



Crisis Management – Does Your Board Have A Plan?

What's your plan if bad news happens? It could be a tweet that goes viral, a hacker steals credit card information, the CEO is injured, a plant burns ... A crisis has two parts, the crisis ... and how the company handles the crisis in protecting the company's reputation.

Does your company have an action plan in place and, if so, when was it last updated and reviewed? Where does the board fit into the process?

These are key questions for all boards. To get the conversation started, ask the following questions. Time spent on this exercise helps directors demonstrate accountability and enables the board to be in a position to react quickly when challenges arise.

1. Who is on the crisis team?

The crisis team must be identified and will likely include the CEO and other internal members who are familiar with the company and external members that might be needed to assist; for example, a public relations firm or a defense lawyer. 24/7 contact information should be updated regularly and the members should periodically engage in a "mock drill" to ensure that members understand their role.

2. What are ten potential crisis scenarios?

The crisis team, with other members of management, will want to review the company's "risk map," and understand what could happen under each crisis scenario.

3. What's the crisis protocol?

What's the activation plan(s)? What actions happen first, who's in charge? What's the chain of command for approvals? When does the board get notified? What's the infrastructure needs, e.g. microsite, email, phones, social media platforms. The "mock drill" will help entrench these processes in the crisis team's minds.

4. How and when are shareholders and other key stakeholders informed?

What's the timeline? What's the message?

5. Is the emergency contact list updated?

People leave jobs. Phone numbers change.

6. Are the "corporate protocols" updated?

Some information can be easily "templated" for quick updating at the time of crisis; e.g. if there's a security breach, or a key employee illness that may require a leave of absence. Key files containing company information, maps, product information, etc. should be readily available.

BQs are published monthly. Discuss your answers in the executive session at your next board meeting. It could help your board become more effective.

