Crisis Strategic Planning: Finding the Silver Lining

Dr. John Vargo

Dr. Erica Seville

University of Canterbury, Christchurch New Zealand

www.resorgs.org.nz

Resilient Organisations

Overview

- Introduction: Resilience in the face of a risky world
- From crisis comes opportunity to change
- Key factors in resilience to crisis
- Crisis strategic planning: a definition
- A model
- Two case studies
- Lessons learned

Resilience in the face of a risky world

- The world is a risky place

- This same world is full of opportunities

- Crisis are often the confluence of risks and opportunities

- Organisational leadership and their approach to crisis are crucial to 'finding the silver lining'

- When life is comfortable – change is hard to initiate:
    - No sense of urgency: "why fix what isn't broken"?
    - Incremental rather than radical change.
    - Prevailing cultures can be very resilient!

- Creating the Crisis to Drive the Change
    - New CEO → Restructure to create culture change
    - Remove the comfort zone
    - Show them the light at the end of the tunnel…

- A disaster/crisis presents the same pre-conditions for change!

Key factors in resilience to crisis

A Resilient Organisation is one that is not only able to survive, but also to thrive, in the face of adversity.

Factors contributing to Resilience

- ❑ Organisational Culture
- ❑ Situation Awareness
- ❑ Management of Keystone Vulnerabilities
- ❑ Adaptive Capacity

Organisational Ethos

- Effective **leadership**
- **Commitment** to resilience
- A culture of **unbound communication**
- **Collaborative** resilience planning with stakeholders

■ Situation Awareness

- ❏ Staff understanding of **roles and responsibilities**
- ❏ Awareness of **connectivity** within an organisational network
- ❏ Understanding of **challenges and consequences**
- ❏ Clear and well communicated **recovery priorities**
- ❏ Monitoring of **strong and weak signals**
- ❏ Discipline of **well informed decision making**
- ❏ Understanding of **Insurance** Provisions

- **Management of Keystone Vulnerabilities**

  - Quality of **planning** strategies
  - Participation in **exercises**
  - **Engagement** of staff
  - Capability and capacity of internal & external **resources**
  - **Strength of connectivity** with key organisations
  - Effective identification and **analysis of vulnerabilities**
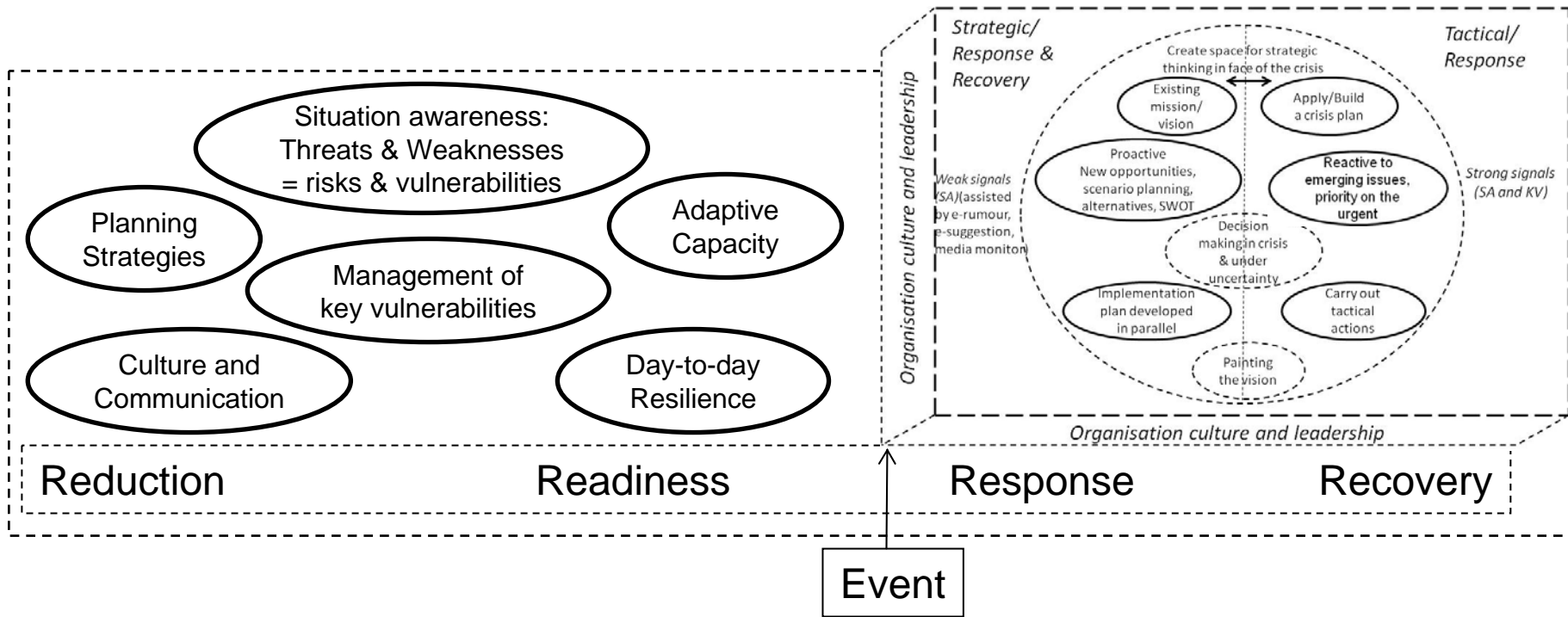 - Clear **ownership** for vulnerability management

