



BSR Conference 2010
Innovate. Integrate. Inspire.

Companies in Crisis: Responsible Response

Breakout Session Summary
Thursday, November 4, 2010 | 2:45-3:45 p.m.

Speakers

- » **Niels Christiansen**, Vice President, Public Affairs, Nestlé, S.A.
- » **Vada Manager**, President and CEO, Manager Global Consulting Group
- » **Jeremy Prepscius**, Managing Director, Asia, BSR (moderator)

Highlights

- » Engaging with a broad pool of like-minded organizations is key to overcoming crisis situations.
- » Companies need to make informed decisions in providing an effective and responsible solution. Steps include issue identification, analysis, change strategy, practical follow-up steps, and evaluation of results.
- » Companies should procure top management commitment to address and resolve ongoing and potential crisis situations. This should be done with open, proactive engagement with the company's key stakeholders.

Memorable Quotes

"We believe in shared value. We invest in things that create business value and social value. This has really caught on in Europe, and this kind of thinking really appeals to business managers. And this is more sustainable from a long-term view." —Niels Christiansen, Nestlé, S.A.

"I encourage you, when you're in the midst of an issue and its response, to think about the issues at hand and legalities, but also the marketing prospects as well." —Vada Manager, Manager Global Consulting Group

"You can't control a situation by maintaining a stand-off approach." —Vada Manager, Manager Global Consulting Group

Overview

Prepscius opened this session by scoping out the topic: What is a responsible response to avoiding and dealing with business crisis? Manager and Christiansen shared their knowledge and experience in developing innovative solutions to resolving crisis situations.

Christiansen started his career with Nestlé in the early 1980s when a Nestlé boycott spread through the United States and Europe. The company responded after a series of conversations with a main advocacy organization and established a corporate audit committee. Since then, Nestlé slowly retreated back to a cocoon, and in 1997 it realized that things could not continue in such a way. Thereafter, Nestlé started systematic engagement to address key issues that could affect a whole range of milk products. This is how [Creating Shared Value](#) began. Even then, the company was attacked by Greenpeace, which demanded more robust monitoring of Nestlé's palm, cocoa, and soy supply chains. Today, the company continues working on deforestation



issues together with Greenpeace. If similar organizations see companies engaging with a broad pool of stakeholders, companies can overcome criticism.

Manager opened with his experience at Nike in shaping the way he addresses such problems. He believes that there is a prequel to crisis management, which is issue management. He highlighted two methods that can help companies respond to crisis situations. Issue management consists of issue identification (trends and legislation), analysis and research, change-strategy options, practical follow-up steps, and evaluation of results. The second method is to find a chance to use crisis situations to build one's market share. He called this method "issue marketing."

In the Q&A session, Prepscius asked the speakers how companies can commit at the highest level to address potential or ongoing crisis situations. They responded that in order to have an open dialogue, companies need *engaged* CEOs.

Moving forward, the speakers commented that social media has changed the way dialogue takes place between companies and stakeholders. Social media is an influential tool, and companies are seeing this more and more by hiring social media marketing managers.

A participant asked a question about who in an organization is best suited to engage with stakeholders. Nike and Nestlé both have top managers present on their stakeholder panels. Nike also has built crisis management tools for when a media story breaks, which helps the company effectively diffuse situations as best as possible.

The last question was from a participant who wanted to know if it is alright for some companies to stay in the middle while some advance as leaders, thereby requiring less investment by certain "mid-range" companies. The speakers categorically stated that companies—whether leaders or laggards—would run into problems, as crisis situations irrespectively compromise brand integrity.

In closing, the speakers encouraged companies to engage, "issue manage," and listen proactively to stakeholders to resolve crisis situations.

Notes Sponsor

VOLKSWAGEN
GROUP OF AMERICA