RiskSmart
Credibility Risk Management

Those who trust us educate us – T.S. Eliot

Barbara Reynolds, PHD
“It takes 20 years to build a reputation and five minutes to ruin it. If you think about that, you'll do things differently.”

– Warren Buffett
Credibility = Our Behavior + Our Communication

Reputation -- is the perception--good, bad, or indifferent--held by interested persons or groups about the agency's characteristics, achievements, and behaviors.
Yours is a Very Bad Hotel

A graphic complaint prepared for:

*General Manager*
*Front Desk Manager*

PREMIUM Hotel
Houston, Texas
In the Early Morning Hours of Nov. 15, 2001, at the Premium Hotel, Houston, We Were Treated Very Badly Indeed

- We are Tom and Shane of Seattle, Washington.
- We held guaranteed, confirmed reservations at the Premium Hotel for Nov. 14-15.
- These rooms were held for late arrival with a major credit card.
- Tom is a card-carrying Gold Honors VIP.
- Yet when we arrived at 2:00am--we were refused rooms.
Refused Rooms? Even When We’re Confirmed? and Guaranteed?

- Mike, your Night Clerk, said the only rooms left were off-limits because their plumbing and air-conditioning had broken!
- He’d given away the last good rooms three hours ago!
- He’d done nothing about finding us accommodation elsewhere!
- And he was deeply unapologetic!
Quotations from Night Clerk Mike

“Most of our guests don’t arrive at two o’clock in the morning.” –

2:08 am, November 15, 2001, explaining why it was OUR fault that the hotel could not honor our guaranteed reservation
He seemed to have been betting that we wouldn’t show up.

When we suggested that the least he should have done was line up other rooms for us in advance?

*Mike bristled!*
“I have nothing to apologize to you for.” –

2:10 am, November 15, 2001, explaining why we were wrong to be upset that our “guaranteed” rooms weren’t saved for us
Why protect your credibility:

- Must have the public's trust to do your mission, or risk:
3 Behavioral Risk Points: Where it goes wrong

Ignore Enterprise Wide Systems
- Governance
- Operational
- Compliance
- External

Ignore brand enhancement activities

Mitigation
- Continue offensive behavior
- Refuse to acknowledge wrong doing
- Ignore restitution
- Attempt to conceal
- Faulty assessment of credibility

Credibility Risks

Enterprise Behaviors
- Deny
- Shoot the Messenger
- Compartamentalize
- Respond with Silence

Communication Behaviors
- Respond with evasion and half-truths
- Respond with selected information
- Point fingers
3 Behavioral Risk Points: Overcome them by...

Overcome risk: Enterprise
- Policies
- Planning
- Early detection
- Leader support
- Employee support

Overcome risk: Mitigation
- Detect early
- Stop behavior
- Make it better
- Apologize

Overcome risk: Communication:
- Accurate assessment
- Speed
- Openness
- Take responsibility
Risk is Risky

- Risk is in the eye of the beholder
- Probability of harm $\times$ Impact of harm = Risk
- Differing assumptions
- Selective omission, inclusion = bias
- Unknown latent effects
How ethics go awry

- Ill-conceived goals (intend to promote a positive behavior but encourage a negative)
- Motivated/indirect blindness (in our interest to remain ignorant/carried out by third party)
- Slippery slope (develops gradually)
- Overvaluing outcomes (unethical process tolerated if outcome is good)
When to tolerate failure

- Involves genuine uncertainty
- Riskier to do nothing
- The cost is small/contained
- Risks of failing are understood and mitigated
The science of near misses

- Most organizational failures are preceded by near misses
- Blinded by bias—worked because failure didn’t happen
- Or just blind—don’t notice them at all
Near Miss Research

• “It worked, so let’s do it again.”
• More often someone gets away with risky behavior, the more likely they are to repeat it.
• Stop trouble before it strikes, not clean up afterward
As George Carlin once said, what we really mean is a “near hit.”

Near Miss Video
Make near misses work for you

- Heed time pressures
- Deviations from the norm? Why?
- Hold yourself accountable for near misses
- Envision worst-case scenarios
- Are near misses disguised as successes?
- Reward those who expose near misses
Example of Risk Map
(Not a CDC Map)

Governing Objectives
Over the next three years:
• Align goals and resources for high impact public health
• Improve customer satisfaction by 25%
• Motivate and retain exceptional people
• Preserve distinctive brand

Risk
1. Brand Erosion
2. Change readiness
3. Channel effectiveness
4. Stakeholder wants
5. Operating budget
6. Environmental, health and safety
7. Political pressures
8. Human resources
9. Information technology – infrastructure
10. Legal/ regulatory
11. Performance incentives
12. Loss of partner support
13. Stakeholder expectations
Heat Map Exercise

Severity of Impact

- Catastrophic (10)
- Major (8)
- Moderate (6)
- Minor (4)
- Insignificant (2)

Likelihood

- Rare (2)
- Unlikely (4)
- Possible (6)
- Likely (8)
- Almost Certain (10)

The heat map illustrates the relationship between severity and likelihood, with darker colors indicating higher risk.
RiskSmart™ Assessment Tool

The consequences of an event

- Best if crises never occur . . .
- An organization can be forgiven when something goes wrong.
- They won’t be if they are perceived as not caring that things have gone wrong.
Why we don’t do these

- Denial
- Emotional conflict
- Worry about liability
- Apologizing feels like failure
What works and why

1. Quick
2. Caring
3. Complete
CDC Communication Principles:

- CDC embraces *intellectual honesty* and transparency in its release of information to fully empower public decision making.
- CDC *does not use trickery* or deceptive communication techniques to advance public health recommendations or its reputation.
- CDC is *accountable for its actions*, good or bad, and recommendations, popular or not.
CDC Communication Principles cont.

- CDC’s good reputation is not sacrificed for the sake of any past, current, or future employee or partner.
- CDC admits its mistakes, past and present, and takes responsibility for correcting them.
- CDC does not withhold information only to avoid embarrassment.
Protect your identity

- State the agency's objectives and philosophy
- Define the nature and scale of the agency's activities, roles, and responsibilities
- Define the factors of success.
- Educate and train employees about ethical behavior
- Incorporate risk and knowledge sharing into day-to-day operational activities
Before Releasing Information

Consider

- **Ability**—Do you have the information?
- **Competency**—Are you qualified to discuss the topic?
- **Authority**—Who has jurisdiction over the issue?
- **Security**—Is the information classified?
- **Accuracy**—Have you verified the information now?
- **Propriety**—Does it display sensitivity and dignity?
- **Policy**—Is it permitted to release this information?
“Reputation touches every function in an organization at every level. Often you’ll find companies doing things here and there to manage reputation, but very few do it holistically”

—Mark Bain, Corporate Communications, Alticor Inc.