

Thomas Henson

We Build Ships; Nothing Stands in Our Way: Northrop Grumman's Katrina Response

Division 1, Communication Management

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Hurricane Katrina inflicted tremendous damage on Northrop Grumman Corporation's Gulf Coast operations and its more than 21,000 employees in the region. The company ultimately estimated repair and replacement costs at approximately \$1 billion. In the storm's wake, the company's communication team created and executed a unique integrated program to reach and initiate assistance for thousands of displaced and impacted employees and their families. The company submits this award entry with profound respect and appreciation for the victims of the disaster – those who are part of the Northrop Grumman family as well as those in the broader community.

Need/Opportunity

Northrop Grumman, the nation's third-largest defense contractor, is the largest manufacturing employer in both Louisiana and Mississippi, the states most dramatically affected by Hurricane Katrina. Employees of the company's Ship Systems sector design, engineer, construct and support major surface ships for the U.S. Navy, U.S. Coast Guard and international navies – work that is vital to the interests of the nation and its allies.

On August 29, 2005, Hurricane Katrina made landfall on the Gulf Coast. Directly in its path were more than 21,000 Northrop Grumman employees and their families. The majority of these employees worked at the company's Ship Systems sector in several locations, including New Orleans, Louisiana, as well as Pascagoula and Gulfport, Mississippi. Ahead of the advancing storm, thousands of employees had fled to other portions of those two states and to 25 other states.

A core group of employees who rode out the storm at the company's facilities immediately assessed the significant damage the hurricane caused. Fast recovery was essential, as Northrop Grumman's Ships businesses had accounted for 21 percent of the company's \$29.9 billion in revenue in 2004. Before full recovery work could begin, however, the company had to locate and communicate with its employees. Unfortunately, the storm had left the entire area with no electricity, limited communications and extensive damage to the region's infrastructure.

Intended Audiences

Northrop Grumman's more than 21,000 Gulf Coast employees were the primary audience for the company's crisis communication initiative. Secondly, Northrop Grumman felt it important to communicate the company's recovery in the area to key stakeholders such as the federal government (specifically the United States Navy, Coast Guard, and Congress), state governments, government emergency agencies, shareholders and the general public.

Goals and Objectives

Northrop Grumman is a company dedicated to its more than 125,000 employees and its customers. Accordingly, the team's primary goal during this crisis was to initiate a dialogue with as many Gulf Coast employees as possible in order to gauge their well-being, offer financial support, communicate the company's resolve to begin recovery at its damaged facilities, and determine employees' ability to return to work. To key stakeholders, the company determined the need to make it clear that, despite the significant damage the storm had inflicted, the majority of ships under construction sustained

relatively minor damage, the facilities were rebounding and the company as a whole remained healthy.

Solution Overview

Northrop Grumman quickly designed an innovative response to aid employees in need – a cross-company crisis-management initiative that brought together corporate and sector functions such as Communications, Human Resources, Finance, Law, IT and Security. As part of this effort, the corporate and sector communication departments worked with the company’s community relations team to develop an integrated crisis communication program, pulling together elements of media relations, employee communication and advertising, to most effectively reach the far-flung workforce and key stakeholders, despite the fact that the storm had eliminated from the area many key tools of the information age, such as electricity, telephone service, wireless communication and Internet access. This outreach program ran from August 29 through September 26 – from the storm’s Gulf Coast landfall until it became clear the program had achieved its objectives.

Primary Audience: Northrop Grumman Gulf Coast Employees

At the heart of the solution was a daily media advisory (samples included) distributed to 3,284 members of the media throughout the region. These advisories served as the backbone of the company’s communication effort during the storm and its aftermath. Although its content shifted daily, the document always contained information crucial to employees in the region, including:

- Work schedules for each company facility in the region;
- Ways to access company, government, and humanitarian emergency relief;
- Methods of collecting pay provided through innovative partnerships the company established with Western Union, Wal-Mart and regional banks;
- Toll-free emergency telephone numbers – staffed by an in-house call center – for employees seeking assistance;
- Toll-free hotline numbers for non-affected employees who wished to donate cash or vacation time;
- Details on company-provided medical care;
- Schedules for company-provided transportation to and from work; and
- Information regarding on-site housing provided by the company.

Significantly, these updates often included messages from the U.S. Navy, one of the company’s primary customers, which itself faced similar challenges in communicating with its personnel. The service recognized the value of the Northrop Grumman daily advisories and asked for space for its own messages.

The team created 19 media advisories over the course of the program, and repurposed each edition for use elsewhere to reach as many people as possible. The team also placed the information:

- On a special section of the corporate Web site (sample screen capture included);
- On a recorded employee hotline (sample script included); and
- In *Centerline*, a daily on-site newsletter (samples included) distributed as workers began returning to the shipyards.

The daily advisory also became the information source of record for the company in the Gulf Coast region; print and electronic media often used it verbatim.

Other tactics employed to communicate with employees included regular messages from Northrop Grumman Chairman, CEO and President Ronald D. Sugar expressing sympathy for affected employees and motivating other employees to take steps to offer help (samples included), as well as

company announcements to employees describing methods to contribute to the company's disaster-relief fund (samples included).

As the daily advisories gained traction in their various forms, employees started reporting to work (see results section below); in many cases they were newly homeless but they heeded the call to return. Pay was not necessarily the primary motivating factor. Rather, many employees indicated they simply wanted to return to some sense of normalcy and contribute to the important reconstruction effort.

