



Do You See the World through Rose Colored Glasses?

By Richard Martin

If so, you're not alone, because the majority of business executives certainly do! According to the Ottawa Citizen (26 Sept 06, p. D1), 72 % of Canadian executives admit to having no plans to deal with a major disaster affecting their companies, despite feeling personally responsible for the matter. Frankly, I am flabbergasted by this statistic given the current state of the world.

Are these executives refusing to face up to the real possibility of crisis, or does something else explain the situation? I believe it stems in large part from a lack of expertise and knowledge in disaster response and crisis management on the part of business leaders. Rather than deal with the matter up front, many executives are simply hoping for the best because they think that nothing can be done. Furthermore, I am convinced that this situation obtains in numerous other areas, especially in government.

There is a need for competencies at the highest level to deal with such crises and disasters. I call this discipline "robust" management: The ability to lead and manage in a chaotic and challenging environment. Let's look at the basic steps involved, which I call the 7 P's of robust management. Following them will provide a ready-made template to analyze and prepare for contingencies of all kinds.

1. Prediction: Executives must make a deliberate effort to identify the potential threats to the operational viability of their organizations and their ability to serve their clientele. At the very least, this means taking a systematic approach to identifying the most likely and the most dangerous potential threats, and then rank ordering them in terms of risk and outcome. This doesn't just include physical threats such as natural disasters or terrorism, but also political, legal, market and other competitive threats.
2. Prevention: To the extent possible, senior executives must exercise due diligence in ensuring their organizations can deal with the identified threats. This includes identifying and resourcing measures to prevent these calamities from happening, and mitigating against predictable risks. This is analogous to implementing workplace safety measures before an accident happens. In the long run, everyone wins.
3. Priorities: With the potential threats identified, prevented and/or mitigated, the next step is to assign priorities for contingency planning, development of policies and procedures, and training. The following factors should be considered in this process: type of threat, degree of danger, effect on organizational viability or survival, due diligence requirements, legal liability or responsibility, financial impact, and the need for business continuity.
4. Planning: While no plan can cater to all situations, one must remember the old adage: If you fail to plan, you plan to fail. The best approach is to develop contingency plans to deal with the most likely and the most dangerous scenarios. Once this is done, elements of these plans can be abstracted to become key procedures or sub-routines that can be applied to any number of unforeseen situations.
5. Policies/Procedures: Pre-established procedures and policies are essential in any organization to deal with crises and discontinuities of all kinds. Procedures tell everyone what and how to do things and help in navigating the crisis in the face of incomplete information. Moreover, they provide a common footing to avoid panic and ad hoc responses. For instance, airports have (or should have) set procedures for all predictable emergencies and disasters. In the event of a crash, everyone knows their job and who reports to whom. The same should apply to every organization.
6. Practice: Once contingency plans and crisis procedures/policies are in place, they must be practiced. This does two things. First, it creates systemic learning by everyone involved. Second, it allows the leadership to test the plans and procedures, fundamental assumptions, training, people, equipment, and infrastructure. Organizations that are particularly vulnerable to discontinuities should have a well

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defined practice plan covering everything from “table top” talk-throughs to full-blown simulations and exercises and implement them with diligence and insight.

7. People: This is probably the most important element of all. Executives and managers in positions that are critical during a disaster, emergency, or crisis must be capable of functioning in that situation. This starts at the very top of the organization. Executives who tend to lose their cool or who can't handle excessive stress must be educated and coached so they can. Everyone must be trained in the content of the main contingency plans as well as the basic crisis procedures and policies. Regular practice and a regular review of plans and procedures will ensure the widest dissemination within the organization and will maximize learning before crises occur.

It is up to senior executives to implement systematic planning and preparedness measures in order to better prepare for, prevent, or otherwise mitigate potential disasters and crises. This is a key leadership function. Moreover, company boards and other governance structures should hold these executives accountable for implementing such measures, especially in businesses and organizations for which the public has more than a passing interest. These include municipal governments, IT service providers, financial services, public utilities, communications utilities, health care facilities, educational institutions, fire departments and police forces.