

“RAK is on Fire and You are on Its Board of Directors.”

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RAK is a venture-backed pharmaceutical company focusing on finding innovative treatments to manage Alzheimer’s Disease. In the wake of COVID-19, RAK signed an attractive lease for empty space in a class office space in the heart of Boston’s Financial District.

You are Jane Meadows, a partner in one of the venture capital firms that is backing RAK. On Saturday evening at 10:30PM, you and the family are watching a video when Jane receives a call from Tania Preston, CEO of RAK.

At 6:30PM, a fire broke out in the lab. The building’s fire system did not function, and the fire spread through three stories of the 14-story building before it was contained. A security guard who came to investigate the incident was overcome with smoke and died.

Most of the businesses in the building will not be able to operate out of the structure due to significant smoke and electrical damage.

At 11:00 AM, Jane turns on the local news: the top story shows a dramatic fire from the windows of RAK followed by an interview with the widow of the security guard who died. A City Councilor is interviewed being critical of the mayor for allowing companies with dangerous pharmaceutical products to make a home in the city’s Financial District.

Situation:

At midnight, you call the CEO and demand to know, “What are we doing??!!” The CEO says she is in direct contact with both the mayor and the governor. The CEO says she has instructed the General Counsel to put together a legal team. She has instructed the CFO to inform the insurance company. The CHRO has been informed to put together a plan for employees for online work until a temporary lab can be created.

At 8:00 AM next morning, you contact the Chair of the Board. He urges you to give the CEO time to get organized. You respond with, “I think we need to hire a crisis management PR firm now.” The Chair thanks you for your suggestion and suggests you send the CEO a

recommendation via email. “But it is best to leave things up to the CEO. That’s what we pay her for.”

Jane’s Dilemma:

Four days have passed since the fire. The media is covering the funeral of the accident victim and lionizing him in print, on air and in social media. No PR firm has been engaged. The CEO is dutifully coordinating statements with the mayor and governor only to have them blame the company for the tragedy. The owner of the office building is accusing RAK of using chemicals that were inappropriate for the building’s fire alarm system.

That evening, the Board meets virtually.

- 1) You recommend the CEO bring in a PR firm immediately.
- 2) Legal counsel and outside counsel caution against saying too much given the anticipated lawsuits.
- 3) Other board members are minimizing the long-term impact of the situation, citing the adequate insurance policy the company has and how important the mayor feels it is to encourage life science industry growth in Boston. “The less said the better.”
- 4) The CEO is focused on operations and keeping in the good graces of the mayor and governor.

What would you do?

Ms. Rakowsky leads the crisis and strategic communications practice for Liberty Square Group. She helps clients develop and implement the right strategy with the right message even in the face of threats to their brand or reputation.

Ms. Rakowsky spent decades on deadline as an award-winning reporter and editor for media including the Boston Globe, People Magazine, the Providence Journal. Ms. Rakowsky understands the life cycle of litigation after decades of covering federal and state courts and has

helped companies, executives, and nonprofits minimize reputational harm and raised helpful narratives in times of crisis.

