CRISIS PLANNING – SECRETS REVEALED!
Presentation by Jim Truscott in Bangkok 6 October 2011

Let me establish our crisis planning credentials with you so you can put the presentation into perspective. *Truscott* has been consulting across Asia now for over ten years with multiple listed, private and multi-national companies. Truscott has considerable experience in the field of preparing leadership teams to deal with crises, major emergencies and business continuity outages in all forms. *Truscott* has conducted hundreds of tests to rehearse Emergency Response Teams through to corporate Crisis Management Teams across the globe including in Thailand itself and we have been called in to urgently advise several companies facing significant difficulty. Accordingly we have a proven track record as Crisis Practitioners and Continuity Planners.

Right up front it is important to put the crisis word, the C-word into perspective. The English word crisis is a turning-point; a moment of danger or suspense in politics and commerce from the Greek word *krino* to decide. The crisis word conjures all sorts of meanings depending upon your station in life, but it essentially a turning point or decision point, no matter which way you look at it. The expression Crisis Management then is all about making the best of that turning point or decision point. Crisis Leadership is the art of developing and implementing strategy under pressure at that moment of danger or suspense. The word 'strategy' derives from the Greek word *strategos*, meaning the art of the general. Napoleon said that leaders are dealers in hope and he would promote people to General if they seemed to be lucky. Today my presentation is not about being lucky; it is all about planning for the unpredictable and unthinkable; a bit like Noah's rule where predicting rain doesn't count, but building Arks does.

Crisis Leadership = Crisis & Emergency Management + Business Continuity Management
Risk Management
What do systems and frameworks look like when the game of business is played in the jungle and not on the playground? What do documents look like when it is the rules of the jungle that prevail in sidestepping the business snakes and climbing the business ladders? Well firstly, Crisis Management is the just the science. Crisis Leadership is the art of applying the science in a successful way. The reality is that crisis capability is knowledge driven and not plan driven and the ability to learn faster than your competitors is the only real sustainable competitive advantage in this space. How do you capture that capability in a plan? Capability is actually more than knowledge. It also involves skill and attitude. How do you capture these attributes in a system which by definition is just a set of principles or procedures; an organized scheme or method?

The English word strategy comes the Greek word *Strategos* meaning the Art of the General. Von Moltke, a very famous Prussian Chief of the General Staff, did not have much time for a systems approach to strategy. For him strategy was just a system of makeshifts. For him it was more than a science. For him it was bringing knowledge to bear on practical life, the further elaboration of an original guiding idea under constantly changing circumstances. For him it was the art of acting under the

pressure of the most demanding conditions. That is why he advocated that general principles, rules derived from them, and systems based on these rules could not possibly have any value for strategy.

Prepare for crisis, it is part of business. New York Times. However If you wish to lead in business you must be able to function in a non-business as usual environment and to be able to capitalize on negative events. Failing to plan is planning to fail so how does business translate these thoughts about developing and implementing strategy under pressure into action? Crises, emergencies and business outages are going to occur at some time in the future, so planning to manage these situations is the key to corporate survival. These days we talk about the notion of being resilient to business interruptions. Some organizations seek to build in notions of resilience into plans but resilience is really more a mental and physical disposition and not a system as such.

It is said that organizations become resilient when they put people first, when they have internal diversity, and when they reach out and actively engage third parties. Resilience is as much a state of mind as it is documentation. This attitudinal approach leads to sector wide responses in the market place; a drawbridge, moat, castle and network of castles approach to planning. This is the domain of the Risk Register, the Business Impact Analysis and the Security Threat Assessment.

In practical terms there must be some focus by individual companies across the spectrum of prevention, planning, response and recovery. Some of the approaches to prevention, planning, response and recovery are influenced or directed by government regulation and varying controls over critical infrastructure protection in some countries. Regardless of government requirements, all approaches to prevention, planning, response and recovery are influenced by their degree of application. There are large differences between the policies, plans and procedures in use by governments and businesses, and substantial differences between those held by public and private companies, and indeed between conglomerates and multi-national companies.

