



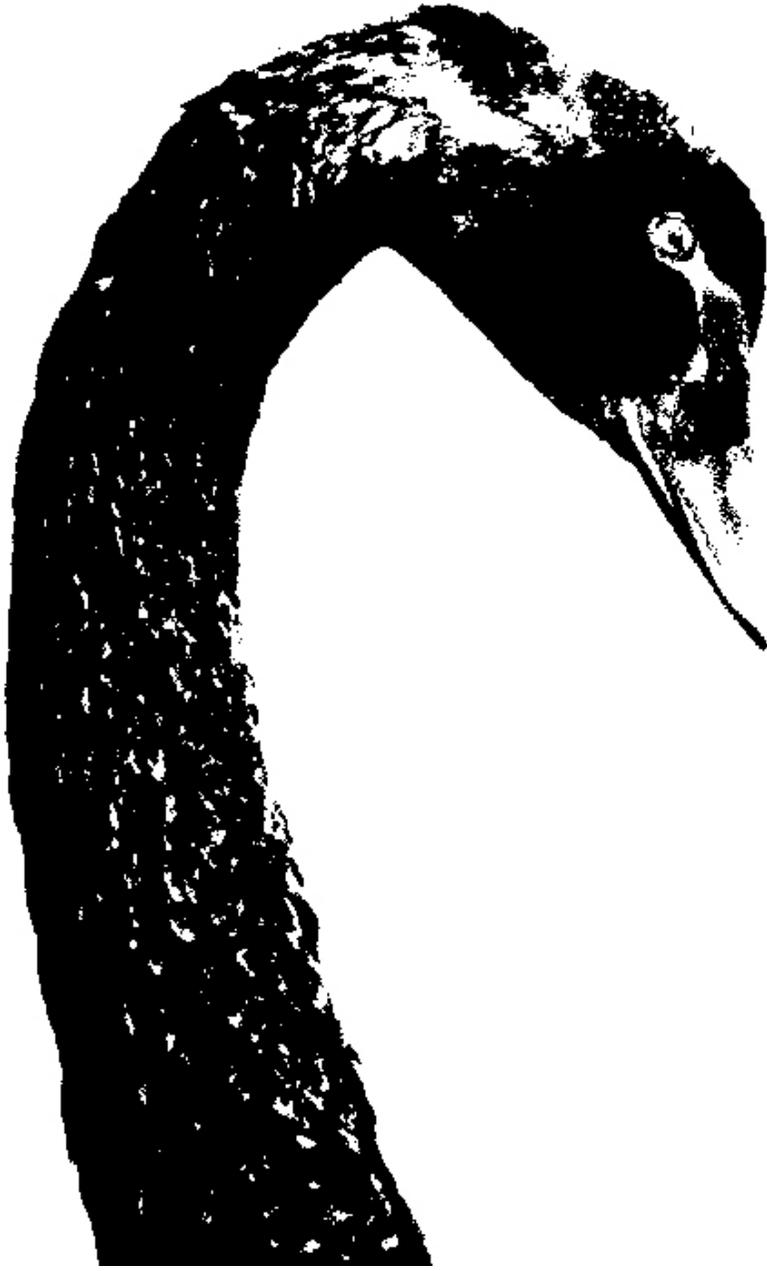
Black Swans And Black Boxes

- Dr Chris Galloway



**Can you prepare for
the
'unprecedented'?**

Key take-aways



1. Organisational resilience is more important than the crisis manual (but you absolutely need that, too)
2. Pre-authorisation can be key
3. Cultural considerations (national, organisational) influence crisis handling
4. There is no longer a “golden hour” but what you do (or not) at the outset frames the crisis

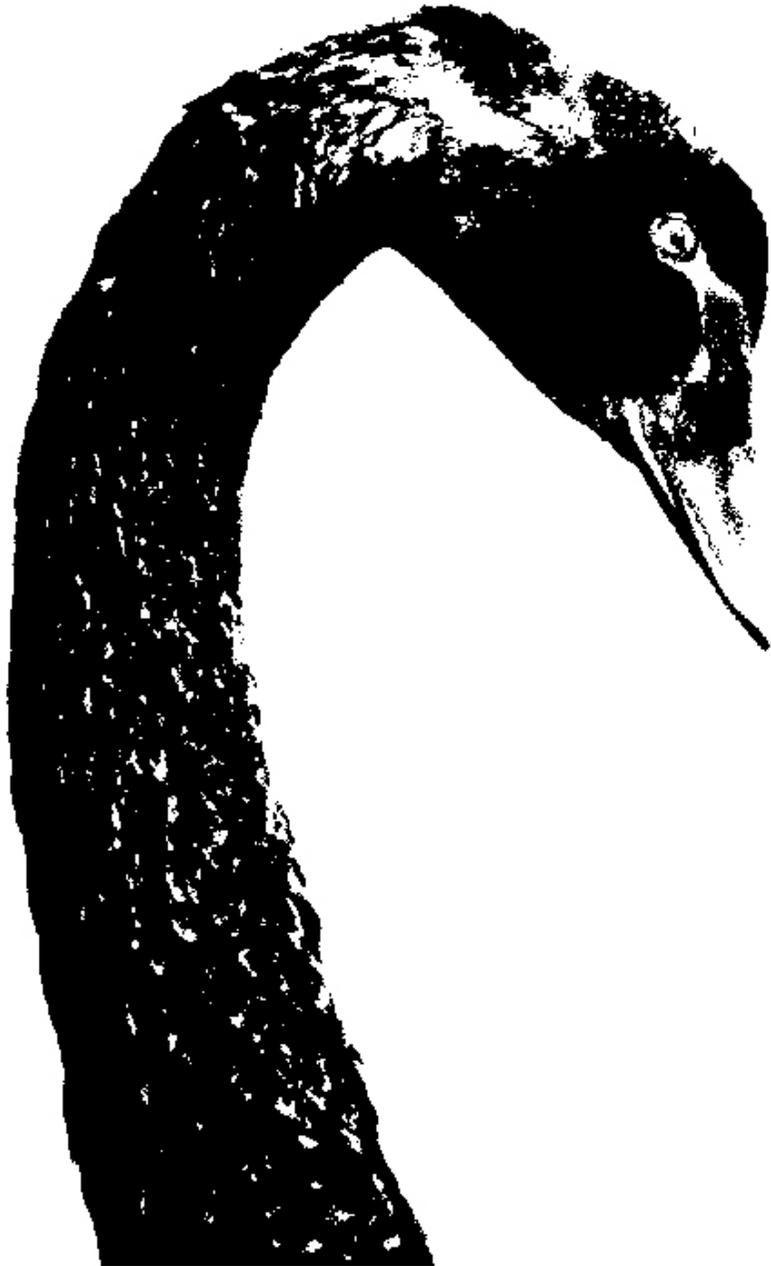


**Expect the unprecedented:
Every crisis has an unprecedented
aspect**

'an unpredictable event with widespread ramifications'



1. It is an outlier as it lies outside the realms of regular expectations, because nothing in the past can convincingly point to its possibility
2. It carries an extreme impact



3. In spite of its outlier status, human nature makes us concoct explanations for its occurrence after the fact, making it explainable and predictable



“ Black Swan logic makes *what you don't know* far more relevant than what you do know”

In a crisis what you *don't* know will always be the elephant in the room.

