

BY RAIZEL ROBIN

Kidnappings. Extortion. Terrorist acts—just a few of the more frightening realities of doing business in a global economy. These and other crises can be compounded when managers don't know what to do. But there are steps companies can take to minimize the fallout—if not avoid it altogether.

STEP 1: AVOID IT

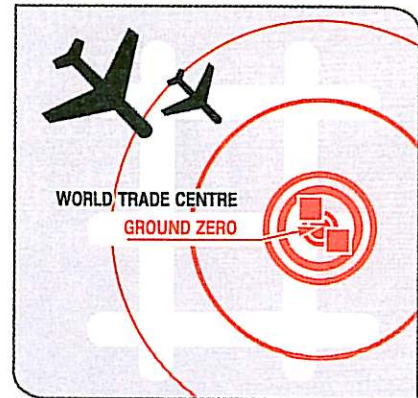
"A lot of crises generate from issues that have been smoldering over time," says John Larsen, senior consultant at the Calgary office of public relations firm CPC International, and a specialist in crisis management. "We advise companies to take a long, hard look at key issues that are pressing on their business operations, human resources and financial dealings." A company should know what the key issues are in the regions where it seeks to operate; risk management consultants can help identify them. Another approach is to look for companies with similar operations that are already in the area. Find out what political, economic and operational issues they're dealing with, and what preparations they've made.

After a company has identified the issues, the experts say it should prepare for the worst. If your CFO gets busted for accounting fraud in the Caymans, is legal up on the securities laws? If a CEO is kidnapped in Colombia, is there an extraction plan? If local activists have chained themselves to your bulldozers in the Brazilian Amazon, can you communicate effectively with the local media? Paying attention to indigenous political issues, including public concerns about the company's operations, and communicating regularly with the public are ways to minimize conflict in the first place.

STEP 2: PLAN FOR IT

Of course, corporations can't control everything. "You never know what the next moment will turn up," says Larsen, which makes planning an emergency response all the more important. "One thing that benefits companies is in-depth scenario planning," he says. "Ask yourself exactly what could happen and how you're prepared to respond from an operational and communications point of view."

Identify who gets the call when disaster strikes, and what is expected of them.



WORST-CASE SCENARIO

Smart business hopes for the best, plans for the rest

"It's tough to avoid a kidnapping," says Chris Mathers, vice-president of KPMG Forensic Inc. And it's a crime that's on the rise in the Philippines, Latin America and the Balkans. Corporations can pump up security, but if it's breached, experts say you need a plan to get workers back, and to prepare for dealing with the local military or law enforcement officials. "Are you going to pay bribes, which are illegal in Canada?" asks Mathers. Organized criminals and rebels may demand protection money. Will you pay?

Senior managers also need to know whom to contact inside and outside the company—various levels of government, emergency response teams, the media and, of course, employees. When the heat is on, says Larsen, companies can get so wrapped up in controlling public perceptions that they forget about their own employees. "That's a huge mistake," he says. "You need to harness the resources, energy and support you have

within your company. The best way to do that is to keep employees engaged."

STEP 3: COMMUNICATE

In times of crisis, the corporate message should be "effective, efficient and honest," says Larsen. A cover-up might be the gut reaction, but it can seriously erode public trust, and the company's reputation, when someone finds out what really happened. "We're not saying you have to be completely open from the first moment," says Deborah Thompson, president of DT Communications, a Toronto-based consulting firm that specializes in crisis management. "But if you're a liar, you need to have a very good memory. People who tell the truth may not remember the details, but the details can be checked."

Communication is key. Any crisis will have an impact on the reputation of a company, including the CEO and senior management. It's up to the company to decide how to limit that impact. □