

e-COMMA

e-Marketer

BM 04: Relationship and Risk Management



E-Marketer | BM 04: Relationship and Risk Management

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Sources and further material

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1 Relationship Management



1. Relationship Management

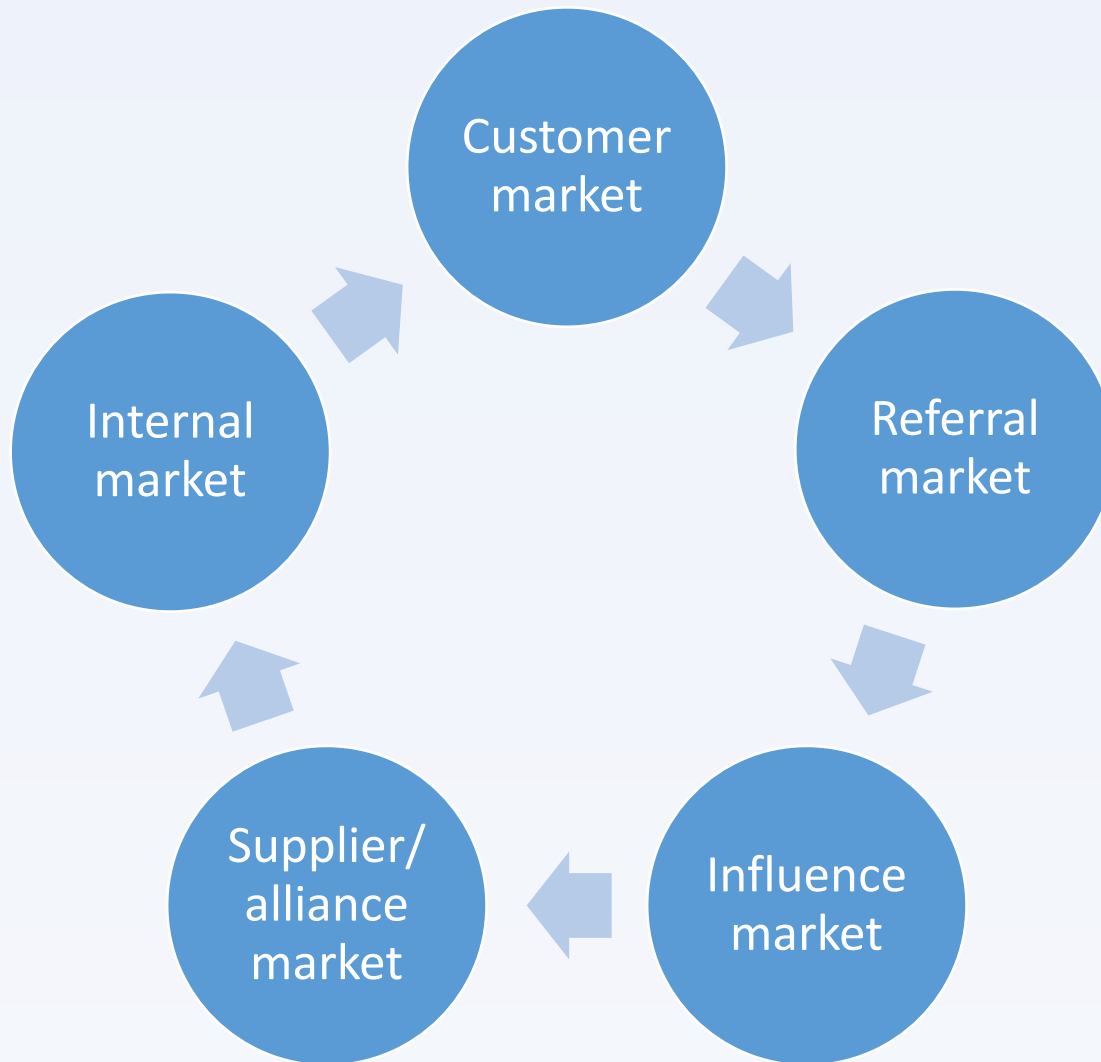
1.1. Basic concepts

- all organisations have a **large and diverse range of stakeholders**, including suppliers, the financial community, employees, customers, the government, trade unions, environmentalists, alliance partners and so on;
- the e-Marketer should care about **relationships with these stakeholders** in order to maximise the company value;
- **stakeholders are typically managed on a day-to-day basis within different parts of the organization:** e.g. marketing department is responsible for managing relationships with customers, the purchasing department with suppliers and the finance department with the financial community, human resources department, together with line management, manages relationships with internal staff.



1. Relationship Management

1.2. Stakeholders groups



Source: adapted from: M. Christopher, A. Payne, D. Ballantayne, Relationship marketing, Butterworth-Heinemann (2002).



1. Relationship Management

1.2. Stakeholders groups

Customer market consists of the following groups:

- direct buyers
 - intermediaries
 - final consumers
-
- if you can deliver the right product/service over the long haul, customers will **believe and trust** in your product and service offerings;
 - “If you make customers unhappy in the physical world, they might each tell six friends. **If you make customers unhappy on the Internet, they can each tell 6,000 friends.**” Amazon CEO Jeff Bezos.



1. Relationship Management

1.2. Stakeholders groups

Rule: Strengthen customer relationships by displaying how your brand relates to people's lives.



Adidas shares photos on Instagram showing athletes and fans together. The campaign follows the footwear company's theme of striving for excellence.



Source: <https://blog.sessioncam.com/5-strategies-to-fuel-brand-loyalty-through-customer-engagement-a80c497da8c4>



1. Relationship Management

1.2. Stakeholders groups: Referral Market

