The Cornerstones of Crisis Management

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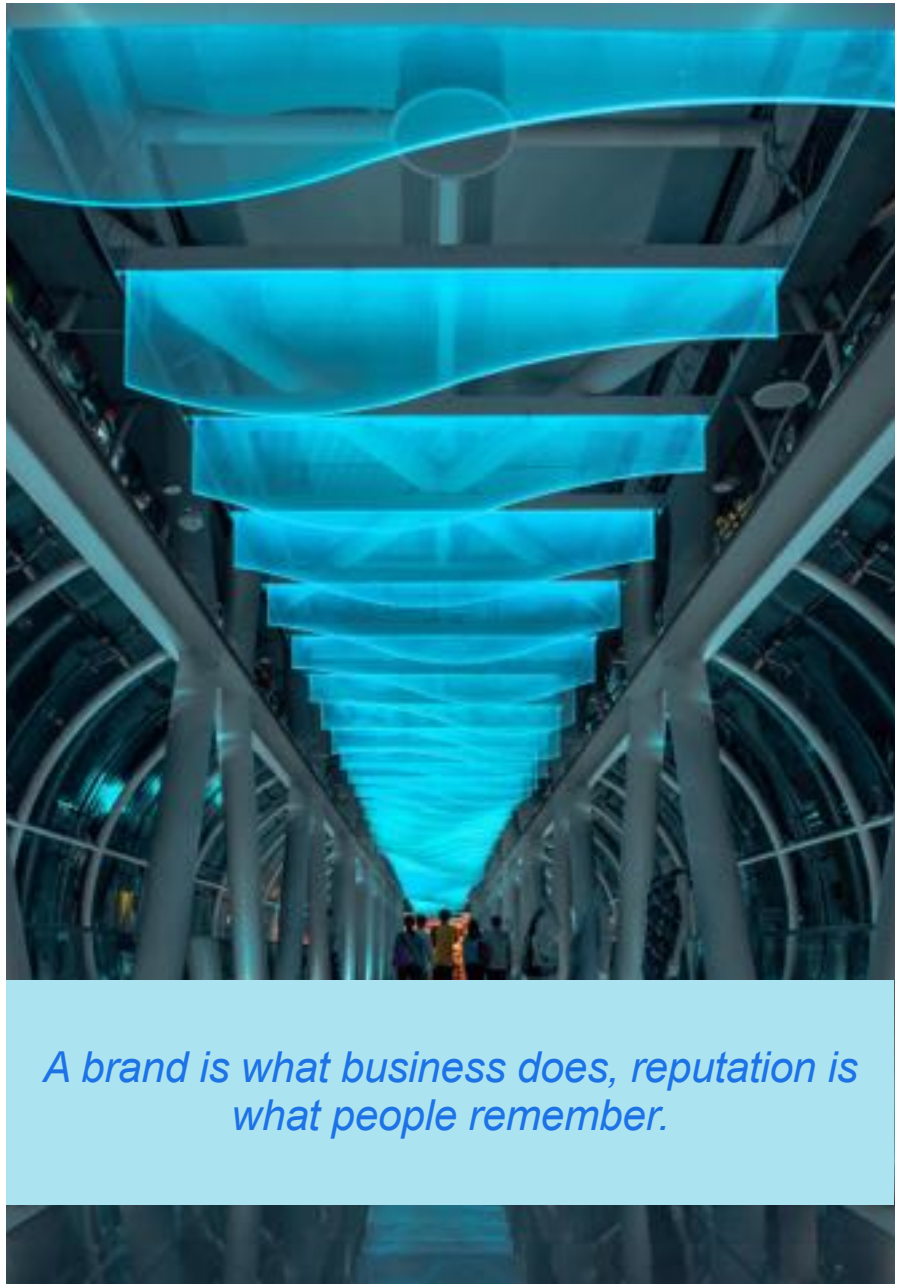


A brand is what business does, reputation is what people remember.

