Crisis intervention

**Crisis Intervention** is emergency psychological care aimed at assisting individuals in a crisis situation to restore equilibrium to their bio psychosocial functioning and to minimize the potential for [psychological trauma](http://en.wikipedia.org/wiki/Psychological_trauma).  [Crisis](http://en.wikipedia.org/wiki/Crisis) can be defined as one’s [perception](http://en.wikipedia.org/wiki/Perception) or experiencing of an event or situation as an intolerable difficulty that exceeds the person’s current resources and [coping](http://en.wikipedia.org/wiki/Coping_(psychology)) mechanisms.

The priority of crisis intervention and counseling is to increase stabilization. Crisis interventions occur at the spur of the moment and in a variety of settings, as trauma can arise instantaneously. Crises are temporary, no longer than a month, although the effects may become long-lasting.

Crisis Intervention is the emergency and temporary care given an individual who, because of unusual stress in his or her live that renders them unable to function as they normally would, in order to interrupt the downward spiral of maladaptive behavior and return the individual to their usual level of pre-crisis functioning.

## Types of crisis

Crises can occur on a personal or [societal](http://en.wikipedia.org/wiki/Societal) level. Personal Trauma is defined as an individual’s experience of a situation or event in which he/she perceives to have exhausted his/her coping skill, esteem, social, and power. These can be situations where a person is making suicidal threats, experiencing threat, witnessing homicide or suicide, or experiencing personal loss. While a person is experiencing a crisis on the individual level it is important for counselors to primarily assess safety. Counselors are encouraged to ask questions pertaining to social supports and networks, as well as give referrals for long term care. Societal or mass trauma can occur in a number of settings and typically affect a large group or society. These are instances such as school shootings, terrorist attacks, and natural disaster. A counselor’s primary concern when call to these types of crises is to assess people’s awareness of [resources](http://en.wikipedia.org/wiki/Resources). Individuals experiencing trauma in large scales need to be aware of shelters that offer food and water; places that met their basic necessities for survival.

## Typical responses to crisis

Counselors are encouraged to be aware of the typical responses of those who have experienced a crisis or currently struggling with the trauma. On the cognitive level they may blame themselves or others for the trauma. Oftentimes the person appears disoriented, becomes hypersensitive or confused, has poor concentration, uncertainty, and poor troubleshooting. Physical responses to trauma include: increased heart rate, tremors, dizziness, weakness, chills, headaches, vomiting, shock, fainting, sweating, and fatigue. Some emotional responses the person may experiences consist of apathy, depression, irritability, anxiety, [panic](http://en.wikipedia.org/wiki/Panic), helplessness, hopelessness, [anger](http://en.wikipedia.org/wiki/Anger), [fear](http://en.wikipedia.org/wiki/Fear), [guilt](http://en.wikipedia.org/wiki/Guilt_(emotion)), and denial. When assessing behavior some typical responses to crisis are difficulty eating and/or sleeping, conflicts with others, withdrawal from social situations, and lack of interest in social activities.

## Universal principles of crisis intervention

While dealing with crisis, both personal and societal, there are five basic principles outlined for intervention. Victims are initially at high risk for maladaptive coping or immobilization. Intervening as quickly as possible is imperative. Resource mobilization should be immediately enacted in order to provide victims with the tools they need to return to some sort of order and normalcy, in addition to enable eventual independent functioning. The next step is to facilitate understanding of the event by processing the situation or [trauma](http://en.wikipedia.org/wiki/Psychological_trauma). This is done in order to help the victim gain a better understanding of what has occurred and allowing him or her to express feeling about the experience. Additionally, the counselor should assist the victim(s) in problem solving within the context of their situation and feelings. This is necessary for developing [self-efficacy](http://en.wikipedia.org/wiki/Self-efficacy) and [self-reliance](http://en.wikipedia.org/wiki/Individualism). Helping the victim get back to being able to function independently by actively facilitating problem solving, assisting in developing appropriate strategies for addressing those concerns, and in helping putting those strategies into action. This is done in hopes of assisting the victim to become [self-reliant](http://en.wikipedia.org/wiki/Self-reliant).

## General approach

The ACT model of crisis intervention developed by Roberts as a response to the September 11, 2001 tragedy outlines a three-stage framework: **A**ssessment **C**risis Intervention **T**rauma Treatment (ACT).[[8]](http://en.wikipedia.org/wiki/Crisis_intervention#cite_note-Roberts-8) This theory of crisis intervention integrates numerous [assessment](http://en.wikipedia.org/wiki/Psychological_assessment) tools and triage procedures; Roberts’ seven stage crisis intervention model and the ten-step acute traumatic [stress](http://en.wikipedia.org/wiki/Stress_(biology)) management protocol creates one comprehensive model for responding to crisis that can be utilized in most all crisis situations. It is important to note that this should be followed as a guide not to be followed rigidly (A.R. Roberts, Crisis Intervention Handbook 2005 p.157).

