

MSR Case Study



Damage Control

Crisis Communications
Response to Breaking News



SITUATION ANALYSIS:

When interactive television (iTV) software provider MetaTV was faced with the surprise and shock of having its CEO and founder arrested for allegedly inducing minors for sex via the Internet and allegedly raping a teenager, it was the worst possible time. After nearly two years of shaping its brand and receiving accolades from all key publics for providing the missing link that will finally help deliver the promise of iTV, the company couldn't have been flying higher. Just weeks earlier, the company had received investments from two of the world's largest cable companies, coveted venture capitalists, and iTV leaders.

Having established himself as a brilliant technologist and the brains behind this hot up-and-comer, allegations against the former CEO were probable cause for the company to lose its enviable position and interrupt several business-critical development and deployment initiatives that were about to go live—not to mention the one additional investment that was days from closing MetaTV's largest round of capital raised to date. To top it off, the company was one week away from a previously scheduled press conference at their most important industry tradeshow, National Cable & Television Association (NCTA), during which the former CEO was scheduled to roll out MetaTV's new product plans to 40 top-tier reporters and analysts as well as partners and key customers.

Often dubbed a 'family man' who recalled heart-warming stories about life experiences with his new baby, young son and wife with whom he shared a passion for creating new technology, the incident had scandal written all over it. That is, before MSR Communications quickly developed and implemented a comprehensive crisis communications plan for internal and external audiences. Having worked with MetaTV since its founding and knowing that the management had never before experienced any such event or crisis, the MSR management team aggressively worked to neutralize negative breaking news and prepped executives for the flurry of news-hungry media—including a potentially damaging story being written by a *San Francisco Chronicle* reporter who used questionable tactics to get information—nervous employees, and concerned investors, customers and partners.

The MSR Crisis Management plan had one goal: to help MetaTV return its business to normal, productive and profitable operations in the shortest time possible without incurring legal liability and permanent reputation damage.

CRISIS OBJECTIVES:

Once the news broke, MSR Communications identified the key objectives for a crisis plan that included:

- 1- Neutralize the negative breaking news;
- 2- Separate the company from the individual's situation;

- 3- Provide a plan of action to its key publics;
- 4- Demonstrate the momentum that MetaTV built to date and expressed
- 5- confidence in its future through the voice of highly credible third parties

Research is key: Before internal and external messages were developed, MSR researched a number of incidents where former industry executives had been in similar predicaments. After careful analysis of external messages; responses from the media; and due to the fact that the incident stemmed from personal actions that were unrelated to company business, MSR encouraged MetaTV to separate itself from the incident without placing judgment on the individual or the situation.

STRATEGY:

1. Communicate the facts

MSR's strategy focused on creating key messages for both internal and external publics that communicated the facts of the crisis: the situation was unrelated to company business operations. In addition to reinforcing the personal nature of the situation, the Official Statement for all audiences provided as much information as necessary/possible without delving into the case. This included who was in charge of company operations, leading the management team, and expressed the confidence its Board of Directors and investors maintained in the company.

The MSR team worked to prevent the media from putting a MetaTV face on the story until it was ultimately necessary as in the case of *The San Francisco Chronicle* story attached, and when the new CEO was announced five days after the news broke. In order to separate the company from the former executive, MSR was solely responsible for dealing with all media or analyst inquiries and disseminating the Official Statements to this audience.

2. Act swiftly with a plan of action

MSR created internal and external issues management action plans for the MetaTV executives that included how to address all of the company's key constituents. These plans included assessing the situation and any potential risks; identifying key spokespeople; responding and revealing information with clear, honest and concise messages to all key publics; gauging the reaction of the audiences and immediately correct any misinformation; and heightening the positives about the company to help prevent unnecessary reputation damage. In addition, for internal purposes, the company communicated to employees about a number of services available to help them through this confusing, sensitive time: onsite counselors for private and group sessions; morning breakfast meetings with executives; open door policy to answer questions; company lunch gatherings for the first week; and onsite security guards to protect the premises. *The external action plan* highlighted what the company planned to do and when all constituents would have more information. This included prepping MetaTV executives to disseminate the company's Official Statements to key customers, business partners, investors, and employees while MSR managed the media and analysts. The main concern constituents expressed was whether or not the company could continue without the former executive. The goal of the external plan was to communicate that the company was not made up of only one person, but rather the collective efforts of the 110 employees who formed the organization. Within 48-hours of the news, company executives contacted key customers and partners to address these issues. The Board of Directors acted quickly and appointed MetaTV's then President/Founder, Andrew Lev, to president and CEO. In tandem with the appointment, MSR recommended and developed a press release that featured a quote from industry luminary, Sprint CEO, William Esrey, who, on behalf of the Board, expressed his confidence in the individual named.

