

CRISIS COMMUNICATION PLAN | VOLKSWAGEN

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INTRODUCTION

This Crisis Communication Plan is crucial at Volkswagen because it helps to protect public safety, company lives and property, as well as company integrity and image. It is essential to have this plan in place and practiced so that VW can avoid any harm to the lives or property of the general public or the company. It is also essential for VW to uphold the trust and respect of consumers and prevent any situations that could increase the severity of a crisis. For the sake of this plan, we will define a crisis as a time of intense difficulty, trouble, or danger that prevents the company from operating normally.

If this plan is not followed, we risk excessive damage to the company's reputation, or in extreme cases danger to lives, property or the environment. We want to do everything possible to prevent a worsening crisis or the possibility of any kind of harm. In a time of crisis, this plan will ensure that all members of VW are working together towards a common goal, and no individual does anything to make the situation worse.

Recently, our company has been at the center of a crisis known as the emissions scandal. It was discovered that one of our diesel vehicles was releasing harmful amounts of emissions into the air. During lab testing, the car showed very low levels of emissions, compliant with the EPA's requirements. However, when driving on the road the car released extremely high levels of emissions. This caused our former CEO, Martin Winterkorn, to step down only days after the news broke. In order to prevent situations like this in the future, we have created this updated Crisis Communication Plan.

CEO STATEMENT

As CEO, I can fully comprehend the importance of this Crisis Communication Plan in order to prevent situations like those that have happened in the past. Not only is it crucial to protect our company's reputation, but even more importantly than that we must ensure the safety of all our employees, company property, and public property and lives, as well as the environment.

This plan will allow everyone at Volkswagen to know and understand what to do in a crisis situation, so that we are all on the same page and working together towards a common goal. As CEO, I want my employees to feel safe and secure in having a plan in place to reduce the level of stress during any crisis situation.

The Crisis Communication Team is a vital part of our company as they protect the company's reputation against crises and allow us to return to standard operating procedures as quickly as possible so we can protect our employees and maintain our company's reputation.

CMT TRAINING

CMT training should occur monthly to make sure the team is on track and following the plan accordingly. As the team starts to progress, training can start to occur annually. The type of training that should be used is tabletop where we would talk through the crisis and keep up to date with the plan in place. Drill training would also be used to test the functions of our product and make sure we do not have the same crisis occur. Another training would be full-scale exercise so we can have our team out in the field conducting the plan in place with equipment rather than only talking about the plan. The groups participating in the training would consist of

operations/manufacturing, PR/communications, marketing, legal, HR/site managers, and the CEO.

GOAL AND OBJECTIVES

Goal Statement:

During crisis situations our organization, Volkswagen, will communicate with our stakeholders our plans in place to fix our current emission challenges. Our goal is to replace the current software and use more efficient software. Volkswagen will fix the levels of our nitrogen oxide and dioxide to fit the standards for the USA. We will also fix the understated carbon dioxide emissions figures in Europe. The objective is to create and provide a more sustainable product, as well as repair our relationship with the environment and our customers.

Objectives:

1. Purchase a new software that is efficient.
2. Organize a team to test software.
3. Go public with the testings once they are shown to be efficient.

ACKNOWLEDGMENTS

Chairman of the Board of Management: Oliver Blume

Head of PR & Communications: Sebastian Rudolph

Head of Marketing & Sales: Nelly Kennedy

Head of HR: Yvonne Bettkober

COO: Dr. Ludwig Fazel

CEO: Thomas Shafer

Head of Legal: Phillip Haarmann

OPERATIONAL DEFINITION OF CRISIS

As a car company, the crises we most have to be aware of are operational crises, which could halt day to day operations of the company and emerge in the forms of loss of key leadership, technical error accidents, human error accidents, organizational misdeeds or paracrises which can affect our reputation. All of these also have the potential to turn into double crises; if not handled properly the crisis response can actually make the situation worse.

