



T E M I N A N D C O M P A N Y

Crisis and Marketing Strategies: Swimming Naked with the Black Swans

“After all, you only find out who is swimming naked when the tide goes out.”

Warren Buffett

“...A Black Swan is an event with the following three attributes. First, it is an outlier, as it lies outside the realm of regular expectations, because nothing in the past can convincingly point to its possibility. Second, it carries an extreme impact. Third, in spite of its outlier status, human nature makes us concoct explanations for its occurrence after the fact, making it explainable and predictable.”

Nassim Nicholas Taleb

Today, as markets, consumers, businesses, governments, and nonprofits continue to reel from the unexpected events that have caught us – as Warren Buffett might say – with our pants down, the question we are all asking is how do we survive this deepening crisis? How do we swim naked with the Black Swans, in tumultuous waters, and keep from drowning?

Never have I seen such a convergence of my two professional “sweet spots” – crisis management and marketing/reputation strategy. And where they overlap is in mission critical marketing – for business and organizational survival.

So, in keeping with client letters of years past, following are six observations for your consideration on mission critical marketing, communications, and reputation management in 2009.

As always, I hope that this thought piece gives you something helpful, and perhaps unexpected, to ponder. I would value your reactions and comments.

1. Marketing in a Time of Crisis

“What happens to sales, to the organization, if all marketing grinds to a halt?” most of my CEO, CMO, and line marketing clients are asking these days.

Conventional wisdom says that in a down market, when all your competitors are going radio silent, it is the exact time when you should raise your image. It is not

only easier to shine, but you let your markets know you are still in the game, you are still there for your customers, and that you are a survivor – and thus a winner.

But this is not a normal downturn.

A massive reevaluation is going on in most organizations, well beyond last year's focus on marketing ROI (Return on Investment). Which aspects of the marketing mix are mission critical to sales? Which activities are crucial to maintaining a reputation as a survivor and winner, and which are extraneous?

Last year, one of the world's largest and most cost-conscious information companies commissioned us to benchmark global best practices in B-to-B e-marketing – a timely project, to say the least. We found that:

Innovative – and low-cost – Internet database marketing; tireless, targeted, communication to key market segments; idea and solution-based messaging; and a willingness to be nimble and improvisational in support of sales, while remaining true to one's brand, seem to be among the winning elements.

Try these instead of going radio silent.

We are redefining marketing best practices day by day, both through technology and through resource scarcity. Nine parts metrics and one part magic, a lot of good decisions are being made, but also some bad ones. Senior management, now more than ever before, needs to hone its marketing judgment, and learn from best practices, in order to survive.

2. Crisis Thinking

How do you judge judgment? Not all judgment is alike and not all that promises to be good judgment or good advice really is. So how do leaders judge what advice to follow in a crisis?

Over the years, I have learned that in crisis situations, boards, senior leadership, managers, and even individuals usually go into denial – and stay there for some length of time. The longer they stay, the worse the crisis gets. Now, this is bad enough in times of normal crisis – lead in children's toys, Hurricane Katrina, global warming, etc. – but in “Black Swan” situations, it is deadly.

It is very tough to wrap one's mind around the unimaginable. And it is even tougher to accept what the repercussions will be once the unimaginable hits, and to figure out who to listen to for guidance. There are thousands of self-proclaimed experts out there, but only a small percentage are truly on point. Real crisis preparation devotes more than 60% of its time to the worst 10% of possibilities of total disaster. **“A staunch acceptance of reality,” research tells us, is crucial to resiliency and crisis management. Then solutions can be sought, and found, that are**

proportional to the severity of the situation. Otherwise, once denial passes, only half or quarter measures will be put in as fixes; they won't be sufficient, and then the crisis will reassert itself. Sound familiar? Sound like TARP I, II, and who knows, III?

Each of us needs to consciously cultivate a better grasp of crisis planning, judgment, and management. We actually don't have that much more room left for failure.

3. The Ultimate Rorschach Test

It is widely known that stress brings out the best and worst in us, but crisis is the ultimate Rorschach test. And people – boards, CEOs, managers, clients, co-workers, family – are watching. And judging.

I do a great deal of communications and crisis coaching at the C-level. One of the things leaders are most concerned about in their organizations right now, apart from survival, is the morale and behavior of those who are left after downsizing, bankruptcy, restructuring, and “compensation readjustments.”

Who sees clearly? Who remains laser-focused on mission and sales? Who keeps his or her cool and quickly figures out new ways to adjust?

Alternatively, who acts out? Who uses the stress to excuse the worst kinds of cut-throat behavior and internal politicking? Who remains courteous and, yes, even compassionate, throughout the process? Who remembers the human costs of this global disruption?

On October 19, 1987, the day of a huge, precipitous drop in the markets called Black Monday, I was working at a major global money management company. The head of the New York headquarters was roaming the halls that day, looking into every office, instead of talking to his own clients. I thought that was a bit odd, and asked him why. He told me he wanted to see how people were handling the stress, and that their behavior would be taken into consideration the next time managing directors were chosen.

