
COURSE OUTLINE

Session 1: Monday, September 12

Crisis Leadership Basics

To develop successful crisis management strategies, managers need to be able to evaluate the crisis potential of their business. A key component of successfully predicting whether a business decision may have adverse consequences is to understand the motivations of stakeholders and their capacity for action. I will also give a brief overview of the class content and will discuss organizational and logistical issues.

Reading: *Reputation Rules*, Preface and Introduction

Case: CR-1 AIG

Assignment

On March 14, 2009 AIG's CEO Edward M. Liddy sent a letter to Timothy F. Geithner, United States Secretary of the Treasury. The letter explains AIG's position regarding previously agreed retention bonuses for employees in AIG's Financial Products unit that had housed AIG's credit-default swap business. AIG was contractually obligated to pay about \$220 million in employee retention payments for 2008, \$55 million of which were paid in December and \$165 million required to be paid by March 15.

Please review Ed Liddy's letter (in the course packet) and two articles that provide some background information on AIG until the early part of March. You need to be prepared to comment on the letter and AIG's position in class. You do not need to prepare any written materials or Power Point presentations.

Please DO NOT conduct any additional research on AIG other than the documents supplied in the course reader. As much as possible, I want to assume the position of AIG's CEO when the letter was written, without the benefit of hindsight from subsequent developments.

Session 2: Monday, September 12

Managing Perception and Product Crises

There is no crisis without the news media. The focus of this session is the impact of the news media on business strategies and their public perception, as well as how managers can identify the key business assets affected by the crisis and integrate crisis management into their market and non-market strategy.

Reading: *Reputation Rules*, Chapter 1 & 2

Cases: CR-2 Toyota

Session 3: Tuesday, September 13

Crisis Simulation A – Part 1

This session will simulate a crisis scenario involving activists and the media. Readings and assignments will be distributed in advance and during the simulation.

Reading: None
Case: To be distributed

Session 4: Tuesday, September 13

Crisis Simulation A – Part 2

This session will simulate a crisis scenario involving activists and the media. Readings and assignments will be distributed in advance and during the simulation.

Reading: None
Case: To be distributed

Session 5: Wednesday, September 14

Proactive Stakeholder and Issue Management

Political activists and other stakeholders are frequently the cause of unexpected corporate crises. This is especially true for multi-national companies in consumer goods markets. To improve their ability to manage crises effectively companies need to be able anticipate emerging issues and assess their potential business impact. Fear and moral outrage are two of the main drivers for reputational crises. This requires an assessment of business practices and market strategies from the point of view of different value and belief systems.

Reading: *Reputation Rules*, Chapter 3 & 4
Case: CR-3 Rainforest Action Network (A)
CR-4 Rainforest Action Network (B)

Session 6: Wednesday, September 14

Political and Regulatory Crises

Reputational crises frequently lead to regulatory and political crises. All economies are shaped by formal and informal norms and regulations that structure market competition. These “rules of the game” vary significantly across countries. These rules, and in many cases, their enforcement, are not fixed, well-defined constraints, but are determined, implemented, and interpreted by legislatures, government administrative agencies, judicial institutions, public sentiment, and moral sentiment. The resolution of ambiguity and direction of change is neither exogenous nor divorced from strategic considerations but requires a keen understanding of the capabilities and motivations of various constituencies and the arenas where they operate.

Reading: *Reputation Rules*, Chapter 6 & 7

Case: CR-5 Thalidomide (A)

Session 7: Thursday, September 15

Crisis Simulation B- Part 1

In this session students will conduct a second crisis management exercise in a global business context.

Reading: *Reputation Rules*, Chapter 8

Case: To be distributed

Session 8: Thursday, September 15

Crisis Simulation B- Part 2

In this class we will debrief a final crisis case and discuss the importance of values in anticipating and managing crises.

Reading: None

Case: To be distributed

Session 9: Friday, September 16

Values and Culture

Reading: *Reputation Rules*, Chapter 9

Case: None

Session 10: Friday, September 16

Final Exam