



GREG SCHNEIDERS

Our leaders' poor communication made a bad situation even worse

For those of us who practice crisis communications or advise others on the subject, the recent financial institution meltdown provided a particularly apt case study. It proved once again that, in a crisis, strategy, actions, and words all matter.

■ **Strategy matters.** “Get it all out fast” is advice crisis advisers routinely offer business executives. Allowing a crisis to unfold in slow motion is always ineffective and damaging. Yet, though they had every reason to know better, the administration dribbled out the bad news and the painful decisions about Bear Stearns, then Fannie Mae and Freddie Mac, then Lehman Brothers, then AIG, then everybody else.

The only defense imaginable is that they didn't realize how widespread and serious the problem would become, which is much scarier than their bungled communication.

■ **Actions matter.** Sen. John McCain (R-AZ) correctly understood the financial crisis to be a “game changer” for his campaign. What he didn't grasp is that, in a crisis, the public seeks steadiness in its leaders.

By “suspending” his campaign and threatening to boycott the first presidential debate so that he could deal with the crisis – and then doing little to prevent his own party's attempt to scuttle the rescue plan – he appeared erratic, political, opportunistic, and ineffective.

That this all occurred fast on the heels of his selection of Gov. Sarah Palin (R-AK) as his vice presidential nominee did not help instill confidence in McCain.

■ **Words matter.** US Treasury Secretary Hank Paulson, with the help of Congressional Democrats and Republicans, allowed the “Emergency Economic Stabilization Act of 2008” to be reduced to the shorthand “\$700 Billion Bailout.” This was a grossly misleading and damaging way to characterize the plan.

First, the only way the cost to taxpayers would ever be \$700 billion is if every distressed asset bought under the plan ended up with zero value, which will never happen.

Second, while benefiting some Wall Street players – by rescuing them from bankruptcy – the real beneficiaries of the plan are all of us. That is why “rescue” would have been more appropriate and effective than “bailout.” And, “homeowner rescue,” “retiree rescue,” or “taxpayer rescue” would have been even better.

If this seems too much of a linguistic stretch, remember that the deadliest weapon ever deployed (the MX nuclear missile) is known as the “peacekeeper” and the estate tax is now commonly called a “death tax.”

Perhaps the biggest lesson of all from this experience is that crisis communications is not, as we say, “rocket surgery.” It is often as easy as, “Stay calm and tell the truth as quickly, completely, and honestly as you can.” Sounds simple, but, in this case, some of the country's best minds and wisest communicators got it all wrong. ■

Greg Schneiders is a founding partner of Prime Group, a consultancy that specializes in helping clients understand, plan, and execute change. Greg@primegrouppllc.com.