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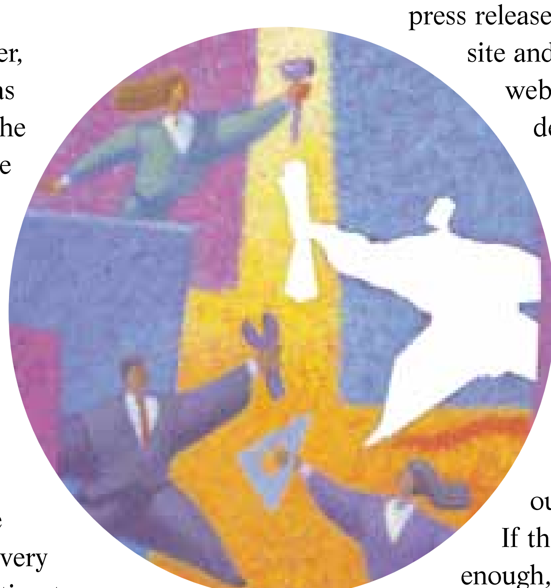
For investor relations professionals, the potential for "bad news" — whether it's a missed earnings estimate, negative product development, change in management or regulatory inquiry — is almost always around the corner.

If the IRO has worked closely with fellow communication executives, a company-wide crisis communication plan is in place, tested and ready to be implemented. But much like the oft-quoted view that no battle plan survives first contact with the enemy, so too must every crisis communication plan be flexible enough to deal with actual, rather than merely hypothetical, situations.

Even with a workable plan, however, sometimes a few components aren't as detailed as they should be: filling in the "blanks" now can make the difference between managing the crisis or letting the crisis manage the company.



Be Proactive

Pre-crisis consideration should be given to planning for those circumstances in which the chairman, president and/or chief executive officer should quickly go on the public offensive in a positive and responsive way, rather than leaving message delivery solely to the professional communication team.

How you handle Day One of a crisis is critical in preventing misinformation, rumor and theories by pundits, competitors and others from taking hold. In certain circumstances, the chairman, president or CEO must deliver the initial message and strongly establish it with the various audiences crucial to the organization.

Established procedure also should call for a designated team of IR and other communication professionals to help the executive build into his or her approach a clear, simple statement framing the issue and outlining the steps to be taken. Clarity, focus and truth are the primary keys to success.

Similarly, your crisis plan should include the circumstances under which an independent group would conduct an internal review, which can add credibility to the corporate desire to resolve the issue. Today is the time to draw a list of potential panelists who, depending upon the circumstances, can be called upon.

These possible proactive series of steps by senior management should be coordinated via high-profile interviews, press releases, extensive use of the company Web site and perhaps a meeting with analysts via a webcast or a conference call. And, if deemed appropriate, these actions might be supplemented with high-profile speeches and op-ed articles in major media. Potential venues ought to be determined before the crisis breaks.

Crisis planners also should predetermine the kinds of situations that call for reaching out to local, state and/or federal legislative committees or other authorities, before they reach out to the company — or its competitors. If the crisis is big enough or important enough, there is a likelihood that legislators will consider hearings. Going to lawmakers before they come to the company adds to credibility and may impact the direction of the hearings. Knowing now which legislators to reach out to will save critical time later.

Remember Your Employees

It is essential that an extensive and continuing worldwide employee outreach program be in place to be implemented immediately: A day later is a day too late. Failure to quickly implement a major internal communication program could result in serious, long-lasting morale problems and highly rated employees leaving the company, as well as employee-initiated "on-the-street chatter" adding to the crisis. Taken together, these events could significantly harm the bottom line. Now is the time to determine the various ways the company will reach out to employees.

Some years ago, the head of a globally known manufacturing company was asked how employees in his company were going to be informed about large layoffs. His response: "They'll read about it in the paper."

More savvy CEOs and senior communication executives take the opposite approach: Make sure the employees don't read about it first in the paper. They use e-memos to staff explaining or complementing the latest public announcement or press release. Sometimes they also post e-memos on the company Web site emphasizing remarks picked up in a media report.

