



Burson•Marsteller



PENN
SCHOEN
BERLAND

2011 CRISIS PREPARATION SURVEY

27 June 2011

METHODOLOGY

- PSB conducted a total 826 online and face to face interviews globally amongst business decision makers in May and June 2011
- Business decision makers are defined as respondents who:
 - Aged over 25,
 - Full time or self employed/business owner
 - Have an active interest in business and current affairs issues,
 - Have final or significant decision making power in their business.
- Overall, half the respondents were from large enterprise businesses and half were from SME businesses
- Data has been weighted to reflect GDPs of each region

Region	Method	Sample size	Margin of error
EU UK, France, Germany, Italy, Spain	Online	204	+/-6.8%
US	Online	251	+/-6.2%
APAC Japan, India, China, Korea, Indonesia	Mix of online and face to face	201	+/-7.5%
LatAm Mexico, Brazil, Chile, Argentina, Colombia	Mix of online and face to face	170	+/-6.9%

OBJECTIVES

To understand how crisis is experienced – how common and what types

To explore the extent and need for crisis plans

To examine how companies approach crisis management planning

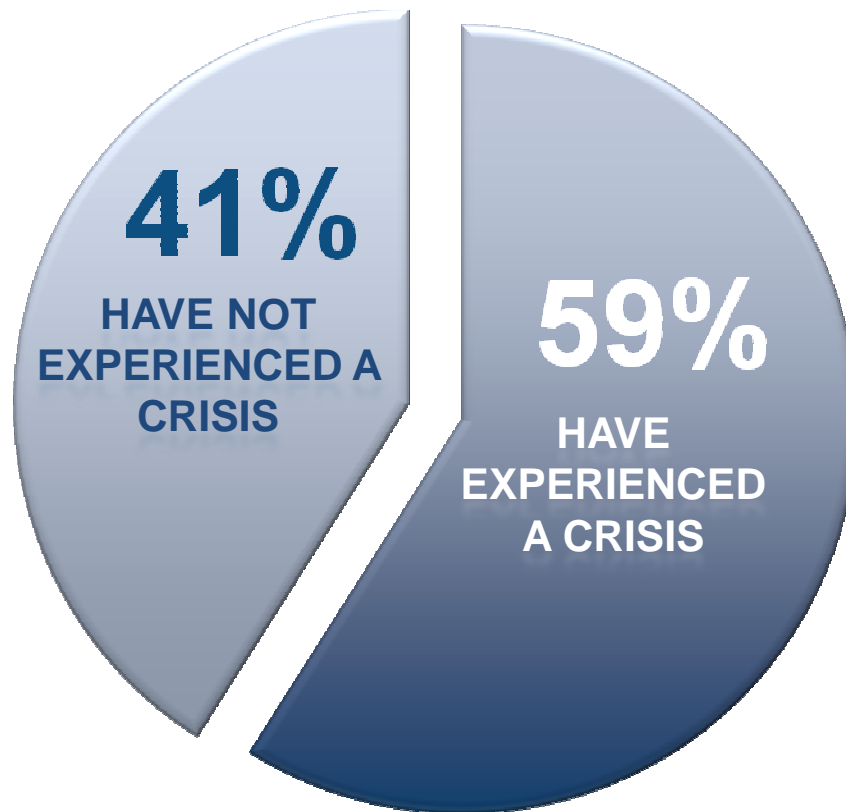
To understand crisis preparation in the context of growing impact of social and digital media



CRISIS IS AN ORDINARY PART OF BUSINESS

59% OF BUSINESS LEADERS HAVE EXPERIENCED A CRISIS IN THEIR CURRENT OR PREVIOUS COMPANY

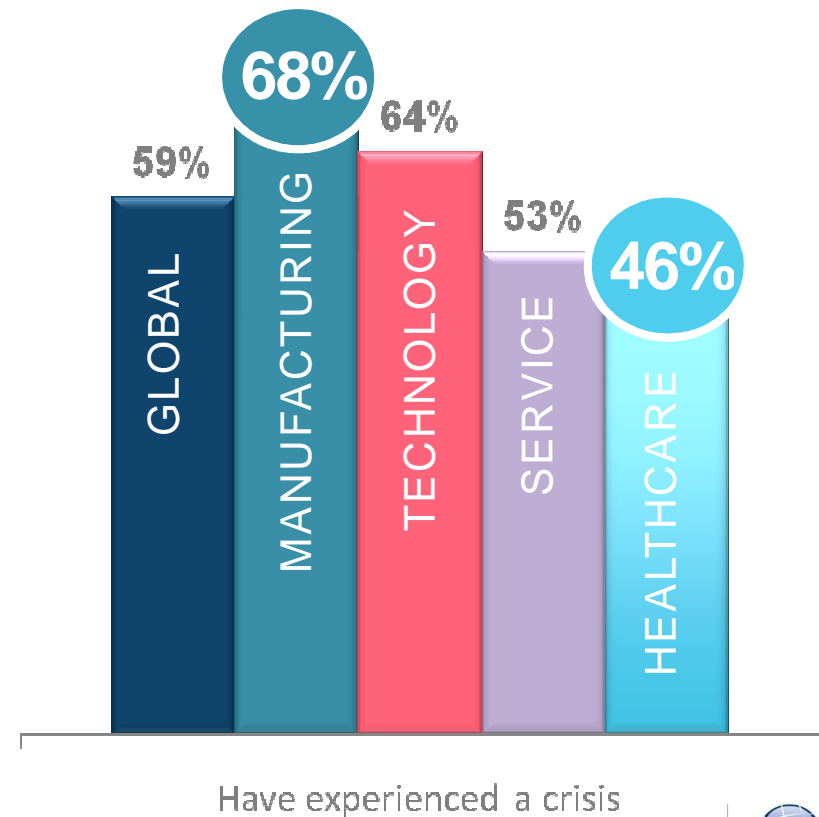
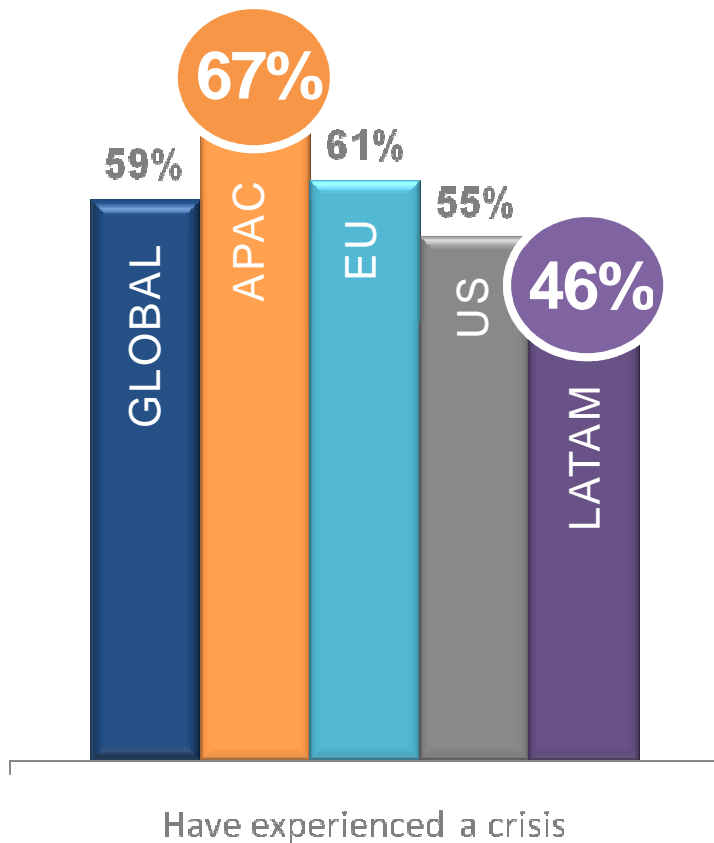
*Q39/40(combined): Has your company experienced a crisis while you've been working there?
Has a company you worked for previously experienced a crisis?*



66%
OF ENTERPRISES
HAVE EXPERIENCED
A CRISIS
VS.
53%
OF SMES

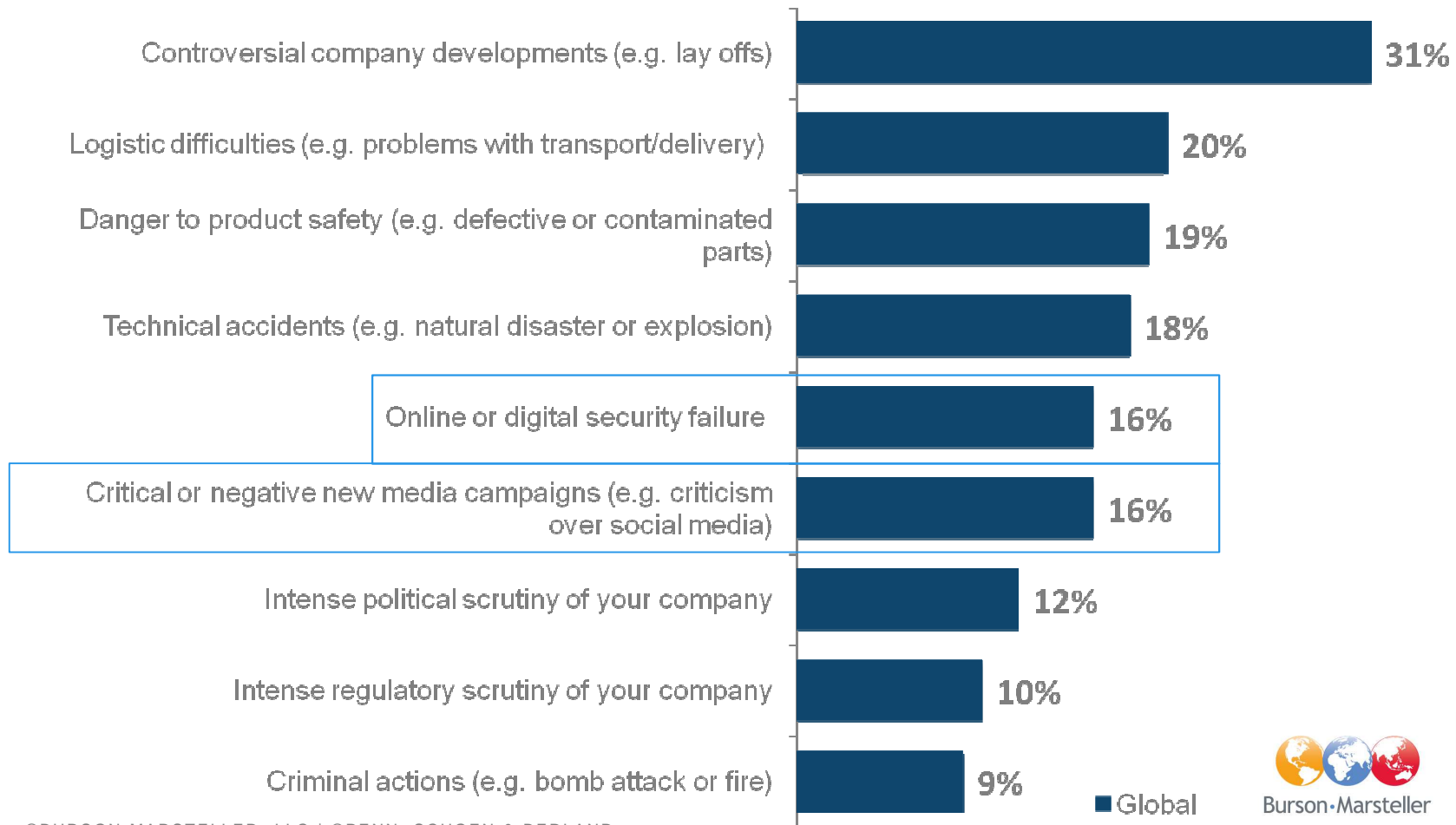
APAC BUSINESS LEADERS ARE MORE LIKELY TO HAVE EXPERIENCED A CRISIS, WHILE LATAM ARE LEAST LIKELY

