

# Corporate crises expose leaders to new challenge

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24 May 2018

A series of corporate communication missteps and ponderous responses has exposed a gap in the skills mix at executive and directorial levels across South Africa. What to do in a rapidly changing environment when no respect is shown for leadership positions and answers are demanded fast.



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Our business leaders have exceptional execution skills, sail through balance sheets, boardrooms and shareholder presentations, but are often ill-prepared for situations in which they may face scorn and ridicule.

They are used to respect. But scant regard for status can occur in situations involving global news media, social media, even a court of law when counsel become scathing.

Social media has democratised information flows.

## Hot issues go viral within minutes

The average user of Facebook, Instagram, YouTube and Twitter neither knows nor cares about libel. In a social media frenzy, damning judgments can be spat out at a rapid rate.

Research indicates over a quarter of corporate crises hit global media in an hour and two out of three are aired worldwide in less than a day.

In social media, hot issues go viral within minutes. The response must be fast-paced as well. In a world of 3,5 billion internet users, Google fields 40,000 queries a second.

It is hardly surprising senior figures seem unprepared.

Deference creates its own problems. It's not only MPs and bureaucrats who have trouble speaking truth to power. Similar reticence is encountered in business.

Statistically, more than 75% of corporate plans founder because most staff prefer to make a good impression by agreeing with the boss rather than speaking the truth.

## **Skills mismatch**

Another difficulty is the skills mismatch.

Respected executives handle big corporate presentations with ease and may assume they can front up before the media. In a local, controlled environment, maybe; but go global and outcomes can be very different, as indicated by the 'roasting' of several eminent figures on BBC's *Hardtalk*, CBS's *60 Minutes* and ABC's *20/20*.

The corporate crisis represents a huge test. Fail it and share values crumble, companies falter and careers stall.

The subject comes under increased scrutiny, for instance in the e-book *The New Rules of Crisis Management* by Tim Blair.

Slowness of response, the communication skills mismatch and lack of corporate preparedness are all identified as key challenges.

Can current risk committee structures help? Yes, given strong communications back-up.

## **Identify and articulate all types of risks**

The primary task of any risk committee is to identify and articulate all types of risks that can face a specific company or industry. Findings on risk areas then need to be filtered down to the communications, PR or media department so it can develop an appropriate response to each type of risk in the event of a crisis.

This crisis plan should then be referred to the board for input, approval and agreement.

It is not always clear, however, whether risk identification will lead to an effective response at a moment's notice, especially if recent developments in South Africa are anything to go by.

Many senior staff have little media training. Action points may not be clear. Lines of responsibility may be blurred. Internal communication departments may have been cut to save costs, while PR outsourcing might not cover reputation management 24/7. Holding statements for what-if scenarios might have been prepared, but not updated.

The result could be a communication disaster.

But there is an upside. Organisations that get it right, rapidly rebuild trust. Even when mistakes have been made, consumers respond positively to those who admit error and take fast remedial action.

Top jobs can be endangered in a crisis, but the skilled executive who turns an initial scorn into hard-won respect is often positioned for a stellar career.

## ABOUT AUGUSTE COETZER

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