

The Communication Journal

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Editorial

Dear Reader,

We proudly present you our new Communication Journal, the second edition presented as an electronic newsletter. With the new format we have responded to the needs of many readers while taking advantage of the possibilities modern media has to offer.

This edition is dedicated to the topic of “crisis communication”, highlighting the second of IRF Communications’ five main activity fields. The communication trends chapter focusses on the latest developments in sustainability reporting and covers IRF Communications’ recent round-table event on the topic “bank data and client theft”.

Contrary to the general opinion, crisis situations do not emerge out of the blue. In most cases there are various factors behind a crisis. The problem is that decision-makers were not aware of them! Adequate preparation for managing emergencies can prevent an emergency from becoming a full-blown crisis and, even more importantly, can help to create greater awareness of the potential seeds of a crisis.



Have we kindled your interest? Your feedback is most welcome. If you prefer to have a hard copy, please click on the button below to print the complete Communications Journal. Enjoy the reading.

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Interview with Jürg Dinner, Head of Corporate Communications, Swiss International Air Lines Ltd.

Ashes knocked out air traffic

The eruption of the Icelandic volcano Eyjafjallajökull in April 2010 gave airlines and passengers a hard time. Over a period of several weeks, the airspace over Northern Europe was entirely or partly closed. Countless airplanes and travelers were grounded. Stranded passengers wanted to know when and how their journey would continue. In the quest to provide everybody with up-to-date information around the clock, Facebook proved to be a supportive additional communication platform.

IRF: *What was different in this specific crisis situation compared to previous emergencies?*

Jürg Dinner: The airlines found themselves the victim of a crisis just like the passengers. It was an unknown situation for all of us in the airline business plus the passengers, politicians and the International Organisation of Securities Commissions, which had to decide when and how air traffic could be restarted. The duration of the crisis was neither foreseeable nor directly influenceable. Therefore, we couldn't just partly rely on checklists and processes prepared for "typical" emergencies. We had to prepare to restart the whole operation at any time. Weather, i.e. wind patterns, were unpredictable and so was our flight planning, especially at the beginning and towards the end of the airspace lock. In any case, the positive aspect was that there were no serious incidents during the crisis and nobody was injured.

IRF: *What were the consequences for communications? What were the major challenges?*

Jürg Dinner: As in every crisis, there were not enough hands to answer all the incoming requests. Timely customer information was the most important task we had to fulfill. Since the assessment of the weather situation could change from hour to hour, we had to

communicate very quickly, meaning that decisions concerning the appropriate communication strategy and platforms sometimes had to be taken within minutes or even less. Therefore, we installed fixed processes with media channels in order to provide a continuous feed of information to our passengers. In parallel, we published news and checklists for our crews on our intranet to ensure we'd be ready to fly once the airplanes were allowed to start again. In addition, we worked on different scenarios discussing possible future developments so we would be prepared for a further escalation of the emergency situation.

IRF: *Besides the conventional communication tools, you also took advantage of social networks, especially Facebook. What was your goal?*

Jürg Dinner: As already stated, during the entire crisis the timely information of our passengers was our main focus. Facebook proved to be a very helpful and efficient communication platform since it enables a dialogue. A lot of people wanted to call us at the same time, so all our lines were busy. Via Facebook, we were able to answer questions which were visible to all interested parties. Since most of the questions were identical, we saved precious time by communicating via social media platforms. It was also very helpful since one passenger group could

inform and forward news on the latest developments or flight scheduling to other affected groups. For us it was a very positive experience and we will continue working with this tool.

IRF: *In which cases could you imagine taking advantage of Facebook again? In which cases most likely not?*

Jürg Dinner: In responding to the ash cloud crisis, communicating via Facebook was definitely a success. In similar situations in which Swiss International Air Lines is again impacted and not involved in the causes of a crisis, Facebook is a very efficient communications tool. However, in a critical situation, for example, an accident where people are injured, communication is very delicate and each word needs to be carefully weighed and a company would not be able to take part in discussions about the incident and its consequences. In these situations we would prioritise our own communication platform and tools. Once precise information about facts is essential and every message needs to be confirmed and verified before being released, Facebook is not an appropriate information channel.

IRF: *Crises arise suddenly, as we learnt from the eruption of Eyjafjallajökull. What do you undertake at Swiss International Air Lines in order to be well prepared for emergency situations?*

Jürg Dinner: We are working closely across all functions with the other departments of our company training for and simulating various disaster scenarios on a regular basis. It is very important that not only a few people receive such training. Since crises can also occur late on a Friday afternoon or during the weekend as many people as possible should be trained so that in case of emergency enough people are available. A well-documented response plan with checklists, emergency contacts as well as drafts for press releases needs to be available at all times. In a case of an accident there could be victims and then the extra psychological pressure makes the situation and handling more difficult and trying. Everybody involved, from the management team to the crisis specialists and experts on specific topics as well as the communications team, needs to know their role and rehearse it in a simulated emergency environment on a regular basis. Training, training and more training is the best preparation!

