Be Prepared

Implementing Business Continuity and Crisis Management

Prevention – The challenges in the areas of risk management, business continuity management and crisis management have changed dramatically during the last years. The significance of risk management for the entire sector was clear even before the current financial markets crisis rose up. The risks for the business-critical processes of companies, agencies and organizations have changed over the past years and have magnified their repercussive effects. The declaration of a global pandemic alarm due to the swine flu H1N1 by the World Health Organization (WHO) on June 11, 2009 showed the necessity of functioning business continuity and crisis management for companies of every scale and in every sector.

"Only companies struggling with product recalls from production problems or employing staff in regions specifically at risk require crisis management." For a long time, this was the label attached to crisis management. The conclusion was that well-managed companies do not need crisis management. But the framework conditions have changed fundamentally: International (cyber) terrorism, global sourcing with corollary global risks, increasing impact of natural catastrophes and last, but not least, the current risks posed by the swine flu show that any company may be affected by events which make an exceptional form of management necessary in order to minimize the nega-

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tive impact on survival of the company, namely: crisis management.

Framework Crisis Management

Waiting to implement crisis management until the onset of the event is too late. The quicker the response to events, the greater the damage prevented. Moreover, the process and decision structures differing from the usual operations need to be practiced regularly in order to function smoothly in an emergency. This is also the reason why companies set special regulatory standards on critical infrastructures such as financial service providers, energy providers, agencies and administration for implementation of crisis management. Preventative crisis management includes the modules business impact analysis, risk analysis, crisis management plan, crisis

communication plan, care-concept as well as drills.

Any crisis management system should start with a short policy statement. The policy should cover the responsibility of senior management for the crisis management framework (e.g. Funding); objectives, roles and organization and business and regulatory framework. The policy should be signed off by the senior management.

Business Impact Analysis and Risk Analysis

What keeps a business going? What are the business-critical products, services and operations? What are the impending consequences of an interruption of

Crisis Management-Policy

Preventative Crisis Management	Managing a crisis
• Business Impact Analysis • Risk Analysis • Crisis Management Plan • Crisis Communication Plan • Training and drills	• Notification and Escalation • Command and control (FOR-DEC) • Crisis Communication • Care-Giving • Documentation

• Business critical products and services
• Risks and threats
• Compliance
• Standards

• Customers
• Shareholder
• Stakeholder

the business critical services? These are the questions posed by a business impact analysis (BIA). Only when critical products, services and operations are known can they be treated adequately. Moreover, the overview of the criticality of the processes helps to apply the preventative measures appropriately. Not all products and services require the same level of protection. After all, the principle of profitability also applies to crisis management. Internal and external resources are identified which are necessary for the businesses critical processes in emergency operations. This includes internal resources

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like personnel, jobs, production facilities, IT applications and facilities. Analysis of external resources identifies products and services provided by suppliers, especially sole source vendors. For these critical resources it is fixed within the framework of the BIA when they will be required again after a disruption occurred (recovery time objectives RTO).

The next step is to assess the vulnerability of the organization as part of a risk analysis (RIA). Potential emergencies are listed (e.g. fire, severe weather, telecommunication failure, power failure, human error etc.). The likelihood and the potential impact on the business is analyzed for each threat as part of a vulnerability analysis.

Crisis Management Plan

Knowing the business critical operations and resources and the potential emergencies that can happen to the organization, the response can be planned. The crisis management plan should include the following basic components: emergency response procedures, personnel making up of the crisis management group, decision-making and assignment of responsibilities for the crisis management organization (command and control), emergency operation centre and technical equipment for the crisis management group.

Successful management of emergency depends crucially on the quick and proper escalation of a problem harboring a potential for crisis down to the convocation of a crisis management group. A specially tailored management and decision

process is to be defined for the work of the crisis management group with the objective of rapidly producing the right decisions and taking the necessary measures by the crisis management group.

The Crisis Management Group

Who is the head of the crisis management group? Who is part of the fixed circle of persons in the crisis management group and who are the optional members who may be consulted when required? In addition to the issue of the composition of the crisis management group, the establishment of an emergency operating centre and its staffing is to be fixed. Moreover, the supporting roles for documentation and the secretary's office must be determined.

The crisis management group needs clear assignment of authorities for having measures carried out. Which decisions may be taken independently by the crisis management group and in which cases must the head or the management be consulted?

The allocation of space and technical facilities of the crisis management group are essential. This includes conference rooms with corresponding technical equipment, situation rooms, but also rooms for resting and access to washrooms. Technical equipment includes mainly means of communication such as landlines, cell phones and fax machines, PCs and laptops as well as internet access and TV. The technical equipment should as far as possible avoid redundant devices. Technology is continually available (battle box) and maintained and tested.

Crisis Communication

Nowadays, the press is on location within minutes and demands information which is disseminated within minutes through the internet. There is no time for rewriting press releases. In a crisis communication plan there should be prefabricated text modules which can be resorted to in the case of emergency. In addition to the organizational preparation the clear allocation of roles between the press spokesman and the management, for example,

is the basis for the ability to communicate quickly in a crisis.

Communication is crucial in an emergency. Beside communication with the press the communication plan has to consider communication with: employees and families, customers, outside response organizations, providers, authorities and neighboring businesses.

Trainings and Drills

The emergency response procedures, the modules of the crisis management plan and the crisis communication plans need to be practiced regularly in order to ensure their functioning upon the onset of an event. Training and drills range from education sessions, tabletop exercises, walk-through and functional tests up to full-scale exercises, which simulate a real-life emergency situation. Proof of these drills and tests is also proof of the functioning for auditors and the company's supervisory bodies.

Managing A Crisis

The management and decision model in crisis management differs essentially from that of regular operation. Instead of extensive, well-analyzed decision models, a quick assessment of the situation must be made and measures must be devised and prioritized.

The personal setup of the crisis management team, roles, procedures and basic conditions are very different from business as usual. Therefore regular training of the crisis management team is evident.

A clear and well-known management decision model for the crisis management team helps to establish a common sense for the collaboration of the team.

An example is the Fordec model known from the aerospace sector. Fordec stands for facts, options, risks, decision, execution and control and thus constitutes a structured decision-making process.

Continuous documentation of decisions and measures is frequently neglected within the scope of crisis management. However, this documentation is indispensable for the subsequent evaluation for identification of improvement potential. Insurance companies also demand proof of measures to minimize damage within the framework of loss adjustment.

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