LECTURE PRESENTATION

Prepared By :

Dr Mohd Rasid Hussin

Deputy Dean

Faculty of Business and Management

Universiti Teknologi MARA

40450 Shah Alam

Selangor Darul Ehsan

CRISIS MANAGEMENT
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Organised By :

Perpustakaan Tun Abdul Razak
 PTAR
Universiti Teknologi MARA (UiTM)
40450 Shah Alam
Selangor Darul Ehsan

Problem Solving : Crisis Management Approach

NATURE OF RISK

- **Risk per se** = risk itself, a form of uncertainty.

- **Risk and Uncertainty**

- **Peril** – istilah utk penyebab/sumber kerosakkan, eg fire

- **Hazard** – situation/condition # gives e chance of loss eg road conditions Hs not god can cause accident.

  eg housekeeping (5S) & keberisihan pejabat

Image is impt.

Lib'y context – Types of perils?
Have qlty teams in lib'y.

Risks and Uncertainties

- **Production** *eg. Mass prod^n of graduates*

- **Marketing & Distribution**

- **Financial**

- **Personnel** *- kejakkan tidur*

- **Environmental** *- pergurusan yg lekap, cepet, tepet*

library
* Potential exposure - Prasarana, Human Factor, Sistem kerja —security
finding, facilities, content *risk?*

Ways of Responding to Risk

- **Risk Avoidance** — risiko tetap ~~ada~~, omnipresence
  mengurangkan kadar risiko
  yg tahap minima
- **Risk Retention** — accept e risk
- **Risk Reduction**
- **Combination of Techniques**
- **Risk Transfer**
- **Research**

* Will lib's product sell?
* Lib to have a risk manager — in charge in case of fire, — have a crisis team
                                         Kecurian

NATURE OF RISK MANAGEMENT

- Meaning
- Working Definition
- Three-fold Approach
- Scope and Objective

Pre-Loss Objective

- *Economy*
- *Reduction of anxiety*
- *Meeting externally imposed obligations*

Post-Loss Objective

- Survival of the firm/organisation
- Continued operation
- Stability of earnings
- Continued growth
- Social responsibility

Corporate Philosophy

- Long-term Objectives
- Company's Focus
- Useful Benchmark

Risk Management Statement

- Corporate attitude
- Clear Statement
- Role of Risk Manager
- Reiteration of Support

Golden Rules

- **People**
- **Relationship**
- **Experience**

RISK MANAGEMENT PROCESS

- **Identification** *eg fire, embezzlement of $ stolen etc*
- **Evaluation**
- **Examination**
- **Selection**
- **Implementation**
- **Control**

* lib9 to :
- Identify
- Analyse
- Control/monitor

Stimulus
Response
Feedbk.

Loss Control Management

■ **Objective**

■ **Measures :**

- prevention

- protection

- detection &lir

- maximisation

PREVENTION AND MINIMISATION

- *Prior to a loss occurrence*
- *Upon a loss occurrence*
- *Following the occurrence of a loss*

EMPLOYEE EXPOSURE

- **Duty of Employer**
- **Occupational Safety and Health Act 1994**

Duty of Employer

Sources of Liability :-

- In Contract
- At Common Law
- By Statute

In Contract

- *Implied Term*
- *Reasonable Care*
- *Protection from harm or injury*

At Common Law

- Safe Place of Work
- Safe Plant and Machinery
- Safe System of Work
- Competent Employees
- Employer's Own Actions

Breach of Statutory Duty

Plaintiff to prove :-

- **Duty imposed by Statute**
- **Failure to perform the Duty**
- **Resulted in Harm and Injury**

Safety & Health Act

General Duties of Employers:-

- **Health**
- **Safety**
- **Welfare at Work**

RISK AND HUMAN BEHAVIOUR

- **Groups of People :**
  - Perception
  - Attitude
  - Behaviour

RISK IN DECISION MAKING

- **Problem Recognition**
- **Problem Definition**
- **Structure of Decisions**

Problem Recognition

- **Review of Records**
- **Attentiveness**
- **Time and Energy**
- **Review and Analysis**

Problem Definition

- **Major Drawback :**
  - symptoms versus causes
  - implied solutions
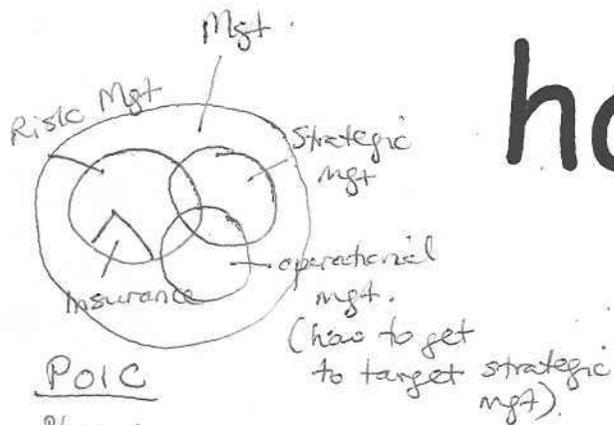
Structure of Decisions