Referral market includes:

1. Customer referral sources.

- **advocacy referrals** (advocate-initiated customer referrals) - customers become advocates when they are satisfied with a company's products or services;
- **customer-base development** (company-initiated customer referrals) – advocates often actively initiate referrals. A company may simply ask customers to refer other potential customers to them.

2. Non-customer referrals (third party and staff referrals).

Many other parties can be a source of referrals. Referrals may be **made informally** when an individual's experiences of an organisation and its general reputation cause them to recommend that organisation to others. Recommendations can also be **made by other companies**.



1. Relationship Management

1.2. Stakeholders groups: Influence Markets

Influence market consists of:

- shareholders;
- financial analysts;
- stockbrokers;
- business press and other media;
- user and consumer groups;
- environmentalists and unions.



1. Relationship Management

1.2. Stakeholders groups: Supplier & Alliance Markets

- **supplier markets** – suppliers (or vendors) **provide physical resources** to the business. Sometimes these resources are augmented by services, but typically suppliers are characterised as the upstream source of raw materials, components, products or other tangible items that flow on a continuing basis into and through the customer's business;
- **alliance markets**—alliance partners are suppliers too. The difference is that typically they **supply competencies and capabilities that are knowledge-based rather than product-based**. Alliance partners may well provide services too, and alliances are often created in response to the company's perceived need to outsource an activity within its value chain.



1. Relationship Management

1.2. Stakeholders groups: Internal Market

Internal market:

- every employee and every department in an organisation is both an **internal customer and/or an internal supplier**;
- building an organisation that is focused on the customer requires a **strong emphasis on internal marketing**;
- it is necessary to **develop awareness among employees of both internal and external customers**, and to remove functional barriers to organisational effectiveness.



