

TAKE 2: After the Apology, How to Leverage a Second Chance

The Chinese use two brush strokes to write the word "crisis." One brush stroke stands for danger; the other for opportunity. In a crisis, be aware of the danger – but recognize the opportunity.

John F. Kennedy

I've learned that mistakes can often be as good a teacher as success.

Jack Welch

In 2006, Solomon McCown hosted a panel that examined how good business means sometimes having to say "I'm sorry," how a straightforward apology can help a company or organization in crisis. A year later on Thursday, April 26, 2007, SM& presented the follow-up: ***Take 2 - After the Apology, How to Leverage a Second Chance***, a panel discussion that probed what happens after the apology and examined how visionary leaders and the most strategic organizations reframe crisis as opportunity, using controversy to find and convey clarity and commitment.

Helene Solomon gave voice to this provocative thesis when she introduced the panel: "It seems these days that the apology has become too automatic, too pro forma. Anyone can apologize, but people want to see action, not just words. The question used to be: What do you have to say for yourself? Now it's: What are you going to do about it? More and more, it's actions that help a public figure or a company get back on two feet, sometimes flourishing even more than before."

Moderated by David Yas, publisher and editor of *Massachusetts Lawyers Weekly*, the panel featured Dr. Erika James, Bank of America associate professor of business administration, Darden School of Business, University of Virginia; Scott Harshbarger, senior counsel, Proskauer Rose; Joe Sullivan, assistant managing editor of *The Boston's Globe's* sports section; and SM&'s executive vice president, Ashley McCown.

Co-sponsored with *Massachusetts Lawyers Weekly*, The Commonwealth Institute and the University of Virginia's Darden School of Business, ***Take 2*** was the eighth in the ***SM& Presents*** series of discussions among experts addressing topical issues in the news today as well as some of the most challenging aspects of branding for emerging businesses, established companies and mission-focused organizations.

Make Your Crisis Response Quick, Real and Lasting

David Yas started the discussion by asking each panelist: "What's the most important piece of advice you give to people who are trying to recover in the wake of a crisis?" Every panelist recommended responses that go deeper and beyond the pro forma apology.

"My mantra is: Make it quick, make it real and make it last," said Ashley McCown. "Make it quick, because you have a chance to turn a negative into a positive.... You have a short period of time to deflect attention away from the negative by accepting responsibility and then making it real by finding a solution that's in keeping with your brand and that addresses the situation. And then make it last by ensuring that commitment is sustainable. You've got to walk your talk here."

A strategy of crisis management preparation and response was outlined by Scott Harshbarger. "Number one, prevention is the best and cheapest form of protection. Number two, as the leader of an organization, the first thing to be sure of is that you know what happened and have a remedy in place.... Third, you have to have some independent validation...and lastly, you have to mean the apology. Many apologies sound phony, and are phony, because they're not really apologies but PR gestures, an attempt at spinning the matter and hoping it will go away."

"Making it real" involves being as transparent as possible, said Joe Sullivan. "My advice is always to tell the truth," he said, "because if you don't, there are people out there who will uncover what the truth is, and then you're really in worse shape than you were when you began with your problems." One example Sullivan gave was baseball legend Pete Rose, who denied that he gambled on baseball for years. Rose has since apologized, but he has changed his story so many times that he has lost all credibility and is increasingly likely to stay banned from the National Baseball Hall of Fame.

Dr. Erika James said that the focus of first response should be on those who have been hit hardest, which sometimes can only be identified with a discerning eye. "[My most important advice is] to identify who are the people most strongly affected, or adversely affected by the crisis, and focus all of your repair efforts on that group," she said. "It's very clear to distinguish between the people who are the most affected from the people who are the most vocal. They're not the same group, and sometimes the vocal group gets our attention, even though they may not be the most worthy of our attention."

Second Chances vs. Failed Apologies

The panel discussion covered a wide variety of scandals, including radio host Don Imus' racially and sexually offensive remarks about the Rutgers women's basketball team, the world's largest consumer data theft from TJX Companies, JetBlue's Passengers' Bill of Rights and the reputations of celebrities and sports stars, some rehabilitated (such as Martha Stewart) and some permanently maligned (San Francisco Giants slugger Barry Bonds).

In particular, the panel analyzed the Imus situation, where, as Yas pointed out, "he did apologize, and yet his fortunes went from bad to worse," eventually leading to his being fired from MSNBC and CBS Radio. The panelists largely agreed that his apology did not work, partially because of his actions and partially because of a perfect storm of factors.

McCown said that the climate has changed: New media makes the story travel faster, and it was a watershed moment when the networks not only faced pressure from advertisers but also from their own employees to fire Imus. Sullivan credited the groundswell of opposition from African American journalists, while James pointed out that "when there's nothing else happening in the media, you find

some story that has some traction, and unless there's something bigger to counter it, you need something to put in the paper or on television, so you keep fueling it. In the Don Imus case, that led to the groundswell of response from the people who had a real stake in the event."