- **Structure of Decisions**
  - courses of action
  - states of nature
  - payoff or outcome

Decision Making Process

- **Problem Recognition**
- **Problem Definition**
- **Structural Analysis**
- **Information Gathering**
- **Solution Strategy**
- **Monitoring and Feedback**
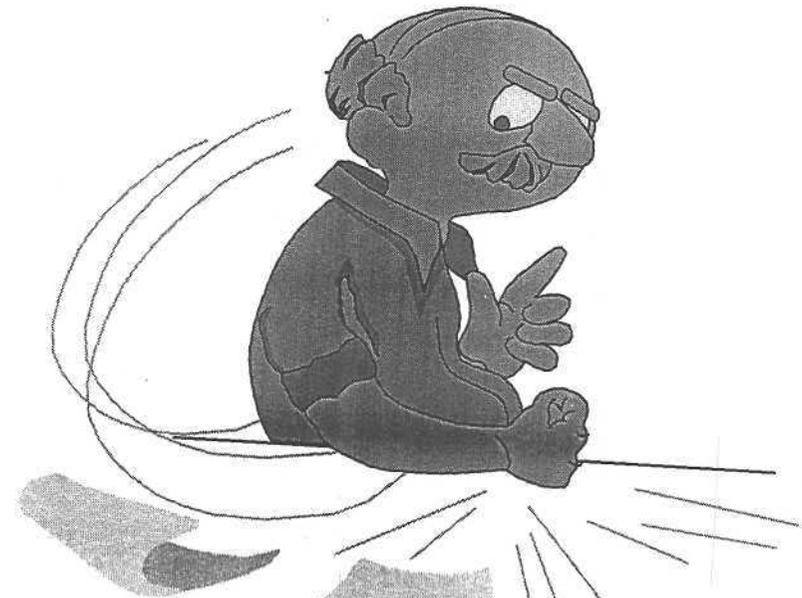
DEALING WITH CRISIS

Can YOU handle it ?

Mgt.

Risk Mgt

Strategic
Mgt

Insurance

operational
mgt.
(has to get
to target strategic
mgt).

POIC

- Planning
- Organ'g
- Integrat'g / Coordinat's
- Control

Risk mgt is a broader spectrum whereby
Insurance is a subset (a tool)

Identify potential disaster to choose the
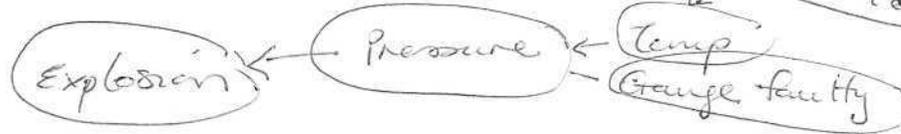Analyses   right PP for the job.
Control

Definition of CRISIS

Disaster **precipitated** by people, organisational structures, economics and/or technology that cause **extensive damage** to human life, and natural and social environment

(Ian Mitrof, 1987)

Handwritten annotations:

※ Bengkel
① To identify – trace backwards
Prevention.

Explosion ← Pressure ← Temp / Gauge faulty
setting ↓ Human err

Rank order

H			
M			
L			

H = high impact, severity
M = medium
L = Low

– Focus 1 issue at a time
① list e risk / problem # may rise
② Rank ...

Other Definitions of CRISIS

Situation that creates **abrupt or sudden** changes in one or more of the basis systematic variables

(Hermann, 1993)

Other Definitions of CRISIS

An organisationally-
based disaster causing
extensive **damage** and
social disruption

(John Preble, 1997)

- In crisis mgt — niestiade Defense Plan

Other Definitions of CRISIS

Provoked by any event that directly threatens the attainment of corporate objectives in a market by causing the normal working procedures and personnel to **become inadequate** in handling the disruption

(William Benoit, 1997)

Crisis Dimensions

Herman's (1993) three (3) Dimensions :-

- **Threatens** high priority values of the organisation
- Presents a **restricted amount of time** in which a response can be made
- Is **unexpected or unanticipated** by the organisation

Definitions of Crisis Management

Defined by Nelson Harchler (1986) as :-

- **Well-studied field that includes such elements as managing the media, managing interviews, managing crisis teams and managing liabilities**

Other Definitions of Crisis Management

Defined by Wilson (1992) as :-

- A systematical process by which an organisation attempts to predict or identify potential crises that an organisation may encounter, take precautions to prevent the crises, or minimise the effects of the crises

Other Definitions of Crisis Management

Defined by Ian Mitrof (1994) as :-

- A series of on-going, interrelated assessments or audits of kinds of crises and forces that can pose a major threat to a company's main products, services, manufacturing processes, employees, environment, and communities

