Why Managers Need a Crisis Plan

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In the asset management industry, rebuilding investor trust and value is a costly proposition – but it is entirely possible. Since 2008, managers have been compelled to address investors' complaints over market losses that rank as the most severe since the Great Depression. In the face of widespread dissatisfaction, managers used effective communications strategies to address questions, ease concerns, provide updates and restore relationships. Firms cited this outreach as being a crucial part of asset retention during this volatile time. With an ongoing federal insider trading probe creating new problems for asset managers today, we are reminded of the importance of having a sound crisis management strategy. A good plan will include these criteria:

- A crisis management plan will inform colleagues on what to do in a crisis and when;
- It offers a roadmap on what should be communicated, who should relay the message, and when it should be conveyed;
- A crisis management plan will advise firms on what communications tools staff should use (news conferences, e-mail,

Managers can't afford to be in the middle of a media storm without a plan of action. How well a firm communicates in a crisis could be the difference between simply surviving, or thriving and strengthening the brand. Here are the key attributes that we believe should drive any crisis management plan – before, during and after the storm.

Crisis Management – Before

Build the right team: Prior to the crisis, put together a crisis communications team. The key players here should include legal, public relations, compliance and investor relations professionals. Hold periodic meetings to increase the familiarity these executives have with each other, and to ensure team members are on the same page.

Train the firm's corporate spokespeople: It can be quite damaging for an untrained spokesperson to speak to the media directly. Firms need to allocate adequate resources to ensure communications specialists have the ability to deliver accurate and timely information to investors and a public who are demanding more information.

Crisis Management – During

Determine key messages and stick with them: Ensure that anyone who is telling the story is delivering an accurate message both internally and externally. At a time of crisis, clarity, consistency and conviction are critical to effective communications. Having team members relaying conflicting messages must be avoided at all costs.

Be human and authentic: Firms have to take ownership for what happened. Do not try to deflect blame or fail to express the impact that the event has had on investors. A firm's ability to empathize with its investors' needs, concerns and emotions will go a long way toward restoring investor confidence.

Commit to full transparency: Provide investors with all of the information that they need to help them understand what happened and the implications for the firm going forward. Being transparent requires courage and conviction – and it might be the only way to rebuild the firm's reputation.

Define the new order: Make sure the firm clearly articulate what is changing as a result of the crisis (product, people, process, ownership and organizational structure). Define next steps, implications and how you will keep investors informed.

Get the news out early: Make sure that your investors, their partners and any other intermediaries hear the story from the company first. Tell the story before others have told it.

Crisis Management – After

Debrief: Identify what worked and what didn't work. Use what the company has learned to refine your process and protocol.

When news cycles are measured in minutes rather than hours, rapid responses to crises are absolutely essential to winning any communications battles. Follow these simple steps to get in front of clients early and the organization can survive the crisis – and in some cases emerge even stronger.