

Managing a Reputation Damaging Crisis



Simulating crisis management for top teams

Issue

Few senior teams are prepared for a major crisis that arrives from nowhere. Even well-run organisations can unexpectedly hit serious problems. Cadburys, BA, Severn-Trent Water and major banks have all recently had to fight to protect their reputation from serious damage. Usually senior staff will have seen few problems of this scale that thrust them into the public glare so quickly. They can often make matters worse by poor decisions resulting from inexperience. Regulators, aware of this issue, are asking searching questions.

Increasingly, risk management practices require thoughtful preparation. How can senior teams prepare to manage such rare but crucial problems?

Solution

Setanta's new, ground-breaking approach to mitigating the impact of reputation-damaging crises has two parts:

- i. *Crisis Management Simulation* is an exercise, tailored to the circumstances of each organisation and run by senior executives who have significant experience of crisis management. The intense atmosphere of a major crisis challenges top management to make critical decisions and experience the consequences. Learning is further enhanced by a review of a number of real life crises.
- ii. *Crisis Management Support* offers immediate and sustained help with real and serious problems when they arise.

How it works

The *Crisis Management Simulation* has three phases

1. Simulation Development

Setanta focuses on the circumstances of each organisation, its sector and the team to be coached. A selection of crisis options is discussed with the sponsor, usually the CEO or divisional director, who will choose a challenging issue. This is then developed in detail for the *Crisis Coaching Simulation*. Scenarios, decision trees and supporting material will be prepared.

2. Crisis Coaching Simulation

The top team spends a full day on the simulation and follow-on learning. The chosen option is run throughout the morning, in an intense atmosphere that compresses a real-life timescale. We use video to record conversations and key decisions; media industry professionals simulate press and TV interviews. The behaviour of Boards and various external agencies (including regulators) is simulated. Just as each real crisis is different so is each simulation.

The mechanics of the process are straight-forward. The senior team is convened in a normal executive meeting. News of the crisis is delivered to one team member in the form of a message from the press office saying that the Financial Times will be running a major story on their front page and would like a comment. All members of the team need to be involved, and further information is supplied, in response to their requests and other events.

3. Crisis Learning

Over a working lunch and into the afternoon, the simulation is debriefed, key decisions examined and alternatives considered. During these conversations the real-life experience of others is introduced. (This material has been prepared with the people who were at the heart of each crisis.) Some key elements of the simulation may be re-run (e.g. TV interviews). Distilled advice on crisis management is presented.

Participants receive a pack giving them a record of their management of the simulated crisis, details of the real-life issues faced by others, the decisions taken and documented examples of advice on crisis management.

Having worked through the simulation and learning, the organisation's senior team will be better prepared for any eventual crisis. Setanta's consultants are also available at very short notice to support and guide the organisation's directors in the event that such a crisis arises. The circumstances normally shape the help that is needed but we can offer immediate hands-on advice.



How it is different

Crisis Management Simulation is a tailored programme, drawing lessons from the experience of others, including the presenters themselves. The simulation is run by executives who have played key roles in successfully managing major crises in their careers. They are able to recreate realistic simulated crises, not normally possible without direct experience. They have also made a study of business crises, and are able to speak with authority on the experience of others, and the learning to be derived. This knowledge is rare.



Results

Senior teams will face any real crisis with greater confidence and skill. The CEO will also have a better feel for how the team will react when under serious pressure and can act accordingly.



Mike Lewis has been responsible for working on and managing major reputation-damaging problems while a member of the Management Board of a significant European Bank. He has also been a Partner in a major consulting firm, working with plc Boards on a variety of serious problems.



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