



CRISIS MANAGEMENT

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Definition of crisis:

- ❖ is any event that is expected to lead to, an unstable and dangerous situation affecting an individual, group, in all organization .
- ❖ is anything that has the potential to significant impact an organization.
- ❖ any situation that is threatening or could threaten to harm people or property, seriously interrupt business, damage reputation and/or negatively impact share value.
- ❖ Bad situations or accidents organizations faces it.
- ❖ It is situations that is unpredictable, but is not unexpected.

Elements of crisis

There are several elements we can see at any crisis:

- ❖ A threat to the organization.
- ❖ The element of surprise.
- ❖ A short decision time.
- ❖ A need for real change.
- ❖ There is sense of loss of control.
- ❖ Urgent demands for information are received

Type of crisis

By source:

- ❖ Financial.
- ❖ Technological.
- ❖ Managerial.
- ❖ Economics and legislative.

By time:

- ❖ shortly.
- ❖ Longley.

Crisis life cycle

- ❖ Emerging
- ❖ Growth
- ❖ Maturity
- ❖ Decline
- ❖ Demise



- ❖ The storm breaks.
- ❖ The storm rages.
- ❖ The storm passes.



The Breaking Crisis

- ❖ Control seems to be slipping out of the company.
 - ❖ Lack of solid detail about the crisis. Hard-to-provide information demanded by the media, analysts and others.
 - ❖ For a period of time, everyone loses perspective.
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Spread and Intensification of Crisis

- ❖ Speculation and rumours develop in the absence of hard facts.
- ❖ Third parties- regulators, scientists and other experts – add weight to the climate of opinion.
- ❖ Corporate management comes under intense scrutiny from internal and external groups.



Rebuilding Needs

- ❖ To manage reputation. There are opportunities in a crisis to build positive perceptions of the company or product that last beyond the crisis period.
 - ❖ Company communication / culture. The company embarks on a long-term programme to tackle management issues and communication problems that exacerbated the crisis.
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Definition of crisis management:

- ❖ Crisis management is the process by which an organization deals with a major unpredictable event that threatens to harm the organization, its stakeholders, or the general public .
- ❖ The overall coordination of an organization's response to a crisis, in an effective, timely manner, with the goal of avoiding or minimizing damage to the organization's profitability, reputation, or ability to operate.
- ❖ Crisis management involves identifying a crisis, planning a response to the crisis and confronting and resolving the crisis.

crisis management

Plan for

Predictable and
quantifiable events

Unexpected and
unwelcome events

Ultimate goal

Minimize the impact

Resume normal
operations

Questions to Ask

What are the worst things that can happen to my organization?

What can we prevent?

What are we willing to do to prevent the event/incident?

Can we afford the risk?

How will we deal with it?

What is the reporting and communication process during the crisis?

Crisis management objectives

The credibility and reputation of organizations is heavily influenced by the perception of their responses during crisis situations so Crisis management consists of:

Crisis management has four objectives:

- ❖ Reducing tension during the incident.
- ❖ Demonstrating corporate commitment and expertise.
- ❖ Controlling the flow and accuracy of information.
- ❖ Managing resources effectively.

Crisis Management requirements

- ❖ Respond to a crisis in a **timely** fashion makes for a challenge in businesses.
- ❖ Must be open and consistent **communication** throughout the hierarchy to contribute to a successful crisis communication process.
- ❖ **Methods** used to respond to both the reality and perception of crisis

Problems and Challenges in Crisis Decision - Making

- Surprise and hesitation. The shock of a crisis can create a delay in response that allows your critics and the media to fill the gap with negative comment and speculation.
- Pressure and stress must be channeled by the discipline of a crisis strategy.
- Mistaking information distribution for communication.
- Treating key audiences as “opponents”.

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Good communication is the heart of any crisis management plan. Communication should reduce tension, demonstrate a corporate commitment to correct the problem and take control of the information flow. Crisis communications involves communicating with a variety of constituents: the media, employees, neighbours, investors, regulators and lawmakers.

Crisis management – Risk management

- ❖ Good crisis management is essential, but never a substitute for daily risk management processes.
- ❖ Risk management processes should apply to all customers, although depth and detail may depend on the transaction and customer. Transactions involving credit or other types of financial risk should incorporate a risk management process.
- ❖ Despite a solid risk management process, there will be problems because we cannot predict all crisis events and protect against them. Be prepared to deal with a crisis event and take action immediately – identifying and assessing issues and options and obtaining expert advice as needed.

