Routes of Crisis - To Understand and to Underline

S.Chandra Mohan
Assistant Professor, Dept.of Management Studies,
Vaishnavi Institute of Technology,Tirupati.

Abstract

Any situation that is threatening or could threaten to harm people or property seriously interrupt business, damage reputation and/or negatively impact the bottom line called crisis. The word crisis has been defined in different forms and it has created flutter over the period of time. Business at which it is taking operation should consist a portion of elements along with practice to minimize the rate of disturbance and to maximize the return to the business. The turbulence without prior indication can also teach lesson to the market in the areas of stability, survivalance, and succession area. System to monitor all these waves. From different fields, this study helps in understanding of peripherals that would enter in and after the situation.

Key Words: circumstances, loose cannons, spokespersons, fire fighting, due diligence, Blindsided, persuade, tactically, vigorous.

1. Explanation:

There's a death or serious injury due to questionable circumstances. An employee is accused of impropriety. Your company is acquired by or is acquiring another. A natural disaster occurs. There's an investigation of your facility by a regulatory or law enforcement agency. By the definition given above, all of these are crisis scenarios such as those routinely faced by most organizations. In any field, there is no such thing as a business in which crises do not occur Unfortunately, not all organizations are aware of the difference between marketing in routine situations versus marketing in crisis situations, namely:

1.1 From the side of marketing:
Marketing's routine function is to build the value of the business. Marketing's crisis communications function is to preserve the value of the business. Often, organizations are prepared to respond to the operational components of a crisis (e.g., for a fire: call the fire department, evacuate the building, etc.). However, there are many audiences potentially affected by any crisis, and each of these will want to know the facts as soon as possible; members of each audience will start to worry and/or react inappropriately in the absence of such facts.

Typical audiences include clients/patients/customers, the media, employees, investors, community leaders, and regulatory agencies. Each of them requires a specific type of communication (e.g. phone call, fax, mail), and has differing information needs. If an organization is prepared, in advance, to respond to those needs promptly, confusion and damage is minimized. I am aware of a health care company which operated for over ten years without a significant crisis, and then experienced half a dozen crises over a two month period. Some of these situations, lacking proper response, could have resulted in significant damage to the firm's credibility and profitability.

1.2 Experience no.2
Fortunately, and very atypically, the organization had recently commissioned a crisis communications plan which provided them with a system for coordinated, prompt, honest, informative and concerned response to crises. This plan consisted not only of a manual with scenarios and instructions, but also involved a comprehensive audit of the organization's vulnerabilities that resulted in numerous recommendations for operational/system changes which, unchanged, created a potential for crises.
For example, the audit and subsequent analysis (conducted over a six-week period) revealed a lack of standard procedure on how to route media calls and who should handle the calls. Yet, particularly during a crisis, all employees need to know to whom a reporter should be referred or else a number of "loose cannons" are likely to be quoted instead of trained, authorized spokespeople.

Additionally, there were no fixed policies on some controversial issues such as the interaction of HIV-positive employees with patients nor was there a standard procedure for responding to needle sticks by medical personnel. This lack of policy could have resulted in significant criticism or worse, and the recommendations made during the crisis planning process ensured that the crisis would not happen. In some cases, the board of directors or administrative staff were aware of system weaknesses but hadn't thought of the marketing communications/bottom-line impact of failure to quickly correct the problems.

Prevention, then, versus reaction, is the ultimate key to successful crisis communications. How many of my clients create a crisis plan BEFORE having a significant crisis? Less than five percent. That's because they look at the one-time cost (typically under $10,000 for a single small to mid-size firm) and choose to avoid impacting their budget now versus giving significant thought to the fiscal impact of a crisis. I am usually asked to do a plan AFTER a damaging crisis, during which we have to spend considerable time, at client expense, attempting to minimize damage "fire fighting" in the public relations sense that would have been unnecessary if a plan was in place. Yes, crisis communications counsel will be needed even if a plan has been created but far less of it.

In conclusion, if I may risk a medical analogy presuming that I am, to crisis communications, what a highly trained physician is to his or her specialty: crises will occur, and they can be VERY damaging to your organization's health. There is treatment available, now, which can eliminate many crises and minimize the impact of others. I recommend prevention, but you're the patient it's your choice.

