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## FINANCIAL FOCUS



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## Your Accounting for a New Economy

# The Great White Hype: Combating a Media Feeding Frenzy

March, 2007 –

After Congressional hearings and intense media coverage Larry Small is forced to resign his position as Secretary of the Smithsonian Institute amid rumors of extravagant perks inappropriate for a not-for-profit organization. Even after Small is removed the damage inflicted on the reputations of both the board and the Smithsonian Institute itself lingers.

November, 2007 –

Mark Everson, the CEO for the Red Cross, is fired after the media uncovers an illicit affair he had with a subordinate Red Cross official in the field. Despite the quick response from the board, the negative coverage sparks a firestorm of controversy and congressional pressure that dramatically impacts the Red Cross' ability to raise funds and necessitates layoffs and a reduction to its ability to serve the community.

Most not-for-profits feel immune to this kind of scandal. They believe their lower profile and smaller size will protect them from the kind of media scrutiny to which the Smithsonian and Red Cross are subjected. While all that may be true, most not-for-profits will experience at least some sort of media crisis – probably multiple crises – during its life and here are the reasons why:

- **You're only human** – Human beings are flawed creatures. We make mistakes. We sometimes demonstrate bad judgment. At times people show a disregard for the rules, or, perhaps, there are no rules in place due to a lack of foresight or planning.
- **When a mistake is made, it will be discovered** – Enron, Watergate, Iran-Contra – It is the reporter's full-time job to uncover scandals, and in the 21st century even the mere appearance of impropriety

seems to be enough. A single unexpected lawsuit, disgruntled employee, or a loose comment could lead to a front page story and months or even years of damage control.

- **The Celebrity Effect** – Your board and executives are viewed by the media as local celebrities. That status makes their actions newsworthy – especially the bad ones.
- **Not-For-Profit Organizations are held to a higher standard** – All organizations entrusted with direct and indirect tax subsidized public funding are. What might be little more than a public embarrassment for a for-profit company can be a public relations disaster for a not-for-profit. While the bottom line is all that matter in a for-profit venture, reputation is everything for a not-for-profit.
- **The American Hero Complex** – The only thing Americans love more than creating a hero is tearing one down. Not-for-profits are generally viewed as benevolent organizations. Contributing to the greater good by committing themselves to a worthy cause. This makes them a particularly tempting target for most reporters. It's in our nature to look for the darker side of any person or organization.

### **What you should be doing about it NOW**

- 1. Develop a crisis plan** – Plan today to avert a crisis tomorrow. After a story has hit is the wrong time to implement a crisis plan. With the media, timing is everything and a company has to be able to respond quickly. Your crisis Plan should include the following elements:
  - a. **Notification process** – The Board of directors and key executives are identified and contacted.
  - b. **Position development and messaging process** – Assemble a team to craft the substance of a response and then turn that response into a message that works.
  - c. **Spokesperson** – Select the spokesperson right for the job. This person will be the public face of your company. They will be responsible for disseminating your message to the press and evangelizing the virtues of your organization.
  - d. **Assessment** – Have a plan in place to assess how well your organization handles the potential crisis, and honestly examine what you could have done differently for the next time.
- 2. On face/One voice** – Only one trained and skilled person should speak for your organization. No matter how well intentioned, a spokesperson inexperienced in dealing with the media will say the wrong thing. Having multiple people speak will serve to confuse and blur your message. At a time like this clarity is important.
- 3. Know when to stand your ground** – For matters of appearance rather than substance (there are no allegations of anything illegal or unethical) and you can effectively explain the appearances, hold the course. Explain the background to the media. Openly and honestly discuss with them why this crisis, which may appear bad, actually is not. This tactic is especially important when it relates directly to your organization's mission – such as a museum highlighting a controversial artist or a theatre exhibiting an unpopular play.

**4. Know when to change tactics** – If your organization has clearly made a mistake and you are in the wrong or the situation is such that you can't effectively explain your organization's actions – Change course. FIRST uncover the underlying issues that contributed to the problem and resolve those issues BEFORE admitting a mistake was made. That way when you go to the press with your admission the issue has already been resolved.

**5. The Don'ts of Media Relations**

**a. Don't deny wrongdoing when you were wrong** – The truth will come out, and people are more bothered by the cover up than the actual crime.

**b. Don't say "No Comment" to the media** – The media and public views this as a confession of guilt and will encourage further investigation.

Dealing with the press during a public relations crisis can be one of the most difficult and intimidating challenges your organization is likely to face. When a problem comes up and you are inexperienced or ill-equipped to handle it, don't be afraid to ask for help. There are public relations firms that specialize in helping organizations like yours deal with potential media pitfalls.

If you have questions about this or any other issues facing your organization, do not hesitate to contact Dawn Moeder, Not-For-Profit partner at 214-461-1532 or by email at [dmoeder@lgt-cpa.com](mailto:dmoeder@lgt-cpa.com).

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