

Swedbank's never-ending crisis

MANAGEMENT DECISIONS

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It is not over yet something needs to be done

During this lingering crisis that never seemed to end, Swedbank needed to get back up on the horse and try to redeem their previously trusted brand. The crisis is yet to be finished due to the reports from the authorities in Estonia, Sweden and the US are still to be finalized. Nevertheless, Swedbank could not waste any time to save their reputation and regain the trust of their stakeholders, they therefore initiated the corporate reputation management during the crisis and are continuing with it still today. The loss of trust had damaged the relationships to both company and private customers as well as the employees. Swedbank understood that the key to redeeming themselves lied within transparent communication, actions and not just talk, and research. The steps taken to improve Swedbank's reputation during and after the crisis for the long-term perspective explained by Johan Bryngelson, Head of Group Brand & Marketing at Swedbank, will be presented below.

The steps Swedbank took during and after the crisis in order to manage their brand in a long-term perspective

Fresh start

They realized that the stakeholders will not be happy until they see some actual change and fresh blood in the organization. Although it took a while, they chose to dismiss the CEO Birgitte Bonnesen 28th of March, one month after the initiation of the crisis and one day after the dark day that unraveled even more information connected to the money laundering (**Exhibit 2**). The board director, Lars Idermark, chose to resign to save his own brand. Then a few months later Swedbank dismissed the last person that had been a face of the crisis, head of communication – Gabriel Francke Rodau.

Transparency

An obvious reason for the lack of trust was the inconsistent communication and lack of transparency from Swedbank. In order to fix this, Swedbank started releasing regular reports of what was going on and disclosing the results of all investigations in order to let the stakeholders interpret the information for themselves. Today they are consistently being more transparent with what is going on by updating people with press releases and social media (**Exhibit 1**).

Change the subject but in a helpful way

Throughout the crisis when new information would turn up, Swedbank made the choice to alternate the crisis communication with their historical vision of helping the masses to achieve a healthy economy. They did this by communicating about

where they come from and what they stand for, to further make the case that they can be trusted. The communication involved helpful tips and ideas to everyday issues regarding money and the economy. Thus, what can be seen is that they changed the communication from trying to deny the happenings to a completely other type of communication that had nothing to do with the crisis.

Research

To understand the best method for their crisis management they chose to do some extensive research on past corporate crises. For example Volkswagen Dieselgate and the BP oil spill and more. They did this to understand the timeline of events and how this was received by their stakeholders. In addition to this, they researched behavioural sciences in order to create an authentic apology and crisis management. Swedbank made careful decisions during the crisis management and truly researched before they communicated.

Preparation and prevention of post-crises and prevention

Swedbank knows and understands the possible post crises that may arise when the investigations are finalized. However, they have now planned for all scenarios and how they should contact the media in order to stay trustworthy. Swedbank has also come to the conclusion that the faster you talk the more control you have over the crisis. Hence, they now comment on nearly all things related to the crisis in order to prevent that it will build up to a bigger issue. In addition to proactively preparing for another crisis and prevention, they have chosen to invest in more bought communication by communication agencies. Preventing the fact that they will end up in a similar situation again where their communication was inconsistent and insufficient.

Focus on the employees

In order to regain the trust of the employees, they created Q&A sessions when they felt they actually had all the information to answer their questions. In addition to this, they created educational courses for the employees to be able to spot suspicious behaviors. To prevent any other scandals from falling through the cracks they encouraged internal whistleblowing. Finally, they are encouraging the employees to understand Swedbank's values and their vision to help them feel proud of the company.

Take advantage of environmental changes

When the Covid-19 pandemic hit, Swedbank instantly started using this event in order to rebuild their trust from the different stakeholders. By being helpful, trustful, and out in society letting people know that they are there for them. They raised the questions people were worried about concerning mortgages, loans, etc (**Exhibit 3**). They found that this time banks are a part of the solution, banks now have the possibility to prevent a deep economical crisis.

Future

Swedbank chose to start strategizing the future of the brand by planning for where they would like the brand to be in 5-10 years' time. This is done by going back to their roots to find why they are doing what they are doing. Swedbank also found that actions speak louder than words and therefore became more of an active player in society. This is done by taking part in societal issues and raising awareness for certain causes that are aligned with their brands such as research, education, sports, business, and culture.

Result

An analysis of Swedbank's reputation before and after the crisis shows how their corporate brand was damaged by looking at the Corporate Brand and Reputation Matrix, that can be found in the teaching notes (Urde, 2021). The crisis itself caused a loss of trustworthiness and performance for their operations, in addition the lack of consistent communication that took accountability for the crisis resulted in a loss of credibility. Swedbank was therefore prone to reestablish their vertical path that focuses on interaction which includes culture and relationships to all their stakeholders. To repair their relationships they focused much on their communication to give helpful advice to their customers as well as taking action in societal issues such as the Covid-19 pandemic.

After the crisis, they understood that they need to better strategize where they would like to be in the future as well as prepare for what might happen by investing in bought communication. These actions were taken to reestablish the Swedbank brand for the long-term perspective and not just for the short-term build-up right after and during the crisis. The financial impact of the crisis shows that Swedbank resulted with 12 929 million SEK 2020 compared to 19 709 million SEK in 2019 (**Exhibit 4**) this is due to the large sanction and higher credit losses as well as lower net profits for financial incomes and expenses. Due to their active presence during the Covid-19 pandemic, they have seen a major increase for them in the "Förtroendebarmetern" (Trustindex), nevertheless, they are not back to where they started before the crisis but it is going in the right direction.