

CS&A

INTERNATIONAL RISK, CRISIS & BUSINESS CONTINUITY MANAGEMENT

NEWSLETTER

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A Roller-Coaster Year!

As the year is drawing to a close, many among us will be hoping that the worst is behind us, but is it? After lots of layoffs, restructuring, downsizing, divestments, cost-cutting campaigns and still perhaps more after-shocks (Dubai!), it's time to take stock and check that the new organizations are set up and fit to face new challenges and threats.

Following such significant changes, it is critical to assess how fit your organization is to manage and withstand the next wave of adversity and position itself to capitalize on opportunities and build up resilience in uncertain times. CS&A's unique fitness diagnostic system the FATool© can provide you and your teams with exactly the right kind of insight to identify gaps effectively and develop remedial strategies accordingly.

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<http://www.csa-crisis.com/info/FAtool©.html>



In this issue, we include a number of in-depth articles on a variety of risk and crisis related topics written by our associates around the world. We wish you an enjoyable read and welcome your comments.

The CS&A team wish you a peaceful end of 2009 and a positive start of the new year!

Caroline Sapriel & Dirk Lenaerts

Joint Managing Directors

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Aviation Crisis Management: Doing Less During The Economic Downturn is Not An Option

The current economic downturn has taken its toll on the majority of industries which has resulted in companies globally closely looking at their operation to see where costs can be saved. There are many areas where costs can be saved but there is one area that should never be compromised and that is crisis management and safety. In this article I will be addressing the aviation sector and outlining the importance of a carrier being properly prepared to deal with a crisis.

The aviation industry has experienced periodic downturns in the past and always, as an industry, rebounded back stronger, smarter, leaner and trimmer. Airlines have used various strategies that included rationalizing routes, reducing frequencies, temporary parking planes and redeploying crew and ground staff.

Steven Lau of the Hong Kong Airport Authority says "...with emergency preparedness, doing less to weather out the economic downturn is not a strategic option. Unless an airline stops flight operations, planes still fly. With aircraft flying, accidents happen, however small the statistical probabilities. As such, everyone still needs to be prepared to respond to an incident. Just as safety cannot be compromised, emergency preparedness is a must."

Despite the industry's overall best practice standard, it has been proven in recent years that still too many airlines in business today simply do not have suitable emergency plans in place to manage a crisis of any sort. They rely on the "it will be all right on the night" attitude. That is simply unacceptable nowadays and needs to be addressed. The airline industry as a whole survives upon public confidence and they have a major responsibility to its stakeholders and the public to ensure they know what to do and when to do it if something goes wrong.

Preparing and testing contingency plans in advance, as part of an overall crisis management plan, is the first step to ensuring an airline is appropriately equipped to handle a crisis. Crisis management teams

can rehearse the airline's crisis plan by developing a simulated scenario to use as an exercise/drill. This will ensure all members of the crisis management team are familiar with their individual roles and responsibilities and what they have to do and when they have to do it.

It is crucial, even during the current downturn, that airline executives regard crisis management and the associated costs that accompany it (planning, training, testing, etc.) as an investment over the long-term. Crisis management should be well and truly embedded in the company's culture and business planning cycle to ensure there is a solid understanding of its importance in the day-to-day operation.

Crisis management and safety can never be compromised even when the industry is faced with severe financial constraints and the airlines constantly battling for survival.



David Gault is an Associate with CS&A, based in Hong Kong. His background is aviation crisis management and brings to the company 15 years of industry experience in the development of crisis plans, business continuity strategies, conducting preparedness evaluations and delivering specialist training.

He has worked for several international carriers in Asia and the Middle East where he was responsible for developing, testing and maintaining their emergency response / crisis management capabilities. He has also worked for an international disaster management company and has been involved in a number of aircraft accidents within the Asia region, working alongside local authorities, airline and senior government personnel.

Crisis Planning: A Key Pillar of Brand Protection

The global economic crisis has affected most industries across the globe. There is no need to elaborate on the details and the consequences of this crisis, as much has been said and written on the topic. What is important to highlight is the opportunity for companies, organizations and institutions, across all sectors to learn and be prepared for crisis situations and to cover the wide range of risks and threats they might face – regardless of the size of their operations.

Now more than ever is the time for organizations to ready themselves for adversity. This is a cross functional effort that must be shared by all in the organization. Marketers for example, who focus on brand building and equity, must now integrate crisis management and preparedness into their brand protection strategy if they want to build sustained value, resilience and effective recovery capability.

Traditionally the key pillars of brand building have been: media campaigns, marketing activities, research & development (R&D), corporate social responsibility (CSR), and public relations among others tactical activities that can contribute to long-term building of a company's image. This traditional approach did not spare many companies and organizations around the world from facing an “image disaster” from which it has been difficult to recover.

