

How to Communicate in a Crisis

Insights from Leading Communications Executives

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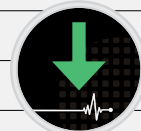
Introduction

No one can predict a crisis situation. The best any organization can hope for is that they're prepared when one strikes. Proactive risk management involves mapping out potential internal and external risks, understanding the impact these can have in an organization, and being prepared to respond quickly and appropriately.

Whether the crisis is related to an incident involving company leadership, a problem related to your product or service, a breach of data security, a global pandemic, protests calling for social change, or some other issue, we can all think of examples of these situations—each of which is a significant reputation risk.

Different risk scenarios can impact reputation in different ways. Our data⁽¹⁾ illustrates the impact on Reputation Score during seven common crisis situations:

Risk Scenario	Global Reputation Impact
Data privacy issue	-13.1
Neglect of community standards	-11.4
Fraud or accounting malpractice	-8.9
CEO crisis	-8.8
Massive layoff	-8.6
Product recall	-7.9
Subpar financial performance	-7.0



How companies respond to a crisis can make a tense, confusing, and challenging situation better, or it can make the crisis even worse. Which is why it's so important to do and say the right thing.

"Our mission is: Doing now what patients need next. We truly put patients at the center of everything we do. But we realized in such an emergency effort that we have to do now what patients need *now*. So we came together in a cross-functional and cross-division effort," says Benedetta Nicastro, Head of Communications for Roche Italy's Pharma division, about how the company responded in the early days of the COVID-19 pandemic.



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The effect of such actions (or nonaction) on corporate reputation can be significant. RepTrak quantifies many business outcomes, such as “willingness to buy,” “willingness to welcome into my neighborhood,” and “willingness to recommend to others.” But in a crisis situation, it’s a consumer’s “willingness to give the company the benefit of the doubt” that is most at risk. Giving a company the benefit of the doubt means believing a company is doing the right thing unless proven otherwise. Benefit of the doubt gets to the essence of a license to operate. When a company’s license to operate softens or shifts, its sustainability and capacity to bounce back from a crisis is put at risk. Externally, a declining license to operate is associated with a loss of support from the outside world. Internally, it implies a loss of control over how you run your business.

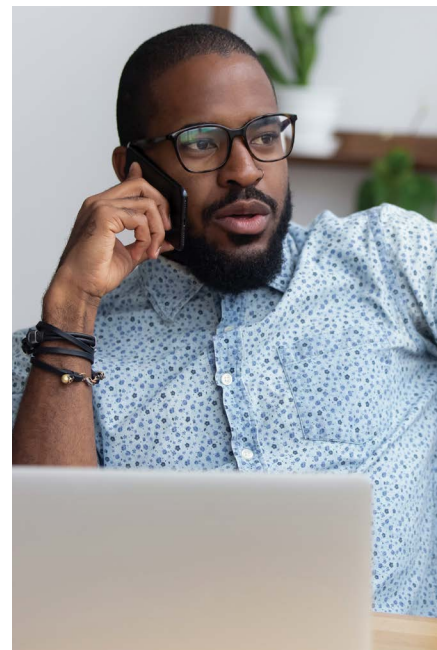
The good news is that a weakened license to operate among consumers can be restored if a company can genuinely realign its factions with consumer expectations.

The COVID-19 health crisis and protests in support of equal justice and inclusion have been a reminder that in challenging situations, companies need to go above and beyond in support of their employees, customers, and communities. Businesses that communicate in a manner that’s relevant to urgent public concerns can expect to see a positive impact on their brand’s reputation. For example, when consumers were aware of a company’s COVID-19 response, it provided a 19.5-point lift in their Reputation Score, versus those who were unaware⁽²⁾.



Put more simply, knowledge of such activity can move a company’s reputation from *weak* to *strong*.

In this report, we will cover five ways your business can do and say the right thing during a crisis. Each of these will help you earn back the benefit of the doubt and turn a reputation risk into a reputation growth opportunity. Some of these lessons spring from the COVID-19 pandemic, but the takeaways are universal for any corporate crisis situation.



