Why do companies still

For decades, crisis management has been institutionalised and taught at universities. Corporations and businesses have procedures in place. So why are some still making the same mistakes when facing a crisis? **Caroline Sapriel** provides some answers

Recent crisis examples show us the fragility of what we have been taught. Are we forgetting these lessons when faced with the pressures of crises? Is the stress so great that primary reactions prevail? Do we let quick fixes obscure long term sustained credibility objectives? What happens to the corporate values and principles we display in the lobbies of our office buildings?

This article examines the factors behind this phenomenon. It is not intended as a finger pointing exercise, nor does it aim to analyse mistakes made in some recent notorious cases, as too many uninformed commentaries have previously attempted to do. Rather, coming from a long-standing practitioner's reflection on what is happening in the field, it aims to remind readers of a few fundamental planning principles to avoid making and repeating these common mistakes.

It is a fact that many organisations pride themselves in having well-established best practice crisis management systems and competencies. Yet in times of trouble, is it enough to be committed to crisis management as a discipline or is it perhaps more useful to be committed to knowing what is the right thing to do and actually doing it during the crisis?

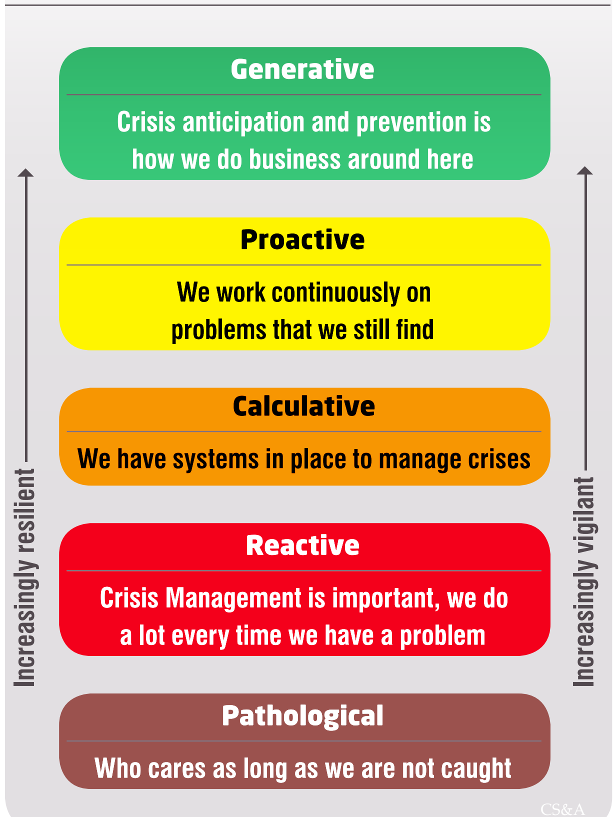
So if we acknowledge that much has been done to enhance crisis preparedness and improve response effectiveness, what are some of the influences and forces that seem to be at play unravelling this good work?

The first factors are leadership and commitment. Broadly speaking in terms of crisis preparedness, we can divide organisations in three key categories, first those that have nothing in place; second those that have something in place that is sporadically reviewed, budget permitting; and third those that have established processes and competency programmes that are diligently reviewed, practised, maintained and updated by appointed crisis custodians.

Yet, even in the last category, when faced with a crisis, organisations with a high level of preparedness still repeat common mistakes, often overriding or ignoring their best practice systems, reacting too slowly or too quickly, divulging partial information, and jeopardising reputation or public safety.

"Even when organisations are aware of how to proceed, they sometimes abandon their plans when confronted with crises. There can be knee-jerk reactions to stonewall, deny, or think that the crisis will go away if it is ignored. Often an organisation's culture undermines an intelligent plan. A culture that values ambiguity and duplicity can render even the most intelligent plan useless. A culture that respects transparency and long term success, facilitates effective crisis communication efforts," says Alan Zaremba, PhD, Department of Communication Studies Northeastern University and author of *Crisis Communication, Theory & Practice*.

The Crisis Management culture ladder concept



Increasing crisis resilience and vigilance must be mandated from the top of the organisation (see diagram) and implemented by all, under the watchful eyes of the crisis custodians. However, senior leaders who have assigned the mandate should not think that is enough to feel 'safe'. They must continue to participate in the process by personally propagating and sustaining this commitment before, after, and especially during the crisis.

Senior management – not only the crisis custodians – must embed and live by this commitment. In real life, this means that, when a corporate crisis hits, the CEO must not jump in and override or ignore what is in place and suddenly take control. Rather, he or she must be so intrinsically familiar with the crisis leadership principles of the organisation (that she or he helped embed) to be able to hold the course through the storm battling stakeholder attacks, events taking another turn for the worse and more.

And the CEO must do so keeping everyone focused on the vision of the aftermath of the crisis, a vision that he or she helped to articulate at the onset of it all.

Effective crisis leadership is not about winning or losing or finding the perfect solution, ultimately it is about holding the course, about doing the right thing and protecting credibility in the face of tremendous adversity and stakeholder pressure. An organisation with an embedded culture of commitment to being fit and ready to anticipate, detect, manage and learn from adversity is more likely to bounce back faster, protect its reputation and increase resilience in the process.

