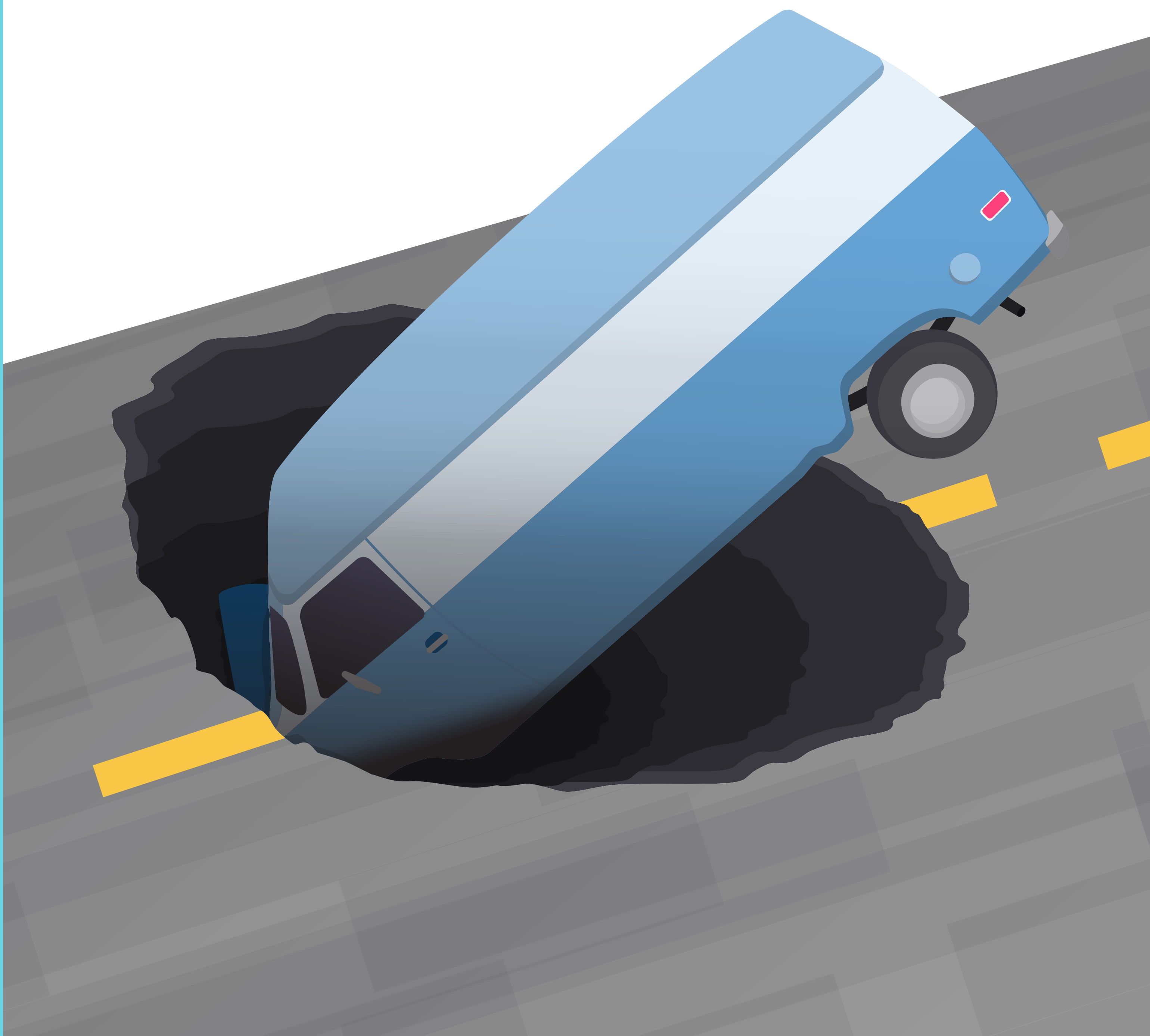
Guide to Avoiding Crisis Management Planning Pitfalls



Planning doesn’t equal preparedness

As the crisis threat grows, organizations have taken notice. When polled, 60 percent of Crisis Management, Business Continuity, and Risk executives say that their firms face more crises today than they did ten years ago.[i] Senior management echoes the sentiment. Nearly 80 percent of business leaders believe that they are only a year away from a potential crisis.[ii]

