



Crisis Management Services

Crisis Management and Continuity of Operations

**Will County
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Agenda



- Critical Incident
- Risk
- Crisis Management
- Stages of Crisis Management
- Q&A

Critical Incident

- An unexpected situation or sudden occurrence of a serious and urgent nature that demands immediate attention.
- An occurrence with potential to cause destruction and distress.
- An incident resulting in a significant loss of life, environmental damage, transportation & logistics systems disruption, or economic disruption in a particular region.



Types of Critical Incidents



- Man-made
 - Unintentional
 - Intentional
- Natural

Concern

Within the sea of moving parts, lay critical security gaps and a lack of operations resiliency that could cause tremendous damage from any significant disruptive event; man-made or natural.

Containers

- **70% of transportation company executives rate shipping containers vulnerable to security risks.**
- **90% of the world's cargo now moves by container.**

What a Terrorist Attack Could Cost

- It could take up to 3 months to clear a shipping backlog from shutting down every port in the US for 8-12 days.
- This could cost the US business community \$58 billion
 - Spoilage
 - Lost sales / lost contracts
 - Manufacturing slowdown
- Globally, a dirty bomb could cost \$1 trillion

Costs from Actual Disasters

- 2002 labor dispute affecting West Coast ports (closed 9 days) caused losses of \$2 billion/day
- 2003 California Wildfires
 - 743,000 acres destroyed, including 3,700 homes
 - \$2.5 billion damage caused
- 2003 Northeast Power Outage
 - Closed JIT manufacturing plants
 - \$118 billion in lost business and recovery expenses
- 2005 Katrina Hurricane
 - Waterborne exports to the region fell by \$1.2 billion during September vs. August
 - Crude oil imports to the region were down 26% from previous year

Risk

Risk implies uncertainty; a combination of the vulnerability to and impact from a threat, including perceived importance of the threat and the amount of difficulty to detect the threat in advance

Who Will Face Risk?

Risk in business is as inevitable as paying taxes and death!



Risk is High

“While the likelihood for any one event that would have an impact on any one facility or supplier is small, the collective chance that some part of the supply chain will face some type of disruption is high. ... The cascading impacts from adverse events can now extend further than ever before.”

Yossi Sheffi, “The Resilient Enterprise” 2005, p. 26.

Mission Critical Assets

- **Ships, trucks, planes, railcars**
- **Infrastructure they travel on**
- **Systems: telecommunication, computing, network**
- **People: transportation operators, brokers, intermediaries, forwarders, and operations professionals**
- **Goods in transit or in distribution centers**

Crisis Management is About Planning For ...

- **IT outages;**
- **failed supply chains;**
- **HAZMAT incidents;**
- **pandemic flu;**
- **fraud;**
- **reputational damage; and**
- **workplace violence**

In regard to the mission critical assets!

What's In a Name?

