Incident and Crisis Management
Assurance of early detection and proactive response to incidents and crises

Svennerstål & Partners AB
Definition

Assurance of early detection and proactive response to incidents and crises. It’s ultimate goal is to maintain the trust for the company by managing incidents professionally.
Situation

Many companies have low preparedness and therefore risk their:

- Trust – internally and externally
- Brand
- Employee commitment
- Economic survival

Low crisis preparedness at many companies
The development of an ICM function requires a broad approach. An assessment of the ICM function as well as the company's leadership and culture are needed, as these are requirements for an effective ICM organization.
Strategic Incident and Crisis Management

Immediate Handling of incident vs. Strategic Incident and Crisis Management

A. It is important that the Immediate Handling and the Strategic Incident and Crisis Management start simultaneously so that stakeholders in the company can prepare for the strategic handling of the incident.

B. If you start the strategic handling of an incident after the emergency handling media will have the upper hand since they start immediately (A).

“Media starts to act on the situation immediately (A)!”
ICM and Risk Management

Incident and crisis management focuses on mitigating the consequences of materialized events while the risk management focuses on finding and managing the root causes.
Strategic Incident and Crisis Management

There are more than one type of crisis

1. **Financial crisis:** could, in the short term, mean lost liquidity and in the prolongation bankruptcy.

2. **Functional crisis:** directly linked to the company’s operation and a threat to its production, services, administration or management, for example lack of safety routines or defective staff handling.

3. **Relations crisis:** often described as communication crisis, where negative publicity can generate debate and opinion which negatively will affect the company’s possibility to act.

4. **Strategic crisis:** can occur if for example the market changes or if the general debate forces on extensive changes in the company’s business idea.
Example of structure

Immediate information on events to Group ICM unit from any level within the Group. Each unit still responsible for emergency management.
ICM’s value to business

• Assures early detection and proactive response to upcoming incidents.
• Enables crisis coordination and decision support and a
• Viable information chain

In order to provide this ICM has:
• A clear coherent structure for incident and crisis management
• A rapid and secured information chain
• Education, training and exercises in the line organisation
• Audits of incident and crisis management capability and lessons learned
• Ability to work “out there”, close to business heads and employees in the line organisation.
• Tools and methodologies for early detection and response
ICM implementation process

Analysis
- Problem Formulation
- Benchmarking
- Design

Implementation
- Implement the new structure
- Develop the crisis culture
- Develop the leadership

Finalization
- Coaching
- Follow up
- Continuous development

Execution time
- Analysis: 2-3 months
- Implementation: 8-9 months
- Finalization: 6-7 months
ICM implementation process

Analysis

• Problem Formulation
  • Creating a project specification
  • Capability assessment
  • Brainstorm sessions with client

• Benchmarking
  • Situational analysis
  • Case analysis
  • Interviews with other companies
  • Defining benchmark of industry

• Design
  • Proposal of organisation and structure
  • Executive decision on way forward
ICM implementation process

Implementation

• Implement the new structure
  • Implementation plan
  • Setting up infrastructure
  • Developing governance model and steering documents

• Develop the crisis culture
  • Road show to communicate new structure
  • Crisis seminars and simulations
  • Web-based IT learning tools

• Develop the leadership
  • Assessment
  • Recruitment
  • Crisis leadership training
ICM implementation process

- Coaching
  - Support leadership development

- Follow up
  - Value and effectiveness assessment
  - New benchmark

- Continuous development
  - Assessments and recommendations
  - Training
  - New capability assessment
What we offer

• Capability Assessments – how is your organisation’s capability? Prestudy.
• Development of a tailormade robust proactive response- and recovery management system providing a fully integrated approach to proactively managing incidents and crises at all levels of the organisation
• Risk, Hazard and Crises management planning at all levels and across the organisation, including logistics, supply chains and redundancy of essential systems
• Risk analyses, sceneriobuilding and gaming
• Respond activities:
  • Development of Standards, Guidelines, Routines Methods and Tools
  • Readiness systems, alarm routines and systems
  • Training, drills, exercises and education – Development of Capability
  • Situation Picture; Facility design, systems, approach
  • Crises Command / control systems, information management routines and systems
• Crises Communication; Routines, com tools and facility design, best practices, training
• Recovery activities and plans
• Crises Leadership
Benchmark and case examples

- Three midair emergencies at Qantas airline
- BP oil rig explosion
- Vattenfall:
  - Nuclear power plant shut down
  - IT system upgrade
Three midair emergencies at Qantas airline

“Not again!: A SECOND Qantas engine 'explodes” (A poor safety record hurts the brand)
*Mail online, 6th of Nov 2010

“The Qantas boss, Alan Joyce, will need to make some tough decisions in the next year as he grapples with the political, financial and brand damage caused by three midair emergencies” (Incidents have widespread impact)
*The Age, 8th of Nov 2010

“A EU air safety body confirmed it told airlines in August to make checks after finding "wear, beyond engine manual limits" on the type of Rolls-Royce engines fitted to the Qantas jet” (Follow early warning signals)
*Reuters, 5th of Nov 2010

“Qantas A380 incident: a lesson in social media and web PR” (New modern demands in the fast 24/7 media cycle)
*Talking travel tech, 4th of Nov 2010
BP oil rig explosion

April 20 – July 26, 2010

April 20: Deepwater Horizon drilling rig explodes. Eleven workers missing and presumed dead.

April 22: The rig sinks. President Obama briefed.

April 24: Oil leak reported

May 3: BP says the company will pay for the clean-up and any “legitimate” legal claims.

May 6: Analysts put the cost of the spill for BP at £15bn.

June 6: Obama says he would have sacked BP’s chief executive if he had been working for him.

June 8: Obama says he would have sacked BP’s chief executive if he had been working for him.

June 25: BP shares hit a 14-year low after the clean-up bill reaches $2.35bn

July 26: Tony Hayward, leaves the company.

Key Learnings: 1) Follow up and learn from mistakes (incident 2005) 2) Follow early warning signals 3) A more holistic approach is important, do not only focus on the functional incident, pay attention to society and politics 4) The CEO and Chairman must be media trained 5) Transparent and honest information pays off.
Vattenfall nuclear power plant shut down

By the end of October, Vattenfall [Europe] had to face that they had lost 200,000 clients after the series of incidents they have experienced. Der Spiegel 2007-12-10

Consequences at many levels:

- Loss of customers – German incidents during the summer of 2007
- Loss of production capacity - Krümmel and Brunsbüttel shutdown
- Loss of trust - due to lack of open communication to customers and other stakeholders
Vattenfall IT system upgrade

Proactive handling of an incident

In autumn 2008 ICM was informed by Distribution in Finland that a major storm was approaching Finland and that the *Major Disruption of Operations Organisation* would therefore be activated the next weekend.

At the same time, ICM was informed by the IT organisation that they were planning to upgrade Vattenfall’s IT systems during the same weekend. The consequence of this upgrade would be a shut-down of the Vattenfall IT system for several hours.

With this information in hand, ICM recommended IT to postpone the upgrades in Finland. IT followed this recommendation, thereby preventing a potential negative impact to business operations in Finland during the storm response.

Vattenfall’s internal information sharing prevented a potential crisis to occur and contributed to maintain public trust.
This document has given an introduction to Svennerstål & Partners’ offer within Incident and Crisis Management (ICM).

Svennerstål & Partners has over 30 years of experience in ICM combined with expertise of leading Change Management projects within large and middle size companies.

We look forward in helping you develop your ICM function!