Q39/40(combined): Has your company experienced a crisis while you've been working there? Has a company you worked for previously experienced a crisis?



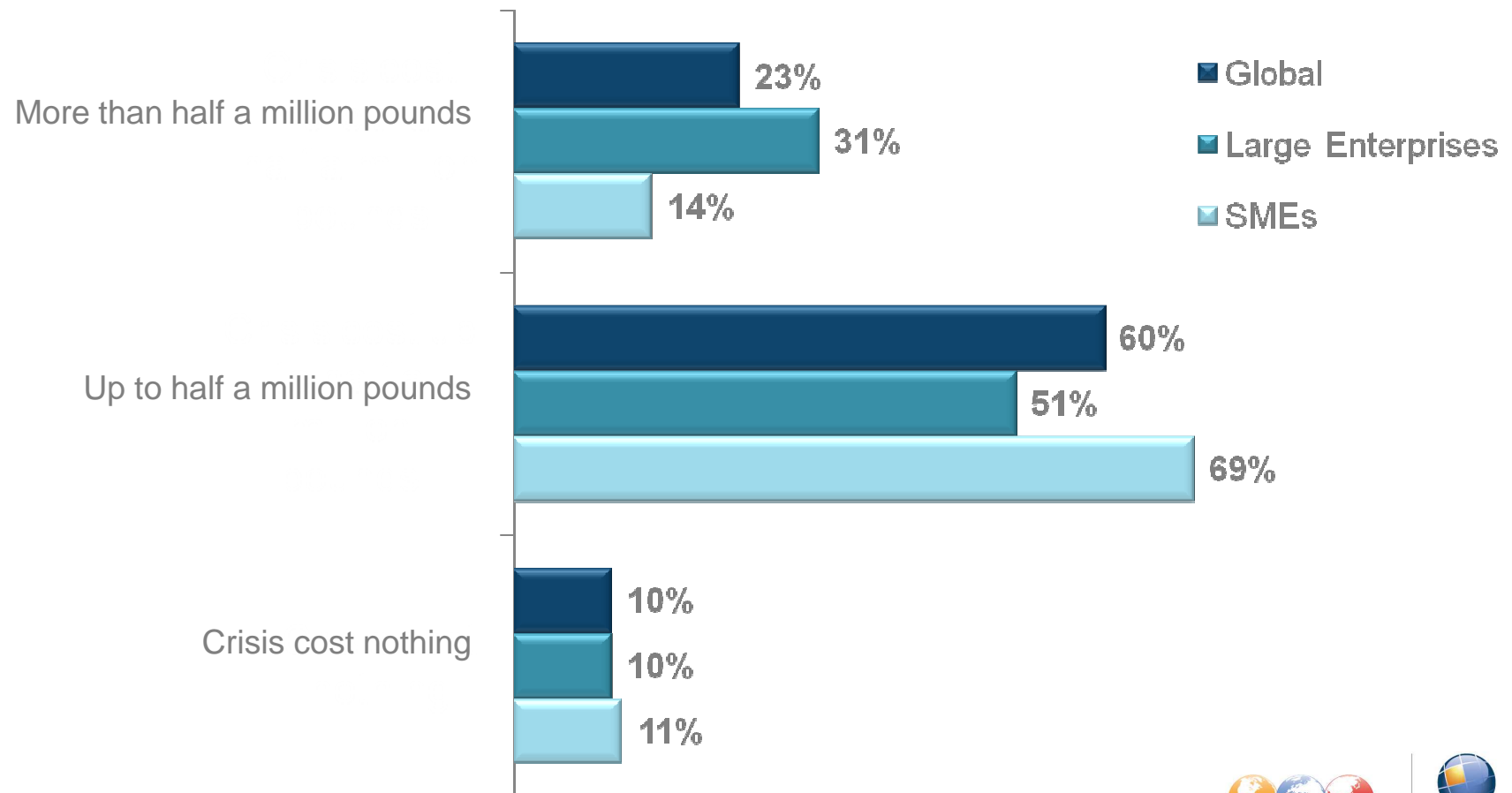
CONTROVERSIAL COMPANY DEVELOPMENTS ARE THE MOST COMMON CRISIS ENCOUNTERED

*Q44: What sort of crisis did your company encounter?
(Among those who experienced a crisis)*



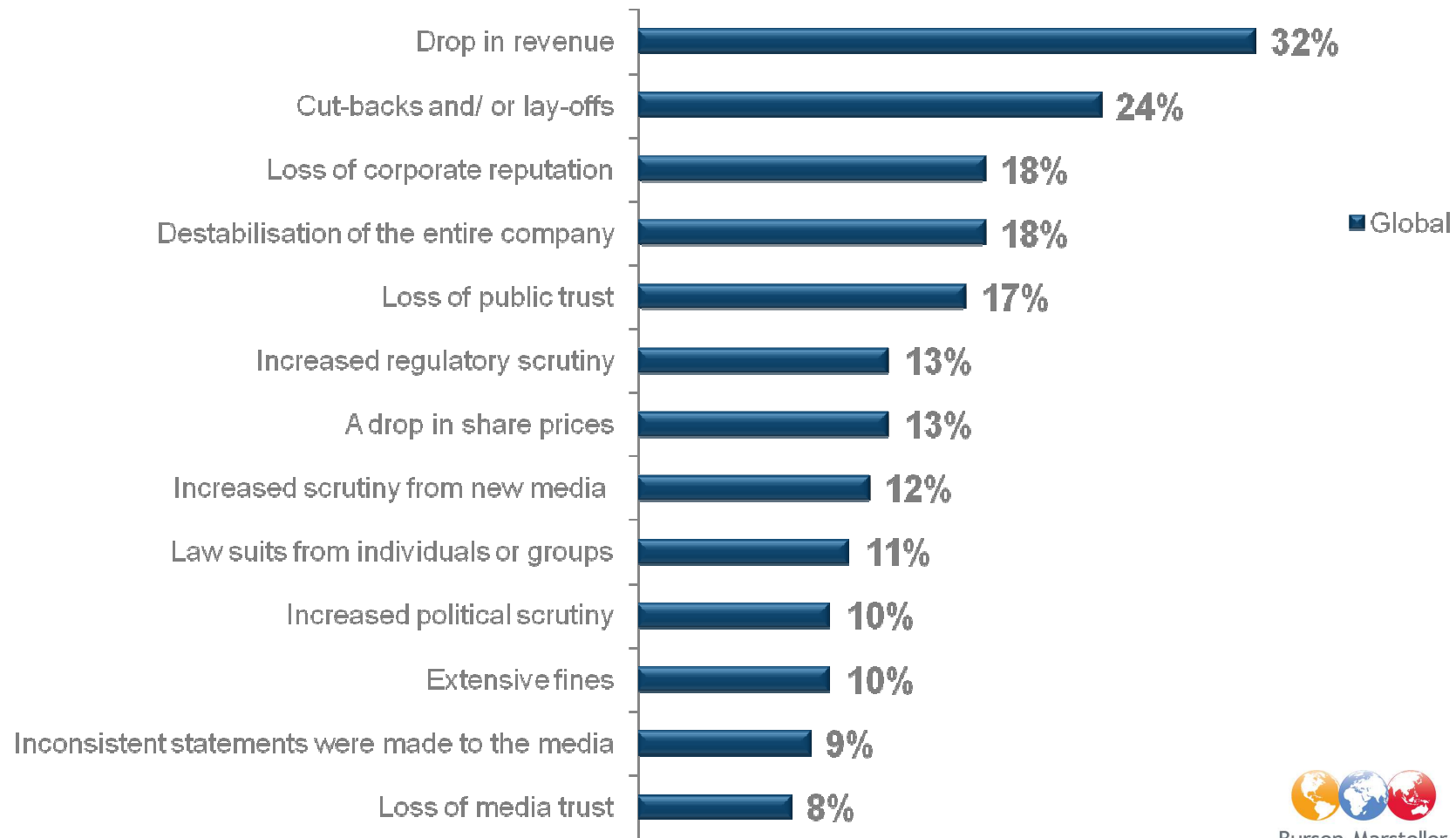
COST OF EXPERIENCING A CRISIS

*Q151: Approximately, how much did the crisis cost your company?
(Among those who have experienced a crisis)*