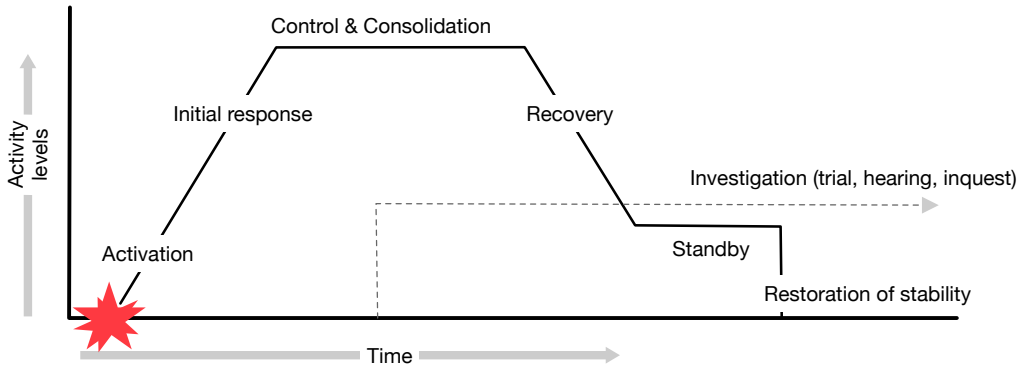
Introduction

Bad things happen to even the most competent organisations. When a crisis hits, reputation and brand are almost always at stake.

However, crises do not necessarily destroy reputations by themselves. Evidence shows that if managed well, an organisation's value will bounce back faster with its reputation at least in tact or even enhanced. But this rarely happens left to chance. Successful crisis management demands planning, preparation, training and rehearsal to build experience.

In this paper, we look at how the cornerstones of a crisis management capability are established. It highlights the challenges of building situational awareness and decision-making under pressure. The issues of communicating, managing reputation risk and leading in a crisis are discussed as well as how to prepare for and gain crucial experience of performing in the crisis arena at an executive level.

Throughout the paper we list some of the top tips and key considerations for reference - whether you are just creating a crisis team or looking to develop and continue what you already have, we hope this paper will act as a useful and practical guide along the way.



The phases of a crisis response

What is a crisis?

“An inherently abnormal, unstable and complex situation that represents a threat to the operations, strategic objectives, reputation or survival of an organisation”.*

Before we explore building a crisis management capability, we must first understand what is a crisis. Many definitions of crisis exist. How to define the word crisis and whether to use the term crisis, incident, critical event or some other variation is much debated. Terms vary according to organisation, context, sector, stakeholder sensitivities and other factors.

In this paper, we use the word crisis to mean ‘an inherently abnormal, unstable and complex situation that represents a threat to the operations, strategic objectives, reputation or survival of an organisation’.

In other words, a crisis represents something serious for an organisation that goes beyond the normal and demands decisive action at a strategic level to minimise its impact.

The key point here is that whatever term is used, the stakes are high and it is imperative to have consistency of understanding and use of language within an organisation so that the required response is activated at the right levels at the right time to minimise impact and protect people, assets, performance and reputation.

What makes a crisis a crisis?

The origin, cause and manifestations of crises are many and varied but all crises are characterised by certain key features.Although the relative mix of these features may vary from crisis to crisis, when brought together, they create the complex, sensitive and high-risk situation that demands extraordinary management.

Unpredictability	Crises are unpredictable events that come as a surprise to an organisation. Surprise results from a lack of anticipation, lack of planning for the event or due to the scale and intensity of the event overwhelming an organisation’s plans.
Dynamic or VolatileThreat	Crises introduce an intense level of dynamic threat. They have the potential to impact on an organisation’s high priority goals and create negative outcomes for the organisation and its stakeholders.
Urgency/ Pressure	Crises require a response within timeframes not defined by the organisation. These are often very short and the time to implement decisions and actions in order to mitigate the impacts is limited.
Accountability	Pressure is imposed by accountability, where there is potential for incorrect decisions to have far reaching value-eroding consequences.
Uncertainty	Uncertainty results from significant decisions needing to be made in the face of incomplete, erroneous or ambiguous information.
Lack of Boundaries	Crises have the potential to disrupt or affect an entire organisation. They often even transcend normal organisational, geographic and economic boundaries.
Media Scrutiny	Crises inevitably attract public and media interest. Information spreads rapidly and facts are not always checked before they are distributed.
Complexity	Crises are usually highly complex, characterised by multiple stakeholders, event-feedback loops and goals, with decisions resulting in inter-dependent impacts or consequences.

** Definition derived from those used in the two key Crisis Management Standards - BS11200 and the European PD Cents 17091.*

The cornerstones of a crisis management capability

Structure, plans, people and culture form the cornerstones of a crisis management capability.

Crises are unpredictable but should not be entirely unexpected. With the risk landscape becoming ever more complex with technology, cyber, social media, pandemic and many other threats, organisations need to embrace crisis management along with other supporting resilience building measures. They need to be well prepared to both prevent and mitigate the impact or duration of these increasingly frequent events. It is a key aspect of governance today.

Complexity, urgency and uncertainty are best countered with preparation and procedures. The characteristics of crises create the need for a specific crisis management capability. Under normal business conditions, work is delivered through incremental and iterative processes to attain information, consensus and ultimately action. In a crisis, time frames are compressed and staff are required to work under immense pressure.

