

**SOME FEEL RISK CONSIDERATION IS UNIMPORTANT NOW BECAUSE
A DOWN ECONOMY PUSHES THESE FEARS OUT OF MIND. DOES IT?**

Question: When worried about putting bread on the table, do people:

- **Let perceived threats slip by** that otherwise they would object to?
- Or **use them as a pressure valve** for venting economic frustrations?

Second Question: If activists & critics are distracted by the economy:

- Can organizations **safely push thru plans** that under other conditions would be challenged?
- Will public interest organizations **fall off publics' -- and donors' -- agendas?**

Answers offered by 3 practitioners noted for strategy:

1. **The '90s are "the unforgiving decade,"** warns Ann Barkeley (vp-corp pr, Dayton Hudson). **"Someone** will blame you for nearly everything you do." This strongly implies that if something is done now because opposition is immobilized, backlash will be sure & potent.
2. Way back in 1924 Arthur Page noted that organizations must somehow find the means to conduct their affairs today with one eye to how they will be judged 10, 15, 20 years hence. **Publics will "reinvent history"** then -- as Love Canal & other cases show. At Love Canal the company had exceeded the chemical disposal standards of the day. When standards rose in subsequent decades, it was savagely attacked -- even tho it no longer owned the property & others had caused the chemical leaks that led to the outcry.
3. In managing the human climate no. 132 (supplement to this issue of prr) Phil Lesly says **anticipating trends is essential, "inoculating" publics in advance rather than reacting when attacked.** This & other items on his "1992 mosaic" are "adapted & augmented" from advice he offered in 1971 -- so perhaps their time has come at last!

The real meaning of ethics
-- acting in the best interests of others as well as yourself -- is more important when others can't pay attention to what you're doing. Getting away with things could be suicidal longterm.

Many questions remain to be answered. Risk management is an evolving body of knowledge. But, it may be able to pull together & clarify much of pr's disparate techniques in a manner that a) unifies the practice, or at least the process & b) crystallizes its importance to our managerial colleagues. ♦

First of the Year Issue

**IN THIS "UNFORGIVING DECADE", RISK MANAGEMENT & COMMUNICATION
MAY BE PR'S HIGHEST SKILL...OR IS ALL PR NOW RISK MANAGEMENT?
WILL SOFT ECONOMY FORCE PUBLIC TO BE LESS FEARFUL ABOUT RISK?**

Even if your organization or client doesn't run nuclear plants, operate landfills or make chemicals, it nevertheless creates risks in the minds of its publics. The concept of risk embraces both what people fear will occur **and** what they're afraid will not happen. Even the schoolhouse on the corner, for instance, poses perceived risk to parents that Jane may be harmed by violence or drugs; and that Johnny may not do well in his studies.

Real world, **these cause more headaches** than worry about carcinogens or greenhouse effect. But most organizations don't apply what we're learning about risk management to these situations. That may be a mistake.

**SITUATION RAISES AN INTRIGUING QUERY:
IS ALL PR BASICALLY "RISK MANAGEMENT" NOW?**

Specifically, "risk management" denotes explaining the risks

inherent in a product, service or action -- especially to publics whose perceptions (or misperceptions) are crucial (prr 12/2/91). Practitioners evolved its tenets in a "fear" arena, involving chemicals, nuclear materials, pollution & contamination. Does this body of knowledge now provide the opportunity for a broader application?

Sooner or later, everything carries a "risk". What poses perceived risk for publics is also risky for organizations that create the risk. Today, there are 3 guidelines for strategizing risk management:

1. **How real is the risk?** For toxics, this divides into 2 categories: a) **toxicity** and b) **proximity**. The most poisonous substances pose little real risk if people can't get close to them. Everyday, often overlooked "risks" are more dangerous because they can affect so many people.
2. **Can people be reasonably expected to manage** their lives to avoid the danger level? Again, there are 2 categories:
 - a) what are **they** likely to be willing to do personally (balanced by their probable motivations to do so, e.g. employees can be expected to do things that residents of the neighboring community have no motivation to do);

b) what can **the organization** do to reduce danger to the minimum affordable level; here the theory of "conservative engineering" comes into play -- requiring the balancing act of planning for "worst case" scenarios versus "realistic" probabilities.

