a crisis. The crisis is simply a point in time. The initial crisis is either an event or a realization. An event is some action that demonstrates the existence of a crisis, such as an explosion or people becoming ill from a food product. A realization is when managers recognize that stakeholders view the organization as violating key expectations, such as the quality of the product or service. The turning point is the dynamic aspect of the regenerative model that introduces complexity. A turning point occurs when events or actions reframe and redefine the crisis. Essentially a new crisis emerges because various factors have led people involved with the crisis to view it as a new crisis type. An example is the analysis of Dow Chemical and the breast implant crisis by Brinson and Benoit (1996). Their analysis reveals turning points where evidence and communicative actions effectively reframed the crisis into a new crisis type. When a turning point occurs, what had been the postcrisis phases, such as actions taken by the organization, now become part of the precrisis phases and a new postcrisis phase begins (Coombs, 2017a). Figure 1.3 illustrates the dynamic nature of the regenerative crisis.

FIGURE 1.3 Regenerative Crisis Model

Not all crises are complex enough to fit the regenerative crisis model. Still, crisis managers must be aware that a crisis can suddenly shift from one crisis type to another. Along with this shift will be new communicative demands. Crisis managers might have to change communicative responses to reflect the new demands of an evolving crisis. In fact, the initial crisis response might be the reason stakeholder views of the crisis have shifted, what Frandsen and Johansen (2017) term a double crisis. The need to change crisis response strategies is problematic because changing strategies creates the appearance of inconsistency. However, the changes are necessary when a crisis is significantly reframed to a new crisis type.

WHAT WOULD YOU DO?

CAREFREE CRUISE LINE: ACT 1

It is Friday a little after 5 p.m. in Miami, Florida, the location of the headquarters for Carefree Cruise Lines. The majority of your cruise ships have the Carefree brand, but your company also owns a number of smaller cruise lines, what can be called subbrands. A call comes in that a cruise ship in one of the subbrands is in distress. The ship is off the coast of Italy, and that is a six-hour time

difference from your headquarters in Miami. The call notes that a Mayday has been issued and that the ship is being evacuated. You are the public relations personnel assigned to the crisis management team for Carefree Cruise Lines.

- What are your first thoughts after receiving this call?

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(Continued)

- What do you need to do to help your organization prepare to respond to this crisis?
- Who are the key stakeholders in this situation?
- What actions should your organization take?
- How should the organization communicate those actions to key stakeholders?

IMPORTANCE OF CRISIS MANAGEMENT

The first paragraph of this chapter offers a reminder that crises are ubiquitous. In fact, today's environment seems to be placing higher premiums on crisis management; unprepared organizations have more to lose today than ever before. A variety of developments has made all types of organizations more susceptible to crises. Managers have identified the following as common negative effects from crises: decrease in revenue, cutbacks and/or layoffs, loss of corporate reputation, increased media scrutiny, increased government scrutiny, decreased share price, and increased social media discussions (Burson-Marsteller & Penn Schoen Berland, 2011; Spencer Stuart & Weber Shandwick, 2012). The developments that increase the need for effective crisis management are an increased value of reputation (social evaluations), stakeholder activism, the emergence of digital natives, broader views of crises, negligent failure to plan, and employer duty of care.

Value of Social Evaluations

Crisis managers do worry about the effects of a crisis on the organizational reputation (Barton, 2001; Davies, Chun, da Silva, & Roper, 2003; Dilenschneider, 2000; Burson-Marsteller & Penn Schoen Berland, 2011). Reputation is part of a broader concept known as social evaluations. Social evaluations are the "socially constructed, collective perceptions of firms" (Pollock, Lashley, Rindova, & Han, 2019, p. 444). Social evaluations are some mix of the three evaluative dimensions of rational, emotional, and moral. Rational uses an analytic approach to assessing an organization's worth and capabilities. Emotional represents emotional reactions that are more instantaneous but can have long-term consequence. Moral is the degree to which an organization meets or violates commonly held stakeholder or societal values (Pollock et al., 2019). Social approval is a form of social evaluation that is "an overarching construct to describe the more intuitive and affective perceptions inherent in the social evaluation of an organization" (Bundy & Pfarrer, 2015, p. 348). Social approvals reflect how stakeholders feel about an organization.

