



**Caroline Sapriel**

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## Framing **SUCCESS**

**T**he year 2005 will be remembered for the number and frequency of catastrophic events around the world. The London transport system bombings, Asian tsunami, Hurricane Katrina, and pandemic threat of avian flu have all placed risk management high on the corporate agenda.

As we approach the middle of 2006, have businesses and financial institutions in Asia done enough to upgrade internal controls that allow them to properly identify, measure and mitigate risk, to better prepare, and to faster recover from crises?

Beyond the seemingly increasing number of extreme health, safety, and environmental risks, statistics from the Institute of Crisis Management show that over 65 percent of business crises today are non-event related or smouldering crises that originate mostly from management inaction and/or neglect. Often, the problem exists long before it becomes public. Yet, little is done to address and resolve the issue successfully. A single trigger such as a rumour, a leak, or stakeholder action can catapult the organisation into a crisis in a very short time, often with devastating effect.

Financial institutions and corporations need to protect themselves with a crisis management strategy embedded into their organisation's management system. They must establish a business contingency planning framework that integrates tested and sound loss prevention, loss response, and loss recovery processes and competencies across functions. Specifically, this means that risk and issues assessment, emergency and crisis management, disaster recovery, and business continuity systems must be firmly established and linked.

Many organisations have crisis management plans in place, but they are not always tested nor updated as often as they should to reflect the ever changing risk environment. Therefore, to be better prepared to respond to new and un-imagined risks and enhance their crisis preparedness, organisations must do several things: have monitoring and detection procedures in place, conduct scenario planning sessions, map stakeholders and issues, develop business continuity plans specific to each critical risk on their risk registers, and initiate practical maintenance programs. This is especially critical in the context of restructurings, mergers, acquisitions, and divestments that are taking place.

Best practice organisations regard crisis planning as an investment and no longer as a cost. Lasting benefits that permeate the ranks are noted in enhanced bottom line performance, employee morale, and adaptability to change. Solid preparation makes good business sense. As the well-known saying goes: "If you think safety is expensive, try an accident!"

Financial institutions are not shielded from other risk areas, such as the human dimension in major crises. Textbook crisis management puts people first. Caring for people is a key factor in protecting corporate reputation. Boosting employee morale will enable faster recovery from adversity.

Integrated business contingency planning is the only effective model for crisis anticipation, prevention, mitigation, and recovery. It is high time it becomes the order of the day. **TABU**

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