

# INSIGHTS

Cyclopedic  
consulting

2025/03/24

## DON'T WAIT FOR THE FALL: WHY HUMPTY DUMPTY NEEDED CYCLOPEDIC CONSULTING



A seemingly minor issue in the ordinary course of business can rapidly explode into a reputational disaster. This is a critical concern for any business, especially in the regulated financial services where trust is the currency of the realm.

Reputational crises are an ever present risk and must be managed through a multifaceted approach that elevates the strategy from simple public relations to defensible and ethical governance. This ensures that a company's actions are not just seen as fair but are fundamentally just.

Below is a strategic, integrated approach to avoiding or managing the fallout from negative publicity.

### **Humpty Dumpty Sat on a Wall**

Suppose Humpty Dumpty is not an egg, but a renowned financial institution. He sits high on a great stone wall i.e. a position of market dominance, public trust, and regulatory compliance.

But the wall is not as solid as it seems. It is crumbling, due to three fatal flaws in its construction:

- **The First Crack: The Failure of KYC (Ignorance of the Subject).**

Humpty Dumpty, in his arrogance, stopped truly looking at who was supporting his wall. His KYC processes were a tick-box exercise. He collected data but never



sought understanding. He didn't notice that a long standing customer had fallen on hard times. The customer's financial circumstances had changed, but Humpty's static records showed only the prosperous version of the past. When the customer began to struggle with payments, Humpty's automated systems applied penalties and fees, unaware of the underlying distress.

- **The Second Crack: The Failure of TCF (Unfair Treatment).**

Because Humpty didn't know his customer, he couldn't treat him fairly. The product he had sold the customer years ago was no longer suitable. It was too expensive for his new reality. When the customer tried to explain, he was met with robotic responses, demand letters, and a call centre that passed him on to various people and dropped calls. Humpty's systems were built for his own efficiency, not for the customer's fairness. The customer felt cheated, ignored, and powerless.

- **The Third Crack: The Failure of Audi Alteram Partem (Refusing to Listen).**

In desperation, the customer went public. He stood in the town square and shouted about his unfair treatment. He didn't just complain; he presented his side of the story for all to hear.

Humpty, looking down from his wall, was furious. Instead of inviting the customer to discuss the matter, he sent a stern letter threatening defamation. He issued a public statement declaring, "Our records are correct. The customer is wrong." He refused to hear the other side. He judged and condemned the customer in the court of public opinion without ever listening to his defence.

### **And so, Humpty Dumpty Had a Great Fall.**

The public, seeing the mighty Humpty silence the vulnerable customer, turned against him. The media ran headlines about the bullying giant. Other customers shared their own stories of being unheard. The regulators (king's guard) began a formal investigation. The trust that held Humpty aloft shattered, and he came crashing down from his wall, his reputation broken into a thousand pieces.

### **The Aftermath**

#### **All the King's Horses and All the King's Men Couldn't Put Humpty Together Again.**

The nursery rhyme gives a bleak prognosis. And in some ways, it is correct. The Humpty Dumpty that existed before the fall is gone forever. You cannot simply glue the old pieces back together.

However, for a modern company, the story does not have to end there. The goal is not to restore the old





Humpty, but to build a new one. The king's men cannot just reassemble the broken shell. They must use the pieces to create something fundamentally different.

Can Humpty Dumpty be saved? Only if he is willing to be revamped.

## **The Reconstruction**

### **Building a New Humpty Dumpty**

This reconstruction requires a new foundation; built on the principles he ignored. The new Humpty will never be the same as the old one. He will be reconfigured, with a slightly different shape but more agile, and his wall will be better reinforced. This is the hardest part.

#### **Part 1: The Proactive Strategy: Avoid Bad Publicity**

The best way to manage bad publicity is to prevent it from happening in the first place. This requires embedding customer centricity into the company's DNA, which is precisely what the TCF framework mandates.

A company must ensure that customers never feel silenced or steamrolled, which ultimately leads to the resentment that often leads to public outbursts.

#### **1. Embed TCF into Operational Processes (Prevention through Design):**

- Suitability Checks: Ensure that using the data gathered through KYC (income, dependents, risk profile) to recommend products is not just a sales step, but a rigid quality control. A customer who feels they were sold a product that fits is less likely to complain publicly than one who feels mis sold.
- Clear Communication: Avoid complex jargon in contracts and marketing. If a customer fully understands the fees, terms, and risks upfront (TCF Outcome 3), they are less likely to feel cheated later and take their grievance to social media.
- Empathy Training: Equip frontline staff and call centre agents with the skills to identify vulnerability (as per the Code of Banking Practice) and de-escalate tension. A customer service agent empowered to solve a problem on the first call prevents that customer from posting about it later, online.