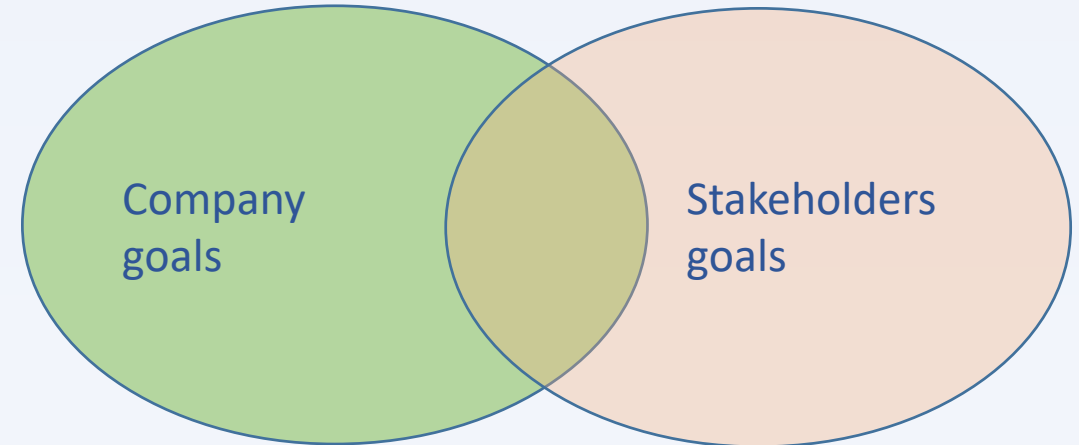
1. Relationship Management

1.3. Building relationships with stakeholders

1. Understanding stakeholders

You should consider:

- what do your stakeholders **need**?
- what kind of **value** do they seek from the overall relationship with your company?
- what can they **contribute** to your company?



"We started the Salesforce Success community as a way get the right information into the hands of our customers and support small to medium sized businesses. We also wanted to partner with customers on developing our products. We did that through a Q&A portal and IdeaExchange" – Erica Kuhl, [Salesforce Success Community](#)



Source: Build a thriving community with your customers and partners.
Salesforce



1. Relationship Management

1.3. Building relationships with stakeholders

2. Managing stakeholders expectations:

You should continuously **negotiate and influence desires of the stakeholders** to achieve strict conformity of company's goals and expectations.

Rules:

Make the interaction with the organisation a "delightful" experience.

Make stakeholders feel that they are important to the organisation.



1. Relationship Management

1.3. Building relationships with stakeholders

3. Demonstrate commitment to stakeholders

- demonstrate you believe stakeholder opinions are legitimate **by responding to them**;
- if possible, **make stakeholders a part of the organisation's decision-making** process, especially in those areas that affect the stakeholder group.

Example: In our newsletters, for example, we provide an update on recent activities in our insight communities. We also share news about our brand and tell our members how their feedback helped influence product and marketing decisions at Hyundai.

Source: <https://www.visioncritical.com/hyundai-boosts-online-community-engagement/>



1. Relationship Management

1.3. Building relationships with stakeholders

4. Establishing rules

- the company should be **honest, fair, and consistent** in its operations and its relationships with individuals in the community;
- you **need to define what you can do and cannot do; what is negotiable and what is not**. E.g. you do not need to accept all criticism or angry behaviour from the community, but you need to manage it finding the reason what happened (see module: Problem Management).



1. Relationship Management

1.3. Building relationships with stakeholders

5. Show empathy

- you must be able to empathise with stakeholders and **know how to respond in a manner that reflects the brand's values and identity;**
- when a brand responds well, it can turn a negative experience into a positive one.



Example: Adidas shuts down homophobic comments on an Instagram pic using just two emojis.

Source <https://econsultancy.com/blog/68715-what-does-a-community-manager-do-and-what-skills-do-they-need>



Management of the stakeholder community will differ according to the stage of community development.

1. Relationship Management

	Start	Build	Grow	
	Stage 1. Hierarchy	Stage 2 Emergent Community	Stage 3. Community	Stage 4. Networked
Strategy	familiarise & listen	participate	build	integrate
Leadership	command & control	consensus	collaborative	distributed
Culture	reactive	contributive	emergent	activist
Community Management	none	informal	defined roles & processes	integrated roles & processes
Content & Programming	formal & structured	some user generated content	community created content	integrated formal & user generated
Policies & Governance	no guidelines for UGC	restrictive social media policies	flexible social media policies	inclusive
Tools	consumer tools used by individuals	consumer & self-service tools	mix of consumer & enterprise tools	'social' functionality is integrated
Metrics & Measurement	anecdotal	basic activities	activities & content	behaviours & outcomes



Source: The Community Roundtable. The state of community management report (2017).



