

# Crisis Management

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## **Abstract:**

Crisis management is an important organizational function. Crisis management is the identification of threats to an organization and its stakeholders, and the methods used by the organization to deal with these threats. It involves dealing with crises in a way that the damage is minimum and it allows the affected organization to recover quickly. Due to the unpredictable events, organizations must be able to cope up with the drastic changes in the way they conduct business. Crisis management often requires decisions to be made within a short period of time and often after an event has already taken place.

Crisis comes in various different forms and it is suggested in all cases that a company should be prepared ahead of its time with some crisis management plan. The history of crisis shows us that the study of crisis management cannot be linked to any particular era or any civilization, especially when humanity had witnessed multiple and complex economic, political, environmental military crisis. Moreover, some of the problems and complex issues in the modern times are rooted in the history. Thus, many geopolitical crises nowadays are the result of old causes. The study of crisis management from an academic point of view should be a implemented, including a historical, cultural, and an anthropological study, which determines the course of evolution and consequences of the crisis.

Through qualitative case study, this research will explore types of crisis, history of crisis management, social media crisis management and PR crisis management

## **Keyword:**

Crisis Management, History of Crisis, PR Crisis, Social Media Crisis

**Introduction:**

There are many different definitions for a crisis. It reflects various key points found in the discussions of what constitutes a crisis. A crisis is defined as a significant threat to operations that can have negative effects, if not handled properly. In crisis management, the threat is a potential damage to an organization, its stakeholders, and the industry. A crisis can create 3 related threats which can be financial loss, public safety and reputation loss. Some crises, such as product harm and industrial accident, can result in injuries and even loss of lives. Crises can create financial loss by disrupting operations, creating a loss of market share/purchase intentions, or spawning lawsuits related to the crisis.

All crises threaten to end an organization's reputation. A crisis reflects badly on an organization and will ultimately damage the reputation to some degree. Clearly the above mentioned three threats are interrelated. Injuries or even deaths can result in financial and reputation loss, while reputations have a financial impact on organizations. Effective crisis management handles the threats sequentially. The primary concern in a crisis has to be public safety.

A failure to address public safety increases the damage from a crisis. Reputation and financial concerns are considered after public safety has been insured. Crisis management is a process made to prevent or lessen the damage a crisis can inflict on the organization and its stakeholders. (Robert L. Dilencheider, 2000) As a process, crisis management is not just one thing, it can be divided into three phases:

- Pre-crisis
- Crisis response
- Post-crisis

In any business, may be large or small, it may run into problems that might negatively impact its normal course of operations. Crises such as a data breach, fire, terrorist attack, death of a CEO, or natural disasters can lead to tangible and intangible costs to a company in terms of customers, lost sales and a decrease in the firm's net income. Businesses that effectively put a business continuity plan in place, in case of unforeseen contingencies, can mitigate the effects of any negative event that occurs. The process of having a contingency plan in place in the event of a crisis is crisis management.

In order to have business contingency plan in the aftermath of a crisis, most companies start by conducting risk analysis on their operations. Risk analysis is the process of identifying any adverse events that may occur and the likelihood of the events occurring. By running simulations and random variables with risk models a risk manager can assess the probability of a risk occurring in the future, the best and worst case outcome of any negative event, and the damage

that the company would incur should the risk actually happen. For example, a risk manager may estimate that the probability of a flood occurring within a company's area of operation is very high. The worst-case scenario of a flood will be destroying the company's computer systems and hard drives, thereby, losing pertinent data on customers, suppliers, and ongoing projects.

Once the risk manager knows what they are dealing with, in terms of possible risks and the impact to the firm, a plan is developed by the crisis management team to contain any emergency if and when it becomes a reality. Following the example mentioned above, in which a company faces a high probability of flood damage, a back-up for all computer systems might be created. This way, if a flood occurs that affects the company, it would still have a back-up of its data and work process is restored. Although business might slow down for a short period of time while the company purchases new equipment, business operations would not be completely stopped. By having a crisis resolution in place, a company and its stakeholders can prepare and adapt well to sudden, unexpected, and adverse developments. (Adam Hayes)

### **“Crisis” from past times:**

The collection of knowledge related with the evolution of the concept of crisis management is not only the emanation of the modern academic studies or the practices and experiences of organizations and agencies, crisis management, rather it benefitted from the expertise and experiences of previous human civilizations. All civilizations had laid the methodological foundations in managing the different crises it faced, within the scope of the moment and its specific challenges, “Crisis and contention do not surface instantly in any society they are rooted in history” (T. K. Oommen, 2005).

It is argued that as we look back in the past, crises have been a part of the domestic, personal and international landscape from time immemorial, from the ancient world to the 21<sup>st</sup> century ( Pfaltzgraff RL, 2008). Thucydides described a crisis between Athens and Sparta that resulted in the Peloponnesian War (431–404BC). The factors that are associated with the importance of interaction, direct communication and dialog with the public opinion were important in crisis management in the Greek and Roman eras. These civilizations were majorly focused on creating spaces for debates, dialog and direct communication with the masses. Those social activities took place in most public venues, such as stadiums, theaters, places of worship etc.