Social approval assets are favorable collective perceptions stakeholders have for an organization. Social disapproval liabilities arise from unfavorable collective perceptions

stakeholders have for an organization (Pfarrer, Pollock, & Rindova, 2010). Overall, social approval represents fast thinking and the intuitive aspect of sensemaking (Kahneman & Fredrick, 2002). It is more about affective reasoning than rational thought. Though the link between crises and reputation is strong, it is more accurate to think of crises in terms of social approval rather than reputation because social approval captures the immediate reactions to crises. The concern for crisis managers is that a crisis creates a social disapproval liability. Social disapproval liabilities threaten a number of organizational assets including attracting customers, generating investment interest, attracting top employee talent, motivating workers, increasing job satisfaction, generating more positive media coverage, and garnering positive comments from financial analysts (Alsop, 2004; Davies et al., 2003; Dowling, 2002; Fombrun & van Riel, 2004; Kim & Yang, 2013; van Riel, 2013). As greater emphasis is placed on reputation and other social approvals, a corresponding emphasis must be placed on crisis management as a means of protecting against social disapproval liabilities (Coombs & Holladay, 2002; Pfarrer et al., 2010).

Stakeholder Activism

Today, angry stakeholders are more likely to generate crises than in the past (Lye & Muller, 2004). Consumers, shareholders, employees, community groups, and activists are becoming increasingly vocal when dealing with organizations and are using the Internet to voice those concerns (Coombs, 2002; Heath, 1998). Consider how the Internet was leveraged to advocate for social justice during the Spring of 2020 and BLM. The Internet provides various means of stakeholder expression, including web pages, discussion boards, blogs, microblogs, social networks, and content-sharing sites. The key feature of these Internet channels and platforms is the ability of users to create the content rather than just the organizations. Collectively, the Internet platforms where stakeholders create the content are called *social media*. The vast majority of social media messages never find an audience. However, when disgruntled stakeholders strike a responsive chord and connect with other stakeholders online, a crisis can occur. These crises evolve from the value of the organizational reputation. Legitimate criticism that spreads among stakeholders poses a direct threat to the organization's reputation. Here's an example: The Gap planned to release a revamped logo in 2010. When the initial design was released on its website, groups of vocal stakeholders responded negatively online. Gap's Facebook page and a Twitter account designed to protest the change were the most visible sources in the protest. The idea of a new logo was generating massive amounts of negative online comments for the Gap. The company then announced they had heard their stakeholders and would not make the change (Halliday, 2010). This demonstrates how social media has the potential to create a crisis or the threat of a crisis (crisis risk) or even an actual crisis.

Activist groups are using the Internet to organize and to pressure organizations to change their behaviors. Social media is part of a mix of pressure tactics, along with negative publicity campaigns and boycotts. For instance, the Enough Project utilized Facebook, Twitter, YouTube, Flickr, and Instagram in its efforts to pressure electronics companies into disclosing their sourcing of conflict minerals. The Internet has the potential to increase the power of activist groups, thereby making them audible to managers and putting them on an organization's agenda for consideration (Coombs,

1998, 2002; Heath, 1998; Putnam, 1993). Consider how Greenpeace was able to pressure Puma, Nike, Adidas, H&M, C&A, Mango, Zara, Li-Ning, Levi's, Esprit, Victoria's Secret, G-Star, Raw, Valentino, and Benetton into agreements to eliminate their suppliers' use of certain toxic chemicals in the production of textiles or how concerns over environmental issues in Europe encouraged Chiquita to change how it grows bananas in Central and South America. Partnering with the Rainforest Alliance, Chiquita has had 100% of its banana farms certified as Better Banana Grower (Chiquita, 2003).

The term cancel culture has been used to designate a specific type of stakeholder activism that transpires largely within social media. Similar to boycotts, cancel culture centers on withdrawing support triggered by words and/or actions that are deemed inappropriate and typically involves social justice concerns. Social media is used to call out and to punish the inappropriate or offensive words and actions (Chiou, 2020; Ng, 2020). Targets of cancel culture can include organizations as well as celebrities and politicians. The growth of cancel culture is one more illustration of increasing stakeholder activism. Social justice concerns do drive many activists. Activists often pressure organization to act on social justice. Consider how in the spring of 2021, activists pressured organizations to take a stand against Asian hate crimes (Businesses, 2021). Social justice raises the related concern of social issues. Social issues involve dissensus because there are always at least two conflicting sides. More and more, organizations are expected to take a stand on social issues as well (Arenstein, 2020; Komiya, 2020). Social issues are difficult because supporting one side could result in the activists on the other side remaining critical of the organization. Overall, there are a variety of factors that all serve to increase stakeholder activism.