The disciplines of Crisis, Emergency and Business Continuity Management and Emergency Response are often mixed up and confused by many different groups, which causes confusion in action and it can severely degrade the result.
Some policies, plans and procedures focus on Emergency Response in isolation; some focus on Emergency Management in isolation; some focus on Crisis Management in isolation and some focus on Business Continuity Management in isolation. Some confuse Emergency Response and Emergency Management. Some see Crisis Management as a subset of Business Continuity Management. Some see it the other way around. Some do Business Continuity Management inside a cave while others do outside the fence with third parties. Some link Risk Management, Crisis and Emergency Management, Business Continuity Management inclusive of IT Disaster Recovery in a seamless management continuum across all lines of business. The moral of the story is the importance of reducing the chaos of terminology and success will follow. It is all about solving comprehensive problems under pressure in simple effective ways.

There are all manner of systems. Some are truly global, some are geographical or regional. Some are centralized and some are decentralized. Some allow centralized planning but de-centralized execution. Most are based upon vertical lines of business with horizontal country approaches to management of reputation. Some lines of business exist in silos and have no dealings with each other. Most are based upon existing line management systems but some transform across to the Incident Command System, especially in the global resource sector. Some suffer from

Leadership Compression which can be a deadly sin in crisis. These are those where senior management reach right down into the business. We have seen Chief Executive Officers shouting on radios. All pretty grim really. All approaches are generally linked by risk consequence matrices; some qualitative and some quantitative in style. A lot of them, but not all of them, are underpinned by philosophy such as prudent over-reaction and rapid de-escalation which Shell espouses, or if in doubt call it out, or Code Red or no blame culture or Code Brown for hospitals or cut once, cut deep like Virgin Airlines and so on.

The combination of emergency, crisis and business continuity plans constitute the major components of a framework; the basic structure underlying any system. Although the processes for Emergency Response and Emergency Management, Crisis Management and Business Continuity share much in common, the reality is that each is recognised and handled as a stand-alone process within most frameworks. Business Continuity is planning for the Inevitable. Crisis Leadership is preparing for the unthinkable. Mature frameworks integrate corporate-level 'whole-of-business' crisis and business continuity plans providing for the management of enterprise-wide, business-level and business function, subsidiary or site-level issues. The framework and content of each of the supporting plans are developed and specified using a combination of internationally recognised standards and industry best practices.

Best in class business frameworks deliver policy statements that position the capability within overall business objectives and within defined risk appetite and risk tolerances. They describe the relationships and interdependencies between crisis, emergency and business continuity, including definitions and activation thresholds at each level of the business. They describe the general principles and elements governing planning, preparation, response and recovery to ensure that all activities are conducted and implemented in an agreed and controlled manner within the organisation. They provide a clearly defined framework for the ongoing management of the capability including planning, implementation and operation, performance assessment, improvement and management review.

Resilience = (Risk Management + Crisis Management) x Degree of Application
So where does such *Shelfware* sit in a systems approach? Shelfware is just plans in the cupboard; ideal for inductions, contact directories and technical references. In planning it is absolutely critical that organizations do not end up with large volumes of paperwork that become difficult to maintain and keep current and which add little to the overall resilience of the business. Small policies, plans and procedures are good, even great. We say thin not thick. Size is not important; readability is everything. Mike Tyson the famous boxer said that everyone has a plan until he gets punched in the face. Moltke said that no plan survives contact with the enemy. This is why you also need sweatware, the physical application of leadership. It is experiential, face-to-face, presence-based, hands-on, applied leadership. It is also why you need wetware. This is the mental application of leadership; not motivation but true inspiration through advanced problem solving, triggering new thoughts and leadership throughout the organization. Capability is therefore the sum of shelfware plus sweatware plus wetware.