It seemed normal not think about these topics during the “golden days”. What the real estate companies in Dubai have faced this year is a significant example. When sales and revenues were scoring unprecedented numbers, all sectors related to this industry were benefiting from this “success”, starting with the advertising sector to production and events companies in addition to the media sector in all its forms (print media, electronic media, outdoors, etc). When the economic crisis hit the local market during the third quarter of 2008, it was obvious that there was no clear recovery strategy for these real estate companies neither for the bodies regulating this industry.



As a result, all the previously mentioned sectors were directly affected and still did not recover. Since the start of the crisis, these companies have gone through three phases:

- 1 - The “absence phase”: a total absence of the top executives representing the real estate companies and the main financial institutions in the market during the first month of the crisis.
- 2 - The “denial phase”, when some of these executives took stage again, they went into a “denial phase” utilizing the media to reassure the investors that everything is going to be ok and only few projects were cancelled or postponed.
- 3 - The “admittance phase”, this is what we are living now, realizing that it is a serious and unresolved financial problem which still has not bottomed out!

This “image disaster” situation can be summarized by one executive representing a prominent international bank. He said in his presentation on building reputation during a PR congress in Dubai mid-November... “The blame was put on banks for the financial crisis. If you Google now the term ‘hate banks’, you will get more than 20 million hits...”*

It is obvious that banks and other financial institutions have to start the long and painful recovery journey that starts always with one step.

Can organizations ever afford again to invest large budgets in promoting a product or a service without assessing the risks and preparing for potential crises surrounding its business?

Fortunately, this short-term meltdown is turning out to be a driving force for a “post-crisis attitude” that may begin to gain momentum in some companies and organizations. Based on personal encounters with executives from various companies, it appears that they are now more open to studying and understanding the urgent and critical need for crisis anticipation, prevention, detection, mitigation, recovery and integration across their organization.

Many companies see that it is essential to add these elements as “key pillars” of their organization’s brand protection plan, be it on a local or an international level. Investing in crisis planning is no longer “nice to have” but is a “must have” part of corporate and brand management, and too many organizations have had to learn this lesson the hard way.

The global financial crisis was the wake-up call. Now is the best time for executives in all sectors to re-visit their business priorities and assess their resilience and capabilities in crisis management and recovery. Smart business planning should embed crisis management in the corporate and marketing strategy. Executives who neglect to do so will be accountable for omitting one of the key pillars that can help them protect the brand they have been building up for years.



Raed Gerges is an associate of CS&A, based in Dubai and looking after the firm’s clients throughout the Middle East area. His early media and broadcasting career coupled with his experience in the tobacco and beverage sectors have provided Raed with deep expertise in brand marketing, issues and crisis communication.

Risk Management In Three Stages: Identification, Treatment, Management

This article is the first in a series of three in which L.J-G Buffeteau, CS&A Associate based in France, considers stage one: "a thorough identification of the risks for a better management".

A Thorough Identification Of The Risk For A Better Management

The control of its risks by an organization, should enable it to face "inevitable" crises to give the company a decisive advantage by limiting the impact of the crisis.

A risk, which cannot be controlled, must be "tamed": the risk itself, its source, its impact, its environment, its category, and its various paths of migration should be identified, estimated, recognized and tracked. Only then can the risk be taken, treated or transferred.

The control of operational risks must also enable the various actors of the organization to better converge within a joint project, by identifying the relative distribution of the risks and thus the relative distribution of the responsibilities! It is about having an offensive attitude: controlling the risks to take or keep the initiative! In this context, the objective is the establishment of an integrated risk management approach with the communication and utilization of a common language.

Exposed to this potentially complex and definitively esoteric universe, it is for the risk custodian, who is in fact the Risk Manager, a matter of identifying, coordinating and if need be, driving the risk management process. This risk management approach mainly rests on a self-evaluation. This analysis will require a firm commitment on behalf of the persons in charge, so as to initiate a true examination of the entire scope. This will inevitably generate tensions and discoveries, which at the end of a well-led process, is the price to the pay to identify risks and thus have a vital head start.

1 - An informed external eye, can very quickly evaluate the reality of Risk Management in an organization, while appreciating the engagement of the people in charge. Indeed, management will have to kick start the risk dynamic with three founding decisions:

- The appointment of a risk manager (means, budgets)
- The establishment of a risk committee, and
- The creation of a calendar with expected action and deliverables.

Management will also have to clearly define the scope of activities of the Risk Manager by marking the boundaries between strategic and operational risks.

2 – With a clear mandate, it will be the new Risk Manager's task "to dig" in the organization to identify and categorize the risks.

Tracking the operational, financial, societal, internal and external risks, etc., in the first place requires the active participation of the actors directly involved in the activity(ies), as they have the required technical skills and knowledge to facilitate this identification process.

To reach such a result the Risk Manager will have to set up a network of “agents”. Knowing the structural organization of his company well, he will rely on homogeneous functions such as HR, Finance, Marketing. From there, he will have to position his network of “agents”, which in turn will guarantee broadcasting of the information (in two directions: bottom up and top down).

