

# Improved awareness of risk is just not enough

**Tony Jaques** stresses that now is the time to be forward-looking and prepared for the next crisis, saying that the current pandemic has revealed many valuable insights for leaders

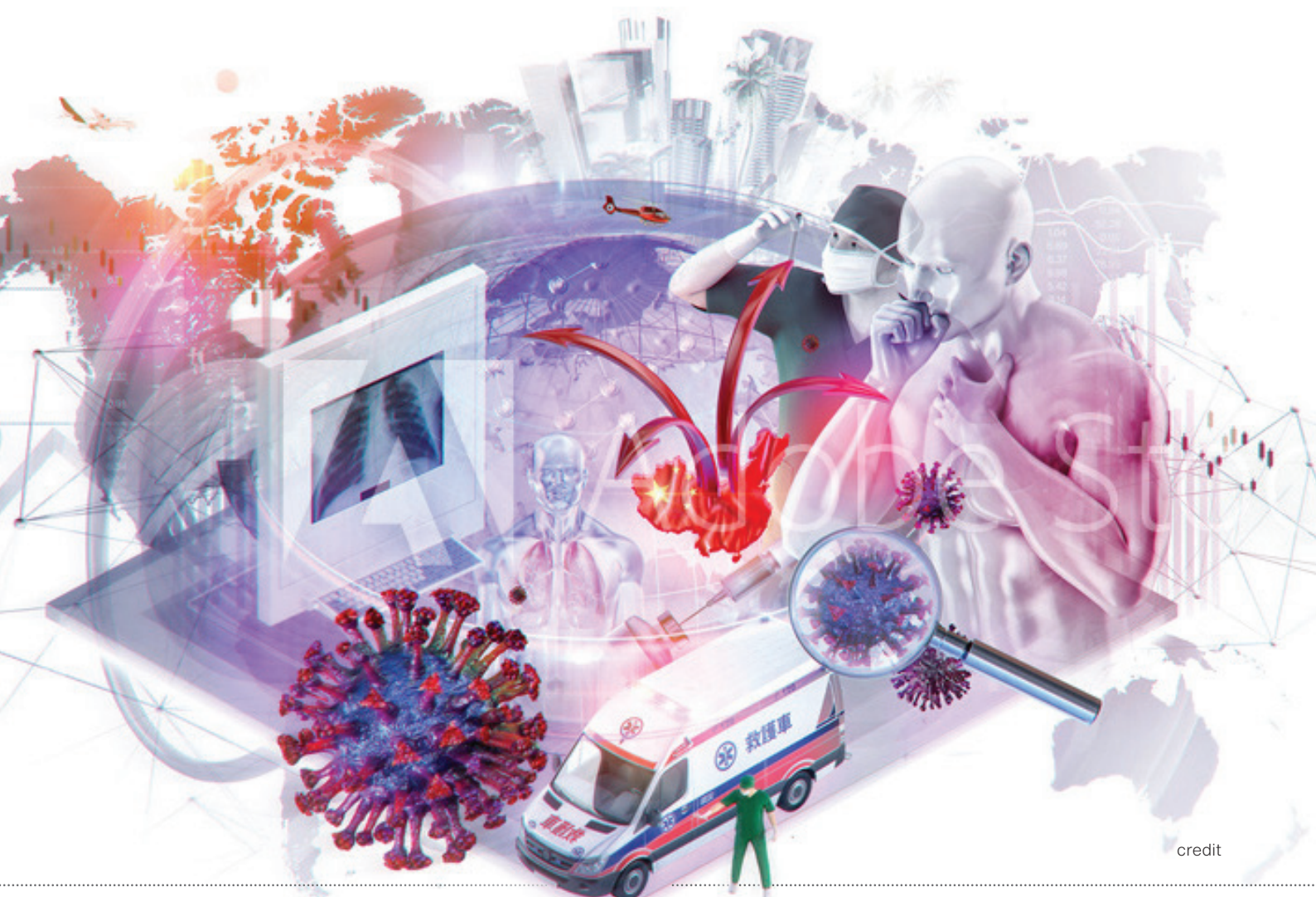
**T**he Covid-19 pandemic has brought human misery and financial disaster around the world. It has also exposed deadly shortcomings and inequities in terms of quarantine implementation, testing capability, political will, the manufacture and distribution of vaccines, as well as public acceptance of immunisation.

Now the emergence of new, more infectious variants is threatening to undo months of public health progress. Yet, while Covid-19 has been a global crisis, it has

also triggered organisational crises for enterprises of every size – from multinational corporations to small businesses with just a handful of employees.

Although it is an unhelpful and usually false cliché that every crisis contains an opportunity, the pandemic has in fact yielded some important lessons for crisis management.

The first is associated with crisis awareness. How frustrating is it when you know that an organisation is not properly crisis-prepared, but



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the CEO simply says: “Yes, we must update the crisis manual sometime,” or when management uses the word crisis to describe just about any passing inconvenience or difficulty?