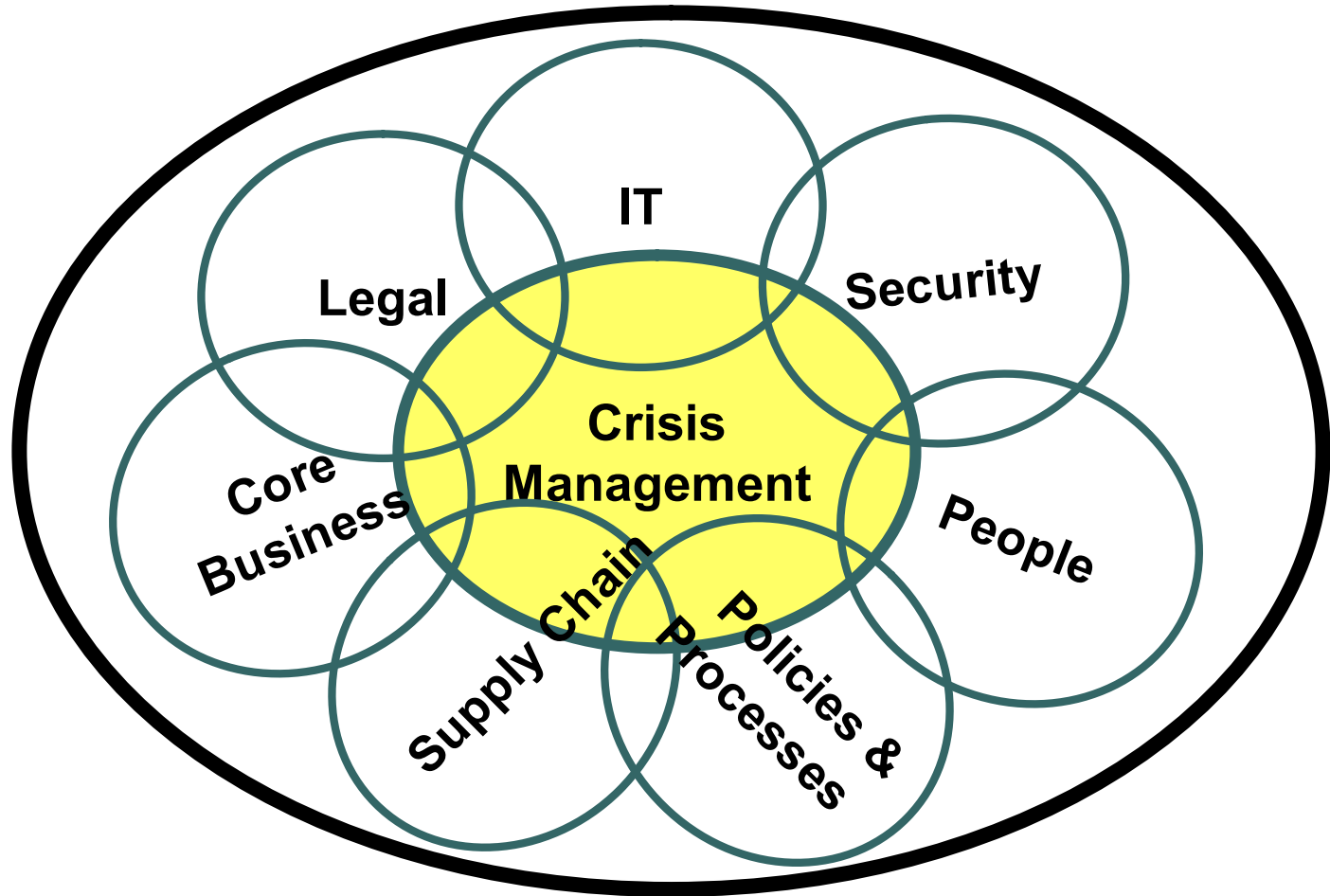
- Disaster Recovery
- Business Continuity
- Continuity of Operations
- Emergency Preparedness
- Crisis Management