Insight one:

Focus on your employees

Typically, the most important driver of reputation is a company's Products & Services. But in the first quarter of 2020, the Environmental, Social, and Governance pillars of reputation (Governance, Workplace, and Citizenship) were already on the rise: According to our annual Global RepTrak study, which was published in March, these drivers accounted for 41% of a company's Reputation Score⁽³⁾. On average, the companies that significantly improved their Reputation Score in the 2020 study over the previous year did so by enhancing perceptions of their social impact, their ethics, and the way they treat employees.

When the COVID-19 pandemic started to impact companies around the world, this trend continued. During the early stages of the crisis, Corporate Governance and Citizenship continued to be highly important reputation drivers, but the crisis resulted in a tradeoff between the importance of Products & Services and the importance of Workplace. In our survey of consumers in Italy in March 2020, companies' reputations were already more defined by their demonstrated concern for the well-being of their employees. Between January and March 2020, the importance of Workplace increased in Italy, moving from 11% to 14%, and becoming the fourth most important driver of reputation. In January, it was the seventh most important⁽⁴⁾.

This growth speaks to the fact that, in crisis situations, corporations have a unique role to play in taking care of their employees and protecting other stakeholders. Of course, not every crisis directly affects employees. But during one that does, companies that are perceived as a caring and inclusive employer typically see an increase in their Reputation Score.

Sabrina Caputi, Corporate Communications & External Affairs Senior Manager at Toyota Motor Italia, says that during a crisis situation, it's important for employers to communicate with employees in a way that demonstrates sensitivity and closeness beyond business needs. That's how the company approached the COVID-19 pandemic.

"We give a continuous stream of information to employees, updating them about the situation day by day, particularly concerning the government provisions for emergency and the actions we are taking," she explains. "In addition, after the decision to have all employees start smart working, our Managing Director sent an email to all of us, to let us know that, of course, the situation is very serious and difficult, but we are taking care of you."



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The effect of such a caring approach goes beyond being perceived as a good employer. Often, it results in employees wanting to serve as ambassadors for the company, and organically promoting the way they are being treated or the way the company has responded to the crisis. This is good, because during a crisis, consumers want to hear from employees first-hand. In our study of U.S. consumers in April 2020, it was revealed that, while nearly three quarters of the public (72%) thought companies should communicate their COVID-19 response through their own website, the next most preferred communications venue was hearing directly from the people working for that company. Sixty-three percent of respondents said corporations should enable their employees and their customer support services to communicate the company's crisis management and relief initiatives⁽⁵⁾.

AmBev SA's experience illustrates this: During the early stages of COVID-19, the Brazilian subsidiary of Anheuser-Busch InBev decided to repurpose one of its breweries to produce one million bottles of hand sanitizer. But the company opted not to actively promote this effort. Instead, media outlets learned of the effort largely from one of Ambev's vice presidents, who posted about it on LinkedIn, and received millions of views on just one post. Other employees posted about it on social media, as well.

The company didn't promote its commitment to preserve jobs and preserve salaries for three months, either. But according to Carla Crippa, Ambev's Vice President of Corporate Affairs, the return on this caring approach was "amazing. Our people recognized our efforts externally and internally, sending thankful messages to our CEO."

During a crisis situation, when people are looking for companies to show more of a human touch, companies should tap into the potential of using employees as ambassadors and educators. In short, listen to your employees, take care of them, and address their concerns, and they will be more willing to take care of your company.

Companies should leverage the voice of their employees to tell their story

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Insight two:

Put your CEO out front

Not surprisingly, leadership during a crisis is critical. Consumers want to know that someone is in charge and accountable, is listening, and is looking out for what's best for stakeholders during a challenging situation.

In times of crisis, it's important for CEOs to step up and be the face and voice for the company—to apologize, or provide updates on what the company is doing to improve the situation, inform about how the company is taking care of employees, or just provide assurances that the company is doing everything it in its power to mitigate additional risk.