As a result, companies are planning for the worst. Now, the vast majority of organizations, some 84 percent, have crisis management plans in place.[iii]

Having planned, organizations show a high degree of confidence in their crisis preparations. A full 90 percent of them are confident in their ability to deal with corporate scandal. That level of self-assurance persists with regards to various crisis scenarios:

- 90 percent of companies are confident in their ability to respond to **regulatory or policy changes**.
- 87 percent of companies are confident in their ability to respond to **cyberattacks**.
- 86 percent of companies are confident in their ability to respond to a **corporate or strategic failure**.
- 79 percent of companies are confident in their ability to respond to **health scares**.
- 79 percent of companies are confident in their ability to respond to an **industrial accident**.[iv]

When it comes to crisis preparedness, planning is indeed a critical first step. But just developing a crisis plan doesn’t adequately prepare companies for crisis. That so many companies conflate having a crisis management plan with being fully prepared for crisis is a huge blind spot in their crisis management efforts. Since the reality of crisis preparedness is far more nuanced and complicated, we’ve created a guide outlining the top crisis management planning pitfalls firms should avoid in order to achieve a higher degree of crisis preparedness.

Pitfall #1. Organizations don't test their plans

Here's the stark truth: developing a comprehensive crisis management plan is only half the battle. After that, businesses still have to run robust, company-wide simulations, lasting anywhere between four to six hours per scenario, to be considered adequately prepared for crisis.

That's why it's simply staggering that while 90 percent of companies are confident in their ability to deal with a corporate scandal, a paltry 17 percent of firms have actually tested that assumption by performing crisis simulations in the last three years.[v] Nor are companies that much better prepared to deal with other common crisis scenarios.

- Only 20 percent of companies have conducted simulation exercises for **corporate or strategic failure**.
- Only 22 percent of companies have conducted simulation exercises for **health scares**.
- Only 50 percent of companies have conducted simulation exercises for **regulatory or policy changes**.
- Only 53 percent of companies have conducted simulation exercises for **cyberattacks**.
- Only 37 percent of companies have conducted simulation exercises for **industrial accidents**.[vi]

So what's the actual rationale behind testing your crisis management plan? Well, crisis simulations provide valuable trial and error learning (in a relatively controlled setting) for employees, who are often the "first responders" to corporate crisis. This training helps to ensure that all workers, not just crisis managers, are comfortable performing the tasks assigned to them and even going off-script as the situation demands.

The same logic applies to coordinating planning and training efforts with third parties, i.e. key business partners, major suppliers, and public safety agencies. The latter will most likely be called in in the case of a crisis. Yet too few companies make the effort to engage those public safety agencies before crisis strikes. Even mature crisis management teams won't check to see if their crisis management technology actually syncs with the solutions used by large rescue and response outfits.

Organizations often neglect the resource management component of training as well. Crisis teams shouldn't just be training personnel (internal and external,) they also need to be regularly assessing the capabilities and availability of all kinds of relevant resources. To keep detailed track of all of these resources, teams should consider procuring information management technologies with a robust resource management feature set.

Pitfall #2. Organizations treat plans as static documents

Often, crisis planning is mandated by regulation or legal statutes. In an effort to achieve compliance, businesses treat crisis planning merely as a box-ticking exercise, instead of a strategic initiative.

What's the effect? Plan writers sometimes just copy popular crisis plan templates entirely, rather than carefully customizing plans to their organization's specific crisis risk factors. Organizations feel little ownership over or investment in the resultant plan, which more often than not just gets shelved, only to be resuscitated, untested, when crisis strikes. What could possibly go wrong?

That's not the only planning pitfall. Planners sometimes create laboriously lengthy, overly detailed plans that address every possible contingency – even the most remote. That's not the point of crisis management planning. As well intentioned as they are, overly prescriptive plans ultimately frustrate the people tasked with executing them. Worse still, writing overly detailed plans is a surefire way to ensure that teams don't test them. Rather than developing plans that are too dense, teams should build flexible modules that can dynamically adapt to the fast-changing crisis situation. In length, that means striking a middle ground between leanness and length.