**Acknowledge it and
turn focus to what you
DO know**





'Giuliani model'

*This is what
we know.*

*This is what we
are doing.*

*This is what we
don't know.*

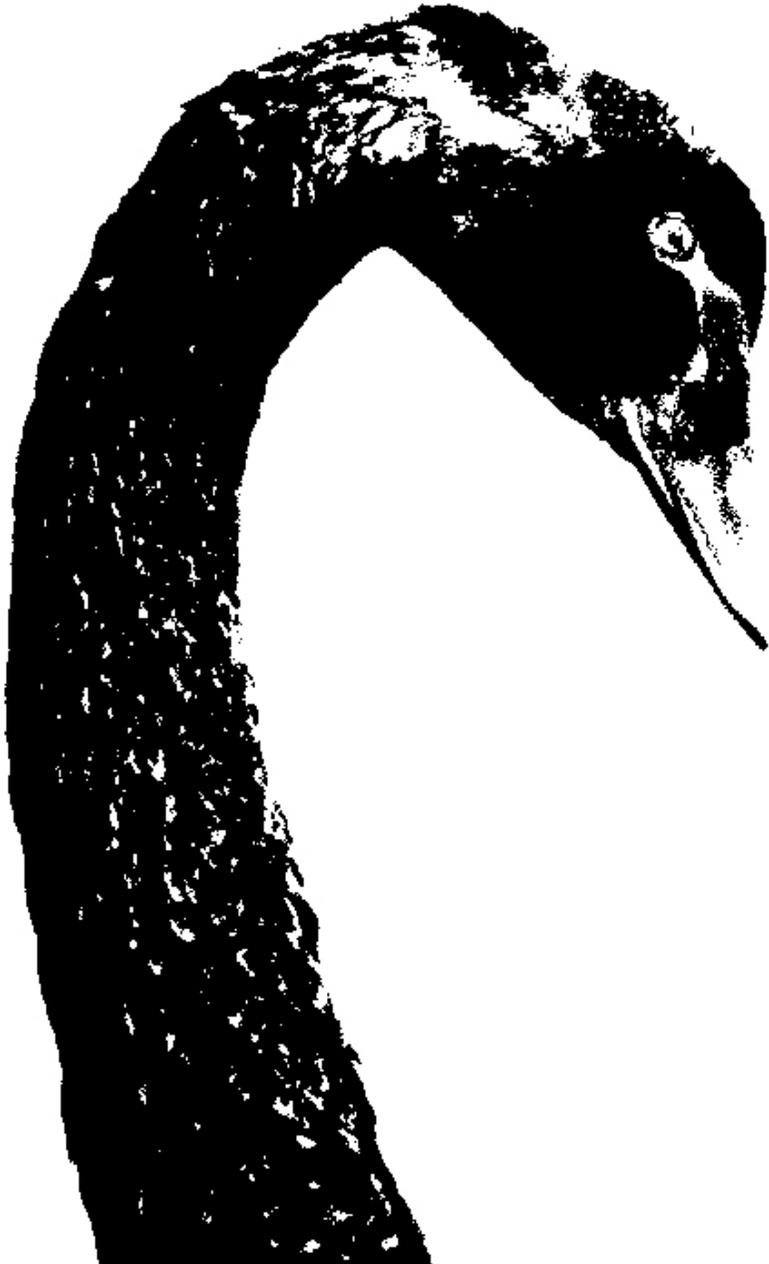
*This is what you
can do.*

Two aspects of crisis



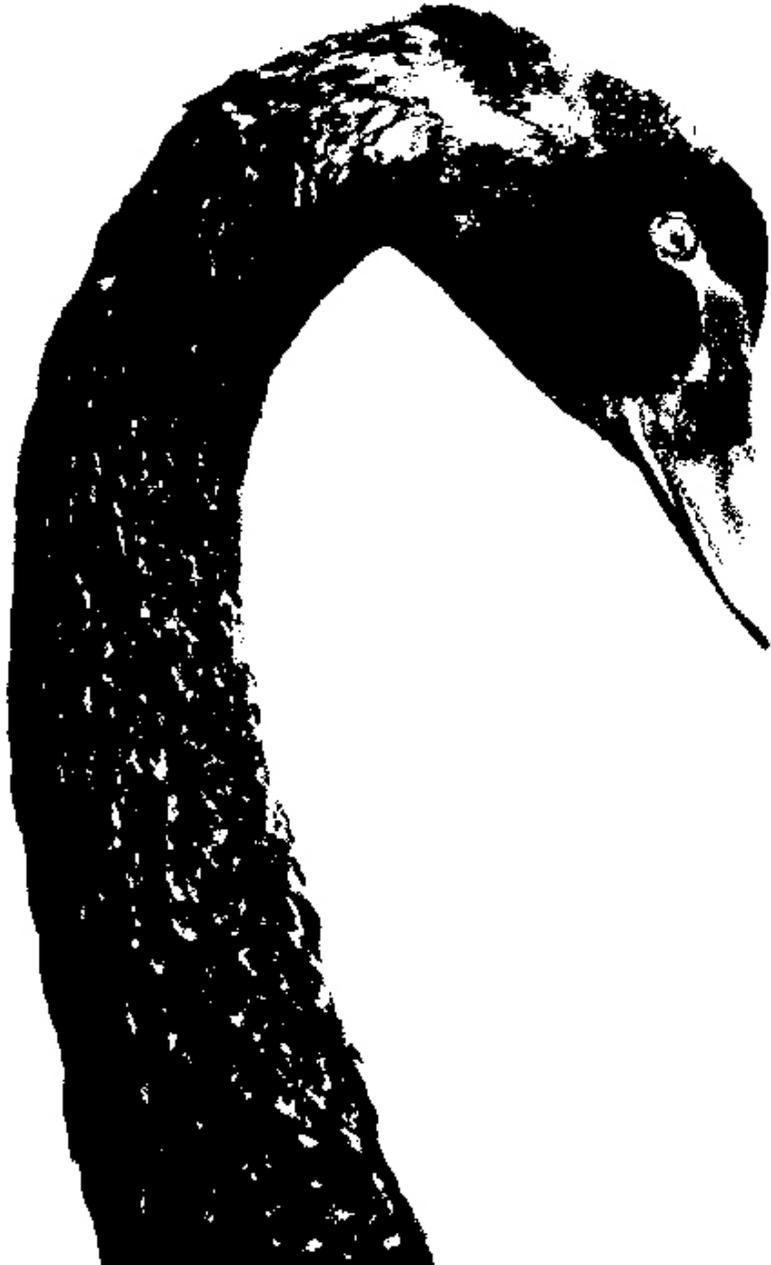
- Actual/Perceptual
- Therefore people will judge you on not only what you do or don't do, but on what they **THINK** you should have done
- Public opinion is driven by the principle of precaution i.e one is justified even in the absence of complete data, in acting (or not acting) to avert the future realisation of harm inherent in a risk

3 overarching air crash story lines



1. The tragic intervention of fate into everyday life
2. The mystery of what caused the crash
3. The work of legitimate authority to restore normalcy
4. **Now a new one** - Where exactly is the plane?

