6   CRISIS MANAGEMENT

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Crisis Management Principles

This chapter outlines a conceptualization of what crisis management means.

Key Goals

- Define crisis management and its importance

- Relate project management to crisis management; crisis management is a subset of project management.

- Understand the role of pre-crisis planning, organization, and simulation

- Understand and implement a crisis management methodology

- Understand and implement monitoring and control mechanisms

- Understand and implement post-crisis evaluation processes

A Crisis

A crisis in its most general sense is a defining moment – a point in a developing series of events where significant change becomes possible, and which therefore calls for decisions by those in authority. This change can be positive or can be negative. A key distinguishing aspect of crises is the need for rapid judgment and decision by top leadership.

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[1] See footnote page 3.

The term crisis is typically used to refer to sudden and unexpected developments that pose an immediate threat to what might be described as central or basic values. Crisis comes from a Greek word 'krisis,' which means 'judgment' or 'decision'.

<u>Examples</u> of crises might be:

- Closure of transportation routes into and out of the West Bank and Gaza

- Denial of financial transfers to the Palestinian National Authority

- Loss of water or sewer services to a village

- Loss of donor monies during the middle of a project

The rapid pace of events during a crisis requires dynamic, agile and informed decision-making. A crisis management team will ensure that senior leadership within the organization is informed; the team fuses information with operating realities, and then provides the leadership with a series of potential options for subsequent decision. A senior manager may decide to develop a new alternative crisis solution, but the team's provision of information such as financial data, impact studies, and experiences from past crises will save the decision-maker – and organization – time and enable effective decision-making to occur.

It is important to note that not every hardship or organizational concern constitutes a crisis. Such routinization results in crises being at once everywhere and nowhere, and thus the concept of a 'crisis' loses utility as a tool of analysis and organizational activity.

> *"Crises do not just represent negative aspects, they can provide opportunities for innovation not present in routine operations."*

Crisis Management

Crisis management is a formal management discipline in which a crisis or crises are managed through a process of pre-planning, simulation, and organizational structuring using a *systematic*, *repeatable* and *scaleable* process. It is the process of developing substantive, systematic data about potential crisis parameters so that the tradeoff decision-making between parameters can be made quickly and effectively.

"Properly understood, crisis management is an aspect or mode of strategy, not a substitute for it."

The purpose of crisis management is to overcome time, resource, and organizational constraints to mitigate the negative aspects of a crisis, while using the innovation inherent in successful crisis management to create opportunity and lasting positive change. Successful crisis management requires carefully staffed and structured crisis management mechanisms that can operate to some extent independently of parochial interests and even top leadership. Making crisis management subordinate to personalities, politics or parochial (institutional) interests is an invitation to disaster.

For example, two ministries are providing essential services tied to health care and education, yet they have been working according to different agendas due to a lack of pre-crisis planning and coordination between ministry leadership. Suddenly, financial support becomes constrained and the two ministries must work together on a limited budget. Yet, as the crisis unfolds, these ministries are unwilling to alter or ignore their parochial interests – in the form of pet projects – to bring about a speedy resolution to the crisis. The crisis management team trying to coordinate action between the two ministries spends more time trying to solve bilateral problems between the two ministries then actually managing the crisis. Indeed, the ministries become a source of crisis – as well as inefficiency and potential loss of life – themselves!
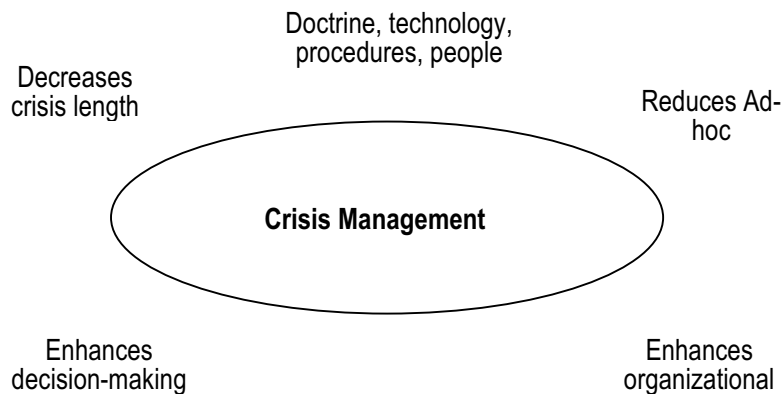
"At the operational level, the great challenge for crisis management remains the disciplined and rapid coordination and integration of diverse organizational functions."

This can be done through planning, based on the institutional and individual experience. Good pre-crisis planning, combined with trained personnel, will help achieve a key aim of crisis management – to decrease the crisis time period. In the absence of planning, a crisis will most likely continue for an extended period, with the crisis environment becoming the routine nature of operations.
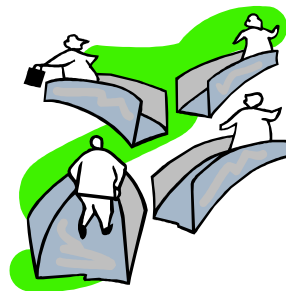
THE IMPORTANCE OF CRISIS MANAGEMENT

As already mentioned, crisis management mitigates the risks and negativity of crisis situations while maximizing the opportunities presented by the fluid, non-routine nature of the crisis environment.