Crisis management steps:

- ❖ preparedness before a crisis: preparedness consists in developing knowledge and capacities in order to effectively anticipate, respond and recover from a crisis, risk assessment constitutes the fundamental first step in preparedness, preparing for crisis requires identifying and analyzing major threats, hazards and related vulnerabilities. Early warning systems based on the detection of these threats serve to activator defined emergency or contingency plans.

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- ❖ Once a crisis actually materializes, the response phase begins: Detection of a crisis may come about through various sources (e.g. monitoring networks and early warning systems, public authorities, citizens, media, private sector, etc.). This permits the selection of appropriate contingency plans and activation of appropriate emergency response networks. Response efforts need to be coordinated, monitored and adapted as the crisis develops through the tactical and strategic oversights of crisis cells at the appropriate levels.

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- ❖ Feedback after the crisis: ultimately, a crisis usually comes to a closure, ending the crisis management phase. bringing a crisis to closure requires clear messages. After a crisis, feedback mechanisms should review in detail the actions taken to limit damages. Drawing lessons from past crisis or disastrous events helps to improve preparedness and response processes. .

How to create a crisis management strategy

All organizations should have a crisis management policy which is at the same level of importance as the mission statement and business plan.

- ❖ **Determine whether it is a crisis.** This question is important to ask, as there are many situations that go wrong because the right person to handle it is not around. You may be in charge of a project until your supervisor comes back and are unable to contact him during a crisis. You have to make your own decisions in his absence and your action is dependent on the level of authority given.

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- ❖ **See the Big Picture.** It is not easy to handle a crisis if you are not aware of all the facts. The final outcome may not be the way you envisage. If your role is a leader, you have to be detached from the emotional side of the crisis and rationally take stock of how to move on. Again, this is not as easy as it sounds as you may have longtime colleagues who are involved in this crisis.
 - ❖ **Gather the Relevant Team.** It is important to be able to meet up with the relevant team to discuss about the situation. This is to ensure that the team is able to analyse and make a united stand about handling this crisis. This team should also comprise of the authorities, if the crisis is serious.
 - ❖ **Set a Timeline.** You must construct a timeline and ensure that each process scenario is highlighted. This practice will be a check to prevent your team from spending too much time in one aspect of handling the crisis.

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- ❖ **Develop a Procedural Manual.** Is there an organizational situational manual that you can use for this situation? Are you able to recollect the tips that were given to you when you participated in a mock drill?
 - ❖ **Seek External Experts.** You should get external experts to access the situation if the crisis is totally unanticipated. However, you must have had a close-door meeting with your inner circle. This is essential, as you do not want to unnecessarily reveal confidential information to external parties.
 - ❖ **Speak To The Media.** It is important to prepare a press kit which provides a full detailed report about the crisis. If you are comfortable to conduct a press interview, you have to ensure that you have the full details first.

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- ❖ **Fine tune Your Communication Style.** You have to ensure that your communication style is in sync with the crisis. Remember to be forthcoming with reliable information and try not to speculate. This will also ensure that the victims' immediate families do not overly worry. It will also not help if you come across as very emotional in the media as you want to communicate that your organization has everything under control.
 - ❖ **Protect your reputation.** If the crisis involves the loss of lives, it is not unthinkable that your credibility and organisation's reputation is put into question. Assuming that the crisis was beyond your organisation's control, you have to stick to your best judgement and not be led into a debate that may open your organisation to possible legal action.

The Seven Guiding Principles of an Effective Crisis Management Program

- ❖ Ensure consistent leadership of your program - **Communicate regularly**
- ❖ Empower— **delegate authority**
- ❖ Involve all parties (**domestic and international**) at the right **level and frequency**
- ❖ Understand your risks and address them formally- **disasters will affect everyone: your operations, suppliers, customers, partners, governments, emergency services, health care, utilities, etc.**

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- ❖ Senior management must approve the enterprise-wide prioritization of risks and response strategies
 - ❖ Gain confidence through practice- **Knowledge and familiarity will reduce fear and confusion.**
 - ❖ Keep it simple-**Simplicity promotes better understanding and greater participation**
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Business impact analysis (BIA) definition

- ❖ Business impact analysis (BIA) is a systematic process to determine and evaluate the potential effects of an interruption to critical business operations as a result of a disaster, accident or emergency.
- ❖ A BIA is an essential component of an organization's business crisis plan; it includes an exploratory component to reveal any vulnerabilities and a planning component to develop strategies for minimizing risk.
- ❖ The result is a business impact analysis report, which describes the potential risks specific to the organization studied.

