

# It's time to rethink crisis management

Any approach to crisis needs to be entrenched on an executive level:

- it's up to communication professionals to show top management that crisis preparedness is a vital bottom-line investment.

BY TONY JAQUES



**A** new approach to crisis management is emerging which places it squarely on the desk of chief executive officers and their top communication executives.

Yet there are some companies which still regard crisis management as something that can be delegated downwards to middle managers or technicians who may be more used to responding to emergencies or IT failure. And there are still companies which think that a good business continuity plan is "all we need to be well covered." The sad

truth is that such ideas are not only wrong, but they expose the company to serious risk. Moreover, even some CEOs who are "crisis aware" are unsure of exactly what they need to do to protect their company from the terrible impacts of a crisis.

In reality, the problem doesn't lie entirely with the CEO. Communication professionals need to share some of the blame. For too long some senior practitioners have allowed the executive group to treat crisis management as a largely tactical activity confined

to writing a manual, holding the occasional simulation exercise, and hoping for the best in the event of an actual crisis. Plus perhaps organising media training for the CEO and a handful of other leaders.

But an effective leader doesn't just know what to say to the media. He or she must be seen to do the right thing. Think no further than Air Asia CEO Tony Fernandes after one of his aircraft crashed off Indonesia in late 2014. In a model of both executive action and executive communicati-

## ISSUE AND CRISIS MANAGEMENT RELATIONAL MODEL



The integrated approach to crisis management highlights the role of top executives and senior communications professionals in working together at every phase. © Issue Outcomes P/L

on, he immediately flew to the scene and took centre stage. He made himself available to media, speaking alongside government officials, to become a focal point for company updates. He was the man with the facts and the man in charge. "I am the leader of the company. I take responsibility. The passengers were on my aircraft and I have to take responsibility for that."

He used his personal Twitter account to communicate frequently with staff, passengers, and investors. And he personally escorted the body of one of the aircrew to the man's home town in Surabaya. Little wonder PR Week carried the headline "AirAsia CEO Tony Fernandes has given a lesson in crisis management."

Beyond doing and saying the right thing when a crisis strikes, companies need to heed an emerging new approach to crisis management which is shaking up the role of top executives and the senior communication professionals who advise them. It presents crisis management as a much more strategic activity – way beyond conventional incident response – with a strong focus on identifying and managing crisis threats before they strike. In other words, taking steps to prevent crises from happening in the first place.

This new approach begins long before the triggering event, and extends deep into the dangerous period after the crisis event seems to be over, yet when reputation may be at greatest risk.

**"The new approach demands more direct top executive participation."**



## “For too long some senior practitioners have allowed the executive group to treat crisis management as a largely tactical activity.”

The integrated model (see illustration) highlights that it is a continuous process with two distinctly different pre-crisis phases – crisis preparedness and crisis prevention. Crisis preparedness includes the conventional actions such as developing a response manual and training a crisis management team, but these actions are simply getting the organisation ready for when a crisis strikes. They do nothing to reduce the chances of a crisis happening in the first place. By contrast, the crisis prevention phase includes activities such as issue management and emergency response, designed to identify potential problems early and, most importantly, prevent them from becoming crises.

While the incident management phase focuses on standard crisis response, the post-crisis phase is a critical area which is frequently under-estimated. Many companies think it's little more than operational recovery and restoration of business as usual. But this phase has been called the “crisis after the crisis,” when the company is seriously at risk from coroners inquests, government inquiries and litigation which may last months or even years, causing prolonged damage to reputation. Just ask Volkswagen or BP or Samsung. It's this integrated approach which lies behind the new concept of crisis proofing – moving responsibility from the operational response centre up into the executive suite, and moving the leadership mindset from what to do in the event of a crisis to what can be done to prevent crises from happening.

What's crucial here is that such a change cannot be driven by technical mana-

gers who may think that crisis management is the same as crisis response, or emergency management or operational recovery.

The new approach demands more direct top executive participation, which brings with it the need for new leadership skills beyond just chairing the crisis management team or acting as spokesperson. It requires top executives to allocate time and resources to:

- Implement effective processes to identify and respond to issues before they develop into crises.
- Listen to stakeholders and properly understand their concerns.
- Show willingness to accept bad news.
- Analyse risks to be ready for the most obvious or likely crises.
- Provide leadership to develop a crisis-aware organisation.

These are all areas within the expertise of communication leaders, who might already be doing some of these things. The big difference is to see them as part of an integrated and systematic executive approach to crisis proofing the organisation. A central problem is that effective crisis preparedness requires a genuine commitment, and some executives don't see that as a priority.

A famous study at Oxford University showed that when a crisis struck, the share price of badly-prepared companies fell further and recovered slower than that of well-prepared companies. In fact, 12 months after a crisis, the share price of well-prepared companies was, on average, 22 per cent ahead of the badly-prepared. With

22 per cent of company value potentially at risk, crisis preparedness should be a no-brainer in the executive suite. But it's up to communication professionals to show top management that crisis preparedness is a vital bottom-line investment, and to help implement change. ●

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