In response to an audience member's comment that Imus' media role was not just as a "shock jock" but as a considerable political voice, Harshbarger commented that "it's different what we expect from celebrities or sports stars than from leaders of institutions.... Because Don Imus should have been taken as a serious person, that led to the result that it did, and that's the view we see more and more with institutions and universities and corporate America, because we expect them to be serious."

As far as successful cases of companies leveraging a second chance, James began with the cases of two well-known restaurant chains that she has studied. In both cases, it took systematic, pioneering change. "Several years ago, Denny's was down in the dumps," she said. "They had been accused and found guilty of discriminating against customers and discriminating against African American employees, and they have completely rebuilt themselves.... They have completely redesigned their customer service and employee human resources systems, and they have received more accolades than anyone after being at the bottom of the barrel in terms of issues around customer service and diversity." She also cited Jack in the Box, which responded to an E. coli breakout that nearly bankrupted the chain by overhauling how they process their food. The company is not only still in business years later, but is number one in the industry in terms of food safety standards.

McCown discussed two recent and contrasting cases: TJX and JetBlue. She pointed out how TJX discovered its data theft before the Christmas shopping season but only revealed it afterwards, how the company portrayed itself as a victim, how it let slip a second-chance opportunity to pioneer new standards in protecting consumer data, and how it now faces class-action lawsuits.

Meanwhile, JetBlue faced public notoriety, because of a February 14 snowstorm that blanketed the Northeast, causing the airline to keep passengers trapped for six to 10 hours inside its planes on the tarmac at New York's JFK Airport and stranding others around the country. McCown said that the difference was JetBlue's quick, real and lasting response, with a moving public apology from CEO David Neeleman within 24 hours, its adoption of a Passengers' Bill of Rights within a week, and the "brave step" that the company took during the next snowstorm, at great financial cost, when the company cancelled flights to save customers from being stranded. McCown concluded that JetBlue "will go down in the textbooks – as Tylenol did many years ago – of a great example of responding decisively to a crisis, taking responsibility for it, putting the CEO out there and putting their money where their mouth is."

Committing Action to the Words "I'm Sorry"

The panelists discussed various challenges to the corporate apology and leveraging a second chance, usually drawn from public perception as shaped by the media, which works with an increasingly rapid news cycle.

Yas asked about the constant tension between communications and legal counsel, in which the former recommends the transparent apology while the latter

fears an admission that could be used in potential litigation. "Some response is appropriate," said Harshbarger. "It's the 'no comment' that kills you." McCown agreed, stressing how an organization has to stay ahead of the curve if it has any chance to control the message: "You get tried in a court of public opinion before you get tried in a court of law, and I don't think saying 'I'm sorry' has to be an admission of guilt.... But in this day and age, to not get out early in the story and say something is a critical error. Generally, [communications and legal counsel] can find common ground where something can be said that's not going to come back and expose the client but does position the client in the story as strongly as possible."

James added that merely acknowledging the issue and regret for its occurrence can often save an institution legally and financially by appeasing the affected parties emotionally. That being said, Sullivan reiterated that the media will always view the pro forma apology with a jaundiced eye: "We are very cynical, and we tend to disbelieve.... It's important to sound authentic, because we will be quick to try to see through any phony apologies."

However, leaders have to be prepared to commit to their public statements, said Harshbarger, because of the ubiquity and skepticism of the media: "Once you've decided you've taken a certain approach, whether you've apologized or you're changing your [practices]...it holds you accountable. You can't now say something and expect that your PR people alone are going to keep that spin out there." James also said that apologies may have different results but always require an effort to consistently improve behavior: "If it's a mistake versus a misdeed, people are more forgiving of mistakes than they are of misdeeds – misdeeds speak to an integrity issue.... Apologies clearly can make a difference, can improve people's reputations, can bring them back into good favor, but if you continue to have a history of doing the wrong thing, or if the things that you are doing speak to your integrity, then the apology is not going to work."

Avoiding the phony apology continued to lead back to the old dictum that "actions speak louder than words," and McCown laid out the communications strategy to use both to speak loudly and most effectively. "The words and the actions have to be married," said McCown. "The words come first, because that's the first thing that has to happen...and then you don't want much time to lapse before you put a stake in the ground to some extent and say: 'We made a mistake, here's what happened, we don't know everything but we do know something went wrong, this is not up to our standards, and here's what we're going to do to fix it.' It's got to be in keeping with your brand and your mission...and all of this has to come from the leadership. It connotes to the stakeholders how real this is and how serious a commitment is being undertaken. It has to be real, it has to be articulated, and it has to be consistently communicated across everything from your website to your employee policies."

For more information on crisis communications planning and leveraging a second chance, please contact Ashley McCown at amccown@solomonmccown.com or visit www.solomonmccown.com.