A type of crisis that would require activation of the CCT would include, but is not limited to, a major accident in a warehouse, (whether a technical or human error), that causes damage or danger to employees or the general public; a major safety issue with one of our cars; a recall of a car or car part; the sudden loss of an important leadership team member such as the CEO or COO; any illegal misconduct being discovered or any reputational damage.

In the case of technical or human error accidents, depending on the situation, the company could be seen as more or less at fault. For example, were employees given proper safety training and were the machines' safety checked and parts replaced regularly? Another issue in which we would be seen at fault is if organizational misconduct was discovered or someone in or close to the company made insensitive or offensive remarks, in which case we would be dealing with a paracrisis.

POSSIBLE CRISES AND ASSESSMENT

Crisis Assessment Table:

CRISES ASSESSMENT:				
POSSIBLE CRISES	LIKELIHOOD FOR CRISIS TO OCCUR	IMPACT OF CRISIS ON ORGANIZATION/OPERATION	IMPACT OF CRISIS ON STAKEHOLDERS:	SCORE:
<ul style="list-style-type: none"> Technical Error Accidents – An incident in which the technology in our warehouses fails or malfunctions resulting in an industrial accident 	0. <input type="checkbox"/> Impossible 1. <input type="checkbox"/> Rare (<3% chance) 2. <input type="checkbox"/> Unlikely (3%-10% chance) 3. <input checked="" type="checkbox"/> Moderate (10%-50% chance) 4. <input type="checkbox"/> Likely (50%-90% chance) 5. <input type="checkbox"/> Certain (>90% chance)	0. <input type="checkbox"/> No Impact 1. <input type="checkbox"/> Insignificant (Impact is easily mitigated by normal day to day processes) 2. <input type="checkbox"/> Minor (Delays up to 10% of Schedule; Operation affected up to 10%) 3. <input type="checkbox"/> Moderate (Delays up to 30% of Schedule; Operation affected up to 30%) 4. <input checked="" type="checkbox"/> Major (Delays up to 50% of Schedule; Operation affected up to 50%) 5. <input type="checkbox"/> Severe (Operation breaks down)	0. <input type="checkbox"/> No impact on stakeholders 1. <input type="checkbox"/> Little impact , can be handled without difficulty, not serious enough to draw media attention 2. <input type="checkbox"/> Some impact , slight chance the media will be involved 3. <input type="checkbox"/> Moderate impact , but still will not be a major media issue 4. <input checked="" type="checkbox"/> Considerable impact , will definitely be a major media story 5. <input type="checkbox"/> Devastating impact , front-page news, could put organization out of business	Score 11

<ul style="list-style-type: none"> Technical Error Product Harm - An incident in which the technology in our warehouses fails or malfunctions resulting a defect or potentially harmful product 	<ol style="list-style-type: none"> <input type="checkbox"/> Impossible <input type="checkbox"/> Rare (<3% chance) <input checked="" type="checkbox"/> Unlikely (3%-10% chance) <input checked="" type="checkbox"/> Moderate (10%-50% chance) <input type="checkbox"/> Likely (50%-90% chance) <input type="checkbox"/> Certain (>90% chance) 	<ol style="list-style-type: none"> <input type="checkbox"/> No Impact <input type="checkbox"/> Insignificant (Impact is easily mitigated by normal day to day processes) <input type="checkbox"/> Minor (Delays up to 10% of Schedule; Operation affected up to 10%) <input type="checkbox"/> Moderate (Delays up to 30% of Schedule; Operation affected up to 30%) <input checked="" type="checkbox"/> Major (Delays up to 50% of Schedule; Operation affected up to 50%) <input type="checkbox"/> Severe (Operation breaks down) 	<ol style="list-style-type: none"> <input type="checkbox"/> No impact on stakeholders <input type="checkbox"/> Little impact, can be handled without difficulty, not serious enough to draw media attention <input type="checkbox"/> Some impact, slight chance the media will be involved <input type="checkbox"/> Moderate impact, but still will not be a major media issue <input checked="" type="checkbox"/> Considerable impact, will definitely be a major media story <input type="checkbox"/> Devastating impact, front-page news, could put organization out of business 	<p>Score 11</p>
<ul style="list-style-type: none"> Human Error Accident – An incident in which human error by one of our employees causes an accident 	<ol style="list-style-type: none"> <input type="checkbox"/> Impossible <input type="checkbox"/> Rare (<3% chance) <input type="checkbox"/> Unlikely (3%-10% chance) <input checked="" type="checkbox"/> Moderate (10%-50% chance) <input type="checkbox"/> Likely (50%-90% chance) <input type="checkbox"/> Certain (>90% chance) 	<ol style="list-style-type: none"> <input type="checkbox"/> No Impact <input type="checkbox"/> Insignificant (Impact is easily mitigated by normal day to day processes) <input type="checkbox"/> Minor (Delays up to 10% of Schedule; Operation affected up to 10%) <input checked="" type="checkbox"/> Moderate (Delays up to 30% of Schedule; Operation affected up to 30%) <input type="checkbox"/> Major (Delays up to 50% of Schedule; Operation affected up to 50%) <input type="checkbox"/> Severe (Operation breaks down) 	<ol style="list-style-type: none"> <input type="checkbox"/> No impact on stakeholders <input type="checkbox"/> Little impact, can be handled without difficulty, not serious enough to draw media attention <input type="checkbox"/> Some impact, slight chance the media will be involved <input type="checkbox"/> Moderate impact, but still will not be a major media issue <input checked="" type="checkbox"/> Considerable impact, will definitely be a major media story <input type="checkbox"/> Devastating impact, front-page news, could put organization out of business 	<p>Score 10</p>

