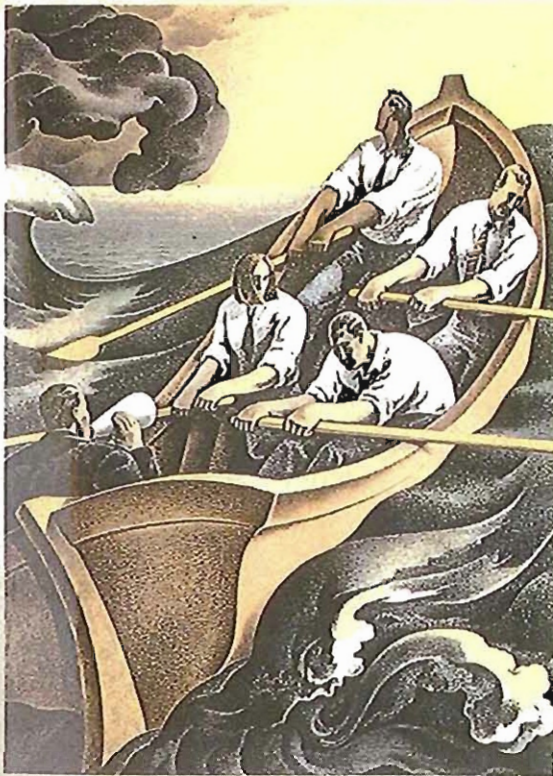


THE ESSENTIAL GUIDE TO MANAGING CORPORATE CRISES



▼
A Step-by-Step
Handbook for
Surviving Major
Catastrophes
▲

Ian I. Mitroff, Christine M. Pearson,
 and L. Katharine Harrington

The Essential Guide to Managing Corporate Crises

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PREFACE

This book is for those who need to know the essentials of crisis management, or CM. This includes all executives in key management positions, no matter what their job or function or the size or nature of their organization. It is intended also for those who work in the public or not-for-profit sector and those in the private or for-profit sector.

Two goals guided the writing and the organization of this book. First, the essentials of CM should be conveyed as clearly and directly as possible. Second, the book is intended to be used as a guide for managers before, during, and after a crisis.

Based on our experience in studying crises, teaching courses, and conducting seminars in CM; performing numerous pre- and postcrisis audits; and advising organizations during actual crises, we have concluded that most crisis manuals are useless. The reasons are as follows.

First, most manuals lack an overview of CM's systemic nature and, instead, present a variety of topics with little or no logical organization or framework to guide the user. For this reason, it is not surprising to find not only that most manuals are a source of confusion during a crisis but also that they actually enlarge the crisis.

Second, we are aware of no manual that covers all the relevant aspects or concerns associated with every crisis. Thus even if one is able to puzzle out the disorganization of most manuals, one is still not likely to find guidance in the many critical areas for which one is seeking help. This inadequacy only adds to the concern and confusion that accompany a crisis. Again, the tools intended to help managers deal with a crisis may become part of it.

Third, most CM manuals and programs contain either too much or too little detail. Some aspects of CM are covered in excruciating detail, whether or not they are critical, and others that are equally or even more important are ignored altogether or treated superficially.

Fourth, most manuals discuss only briefly the different concerns and perspectives that the members of a crisis management team (CMT) represent and need to raise during a crisis. Many manuals are created to satisfy the needs and/or anxieties of corporate headquarters, which helps explain why many

manuals gloss over important issues and details. But this also means that when faced with an incident, executives and managers often find such sources difficult to sort through and lacking in sufficient detail to help them manage a crisis.

Fifth, most manuals do not give equal attention to what one needs to think about and do before, during, and after a crisis. Most manuals describe only what to do while a crisis is occurring. In this sense, they are primarily reactive. Based on our work with public and private organizations, we believe that CM manuals need to be proactive and retroactive as well. That is, they need to deal with issues before and after a crisis as much as those during a crisis.

Sixth and last, most CM manuals do not explain how an organization can ascertain whether it has the capability of carrying out the recommended plans and procedures. Any manual can make recommendations, but they will be useless if the organization cannot carry them out. Put differently, very few manuals specify the education, knowledge, and training required to implement an effective CM program. Fewer still tell the organization how to measure its performance. Any one of these defects can damage an organization's CM effectiveness, but all of them acting together can be fatal.

The purpose of this book is to give its users the necessary skills and understanding to deal with and

manage crises before, during, and after they occur. Chapter 1 provides an overview of the entire CM process during a crisis. Chapter 2 offers a more detailed view of this same process. Chapters 3 and 4 examine what must be done before and after a crisis. Chapter 5 is an instruction manual for the CM software included with the book. It is a computerized version of Chapters 1 through 3. Using an example, Chapter 6 shows how a crisis should be handled. Finally, the seventh chapter summarizes what we have learned from dealing with crises and also the ideal management of a crisis.

