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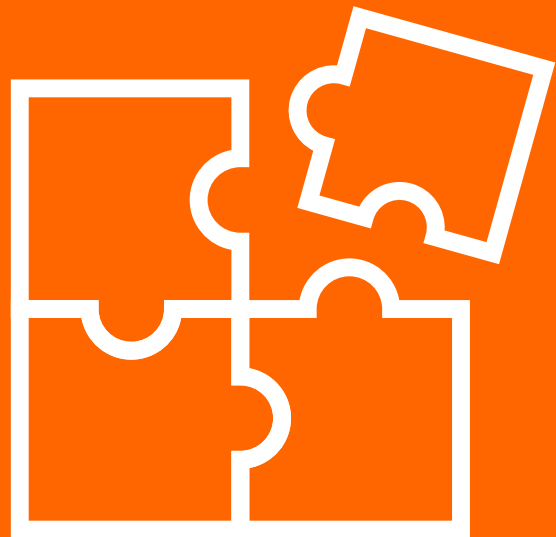
# Getting Started with Crisis Management Planning

# Crisis management planning grows in importance as crises grow in number and intensity

Crisis growth is accelerating at a pace far outstripping that of our collective commitment to crisis management planning. According to the Deloitte study, Stronger, fitter, better: Crisis management for the resilient enterprise, 60 percent of over 500 senior crisis management, business continuity, and risk executives said that their firms face more crises (both in number and intensity) today than they did ten years ago. In addition, 80 percent of those respondents have had to mobilise their crisis management teams at least once in the past two years. And that was before the COVID-19 crisis.

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Even then, senior executives appeared to have gotten the message. Nearly 80 percent of business leaders polled in an ODM Group survey said they believed their companies were only a year away from a potential crisis. These results are all proof positive that we are living in unstable times, not just in politics and public health, but also for markets and businesses selling their goods.

Companies can no longer afford to wait for crises to wash up on their shores before getting serious about crisis management planning. For one, the financial toll can be devastating. A cost of downtime survey indicated that a majority of businesses thought that a single hour of downtime could cost them anywhere from USD 51,000 to over USD 1,000,000 – not like a temporary work stoppage is the worst crisis scenario, either.

The evidence is clear: crisis management planning only when critical issues become crises militates against the effectiveness of the crisis management plan and crisis management response effort.

By then, the issue might already be garnering outsized, outside attention on social and/or traditional media channels. Diverse stakeholders will be clamouring for immediate action. Crisis management teams will barely have enough time to revisit old crisis management plans, let alone build new ones from scratch.

## Too few companies are serious about crisis management planning

Nevertheless, organisations' confidence in their ability to respond to crisis far exceeds their level of preparedness. More specifically, 90 percent of organisations are confident in their crisis management capabilities, but only 17 percent of organisations have actually performed the simulation exercises that would suggest they are actually prepared for a crisis, according to Deloitte.

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The same holds for specific incident scenarios. Some 70 percent of organisations were confident in their ability to manage a product recall. Yet only 22 percent had performed the appropriate simulations.

When it comes to preparing crisis communications, companies aren't faring much better. A Nasdaq public relations services study found that a plurality of corporate communicators surveyed said that their company either lacked a crisis communications playbook (48 percent) or were unsure of whether they had one (12 percent).

When looking at the specific crisis management measures organisations should take to prepare communications for crises, the picture only gets worse. A full 60 percent of organisations fail to role-play or were unsure if they did. Fewer than half (48 percent) used a media monitoring platform. And a paltry 24 percent of respondents said that their CEOs and other spokespeople received yearly media training.

# Start crisis management planning to get the balance right

The evidence is disturbing. While companies understand the likelihood of crises, they, by in large, haven't taken crisis management preparations seriously, failing to take the steps and performing the activities they need to before crises strike.

So, what should companies be doing? Here, of course, we enter the realm of crisis management planning. Crisis management planning is about proactively assessing and addressing vulnerabilities to avoid or minimise the impact of crises.

One way to think of crisis management planning (and plans) is as the set of processes that crisis management teams (in coordination with other, relevant business units) put in place before a crisis strikes, to manage the effects.

The plans themselves should deal with a number of contingencies and scenarios, especially those most likely to occur in your line of work (e.g., a data breach at a digital retailer or a bushfire in an at-risk region).