MH370: The beginning



- First statement five hours after loss of contact with plane; total of six statements in first day
- Relevant government authorities not told immediately
- Families not contacted until 15 hours later, according to one source (Bridge Global Strategies)
- 'Go Team' sent to Beijing and another set up in KL

The beginning



- Relatives put in hotel room to wait for information
- Top airline officials not very visible - CEO low profile
- 'Dark site' inaugurated quickly, changes to Facebook and Twitter
- Concern expressed

Malaysian response



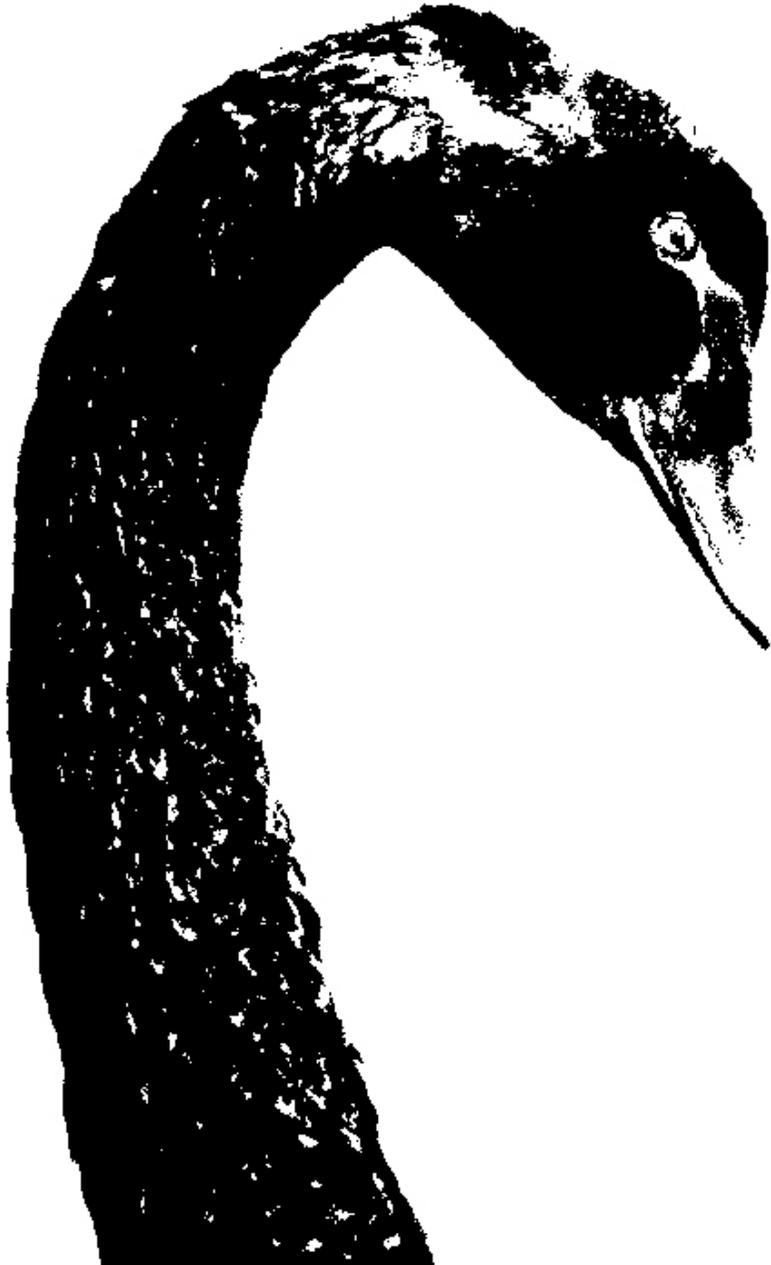
- Consensus is that it was OK for the first 48 hours, then fell apart
- Why?
 1. No resolution, so who to blame?
 2. Too many spokespeople, 'one voice' absent, appearance of

Malaysian response

withholding information. One Malaysian MP suggested the Government should choose just one spokesperson. Note: you can use more than one spokesperson **if** messaging is consistent.



Malaysian response



- Pressure to 'feed the [media] beast' led to conflicting stories, compounding stakeholder anger, affecting credibility
- Initial handling was in-house by a trained team; after 6-7 days, external consultants called in. Lack of international experience among in-house staff seen as a problem
- Fumbled handling of assertive Western media: the Government says it may sue over 'false' reports

Malaysian response



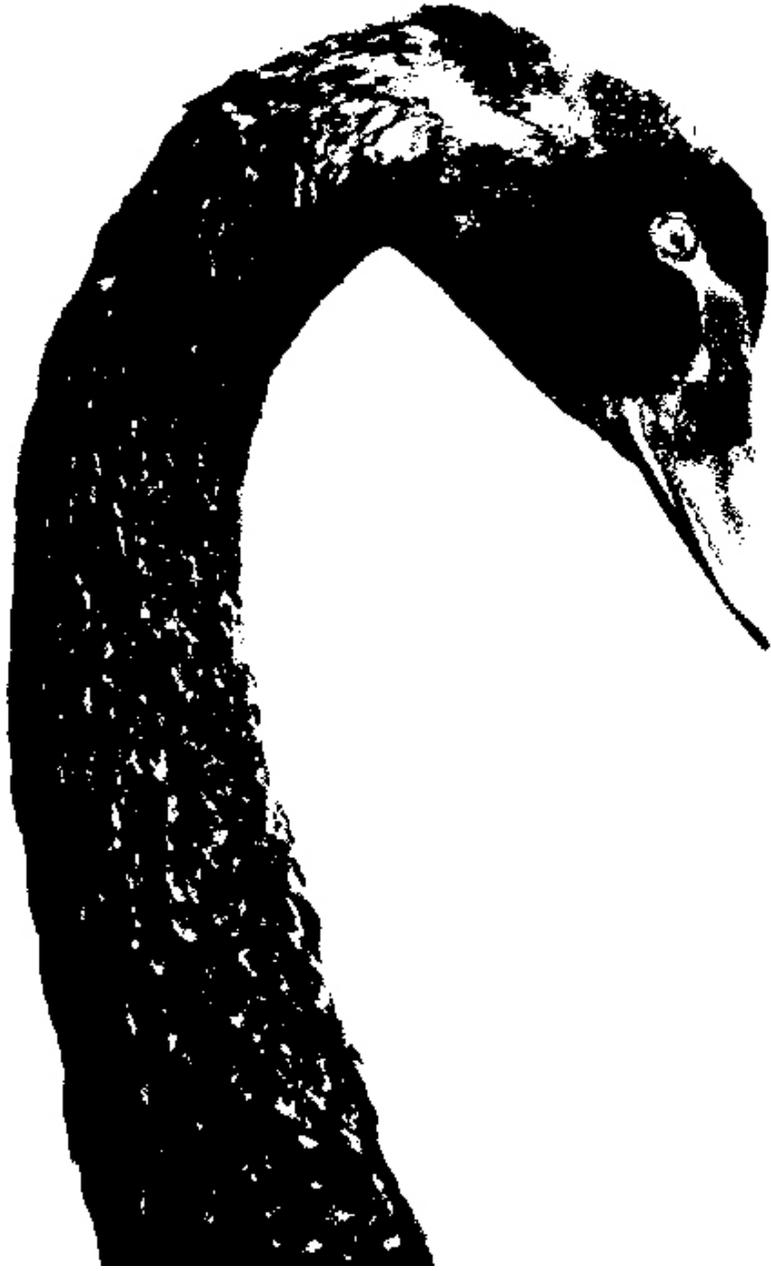
- Pretty closed political system
- Government rarely criticised by a largely state-controlled press
- Country rates 53rd in survey of 177 countries for corruption
- Result may be a systematic lack of accountability: "Malaysians have come to accept that their leaders don't answer questions"

