Friday May 3rd, 2013 @ Westin, Gurgaon.

12:30 Crisis Communication: holding it all together and how to effectively manage the dialogue between the company and its stakeholders

- Understanding the first steps when managing a crisis that is spiralling out of control ·Supporting you the best possible way in terms of managing the corporate communication
- Feeding the right information to other stakeholders including your front men – the communications team
- Business Crisis and Social Media intertwined: how will you safeguard company'sinterest in case of social media outburst?
- Every crisis is an opportunity: how do smart leaders bank on it

Crisis management can be defined as a, "Holistic management process that identifies potential impacts that threaten an organization and provides a framework for building resilience, with the capability for an effective response that safeguards the interests of its key stakeholders, reputation, brand, and value-creating activities- as well as effectively restoring operational capabilities."

Essentially, it is the process by which an organization deals with a major event that threatens to harm the organization, its stakeholders, or the general public. The study of crisis management originated with the large scale industrial and environmental disasters in the 1980s.Three elements are common to most definitions of crisis: (a) a threat to the organization, (b) the element of surprise, and (c) a short decision time. Venette argues that "crisis is a process of transformation where the old system can no longer be maintained." Therefore the fourth defining quality is the need for change. If change is not needed, the event could more accurately be described as a failure or incident.

In contrast to risk management, which involves assessing potential threats and finding the best ways to avoid those threats, crisis management involves dealing with threats before, during, and after they have occurred. It is a discipline within the broader context of management consisting of skills and techniques required to identify, assess, understand, and cope with a serious situation, especially from the moment it first occurs to the point that recovery procedures start.

CRISIS management consists of:

- Methods used to respond to both the reality and perception of crises.
- Establishing metrics to define what scenarios constitute a crisis and should consequently trigger the necessary response mechanisms.
- Communication that occurs within the response phase of emergency management scenarios.

Crisis management methods of a business or an organization are called **Crisis Management Plan**.

A **crisis mindset** requires the ability to think of the worst-case scenario while simultaneously suggesting numerous solutions. Trial and error is an accepted discipline, as the first line of defense might not work. It is necessary to maintain a list of contingency plans and to be always on alert. Organizations and individuals should always be prepared with a rapid response plan to emergencies which would require analysis, drills and exercises.

The related terms emergency management and business continuity management focus respectively on the prompt but short lived "first aid" type of response (e.g. putting the fire out) and the longer term recovery and restoration phases (e.g. moving operations to another site). Crisis is also a facet of risk management, although it is probably untrue to say that Crisis Management represents a failure of Risk Management since it will never be possible to totally mitigate the chances of catastrophes occurring.

Types of crisis

During the crisis management process, it is important to identify types of crises in that different crises necessitate the use of different crisis management strategies. Potential crises are enormous, but crises can be clustered.

Types of crises

1. Natural disaster
2. Technological crises
3. Confrontation
4. Malevolence

5. Organizational Misdeeds
6. Workplace Violence
7. Rumours
8. Terrorist attacks/man-made disasters

Crisis Leadership

Erika Hayes James, an organizational psychologist at the University of Virginia's Darden Graduate School of Business, identifies two primary types of organizational crisis. James defines organizational crisis as "any emotionally charged situation that, once it becomes public, invites negative stakeholder reaction and thereby has the potential to threaten the financial well-being, reputation, or survival of the firm or some portion thereof."

1. Sudden crisis
2. Smoldering crises

Sudden crises

Sudden crises are circumstances that occur without warning and beyond an institution's control. Consequently, sudden crises are most often situations for which the institution and its leadership are not blamed.

Smoldering crises

Smoldering crises differ from sudden crises in that they begin as minor internal issues that, due to manager's negligence, develop to crisis status. These are situations when leaders are blamed for the crisis and its subsequent effect on the institution in question.

Five phases of crisis that require specific crisis leadership competencies. Each phase contains an obstacle that a leader must overcome to improve the structure and operations of an organization.

1. Signal detection
2. Preparation and prevention
3. Containment and damage control
4. Business recovery
5. Learning

Crisis Management Model

Successfully defusing a crisis requires an understanding of how to handle a crisis – before they occur. Gonzalez-Herrero and Pratt found the different phases of Crisis Management.

There are 3 phases in any Crisis Management as shown below

1. The diagnosis of the impending trouble or the danger signals.
2. Choosing appropriate Turnaround Strategy.
3. Implementation of the change process and its monitoring.

Management Crisis Planning

Contingency planning

Business continuity planning

Structural-functional systems theory

Diffusion of innovation theory

Crisis leadership

1. Building an environment of trust
2. Reforming the organization's mindset
3. Identifying obvious and obscure vulnerabilities of the organization
4. Making wise and rapid decisions as well as taking courageous action
5. Learning from crisis to effect change.

Examples of successful crisis management

Pepsi

The Pepsi Corporation faced a crisis in 1993 which started with claims of syringes being found in cans of diet Pepsi. Pepsi urged stores not to remove the product from shelves while it had the cans and the situation investigated. This led to an arrest, which Pepsi made public and then followed with their first video news release, showing the production process to demonstrate that such tampering was impossible within their factories. A second video news release displayed the man arrested. A third video news release showed surveillance from a convenience store where a woman was caught replicating the tampering incident. The company simultaneously publicly worked with the FDA during the crisis. The corporation was completely open with the public throughout, and every employee of Pepsi was kept aware of the details.This made public communications effective throughout the crisis. After the crisis had been resolved, the corporation ran a series of special campaigns designed to thank the public for standing by the corporation, along with coupons for further compensation. This case served as a design for how to handle other crisis situations

Examples of unsuccessful crisis management

The Bhopal disaster in which poor communication before, during, and after the crisis cost thousands of lives, illustrates the importance of incorporating cross-cultural communicationin crisis management plans. According to American University's Trade Environmental Database Case Studies (1997), local residents were not sure how to react to warnings of potential threats from the Union Carbide plant. Operating manuals printed only in English is an extreme example of mismanagement but indicative of systemic barriers to information diffusion. According to Union Carbide's own chronology of the incident (2006), a day after the crisis Union Carbide's upper management arrived in India but was unable to assist in the relief efforts because they were placed under house arrest by the Indian government. Symbolic intervention can be counter productive; a crisis management strategy can help upper management make more calculated decisions in how they should respond to disaster scenarios. The Bhopal incident illustrates the difficulty in consistently applying management standards to multi-national operations and the blame shifting that often results from the lack of a clear management plan.