



Pay Attention to Crisis Communications *Plan Before a Crisis Takes Place*

By Lisa A. Rozycki



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Your firm is facing a crisis that has attracted public attention—which means that you are facing scrutiny from the outside exactly when you least want it. In my experience, most accounting firms lack a crisis communications plan, and are left surprised and unprepared to respond to a crisis.

In a short survey conducted by the *Association for Accounting Marketing* in January 2005, firms were asked whether they had a crisis communications plans in place. Of a total of 98 firms that responded, 78, or 80%, reported having no plan in place. This is a surprising result, given the well-known reality that years of community outreach and effort to build a solid reputation can be undone faster than you can say “Enron.”

The Ammerman Experience, a crisis communications consulting firm based in Houston, TX, has been working with large and small organizations for more than 30 years to better prepare them for crisis management. Many of their clients are required by the Occupational Safety and Health Act (OSHA) or other entities to have a plan in place and to perform drills. It is a routine part of their everyday business.

“Our experience has shown, however, that professional services organizations like accounting firms often do not have a plan in place,” says Terri Ammerman, President and COO. “Yet, these companies have much to gain by creating a crisis team and practicing working together. We find that most companies truly want to do the right thing for their staff and clients when a crisis happens. Nevertheless, they fail to realize that crisis planning is a lot like CPR training; they must prepare in advance and be trained in advance to respond appropriately.”

Gaining public attention is scary, and in some cases unwarranted, yet it happens all the time. How well a firm handles a crisis is as important to the public evaluation of that firm as what brought the crisis on in the first place. In a number of instances, firms emerge stronger than they were before because their true character emerges when they are under fire.

“You have to understand how the world at large is going to think of you,” says Sam Patrick, President of Patrick Marketing & Communications, Greer, SC, “even though that train of thought runs against every instinct.”

No one knows that better than Patrick, former Director of Marketing for Elliott Davis LLC, based in Greenville, SC. In 2004, the firm was deeply embroiled in a crisis when a former, publicly held client, Carolina Investors, shut its doors to thousands of people who had purchased investment notes and debenture certificates. A large number of people, and, in many cases, average citizens, lost their entire life savings. As auditor, Elliott Davis had issued a “going-concern opinion” about the state of the company up to a year before the company switched auditing firms and eventually shut its doors. When a private investigator, hired by an attorney representing a class action suit against the former client, issued a 100-page report stating that Elliott Davis may have been negligent, the media jumped on the story.

It was big news locally and even garnered a write up in *Fortune* and *USA Today*. “It was so ironic,” says Patrick. “Ordinarily, you’d give your eye teeth to have *USA Today* interview you, but we were trying to avoid seeing our name in the press.”

Planning to travel the high road

“We took the high road all the way through this,” says Patrick. “The SEC found absolutely no wrongdoing by Elliott Davis.”

It's vitally important that those in the public eye pay attention to crisis planning *before* a crisis takes place. Managing partners and top management of accounting firms need to be versed in crisis communications, know how to respond, and how to be proactive by the time a crisis hits. Here are some tips for communicating in a crisis:

- **Avoid the temptation to say, “No comment.”** The natural instinct of many accountants is to steer away from drawing attention to themselves. All this does is confirm to your clients, centers of influence, and those who don't know you that you are hiding the truth.

“We were slow in reacting,” says Patrick. “But as the storm clouds gathered, and as the headlines went from no wrongdoing to questioning Elliott Davis, we decided we needed to do something.” A public company whose audit engagement Elliott Davis had won, fired the firm during all of the publicity. When Elliott Davis came to the realization that they could lose clients because of the situation, they became proactive and hired a crisis communications consultant to help them.

- **Create a crisis team.** This group should be made up of only essential decision makers. It must be large enough to get the job done but small enough to be manageable. Hire a crisis communications consultant if your marketing director or management team does not possess the expertise necessary to handle crisis public relations.