As for the Greek civilization, the foundations of its values were based on philosophy, raising theological and non-theological issues for never-ending dialog or discussion. Moreover, the Greek civilization was characterized by its proactive community participatory approach in resolving crises. The citizen had the right to discuss all issues of concern to public affairs. On the other hand, The Roma civilization tended to take care of material and entertainment needs of its citizens to ensure the stability of their empire. Romans also urged residents of Rome and the

colonies to participate in the discussion of the issues of the empire, as they believed that the dialog contributed to absorb public anger and this was what had enabled the empire to overcome many different crises.

As stated earlier, some of the problems and complex issues in the modern era are rooted in our history. Thus, many of the geopolitical crises nowadays are the result of old causes. For example, some military and political conflicts, as well as the emergence of the protesting movement of ethnic and religious minorities in the Middle East and North Africa, have their causes linked mainly to military and political rearrangement plans that were consecrated in the Vienna Conference on 9 June 1815 and the Sykes-Picot Agreement of 1916. They constituted a secret agreement between France and the United Kingdom that was ratified by the Russian Empire, on the sharing of the Fertile Crescent land between France and Britain to determine the zones of influence in West Asia after the pummeling of the Ottoman Empire. (Khaled Zamoum, Tevhide Serra Gorpe, 2018)

### **Pre-Crisis Phase**

Prevention basically involves seeking to reduce known risks that could lead to any crisis. This is the integral part of an organization's risk management program. Preparation involves creating plans for crisis management, selecting and training the crisis management team and conducting exercises to test the crisis management plan and crisis management team. Both (Barton, 2000) and (Coombs, 2007) document that organizations are better able to handle crises when they have a crisis management plan that is updated at least annually, they have a designated crisis management team, they conduct exercises to test the plans and teams periodically and pre-draft some crisis messages. The planning and preparation lets the crisis teams to react faster and to make more effective decisions.

### **Crisis Response:**

The crisis response is what management does and says after the crisis hits. Public relations play a critical role in the crisis response by helping to develop the messages that are sent to various publics. A great deal of research has examined the crisis response and that research has been divided into two categories:

- The initial crisis response
- Reputation repair and behavioral intentions

Practitioner experience and academic research have combined to create clear guidelines for how to respond once a crisis hits. The initial crisis response guidelines focus on three points which are "be quick, be accurate and be consistent".

## Post-Crisis Phase:

In the post-crisis phase, the organization is returning back to business as usual. The crisis is no longer the focal point of management's attention but still requires attention to some extent. As noted earlier, reputation repair may be continued or initiated during this phase. There is an important follow-up communication that is required. First, a crisis manager often promises to provide additional information during the crisis phase. The crisis managers must deliver on those informational promises or may risk losing the trust of publics wanting the information. Second, the organization needs to release regular updates on the corrective actions, recovery process, and/or investigations of the crisis. The amount of follow-up communication required totally depends on the amount of information promised during the crisis and the length of time it takes to complete the recovery process. If you promised a reporter damage estimate, for example, be sure to deliver that estimate when it is ready.

## Types of Crises:

There are 4 major types of crises that need critical attention with crisis management in mind:

### 1. Accidental Disasters

Accidental disasters are those that may happen unintentionally by human cause. Fire is one of the examples that can affect the workforce and can leave a lot of damage to the entire organization. Especially in fields such as mining and construction which involve physical labor and operation of large machinery, drastic accidents that can happen to the workforce in the performance of their duties can lead to serious consequences.

### 2. Natural Disasters

Natural disasters are the environmental crises that are beyond human ability to prevent. Earthquakes, floods and tornadoes are good examples of natural disasters.

### 3. Technology Disasters

A majority of undertakings in an organization involve some kind of technology. In most cases, a slight disruption in a company's technology structure can cause all operations to come to a standstill. Some technology crises can happen accidentally while others can be maliciously caused. Under technology disasters, you will find examples such as Malevolence crisis, Cybercrime crisis and Critical virus attacks.

### 4. Conflict of Interest Crisis

A crisis involving a conflict of interest between employees or stakeholders can be very tricky to manage as it involves political factors. It does not provide a particular step-by-step guide; as such

crises tend to be unique each time. However, that does not mean that there are no best practices and strategies at all that can be implemented. Some of events that would fall under conflict of interest crises are Rumors, Product tampering and Headhunting (Corporate Finance Institute)

## **Indian Economics**

National economics helps to retain wealth within the nation which can also help the nation or common citizens and which can give them the liberty to enhance their wealth. According to Tilak the Indian economy was dependent on agriculture are 80% of the Indian people in 19th and 20th centuries depended on agriculture which consisted of development of indigenous products, Swadeshi market etc. Lokmanya Tilak was the only leader at that time to see how significant the role of agriculture was. He therefore made efforts to educate the farmers so that they would realize the benefits of modern equipment, better seeds, fertilizers and new techniques to improve. (Dr. Geetali Tilak, 2018)

## **Crisis Communication:**

### 1. Anticipate Crisis

If you're being proactive and preparing for crises, gather your Crisis Communications Team for intensive brainstorming sessions on all the potential crises that could occur at your organization. There is a more formal method of gathering this information called a "vulnerability audit," and this assessment process should lead for creating a Crisis Response Plan that is an exact fit for the organization, one that includes both operational and communications components. The remaining steps outline some of the major topics that should be addressed in the communications section of the plan.