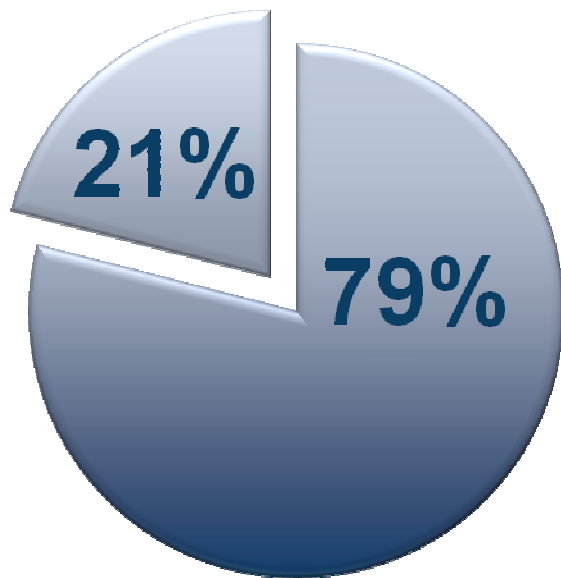
DROP IN REVENUE AND CUT-BACKS/LAY-OFFS MOST COMMON IMPACTS OF CRISIS

Q150: You said your company has experienced a crisis. What was the impact on your company from the crisis? (Amongst those who experienced a crisis)



79% ARE ONLY 12 MONTHS FROM A POTENTIAL CRISIS – OVER 50% THINK THIS WILL HAPPEN IN THE DIGITAL SPACE

*Q29-37: How likely do you think it is that your company will experience any of the following potential crises in the next 6-12 months?
(Top 2 Very + Somewhat likely to experience this type of crisis)*

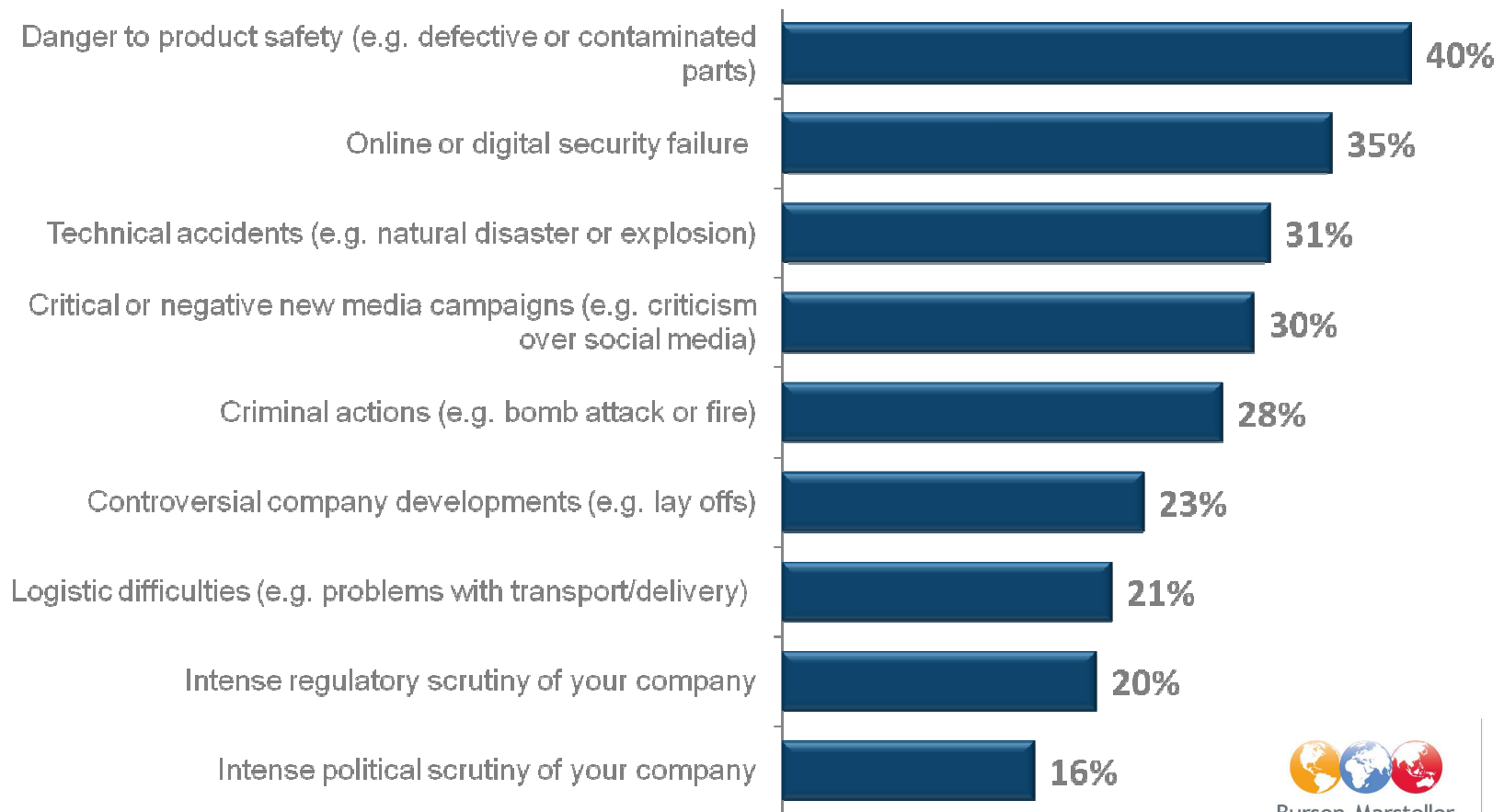


- Likely to experience a potential crisis
- Not likely to experience a potential crisis

	Global
Controversial company developments	50%
Online or digital security failure	47%
Logistic difficulties	47%
Intense regulatory scrutiny of your product or company	45%
Critical or negative new media campaigns	43%
Danger to product safety	42%
Technical accidents	40%
Intense political scrutiny of your product or company	40%
Criminal actions	33%

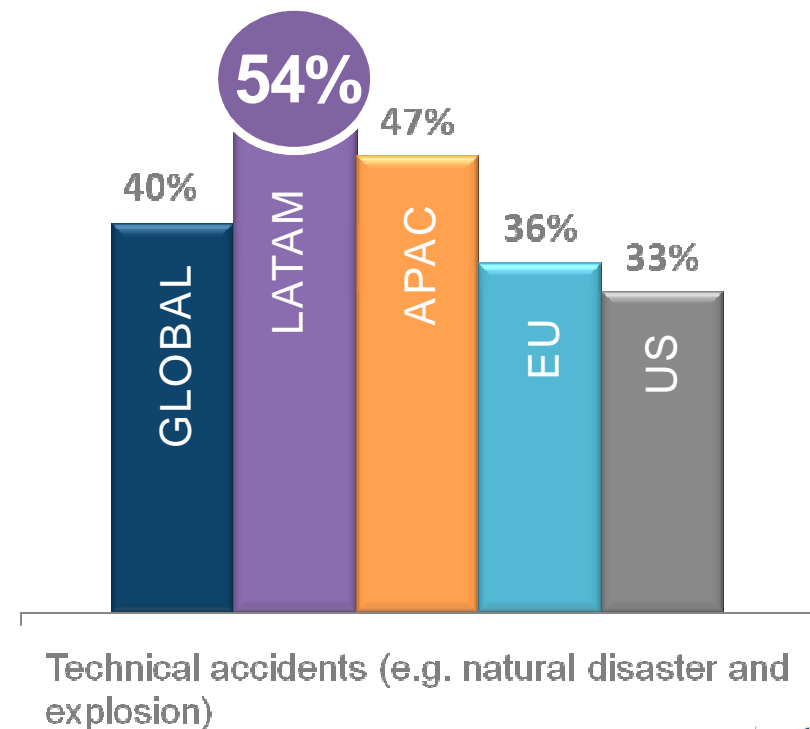
PRODUCT SAFETY AND ONLINE SECURITY FAILURE SEEN TO HAVE HIGHEST IMPACT ON REPUTATION

Q27: Which of the following potential situations do you think would impact the reputation of your company most?



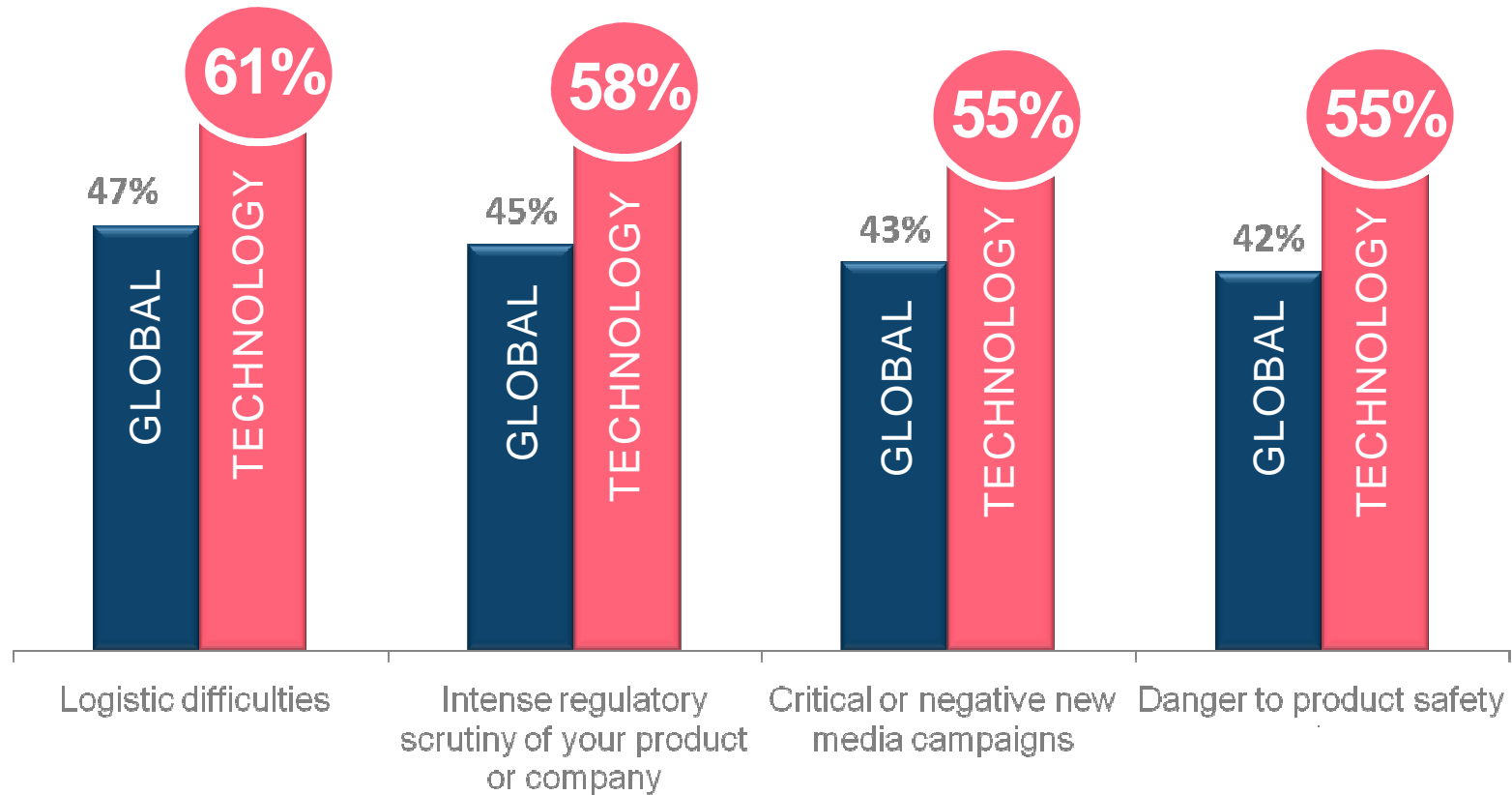
APAC ARE MORE CONCERNED ABOUT PRODUCT SAFETY WHILE LATAM WORRY ABOUT TECHNICAL ACCIDENTS