<ul style="list-style-type: none"> Human error product harm – An incident in which human error by one of our employees results in a defect or potentially harmful product 	<ol style="list-style-type: none"> <input type="checkbox"/> Impossible <input type="checkbox"/> Rare (<3% chance) <input type="checkbox"/> Unlikely (3%-10% chance) <input checked="" type="checkbox"/> Moderate (10%-50% chance) <input type="checkbox"/> Likely (50%-90% chance) <input type="checkbox"/> Certain (>90% chance) 	<ol style="list-style-type: none"> <input type="checkbox"/> No Impact <input type="checkbox"/> Insignificant (Impact is easily mitigated by normal day to day processes) <input type="checkbox"/> Minor (Delays up to 10% of Schedule; Operation affected up to 10%) <input type="checkbox"/> Moderate (Delays up to 30% of Schedule; Operation affected up to 30%) <input checked="" type="checkbox"/> Major (Delays up to 50% of Schedule; Operation affected up to 50%) <input type="checkbox"/> Severe (Operation breaks down) 	<ol style="list-style-type: none"> <input type="checkbox"/> No impact on stakeholders <input type="checkbox"/> Little impact, can be handled without difficulty, not serious enough to draw media attention <input type="checkbox"/> Some impact, slight chance the media will be involved <input type="checkbox"/> Moderate impact, but still will not be a major media issue <input checked="" type="checkbox"/> Considerable impact, will definitely be a major media story <input type="checkbox"/> Devastating impact, front-page news, could put organization out of business 	<p>Score 11</p>
<ul style="list-style-type: none"> Organizational Misdeed – An incident in which management takes actions it knows may place stakeholders at risk or knowingly violates the law. 	<ol style="list-style-type: none"> <input type="checkbox"/> Impossible <input checked="" type="checkbox"/> Rare (<3% chance) <input type="checkbox"/> Unlikely (3%-10% chance) <input type="checkbox"/> Moderate (10%-50% chance) <input type="checkbox"/> Likely (50%-90% chance) <input type="checkbox"/> Certain (>90% chance) 	<ol style="list-style-type: none"> <input type="checkbox"/> No Impact <input type="checkbox"/> Insignificant (Impact is easily mitigated by normal day to day processes) <input checked="" type="checkbox"/> Minor (Delays up to 10% of Schedule; Operation affected up to 10%) <input type="checkbox"/> Moderate (Delays up to 30% of Schedule; Operation affected up to 30%) <input type="checkbox"/> Major (Delays up to 50% of Schedule; Operation affected up to 50%) <input type="checkbox"/> Severe (Operation breaks down) 	<ol style="list-style-type: none"> <input type="checkbox"/> No impact on stakeholders <input type="checkbox"/> Little impact, can be handled without difficulty, not serious enough to draw media attention <input type="checkbox"/> Some impact, slight chance the media will be involved <input type="checkbox"/> Moderate impact, but still will not be a major media issue <input type="checkbox"/> Considerable impact, will definitely be a major media story <input checked="" type="checkbox"/> Devastating impact, front-page news, could put organization out of business 	<p>Score 8</p>