2. Lessons

During the last several months we have witnessed one of the most trying times for financial markets in several decades, perhaps since the 1930's Great Depression. I need not repeat in detail, for this audience, the litany of events that have led up to the present. As you all well know, the originators of lower quality mortgages in the United States had strong incentives to meet a constant and, indeed, increasing demand for securitized products of some form or another. There was little incentive to originate good loans or monitor the borrowers' creditworthiness. Additionally, the high demand for other types of structured credit products, such as those formed from commercial real estate, leveraged loans, and some other types of consumer credit, meant that these sectors also witnessed weakened credit standards. In these categories, the after-effects are just now becoming visible.

Let me focus my remarks on two broad and key areas. First, what are we learning from the events that have unfolded so far? And second, what can the International Monetary Fund do to make the global financial markets a safer place in which to ensure sustainable global growth?

There are several lessons we can now draw for the private and public sector related, in one way or another, to how various incentives have played out in the run-up to the crisis. Let me, in the first instance, highlight four key lessons for the private sector:

The first is that originators need to be "incentivized" to make loans to high-quality borrowers and to monitor loan performance more carefully.

The second lesson is that the governance structure of the risk management system needs to be improved in financial firms in which the incentives are biased toward returns rather than the risks involved in attaining them.

The third lesson is that the incentives to use credit rating agencies and the incentive structures within credit rating agencies themselves need to be reexamined.

The fourth lesson is that investors need to perform their own due diligence and ask the right questions about the riskiness of the securities they are purchasing.
3. Recent Updations

October 2012: The October 2012 Global Financial Stability Report (GFSR) finds increased risks to the global financial system, with the euro area crisis the principal source of concern. The report urges policymakers to act now to restore confidence, reverse capital flight, and reintegrate the euro zone. In both Japan and the United States, steps are needed toward medium-term fiscal adjustment. Emerging market economies have successfully navigated global shocks thus far, but need to guard against future shocks while managing a slowdown in growth. This GFSR also examines whether regulatory reforms are moving the financial system in the right direction, and finds that progress has been limited, partly because many reforms are in the early stages of implementation and partly because crisis intervention methods are still in use in a number of economies, delaying the movement of the financial system onto a safer path. The final chapter assesses whether certain aspects of financial structure enhance economic outcomes. Indeed, some structural features are associated with better outcomes. In particular, financial buffers made up of high-quality capital and truly liquid assets tend to be associated with better economic performance.

3.1 FICCI calls for crisis management training

CHENNAI: The Federation of Indian Chambers of Commerce and Industry (FICCI) will soon speak to the police to help conduct crisis management training in management institutes. The Mumbai terror attacks not only brought the need for strengthening security measures in the country, but also to train management students in crisis management.

"The managers of Taj were not sure how to react when the terrorists attacked. Crisis management training of management students has become important. These people will be occupying crucial positions in companies and need to think quick," said P Murari, advisor to the president, FICCI.

"The course must be made mandatory. Every student should have the basic knowledge on how to evacuate a hostage from the scene and what to do first when a hostile situation arises," he said. Murari said he has spoken to Loyola Institute of Business Administration and Great Lakes Institute of Management. He plans to speak to the industry about the same.

City police commissioner K Radhakrishnan appreciated the idea and stressed the importance of crisis management cells in industries.

3.2 Dengue fever: Cabinet sets up crisis management team

THIRUVANANTHAPURAM: The Kerala Cabinet on Thursday set up a three-member ministerial crisis management team to tackle the situation caused by spread of dengue and other forms of viral-caused fevers which have so far claimed 51 lives across the state. The Cabinet also sanctioned Rs 2.30 crore to purchase medicines in government hospitals and other emergency measures, Chief Minister A K Antony told reporters.

Health Minister P Sankaran would head the crisis management team in which Rural Development Minister C F Thomas and Local Administration Minister Cherakalam Abdulla are members. The panchayats had been allowed to release Rs 25,000, municipalities Rs 50,000 and corporations Rs one lakh each from their funds, he said.

The services of government doctors working in urban areas would be made available in the affected rural areas on a temporary basis. A cleanliness and anti-mosquito campaign would also be carried out in the state, he said.

