 **NORTHERN CALIFORNIA CHAPTER**  
MEETING PROFESSIONALS INTERNATIONAL

*Risk Management in Today's Unpredictable World*

## Minimize the Crisis in Crisis Management

Presented by:  
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Parc 55 Wyndham Union Square Hotel  
San Francisco, CA  
May 19, 2011

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### Background

- "Disasters" tend to be thought of as large-scale catastrophes (e.g., earthquakes, tornadoes, terrorism, fires, epidemics).
- Many other types of events can be just as dangerous for your business.
- "Crisis management" is a more effective way to think about these issues.



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### Crisis Management

- Crisis - an unexpected disruption that could seriously and negatively impact:
  - Guests, visitors, employees, planners, suppliers, clients, stakeholders or communities;
  - Corporate, organization and area financial strength;
  - Your reputation or brand image.
- Occurs as result of circumstances over which meeting professional has no control.
- Good approach to crisis management focuses on effective prevention and response.

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### Crisis Prevention

- Every company is susceptible to a potential crisis involving:
  - Guests, attendees, members, clients, stakeholders
    - Personal injury, death, food poisoning, severe weather, strike, property damage, transportation interruption
  - Employees, planners, companies, organizations
    - Ineffective policies, harassment, discrimination, equipment or software malfunction, unsafe workplace, poor managers
  - Financial controls
    - Bankruptcy, labor dispute, conflict of interest, signing authority, kickbacks, criminal acts



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### Crisis Prevention

- Every company is susceptible to a potential crisis involving:
  - Regulatory compliance
    - Immigration, unions, FLSA, FMLA, ADA, EEOC, OSHA
  - Physical and data security
    - Unauthorized access, infringement, workplace violence, backup systems, identity theft, privacy issues, criminal acts
  - External factors
    - Weather events, epidemics, fires, street crime, accidents, political instability, religion & cultures, suppliers

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### Risk Assessment Factors

- Risk Avoidance
- Risk Assumption
- Risk Transfer
- Risk Management
- Insurance



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**Force Majeure – Acts of God**

- What's on the grocery list?
- What's are key terms to include?
- Is it mutual?
- What about attrition fees and lower rates if group still wants to perform?
- What if group rebooks?



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**Force Majeure Provision**

- Acts of God [includes severe weather events and natural disasters]
- War, threats or acts of terrorism, or similar acts
- Strikes (except those involving hotel's employees) or imminent threat
- Disease, epidemic, fires
- State Department or other governmental or international agency travel advisory
- Corporate travel restrictions
- Civil disturbance
- Curtailment or interruption of transportation facilities
- Interruption or cessation of electrical power
- Any other cause beyond the parties' control

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**Force Majeure Provision**

- Inadvisable (from a safety, health or financial standpoint), illegal or impossible for either party to perform its obligations under Agreement as they relate to meeting.
- In the event Group decides to hold its meeting despite such circumstances, Hotel shall waive any fees related to reduced-sized meeting (including any room, food and beverage attrition fees) and shall offer Group's guests any lower room rate offered to guests during contracted dates.
- Supplement standard language to minimize risk:
  - Identify minimum number of attendees necessary to achieve goals of meeting.
  - Specify that if minimum number is not achieved due to unforeseen circumstances, Group may cancel or postpone contracted services without liability.

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### Cancellation Provision

Cancellation options and fees clearly expressed.  
May allow either party to cancel contract without liability if certain conditions are met (e.g., by certain date if entire meeting is cancelled).  
Limit party's obligation to vendor's out-of-pocket expenses up to date of cancellation.  
Define what constitutes lost profits and state percentages.  
Require mitigation of potential losses.

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### Indemnification Provision

- Essential to every contract – should be mutual.
- Protects a party from being financially harmed by the other party's negligence.
- Include word "defend" – requires party to hire counsel to directly defend lawsuit at beginning rather than reimbursing other party after the fact)
- Always cover "negligence" as well as "gross negligence and willful or wanton misconduct" to cover widest range of possible occurrences.

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### Insurance Provision

Coverage should be addressed in every contract.  
– Know your types, coverage amounts, exclusions.  
In contracts involving "high risk" activities, group should be named as additional insured.  
Consider event cancellation insurance.  
– Reimburses certain out-of-pocket expenses and/or lost revenues, including anticipated profits from cancellation, enforced reduction of attendance, loss to personal property, and loss of registration fees.