1. Relationship Management

1.4 Stages of Relationship Building

Stage 1: Hierarchy

At this stage organisations generally use social technology or community structures in an ad hoc manner. A community strategy is not yet completed, and resources have not been allocated to community management. Participation guidelines and content management processes (if any) are informal.

INITIATIVES/ INPUTS

- finding an internal “owner”
- recruiting one or more executive sponsors
- building alignment on strategy and approach
- identifying cross-functional champions
- educating control functions – legal, IT, risk, compliance, HR – on social technologies and dynamics
- starting a listening program

OUTPUTS

- a community strategy
- a community management audit or gap analysis
- an operational framework and an initial roadmap

1. Relationship Management

1.4 Stages of Relation Building

Stage 2: Emerging community

In this stage organizations focus on creating structures to support their community strategy. They're dedicating resources to formalising policies and processes. Communities in this stage have a strategy and staff in place and are creating structures for advocates, community content and programming, and reporting. Expectations for behaviour and value are clear.



1. Relationship Management

1.4 Stages of Relation Building

Stage 2: Emerging community

INITIATIVES/INPUTS

- revising the operational framework and roadmap
- developing a comprehensive budget
- formalising an enterprise-wide governance structure
- deploying social software
- developing community management expertise and tools
- creating metrics scorecards for various reporting levels
- documenting response and escalation processes
- defining and executing on community staff training needs

OUTPUTS

- a detailed operational roadmap
- a governance structure that defines how community management will be executed and supported
- a documented approach to tools and processes

1. Relationship Management

1.4 Stages of Relation Building

Stage 3: Community

In this stage, the community program is well-established and generating value. Organisations have dedicated resources to carry out the community strategy and can match metrics to progress. Advocates and other members actively collaborate, and community staff focus on integrating the community into core organisational functions.

INITIATIVES/INPUTS

- building a community leadership program and governance structure
- developing enterprise wide training
- creating a community playbook
- evolving social and community analytics from tracking activity to behaviour and influence
- continuing to build internal champions across different organisational functions

OUTPUTS

- sustainable, documented community value
- integration with affiliated corporate processes
- distributed, adaptive leadership across the ecosystem

1. Relationship Management

1.4 Stages of Relation Building

Stage 4: Networked

By Stage 4, organisations have undergone major philosophical, cultural and structural changes. The community is central to the business, and business processes and models rely on a shared value approach. All management looks like community management, and although hierarchy and transactional processes do not go away, they are informed by and operate in an environment of shared value and networked communications.



1. Relationship Management

1.4 Stages of Relation Building

Stage 4: Networked

INITIATIVES/INPUTS

redesigning information architectures to support an integrated customer experience and/or employee experience

ensuring regular feedback and performance indicators align with an integrated customer and employee experience

redesigning the human resource function to hire, support, & develop employees based on alignment of values, interests and potential

changing how employees are rewarded and advanced, including the removal of many traditional hierarchical structures

changing the relationship of the organisation to its market and providing value to the market above and beyond products and services

OUTPUTS

infrastructure that supports and integrates customer and employer experience

reorganisation to support a networked approach

investment in and support of cultural leadership change

evolution of core business models to incorporate shared value approaches that generate more value for every stakeholder group than they contribute

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2 Risk Management



2. Risk Management

2.1. Basic concepts

- a risk is a possible situation that could materially affect your operation (if it occurs);
- in project management, a risk is some future event that happens with some probability and results in a change, either positive or negative, to the project;
- in community management, a risk is an uncertain event (or set of events), which, if it occurs, affects the objectives of the community owner negatively;
- risk management is a process that identifies loss exposures faced by an organisation and selects the most appropriate techniques for treating such exposure.



