

Planning for a Crisis

Your Response to the Unexpected

https://www.mindtools.com/pages/article/newLDR_70.htm

In 1982, seven people died after taking Tylenol® pain relief capsules that had been maliciously contaminated with cyanide.

The manufacturer, Johnson & Johnson®, recalled and destroyed 31 million capsules, at a cost of \$100 million. It quickly informed consumers and introduced new tamper-resistant packaging, and sales of Tylenol soon returned to their pre-crisis levels.

The company's swift reaction to the crisis was widely praised, and it was credited with reducing the number of potential deaths.

Such successful crisis management was due to Johnson & Johnson having a robust plan in place. It's not defeatist or fatalistic to plan for a crisis; it's realistic and wise. A 2014 survey by crisis management consultant Steelhenge (acquired by [Deloitte LLP](#) in December 2016) showed that, while most of the companies that responded had a documented crisis management plan, in almost a third of cases it was drawn up after the organization had been through a crisis.

Click [here](#) to view a transcript of this video.

In this article, we explore what types of crises could affect your organization, and look at strategies you can adopt as part of your plan for preparing and responding.

What Is a Crisis?

When we think of crises, we might picture disasters such as a hurricane, a major terrorist attack, or a flood. While these events definitely need to be anticipated, it's worth remembering that there are many less dramatic business crises that can damage your organization, such as severe [social media criticism](#).

Bear in mind, too, that the impact of a crisis can go beyond the direct loss of money, sales or long-term customers. For example, if the crisis means that your organization no longer meets its regulatory requirements, you could lose your license to do business.

As well as the crises we mention above, here are some other business traumas that could damage your organization:

1. Technological emergencies, such as industrial accidents or software failures.
2. Angry customers or protesters could boycott your products, or picket or blockade your premises.
3. Malicious individuals could tamper with your products or attempt industrial espionage.
4. Your organization may be involved in misdeeds. For example, car giant Volkswagen admitted recently that it had cheated on emissions testing.
5. Disgruntled people could spread maliciously false information about your organization to damage its reputation.
6. Transport disruption could play havoc with your ability to deliver your products to customers, or delay the arrival of your supplies and raw materials.

Crisis communication experts Matthew Seeger, Timothy Sellnow and Robert Ulmer [suggest](#) that all crises share three elements: they are a threat to your business, they take you by surprise, and they give you only a short time to react.

Planning to Manage Crises

There are many approaches to crisis and business continuity planning. Most involve establishing a crisis team, identifying the key risks, developing the plan for dealing with the crisis, and planning for full recovery.

Stage 1: Establishing a Crisis Team

Your crisis team needs to be in place well before any crisis actually happens. Its role is to come up with an effective plan for dealing with an emergency, create training and testing schedules, and work out how to get the resources that the plan will need if it's ever put into practice.

Start by appointing the person who's going to be responsible for the crisis plan. If your organization has more than one site, you may want to appoint someone for each location and an overall coordinator. If you're the person responsible for crisis planning, make sure that you involve the right people in the process,

and that you communicate effectively with them. [Stakeholder management](#) is a great way to do this successfully.

It's a good idea to define everyone's roles early in the planning process. This approach stems from the [Incident Command System \(ICS\)](#), a management system developed in California in the 1970s to fight wildfires, which established clear guidelines for crisis planning.

The team leader also needs to ensure that the plan is [ethical](#) and reflects the organization's values, as it's easy to cut corners in the midst of a crisis. In his 1997 book, [Defining Moments](#), Joseph L. Badaracco, a professor of business ethics at Harvard Business School, says that it's an organization's response to a crisis that reveals whether its actions are aligned with its beliefs and values.

Stage 2: Identifying the Key Risks

Next, think about everyday situations that could develop into a crisis. In addition to the potential crises we identified above, there are other threats to consider. These could include illness or death of key staff members; threats from obligations to, and dependence on, customers or suppliers; and threats from political developments, such as changes to tax laws or government policy.

Once you have a list of threats, you can narrow them down to the most significant, and plan for those. How likely is each potential crisis to happen and what would its impact be? Use ["What If" Analysis](#), [Scenario Analysis](#), and a [Risk Impact/Probability Chart](#) to help you to prioritize them.

Tip:

Our article on [Risk Analysis and Risk Management](#) gives you more information on how to assess risk and, by extension, identify potential crises.

Do other people in your industry have experience of real-life crises that you could learn from? Has your own company faced crises in the past? If so, talk to people who were involved, so you can really understand what happened. Some organizations and agencies will have a direct interest in your successful management of crises, such as your insurance company and the local or national police, and so will be happy to help. Business associations, local agencies, regulators, and government departments often share advice, too.

Stage 3: Developing the Plan

Now it's time to consider how you will respond to each key crisis. Having a detailed plan in place can mean the difference between acting effectively and

reacting rashly. There will be much less [stress](#) and confusion for everyone involved, and your business will recover faster.

Ask yourself and your key stakeholders the following questions for each crisis:

- How will you know that this crisis is happening?
- What procedures need to be activated in the event of a crisis? Be as detailed as you can. Keep asking, "If this happens, what do we do?" and develop a series of "If ____, then ____" recommendations to be followed during the crisis.
- What equipment and resources will you need to implement your crisis plan? For example, if you need a recovery center, which staff should move to it, and what will they need?
- How will you communicate with your staff? How will you handle customers and suppliers? Our article, [Communicating in a Crisis](#), can help with this.
- What are the criteria for determining that the crisis is over, and when it is time to move to the recovery stage?

When you write the plan, include the criteria, procedures, equipment, names and contact details, resources, and communications that will be needed in the event of each crisis. Once this has been done and agreed with senior stakeholders, make sure it's communicated to everyone involved. Our article on [Project Initiation Documents](#) can help you to organize your material.

A plan is only effective in a crisis if everyone knows what to do and can deliver it in difficult circumstances. You can use the [Recognition-Primed Decision Process](#) to help you to make good decisions in high-pressure situations. And be sure to regularly review and revise your program.

Finally, test the plan. Taking part in a full simulation is the only way that participants will experience the pressure of a crisis, and you will discover any shortcomings in your procedures.

Stage 4: Plan for Full Recovery

The last stage of crisis planning is to determine how to get back to "business as usual" as quickly as possible.

As part of your recovery plan, consider finding [external suppliers](#) for services such as records preservation before a crisis happens, so that they will not be affected by an internal disaster.

Make a list of critical operations and draw up a plan for bringing them back online after an emergency. This may include replacing damaged equipment, moving to a new location, or temporarily contracting out certain operations.

Think about the services you can offer your people after a crisis, such as counseling or flexible working hours until everything is back to normal.

Key Points

Planning can make the difference between surviving a crisis and succumbing to it. Crisis planning is an important part of proactive and effective management. To create your plan, you'll need to establish a crisis team, identify key risks, develop the crisis plan, and plan for full recovery.

Apply This to Your Life

Have you ever been in a crisis situation? How did you cope and what did you learn from it? Whether your house was flooded in a storm or you were stranded at an airport, a crisis plan can help you and your team (or family) to be ready for next time.