

Effective Delivery of Bad News

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Christine Crandell and Friends

Discussion Topics

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- Communicating bad news
- Communication directions
- Delivering the news
- Reality examples



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So, You Have Bad News

“Because communicating bad news is hard not only for the recipient but also the messenger, people are reluctant to deliver bad news and often distort or delay news to avoid the unpleasant task.”

- Institute for Operations Research and Management Sciences

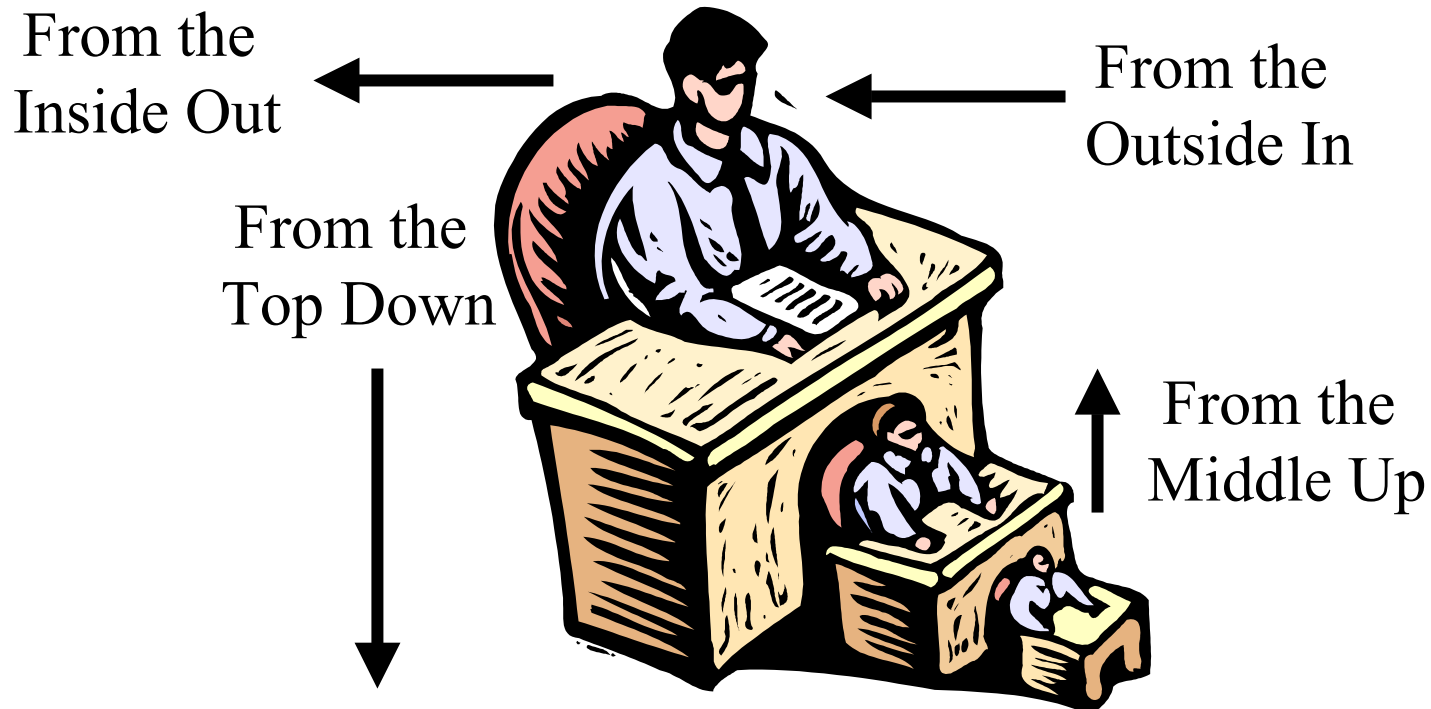
Communicating Bad News

According to the Education for Physicians on End-of-life Care:

1. Get started. Plan what you're going to say and be certain that you have your facts right.
2. Find out what the person knows about the situation.
3. Find out how much the person wants to know. Some want all the details, others don't. Consider the different ways people handle information and proceed accordingly.
4. Share the information. Say what you have to say and then stop. Be clear, promote dialogue, use silence.
5. Respond to the person's feelings. Give time to react.
6. Plan and follow up.

