

The Age of Super Crises: The State of Corporate Crisis Management

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What is a Crisis: Common Definition

A sudden, unexpected event that has the *potential* to :

1. Cause serious injuries, disease, public health concerns and issues
2. Lead to deaths
3. Exact major financial costs
4. Destroy an individual or organization
5. Cause serious damage to a whole society
6. And attract serious media attention:
victim, villain, rescuer

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One of the most tragic examples:

The 1995 bombing of the Alfred P. Murrah Federal Building in Oklahoma City



What is a Crisis: Major Assumptions

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- 2) An American won't kill other Americans.
- 3) Innocent men, women, and--worst of all-- children will not be killed.

Fort Hood

Japan Earthquake

What the Best, Proactive, Organizations Do

1. Form a diverse crisis portfolio
2. Pick-up/amplify early warning signals
3. Continuously audit their culture
4. Constantly challenge key assumptions
5. Build and test damage containment mechanisms
6. Build and test actual CM capabilities

What the Best Organizations Do: Form a Diverse Crisis Portfolio

Product recalls

Product/service tampering

Employee sabotage

Fires, explosions, chemical spills

Environmental disasters

Significant drop in revenues

Natural **HAZARDS**

Loss of confidential/sensitive information

Major lawsuits

Terrorist attacks

Damage to corporate reputation

Ethical breaches

**7 to
12**

Systemic

NEVER A Single Crisis

**Yet, Mutual Interactions Still Not
the Norm**

What the Best Organizations Do: Pick-Up/Amplify Early Warning Signals

Workplace violence

Rising absenteeism

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Increased graffiti on bathroom walls

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Dilbert cartoons



9/11 Study

- Preparation for terrorism was Zilch!
- In spite of the fact that 80% of terrorist acts happen to businesses, not to governments.