2. Risk Management

2.2. Risk Management standards

Standards in risk management

- **ISO 31000 2009** – Risk Management Principles and Guidelines;
- **A Risk Management Standard** – IRM/Alarm/AIRMIC 2002 – developed in 2002 by the UK's 3 main risk organisations;
- **ISO/IEC 31010:2009** – Risk Management - Risk Assessment Techniques;
- **COSO 2004** – Enterprise Risk Management - Integrated Framework;
- **OCEG “Red Book” 2.0: 2009** – a Governance, Risk and Compliance Capability Model

Self study : A Risk Management Standards

https://www.theirm.org/media/886059/ARMS_2002_IRM.pdf



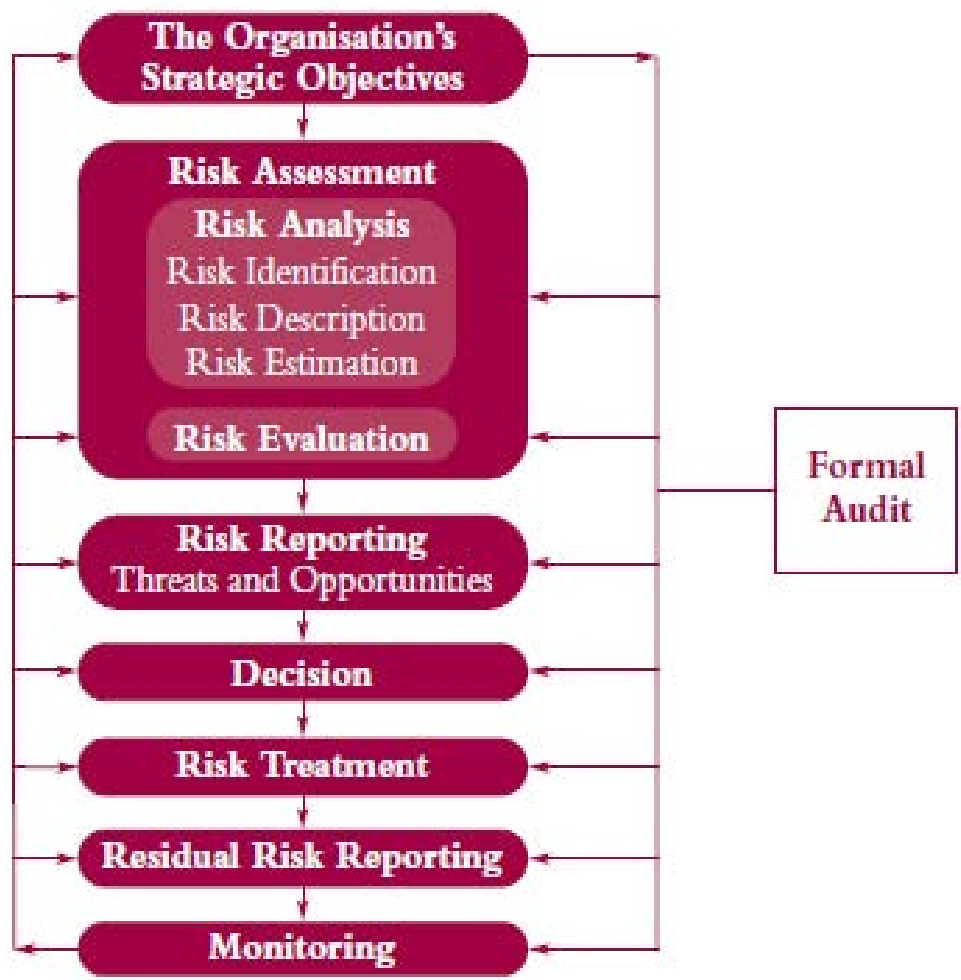
2. Risk Management

2.3. Risk management process

Risk management protects and adds value to the organisation and its stakeholders through supporting the organisation's objectives by:

- providing a framework for an organisation that enables future activity to take place in a consistent and controlled manner
- improving decision making, planning and prioritisation by comprehensive and structured understanding of business activity, volatility and project opportunity/threat
- contributing to more efficient use/allocation of capital and resources within the organisation
- reducing volatility in the non essential areas of the business
- protecting and enhancing assets and company image
- developing and supporting people and the organisation's knowledge base
- optimising operational efficiency

Modification



Source: https://www.theirm.org/media/886059/ARMS_2002_IRM.pdf



Responding to negative risk

2. Risk Management

2.4. Risk management strategies

Strategy	Description	Example
avoidance	reducing the likelihood that risk will occur	risk that we will be late or over budget because we do not have experience community management. Avoidance technique: bring in a consulting expert with experience in this field.
mitigating	reducing the impact that a risk will create if it occurs	risk that the new online application will not receive the correct data from a client (calling application). Mitigation technique: creation of exception processing to deal with these situations without crashing
transferring	moving the impact of a risk (if it occurs) to an external party	risk that your customers will not understand how to use your product and will need support. Risk Transfer technique: set up a lower-cost-per-hour Help Desk to provide support.
accepting	deciding to accept the consequences (impact) of a risk if it occurs (documenting a risk and the decision to accept its potential consequences are needed)	risk that using a new technology will cause more overtime debugging and testing. Risk acceptance technique: using the technology and pressing the team to do the overtime work.



2. Risk Management

2.4. Risk management strategies

Responding to positive risk

Strategy	Description	Example
exploitation	ensuring everything is in place to increase the probability of the occurrence of the risk	developing a project management team with most talented staff
sharing	exploiting this risk is not possible without collaboration	subcontracting some tasks to a firm with technical experience to exploit new opportunity
enhancing	identifying the root cause of a positive risk so that you can maximise its drivers	in order for you to get a business deal, your workforce needs to have substantial negotiation skills. You can enhance the positive risk (opportunity) by training your workforce on this subject
accepting	accepting a positive risk (new opportunity) without pursuing it	discounted equipment or material costs



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3 Crisis Management



3. Crisis Management

3.1. Basic concepts

- crisis is a sequence of sudden disturbing events harming the organisation. It can be anything that can negatively effect a organisation's reputation or bottom line;
- crisis management is the identification of threats to an organization and its stakeholders, and the methods used by the organisation to deal with these threats;
- first category of crisis relates to those events over which we have no control. The second category contains all those events that might have been avoided if we had chosen to take the actions necessary to protect ourselves and the public (e.g. BP oil spill).



3. Crisis Management

3.2. Crisis management process

Crisis Management Process



Source: Adapted from: Media and Community Crisis Communication Planning Template, NMA The American Resource



Erasmus+

3. Crisis Management

3.2. Crisis management process

STEP 1: Verify the Crisis Situation

The first step is to determine what has happened (what, when, who, how, why), by coordinating at the site of the incident and immediately identifying as many facts as possible:

- **WHAT** happened and where?
- **WHEN** did this happen?
- **WHO** is involved?
- **HOW** did it happen?
- **WHAT** is currently being done?



3. Crisis Management

3.2. Crisis management process

STEP 2: Notification and Assignments

- inform management team about crisis;
- start procedure of problem solving (see module: problem solving).