POSSIBLE CRISES AND THREATS

POSSIBLE CRISES	THREATS/WARNING SIGNS	IMMEDIATE ACTION
<ul style="list-style-type: none"> • Technical Error Accident 	<ul style="list-style-type: none"> • Employee complaints about machinery • Outdated technology 	<ul style="list-style-type: none"> • Immediately issue apology • Determine if those involved in the accident are okay, provide financial compensation for any medical help needed
<ul style="list-style-type: none"> • Human Error Accident 	<ul style="list-style-type: none"> • Employee complaints about not having enough time off/being too tired to focus • Improper employee training 	<ul style="list-style-type: none"> • Immediately issue apology • Determine if those involved in the accident are okay, provide financial compensation for any medical help needed
<ul style="list-style-type: none"> • Technical Error Product Harm 	<ul style="list-style-type: none"> • Customer complaints • News media 	<ul style="list-style-type: none"> • Immediately issue apology • Compensate or refund customers for faulty product
<ul style="list-style-type: none"> • Human Error Product Harm 	<ul style="list-style-type: none"> • Customer complaints • News media 	<ul style="list-style-type: none"> • Immediately issue apology • Compensate or refund customers for faulty product
<ul style="list-style-type: none"> • Organizational Misdeed 	<ul style="list-style-type: none"> • News media • Government 	<ul style="list-style-type: none"> • Immediately issue apology and condemn actions of management • Determine a new spokesperson if those involved in the crisis previously would have spoken for the company

IDENTIFY AND NOTIFY KEY PUBLICS

Immediate Crisis Message/Holding Statements:

CRISIS TYPE:	HOLDING STATEMENT: INTERNAL PUBLICS	HOLDING STATEMENT: EXTERNAL PUBLICS
<ul style="list-style-type: none"> Technical Error Accidents 	<ul style="list-style-type: none"> There has been a malfunction with one of the machines in our New York facility. We currently do not know what caused the malfunction. We are currently investigating and medical personnel are on site. 	<ul style="list-style-type: none"> There has been a malfunction with one of the machines in the Volkswagen New York facility. We currently do not know what caused the malfunction. We are currently investigating the situation and medical personnel are on site. Our main priority at the moment is getting medical help for those involved in the accident.
<ul style="list-style-type: none"> Human Error Accidents 	<ul style="list-style-type: none"> There has been an accident in our New York facility. We currently do not know the exact cause of the accident. We are currently investigating and medical personnel are on site. 	<ul style="list-style-type: none"> There has been an accident in the Volkswagen New York facility. We currently do not know exactly what caused this accident. We are investigating the situation and medical personnel are on site. Our main priority at the moment is getting medical help for those involved in the accident.
<ul style="list-style-type: none"> Technical Error product harm 	<ul style="list-style-type: none"> There have been complaints of one of our cars shutting down and causing accidents due to the engine. We are currently investigating the exact cause of this engine failure and all those who have been impacted will be compensated. 	<ul style="list-style-type: none"> We express our deep apologies for the engine failure issue with our new Volkswagen Jetta. The safety of our customers has always been of the utmost importance to us. We are working now to determine the exact cause of the failure and right now our primary concern is of safety.
<ul style="list-style-type: none"> Human error product harm 	<ul style="list-style-type: none"> There have been complaints of one of our cars shutting down and causing accidents due to incorrect assembly. We are working to find the source of this problem. All those who have been impacted will be compensated. 	<ul style="list-style-type: none"> We express our deep apologies for the engine failure issue with our new Volkswagen Jetta. The safety of our customers has always been of the utmost importance to us. We are working now to determine the exact cause of the failure and right now our primary concern is of safety.
<ul style="list-style-type: none"> Organizational misdeed 	<ul style="list-style-type: none"> The company is currently under investigation from the FBI under claims of embezzlement and fraud so in the meantime, plants will be shut down. We will still be issuing full pay to employees in the meantime. 	<ul style="list-style-type: none"> Volkswagen will provide full cooperation with police and authorities in this time while they conduct their investigation.

