

For Immediate Release

Case Study 6: How not to announce a resignation!

How the Government and ANC failed in succession planning.

The manner in which the ANC and the Government of South Africa handled the resignation of ministers and deputy ministers following the recall of former President Thabo Mbeki by the ruling party is nothing more than shambolic. The process adopted in the recall is a perfect case study on how not to manage issues related to leadership succession.

The press, big business and ordinary South Africans played an intense guessing game of “who will stay and who will go” in trying to work out who had in fact resigned and who had not.

“This caused an enormous amount of uncertainty among South Africans and left them feeling very vulnerable and rudderless,” says Evan Bloom, managing director of Crisis Communications Consultancy. “Both the ANC and the government of South Africa missed a perfect opportunity to take control of the situation by using one of the core principles of crisis management – consistent communication with messages of reassurance. This would have stopped the dangerous speculation about the situation.”

Of all the Government ministers who resigned, the key figure to South Africans and the international community was undoubtedly Finance Minister Trevor Manuel. On Tuesday 23 September, the Rand felt the pressure and lost nearly 34c in value to the dollar on the back of news that Manuel had resigned together with 10 other cabinet members. The currency was stable at about R7.97 to the US dollar, only to rapidly plummet to R8.21 soon after the announcement.

The Rand then recovered slightly to R8.20 as rumours abounded that a mistake had been made and Manuel’s name had been accidentally included on the resignation list.

According to a Business Report article on 24 September, “This was followed by a statement from the treasury that Manuel and his deputy, Jabu Moleketi, had resigned because, “they are both appointed by the president of the republic to serve the country and are duty-bound to resign, given the resignation of Thabo Mbeki”.

That both had said they were ready to “serve the new administration in any capacity deemed fit” left markets uncertain about the future and the rand once again lost ground, though the JSE stabilised.

Business Report further stated that the ANC Youth League told Sapa: "As far as the ANC Youth League is concerned, finance minister Trevor Manuel has not resigned because he said he will still be available to serve in government."

"Can you see the folly?" asks Bloom. "First Trevor Manuel resigns, then his name was 'accidentally included,' then he had in fact resigned and then the ANC Youth League said he had not resigned. This is nothing but blatant, misinformed and inept bungling by the various entities involved in communication."

Jeff Gable, the head of research at Absa Capital, described the announcements as being, "uncoordinated to the point of farce". He added: "That sort of communication comes at great cost. Confidence of a smooth transition has been shaken." (Business Report, 24 September 2008.)

"Of importance here is that throughout the troubled period the market was rife with speculation and conspicuous by its absence was a continuous message of calm and order. What the market needed was a 'we have it under control and we will announce new ministers at XYZ time' message from the ANC," continues Bloom.

Now that the mess has settled, it becomes apparent that the snowball that started the avalanche began, according to Cape Argus journalist Sibusiso Ngalwa (24 September 2008), with a press statement issued by President Thabo Mbeki's spokesperson, Mukoni Ratshitanga. The statement noted that Finance Minister Trevor Manuel had resigned from the government. This not only surprised Manuel, but also ambushed the ANC and some senior government spin doctors because the announcement was totally unexpected.

Consider that this announcement was made while Minister Manuel was in America to meet the world's finance leaders at an International Monetary Fund (IMF) conference in Washington. So critical was the blunder that Minister Manuel had to cancel his meeting and call an emergency press conference - through a video link from Washington - to not only set the record straight, but also to calm financial jitters.

Sibusiso Ngalwa summed it up perfectly with his article's heading: "Makings of a public relations nightmare." (Cape Argus, 24 September 2008.)

In light of all of this, how should organisations, companies and political parties formulate their succession plan? Bloom suggests the following:

Carry out an HR risk audit

All companies and political parties need to carry out an HR risk audit to see which of their mid- to senior-level managers/ministers could possibly resign or be fired. They also need to consider this worst-case scenario and see if they have the resources in place to deal with a crisis such as an MD or CEO being forced from office or a President being recalled from office.

Have a succession plan in place before the need arises

Based on the risk audit and various scenarios, a succession plan must be formulated and this should be linked to the overall crisis management plan.

The succession plan will govern the removal from office of key individuals as well as identifying their replacements and governing their transition into the new office. The crisis management plan must communicate to the various audiences exactly what is happening in the succession plan and what the public can expect.

Consistently monitor the environment for changes

Companies and organisations should be monitoring what is happening within their organisations coupled with external events. They need to consider factors ranging from pressures in the business and political landscape to international market developments. Businesses would be advised to closely scrutinise what their peers are doing as a resignation at a competitor could indicate it may be looking to poach key staff. Political parties should look to public sentiment, approval ratings, comment from independent political analysts, media opinion and comment from civil society as these could also point to possible problems in the party concerned.

Verify all facts

As soon as an issue crops up that requires action, all relevant role players need to verify the facts. It's no use announcing that the Finance Minister of South Africa has or has not resigned. Did anyone call Manuel in Washington and say to him "Hello old chap, should we be announcing this and when, etc."

Have a policy of strategic co-ordination in place

When it comes time to make any announcement, all relevant parties need to meet and decide who is going to make the announcement. Everything must be coordinated and work seamlessly. Stepping out of the process will drive the issue closer to a full-blown crisis situation – as has been demonstrated.

Use one spokesperson

One spokesperson must be used for the duration of the succession announcement. If one considers the above incident there was the Government, the ANC Youth League and Trevor Manuel all announcing conflicting news. Had all parties sat around a table or had a conference call and selected one spokesperson that would speak on behalf of them all, a coordinated and agreed-upon message would have been conveyed.

Have a communication plan and strategy in place to announce resignations and new appointments

Using a single spokesperson must be part of the communications plan and strategy. The actual plan and strategy must identify all stakeholders that will need to be communicated with during any succession crisis. In the Trevor Manuel issue, the strategy and plan would have had the following audiences as key recipients: the local and international media, central banks, investment communities, government departments, relevant NGOs and the citizens of one's own country. The plan must also contain key messaging, call-out processes, a list of roles and responsibilities, and also core policies and processes.

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Further information:
Crisis Communications Consultancy

TEL: +27 (0)11 4871171

E-MAIL: info@crisiscomms.com

INTERNET: www.crisiscomms.com