Show emotions and own up to your own responsibility

In a crisis the media and the general public will suddenly take an interest in a particular person or business. Media coverage is often accompanied by accusations of misconduct. The physical and mental pressure can become a tremendous strain. IRF Communications asked Dr Mark Eisenegger, Center for Research on the Public Sphere and Society at the Zurich University, for his thoughts on what companies or organisations should do if they suddenly find themselves in the public spotlight. He offered three main recommendations.

Crisis management starts before the emergency

First, potentially explosive issues need to be identified and assessed in advance in order to successfully overcome a specific crisis situation. After this initial analysis a reaction strategy needs to be developed for each possible scenario. It is safe to say that the issue monitoring and management process failed completely in the case of the oil catastrophe in the Gulf of Mexico. For the longest time, the main focus of multinational oil companies was to avert an upcoming supply bottleneck. Therefore, they began to take more risks to keep oil production flowing, for instance by drilling in the deep sea. At the same time, politicians worldwide supported such action so as to lessen their dependence on oil from the Middle East. The lesson we have to acknowledge here is that economic and political interests can outweigh ecological and social arguments. Second, it is pivotal to abide by one's own statements. Otherwise there can be a dizzying fall from grace. British Petroleum states that BP stands for 'Beyond Petroleum' but this claim does not fit with the fact that 90% of the company's business is oil. A third recommendation in this context is to build up networks and to integrate all reference and target groups into a company's own emergency response.

Know the basic rules of crisis communication

My first recommendation under this aspect is to show your own emotions and do not try to accept as little responsibility as possible. How could BP claim, just a few hours after the explosion on the Deepwater Horizon, that Transocean, the owner of the rig, was solely responsible for the incident? A second imperative is, do not trivialise an accident by downplaying or understating the situation at hand. In BP's case, since the facts were unclear, BP would have been better off refusing to issue any comments on the magnitude of the oil spill until it had more reliable data. Repeatedly increasing its estimates of the amount of oil spewing out of the runaway well – from 160,000 to 180,000 and ultimately 3 million liters a day – tarnished its reputation. It is much better to be transparent and communicate what you know (or don't know) than to disclose piecemeal information in response to outside pressure. Furthermore, statements such as "the oil spill is relatively tiny in comparison with the size of the ocean" are ill-advised and do not help to improve the situation.

Actions speak louder than words

Often crisis management means abandoning previous habits and accepting new realities. In response to recent crises in the financial sector, for example, financial institutions could have openly communicated their intent to refrain from selling toxic subprime securities or to develop future-oriented business strategies based on the management of declared assets. As another example, online communication platforms loaded with facts and figures may be essential for explaining a company's involvement in a crisis and how it is responding to that crisis, but they are far less important than being able to learn fast and taking appropriate action.



About the author

Dr Mark Eisenegger is a member of the Management Board of the research circle Public Sphere & Society at the Institute of Mass Communications and Media Research of the University of Zurich. In addition, he holds the Chair of European Center for Reputation Studies (ECRS), the Cross-National Research Collaboration Task Force of the PR division of the International Communication Association (ICA) and the Co-Chair of the PR section of the Swiss Association of Communication and Media Research (SACM). Mark Eisenegger is an lecturer at the Universities of Zurich, Fribourg, St. Gall, Lugano and Freiburg (Germany).

Who's next?

Being convicted in court is one thing, seeing one's reputation tarnished by negative media coverage well before any court ruling is issued is another.

Over the past few months BVK, Switzerland's second largest pension fund, has made headlines in the media. The former investment manager of this pension fund, which counts amongst its insured more than 100,000 active and former employees of the Canton of Zurich, has been arrested on charges of corruption. He has admitted his wrongdoings in the meantime. Other suspects have been arrested, more have been questioned.

The political fallout is considerable. The Canton of Zurich has launched an administrative investigation. Recently the cantonal parliament formed a "PUK", a parliamentary investigative committee that will probe what went wrong at the BVK.

This makes many people nervous. There are many banks, asset managers and other financial professionals who helped to manage BVK's assets of CHF 20bn in one way or the other. Which of them bribed BVK's investment manager to secure or maintain a business relationship?

Zurich's daily newspaper Tages-Anzeiger knows a few of the answers, and was not reluctant to publish them. Its editors seem to entertain good relationships with the local public prosecutors. TV magazine Eco also went on the offensive and criticised the fund advisor Complementa for poor corporate governance.

How should companies and people involved in such a case react when journalists give them a ring? The best strategy – from no comment to full disclosure – differs from case to case, but one thing is clear: Make sure you have a strategy spelled out before media contacts you, not after. The first reaction, the first statements determine the subsequent course of events.

Take Complementa, for example. Rather than burying its head in the sand, this advisor to pension funds reacted immediately and harshly to the allegations published by media. "We have nothing to hide." "We have not done anything wrong." These were the key messages. The effect was that the story of Complementa's questionable connections to BVK was mentioned twice in major media channels: once with the critic's view, once with Complementa's view on the case. What looked like not such a good idea at first sight turned out to be an effective strategy since the media moved on to other suspects.