Go watch a movie



- According to an unverified post on one site, when Malaysian PM was about to make a statement, PM's spokesperson told reporters there would be no questions, when pressed for more access, the reply (allegedly) was "Go watch a movie".

Government role



- Role of Government: Malaysian government authoritarian, biggest shareholder in airline (52%)
- Study of Malaysian Government-linked companies has found they have worse corporate governance than publicly traded companies not controlled by the state:

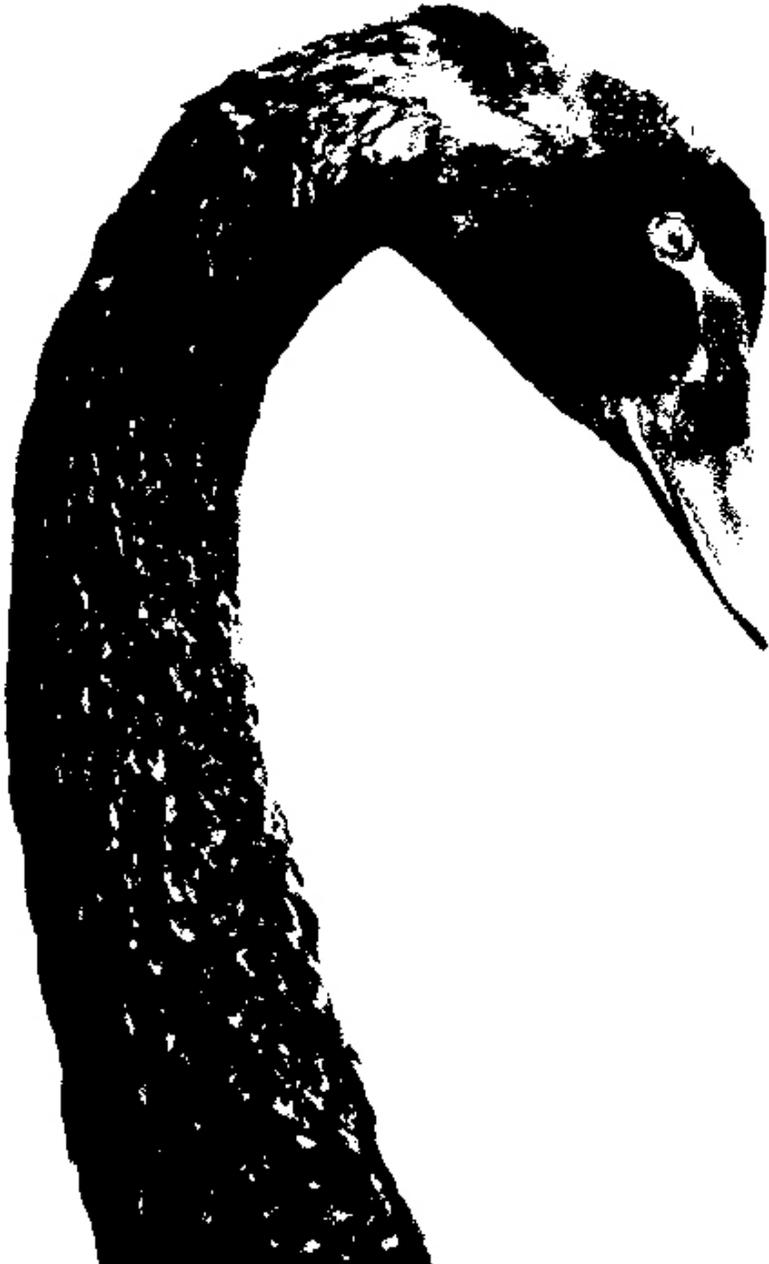
Government role



state companies traded at a discount on the stock market because of mismanagement

- Airline's relationship to the Government may have hindered putting customers first and delivering the best response (Lawton, March21)

Cultural differences



- Fierce online war between Malaysians and Chinese
- Claim by Chinese that Malaysia as a whole should take responsibility
- On Chinese internet, “Malaysia now represents irresponsibility and unreliability”
- “Don’t go too Malaysian”, famous actor’s affair called a “Malaysian” act

