

• BLUEPRINT •

How to Brace CEOs For Guilt by Association

What lessons can PR pros learn from the current mutual-funds scandal? It's important to note a pattern of four major elements in these situations, according to James E. Lukaszewski, president of the Lukaszewski Group, who counsels C-level executives. These elements include prosecution behavior, corporate response, customer behavior, and the endgame — rebuilding credibility and trust. The similarities appear to exist no matter what the focus of the scandal, the target or plans for prosecution. Learning these patterns, predicting them and even forecasting them can enhance your value to top management. “CEOs want to know when their careers and reputation are on the line and want someone (read: a corporate communications exec) who can reasonably forecast what’s going to happen,” Lukaszewski says. “News is mostly about what happened yesterday, when what CEOs really need to know is what’s going to happen tomorrow.” To get a better handle on protecting your CEOs from guilt by association check out the patterns of attack to see what there is to learn:

Revelation, Humiliation, Persecution:

Small press stories begin to appear and a public agency or official, like Eliot Spitzer, announces an investigation. The media pick up the story, often through leaks and their own investigation, then begin to magnify the scope of the issues.

Provocation, Prosecution, Pre-emption:

Some official action is taken (subpoenas, information requests, usually with great fanfare). People may be targets for prosecution. A target caves in, admits mistakes, and the process gains momentum. Other organizations step forward, announcing their own internal failures or remedies.

Speculation, Resolution, Civil Litigation:

The media begin to guess and editorialize about how things will turn out. Many want to be the parents of the solution. One or two industry leaders come forward to share their suggestions. An expert or two is quoted. Some “useful ideas” are put forth, and then the lawyers show up.

Next, let’s look at customer consequences. These are also interesting and often predictable:

Step 1. Aloofness, Apprehension:

Nobody wants to be near someone who is under the intense spotlight of investigations or humiliating accusations. Besides, it may turn out that good customers were victims - directly or indirectly. Separation begins quietly.

Step 2. Abandonment, Antagonism:

High-profile problems may require public distancing (sometimes with negative actions) to assure separation is visible and to avoid being included in investigations, prosecutions, or embarrassments.

Step 3. Anti-industry action, while working behind the scenes:

Public statements by customers can seem like condemnations or distancing. Yet, key business relationships need to be resolved and solved - out of the glare of headlines and klieg lights. Talking behind the scenes continues.

Step 4. Acclaim:

The government, taking appropriate credit; the media, congratulating itself; the forecasters, taking appropriate credit; and the industry, now suitably humbled and contrite, together announce how the entire process will result in new protections, restrictions, controls, and oversight. The business world and customers may now move ahead with a much higher degree of public confidence.

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