Communication Directions

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From the Inside Out

The objective is to communicate bad news to the public in a fair and honest way that hopefully results in a favorable impression and perception of the organization.

1. Tell employees first before talking to the press.
2. Offer the press a press release.
3. Be accessible to press, shareholders, community leaders.
4. Follow up the bad news with positive news about something that your constituents consider important.
5. Publicly thank employees, customers and partners for their support after the situation is over.

From the Top Down

The objective is to communicate bad news, within context, to your employees while keeping them motivated.

1. Make sure all your people know all the facts – good and bad – and what to say (and not to say) to customers.
2. Meet with your people and LISTEN to their fears, concerns, and anger (perceived betrayal).
3. Communicate, consistently, the company's strengths and past successes.
4. Reward employees for 'job well' and risks taken regardless of outcome.
5. Accept you don't have all the answers – and turn the situation into an opportunity.

From the Outside In

The objective is to communicate bad news in an honest way that motivates corrective action and strengthens a 'trusted' relationship.

1. Get all the facts correct, complete, and substantiated.
2. Define alternative courses of action along with pros/cons and costs/benefits to the organization and the person. Identify an ideal outcome.
3. Pick the right environment and plan the conversation sequence.
4. Empathize, listen and watch while moving the conversation forward.
5. Set a closure date and next steps.

Best Practices

- Routine outreach communication
- Understand the audience's context, concerns, alliances and power networks
- Prepare, prepare, prepare... and stick to the plan
- Honesty is the best policy....while engaging in impression management
- Contingency Plan
- Don't dwell
- Reach back and recognize those that helped



Reality Examples

Communicating the Bad News

HINNOATE
COMMUNICATIONS



Ken Murray

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Types of Bad News



- Non-Recoverable
- Recoverable

Communicating Non-Recoverable Bad News



Examples:

- Incurable Disease
- Death
- Layoffs
- Shutdown

Elizabeth Kubler Ross Model

- Denial and Isolation
- Anger
- Bargaining
- Depression
- Acceptance

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Top Down: The Hibernation of Mockingbird Networks



Symptom:

Runway not long enough to achieve cash break even

Root Cause:

Moderate value proposition in a highly competitive and financially difficult market

Approach:

Regular Communications of Facts

Awareness of alternatives

Use of Rumor Mill

“D-day”

Non-Recoverable Best Practices



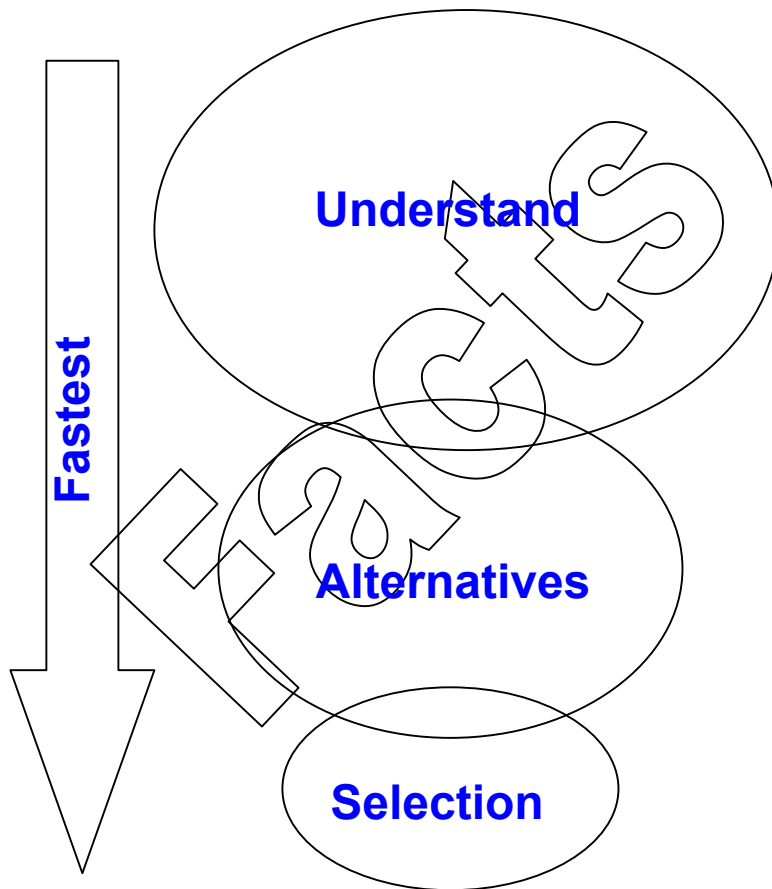
- Be *sure* the bad news is non-recoverable
- Prepare yourself
- Prepare the management team
- Rumor Management
- Deliver the news
- Make yourself accessible
- Follow up