Source: <https://www.ebrp.net/incident-management-vs-crisis-management>



3. Crisis Management

3.2. Crisis management process

STEP 3: Assess the Communication Crisis Level

Minimally intense	<p>crisis attracts little or no attention</p> <p>pre-event information requests are received</p> <p>public and/or media are virtually unaware of crisis</p>
Moderately Intense	<p>crisis situation may/may not have occurred; the situation is attracting slow, but steady media coverage</p> <p>external stakeholders receive media inquiries</p> <p>the public at large is aware of the situation/event but is attracting very little attention</p>
Intense	<p>crisis causes growing attention from local and regional media</p> <p>media contacts organisation for information about the crisis</p> <p>in addition to the media, stakeholders and community partners are present at site</p> <p>affected and potentially affected parties threaten to talk to the media</p>
Highly intense	<p>media have immediate and urgent need for information about the crisis. One or more groups or individuals express anger or outrage</p> <p>broadcast and print media appear on-site for live coverage</p>



3. Crisis Management

3.2. Crisis management process

STEP 4: Communication Management

- schedule regular internal communication updates;
- identify key audiences;
- start crisis inquiry log from public and/or media;
- select and/or assign spokesperson(s) (site and/or corporate).



3. Crisis Management

3.2. Crisis management process

STEP 5: Develop Messages

- develop or refer to a **list of questions** that could be asked by a variety of audiences (families, media, partner, **organisations**) about the crisis;
- develop **messages**;
- be prepared to address the company's or the operation's record for the relevant crisis situation;
- identify the best methods for delivery of key messages;
- monitor crisis and update messages based on the crisis.



3. Crisis Management

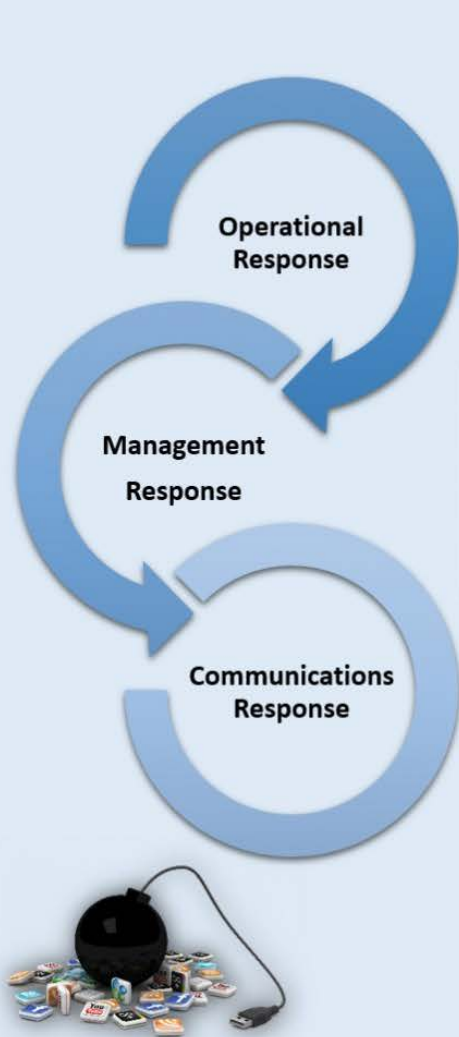
3.2. Crisis management process

STEP 6: Monitor and Provide Feedback

- review media that have inquired about the situation;
- conduct regular searches through Internet search sites for key words;
- monitor blogs, comment boards or chat sites to assess community/employee concerns/comments;
- during the crisis and afterwards, lessons learned (e.g. what types of messages are needed, what approach the media takes to a certain type of story, what the media, public and shareholders are asking, etc.).



Crisis Management Practice & Principles



- Response Procedure
- Responsibilities & escalation
- Situation assessment
- Management updates
- Communications update

- Ascertain Facts
- Corrective action
- Listen to conversations
- Rapid response
- Commitment, care & compassion

- Organizational response
- Regular, authoritative information
- Factual, accurate and confirmed
- Responsive, open & candid
- Employees inform & assured

Response – Thumb rules

- Demonstrate Concern
- Stay positive
- Convey integrity
- Focus on strength



STAY Simple Timely Accurate
Relevant Credible Consistent

Response – No no's

- Don't be offensive
- Don't participate in speculations
- Don't lie or tell half truths
- Avoid repeating allegations



Source: <https://visual.ly/community/infographic/business/crisis-management-practice-principles>



3. Crisis Management

3.2. Crisis management process

PRE-CRISIS

- you may realize that some of the situations are preventable and begin to think about possible responses, about best-case/worst-case scenarios, etc. Better now than when under the pressure of an actual crisis;
- you need to be aware of what is said about by your employees, customers and other stakeholders;
- set up alert for brand/category/competitors by tracking crisis keywords.