Cultural issues



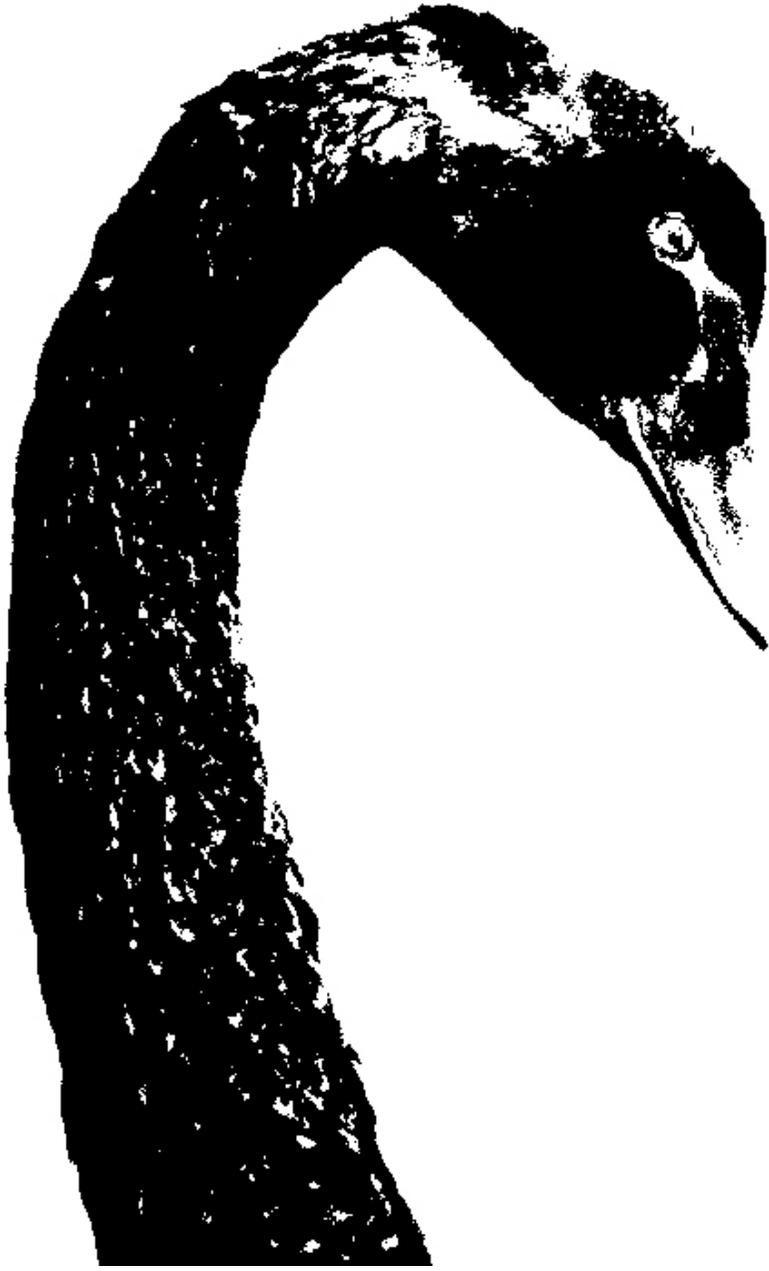
- Face-saving important in cultures like Malaysia's: relationships critical
- Western approach: get the facts regardless of reputational and relationship impacts
- Western people believe it is the speaker's responsibility to communicate clearly; Eastern people see that it is up to the speaker to understand what is being said

Role of Twitter



- Asiana case: live Tweets, started less than a minute after crash
- Create and own the official hashtag. By the time the airline established #MASAlert most of the conversation was already happening on #MH370 or #PrayforMH370

Role of Twitter



- Can create new reputation risks: after Malaysian journalist Tweeted “#MH370 is a blessing in disguise for all of us” Acting Transport Minister replied 6 minutes later, “Right u are”

IATA guidance



“Dealing with the news media after an aviation accident” (2012):

Any organisation which appears to be floundering in its response, or which fails to quickly reassure its numerous internal and external stakeholders, may suffer serious damage to its reputation, to its key relationships, and to its ongoing business

IATA common sense advice



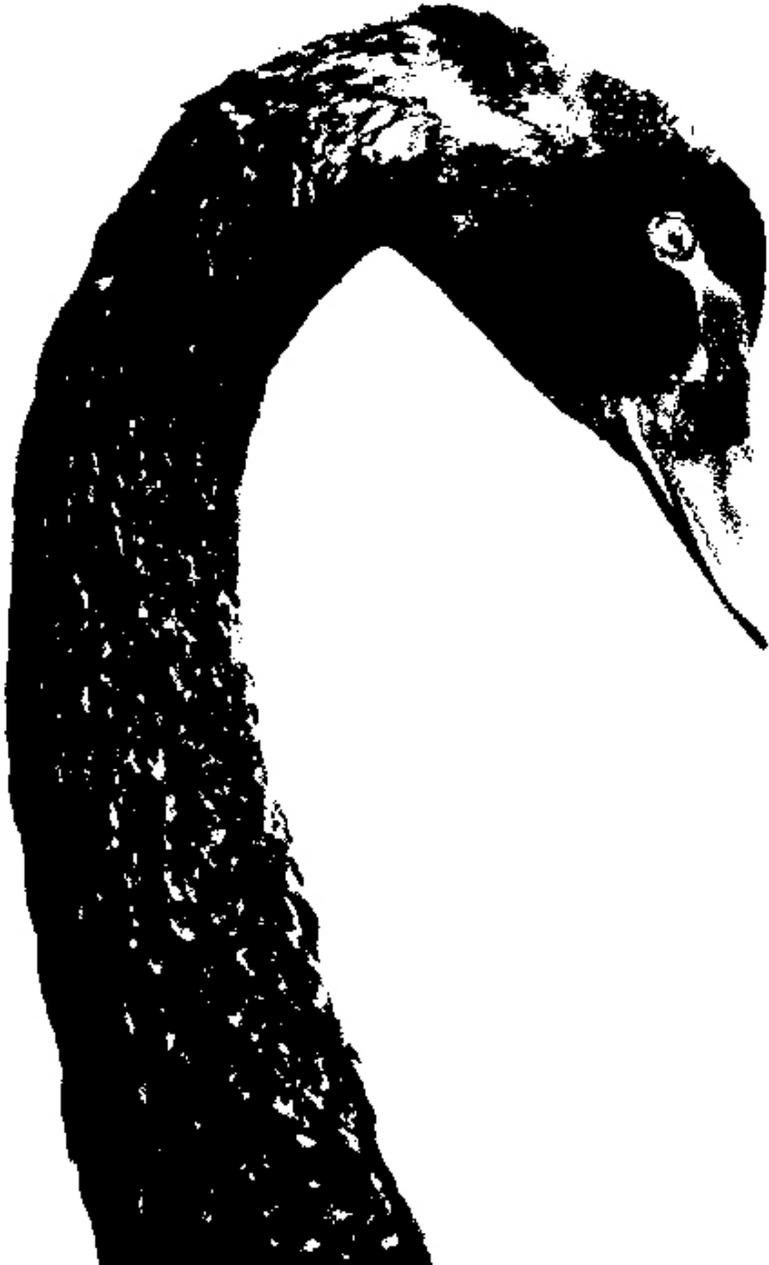
1. Be proactive
2. Be quick to establish yourself as the best source of information about your organisation and how it is responding
3. Be honest
4. Express regret

IATA common sense advice



5. Understand the audiences
6. Be consistent across all channels
7. Co-ordinate with other parties involved
8. Be aware of the impact your statements may have on others

