IABC 's 5 Stages of Crisis Recovery and Reputation Repair

The immediate crisis has been handled, but the corporate brand is damaged. How does a company repair a tarnished reputation? Once lost, how does a company rebuild brand equity? While the acute phase of crisis communication is well documented, crisis recovery is less understood and equally critical.

Research shows that crises are long-tail events occurring with increasing frequency. Financial fallout extends well beyond the immediate incident. According to an Oxford Metrica study, post-crisis share price drops as much as 15 percent a full year later. An analysis of crisis-linked media mentions for the top 100 Forbes-ranked companies showed it is 80 times more likely that a company will be associated with a crisis in this decade than the last.

More crises. Greater frequency. Broader coverage. Faster reporting. It's a devil's brew that can continue to ferment unless proactive steps are taken to rebuild the brand.

The "Five Stages of Crisis Recovery" model presents a framework that will lead the company from the adrenaline-fueled crisis response mindset to a strategic, methodical, purpose-driven outreach program.

Five stages of crisis recovery

1. **Recognize** the acute crisis has ended, time for a shift to recovery mode.
2. **Recalibrate** activities, assess the damage to the company, brand.
3. **Repair** reputation, articulate an outreach strategy for key stakeholders.
4. **Redirect** negative dialogue, preempt with positive programming.
5. **Reinvigorate** brand values and the stated social contract.

A common thread woven into each of the five stages is the idea of expectation management. Often overlooked, expectation management can determine the success or failure of even the best-laid plan. It is critical to manage recovery expectations at all levels of the organization and across all stakeholder groups.

1. Recognize: Is it over?

What event or metric signals the end of the crisis? The short answer: It depends. It depends on the nature of the crisis. Was it the result of a third-party catalyst? Then the reputation recovery period will be short. Was it the result of systemic mismanagement or corporate malfeasance? Then the recovery period will be much, much longer.

Media metrics that indicate crisis conclusion include changes in topic coverage based on: tonality, volume (number of messages and people), reach, engagement (shares, likes, posts, retweets, replies, comments), influencers, share of voice and conversation rate.

2. Recalibrate: Assess the damage

Crafting a meaningful recovery plan begins with an understanding of the crisis itself and related issues that surfaced in media coverage. Understanding crisis severity typically involves quantifying shifts in corporate reputation, determining variances in employee and stakeholder attitudes toward the company, and assessing the impact on the brand, executives or specific entity deemed responsible for the event.

Non-media metrics that indicate a return to fiscal health, an indirect measure of reputation recovery, include sales performance, improved profitability/ROI/share price, and a "buy" directive from investment analysts.

Positive upticks in perception among stakeholders, especially customer and employee groups, can also signify a shift in momentum. Regulatory bodies that oversee a product or service also are key stakeholders that must be considered in assessing the damage.

3. Repair: Articulate a strategy

Armed with a clear sense of the gap between pre- and post-crisis reputation, the next stage calls for articulating a strategy that will lead the company on a path toward normalization. This stage should be a study in polarity. For every reputation attribute severely damaged during the crisis, there should be an offsetting program element specifically designed to repair the damage.

For example, in response to the April 2018 Philadelphia Starbucks store incident, in which two African-American men were arrested after not ordering anything while waiting for a friend, the company moved rapidly to repair immediate damage by firing the store manager and arranging in-person meetings for the CEO with the men who were wronged and advocacy groups. The company's longer-term recovery strategy included an overhaul of corporate policies and mandatory anti-bias training at 8,000 U.S. stores the month following the incident. Both actions were specifically designed to demonstrate the company's complete commitment—philosophical and financial—to redress the situation.

4. Redirect: Shift to proactive communication

During reputation recovery, reputation management activity transitions from reactive responses to proactive programming.

Examples of carefully crafted communication efforts include those by Wells Fargo and Volkswagen. To demonstrate its commitment to minority constituents, Wells Fargo set aside US$50 million to fund a five-year effort designed to "address the economic, social, and environmental needs of American Indian/Alaska Native communities."

In the wake of devastating revelations about fake emissions claims, Volkswagen established an integrity and legal affairs board to reinforce its dedication to this core value and open communication channels between management, employees and customers. This phase is all about taking clear, impactful and sustained action. It's not about getting publicity for those actions.

5. Reinvigorate: Brand values and relationships

From philanthropic support to bespoke initiatives, the personnel and capital "spend" will either support the core values eroded by the crisis or introduce new values embraced as a result of the crisis.

Transparency has emerged as the defining characteristic of communication in the age of social media. Everything gets shared, whether that was the initial intent or not. There is a huge benefit to this enhanced field of vision. It's an opportunity to speak with one voice and one message across all media, amplifying message impact and stretching budget allocations.

The relationship between frequency of mention and credibility has been researched since German psychologist Hermann Ebbinghaus first explored the subject in 1885. What is known is that message repetition invokes a "truth effect," where the mere act of repetition makes the message credible.

Internal/employee and leadership stakeholders must understand what happened and why, embrace the required corrective actions, and model the behaviors that signal the corporate brand is delivering on its promise.