This book assumes that the reader is not familiar with CM; that is, it is written for a broad professional audience. On the other hand, the book does assume that the reader has had some professional training and/or has worked in an organization, either private or public. In addition, this book is intended for both those facing their first crisis with little or no preparation and those wanting to improve their preparation and performance in time for their next crisis.

This book builds on our previous work in CM,¹ in particular, the crisis management recommendations developed by Mitroff, Pearson, and their associates.² Although our initial proposals addressed the concerns of practicing managers and executives, they were still too theoretical and did not provide detailed

guidelines for actually managing crises. Rather, they identified the critical factors or dimensions. In contrast, this book discusses the key management actions and decisions that executives face in handling a crisis.

Those who are anxious to get started with the software CrMgt should turn directly to Chapter 5. We advise all readers to look at Chapter 5 whether or not they have a computer, as it presents a number of concepts and diagrams that are vital to understanding CM.

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NOTES

1. See Thierry C. Pauchant and Ian I. Mitroff, *Transforming the Crisis Prone Organization* (San Francisco: Jossey-Bass, 1992), and Ian I. Mitroff and Christine M. Pearson, *Crisis Management: A Diagnostic Guide for Improving Your Organization's Crisis-Preparedness* (San Francisco: Jossey-Bass, 1993).

2. Mitroff and Pearson, *Crisis Management*.

ABBREVIATED CONTENTS

- one** A Bird's-Eye View of Crisis Management:
What to Do When a Crisis Hits, 3
- two** What to Do During a Crisis:
A Detailed Guide, 25
- three** Auditing an Organization's CM Strengths
and Vulnerabilities: What to Do Before
and After a Crisis, 57
- four** The Systemic Nature of CM: More Extensive
Training and Preparation for CM, 99
- five** CrMgt: Software for CM, 119
- six** Managing Industrial Disasters:
An Example, 157
- seven** The Challenge of Crisis Management:
An Ideal Crisis Manual, 183
- Index, 195
- IIM License Agreement, 205

CONTENTS

one A Bird's-Eye View of Crisis Management:
What to Do When a Crisis Hits, 3

Chapter 1 examines the actions and decisions facing an organization during a crisis, including activating a crisis management team, determining the nature of the crisis, containing the damage and recovering, and communicating with the media. The chapter concludes with a questionnaire to help users diagnose their organization's overall level of crisis preparedness.

two What to Do During a Crisis:
A Detailed Guide, 25

Chapter 2 provides a detailed guide to the actions and decisions that must be taken during a crisis, including assessing the power and credibility of various information sources regarding the plausibility of a potential crisis, deciding whether or not to be proactive in managing the crisis, assuming responsibility, and determining the possible consequences of a delayed response. The chapter also examines damage containment and recovery activities and the factors common to most crises.

- three** Auditing an Organization's CM Strengths and Vulnerabilities: What to Do Before and After a Crisis, 57
- Chapter 3 discusses precrisis auditing activities designed to assess an organization's CM strengths and vulnerabilities before a crisis occurs. It examines the various types of crises that may occur, the phases through which all crises pass, and the systems and stakeholders that affect and are affected by a crisis. The chapter includes a general audit guide to conducting a CM audit of an organization and a discussion of postcrisis analyses and how lessons from previous crises can reduce future vulnerabilities. Finally, this chapter addresses issues associated with developing the capabilities to manage a crisis.*
- four** The Systemic Nature of CM: More Extensive Training and Preparation for CM, 99
- The ability to think systemically is necessary for effective CM. Chapter 4 describes the roles and responsibilities of a CMT (team) and presents various skill-building exercises to enable a CMT to function effectively.*
- five** CrMgt: Software for CM, 119
- Chapter 5 is a guide to running CrMgt, the software included with this book. It lists the hardware and software requirements for loading and running CrMgt and integrating CrMgt into the user's existing CM programs.*
- six** Managing Industrial Disasters: An Example, 157
- Chapter 6 uses an example to look at a particular type of crisis, an industrial disaster. Since industrial disasters may cause widespread destruction, it is important that we discuss at least one type of crisis in*

detail. In this way, the reader also gains a better understanding of the decisions and actions presented in Chapter 2.

- seven** The Challenge of Crisis Management: An Ideal Crisis Manual, 183
- This last chapter summarizes what we still need to learn in order to manage crises better. Because CM is still in its infancy, many companies still have not absorbed the lessons that need to be learned in order to prevent more crises and to manage more effectively those that do occur.*
- The reader should now understand the context in which CM functions, and so we present, in closing, an ideal CM manual.*
- Index, 195
- IIM (Ian I. Mitroff) License Agreement, 205