

# AWB: all damage, no control

The company ignored expert advice that there's nothing like an apology to bring a damaging situation under control, Fiona Carruthers writes.

After three decades spent helping companies say sorry for all the bad things they have done, leading American risk communication expert Peter Sandman has a bullet-proof strategy for driving home the point: he says there's serious mileage in an apology.

"Honourable behaviour now pays better than dishonourable behaviour — and there are thousands of examples of that, including one I can't mention," he says from his office in Princeton, New Jersey.

AWB is one company that didn't take his advice. Last week the Cole inquiry heard that AWB executives and directors declined to implement Sandman's advice to "over-apologise" for its role in kickbacks to Iraq, claiming instead that "it wasn't true".

But Sandman, who charges a reported fee of \$1750 an hour, is not fazed. In his early 60s and considering retirement, he estimates that only "50 to 30 per cent of my clients take my advice. And it's a rare client that takes all of my advice".

He is considered one of the leading risk communication experts in the United States. He helps clients swing into damage control mode when their business practices cause community outrage.

"I don't tell companies: 'Say you're sorry even though it will cost you money.' I say: 'Say you're sorry because it will save you money.'"

As his website [www.psandman.com](http://www.psandman.com) explains, he has helped both government and corporate clients through a range of minefields, including oil spills, labour issues, E. coli contamination and the issue of where to locate hazardous waste facilities. He's devised software programs, and strongly promotes his own formula: Risk = Hazard + Outrage. But the runs are on the board, and his lengthy client list includes Rio Tinto, Shell, BHP Billiton, Monsanto and Vodafone.

While he points out that his advice is not always about apologising, he says many corporations still struggle with full contrition and with backing away from a commercial decision simply because the community perceives it as wrong or improper.

"Companies aren't radically different to people," Sandman says. "People aren't very good at owing up to what they've done wrong. How many husbands or wives are good at saying: 'I'm sorry I acted like a real jerk yesterday. I did this and this and this wrong and I don't blame you for being angry.' Nobody is any good at that."

A company comes to me for the same reasons a couple go to marriage counselling. And usually the first thing they tell you is that it's all the other person's fault: the media is being unfair; the activists are being unfair; the public is stupid and we didn't do anything wrong. Once he gets them over the mental barriers against making an apology, there's the issue of style. The delayed or qualified apology can be worse than failing to apologise at all.

As an example, he cites the largest oil spill in American history — when the oil tanker Exxon Valdez poured 42 million litres of oil into Prince William Sound near Alaska in March 1989. Sandman says after extended poor media coverage, oil company Exxon finally issued an apology in newspapers.

"The apology came way too late and it was phrased badly," Sandman says. "It said something like: 'A terrible thing happened to us in Prince William Sound.' That sounds like the kid who broke your lamp, then says 'I'm sorry your lamp broke, instead of 'I'm sorry I broke your lamp.'"

When arguing for an apology, Sandman's greatest battles are not always fought with corporate executives. In most cases of corporate risk management, strategy meetings are attended by company executives, a few technicians who are specialists in the particular field and can comment reliably on the technical facts, as well as public relations experts and company lawyers.

"The technical people, especially if they are engineers, are usually the easiest to persuade because they recognise they know nothing about communication," he says. "It's the PR and the lawyers who usually don't like it."

He says he eases the corporate pain when he points out that apologising is not primarily

## CRISIS WHAT CRISIS?

The Sandman theory's outrage factors

1. **Voluntary v coerced risk** A willingness to ski down a hill despite risk to life and limb is 1000 per cent more acceptable to the public than being forced to do it by a government.
2. **Natural v Industrial** Companies cannot argue that the risks they generate can be compared in any way with natural risks.
3. **Familiar v exotic** People worry unless they know what is going on. The more they wonder about the risks, the more outrage they feel.
4. **Not memorable v memorable** The flip side of familiarity makes it easy for people to envisage something going wrong. Dangerous spray on apples generates outrage because apples are seen to be pure.
5. **Not dreaded v dreaded** Many things are dreaded in the public perception — hazardous waste, cancer, AIDS, radiation. The only thing to do about dread is to legitimise it.
6. **Chronic v catastrophic** People dying in the privacy of their own pain arouses no outrage despite the numbers involved.
7. **Knowable v unknowable** Make risk more knowable. An example is a large neon thermometer to show an incinerator is burning at a high enough temperature to avoid pollution.
8. **Controlled by us v controlled by others** If people believe they have some control, however minor, outrage is reduced.
9. **Fair v unfair** Something must offset the risk for the local community — not by bribery like offering a park but by negotiation in which a park may be asked for and provided.
10. **Morally irrelevant v morally relevant** Once an action is perceived as morally wrong, trade-offs don't work.
11. **Trusted v not trusted** Most people believe, with good reason, that industry cannot be trusted. Bring in the least trusting people and once they feel involved, outrage is minimised.
12. **Responsive v unresponsive** People can take bad news and they respond to it far more positively than they do to unanswered questions and slyly responses. Apologising can take the wind out of outrage. Showing emotions is too often overlooked in favour of technical justification or defence.



Peter Sandman: AWB ignored his advice

Source: QEST, Peter Sandman

## Sorry is still the hardest word

In the cash-driven world of corporate spin, even the spin doctors concede "there are some clients you can't bloody spin" no matter what they pay you.

As the Cole inquiry continues, AWB is becoming one of those companies. Sue Cato, from Cato Consulting, describes AWB's kickbacks as "a mother of an issue".

Consulting firm Gavin Anderson was hired to look after what's left of AWB's public face.

"Gavin Anderson is taking the only course of action available to his client: to show contrition," says Cato. "It is doing the best job it can possibly do in the environment."

"AWB is not being arrogant and is participating fully."

When asked if she backed Peter Sandman's recommendation that AWB "over-apologise" by saying sorry multiple

times, Cato agreed that "the first thing the electorate would be looking for is a show of contrition".

She points out that an apology was particularly timely as "showing defiance in the face of the Volcker inquiry would have been a dangerous course to follow".

"But at the same time, an apology doesn't fix the problem. What it shows is recognition of the issues."

Canhings Corporate Communications partner and former journalist Luis Garcia agrees that as a general rule in such cases, "a full and transparent apology is always the best way to go, and based on what I know of the case, Sandman's advice seems to be on the money".

"Making a good apology remains an art form," Garcia says. "Often companies can't apologise as fully as they should because legal issues are involved."

Fiona Carruthers