

A New Perspective on the Crisis Management Team Structure

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The purpose of this article is to introduce a new perspective into the crisis management team rather than to focus on how to train the crisis management team like many recent researches. This paper adds product-line employees, shareholders, customer representatives, government officials to the crisis management team and use the modified nominal group technique in the decision-making process, which improves the efficiency of the team.

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1. Introduction

Crisis management team theory is related to the theory of crisis management, crisis plan, team and so on. Crisis management entails minimizing the impact of an unexpected event in the life of an organization (Spillan, 2003). For a situation to be a crisis, it must meet two conditions. First, as proposed by Mitroff, the entire system needs to be disturbed in such a way that not only operations are fundamentally disrupted, but managers' and other employees' basic assumptions are challenged (Pauchant, 1992). Secondly, there must be a serious threat to the very survival of the organization. It is in an extraordinary situation involving the following potential risks: (1) further escalation of disruption within the business, (2) further deterioration due to related follow-ups by the media and/or the authorities, (3) interference in its regular affairs, (4) damage to the image of both the organization and its managers/owners, and (5) damage to its productivity (Fink, 1986). Yet although events that precipitate crises are unexpected and their implications are ambiguous, organizational leaders are still expected to cultivate systems that are able to detect early warning signals, halt the development of emergent problems, contain them if their development cannot be halted, and then to focus on bouncing back from the ensuing performance difficulties (Grant, 2004).

2. Literature Review

Numerous experts have advocated the need to prepare for crisis by developing plans and training teams. McCartney et al. (1999) notes that the reason for developing a crisis management team may come from two directions. (a) A crisis or crises may occur, causing the organization to react to the event(s) and implement damage control and corrective action. The event(s) will create a process of organizational learning causing management to develop contingency plans that set forth actions that can either prevent or

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provide a response to a crisis event. (b) An organizational development process that focuses on continual improvement might recognize an organizational vulnerability stemming from lack of crisis planning; this leads to the cultivation of a culture that focuses on crisis planning, which in turn leads to the establishment of a crisis management team.

These teams are responsible for planning for crises before they occur, as well as dealing with it when it really occurs. Fink (1986) states that it is necessary to establish a crisis management team before a crisis plan can be developed. Pearson and Clair (1998) reports that organizations with crisis management teams show a greater concern for and attention to potential crises than those without crisis management teams. Moreover, there is a higher degree of concern for crisis events in businesses with crisis management teams compared to those businesses with no teams. It is regrettable that it was found that even those businesses that had previously experienced crises did not have crisis management teams. Even with the crisis management team, but will not achieve its due role and exist in name only without actual effect. So far, Most of the team members are consisted of the department leaders in the enterprise plays a little part in the team, so it is necessary to modify the composition of the crisis management team.

Conventional decision-making no longer suffices when an organizational crisis occurs. By “organizational crisis” (which we will use interchangeably with “crisis”), we mean a low-probability, high-impact event that threatens the viability of the organization and is characterized by ambiguity of cause, effect and means of resolution (Pearson, 1998); information flows rapidly and sporadically (Smart, 1977); diverse stakeholders become involved (Pearson, 1993); time is limited (Quarantelli, 1988); crises may be a surprise or they could be anticipated (Milburn, 1983), and although timeliness is essential, decision quality cannot be sacrificed for the sake of speed (Smart, 1984). When a crisis occurs, organizations must find a solution with actions that are acceptable to the decision makers. A new solution must be generated by the crisis management team when pre-existing solutions do not meet the needs of the important, urgent and uncertain situation. In short, the decision-making process is still waiting to be modified and the decision-making technique improved.

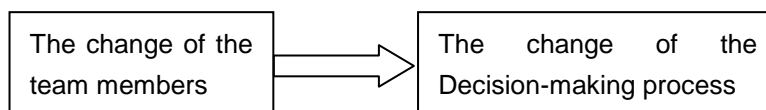
The crisis management team plays a very important part in crisis management, but previous researches focus on the crisis management team training, response, communication, etc. to study the whole point how the team could be more efficient. From a different angle, this paper tries to explain if the crisis management team structure is modified to some extent, the corresponding decision-making process could be different but more efficient in crisis.