True crisis plans are useful for inducting new leaders into an organisation, but they are invariably never used in the heat of a crisis, other than as the repository of useful telephone numbers, or for some much defined events like product recall. Solutions on paper are passive by their nature. Hence crisis plans can at worst be viewed as a perception of a solution which if rigidly adhered to can stop a leadership team from moving forward in bold creative thought. Plans are essentially basic or managed

systems while knowledge is predictive and exploitive. However, the crisis plan is very useful for inductions as they describes policy on crisis response; what event or occurrence constitutes a crisis and what is regarded as an emergency; team composition; practical actions for the first person to enter the room; individual and team member prompts and immediate action guides; strategic action checklists for Business Continuity, reputation and liability issues; crisis communications protocols; procedures for the Call Centre, Communications and HR Support Teams; and the all-important stakeholder contact directory.

Crisis governance requires that an organization's leadership team either in one location or wherever they maybe on the day of a crisis can come together physically and/or virtually to regain control of any abnormal situation in conjunction with any subsidiary business leaders and involved contractors or business partners. As a minimum any basic system should aid and guide management at all levels in resolving any event or issue. The best systems provide a description of the system and the structures and processes to be adopted by the management teams at each level of the business. They identify criteria or triggers for declaring a crisis or emergency and managing the responses. They include a clearly defined process for providing team leaders with the information needed to inform their decision as to whether to invoke or mobilise a response. They define a process for activation and notification of key people in the company when any abnormal event or issue occurs so that no time is lost, decisions are made on what needs to be done, and early steps are taken to contain and control events. They provide a description of the requirements for and operation of primary and alternate crisis or emergency management rooms and the conduct of virtual meetings. They also cover the actions of the first person to enter any room. They contain a process for problem-solving and decision-making, including risk-focused checklists for considering business continuity, reputational and liability issues as well actions to be taken to save life, protect property and minimise environmental damage. They contain processes for information capture and transfer, managing the media, and guidelines for dealing with people affected by the crisis or emergency event.

The moral of the story is that information is just knowledge. Experience is everything and confidence is being able to apply that experience. Experience tells you what to do; confidence allows you to do it. Separate from the paperwork, crises call for leaders with answers, decision, strength, and a map of the future, someone who knows where the organization ought to be going. In short, someone who can make hard problems seem simple. Einstein said that imagination is more important than Knowledge. Clearly leadership is the most important critical success factor in coming out of a crisis, so can you put leadership and teamwork in a document? Business crises are an environment where trial and error, ambiguity and evolving ends are normal. How do you plan for that? These situations demand an adaptive mental stance, adaptive approaches to problem solving and bold action to create opportunity in ambiguous circumstances. This capability only comes though study of crises and practice in real or simulated circumstances, reinforced by natural talent. You cannot put this in a plan. It has to be bottled in another way. That said there are some proven tactics, techniques and procedures that you can reinforce through planning. The first is documenting process and workflow. When the leadership must perform in a team on their feet under pressure, it is process that gets them though. This aspect is so important that it is now best practice to have a process checker. Someone not concerned so much about the strategic outcome but the methodology to be followed to arrive at that outcome. It is the de Bono blue hat, thinking about thinking approach to problem-solving and decision making.

Recognition, Notification & Activation
Problem solving and decision making by Line of Business Management Teams
Hand off of issues to the corporate Crisis Management Team
Developing & implementing strategy by the Crisis Management Team in concert with
Line of Business Management Teams
Communicate! Communicate! Communicate!
Return to Business as Usual or customer facing solutions
So what does process look like in a plan, a written document? This is the Eskimo roll for business executives allowing them to paddle a kayak in any business sea. Unless you see this workflow simply put in a contingency plan then there is little hope that the plan will ever get used. Unless there is natural talent for leadership and team work in teams, on their feet and under pressure, plans which do not give process guidance may hardly ever get used. Senior managers must become comfortable following these processes in front of staff. If they <u>own</u> these processes, they will become so comfortable that it inspires them and reinforce the courage to act.