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### Crisis Preparation

- Make thorough assessment
  - Talk to your clients, executives, department heads, employees, attorneys, auditors, insurance brokers
  - Take inventory of policies, assets, systems, functions
  - Identify areas of risk and analyze vulnerabilities
  - Prioritize and develop plans which outline preventive actions to be taken
- Assemble crisis response team
  - Include individuals from all departments
  - Insist on executives' support *and* participation

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### Crisis Preparation

- Develop Emergency Response Plan
- Develop Business Continuity Plan
- Develop Crisis Communication Plan
  - Communicate plans to all employees and staff
  - Develop clear organization chart with assigned responsibilities
  - Designate and train spokesperson
- Run drills, evaluate results, train, test plans again
- Regularly review plans – keep all information current
- Review insurance policies



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### Crisis Response

- Implement Emergency Response plan.
  - Protect guests, staff, employees, volunteers, vendors, suppliers, clients
- Shutdown operations and information systems.
  - Protect electronic systems and paper files
  - Protect technology
  - Notify crisis communications spokesperson
  - Notify legal counsel
  - Notify insurance broker



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### Crisis Recovery

- Identify and prioritize critical functions.
- Resume operations, step by step, per Business Continuity plan.
- Involve crisis communications spokesperson (optional).
- Never lie, never speculate, never spin.
- Monitor, revise and act – repeat as needed.

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### Communication Plan

- Form Media Response Team.
  - Include company's GM, President, CEO/CFO, legal counsel, service manager, executive of sales, HR director, security professional
  - In-house PR/marketing department head (or outside PR advisors experienced with crisis management)
- Give Team authority and responsibility.



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### Communication Plan

**Review company's communication process.**

- How do you obtain accurate information?
- Who makes public statements?

**Designate spokesperson as authoritative source for information.**

- One person, one voice
- Determine if that spokesperson will also be responsible for sending regular updates to media and other audiences.

**Provide formal media training to spokesperson – involve video training, if possible**

- AVOID "no comment"
  - Public perceives this phrase as admission of guilt.
  - Reporters invariably find someone who *will* comment.
  - You have more control if you're the one responding to inquiries.

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**Communication Plan**

- If you have no information, say so honestly.
- And ... tell reporters that *you will contact* them as soon as information is available.
  - Then follow up and keep in touch.
- Determine specific communication objectives for company's various audiences.
- Develop limited number (3-5) of key talking points.
- Include message of caring and empathy.
- Return as often as possible to talking points.
- Try to work message you want to convey into every major answer.
- End with positive, sincere message.

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**Communication Plan**

- **Update issues management and/or crisis communication plan *regularly*.**
  - Updating maintains plan's integrity.
  - Keep current lists of local media representatives.
  - Any press announcement should include answers to the following questions: *who, what, where, when, why and how.*

**WHO**  
**WHAT**  
**WHEN**  
**WHERE**  
**WHY**    **HOW** ←

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**Communication Plan**

**Other Things To Do**

- Have resources ready – emergency contacts, telephone numbers, medical and security locations
- Life Saving - who knows what - from CPR to Heimlich to AEDs
- Train all personnel on what to do if press or media shows up or calls
  - Top to bottom – executives, managers, receptionists, front desk staff, assistants, mail room, concierges, valets, housekeeping
- Rehearse communication plan
- Keep good notes; make list of every media inquiry

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**Aftermath Crisis Management**

- Why did this happen?
- Could this have been mitigated or prevented?
- Could we have reacted more effectively?
- What could we do better?
- How do we change going forward?
- (Un)intended consequences?



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Naomi works with individuals and organizations in the meetings, travel and hospitality industries, including corporate and independent planners. Additionally, she serves as General Counsel to national and international trade associations of manufacturers, suppliers, and professionals, providing guidance in the areas of antitrust, intellectual property, standards development, certification and accreditation, governance, contracts, international organizational issues, product liability, and risk management. Naomi has appeared before federal and state agencies and worked with national research laboratories, advocating positions on behalf of client associations. She is a trained mediator with extensive commercial litigation experience at state and federal levels, and is admitted to practice before the Supreme Court of Illinois; the Trial Bar of the U.S. District Court, Northern District of Illinois; and the U.S. Court of Appeals, Seventh and Federal Circuits.