This means that your people need to be prepared beforehand so that when the crisis hits, they know who will do what, when, where, how and with whom within a culture of trust. Structure, plans, people and culture form the cornerstones of a crisis management capability.

In process terms, development of a crisis management capability is best represented as a three-phase cycle, involving pre-crisis planning and preparation, crisis response and post-crisis recovery.

* PwC 2021 Global Crisis survey

*95% of organisations in a 2021 survey reported their crisis management needed improvement**

Pre crisis:
Planning and preparation

The pre-crisis phase involves the development of a crisis response structure, supporting plans and procedures, delivery of training and rehearsal of the team(s).

This generates the framework and capability to deliver a crisis response, designed around the needs and culture of the organisation. In tandem with the preparatory activities for crisis management, there should also be a preventive dimension to identify and manage potential problems early before they become a crisis.

1. Horizon scanning

The management of risks and recognition of potential threats and issues should be an on-going process for all organisations. Developing systems to gather, monitor and interpret information that will give early warning of potential problems in the physical or virtual sphere is a vital aspect of the pre-crisis phase. It may enable a potential crisis to be deflated before the critical ‘burst’ point is reached.

2. Response structure

In most crisis management models, a structured hierarchy of response staff is based around the need to provide strategic guidance (the ‘thinkers’), tactical planning and coordination (the ‘planners’) and operational delivery (the ‘doers’) of the plan. These can be related to Gold, Silver and Bronze, aligning with the emergency services models or follow other culturally comfortable models that suit your own business.

Naming aside, the key principle is that an effective response is dependent on one team providing leadership, strategic direction, communicating and thinking ahead; one team managing the information and doing the planning, and another implementing the plan.The value of this approach is that the thinkers remain free to think strategically and do not get distracted by detailed planning, the planners focus on planning without worrying about strategic issues and the ‘doers’ are free to ‘do’.

How the elements fit together is up to each organisation and their particular structure, culture and way of doing business. It is important, however, that clear lines of communication are established between the teams to facilitate information flows and feedback.

Crisis plans provide the framework to enable creativity and innovation in a response, dealing with the structural detail and allowing people to operate comfortably within a known and understood environment when much around them may be uncertain.

3. Roles and responsibilities

The strategic Crisis Management Team (CMT) should be formed of individuals with the appropriate level of authority, experience and capabilities.They are usually Executives or Board Members or those who are able to operate with the authority of the Board and take major business-influencing decisions.

Within the CMT, care should be taken to explicitly address who is responsible for its different elements, how those roles should be carried out and what are the individual and team-level aims, objectives and goals. This reduces the possibility of role confusion, role corruption, duplication of efforts or missed opportunities occurring.

Moreover, transparency in assigning roles and responsibilities encourages intra-team trust, coordination and collaboration within the crisis management effort, ultimately improving the effectiveness of the team's crisis response.

4. Plans, procedures and tools

Plans vary enormously in structure from organisation to organisation and will not be discussed in detail here. However, the overriding requirement is that they should be designed to be of actual use to the CMT and facilitate the response rather than being abandoned because they are too large, too complex, out of date or hazard-specific and not relevant to the given situation.

The plan must be supported by tools such as activation criteria, alert and notification mechanisms, check lists, meeting agenda, information management and coordination protocols, communication plans and stakeholder lists.

Technology and apps can be used to support mass or individual notification, allow sharing and collaboration. However, as with any tool, the output is dependent upon the quality of the input.

5. Preparation through training

The implementation of a programme of training and exercising is essential to build up the knowledge, skills and experience of those people who are expected to deliver an effective crisis response.

By definition, this applies as much to the Board or senior executives as it does to the managers and people at operational levels of the organisation.With structures and plans in place, the focus of any organisation building a crisis management capability should be on its people.

Staff need to be aware of the plans that are in place, who owns them and how they are activated.They need to be familiar with their roles and responsibilities and those of other members of the team.They need to be aware of the psychological issues presented by the crisis environment that makes it anything but a 'business as usual' management environment.

Effective training will focus on the types of crises that the CMT should prepare for, determine the gaps within their plans or competencies, and bring teams and individuals together to establish familiarity and trust, becoming accustomed to the team dynamics and boundaries.

Training needs to be suitable, relevant and effective in terms of time and complexity. CMT's consist predominantly of senior staff, therefore training must be designed with the needs of the audience in mind in terms of being strategically challenging and complex but highly time efficient.

