

How a lack of transparency about your business can lead to its demise

There are plenty of examples of poor communications making an organisation's crisis worse. But one struggles to think of any organisation that **folded** because it didn't communicate effectively in a crisis.



Yet the recent collapse of GoGen has been claimed to be a consequence of poor crisis communication. GoGen was a private company that provided call centre fundraising services to major charities. It went into administration after a *Daily Mail* undercover investigation alleged that it pestered mentally ill people for donations, along with those who had opted out of receiving such calls.

GoGen's public statements were not great and lacked empathy for anybody possibly affected by the actions of its staff. But it collapsed because its alleged business practices appalled the public and its customer charities dropped them like a brick, rendering the business unviable.

People know that charities call them on the phone seeking a direct debit mandate; they have been stopped in the street by 'chuggers'. But the charity world and the likes of GoGen have allowed the public to hold a mental model of how charities and fundraising works. The public feels that charities are almost run solely by well meaning, unpaid volunteers; that money is raised through justgiving.com, the odd telethon and a cake sale; that we choose to give when we notice a prompt.

The *Daily Mail* highlighted not only how charities hire third party call centres to chase us, but that these private companies can charge up to

60% of the money raised as a fee. And that their techniques differ little from any other type of hard-sell sales call. This jars against people's sense of "what ought to be".

The underlying reason for the impact of the *Daily Mail* story was that it publicised GoGen's existence. GoGen and its charity clients had not explicitly taken the public on a journey about the new fundraising model. In such an information vacuum, GoGen's reputation was defined in an instant.

And as a result, the charities now have a fundraising hiatus for their worthy causes and 500 people have lost their jobs.

Learning Points:

- This case study highlights the importance of communicating your story well in advance of any crisis. If you can frame in an emotionally engaging way who you are and how and why you do what you do, others can then accurately frame what they hear about you in good times and bad.
- Maybe the charities and GoGen did not think it necessary to debate their new fundraising model and so shift public opinion. Perhaps they just hoped to fly under the radar. Either way, when trouble came, there was nowhere for them to go.