3.3 Centre for uniform policy to tackle Maoist hostage crisis

NEW DELHI: Seeking to formalize negotiations as a uniform policy to deal with hostage situation caused by Maoists, the Centre will suggest setting up of a standing crisis management group (CMG) in each naxal-affected state for swift response. The CMG, according to a draft hostage policy formulated by the Centre, will be led by state chief secretary, who will assess the situation before preparing a counter-strategy that must be approved by the state's political dispensation.
Interestingly, the proposed hostage policy - circulated to the states some time ago - makes room for swap deals, unless the Maoists sought to be released in exchange for the hostages are hardcore cadres charged with sedition or heinous crimes. The Centre's alleged 'nod' for swapping Maoist sympathizers and cadres facing minor charges for hostages runs contrary to the stand taken by Chhattisgarh CM Raman Singh after abducted Sukma district collector Alex Paul Menon was released earlier this year following protracted negotiations. Singh had disapproved of swap deals with the Naxalites, even where the hostage happened to be the CM himself.

Now, there is no uniform policy for dealing with hostage crisis across the Naxal-hit states. The high-profile abductions of Menon in Chhattisgarh, apart from that of IAS officer R Vineel Krishna, two Italians and BJD MP Jhina Hikaka in Odisha, had made the Centre notice the lack of uniformity in response of the state governments concerned. A hostage policy was subsequently sought by former Union home minister P Chidambaram.

As per the draft hostage policy, the CMG in the state facing a hostage situation will set up a panel to negotiate with the Maoists. The panel, apart from comprising representatives of the state government and independent persons who enjoy Naxals' confidence, will have to mandatorily include experts with professional training in handling hostage situations. Such courses, sources told TOI, are offered by some leading security agencies of the West and the Naxal-affected states will be required to depute officers to undergo these training programmes.

The ground rules proposed for negotiations require the panel to engage the abductors to ensure that the hostage is safe while in their custody. A possible failure of negotiations has to be factored in at the time of preparing the counter-strategy, and a back-up plan must be in place. The back-up plan will involve action by the security forces to rescue the hostages.

Keen to have the hostage policy in place soon, the Centre has on October 18 convened the chief secretaries and DGPs of nine Naxal-hit states here to discuss its terms. Sources said the other issues that will figure in the deliberations are standard operating procedures (SOPs) proposed for operations, where naxalites are found to be using local tribals as human shields.

The meeting will also dwell upon possible replication of the successful anti-Maoist operations in Saranda forests of Jharkhand and in Bastar region of Chhattisgarh. Review of development initiatives, including implementation of the Forest Rights Act, recruitment of tribal youth from affected areas, and constitution of a special investigative team to probe Naxal attacks, will also be discussed.

The SOPs to minimize collateral damage in operations where Naxalites may be using human shields include improved intelligence, mandatory use of non-lethal weapons such as rubber bullets at the start, use of night-vision devices for counter-insurgency in the dark and a sound knowledge of the local terrain.

4. EXPERTS RECOMMENDATIONS

4.1 As the leader of the CMI crisis consulting practice and with more than 22 years in the crisis management profession, Charlie brings many diverse capabilities to CMI clients. For the last 10 years, Charlie has worked with CMIs corporate clients to develop or improve crisis management plans, conduct crisis exercises, and provide strategic direction during actual crises for all types of companies, including chemical, energy, food, financial, pharmaceutical, high-tech, manufacturing, retail and non-profits.

For the previous 9 years, Charlie was the worldwide crisis management competency leader for the E.I. DuPont Company. He was internationally recognized as an expert in all aspects of corporate crisis management, i.e., strategies, policies, processes, procedures, organizational structures, external and internal communications, facilities, etc. He provided strategic guidance to DuPont during actual incidents, protecting corporate reputation and financial stability by ensuring actions of senior management and other responders were consistent with crisis management policies.

From 1989 to 1998, he led strategic crisis management and communication planning for DuPont, developed crisis management policies, plans, and procedures for the corporation, business units, staff functions and international regions, and ensured smooth integration at the operational level. Charlie
developed and maintained crisis response and external communication skills of the CEOs Office, and corporate, business, staff, and international crisis teams. He strengthened crisis teams effectiveness by increasing awareness of each others roles and responsibilities. Team roles included security, litigation & labor law, environmental law, business resumption, procurement, logistics, public relations, regulatory compliance, transportation, safety and employee health, community relations, employee relations, next-of-kin notification, trauma assessment and debriefing, environmental remediation, etc.

