

3 Tips for Effective Crisis Management

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What do you do when you are served with a high-profile, “bet-the-company” lawsuit? When you find yourself in the middle of a hostile takeover bid or a proxy fight? When you are the subject of a [whistleblower’s surprise allegation](#) or a government investigation? How do you respond?

A crisis can take many forms, and its timing may come as a surprise. Last year, businesses, organizations and individuals faced an array of crises, including Yahoo!’s data breach, [Wells Fargo employees’ unauthorized account creation](#), Mylan’s EpiPen price hike, Ryan Lochte’s fallout during the Rio Olympics and Tesco’s accounting scandal. These crises should remind all corporate executives and other professionals that no one and no organization is immune from a crisis.

Unless a crisis is handled efficiently, effectively and with due deliberation, a [disruption can significantly impact business](#), affect revenue and damage reputations. Whether you are dealing with an isolated incident or a large-scale crisis, you should have a crisis management plan. Below are three tips for successfully weathering a crisis.

1. Gather the facts. Information is primary.

In a crisis situation, you should first gather as much information as possible and find out all the facts—the good and the bad—in order to assess the

situation and determine how best to respond. This may seem obvious, but this essential first step is often overlooked or minimized when corporations or individuals feel the pressure to rush to respond to a crisis. Resist this temptation.

Although you may know your business or be familiar with the general crisis management landscape, you may not fully understand what happened in this specific incident. Do the research. Gather as much information as you can. Once you know what you know—and what you do not know – assimilate this information.

As part of the investigative and fact-finding process, it is important to be proactive and identify your potential legal and reputational exposure as early as possible. Many crises begin as legal issues or lead to legal issues, and retaining legal counsel early in the process can help you identify your legal exposure and prevent missteps that may have legal consequences. Particularly in rapidly evolving situations, it is helpful to retain counsel early in the process to ensure that you will have a fully informed legal counsel to develop your legal strategy.

One of the most important benefits of involving legal counsel in the investigation and fact-finding aspects of crisis management is the attorney-client privilege. This privilege applies to communications between an

attorney and client made for the purpose of securing legal advice, and is often invoked to protect such communications from discovery. Involving counsel early in the crisis will make it more likely that your fact-finding and analysis will be covered by privilege and protected from disclosure to third parties in the future.

Although the attorney-client privilege is a valuable asset during the fact-finding process, it applies only in limited circumstances and can be easily waived. For example, copying counsel on correspondence may not be enough to invoke the privilege, and if a document that is otherwise privileged is shared with a third party, then the privilege may be waived.

2. Assemble a crisis team.

Once the facts are determined, the next step is to assemble a crisis management team. Crises may involve legal components, personnel components, financial components, and publicity components, all of which require an effective crisis management team. Assembling an effective team is one of the most important aspects of crisis management strategy.

Although the composition of a crisis management team may vary depending on the crisis, typically, key members include company executives, legal counsel, public relations professionals, financial professionals and human resource officials. Legal counsel and public relations professionals need to be involved immediately. Depending on the subject matter of the crisis, additional experts with knowledge related to the crisis should be consulted.

After assembling a team, the team members should be assigned roles. Clear lines of decision-making authority for the crisis should be established. Someone on the team must have the authority to make decisions quickly and efficiently. In litigation matters, particularly where parties or disputes are high-profile, it is essential that legal counsel works quickly in conjunction with the public relations professionals, as failure to do so can result in discordant messages. Designate one member of the team to interact with the outside world. Determine the message and stay on script. It is important to let the public know that you are addressing the problem immediately.

3. Devise a plan.

Now that you have a crisis management team in place, you need to create a multi-dimensional plan to resolve the crisis. Crisis management plans can vary widely; each should provide a thoughtfully tailored response to the crisis. Typically, crisis management plans contain coordinated legal, business and media strategies in order to identify and integrate all of the various actions that need to be taken during a crisis.

In formulating a crisis management plan, crisis teams will assess the situation, identify long-term risks and opportunities and map out a plan to address the objectives of the organization, business or individual. Business goals should be taken into account in weighing the consequences of a particular strategy. Once the team is certain that all of the underlying issues have been addressed, it is time to execute the plan.

The Bottom Line

There are many legal and communication-related steps companies and professionals can take to weather the storm of a crisis. A crisis in and of itself does not mean that it is the end of the line for a company or professional. In fact, sometimes it can be an opportunity. A crisis can force a company or professional to rebrand, eliminate a dormant problem, modernize technology, adopt best practices or achieve improved levels of regulatory compliance. How an incident is addressed determines whether the company or professional will sink or swim. When a crisis situation presents itself, gather the facts, assemble a team and develop a strategy.

Developing a crisis response plan in advance gives you a better chance at successfully weathering a crisis.

Although all crises are unique and fact-specific, it is possible to anticipate common threats and vulnerabilities. Companies and professionals should complete broad risk assessments to identify their weaknesses and the possible crises they could face. Developing a written crisis management plan that includes as many scenarios as possible will help eliminate problems down the road. In order to ensure that the crisis plan is effective, test the plan.

Work remains even after a crisis has passed. Debrief and critically evaluate the strengths and weaknesses of the response. Each crisis presents a learning opportunity, and the post-crisis phase provides companies and professionals with an opportunity to evaluate the strategies for handling the crisis and integrate lessons learned into strategic future planning.