Q29-37: How likely do you think it is that your company will experience each of the following in the next 6-12 months? (Top 2 Very + Somewhat likely to experience this type of crisis)



TECHNOLOGY COMPANIES FEEL MORE AT RISK THAN OTHER SECTORS

Q29-37: How likely do you think it is that your company will experience any of the following in the next 6-12 months? (Top 2 Very + Somewhat likely to experience this type of crisis)

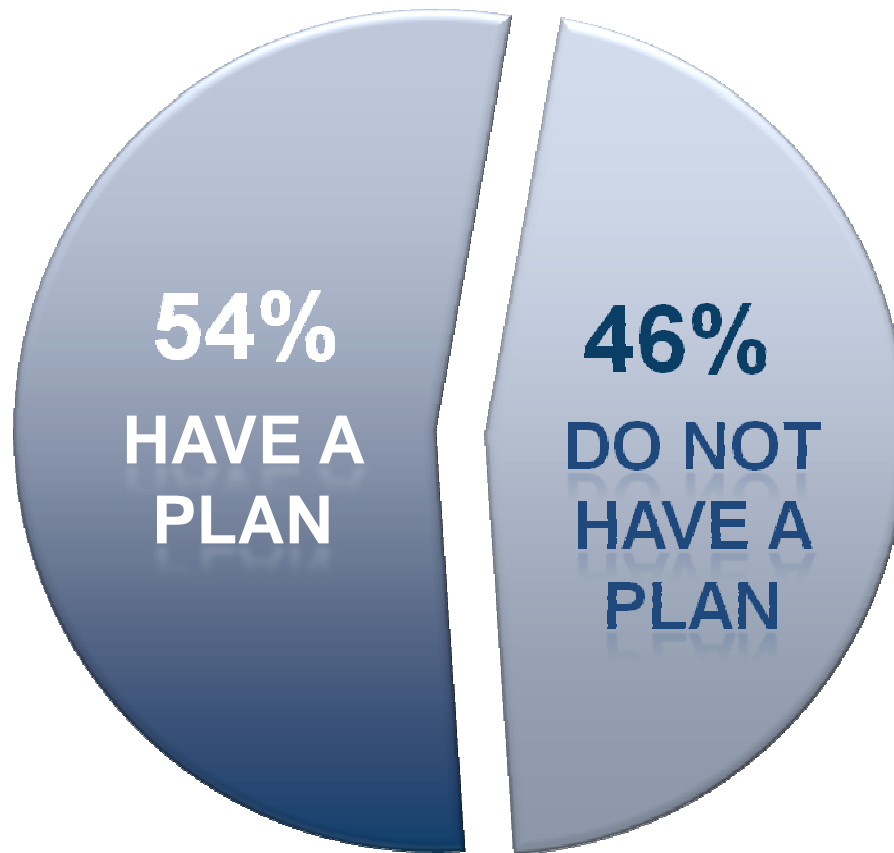




COMPANIES ARE NOT PLANNING SUFFICIENTLY

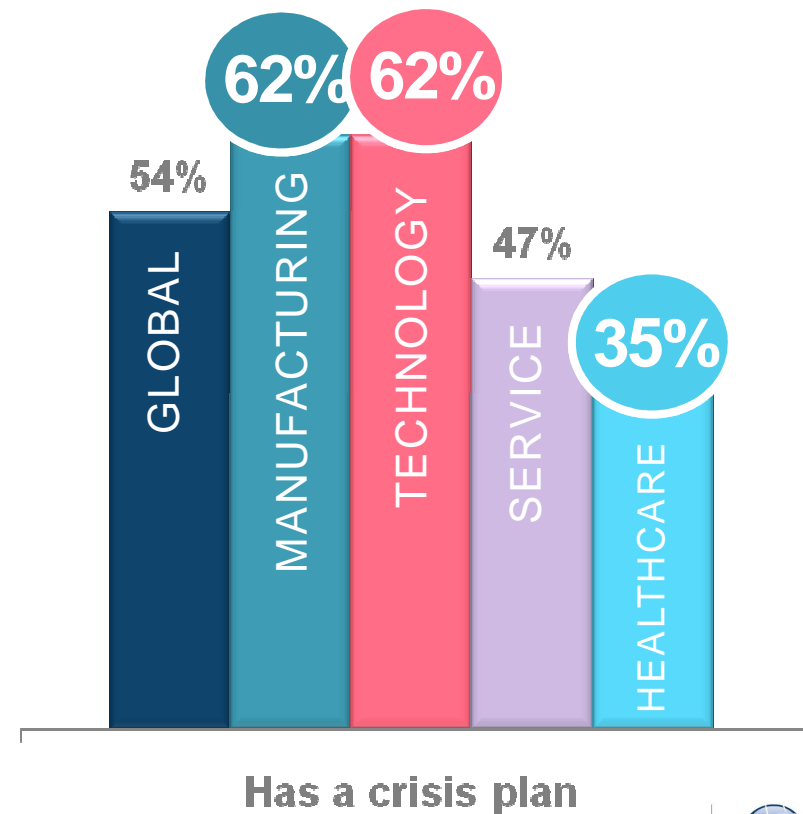
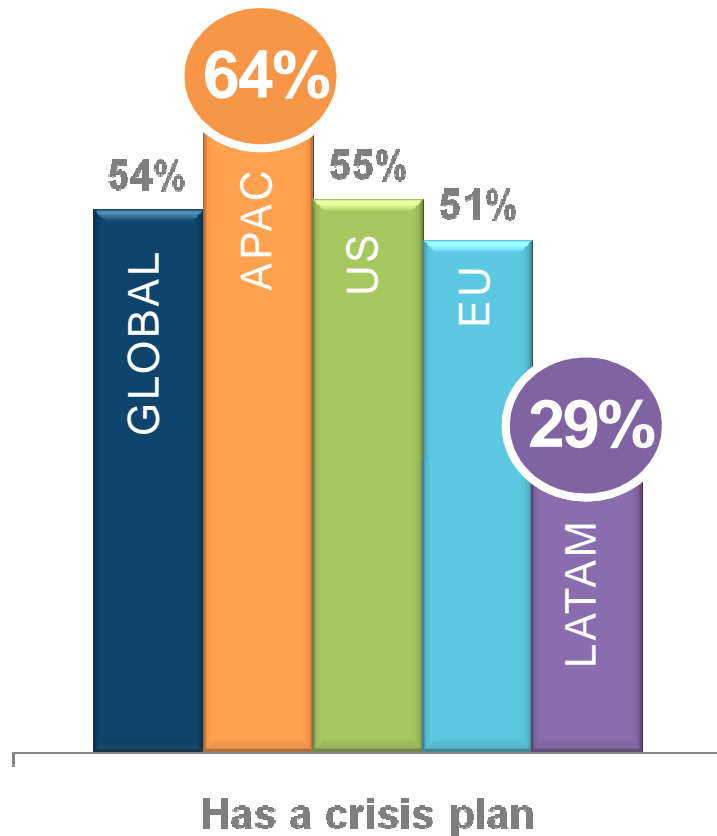
ONLY HALF OF COMPANIES HAVE A CRISIS PLAN

Q97: Does your current company have a crisis management plan?



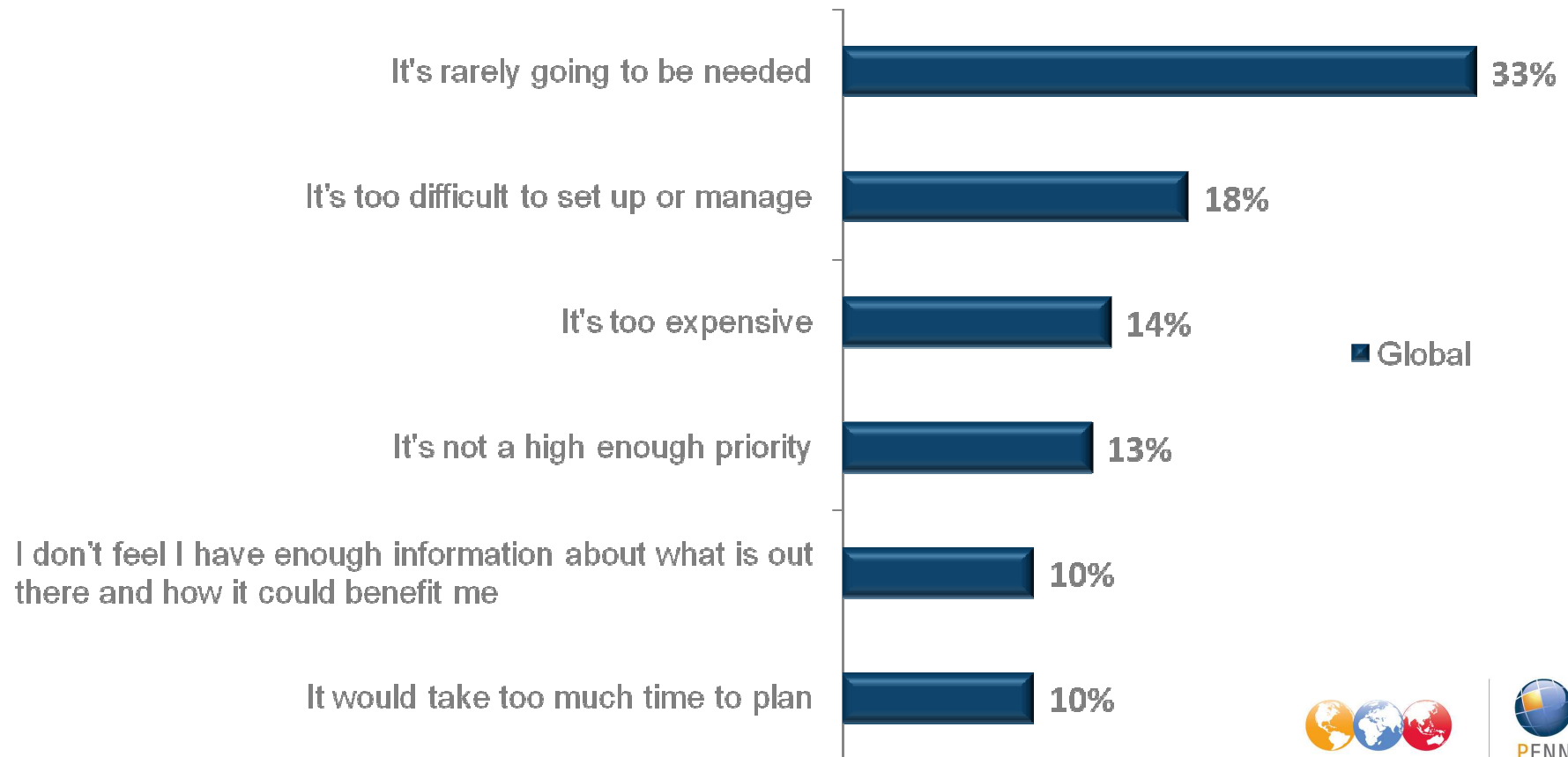
APAC COMPANIES AND THOSE IN MANUFACTURING OR TECHNOLOGY ARE MORE LIKELY TO HAVE PLANS