The first step is the assessment stage; this is done by determining the needs of victims, other involved persons, survivors, their families, and grieving family members of possible victim(s) and making appropriate referrals when needed. Three types of assessments need to be conducted. The first is triage assessment, which is an immediate assessment to determine lethality and determine appropriate referral to one of the following: emergency inpatient hospitalization, outpatient treatment facility or private therapist, or if no referral is needed. A crisis assessment also needs to be completed which consists of gathering information regarding the individual’s crisis state, environment, and interpersonal relationships in order to work towards resolving the current crisis. This step helps facilitate development of an effective and appropriate treatment plan. The last area of assessment includes a biosocial and [cultural](http://en.wikipedia.org/wiki/Cultural) assessment. This would be completed by using systematic assessment tools to ascertain the client’s current level of stress, situation, present problem, and severe crisis episode.

The goal of the crisis intervention stage of Robert’s ACT model is to resolve the client’s presenting problems, [stress](http://en.wikipedia.org/wiki/Stress_(biology)), [psychological trauma](http://en.wikipedia.org/wiki/Psychological_trauma), and emotional conflicts. This is to be done with a minimum number of contacts, as crisis intervention is intended to be time limited and goal directed. Stage one of the seven step approach focuses on assessing lethality. The clinician is to plan and conduct a thorough biopsychosocial and lethality/imminent danger assessment; this should be done promptly at the time of arrival. Once lethality is determined one should establish rapport with the victim(s) whom the clinician will be working with. The next phase is to identify major problem(s), including what in their life has led to the crisis at hand. During this stage is it is important that the client is given the control and power to discuss their story in his or her own words. While he or she is describing the situation the intervention specialist should develop a conceptualization of the clients “modal coping style”, which will most likely need adjusting as more information unfolds, this is referred to as stage three. As a transition is made to stage four feelings will become prevalent at this time thus deal with those feelings will be an important aspect of the intervention. While managing the feelings the counselor must allow the client(s) to express his or her story, and explore feelings and emotions through active listening and validation. Eventually, the counselor will have to work carefully to respond to the client using challenging responses in order to help him or her work past maladaptive beliefs and thoughts, and to think about other options. At step five, the victim and counselor should begin to collaboratively generate and explore alternatives for coping. Although this situation will be unlike any other experience before the counselor should assist the individual in looking at what has worked in the past for other situations; this is typically the most difficult to achieve in crisis counseling. Once a list has been generated a shift can be made to step six, development of a treatment plan that serves to empower the client. The goal at this stage it to make the treatment plan as concrete as possible as an attempt to make meaning out of the crisis event. Having meaning in the situation is an important part of this stage because it allows for gaining mastery. Finally, step seven, the intervention specialist is to arrange for follow-up contact with the client to evaluate his or her post crisis condition in order to make certain resolution towards progressing. The follow-up plan may include “booster” sessions to explore treatment gains and potential problems.[[8]](http://en.wikipedia.org/wiki/Crisis_intervention#cite_note-Roberts-8)

After the situation has been assessed and crisis interventions have been applied the aim is at eliminating [PTSD](http://en.wikipedia.org/wiki/PTSD) symptoms, thus treating the traumatic experience. A comprehensive view of how to treat the trauma consists of ten stages outlined by Lerner and Shelton (2001). These steps relate similarly to the crisis intervention steps. The first step is to assess for danger/safety for self and others, this means for the victim, counselor, and others who may have been affected by the trauma. Then the counselor should consider the physical and perceptual mechanisms of injury. Once injury is assessed the victim’s level of responsiveness should be evaluated and any medical needs should be addressed. Each individual who witnessed or is experiencing a crisis should be observed to identify his or her signs of traumatic stress. After the assessment of the situation is completed the interventionist should introduce his or her self, state their title and role, and begin building rapport. Building this relationship allows for a more fluid approach to grounding the individual, this can be done by allowing him or her to tell his or her story. Again, the counselor is encouraged to provide support through active and empathetic listening, normalize, validate, and educate. Finally, the intervention specialist is to bring the person to the present, describe future events, and provide referrals as needed.

## Criticisms

Critical incident [debriefing](http://en.wikipedia.org/wiki/Debriefing) is a widespread approach to counseling those in a state of crisis. This technique is done in a group setting 24–72 hours after the event occurred, and is typically a one-time meeting that lasts 3–4 hours, but can be done over numerous sessions if needed. [Debriefing](http://en.wikipedia.org/wiki/Debriefing) is a process by which facilitators describe various symptoms related [PTSD](http://en.wikipedia.org/wiki/PTSD) and other [anxiety](http://en.wikipedia.org/wiki/Anxiety) disorders that individuals are likely to experience due to exposure to a trauma. As a group they process negative emotions surrounding the traumatic event. Each member is encouraged continued participation in treatment so that symptoms do not become exacerbated. Critical incident debriefing has been criticized by many for its effectiveness on reducing harm in crisis situations. Some studies show that those exposed to debriefing are actually more likely to show symptoms of [PTSD](http://en.wikipedia.org/wiki/PTSD) at a 13 month follow-up than those who are not exposed to the debriefing. Most recipients of debriefing reported that they found the intervention helpful. Based on symptoms found in those who received no treatment at all, some critics state that reported improvement is considered a misattribution, and that the progress would naturally occur without any treatment.

# Crisis management

**Crisis management** is the process by which an organization deals with a major event that threatens to harm the organization, its stakeholders, or the general public. The study of crisis management originated with the large scale industrial and environmental disasters in the 1980s.

Three elements are common to a crisis: (a) a threat to the organization, (b) the element of surprise, and (c) a short decision time. Venette argues that "crisis is a process of transformation where the old system can no longer be maintained." Therefore the fourth defining quality is the need for change. If change is not needed, the event could more accurately be described as a failure or incident.