Crisis Management Plan

Anticipation calls for Preparation :

- Analyse possibilities of trouble
- Prepare a CM Plan
- Select the right staff (stuff)
- Provide communication facilities
- Provide training
- Practice simulation exercises

C M Plan - Important Aspects

- Company's Written Policy in managing Crises
- Identifying the Range of crises
- Assessing the potential Risks / Exposures
- Different Preparations to cope with crises
- Understanding the Rule of Survival
- Setting up of an Early Warning System
- Identifying the Management / Crisis Team
- Determining team members' responsibilities
- Mechanics of putting Plan into Action
- Demanding situation of the Medias
- Figure / Personnel in charge with Authority
- Working with external Professional Agency
- Detailing Employee Procedures

Crisis Management Process

Four main steps as follows :-

■ Issues Management

■ Planning - Prevention

■ The Crisis

■ The Post - Crisis

Issues Management

- First to be considered
- Scan the environment
- Look for public trends
- Trends affecting the future
- Collect relevant data
- Data on troublesome issues
- Evaluate them
- Develop communication strategy
- Concentrate efforts on prevention

The Crisis

- Evaluate the Response
- Pre-empt Negative Publicity
- Communicate actions taken
- Target Message to appropriate Audience
- Obtain third-party support from Expert
- Implement Internal Communication Programme

Planning - Prevention

- Starting point in CM Process
- Set a Proactive Policy on the issues
- Reanalyse organisation's links with constituencies
- Prepare general / specific Contigency Plan(s)
- Designate the potential members of CM Team
- Identify spokesperson to handle the Medias
- Determine Message, Target and Media Outlets
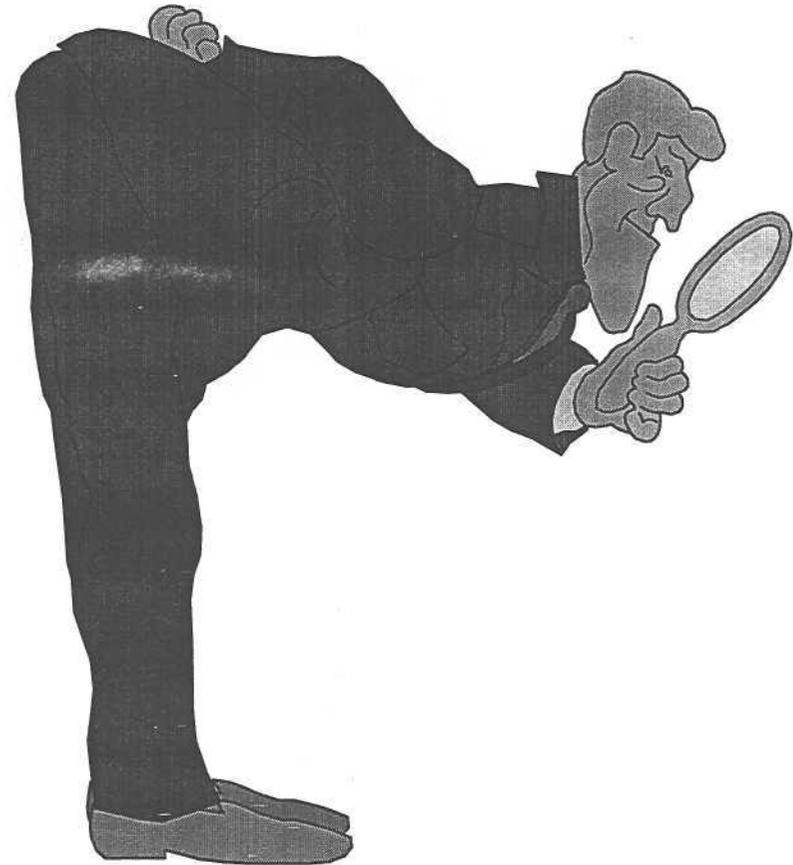- Emphasise on the Dimensions of Problems

Crisis Communication

- Keep in contact with the Media
- Treat the Media with respect
- Think in terms of People (Judges)
- Think of the Headline(s)
- Monitor all Media Coverage
- Anticipate the possible Questions / Probe
- Tell the Truth at all times
- DO NOT Speculate
- DO NOT Ask for a Retraction
- Ensure effective Internal Communication
- Keep Communication simple

The Post - Crisis

- Continue to pay attention to Multiple Public
- Continue to monitor issues to reduce Intensity
- Continue to inform the Medias of actions taken
- Evaluate effectiveness of the Crisis Plan
- Analyse responsiveness of Management / Staff
- Focus on Feedback to Improve / Prevent Crisis

A neat piece of advice

So .....
<u>WHY</u> let others
manage your risks
if YOU
'can do it'
YOURSELF?

The END

I
sincerely
thank
YOU