Communicating Recoverable Bad News

The Receiver will be making 2 decisions based on

WINNOVATE
A COMMUNICATIONS



Confidence
Playful
Continue
Study
Neutral
Stop
Challenging
Fearful
Avoidance
Neglect

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Source: Par Training

The First Decision Will Be About YOU!



- Top-down implications
 - Will they follow you?
- Middle-up implications
 - Will they fire you?

The Second Will Be A Plan of Action



- What where the symptoms?
- What is the root cause?
- What are the alternatives?
- Why is your recommendation the best?

Mockingbird Release 4.0 Cancellation Board Presentation



Symptom:

3 month slippage of R4.0
release

Root Cause:

Lack of product
development process

Alternatives:

Outsource, fix or hybrid

Proposed Solution:

- Consequences
- Leadership change
- Process oriented product releases with weekly milestones
- Red, Yellow, Green communications plan

Recoverable News Best Practices



- Investigate what happened
 - People, Processes and Tools
- Answer “Why won’t it happen again?” & “What are the leading indicators?”
- Gain team ownership to the problem
- Gain team ownership to the solution
- Break the news individually – up & down
- Formally announce the news, and alternatives and the selected plan of approach
- Remain at confident but align for the negative emotional states
- Document and Communicate



Delivering Bad News

A Job Nobody Wants.....

Sue Salvesen
A CFO's Perspective

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Deciding When to Communicate



- Officers of public companies are under more scrutiny today than ever due to recent legislation.
 - Time is of the essence to avoid leaks
 - News available to everyone at the same time
- Get input from an uninvolved party, often outside legal counsel.
 - Still need to trust your instincts
 - Disclosing the loss of a major customer

Deciding When to Communicate

- It's not as easy as you think...
 - When you think you have bad news; or
 - When the rumor mill picks up on it; or
 - When you're investigating something bad; or
 - When you know with certainty all the facts; or
 - NEVER?



What Kind of News Are You Delivering?

- Factual
 - “Just the facts ma’am”
 - Example, pre announcing earnings, loss of customer
- Judgmental
 - “I’m not sure; I don’t have all the information, but we need to investigate this”
 - Quintus example of communicating to Audit committee



From the Inside Out: Putting it into Practice

The objective is to communicate bad news to the public in a fair and honest way that hopefully results in a favorable impression and perception of the organization.

① Prepare yourself

- Practice, practice, practice
- Role play Q&A
- Write scripts

② Tell as much information as you can

- Focus on what is truly important
- Know your audience and how each different constituency will perceive this information
- Recognize that most of the time you won't have all the information available about the situation



From the Inside Out: Putting it into Practice



1. Tell employees first before talking to the press

- Difficult to do as a public company and across multiple time zones. Send press release over wire concurrent with all employee communication.

2. Offer the press a press release

- Don't try to sugar coat the information
- Be clear and straightforward

From the Inside Out: Putting it into Practice

3. Be accessible to press, shareholders, community leaders

- But be careful, don't disclosure anything to one party you haven't told others publicly in a press release
- Recognize that you may not be able to disclose everything you know
- Be open, unemotional, yet empathetic
- Provide broad and equal access to your audience
 - Reply to every phone call, e-mail, inquiry
 - Listen, Listen, Listen
 - People just want to vent and be heard

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From the Inside Out: Putting it into Practice

4. Follow up the bad news with positive news about something that your constituents consider important

- And hope that someone is listening and cares. Your credibility is damaged, even if it's not your fault.

5. Publicly thank employees, customers and partners for their support after the situation is over.

- Can't thank people enough for their support. Reinforce their faith in the company over and over again.

It can be lonely..



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Ethical Choices

- When you've given your word
- When it's your boss that you question



Thank You

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