Pablo Jimenez, Global Vice President of Reputation and Communications for Anheuser-Busch InBev, notes that, in any crisis environment, CEOs today “are in the spotlight like never before, and they’re expected to deliver messaging with two very important elements: empathy and hope. We have to find the right balance between one and the other.”

Our U.S. study revealed that two-thirds of respondents said they expect to see CEOs take action to leverage their business to support communities, resources, and people impacted by COVID-19. And consumers wanted CEOs to focus on Workplace, Citizenship, and Governance issues, not their traditional priorities of Products & Services or Financial Performance⁽⁵⁾.

Today, when crisis hits, CEOs of most companies will make public statements either via direct emails to consumers, messages posted publicly on the company’s website or LinkedIn page, or, depending on the situation, via large, personal donations. Similarly, CEOs will send frequent updates to employees to increase morale, provide assurances about job security, or offer information about new initiatives or changes to company policies.

Surely, CEOs who can demonstrate authenticity and provide needed information in difficult times are likely to see their own reputation improve as a result of such actions. But it’s worth saying that a crisis is not the time for CEOs to deliberately try to advance their personal brand. CEOs who focus on their personal brand at the expense of the company pose a reputational risk for the corporation they are meant to represent.



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And that's an important distinction, because CEO profiles are already on the rise. The general public's familiarity with CEOs of large, multinational companies has increased by 10% globally between 2018 and early 2020. Considering CEOs still only have 22% average familiarity⁽³⁾, this is a legitimate opportunity for companies to "introduce" their CEO to the general population.

There is a strong positive correlation between the reputation of a CEO and the reputation of the company that person leads. Reputation Scores are higher by 9.3 points globally when people are familiar with a company's CEO versus when they are not. This is enough to shift a Reputation Score from *weak* to *strong*, or *strong* to *excellent*⁽³⁾.



CEOs should communicate a corporation's commitment to its workplace

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Insight three:

Be forthcoming and transparent with your information

Being able to react nimbly and act quickly in times of crisis is one quality of reputation resilience. In our studies of U.S. consumers, large businesses with an early response to COVID-19 were commended, while laggards received criticism for not responding sooner.

“Authentic and fast communication is as relevant now as ever, and it's better to be fast than perfect,” says AB InBev’s Pablo Jimenez. “It's okay to not have all the answers in the first minute as long as you're communicating in a way that helps to support your own people and your partners to make the best decisions they can.”

The more frequently a business provides updates about system enhancements or how it is otherwise dealing with the crisis can enhance feelings of trust and can improve benefit of the doubt by as much as 5.5 percentage points⁽⁴⁾.

And this includes internal communications. During the COVID-19 crisis, many companies set up intranets and other internal platforms to keep employees connected with each other and company leadership so they were informed about what the company was doing to help everyone affected—including them.

“We have weekly emails, and a weekly webcast with the entire organization. We make sure that our employees, even at a distance, hear from our top management at least once a week. This is so our people not only are engaged, informed, and aligned, but so they could pose questions to our leaders,” explains Benedetta Nicastro of Roche Italia. “And we have a very outspoken organization. So our employees really do speak up.”

In times of uncertainty, consumers strongly believe that companies should be a source of information for their employees (77%), their distributors (70%), their customers (68%), and their communities (67%)⁽⁵⁾.

When a crisis is more self-inflicted, such as a data breach or an issue involving company leadership, providing updates can be even more important to assure the public the problem will be dealt with properly. This helps to maintain a consistent score for Governance, a key component of both Corporate Social Responsibility and ESG.



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Communication to the public when a crisis of this sort happens needs to be both proactive and credible. To that end, our data shows that respondents are more likely to have good feelings about a company and trust a brand when they hear restorative corporate policies announced in third-party news coverage versus when information is released directly on a company website or via its social media channels. In fact, earned media appears to influence reputation more than other types of communication. In Italy, the influence of information from earned media coverage during COVID-19 pandemic resulted in a nearly 4-point lift in Reputation Score⁽⁴⁾.