Understanding the hard and soft aspects of your crisis culture

Hard aspects	Soft aspects
Crisis management ownership	Leadership dynamics
Compliance and assurance regime	Decision making accountability
Definitions and language (incident versus crisis)	Roles and responsibilities
Crisis levels and triggers for activation	Stakeholders and engagement styles
Information management	Communications culture and style
Risk sensitivity	Experience and trust levels

Building experience through rehearsal

While training will create knowledge and develop skills, exercising and rehearsing a team's actual response processes within a realistic environment is the only real validation of an organisation's crisis response capability.

Exercises can be conducted at a variety of levels, best suited to the maturity of the team or organisation being exercised. From walk-through to tabletop or full simulation, rehearsing the actual responses to credible and realistic scenarios is an invaluable tool in ensuring those in positions of responsibility are aware of their procedures, roles and responsibilities.

They are also essential to build understanding and experience of the challenges and pressures of the crisis arena within which the team(s) must perform. Crisis management experience is well recognised as a pre-requisite for successful response.To avoid a bruising first experience in an actual crisis, the best way to learn how to manage a crisis is by practising a crisis in a safe and controlled simulated environment, with time to review performance, identify and implement lessons learned.

Exercises can be aimed at single teams or across a multi-team structure depending upon the level of development. Conducting scenario-based discussions or walk-throughs and desktops with executive teams is a highly efficient use of their time and allows the rapid creation of both awareness of plans and discussion of strategies.

Teams should be rehearsed in whatever environment they are most likely to have to respond in - be that virtual, face to face or a mix of the two. Many leadership teams will be dispersed globally across time-zones. Rehearsal allows all the complexities of managing information and conducting effective conversations to be played out and plans adapted accordingly.

Crisis response

An effective crisis response brings people and process together to enable effective decision making.

When a crisis hits, a number of key steps are involved which are supported by the procedures and processes established in the plan.They include:

- The recognition of crisis
- Notification of the right people
- Activation of the crisis team(s)
- Establishing situational awareness

With the strategic CMT convened, their role as the senior crisis response team in the organisation is:

- Making decisions and providing direction to enable action at other response levels
- Strategic thinking and horizon scanning
- Communications and stakeholder management strategy
- Providing strong crisis leadership

Information management and situational awareness

As soon as a crisis happens information, rumour, conjecture and comment abound. Internally, there may be confusion, staff may make rash assumptions and chaos can be king.

For a CMT to be effective, it must have a clear understanding of what has happened, what is happening and have a vision of how the future may play out.This ‘awareness of the situation’ is key to managing a crisis; many examples exist of executives explaining they had little or no real idea of exactly what was going on as they tried to make critical decisions.

Any team attempting to make potential life or death or business critical decisions must have the best and most timely information at its fingertips. This involves the collection of information from sources assessed as credible and trusted, its collation and analysis to change it from unstructured data into something that is of use, and then distributed to those who need it.

To build situational awareness and develop ‘information of value’ requires an information management process.This applies to any size or type of organisation. It may comprise one person answering the phone with a notepad to a full information management team carrying out detailed processes to produce highly refined and developed intelligence.

Either way it takes clear procedures supported by tools and training to derive a timely and effective process that meets the needs of the organisation. Situation boards, actions and issues charts, stakeholder matrices and timelines are all important tools in either physical or virtual format.

Achieving control in a crisis

1. Situational Awareness – you have established a good "situational picture" of what has happened that you know is proven fact - and have shared appropriately
2. Decisions with clear direction - once you are able to start issuing clear direction then you are beginning the application of control
3. Communication – you are getting the first messages out to stakeholders
4. Looking to the future – you are getting ahead of the game and looking at what could happen next to forestall or forearm
5. Setting the strategic agenda – you have established a strategy and are managing to communicate it to those that you need to influence, demonstrating that the leadership have an established “direction”
6. Battle Rhythm - a very military term but very effective at describing the establishment of a crisis team routine which gives everyone deadlines and a structure to work within

Strategy and decision making

In crisis situations, decision-making is concerned with four key questions:

What are we going to do now?
What are we going to do next?
What should we be thinking about and doing in the future?
What is the worst case scenario?

It involves taking the situation assessment - the known and recognised facts, developing a strategy for the response with supporting communications and delivering direction in a timely manner. There is nothing unusual per se in this decision-making cycle.

The challenge is the requirement to often make difficult or 'wicked' decisions; decisions made in the face of uncertainty, complexity, time pressure and scarce, incomplete or unavailable information that have potentially major and far-reaching consequences. Often such decisions involve no option with a good outcome. These circumstances create high stress and accountability pressures on the CMT and have been found to impact the timeliness and veracity of decision making.

