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Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

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# Trump Admin Chaos Has Corporate Crisis Handling Lessons

By **Carmen Germaine**

Law360, New York (May 12, 2017, 8:38 PM EDT) -- The turmoil President Donald Trump's administration has experienced while grappling with multiple investigations and constant media pressure has made many risk and compliance professionals cringe — and they say the administration offers valuable lessons in what not to do for corporations in crisis.

From keeping on national security adviser Michael T. Flynn despite warnings he could be blackmailed over his communications with the Russian ambassador, to the sudden firing of FBI Director James Comey, the Trump administration has repeatedly been thrown into chaos while fending off investigations into whether Trump's associates colluded with Russia during the election.

The situation at the White House has many parallels to large and multinational corporations, which can unexpectedly find themselves at the center of a media maelstrom while dealing with civil and criminal probes from dozens of international agencies, experts in crisis and risk management said.

Richard S. Levick, founder and CEO of public relations firm Levick, said the White House's responses to different crises are "all textbook in terms of what not to do."

"There's virtually no lesson that you want to take from Donald Trump and repeat it," Levick said.

But he and others agreed there are plenty of lessons attorneys, general counsels and compliance professionals can learn from Trump's mistakes.

## Don't Act Out in Anger

After a momentary lull, the Trump administration thrust itself back into the spotlight on Tuesday when the president summarily fired Comey, performing the deed so quickly that he apparently didn't even have time to figure out where Comey was.

Trump and his team have offered multiple reasons for why Comey had to go, but media reports have suggested yet another: that Trump was furious with what he saw as the FBI director's lack of loyalty and insistence on focusing on the agency's Russia investigation rather than leaks to the press. Levick said that decision, reportedly weighed over several weeks but carried out with little preparation, shows companies how not to act when in crisis.

"Lesson one in terms of handling media is never be emotional, and he's emotional about everything," Levick said. "Never let anger and emotion be what drives your decision."

Trump's hair-trigger Twitter impulses added fuel to the fire on Friday, as he appeared to threaten Comey by tweeting that the former FBI director "better hope that there are no 'tapes' of our conversations before he starts leaking to the press!"

GEC Risk Advisory CEO Andrea Bonime-Blanc, who has a law degree, said the Trump administration demonstrates the importance of preparing for a crisis before it actually hits, in order to ensure every player is able to act logically in the moment.

"It doesn't look like there's very good crisis management going on in terms of being able to deal with issues that come up," said Bonime-Blanc, a strategic governance, risk and ethics adviser and author of "The Reputation Risk Handbook."

She said corporations must have a crisis management plan already in place, designating a cross-disciplinary team including functions like the general counsel's office, chief ethics and compliance officer, and public relations that is prepared to deal with the crises most likely to hit their company.

### **Don't Wing Your Media Message**

According to news reports, White House Press Secretary Sean Spicer had only hours to prepare a statement on Comey's firing — and ultimately just shouted the news to reporters in the hall outside his office when an email announcement wouldn't go through. Spicer held an impromptu press conference later that night, where many journalists reported he was hiding in the bushes.

Trump reportedly became angry after realizing no surrogates were on the air to counter criticism of the move, and several were quickly scrambled to appear on nightly news shows.

"In a situation like this, I think that the lessons that others can learn from it is that there needs to be a coherent and shared communications plan," said Bonime-Blanc.

Bonime-Blanc said that communications plan should function as a "battle plan or road map" shared among the core crisis management team that has been vetted thoroughly and that accounts for the consequences an action or crisis might have on different stakeholders.

Richard Bistrong, CEO of compliance consulting firm Front-Line Anti-Bribery LLC, said the administration's media response to the Comey firing and other events demonstrates that having multiple spokespeople, either formal or informal, speaking to different messages "dramatically increas[es] the probability of mixed messages, or even contradictory ones."

He said corporations can face the same challenge, pointing to Volkswagen AG's response to its diesel-emissions scandal. As the corporation grappled with the crisis, executives in the United States and Germany were often on wildly different pages, Bistrong said.

