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Into the crisis vortex: Managing and communicating issues, risks, and crises

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A R T I C L E I N F O	**A B S T R A C T**
	This article provides a discussion of the growing importance of crisis communications in communications management practice. Using celebrated examples to set the scene, such as the BP oil spill, Toyota, SARS and the Japanese tsunami, the author describes how crisis communications can be a factor in making organizations more cost effective given the high reputational and legal cost of crises. The author also discusses the distinction between tactics and strategy and how the crisis communications research agenda must move to focus more specifically on crisis preparedness and management.

Crises are a fact of organizational life. From the small, not-for-profit organization to the global, multi-national corporation, crises can suddenly disrupt an organization's ability to efficiently and effectively achieve its mission. Furthermore, a crisis event can quickly alter an organization's ongoing, strategic, and tactical capabilities thereby creating a state of chaos and uncertainty that hurriedly permeates the entire organizational structure. Crises rapidly consume unbudgeted financial and human resources, deplete the organization's goodwill and reputation capital that has been built-up with internal and external stake-holders over the life of the entity, and in certain catastrophic cases, cripples the organization's ability to recover, leading to its eventual demise.

Before a crisis occurs, the organization operates in a state of 'normalcy' with its goals and objectives, its strategic mission, being met with minimal disruption. And then, a sudden, unexpected event literally turns the organization inside-out; questions about the viability of the organization begin to surface and stake-holders, both internal and external to the organization, begin to express concern

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about their safety and their future livelihood. Just think about some of the more recent organizational crises: the BP oil spill; the Toyota accelerator crisis; the Walkerton water crisis; and the Maple Leaf Food listeriosis recall. These crises represent names of places, organizations, and events that now describe horrific events and invoke powerful images and traumatic reactions. These were crises that garnered international media and governmental attention and disabled many of the organizations that were caught in their wake. And yet, they are also only a handful of the thousands of crises that have befallen North America in the two decades. These new crises join an already growing list of historic crises like the Hurricane Katrina, SARS, Exxon Valdez oil spill, the space shuttle Challenger and Columbia explosions, the environmental contamination in Love Canal, New York, and the Bhopal (Union Carbide) disaster. It is safe to say that these crises have literally changed the way we work and live.

The cost of organizational crisis

The economic, social, and political fallout from these crises have been dramatic and costly. The price tag of cleaning up the Exxon Oil spill in Valdez Alaska was reported to be more than $2 billion, while the lawsuits and legal costs totaled an additional $5 billion (Barton, 2001). In Canada, the discovery of the SARS virus and the subsequent death of 44 people (Health Canada, 2003) had an immediate impact on the travel and tourism industry in Toronto. Conferences and concerts were cancelled, corporations refused to allow their employees to travel to the city, and hotels and restaurants were forced to close during the pinnacle of the crisis. According to economic reports, the net cost to the Canadian economy during the spring and summer of 2003 "could reduce Canadian economic growth by an annualized 1% to 1.5% in the second quarter, producing a net loss of up to $1.5 billion as foreigners curtail travel to Canada and companies redirect their business activities" (Business Week, 2003).

According to a study conducted by a Zurich-based, international reinsurance company, "the annual insured costs from disasters around the world since 1987 lay in the range of $10-60 billion, with an average of $6 billion for man-made disasters and $14 billion for natural catastrophes" (Coleman, 2004,

p. 3). In 2011 alone, "the insurance industry and government-funded insurance programs paid out a record \$105 billion of natural-disaster claims… for events including the earthquake and tsunami that hit Japan and floods in Thailand" (Suess, 2012). And more recently, the estimated insured losses caused by Superstorm Sandy is between \$10-20 billion and the total economic damage will range from \$30-50 billion, according to EQECAT, a leading catastrophe modelling firm (2012). These costs represent only reportable insured costs and do not include expenditures that were not recovered due to the strict adherence to insurance regulations and policies.