In contrast to [risk management](http://en.wikipedia.org/wiki/Risk_management), which involves assessing potential threats and finding the best ways to avoid those threats, crisis management involves dealing with threats before, during, and after they have occurred. It is a discipline within the broader context of [management](http://en.wikipedia.org/wiki/Management) consisting of skills and techniques required to identify, assess, understand, and cope with a serious situation, especially from the moment it first occurs to the point that recovery procedures start.

## Introduction

Crisis management consists of different aspects including;

* Methods used to respond to both the reality and perception of crises.
* Establishing metrics to define what scenarios constitute a crisis and should consequently trigger the necessary response mechanisms.
* Communication that occurs within the response phase of emergency-management scenarios.

Crisis-management methods of a business or an organization are called a crisis-management plan.

Crisis management is occasionally referred to as [incident management](http://en.wikipedia.org/wiki/Incident_management), although several industry specialists such as [Peter Power](http://en.wikipedia.org/w/index.php?title=Peter_Power_(crisis-management_specialist)&action=edit&redlink=1) argue that the term "crisis management" is more accurate. [[5]](http://en.wikipedia.org/wiki/Crisis_management#cite_note-5)

A **crisis mindset** requires the ability to think of the worst-case scenario while simultaneously suggesting numerous solutions. [Trial and error](http://en.wikipedia.org/wiki/Trial_and_error) is an accepted discipline, as the first line of defense might not work. It is necessary to maintain a list of contingency plans and to be always on alert. Organizations and individuals should always be prepared with a rapid response plan to emergencies which would require analysis, drills and exercises.

he credibility and reputation of organizations is heavily influenced by the perception of their responses during crisis situations. The organization and communication involved in responding to a crisis in a timely fashion makes for a challenge in businesses. There must be open and consistent communication throughout the hierarchy to contribute to a successful [crisis-communication](http://en.wikipedia.org/w/index.php?title=Crisis-communication&action=edit&redlink=1) process.

The related terms [emergency management](http://en.wikipedia.org/wiki/Emergency_management) and [business-continuity management](http://en.wikipedia.org/w/index.php?title=Business-continuity_management&action=edit&redlink=1) focus respectively on the prompt but short lived "first aid" type of response (e.g. putting the fire out) and the longer-term recovery and restoration phases (e.g. moving operations to another site). Crisis is also a facet of [risk management](http://en.wikipedia.org/wiki/Risk_management), although it is probably untrue to say that crisis management represents a failure of risk management, since it will never be possible to totally mitigate the chances of catastrophes' occurring.

## Types of crisis

During the crisis management process, it is important to identify types of crises in that different crises necessitate the use of different crisis management strategies.[[7]](http://en.wikipedia.org/wiki/Crisis_management#cite_note-Coombs-7) Potential crises are enormous, but crises can be clustered. Lerbinger categorized eight types of crises

1. Natural disaster
2. Technological crises
3. Confrontation
4. Malevolence
5. Organizational Misdeeds
6. Workplace Violence
7. Rumors
8. Terrorist attacks/man-made disasters

### Natural crises

Natural crises, typically natural disasters considered as 'acts of God,' are such environmental phenomena as [earthquakes](http://en.wikipedia.org/wiki/Earthquakes), [volcanic eruptions](http://en.wikipedia.org/wiki/Volcano), [tornadoes](http://en.wikipedia.org/wiki/Tornado) and [hurricanes](http://en.wikipedia.org/wiki/Hurricane), [floods](http://en.wikipedia.org/wiki/Flood), [landslides](http://en.wikipedia.org/wiki/Landslide), [tsunamis](http://en.wikipedia.org/wiki/Tsunami), storms, and [droughts](http://en.wikipedia.org/wiki/Drought) that threaten life, property, and the environment itself.

Example: [2004 Indian Ocean earthquake](http://en.wikipedia.org/wiki/2004_Indian_Ocean_earthquake) ([Tsunami](http://en.wikipedia.org/wiki/Tsunami))

### Technological crises

Technological crises are caused by human application of science and technology. Technological accidents inevitably occur when technology becomes complex and coupled and something goes wrong in the system as a whole (Technological breakdowns). Some technological crises occur when human error causes disruptions (Human breakdowns). People tend to assign blame for a technological disaster because technology is subject to human manipulation whereas they do not hold anyone responsible for natural disaster. When an accident creates significant environmental damage, the crisis is categorized as *mega damage* Samples include software failures, industrial accidents, and oil spills.

Examples: [Chernobyl disaster](http://en.wikipedia.org/wiki/Chernobyl_disaster), [Exxon Valdez oil spill](http://en.wikipedia.org/wiki/Exxon_Valdez_oil_spill)

### Confrontation crisis

Confrontation crisis occur when discontented individuals and/or groups fight businesses, government, and various interest groups to win acceptance of their demands and expectations. The common type of confrontation crisis is boycotts, and other types are picketing, sit-ins, ultimatums to those in authority, blockade or occupation of buildings, and resisting or disobeying police.

