

Fortifying Trust in a Crisis

Lessons from the Financial
Crisis, the BP Oil Spill,
Hurricane Sandy, and more.

About me

I help companies foster trust-based relationships with customers and employees.

- Accredited by IABC.
- Prior Consulting: The White House Office of Management and Budget, Comcast, T. Rowe Price, Ameritrade (now TD Ameritrade), etc.
- Currently write for: the Huffington Post, IABC, ASTD, Simply Communicate, and American Banker.

My Story

- During the financial crisis, I led a writing team at a financial services firm.
- Our eureka moment: In order to help people, we needed to see the crisis through their eyes.
- Today, I help businesses cultivate trust through understanding.

Today, we'll discuss

1. How the Financial Crisis eroded trust.
2. The phenomenon of social crises.
3. How to fortify trust.
4. My framework for communicators.

Part 1: Eroding Trust



Agent Smith v. Creative Commons

Building trust during times of change.

Technical language creates fear

- Troubled asset relief program
- Credit default swaps
- Collateralized debt obligations
- Mortgage-backed securities
- Toxic assets
- Quantitative easing

Power imbalances create fear

- One distinction between Main Street and Wall Street was about power and vulnerability.
- One group of people sent behavioral messages of power to another group that felt extremely vulnerable.

Sources:

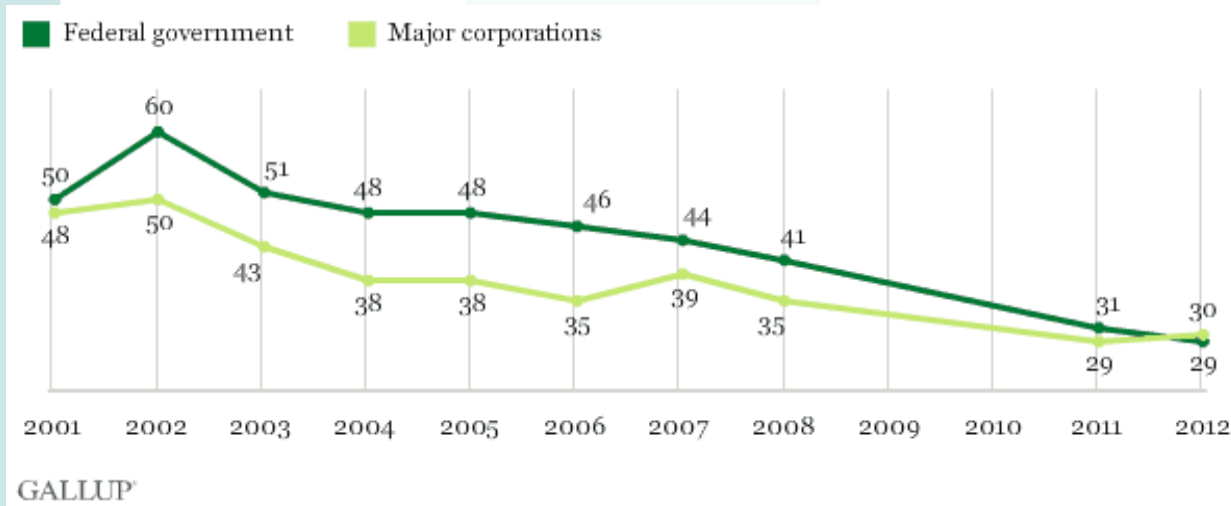
Mary P. Rowe, Ph.D., MIT

Sharon McMillen Cannon, Ph.D, UNC

Building trust during times of change.

Fear is bad for business

Americans: Anti-big business; anti-big government

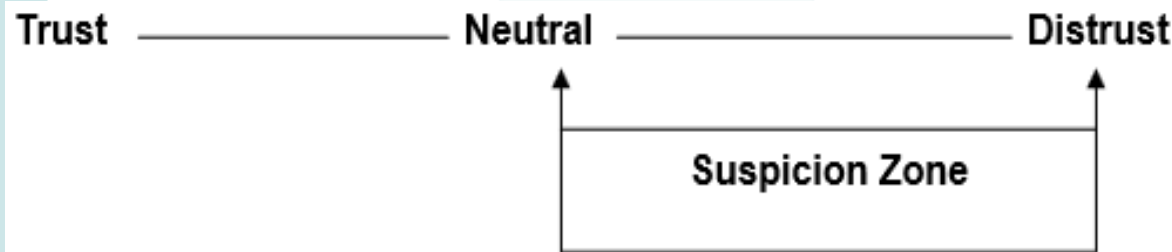


Source: Gallup, 2013

Building trust during times of change.

Fear is bad for business

When people feel vulnerable, they become suspicious.



Source: Robert F. Hurley: The Decision to Trust

Building trust during times of change.

