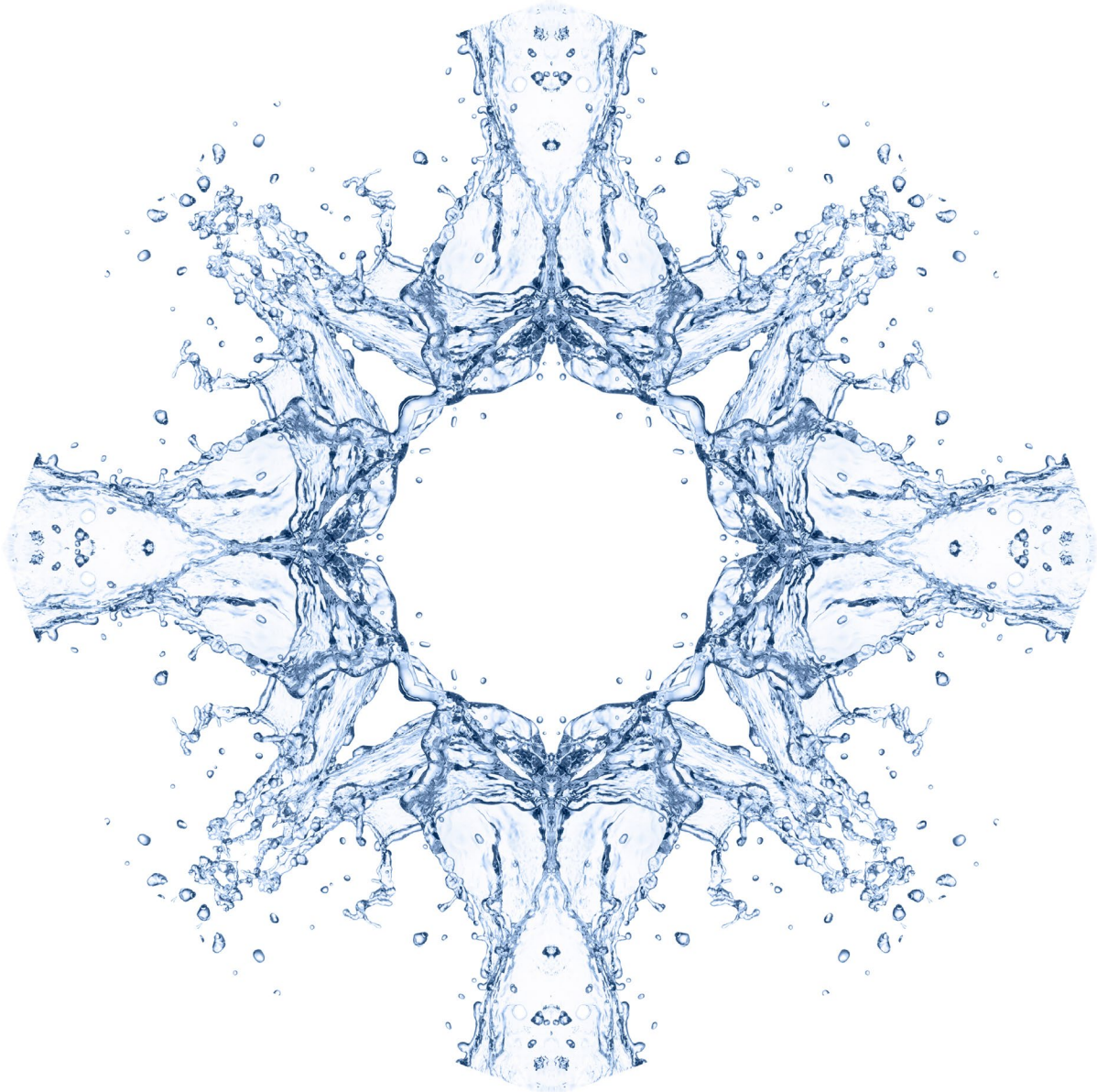


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The Next Wave

Real stories on leading through risk, crisis, and disruption featured in the Resilient podcast series

The Next Wave

Emerging stronger from crisis

Think about all the crises that keep dominating headlines: safety issues, natural disasters, reputation catastrophes, and financial scandals. How is it that crisis seems so inevitable, but many senior executives are still not prepared for it? Now is the time to ask yourself: when the next crisis hits, how are you going to react? To get some answers, let's look to a few insights from leaders who have survived crisis situations first-hand:

Don't wait for a crisis

American Airlines holds more than a dozen comprehensive crisis scenario exercises annually that include role rehearsal for top leadership and personnel across all levels of the company and its partner organizations. It's part of a broader strategy that Paul Morell put in place when he was American's vice president for Safety, Security, and Environmental. Back in 2009, he was in that same role at **US Airways** – before the two airlines merged, and the year when a US Airways jet famously made an emergency landing on the Hudson River, with no loss of life. "People call it 'Miracle on the Hudson' and I don't call it that. What I call it is a testament to all the work that... we've been trained to do," he told us, citing

highly trained pilots, flight attendants, air traffic controllers, and other professionals.