- **Adaptive Capacity**

  - Minimisation of **silo mentality**
  - Proactive management of **communications and relationships**
  - **Strategic vision** & a positive **outcome expectancy**
  - **Information & knowledge** management
  - Leadership, **management & governance structures**
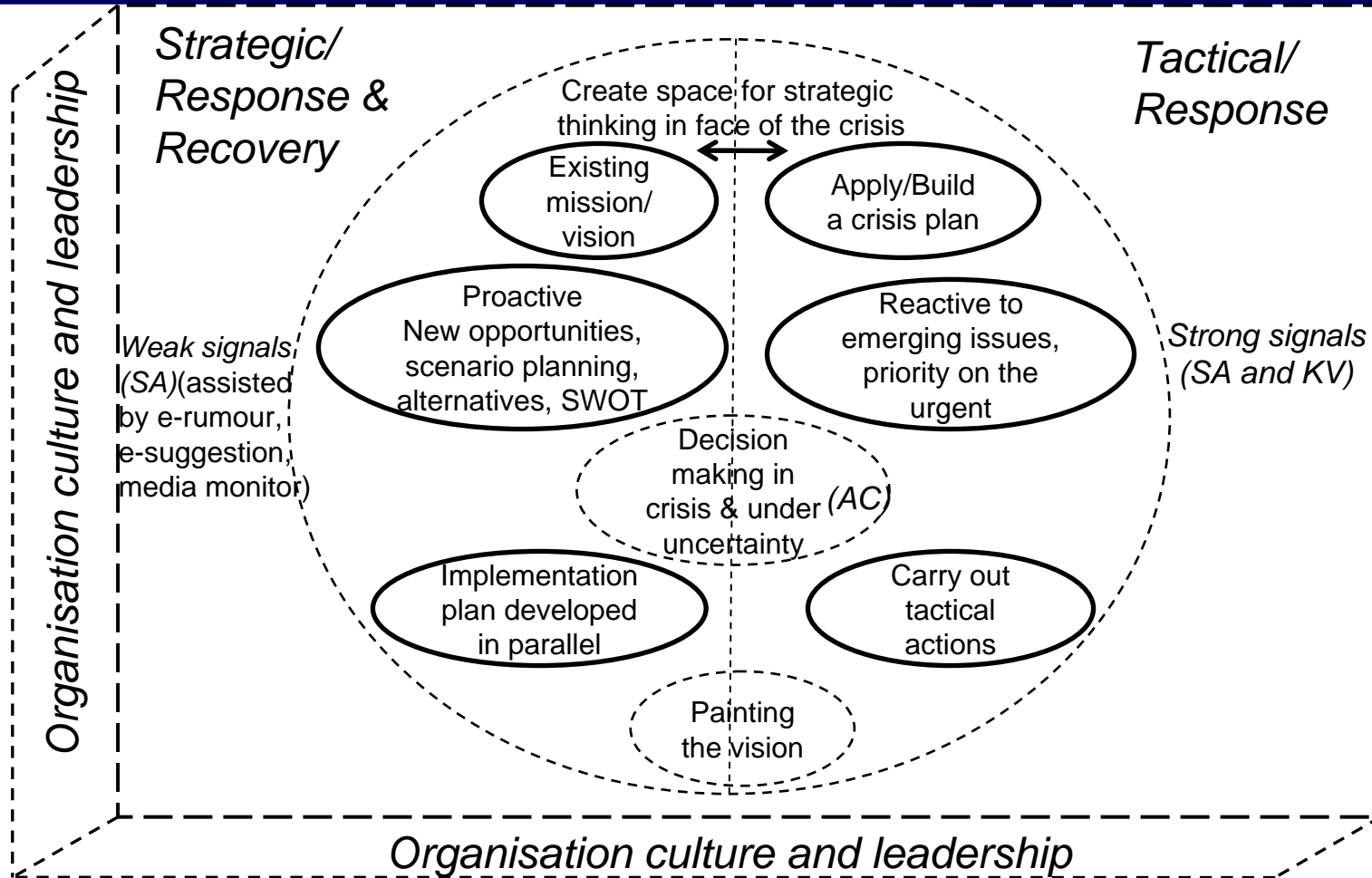 - **Innovation & creativity**

Crisis strategic planning defined

- ## Crisis management:
  - Definition: Crisis management is the systematic attempt to avoid organizational crises or to manage those events that do occur

- ## Strategic planning:
  - Definition: Strategic planning is the formal consideration of an organization's future course

- ## Crisis strategic planning:
  - Definition: Crisis Strategic Planning is the process of searching out and developing opportunities in the midst of crisis. It is the integration of Crisis management and Strategic planning.