3. Demonstrate the company's momentum through the voice of credible third parties

Leveraging the strong support of business partners—including customers, investors and partner companies, MSR worked with MetaTV to coordinate the efforts for notable industry executives to

speak on behalf of the strength of MetaTV's current management team, their confidence in the company's continued success, and the bright future they expected for MetaTV. This included highlighting the strong technical and management expertise that existed within the organization.

TACTICS:

- Created key messages that separated the company from the former CEO's situation. MSR prepped and rehearsed key company spokespeople and crafted an employee morale speech for President, Andrew Lev to deliver to employees on Monday morning after the news broke.
- Created official statements for each development in the situation that provided information--as much as possible without delving into the 'case.' See Official Statements.
- Developed Q&A documents for each audience that addressed their concerns—employees, investors, customers and business partners—see *confidential* Q&A example.
- Communicated regularly with employees. Morning meetings were held every day for two weeks so that executives could answer questions; allay fears, rumors or concerns. Lunch meetings were held daily the first week to encourage employees to interact with one another.
- Contacted key customers, partners and investors within 48 hours to address any issues or questions and provided them with the Official Statement.
- In order to emphasize that the personal activities of the individual were separate from company business, no spokespeople—including PR reps—discussed any specifics of the 'case/incident' with any audience.
- MSR briefed MetaTV directors on key messages, Q&As and other issues pertaining to the communication of the issues management plans so that they were prepared to meet with their employees and address questions/concerns.
- MSR briefed the MetaTV receptionists and administrative staff on appropriate ways to handle any phone inquiries—especially those from reporters. Numerous reporters called the company using phony names to get employees to speak about the situation. All strange or unidentified callers were referred to MSR offices.
- MSR provided onsite support to handle all media/analyst inquiries including providing broadcast reporters that appeared on site with the company's Official Statements. MSR spoke with and sent statements to over **120** reporters and analysts in a five-day period.
- MSR worked to leverage key stakeholders/industry luminaries for critical interviews with *The San Francisco Chronicle* and *Cableworld Magazine* This included directly contacting MetaTV investor, CEO of Liberate Technologies, Mitchell Kertzman (a former mentor of Mary Shank Rockman's)
- MSR crafted a special speech for Andrew Lev to address press/analysts at the following week's press conference during NCTA tradeshow. This featured addressing the incident up front in his introduction so as to not pretend that it hadn't happened.

Creative Media Relations

Throughout the entire crisis management program, MSR was hounded by a very aggressive *San Francisco Chronicle* reporter who was only interested in the 'scuttle butt.' Each time Mary Shank Rockman, MSR Founder and CEO, spoke with the reporter, her interest in the information and alleged story were characterized differently. Whether it was the 'scandalous nature' of the executive's situation; 'how there is a trend among technology executives who do stupid things that embarrass companies,' or how the company 'will not succeed as a result of the embarrassing situation;' MSR knew this would not appeal to business readers and was determined not to let the story take on the life of the reporter's interest.

After numerous phone conversations and much coalescing, MSR was able to get the reporter to agree to think about the situation in a different light and one that would benefit *Chronicle* readers. Since the incident was not related to business operations, Shank Rockman pitched the idea of a story about how a company handles a crisis of this nature. She provided the reporter with a timeline of the events and actions that were taken in order to prepare the company, its Board of Directors, investors, customers, and business partners for the unfolding of the news surrounding the former CEO.

After the reporter began using the Internet yellow pages to call MetaTV employees at their homes, MSR contacted the reporter's editor, managing editor of the Technology Business section, to ensure what the reporter had agreed to would be the focus of the story. Once that was agreed to by the managing editor—and much to the chagrin of the legal team—MSR arranged the first media interview for President and newly appointed CEO, Andrew Lev. And, coordinated an interview between industry luminary and MetaTV investor, Mitchell Kertzman, who has encountered corporate crises in his career. Shank Rockman and Kertzman had worked through a number of corporate crises when she was his head of public relations for database software provider, Sybase, Inc. She knew he'd be willing to share his insight about how challenging these situations can be, and, if handled properly and executed flawlessly, how companies can come through crises and flourish. As a result, the story chronicled what the company did to manage the situation. It also featured quotes from crises experts who demonstrated how a crisis should be handled. MetaTV, with the help of MSR's expert crisis team, had followed all of the steps experts cited as being critical to the successful handling of a crisis.

And that, as you will see by the attached *San Francisco Chronicle* and subsequent *PRWEEK* article (about how the story was pitched) demonstrates how creative intelligence impacted what could've been a damaging article that helped create unnecessary havoc on the company's reputation.