They could have added



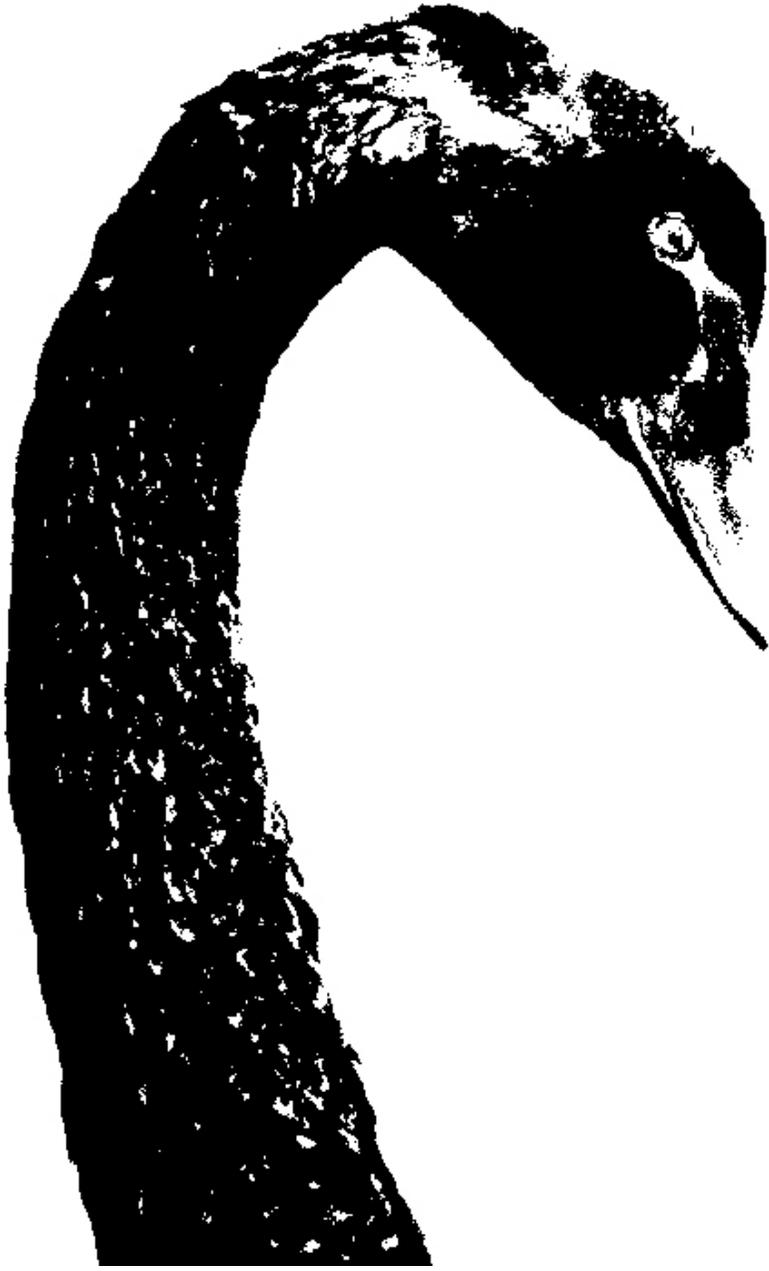
- Visible leadership is critical
- Avoid exacerbating the situation of victims - SIA example. Often victims and their next of kin are the most powerful accusers in a crisis. If their demands are not met quickly the company can be seen as uncaring and illegitimate.

They could have added



- Crises can cause organisations to come into contact with groups that would not normally be considered stakeholders e.g next of kin
- Information vacuum feeds speculations - media frenzy

Information



- Every crisis is a crisis of information
- Decisions need to be made with incomplete data
- Incomplete picture not a reason not to act
- 'Negativity bias' - people more inclined to accept negative stories

Information



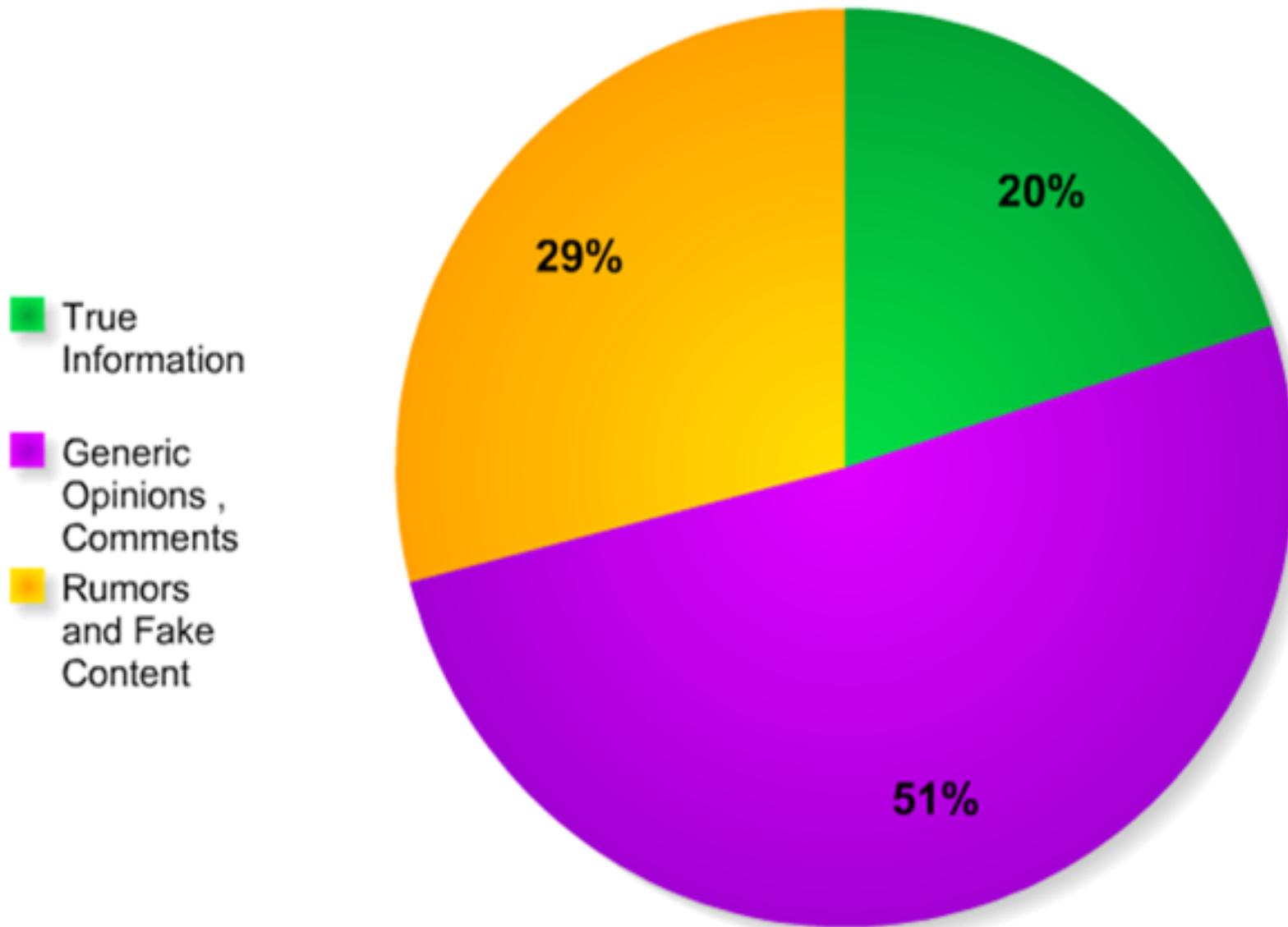
- 'Trust determination' - who can be trusted?
- Relatives told sealed evidence could not be released; Malaysian ambassador declined