- ## Avoiding 'crisis myopia' and finding the silver lining

Crisis strategic planning in Context

Situation awareness:
Threats & Weaknesses
= risks & vulnerabilities

Planning
Strategies

Adaptive
Capacity

Management of
key vulnerabilities

Culture and
Communication

Day-to-day
Resilience

Reduction   Readiness   Response   Recovery

Event

Strategic/
Response &
Recovery

Tactical/
Response

Organisation culture and leadership

Create space for strategic
thinking in face of the crisis

Existing
mission/
vision

Apply/Build
a crisis plan

Weak signals
(SA)(assisted
by e-rumour,
e-suggestion,
media monitor)

Proactive
New opportunities,
scenario planning,
alternatives, SWOT

Reactive to
emerging issues,
priority on the
urgent

Strong signals
(SA and KV)

Decision
making in crisis
& under
uncertainty

Implementation
plan developed
in parallel

Carry out
tactical
actions

Painting
the vision

Organisation culture and leadership

Crisis Strategic Planning: a model

Resilient Organisations

Strategic/ Response & Recovery

Tactical/ Response

Organisation culture and leadership

Create space for strategic thinking in face of the crisis

Existing mission/ vision

Apply/Build a crisis plan

Proactive New opportunities, scenario planning, alternatives, SWOT

Reactive to emerging issues, priority on the urgent

Weak signals (SA)(assisted by e-rumour, e-suggestion, media monitor)

Strong signals (SA and KV)

Decision making in crisis & under uncertainty *(AC)*

Implementation plan developed in parallel

Carry out tactical actions

Painting the vision

Organisation culture and leadership

R E S P O N S E   &   R E C O V E R Y   I N   P A R A L L E L

Legend:
SA – Situation Awareness
KV – Keystone vulnerabilities
AC – Adaptive capacity

Two case studies: a thumbnail sketch

- **University of Loyola New Orleans:**
  - Hurricane Katrina, August 2005
  - The diaspora
  - Regathering the scattered students and staff
  - 40% reduction in income is its own crisis!

- California State University, Northridge
  - The Northridge California earthquake of 1994
  - Camping out after the destruction
 - Local campus with local students

■ Organisations perform well when they have a **single unifying purpose** to work collectively towards…
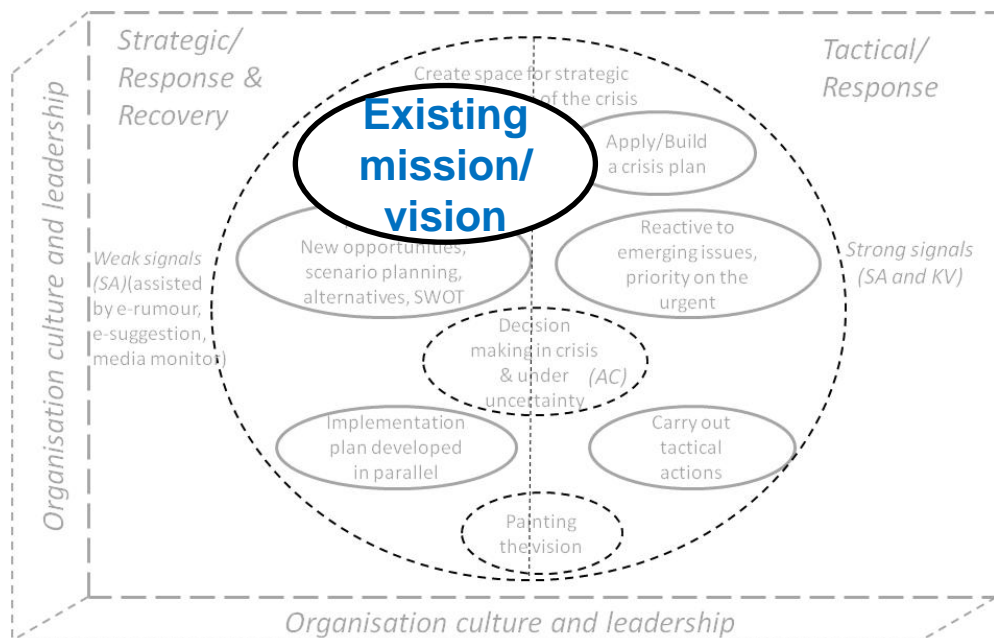
■ **CSU Northridge**
  ❑ Existing charter for the University provided a core framework for all response and recovery decision.
  ❑ 'Classes must start again ASAP' - This was a non-negotiable baseline for all staff
■ **Loyola**
  ❑ Had strategic plan but in need of revamping. Had begun process prior to Katrina

■ Organisations need to be **proactive** in seeking out new opportunities. It also requires a **realistic optimism** that the organisation can and will emerge from the crisis better than it was before.

