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COMMENTARY

Crisis of the Week: AA Tries to Steer Way Through Chairman's Exit

By Ben DiPietro

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A U.K. Automobile Association recovery vehicle drives along the M6 motorway near Knutsford in April 2016. PHOTO: REUTERS/PHIL NOBLE

This is a weekly commentary by external experts.

The U.K.'s Automobile Association is having a crisis moment after firing its executive chairman, Bob Mackenzie, for what the organization termed "gross misconduct." The roadside-assistance company gave no other reason for the termination other than to have a spokeswoman say it was a "personal conduct" issue, but it's been reported Mr. Mackenzie berated a male colleague. The firing sent the company's stock price plunging.

A statement attributed to Mr. Mackenzie's son, Peter, said his father resigned because of mental health issues. "He is very unwell and has been admitted to hospital," said the statement. AA hasn't commented on the statement. The dismissal could cost Mr. Mackenzie about 100 million pounds in stock options.

The crisis experts break down how it has handled this situation.

Andrea Bonime-Blanc, chief executive and founder, GEC Risk Advisory: "From a PR and crisis management standpoint, AA has not done a competent job. Given the gravity of the event, AA should have been much more precise and proactive. The sparsity and unfocused nature of its public statements has allowed uncorroborated and/or unaddressed allegations to be made, causing a plunge in AA stock value.

"First, AA should have written a more laser-focused press release about the actual reason for the termination. While it specified it was for 'personal conduct,' that by itself does not rule out personal financial fraud or corruption. By not clarifying this AA opened itself to speculation and concern about the financial well-being of the entity. Second, in the same and only press release it has made so far, it delved too deeply into the financial details of AA while providing short shrift to the conduct issue, thus missing the forest for the trees. Third, it said nothing to counter or address Mr. Mackenzie's son's comments that he resigned for health reasons. By not managing this crisis proactively and in real time AA is exposing itself to further reputational damage and endangering the interests of AA's stakeholders, most notably, its shareholders.

"What should AA do next? First, while the board might be doing certain things right–if there was a public conduct issue, it certainly terminated the chairman swiftly–it must retain experienced PR and crisis management professionals to guide it through the coming choppy waters. Second, it needs to issue another press release providing greater detail on what actually occurred–and after that continue to be proactive. Third, it should create or markedly improve its crisis and risk management practices and conduct scenario planning tied to its key strategic risks to build up its long-term organizational resilience."

Anthony D'Angelo, APR, Fellow PRSA, public relations professor at Syracuse University, chair-elect of Public Relations Society of America: "AA's initial statement was strong and terse, which is a valid strategy if the message is factual–but then came the complicating factor of Mr. Mackenzie's son claiming his father is ill and was hospitalized, raising the possibility of legal wrangling over the ex-CEO's stock options.

"AA stated its position first, alleging 'gross misconduct,' followed by executive appointments to signal the way forward. That's a reasonable approach, but I'd give AA lower grades on its unsatisfying follow-up response: 'As this is a personal matter, we are unable to provide any more information than is in the statement. From the company's standpoint, isn't it really a personnel matter, not a 'personal one?' Here's where company codes of ethics and detailed policies and procedures relative to conduct demonstrate their value. If that foundation-level work wasn't previously established, this dispute could get even messier in the courts of both law and public opinion.

"Moreover, if an organization can't say more when asked for additional detail, it should say why it can't. I'd recommend a more descriptive follow-up, something such as: 'Out of respect for our former employee's privacy and the confidentiality required in cases of employment separation, we can't comment further on Mr. Mackenzie's termination other than to say that he violated our policies relative to personal conduct.'

Mike Paul, Reputation Doctor: "My grade for AA as a company is a 'B-plus.' AA did a good job in allowing its responsibilities as a publicly traded company to not be blinded by former loyalty to Mr. Mackenzie. AA knew it had to tell the whole truth quickly, completely and with details that separated the company from the crisis, which is Mr. Mackenzie himself.

"I give Mr. MacKenzie and his family a grade of 'D-plus.' There is a huge difference between a resignation for mental health reasons and dismissal because of gross misconduct. Attorneys for AA believe they have enough evidence to defend a claim of gross misconduct, which should worry Mr. Mackenzie and his legal and public relations teams.

"Publicly traded companies such as AA have a higher bar of fiduciary responsibility to uphold to best protect shareholder value; as a result, the due diligence to find the truth will surface soon and could create added pressure for Mr. Mackenzie."

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BOB MACKENZIE CRISIS OF THE WEEK U.K. AUTOMOBILE ASSOCIATION