Charlie has designed, conducted, and evaluated hundreds of drills for corporate, business and international crisis teams; applied learning from drills to improve plans and train teams; and developed networks to improve actual incident communications, reducing the potential for situations to become serious crises. He has extensive experience in Strategic Crisis Planning and conducting crisis media training for corporate spokespersons.

4.2 By Bruce T. Blythe

On September 11, 2001, we all learned a terrible lesson about our vulnerability in the workplace. Every manager in America was confronted with an awful new responsibility. We must prepare our companies for the unthinkable, so that we will be ready when catastrophe strikes. But how do you plan for the unimaginable? And what should you do if disaster strikes? When faced with this question, hundreds of companies have turned to Bruce Blythe - and with good reason. For more than a decade, Blythe has led companies to recovery, as he has advised managers on disaster preparedness and response. Drawing on his unique experience, Blythe now offers BLINDSIDED, a complete manual for managers on how to prepare themselves and their companies for what he describes as “workplace catastrophes” - natural disasters, kidnappings, aviation and industrial accidents, terrorism and armed attack. Blythe distills his experience into a step-by-step process that can help any company deal with customers, employees and the media after a crisis.

Here’s what BLINDSIDED will teach you:
-- What to do in the immediate aftermath of a crisis
-- How to address the human side of crisis response, recovery and preparedness
-- How to quickly reduce your company’s vulnerability to disaster
-- How to increase the effectiveness of your communications
-- How to analyze foreseeable risks and create a master plan for crisis response
-- How to manage employee stress in the aftermath of a crisis
-- How to accelerate recovery
-- The A,E,I,O,U and sometimes Y of crisis preparedness
-- How to prepare for future terrorism

Blindsided does more than secure the structure of a business. It shows you how to rebuild the spirit of your employees, so that your business can come back stronger than before. In the wake of September 11, 2001, Bruce T. Blythe and other members of his firm dispatched to New York and Washington, D.C., to assist more than 200 corporate, military and governmental organizations. In his new book, he offers managers the best of his highly-sought-after expertise – a step-by-step guide to a subject that has intimidated all too many managers.

Terrorism. Earthquakes. Hostage situations. As the CEO of Crisis Management International, an Atlanta-based crisis consulting firm with clients around the world, I have dealt with countless earth-shattering events. The impossible-to-imagine tragedies that are the stuff of “Breaking News” fill my average workday. I have witnessed the life-changing events that rock our world. To save kidnap and ransom hostages, I have trekked deep into the jungle of Ecuador. I was at a school bus crash in Texas that resulted in the tragic loss of 23 young children. In the aftermath of Hurricane Andrew, my firm provided relief to 28 companies simultaneously. And then, on July 29, 1999, it was our turn. A crazed gunman was on the loose in the office complex that is home to our company, Crisis Management International (CMI). As I walked to our front door to assure it was locked, I was informed by my office manager that our vice president of operations, a trusted and loyal employee of sixteen years, had just

www.theinternationaljournal.org > RJSSM: Volume: 02, Number: 10, February-2013
left for the bank through the very corridor where the gunman reportedly was on the loose. I was overcome with an immediate need to rush out to assist. Yet my years of crisis experience training told me this was a time to put my veteran crisis management team and our communications capabilities into action. The shooter, we would come to learn, was Mark Barton, a disgruntled day-trader in Atlanta’s financial district. By day’s end he would kill nine people and injure another dozen. My immediate concern was for our vice president. The question I presented to our staff was, “Now what do we do?” I reached for the crisis manual, the same one that has evolved through use with countless CMI clients over the years. It was our turn to take our own medicine. The Checklist for Immediate Actions reminded us to address ongoing danger, communications with those impacted, notifications, family concerns and escalation potential.

Before long, we were told erroneously that the gunman was holed up in an office in our building with hostages. We were instructed to stay away from windows and hallways. Through the plate glass front window, I could see police officers running with guns drawn. Something big was going down and this time our role was potential target, not crisis management consultants. Eerily, our staff watched on television as our building appeared on the screen. Finally, we received the phone call we had been waiting for, but dreading. It was good news – our vice president was unhurt! In fact, she had been the second person on the scene and had been pressed into service to tend to frightened employees in other offices. Two hours later, police officers finally escorted us from the building. Our staff members recoiled as we were led past the nearby office whose glass walls revealed a sickening saga of death and destruction. After years of helping others cope with traumatic incidents, this experience gave me and my colleagues at CMI a new perspective on experiencing crisis. We were near the shooting and identified closely with the incident. The impact on all of us was considerable. Although begun before the attacks of September 11, 2001, this book was completed with recognition that the rules have changed. A sense of safety and security once commonplace among employees and employers has been severely compromised. The possibilities for crisis in the workplace are more ominous and far more real.