That text message



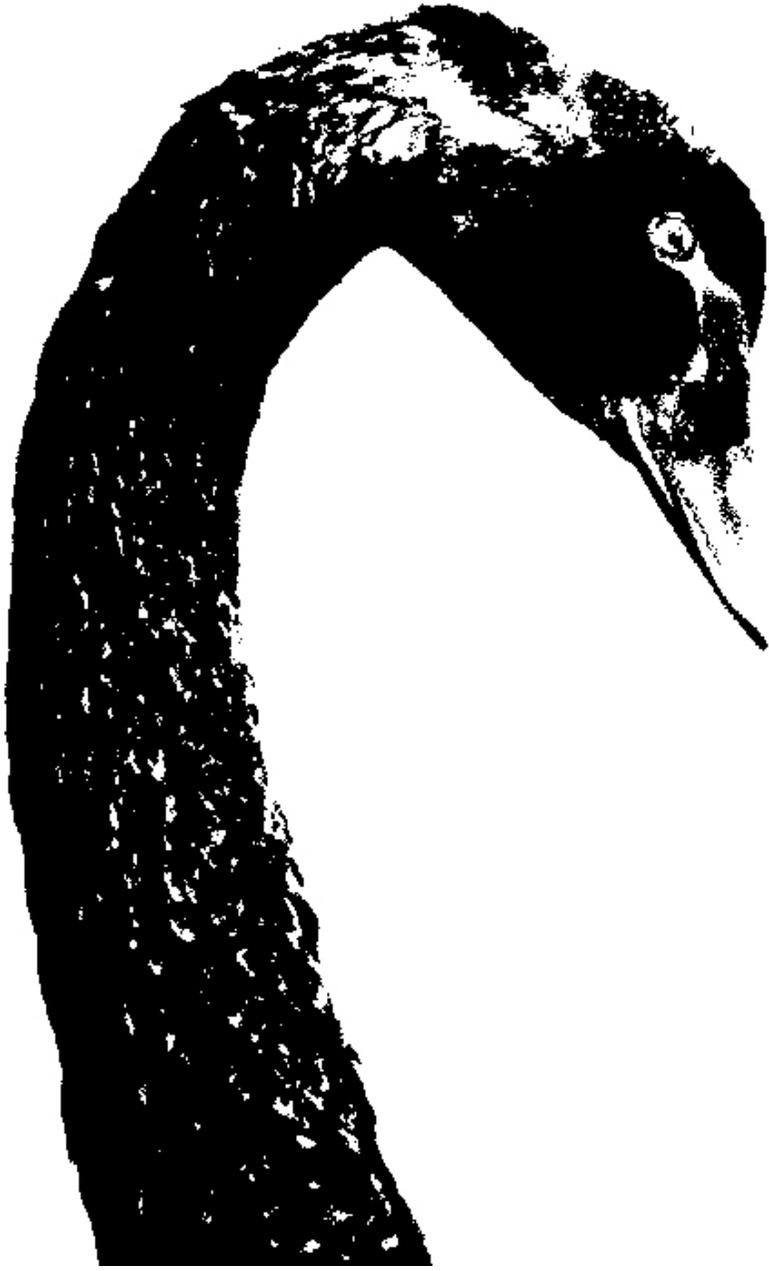
- Malaysia Airlines says announcement of deaths via text happened in a minority of cases and as a last resort
- US aviation and personal injury lawyer: "Most people file suits not because they've lost somebody but *because of the way airlines treat them*. And Malaysia Airlines has done a masterful job of making these passengers' families angry."

7.8M Tweets in Aftermath of Boston Marathon Bombing



Rumours: Be fast/Monitor/Counter rumours repeatedly

Complaints



- (Chinese) “families complained that the airline had shut its office at the hotel, that caregivers could not be found, that the 24-hour hotline for relatives was ringing unanswered...there were around 50 caregivers in Beijing, spread over five hotels, because [the airline] had a problem finding volunteers” (Branigan, *The Guardian*, March 26)

Co-ordination



- Every crisis brings co-ordination challenges - these are truly unprecedented (biggest search of its kind, ever)
- You don't have to be an airline to consider how handling a crisis in your industry sector could involve multiple internal and external parties and how you'd handle that

Key messages



- Can use message mapping (see next slide)
- Air France constantly pushed the messages: “The Airbus 330 is a safe aircraft. Air France has an A1 safety record”.
- Malaysian Airlines is also a very good airline but key messages/ brand values were lost in the midst of confusing and contradictory statements

Figure 1: Message Map Template

Stakeholder: Question or Concern:		
Key Message 1	Key Message 2	Key Message 3
Supporting Fact 1-1	Supporting Fact 2-1	Supporting Fact 3-1
Supporting Fact 1-2	Supporting Fact 2-2	Supporting Fact 3-2
Supporting Fact 1-3	Supporting Fact 2-3	Supporting Fact 3-3

Key messages:

Field



- Identify the 'persuasive field' or set of competing messages. In a crisis the differing messages audiences receive are from varied sources and audiences often find themselves bombarded by opposing viewpoints.