Proactive
New opportunities,
scenario planning,
alternatives, SWOT
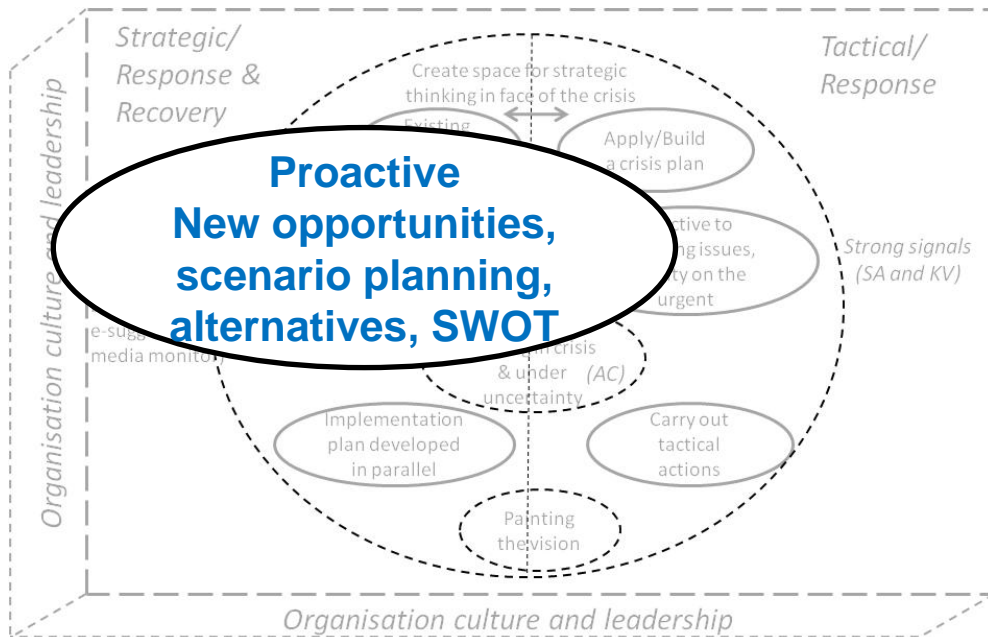
CSU Northridge

❑ Emerged as a modern campus (funded by others!)
❑ More student focused institution

Loyola

❑ Academically robust strategic plan.
❑ Review all programmes in light of new reality
❑ On-line learning initiative

- **In rapidly changing environments, Plans A, B, and C should be developed simultaneously**

Implementation plan developed in parallel
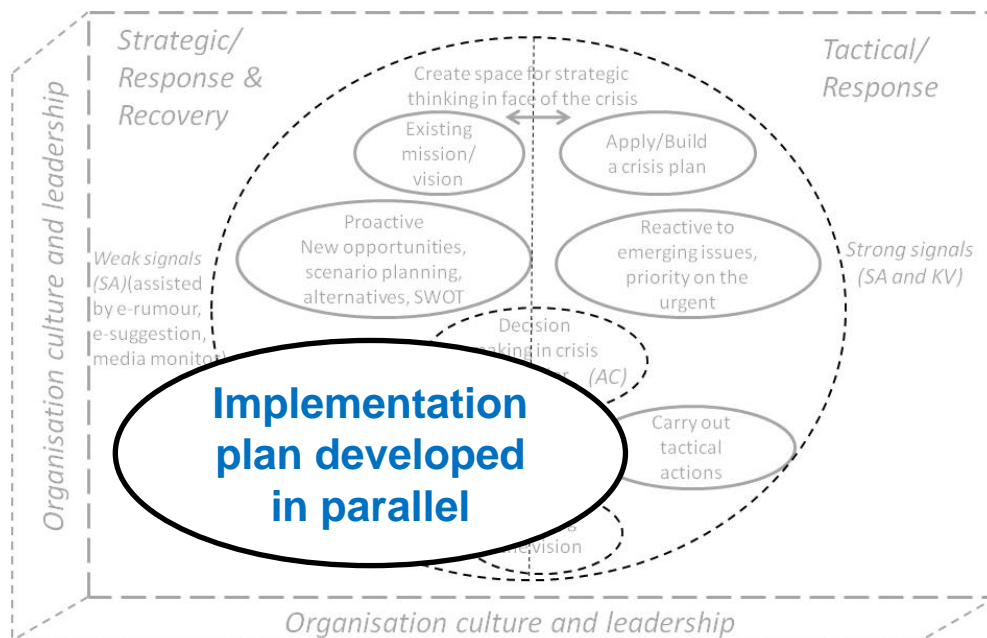
- **CSU Northridge**
  - ❑ 1 week lost…
  - ❑ All effort went into rehabilitating buildings until the realisation dawned that continuing aftershocks made this unrealistic.

