

out whether CM plans and procedures are taken seriously. They also establish accountability and rewards for crisis management in general and signal detection in particular. That is, they reward the behaviors they want to encourage, tying such rewards and recognition directly to signal detection preparation. They also make sure that their organizational structures are flexible so that they can shift quickly to the behaviors needed during a crisis. Finally, they practice simulations and training exercises to test their plans and procedures.

**SEVEN**

## The Challenge of Crisis Management

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AN IDEAL CRISIS MANUAL

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Despite all the attention given to crises in recent years, CM is still a newly emerging field. As a result, many of the concepts of CM are still neither well understood nor widely practiced by many organizations, even though hardly a month goes by without a crisis.

For example, on September 8, 1994, USAir Flight 427 crashed near Pittsburgh, killing all 132 passengers aboard. In reporting the tragedy, the media noted that this was the fifth USAir accident in five years and that more than 200 people had died. The fact that this was USAir's fifth accident in five years shaped the reporting of the tragedy from the very beginning. The natural question on most people's minds was whether the accidents followed a pattern. Were they independent of one another, as USAir executives claimed, or were they linked together in some way? Since USAir has been in financial trouble, did it knowingly cut back

on critical maintenance, training, and service repairs? If it did not, could it prove that its maintenance, training, and service procedures were beyond reproach? Did its procedures meet or exceed mandated or industry standards?<sup>1</sup> Early reports also focused on the fact that the aircraft involved in the latest tragedy had had a history of minor problems (as most aircraft do), all of which had been “fixed” to government standards.

USAir’s CEO appeared on a number of news media forums to rebut allegations that the separate accidents were somehow linked. In essence, he claimed that (1) there was no pattern, (2) the events were independent of one another, and (3) as testimony to his belief in the safety of USAir, he would have no qualms about any member of his family flying on any of his company’s planes. But however well intentioned his statements were, his responses clearly revealed a lack of understanding of the fundamentals of CM.

In Figure 2.1, we indicated that the “power and/or credibility” of the initial information source is one of the most important factors in exacerbating or squelching a crisis. Thus, the CEO’s statements that he did not believe there was a pattern and that he would permit his family to fly on USAir may or may not have been believable to the general public. It is

not clear whether these statements alone could establish his credibility (i.e., “He must be credible if he would allow his own family to fly on USAir”) or whether they would be interpreted as self-serving and hence lower his credibility. In other words, it is not readily apparent whether his statements would either establish or detract from his credibility, because one must already have established credibility in order to be believed during a crisis.

This is not to say that one can never establish one’s credibility during a crisis. Johnson & Johnson (J&J) not only established but even steadily increased its credibility during the Tylenol poisoning crisis,<sup>2</sup> by being completely candid. At one point, a top executive of J&J was asked by the press, “Can you eliminate entirely the possibility that the poisonings were done by someone on the inside?” The executive in charge said that he could eliminate the possibility of on-site poisoning because cyanide was not used in any of J&J’s facilities. Later, however, this statement proved to be false. On learning that trace amounts of cyanide were used in one of J&J’s facilities to test the quality of its products, the executive reconvened the press and stated, “I was wrong; we do have small amounts of cyanide in some of our testing labs; however, I can assure you that our cyanide was not responsible for the poisonings.” By being absolutely

candid with the press—including correcting himself when he was wrong—J&J’s credibility was maintained throughout the tragedy.

What, then, might the USAir executives have done? First, we should acknowledge that questions of legal liability are present in every crisis, and so we must be extremely careful in commenting on any crisis. It is understandable that the airline executives wanted to avoid giving any credence to the perception that the accidents followed a pattern. Nonetheless, they must have known that this was precisely what the public feared. The trick, of course, is to address these fears without intensifying them, which is not easy. But unless this is done, people will probably feel that they are being patronized and that their fears are being dismissed.

#### OUTTHINKING THE UNTHINKABLE

One of the cardinal rules of CM is that public fears are not generally assuaged by “scientific facts or probabilities.” Most people are not scientists or engineers, and so more often than not, they are highly skeptical of “experts.” Accordingly, it would have been reasonable for USAir’s CEO to have said something like “In my mind, I know that the separate incidents are not connected in any way. However, I can understand

and sympathize with those who feel that there could be such a pattern. As a result, I am ordering an immediate and thorough safety inspection of all our planes. We owe this to our passengers. In this way, we will make sure of the integrity of our planes and regain the trust and confidence of the public.”<sup>3</sup>

Indeed, we are not recommending that USAir should have grounded its planes. Instead, our point is that such actions should at least be considered. For many organizations, a grounding or shutdown is probably as unthinkable as is the original crisis itself. But an unthinkable response may be the only effective counter. Whatever response is contemplated, it should be considered and evaluated in terms of Figures 2.5, 2.7, and 2.9.