Some crises result in both short-term, fixed recovery costs and longer-term regulatory costs. In 1984 more than 3,800 people died in Bhopal India after "a deadly gas, methyl isocyanate, was released into the atmosphere surrounding the plant due to operator error, faulty systems design, and poor plant management" at a Union Carbide chemical production facility (Mitroff, 2004, p. 37). This crisis, and a subsequent release of the same chemical, methyl isocyantate, at a similar Union Carbide facility in Institute, West Virginia, increased concern and anxiety for individuals and families living near these types of facilities. As a result of these accidents, and a number of other chemical industry crises in the late 1970s and early 1980s, new and more stringent regulatory standards were established to force companies to disclose information on environmental, health, and safety matters to the public (Gutteling & Wiegman, 1996). At the same time the U.S Congress passed the Community Right-to-Know Law, Title III of the Superfund Amendments and Reauthorization Act (SARA), mandating manufacturing sites that have known or potential environmental impacts to develop and implement a Community Relations Program (CRP) to exchange information with the public about the ongoing environmental restoration activities at the site (Forrest & Hix Mays, 1997). As a result of growing, negative public opinion of the chemical industry, and the increasing power and media skills of local and national environmental advocacy groups, the chemical industry was forced to open doors, release health and safety information to the public and forever changing the way in which organizations practiced community and public relations (Forrest & Hix Mays, 1997). The increased cost of regulatory compliance for the chemical industry and other manufacturing sectors was a direct result of these crisis events.

A need for management: Chemicals, cows and chaos

The mismanagement of these crises has had a bottom-line impact on how the manufacturing industry, for example, now operates within North America. While it is almost impossible to calculate the overall direct and indirect costs of regulation – a 1997 estimate from the U.S. Environmental Protection Agency put the cost of compliance at about $147 million – simply put, it has forced, through threat of felony charges, the establishment of crisis management and communications systems within highly regulated industries such as the chemical industry (BrainBank, 1997).

Canada has had the misfortune of experiencing a number of non-industrial crises involving public health issues such as the SARS outbreak, the E-coli water contamination in Walkerton, and the discovery of mad cow's disease in a herd of beef cattle in Alberta, in recent years. Government-initiated public inquires and program reviews have attempted to understand the causes of these crises and have generally concluded that organizational mismanagement, lack of crisis preparedness, and ineffective systems of public communications either lead to, or worsened, the crisis thereby impacting the eventual organization's eventual response (Government of Ontario, 2002; Health Canada, 2003). These public inquires and program reviews have also had a profound societal effect changing the way Canadians, and the world, view the safety of public water systems and the increasing threat of global, communicable public diseases and the complex integration of the North American food supply.

Natural diseases, such as earthquakes, forest fires, tornadoes, and hurricanes have also tested local, state and provincial governments' abilities to respond to the public's instant need for information. The 24/7 news cycle and the advancement of digital broadcasting technology has increased the need for public and private sector organizations to plan for, and be able to efficiently and effectively respond to, crisis events. The organizational challenge however rests with understanding what comes first: the ability of the organization's management team to develop a culture of leadership, feedback, communications, anticipation, preparedness and learning within the organization or the much simpler route of preparing the obligatory crisis management and communications plan and hoping that a crisis never happens.

The 'how to' approach

Since 1990, the Institute of Crisis Management (ICM) has tracked business crisis news stories reported in some 1,500 newspapers, newsmagazines, news-letters and wire services worldwide resulting in more than 160,000 records of business crises (ICM, 2012). On average, there have been nearly 8,000 world-wide crisis news stories published each year. The Institute documented, in its 2011 ICM Crisis Report, that while big names like Penn State, News Corpora-tion, BP, Tokyo Electric Power and Goldman Sachs dominated the coverage, overall coverage in 2011 stayed the same as the previous year with more than 7,000 reported stories (ICM, 2012). This synopsis of crisis coverage confirms that crises are a growing part of our daily organizational and personal lives.

As complex and chaotic as crises are, so too is the study of an organiza-tional crisis. While there has been a great expansion in the depth and breadth of crisis literature over the last twenty years, the overwhelming majority of that literature focuses on prescriptive, 'how to' approaches to crisis manage-ment. There are now hundreds of journal articles and "how-to" manuals wait-ing to be read. From *Managing The Unthinkable* (Pearson, Clair & Kovoor-Mis-ra, 1997) to *Managing The Unexpected* (Weick & Sutcliffe, 2001) and from *When You Are The Headline* (Irvine, 1987) to *When It Hits The Fan* (Meyers & Holusha, 1986). Better yet, those who are interested in knowing how to design a crisis management system should turn to *Risk Managers Key To Crisis Planning* (Rob-erts, 2001), or *The Crisis Management Shell Structure* (Heath, 1998), or *A Strategic Approach To Managing Crises* (Burnett, 1998), for some "hands-on" advice and applied research.