Notification Table

Communication Channels											
	Video Meetings	Intranet	(Mobile) Phone	Email	Interview	Newsletter	Press Release	Social Media	Spokesperson	Website	
Internal Publics	Employees		x	x	x						
	Management	x		x	x						
	Board of Directors	x		x	x						
	Shareholders/Investors	x			x						
	Suppliers	x			x						
	Distributors	x			x						
	Retailers				x						

External Publics	General Public								x	x	x	
	Customers						x			x	x	
	News Media					x		x				
	Community Leaders				x							
	NGOs/Activists									x	x	x
	Government(s)	x			x							

IDENTIFY THE CRISIS COMMUNICATION TEAM

CRISIS COMMUNICATION TEAM/CRISIS DIRECTORY

JOB TITLE	ROLE & RESPONSIBILITY
Head of Operations	Responsible for the entire Group's operational daily business from production to technical development and quality assurance.
Head of Legal	Negotiate and represent Volkswagen's positions to the outside world. Protect the company from long-term damage. Protect the Group's interests and successfully shape the future of Volkswagen through legal means.
Head of PR/ Communications	Serve as the company spokesperson when the CEO is unavailable. Ensure all information published about the company is accurate and up to date. Initiate plans and organize press conferences for the media, business, and political stakeholders.
Site Manager	Support design teams with handling main project management tasks.
CEO	Serve as the company spokesperson, making major corporate decisions, managing overall operations, and setting the company's strategic direction.
Environmental Specialist	Collect data, analyze products, test products, identify and asses' threats to environment.

IDENTIFY SPOKESPERSONS

**CRISIS SPOKESPERSONS: CEO of Volkswagen,
PR/Communications Representative**

COMMUNICATION SITUATION	KNOWLEDGE	SKILLS	PERSONALITY TRAITS
<ul style="list-style-type: none"> • Press Conference 	<ul style="list-style-type: none"> • How crisis was caused • Current actions being taken to solve the crisis 	<ul style="list-style-type: none"> • Public Speaking • Calm under pressure 	<ul style="list-style-type: none"> • Accurate • Consistent
<ul style="list-style-type: none"> • Social Media 	<ul style="list-style-type: none"> • How crisis was caused • Current actions being taken to solve the crisis 	<ul style="list-style-type: none"> • Well-written • Clear and concise 	<ul style="list-style-type: none"> • Genuine • Tech-savvy
<ul style="list-style-type: none"> • Live Interviews 	<ul style="list-style-type: none"> • How crisis was caused • Current actions being taken to solve the crisis 	<ul style="list-style-type: none"> • Public Speaking • Calm under pressure 	<ul style="list-style-type: none"> • Accurate • Genuine

IDENTIFY TRICK QUESTIONS

Handling Difficult Questions

- **Crisis #1: Technical Error Accidents/Technical Error Product Harm**
 - Trick Question: Would you say that the technology within your warehouses is not up to standard regulations?
 - Trick Questions: Do you agree that Volkswagen could have avoided this crisis, right?
 - Trick Question: So, what is responsible for the high level of emissions being released into the air?
 - Trick Question: If the technology within your warehouse was up to standard, would the high levels of emissions be being released from one of your diesel vehicles have happened?
 - Trick Question: Isn't it true that you knew there was high levels of emissions being released from one of your diesel vehicles but couldn't do anything to change it immediately, so it caused emissions to be released in the air?
- **Crisis #2: Human Error Product Harm**
 - Trick Question: So, who is actually responsible for this crisis?
 - Trick Questions: Would you say that employees at your company are lenient with production of your vehicles?
 - Trick Question: Do you agree that one of your employees' provided misinformation about the lab testing so that the vehicle was compliant with EPA's requirements?
 - Trick Question: Isn't it true that one of your employees knew there was an issue with one of your vehicles, but didn't do anything to stop it at once, so it caused high levels of emissions to be released into the air?
 - Trick Question: Hey Pal, off the record, why do you think this happened?