- Loyola
  - ❑ Campus on high ground, but…
  - ❑ Collaboration with AJCU
  - ❑ Law school moved to Houston temporarily

Decision Making in Crisis

- Aim for **group** decision making so all view points can be heard before moving towards more **unilateral** decision making. The value of a **'safe' sounding board** for leaders should not be underestimated.
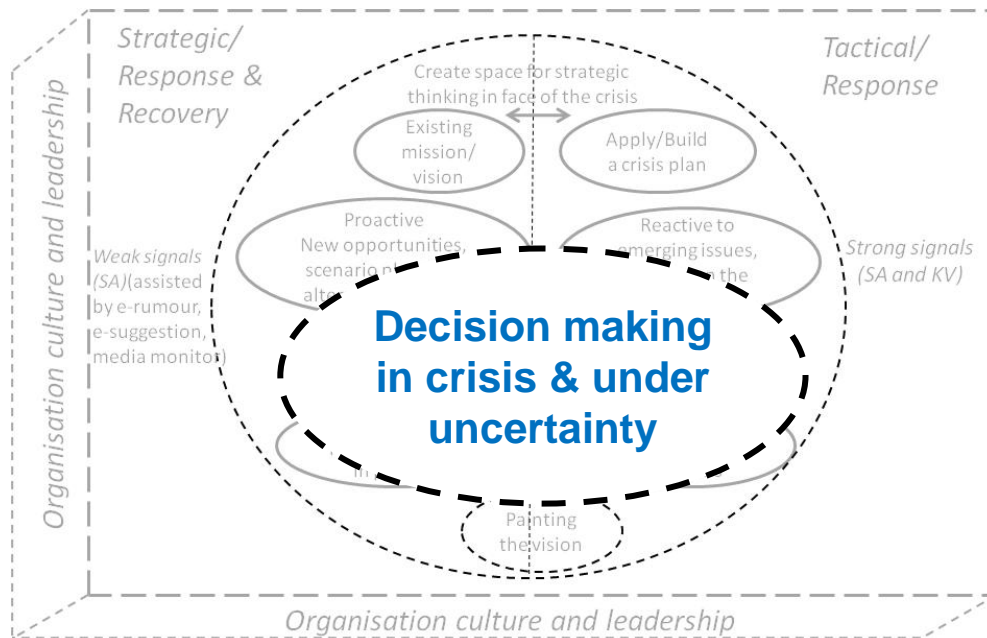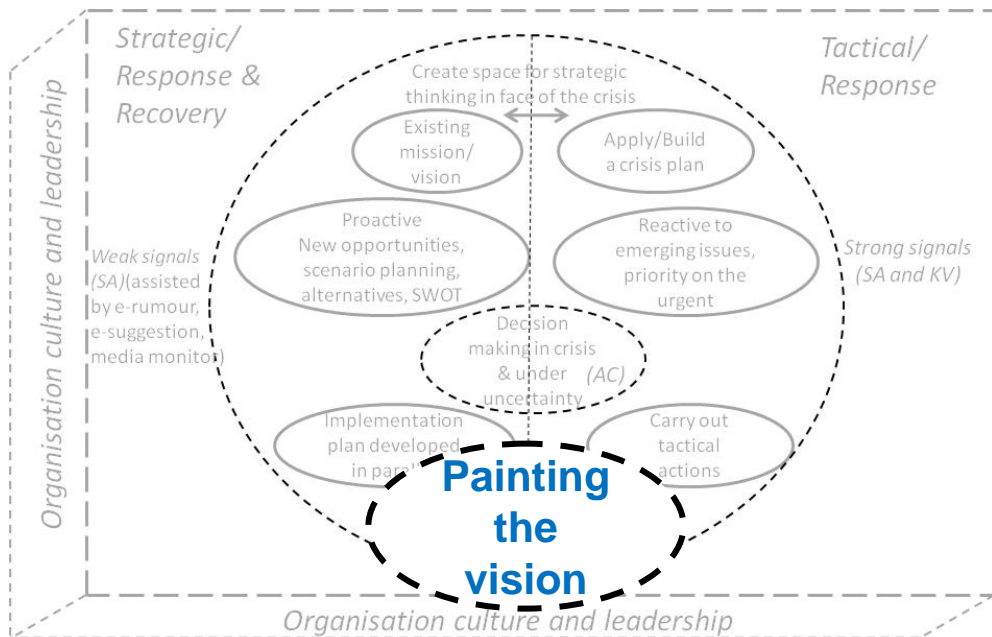