Simultaneously and on an on-going basis thereafter, he will have to ensure the continuity of these new positions. Of course the members of this network will devote only a limited part of their time (10 to 20%) to risk management, however they must be trained, coached, and motivated, and their scope of work and terms of reference well defined. With the network established, all is in place to begin the analysis.

3 - Generally this new risk management function will have to acquire its legitimacy in an already saturated environment, and where its new relay network runs up against the existing owners of certain risks, already historically well established. A possible solution is to articulate the roles with the other “players”, in particular: internal audit, internal communication, etc. Each organization has its own culture and will draw its own answers. The bottom line being that the risk management approach must be known and shared.

4 – An important task of the relay network is to gather a list of risks as identified and/or perceived by local management. Through brainstorming at the management level the list of the risks and their impacts can be consolidated and reconsolidated through worst-case scenario planning for example.

At the same time, targeted individual interviews (for instance with “risk detectors”: the actors, site managers, etc.) will confirm, supplement and perhaps invalidate these analyses. Hence the importance of the risk “agent” to be member of the local management team.

5 – In order to qualify the impacts of the risks in terms of gravity, the Risk Manager will establish a scale of gravity, allowing everyone to have a common criteria of evaluation of the impacts into four or five levels i.e., poor> moderate> serious> major....

If the quality of the network is success factor no. 1 for the risk manager, it is the quality and the objectivity of the analysis of the identified risks, mainly carried out by the local management teams, which constitutes success factor no. 2. Numerous are the cases where a less than thorough approach in any of these two factors can jeopardize results in subtle yet critical ways.

The conclusions of this first 6 to 12 months phase of the risk management process will be amalgamated, consolidated and then confirmed, as they will cross the different hierarchical levels, to finally lead to a global synthesis. It is at this stage that the organization will have a solid register of its risks, including the major ones capable of affecting its continuity. It is now time for the action phase of the process... (Part Two of this series of three articles on Risk Management by Laurent Buffeteau will be published in CS&A's next Newsletter Q1 2010)



Laurent Buffeteau, is a CS&A Associate based in France. With over 25 years' experience in risk, crisis, and business continuity management, he brings to CS&A clients his extensive expertise in public and corporate relations and his ability to evaluate and deal with wide-ranging business risks to help them enhance their crisis and business continuity management capability.

To read and download the original French version of this article please click on:

<http://www.csa-crisis.com/info/articles.htm>



CS&A Presents at IABC Heritage Meeting, Cleveland, October

CS&A's Caroline Sapriel and Ann Andrews Morris made a presentation on crisis communications at the IABC's Heritage Region Conference in the lively American city of Cleveland, Ohio. During the presentation, "Crisis Communication: Preparing for the Worst, Expecting the Best and Effectively Handling Whatever Happens," Sapriel and Morris worked with a good sized crowd of junior and senior communicators, showing them that while many people think a crisis will never happen to them, they often don't prepare. This lack of preparation can add insult to injury in the case of a crisis. Morris and Sapriel showed the importance of working to solve issues before they arise by spending time identifying all possible worst case scenarios and developing plans to address those situations, particularly during today's turbulent times. The session also instructed participants on how to better anticipate, prevent and mitigate crisis situations in their organizations. Attendees learned how to put their skills to work in the development and distribution of crisis planning; act as an antenna for the organization to identify and address potential crises; and use best-practices and anticipatory information to shape an effective and successful crisis communication plan.

CS&A Expands with New Associates in Dubai, Hong Kong and Paris

For more details, please go to:

[http://www.csa-crisis.com/
company/team.html](http://www.csa-crisis.com/company/team.html)

CS&A Events

CS&A recently ran a crisis management simulation exercise for Baxter's Belgian and European crisis management teams.

The exercise was successful and the teams found the opportunity very beneficial with a number of useful learnings.

"CS&A delivered a first-rate crisis training to our Belgian and European leadership teams. Pulling this together was a challenge given the tight timeframe, but the team came through from preparation to execution," said Richard Tischler, Communications Director, Baxter EMEA.

Laurent Buffeteau, CS&A Associate, spoke on Integrated Risk and Crisis Management at Marcus Evans Enterprise Risk Management Conference in Paris on November 30- December 1, 2009

Robyn Joseph, CS&A Associate, conducted a workshop on October 19, 2009 on "Preparing to Manage Swine Flu in Schools in Hong Kong during the 09-10 Winter Season"

Lina Kolesnikova, CS&A Associate spoke on Public Transportation and Acts of Terrorism, International Disaster and Emergency Resilience Conference, Karlstad Sweden on October 20-21 2009; and Dealing with Hostage Crisis, Secure London 2009, London UK/October 28-29

Article by Brussels-based CS&A Associate, Lina Kolesnikova, "Terror Attacks on Trains" Crisis Response Journal vol 5 issue 4 2009, for more information on this article, please contact: caroline.sapriel@csa-crisis.com