

# INTERNATIONAL **DIRECTORS** SUMMIT 2019

The Trust Compass: Resetting the Course

14 & 15 OCT 2019 | Shangri-La Kuala Lumpur

**TRUST + REPUTATION = SUSTAINABLE BUSINESS**

Business success in an increasingly unpredictable world . . . . .

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# TRUST + REPUTATION = BUSINESS DELIVERY

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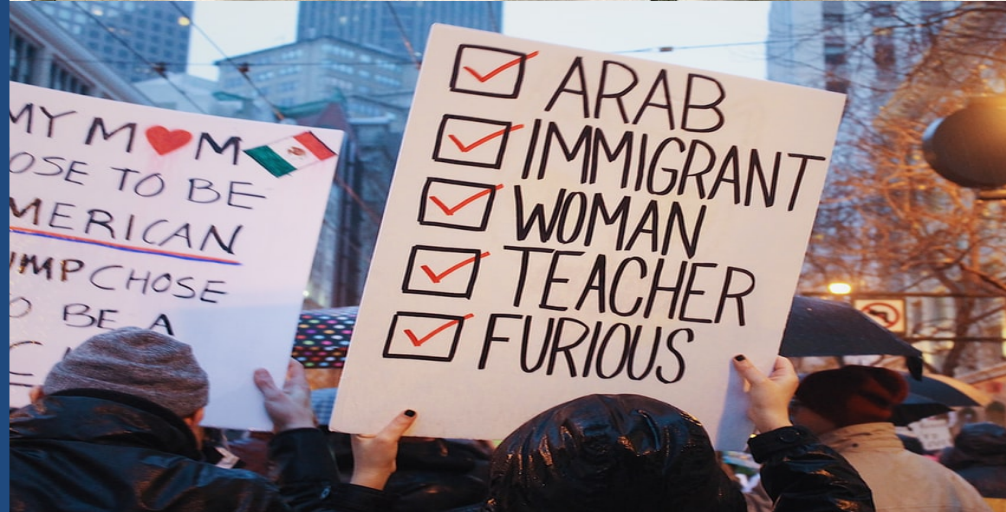
## The Age of Uncertainty

- A rise in nationalism
- Populism explodes
- Trade wars, protectionism
- Fakes news or the rise of alternative facts
- Lying becomes fashionable
- Breakdown in trust
- Truth no longer matters. Too many lies out there
- Image and appearance matter more



## Growing risk for business

- Society expectations soar along with access to data
- Activists proliferate
- Restricted access to markets
- Regulatory hurdles
- Low investor confidence
- Unpredictable government policy
- Motivation under scrutiny
- Complexities increase as business transcends boundaries





**63** Percentage of world with mobile phones

A radicals playground

- Radicals, tribes, minority and fringe groups now have a channel to reach the world
- A well developed mechanism for talking to themselves and being in violent agreement
- . . . . And seizing the share of voice
- The silent majority remain silent
- The scale and profile of social media amplifies everything

# 2019 This Is What Happens In An Internet Minute



## Business needs to ask itself

- Do you have the reputational capital to ride out potential missteps or a political firestorm?
- Do you have robust and timely enough information, or ground truth, so that you don't misstep?
- Are you planning for contingencies?
- Are you set up to confront this storm? Do you have processes and expertise in place
- What are the systematic processes for consensus building – license to operate?



Hang on – we  
aren't ready for  
this...

- Companies have not adapted
- They are still led in the same way as they were 10 years ago.
- Managing this exposure is mainly outside the company traditional leadership's core area of competence to tackle
- Leadership teams are ill-equipped and unprepared to handle the cascade of emerging external factors that are now comprise the primary hurdles to business success
- And in Malaysia it feels like we are still in the Microsoft-DOS age
- Our “opinion leaders” are made up of Malaysia's internet population!

# There's many ways business can sink

## External and internal risks – GOING OUT OF CONTROL

- 
- ✓ Fraud
  - ✓ Cyber attack
  - ✓ Government investigation
  - ✓ Environmental incident
  - ✓ Product recall
  - ✓ Complex litigation
  - ✓ Political disruption
  - ✓ Operational incident
  - ✓ Regulatory scrutiny
  - ✓ Executive transition
  - ✓ Workplace misconduct
  - Cybersecurity Threats : Media Prima, MAHB, CIMB
  - Competition Law: Grab
  - Lack of two-way communication : Telekom , Air Asia, Malaysia Airlines
  - Environmental - Ethnicity, Cultural, Language, Religion
  - Government Regulations : Taxation policy
  - Bad Publicity : intended /unintended
  - Forced Labor : *Malaysian Rubber Gloves Manufacturers Association*



# 1MDB was RM30bil in debt'

ATION

Vednesday, 02 Oct 2019

By NURBAITI HAMDAN And  
JISHIN TARIQ

KUALA LUMPUR: As it was fully owned by the 1Malaysia Development Bhd (1MDB) had t  
witness in Datuk Seri Najib Razak's trial.