#### **2. Implement a Service Culture (Prevention through Resolution):**

- Most bad publicity starts as a private complaint that was ignored or mishandled. Companies must create an environment where complaints are viewed as opportunities to fix a problem before it goes viral.
- If the customer has no effective way to be heard. Companies must provide multiple, accessible channels for customers to present their side of the story.



- Strategy: Empower a dedicated complaints resolution team with the authority to make things right (e.g. reversing fees, adjusting a premium) without endless red tape. If a problem is solved fairly and swiftly, the customer often becomes more loyal than if nothing had gone wrong at all.

### 3. Leverage KYC Data (Prevention through Anticipation):

- Use ongoing monitoring data to anticipate injury points. For example, if data shows a specific demographic is struggling with a new digital interface, reach out with a tutorial or an offer of human assistance before they become frustrated and vent online. This shows customers you are watching out for them, not just watching them.

### 4. Investigate with an Open Mind (Prevention through Objectivity):

- When a complaint is lodged internally, the investigation must be conducted without prejudice. The investigator must genuinely consider the customer's version of events alongside the company's data.
- Use your KYC data to understand the customer's preferred language and communication method, ensuring communication is conducted in a way they can understand and participate in.
- TCF: This directly supports TCF Outcome 1 (Culture) and Outcome 5 (Performance of Service), demonstrating that the company's culture genuinely values the customer's perspective.

## Part 2: The Reactive Strategy: Navigating a Public Crisis

Despite best efforts, bad publicity can still occur. In the digital age, a single viral tweet or a Daily Maverick exposé can cause significant damage. The key is to respond quickly, honestly, and with empathy.

### Phase 1: The Immediate Response (The First 24 Hours)

#### 1. Acknowledge Quickly and Empathetically:

- Do not go silent. Acknowledge the complaint publicly (on the platform it appeared) within hours. A simple, "We have seen your post and are very concerned to hear about your experience. Please DM us your details so we can investigate immediately," shows you are listening and care.
- Your initial public response should not be a defensive denial. It must be an explicit invitation for the customer to present their full side of the story.
- TCF: This demonstrates TCF Outcome 1 (Culture) by showing the customer that their problem matters to the organisation.



## 2. Investigate Internally (KYC Deep Dive):

- A grave mistake a company can make is to issue a public verdict on a matter, while still investigating. This is the equivalent of a judge sentencing someone without hearing their defence.
- Application: If the media asks for a comment, avoid statements like, "The customer is wrong." Instead, state, "We are currently in discussion with the customer to understand their experience fully. We will only make a final determination once we have heard and considered all the facts. Our commitment is to a fair and just outcome for all parties." This demonstrates respect for transparency and a just process; it also buys you time to investigate properly.
- While the public team is handling the communication, the compliance and operations teams must immediately pull the customer's file. Use your KYC data and transaction history to understand the full context of the relationship. What was promised? What changed?
- Action: Verify the facts. Was it a conduct risk or process failure, a communication breakdown, or a genuine product flaw?

## Phase 2: The Resolution Strategy

### 3. Take the Conversation Private:

- Once the initial acknowledgment is made, move the detailed discussion offline (to email, phone, or a direct message). Complex financial issues cannot be resolved in a public tweetstorm.
- Strategy: Assign a single, senior point of contact to the customer to ensure consistency and show they are being taken seriously.
- If, after investigation, you believe your company is in the right, transparency demands that you share the evidence with the customer before taking further action (e.g. publicly refuting them or closing their complaint).
- Application: Contact the customer privately and say, "We have reviewed your complaint and our records. Here is the recording of the call where you confirmed you understood the terms. Before we make a final decision, please review this and let us know if you have any further context we may have missed." This gives the customer one last chance to be heard, which is the essence of procedural fairness.

### 4. Fix the Root Cause, Not Just the Symptom:

- Resolve the individual customer's issue fairly (TCF Outcome 5). If they are due compensation or a reversal, do it swiftly.
- Most importantly, communicate what went wrong and what you are doing to ensure it doesn't happen to others. If the publicity stemmed from a systemic flaw



- (e.g. a confusing clause in a contract), announce that you are reviewing it. This public commitment to improvement is a powerful way to rebuild trust.

### Phase 3: The Long-Term Rebuild

#### 5. Follow Up and Close the Loop:

- After resolving the issue, follow up with the customer to ensure they are satisfied with the outcome. This transforms a detractor into a potential promoter.
- Strategy: Use the insights gained from the incident to refine your internal processes, update your RMCP (Risk Management and Compliance Programme), and retrain staff, thereby strengthening your prevention strategy for the future.

Companies that survive and thrive are those that use their tools and data not just to know who the customer is for the company's protection, but to also understand and protect the customer. Do what is right, not just legal.

Don't sit on a wall of compliance waiting for a great fall to discover your cracks. It only takes a gust of bad publicity to send you crashing. Cyclopedic Consulting helps you build something sturdier, if you do fall we can do what all the king's horses and all the king's men can't.



By [Adv. Sannah Poee](#) 2026/03/24