In addition, routine training will help bring those plans to life, helping teams identify flawed assumptions and approaches. Just think about it: not only are crises becoming more complex, an individual organization's risk factors (including their assets and market conditions) are changing all the time as well. Only re-testing a dynamic plan will help you prepare for new potential crisis triggers.

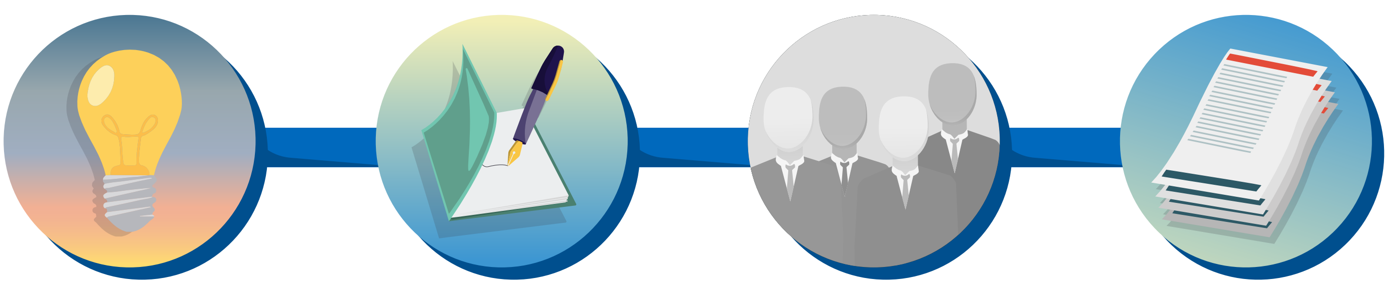
Pitfall #3. Plans don't have full C-suite (and above) buy-in

When crisis strikes, the most visible spokespeople will be senior leadership, whether executives or notable board members. So here's a statistic that should keep you up at night: 21 percent of companies with board participation in the crisis management plan say that the number of crises they've experienced has declined over the last decade.[vii] Those without board involvement? Their numbers plummet to two percent. The moral of the story: too few companies are getting senior leadership involved in preparing for crisis.

Why does it matter? For one, getting the C-suite (and above) involved helps ensure executives have the cross-functional situational awareness they'll need to support more effective crisis decision making. Without having first understood the full implications of the risk environment and tangibly planned for crisis, it's a lot more difficult to respond to and recover from emergency situations, while simultaneously keeping the business afloat.

The logical response: bring the C-suite into the crisis preparation process in terms that resonate with them, i.e. strategic leadership, effective collaboration, and efficient communication. And so that executives can start managing crisis even before it occurs, make sure they are fully conversant with your crisis management solution. Some technologies are just too cumbersome and unwieldy to inspire much C-suite interest, let alone use.

As such, consider procuring a corporate crisis management solution specifically built for executives and their boards. Fundamentally user-friendly, your system should give business leaders a single integrated system capable of tackling critical issues and crises in real time. That flexible system should also include chat, impact, assessment, communication, and planning functionality that provides easily digestible updates to executives, thereby increasing their situational awareness during a crisis. Having that single source of truth and integrated functionality helps executives find time and space in the midst of a hectic crisis and leads to better decision-making outcomes.



Pitfalls #4. Organizations aren't getting ahead of the media

When crisis response goes awry, flawed communication and media outreach is often the culprit. And that tends to be because crisis communication preparedness remains another blind spot in most organization's crisis management efforts. As of 2016, 48 percent of communicators surveyed for a Nasdaq poll said their organization didn't have a crisis communication plans.[viii] Plans would include valuable resources, like pre-fab messages based on likely crisis scenarios, media contact lists, and a designated company spokesperson.

Unfortunately, not having a crisis communication plan is just one way teams fail to get ahead of the media. Even businesses who have crisis communication plans do too little in the way of (crisis) media outreach, training, and monitoring.