There are some simple and proven tools that can be used that enable best process. A Culture of deputies both vertical and horizontal must be embedded in plans. Without management in depth, plans are on shaky ground indeed. Focus Boards are now state of the art enabling teams at all levels to grasp tasks and issues under the headings of life, property, environment, business continuity, liability and reputation. This tool enables an unequivocal focus on people and puts all other emergency plans and crisis strategies into relative perspective. A stakeholder board is a war winning tool enabling teams to start bracketing the problem and ensuring the all-important, point-to-point stakeholder engagements at all levels of the business. Other decision support tools be they Duty Cards, team and individual prompts are also standard practice. It is not that management do anything differently, rather that they must simply go at the speed of the problem they face.

The first thing we do, let's kill all the lawyers. Shakespeare in Henry VI. How do you guarantee speed of implementation when information is the key resource, truth is the primary value, and speed is the greatest enemy? Implementing crisis strategy is like when you are running from a tiger; one need not run faster than the tiger, just faster than the next person. How can you think like that when you can feel the hot breath of the tiger right on your back? The confirmed mental agility to do this only comes from constant exposure to simulations.

That said again there are other tools that can be embedded in plans. The process checker remains supreme in this environment, as does effective delegation to Support Teams and all manner of scribes, minders and administrative assistants. Multi-tasking through support staff is a leadership and team work skill enabling speed of delivery. Good information capture and transfer is vital though individual and team logging. The use of Virtual Crisis Management Environments (known as VCME] enables teams previously constrained by one-to-one and one-to-many forms of communications to now reach out through mass media and engage many to many at once. There are a large number of these notification and collaboration tools on the market; some in the 'cloud' and they are continuing to evolve. Going at stakeholder speed is the key, not forgetting proven direct contact with stakeholders in implementing strategy and using the proven monitor, analyze and respond formula to seize the first moving advantage with media and fill the information vacuum.

The only way to discover the limits of the possible is to venture a little way past them into the impossible. Arthur C. Clarke. So how do you plan for the unthinkable; especially low probability, high consequence type scenarios. True crises emerge from the unknown, so crisis leadership is dealing with the unthinkable and the

unpredictable. The best plan never survives contact with a risk issue, but simulations can effectively raise issues, expose vulnerabilities, as well as lay the foundation for resolution. According to Albert Einstein, games are the most elevated form of investigation. Simulations enable people to visit vision. They enable leaders to be in the future and to look back as the present. They permeate leadership down through the company. Simulations in teams are the most effective method to stimulate your leadership to a systemized way of harnessing vision and solving complex problems. Process will guide you on this journey of most likely and most dangerous thinking.

In an ideal world with unlimited resources a business would develop fully tested and comprehensive plans while at the same time put together carefully chosen regularly exercised Management Teams. However, the reality is that for the vast majority of organizations, planning activities are compromised by limited budgets and insufficient time and resources. Therefore prioritization of effort must take. Is it better to try and focus on both the plan and the team or should one area be given the lion share of resources to the detriment of the other? The evidence would show that the benefits fall on of the side of having a strong team, although some plan development is essential to ensure that the team has the necessary pre-planned information and arrangements ready to go. This is the minimalist plan and optimized team approach. It keeps the plan to the absolutely bare minimum with no complicated procedures and processes; simple information that the team can use as the basis of taking actions and making correct decisions.

I hear and I forget. I see and I remember. I do and I understand. Confucius, Philosopher 551-479 BC. In conclusion like good strategy, Crisis Management begins before the first move. However carefully an organization goes through the steps, and however well drawn its plans are, it is the leadership teams proficiency that will achieve success and efficiency and ultimately determine the organization's reputation when a threat materializes and becomes a major event.