Example: [Rainbow/PUSH](http://en.wikipedia.org/wiki/Rainbow/PUSH)’s (People United to Serve Humanity) [boycott](http://en.wikipedia.org/wiki/Boycott) of Nike

### Crisis of malevolence[[edit](http://en.wikipedia.org/w/index.php?title=Crisis_management&action=edit&section=6" \o "Edit section: Crisis of malevolence)]

An organization faces a crisis of malevolence when opponents or miscreant individuals use criminal means or other extreme tactics for the purpose of expressing hostility or anger toward, or seeking gain from, a company, country, or economic system, perhaps with the aim of destabilizing or destroying it. Sample crisis include product tampering, kidnapping, malicious rumors,terrorism, and espionage.[[7]](http://en.wikipedia.org/wiki/Crisis_management#cite_note-Coombs-7)[[8]](http://en.wikipedia.org/wiki/Crisis_management#cite_note-Lerbinger-8)

Example: [1982 Chicago Tylenol murders](http://en.wikipedia.org/wiki/1982_Chicago_Tylenol_murders)

### Crises of organizational misdeeds

Crises occur when management takes actions it knows will harm or place stakeholders at risk for harm without adequate precautions Lerbinger specified three different types of crises of organizational misdeeds: crises of skewed management values, crises of deception, and crises of management misconduct.

#### Crises of skewed management values

Crises of skewed management values are caused when managers favor short-term economic gain and neglect broader social values and stakeholders other than investors. This state of lopsided values is rooted in the classical business creed that focuses on the interests of stockholders and tends to disregard the interests of its other stakeholders such as customers, employees, and the community

Example: Sears sacrifices customer trust[*[clarification needed](http://en.wikipedia.org/wiki/Wikipedia:Please_clarify" \o "Wikipedia:Please clarify)*]

**It has 4 stages** précises -acute -chronic and -conflict resolution

#### Crisis of deception

Crisis of deception occur when management conceals or misrepresents information about itself and its products in its dealing with consumers and others.

Example: [Dow Corning’s silicone-gel breast implant](http://en.wikipedia.org/wiki/Dow_Corning#Breast_Implants_Controversy)

#### Crises of management misconduct

Some crises are caused not only by skewed values and deception but deliberate amorality and illegality.

### Workplace violence

Crises occur when an employee or former employee commits violence against other employees on organizational grounds.

Example: DuPont’s Lycra

### Rumors

False information about an organization or its products creates crises hurting the organization’s reputation. Sample is linking the organization to radical groups or stories that their products are contaminated.

Example: [Procter & Gamble's Logo controversy](http://en.wikipedia.org/wiki/Procter_%26_Gamble#Logo_controversy)

## Crisis Leadership

Erika Hayes James, an organizational psychologist at the University of Virginia’s Darden Graduate School of Business, identifies two primary types of organizational crisis.[[9]](http://en.wikipedia.org/wiki/Crisis_management#cite_note-Crisis_Leadership-9) James defines organizational crisis as “any emotionally charged situation that, once it becomes public, invites negative stakeholder reaction and thereby has the potential to threaten the financial well-being, reputation, or survival of the firm or some portion thereof.” [[10]](http://en.wikipedia.org/wiki/Crisis_management#cite_note-James-10)

1. Sudden crisis
2. Smoldering crises

### Sudden crises

Sudden crises are circumstances that occur without warning and beyond an institution’s control. Consequently, sudden crises are most often situations for which the institution and its leadership are not blamed.

### Smoldering crises

Smoldering crises differ from sudden crises in that they begin as minor internal issues that, due to manager’s negligence, develop to crisis status. These are situations when leaders are blamed for the crisis and its subsequent effect on the institution in question.

James categorizes five phases of crisis that require specific crisis leadership competencies.Each phase contains an obstacle that a leader must overcome to improve the structure and operations of an organization. James’s case study on crisis in the financial services sector, for example, explores why crisis events erode public trust in leadership. James's research demonstrates how leadership competencies of integrity, positive intent, capability, mutual respect, and transparency impact the trust-building process.

1. Signal detection
2. Preparation and prevention
3. Containment and damage control
4. Business recovery
5. Learning

### Signal detection

Si Sense-making: represents an attempt to create order and make sense, retrospectively, of what occurs. Perspective-taking: the ability to consider another person's or group's point of view.

### Preparation and prevention

It is during this stage that crisis handlers begin preparing for or averting the crisis that had been foreshadowed in the signal detection stage. Organizations such as the [Red Cross](http://en.wikipedia.org/wiki/Red_Cross)'s primary mission is to prepare for and prevent the escalation of crisis events. Walmart has been described as an emergency-relief standard bearer[[*citation needed*](http://en.wikipedia.org/wiki/Wikipedia:Citation_needed)] after having witnessed the incredibly speedy and well-coordinated effort to get supplies to the [Gulf Coast of the United States](http://en.wikipedia.org/wiki/Gulf_Coast_of_the_United_States) in anticipation of [Hurricane Katrina](http://en.wikipedia.org/wiki/Hurricane_Katrina).

### Containment and damage control

Usually the most vivid stage, the goal of crisis containment and damage control is to limit the reputational, financial, safety, and other threats to firm survival. Crisis handlers work diligently during this stage to bring the crisis to an end as quickly as possible to limit the negative publicity to the organization, and move into the business recovery phase.