Q97: Does your current company have a crisis management plan?



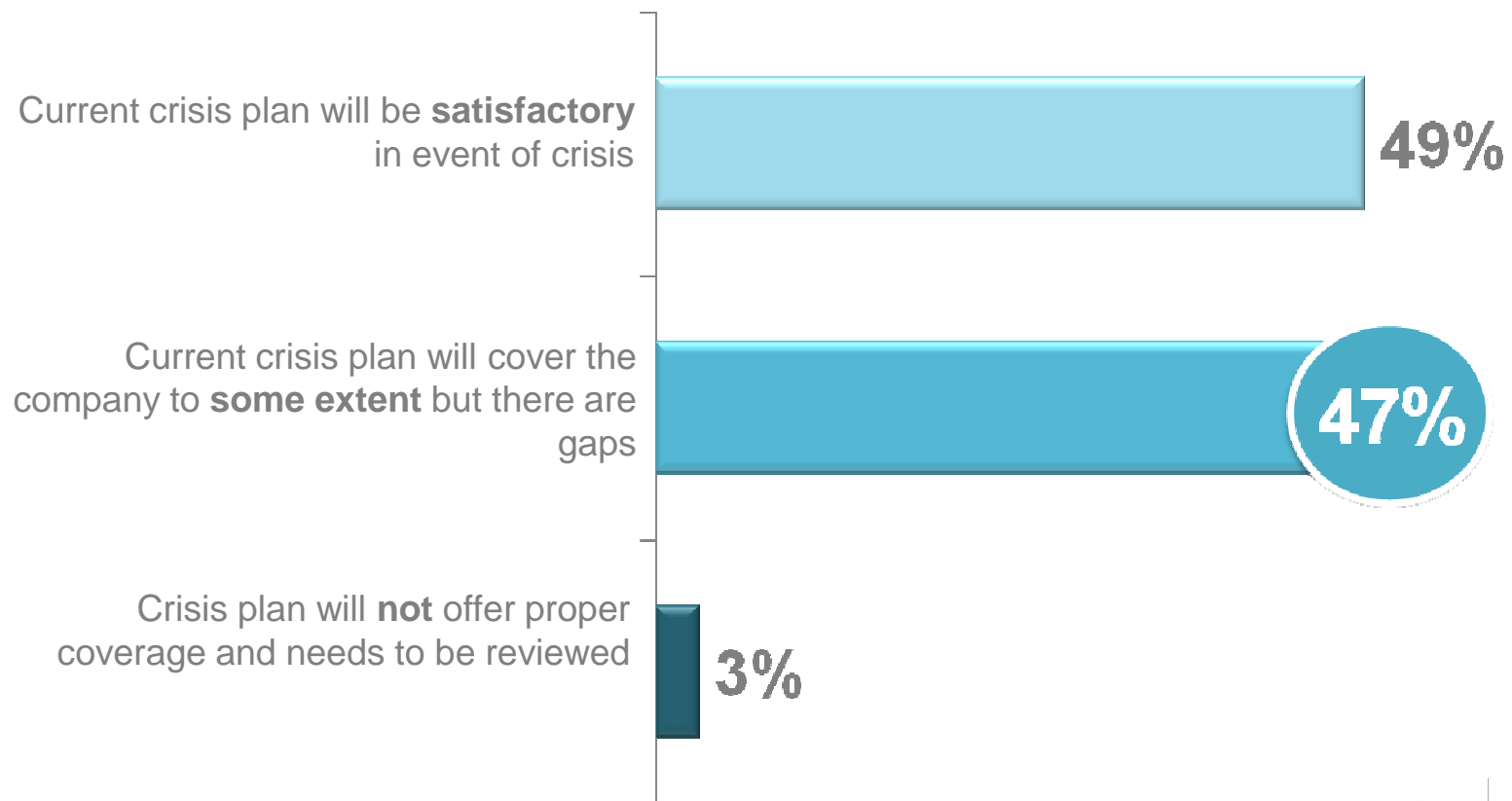
INDIFFERENCE AND COST ARE KEY BARRIERS TO DEVELOPING A PLAN

Q181: What are the key barriers to developing a crisis management plan for your company or organisation? (Amongst those without a plan)



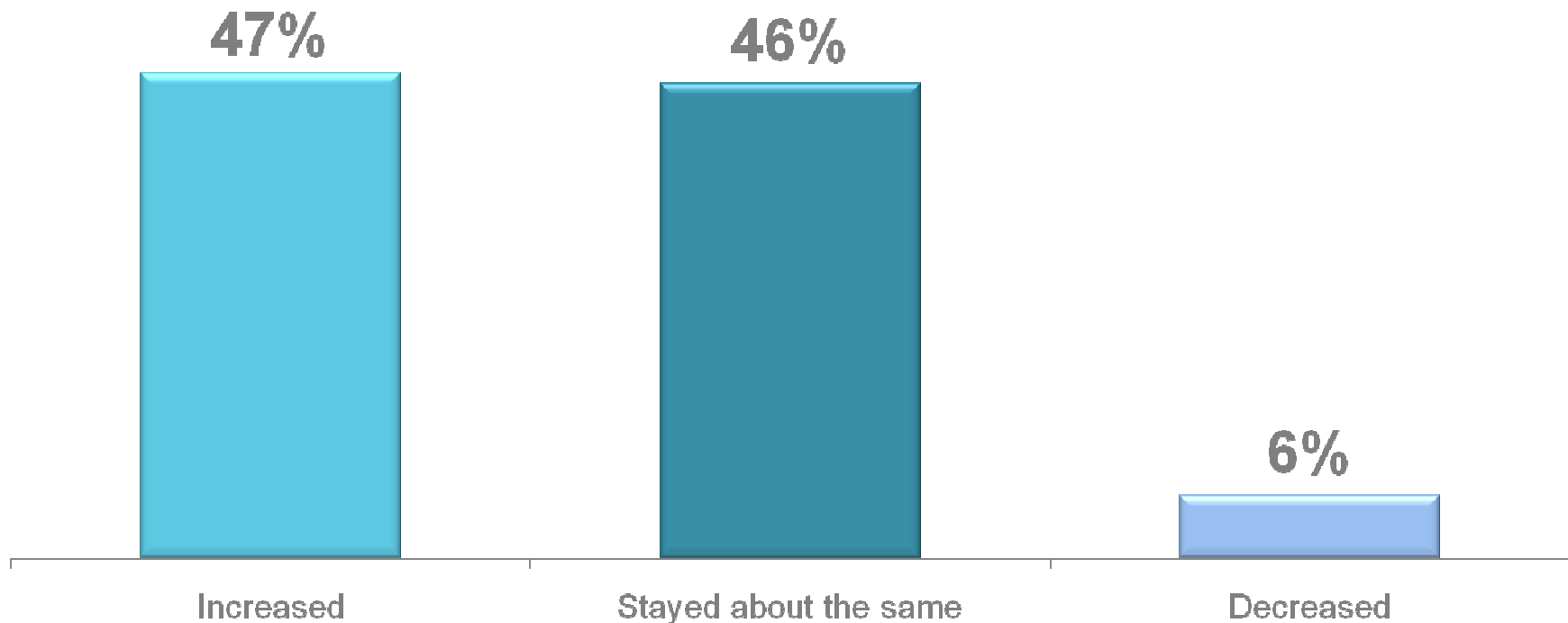
NEARLY HALF OF THOSE WITH A CRISIS PLAN FEEL THAT THERE ARE STILL GAPS

Q109: To what extent, do you think that your company's crisis plan will be adequate in the event of a crisis? (Amongst those with a plan)



47% HAVE INCREASED THEIR INTERNAL RESOURCES FOR RESPONDING TO A CRISIS, WHILE 7% HAVE DECREASED

Q50: In the past 5 years, has your company increased or decreased its internal resources for responding to a crisis?



WHEN IT COMES TO PLANNING FOR A CRISIS, THERE ARE THREE TYPES OF COMPANIES



Boy Scout (Well Prepared)

Those with strong, comprehensive plans, which will stand up to the pressure of a crisis

20%



Tightrope walker (Vulnerable)

Companies with plans that will not necessarily cover them, or which aren't sufficiently comprehensive

45%



Ostrich (Exposed)

Lack plans entirely, they see only barriers to creating plans and thus avoid making them

35%

A SMALL NUMBER ARE PREPARING WELL FOR A POSSIBLE CRISIS

Boy Scout (Well Prepared, 20%)

- Account for under a 1/3 of those with a plan
- More crisis focused than other groups
 - 63% say a crisis plan is very important
 - 48% review their plan every 6 months or less
 - All say that their plan would be satisfactory to take on a crisis.
- They possess thorough plans with at least four components.
- Most common components include:
 - Evaluation of possible scenarios (59%)
 - Action plan for crisis management (57%)
 - Financial planning in case of a crisis (54%)
 - Issue monitoring (53%)



THE MAJORITY OF COMPANIES DO NOT PLAN WELL HOWEVER

Tightrope Walker (Vulnerable, 45%)



- Account for over 2/3 of those with a plan
- Engaged with crisis, but far less so than the Boy Scouts
 - Only 34% say a crisis plan is very important – half as many as the Boy Scouts
 - Less likely to review plan frequently (31% review their plans every 6 months or less)
 - 73% admit that there are still gaps in their plan, or that it would be inadequate
- Their plans are made up three components or less - less sophisticated than those who are well prepared.