- **CSU Northridge**
  - 'Inner circle'
  - Predominantly command and control type decision making
  - Chancellor as 'off-campus' support for President
- **Loyola**
  - Normally collegial decision making more autocratic during response phase
  - AJCU friends as sounding board
  - Decision to re-open in New Orleans! (January 2006)

- **Staff need to believe** that the recovery of the organisation is not only possible, but could also be the catalyst for positive change.
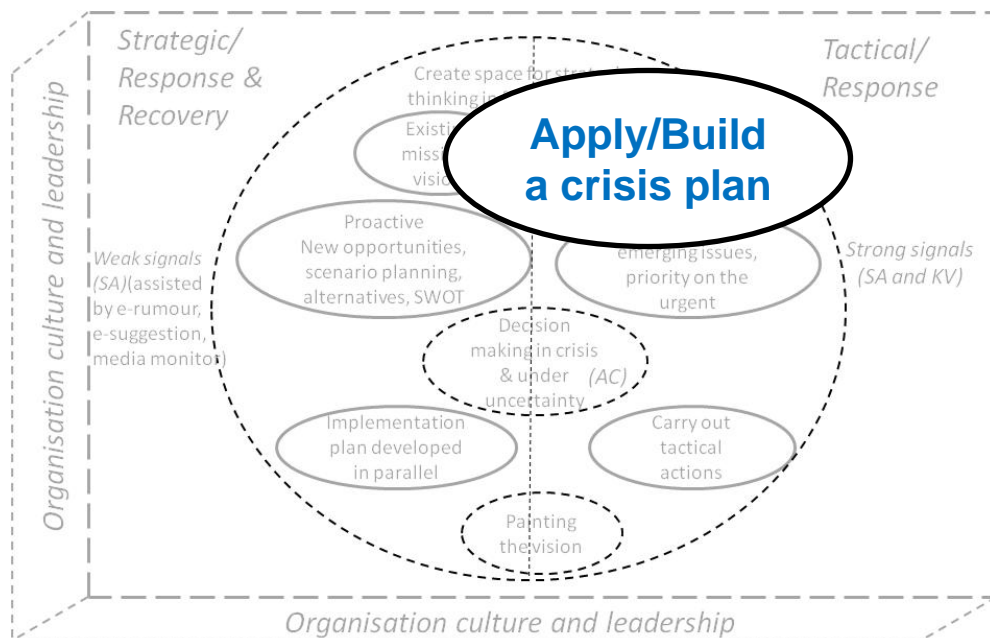

- **CSU Northridge**
  - *"We will be back, and back better"*
  - "A*cting as if we could…*"

- Loyola
  - Pay the faculty and staff
  - Students in the diaspora: had to become more student focussed

Apply/Build the Crisis Plan

- Immediate application of an existing crisis plan creates **purpose** and fresh **hope**. It demonstrates forethought and creates **confidence in leadership**
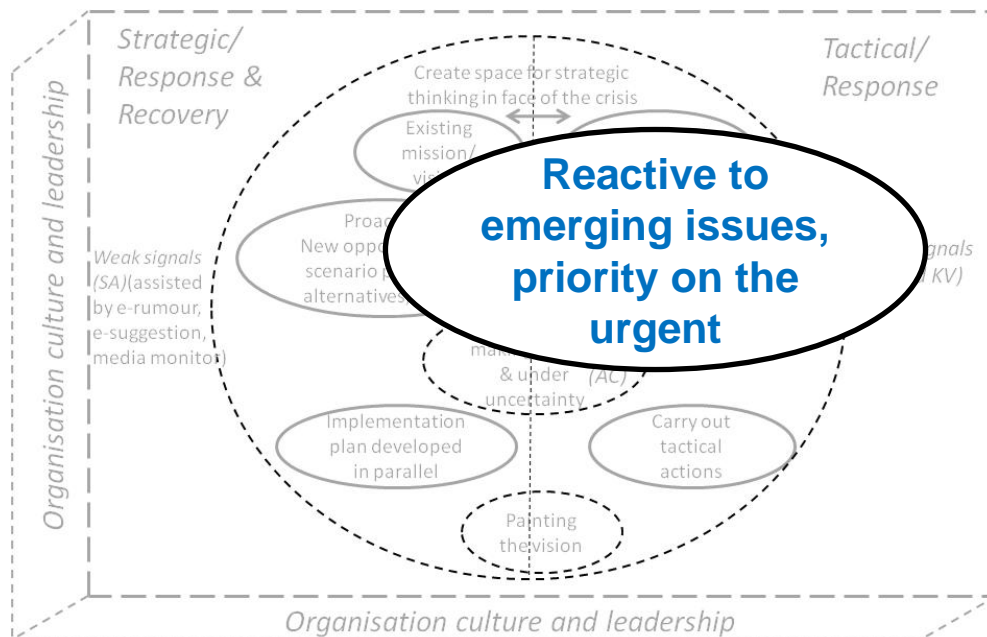