3. Methodology

This paper gives an amendment to the composition of the crisis management team at first, and then the decision-making process changes accordingly, which is shown by Figure 1 as the research method.

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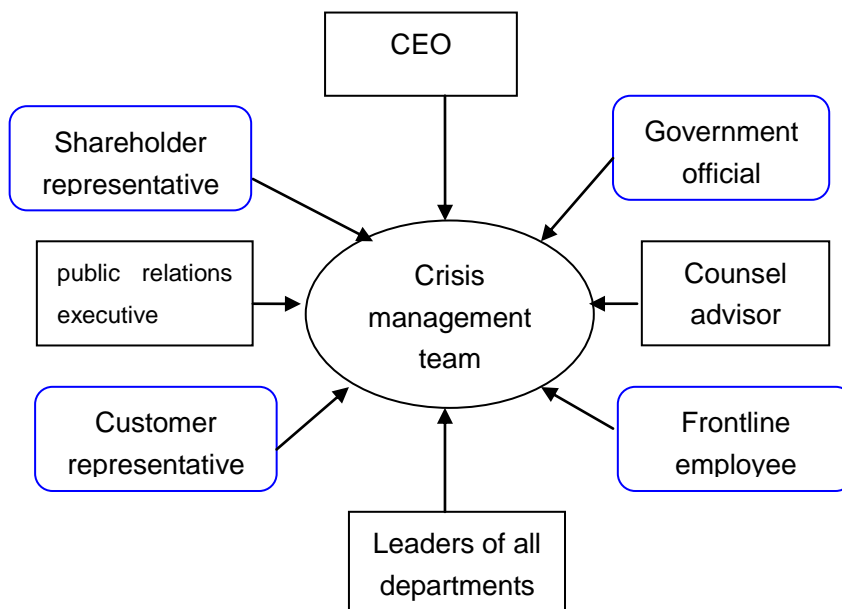
Figure 1 The research roadmap



Mitroff concluded that most crisis management teams are composed of six to 10 senior executives that may include the CEO, chief financial officer, top public relations or communications executive, legal counsel, and health /safety advisor (Mitroff, 1997). But new members on the crisis management team, particularly those who have come from other organizations are able to draw from more available responses from various points of view.

The paper intends to include some new members to the crisis management team. These new members include product-line employees, shareholders, customer representatives, government officials. Figure 2 shows modified composition of the crisis management team.

Figure 2 The modified composition of the crisis management team



Daily work in the enterprise, the front-line employees are usually the first to find out a crisis. However, they might be afraid of responsibility and do not dare to report. If included in the crisis management team, front-line employees can always pay close attention to the signs of crisis in their daily work and then immediately report it. A lot of the risks will not evolve into the crisis. Besides this advantage, during the decision-making process of crisis management team, senior leaders of the team should adopt the views of front-line employee. In the entire crisis management process, front-line employees are often the most intense. However, in many companies, when a crisis occurs, the high-level managers do not want to disclose important information to front-line employees. This could cause even more panic among the employees because they do not know what will happen in the future. Company's finance will be affected in the crisis time, when employees' reasonable paycheck was delayed or reduced, some employees may find another job for themselves, and that is

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to say, together with the original crisis, the loss of the company's employees may create a new crisis, which often takes high-level leaders at advantage. Therefore, front-line employees in the crisis management team is essential, which can make better communication between high-level leaders and front-line employees, enhancing the confidence of the employees to the company.

Due to the interests shareholders have in the organization, they have the right to know about the crisis and how it may affect them. Shareholders in times of crisis may be very concerned about the impact on the dividend and question if the corporation has the ability to resolve the crisis so that the impact of their dividends won't be affected too much. But how they respond to the crisis may not be likewise concerned. Representatives of the shareholders in the crisis management team can report the crisis situation timely to the general assembly, and enhance shareholders' confidence to the enterprise, thereby providing appropriate resources to help the enterprise survive the crisis.