Digital Naturals

In earlier versions of this book, this point was called communication technologies. However, it was a mistake to focus on the technology and not the people using the technology. Young and Åkerström (2016) define digital naturals as "individuals who are comfortable in the online environment, being equipped through experience and exposure to both its cultural norms and the technological competencies required to operate effectively" (p. 1). Digital naturals have the skills and motivation to use digital communication channels and platforms such as social media. As stakeholders are increasingly digital naturals, crisis managers must integrate digital communication channels and platforms into the entire crisis management process.

Digital naturals are instrumental to the earlier notion of stakeholder activism. Most large activist organizations will be skilled in the use of digital channels and platforms. Digital naturals use digital platforms to make parts of the world more visible to others. Events that might have gone unnoticed decades ago are now visible to others. Workers fighting abuses in Indonesia have the potential to garner the attention of the world. *Potential* is a key word. The digital world is very cluttered and messages have to compete for the attention of stakeholders, including the traditional news media.

There is potential for any crisis or paracrisis to go global. Digital channels, digital platforms, and traditional news media are international. Events in geographically remote areas of Africa can become global in a few minutes. A crisis or paracrisis might appear on CNN, the BBC, or an activist website, or be the subject of a post on a blog or some social

media platform, giving it a global reach. On April 24, 2013, a garment factory in Bangladesh collapsed. The tragic event killed over 1,000 people. Videos and stories of the collapse appeared on CNN, BBC, and numerous other online news outlets and through social media (Alam, 2013). Because of online posting by activists, people easily could learn that H&M, Zara, Walmart, and the Gap all use suppliers in Bangladesh and that Primark had suppliers housed in the collapsed building (Engel, 2013). In addition, activists and corporations used various Internet channels and platforms to explain whether various corporations were taking actions designed to improve worker safety in Bangladesh. Crises and paracrises are now more likely to be seen by the world thanks to advances in communication technologies that digital natives are willing to utilize.

Broader View of Crises

Prior to the horrific events of September 11, 2001, most organizations were focused on their own little world. Crisis management was driven by what might happen to them on their sites. However, 9/11 showed that attacks or events at other locations can affect any organization. An event does not have to be a major terrorist event to create collateral damage. An explosion at a nearby chemical facility can create a need to evacuate and close an unrelated facility. An airplane crash may prevent vehicles from reaching other offices or plants. Similarly, COVID-19 made managers acutely aware of how a pandemic could affect their operations. A pandemic forced managers to take a more holistic perspective of the world around them.

Consequently, organizations are now broadening their view of crises to include nearby facilities that could create crises for them. Global events have broadened the view of crisis management in the increased emphasis on security and emergency preparedness. Security is one element of prevention and mitigation. Spending and managerial focus on security spiked dramatically after 9/11 and continue to stay high on the list of managerial priorities. While driven by terrorism concerns, security can help with other crises, such as workplace violence. In addition, the security focus has been coupled with the recognition of the need for emergency preparedness. Organizations should be prepared for an evacuation or to provide shelter-in-place, the two basic emergency responses. Emergency preparedness will help organizations with any crisis they face, not just with terrorism (Coombs, 2006b).

Social media has added another layer to broadening the view of crises. Managers are very sensitive to the fact that crisis threats, especially those that damage reputations, can emerge and grow rapidly online. In a study by Burson-Marsteller and Penn Schoen Berland (2011), 55% of managers felt social media had increased their vulnerability to crises. There is an increasing need to monitor social media and to decide how to integrate it into the crisis response. Later chapters will elaborate on how social media is creating changes in crisis communication. Moreover, organizational participation in the digital world breeds a variety of cybersecurity crises including data breaches, hacking, and disinformation.

Negligent Failure to Plan

Organizations have long been considered negligent if they did not take reasonable action to reduce or eliminate known or reasonably foreseeable risks that could result in

harm. This liability is based on the 1970 Occupational Safety and Health Act (Headley, 2005). The scope of foreseeable risks has expanded to include workplace violence, industrial accidents, product tampering, and terrorist attacks (Abrams, n.d.). This new area of liability is known as *negligent failure to plan* and is closely tied to crisis management. Organizations can be found legally liable if they did not take precautions to prevent potential crises and were not prepared to respond. Both crisis prevention and crisis preparation serve as defenses against negligent failure to plan. Juries are already punishing organizations that are not engaging in proper crisis management (Blythe & Stivariou, 2003; Headley, 2005). Crisis management is becoming firmly established as a form of due diligence (efforts to avoid harm to others or to the organization) that will protect an organization not only from the immediate harm of a crisis but also from secondary harm resulting from lawsuits.

