

Achieving crisis preparedness

By David Davies MIRM

When the dust settles, the confusion, criticism and counter criticisms over Sudan 1 may well demonstrate yet again that organisations that are quite proficient in managing their day to day business affairs, and even in managing the sort of business crises that regularly plague organisations almost every day, can get it very wrong when challenged with a crisis of a type with which they are unfamiliar, and for which they have inadequate experience.

Statistically a crisis of this totally unfamiliar type is relatively unlikely, although there are factors that can significantly increase the chances of it doing so. Selling a product that, if contaminated or faulty, could endanger life, limb or property would be one such. For different reasons, sourcing products or services from underdeveloped countries, or having processes that may endanger the environment, are others. There are many more. However, probability is not necessarily a valid reason to just trust to luck. The sort of crisis that can get you onto the front page can also destroy your reputation, severely damage your share price and brand value, make you vulnerable to takeover, blight the career of your CEO and even destroy you - as companies from Ratner to Arthur Andersen have discovered. Everyone, from shareholders to customers, expects high levels of competence from a board - and nothing causes more harm to that confidence than management blunders carried out in the full glare of the media spotlight.

Why crises are badly managed

There is a perception that the solution is to have a crisis management plan and/or a good PR department. Unfortunately:

- ❖ Most crisis management plans are little more than databases of contacts and prescriptive lists of instructions - which would be fine if all crises were well-behaved and followed a predictable pattern - which is very rarely the case. It would be even better if they were free of false assumptions - which is equally rare.
- ❖ Most PR departments are expert at getting your good news into the media, but untrained and inexperienced at defending you from a media that is hostile, accusatory and, often, better informed about

the situation than you are.

The critical question, therefore, is what do you really want - to be able to tick a box and say "we have a crisis management plan" - no matter how many false assumptions it contains or how inappropriate it is, or to have genuine crisis preparedness that you test, train and keep alive and ready to kick in regardless of the nature of the crisis or where in the organisation it hits you? Until the board can honestly answer that question, and then provide the necessary support and commitment to achieving their objective, there is little point in going further.

Doing it right

Amongst other things, having crisis preparedness, rather than having a fancy document that you can pull off a shelf or print from a template to wave at an insurance company, customer or other interested party means that you can:

- ❖ Respond rapidly and appropriately to an allegation or interrogation by the media or any other interested party, regardless of which part of your organisation is contacted and when.
- ❖ Recognise, amongst the avalanche of information, reports, news and media contacts, those which require attention and of those, the occasional one or two that should trigger your crisis procedures, an issues monitoring process or just a heightened state of alert.
- ❖ Rapidly assemble a team that is capable of handling it. The components of the team should vary according to the nature of the crisis, as will its meeting place, meeting environment and support facilities.
- ❖ Make critical decisions in a timely fashion, often with insufficient information and few ground rules and precedents. This is one of the most

common reasons for getting it wrong - senior managers used to making decisions by instinct and/or on the back of copious information will have neither the experience to feed their instinct nor the quality of information that they are so used to.

- ❖ Be able to obtain vitally needed information rapidly and efficiently and, when information is conflicting or of uncertain reliability, evaluate that information and rapidly change strategy if or when some of it is subsequently found to be incorrect or inaccurate. Without supporting processes, it is very difficult, in crisis conditions, for people under pressure to change direction.
- ❖ Minimise the effect on decision making of the major human factors that seriously mar crisis handling - denial, group-think, trauma and sleep deprivation
- ❖ Execute logistical decisions such as recalling products rapidly, efficiently and precisely. This is where your detailed plans will be useful - but they still need flexibility.
- ❖ Communicate with your stakeholders. Some of this will require you to respond continuously and appropriately to demands made on you, but you will also have to know when to be proactive.

You cannot achieve all of this by just having a plan. The only way of achieving crisis preparedness is to combine training, procedures, data and real crisis experience. Such experience can be gained by simulating crises and giving those who will be involved as close an experience to the real thing as you possibly can.

Starting the process off

The first step to achieving any sort of crisis preparedness is to identify the potential scenarios that are most likely to cause a crisis. That in itself requires a combination of:

1. Internal knowledge - what do we do that could backfire and cause a crisis
2. External knowledge - what has hit other organisations that could hit us
3. Open, honest thinking - without denial or fear of discussing the taboo
4. Imagination and lateral thinking

The right external facilitator can add great value to 2, 3 and 4 in particular. In the author's experience of fulfilling this role, it is a very rare for any organisation to be able to fulfil these needs internally - not only because of lack of the necessary external knowledge, but because of corporate politics and rivalries.

Of course organisations change and the outside world usually changes even faster, so this process has to be refreshed and repeated as necessary.

The second step is to ensure that you have an adequate mechanism to immediately respond to a contact by the media or anyone else no matter where in your organisation it hits. That means that everyone, from switchboard operator to the CEO, should know what they should say in response and who to refer the contact to for a reliably swift and optimum response. That may sound simple but what if the call is at 6pm on a Friday when all the senior management have gone home? Those lost 60 hours until the offices open on Monday morning could cost you very, very dearly - particularly if, meanwhile, a damaging story has run in the Sunday papers accompanied by the dreaded words "no one at the company in question was available for comment".

Some fairly detailed procedures can be used to take you through from fielding the first call to having assembled your crisis team in the right environment and with the right information and communication flows. There are several stages to that, both procedural and judgmental and, for those used to the process, recording the stages as a gnat chart can be a very helpful way of tracking the key time lines and dependencies. However, to repeat: this is not just about procedures; it is also about thinking, understanding, training and experience. Beware the software or the consultant that minimises the amount of thinking that you have to do. It will save you a little effort, but it will hamper you considerably when, as is inevitable, the crisis fails to turn out exactly as you anticipated.

The modular approach

To maximise flexibility, a modular approach is recommended. This allows you to assemble the correct response to any type of crisis, and vary the approach as the crisis develops:



The main reason why most companies handle crises badly is that they have done none of this, on the assumption that it won't happen to them, or they will not make the mistakes that so many others have. Even deciding that they should do something about it achieves nothing if there is always one more thing to do before they can get around to it - the next acquisition, the year end, yet another reorganisation, the holiday

season, the busy period... What they fail to realise is that the almost total lack of spare management time that prevents them from raising their crisis preparedness will seem like sheer luxury when they have to give 240% of their time to a crisis for which they are unprepared *and* run the business at the same time - acquisitions, year end, reorganisations and all.

David Davies, Managing Director of DBRC, specialises in the risks relating to intangible assets and high level business risk strategy, and in helping organisations to achieve crisis preparedness. He leads the reputation and contingency planning team of idRisk, a network of risk professionals, and is a well known author and conference speaker on brand and reputation risk and crisis preparedness. There are further articles by David Davies on reputation and risk management at www.dbrc.co.uk

Contact details: 01635 865271; 07876 684778 (m); ddavies@dbrc.co.uk