As to what should be in your plan, the typical crisis management plan will incorporate emergency response, crisis communications, as well as the steps crisis management teams should take to trigger an official crisis.

Now, if you're asking who should be involved in the crisis management planning effort, the short answer is everyone. Your entire staff will have to be involved in crisis response and recovery, so it's important that they are all prepared and understand the roles they'll play throughout the crisis management lifecycle.

Of course, some teams will be more involved than others in crisis management planning for certain types of disturbances. But even then, keeping everyone in the firm apprised of how to continue business processes in the event of a crisis is also critically important.

# The benefits of crisis management planning

If this all sounds intuitive, the question is why do so few companies adequately plan for crisis? Unsurprisingly, companies that experience crises become the ones most eager to avoid future crises.

Nearly 90 percent of firms conducted reviews, mostly internal, following a crisis, according to Deloitte. Those post-mortems tended to reveal that the crises, while unforeseen, could have been avoided.

Those findings also dovetail with what we know about crisis management planning, more broadly. In the U.S., for instance, the 11 September 2001 terror attacks proved a pivotal moment for getting companies to start planning for disaster. Before the attacks, only 30 percent of the Fortune 500 had crisis management plans. Two years later, that number had ballooned to 64 percent (Hough and Spillan).

Another common refrain is that you can't plan for every conceivable crisis. The implication being that you shouldn't plan at all. That's simply untrue.

The benefit of crisis management planning is not just that your organisation will be better equipped to effectively respond to specific incidents, but also through the process of crisis management planning, you identify other potential threats and are able to game out the tasks, processes, and crisis management software and communications you'll need throughout the crisis management lifecycle. What's more, crisis management planning creates better crisis response outcomes, partly because it tamps down on some of the stress that you're sure to experience in the midst of an active crisis.

While securing better peace of mind is a crucial (oft-undervalued) benefit of crisis management planning, there are many, many others, including:

Mitigate legal exposure

Avoid penalties from regulators

Keeps cost down

Ensure compliance where crisis management planning is mandated

Minimise downtime and increase productivity

One of the greatest incentives to plan is to avoid furthering reputational damage. Imagine the reputational damage of being hauled before lawmakers and having to answer for why your company didn't plan for a likely scenario in your industry.

That's not idle speculation, either. Already, 70 percent of board members said it took their organisations up to three years to recover reputation following a crisis. Sixteen percent said it took four years or more. And post-crisis, there is an 80 percent chance of a company losing at least twenty percent of its value in any single month, in a given five-year period.

Finally, crisis management planning doesn't end with plans and playbooks. It's not unusual for companies to prepare elaborate crisis and emergency plans, only to let them sit on the shelf, untested, collecting dust.

Crisis management training, here, is crucial. Crisis management training not only better prepares your teams for crises, it also exposes some of the flaws in your crisis management planning assumptions in a lower-stakes scenario.

To sum it up, businesses have to start somewhere. The crisis threat is here to stay. It's no longer sufficient for companies to acknowledge the need for crisis management. Business leaders need also to spearhead the development of robust crisis management planning efforts, before it's too late.

As part of that effort, don't neglect to procure crisis management software that digitises the resulting crisis management plan, so it's ready at hand when a crisis strikes. Not sure what other capabilities you need to look for? Download our crisis management buyer's guide.

## Sources

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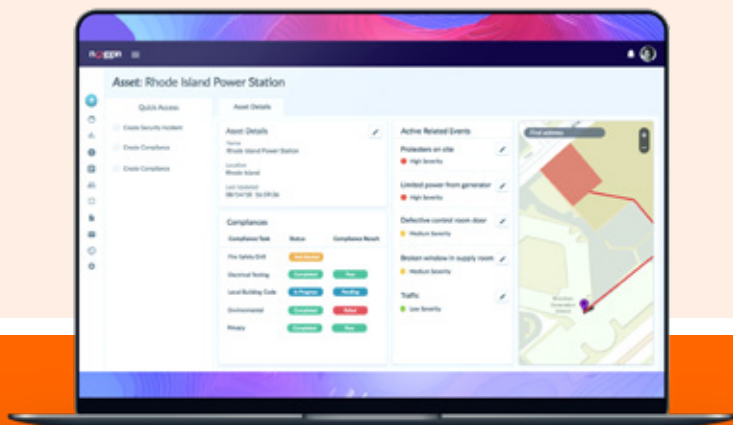
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