

ORGANISATIONAL CRISES ON THE UP IN 2006 Q1 - a cause for concern

Of the 21 crises that affected business, politics and civil society during the first quarter of 2006, 67% originated from within the affected organisations. Management and employees shared the responsibility for causing the crises.

"This is a slight increase compared to the November/December 2005 period when 65,5% of crises were caused by internal organisational factors," says Evan Bloom, MD of the Crisis Communications Consultancy which is monitoring crises that affect various industries. "The fact that companies and organisations are increasingly the cause of their own crises needs immediate attention. Internal communications departments, as well as external consultancies and management at various companies and organisations, must shoulder some of the blame."

Key to addressing this alarming phenomenon is a greater emphasis on crisis planning and preparedness. "It's high time that government departments, municipalities and all types of businesses worked with their communication departments and PR companies to conduct vulnerability auditing and scenario planning, and to put together detailed crisis plans," adds Bloom.

Crises that attracted local and international attention were the Eskom power outages in the Western Cape, and the "grave plane" incident involving the Deputy President and her trip to Dubai. The Transnet and Telkom strikes, the heist at Johannesburg International Airport, and the spat between the President and former spy chief Billy Masetlha over charges of sedition and fraudulent e-mails also dominated the headlines. The Jacob Zuma rape trial was not tracked as a business crisis, but this event has taken up plenty of news space.

"Close analysis of the Eskom crisis and the Deputy President's 'grave plane' incident reveal a dismal ability at both government and parastatal level to plan for and manage crises, or to implement proactive media relations campaigns," adds Bloom.

By contrast, as disruptive as the Transnet strike action was, the unions understand how to use the media to their advantage he says. "Both government and big business could learn a thing or two from them."

The most crisis-prone areas in the first quarter of 2006 were the parastatal and provincial government sectors which experienced three crises each. Sharing second place was the national government, and municipal and utilities sectors with two each. Finally, contributing 40% of all crises were the agricultural, education, FMCG, general business, industry body, industrial manufacturing, mining and petrochemical sectors who each had one crisis.

Six crises were recorded in January 2006, with two originating outside organisations and companies and four having their roots inside; three of these were as a result of management actions and one as a result of employee actions.

February also had six crises, with three originating externally to organisations and companies and three internally; only one resulted from poor management and two from employees.

Of the nine crises documented in March two had their roots outside of the companies and organisations, and seven within. Four were initiated by employees and the remaining three by management.

Looking back, management of companies and organisations were responsible for 44,8% of crises for the November and December 2005 period; employees of companies and organisations were responsible for just over 20% of all crises and external factors contributed to almost 35% of all crises during the same period. The biggest contributor to the final quarter of 2005 was both national and provincial government with 14% of all crises each or seven crises each out of the 50. The political arena notched up second place with five crises out of the 50 which accounted for 10% of the total. In joint third place were the mining, retail and transport sectors with four crises each, accounting for eight percent of all crises for the period.

ADDITIONAL INFORMATION

The report is derived from analysing print media articles in South Africa's leading business daily and weekly publications that cover news events affecting business, politics and civil society.

The data gathered is analysed and catalogued according to a specialised classification system developed by the Crisis Communications Consultancy. The system identifies 35 different crisis types that could affect 30 industry sectors.

A core part of the specialised classification system is the ability to follow an event from its formative stage until it becomes a full-blown crisis.

The crises tracked on a monthly basis include:

January 2006

- Local government had one crisis that represented 16,6% of the month's crises and this was a clash between South African and foreign nationals in Olivierhoutbosch, an informal settlement south of Pretoria highlighting the mess in housing allocations at local and provincial government levels. (Social issues)
- The manufacturing industry had one crisis that represented 16,6% of the month's crises and this was a wildcat strike at Macsteel. (Strike)
- Municipalities had two crises that represented 33,3% of the month's crises as angry Sowetans and residents of Soshanguve barricaded streets demanding service delivery. (Social issues)
- Industry bodies had one crisis that represented 16,6% of the month's crises and this related to the South African National Blood Service's (SANBS) refusal to accept blood donated by men who engage in sexual activity with other men. (Social issues)
- National government had one crisis that represented 16,6% of the month's crises and this involved the Deputy President Phumzile Mlambo-Ngcuka allegedly took private individuals with her on a jaunt to Dubai at taxpayers' expense. (Governance)

February 2006

- Parastatals had one crisis that represented 16,7% of the month's crises and this involved Transnet employees striking to protest against the disposal of non-core business units. A three-day strike by Transnet workers cost Johannesburg businesses more than R20-million in lost revenue and left hundreds of thousands of commuters stranded. (Strike)
- Education had one crisis that represented 16,7% of the month's crises as the University of KwaZulu-Natal was hit by the start of a strike by staff and academics. (Strike)
- Provincial government had one crisis that represented 16,7% of the month's crises. This involved Khutsong residents marching to the local police station to protest against the transfer of Merafong Municipality from Gauteng into the Northwest. (public unrest)
- Utilities had one crisis that represented 16,7% of the month's crises and this was the continuing power outages in the Western Cape. A crisis committee consisting of Eskom, the Cape Town City Council, the Regional Electricity Distributor One (Red One) and the provincial government was set up to manage the rolling power blackouts in the region. (Mismanagement)
- The petrochemical industry had one crisis that represented 16,7% of the month's crises and this related to the competition tribunal putting a stop to the proposed R33 billion merger between Sasol Oil and Engen which would have seen them controlling 82% of refined fuel products and 40% of Gauteng's inland retail fuel market. (Anti competition)
- The agricultural industry had one crisis that represented 16,7% of the month's crises and this was a knock on of the rolling power cuts which affected the processing and production of fruit in the Western Cape. The inconsistent electrical supply affected the sorting, transport and delivery of fruit to cold storage depots for the critical export market. (Mismanagement)

March 2006

- Utilities had one crisis that represented 11,1% of the month's crises and this was the ongoing power outages in the Western Cape. Allegations were made by Public Enterprises Minister Alec Erwin that the recent blackouts were caused by sabotage to the Koeberg nuclear power station. **(Mismanagement)**
- Provincial government had one crisis that represented 11,1% of the month's crises and this involved prison guards going on strike and nearby Limpopo farmers being asked to help prevent dangerous prisoners from escaping from the facility. **(Strike)**
- Provincial government had one crisis that represented 11,1% of the month's crises and this was the increasing tension between President Thabo Mbeki and former spy chief Billy Masetlha over charges of sedition and fraud over e-mails fabricated by the National Intelligence

Agency (NIA). At the same time as the hoax e-mail issue was breaking, the former spy boss started to challenge Mbeki over his dismissal. **(Legal)**

- The FMCG sector had one crisis that represented 11,1% of the month's crises and this was the recall of a possible faulty product by Bromor Foods, distributors of the energy drink Energade, when an eight-months pregnant JHB woman became ill and had to be taken to hospital after drinking Energade. **(Defective product)**
- Parastatals had two crises representing 34,4% of the month's crises. These included:
 1. Telkom employees going on strike. **(Strike)**
 2. A \$16,5m robbery at Johannesburg International Airport that was planned and carried out by Airports Company SA (Acsa) senior staff members. The incident saw the parastatal not renewing the contracts of two firms responsible for security at the airport. Two others had already been appointed in their place. **(Criminal)**
- General business had one crisis that represented 11,1% of the month's crises and this was a violent strike by private industry security guards over wages and other benefits. **(Strike)**
- The mining industry had one crisis that represented 11,1% of the month's crises and this was an underground accident that trapped a number of miners. **(Accident)**

Further media information:

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