

December 1, 2014, 11:03 AM ET

Crisis of the Week: Petrobras Between the Crosshairs



Reuters

The crisis management experts this week tackle the situation involving state-run Brazilian oil company [Petrobras](#), which is at the center of major bribery allegations that so far have resulted in the arrest of two dozen people, and which has become a distraction for the country's president, [Dilma Rousseff](#), who was chair of Petrobras's board from 2003 to 2010.

The experts were tasked with looking at the [statements made by the company's chief executive, Maria das Graca Foster](#), and the [statements of Ms. Rousseff](#), evaluating them for how well they have responded. Are they striking the right tone, are they saying the right things, what else do they need to do and will any of it matter given the gravity of what is alleged to have occurred?

Jennifer Vickery, chief executive, National Strategies Public Relations: "There is an awful lot going on here. It's very difficult for any party at this time to communicate where there has been so many lies and wrongdoings, but that is exactly what needs to happen.

"Ms. Rousseff, a former board member of Petrobras, is stuck in a holding pattern on naming new financial cabinet members for fear they will be next named on the list of people involved with the

scandal. The CEO of Petrobras, Maria das Graca Foster, is compliant with investigations but has offered very little explanation at the moment. This is a very precarious situation, since saying anything might cause more harm.

“My opinion is there need to be very careful and regular updates from Petrobras to keep their stakeholders at peace, in addition to Rousseff’s statements. There needs to be more communication. I feel they are not saying the right things and need to strike an assertive tone that they are repairing the situation—immediately.”

Daniel Laufer, head of the School of Marketing and International Business at Victoria University in Wellington, New Zealand: “There is a fine line between being perceived as a victim during a crisis, and being blamed for one, but it appears that Petrobras is doing a good job. However, this can change quickly. If evidence is found suggesting that bribery occurred with the knowledge of senior management, sympathy for the company could evaporate.

“Communications that have been particularly effective by Petrobras include stating that if illegal acts occurred, they were committed by a small group of people who ‘do not represent the conduct of Petrobras as an institution.’ Creating a new compliance department signals to stakeholders that Petrobras is taking actions to prevent similar events from occurring in the future.

“Brazil’s president, on the other hand, needs to improve her communications. Rousseff has to convince the public that she wasn’t involved in the bribery scheme, and also had no knowledge of it. Calling for an investigation is useful; however, it’s also important to appoint someone who has credibility to conduct the investigation. In addition, commentary from experts in corporate governance to support the view that Rousseff was unlikely to have been aware of the bribery scheme would also be effective.”

Richard Nicolazzo, principal, Nicolazzo and Associates: “So far, the response from the company and the president of the country seem pedestrian at best. There is nothing dramatic about ‘promising to improve the way it is run,’ or quotes like ‘...We are going through a difficult moment in the company.’

“With millions of dollars in bribes alleged, why haven’t heads rolled at the company? Where is the board in all this? Why hasn’t anyone at the company been fired, or at the very least been put on paid leave? The latest action from President Rousseff’s press service, which blames the scandal on ‘media manipulation,’ is laughable.

“On the plus side, Ms. Graca Foster, Petrobras’ president, deserves credit for admitting some wrongdoing and promising to reimburse Brazilians for the public money that may have been stolen.”

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