

# Responding to a consumer crisis and maintaining your reputation: Practical considerations

Consumer crises increasingly represent profound threats to organizations in all sectors, which is why thorough planning and prevention are essential to mitigating risk. But not every consumer crisis can be avoided. With a speedy and effective response based on a well-considered plan, an organization can avoid public relations and legal quagmires, and navigate its way to a contained and orderly outcome.

## Assess the risks

**Scan the horizon and flag risks.** While some crises are impossible to foresee, many are predictable, if not inevitable. Boards of directors and management are uniquely placed to forecast the pitfalls that may lie in their organization's path given:

- The nature of the company's operations,
- The types of products or services it sells,
- The information it collects from customers,
- The regulatory sphere(s) in which it operates, and
- The challenges that it and other similarly situated companies have faced.

**Create an incident response team and conduct an assessment** of current and potential issues and threats.

## Prepare an incident response plan

Having identified problems that may arise, **design and implement a robust plan** and tailor it for different situations:

- Identify your team and assign roles and responsibilities to different groups within your organization: who are your business, legal and public relations point people?
- Identify external legal counsel and a communications firm, and consider communications strategies.
- Decide where (and by whom) consumer updates will be provided, and how frequently. Consumer hotlines, website pages, and social media strategies should be developed in advance and deployment plans should be readily available.

## Prevent problems before they occur

**The best defence is a good offence.** A culture of compliance and preparedness is key:

- Implement comprehensive procedures to prevent and detect unusual activity.
- Make internal compliance training mandatory and extensive.
- Conduct periodic testing and review.
- Err on the side of over-reporting to compliance, management and the board.

## Respond quickly and proactively

**Assess the incident:** Is it a minor event or an existential threat? Is it likely to result in widespread and serious consumer concerns? Are there liability issues for the company?

**Get the facts:** What precisely occurred? Who is involved? Who is aware internally and externally? What was the cause? What steps have already been taken? Strong organization and communication is key.

**Implement the plan as quickly as possible:** The measure of speed is minutes and hours, not days. Engage external advisors and prepare an initial public statement immediately. Perform a triage and focus all available internal resources on responding to the crisis.

## Review your response

**"A crisis is a terrible thing to waste."** After the situation has been contained, learn from the experience. Consider:

- What caused the incident to occur?
- What changes could prevent a similar event from happening in the future?
- How well did the plan work and how could it be improved?
- What wisdom has the organization gained from the incident?

## Responding to a consumer crisis