The era of distrust

- “The shock of 2008, the subsequent recession and misdeeds by establishment figures have forced a reset in expectations of institutions and their leaders. What a company does as well as how it does it are now both dependent upon trust and credibility.”

– Richard Edelman,
The 2013 Edelman Trust Barometer

Source: The 2013 Edelman Trust Barometer

Building trust during times of change.



Part 2: Social Crises

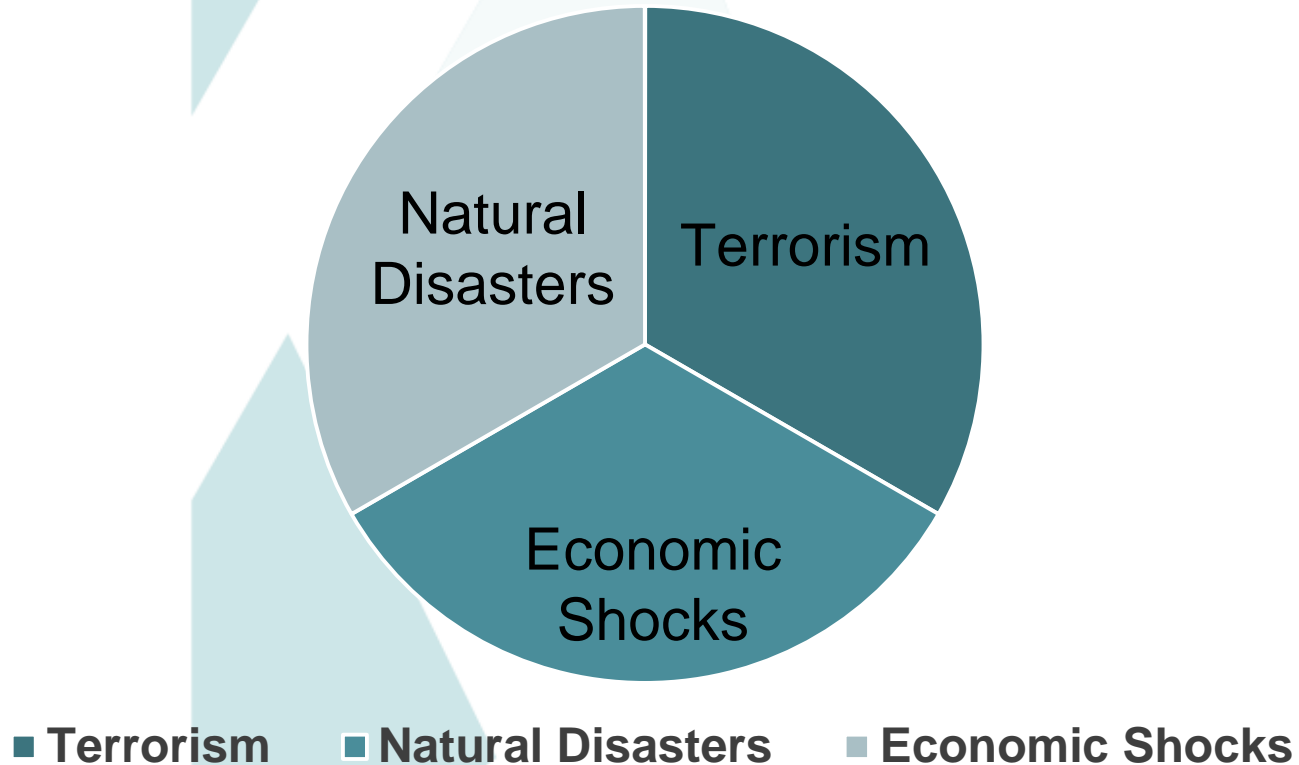


Courtesy of the EPA

Building trust during times of change.

The shape of social crises

Three Major Threats to Stability



The public nature of social crises

Event	Direct Impact	Indirect Impact	Business Cost
September 11th (2001)	Thousands of people lost their lives. Businesses in lower Manhattan, the Pentagon, the airline industry, and the stock market.	New York, New Jersey, and Connecticut-based businesses. The entertainment and advertising industries, the financial industry, etc.	\$100 billion
Hurricane Katrina (2005)	Along the Gulf, 1833 people lost their lives. Thousands of businesses and homeowners (including 1.2 million homes).	Travel industry, oil production, shipping, and agricultural industries were interrupted, among others.	\$148 billion
Financial Crisis (2008/2009)	Millions of investors and businesses around the world.	Reputational impact to all institutions and most poignantly for financial institutions.	\$22 trillion
BP Oil Spill (2010)	Thousands of businesses and homeowners along the Gulf Coast.	Reputational impact to North America oil producers. Indirect impact to the entire Gulf Coast economy.	\$20 billion trust set aside by BP

