Strategy Map for The Crisis Communication

Jaroslava Kádárová a, Bohuslava Mihalčová b, Gabriel Kádár c, Marek Vida d

a Technical University of Košice, Faculty of Mechanical Engineering, Department of Industrial Engineering and Management, Letná 9, 042 00 Košice, Slovakia
b University of Economics in Bratislava, Faculty of Business Economics, Tajovského 13, 041 30 Košice, Slovakia
c U.S. Steel Košice, s.r.o., Vstupný areál U.S. Steel, 044 54 Košice-Šaca, Slovakia
d Zeocem, a. s., 094 34 Bystré 282, Slovakia

Abstract

Companies are starting to focus on the proactive crisis management as one of the cornerstones of the crisis communication. Effective crisis communication is crucial for the successful resolution of corporate crisis. Crisis communication is the highly specific company areas, because it introduces the penetration of crisis management and corporate communications. In terms of crisis communication tasks, which are aimed at solving problems in a company, it is essential to provide roles in terms of strategic and operational management. Effective crisis communication in the enterprise should be planned in advance and successful managed, since every crisis has its life cycle, which can be influenced. The missing link between formulation of the strategy crisis communication and its implementation provides a strategic map, which is logical and coherent architecture for description of the crisis communication strategy. Strategy map of crisis communication shows the achievement of corporate objective, which in times of crisis, is the stability of the company. On the base of relationship of the causes and consequences, the strategic objective of crisis communication becomes understandable.

© 2015 Published by Elsevier B.V. This is an open access article under the CC BY-NC-ND license (http://creativecommons.org/licenses/by-nc-nd/4.0/).

Keywords: Strategy map, company crisis, crisis communication;

1. Introduction

Every enterprise exists in a particular business environment, which can be considered as adequate if a real working market mechanisms are functional and on the basis of a supply and demand as well as on the economic

* Jaroslava Kádárová. Tel.: +421-55-602-3242
E-mail address: jaroslava.kadarova@tuke.sk
policy of an economic centre, the production factors are efficiently appreciated. If such a status is disrupted, it can result in a variety of problems and a subsequent crisis.

Current hypercompetitive and global environment is recently significantly influenced by the global financial and economic crisis, which destabilises the business environment in Slovakia as well. Gradually the occurrence of enterprise crises increases and the range of possible crisis causes in the company grow. The environment variability and constant changes in the enterprise, increase the requirements for the management, which must be able respond to the adverse situation quickly and in a timely manner, and if the company is undergoing a crisis, the necessary tools to ensure its overcoming in the development of the enterprise have to be implemented. Business management in the crisis forces the corporate managers to use innovative methods and management techniques that are adequate in the environment that has the nature of the crisis.

2. Strategy map

The strategic map shows selected indicators, planned values of these indicators in the form of objectives and the drives able to effect of values for each base company prospect. It clearly defines the roles and responsibilities for their execution. The proper selection of indicators linked to the remuneration system is important. The indicator must determine the drive action.

The basis for making the strategic map is represented by finding where the company creates its value. It is necessary to identify the location and cause of the values. By sharing the indicators affecting the strategy the indicators can be divided according to Porter's value chain. The activities of the company can be divided into primary and support ones.

The strategy map is a tool that provides the employees with a clear idea about the direction of their further work in order to achieve the business goals. It allows them to coordinate the work and direct it to the desired objective enterprise. The map is a visual idea of the critical points and their critical enterprise relationships affecting the company performance and efficiency.

The components of the strategic map are as follows: strategic objectives for four basic perspectives, strategic output indicators for all strategic objectives, strategic drives of output indicators, balance of strategic output indicators and drives via diagnostic indicators monitoring the means of achieving the strategic indicators, chains of causal links of corporate objectives, indicators, and indicators and their drives.

To understand the creation of the company value in the information age, the system of balanced indicators is used, which can quickly summarize required knowledge and skills of employees, existing and necessary strategic capacity and business efficiency, value of goods supplied to customers, increasing value for business owners.

The strategic map is developed from the present to the future, creating thus an implementation plan. The basis for the preparation of the strategic map is represented by knowledge of current financial situation. The important thing is to know the causes and variables which affect the financial results. They record all key factors which determine the value of the enterprise as well as the priorities identify, to which the enterprise should focus its attention. Various aspects affecting the company efficiency and performance is most commonly divided into four perspectives, according to Kaplan and Norton’s Balanced Scorecard.

The future position of the company, which the company wants to achieve, is the output of the strategic map. For its preparation, it is necessary to map the layout and the company's potential for future financial performance and business efficiency. Enforcement and implementation of the chosen strategy in the enterprise is associated with the resistance to necessary changes induced.