No matter how bad the crisis, people still have to come to work each day and be productive – if they are lucky enough to be employed. Leaders have an obligation to guard the psychic well-being of their employees as well as the bottom-line. Employees have an obligation to put their anxieties aside and work tirelessly for their organizations, as well as to help their less-fortunate colleagues and communities. So, model good behavior in your own organizations and families – it will rebound well for you in ways we cannot even know.

4. What We Can Learn from Science (Fiction)

Who can forget physicist Richard Feynman's brilliant and dramatic explanation of the Challenger disaster – when in front of Congress he took a supposedly always flexible rubber “O-ring” and submerged it into a pitcher of ice water to show how it could crack when cold?

When thinking about Black Swans, that is one reason why I love science and science fiction. No one imagines, predicts, or explains Black Swans better. Especially if an author is a real scientist like Isaac Asimov – who was a Physics Professor at Boston University – or Arthur C. Clarke, author of *2001: A Space Odyssey*, their Black Swans are usually scientifically valid hypotheses of crises that really could happen.

Be it a sunstorm of solar flares that destroys communications networks on earth, or a tale of a future when robots exercise invisible control over humanity, the best science fiction helps hone the imagination about how to tackle unforeseen challenges.

After 9/11, it was reported that the government turned to Hollywood and science fiction to help them imagine other doomsday scenarios that might need to be faced one day. Unlike an airplane crash or failure of the electrical grid on a hot afternoon, these are the truly unimaginable events that only are foreseen in fiction, or by a great scientific mind.

In crisis planning we could all use a dose of scientific imagination in order to help envision what might happen, and how we can guard against those eventualities, as well as react to them or others, should they unfold.

5. Caveat Lector

During this crisis, misinformation is growing on the Web, even while the Web becomes more central to our perception of the world. Opinion-based blogs make little pretension to accuracy, of course, but as the economy has soured some corporations and other organizations under stress have paid less attention to the accuracy of their online presence.

As bad news poured out from Wall Street houses this fall and winter, they most certainly did not all disclose the latest developments on their Websites. This lag in information, or only half-told stories on organizational Websites, calls into question our reliance on the Web for accurate, up-to-date information.

The exceptions, of course, are Websites associated with news organizations. Publishers are investing significant resources in these sites, and some are seen as the savior of publications (*The Christian Science Monitor* and *PC Magazine* have now ceased print editions and are published on the Web). But the economics

behind them is far from clear, as is their survival. Efforts are real to try to assure accuracy. However, just by nature of their immediacy, scope, and value proposition, errors are bound to exist there as well.

As one site links to another that links to another and so on, misinformation can propagate exponentially. Even if an initial erroneous posting is corrected, not all of its pickups, mentions, or links will be corrected. This can fuel irrational thinking and destructive consumer behavior.

A sinking tide lowers all ships...so caveat lector, in the year to come.

6. Resilience in Times of Crisis

So, to continue our water-based analogy, we have very rough seas, a sinking tide, a flock of Black Swans, and we are swimming naked. Ouch.

But we are a resilient culture, and we love nothing so much as coming back from the brink of disaster. As I have been on the speaking circuit this past year talking about crisis management, I always try to leave audiences with some excellent research from Diane Coutu that she first wrote about in a 2002 *Harvard Business Review* article on resilience.

There are three attributes of a truly resilient organization, individual, and leader, Diane Coutu tells us:

1. A staunch acceptance of reality;
2. A deep belief, often buttressed by strongly held values, that life is meaningful;
3. An uncanny ability to improvise.

Hopefully these attributes can provide you with a bit more protection in the water. And, if ever you are in need of some help, we are always here to be of service.

I wish you safe swimming in the months and year to come.

Davia Temin

Temin and Company is a reputation and crisis management, strategic marketing, media strategy, and coaching consultancy. We work at the Board, Chief Executive, funding, and product levels to create, enhance, and save reputations.

Our clients include some of the world's largest and most well-known corporations, financial institutions, pharmaceutical companies, professional services and law firms, consulting firms, publishing houses, private equity and hedge funds, high-tech and biotech companies, foundations and universities, as well as politicians, corporate board directors, chairmen and CEOs, sports figures, authors, and scientists.

*Examples of our work include helping to withdraw and then successfully reintroduce a popular drug to the market, after a health scare crisis; helping to position one of the world's leading corporate identity firms; handling the thought leadership and media relations for one of the world's largest executive search firms; helping to restructure the marketing and communications efforts of a major information organization; helping to organize an Advisory Board for a major bank division; positioning and media training national politicians; advising and running the women's council of a major investment bank; using the faculty research of a European-based business school to help raise the profile of the school itself; issuing the investment opinions of a successful investment manager; representing venture capital firms, and their portfolio companies, to key audiences, the public, and press; and moderating/conducting public and in-house seminars on **"Resiliency: How To Lead in Difficult Times," "The Role of the Board in a Time of Crisis," "How to Move from Tactical to Strategic Leadership," "How to Climb the Corporate Ladder," "Introduction to Integrated Marketing," "Presentation Skills Training,"** and **"How the Media and Business Interact."***