



JUST 29 PERCENT OF CORPORATE EXECUTIVES CONFIDENT OF WEATHERING A CRISIS SAYS NEW SURVEY

One third of all respondents could not recall last time they reviewed their crisis plan

New York (August 11, 2011)—A new survey conducted by Pillsbury Winthrop Shaw Pittman's [Crisis Management Team](#) and [Levick Strategic Communications](#) found that though 60 percent of survey respondents said their companies have a crisis plan in place, just 29 percent felt very confident their organization would respond effectively if a crisis occurred. Another 56 percent said they felt somewhat confident.

"Part of that uncertainty may stem from the fact that even among those companies which have developed a crisis plan, 63 percent report that their company does NOT conduct annual training drills or exercises to test the effectiveness of their plan and ensure that all company employees know what to do if a crisis does occur," said Tom Campbell, a former NOAA official and head of Pillsbury's Crisis Management team, who recently advised Moex Offshore, one of BP's partners in the Deepwater Horizon accident, on its \$1.1 billion settlement for any claims related to the oil spill. "Even more strikingly, fully one-third of those companies which do have a crisis plan could not recall the last time they actually reviewed or revised it, which clearly indicates an out-of-sight/out-of-mind approach to crisis management that may prove a company's undoing."

Approximately 50 C-level executives, general counsel and risk managers responded to the Pillsbury-Levick Crisis Preparedness survey, which is among the most comprehensive ever conducted, probing deeply into companies' crisis planning practices and providing details about the types of crises their companies have weathered over the past few years.

Among the survey's key findings:

- In the past three years, 42 percent of respondents said their company was the subject of a government inquiry or investigation, which can set up off alarm bells for shareholders, investors, customers and employees alike. Twenty-four percent of respondents claim that their company had faced a natural disaster and an equal number of respondents said their company had experienced a data loss or security breach. Twenty-one percent of all companies had experienced at least one worker accident or death, while nine percent reported being the target of protesters or a consumer boycott. Significantly, many survey participants experienced multiple crises over the past three years.

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- Of the potential crises that could impact a company, respondents overwhelmingly stated that a data breach or technology failure would have the most negative impact, followed by a natural disaster such as a hurricane, earthquake or tornado. Power outages or blackouts were identified as the third most likely scenario to negatively affect a company.
- Fifty-two percent of respondents said that their company crisis plan does not specifically address how to effectively handle adverse postings to Twitter, Facebook or YouTube. This exposed a real vulnerability, since company reputations can be made or broken in a matter of hours via social media.
- Following a crisis, 79 percent of survey respondents said their companies made minor or major changes to their crisis protocol to make it more effective. Among the most popular improvements were additional training (21%) and conducting a crisis audit (18%), followed by strengthened General Counsel oversight, purchased or upgraded business interruption/liability insurance, moved crucial systems off-site, or upgraded technology security systems, all of which scored 14%. Several companies implemented more than one of these improvements.

"While there is always uncertainty associated with any crises, too many companies mistakenly labor under the assumption that since one can't predict when a crisis will occur, there is little you really can do to prepare for it," said Richard Levick, Founder and CEO of Levick Strategic Communications, one of the world's leading crisis communications agencies. "But what companies can be sure of is that sooner or later, a crisis will indeed hit, and when it does, legal risks, business operations, and reputation management all have to be dealt with simultaneously and decisions often have to be made in a matter of hours, or in some cases, where human lives are at stake, a matter of minutes. That can't happen if the decisions makers haven't rehearsed and ran through each scenario as laid out in their plans so that when the crisis strikes, they will immediately know what steps to undertake in order respond effectively."

To help companies assess if their crises plans are up to snuff and demonstrate the effectiveness of crises training for senior executives, risk managers and GCs, Pillsbury and Levick are hosting a one-day crisis management and preparedness workshop, [What If? Crisis Management Scenarios + Solutions](#) on Tuesday, October 4th at Pillsbury's offices in Washington, DC. The workshop will include both roundtable discussion and a simulation of a crisis unfolding in real time to give workshop participants the opportunity to understand the stakes involved and the various, often conflicting, issues that come into play in developing an effective response.

Pillsbury's crisis management efforts date back to the Great San Francisco Earthquake and Fire of 1906, when it helped local businesses secure reimbursement on their insurance claims so that they could rebuild the city. Other representative work includes advising the owner/operator of Three Mile Island during and after the 1979 nuclear accident before the Nuclear Regulatory Commission, Congress, a Presidential Commission, the Commonwealth of Pennsylvania, and the Department of Justice; representing United Airlines in insurance claims filed in the aftermath of the 9/11 attacks; secured a 90 percent penalty reduction associated with a 4.5 million gallon jet

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fuel release at the Chevron El Segundo Refinery located near the Los Angeles International Airport; served as internal investigation counsel for a Washington state refinery after an explosion resulted in several worker deaths; and developed the legal protocol for New York City's Disaster Planning program that President Obama's National Infrastructure Advisory Council recently recommended be adopted nationwide by all state and local municipalities. For a complete report of the survey results, please [click here](#).

About Pillsbury Winthrop Shaw Pittman LLP

Pillsbury is a full-service law firm with a focus on the energy & natural resources, financial services, real estate & construction, and technology sectors. Based in the world's major financial and technology centers, Pillsbury counsels clients on global regulatory, litigation and corporate matters. We work in multidisciplinary teams that allow us to anticipate trends and bring a 360-degree perspective to complex business and legal issues—helping clients to take greater advantage of new opportunities and better mitigate risk. This collaborative work style helps produce the results our clients seek.

About Levick Strategic Communications

Levick Strategic Communications builds brand equity and protects reputations during the highest-stakes global communications challenges of the digital age. The firm has won numerous communications awards, including Crisis Firm of the Year by the Holmes Report.

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