Managing crisis before they happen
What every executive needs to know about Crisis Management
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Crisis-management : dealing with human-caused disasters – a permanent and prominent feature of today's societies. Because these kind of disasters are not inevitable, the general public is extremely critical of organizations who are held responsible for the crisis.

Eliminating crisis completely is impossible but Ian Mintroff argues that a company can ensure that it can either anticipate crisis or effectively manage once they occur.

<u>1/ Types and risk categories of crises.</u>

We can divide major crises into a number of general categories:

- Economic crises: strikes, market crash, major decline in stock price or decline of profit.
- Informational crises: loss of confidential information, tampering with computer records, loss of computer information with regard to customers and suppliers.
- Physical crises: loss of key equipment, breakdowns of key equipment or plants.
- Human resource crises: loss of key executives or key personnel, rise in absenteeism, vandalism or accidents at workplace.
- Reputation crises: slander, gossip or rumors damaging the corporate reputation.
- Crises resulting from psychopathic acts: product tampering, hostage taking, terrorism and workplace violence.
- Natural disasters

An organization has to prepare for one crises in each of the categories above. Although crises share many similarities, they all are very different between categories.
Companies usually prepare for crises that they know that will occur in their industry but they forget that the crisis they anticipate will not necessarily be the one they face. The food industry can be hit wit a crisis that has nothing to do with food contamination.

Fortunately, companies don't have to prepare for every specific type of crisis within each of the categories as each of the specific types within a particular category share strong similarities.
But keep in mind: each crisis is capable of setting off any other crisis.

<u>2/ Mechanisms to prepare for and respond to crises.</u>

The best form of crisis management is preparation before the crisis occurs. A company must put in place mechanisms that will help anticipate, sense, recat to, learn from and redesign organizational procedures.

Signal detection mechanism: all crises send out early warning signals, mostly weak and camouflaged by noise. Front-line employees are crucial and should be able to communicate with management about their concerns.

Signal detection chain:

A/ Hearing the signal: the signal detectors must be able to read a signal and determine whether it has reached a level of intensity that indicates potential danger. A company must ask itself:' What would count as a signal of the impending or near occurrence of a particular type of crisis?' There are four types of signals : internal technical signals, internal people signals, external technical signals and external people signals.

B/ Signal transmission: transmitting the signal to the right people and in the right form.
These people should be able to combine different signals and piece them together in a larger whole.

Other mechanisms: you also need damage containment mechanisms to keep the unwanted effects of the crisis from spreading.
And, finally, you also need postmortem mechanisms that will allow to learn from the crisis and redesign the systems and mechanisms to improve crisis management in the future.

3/ Organizational systems.

The author compares a company and its various systems with layers of an onion. The outermost layer is technology. Then come the organizational structure, human factors, organizational culture and, finally, at the core the top management psychology.
All these systems are intertwined, interacting.

The organizational culture is a critical component and includes defense mechanisms. Examples: denial ('Crises only happen to others'), disavowal (' Crises happen, but their impact on our organization is small'), grandiosity ('We are so big and powerful that we will be protected from crises') or compartmentalization ('Crises cannot affect the whole of our organization since the parts are independent of one another')

4/ Don't forget your stakeholders.

Stakeholders include here all of the internal and external parties who cooperate, share crisis plans and participate in the training and development of your company's crisis management capabilities. They can range from your employees to police departments, fire departments, Red Cross ….
Do not forget the media as a stakeholder: they will not hesitate to judge harshly an inadequate response to a crisis.
Develop in advance the right relationships with the stakeholders. Be aware that the outside world never sees the situation exactly as you do. Make a list of possible assumption stakeholder can and will make.

5/ Develop crisis management scenarios.

What will happen if a certain crisis occurs? How will your organization, its employees and customers react? What steps do you have to take?
The best approach is to create a ' best-case, worst-case scenario'.

This is the framework the author presents. But in itself, no framework is sufficient. Crisis management must also address two specific questions:
1/ Do we (individual, organization) always tell the truth?
2/ Do we (individual, organization) always assume responsibility?

In todays society there are no secrets anymore. The best approach is to take the initiative to tell the truth about a crisis. By taking that initiative you control who reveals the truth, in what circumstances and when.

An organization should always assume full responsibility because in crisis you will always be the villain. Be the repentant villain: accept full responsibility, promise to correct the situation and to prevent it from ever reoccurring.

All over the book we find a lot of stories and examples from all over the world on how to handle or not to handle crises.