At the same time, the strategist must be able to recognise when NOT to make a decision because the timing is wrong.This is sometimes braver than making one due to a desire to be seen to be taking action.

How can these challenges be addressed? Well prepared teams' use of decision support tools (time and space or risk analysis for example) is essential, combined with experience of actual decision-making under crisis conditions generated in training and exercises. Research has shown that experienced decision-makers make better decisions by their ability to recognise cues and patterns in a new situation and their ability to mentally simulate their course of action.They also become familiar with those with whom they need to liaise and build trust circles to enable faster action.

Leadership

Although every individual within the CMT must display leadership qualities, there must be an identified leader with formal and recognised decision-making authority, duty of direction and accountability.

The crisis leader must be able to inspire people to achieve objectives under challenging circumstances.This requires a particular skill set and the role of crisis leader must sit comfortably upon those selected.

There is no unique formula for describing the 'right combination' of qualities that go to make a crisis leader. Leadership is essentially creative – it is the leader who determines the objective, sets the direction and provides the drive, motivation and energy to attain it. However, in a crisis, there are certain core qualities that a crisis leader does require as a minimum to be 'good'.

Not everyone is cut out to be a leader in a crisis and sometimes those who lead or manage at a senior level during 'business as usual' find it challenging to transfer their skills to the crisis management arena of quick decision-making under pressure created by a lack of time, limited information, high risk and accountability.

It is therefore crucial to prepare crisis leaders for their role and validate their capabilities.This reinforces the importance of learning in simulations of crisis situations to ensure that the right staff, with the right experience and trained in the right processes, occupy the right roles. It is too late to discover that a highly competent executive in day to day business struggles to make strategic decisions under intense pressure when the organisation's very survival and the livelihoods of its employees depend upon it.