5 minute read

## More than 200 Foodpanda riders protest over new payment scheme



J. BIRIHAN, IANSRI

## Complaints on Telekom Malaysia Almost Doubled in 2018 – CFM

in CFM, Telekom Malaysia 05/08/2019 Comments Off 2,527 Views

## Media Prima hit by ransomware, hackers demand RM26mil in bitcoins, says report

NATION

Tuesday, 13 Nov 2018  
4:40 AM MYT

By RAZAK AHMAD

PETALING JAYA: Media Prima Berhad's computer systems have been l  
cyber attackers who are demanding millions of bitcoins in ransom.  
The media company, which runs a stable of TV, radio, newspaper, new, pa  
and digital media companies was hit by a ransomware attack last Thurs  
Eda Financial Daily reported.

## Malaysia proposes \$20 million fine on Grab for abusive practices

Lia Lee

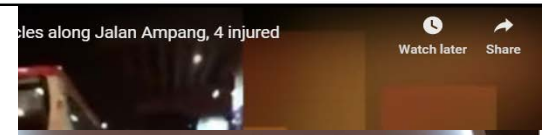
3 MIN READ

# The Malaysia "crisis"

... (in millions of dollars) ... on Thursday proposed  
a fine of over 86 million ringgit (\$20.5 million) on ride-hailing firm Grab for violating  
competition law by imposing restrictive clauses on its drivers.

3 minute read

## 'Runaway' Rapid KL bus rams into vehicles along Jalan Ampang, 4 injured [NSTTV]



... rams into vehicles along Jalan Ampang, 4 injured

Watch later Share

## Malaysia proposes RM86 million fine on Grab for abusive practices



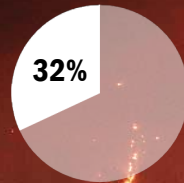
## Grab Malaysia scores lowest in effective crisis management



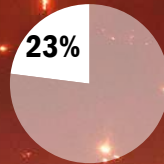
# The Implications of Corporate Crises

Crisis scenarios carry a number of short- and long-term risks: management distraction, value destruction, leadership turnover, customer and employee attrition, and regulatory scrutiny. They can even jeopardize a business' license to operate, either in a particular jurisdiction or writ large.

FTI examined the 100 largest corporate crises in recent memory and found that:



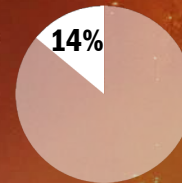
of senior  
executives  
lost their  
job



of publicly-traded  
companies' share  
price failed to  
recover



total value  
destroyed over  
100 crises



of companies  
went out of  
business

**Crisis put entire businesses in jeopardy and without an effective management strategy, things can quickly spiral out of control.**

# Crisis Communications in Today's Environment

Crisis communications now occurs in a post newscycle world. External developments can quickly engulf an organization and viral social media campaigns can grow in moments – leaving little time to determine the how and when of communication.

The expectations of your stakeholders have changed. Their desire for transparency, frequency and accountability render many traditional tools inadequate or obsolete.

There's no such thing as an isolated incident today. A crisis calls for rigorous and real-time preparation and anticipation of follow-on events: legal, operational, reputational and more.

# Drivers of Exposure

Crises have the ability to quickly spread out of control. Absent a counter-narrative, stakeholder groups feed on negatively publicity – and each other – to create a vicious cycle that carries serious, long-term business risk.

**Advocacy Groups**  
• Campaigns  
• Pressuring stakeholders

**Employees**  
• Information leak  
• Misconduct

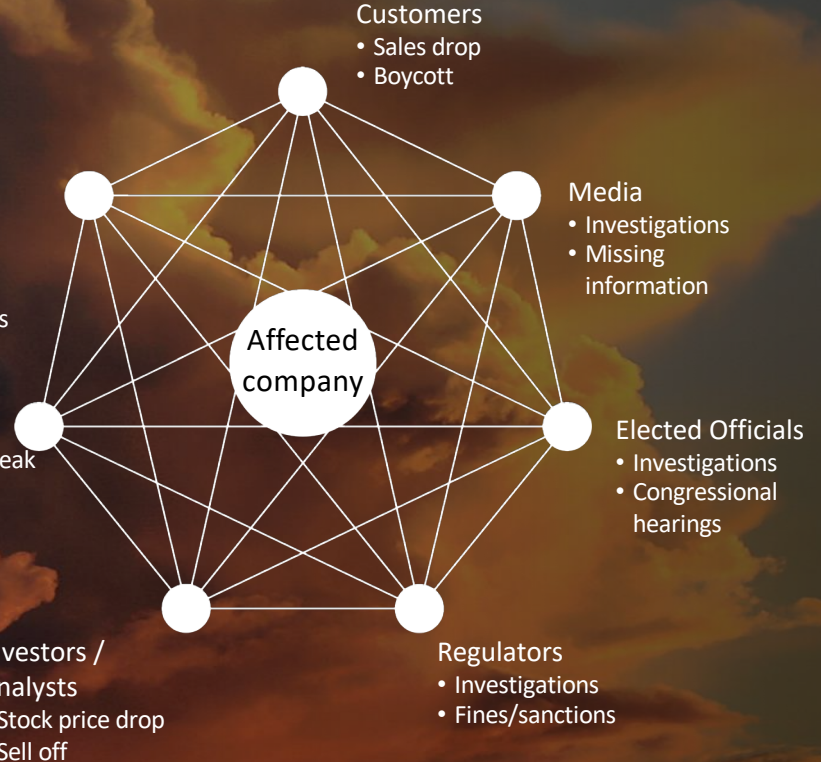
**Investors / Analysts**  
• Stock price drop  
• Sell off