9/11 Study

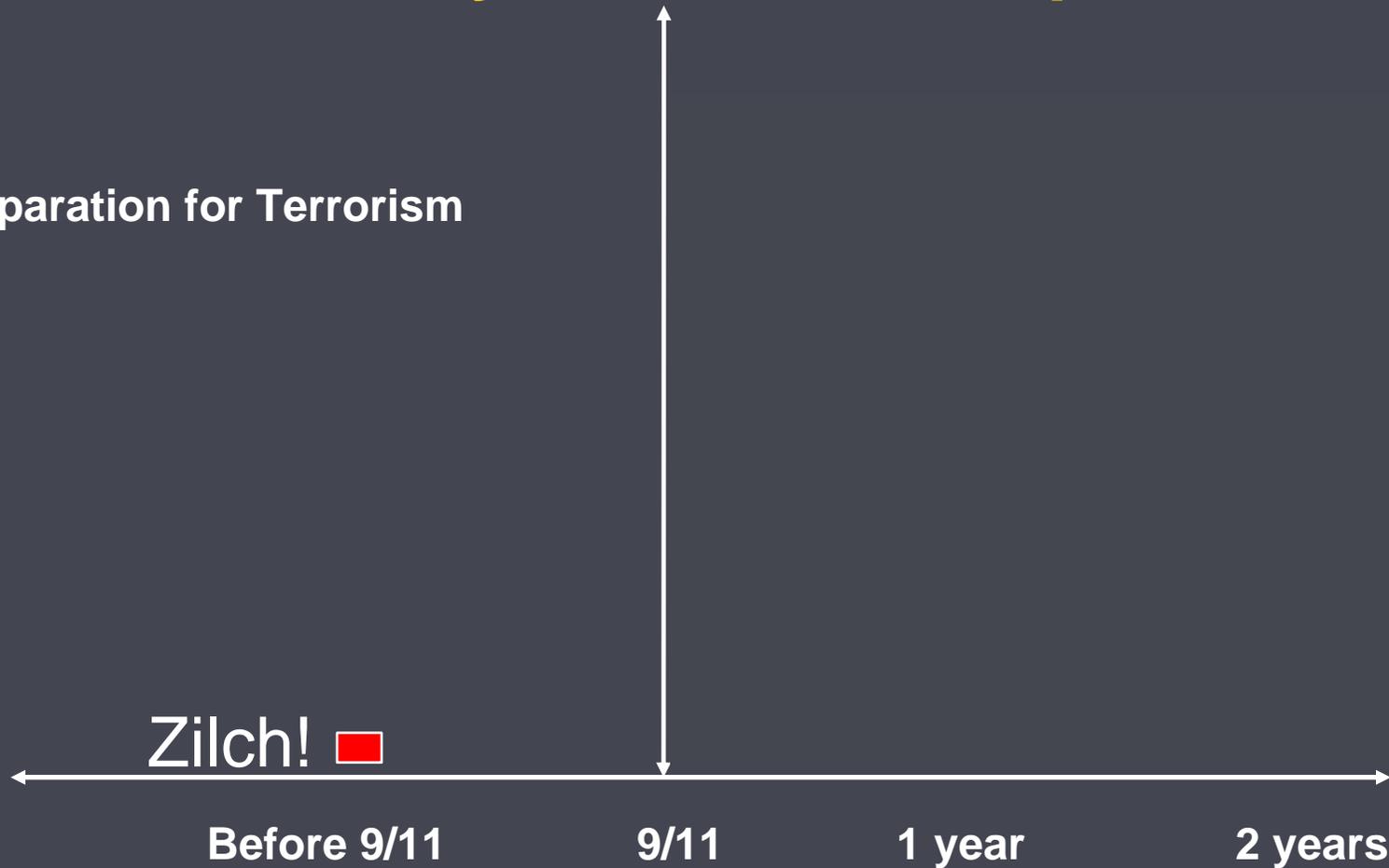
Proactive corporations: 15%

Reactive corporations: 85%

crises experienced versus prepared

9/11 Study: Reactive Companies

Preparation for Terrorism



Zilch! ■

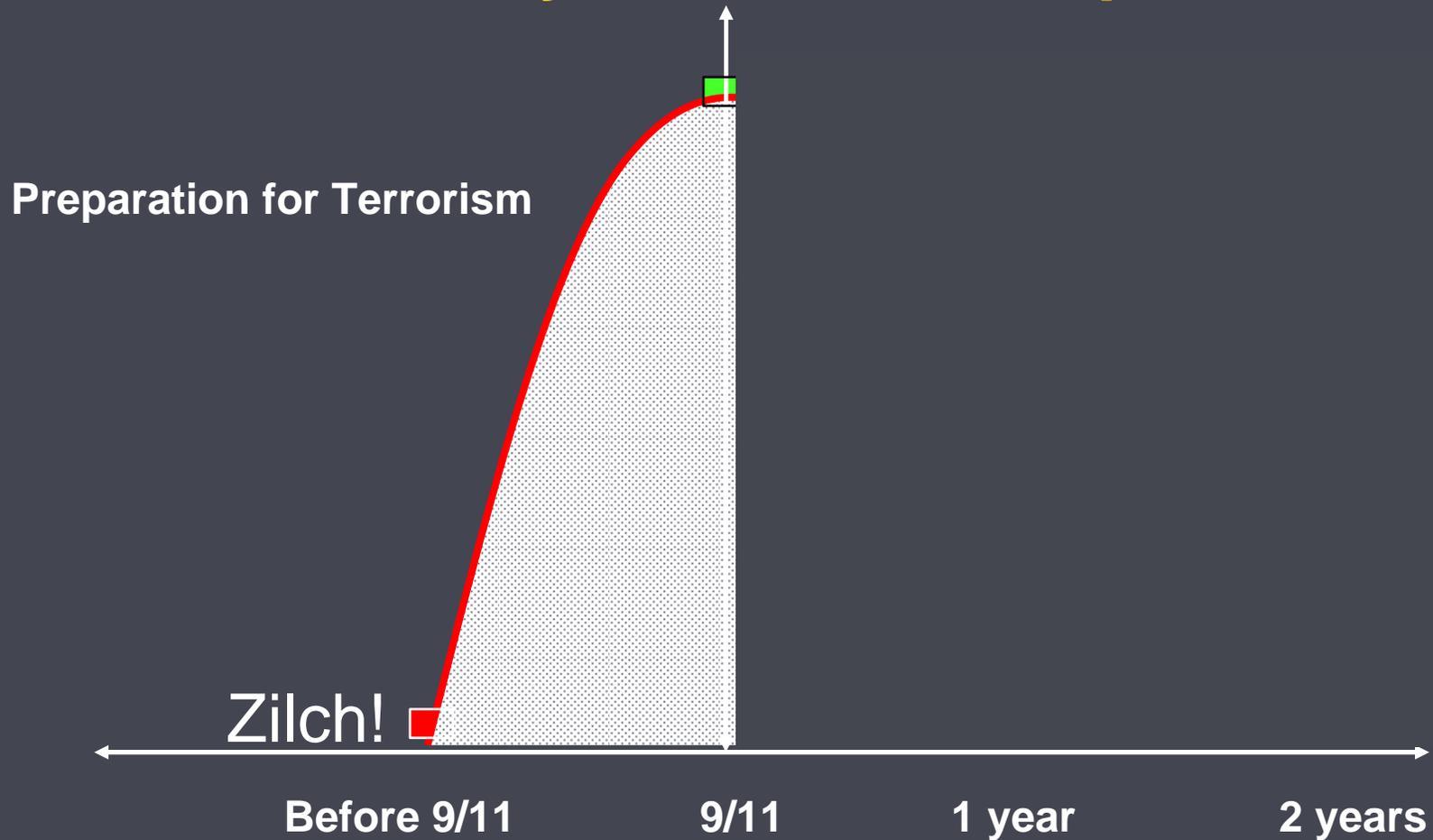