The events of September 11, 2001 and previous catastrophes succeeded in heightening the awareness of business leaders that anything, and everything, is now possible. They see – as they have never seen before – that strong, proactive measures are required to protect their workers and, in turn, their businesses and reputations.

My goal in writing Blindsided was to bring order and purpose to the potentially overwhelming task of preparing for crisis. I want to help reduce your company’s exposure to chaos and threat, by teaching you to analyze foreseeable risks and create a master plan for crisis response. These are lessons that until recently may have seemed merely interesting. Now they have become essential. I bring my years of experience to these pages: middle-of-the-night calls from frantic executives; heart-rending visits to hospitals; and the palpable desolation as colleagues gather around a television, learning that the hijacking victim on the screen is one of their own. The first half of this book covers field-tested approaches for responding to critical incidents during the heat of battle. The second half offers a structured methodology for preparing your organization for crisis, in advance. It is intended to be used at a slower pace, as you plan and enhance your crisis preparedness over time. I placed the section on response before that on preparedness to give you a full understanding of what you will encounter in a real catastrophe, before you start to develop a plan. To prepare adequately for crisis, you need to “see” what you are up against. Each chapter is followed by a Quick Use Guide, a tool for instant reference during a crisis or any time. The final chapter provides additional checklists, guidelines and management considerations for a range of specific crises, from natural disasters and workplace murders, to corporate kidnappings and air crashes. My message offers unparalleled relevance to today’s workplace. But these are not newly minted, untried concepts. Rather, these are lessons I have learned and shared with business leaders around the world for two decades. CMI’s ideas and strategies have been put to use by leading corporations that range from medium sized companies to a Who’s-Who of
the Fortune 500. These methods have helped forward-thinking managers respond to those terrible events that no one wants to anticipate – but that no one can afford any longer to pretend will not occur. I saw them work in the rubble of the September 11 attacks. Amid chaos, death and unspeakable destruction, well-trained, prepared companies were able to quickly react, assessing the needs of their people and putting into place the plans they never wanted to need. And they will work for you. I have witnessed the devastation that can result when unprepared managers are left to respond through improvisation. Conversely, I have seen the overwhelmingly centered, positive results when employers reach out with appropriate communications and actions to manage not only the physical, but the emotional after effects of a crisis.

Yesterday’s crisis management plan does not accommodate the possibilities of tomorrow. What’s needed by businesses now is a proven method to assure that not only your facilities are rebuilt, but that the spirit, cohesion and productivity of your employees are, too. It is my hope that the ideas and instruction contained in these pages will be thoroughly understood and practiced – and hopefully never put to the real test. But if you follow them and crisis does strike, you will be ready. You may feel concerned and unsure in some ways, but you will not be blindsided. It is my pleasure to assist you as you strive to achieve the calm assurance of preparedness.

Conclusion:

Disturbance is there in almost all the areas, but the way we are looking into that and the mechanism we are adopting or having (existed) is not having the realistic sense, particularly when we applies the same to the most recent and vigorous disaster like crisis instructs us to have a proper understandable mechanism in the form of behavioral, scientific and technologically.

References

1. The Price of Complacency: By Jonathan Bernstein Respond to Crisis Before They Arise Crisis \kri-ses\: An unstable or crucial time or state of affairs whose outcome will make a decisive difference for better or worse (Webster's New Collegiate dictionary).
2. T. Blythe’s Blindsided: A Manager’s guide to Catastrophic Incidents in the Workplace
3. Charlie McDonald : Crisis Management International
4. FICCI calls for crisis management training ;TNN Dec 24, 2008, 12.43am IST
5. Centre for uniform policy to tackle Maoist hostage crisis Bharti Jain, TNN Oct 16, 2012, 02.30AM IST
6. World Economic Outlook (WEO) Coping with High Debt and Sluggish Growth October 2012