

Plan for the worst to achieve the best outcome

Written by Al Percival



A company's ability to survive a crisis depends on its ability to respond quickly and to communicate its response in a manner that conveys confidence and control of the situation.

Unlike risk management, which involves identifying and reducing the likelihood of negative events that may occur in the future, crisis management involves reacting to a negative event once it has occurred. It's a process designed to prevent or minimise the damage a crisis can inflict on a company, its staff, shareholders and other stakeholders.

Crisis management often requires decisions to be made within a short time frame. The advent of social media has increased the speed at which an issue breaks, making preparation even more vital. A crisis handled poorly can greatly exacerbate the financial and reputational harm caused to the business, particularly now that it's more often than not played out on Twitter and Facebook as well as traditional media.

While all crises start out as a negative situation, effective crisis management can minimise the damage and in some cases allow an organisation to emerge stronger than before the crisis.

Jeff Hilk is Executive Vice President and Director of Client Services at Diligent, provider of the world's most widely used board portal. He describes an organisation's crisis management plan as a blueprint for the worst case scenario.

"Having a formal crisis management plan means a company can say, 'We've planned for this, we've written it down, we've gone through a fire drill on it and we've tested it,' " he says. "Then in the event that the crisis were to occur, and one very much hopes it never occurs, decisions can be made in a sound manner with a lot of emotion taken out of them."

Identifying these worst case scenarios is an ongoing process. A dedicated crisis team should identify every imaginable issue and detail the company's response to them, prioritising those most likely to happen.

Crises can result in staff and public safety threats, financial loss and reputation damage. These crises can be grouped into two categories – manmade or natural.

Manmade threats include cyber-attack, computer failure, negligence, vandalism, accidents, terrorist attack, human error, industrial action and fire. Natural threats include storms, floods and earthquakes.

Communication matters

Timely and transparent communication is vital in the effective management of a crisis. The public will want to know three things: what happened, why it happened and what the company will do to ensure that the crisis can be averted or mitigated next time.

Shareholders, customers, employees, suppliers and, in some cases, government organisations all need to be kept in the loop so they can feel confident that the matter is being handled appropriately. And an organisation's board is at the forefront when it comes to ensuring a well thought-out response is crafted and disseminated.

Al Percival, Managing Director of APAC at Diligent, explains.

“It's imperative to keep your board engaged during a crisis. There will be deliberations between the board members and decisions that need to be made. A board portal – an easy and secure technology that enables companies to share confidential board information and provide a channel for their board communications – ensures that this internal planning does not become public.

“It gives you a kind of back-up plan if you like. If everything else is turning to custard, if you've had a natural disaster that's taken out your head office or maybe your internal network is down, your board can still be communicating using its board portal.”

Secure back up of data

Another major advantage of utilising a board portal such as the Diligent Boardbooks solution is that using external software-as-a-service provides another level of defence during a crisis if the company's IT infrastructure has been compromised or failed.

Percival says that while many companies have arrangements in place to back-up their data, in some instances they don't have the infrastructure to restore that data. That's because if their office has burnt down, for example, the backup is often “pretty useless.”

“Some organisations, such as telco companies, have a lot of redundancy built in, but a lot of organisations don't fit into that category. They don't necessarily have the IT skills or the infrastructure to be able to recover after a crisis.

“You hear these stories about companies having a major fire in head office and everyone saying, ‘It doesn't matter, all our data's backed-up.’ But the reality is that all the infrastructure that was in head office that ran the company no longer exists and a lot of the expertise on the part of people who initially installed the infrastructure in the first place may no longer exist either. In which case, a lot of those companies then fail because they can't actually get their operations back up again.

“This is why we at Diligent provide a very high level of redundancy. While I wouldn't want this ever to happen, if one of our data centres was wiped out due to a disaster, we can basically

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swap over to the secondary centre and continue pretty much uninterrupted.”

In the US, Canada and Germany, Diligent offers data centres paired with data recovery centres, with these pairs continually replicating and backing up data.

“So if you chopped the wires or dropped a truck on one hosting centre, then the other centre is there ready to go. We can switch our clients over to it immediately and they can continue their operations as before.”

While bad news and disasters can't be prevented, a board portal provides a secure and stable environment through which board members can obtain information and collaborate with each other to manage these events and guide their organisation safely through the storm.

About Diligent

Over 87,000 individual directors, executives and corporate secretaries in over 45 countries rely on Diligent Board Member Services, Inc. (NZX: DIL) to speed and simplify how board materials are produced, delivered, reviewed and voted on. Providing the world's most widely used board portal via iPad, Windows devices and browsers, Diligent has pioneered ease of use, stringent security, and superior training and support since 2001. The Diligent Boardbooks solution provides directors and management with immediate access to their most time-sensitive and confidential information along with the tools to review, discuss and collaborate on it. It also helps administrative staff accelerate production and delivery, and corporate executives streamline board communications and decisions. For more information, please visit www.boardbooks.com.