

Business crisis management

Mehrsa Bakhtiyari¹

¹Affiliation not available

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Mehrsa Bakhtiyari ^{1*}

1 Department of Management, Tehran Markaz Azad University, Tehran, Iran.

* Correspondence: mehrsa.bakhtiari@yahoo.com

Abstract

Crisis pose negative consequences on the continued survival of any organization. In the midst of so many uncertainties and turbulence in today's business environment, business managers must develop stronger crisis decision-making skills. This paper proffers several approaches towards effective management of business crisis.

Introduction

Business crisis refers to event, or series of events, that give rise to unpleasant condition for a business (1). It mostly occurs unexpectedly and threatens as well as distresses the business, especially when time is limited and quick decisions have to be made. Although some crisis situations can be seen ahead of time, many are sudden and unexpected.

Factors responsible for business crisis

Business can be attributed to several factors as follows:

- **Natural disasters**

These are usually from unforeseen environmental disasters. They include flooding, wind storms, cyclones, erosion, earthquakes, tremors etc.

- **Technological disasters**

These can arise from IT infrastructural failures, corrupt software, faulty hardware, cyber attack, internet hacking, internet fraud etc. It is mostly aimed at the critical resource points such as data as well as sensitive information.

- **Accidental disasters**

These happen unexpectedly. They include theft, fire explosion, electrical faults, etc.

- **Disease outbreak**

An outbreak of infectious diseases or plaques among staff or livestock/plants (in the case of an agricultural business) could pose severe health and safety risks.

- **Reputation**

Scandals and negative media could also lead to crisis in a business organization.

Strategies for crisis management

Crisis management is a process of managing and dealing with crisis (2). It involves dealing with threats before, during, and after they have occurred, focusing on minimizing the damage and enabling the business to recover quickly. Crisis management can be especially important in the area of public relations.

In managing business crisis, the first step is to decide what constitutes a crisis for your company, and set criteria which would trigger a crisis management plan. Assign responsibilities to specific people or teams so that you do not delay responding to the crisis due to uncertainty about who should do what. While this may seem elementary, too many organizations are prone to believe that things “are not that serious” or that “it’ll blow over.” Chances are things are more serious than you think and will not blow over without proactive effort from within.

It is also important to communicate adequately about what is happening. Do not leave your customers and other stakeholders in the dark. Evaluate the flow of information objectively and place yourself in the role of a regulator, media representative or member of the public and ask yourself if you would see things as more serious or more lasting. Above all, do not take a “bunker” or “company under siege” mentality toward the would-be crisis. And, do not assume that you can just put your head in the sand and avoid the storm. Crisis management requires forthright communication and proactive, decisive action.

Even though technology is often the source of a crisis, it can also be the solution. Making use of the latest cloud technologies can allow your employees to work from home if your office is not accessible, while backing up data in the cloud will help you recover from data loss. Putting your crisis management plan in a location where important employees can access it off site will make it easier to recover from the loss of key senior people in your company.

If your crisis derives from threatening competition, you have options too. Think about expanding into new markets, or try to find ways to improve your product offering to out do your competitors. It is possible that you can cut the costs of production and lower your prices in ways your competitor cannot, or you may find that you can offer a better customer experience by brushing up on your customer care skills.

Whatever you decide to do in practice, it is important that you take a planned approach to manage the crisis. If your business is in trouble, it is not the time to take a fire-fighting approach – evaluate the situation, draw up a step by step plan, and execute that plan.

The Crisis Team should reflect decisiveness, confidence and a healthy dose of inquisitiveness and humility. The Team is not a place for politics and “yes-men.” Pick qualified people who handle stress well. Some reasonable and calculated action is better than no action. People, especially those directly affected by the crisis, will demand a response. It must be the best response possible under the circumstances.

Conclusion

In conclusion, effective crisis management is vital in any business organization. It ensures that the organization minimizes damage and enables quick recovery of the business to a healthy status. It is also important that crisis management be done in a timely manner to avoid escalation of the distressing situation.

References

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