"At the beginning of the scandal you had multiple messages coming out of different points of leadership in that organization," Bistrong said. "That did not help matters at all."

Bonime-Blanc said that, while corporations don't need to disclose everything they know, they do need to be transparent and coherent when explaining why and how actions were taken. Stakeholders will eventually catch up with any inconsistencies in an organization's explanations, potentially creating an even worse reputational hit for the company.

And if they don't know the answer to a question, Bonime-Blanc said, company representatives need to be upfront about that with stakeholders and pledge to get accurate information when possible.

"Know what you don't know, and don't make it up along the way," Bonime-Blanc said.

### **Don't Keep Bad Actors On**

One of the most pressing issues still dogging the Trump administration is Trump's decision to keep Michael Flynn as national security adviser for more than two weeks after acting Attorney General Sally Yates told the White House counsel that Flynn had misled White House officials about his discussions with Russian Ambassador Sergey Kislyak and may be vulnerable to blackmail as a result.

Even after news of Yates' warning broke, Trump took days to let Flynn go, adding to a media firestorm that has yet to fully abate. In fact, Flynn was subpoenaed by the Senate intelligence committee on Wednesday.

Experts said that when companies encounter allegations of an employee's wrongdoing, they can't drag their feet. Bonime-Blanc said claims that a senior executive did something illegal or unethical can lead to a definite reputation hit, especially if the company hasn't done anything to investigate or

remediate the situation.

"What's incumbent on any entity that has a situation like that is to conduct a very principled, independent, thorough investigation of the facts as they are known and dig up whatever facts are necessary to understand whether or not the allegations are true," Bonime-Blanc said.

Melissa Agnes, president and co-founder of crisis management firm Agnes & Day Inc., said the key to handling rumors of employee misconduct is to have a plan in place, especially to deal with the gray area of misconduct that occurs outside work hours or isn't clearly against the law.

To handle those situations, corporations need to have conversations beforehand to determine where they'll draw the line, then adhere to their policies when dealing with any employee.

"You can never trump emotion with logic, so you can't tackle these big questions when they've happened," Agnes said.

### **Don't Close Your Eyes to the Problem**

As the White House's problems have unfolded, the administration remains insistent that there is no Russian scandal, with Trump tweeting repeatedly that the "Russia-Trump collusion story is a total hoax" that was "fabricated by Dems as an excuse for losing the election."

But congressional and FBI investigations have continued apace. At times the investigations have come up against resistance from the White House, as when officials sought to block Yates from testifying by claiming the presidential communication privilege.

Bonime-Blanc said the situation recalls similar scandals in the corporate world, where the cover-up is often worse than the crime.

"Some of the actions that we're seeing, that the media is reporting about, makes one wonder if there isn't a similar situation developing here, where maybe there are no underlying crimes but there seems to be a very disorganized approach to dealing with the issue, which leads people to think, hmm, is there some form of obstruction or cover-up taking place?" she said.

Bonime-Blanc pointed to financial crime scandals like Martha Stewart's insider trading charges. Although the securities fraud charges against the homemaking maven were ultimately dropped, she was still convicted with conspiracy, obstruction of justice and making false statements.

Most companies that become aware of a potential problem will want to perform an internal investigation to understand the spread of the problem and figure out their next steps, Bistrong said. And many corporations will have an advantage over the Trump administration in that respect, because internal investigations don't often play out in public.

"Public corporations have a luxury that government investigations might not, especially when it comes to internal investigations, in that they are often led by outside counsel, and hence privileged," Bistrong said. "That's not what we see when we have a very public government investigation and issue, like we have with respect to Russia."

But if companies don't become aware of a problem soon enough, or don't start an investigation when they have the chance, they can lose trust and credibility if the issue is discovered by the public.

In such cases, Agnes said, bringing in an impartial, third-party authority to perform an external investigation can help build credibility. Ultimately, she said, corporations need to be looking at how they can regain trust with stakeholders.

"That needs to be one of the guiding factors when you're making your decisions in terms of crisis management. It needs to be a focus," she said. "Trust and credibility accounts for a lot."

--Editing by Brian Baresch.