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### Elements of Crisis Management Plan Checklist

#### 1. Security

*It is the planner's responsibility to ensure proper security will be in place during the event. Visible security serves as a deterrent to theft, violence and other problems.*

- Determine whether the hotel/facility has its own security force which you could (require) utilize.
- Determine whether additional security is needed, and if so how it will coordinate with other security personnel.
- Verify the credentials and check the references of security providers.

#### 2. Crime

*It is the planner's responsibility to conduct site inspections of the various facilities to ensure the meeting, conference or special event will take place in a safe location.*

- Investigate the frequency or occurrence of crimes in and around the facility location and other places attendees may frequent.
- Alert attendees, in advance, of the possible risk of crime. Advise them not to wear their badges outside the facility (include statement in written registration materials and other materials to be distributed both before the meeting and on-site).

#### 3. Compliance with Laws

*It is the planner's responsibility to conduct site inspections of the various facilities to ensure they are in compliance with local, state and federal laws. This is separate from issues involving access for those individuals who may have a disability covered by the Americans with Disabilities Act.*

- Conduct thorough site inspection.

- Request copy of most recent fire, safety and health department inspections.
- Require facility to commit that it is in compliance with all governmental laws and regulations.
- Require facility to commit that it has a security plan in place and that it will confidentially share such information with one planner in authority.
- Require all contractors to commit that they will perform their obligations in compliance with applicable laws.

#### **4. Indemnification**

*Indemnification is an important risk management tool in that it allows parties to "shift risks" through contracts, i.e., party will not suffer financial damages as a result of other party's negligent acts.*

- Include indemnification provision in contract with facility in case facility or its staff should act negligently or fail to comply with laws and regulations.
- Include an indemnification provision in contracts with suppliers.

*Note, indemnification should be mutual, i.e. each party agrees to indemnify the other if a claim is made against the other as a result of alleged negligence by the indemnifying party.*

#### **5. Insurance**

*It is important to make sure that the appropriate liability insurance coverage is in place, and to confirm that any facility or supplier also carries proper insurance coverage. Insurance is the "financial backing" for the promise to indemnify.*

- Review your policies to ensure coverage for all events and related activities.
- Obtain certificates of insurance from facilities and suppliers.
- Seek to have your organization named as an additional insured on the supplier's insurance for certain "high risk" activities (e.g., transportation, recreational events).
- For recreational events (e.g., golf tournaments, running race, beach olympics), have participants sign a release and waiver of claims.

#### **6. Information Gathering**

*It is important to gather as much information as possible before the event concerning the attendees and their demographics.*

- Determine the number of people estimated to attend the event.

- Determine the age range of those attending events to assess whether any special arrangements must be made.
- Determine whether persons with disabilities may be attending the event to assess whether any special set-ups, equipment or personnel will be required.
- Gather information related to any local problems or circumstances which may present a concern on-site.
- Have floor plan of facility showing all emergency exits.
- Select only a facility that can meet your needs.

## **7. Contact Persons**

*It is important to gather the names and telephone numbers of all emergency contacts and facilities and to have the list readily available during the meeting or conference.*

- Obtain a list of the local telephone numbers for the police, fire department, paramedics, hospitals, and security.
- Obtain the name and telephone number of an emergency contact for each registrant.
- Use the back side of name badges to set forth such information.

## **8. "Point Person"**

*It is important to assign one staff member to be the "point person" for purposes of coordinating the crisis management plan.*

- Assign a "point person" and an alternate.
- Identify other staff members and the roles they will play in the crisis management plan.
- Assign a spokesperson to speak with the press/media during a crisis. Make sure *everyone*\* understands *only* the spokesperson is to have any press/media contact, and only after adequate information has been developed. \*Be sure parking valets, bellmen, hotel operators, telephone receptionists, loading dock workers, etc. have been informed about the communication plan. These are the "first contact" people!

## **9. Communication Equipment**

*It is important to have proper equipment on site to ensure your staff can communicate with each other in the event of an emergency.*

- Have walkie-talkies, cellular phones or pagers available for key staff members and security personnel.

Determine the best means for communicating information to attendees in the event of an emergency, e.g. public address system, megaphone.

## **10. Rehearsals**

*In pre-conference meetings, it is important to rehearse the various emergency plans and procedures among your staff and facility staff.*

Practice fire drills and other emergency evacuation procedures.

