

>> **Corporate Crises:
Managers under Suspicion**

Madrid >> 02 >> 2013

There is a general awareness of the fact that the depth of the crisis we are experiencing—in time, intensity and complexity— has caused damages that go beyond economic issues. The impacts on the social fabric, the general impoverishment, the state of neglect in which many people live and the lack of perspectives have caused a clear modification of social values which is seriously disrupting the perceptions of reality: citizens, and with them the media, judge attitudes and behaviors from new ethical demands, sometimes improvised depending on the events, that are in many cases at odds with those which, until now, were seen as valid principles of action.

It is no longer enough to obey the law strictly, even sufficiently; it is not enough to respect the established criteria of good governance; it hardly satisfies the respect to the proceedings and time frames of justice: now immediate answers are demanded, almost impossible commitments are required, fast and exemplary sanction is sought for, appeals to caution are rejected... Social networks and forums seethe like a public square demanding the heads of the culprits, and, although with more esthetic than ethical objections, journalists, labor unionists and other opinion formers join forces with them.

This scenario is at the same time cause and consequence of the breakdown of trust in leaders, whether they are political, social or business leaders, who have become for many the responsible for all the ills we are suffering. This article is focused on those leaders in order to, from the analysis of the reasons which have motivated the loss of their credibility, suggest strategies that help to restore the damaged reputation.



FIRST SCENARIO: COMMON SUSPECTS

Since the beginning of the crisis, making decisions in a company has become practically synonymous with causing damage to a third party: cost-cutting, restructuring, price increases, supply reduction, change in the conditions, etc. The initiatives that would have been valued as positive in a different context (for example, the announcement of new investments, the acquisition of another company) are received with suspicion because of entailing additional control and organizational demands (see the case of Nissan in Barcelona).

However, the discomfort that many measures produced would not be enough to explain the deep reasons for the loss of trust in businessmen and managers. There is a factor that explains it better: the very widespread idea that both of them were not able to foresee what could happen, took advantage of the years of prosperity for their own enrichment, were not far-sighted and today blame the most unprotected (employees, suppliers and customers) for the crisis. In the light of this thought, any business decision adopted involves a dark purpose: to increase the benefits of shareholders and managers at the expense of the sacrifice of the rest. Those who have known at close hand a restructuring process will have heard this statement constantly.

In conclusion, all managers are under suspicion, and with them, their own company. Saying at this point that the solution is to do things right in good times is a necessary obvious fact. Something as simple (but unfortunately, so rare) as interacting on an equal footing with the stakeholders of the company, listening and answering honestly to their concerns and sharing our project with them, serves as an excellent antidote against the poison of mistrust. I have known many cases of companies that today need to explain the reasons of the adjustments in the light of the poor results, which do not even have channels of internal communication or which have never reported the progress of the company!

Therefore, the crisis has caused a radical change in the management of companies, forcing them in many cases to stop or abandon achievements which had been attained in fields such as human resources, governance or social responsibility, in order to set as a primary objective the saving of the situation in such complex circumstances. We should also add to this the problems related to management caused by the crisis —complaints about malpractices, dismissals of executives, insolvency proceedings, sanctions, intervention of regulatory bodies, etc.—. Then we will be in a very negative reputational scenario that opens the next chapter of this reflection.

We have reached a point in which even the “legal truth” (what judges determine) is questioned if it does not adapt itself to “popular” expectation

SECOND SCENARIO: ALLEGED SUSPECT

We witness a long parade of “reprehensible/condemned managers”, exposed to a greater or lesser extent to the public eye. The press, courtrooms, TV programs or social networks give evidence of this phenomenon, whose main characteristic is the wicked alteration of the presumption of innocence. The fake exemplariness idol appears, to which any sign of legal rationality is sacrificed. The “right to defense” hardly remains in place, ignored by many who only see it as an obstacle to their objective to find up suspects and impose sentences.

In the midst of this panorama, the situation that managers under suspicion face is especially hard. The degree of media exposure that goes with them does not matter: even when there is no such exposure, the references in social networks and, with it, the risk of a harmful permanence on Google are almost inevitable... The nearest environment of managers is affected, and the doubts, the personal or professional disaffections, as well as the position statements —either for or against— represent their day-to-day. Isolation is impossible.