Covid-19 has hopefully changed all that. Some organisations that had never experienced an existential crisis suddenly encountered the following challenges: They lost much of their business; were forced to shut down; could no longer access vital markets or raw materials; had to turn away long-standing customers; or had to lay off staff. Sadly, many businesses closed for good. Such impacts of the pandemic mean that no manager can ignore the fact that a real organisational crisis can truly be about life and death and corporate survival. Nor can they honestly believe that it won't happen to them.

But of course, improved awareness of the risk is not enough. Organisations need to have proper systems in place to respond to a crisis, and the pandemic revealed that some are still woefully ill-prepared.

A much-cited 2016 Deloitte study of more than 300 non-executive Directors in large companies across the globe, entitled *A crisis of confidence*, found more than three-quarters (76 per cent) believed their companies would respond effectively if a crisis struck tomorrow, yet only 49 per cent said that their companies engage in monitoring or internal communications to detect trouble ahead.

Even fewer – just 32 per cent – reported that their companies engage in crisis simulations or training. And when asked about specific crisis areas, 73 per cent named reputation as a key vulnerability, but only 39 per cent said that they had a plan to address it.

The lesson is clear, but only time will tell whether the Covid-19 crisis has persuaded substantially more organisations to put even the basic elements of a plan in place.

The second lesson to consider is around crisis responsibility. In addition to increasing awareness that any organisation can be impacted by a crisis – and that the effects can be devastating – the pandemic has also reinforced that crisis management is absolutely a top executive responsibility.

As the Deloitte study and similar research projects show, for too long some executive groups have treated crisis management as a low priority tactical activity, largely confined to writing a manual, holding the occasional simulation exercise and hoping for the best in the event of an actual crisis.

The extraordinarily deep and prolonged impact of the pandemic across a whole organisation has accelerated the growing understanding that crisis management is a strategic activity which demands direct participation by senior executives far beyond just thinking about who the spokesman will be if a crisis strikes.

It requires top management to allocate time and resources to: Implement effective processes to identify and respond to issues before they develop into crises; promote development of a crisis-aware and crisis-prepared culture; and provide effective leadership when a crisis occurs.

Another crucial lesson from coronavirus is about the difficulty of trying to communicate a proper understanding of individual and societal risk and translating that into preventive action. Crises often involve risk, and it's nothing new that risk as perceived by the public is often diametrically opposed to risk as calculated by experts.

After all, risk guru Peter Sandman has been telling us for more than 40 years that perception is driven as much by outrage (emotion and feelings) as it is by hazard (data and science). There is hardly a starker example of this challenge than public resistance and misconception surrounding the risks of Covid-19 vaccination.

Peter Sandman counsels that outrage and hazard are critical to promoting public acceptance and he emphasises that they can be both measured and managed.

This is no easy task for crisis managers. Legacies arising

from Covid-19 in terms of risk include the rise of groundless conspiracies and intractable political polarisation over response to a major disease outbreak. Furthermore, the greater willingness of citizens to take to the streets over their perception of risk during a crisis, along with ever-increasing suspicion of government experts, have compounded the issue. Moreover, it's not clear how, if at all, such hurdles will be overcome.

Closely linked to perception of risk is another development that has been highlighted by the pandemic, namely the concept of the false dichotomy, or false choice.

In the case of Covid-19, the choice was frequently over-simplified as being between health and wealth. However, those are obviously not mutually exclusive options. It is entirely possible for a country to shut down and still have high numbers of virus cases, and equally possible to keep business open and have the virus under control.

As Conservative MP Dan Poulter, vice-chair of the all-party British parliamentary group for coronavirus, said: “The danger of thinking that the coronavirus pandemic presents us with a binary choice between saving the economy or saving lives is a false dichotomy. The truth is that minimising community transmission will allow a faster and stronger economic recovery.”

While a false dichotomy typically oversimplifies a scenario to seemingly make sense of something very complex, the pandemic false choice was blatantly used by politicians and the media to justify completely contradictory responses – sometimes with disastrous public health results.

The lesson here is the danger that once an oversimplified ‘construction’ like health versus wealth gains currency, it becomes accepted as a fact and it's virtually impossible to keep discussion of the crisis on track and focused on facts. Just look at how anti-maskers, anti-vaxxers and individual rights advocates came to dominate large areas of public engagement.

While none of these developments is novel, the pandemic has supercharged them for a long-lasting impact on crisis communication into the future for organisations of all types and sizes. So, even as Covid-19 infection eases in some countries and continues to rage in others, responsible managers should be reviewing their own crisis preparedness and asking whether they did the right thing when the pandemic struck.

Organisations with an established crisis plan should be reassessing its effectiveness in the light of what happened. And hopefully, organisations with no crisis plan have at last recognised that proper planning is not an optional extra for effective management.

We know from research that after the attacks on New York's World Trade Centre on September 11, 2001, there was a distinct spike in the number of organisations reporting that they had a crisis plan in place. But only a year later, this number had already started to fall back as complacency returned and the learning opportunity was lost.

Covid-19 has produced some real lessons for crisis management and organisations need to make sure the benefit of that learning is not squandered once the pandemic finally passes. Now is the time to be looking forward and getting properly prepared for the next crisis.

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