

## Interview with Laura Kane from Aflac

Insurance giant Aflac Incorporated found itself in a reputation disaster after comedian Gilbert Gottfried, the longtime voice of its iconic Aflac duck, tweeted a number of offensive remarks regarding the tragic 2011 Japanese earthquake and tsunami that sadly claimed thousands of lives. Almost immediately afterwards, Aflac acted swiftly and decisively by severing ties with Gottfried. Further, the company communicated frequently with the press and other key stakeholders to demonstrate Aflac's willingness to address the incident.

In the following interview, Laura Kane, Aflac's vice president of corporate communications, speaks with Reputation Institute on how the company handled the aftermath of the crisis and how Aflac's reputation ultimately became stronger because of it.

*Laura Kane is the vice president of corporate communications for Aflac. She is a recognized thought leader on ethics, communications and corporate character, and also serves on the Communications Advisory Board for the Ethisphere Institute. She led the communications efforts for Aflac's historic say-on-pay vote and has managed crisis situations like the Japanese Tusnami and the Final Four's threat to pull out of Atlanta which resulted in a new state flag.*

*In 2008, Kane was inducted into PR News PR Hall of Fame at the National Press Club for achievements based on leadership, innovative thinking and sound judgment. She and the teams have won a Cannes Lion, Silver Anvil and several other marketing and communications awards for outstanding campaigns.*

1. **RI:** *On March 14, 2011, Aflac faced a reputation disaster after Gilbert Gottfried, the voice of Aflac's iconic duck, tweeted insensitive remarks regarding the earthquake and tsunami that devastated Japan. What immediate impact did this have on the company?*

**LK:** We fired Gilbert quickly. We didn't spend a lot of time wavering whether an apology from him would be acceptable. From that standpoint, it was very good for our reputation. The comments were very offensive and upsetting to our customers. Was there some controversy? Of course. There were a handful of debates on various television shows such as *The View* questioning whether we did the right thing. We received numerous phone calls at our call center in Japan. Even today, people may continue to debate our decision, and whether or not the decision was authentic to the organization, but it was nice to have a metric in place to objectively see the impact of the decision. Ultimately, we know from our reputation scores that Aflac's reputation went up as a result of the way we handled the incident.

2. **RI:** *Could you walk us through how Aflac handled the crisis? What sort of outreach did Aflac use to inform its stakeholders about what was happening?*

**LK:** Our local paper broke the story and we sent out a press release and called several media outlets to increase our outreach. We also used social media to announce that the Aflac duck had lost his voice, and we immediately engaged in a discussion about looking for a new voice for our Aflac duck. Quickly, the story turned and everyone became focused on finding the duck's

new voice. What are you going to do? How are you going to handle that search? I believe that changed everything because people saw we were serious about moving on.

3. **RI:** *What advice would you give to an organization who might one day find themselves in a similar situation? What are the first 3-5 steps that need to be taken?*

**LK:** You need to act decisively. One of the things that people consistently said about us was that they admired how we stuck to our conviction and that we never second-guessed ourselves. We didn't spend a lot of time debating or talking about the decision. Once you make your decision based on the ethics and values of your company, you need to be true to that decision. And thirdly, once you've made your position, you need to be willing to talk to people about it. Not because you want to change their mind, but because you want them to understand why the decision was right for your company. There were people who called and complained to say that Gilbert had the right to use his Fifth Amendment rights, which did not apply to this situation. All I could do was reiterate our position, which is that we do not tolerate those type of comments. In our case, it was really important that we get the message out in the U.S., where it actually took place, and in Japan, which is where the insults were targeted. Seventy-five percent of our business is in Japan, and the Japanese were understandably upset by the comments. We also created talking points for our call center employees so they knew how to respond and what to say.

**RI:** *Reputation headwinds can arise at any time, which is why more and more companies are recognizing the importance of incorporating reputation risk into their ERM program. Does Aflac have any plans or strategies in place should another crisis emerge? From your perspective, what is the most important factor in protecting corporate reputation?*

**LK:** We definitely have reputation risk incorporated into our overall risk strategy. We look at our risks and ask ourselves "Is this a monetary risk? Is it a reputation risk?" and so on. So it's definitely integral. And we have a crisis communications plan in place, but no matter how hard you try, you are not going to think of every possible thing that could happen. So our plan has revolved around examining crises faced by other companies and then developing a process on how to base our decision-making in the event that an unfortunate incident does occur. We know who would own each decision, and that makes it easy for us to make decisions quickly. I think a lot of companies struggle with executing decisions quickly because they don't ultimately know who owns the decision.

4. **RI:** *Does Aflac use any KPIs to measure how the company is performing annually on different reputation measures?*

Aside from working with Reputation Institute to see how we're performing, we look at *FORTUNE's* annual ranking of the World's Most Admired Companies, and we also look at a

proprietary brand survey that we issue that includes 5-6 questions about our reputation as part of our brand tracking efforts.

5. **RI:** *How were you able to convince Aflac's management on the importance of maintaining, measuring and cultivating the company's reputation?*

Intellectually, everyone understand that if you don't have a decent reputation, it's game-over. But I do think that there is a disconnect in terms of monitoring and measuring corporate reputation because it is a combination of seven different dimensions. Our executives understand the importance of educating our employees about reputation and on the importance of having our employees serve as brand ambassadors. Additionally, the financial crisis was hugely important in demonstrating to management what can happen if you have a poor reputation and how easily a reputation can be lost.

6. **RI:** *What are some of the key reputation issues in your industry and what are you doing to address them? Could you talk to us about what Aflac is doing to engage with stakeholders and to align corporate initiatives with their expectations?*

Corporate governance is a huge issue in our world, and we partner with a number of organizations, including *Ethisphere*, to make sure that we are training employees properly on the importance of ethical behavior, and helping them understand the difference between ethical and unethical behavior. Our commitment to transparency has also been very critical. For example, we were the first publicly-traded company to allow shareholders to vote on executive compensation and we are one of the few that still does it every year. Most do it every three years, but we would rather know if there's a concern right away, rather than discover it down the road.

7. **RI:** *Could you tell us where Aflac is on the Reputation Journey? What are you doing to move to the next stage? What are the critical steps you have taken on your reputation journey to get a reputation management system implemented?*

We know what the reputation drivers are, and we're working on that. We know what our stakeholders want, what they expect from us in many of those areas. But, those expectations are constantly evolving, so we're constantly surveying people, scanning the newspaper and talking to like-minded organizations to keep our finger on the pulse of the drivers of corporate reputation.