Secondary Audience: Key Stakeholders

The employees' return dovetailed with the plan to reach the secondary audience, key stakeholders such as customers, shareholders, government leaders and the general public. The communication team employed several outreach tactics to convey the strength of the company in spite of the challenges, as well as the intent to rebuild and continue as the region's economic engine. These tactics included:

- Distributing seven photo releases in three weeks showing workers repairing the shipyards (samples included);
- Creating approximately 100 updates to the company's home page to show the ongoing recovery of the facilities (screen captures included);
- Arranging media visits to the yards to report on the company's progress (sample print clips included; sample national and local television clips included on enclosed CD-ROM); and
- Producing a documentary designed to illustrate to employees, customers and other stakeholders the dramatic impact of the storm and the spirit of the workers repairing the shipyards (included on enclosed CD-ROM).

Given the impact of the daily advisories, Northrop Grumman augmented its use of the regional radio and print media by creating an emergency \$3 million advertising program that incorporated many of these outlets, thus increasing message visibility while financially assisting the media, most of which were impacted by the storm, as well (sample print advertisement included; sample radio ads included on enclosed CD-ROM). Finally, the company constructed motivational billboards designed and strategically placed to rally employees and the community with the message: "We build ships. Nothing stands in our way!" (Photo of one billboard included).

Implementation and Challenges

Although the company had an established approach to communicating through crises, the severity of the storm precluded its use. For example, the plan assumed the leadership of the shipyard operations would be on site during any given crisis. For this event, safety needs dictated that the president of the Ship Systems sector and the sector's communication director remain in Washington, D.C. during the hurricane. And, while those executives who were on site during the hurricane followed crisis-situation procedures, tools necessary for modern communication – electricity, telephone service, wireless communication and Internet access – were not available. In short, while the company was prepared for a crisis situation, these particular circumstances more closely resembled a doomsday scenario.

Despite the obvious challenges, the team capitalized on its assets. In the days immediately following the hurricane, the sector's communication director took advantage of his distance and the tools available in an unaffected region. Because the storm had damaged or destroyed the homes of 14 members of his 16-person Gulf Coast communication staff, he compensated by working directly with Northrop Grumman's corporate communications team in Los Angeles – a different approach, given the company's decentralized communication structure. The Los Angeles team built a list of 3,284 regional media contacts and used this list as the foundation for the daily advisories in their various forms, and later for its advertising target list. Many sector communicators returned to work the first week and others worked from remote locations. As this occurred, the corporate and sector teams worked in tandem, with the Los Angeles team continuing the daily advisories and Gulf Coast communicators securing media coverage of the recovery and taking control of on-site communication.

Other challenges the team faced during the crisis included:

- Communicating with a displaced workforce: In order to reach employees later determined to have dispersed to 25 other states, the company first had to gain a general sense of where the workforce had fled. Using information provided by the company's call center and other means, the team was able to determine which major southern metropolitan areas to target with media outreach efforts.
- Locating dispersed members of the media: A key characteristic of a crisis caused by a natural disaster is sheer scope. Unlike other crises that impact a single company or industry, Hurricane Katrina disrupted businesses throughout the region, including the media. For example, a key New Orleans radio station had relocated temporarily to Memphis.
- Developing messages for each update that were acceptable to all corporate departments concerned: The team recognized each day that offering clear information often meant using language that could compromise the company's legal position and financial interests. To address these potential conflicts, the team collaborated with – and required the approval of – each department (such as Human Resources, Finance, Law, IT and Security) with a stake in that day's advisory.
- Inaccurate reporting of details – Although Northrop Grumman quickly had established toll-free and continuously-staffed emergency telephone call centers to aid employees, several broadcast outlets receiving Northrop Grumman's daily advisories announced wrong telephone numbers. As a result, hundreds of employees seeking help instead contacted communication team members and unrelated businesses. The team corrected the media errors, but, more importantly, in almost every case callers were referred to the appropriate emergency contacts to receive assistance.

It should be noted that, as is often the case during crises, budget was not a primary issue. The overwhelming need to reach employees and external audiences took precedence.

Measurement/Evaluation of Outcomes

The day-to-day outreach program ran from August 29 through September 26, 2005, when it was clear the program had achieved its objectives to reach employees and key stakeholders.

On October 5, 2005, the company credited the communication program with locating, establishing contact with, and initiating assistance for nearly all employees in the region, and for securing the majority's return to work. Specifically:

- By September 14, approximately 8,700 employees in the region had returned to work full-time, reported for duty or contacted the company. By September 26, this number had increased to more than 17,000. By October 5, the number was more than 19,500.

Also by October 5, 2005:

- More than 1,000 employees without homes lived in on-site, company-provided housing, including barges, modular units and a dormitory dubbed "Kamp Katrina."
- 4,474 Northrop Grumman employees had donated more than \$850,000 to the company's relief fund.
- 2,547 employees and/or families had received monetary grants or hotel/motel assistance.
- More than 1,250 employees had gone online to request aid and receive faster relief.
- The Hurricane Katrina section of NorthropGrumman.com had logged more than 67,000 visits and had been updated more than 120 times.

Significant media coverage during the company's clean-up period communicated to broad regional and nationwide audiences the successful recovery efforts, helping achieve the secondary goal of the program. As a measure of shareholder confidence, on August 26, 2005 Northrop Grumman's stock closed at \$55.55. On December 30, the last day of trading for the year, the stock closed at \$60.11.

Since the hurricane struck, Northrop Grumman's impacted facilities have delivered two new ships to the U.S. Navy, and today 11 ships are under construction. The successful communication program reached thousands of employees, informed them how to get help from the company and outside entities, and helped them return to work to achieve these production milestones.

The company's thousands of Gulf Coast employees and their families still carry burdens most people will be fortunate enough to never know. If nothing else, this award entry illustrates how quick planning, creativity, flexibility and a great deal of hard work helped ease those burdens to some degree and get the region's economic engine running again. This, by far, is the most meaningful work most of the communication team ever has done.