MESSAGING

Key Messages

MESSAGE MAPS

Crisis #1: Technical Error Accidents/Technical Error Product Harm
Key Stakeholder: General Public
Concerns and/or Questions: What is being done to prevent this issue from happening again?
Key Message #1: Volkswagen is replacing the current software and using more effective software
Supporting Fact: Developing fixes for all affected vehicles that used the 2.0-liter diesel engine
Supporting Fact: Reviewing VW's compliance, processes and standards, and adopting preventative measures
Supporting Fact: Refocus our core technologies
Key Message #2: Plans to meet emission regulations in the USA and Europe
Supporting Fact: Reorientation of diesel vehicles with advanced environmental technology
Supporting Fact: Making future generations of VW electric
Supporting Fact: Further development of standardized toolkits to suit plug-in hybrid and electronic vehicles
Key Message #3: Conduct emission-tests more than once
Supporting Fact: Conduct tests on the steering wheel
Supporting Fact: Conduct tests on vehicle speed
Supporting Fact: Conduct tests on the duration of the engine's operation and barometric pressure

MESSAGE MAPS

Crisis #2: Human Error Product Harm
Key Stakeholder: Investors
Concerns and/or Questions: Was this issue caused by someone within the company?
Key Message #1: Internal Investigation
Supporting Fact: Conducting a worldwide probe to find out how the problem occurred and to hold responsible parties accountable
Supporting Fact: Reviewing lab testing paperwork to see which employees were involved
Supporting Fact: Question employees on processes and standards
Key Message #2: Launch Whistleblower Program
Supporting Fact: Employees provide information about how the emissions tests were cheated
Supporting Fact: Receive full and swift clarification of what happened
Supporting Fact: Determine involvement of employees
Key Message #3: Determine Chain of Errors
Supporting Fact: Involvement of 450 internal and external members
Supporting Fact: 1,500 devices seized belonging to 400 employees
Supporting Fact: 9 managers suspended from duties

LESSONS LEARNED

CRISIS REVIEW FORM

	CRISIS RESPONSES	MEDIA MANAGEMENT	STAKEHOLDER-RELATIONS
SUCCESSFUL	<ul style="list-style-type: none"> Communicating with stakeholders our plans in place to fix our current emission challenges. Communicating how Volkswagen plans to fix the levels of emissions to fit USA and Europe standards. 	<ul style="list-style-type: none"> Identifying appropriate communication channels through internal publics. Identifying appropriate communication channels for external publics. 	<ul style="list-style-type: none"> Addressing investors' concerns and/or questions. Identifying the key messages and addressing supportive facts
PROBLEMATIC	<ul style="list-style-type: none"> Communicating to internal publics that we currently don't know the exact cause of an accident that occurred in our New York facility. Communicating to external publics that we currently don't know the exact cause of an accident that occurred in our New York facility. 	<ul style="list-style-type: none"> Limited use of communication channels with select internal publics. Limited use of communication channels with select external publics. 	<ul style="list-style-type: none"> Concerns from the general public may not be addressed. Key messages may not be accepted by the general public.
SUGGESTIONS FOR IMPROVEMENT	<ul style="list-style-type: none"> Develop stronger holding statements for certain crisis types regarding internal publics. Include reputation repair strategies within holding statements to external publics for certain crisis types 	<ul style="list-style-type: none"> Use more communication channels for certain internal publics. Use more communication channels for certain external publics. 	<ul style="list-style-type: none"> Develop stronger key messages for the general public. Develop stronger supporting facts for the general public.