Most critically, communication executives must spend time now convincing senior management that, regardless of the crisis, burying the corporate head in the sand would be a serious mistake. This is not to say every issue or charge should be aired in public, that every story should be given "legs" for the next news cycle, or that a company should engage in "he said/she said" public debates.

But, except for the most extraordinary circumstances, the company should continue standard communication activities across the organization and must be more responsive to media than ever before. Having that discussion at crisis time will delay action.

Around all these activities is the work of corporate spokespersons, including the IRO. Before a crisis breaks is the time to ensure all are formally media-trained. As a team, these spokespersons must work in tandem with other company communicators across all disciplines, subsidiaries and divisions, as well as appropriate management, to ensure message consistency.

Tandem is, in fact, the operative word, especially in a crisis. Maryanne Rainone, managing director and senior vice president, Heyman Associates, Inc., an international executive search firm, emphasized, "The overall activities of the communication function have increasingly become more holistic with financial-oriented professionals, such as those in IR, becoming better at communication, and communication practitioners becoming better at financial matters and issues. Each is also increasingly dependent upon the skills of the other."

As an example, she pointed out, at one major U.S.-based global company, a senior IR executive was placed in corporate communication specifically because the company recognized that, given the difficult issues they were facing, their financial story was crucial to their overall communication effort.

Indeed, the IRO staff, other communication executives and the chief legal counsel must form the core team to ensure consistent messaging across the company.

Each member of this coordinated team, of course, also has a role to play in getting the messages out to specific key audiences. However, making a lawyer a primary, day-to-day spokespeople could easily be misinterpreted by a wide swath of the public. Thus, the specific roles, and audience-responsibilities of each team member, should be agreed upon now.

For example, "at some press conferences, it may be useful for the chief counsel to help explain a complex legal document or the legal theories behind a document," said Richard H. Hoenig, who served for more than two decades as a press spokesman for the Federal Reserve Bank of New York. "The same holds true when it may be necessary for the chief financial officer to take the media through a portion of a financial statement or accounting issues."

But Hoenig emphasized that any specialists should be media-trained now "to be sure that when the time comes, they can explain material in layman's English. Explanations in technical gobbledygook only hurt, not help, the effort." IRU

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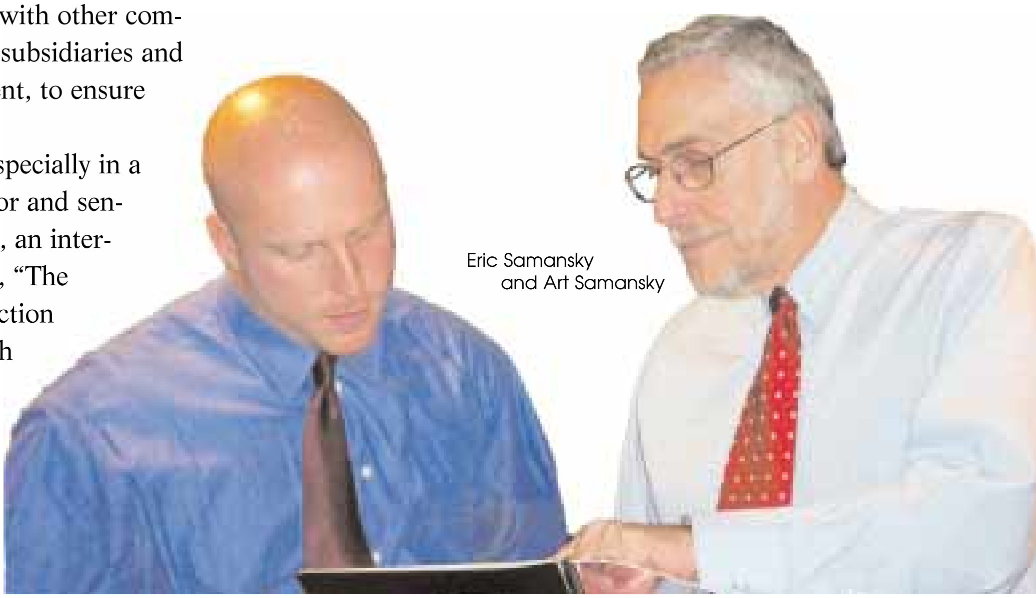

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