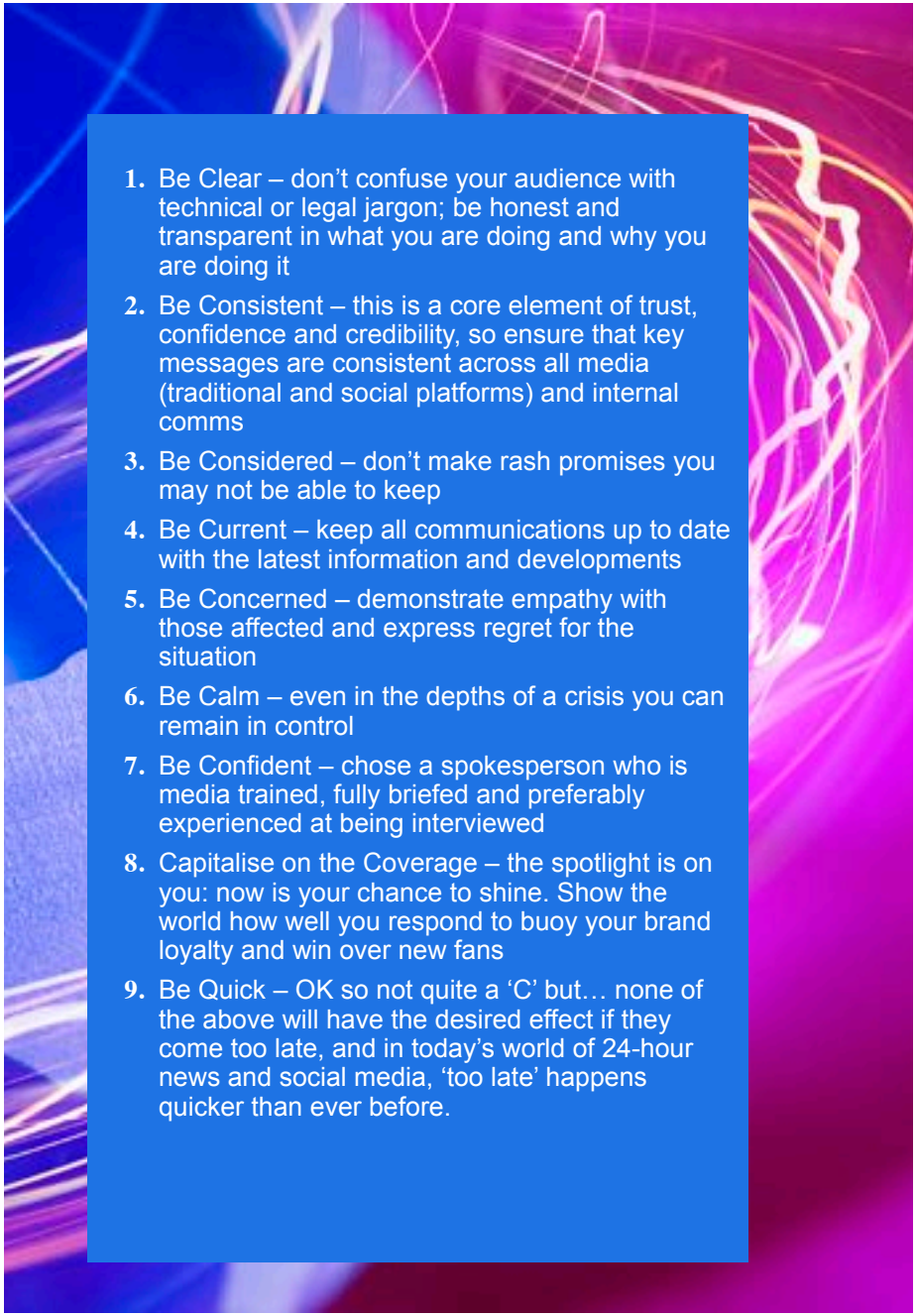
The importance of listening leaders

Crises are stressful. They are characterised by the speed of activity and time-pressured decisions, lack of clear information, and high stakes that can mean life or death, or the survival of your business. There will be noise coming in from all sides, potentially intense media and public interest and you will often be called upon to act above and beyond your comfort zone and day-to-day responsibilities.

As a result, crisis response hubs are often a noisy, tense and scratchy space where no-one is actually listening to anyone else, let alone listening to the clamour beyond: from staff, the public and the media at large.

Listening is one of the greatest skills any crisis leader can have. Hearing what is being said, what is behind the words; picking up on nuance and trend; hearing the silence or the cacophony, and hearing it growing or the tide turning. The rise of social media means that public sentiment can be monitored like never before and crisis teams should take full advantage of this with regular reports from the social media team.

Too often crisis teams fail to really listen to what is around them and miss the mood, the swing of views or simply the scale of noise.



1. Be Clear – don't confuse your audience with technical or legal jargon; be honest and transparent in what you are doing and why you are doing it
2. Be Consistent – this is a core element of trust, confidence and credibility, so ensure that key messages are consistent across all media (traditional and social platforms) and internal comms
3. Be Considered – don't make rash promises you may not be able to keep
4. Be Current – keep all communications up to date with the latest information and developments
5. Be Concerned – demonstrate empathy with those affected and express regret for the situation
6. Be Calm – even in the depths of a crisis you can remain in control
7. Be Confident – chose a spokesperson who is media trained, fully briefed and preferably experienced at being interviewed
8. Capitalise on the Coverage – the spotlight is on you: now is your chance to shine. Show the world how well you respond to buoy your brand loyalty and win over new fans
9. Be Quick – OK so not quite a 'C' but… none of the above will have the desired effect if they come too late, and in today's world of 24-hour news and social media, 'too late' happens quicker than ever before.

Crisis communications

Once a company is in the media spotlight it is effectively on stage: customers, employees, business partners, external stakeholders and the public are all paying attention.