### Business recovery

When crisis hits, organizations must be able to carry on with their business in the midst of the crisis while simultaneously planning for how they will recover from the damage the crisis caused. Crisis handlers not only engage in continuity planning (determining the people, financial, and technology resources needed to keep the organization running), but will also actively pursue organizational resilience.

### Learning

In the wake of a crisis, organizational decision makers adopt a learning orientation and use prior experience to develop new routines and behaviors that ultimately change the way the organization operates. The best leaders recognize this and are purposeful and skillful in finding the learning opportunities inherent in every crisis situation.

### Crisis communication

The effort taken by an organization to communicate with the public and stakeholders when an unexpected event occurs that could have a negative impact on the organization’s reputation. This can also refer to the efforts to inform employees or the public of a potential hazard which could have a catastrophic impact. The Crisis Communication usually consists of three elements: 1. A holding statement (a passive prepared press statement which has been approved by the Crisis Communicators and Legal Advisors), 2. Questions & answers (Q&A) with prepared and agreed answers for foreseeable questions if asked and, 3. Internal communication.

## Models and theories associated with crisis management

### Crisis Management Model

Successfully defusing a crisis requires an understanding of how to handle a crisis – before they occur. Gonzalez-Herrero and Pratt found the different phases of Crisis Management.

There are 3 phases in any Crisis Management as shown below

1. The diagnosis of the impending trouble or the danger signals.
2. Choosing appropriate Turnaround Strategy.
3. Implementation of the change process and its monitoring.

### Management Crisis Planning

No corporation looks forward to facing a situation that causes a significant disruption to their business, especially one that stimulates extensive media coverage. Public scrutiny can result in a negative financial, political, legal and government impact. Crisis management planning deals with providing the best response to a crisis.

### Contingency planning

Preparing contingency plans in advance, as part of a crisis-management plan, is the first step to ensuring an organization is appropriately prepared for a crisis. Crisis-management teams can rehearse a crisis plan by developing a simulated scenario to use as a drill. The plan should clearly stipulate that the only people to speak publicly about the crisis are the designated persons, such as the company spokesperson or crisis team members. The first hours after a crisis breaks are the most crucial, so working with speed and efficiency is important, and the plan should indicate how quickly each function should be performed. When preparing to offer a statement externally as well as internally, information should be accurate. Providing incorrect or manipulated information has a tendency to backfire and will greatly exacerbate the situation. The contingency plan should contain information and guidance that will help decision makers to consider not only the short-term consequences, but the long-term effects of every decision.

### Business continuity planning

When a crisis will undoubtedly cause a significant disruption to an organization, a business continuity plan can help minimize the disruption. First, one must identify the critical functions and processes that are necessary to keep the organization running. Then each critical function and or/process must have its own contingency plan in the event that one of the functions/processes ceases or fails. Testing these contingency plans by rehearsing the required actions in a simulation will allow for all involved to become more sensitive and aware of the possibility of a crisis. As a result, in the event of an actual crisis, the team members will act more quickly and effectively.

### Structural-functional systems theory

Providing information to an organization in a time of crisis is critical to effective crisis management. Structural-functional systems theory addresses the intricacies of information networks and levels of command making up organizational communication. The structural-functional theory identifies information flow in organizations as "networks" made up of members and "links". Information in organizations flow in patterns called networks.

### Diffusion of innovation theory

Another theory that can be applied to the sharing of information is Diffusion of Innovation Theory. Developed by [Everett Rogers](http://en.wikipedia.org/wiki/Everett_Rogers), the theory describes how innovation is disseminated and communicated through certain channels over a period of time. Diffusion of innovation in communication occurs when an individual communicates a new idea to one or several others. At its most elementary form, the process involves: (1) an innovation, (2) an individual or other unit of adoption that has knowledge of or experience with using the innovation, (3) another individual or other unit that does not yet have knowledge of the innovation, and (4) a communication channel connecting the two units. A communication channel is the means by which messages get from one individual to another.

### Role of apologies in crisis management

There has been debate about the role of apologies in crisis management, and some argue that apology opens an organization up for possible legal consequences. "However some evidence indicates that compensation and sympathy, two less expensive strategies, are as effective as an apology in shaping people’s perceptions of the organization taking responsibility for the crisis because these strategies focus on the victims’ needs. The sympathy response expresses concern for victims while compensation offers victims something to offset the suffering."

### Crisis leadership

James identifies five leadership competencies which facilitate organizational restructuring during and after a crisis.

1. Building an environment of trust
2. Reforming the organization’s mindset
3. Identifying obvious and obscure vulnerabilities of the organization
4. Making wise and rapid decisions as well as taking courageous action
5. Learning from crisis to effect change.

Crisis leadership research concludes that leadership action in crisis reflects the competency of an organization, because the test of crisis demonstrates how well the institution’s leadership structure serves the organization’s goals and withstands crisis. [[10]](http://en.wikipedia.org/wiki/Crisis_management#cite_note-James-10) Developing effective human resources is vital when building organizational capabilities through crisis management executive leadership.[[15]](http://en.wikipedia.org/wiki/Crisis_management#cite_note-15)

### Unequal human capital theory

James postulates that organizational crisis can result from discrimination lawsuits. James’s theory of unequal human capital and [social position](http://en.wikipedia.org/wiki/Social_position) derives from economic theories of human and social capital concluding that minority employees receive fewer organizational rewards than those with access to executive management. In a recent study of managers in a *Fortune* 500 company, race was found to be a predictor of promotion opportunity or lack thereof. Thus, discrimination lawsuits can invite negative stakeholder reaction, damage the company's reputation, and threaten corporate survival.