- **CSU Northridge**
  - ❑ Had a great plan, but it wasn't effective

- **Loyola**
  - ❑ Existing crisis plan worked but weaknesses in face of Katrina…
  - ❑ Recovery phase improvements were made in crisis plan

■ Good **situation awareness** and **principles** for setting **priorities** required when facing a flood of urgent strong signals
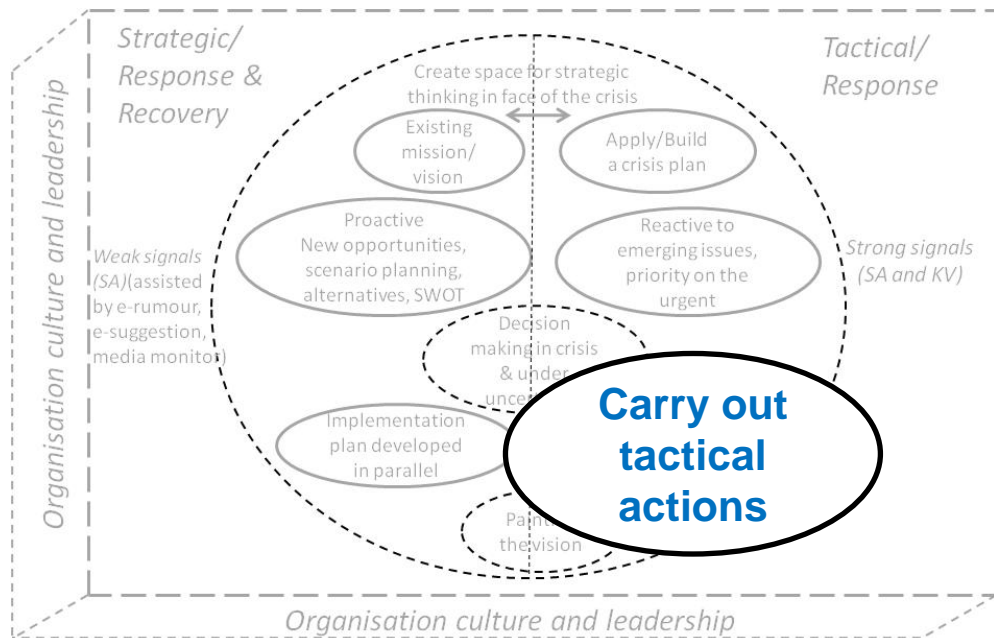

■ **CSU Northridge**
  - ❏ Ongoing aftershocks meant rethinking recovery strategies

■ **Loyola**
  - ❏ Inability to occupy campus required admin relocation, but where?
  - ❏ Computing facilities, but no essential services…
  - ❏ Collaboration with AJCU and sister universities

Carry out Tactical Actions

- **Decisive action** required **informed by group** processes for best solutions. Tactical actions should be aligned to **new opportunities** whenever possible

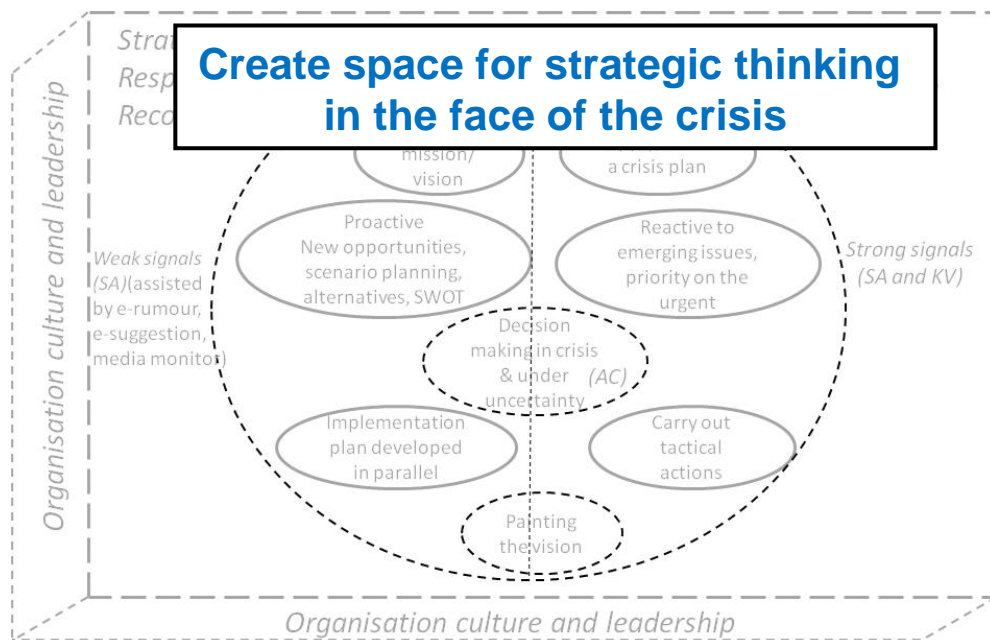- **CSU Northridge**
  - Accessing a fleet of trailers