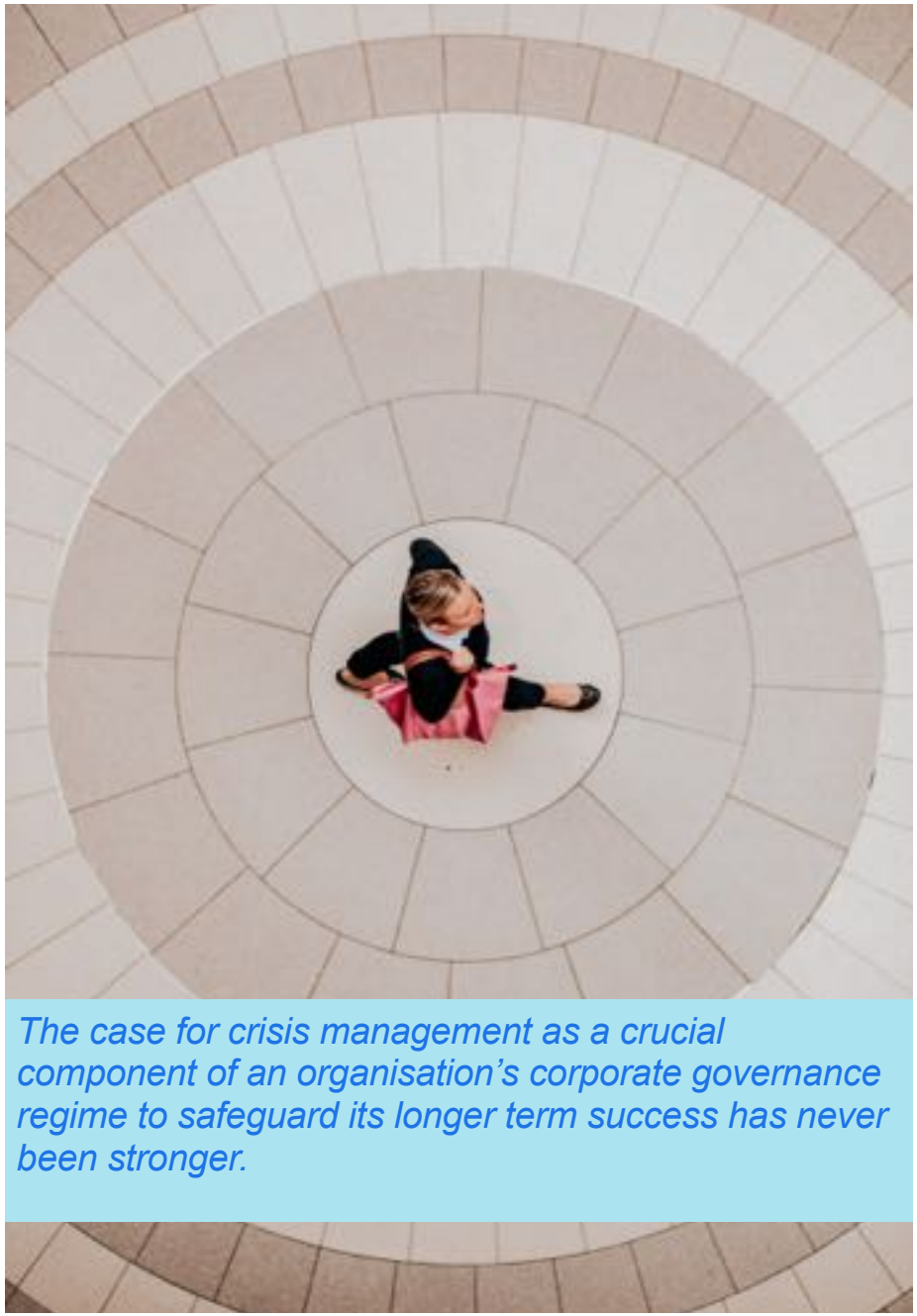
Crises are characterised by a thirst for knowledge and communications are critical to success in satisfying this need. An effective and timely crisis communication response will ensure appropriate information is disseminated at appropriate times both internally as well as externally.

Internal communications and the sharing of new, critical or developing information across the organisation are particularly important to prevent escalation of a crisis, ill-informed decision-making at other response levels and the spreading of rumours among staff members.

Effective external communication involves sharing relevant, factual and transparent information in a timely fashion with stakeholders and the media about the incident and the actions the organisation is implementing in response to the crisis.

The importance of communication in crisis cannot be overstated; reputations can be won or lost based solely on perception. Consistency, the use of non-contradictory information, and transparency within the messages communicated through appropriate channels during a crisis will enhance reputation and legitimacy. Inconsistency or a failure to communicate at the right time can severely damage credibility or create an image of passivity or concealment of information, which can damage reputation and decrease trust.

Every organisation must have a crisis communications plan integrated with the crisis management plan.This ensures activities that are mutual or reliant upon one another are developed in concert and not in isolation.The input of up-to-date information on the crisis into press releases, social media engagement, the appropriate sign off of statements and a plethora of other needs require a coherent approach that has been built as a part of the pre-crisis phase.



The case for crisis management as a crucial component of an organisation's corporate governance regime to safeguard its longer term success has never been stronger.

Post crisis recovery

While the acute phase of the immediate response to the crisis may end, the organisation may well be left with a major recovery problem.

Recovery

The recovery phase involves dealing with the long-term effects or impacts of an event and how to return to the new 'normal' if major change has taken place in the days, weeks and sometimes months following the event.

This is a stage not to be underestimated in its complexity; it contains many risks and can even lead to another crisis if not well managed. Companies endeavouring to return to either normality or their new situation need to carefully manage their recovery and communication just as they did the actual crisis.

