

For Immediate Release **Beware the company whistleblower**

One of the most dangerous crises that governments and companies have to deal with are those initiated by whistleblowers. In many cases, the whistleblower's actions are initiated without warning and put the organisation concerned into an immediate and exploding crisis where it often has little time to strategically prepare. Often management end up running around trying to put out the resulting fire storm.

The origin of the term whistleblower is interesting. When British police officers were on patrol and they saw something illegal or threatening taking place they would blow their whistles to alert members of the public and other police officers in the area that they needed help and that something untoward was happening.

“In the most part, South African companies have almost no existing public relations crisis plan to deal with whistleblowers despite some having an environment that encourages its practice,” says Evan Bloom, MD of Crisis Communications Consultancy. “We see anti-corruption hotline numbers on Metro Police cars and fraud hotline numbers on posters in company corridors and canteens. But what are not in place are plans to manage the fallout that occurs when a whistleblower decides to circumvent internal processes and goes straight to the media and other third parties.”

Some of the most infamous whistle blowing cases in South Africa include the following:

- Fidentia, where a whistleblower approached the Financial Services Board about illegal activities in that company.
- An ANC member who took information about alleged corruption in the South African Government's arms deal to the leader of the Independent Democrats, Patricia de Lille, who ultimately publicly exposed the fun and games surrounding the deal in 1999 (The Times, September 13, 2008).
- An independent bread distributor that reported Premier Foods, Pioneer Foods and Tiger Brands to the Competition Commission because their bakeries allegedly raised bread prices in the Western Cape by identical amounts and cut the distributors' commission. The competition subsequently found that these bakeries were involved in price fixing. (Cape Argus July 30, 2008).

In the United States, public companies are legally required to have whistleblower programmes in place as a result of the Sarbanes Oxley act (concerning auditing and questionable accounting matters).

Although it is not a legal requirement at the moment, Bloom advises companies to have the following in place to allow employees and external parties to make the company aware of improper activity:

- Have a well-publicised whistleblower programme that encourages staff and other interested parties to take action against improper conduct. The benefits of these types of programmes are that they provide an outlet for employees who feel they need to inform management about nefarious activities being carried out by individuals in the company. They also potentially stop employees from notifying the media about certain activities before management is alerted. The programme must guarantee anonymity and confidentiality.
- Install and foster a corporate value that encourages whistle blowing.
- Anonymous hotline for people to phone in information, including an automated message centre to receive calls without the whistleblower speaking to anyone.
- Anonymous numbers that people can SMS their information to without being identified.
- Anonymous e-mail address that people can mail their information to without being identified.

“Having a number of methods for employees and external parties to blow the whistle on improper activity is only the first step. The next step is to have a crisis plan in place that deals with whistleblowers that step outside of the process and go straight to the media and regulatory authorities. Companies must remember that they can never stop an employee from going to the media or a third party to expose wrongdoings in the company,” says Bloom.

In line with this, he recommends companies do the following:

1. Review all company policies, processes and operating procedures to see if they are legally correct and perceived as fair and objective by staff, customers and partners.
2. Conduct a company-wide vulnerability audit to uncover which areas are susceptible to whistle blowing activities and then to fix them immediately.
3. Initiate a planning exercise to see what scenarios, from a whistle blowing perspective, the company would need to prepare for and then put all necessary processes to deal with them in place.
4. Include a section in the company PR crisis plan that highlights how the company should deal with a crisis that has started as a result of whistle blowing in relation to the media and working with regulatory bodies.
5. Have strategies in place that guide the company in how to deal with a whistleblower from a human resource management perspective.

As soon as the whistleblower strikes, many companies spend more time trying to determine who contacted the media or authorities. “While it is important to find out who informed, it is arguably more important to contain the

crisis by opening channels of communication, ensuring the right messages are transmitted and the most appropriate action is taken to take control of the situation to prevent the rumour and speculation mill from working overtime,” concludes Bloom.

Companies that fail to plan, plan to fail.

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