AND SOME COMPANIES KEEP THEIR HEADS IN THE SAND AND DON'T PLAN AT ALL

Ostrich (Exposed, 35%)



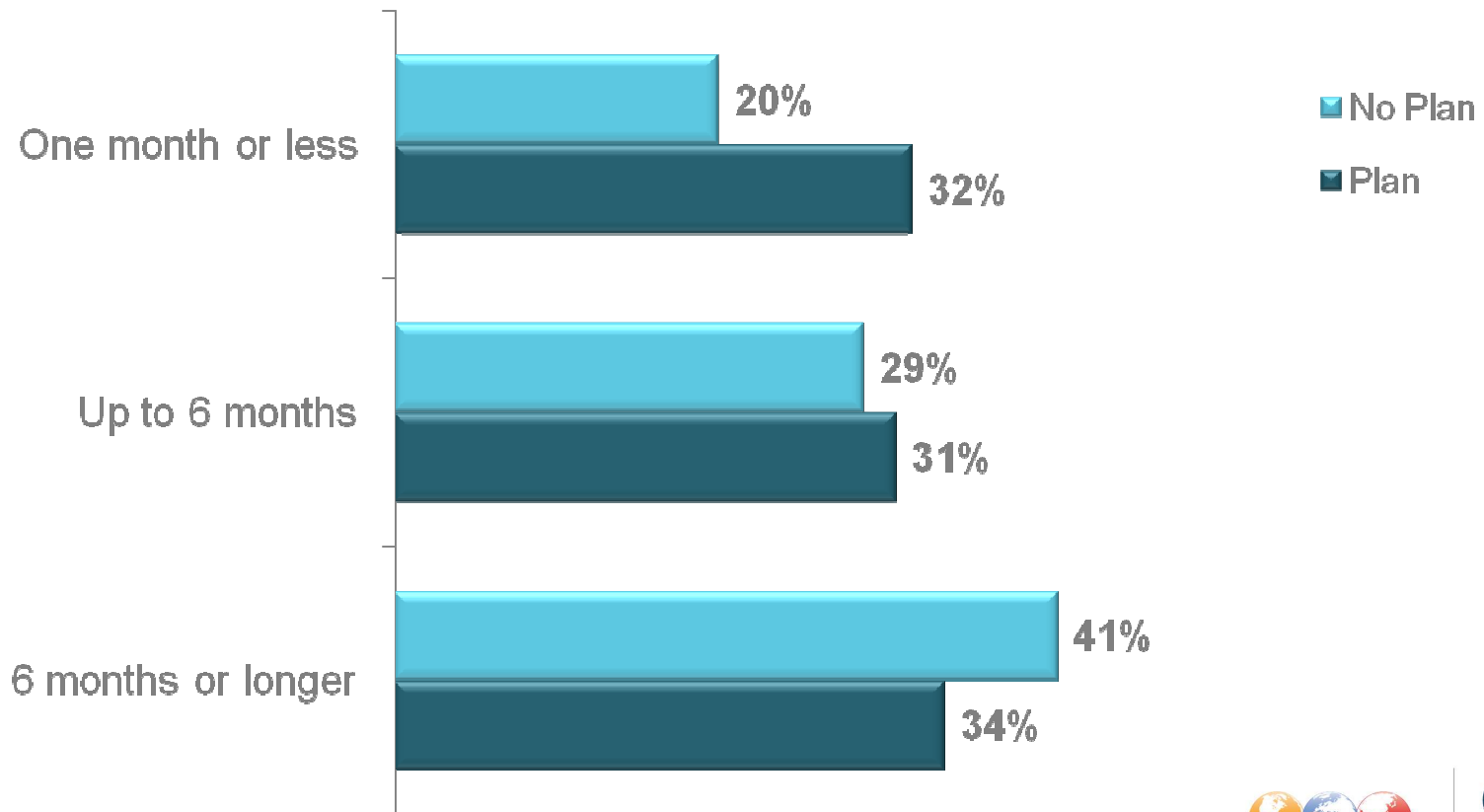
- Do not have a crisis plan – though 45% have experienced a crisis
- 46% of those who have experienced a crisis handled it through their Public Relations Department or Senior Management, adding to the burden on senior staff
- The barriers to creating a plan are:
 - It's rarely going to be needed (36%)
 - It's too difficult to set up or manage (18%)
 - It's expensive (15%)
 - It would take too much time to plan (10%)



BENEFITS OF PLANNING

COMPANIES WITH A PLAN RECOVER FASTER

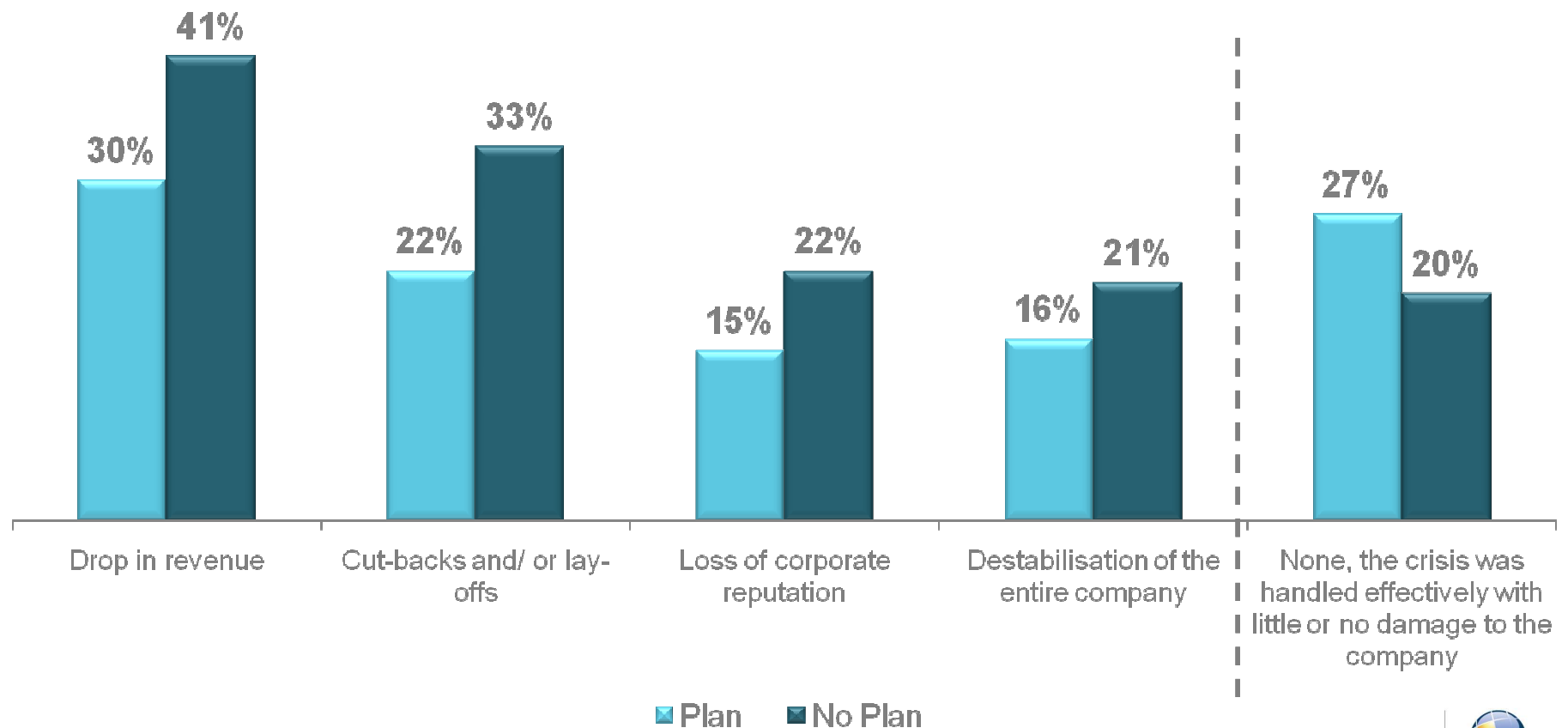
Q46: About how long would you say that it took your company to recover from the crisis?
(Among those who have experienced a crisis)



THOSE WITH A PLAN ARE MORE LIKELY TO HAVE HANDLED THE CRISIS EFFECTIVELY

Q150: You said you company has experienced a crisis.

What was the impact on your company from the crisis? (Amongst those who experienced a crisis)