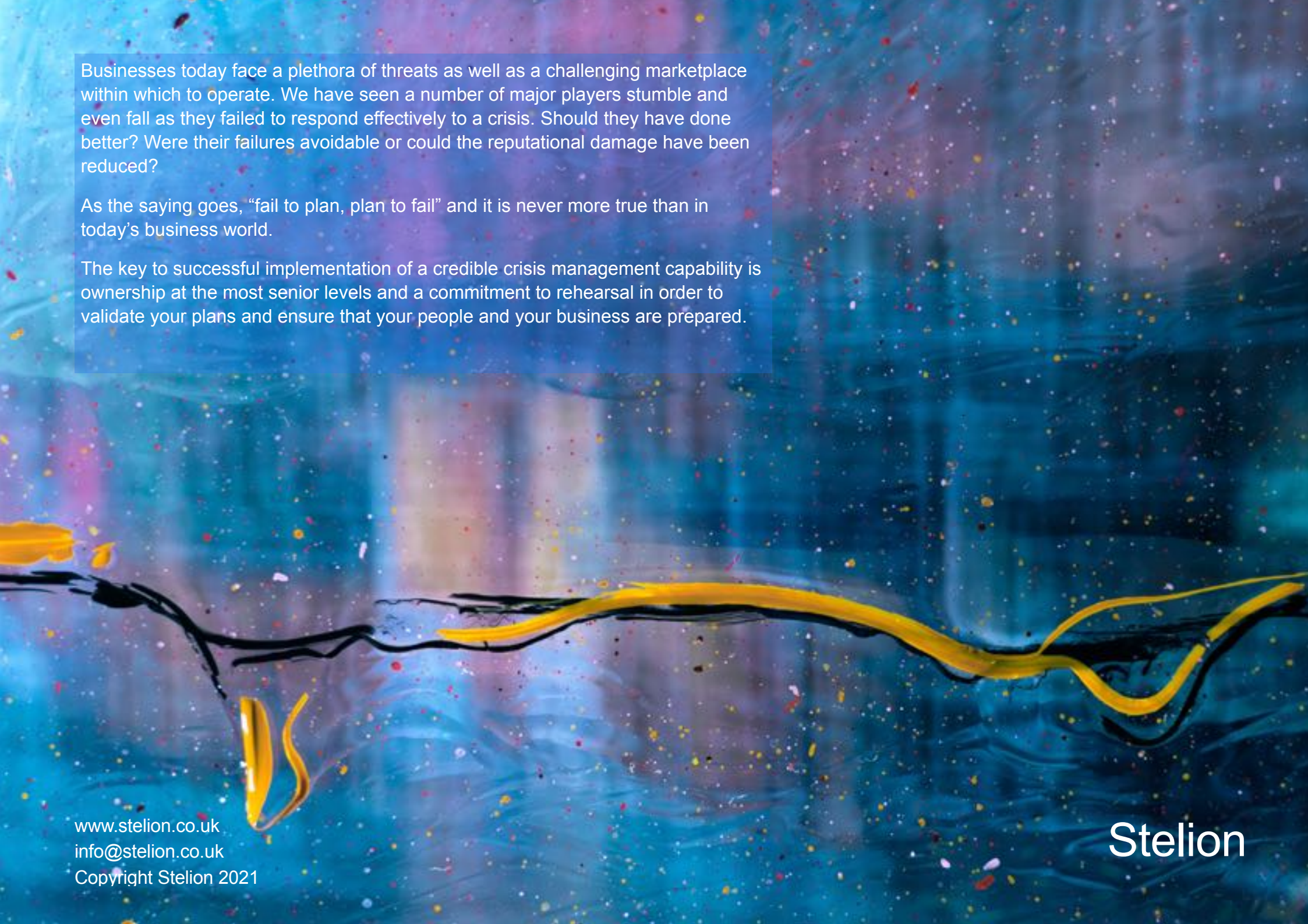
Evaluation

Crises - whether real or simulated - do serve as a major learning opportunity for both individuals and organisations.Therefore, an important part of the overall management process should include a review of the crisis and an evaluation of the response, the plans and procedures, the tools and facilities, to identify areas for improvement.

Learning and change

Following the evaluation and the identification of lessons, recommendations must be made for change with responsibilities and timelines assigned to drive that change forward and ensure it is carried out.Too often, lessons are identified but not actually learnt and those mistakes are repeated in future events due to a failure of this process.

The learning from a crisis should result in change for the organisation, its people, plans and procedures in order to make it more resilient and better prepared for the future.



Businesses today face a plethora of threats as well as a challenging marketplace within which to operate. We have seen a number of major players stumble and even fall as they failed to respond effectively to a crisis. Should they have done better? Were their failures avoidable or could the reputational damage have been reduced?

As the saying goes, “fail to plan, plan to fail” and it is never more true than in today’s business world.

The key to successful implementation of a credible crisis management capability is ownership at the most senior levels and a commitment to rehearsal in order to validate your plans and ensure that your people and your business are prepared.

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