

4 PARADOXES of CRISIS

In any corporate crisis, leaders encounter four paradoxes. One of them is internal to the organization, three operate in the external environment.

• These could be labeled as Leadership Attention, Appropriate Response Volume, the Unpredictable Wildfire and Public Memory. A crisis demands C-suite attention, but so does the business. A minor, viral incident can become a major reputational threat, while a material event could be overshadowed by the day's breaking news. Saying too little in a crisis risks grave reputational damage, but saying too much can feed a crisis. And while every crisis is now recorded forever online, the public conversation around the crisis can also dissipate quickly.

• In a crisis situation, nearly every leadership team experiences these four paradoxes. These are not simple problems with pat solutions, but approximate conditions that must be worked through.

THE LEADERSHIP ATTENTION PARADOX

1 The first paradox relates to leadership attention. A true crisis, as opposed to a simmering issue, demands leadership attention, but so does the ongoing operation of the firm. Most day-to-day issues are managed by legal, communications and public affairs, often working together as a multi-disciplinary team. This is efficient and frequently very effective. But when an issue crosses the risk threshold into crisis, decision rights escalate to the C-suite, often the CEO. An intense two-, three-, or four-week crisis can dramatically reduce the time a CEO can devote to running the business. Many leadership teams in a crisis find themselves bogged down with forensic meetings (What happened?), operational response meetings, legal meetings and reactive communications meetings. As these populate C-suite calendars and proliferate, many leadership teams struggle to push ahead on core initiatives.

This is the unreported cost of a crisis. Along with reputational and financial costs, there is the ever-present threat of immobilization. Most organizations develop a strategy for resolving a crisis, but they also need to have a strategy for maintaining operational momentum.

Attention is possibly the most valuable leadership resource, but also the most difficult to measure. And it's clear that a crisis is an attention sink.

THE RESPONSE DILEMMA

2 The second paradox is the communications dilemma. In a crisis, organizations must communicate, but transparency can increase or extend the crisis. Under-communicate and the organization is not able to tell stakeholders its side of the story and its plan to address the problem—creating an information vacuum that often gets filled by overheated speculation and suspicion. Overcommunicate and the organization extends coverage beyond one news cycle, increasing public awareness of a negative event.

This is why best practice is to communicate quickly and clearly in a crisis. Doing so reassures stakeholders that steps are being taken to fix the problem, and it helps to reduce the duration of negative news and instability.

Corporate communications can help to contain a crisis, or it can feed it.

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THE UNPREDICTABLE WILDFIRE

3 The public's response to a corporate crisis is largely unpredictable and may not be an adequate indicator of the severity of the crisis. It can be overshadowed or exaggerated by other current news. This is typically influenced by the viral potential of social media platforms, which can inflame or distort actual events, creating a crisis of response disproportionate to the corporate crisis that sparked it.

In our present reality, B2C companies are at greatest risk, especially those that deliver products or services at scale. Organizations with large numbers of employees in service delivery, like quick service restaurants, lodging chains, medical delivery and universities, are one viral video away from a crisis.

THE PUBLIC MEMORY PARADOX

4 The final paradox relates to public memory. A permanent record does not mean permanent attention. Every corporate crisis is now permanently recorded in news stories, digital media, social media posts, videos and websites like Wikipedia.

But the availability of information also means that, unless egregious, the public is likely to shift attention to new crises in our short-wave news cycles. The volume and velocity of our modern media activity is limitless. While the record of a corporate crisis is now permanent and searchable, public attention may be short lived. The record is permanent, but the conversation is not.

The flip side of this is that the conversation around a corporation's handling of a crisis can be revisited at any time. That's one more reason to be clear about communications in the moment, to establish a firm repository of information for any questions that emerge later.

These four paradoxes are not easily resolved. But awareness can help fuel preparation, allowing leadership teams with limited resources and imperfect information to anticipate potential challenges. Such informed planning can serve as memories for the future, allowing leaders to navigate these challenges more deftly. ◆

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