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## **Business brass seen botching financial crisis communication**

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*Study: Ostrich behavior exacerbating workers' worries over economic turmoil*

News headlines may have moved on from stock market losses and bankruptcies to health care reform and town halls, but many companies are still grappling with financial difficulties, overworked employees and shrinking budgets.

And the status-quo internal communications tactics don't appear to cut it anymore.

A new [study](#) (PDF), "Crisis Communication: A mixed method study of supervisor leadership and employee performance during the 2008-2009 financial crisis," paints a grim picture of internal communications during the financial crisis, according to respondents polled this summer. A strikingly high percentage of the 1,150 working adults surveyed—64 percent—said their supervisors didn't change the way they communicated with employees despite the financial crisis. That business-as-usual mentality left 82 percent of employees frustrated with their employers.

There is an upside, however. It may not be too late to change; leaders just need to regain trust.

"The study tells senior leaders and middle managers, 'Maybe we didn't handle this as well as we should have and now we have some rebuilding that we have to do,' " says Dr. Ruby Rouse, co-author of the study and professor of marketing communication at the School of Advanced Studies for the University of Phoenix.

"More than ever," Rouse said, "it's a situation where leadership has to be prepped to effectively communicate to employees; they can't just stick their heads in the sand and hope things are going to get better. Relationships have been damaged."

The study also found that 58 percent of respondents reported adverse effects in organizational and employee performance due to the financial crisis.

For companies that employed less-than-ideal communications tactics over the course of the financial crisis, it may be worthwhile to turn things around.

"What we're seeing are organizations that are agile, and they're trying to reposition

themselves to develop a stronger team, so when the market does come back, they'll be stronger and ready to compete at different levels than they would otherwise," says Dr. Richard Schuttler, co-author and [organizational consultant](#). "This is a prime time for organizations to look and say, 'How can we get better? What are our problems?'"

For that, a few crisis communications dos and don'ts are a good place to start.

### **Don't threaten employees**

Sounds like a no-brainer, but Schuttler and Rouse actually found that many supervisors threatened or intimidated employees. In the study, employees from around the country independently reported hearing threats like, "You'd better be thankful for job you have," "You could be easily replaced," or "There are 10 people waiting to take your job."

If your leaders have expressed similar sentiments, it's time to reevaluate your communications. Rouse, a communications research consultant, says it's possible to regain trust, but it could be a long, slow process.

"Leaders need to look in the mirror and say, 'I've said some of these things in the past, and I did not realize how they may have been interpreted as a threat or intimidating,'" Rouse says. "You need to fall on your sword, say, 'It was inappropriate to say those kinds of things but we're going to learn from that and move forward.'"

Of course you need to reinforce your words with action and transparency and honesty.

### **Do talk about how your company is doing financially**

Many supervisors candidly admitted in the survey that they were unprepared and unsure of how to talk about the financial crisis.

"It was a little bit disturbing that [leaders] defaulted then—instead of trying to adapt—to business as usual," Rouse said. "Employees were saying, this isn't working, the market's changed, the culture and environment in our organizations have changed, and we expect leaders to change—not just stick their heads in the sand, cross their fingers and hope everything will be better."

If employers bring employees into the circle and are honest about what's happening in the company, employees will feel more encouraged and inspired to come up with creative solutions on their own.

"Several people complained that, 'We get a lot of e-mail, but the boss's door is always shut, and he really doesn't want to take questions. We have to read it in the

newspaper or on the Web site,' ” Rouse says. “Leaders that lead by example want to be involved in a collaborative effort to address issues. [So, employees say,] ‘If we’re that valued and important, it empowers us to be able to find creative solutions to company problems.’”

### **Don’t overlook the things employees care about**

The study found a disconnect between news that employees wanted to hear and news their supervisors cared about. Supervisors were concerned with the bottom line and the ebb and flow of the market. Employees were worried about keeping their jobs, salaries and benefits.

“Senior leaders are rightly so focused on larger concerns, and they seem to be absent-minded about taking care of the employees,” Schuttler says. “There is this disparity between what employees need and what’s being provided to them by supervisors and senior leaders.”

Supervisors and communicators should not assume everyone views the financial crisis in the same way. When communicating, take into account concerns from different groups.

Though the study found that managers and employees had similar concerns about performance during the financial crisis—they were split over whether the financial crisis affected employee performance or not—the groups did share similar concerns over cash flow, layoffs and downsizing, and declining sales. Leaders were more concerned with cash flow through the organization and declining sales, while employees indicated they were concerned with losing their jobs.

“Leaders need to be aware of what lens employees are looking through, and what things are relevant and what is motivating employees,” Rouse says. “By the same token, when employees are communicating with senior leaders, they need to understand what lens *they’re* looking through at the crisis so everyone’s on same page.”

### **Do look to other organizations as examples**

Although many leaders failed to communicate well during the financial crisis, Schuttler reminds us that there have been *some* positives stemming from the financial crisis—though only 13 percent surveyed said they’ve had positive outcomes.

“There are some companies that are doing very good work,” Schuttler says. “The crisis opened their eyes to take closer look and it’s helping them to step up performance. It is making them better, and it might be worthwhile to say, ‘Here are

some practices worthy of benchmarking, some companies are doing well.’ ”

Even if your company’s communications have taken a negative turn, Schuttler and Rouse recommend looking to your competitors, and what’s working and what’s not across your industry.

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