Crisis management

Business

Crisis management refers to a process whereby an organization concerns itself with major events that threaten the interests of the organization, the general public, and all its stakeholders. The studying of crisis management began with large scale environmental and industrial disasters of the 1980s (Smith, 2012). There are three major elements that constitute a crisis, these three are, element of surprise, threat to an organization, a short period of time to make a decision. Blyth (2009) explains that crisis refers to a process whereby it is difficult to maintain old systems of an organization. This leads us to the fourth important characteristic of a crisis, which is need of initiating a change. If there is no need of a change, it is possible to describe the event under consideration as an incident, or a failure, and not a crisis (Crandall, Parnell and Spillan, 2010). Crisis management differs from risk management.

Risk management involves analyzing the potential threats, and finding out the best method of avoiding these threats. Crisis management involves analyzing the threats before their emergence, and also after they have emerged. Crisis management is a discipline, within a wider perspective of management (Blyth, 2009). It consists of techniques and skills that an individual needs to identify, understand, assess and cope up with serious managerial and organizational situations. The skills of crisis management should be put into use, from the time in which the crisis begins, to the time in which the recovery process ends. Identifying those threats is an essential process of crisis management (Crandall, Parnell and Spillan, 2010). It is the occurrence of these threats that the management of an organization will develop a series of plans and strategies to protect the business organization from collapsing or falling. For purposes of reducing uncertainties in the event

of an occurrence of a crisis, organizations normally develop a crisis management plan.

A crisis management plan identifies the process which an organization will initiate for purposes of solving the problem under consideration. Crisis management has a direct relation with business. Most business organizations normally undergo a crisis in one form or another. A good example is in 1993 when Pepsi faced a crisis in its operations (Gilpin and Murphy, 2008). This is when syringes were found in the cans belonging to Pepsi. The organization advised the stores where these syringes were found to retain the cans, until an investigation was completed. It followed this process by releasing a video which showed how difficult it was to introduce a foreign objects in the cans the packaging process of the company. This was aimed at proving the assertion that the syringes were not introduced in the company, but outside the company (Gilpin and Murphy, 2008). A crisis can lead to the downfall of a business organization, and hence the need of proper crisis management plans.

Summary of an Article:

Smith, E. (2012). Review of The Four Stages of Highly Effective Crisis Management. Journal of

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This article analyzes the four stages involved in crisis management. These stages are, crisis prevention, incident preparation, response generation, and recovery efforts. Crisis prevention involves preventing the occurrence of a conflict through initiating measures and means of identifying the crisis, and developing strategies to prevent it. Incident preparation involves having a plan on how to solve a crisis.. Response generation involves the manner in

which a company will respond to a situation, when it emerges. Crisis normally happens within a short time, and hence companies need to have the ability of responding within a short period of time, to solve the crisis under consideration. The final step is recovery phase. Under this phase, the company seeks to recover from the crisis that it once suffered. To avoid a crisis, a company should follow the mentioned four steps.

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