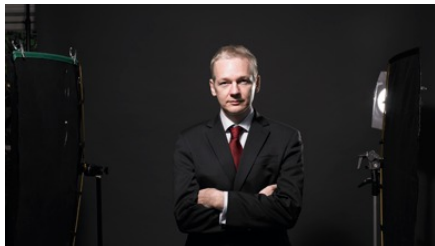


Leadership

WikiLeaks And The New Corporate Disclosure Crisis

Stephanie Nora White and Rebecca Theim, 12.10.10

How does WikiLeaks change the threat of a corporate crisis, and how should your organization prepare?



WikiLeaks Founder Julian Assange

If the scandals that have plagued corporate America in the past two years haven't gotten you thinking about your own company's vulnerabilities, then the latest revelations out of WikiLeaks certainly should.

In an interview with Forbes' Andy Greenberg, WikiLeaks founder Julian Assange declared that half the documents that have been fed to the organization are from corporations, and that sometime early next year his organization plans what presumably will be the first of many corporate disclosures. It will begin with information about one of the nation's leading banks. The target is rumored to be **Bank of America**, and the bank's stock tumbled 3% shortly after the rumors were publicized.

Got your attention now?

WikiLeaks is promising to give a voice to the disenfranchised, disgusted and disillusioned within Corporate America, those who have knowledge of company behavior ranging from distasteful to criminal. "Companies turn people into leakers by their failure to listen, look and respond," says business consultant and author Margaret Heffernan, whose forthcoming book, *Willful Blindness: Why We Ignore the Obvious at Our Peril*, will tackle the issue.

In other words, it will no longer be a company's general counsel who will decide if and when something is disclosed to the public. Now, it's any insider with a flash drive who's troubled or disgruntled by an organization's conduct.

And the types of information WikiLeaks is disclosing can be more damaging--and memorable--than a traditional corporate crisis. A "transactional crisis," in which something ranging from discomfoting to catastrophic strikes a company, may occur because of an accident or event that could not have been foreseen. Such an event, ranging from Mark Hurd's resignation from HP over a sexual harassment investigation to the BP oil spill, carries its own set of baggage. How an organization fares in its aftermath depends on how quickly, compassionately and comprehensively it responds.

However, Wikileaks is ushering in a new form of the "reputational crisis," in which the very way an organization and its leaders operate, think and respond is made public. In his Forbes interview, Assange referred to it as "the ecosystem of corruption," adding that it's "all the regular decision making that turns a blind eye to and supports unethical practices: the oversight that's not done, the priorities of executives, how they think they're fulfilling their own self-interest."

To put it in recent, non-WikiLeaks terms, think about what people remember about two recent major corporate crises. In the case of the financial markets meltdown and the BP oil spill, it wasn't just what a credit default swap was, or how many

gallons of BP oil poured into the Gulf of Mexico. People also recall Goldman Sachs CEO Lloyd Blankfein declaring that his firm was doing "God's work," and former BP CEO Tony Hayward proclaiming that, "I want my life back."

These types of careless comments, along with the kinds of corporate WikiLeaks disclosures Assange promises, show the true underbelly of an organization and can do the most damage.

Preparing for or avoiding a "disclosure crisis." Companies can accept the inevitability of an unsavory leak and prepare for how to best react to it, or they can take action now to minimize the likelihood that insiders will feel the need to disclose company secrets. Either way, below are some steps to ponder:

Establish and maintain a culture of civility and transparency. The old saying, "If you're not prepared to read it on the front page of a newspaper, don't put it in an e-mail," has now been expanded to, "If you're not prepared to send it around the world, and for it to be seen by your boss, colleagues, regulators, investors and your family, don't put it in an e-mail."

Establish zero tolerance regarding obscenities, crude jokes or topics of intolerance in company communications--even those about your most cutthroat competitor. If your organization is agnostic about "doing the right thing" and you question the necessity of this step, keep in mind that reputations, market share and stock prices can drop with the stroke of a computer key in today's "Wikiworld."

View dissent within your organization as a positive thing. Yes, it's tough to do, but necessary. "A company where there's no dissent is at serious risk," Heffernan says. Because dissenters can pinpoint your areas of greatest risk, doing so will help an organization identify its most acute vulnerabilities.

Make needed reforms now, then let stakeholders know what you did--and why. After its Upper Big Branch mine exploded in West Virginia and killed 29 workers, Massey Energy finally stopped trying to pass the blame and took action. It closed its unsafe Freedom Energy Mine No. 1 in Kentucky, and controversial CEO Don Blankenship stepped down. Unfortunately, it took eight months before the company made those reforms, and its reputation and balance sheet already were in tatters.

Listen to your employees, and address their concerns. Business thinks it's had it rough during the Great Recession. However, many employees--both those who managed to hang onto their jobs and those who didn't--have had it worse. Yes, times are tough, but don't be short-sighted. Heffernan has described the phenomenon of employee "pressure points" and what happens when individuals finally become fed up. Don't give your employees a reason to reach their boiling point.

Prepare, prepare, prepare. We've never encountered an executive whose crisis response performance didn't improve appreciably after a well thought-out training program. Include hypothetical scenarios about difficult leaks in your crisis communications drills and exercises, which should take place at least annually. And prepare your leaders to face the public and stakeholders. Their credibility will be tested like never before, and the reputation of your organization may very well depend on your executives' performance.

Get comfortable with the uncomfortable. Forbes cybersecurity reporter Greenberg has coined the term "forced transparency" to define the reality that WikiLeaks and its copycats now leave companies and governments no choice but to voluntarily--if grudgingly--share information that previously was secret.

Yes, Assange is currently in police custody in the U.K., and governmental officials worldwide are demanding his head, but he's the symptom, not the cause. Technology is making it more and more difficult for those in power to control information--particularly information that shows their institutions have behaved distastefully, hypocritically or even criminally.

A disclosure crisis, like all types of corporate crises, will lay bare an organization and its leadership. But if you learn how to function when your company is stressed, business continuity is possible under duress.

Stephanie Nora White is a partner with Wixted Pope Nora Thompson & Associates/WPNT Ltd., a business communications training and strategy consultancy that works with Fortune 500 companies to prepare executive and employees worldwide to plan for and respond effectively to corporate crises. Rebecca Theim is principal of Tipitina Communications, a public relations and communications firm, and an associate of WPNT.