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# Reputational Risk

## *You Only Get One Chance to Get It Right*

In its list of areas that could be affected by hazards, *NFPA 1600 Disaster/Emergency Management and Business Continuity/Continuity of Operations Programs* includes "reputation of or confidence in the entity". However, the impact of an event on reputational risk is not something that can be easily assessed like potential damage to facilities. It is subjective and not always rational. It is often based on perception rather than fact.

We're seeing a classic example of that playing out in the recent incident involving United Airlines' forcible removal of a passenger who refused to relinquish his seat when directed to do so by United officials.

This was not the first time United ended up in an embarrassing public relations disaster. It's refusal to pay for a guitar damaged by its baggage handlers in 2008 led Canadian folk singer Dave Carroll to write a trio of songs about the incident. The first song, [United Breaks Guitars](#), was launched in July 2009 and by August had over 5 million views on YouTube. Carroll's music career took off and he's in demand as a speaker on customer service.

Unfortunately, United's ignoring of reputational risk as a potential

problem is all too common, particularly in the public sector. But no organization is immune and the consequences can be devastating, particularly if you get it wrong and try to use some of these standard excuses.

### **But It's Not My Fault!**

One of our tendencies when faced with an embarrassing situation is to deflect blame. We try to demonstrate that the incident was someone else's fault. In many cases, the blame is felt to lie with the other person involved. And you know what? Sometimes you're right.

Carroll was criticized for checking his \$3500 Taylor guitar instead of carrying it on and for not insuring it. He was also accused of not filing his claim promptly.

In the most recent United incident, United had the legal right to request that the passenger vacate his seat. His refusal led the flight crew to notify the Chicago Airport Police. It was the police who forcibly removed the passenger, resulting in the video that went viral.

Technically, United was not at fault and the actions of the Airport Police are being scrutinized. But it doesn't matter what the facts are when you're dealing with reputational risk. The public saw the incident as the result of a decision by United staff.

## I Was Only Following Procedure

Dave Carroll's claim was denied because his complaint was filed after the 24-hour window allowed by United, ignoring his accusation of negligent handling by United ground crewmembers. United employees in Chicago were also following procedure in attempting to find seats for crew members who were needed at another airport.

It doesn't matter to the public. The "only following orders" defense went out with the Nuremberg trials. When it comes to reputational risk, it's what the public perceives that matters and here is what they see:

- A multi-billion-dollar company refusing to up their offer to get passengers to give up their seat and booting a paying customer.
- A multi-billion-dollar company too cheap to pay the \$1,000 or so to repair an instrument damaged by their employees.

The real issue here, though, is most likely one that is common in many large organizations: low level employees are not empowered to solve problems. It seems likely that no one in the United Airlines hierarchy had the power to approve Carroll's claim (at least not until his video hit 150,000 views the first day) or to defuse the situation in Chicago with an increased offer or selecting another passenger.

## We Were Worried About Liability

One of the big issues today is liability exposure and rightly so. There's also a concern about being seen to stand behind employees who were discharging their duties as expected. For this reason, attorneys insist on statements that admit nothing that could later be used if you're sued. The result? You come across as did CEO Oscar Munoz: an uncaring corporate executive

more concerned with avoiding liability than in showing sympathy to the passenger. Munoz compounded his error in his tone-deaf email to employees the following day supporting the staff in Chicago. While there is no connection to United, stories about the passenger's license suspension didn't help matters either.

The worst part? You're going to get sued anyway. Showing a little empathy upfront isn't going to change that or hurt your case.

## You've Got One Chance

Former Clinton-Gore spokesman Chris Lehane has said you only get one chance to make an apology and it needs to be short, claim full responsibility, and make no excuses.

Heard about the recent incident on American Airline? Probably not, because it was handled well. A flight attendant apparently violently removed a stroller from a passenger and then got into an altercation with a passenger who intervened. Of course, the video has been posted to YouTube. American's response was to suspend the employee while it investigates and to upgrade the passenger and her family to first class for the remainder of her international trip while making sure all her needs were met. The official statement reads in part:

*What we see in this video does not reflect our values or how we care for our customers. We are deeply sorry for the pain we have caused this passenger and her family and to any other customers affected by the incident...*

Reputational risk is all about public perception. Accepting responsibility for the problem, avoiding excuses, acting swiftly to correct the problem, and showing empathy even if the victim is at fault will go a long way to defusing a potential public relations disaster. 