



TEMIN AND COMPANY

CONSIDERATIONS FOR MANAGEMENT WHEN A CRISIS BREAKS

1. **Never underestimate the potential size of a problem.** If defensiveness kicks in immediately, it can stop you from learning what you must learn and taking the decisive action you must take.
2. **Have at the ready a small team of trusted advisors** (both in house and outside counsel), who are deeply familiar with your industry and company as well as their own specialties: compliance, legal, ethics, board relations, public relations, etc.
3. **Your first reactions are crucial.** If they are denying, defensive, aggressive or thoughtless, they could spur even more aggressive tactics from regulators – including leaks to the news media. Immediately pledge openness and cooperation – and mean it – no matter what it takes, no matter whose heads roll.
4. **Learn to walk the line wisely between limiting liability and preserving your reputation.** No generalized advice will suffice here – every situation differs. Usually your legal counsel and public relations counsel will be at variance – this is good. Get them in a room together to hash it out. Beware of letting legal advice trump public relations advice every time, or of PR consultants hired by your lawyer. You need to be the judge of the wisest course.
5. **Consider how you will communicate effectively with every one of your key audiences** – including employees, shareholders, customers, stakeholders, the press and other local, state and federal governmental and regulatory bodies.
6. **Your public response should vary depending upon how a crisis breaks.** If a journalist breaks a story, your public reaction will need to be swift, strong and strategic. If you get a letter or subpoena from a state or federal attorney or enforcement agency, another kind of response may be called for initially, before the story is in the press. Many investigations are begun, most do not proceed to criminal charges or lawsuits. Seek to stay in the latter category.
7. **Consider an apology.** Chuck Prince bowed low in Japan, ushering in a new era (hopefully) for Citigroup. An unqualified apology (and it must be unqualified), with or without saying the words, “I’m sorry,” can be powerful and effective – but only in certain circumstances and only if it is meant and precedes a new mode of behavior.
8. **Crises can be survivable – and there are many roads to reach survivability.** But, in all probability, things will not remain the same. Start preparing for radical change the moment you get first word of a crisis.

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