Cost or investment is the second point. For as long as crisis preparedness continues to be perceived and considered a cost by organisations, the mindset will not shift and mistakes will continue to be made. There are numerous statistics showing the devastating costs of crises: from human lives to assets, to market share and share price, to ruined reputations and so on. Yet, crisis preparedness including processes, training and practice, testing and maintenance is often considered 'nice to have', but not 'critical'.

A few progressive organisations at the top of the culture ladder

make the same mistakes?

A few guiding principles

- *A leader must be intrinsically familiar with the crisis management organisation he or she mandated to hold the course through the crisis, keeping everyone focused on the vision of its aftermath;*
- *Consider crisis preparedness an investment, build a generative culture that will help uncover problems early and address them proactively;*
- *Integrate anticipation, prevention, detection, mitigation and recovery under one common framework, assign risk owners, crisis custodians, make business continuity a strategic function and not only a tactical one and involve your CEO in the process;*
- *Practise regularly at the highest level to build the kind of reflexes and resilience your team will need to lead optimally under the stress and duress of a crisis; and*
- *Build and practice on a wide range of scenarios that challenge values and cultural notions to validate and reinforce what your organisation truly stands for.*

believe that investing in crisis preparedness not only helps improve resilience, but also helps unravel opportunities for their business. Like any other, such organisations also face budget cut cycles, but in their case the systems are so well embedded that a reduction in budget does not result in enhanced exposure.

Third on the list is practice. Fortunately for most organisations, crises are few and far between. Therefore, having plans in place and teams trained is clearly not enough to build the kind of reflexes the organisation needs to face up to a real crisis effectively. Most corporate crisis teams are made up of the CEO, COO and other functional representatives (CFO, HR, legal, marketing, communications, etc). While these senior executives have extensive business experience and acumen, as well as expertise in their respective functions, this does not, by default, make them competent crisis managers. In fact, at best, they may have had varying degrees of exposure to crises throughout their career and sporadic training.

Regrettably, they often feel they do not need crisis training. So when a crisis hits, in spite of their long-standing experience, and because they are often insufficiently prepared and trained for the peculiarities and psychologies of the strains of crises, the stress can affect their effectiveness and decision-making ability and cause them to make mistakes.

Crisis management best practice advocates that the optimal crisis teams are not made on the basis of functionality alone, but suitability first. Therefore, at the most senior level where crisis stakes are the highest, sustained competency development is essential, but regrettably often overlooked. Building the right mindset and reflexes comes through regular practice at the top as well as throughout the organisation.

Along with regular practise of leadership and response skills is the need to place more efforts on crisis anticipation, prevention and detection. Today, more often than not, risk management, crisis management and business continuity are managed in silos and by separate functions in the organisation, and the need to integrate all three is critical to enhance resilience and avoid costly mistakes.

The next factor is that business contingency planning should be integrated. The disconnection between risk management, crisis management and business continuity is clearly a contributing factor to increased exposure. This lack of integrated and strategic approach to crisis anticipation, mitigation and recovery, creates gaps and redundancies. It can also lead management to knee-jerk reactions and to make mistakes when faced with a crisis, instead of strategically steering the course through the developing events and the web of stakeholders' conflicting agendas.

Many crises can be anticipated if not prevented, and much can be done to mitigate their escalation. Regardless, organisations will increase resilience and be less likely to make and repeat mistakes during crises by integrating the preventative, reactive and curative phases of loss. This consists of bringing lessons learnt from previous crises into the risk management process, sharing the lessons learnt and developing competencies accordingly.

Last but not least, are the factors of values and culture, which are far more difficult to harness. Over and over, when companies err during crises, their mistakes express the opposite of what is claimed in statements of corporate values and principle. Accidents, negligence, and product failures should not happen, but they do; fraud and ethical issues can be addressed only if organisations are determined to stand-by and protect their corporate values and principles in the face of adversity at all costs and for the long run. When 'corporate vows' are broken, trust is lost and stakeholders are merciless. Simply stated, upholding a culture of values by demonstrating ownership, transparency, regret and remedial measures can save the day and prevent crises from turning into reputation meltdowns.

Cultural shift required

"Business leaders have to unite and make crisis management a priority. They should push business schools to adopt crisis management in the curriculum, they should invest in joint support capacity like the chemical industry has done and be trained themselves, which would provide a strong incentive to others in the organisation. We need a shift in culture and this has to come from business leaders," says Dr R A Boin, US editor of *Public Administration*, Public Administration Institute, Louisiana State University, USA.

Yes, we should establish and maintain solid crisis management systems and competencies and create a generative crisis management culture that aims to build high reliability organisations, but we will only truly advance and stop repeating the same mistakes if leaders decide to be closer to where crisis preparedness is managed and keep their pulse on it. Top management must be more involved with their teams in fostering a vigilant and resilient culture in their organisation so that when a crisis hits, they are at the helm leading and not just reacting. C•RJ

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