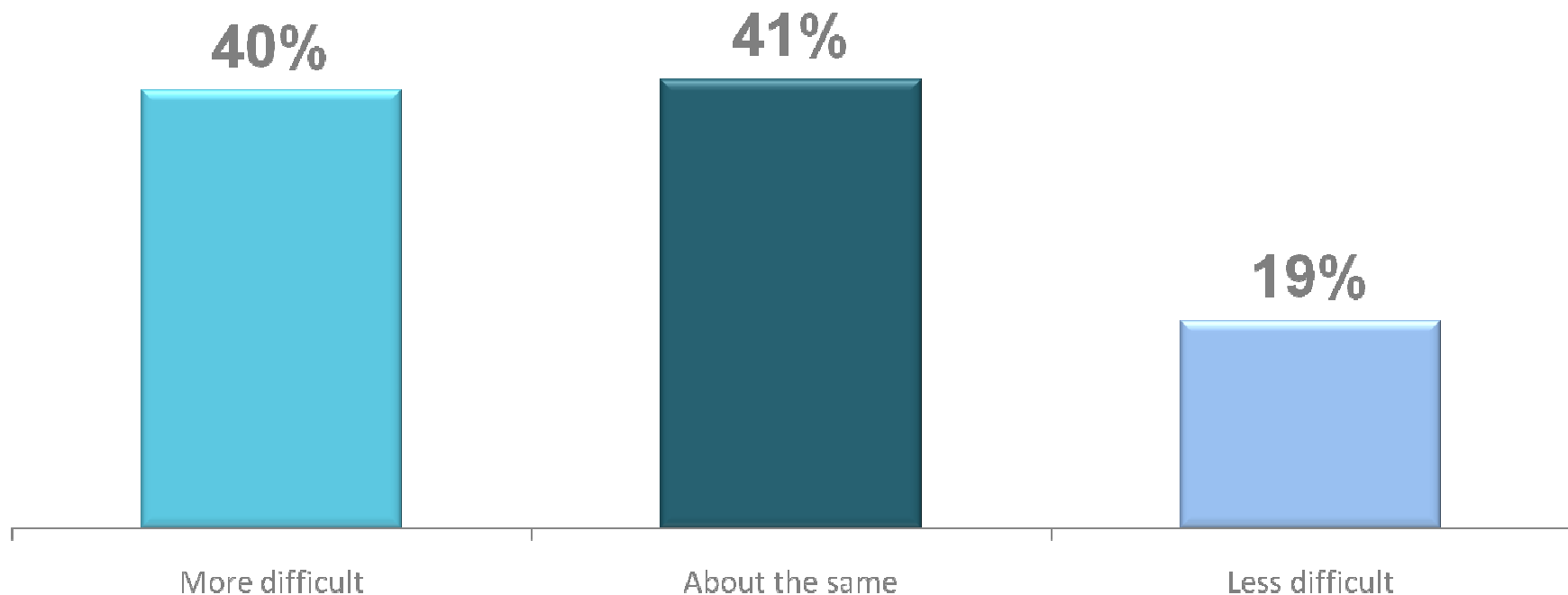




DIGITAL HAS MADE CRISIS MANAGEMENT MORE CHALLENGING

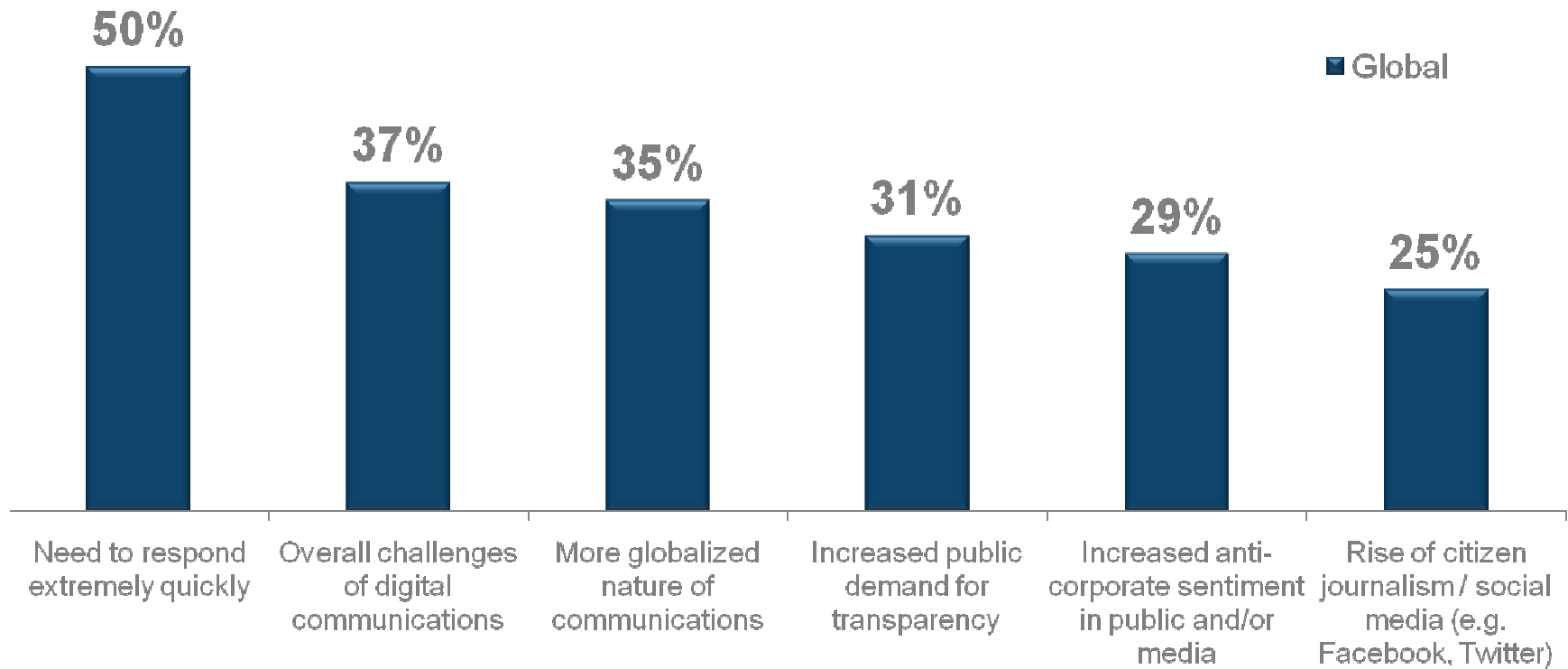
40% THINK IT IS HARDER TO PLAN FOR A CRISIS TODAY

Q51: Do you think it is more or less difficult for companies like yours to plan for a crisis than it was 5 years ago?



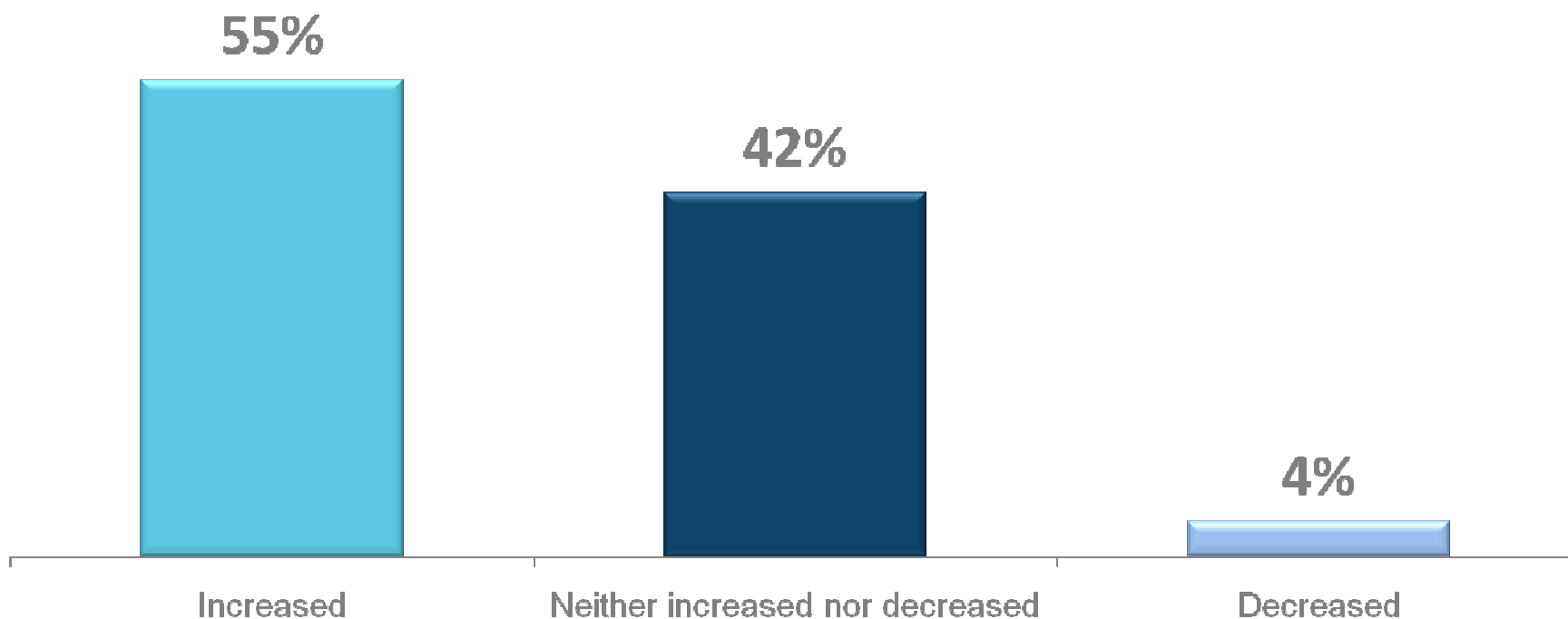
IT IS MORE DIFFICULT TO PLAN DUE TO THE CHANGING NATURE OF COMMUNICATIONS

Q53: Which, if any, of the below are reasons why you feel it is more difficult to plan for a crisis today? (Among those who feel it is more difficult to plan)



COMPANIES BELIEVE THAT THE RISE OF DIGITAL COMMUNICATIONS HAS INCREASED VULNERABILITY TO A CRISIS

Q58: To what extent do you think the rise of digital communications has increased or decreased your company's vulnerability to crisis?



SOCIAL MEDIA PUTS INCREASING PRESSURE ON COMPANIES TODAY

81%

of respondents believe that **new media's role** in driving reputation during a crisis **is on the rise**

65%

of respondents feel that **new media makes crises more difficult to manage...**

...And **65%** believe it is **hard to know who influences opinion online**

When it comes to new media

66%

of respondents **believe new media has significantly increased the potential cost of a crisis**

