

# What's in Your Corporate Crisis



BY JESSAMY LELLIOTT

Corporate crises such as product recalls are inevitable. In fact, a July 15, 2017, article in *Reputation Report*

highlights research by Oxford Metrica that indicates companies today have an 82% chance of experiencing a corporate disaster within any five-year period. A corporate disaster is defined in the article as an event that can result in a company losing 20% of its market value. Just 20 years ago, these percentages were significantly smaller. These alarming stats are a by-product of our evolving digital world and social media, where news spreads like wildfire. Ironically, it is also technology that must be leveraged during a crisis to avert and minimize customer impact and mitigate brand damage.

The key to surviving a corporate crisis is in how you prepare for it and react to your customers and the general public

during this critical time. This article explores how technology can be used to decrease the effects of a corporate emergency on a global scale. This formula helps companies to deal successfully with the inevitable and come out on the other side in a stronger market position with an even more loyal customer base.

## **FAIL TO PLAN, PLAN TO FAIL**

Planning for something that's not guaranteed to happen can be difficult; however, the likelihood of a recall at your organization is high, as is a loss in market value without a bulletproof plan to deal with disaster. Denial and inertia during a recall will only aggravate a negative situation.

Being prepared for a crisis gives you the best chance of protecting your brand and allows your reaction to be concise, credible, and effective. When a damage mitigation strategy has been devised ahead of time, you then have the tools and the know-how to act fast, which is crucial during the initial “sink or swim” moments following an emergency.

A successful contingency plan contains many elements. This is why it’s important to involve a person from each department of your business in the decision-making process. Each person brings his or her unique perspective to the table in terms of the customer relationship and your product/services. Manufacturers will be focused on the product error, whereas a salesperson will be concerned with customers’ fears and questions. Both are equally important. A product defect is one problem, but a badly managed customer service team can result in permanent damage to your brand and customer base. The insights of everyone on your team will allow you to create a plan that covers all possible outcomes and a concrete process to minimize disruption and damage.

Once the plan is in place, mock recalls should be organized at least once a year to test the process, from initial call to executive reporting, and individually by country, to check that all systems are ready to go at a moment’s notice.

## THE PERFECT CANDIDATE

Once a recall hits the news, it’s inevitable that it will cause panic among your customers, especially if the recall is a result of an injury or fatality. It’s times like these when your customer service strategy will be truly put to the test. Handling communication effectively with customers, employees, and stakeholders throughout the process is paramount to ensure they are kept up to date not only with all the information, but with the right information, conveying the correct messaging and tone to represent your company and brand transparently and in the best possible light. Customers will have questions that need to be answered almost immediately, so it is highly important to make sure you have a global network of call centers that are taking calls and dealing with the public—before they go on social media and share their experiences with other angry customers.

The staff on the other end of the phone needs to be in-house employees or a well-trained, outsourced staff that understands the values of the company. Language requirements must be met for a global reach; native language speakers are more effective and lessen the risk of important information being lost in translation. To preserve trust, agents must be genuine in their approach and listen carefully to the customer to meet their needs.

The main way to prevent a loss of trust is to make sure your customer representatives are knowledgeable about the recall. They need to know the ins and outs of the problem to be completely open and honest with your customers.

A clear channel of communication throughout the entire organization is vital, as the distance between a customer service rep and the CEO can be long in terms of business structure and hierarchy. Service reps must work together closely during such a disconcerting time to prevent panic. Remedial actions must be taken quickly and efficiently to maintain a positive brand reputation and loyal customer base.

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## TECHNOLOGY IS YOUR FRIEND (SOMETIMES)

Today’s social media technology has its benefits and drawbacks, but when a crisis occurs, social media can either make or break you. I remember first hearing about the Samsung Galaxy Note 7 recall in 2016 via a tweet that went viral, which included a picture of the phone after it exploded. It was a shocking visual, but Samsung acted fast and decided to recall globally. The point is, thanks to social media everyone sees, hears, knows, and shares everything about global brands instantly. The good news is that proper responses to bad news can be communicated just as quickly.

Before an emergency, make sure your customers can contact you using any platform, device, or method of communication—and you’ll be there on the other end. Responding to tweets is minimal effort on your part, but it reassures customers and makes them feel secure and supported. If you already have a productive social media presence before a crisis happens, your customers can rest assured that they are in safe hands, as trust has already been established. Establishing your company’s humanity and knowing how to project it through online platforms helps you communicate effectively even before a crisis hits.

Finally, there is one factor that is often overlooked when coordinating customer services for a crisis. In the panic of an emergency project, the opportunity to collect and analyze valuable customer data shouldn’t be missed. While collating important reports for a crisis project, such as measuring traffic to see the number of customers affected and who has responded, you should also be collecting other valuable information about your customers. The data that is collected through call centers can be fed back through your chosen communication channels to improve your crisis process in the future and to conduct brand reputation analysis and



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future marketing campaigns. This turns a negative company journey into a learning opportunity for process improvement and growth.

## REACT, LEARN, AND GROW

So your business has been through a product recall. What should be done next?

It sounds cynical, but now that your company has been through one recall, it's time to begin preparing for the next. Being prepared allows you to communicate quickly with your stakeholders, maximize process efficiency, minimize potential brand damage, and maintain customer loyalty.

Here are six key questions to answer during your post-recall evaluation:

- What went well?
- What could have gone better?
- Could it have been managed more effectively?
- Were the correct people from each part of the business involved?
- Was communication handled quickly and stakeholders kept up to date?
- Did a mountain of paperwork with various spreadsheets tracking the response slow down your call to action?

Asking these basic questions allows you to work out where your recall could have been managed better and improve it going forward.

Many businesses may not want to plan for a product recall because they don't want to think it will happen for them. However, planning is the wisest option to guarantee your business has the right processes in place to ensure minimal negative brand impact. Ensuring you can communicate quickly and effectively with your customers is paramount.

Consider implementing these five concepts before your next recall:

- An internal recall task force
- Dedicated recall CRM
- Contingency communication plan
- Social media monitoring
- Mock recall program

Putting these aspects in place allows you to act fast if you are faced with another recall. The correct people are then aware of the processes and can carry out the various tasks needed to ensure that the authorities and your customers have all the information they need. A June 2017 survey that Marketpoint conducted with Harris Poll revealed that 63% of adults say a slow response time from a company to correct the recall and a refusal to acknowledge that there is a crisis would make them angry. A lack of communication from company to consumers during emergency situations can cause serious damage to the brand's reputation.

Product recalls have a negative reputation due to the poorly managed examples being blasted in the news. Your recall experience doesn't have to be like that if the right precautions are put in place. You have the choice to deal with the crisis internally or partner with a recall specialist. The majority of your plan should focus on your customer service strategy, as this deals with the public head-on and can allay any worries and concerns. For companies with a large customer base, global reach doesn't have to be daunting. In today's digital world, having a simple, active online presence will build customer trust before the crisis hits. Remember that preparation is key to prevention. So what's in your corporate survival kit? [AQ](#)

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