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Bridging theory and reality

The need to stress test your crisis plan

It's been said, ***"In theory, there is no difference between theory and reality. But, in practice, there is."*** To build on that observation, we've coined another adage for you: When theory and reality clash, theory loses.

During a crisis, there will be discrepancies between theory and reality. The existence of a plan, developed as a theoretical response to a pre-identified crisis, can influence judgments and decisions in the thick of a crisis—even if the plan doesn't map to what's occurring in real time.

So what's the executive's role in managing a crisis? Being inquisitive enough to help the company bridge the difference between theory and reality. To that end, creating a set of actions that effectively makes use of predetermined, readily available assets is critical.

Stress testing the crisis plan

Effective crisis management is as much art as science. Executives must determine a path to recovery within the parameters, constraints, and politics being imposed in real time. And management's understanding of the risk associated with a crisis must be as robust as their understanding of financial and audit risk. They must also recognize that, in today's connected world, technology and social media can amplify the impacts of seemingly insignificant incidents into significant critical events.

One effective way to begin bridging theory and reality is to stress test the current crisis plan. Exercising the crisis plan is common with mature organizations, but stressing the plan is often less so. In many cases, that's because having a successful exercise is more important to leadership than uncovering gaps—or revealing alternative actions that might become necessary when underlying assumptions of the plan don't hold true. Every plan is based on assumptions. Two of the most common assumptions are communications and civil stability.

When assumptions go up in smoke

Consider California. The state recently experienced another round of devastating wildfires that destroyed thousands of

homes and businesses. The fire caused major disruptions in communications, logistics, and civil support capabilities. So for one company that relied on effective communications as a core element of its crisis plan, that capacity quickly fell apart. The difference between having a plan—in theory—and no longer having an essential element of that plan—in practice—became the new reality.

Lack of communications can place the executive group at a disadvantage when management is seeking clarity on damage assessments, status of employees and staff, and impacts on operations. As a result, providing late or incomplete information to interested stakeholders may affect brand and reputation.

Certainly, a base assumption of any plan is civil stability and public safety services. But what happens when stability is at risk or when the public safety infrastructure is focused solely on the crisis at hand? Within the United States, it can sometimes take days—even with the assistance of the military—to regain civil stability after a large-scale crisis. For organizations with international operations, it's important to think about the possible impacts in areas where recovery may be more difficult and take longer.

Challenging base assumptions

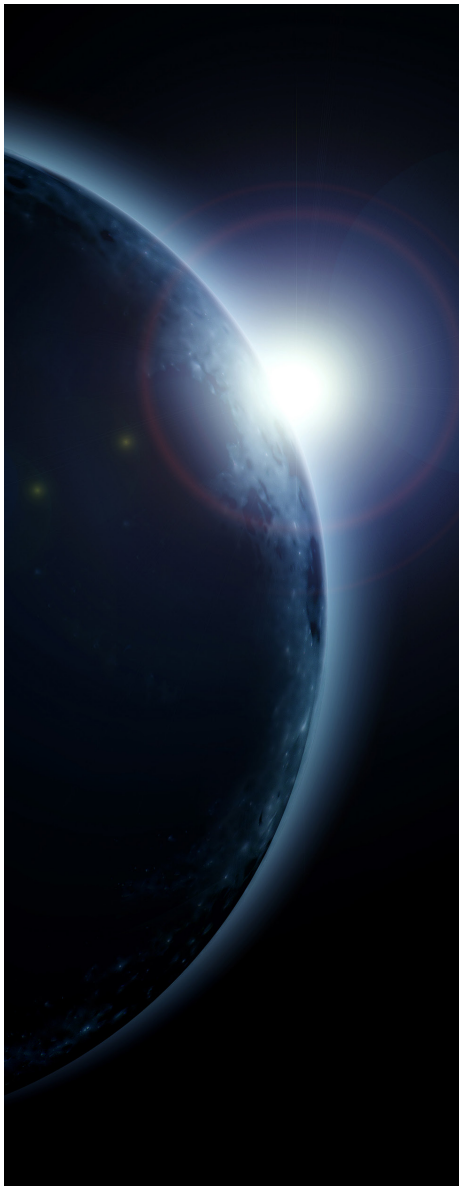
It's critical for effective crisis management to understand how to bridge theory and reality. A leading practice is to start with "war gaming" crisis plans and challenging base assumptions. But challenging base assumptions can be difficult, as participants may be reluctant to suspend their perceived reality.

No one wants to believe that an entire community infrastructure has been destroyed. But in the last decade, that's happened multiple times from hurricanes and fires. So is it that much of a stretch to think that one of the critical base assumptions of your crisis plan could be unavailable when it's needed the most?

Here are some steps to consider to stress test your crisis plan and jump-start the process of bridging theory and reality:

1. Identify critical capital assets assumed available and make them off limits for the exercise.
2. Identify decision makers in crisis—and then don't let them participate in the exercise.
3. Select a process that's critical to the response and/or recovery effort and eliminate the use of that process.
4. Select a multiple-event scenario that requires competition for the same assets.

The stressing factor doesn't have to be unbelievable to create tension between theory and reality. But it should present your crisis team with a daunting challenge—to better test how the organization will respond.



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