3. **Can the risk be separated from fear**, however irrational? Is **theoretical** risk felt so strongly that **real** risk is not taken into account? For instance: ask most people if they're afraid of sharks or tigers & the answer is yes. Ask them if they are often exposed to sharks or tigers and they're likely to answer "I live in Kansas which has neither."

Can we develop methods for "seeing around the corner" in order to determine -- at least to estimate -- what effect impending actions or decisions will have on key publics, not only **immediately** -- but **over time**? If so, over how long a period of time?

If we can, will they be useful for **all types** of "risks"?

TECHNIQUES THAT HELP APPLY RISK MANAGEMENT THINKING INCLUDE PROJECTIVE SCENARIOS, ISSUE ANTICIPATION, RESEARCH

A. **Projective Scenarios** Nothing makes cases real like writing them as if they've already happened. And nothing makes the situation as clear to others. This variation takes a completed near-time scenario & asks: Over time, what could realistically occur to change the equation? Altering the scenario to account for the changes provides insight into possible future risks -- things that seem alright today but could boomerang or become negative later on.

It can get complicated when trying to account for multiple alterations over several time periods. (Seeing into the future isn't supposed to be easy.) One solution is to look for 3 benchmarks:

- 1) **risk now**
- 2) **risk short term** (1-3 years)
- 3) **longterm risk**

Some strategists have argued, including your editor, that trying to plan beyond 3 years is fruitless when things change so fast. **Classic risk management is stretching this timeframe.** Pollutants with long half lives, policies whose impact won't be felt for 5 years, an economy that may take years to fully recover -- such circumstances now argue for longer range thinking.

B. **Issues Anticipation** The 4-step model dovetails nicely here, simply viewing possible trends in light of the risks they will pose for publics -- & thus for the organization. The steps are, in order from most distant to here-&-now (see prr 8/3/87 or call for copy):

- Latent Issues**
- Emerging Issues**
- Hot Issues**
- Fallout Issues**

IA studies supply more accurate data for building Projective Scenarios. [When the Annual Survey asked respondents to define risk management, most confused it with issues/crises. Maybe misunderstanding of the term (prr 12/2) wasn't so far wrong after all!]

C. **Behavioral Research** Determining what will drive publics & opinion leaders to **do something** often has no timeline. Whenever the triggering event occurs, they are motivated to act. Of course, circumstances may facilitate or restrain them from actually taking action, but the trigger must be known in order to manage risk.

Several methodologies work here:

- 1. **Close-the-Gap Studies**, which seek to discover where a public is now in relation to taking action, and how much patience they have left -- which constitutes the "gap".
- 2. **Reaction to Scenarios**, which simply asks respondents to verify or challenge your projective scenarios. One benefit is that they can provide a critique of the scenario at each time period -- thus revealing a) their sense of the likelihood of various changes in circumstance, b) potential response to the changes & c) to your proposed corrective actions.

Practitioners applying techniques like these ... to the very real problems of risk faced by every organization ... will be part of the senior management council. **Managing risk means structuring the future of the enterprise -- and only at that level can such a vital task be undertaken.**

D. **Understanding Perceptions Before Communicating** Perception management means respecting others' perceptions -- however "wrong" they may be in relation to your "facts". The way to show this respect is also the most efficient way to improve communication.

- 1. **Listen** first, bite your tongue & listen hard, in order to learn what their perceptions are. Find out, also, how deeply held they may be.
- 2. **Demonstrate in your response** that you have heard, that you understand their perceptions -- right or wrong. That will usually win at least a willing suspension of disbelief, so they can hear **you**.
- 3. **Begin a dialogue**, exchanging viewpoints & jointly examining them.

Tho this is easier face-to-face, it is essential in written & other impersonal media as well. Throwing your fact bombs at their perceptions merely closes their minds & ears.

Risk management begins with a clear understanding of what key publics & opinion leaders feel the risks are, and how much fear is being engendered. **Both "risk" and "fear" are perceptions.**