Before 9/11

9/11

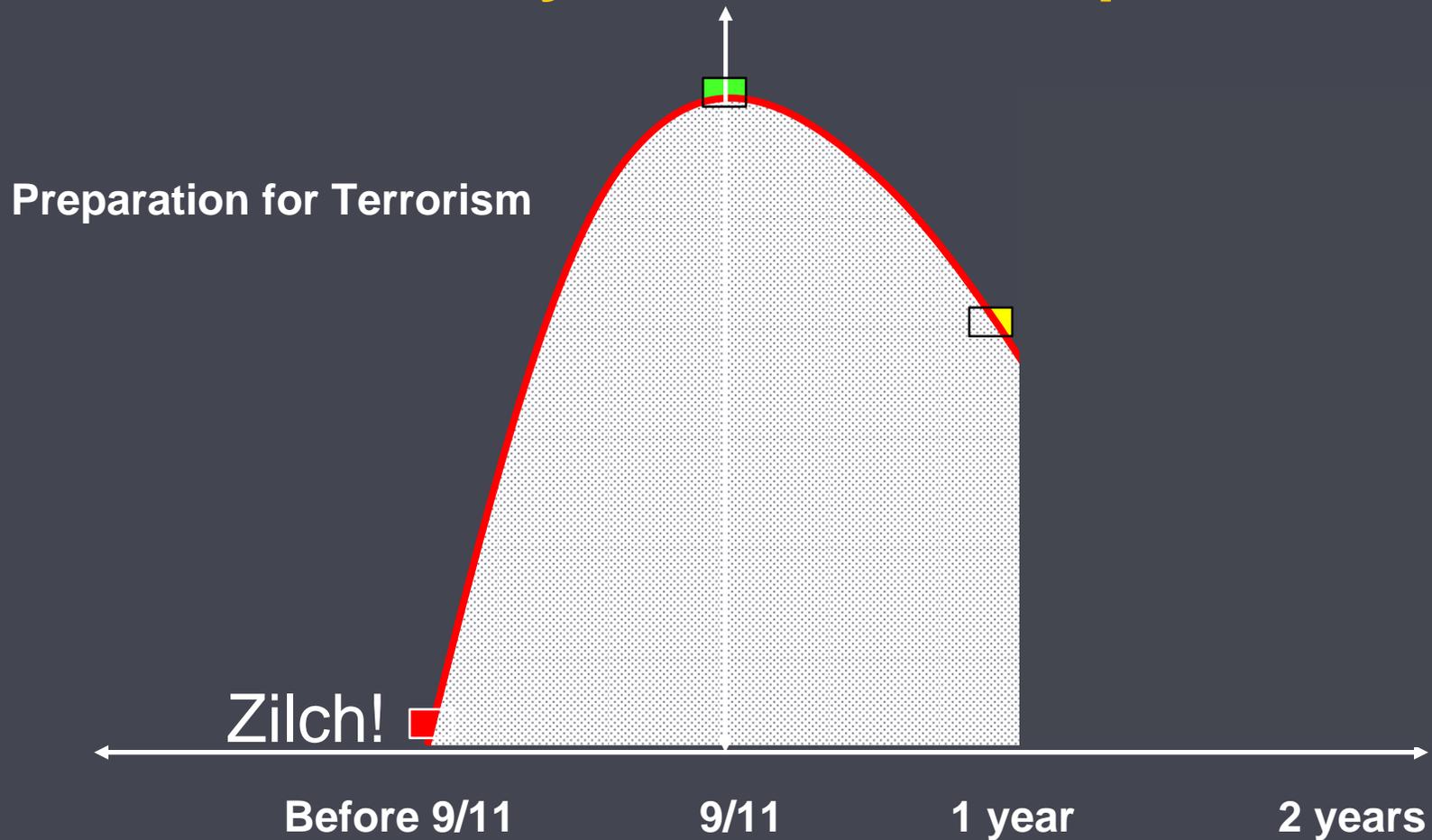
1 year

2 years

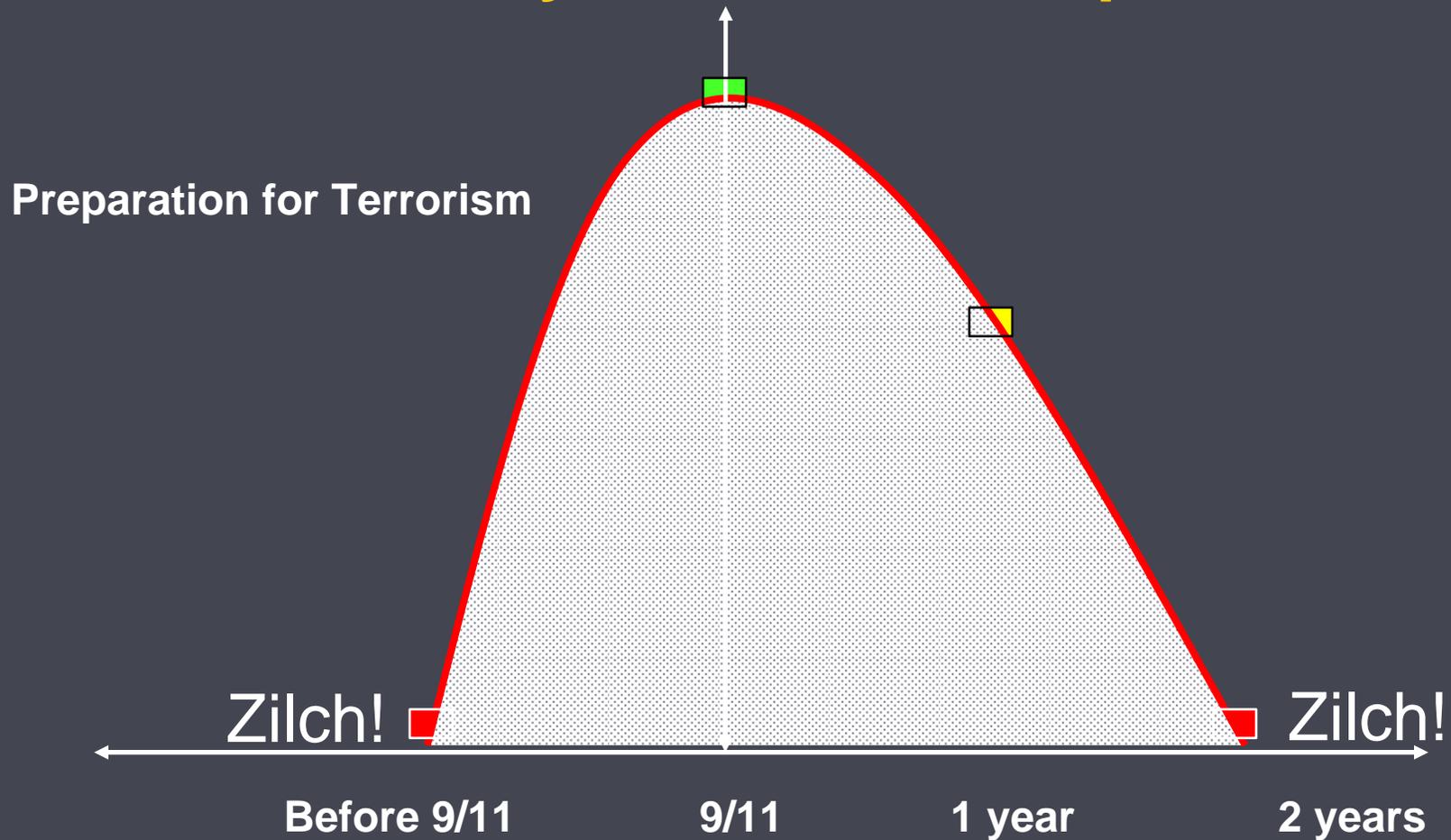
9/11 Study: Reactive Companies



9/11 Study: Reactive Companies



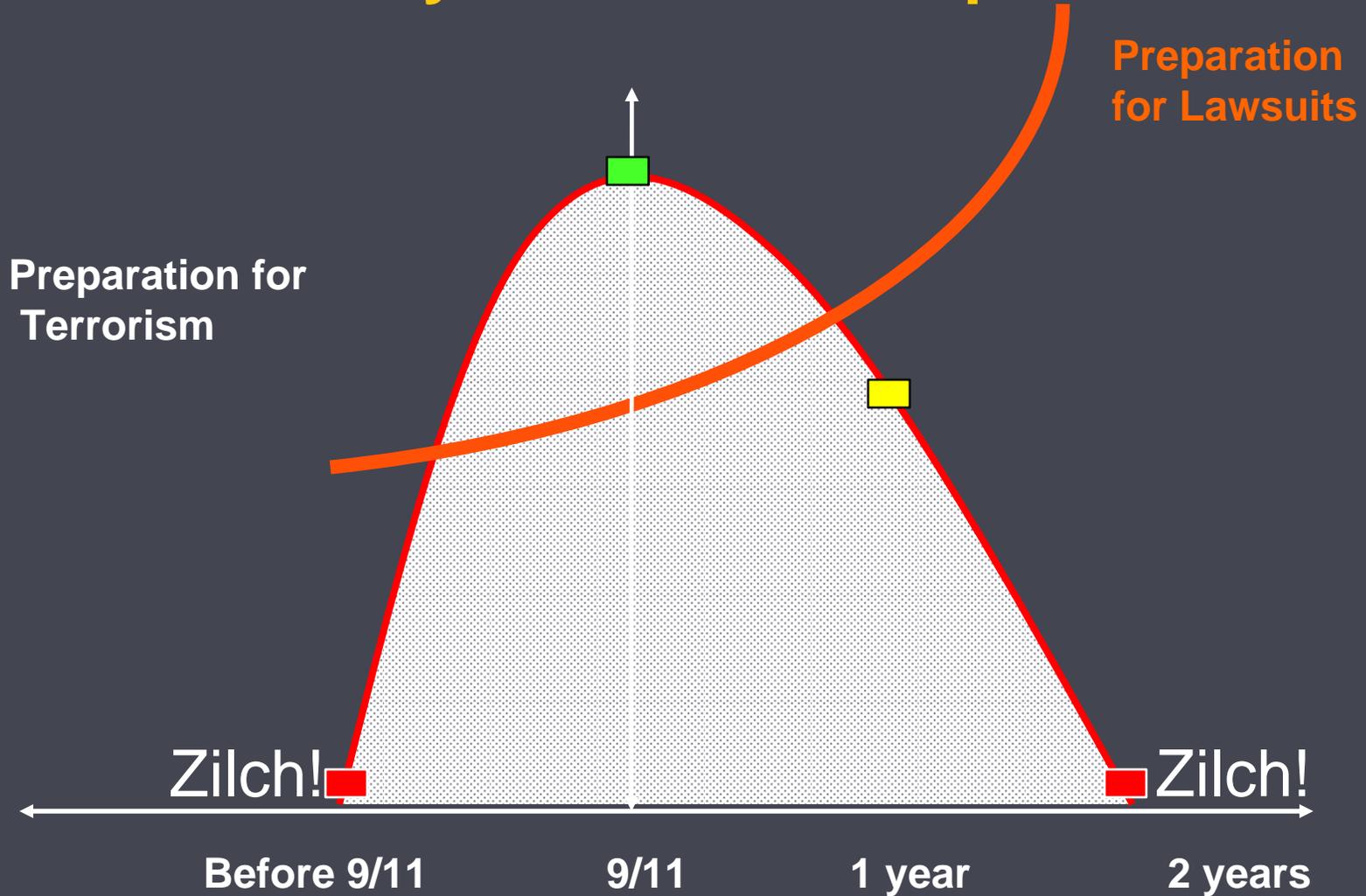