**Customers**  
• Sales drop  
• Boycott

**Media**  
• Investigations  
• Missing information

**Elected Officials**  
• Investigations  
• Congressional hearings

**Regulators**  
• Investigations  
• Fines/sanctions



# Our Perspective on Crisis Communications

## Fundamentals of Crisis Management

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- ✓ Investigate thoroughly to ensure you are operating based on all the facts

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- ✓ Demonstrate accountability and take corrective action

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- ✓ Be proactive: Engage stakeholders transparently and be available

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- ✓ Communicate with compassion and authenticity

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- ✓ Take action, maintain momentum and build an evolving narrative

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## Lessons Learned from Our Experience

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- ✓ Be consistent – maintain message discipline

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- ✓ Be timely – tell your story before others tell it for you

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- ✓ Don't speculate – speak only to what you know, rather than what you think

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- ✓ Don't lie – understand short-term misrepresentations cause long-term harm


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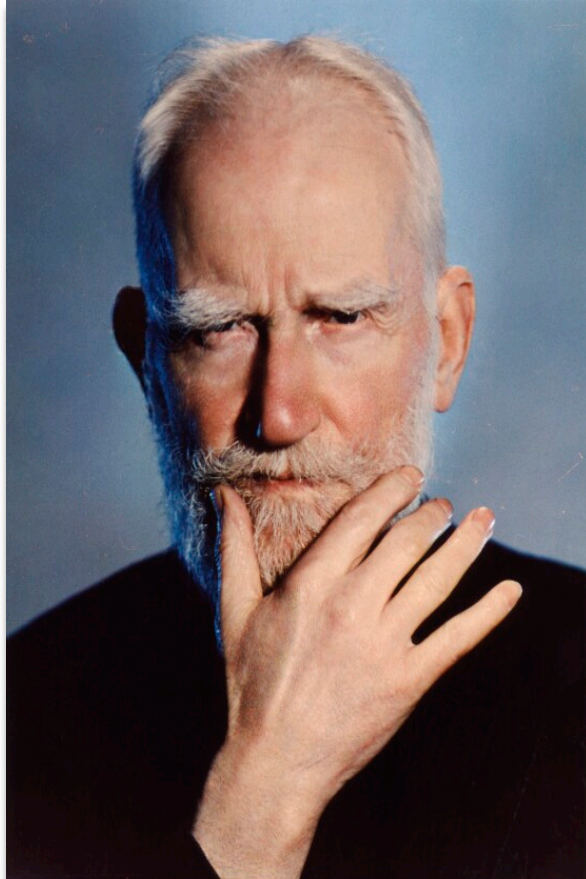
- ✓ Don't declare victory too soon – prepare to manage long-tail issues

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## What needs to change ?

In board/leadership teams the following change is imperative:

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- ✓ External risk identification, ranking and management
  - ✓ Leaders' ownership of risks and their performance to be judged on management of risks
  - ✓ Critical stakeholder identification, ranking and ownership
  - ✓ Integrated business plan with timeline to include all risks
  - ✓ Standards – sustainability, disclosure (identified by issues process)
  - ✓ Partnership
  - ✓ New leadership team composition to manage the risks and keep it real
  - ✓ Make reputation risk as part of the board agenda



The single biggest  
problem in  
communication is the  
illusion that it has  
taken place.

GEORGE BERNARD SHAW

4,600+ Employees Worldwide	490+ SMDs	\$2.8B Market Cap. <sup>(1)</sup>
76 Cities		28 Countries
Advisor to 96 of the world's top 100 law firms	53 of Fortune Global 100 corporations are clients	Advisor to 8 of the world's top 10 bank holding companies

## FTI Consulting: Experts with Impact

FTI Consulting is an independent global business advisory firm dedicated to helping organisations manage change, mitigate risk and resolve disputes. Due to our unique mix of **EXPERTISE, CULTURE, BREADTH OF SERVICES and INDUSTRY EXPERIENCE**, we have a tangible impact on our clients' most complex opportunities and challenges.

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