This was a shift from a trend during the past year where companies experienced a reputation lift from communicating with their owned channels. During a crisis situation, the public cares more about the credibility of their information sources. When they don't know who to trust, they seek to validate their experience with authoritative and trustworthy external sources.

A company's concrete actions to mitigate the negative impact of a crisis can protect and potentially increase its reputation, putting even more weight behind an effective communications strategy. As many companies learned during the COVID-19 crisis, sharing your news in a way that is not boastful can lead to a positive return.

Constant communication enhances benefit of the doubt

Keeping a constant flow of updates enforces people's likelihood to trust a corporation, improving their benefit of the doubt score by **5.5** points on a scale of 0 to 100⁽⁴⁾.

Providing employees and the general public with periodic updates on the status of a crisis and your own shifting policies will not necessarily be a channel to drive positive sentiment, but it is a way to guarantee confidence in times of uncertainty.

Insight four:

Communicate with empathy and purpose

“Crisis communications requires ‘ice in the belly’ and warmth in the heart by leaders and their organizations. Which means make decisions, but be honest about what you do and don’t know, and use this as a galvanizing moment.”

That’s a quote from our CEO, Kylie Wright-Ford. While tough decisions often need to be made during a crisis situation, the communication of those decisions needs to be done with an eye toward what’s on the mind of stakeholders, and a sense of humility.

For example, during COVID-19, as many companies were cutting back and job security was on the mind of millions of workers around the world, the most effective companies took steps to proactively reassure their employees. “We made a commitment to preserve jobs and preserve salaries for three months. That was very important, because we saw that mental health and anxiety were a concern,” explains Ambev’s Carla Crippa. “We didn’t talk publicly about it. We didn’t want to make a big deal. It was more internal.”

A crisis is when your stakeholders (not just employees) want to know you’re genuinely looking out for them. While our research shows that the most reputable companies in the world are strong in each of the seven drivers of reputation (Products & Services, Performance, Innovation, Governance, Workplace, Leadership, and Citizenship), when a company is perceived as “genuine,” it can lead to a 2.9-point lift in Reputation Score⁽⁶⁾. In other words, a quick note of support on social media won’t cut it if your company’s actions send a different message.



“We want people to know that they are important to us. It is not only a matter of running the business, but motivating and taking care of people,” Sabrina Caputi, of Toyota Italia, says. “We celebrate our successes with them and are close to them in times of difficulty, thanks to a dialogue and constant discussion. This is the sense of partnership for us. And this is important because, if people trust the company and they are 100% satisfied with Toyota as an employer or a partner, then they will be ambassadors for it.”



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 CEO, The RepTrak
 Company



Being genuine isn't limited to a company's attitude toward stakeholders. In times when a crisis is emotionally-charged, when events impact a company's mission and values, company leaders need to stand up, genuinely apologize, and do what is right. If the company wishes to retain its license to operate with the public, this leadership must have a loud and clear voice.

And when actions by a company to respond to the crisis are tied to its corporate purpose, that strengthens the perception of the company as genuine, as well. Often, a crisis—whether that's an issue related to company leadership, insensitivity to the community, or something else—is an opportunity to course-correct, remind the public of your higher purpose, and reorient the business around that. A company that's focused on purpose-driven action often receives a “halo effect” when it comes to consumers' perception of it as genuine—assuming those purpose-driven actions are consistent and authentic.

In these political and socially charged times, companies—and specifically, their CEOs—are expected to act with a conscience, balancing profits with moral behavior, and to do what's right by society. CEOs are increasingly looked at positively when they take a public position on social and values-based issues that matter to everyone, especially if those issues and values are aligned with their company's mission.

Depending on the crisis, leading with purpose-driven messaging can be a way to unite your team to take action and participate in solutions. Benedetta Nicastro reports that employees at Roche Italia were so galvanized by the company's purpose in March 2020 that hundreds signed up to help staff a COVID-19 helpline. “Seeing 250 of your colleagues in 24 hours jump at the opportunity to serve as volunteers—it's such an amazing response because those are the people you're working with every day. And these people didn't hesitate one second in putting aside their families and their work to serve a higher purpose,” she says. “That is really amazing to see.”