9/11 Study: Reactive Companies



9/11 Study

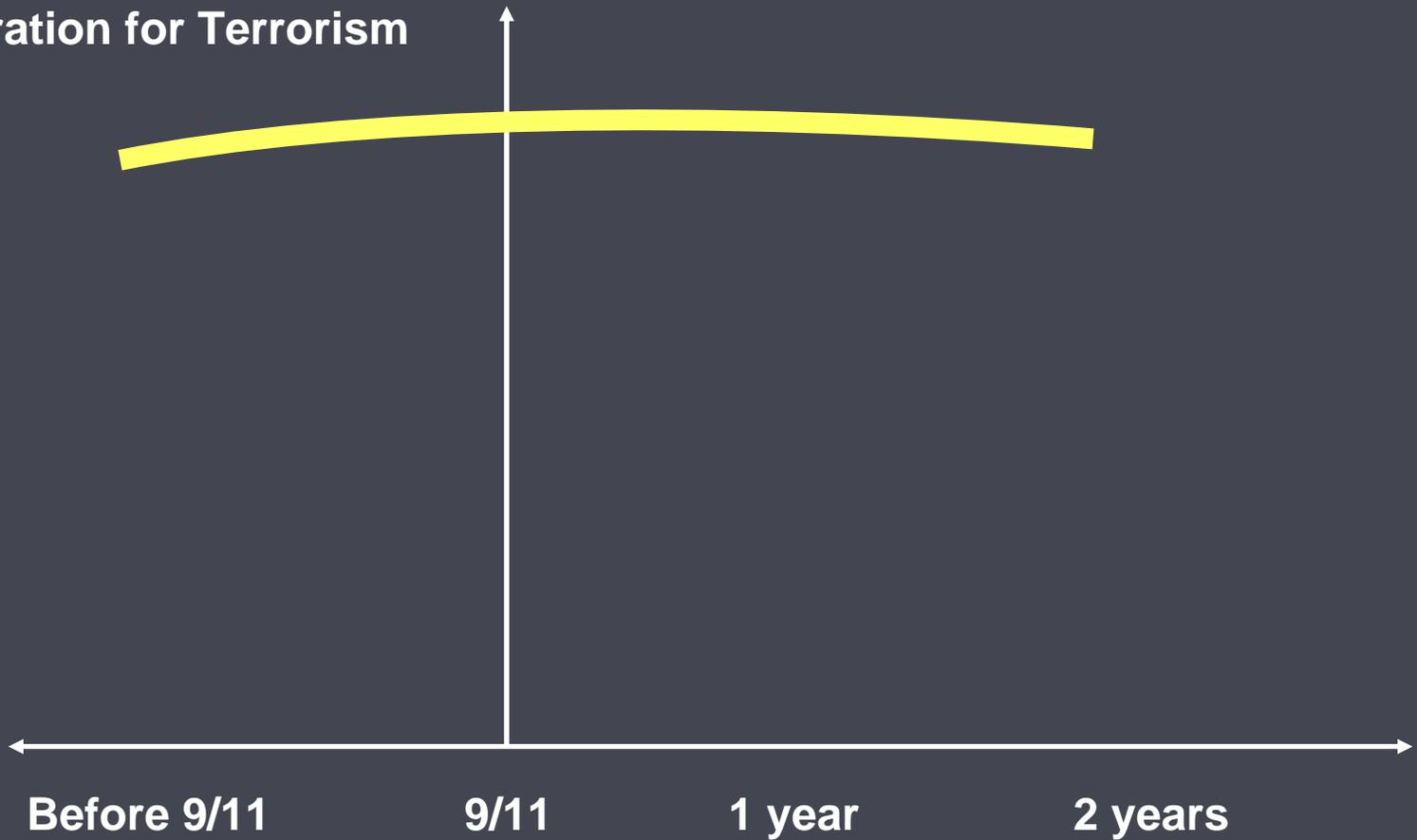
There was one crisis, however, for which preparation rose steadily...

9/11 Study: Reactive Companies



9/11 Study: Proactive Companies

Preparation for Terrorism



9/11 Study

Proactive: care about doing the right things

Reactive: care only about making money

Supreme irony: Proactive are far more profitable!

The moral: Crisis Management is not only good in and of itself, but it is good for business.

Corporate Culture

Set of background beliefs and fundamental assumptions that drive behavior

What the Best Organizations Do: Continuously Audit Their Culture for Dangerous Rationalizations

Our size will protect us.