In Elliott Davis' case, the crisis team included the managing partner; the former audit department head; the former managing partner, who was still at the firm; the chief financial officer; legal counsel; Patrick; and a crisis communications consultant. “I knew enough to know that I had to seek out a professional consultant,” says Patrick. “I wasn't too proud to realize that we had to have people smarter than me steering it.”

- **Don't let others deliver the news for you.** Even if there is bad news, make sure your clients and centers of influence hear it from you. Disseminate it quickly and all at once. Make sure anyone answering the phones is instructed to forward all inquiries to the appropriate people.

Elliott Davis created a Web site entitled *Elliott Davis* that was exclusively dedicated to presenting the firm's side of the story. “People gravitated to the Web site because we continually pointed people to it,” says Patrick.

The firm pushed information out to the media and clients and began a series of client updates. “We were being butchered in the press unfairly,” says Patrick. “The hardest part, but I think the most positive, was that we went to the primary media outlets in the market and requested editorial meetings with each.”

The firm took hundreds of pages of documents and distilled them to between 40 and 50 key points but also gave them full documentation that the allegations of negligence were false. As a result, the pendulum began to swing in the firm's favor.

- **Appoint a spokesperson.** The number of people speaking during a crisis should be limited to avoid conflicting statements. Make sure the spokesperson is a member of the crisis team and is well versed in the situation on an ongoing basis.

Elliott Davis wanted a single spokesperson so that their story was always consistent. Therefore, the managing partner went through very intense media training during a short period of time. The crisis team prepared him for live, in-your-face interviewing by developing talking points, rehearsing, and videotaping

his delivery. “We had clear talking points and ground rules for every interview,” says Patrick. “We wanted people hearing and seeing our managing partner—not me or our attorneys—as much as possible.”

- **Develop a crisis communications plan.** Don’t create complicated processes that the whole firm is expected to follow during a crisis. Make the processes consistent with the day-to-day operations of the firm. Build the process around having a seasoned communications person involved throughout the process and make sure that person has a backup.

“As society becomes more litigious, anyone is vulnerable,” says Shawn McGregor, Marketing Director at Horne LLP based in Jackson, Mississippi. “As we do more consulting involving litigation support or fraud investigations, that vulnerability grows.”

Horne LLP developed a crisis communications plan in the wake of the Enron scandal. “What happened to Anderson made it pretty real to us,” says McGregor. “It triggered our decision to develop a plan.” At that time, the media actually called Horne, asking for an explanation of generally accepted accounting procedures, which illustrated, according to McGregor, “It is easy to get dragged in even when it is not your crisis.”

In looking for a crisis communications specialist to assist Horne in writing a plan, McGregor says they looked for someone who really understood their region of the country; already had media connections established in that area; had crisis communications planning experience, although not necessarily in the accounting industry; and had a national presence. “We really looked for someone who was interested in our success,” says McGregor.

It took Horne about three months to complete its plan. The executive partner is the spokesperson, and knows and understands the plan very well. The details of the plan have also been shared with the board-level executives. All partners at the firm’s eleven offices have been made aware of the plan and the protocol.

The communications firm has completed training three people at the firm in addition to light training for McGregor and the firm’s administrative personnel who handle incoming calls. “It’s important for your front desk people to be involved to a certain extent,” says McGregor. “A media person is not necessarily going to know the spokesperson’s direct dial number. It can throw a kink in the whole plan if the administrative person is not aware of protocol,” he says.

Lessons learned under fire

Although Elliott Davis had no crisis communications plan in place, Patrick says the firm benefited from the media training that was developed during the crisis. “Afterwards, I would say that we were definitely more proactive from a communications standpoint.”

“Even a firm with a fabulous reputation can be damaged during a crisis,” says Patrick. “Look at Jack in the Box, Tylenol, or Andersen. There are plenty of good and bad examples. Be upfront, proactive, honest, and seek out professional advice,” he says.

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