However, after a crisis,

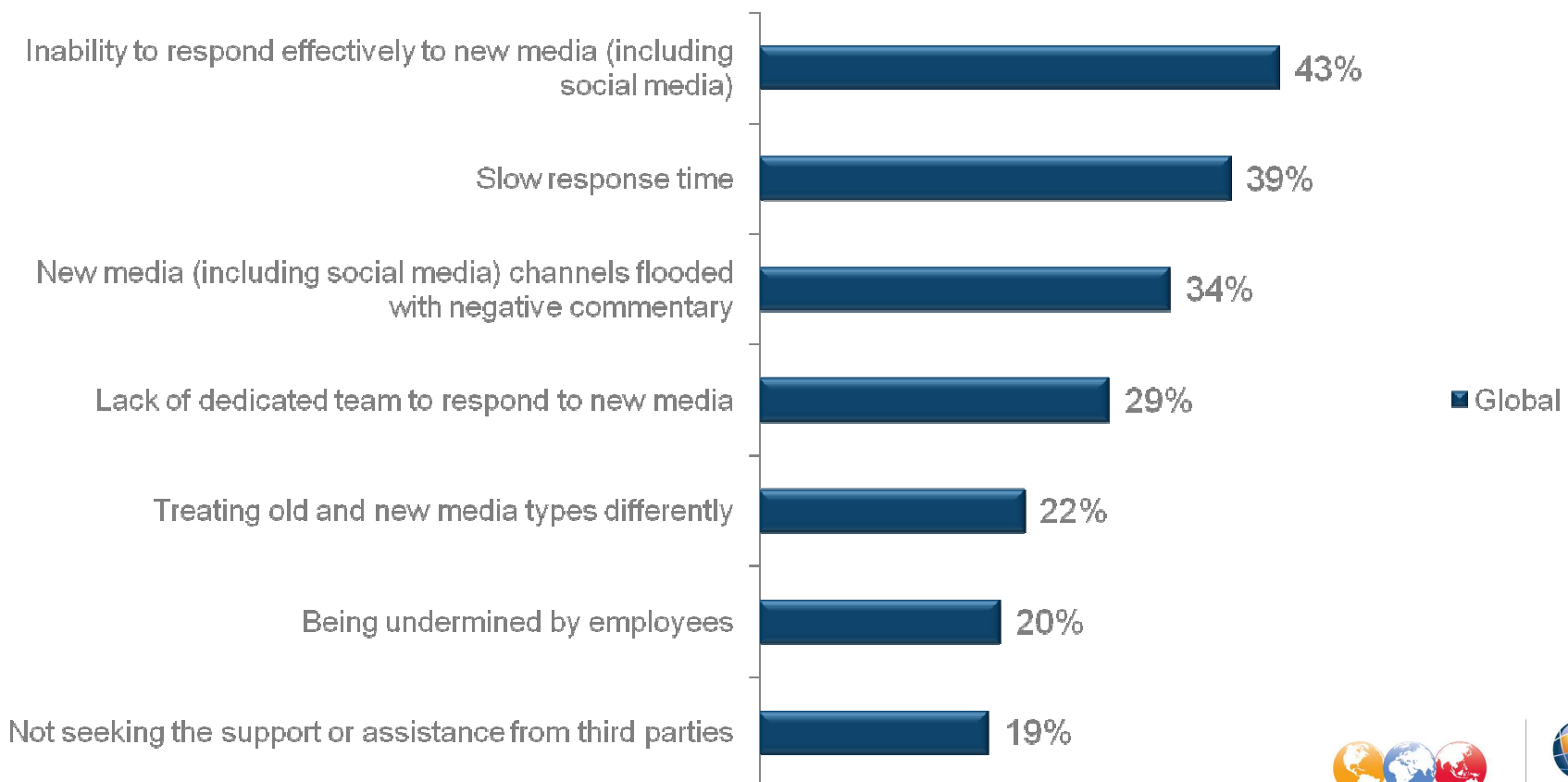
55%

believe **new media (including social media) has made it easier to recover**



RECENT HIGH PROFILE CRISES (E.G. BP AND WIKILEAKS) HAVE REVEALED PRESSURE POINTS

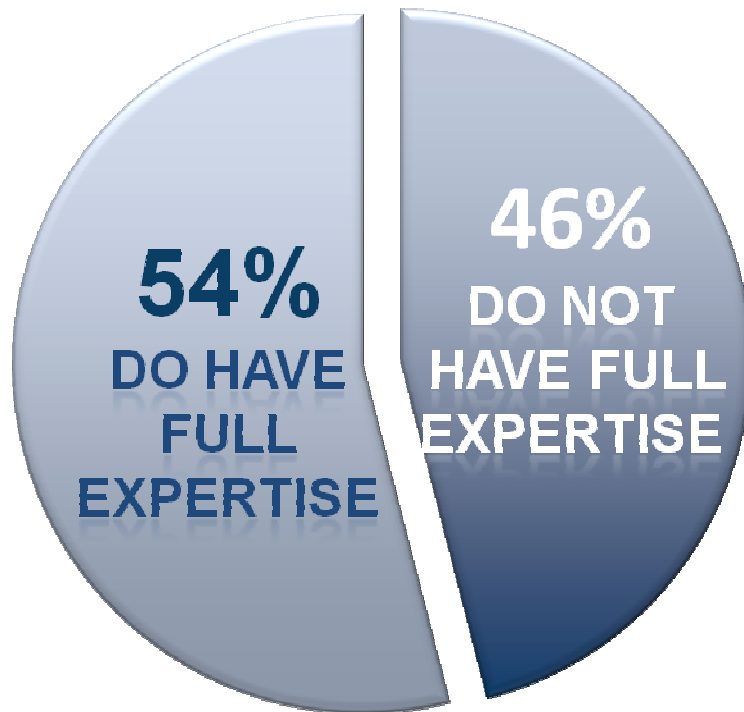
Q55: What do you think are the biggest issues for companies in crisis like BP, Sony and those attacked by Wikileaks when responding to the online public debate?



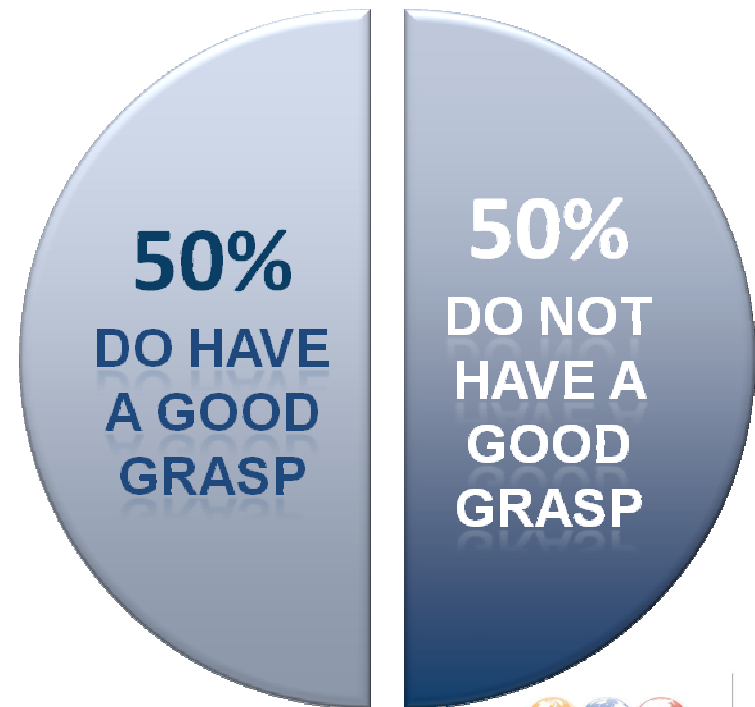
HALF OF COMPANIES DO NOT FEEL CONFIDENT HANDLING NEW MEDIA DURING A CRISIS

Q134/135: Which of the following statements is closer to your view?

**Engaging and monitoring
social media channels**

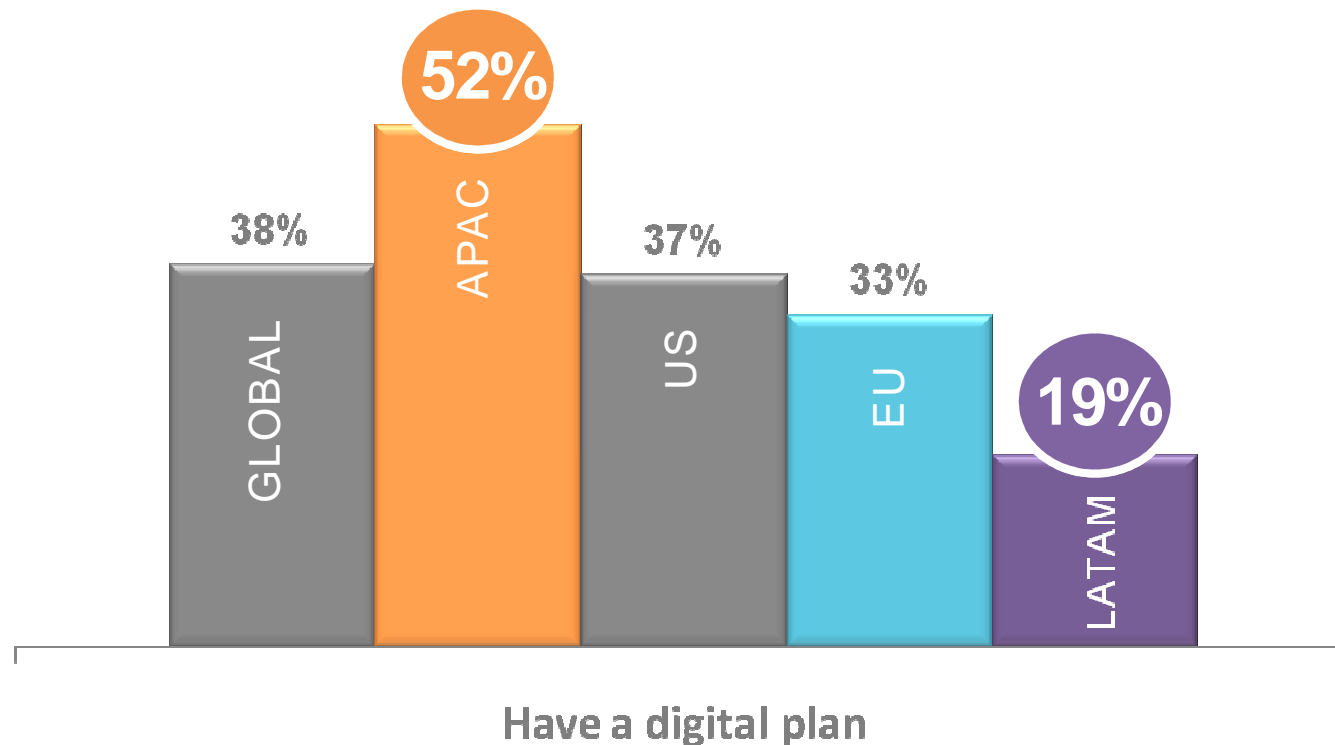


**Understanding who online stakeholders are
and how to engage with them**



DIGITAL PLANS ARE ONLY HELD BY A THIRD OF BUSINESSES

Q112: Does your current company have a digital crisis communications plan, in other words a plan for effectively responding to new media crises (including social media)?



CRISIS IS AN ORDINARY PART OF BUSINESS & COMPANIES ARE NOT SUFFICIENTLY PLANNING

Who do you want to be?



Boy Scout
(Well Prepared)



Tightrope Walker
(Vulnerable)



Ostrich
(Exposed)



THANK YOU