Excellent companies don't have crises.

Our location will protect us.

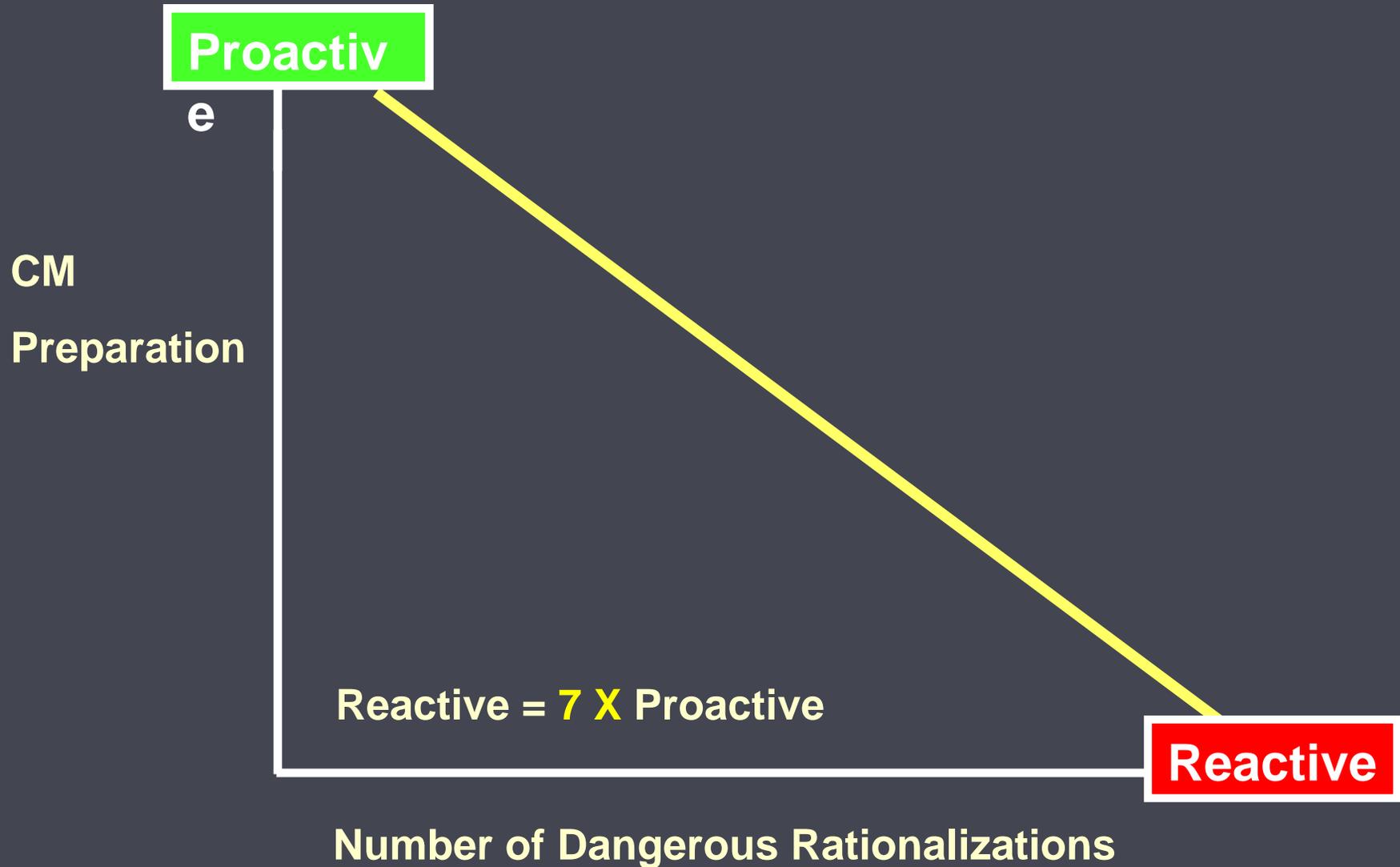
Certain crises only happen to others.

If a crisis happens, someone will rescue us.

CM is someone else's responsibility.

Each crisis is so unique that its pointless to prepare

What the Best Organizations Do: The Impact of Culture



Summary

If I had only one recommendation to make, it would be ...

Hire an ex investigative reporter.

Thank you!

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