No Golden Hour now



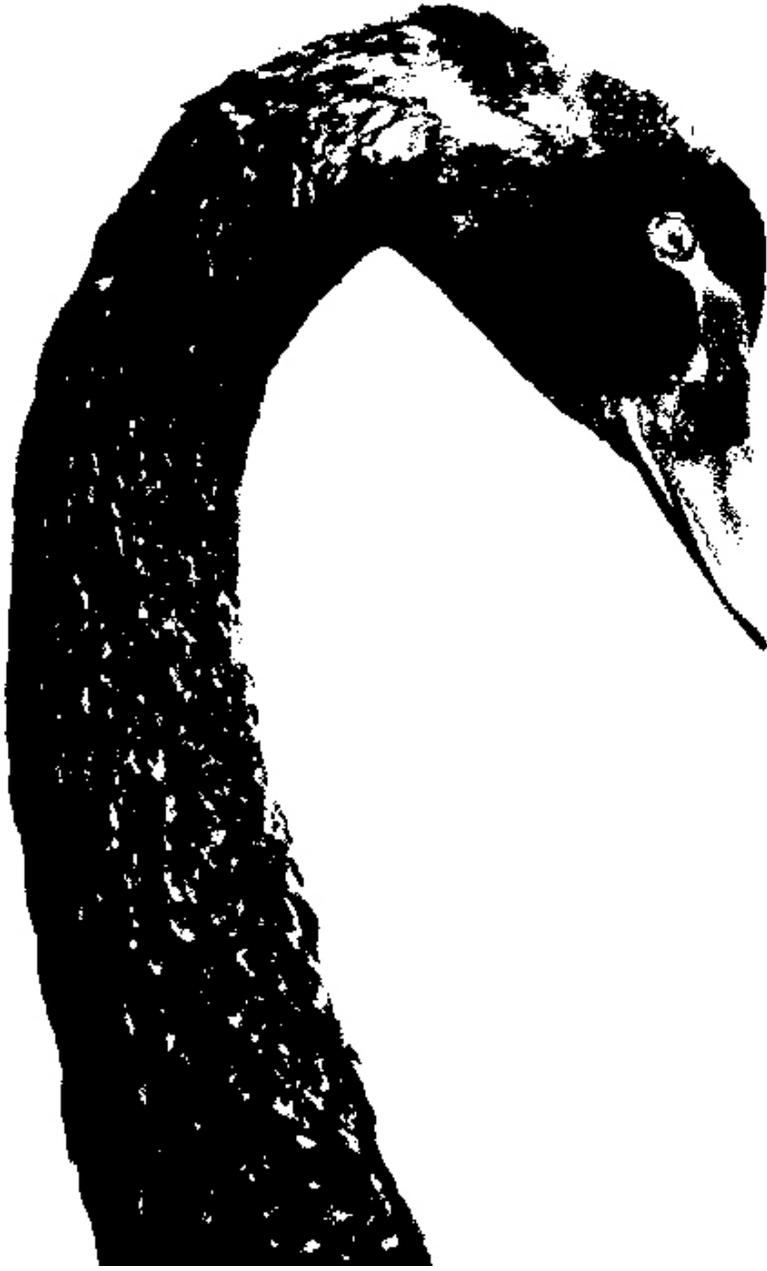
- Golden Hour has become a Golden Nanosecond
- With on-board internet access, only a matter of time before someone live Tweets from a plane in trouble in-flight (IATA)

Air France - did it right

Acknowledged that search for information was
'legitimate'



Air France news release



- [Friends and family of victims] “are legitimately demanding information and transparency, even though the circumstances of this tragedy are slowing the progress of the investigation and Air France itself is unable to obtain all the necessary information...”
- This is an important stance: stakeholders seek “information sufficiency”

SIA crash, 2000



- CEO: "...we appreciate the important role the media plays to keep everyone informed. That is why you will hear me talking about the facts. It is important that we stick to the facts. Speculation and theories cannot do anything to help anyone."

SIA crash, 2000

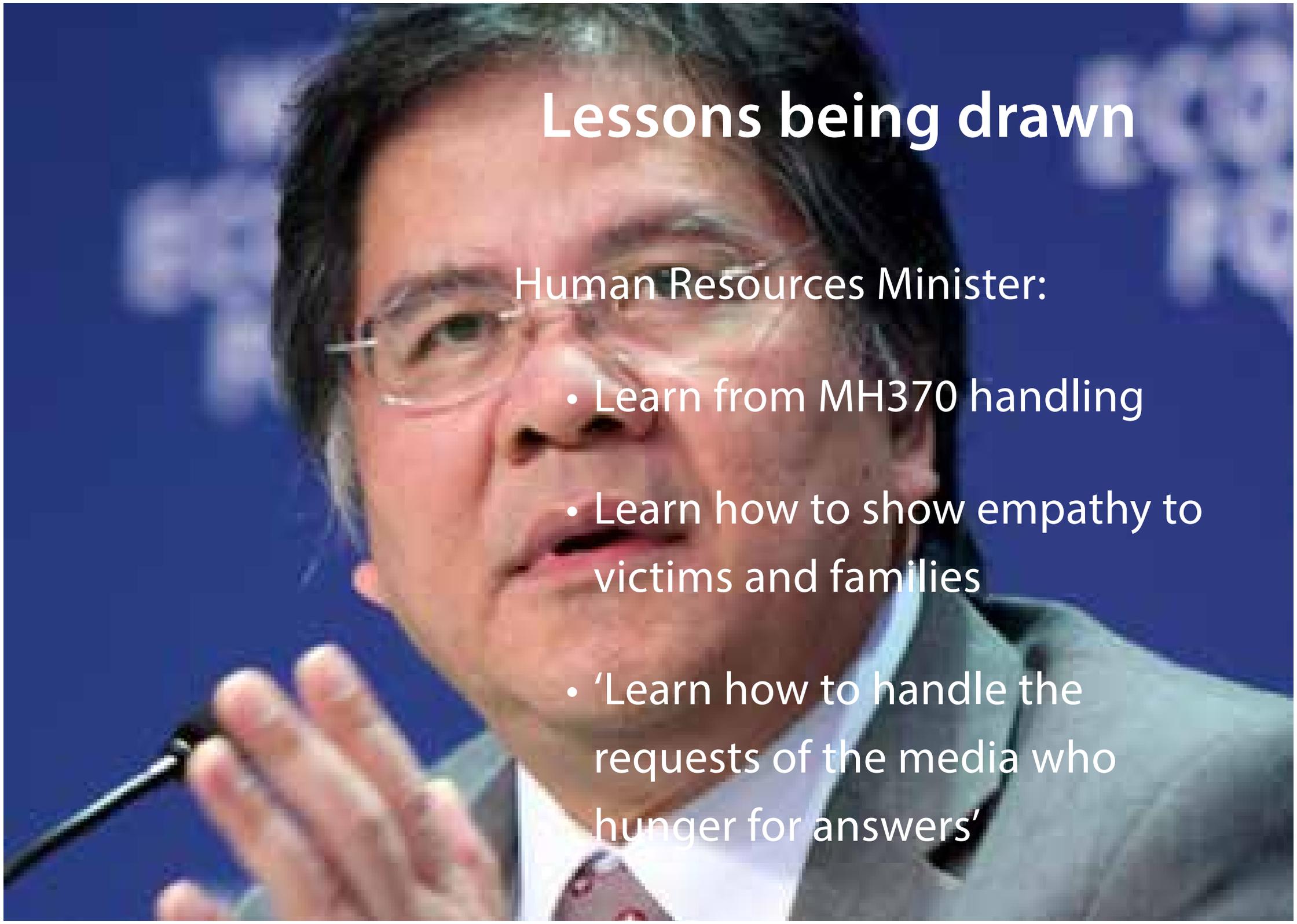


- Cause unclear
- CEO very visible: rushed back from meeting in Christchurch
- SIA buddies were ready (taking media out of the middle)
- Tried to discourage speculation by focusing on survivors and families who had lost relatives

MH370 reputational impacts



- Too early to gauge - but rule of thumb is that every crisis does reputational damage
- How the crisis is handled determines whether that damage is repaired or made worse: core drivers are action, communication, compassion
- When a transcendent issue is around (the lives of 239 people) individual reputations become secondary



Lessons being drawn

Human Resources Minister:

- Learn from MH370 handling
- Learn how to show empathy to victims and families
- 'Learn how to handle the requests of the media who hunger for answers'

Therefore...

It pays to build in robustness so when a Black Swan happens, you're better placed to recover