### Social media and crisis management

Social media has accelerated the speed that information about a crisis can spread. The viral affect of social networks such as Twitter means that stakeholders can break news faster than traditional media - making managing a crisis harder. This can be mitigated by having the right training and policy in place as well as the right social media monitoring tools to detect signs of a crisis breaking. Social media also gives crisis management team’s access to real-time information about how a crisis is impacting stakeholder sentiment and the issues that are of most concern to them.

The crisis management mantra of Lanny Davis, former counselor to Bill Clinton is to “Tell it Early, Tell it All, Tell it yourself”. A strategy employed at the Clinton White House 1996 – 1998, to any breaking

Organizations should have a planned approach to releasing information to the media in the event of a crisis. A media reaction plan should include a company media representative as part of the Crisis Management Team (CMT). Since there is always a degree of unpredictability during a crisis, it is best that all CMT members understand how to deal with the media and be prepared to do so, should they be thrust into such a situation.

In 2010 Procter & Gamble Co called reports that its new Pampers with Dry Max caused rashes and other skin irritations "completely false" as it aimed to contain a public relations threat to its biggest diaper innovation in 25 years. A Facebook group called "Pampers bring back the OLD CRUISERS/SWADDLERS" rose to over 4,500 members. Pampers denied the allegation and stated that only two complaints had been received for every one million diapers sold. Pampers quickly reached out to people expressing their concerns via social media, Pampers even held a summit with four influential “mommy bloggers,” to help dispel the rumor. Pampers acted quickly and decisively to an emerging crisis, before competitors and critics alike could fuel the fire further.

There is no truth. There is only perception.

## Examples of successful crisis management

### Tylenol (Johnson and Johnson)

In the fall of 1982, a murderer added 65 milligrams of cyanide to some [Tylenol](http://en.wikipedia.org/wiki/Tylenol) capsules on store shelves, killing seven people, including three in one family. Johnson & Johnson recalled and destroyed 31 million capsules at a cost of $100 million. The affable CEO, James Burke, appeared in television ads and at news conferences informing consumers of the company's actions. Tamper-resistant packaging was rapidly introduced, and Tylenol sales swiftly bounced back to near pre-crisis levels.

When another bottle of tainted Tylenol was discovered in a store, it took only a matter of minutes for the manufacturer to issue a nationwide warning that people should not use the medication in its capsule form.

### Odwalla Foods

When [Odwalla](http://en.wikipedia.org/wiki/Odwalla" \o "Odwalla)'s apple juice was thought to be the cause of an outbreak of E. coli infection, the company lost a third of its market value. In October 1996, an outbreak of E. coli bacteria in Washington state, California, Colorado and British Columbia was traced to unpasteurized apple juice manufactured by natural juice maker Odwalla Inc. Forty-nine cases were reported, including the death of a small child. Within 24 hours, Odwalla conferred with the FDA and Washington state health officials; established a schedule of daily press briefings; sent out press releases which announced the recall; expressed remorse, concern and apology, and took responsibility for anyone harmed by their products; detailed symptoms of E. coli poisoning; and explained what consumers should do with any affected products. Odwalla then developed - through the help of consultants - effective thermal processes that would not harm the products' flavors when production resumed. All of these steps were communicated through close relations with the media and through full-page newspaper ads.

### Mattel

[Mattel](http://en.wikipedia.org/wiki/Mattel) Inc., the toy maker, has been plagued with more than 28 product recalls and in summer of 2007, amongst problems with exports from China, faced two product recalls in two weeks. The company "did everything it could to get its message out, earning high marks from consumers and retailers. Though upset by the situation, they were appreciative of the company's response. At Mattel, just after the 7 a.m. recall announcement by federal officials, a public relations staff of 16 was set to call reporters at the 40 biggest media outlets. They told each to check their e-mail for a news release outlining the recalls, invited them to a teleconference call with executives and scheduled TV appearances or phone conversations with Mattel's chief executive. The Mattel CEO Robert Eckert did 14 TV interviews on a Tuesday in August and about 20 calls with individual reporters. By the week's end, Mattel had responded to more than 300 media inquiries in the U.S. alone."

### Peps

The [Pepsi](http://en.wikipedia.org/wiki/Pepsi) Corporation faced a crisis in 1993 which started with claims of syringes being found in cans of diet Pepsi. Pepsi urged stores not to remove the product from shelves while it had the cans and the situation investigated. This led to an arrest, which Pepsi made public and then followed with their first video news release, showing the production process to demonstrate that such tampering was impossible within their factories. A second video news release displayed the man arrested. A third video news release showed surveillance from a [convenience store](http://en.wikipedia.org/wiki/Convenience_store) where a woman was caught replicating the tampering incident. The company simultaneously publicly worked with the FDA during the crisis. The corporation was completely open with the public throughout, and every employee of Pepsi was kept aware of the details. This made public communications effective throughout the crisis. After the crisis had been resolved, the corporation ran a series of special campaigns designed to thank the public for standing by the corporation, along with coupons for further compensation. This case served as a design for how to handle other crisis situations.