Prevent, Mitigate, Respond and Recover

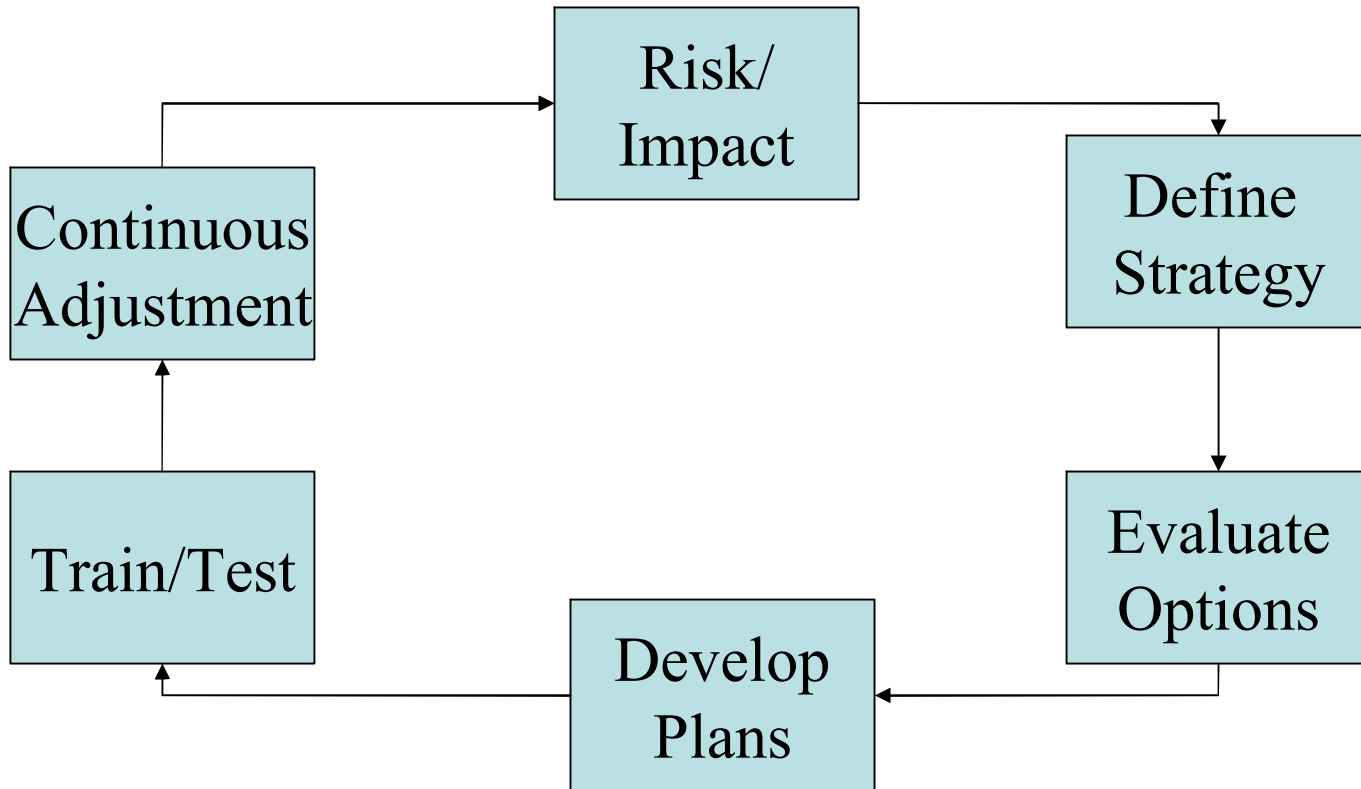
Goals of Crisis Management

- Preserve life / prevent injury
- Reduce the cost of the crisis
- Protect property / minimize the damage
- Ensure business/ mission continuity
- Due diligence/ satisfy legal requirements
- Restore normal processes
- Increase flexibility

Who is Involved?



Crisis Management Program



Universal Stages of Crisis Management

- Prevention
- Preparation
- Recognition
- Containment
- Resolution
- Opportunity



Prevention

“Next week there can’t be any crisis. My schedule is already full.”

- Henry Kissinger while Secretary of State





Risk/Impact Management

- Attempts to recognize and manage critical events
 - What can go wrong?
 - What will it cost us?
 - What can be done to prevent or mitigate the impact?
 - What contingencies can we use to respond and ensure continuity of operations?

Preparation

“Today my stockbroker tried to get me to buy some 10-year bonds. I told him, ‘Young man, at this point I don’t even buy green bananas.’”

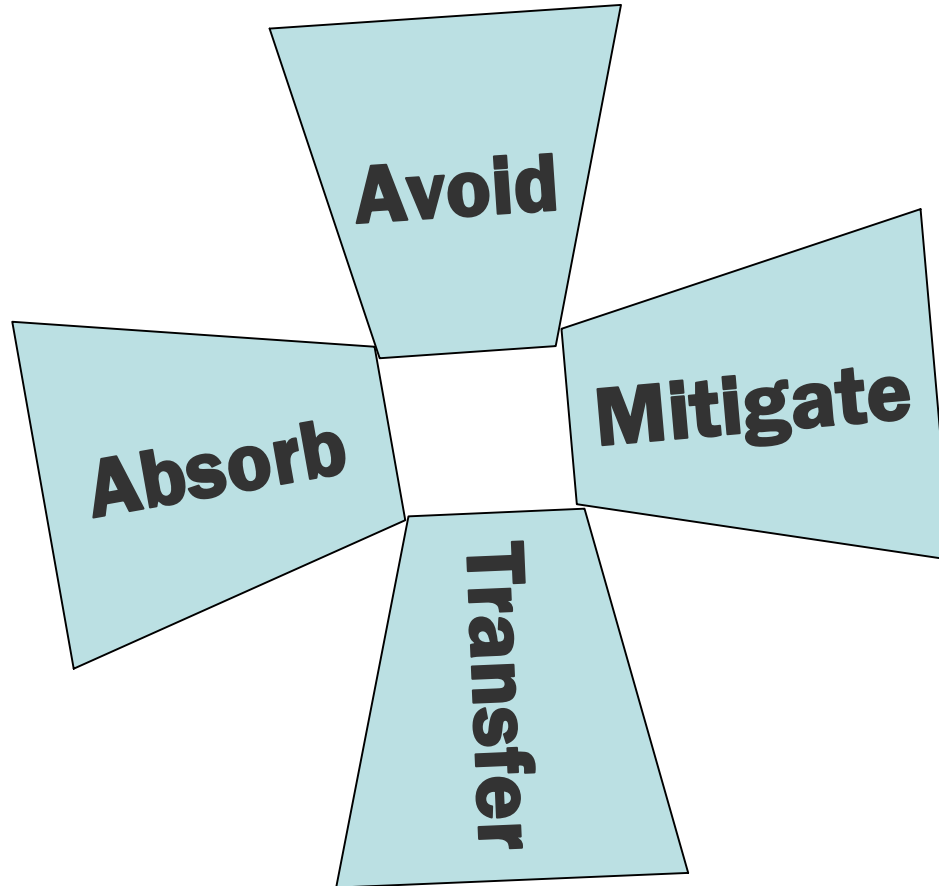
- Congressman, Chet Holifield,
toward the end of his career