Long-term vision is set up as the most common comfort towards these problems: time will put everything in its place; justice will end up imposing the truth (even if several years elapse). A war is being waged, and what it matters is to win it —is what is said—... although victory finds us bleeding, with a long list of bad news on the Internet and our reputation at rock bottom. In the face of this reality, the old military axiom of “better to lose a battle than the war” is played down.

“Alleged suspects” should react in order to avoid the damage of their personal image —and consequently that of their company— by showing up in the battle, facing each milestone and circumstance of the process that appears before them. The communication paradigm changes: in the face of silence, an adequate and measured answer; in the face of isolation, a direct and honest relationship with the stakeholders; in the face of rumors, the own version of the events. A personal communication strategy is necessary that identifies risk scenarios, foresees their evolution and adjusts the reactions in time, way and tone, leaving nothing up to fate.

This military strategy provides good advice to face these battles with possibilities to success. The development of a battle and its results are influenced by different factors. In general terms, we can describe the following:

- **Morale.** Battles that have taken place throughout history have shown that the morale and the quality of the troops are more important than the quantity. Managers under suspicion must face the situation with a positive morale, convinced that their truth, their version, can and must reach their interest groups, both personal and professional. A well-constructed rational discourse contributes to attaining this goal.
- **Armament.** Having a good background of arguments and highly qualified professionals on the problem can also be an important factor, but not always decisive. Managers under suspicion are not facing nothingness, but enemies who, although they seem less powerful, have other advantages such as social credibility, mobilization capacity or media support.
- **Discipline.** Processes are most of the times long, and the temptation of giving up or trying to solve the problem in the short-term lead to the failure of the operation. It is always preferable to assess the moments and the milestones that will mark the process, as well as adjust the actions to each of them and their demands, from a point of view of rigor and discipline.
- **Territory.** Choosing the adequate territory to fight is essential. It is said that those who dominate the hill have a head start, and in the battle of managers under suspicion it is also important to know in which fields they should focus their efforts: On the media? On the personal sphere? On the professional environment?
- **Generals.** Knowing how to rule is an essential quality for success. Managers under suspicion must be aware of the fact that their case is primarily a personal matter, so they must assume their responsibility when making decisions. However, it also affects their professional environment —partners, employees, co-workers— who will want to see in their leaders gestures which strengthen their conviction that they are on the right side.
- **Strategy.** Combining all the above-mentioned factors in a well-articulated concrete plan will allow managers under suspicion to resolve the conflict with the guarantee that the final result will be, if not favorable to their interests, at least relatively harmful.

Throughout this article you can only read about “managers under suspicion”; however, there is no distinction between the guilty and the innocent. Unfortunately, this distinction has faded away in the current Spanish social and media scenario. We have reached a point in which even the “legal truth” (what judges determine) is questioned if it does not adapt itself to “popular” expectation. Under these circumstances,

and although it can seem cynical, the aim will be to defend self-image until the final resolution of the problem. At that moment, when perhaps the truth of what happened is only important to a few people, a large part of what happened throughout the process will remain in the implacable memory of Google. If those battles have been won, it will be also possible to affirm that the war was won too.



>> **Arturo Pinedo** is Partner and Managing Director of LLORENTE & CUENCA in Spain and Portugal. He is responsible for the areas of Crisis Communication, Social-Labor Communication and Communication and Litigation. He has 24 years of experience in communication consulting and 7 as a journalist. Graduate in Journalism by the Complutense University of Madrid and Master in Marketing and Communication by the IDE CESEM, Business School. Before joining LLORENTE & CUENCA in 2005, he was Director-General of ISSUES Consultores de Comunicación and Account Manager in Agencia A. He previously worked as a journalist in the news service of Cadena SER for 7 years, in the area of Economy and Labor.

d+i LLORENTE & CUENCA

d+i is the LLORENTE & CUENCA Ideas, Analysis and Trends Centre.

Because we have a new macroeconomic and social script. And communication is not lagging behind. It is progressing.

d+i is a global combination of relations and exchange of knowledge that identifies, focuses and transmits new communication patterns from an independent position.

d+i is a constant flow of ideas moving ahead of new trends in information and business management.

d+i LLORENTE & CUENCA exists because reality is not black or white.

www.dmasillorenteycuenca.com