## Examples of unsuccessful crisis management

### Bhopal

The [Bhopal disaster](http://en.wikipedia.org/wiki/Bhopal_disaster) in which poor communication before, during, and after the crisis cost thousands of lives, illustrates the importance of incorporating [cross-cultural communication](http://en.wikipedia.org/wiki/Cross-cultural_communication) in crisis management plans. According to American University’s Trade Environmental Database Case Studies (1997), local residents were not sure how to react to warnings of potential threats from the Union Carbide plant. Operating manuals printed only in English is an extreme example of mismanagement but indicative of systemic barriers to information diffusion. According to Union Carbide’s own chronology of the incident (2006), a day after the crisis Union Carbide’s upper management arrived in India but was unable to assist in the relief efforts because they were placed under house arrest by the Indian government. Symbolic intervention can be counter productive; a crisis management strategy can help upper management make more calculated decisions in how they should respond to disaster scenarios. The Bhopal incident illustrates the difficulty in consistently applying management standards to multi-national operations and the blame shifting that often results from the lack of a clear management plan.

### Ford and Firestone Tire and Rubber Company[[edit](http://en.wikipedia.org/w/index.php?title=Crisis_management&action=edit&section=40" \o "Edit section: Ford and Firestone Tire and Rubber Company)]

The [Ford](http://en.wikipedia.org/wiki/Ford)-[Firestone Tire and Rubber Company](http://en.wikipedia.org/wiki/Firestone_Tire_and_Rubber_Company) dispute transpired in August 2000. In response to claims that their 15-inch Wilderness AT, radial ATX and ATX II tire treads were separating from the tire core—leading to grisly, spectacular crashes—Bridgestone/Firestone recalled 6.5 million tires. These tires were mostly used on the Ford Explorer, the world's top-selling sport utility vehicle (SUV).[[29]](http://en.wikipedia.org/wiki/Crisis_management#cite_note-29)

The two companies committed three major blunders early on, say crisis experts. First, they blamed consumers for not inflating their tires properly. Then they blamed each other for faulty tires and faulty vehicle design. Then they said very little about what they were doing to solve a problem that had caused more than 100 deaths—until they got called to Washington to testify before Congress.[[30]](http://en.wikipedia.org/wiki/Crisis_management#cite_note-30)

### Exxon

On March 24, 1989, a tanker belonging to the [Exxon](http://en.wikipedia.org/wiki/Exxon) Corporation ran aground in the Prince William Sound in Alaska. The [Exxon Valdez](http://en.wikipedia.org/wiki/Exxon_Valdez) spilled millions of gallons of crude oil into the waters off Valdez, killing thousands of fish, fowl, and sea otters. Hundreds of miles of coastline were polluted and salmon spawning runs disrupted; numerous fishermen, especially Native Americans, lost their livelihoods. Exxon, by contrast, did not react quickly in terms of dealing with the media and the public; the CEO, [Lawrence Rawl](http://en.wikipedia.org/wiki/Lawrence_Rawl), did not become an active part of the public relations effort and actually shunned public involvement; the company had neither a communication plan nor a communication team in place to handle the event—in fact, the company did not appoint a public relations manager to its management team until 1993, 4 years after the incident; Exxon established its media center in Valdez, a location too small and too remote to handle the onslaught of media attention; and the company acted defensively in its response to its publics, even laying blame, at times, on other groups such as the Coast Guard. These responses also happened within days of the incident.

## Lessons learned in crisis management

### Impact of catastrophes on shareholder value

One of the foremost recognized studies conducted on the impact of a catastrophe on the stock value of an organization was completed by Dr Rory Knight and Dr Deborah Pretty (1996, Templeton College, University of Oxford - commissioned by the Sedgwick Group). This study undertook a detailed analysis of the stock price (post impact) of organizations that had experienced catastrophes. The study identified organizations that recovered and even exceeded pre-catastrophe stock price, (*Recoveries*), and those that did not recover on stock price, (*Non-recoveries*). The average cumulative impact on shareholder for the recoveries was 5% plus on their original stock value. So the net impact on shareholder value by this stage was actually positive. The non-recoveries remained more or less unchanged between days 5 and 50 after the catastrophe, but suffered a net negative cumulative impact of almost 15% on their stock price up to one year afterwards.

One of the key conclusions of this study is that "Effective management of the consequences of catastrophes would appear to be a more significant factor than whether catastrophe insurance hedges the economic impact of the catastrophe".

While there are technical elements to this report it is highly recommended to those who wish to engage their senior management in the value of crisis management.

### Crisis as Opportunity

To address such shareholder impact, management must move from a mindset that manages crisis to one that generates crisis leadership.  Research shows that organizational contributory factors affect the tendency of executives to adopt an effective "crisis as opportunity" mindset.  Since pressure is both a precipitator and consequence of crisis, leaders who perform well under pressure can effectively guide the organization through such crisis.

James contends that most executives focus on communications and [public relations](http://en.wikipedia.org/wiki/Public_relations) as a reactive strategy. While the company’s reputation with shareholders, financial well-being, and survival are all at stake, potential damage to reputation can result from the actual management of the crisis issue. Additionally, companies may stagnate as their [risk management](http://en.wikipedia.org/wiki/Risk_management) group identifies whether a crisis is sufficiently “statistically significant”. Crisis leadership, on the other hand, immediately addresses both the damage and implications for the company’s present and future conditions, as well as opportunities for improvement.

