

Strengthening Corporate Trust In Times of Crisis (Part 2)

By James E. Lukaszewski

This article, appearing in two parts, suggests a template for use in forecasting and pre-empting those opportunities for unethical, or at the very least, questionable behavior by management and others in times of crisis.

In Part I (see the May/June issue of *Ethikos*), we discussed seven spontaneous early management reactions that crisis and ethics management strategists must plan against. We also presented a (fictitious) case study of one company's failure to protect and enhance corporate trust in a crisis. When an outbreak of E. coli, a bacterial contaminant commonly found in meat products and undercooked food, was traced to BurgerMax, a fast food restaurant chain, that company's reaction ranged from denial to 'stall and delay' to blaming others, including the victims.

In Part II, we present a further analysis contrasting what BurgerMax actually did versus what was expected by the community, with a particular focus on what is ethically and morally acceptable.

The ethical dimension

There is always a moral and ethical dimension to crisis management. Management's greatest difficulty in a crisis often is just how to handle these moral and ethical aspects.

- What do we say, and when do we say it?
- Whom do we tell, and how much do we disclose?
- Whom do we *have* to tell, and can we avoid disclosing some things forever?
- If we do anything, are we admitting there is a problem and that we are responsible?

Business organizations and institutions are expected to have consciences and to act in ways that reinforce this public expectation. That is why someone will be held accountable whenever there are victims.

In such instances, moral and ethical assessments are essential. This assessment process consists of answers to a series of questions, or at least preparation to answer these questions publicly and promptly.

When an issue involves integrity and moral or ethical dilemmas, the organization must begin the moral reasoning and questioning process quickly. When the public's deepest values are offended, fast action is required.

Ethical issues demand the moral courage to ask difficult, tough, direct questions immediately, and a commitment—the strength of heart—powerful enough to take the most appropriate action promptly. Acting on matters of principle will counter the negative impact of a situation that the public, employees, and other audiences find morally troublesome. Moral issues require individuals to illustrate their personal belief systems through their behavior.

The following table presents BurgerMax's assumptions (2nd column) versus the community's ethical expectations (3rd column). It can be applied to other cases.

How did BurgerMax's ethical assumptions match up against the community's moral expectations?

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Moral and Ethical Questions	BurgerMax Assumptions	Community Expectations
1. What did they know and when did they know it?	1. Quality was fine.	1. When did Quality Assurance know about the regulatory change? Why was it not acted upon?
2. What are the relevant facts of the situation? • What decisions were made? • Who was involved/affected? • What was sacrificed to benefit the victims?	2. Victims were caused by someone else's negligence. Shareholders became the victims along with company management.	2. The decision to only partially recall product was totally unacceptable.
3. Was there a first-hand attempt to find the truth?	3. We always deal in the truth.	3. Truth was concealed by company for "fear of releasing proprietary information."
4. What alternative actions are available?	4. We'll do whatever we're forced to do to get this situation under control.	4. Take immediate action. Make public acknowledgement and take responsibility. Raise cooking temperatures. Move to the aid of victims. Explain what to do if ill.
5. Who would be affected?	5. Predominantly our shareholders, employees, and customers.	5. The company needs to clear all stores of possible contamination potential.
6. What ethical principles or standards of conduct are involved or at issue?	6. Our standards are fine. Our ethics are okay. Leave us alone so that we can fix the problem.	6. The company behaved badly and in doing so, prolonged/expanded the problem. It slandered its suppliers. It offered no protection of the public interest.
7. How would these principles be advanced or violated by each alternative action?	7. It's not necessary that these be considered.	7. We expect the company to do what's right, promptly.
8. Is it really the company's problem?	8. It's a problem only because someone else screwed up.	8. It's the company's problem until it proves to us that there is no further reason to worry.
9. What is the duty to update and inform?	9. Answer only the questions that we are asked directly.	9. Tell us as much as you can, when you can, and keep telling us until we tell you we no longer need information.
10. Who should be advised or consulted?	10. Let's stay focused on those we know are directly affected.	10. First, the victims, then those who feel they may be affected—employees and those of us who may have purchased food at BurgerMax.
11. What was the fundamental cause—omission, commission, negligence, neglect, accident, arrogance, other?	11. It's someone else's problem, which we're obliged to fix and take the blame for.	11. All of the above.
12. How could this have been avoided?	12. We need better inspectors; select a higher quality supplier.	12. Failed to take immediate dramatic action.