The public nature of social crises

Event	Direct Impact	Indirect Impact	Business Cost
Japan Earthquake and Tsunami (2011)	In Japan, 28,000 people lost their lives. The Japanese nuclear energy industry, shipping and transport industries, etc.	All businesses with supply chains that transect southeast Asia, nuclear industries around the globe, travel and transport industries, etc.	From \$122 billion to \$235 billion
Hurricane Sandy (2012)	72 people lost their lives. Thousands of businesses and homeowners in the northeast, especially those along the Jersey Shore. (8.51 million homes lost power.)	Thousands of businesses that rely on those that were damaged by the storm. An additional 87 deaths were indirectly attributed to the storm.	\$50 billion
Boston Marathon (2013)	Impact to citizens and businesses was largely confined to the greater Boston area.	Reduced business activity and heightened fear across the U.S.	\$333 million

Commonalities of social crises

- Damage was beyond the reach of any single business or government.
- Recovery required collaboration between public and private sectors.
- Devastation affected entire industries and geographical regions.
- Residual problems were sometimes greater than the initial event.

Defining responsibility in a social crisis

- Social crises rarely stem from negligence.
- In the past, culpability defined responsibility in a crisis.
- The process of mitigating financial and legal risks governed traditional crisis management.
- Therefore, how do we define responsibility in a social crisis?

The lesson of first responders



Image by Bill Biggart

Building trust during times of change.



The lesson of first responders

Responsibility is not defined by culpability.

Part 3. Fortifying Trust



Image courtesy of NASA

Building trust during times of change.

Ready for a Hurricane

Verizon: 'We're Ready for Sandy'

Telecommunications company has spent months making improvements in hopes of avoiding yet another 911 system failure.

Posted by [Jason Spencer](#) (Editor) , October 27, 2012 at 08:20 PM

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An estimated 2.3 million people lost access to 911 service this summer when the area was hit by a [derecho](#). Now, with Hurricane Sandy lined up to potentially slam Northern Virginia, Verizon — the company that provides the emergency communication service — is confident that the long list of improvements it has made in the months since are enough to weather the storm.

"We're ready for Sandy," Verizon



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Ready for a Hurricane

Hurricane Sandy: Bank Fees Waived In Superstorm's Aftermath [UPDATED]

The Huffington Post | Posted: 10/30/2012 3:23 pm EDT Updated: 11/06/2012 2:39 pm EST



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Huffington Post

Building trust during times of change.



Businesses respond rapidly

Verizon and AT&T Deploy Trucks to Help Sandy Victims Recharge

Nov. 1, 2012

By JOANNA STERN



ABC News, Nov. 1, 2012.

Building trust during times of change.

Three trust lessons from Sandy

1. Anticipating customer's rational and emotional needs is the new standard. Customer expectations have increased.

Three trust lessons from Sandy

2. Acts of goodwill build authentic relationships with customers and prospective customers.

Three trust lessons from Sandy

3. Social media becomes a vital listening tool in a crisis. Customers expect to be heard.

Emotional experiences define brands

- “Too often as business leaders, we get caught up in the facts of our business and fail to appreciate what matters to employees and customers.”

– John Fleming and Jim Asplund, Human Sigma. Gallup Press

Part 4. Communications



Image by William A. Franklin

Building trust during times of change.



Framework for fortifying trust

Establish a Position

Corporate Citizenship Model

Ethical Leadership



Prepare to Communicate

Push-Pull-Engage
Communications

Spokesperson Training



Create Distinct Plans

Incident Management

Recovery Leadership

Establish a position



Source: Boston College Center for Corporate Citizenship

Prepare to communicate

PUSH	PULL	ENGAGE
<p>PUSH communications constitute a standard crisis communications plan. These are urgent messages to stakeholders, including the press.</p> <ul style="list-style-type: none">Remember: text messages may be the only reliably functioning technology in a massive crisis.	<p>PULL communications support unconventional work patterns that employees develop to solve immediate needs.</p> <ul style="list-style-type: none">Subject matter issuesTechnical detailsLogistical detailsContext and clarity from senior leaders.	<p>ENGAGE communications are frequently omitted from a crisis communications strategy, although they are essential for maintaining trust.</p> <ul style="list-style-type: none">Allow employees to anonymously ask any question and to receive an answer that is shared with everyone.

Create distinct plans

1.
Crisis
Planning

2.
Incident
Management

3.
Recovery

Trust communication guidelines

- Technical language can create fear and make people feel dumb.
- Power imbalances can lead to outrage.
- Silence (from business and gov.) breeds distrust.
- Lack of empathy conveys apathy.

Trust communication guidelines

- Feelings are facts*
- Instability and uncertainty reduce trust.
- Balance technical details with emotional concerns, which are not always rational.
- Anticipate needs.
- Silence is never an option.

*John Fleming and Jim Asplund, Human Sigma. Gallup Press.

Keep in touch

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Further Reading:

- www.kelliecummings.com
- Huffington Post/Kellie Cummings