Preparing for Disruptive Events

- Evaluation of the firm's suppliers
- Evaluation of the firm's logistical support – internal and external
- Evaluation of the firm's distribution channels
- Facilities selection criteria – including warehousing

Strategic Decisions from Knowledge



Rules for Planning

- Organize a Planning Team
- Assess the Scope of the Problem
- Develop a Plan
- Test the Plan
- Keep the Plan Up-to-Date



Recognition

“If you can keep your head when all about you are losing theirs, it’s just possible you haven’t grasped the situation.”

- Humorist Jean Kerr



Rules for Recognition

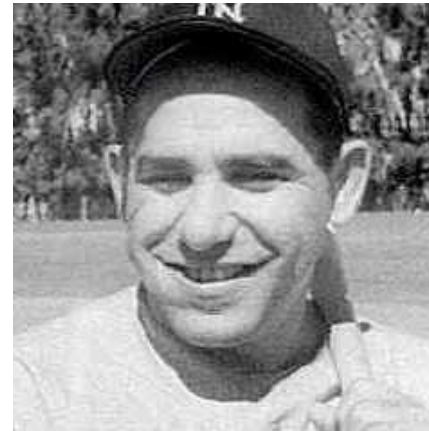
- Pay attention to your instincts
- Confront disturbing facts as you find them
- Consider the consequences if disturbing facts are found to be true
- Ask questions
- Seek the counsel of others
- Let your values guide you



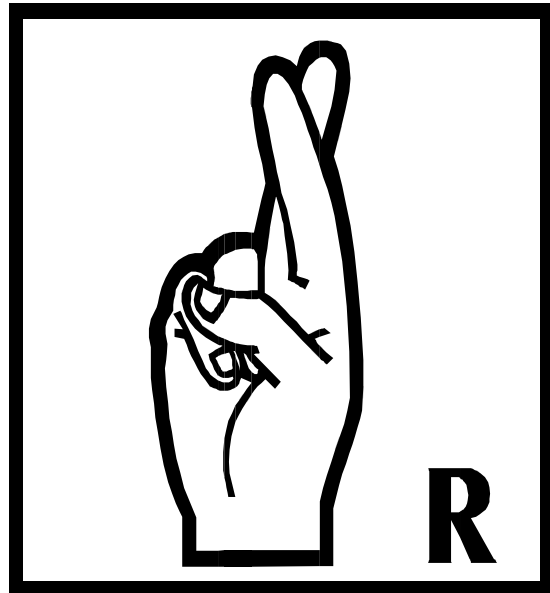
Containment

**“When you come to a fork in the road,
take it.”**

- Yogi Berra



What Do You Plan to Do?



- Reduce
- Respond
- Recover
- Return

Keys to Continuity of Operations

- **PREVENTION - continuity versus recovery**
 - Risk assessment
 - Impact analysis
 - Strategy decisions
 - Implementation
- **CONTROL – mitigation versus devastation**
 - Know your accepted single points of failure
 - Make a plan
 - Practice the plan
 - Revise the plan

Resolution

“Even if you are on the right track, you’ll get run over if you just sit there.”

- Will Rogers



Rules for Crisis Resolution

- Move quickly
- Continually gather facts
- Communicate, communicate, communicate
- Document your actions
- Use project management techniques
- Be a leader
- Declare the end of the crisis



Opportunity

“Experience is the name everyone gives to their mistakes”

- Oscar Wilde





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Q & A

Thank You!

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