

Board's Role in Crisis Management: Expecting the Unexpected

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Authors: [Lawrence E. Ritchie](#), [Andrew MacDougall](#), [Fabrice Benoît](#)

The impact of a crisis on a business can be felt throughout the organization and could negatively affect not only its reputation, but that of its executives, directors and advisors as well. Effectively anticipating, managing and navigating these business critical situations starts at the board level. Here is an outline of the board's role in crisis management.

Building Blocks to a Crisis Response Plan

1. Identify the team
2. Approve internal communication framework
3. Assign responsibility for external communications and stakeholder engagement
4. Oversee internal investigation
5. Establish systems to monitor developments and, if necessary, step in

Preparing for a crisis effectively starts by proactively developing a culture...

of Compliance

1. Develop procedures to prevent and detect illegal activity
2. Mandatory training about procedures and protocols, and consequences of non compliance
3. Defined confidential reporting system
4. Appropriate incentives and disciplinary measures
5. Continue improvement through periodic testing and review

of Preparedness

1. Assess the rigour of your organization's crisis response plan in enabling the organization to respond effectively to a crisis or any other extraordinary conditions
2. Monitor and assess developing risks and oversee risk management practices
3. Leverage trusted experts
4. Establishing backup plans if management is unable to assist

Best practices:

1. Test your crisis response plan
2. Review the results
3. Improve your plan

During a crisis

The needs of the board

- More frequent, timely and frank reporting
- Clear understanding of PR strategy
- Quantification of impact/exposure
- One point of contact
- Separate legal representation (if applicable)
- A clear statement of the questions the Board needs to decide
- Clear explanation of how short term responses address long term needs

Outcomes:

- Communications Strategy - top to bottom of the organization
- Stakeholder messages
- Public reputation management
- Determine risk and assess responsibility
- Determine corrective actions
- Post-crisis assessment - review and assess learnings

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