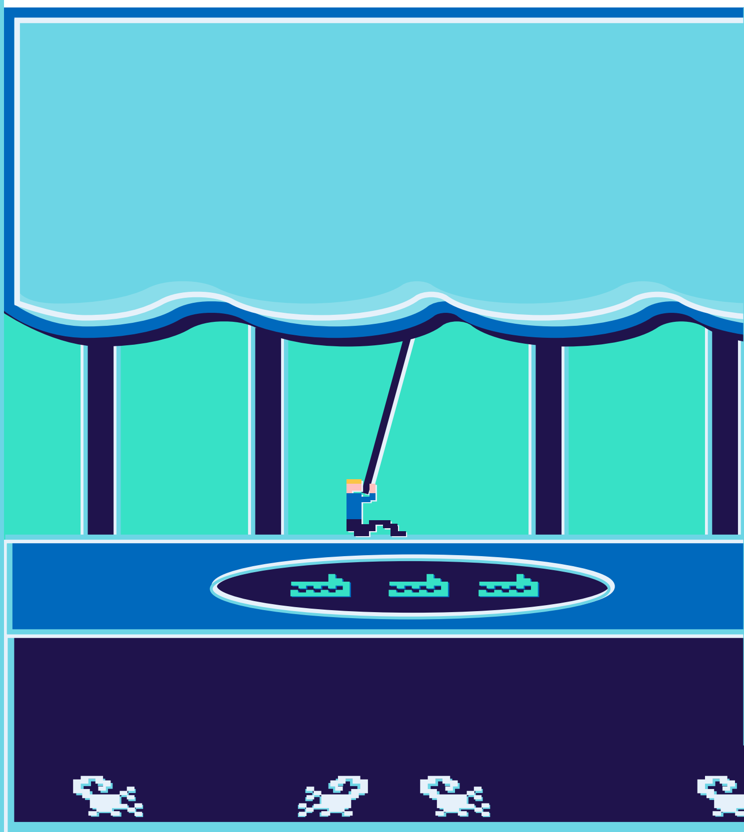
All companies, irrespective of the size of their PR budgets, need to get in the habit of cultivating relationships with journalists. These relationships tend to pay dividends in the event of crisis, a friendly journalist being more likely to amplify a crisis-struck company's message.

Organizations also need to start seriously committing to media training for their executive staff and other designated spokespeople. Only 24 percent of communicators said that their CEOs and spokespeople received yearly media training.[ix] Media training helps your company's designated spokesperson look more at ease and less defensive on air. All things that will help in the crisis response effort.

Additionally, social media is also becoming one of the primary crisis vectors for companies; yet only 48 percent of communicators said that they use a media monitoring platform. What's the value of social media monitoring? Another means of attaining situational awareness for teams and executives. The technology helps teams monitor the conversation around their brands, as well as the impact to their reputation as issues or crises unfold. Teams can track volume, sentiment, and engagement on social alongside a crisis timeline, actions, and updates.

So finally, if the numbers are any indication, businesses are taking the clear and present crisis danger seriously. The vast majority of them are creating crisis management plans. But having a crisis plan isn't the same as being fully prepared for a crisis. In fact, thinking your crisis preparations are over simply because you've developed a plan is one of the primary pitfalls of crisis preparedness.

Don't fall into the trap. Prepare adequately for crisis by testing your plans, keeping them dynamic, engaging senior stakeholders, and getting in front of the media. Your reward when crisis strikes: a better coordinated response, easier recovery, and continued competitive advantage.



Citations

i. Peter Dent, Roda Woo, and Rick Cudworth, Deloitte Insight: *Stronger, fitter, better: Crisis management for the resilient enterprise.*

ii. Alchemy: *Avoid Crisis Nightmares – Identify Gaps & Strengthen Your Response Plan.* https://www.alchemysystems.com/webinars/avoid-crisis-nightmares-identify-gaps-strengthen-your-response-plan/?submissionGuid=7bf16256-4c14-4a70-8867-d371f65192fe.

iii. Dent, Woo, and Cudworth: *Stronger, fitter, better: Crisis management for the resilient enterprise.*

iv. Ibid.

v. Ibid.

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vii. Deloitte and Forbes Insight, Deloitte: *A crisis of confidence.* Available at https://www2.deloitte.com/global/en/pages/risk/articles/a-crisis-of-confidence.html.

viii. Seth Arenstein, PR News: *PR News/Nasdaq Survey: Nearly Half of Organizations Shun Crisis Preparation.* Available at http://www.prnewsonline.com/pr-newsnasdaq-survey-nearly-half-organizations-shun-crisis-preparation.

ix. Ibid.