- **Loyola**
  - Mandatory evacuation of campus after consultation with crisis team.
  - Communication and computer issues required lateral thinking

■ Create the space for strategic thinking, by either using a different team (need to ensure they are **in touch with the tactical reality**) or refocusing the tactical team periodically on strategic issues (Need to **lower the adrenalin)**

Create space for strategic thinking in the face of the crisis
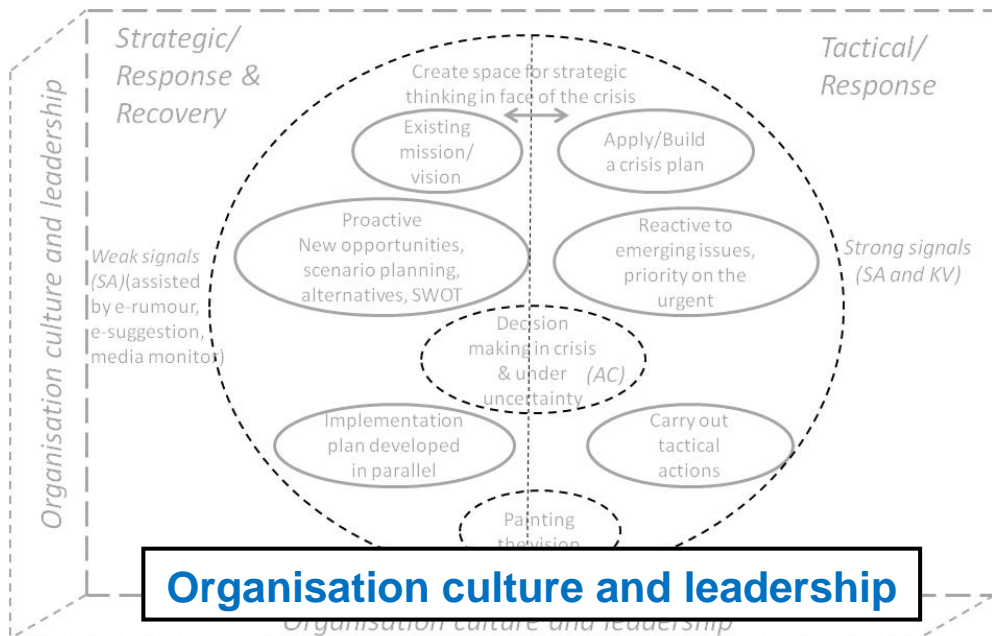
■ **CSU Northridge**

  ❑ 'Inner Circle' all involved in both tactical and strategic management

  ❑ Lots of 'hugging' and off-campus retreats

■ **Loyola**

  ❑ 3 VPs and the President in Alexandria (220 miles)

  ❑ Sharing a meal

  ❑ Stress relief at the gym

Organisation Culture and Leadership

■ The **'real' values** of the leader and organisation **reveal themselves in a crisis**. Sound planning will never substitute for **effective leadership**.

Organisation culture and leadership

■ **CSU Northridge**
  - ❑ Superb leadership
  - ❑ Flattening of the traditional hierarchy
  - ❑ Marked shift away from consultative environment

■ **Loyola**
  - ❑ Leader was on 'the front'
  - ❑ Marked shift away from consultative environment
  - ❑ Communication for a diaspora
  - ❑ Mobilising faculty and staff to reach students

Success & failure factors

- ## Success factors:
  - Clear mission and focused goal: "We will re-open!"
  - Great leadership
  - Strong community engagement
  - Shared membership across strategic and crisis teams
- ## Failure factors
  - Didn't do implementation plan in parallel
  - Lack of sound engagement with faculty
  - Prior planning too narrowly focussed

Lessons learned: did they 'find the silver lining'?

- Recovery is always possible
- Symbiotic relationship with wider community
- Interdependence with 'competitors'
- Importance of planning, but criticality of leadership
- Crisis is a great way of grounding strategic plan
- Change rarely occurs without some kind of crisis

Can you see any silver lining?

- Imagine you are the Managing Director of a major public hospital
- Pandemic is breaking out…it is expected to arrive in your region at any time
- You have management plans in place but fully expect them to prove ineffective

- With your neighbour, identify three benefits that could emerge from this crisis that could transform future healthcare?