Employer Duty of Care

In many countries, it is the employer's responsibility to provide a safe work environment that is free of known dangers. Employers must seek to find possible health and safety problems and then take actions to eliminate or to reduce the risks. In the United States, the Occupational Safety and Health Administration (OSHA) regulates the employer duty of care. Employers are required to take actions, including providing training that employees can understand; warning employees of dangers through alarms, labels, color-coded systems, or other means; and ensuring employers have the proper safety equipment and information (OSHA, 2016). Some experts have argued that the employer duty of care extends to employees traveling abroad (Underwood, 2016). Employers must be cognizant of foreseeable risks and take reasonable action to protect employees from those risks. Failures in the employer duty of care can create organizational crises in any organization that has employees. Employer duty of care became more salient during the COVID-19 pandemic. Organizations had to develop procedures and protocols to enhance the safety of essential workers such as those in grocery stores and warehouses.

BOX 1.1 CRISIS LEADERSHIP: AN OVERLOOKED RESOURCE

Leadership is often overlooked in discussions of crisis management and crisis communication (James & Wooten, 2010). Leadership can be defined as “a

process whereby an individual influences a group of individuals to achieve a common goal” (Northouse, 1997, p. 3). During a crisis, leadership can have a

major impact on the effectiveness of the crisis management effort. Good leaders regularly are called upon to solve problems, follow plans, and craft visions. These behaviors are all valuable during a crisis. Crisis leadership experts Erika James and Lynn Wooten (2010) argue that crisis leadership is a frame of mind. Good crisis leaders are willing to learn, are open to new ideas, and believe the organization will emerge stronger after the crisis. Crisis leadership is unique

because the leaders are being watched by stakeholders (in public view) and are under pressure to utilize shortcuts that will make the crisis disappear but could be ineffective in the long run (James & Wooten, 2010). Each chapter in this book will have a leadership box that highlights how the topic in the chapter relates to effective crisis leadership. Those insights are based on the crisis leadership competencies developed by James and Wooten.

CHAPTER SUMMARY

As the potential for crises increases, so does the potential for negative outcomes. Organizations are playing for high stakes when confronting crises. The developments just reviewed demonstrate that the need for crisis management is increasing, not decreasing. The value of crisis management is greater now than when experts first began preaching about the need for crisis preparedness in the late 1970s. The end result is a higher premium on effective crisis management. Crisis management enhances resiliency by increasing the organization's ability to adapt to disruptions. Organizations must continue to improve their crisis management processes. Crisis management acts as a hedge against the negative outcomes of crises and facilitates resilience. Effective crisis management can protect lives, health, and the environment; reduce the time it takes to complete the crisis life cycle; prevent loss of sales; limit reputation damage; preclude the development of public policy issues (i.e., laws and regulations); and save money. Today's operating environment demands that organizations be prepared to manage crises.

Generally, we experience crises through the news media and the Internet. As a result, it is easy to view

crisis management as a short-term process and crisis managers as having few demands on their time. However, what the public sees of the response to a crisis is a small part of crisis management. Effective crisis management is ongoing. Crisis managers continually work to reduce the likelihood of a crisis occurring and to prepare the organization for the day when a crisis does occur thereby increasing adaptability and resilience for the organization and its stakeholders. Moreover, crisis managers carefully dissect each crisis in order to improve mitigation, preparation, and response. An appreciation of the phases of crisis management helps people to understand more fully the complexity and ongoing nature of crisis management and communication. Duty of care includes sexual harassment and discrimination. Organizations developed a greater sensitivity to sexual harassment due to Me Too (#MeToo) movement while awareness of discrimination was raised through the BLM movement. The two examples remind us that crisis management is dynamic, not static.

DISCUSSION QUESTIONS

1. What are some arguments managers would use against implementing a crisis management system?
2. Do you agree or disagree with the idea that a crisis is perceptual?
3. What do you think makes an event a crisis? How do crises differ from disasters?
4. What alternatives are there to a staged approach to crisis management?
5. Some people question the value of precrisis activities. What reasons do you see that argue for and against precrisis activities?
6. Why bother differentiating between crises and paracrises?
7. What does the regenerative crisis model add to the thinking about crisis management?
8. How would you justify adding a crisis management program to an organization?
9. Why is stakeholder activism likely to increase as a concern for crisis managers?