## **11. Life-Saving Techniques**

*It is helpful to determine whether any staff members and/or facility staff members are able to perform life-saving techniques, e.g., CPR, Heimlich maneuver, ADP.*

Determine which staff members can perform life-saving techniques.

For large meetings and conventions, retain on-site emergency medical staff to handle any health emergencies.

## **12. Education**

*Be sure all of your staff is familiar with and understands your crisis management plan.*

Having good crisis/risk management policies in place can do much to avoid the disaster you will face if you aren't prepared and need to develop them after you have been at high risk.

*This article is provided solely for informational purposes and does not constitute legal advice. If you have specific questions or concerns about a crisis management or other legal issue, consult your company's legal counsel for guidance.*

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### The Approach – 4 C’s – Clear, Controlled, Consistent, Coordinated

*Communicate – but only what you know – no speculation*

*Clarity – articulate simply and sincerely – convey positive vibes*

*Compassion – console – show empathy, but do not admit*

*Common sense – speaks for itself – when in doubt, don’t*

### DO’S AND DON’TS WHEN TALKING TO THE MEDIA

Listen carefully to the questions and wait until you hear the last word of the questions before you start your answer. Pause and organize your thoughts.

Make answers short and refer back to the talking points whenever possible – don’t slip into a rambling response – remember the 45 second sound bite (approximately 75-100 words).

Clear, uneditable statements should be made whenever possible. Including the questions in your answers generates “stand alone” quotes that are much more likely to be used.

Remember that every answer should be able to stand on its own because you have no control over the editing of the finished product.

Assume the camera is always running and never speak off the record. That concept doesn’t exist.

Do not say “no comment.” It is more often than not construed as an acknowledgment or admission of guilt.

If you don’t know the answer to a question, say: “As we gather further information we will share it with you,” or “We’re still trying to find out.” The appearance of cooperation can temper aggressive reporters and minimize negative impact of tough situations.

Do not become defensive or adversarial – stay in control at all times.

Do not criticize or appear negative – build on a positive image.

Do not speculate.

Do not assign blame to others.

Do not estimate financial loss.

Do not release name of victims(s) without authorization.

Only allow filming during actual interview – refuse to be filmed during setup shots.

Appear concerned and remain calm no matter how provoking the situation may be. Show your commitment to address the problem.

Practice with a media relations expert or an associate. Use video, if possible, especially in those instances where television or radio are identified audiences.

### **CHECKLIST – OTHER THINGS TO AVOID**

| <u>Errors By You</u>                  | <u>Errors By Them</u>             |
|---------------------------------------|-----------------------------------|
| Not relevant or obtuse                | Misquote                          |
| Saying too much/too little            | Putting words in your mouth       |
| “No Comment”                          | Negatively wording questions      |
| “Spinning” (But!)                     | Unauthorized sources and/or leaks |
| Misfactual (a lie)                    | Outdated information              |
| Speculating – “just the facts please” | Speculating or being uninformed   |

### **Questions To Expect From The Press**

What went wrong?

Who did it?

Extent of Injuries/Damage/Your response?

What are you going to do about it?

When will we know more?

Have you told us everything?

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### ISSUES MANAGEMENT AND MEDIA COMMUNICATIONS POLICY [SAMPLE]

Employees in all departments are expected to adhere to the following operating procedures for issues management and media communications when responding to the media in inquiry situations:

- Employees are expected to treat all corporate business matters confidentially and not disclose such information to others unless specifically authorized to do so.
- The General Manager or Senior Staff Executive of each facility and/or organization should be designated, in advance, to represent management on the scene and to respond to media questions.
- Management should emphasize the organization's integrity and demonstrate its willingness to cooperate by referring the media to the President of the corporation who will act as the authorized spokesperson, unless the President designates another official spokesperson.
- Other than the authorized spokesperson, ALL individual employees, be they meeting professionals, other event planners, registration staff, telephone operators, doormen, bell captains, valets, hotel concierges, office assistants, managers, or executives should refrain from giving any statements to the media.
- The General Manager or Senior Staff Executive of the facility and/or organization should assume the responsibility of notifying the President of the company in the event of a media inquiry and shall keep the President current on all developments for the duration of the incident at issue.
- The facts about the incident at issue should be positively and officially confirmed before any information on this subject is released to the media.
- The President should inform other corporate and/or organization officers and legal counsel of the press and/or media inquiry.
- All employees should be regularly informed of these procedures and updated on any changes in procedures.

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