The role of BIA in crisis recovery planning

- ❖ As part of a crisis recovery plan, a BIA is likely to identify costs linked to failures, such as loss of cash flow, replacement of equipment, loss of profits, staff and data,.....
- ❖ BIA report quantifies the importance of business components and suggests appropriate fund allocation for measures to protect them. The possibilities of failures are likely to be assessed in terms of their impacts in areas such as safety, finances, marketing, business reputation, legal compliance and quality assurance.
- ❖ Where possible, impact is expressed monetarily for purposes of comparison. The BIA should assess a disaster's impact over time and help to establish recovery strategies, priorities, and requirements for resources.

BIA vs. risk assessment

- ❖ Business impact analysis and risk assessment are two important steps in a business continuity plan. A BIA often takes place prior to a risk assessment. The BIA focuses on the effects or consequences of the interruption to critical business functions and attempts to quantify the financial and non-financial costs associated with a disaster. The BIA looks at the parts of the organization that are most crucial. A BIA can serve as a starting point for a crisis recovery strategy and resources and materials needed for business continuance.
- ❖ A risk assessment identifies potential hazards such as a hurricane, earthquake, fire, supplier failure, and evaluates areas of vulnerability should the hazard occurs. Assets put at risk include people, property, supply chain, information technology, business reputation and contract obligations.

How to conduct a BIA

generally a multi-phase process that includes the following steps:

- Identify critical business processes
- Gathering information from: function, processes
- Determine time critical applications systems, data, and telcom
- Determine required availability time (s) for functional departments
- Determine interdependencies between processes
- Determine recovery resource requirements
- Evaluating the collected information
- The processes or functions performed by an organization
- The resources required to support each process performed
- Interdependencies between processes and/or departments
- The impact of failing to performing a process
- The criticality of each process
 - Preparing a report to document the findings
 - Presenting the results to senior management.

Analyzing the results of a BIA

- ❖ A detailed questionnaire or survey is commonly developed to identify critical business processes, resources, relationships and other information that will be essential in assessing the potential impact of a disruptive event.
- ❖ The goals of the BIA analysis phase are to determine the most crucial business functions and systems, the staff and technology resources needed for operations to run optimally, and the time frame within which the functions need to be recovered for the organization to restore operations as close as possible to a normal working state. The analysis may be manual or computer-assisted.



CRISIS MANAGEMENT PLANNING

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What is a Crisis Management Plan ?

Individuals need to adopt a step by step approach during critical situations. Planning is essential. Getting hyper does not solve any problem, instead makes the situation worse. It is a crime to take impulsive and hasty decisions during crisis. It is essential to think rationally and devise strategies which would work best during emergency situations. Complaining and cribbing lead you nowhere.

Crisis Management Plan refers to a detailed plan which describes the various actions which need to be taken during critical situations or crisis.

Any plan prepared by superiors, members of crisis management team and related employees to help

Why Crisis Management Plan ?

CMP helps the employees to adopt a focused approach during emergency situations. It gives a detailed overview of the roles and responsibilities of employees during crisis. ❖

CMP elaborates the actions to be taken by the management to save organization's reputation and standing in the industry. ❖

Individuals representing the crisis management team formulate CMP to reduce the after effects of crisis at the workplace. ❖

CMP helps the managers and superiors to take quick and relevant actions as per the situation. ❖

CMP protects an organization from inevitable ❖

Characteristics of CMP

Crisis Management Plan should be made in the presence of all executives. Every member of crisis management team should have a say in the plan. It is important for each one to give his / her valuable inputs and suggestions. ❖

Crisis Management Plan should take into account all identified problem areas and suggest a possible solution for all of them to help the organization come out of crisis as soon as possible. ❖

Make sure the plans are realistic and solve the purpose of saving organization's reputation and name. ❖

Crisis Management Plan Infrastructure

Crisis management team ❖

Communication or Crisis Command ❖
Center

Roles and Responsibilities ❖

- leaders

- employees (staff)

budget and Equipment ❖

Media Area ❖

Common Mistakes of CMP

Putting news media ahead of employees ❖

Employees want, deserve news FIRST

Lack of comprehensive media strategy ❖

Ignoring the “Window of Opportunity” ❖

once “window” closes it becomes difficult to change perceptions

No clearly assigned roles ❖

Lack of role clarity guarantees confusion; know leaders, doers

Limit communication due to litigation fears ❖

Litigation usually follows adversity

Untested crisis plan ❖

Single most important mistake; also if developed in isolation

10 Steps to Proactive Crisis Planning

- Review existing policies on crisis communication and management ❖
- Review guidelines and procedures for implementing policies ❖
 - Review the goals of crisis plans ❖
 - Review crisis team procedures and members ❖
- Build relationships with community agencies, volunteers and opinion leaders ❖
 - Dialogue with the community ❖
 - Divide planning into manageable sections ❖
- Prepare tool kit and resource list (“go box”) ❖

THANK YOU