

PERCEPTIONS

January 2011

www.corpengroup.com

Toronto Sun

Rolls-Royce needs PR rethink

December 1, 2010

By Rhys Jones, REUTERS

Rolls Royce has found out the hard way it needs to communicate through the media and even social networks after a recent engine blowout showed its tight-lipped approach to business was well out of date.

Rolls was criticized for its muted public response after one of its Trent 900 engines failed mid-flight on a fully-laden Qantas Airbus A380, forcing the aircraft to make an emergency landing last month. Some commentators say its decision to retreat information betrayed an aloof approach which backfired and did nothing to allay public safety fears or calm shareholder nerves.

"We knew what was happening but a little more information would not have hurt," said one Rolls investor, who asked not to be named. Jonathan Hemus, the founder of British crisis management consultancy Insignia, said Rolls, which released just three short statements on the incident, should have communicated better with consumers. "It is all very well keeping your priority stakeholders posted but when you have members of the public wondering if it is a Rolls engine on the wing of the plane they are in I think it is in their interests to be told what is happening," said Hemus.

Rolls seldom courts publicity and its outgoing chief executive of 15 years, John Rose, is famously reticent with the media and rarely gives interviews.

Qantas CEO Alan Joyce took advantage of Rolls' relative silence

and drove the media agenda by talking to the press on a daily basis, laying the blame firmly at Rolls' door. ...

Insignia's Hemus said part of Rolls' problem was that it sells products to companies rather than individuals and was not used to communicating with the public. "Its methods may work in the good times but it made them a hostage to fortune in a crisis situation," said Hemus. ...

A Rolls-Royce spokesman told Reuters: "We have been careful throughout this investigation to stick to the facts and maintain our focus on returning the whole fleet to service."

Communications professionals say the use of online social media tools, such as Twitter, would likely have helped Rolls disseminate information to the public and the press. ...

Rolls' attitude to social media contrasts with that of planemaker Boeing which sent out several twitter messages outlining problems that caused an electrical fire during a test flight of its new 787 Dreamliner earlier this month.

Rolls has kept mum in previous crises, including engine problems on Embraer jets a decade ago and the crash-landing of a Rolls-powered British Airways Boeing 777 at Heathrow airport in 2008. ...

Rolls has recovered losses in the last fortnight after it revealed the failure was confined to a component and the shares will likely rise again after Qantas resumed A380 flights last weekend.

In the absence of their voice Qantas piled on the blame

They were implicitly resting on their reputational laurels

Points to the importance of effective crisis comms planning

It is as much about values (transparency) as it is about facts (incident)

Instead they got hammered by social media

He was too premature in minimizing the incident by saying categorically that it wasn't a safety issue

Speaks to the power of rumor - the volatility of social media

Which, in turn, raises secondary questions about corporate ethics

Over the top but it has traction in today's cynical environment

We're not in Kansas anymore

It's part of an effective issue identification toolkit.

CBC.CA
WikiLeaks and the new corporate disclosure crisis
June 10, 2010
By Stephanie Nora White and Rebecca Theim, FORBES

If the scandals that have plagued corporate America in the past two years haven't gotten you thinking about your own company's vulnerabilities, then the latest revelations out of WikiLeaks certainly should. In an interview with Forbes, Andy Greenberg, WikiLeaks founder and Julian Assange declared that half the documents that have been leaked to the organization are from corporations, and that sometime early next year his organization plans what presumably will be the first of many corporate disclosures. It will begin with information about one of the nation's leading banks. The target is rumored to be Bank of America, and the bank's stock tumbled 3 per cent shortly after the rumors were publicized.

Got your attention now? WikiLeaks is promising to give a voice to the disenfranchised, disgrusted and disillusioned within Corporate America, those who have knowledge of company behavior ranging from distasteful to criminal by their failure to listen, look and respond," says business consultant and author Margaret Heffernan, whose forthcoming book, Willful Blindness: Why We Ignore the Obvious at Our Peril, will tackle the issue. In other words, it will no longer be a company's general counsel who will decide if and when something

is disclosed to the public. Now, it's any insider with a flash drive who's troubled or disgruntled by an organization's conduct. WikiLeaks is ushering in a new form of the "reputational crisis," in which the very way an organization and its leaders operate, think and respond is made public. In his Forbes interview, Assange referred to it as the "ecosystem of corruption," adding that it "all the regular decision making that turns a blind eye to the oversight that's not done, the priorities of executives, how they think they're fulfilling their own self-interest..."

Companies can accept the inevitability of an unsavory leak and prepare for how to best react to it, or they can take action now to minimize the likelihood that insiders will feel the need to disclose company secrets. Either way, below are some steps to ponder:

- Establish and maintain a culture of civility and transparency. ...
- Establish zero tolerance regarding obscenities, crude jokes or topics of intolerance in company communications. ...
- View dissent within your organization as a positive thing. ...
- Make needed reforms now, then let stakeholders know what you did and why. ...
- Actions speak louder than words

Managing issues is more than management - it's about leadership

Anti-corporatism. We've moved from an era of deference to an age of defiance. Walk the talk on ethics: those closest to you will be judge and jury.

and take real action by EMERGING crisis effectively monitor, prioritize to the need to

Corpen Group update...

Corpen Group does Social Media

On December 16 John Larsen and Greg Vanier presented at a Social Media Breakfast (SMBYYC) event. The topic was crisis communications and social media. Stay tuned for a more in-depth exploration of this topic at our upcoming conference in the spring.

Social Media Analysis Program

Corpen Group launched the Social Media Analysis program to help companies monitor and interpret digital conversations about their organization. We presently have a Fortune500 company signed on to the project.