For all companies involved, an initial "communications due diligence" and decision tree in such an event can be:

- How interesting is your part in the case with respect to the others involved? What about personal relations and nasty details? How serious are the potential allegations? The more exposed you are, the better prepared you should be.
- How well can I tell my case? The better my case is, the more actively it can be communicated.
- You can communicate it, but should you? If you are not a potential first-in-line victim, a no comment strategy might be the better way.
- What are your established media connections? They should form the basis of all communications – not necessarily the critics.

Companies that have done business with BVK would do well to heed the adage, "The only sure thing about luck is that it will change" and be prepared should they suddenly find themselves in the public spotlight.

Sustainability reporting: success factor or just a farce?

Sustainable investments are in vogue and this is making sustainability reporting more important. Listed companies view sustainability reporting as a means of increasing the attractiveness of their shares as well as strengthening their corporate reputation and competitive position.

Today, most annual reports of Swiss-based companies include a section on sustainability. Reporting leaders such as Holcim, Geberit or Bank Coop publish stand-alone sustainability reports. The quality and quantity of these publications vary considerably and their scope ranges from strategic, highly detailed documents to generic policy statements and an overview of the current image-boosting projects.

Building reputations and success

Companies want to present themselves as commercially successful as well as socially and environmentally responsible enterprises. Investors are showing greater interest in how companies earn their money. For many companies, perceiving and managing risks and opportunities has become one of the most important competitive factors. Taking this into consideration, sustainable business practices make economic sense and contribute – if effectively used and adopted – to a company's long-term success.

Voluntary reporting standards

Die Global Reporting Initiative (GRI) has become the most widely used sustainability reporting standard and serves as a guide for many companies. Due to the broad acceptance of GRI by both rating agencies and investors, many companies seek GRI certification (Level A to C). In addition to sector-specific rules, there are other guidelines such as the UN Global Compact or the Carbon Disclosure Project (CDP). External validation such as the ISO26000 or the AA1000AS from AccountAbility is also possible.

Process-oriented approach

Sustainability reporting should be understood as a process – more precisely as a learning process whereby the journey itself is the reward and spurs a company to perform even better. Moreover, business processes should steer the reporting process rather than the other way around. In this sense, sustainability as a concept should be “sustainably” integrated into the business processes, and the corresponding reporting should be continually developed.

Criteria for transparent and credible communication

Companies are well advised to follow the principles presented below in order to create awareness and acceptance among all relevant internal and external stakeholders:

- **Materiality of content:** Smart reports concentrate on substantial information.
- **Inclusion of all relevant contact groups:** A solid understanding of the views and opinions of all stakeholders is important to produce a meaningful report.
- **Goals and tracking:** The presentation of the objectives the company is aiming for and the reporting on the status of current projects are essential. Wherever applicable, predefined key performance indicators should ensure the objective measurement of the presented achievements.
- **Management support:** Last but not least, management commitment to sustainable development and its implementation in a sustainability management system is crucial for producing a quality report.



IRF Communications round-table event: bank data and client theft

Data theft in the financial world, a singular issue three years ago, has become an industry issue. Every institution is well advised to be prepared for it.

Confidential client data are among the most valuable assets of any bank. Keeping that data secure is even more important than showing performance. No wonder many Swiss banks are worried about CDs with client data being handed from one Bundesland to the other and from one EU member state to the next. While state attorneys, politicians and media all pounce on any instances of data theft, banks try to do their best to calm their customers. That is anything but easy.

At a round-table event in Zurich organised by IRF Communications, professionals shared their experiences. Key speaker was Jezz Farr, HSBC's Global Head of Media Relations for Global Businesses. He oversees all media relations regarding the recent data theft from HSBC Private Bank in Geneva. Given the magnitude of the event for HSBC, it was clear from the very beginning that a proactive approach was the only option. His lessons: Try to isolate the issue. Stick to your key messages. Communicate honestly. Be well prepared for many different scenarios and define escalation procedures. Have good monitoring arrangements and feedback procedures in place.

Urs Kloeti, partner of the law firm Pestalozzi and member of the firm's financial services group, presented an overview of Swiss and international law regarding data theft. He concluded that banks can mitigate the risk of lawsuits by informing clients quickly and directly. Key question is the duty to inform, given that no court has taken a decision on this yet. It must be assumed that once a bank knows which data and which clients are affected such a duty arises from the contractual relationship with the client.

Martin Meier-Pfister, partner of IRF Communications, emphasised how public opinion is shaped by the moral stance and conduct of the bank, the customers in question as well as by the person who stole the data. Banks have to decide early on how to react should they become the victim of data theft. What is true for all crisis communications applies here, too: Communicate either proactively or defensively – but do not switch between the two. The initial response should be timely: quickly issue a confirmation once the story is out and inform clients directly.

Data theft, a singular issue three years ago, has become an industry issue. Every bank must be prepared for it.