The strategic map expresses the way the company wants to transform various business resources onto desired outcomes. To create your own strategic map, based on the Balanced Scorecard, you can use the sample map shown in Figure 1.

After modification the sample strategic map can be applied to various sectors of the national economy, industry, insurance companies, banks, businesses and trading services, medical facilities, government institutions, non-profit organizations and the like. The executives can adapt the model to develop a suitable strategic map that will reflect their business relationships.
The best way of making the strategic map is represented by proceeding from top to bottom. It starts with drawing the "destination station" and describing the ways and means leading to their achievement.

As a first step, the managers have to re-evaluate the corporate vision and values the enterprise is built on, and in which it believes. Based on this information, the managers can develop a strategic vision and determine what the company wants to achieve. The enterprise vision draws a clear picture of main corporate objectives, for example, to become a leader in making profits in a particular industry. The strategy should define the process as a determined vision of the enterprise strives to reach.

3. Effective crisis communications

Communication is an important part of managerial function. Without it, the managers cannot affect the individuals and groups so that by its performance they can achieve its performance targets. Long-term success in communication requires from the senior managers:

- Commitment to openly communicate and participate in public relations.
- Maintaining competent communications consultants.
- Incorporation of the strategic communication perspective and public relations in the enterprise development.
- Two-way communication with internal and external audiences.
- Coordination of what is done and what is said.
Clearly define the goals and objectives of the enterprise.

When the crisis occurs, it is primarily important to separate formal and informal internal communication flows and during the crisis not only control them, but also complement the appropriate information. With the first signs of crisis in the enterprises at first informal communication flows are activated, which are preferred by the employees. Even under normal conditions, there is the employees’ tendency to mix speculation with reality. In the crisis situation it even escalates. If these signals become unnoticed, they can become a risk for the management. Amount of uncontrolled, distorted, emotionally motivated information and speculation may prompt the formation of panic or mass psychosis and become an obstacle in the rational management of crisis situations.

It may happen that due to poor communication strategy and inadequate communication tools the companies lose its credibility and formal communication flows and thus free the informal communication flows.

If you don't prepare, you will take more damage. And when we look at existing crisis management plans when conducting a crisis document audit, what we often find is a failure to address the many communications issues related to crisis and disaster response.

The key is effective coordination of the management, operational and communication response to the crisis.

Fig. 2. Elements of an Effective crisis Response

The key is in having an integrated, coordinated approach by all three groups. The process starts with defining the organizations vulnerabilities to business disruptions and developing realistic workarounds and contingency plans. That's the basis of the business continuity approach that has emerged as companies, non-profit organizations and government agencies worldwide prepare for any type of business disruption including a pandemic.

The contingency plans are in two parallel areas operational response and communications response. While the operational response team is focusing on resolving the problem as quickly as possible, the communications team is responsible for informing the organizations key stakeholder groups to ensure their understanding and support can be maintained. The process itself is remarkably simple if it is implemented correctly.

4. Strategy map of the crisis communication

The missing link between formulation of crisis communication strategy and its implementation provides a strategic map, which is logical and coherent architecture for describing the crisis communication strategy.

Strategy map of the crisis communication shows the achievement of corporate objective, which in times of crisis is the stability of the company. On the base of the relations of causes and consequences, the strategic objectives of crisis communication becomes understandable.

Effectiveness indicators of crisis communication must include strategic goals that are corresponded with the objectives of crisis communication. Strategy map of the crisis communication is designed as a tool presenting objectives of the company crisis communication. The strategic map in Figure 3 is an example of how objectives of the crisis communication should be linked to crisis management.
The basis for establishing strategic map for crisis communication was a general strategy map, constructed by Kaplan and Norton for businesses. While the aim of the company is to grow its market value, a fundamental objective of the company in crisis is achieved its stability. In the proposed strategy map are used four perspectives, but the customer perspective is replaced by the prospect participants of crisis communication. Crisis communication objectives designed to replace the original participants in the crisis targets for individual customers and groups of participants thus become "end users" crisis communication. Other perspectives remained the same.

Communication contributes to achieve the goals of the enterprise crisis management. Crisis management can be then understood, as coordination between the various groups of participants, who require not only activities, but also answer questions for each group of participants’ crisis communication.
5. Conclusion

Corporate Communications is the result of all efforts on mutual understanding and comprehension. It represents all communication processes for external and internal coordination of actions and clarification of the relationship between the company and the individual participants of communication, including the establishment of the company's reputation.

Acknowledgements

This contribution is the result of the projects implementation: Project VEGA 1/0669/13 Proactive crisis management of industrial enterprises based on the concept of controlling.

References