13. Are all the crucial ethical questions being asked and answered?	13. This really isn't an ethical situation; it's a business problem that we've resolved by changing suppliers.	13. Temporary but significant loss of credibility and public trust until it can be re-established by the company.
14. Are the actions open, honest, and truthful?	14. We'll tell as much of the truth as our attorneys will allow.	14. Actions were closed, conditional, and beneficial only to the company.
15. What affirmative action is being taken now to remedy or remediate the situation?	15. We'll do whatever we're told to do.	15. Do whatever it takes to make us feel comfortable to dine at your stores again.
16. Is there an institutional "code of silence" when morally questionable decisions or actions come to light?	16. Probably not. We only spend as much time on this as is necessary. Besides, the public only has a limited right to know anyway.	16. As more and more disgruntled employees speak out about BurgerMax's food handling practices, clearly the company isn't telling us everything we need to know.
17. How will future unethical behavior be disclosed? To whom? How fast?	17. We may tighten some things up, but it's not really our problem.	17. We want a process in place that company management doesn't control.
18. What lessons can the organization learn as this dilemma is resolved?	18. Mainly operational information and procedural changes.	18. Ethical behavior is a leadership responsibility. Failing to act ethically is a failure to lead honorably.
19. As an organization, are we prepared to combat the behaviors that lead to ethical compromises?	19. We could be criminally prosecuted.	19. Should BurgerMax be criminally prosecuted, which is possible, it will likely be forced to establish very rigid compliance and integrity processes. This will eradicate ethical compromises.
20. How many "typical behaviors" do we know go on that can potentially cause trouble (See below):	20. These can't happen here.	20. If one thing turns out to be wrong, there are most likely a lot of other things that are also wrong and need to be looked into thoroughly.
<ul style="list-style-type: none"> • Lax control • No tough, appropriate, centralized compliance • Underreporting of infractions • Leadership that allows supervisors to overlook bad behavior • Allowing employees to experiment with "unapproved methods" • Encouraging a "do whatever it takes" mentality • Minimizing oversight and compliance processes • Structuring incentives in such a way that they compromise safety, public health, or product integrity • Overlooking shortcuts 		<ul style="list-style-type: none"> • Avoiding confrontation with managers • Operating "on the edge" • Ignoring signs of rogue behavior • Tolerating inappropriate behavior or management by individuals who are "critical to the organization's mission" • Belittling or humiliating those who suggest or seek ethical standards • Dismissing employees who report bad or outright wrong behavior • Demeaning the internal credibility of internal whistleblowers

The behavior dimension

Post-crisis analysis involving hundreds of companies, industries, and negative circumstances reveals a pattern of unhelpful behaviors that work against rebuilding or

preserving reputation, trust, and credibility. The greater the negative nature of the incident and the greater the number of victims, the more opportunities there are for trust-weakening behaviors to occur. Good crisis plans are structured

to work directly against, anticipate, and eliminate negative behavior patterns.

Negative behaviors to plan against:

1. Arrogance, no concern.
2. Minimizing victim needs.
3. Blame shifting.
4. Broadening the situation unnecessarily (or for public relations reasons).
5. Inappropriate language.
6. Inconsistency.
7. Inflammatory statements.
8. Little or no preparation.
9. Minimizing the impact.
10. Missing opportunities to communicate with government, the public, and victims.
11. Failure to admit responsibility.
12. Victim confusion.

BurgerMax behaviors:

1. Was concerned mostly about the financial impact.
2. Actively made the situation difficult for victims. Failed to acknowledge victims.
3. Aggressively blamed suppliers, government depart-

- ments of health, and government inspection systems. Maintained an “anybody but us” mentality.
4. Supported industry initiatives instead of the victims. “We are the victims of the government’s lax approach to regulating the meat industry.” Gave \$100,000 for “research” rather than to compensate victims. Note: The most common truly damaging PR tactic is to create or drag in third parties.
5. Was self-serving, careless, and inhumane. Was consistently stupid and self-serving.
6. Attacked suppliers, the government, and the media.
7. Had no recall plan in place to deal with the E. coli bacteria despite many stories in the news and in trade publications.
8. Had no crisis plan. Failed to anticipate crisis.
9. Did not communicate until overwhelmed by negative events. Then it used a completely defensive approach: “It’s isolated to just three of our 31 stores.”
10. Waited to communicate until forced to do so. Should have pro-actively communicated with the victims and others directly affected by the problem.
11. Made no admission of responsibility to this day.
12. Senior management was embarrassed and felt it was the real victim. □

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