Tiger Brands' failed attempt to manage the listeriosis crisis is costing them severely

By Lunice Johnston

27 Mar 2018

In recent weeks South Africans have suffered yet another shock when nationally beloved consumer brand, Enterprise, was found to be the source of what the United Nations has called the "worst outbreak of listeriosis recorded globally."

> *"What's the biggest mistake you can make in a crisis? Not knowing you're in a crisis..." Olivia Pope, The Fixer, S7 E12*

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Tiger Brands did not fully understand the gravity of the situation when it began engaging with the public and the media. Perhaps like my fictional heroine Olivia Pope from the TV series "The Fixer" says, they did not realise they were in a crisis. Or if they did, perhaps they discovered too late that their plan of action was inadequate and there was no precedent on which to draw from.

Failing to plan for a reputational crisis happens more often than it is comfortable to think about. Depending on who is in charge, companies often "wing it" and pull in the big legal guns to protect themselves once the news has broken in the public domain. And it shows. It's obvious that Tiger Brands has been taking its legal counsel at the expense of its brand and reputation strategy.

Enterprise should implement watertight crisis management strategy or else it is history!

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Uncoordinated engagement

The cost of this approach has been high for Tiger Brands. The immediate fallout of the crisis has been the destruction of consumer trust with nationwide product recalls making headlines, closely followed by erosion of the company's market cap, profits and stature as one of South Africa's leading listed companies.

The *Financial Mail* reported on 8 March 2018, that "the scandal has wiped off R4.4bn from Tiger's market cap – considerably in excess of the contribution made by its value-added meat products division. Of its R27bn in sales recorded for the year ended September, value-added meat products accounted for R2.24bn in revenue." Ouch!

Tiger Brands has remained defiant in their infrequent communication and uncoordinated engagement with stakeholders and consumers, attempting to distance themselves as much as possible from the accusations that they are responsible for this outbreak of Listeriosis, and the resulting deaths of over 180 people.

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The company appears to be following a line of protecting itself from potential class action lawsuits, and the narrative being developed appears to be driven by legal counsel, evidenced by the lack of sincere and open stakeholder engagement, lack of demonstrable sympathy with victims' families and poor relationships with the media.

The result is that Tiger Brands is being perceived as arrogant, unsympathetic and more interested in protecting its profits than the safety of consumers. I believe that even if legal counsel is advising caution with public statements of admissions of guilt, it should not be done at the expense of engagement and open communication with affected stakeholder and the general public.

How it could have played out differently

Back in 2003, Pick n Pay's then chief executive Sean Summers adopted a similar approach when dealing with the poison threat in the company's no name brands. Summers was known to have engaged with everyone on an ongoing basis, also employing a "Forgiveness strategy" in the face of fierce criticism. Despite a serious threat to the company, its brand and customers, goodwill in the brand and the share price grew in the face of this crisis, rather than eroding its value.

Listeriosis outbreak: A people-centred crisis approach is the most essential

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Steps to successfully handling a reputational crisis

Warren Buffet said:

> *"If you lose money for the firm, I'll be forgiving. If you lose reputation, I'll be ruthless."*

I understand this perspective because I have seen how the price for reputational damage often far exceeds the value on the balance sheet. To avoid a situation like Tiger Brands is in, where managing the crisis becomes the crisis, companies should invest in a long-term, strategic approach.
I am a strong believer in planning for the worst and hoping for the best. In reputation management, companies need to plan for every scenario and have a robust reputation management and crisis communication strategy in place together with risk management and risk mitigation strategies, with clear plans and areas of responsibility in place.

Tiger Brands never acknowledged the seriousness of the problem, to begin with, and thought it was an operational hiccup that would pass, hoping that the damage could be contained locally. This was not to be, and the brand giant was caught unawares.

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Once a crisis breaks, it's essential to acknowledge it for what it is, categorise its level of severity appropriately, and activate the most suitable plan with the right level of resources to support the activities required to address the challenges adequately. Companies must act quickly, but with facts.

Critical decision makers must convene to agree the strategy and leaders with the appropriate profile and media experience should be appointed to share information on a regular and ongoing basis. Having an open line of communication to the media is key to this approach.

This requires a robust reputational crisis management plan. Without it, companies could find themselves exposed in the most unflattering light and inadvertently be unprepared to make the best of a bad situation.

ABOUT LUNICE JOHNSTON

Lunice Johnston founded Lunice Johnston Communications in 2016. She decided to take the plunge and own her own reputation management business after gathering more than 25 years' experience working for various public relations and reputation management agencies. Lunice's scope of experience includes managing the full spectrum of public relations, media liaison, external), crisis management, social media, reputation management, stakeholder management and facilitation of related workshops.
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