

DAN HUNTINGTON'S VIEWS ON CRISIS RESPONSE PLANNING

Define Crisis

Crisis is "**An event that significantly disrupts or threatens to disrupt the operations of the organisation.**"

Crisis response can be better understood by:

- Taking a look at the Threat Environment
- Suggesting an approach to Crisis Management

Threat Environment

Threats can be classified into 3 separate categories:

- **Criminal/Political Threat**

Kidnap & Ransom

Kidnap and Ransom (K&R) fall squarely into this category. It is prevalent in India, although the demands and ransoms are generally low. Kidnappers are active in Kashmir, the North-East, Bihar, Andhra Pradesh and UP. It is most likely that the K&R threat will rise in the near future. K&R is common in Pakistan, Sri Lanka and the Philippines. Globally, South America is the leader with 1400 kidnaps per year in Colombia alone - that is 3 or 4 reported cases per day.

Impact of Product Contamination/ Malicious product tampering and product extortion

Product Contamination/Malicious product tampering and product extortion

Most of us will be aware of the Johnson & Johnson Tylenol case which is thought to have had a relatively happy ending for the company (although the immediate cost was \$100m and estimated loss of sales over the next year was \$400m). An even less successful side of the coin was the case of the Japanese sweet company, Morinaga, in the mid-1980s. Morinaga received an extortion demand for \$400,000. The case ended 6 months later with the company having laid off 450 staff, reduced production by 50% and lost sales worth \$25m.

Sabotage is generally labour-related

Sabotage

This is most often labour-related. The most recent example of this that springs to mind is that of Reliance Petroleum which suffered some labour-related damage in Rajkot in September 1998.

Accidental Threat

Accidental Threat can fall into the following categories:

Industrial Accidents - example Exxon Valdez, Chernobyl, Union Carbide at Bhopal

Natural Disasters

Natural Disasters - example cyclones, floods, earthquakes etc. A very recent example is the damage that Kandla Port Authority sustained during and after the May '98 Gujarat cyclone.

*Disruption to
Business Continuity*

*Importance of a
good BCP*

Disruption to Business Continuity

As pressure groups, violent or otherwise, realise that the key to effective pressure is financial, this threat is bound to rise. An example of a successful Business Continuity Plan (BCP) is that of Commercial Union (CU), the UK investment and insurance group, in 1993. One Friday night, a Provisional IRA bomb exploded in the City of London. CU lost all their communication links in the London area, 650 staff lost their workplace, over 500 computer terminals and 650 telephones were destroyed. Fortunately, they had a well-rehearsed and practical BCP, so they were able to declare "business as usual" from an alternative site 60 km away by the next working day. They even held an AGM the next day as though nothing untoward had happened.

*An Approach to
Managing Crisis*

There are 3 general aspects to the management of crises

Prevention Mitigation Management

*Thoroughly assess
the possible threats
and vulnerability to
the company*

PREVENTION

The basis of prevention is RISK ASSESSMENT, a combination of THREAT and VULNERABILITY - that is, a thorough assessment of the threats that face the company and the extent to which you are vulnerable to those risks.

Examples:

A very recent case in Mexico where the kidnap victim, the eldest of 4 brothers, had a high profile (Mercedes, gold watches, public separation and living with his secretary etc). An effective Prevention Team would have alerted him to the consequences of his profile and might have avoided him being selected as a target.

Another recent case in Mexico where the kidnap victims (father and son) were kidnapped 400 yards from the family factory on a blind corner - an obvious location to which a Prevention Team might have been able to draw their attention.

*Importance of
proper training of
staff in avoiding the
pitfalls of being
kidnapped*

Training of staff

A thorough Risk Assessment will lead to the training of staff in how to avoid being kidnapped and, as importantly, in learning how to behave if you are kidnapped. e.g. Don't negotiate for yourself if you are held captive. Don't go to the extreme limit as in the case of a girl who took this advice to the absurd limit and refused to answer proof of life questions sent by her family to the kidnappers).

Beware of litigation from staff

Litigation

Companies should be aware of the danger of litigation from staff who, after kidnap or other security incidents, claim that the company took insufficient care of them and thus evaded its responsibilities.

Stress on the vital importance of a thorough understanding of policy issues

MITIGATION

Kidnap and Extortion Insurance does exist and is available to companies throughout the world. It reimburses clients for costs incurred due to the extortion. Many policies also include the services of a Prevention Team and of Response Services.

MANAGING CRISIS

It is essential that the Crisis Management Team - as part of its preparation - should have a thorough understanding of the policy issues involved in likely cases. This approach is perhaps more valid than that of companies who possess bulky and detailed Crisis Management plans which are unread and little understood.

Some examples of policy issues involved in a kidnap crisis:

Negotiations Policy - should you refuse to negotiate with kidnapers at all? or pay in full? or make a single offer which you regard as unnegotiable? or follow a quid pro quo system?

PR Policy - should you talk to the press about a kidnap? if so, how much do you say? How will you handle the press in the case of a product extortion (where media and public relations are usually the key to successful resolution)

The Authorities - what attitude should you show the authorities? should you tell them of the kidnap? how much trust should you place in them? what is their interest/agenda - the safety of the victim or the capture/death of the kidnapers?

The family of the victim - what is their part in the process? should they have any say in the conduct of negotiations? who will liaise with them and look after their interests? It is important to realise that there could be issues of litigation from victims' families who feel resentment against a company

Kidnap and extortion to increase in India

Kidnap and extortion is set to rise in India as the market becomes more complex and the distribution of income more unequal. Co,mpanies

would be well advised to keep a weather eye on the problem and prepare accordingly. The basis of preparation lies in PREVENTION, MITIGATION and MANAGEMENT.

(Excerpted from the presentation made by Dan Huntington, Response Consultant, Neil Young Associates, at PR Pundit's workshop - Emerging Constituencies, held in New Delhi on September 18, 1998)