Saying the right thing in the right way is critical

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Insight five:

Share responsibility to solve problems

As noted in lesson three, it's important to acknowledge when your company doesn't have all the answers to solve a crisis or help a crisis situation. Sometimes, a company simply can't solve its own problems. Seeking out a partnership can provide a boost in credibility and earn your company additional goodwill.

For example, in 2020, the general public believes large corporations share responsibility with government institutions and health systems to contain and eradicate COVID-19. Specifically, 62% of the American public says they want CEOs and their companies to be helping the government with the COVID-19 crisis⁽⁵⁾.

This provides an opportunity for the private sector because, for the most part, large corporations have more leeway to approach solution building, and are not as restricted as government institutions often are. In addition, corporations have already earned greater public trust than the government has. These positive reputations have made it so corporations are well-suited to take action during the COVID-19 crisis in a way that will resonate with the public—and in ways that the government cannot.

The coordination across established institutional public vs private boundaries matters, because rebuilding the global economy after the crisis will demand collaboration across industries, regions, private sectors, and public sectors. And it's not just public-private partnerships that matter. It's important now for companies to think strategically about coming together, whether to form partnerships with different organizations, and how to execute communications that will build and sustain public support.

To that end, Whirlpool Corporation, Dow Chemical, and Reynolds Brands came together to design, manufacture, and distribute a protective headgear and respirator system for healthcare workers. Apple and Google, typically rivals, came together to collaborate on a contract tracing app. Roche Italia worked with multiple organizations—including the Italian regulatory Agency (AIFA) to support a widespread clinical trial for a promising drug for treating the virus. In India, a high-tech collaboration of health workers and entrepreneurs using 3-D printing together with video and social media platforms is creating and extending the utility of life-saving equipment.



“[The positive media coverage] showed us that people wanted to see that companies were committing to helping. They wanted to see a light at the end of the tunnel and that the private sector was doing its part.... It was about a company adjusting its business to help, and doing that very quickly and at scale. We were doing something that was relevant for the community and the people.”

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In Brazil, Ambev SA repurposed one of its breweries to produce a million hand sanitizer bottles for public hospitals throughout the country, an effort that earned the company positive media coverage and goodwill from consumers.

“That showed us that people wanted to see that companies were committing to helping. They wanted to see a light at the end of the tunnel and that the private sector was doing its part,” explains Carla Crippa. “It was not about Ambev. It was about a company adjusting its business to help, and doing that very quickly and at scale. We were doing something that was relevant for the community and the people.”

Consumers want to see smart collaboration

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Conclusion

Crisis situations are marked by multiple unknowns. But there are opportunities amid the chaos. Companies with a strong reputational foundation, that respond effectively, can demonstrate a resiliency that will transcend the crisis. Empathy, transparency, creative action, and careful, credible leadership will all help with long-term accountability.

If you already have a crisis plan in place, now is the time to dust it off and update it. Start by learning from the work done to respond to the COVID-19 pandemic and protests around equality and inclusion, and make sure you're ready for another crisis, should there be one. Work with a partner to develop strategies that will maintain or improve your reputation. Schedule training exercises with your team so everyone is ready to act when the time comes.

In short: A crisis is a time when your company's character is more important than its competence. How will you respond the next time your company is faced with a crisis?



About The RepTrak Company

The RepTrak Company™ helps business leaders understand how their company is perceived so they can maximize business outcomes. Subscribers to the RepTrak Program receive actionable insights and guidance so they can protect business value, improve return on investment, and increase their positive impact on society. Our purpose is to prove that doing and saying the right thing is good business. Established in 1997 and rating over 5000 companies annually in more than 60 countries worldwide, The RepTrak Company owns the world's largest reputation benchmarking database used by Global 2000 CEOs, boards, and executives.

To learn more or request a demo, visit **RepTrak.com**.



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