## Public-sector crisis management

Corporate America is not the only community that is vulnerable to the perils of a crisis. Whether a school shooting, a public health crisis or a terrorist attack that leaves the public seeking comfort in the calm, steady leadership of an elected official, no sector of society is immune to crisis. In response to that reality, crisis management policies, strategies and practices have been developed and adapted across multiple disciplines.

### Schools and crisis management

In the wake of the [Columbine High School Massacre](http://en.wikipedia.org/wiki/Columbine_High_School_Massacre), the [September 11 attacks](http://en.wikipedia.org/wiki/September_11_attacks) in 2001, and shootings on college campuses including the [Virginia Tech massacre](http://en.wikipedia.org/wiki/Virginia_Tech_massacre), educational institutions at all levels are now focused on crisis management.

A national study conducted by the [University of Arkansas](http://en.wikipedia.org/wiki/University_of_Arkansas) for Medical Sciences (UAMS) and Arkansas Children’s Hospital Research Institute (ACHRI) has shown that many public school districts have important deficiencies in their emergency and disaster plans (The School Violence Resource Center, 2003). In response the Resource Center has organized a comprehensive set of resources to aid schools is the development of crisis management plans.

Crisis-management plans cover a wide variety of incidents including bomb threats, child abuse, natural disasters, suicide, drug abuse and gang activities – just to list a few. In a similar fashion the plans aim to address all audiences in need of information including parents, the media and law enforcement officials.

### Government and crisis management

Historically, government at all levels—local, state, and national—has played a large role in crisis management. Indeed, many political philosophers have considered this to be one of the primary roles of government. [Emergency services](http://en.wikipedia.org/wiki/Emergency_services), such as fire and police departments at the local level, and the [United States National Guard](http://en.wikipedia.org/wiki/United_States_National_Guard) at the federal level, often play integral roles in crisis situations.

To help coordinate communication during the response phase of a crisis, the U.S. [Federal Emergency Management Agency](http://en.wikipedia.org/wiki/Federal_Emergency_Management_Agency) (FEMA) within the [Department of Homeland Security](http://en.wikipedia.org/wiki/Department_of_Homeland_Security) administers the [National Response Plan](http://en.wikipedia.org/wiki/National_Response_Plan) (NRP). This plan is intended to integrate public and private response by providing a common language and outlining a chain-of-command when multiple parties are mobilized. It is based on the premise that incidences should be handled at the lowest organizational level possible. The NRP recognizes the private sector as a key partner in domestic incident management, particularly in the area of critical infrastructure protection and restoration.

The NRP is a companion to the National Incidence Management System, which acts as a more general template for incident management regardless of cause, size, or complexity.

FEMA offers free web-based training on the National Response Plan through the Emergency Management Institute.

[Common Alerting Protocol](http://en.wikipedia.org/wiki/Common_Alerting_Protocol) (CAP) is a relatively recent mechanism that facilitates crisis communication across different mediums and systems. CAP helps create a consistent emergency alert format to reach geographically and linguistically diverse audiences through both audio and visual mediums.

### Elected officials and crisis management

Historically, politics and crisis go hand in hand. In describing crisis, President [Abraham Lincoln](http://en.wikipedia.org/wiki/Abraham_Lincoln) said, “We live in the midst of alarms, anxiety beclouds the future; we expect some new disaster with each newspaper we read.”

Crisis management has become a defining feature of contemporary governance. In times of crisis, communities and members of organizations expect their public leaders to minimize the impact of the crisis at hand, while critics and bureaucratic competitors try to seize the moment to blame incumbent rulers and their policies. In this extreme environment, policymakers must somehow establish a sense of normality, and foster collective learning from the crisis experience.

In the face of crisis, leaders must deal with the strategic challenges they face, the political risks and opportunities they encounter, the errors they make, the pitfalls they need to avoid, and the paths away from crisis they may pursue. The necessity for management is even more significant with the advent of a [24-hour news cycle](http://en.wikipedia.org/wiki/24-hour_news_cycle) and an increasingly [internet](http://en.wikipedia.org/wiki/Internet)-savvy audience with ever-changing technology at its fingertips.

Public leaders have a special responsibility to help safeguard society from the adverse consequences of crisis. Experts in crisis management note that leaders who take this responsibility seriously would have to concern themselves with all crisis phases: the incubation stage, the onset, and the aftermath. Crisis leadership then involves five critical tasks: sense making, decision making, and meaning making, terminating, and learning.

A brief description of the five facets of crisis leadership includes:

1. Sense making may be considered as the classical situation assessment step in decision making.
2. Decision making is both the act of coming to a decision as the implementation of that decision.
3. Meaning making refers to crisis management as political communication.
4. Terminating a crisis is only possible if the public leader correctly handles the accountability question.
5. Learning, refers to the actual learning from a crisis is limited. The authors note, a crisis often opens a window of opportunity for reform for better or for worse.

## Professional Organizations

There are a number of professional industry associations that provide advice, literature and contacts to turnaround professionals and academics. Some are:

1. Turnaround Management Society (International / Focus on Europe)

2. Institute for Turnaround (England)

3. Turnaround Management Association (International)

4. Institut für die Standardisierung von Unternehmenssanierungen (Germany)