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                    Doctrine, technology,
                     procedures, people
   Decreases                                  Reduces Ad-
   crisis length                                  hoc

                   ⭕ Crisis Management ⭕

   Enhances                                    Enhances
   decision-making                           organizational
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■ **Doctrine (methodology), technology, procedures, people**

People are always the key. People make plans, use technology, and implement procedures. Without good people, crisis management is impossible. The vital role of doctrine and planning for crisis management must also be emphasized. Technology, procedures, and personnel are effective when shaped by an overarching, dynamic planning process based on a widely understood organizational strategic doctrine. Doctrine should provide working definitions of crisis and crisis management, explain its relationship to routine or non-crisis decision making, address the organizational implications of crisis management, and describe its various elements and requirements.

■ **Reduces ad-hoc approaches / enhances decision-making capacity**

Dynamic, agile and informed crisis decision-making is essential. Yet, it is often the case that senior management and top leaders are unprepared to make substantive crisis decisions. A crisis management team will ensure that senior leaders are brought up to speed quickly by providing relevant information and analysis in a concise and timely manner.

■ **Enhances organizational capacity**

Crisis management enables the organization to meet crisis requirements while maintaining a level of governance, services, or commercial activity that would otherwise (i.e., without crisis management) not occur.

> *"Today's crises do not excuse us from the responsibility of dealing with long range problems, or even from preparing for tomorrow's crises".*

Keeping a strategic vision regarding the post-crisis environment is necessary to ensure continuance of organizational activity and effectiveness upon crisis' end. The intense nature of crises draws team members and senior leadership into focusing on crisis specific events and actions, thus losing sight of the bigger picture – how the crisis will impact the organization's mission in the future.

LINK TO PROJECT MANAGEMENT

Crisis management is incorporated within the project management principles detailed in earlier chapters. Specifically, crisis management is incorporated under risk assessment/risk management and the development of escalation paths and contingency plans to handle sudden or unexpected events. Thus crisis management, at least the preparation for potential crises, becomes part of your project plan.

Remember:

Planning & Managing Projects		
Define & Organize the Project	**Plan the Project**	**Track & Manage the Project**
Establish the Project Organization	Develop the Work Breakdown Structure	Collect Status
Define Project Parameters	Develop Schedule	Plan & Take Adaptive Action
Plan Project Framework	Analyze Resources	Close-Out the Project
Assemble Project Definition	Optimize Tradeoffs	
	Develop Risk Management	

Key steps to be taken prior to the onset of a crisis are as follows:

- Establish a crisis management team / roster

- Establish crisis management procedures

  - ➢ Describe team objectives and team member responsibilities.

  - ➢ Describe reporting structure and team contact details. (Whom are you supposed to talk to?)

- Task identification. What a crisis is. What your organization is. What it needs.

- Create detailed communication plan

- Test the crisis organization through simulation. Once the crisis occurs you will have no time for practice. Simulation is a teaching tool. Simulation helps you to figure out what the weaknesses are of your plan, and then try to correct your plan so if the crisis actually happens you can be better prepared for.

CRISIS PLANNING

Crisis planning is the pre-crisis development of operational plans in response to potential crises. Crisis action planning follows prescribed crisis action procedures to formulate and implement an effective response within the time frame permitted by the crisis. At crisis onset…

Identify the problem(s)	What are you managing for?
Locate the cause or source of the problem	Maybe you cannot do anything for the problem, but you can at least try to find alternative.
Determine the scope of the problem(s)	What does the problem mean? What does it mean to the organization, organization mission, and for you?
Understand the risks	It is difficult but at the same time it is an essential part.
Implement corrective or adaptive action	Learning lessons
Post-crisis evaluation	
Situation development	
Crisis assessment	
Course of action (COA)	
Course of action selection	Because of the simulation exercise that is involved, you have many different potential scenarios and plans that you can enact depending on the situation. You can choose one.
Execution planning	A lot of work has been done but in this stage you will adapt a plan to meet the reality of the crisis.
Execution	

CRISIS MANAGEMENT & LEADERSHIP

Crises highlight the character of leaders while posing several questions:

- Do leaders have the ability to think of crises in times of non-crisis?

- Do leaders have the ability to think of and prepare for periods of non-crisis in time of crisis? Do they have vision?

- Are leaders willing to sacrifice their own or their constituencies' desires of the moment to meet crisis challenges? Otherwise they are not leaders.

- Do leaders care about the long range good of the organization or nation to give such sacrifice serious consideration?

- Do leaders understand the difference between strategic and tactical thought? The senior management or senior leadership might be setting the strategic vision, the goals, the objectives. The tactic is how you are going to do that.

Casual talk of crisis may make a leader look weak if not followed by commensurate action. Thus, identifying crises properly is a more complex exercise than generally assumed, and must be understood as an integral aspect of crisis management itself. Terminology means a lot. You have to be careful how to use the term 'crisis.'

There are penalties to be paid in thrusting senior policy officials into crisis management roles, given the inevitable lack of real preparation of leadership and the steepness of the learning curve. Sometimes leaders are selected for political consideration, or they are great technicians, or great practitioners, but they are not good managers. If you put them into a crisis situation without having a crisis management capability built into the organization, you will have a problem. The essential requirement is to devise doctrine and procedures that will integrate organizational/political, strategic, and operational crisis perspectives while preserving an appropriate balance between them.