There are also thousands of other articles in business magazines, news-papers, and on the Internet that provide the typical "post-crisis" counsel that are now available on the World Wide Web search engines as a result of the 9/11 attacks and the ongoing threat of terrorism in the United States (Hymow-itz, 2001; Pope, 2001; Useem, 2001; Walsh, 2001).

Alternatively, there is very little empirical research on the antecedents to crisis management that enable an organization to successfully condition and prepare itself for the "unthinkable". Therefore, there is a going need to look beyond the obvious, to look at the conditions within an organization that en-able it to successfully anticipate and lead itself through a crisis. In particular, this crisis management and communications research should explore the con-tribution of leadership (Bass, 1990; Byrd, 1987; House & Aditya, 1997; Valle, 1999), organizational culture (Barney, 1986), crisis public relations excellence (Grunig, 1992; Marra, 1997), the crisis perception mindset (Pauchant & Mitroff,

Mitroff, 1992), crisis management (Barton 2001; Fink, 1986; Nudell & Antokol 1988) organizational learning (Elliott, Smith, & McGuinnes, 2000: Roux-Dufort, 2000) and crisis preparedness in an attempt to build a theory of organizational crisis public relations management.

The Research Issue

Over the last twenty years, public relations and management scholars have written countless descriptive reviews and qualitative studies based on a series of well-known organizational crises. From these case studies they have, individually and collectively, proposed a series of prescriptive measures that organizations could enact to better manage the outcome of crisis events. Some of these crisis preparedness steps include writing a plan, establishing a team, conducting media training, executing simulations and running table-top exercises. More recently, a number of organizational researchers have developed, and empirically tested, a set of variables that go beyond the obvious "how to" steps to determine how organizational managers perceive variables such as culture, structure, and response systems impact an organization's level of crisis preparedness (Mitroff, 2004; Pauchant & Mitroff, 1992; Pearson & Clair, 1998; Sheaffer & Mano-Negrin, 2003).

One area of organizational crisis preparedness that has not been systematically studied is the role of public relations within the crisis response and management system. To date, the majority of the research has used managers or management students as the studied populations. As a result there is a significant scarcity of information on how organizational communicators, most notably public relations managers, perceive organizational variables such as leadership, organizational culture, and crisis management response systems as they relate to the preparedness of the organization to successfully manage a crisis event. Furthermore, an organization's ability to recover from a crisis event is dependent on its ability to quickly establish a communication link between the internal and external stakeholder groups as well as those individual or groups that are, or believe to be, affected by the crisis. Therefore, public relations managers and practitioners play a critical role in reacting, responding and recovering to and from crises. Additionally, research has shown that the value of public relations to an organization dramatically increases when public relations practitioners effectively respond to the dominant coalition's demand for effective public relations during a crisis (Dozier, Grunig, & Grunig, 1995). The challenge however, for public relations professionals, is in estab-

lishing that demand in order to deliver excellent public relations; why does it take a crisis to increase the value of public relations within an organization? If organizational research could show a connection between the role of public relations and crisis preparedness, would that kick start the demand for public relations?

Understanding the Vortex

The opportunity to be involved in this special issue reflects my deep interest in the field of crisis communications and management. From my early days as a communications consultant to my current role as a teacher and researcher, either I followed crises or crises followed me. What struck me about the companies that I helped to respond and recover from crisis events is that many of them were unprepared – they truly didn't think it could happen to them. As a result, it took greater enterprise and leadership to find and enact the "new normal" for these organizations.

My doctoral research at Syracuse University was focused on understanding the conditions for crisis preparedness and mitigation – in the wake of both the Walkerton Water Crisis (2000) and the 9/11 attacks on New York and Washington (2001). I was, and still am, curious on why some organizations do better than others when faced with an event that suddenly disrupts their ability to effectively and efficiently achieve their organizational mission (Flynn, 2002). Over the last few years I have actively been surveying Canadians on how certain organizations have done in responding to significant crisis events. In 2009 I wrote a technical report that detailed Canadian's perceptions of how Maple Leaf Foods communicated during the listeriosis contamination crisis that resulted in the deaths of 22 consumers (Flynn, 2009). The research results published in that report confirmed the theoretical model that I proposed in my dissertation that showed that crisis preparedness is dependent on six organizational attributes: leadership, mindset, culture, communications, management systems, and organizational learning (Flynn, 2005). Those organizations that embrace these attributes stand a better chance of getting back on their horse and leading the organization to their "new normal" state.

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