Communicate and collaborate

Another leading practice is to foster strong communication and collaborative relationships that allow your team to deal with the unexpected and innovate solutions in real time. As former deputy director of disaster recovery for the **State of Louisiana**, Mark Riley managed a team of 300 state disaster specialists who worked with counterparts in federal and local agencies. He arrived in 2007 after Hurricane Katrina, and the response revealed shortcomings in such relationships. "When I came in, it became very apparent that the relationship between those three primary players was very dysfunctional," he told us. Mark clarified roles and strengthened coordination through a proactive team building model. "A team is good because it practices before the event," he says, adding that his frequent preparedness drills place "emphasis on the team environment and not necessarily organizational seniority."

Throughout the recovery process, Mark practiced a form of "destructive innovation"

that encourages the questioning of assumptions and testing of ideas before they're implemented. "If you see something that you think can be done better and you don't raise that issue to your management, then you failed," Mark explained. "We have created a system, but that system is always changing because what we've created the first day, we experience and then we're able to rethink it and look at it and also understand that this isn't a widget-making business where all the widgets look alike. So you have to have a flexible process that adjusts to the type of widget that's coming through. And so we make those adjustments all the time."

Like natural disasters, self-inflicted corporate disasters can be all-consuming. Former **VeriSign** CEO Bill Roper learned this firsthand as he led the company through a grueling recovery from a stock-option backdating controversy. "The sense of urgency goes away," he said, summarizing the complacency that set in after a few early wins in the aftermath of the crisis. He says he kept reminding colleagues that "prematurely taking victory laps is not a healthy exercise."



Paul Morell & American Airlines/US Airways

- As safety VP at American, he designed an intensive program of 14 crisis scenario exercises annually, involving senior leadership and all levels of the company and partner organizations.
- Earlier, as safety VP at US Airways in 2009, Paul oversaw crisis preparedness and training efforts that contributed to the “Miracle on the Hudson” fatality-free water landing of a US Airways jet.

Key insight: “Not living day to day, but looking at tomorrow...what are the risks that we might encounter?”



Bill Roper & VeriSign

- Bill became VeriSign’s CEO amid fallout from an investigation by the SEC into the company’s handling of stock-options.
- Bill drove a long-term effort to stabilize the company by negotiating with regulators, divesting several business units, and repurchasing some stock shares.

Key insight: “A sense of urgency and a mission always can drive the right things to happen faster.”



Mark Riley & the State of Louisiana

- Mark’s mandate was to strengthen relationships after the response to Hurricane Katrina revealed shortcomings in crisis preparedness and response.
- Team-building and open communication have boosted inter-agency preparedness and improved operations involving \$17 billion in ongoing disaster mitigation efforts.

Key insight: “Trust is indispensable. And a requirement (for trust) is to communicate, collaborate, cooperate.”



Daryl Brewster & Krispy Kreme Doughnuts

- Daryl led Krispy Kreme as the company struggled through a financial controversy involving U.S. Department of Justice scrutiny, billions in lawsuits, consumer anger, and employee turnover.
- Daryl instituted new processes that helped the company avoid bankruptcy and not miss a single day of trading on the New York Stock Exchange.

Key insight: “Lay out an organizational strategy and communication plan to get everybody in the same boat.”

Fortunately, Bill leveraged strong communication to keep colleagues on task and repair relationships with the SEC and NASDAQ. “If you can get in front of the majority of your employees and communicate to them openly, honestly and as clearly as possible, and do that reasonably frequently, I found it was very helpful,” he told us. Bill used all-hands teleconferences and videoconferences to update employees on crisis recovery initiatives. And his team actively engaged external stakeholders – taking the story to customers, bankers, investors, and others.

Successful outcomes like these are made possible by the embrace of a third leading practice – capturing insights for positive change in the future.

Capture lessons learned

No strategy for crisis management is complete without a system for capturing lessons learned and putting those lessons in service of future improvement. “Nobody chooses a crisis as their change agent, but sometimes it chooses you,” VeriSign’s Bill Roper told us. “It can help you choose priorities. It can force you to make critical decisions that have been on the table.”

The biggest hurdle to learning from crisis often involves morale and organizational culture. That was certainly the case for Daryl Brewster, who served as CEO of **Krispy Kreme Doughnuts** as the company struggled to overcome its own crisis – involving financial irregularities – that led to 20-percent employee turnover and billions of dollars in government lawsuits. “Everyone was blaming the other guy...Well, that’s nice, but we’ve got to move on,” Daryl told us. “So we put in some basic systems and processes so we could get everybody rowing together rather than hitting each other over the head with the oars.” Krispy Kreme survived the crisis and remains a strong market competitor today.

Moving forward

No organization can avoid an unexpected crisis causing major disruption or damage to the organization. But making your organization’s crisis protocols second nature through preparation, strong communication and collaboration among teams, and capturing lessons learned can help you endure crisis when it hits, and recover faster. And when that crises hits, resilient leaders use it as an opportunity to fix things that aren’t working, go from defense to offense –

and emerge in a way that ultimately makes the organization stronger.

Contact us

Chris Ruggeri

Strategic and Reputation Risk Leader
Principal, Deloitte Risk and Financial Advisory,
Deloitte Transactions & Business Analytics LLP
cruggeri@deloitte.com

Mike Kearney

Resilient podcast series host
Partner, Deloitte Risk and Financial Advisory,
Deloitte & Touche LLP
mkearney@deloitte.com

Let’s connect

If you would like to learn more about how leading companies are navigating risk, crisis, and disruption, we would welcome the opportunity to talk with you. If you have your own resilient story to tell, please let us know.

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