3. Crisis Management

3.2. Crisis management process

CRISIS



Confirm RESOLUTION and ACTION: Neutralise negative discussions, personal contact, threads deletion, crisis SEO,...



Source: <http://www.younetmedia.com/crisis-management>



3. Crisis Management

3.2. Crisis management process

POST-CRISIS

- collect and analyse data;
- use the result of analysis to solve the problem (see module: problem management);
- keep communicating with stakeholders;
- still monitor stakeholders reaction and be prepared that crisis may come back anytime.



2. Risk Management

3.3. Communication during and after the crisis

“It takes 20 years to build a reputation and five minutes to ruin it. If you think about that, you'll do things differently” – Warren Buffet

You should put an effort into writing a thoughtful reply aimed at addressing your stakeholders' concerns. Showing that you care about their experience and are willing to address problems (or even go above and beyond) is a great way of actually winning around critics and turning them into fans.



Source: <https://www.forbes.com/sites/ekaterinawalter/2013/11/12/10-tips-for-reputation-and-crisis-management-in-the-digital-world/#5a95bf0d7c0c>



2. Risk Management

3.3. Communication during and after the crisis

AVOID...

- **waiting until all information is known** before responding to a crisis...
It can put stakeholders and the organisation in danger as other, potentially less credible, sources tell the story of the crisis;

- **falsely reassuring statements**

If it is issued and later deemed false or exaggerated, you will lose trust and credibility.



Source: Veil, S.; Buehner, T.; Palenchar, Michael J. (2011): A work-in-process literature review: Incorporating social media in risk and crisis communication. *Journal of Contingencies and Crisis Management*, 19(2), pp. 110-22.



2. Risk Management

3.3. Communication during and after the crisis

MUST DO'S...

- communicators should be deliberate in sharing available crisis information in a timely and accurate manner. **Crises create a need for information**; providing information may ease uncertainty. In addition, the public can provide essential information and assistance to mitigate the crisis;
- communicate with **honesty, candour, and openness**. It is vital in minimising additional threats as well as **meeting the public's need for information so they do not turn to other sources**;
- communicate with **compassion, concern, and empathy**. You should demonstrate **genuine concern** for the situation and create a **sense of legitimacy with the public**.



Source: Veil, S.; Buehner, T.; Palenchar, Michael J. (2011): A work-in-process literature review: Incorporating social media in risk and crisis communication. *Journal of Contingencies and Crisis. Management*, 19(2), pp. 110-22.



2. Risk Management

3.3. Communication during and after the crisis

Example: Uber: Let data speak for you

- **the crisis:** a group of Uber drivers banded together to publish this Medium article about the company's 35% price cuts, and the effect it had on drivers. The article went viral almost immediately;
- **the response:** Uber never released an "official" response to the Uber Driver's Network, but within hours of the Medium piece going viral, founder and CEO Travis Kalanick shared this article about gross hourly rates for drivers in New York City. Coincidence? Probably not;



<http://blog.close.io/5-crisis-communication-lessons-for-startups>



2. Risk Management

3.3. Communication during and after the crisis

Example: Uber: Let data speak for you

- **the reactions:** although Uber drivers across the nation threatened large-scale boycotts (including during Super Bowl 50), no threats were ever made good on. Although drivers weren't satisfied, they've since backed down and things seem to have returned to normal;
- **the resolution:** leaked financial documents show that although Uber is hemorrhaging money, they've still experienced 40% growth per quarter. New drivers continue to sign up and Uber remains the most popular transportation app on the market.



<http://blog.close.io/5-crisis-communication-lessons-for-startups>