#### CONCLUDING REMARKS

All the CM processes, charts, diagrams, and computer programs are useless unless your organization is ready to acknowledge that all crises create powerful emotions in those affected by them. We certainly hope that this book contributes to the technical knowledge and understanding of how to handle crises better. But this understanding alone is of little use unless organizations learn how to confront and overcome the patterns of denial that are generally present in a crisis, and such

denial is the enemy of both handling the many details of CM and considering unthinkable actions.

In the end, therefore, CM is not solely a matter of better technical policies, procedures, and manuals. It depends critically on humans and organizations that are dedicated to facing reality.

POSTSCRIPT

Throughout this book, we have stressed the process of CM. For this reason, we have been extremely critical of most current CM manuals, because they generally ignore the broader process in which CM must be practiced. It is only fitting, therefore, that we present our ideal crisis manual after we have explained the process of CM.

Figure 7.1 shows the form of an ideal crisis manual. That is, each crisis that is included in an organization's crisis portfolio should ideally follow the form shown in Figure 7.1. In contrast, Figure 7.2 shows the form that most current CM manuals follow. An ideal crisis manual contains (1) the likely situations in which a crisis could occur, (2) those criteria that would have to be met or hurdles that would have to be exceeded in order for the organization to move into a crisis response mode, (3) the

Scenarios	Criteria	Signals	Containment	Recovery	Post-Crisis	Stakeholders
For each crisis family, at least one type of crisis that can occur and its root causes, ie, how, when, and why  Likely versus worst-case scenarios, ie, worst possible time, circumstances, causes, and most unfavorable publicity	Criteria/hurdles that must be surmounted to trigger a crisis response, (e.g. activation of the Crisis Management Team)	Early warning signals that a crisis is likely to occur, ie, events which are very near to the criteria	Physically isolate? Encase? Neutralize? Disperse? Treat?  Physically remove?  Transport? Reduce? Convert?	Prioritization of key customers  Prioritization of key facilities manufacturing sites  Backups for manufacturing information distribution  Triage criteria	No-fault audit  Review critique of key assumptions  Causes?  Key lessons learned vs not learned?  Additional CMT training?	Prioritization of key stakeholders and their role in crisis plans/capabilities  Contacts? Availability? Location? Part of CMT? Internal vs external?
Crisis Types	Audits	Meetings	Training	Miscellaneous		
1. Criminal Attacks 2. Economic Attacks 3. Loss of Proprietary Information 4. Industrial Disaster 5. Natural Disaster 6. Equipment/Plant Malfunction 7. Legal 8. Perceptual/Reputational 9. HR/Occupational 10. Environmental/Health 11. Regulatory	Schedule of precrisis audits  Scope of precrisis audits	CrisisMgtTeam  Designer, operator, maintenance personnel  Simulations Conflict mgt facilitator	CrisisMgtTeam  Designer, operator, maintenance personnel  Simulations Conflict mgt facilitator	This space is for recording miscellaneous information.		

Figure 7.1. An ideal CM manual.

Containment	Recovery	Stakeholders
Physically isolate?	Prioritization of key customers	Prioritization of key stakeholders and their role in crisis plans capabilities
Encase?	Prioritization of key facilities manufacturing sites	Contacts? Availability? Location? Part of CMT? Internal vs external?
Neutralize? Disperse? Treat?	Backups for manufacturing information distribution	
Physically Remove?	Triage criteria	
Transport? Reduce? Convert?		

Figure 7.2. A faulty CM manual.

Notes

1. An article in the *New York Times* challenged the adequacy of USAir's procedures and management structure. See Douglas Grantz and Ralph Blumenthal, "Troubles at USAir: Coincidence or More?" *New York Times*, November 13, 1994, pp. 1, 18, 19.
2. See Ian I. Mitroff and Ralph Kilmann, *Corporate Tragedies: Product Tampering, Sabotage, and Other Catastrophes* (New York: Praeger, 1984).
3. In "Troubles at USAir," Grantz and Blumenthal suggest that USAir "stand down" its management structure, not its planes.

signals indicating that the criteria in (2) are about to be met, (4) damage containment mechanisms or options, (5) recovery mechanisms and procedures, (6) postcrisis reviews, and (7) a list of relevant stakeholders. An ideal crisis manual also includes a history of pre- and postcrisis audits that have been performed, in order to assess the status and nature of the organization as a whole; a history of appropriate crisis management team meetings; and a history of training and simulations. Given our emphasis on the process of CM, the reader can appreciate why the ideal shown in Figure 7.1 differs substantially from that of most manuals in existence today (Figure 7.2).