10 Lessons in Crisis Management
About the author

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Sean is CEO & President of Lootok, an operational risk management consulting firm based in New York. Lootok brings a fresh perspective to managing organizational resiliency initiatives including business continuity and crisis management.
1. Define what a crisis is
What does a “crisis” mean for the organization globally, & what does it mean from a local perspective?

What can often happen within global companies is that everything gets managed at the top level, without an understanding that risks may be interpreted differently at a site level or region. What’s perceived as a threat in Mexico City, for example, may not be perceived as such in Beijing.

Create a common language among your team to align everyone’s understanding of how certain words are defined by your company. For example, a “crisis” might be an event requiring the crisis management team to convene, while an “incident” might be handled locally by site leadership.

Well-defined definitions allow leaders to clearly communicate the situation and articulate steps for action.
2. Start strategically
Crisis management needs to be a part of strategic planning.

Start at the top of your organizational hierarchy and engage senior management, so that their enthusiasm filters down. Once a global crisis management plan is built for your organization, roll it out across business units using the same framework, process, and materials.

If you don’t have C-suite access (yet!), you’ve got to think of yourself as an entrepreneur to and figure out a strategy for getting upstairs. For example, get executives to want to be a part of the initiative with a quick, compelling exercise that gets right at the heart of why crisis management matters.

You may find that crisis communications is driving crisis management in your organization. In an effective program, it should be the opposite. Crisis communications is just one sliver of crisis management, not the other way around.
3. Fly the plane, or fix the problem
In a crisis, one is either running the business or solving the problem—but not both.

Organizations must train their leadership teams to know their individual roles.

Allowing team members to focus on either “flying the plane” (running the daily operations of the business) or “fixing the problem” (resolving the crisis) helps to avoid uncertainty about who will lead and execute certain actions.

Even in the case of a very small and lean business, another individual should be identified as soon as possible to delegate one task or the other.

In many cases, defining roles and responsibilities may mean simply formalizing an existing informal process.
4. Create a culture for escalating issues
In order to encourage an effective escalation process, leadership must first create a culture of trust so that escalation of an issue is perceived as a non-threatening act.

A culture of transparency where “bad news is good news” can also be more easily created when employees have a clear understanding of how to communicate up.

Therefore, the executive team should establish clear guidelines for when and what types of issues should be escalated (or what it is they want to know), and to whom within an organization.

This can prevent associates from providing either not enough or too much information when an incident happens at a local or lower level.
5. Follow a framework, not a prescription
Plans and procedures work best in normal situations, but our decision-making takes on different forms when we face ambiguous, complex, and unpredictable situations.

When organizations focus too heavily on the plan itself, people are taught to blindly follow sequential steps or rely on a formulaic plan. The problem with this is that they expect the plan to work for all cases.

In most instances, a fixed plan will fail, as reality doesn’t follow a script, but requires adapting to the situation and active problem solving. A plan can be very valuable, but it is nothing more than a starting point to give us preliminary information and initial points of contact.

The real planning starts at the time of an event. For this reason, good leaders understand the limitations of plans and procedures in a crisis.
6. Conduct active threat intelligence
A crisis requires leaders to apply their judgment, using the information they have available at any given moment. This, however, can only be successfully done by acquiring credible and timely intelligence.

A critical component of crisis management is the ability to be proactive – to predict and prepare for negative events before they happen. Threat intelligence systems track, monitor, and report external forces that make organizations vulnerable to threats. This allows an organization to detect and keep a pulse on threats before they escalate into a crisis.

Ultimately, threat intelligence empowers leaders to make more informed decisions and act upon information in the most optimal way possible.
7. Build tacit knowledge
Plans contain the critical information you need and a good deal of procedural knowledge, such as flow charts or tasks. But they cannot replace tacit knowledge.

Tacit knowledge is expertise, or unwritten knowledge that is gained through experience and through applying your knowledge to different situations. It’s a deep “knowing” about something that’s gained from years of doing.

Tacit knowledge plays a large part in our ability to respond in a crisis. We rely on our tacit knowledge to interpret information, know which rules to follow, know when to modify them, and recognize when to break them.

The key to building tacit knowledge is experience, so create regular opportunities for learning. A layered approach to training and exercising allows inexperienced team members to practice decision-making in a low-stakes environment.
8. Establish a common operating picture
Crisis management decision-making is not an individual activity.

Because decision-making processes usually take place in multidisciplinary teams, decisions made in a crisis are based on a combination of individual mental models. Because we all have individual mental models based on our past experiences, everyone sees a crisis differently. That’s why it’s important for us to have a common operating picture or understanding of an event.

Having a common operating picture becomes even more crucial as an organization expands and inherits risk from other entities. If team members are not aligned in their response, it can be difficult to make effective and efficient decisions.

A simple decision-making model can help leaders direct tasks and action according to their objective and vision.
9. Factor in the human element
Most likely, the members of your crisis management team don’t interact on a day-to-day basis, only in the event of an escalated incident. Interpersonal dynamics affect team effectiveness just as much as technical skills, so it’s crucial to know how your team will and should work together.

This team, by its very nature, must influence others to take action based on the information they gather and decisions they make. Based on individual preferences for receiving information, however, the ways in which everyone is likely to do this is different. For example, some people may tend to give clear direction by directing or urging action, while others may struggle with making decisions under pressure.

An assessment of interaction styles can highlight where your team may need additional training and explore how to leverage members’ natural tendencies.
10. Watch out for cognitive traps
Cognitive traps can cloud our judgment and lead to flawed thinking.

One common example is “confirmation bias,” which is our tendency to favor information that confirms our preconceptions, regardless of whether the information is true. As a result, we gather and recall information selectively, and interpret it to confirm our existing view. This leads to overconfidence in personal beliefs, and maintaining beliefs despite contrary evidence.

Confirmation bias creeps into nearly every decision we make, and can lead to disastrous decisions, particularly in organizational contexts. Combat confirmation bias by first acknowledging it so you can spot distortions in thinking; then, invite opinions that contradict your own and listen to their reasoning (rather than simply defending your belief).
Curious about how else your company can improve its ability to manage a crisis?

Contact Lootok and request a free consultation with one of our crisis management advisors.