### 2. Identify Your Crisis Communications Team

A small team of senior executives should be hired to serve as your organization's Crisis Communications Team. Ideally, the organization's CEO will lead the team, with the firm's top PR executive and legal counsel as his or her chief advisers. If the in-house PR executive does not have sufficient crisis communications expertise, he or she may choose to retain an agency or independent consultant with that specialty. Other team members are typically the heads of the major organizational divisions, as any situation that rises to the level of being a crisis will affect your entire organization. And sometimes, the team also needs to include those with special knowledge related to the current crisis, e.g., subject-specific experts.

### 3. Identify and Train Spokespersons

Any organization should ensure, via appropriate policies and training, that there should only be authorized spokespersons who speak for it. This is particularly important during a crisis. Each

crisis communications team should have people who have been pre-screened or trained to be the lead and/or backup spokespersons for different channels of communications.

#### 4. Spokesperson Training

All stakeholders, internal or external, are just as capable of misunderstanding or misinterpreting information about your organization as the media. It's the Response Team's responsibility to minimize the chance of that happening. Spokesperson training teaches you to be prepared and to be ready to respond in a way that optimizes the response for all stakeholders.

#### 5. Establish Notification and Monitoring Systems

Now-a-days, we need to have – immediately at hand – the means to reach our internal and external stakeholders using multiple modalities. Many people have several phone numbers, more than one email address and can receive SMS (text) messages or faxes. Instant Messenger programs are also very popular for business and personal use. We can even send audio and video messages via email. And then there is social media which may be the best/fastest way to reach some of our stakeholders but setting up social media accounts for this purpose and developing a number of followers/friends/contacts on the various social media platforms (e.g., Facebook, LinkedIn, Google+) is not something you can do after a crisis breaks, because nowhere does news of a crisis spread faster and more out of your control than on social media.

#### 6. Identify and Know Your Stakeholders

Employees are the most important audience in an organization, because every employee is a PR representative and is a crisis manager for your organization whether the Managers want them to be or not. But, ultimately, all stakeholders will be talking about an employee to others not on their contact list, so it's up to the employee to ensure that they receive the messages that they would like them to repeat elsewhere.

#### 7. Develop Holding Statements

While full message development must await the outbreak of an actual crisis, "holding statements," messages designed for use immediately after a crisis breaks, can be developed in advance to be used for a wide variety of scenarios to which the organization is perceived to be vulnerable, based on the assessment conducted in Step 1 of this process. The organization's Crisis Communications Team should regularly review holding statements to determine if they require revision and/or whether statements for other scenarios should be developed.

#### 8. Assess the Crisis Situation

Reacting without adequate information is a classic "shoot first and ask questions later" situation in which anyone could be the primary victim. However, if one has done all of the above steps first, it's a "simple" matter of having the Crisis Communications Team on the receiving end of

information coming in from the team members, ensuring the right type of information is being provided so you can proceed with determining the appropriate response.

#### 9. Finalize and Adapt Key Messages

With holding statements available as a starting point, the Crisis Communications Team must continue to develop the crisis-specific messages required for any given situation. The team already knows what type of information its stakeholders are looking for. Have no more than three main messages that go to all stakeholders and some audience-specific messages for individual groups of stakeholders. One will need to adapt ones messaging to different forms of media as well. For example, crisis messaging on Twitter often relies on sharing links to an outside page where a longer message is displayed, a must because of the platform's 280 character limit.

#### 10. Post-Crisis Analysis

A formal analysis of what was done right, what was done wrong, what could be done better next time and how to improve various elements of crisis preparedness is another must-do activity for any Crisis Communications Team.

(Jonathan Bernstein)

#### **Conclusion:**

It is inevitable to live in a crisis-free zone as citizens of the world; therefore, we'd like to suggest "crisis literacy" awareness similar to media literacy in some ways. The main concepts of media literacy should be applied to crisis literacy as well and having crisis literacy expertise will create an ability to encode and decode crisis situations in a meaningful way. In any organization, whether it is small or large, issues are bound to happen that can disrupt the smooth operations or may affect it negatively. The organizational hazards, which can occur unexpectedly, are capable of causing immense harm to its workforce or stakeholders. Such occurrences can be defined as crisis and it is essential to manage them in an efficient way. It is difficult to distill all that is known about crisis management into one, concise entry. We have tried to identify the best practices and lessons created by crisis management researchers and analysts. While crises begin as a negative, effective crisis management can minimize the gravity of damage and in some case allowing an organization to emerge stronger than before. However, crisis is not the ideal way to improve an organization but no organization is immune to any form of crisis so all must do their best to prepare for one. This provides a number of ideas that can be incorporated into an effective crisis management program and at the end of this entry are annotated bibliography. The annotated bibliography provides short summaries of key writings in crisis management highlighting. Each entry identifies the main topics found in that entry and provides citations to help you locate those sources.

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