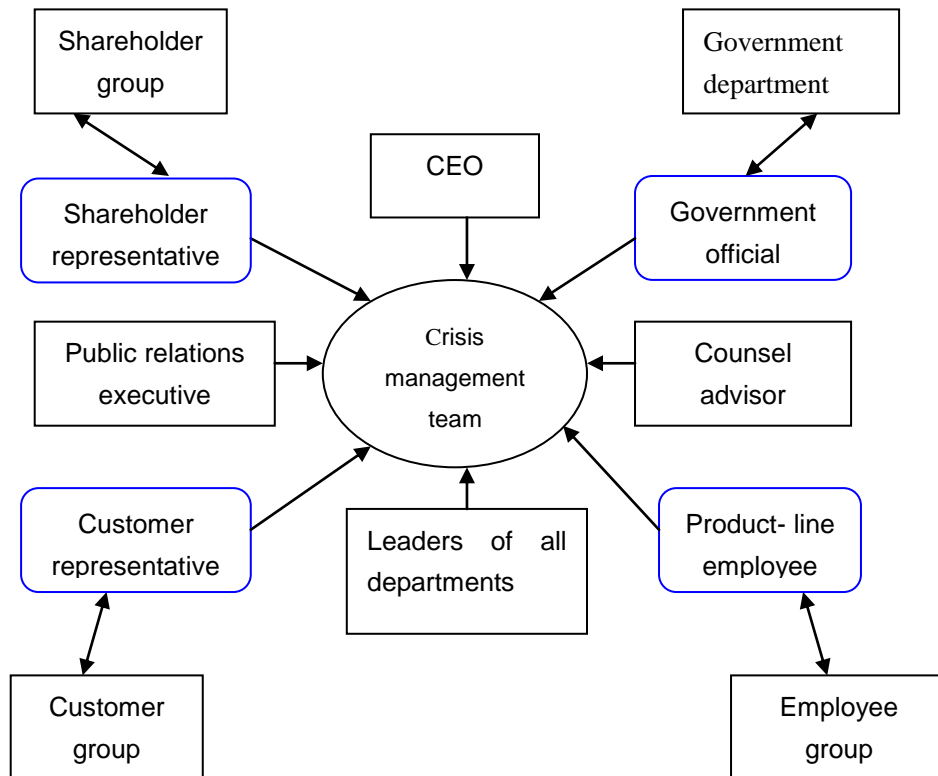
The enterprise has the most direct impact on customers in times of crisis. Customers are full of anxiety, being very concerned about their ability to receive appropriate compensation to the loss they suffered. Customers are the best sales-man. The attitude that the customers keep to the enterprise has a great impact on the surviving of the enterprise after experiencing the crisis, if the loss of customers can't be handled properly, the image of enterprises will be greatly reduced even out of the market. In the crisis time, the enterprises should provide customers the opportunity to vent their dissatisfaction, listen to their advice; the role of the listener can be acted by the customer representatives. From the view of the customers, customer representatives could help collect information, especially clarify the customers' attitude to the enterprise, e.g., what kind of compensation is acceptable to customers, and how to make sure the image of enterprise will not be affected or even improved. Customer representatives serve as a bridge between the customers and the enterprise so that they could communicate effectively. Therefore, it's absolutely necessary to add customer representatives to the crisis management team.

Introducing government officials to crisis management team could to some extent enhance the company's credibility, because in some countries people believe the government would deal with conflicts between companies and customers properly and usually customers' interest would be protected. The joining of the government officials enable the enterprise to know well about the direction of the government's policy and narrow the gap between government and the enterprise, which increase the chance to be helped by the government. This will calm down and ease the tension of the public, and gain time to handle the crisis properly for the enterprise. So in the process of crisis, enterprise should be proactive in supporting of the government, report the situation to the government timely, express the determination to handle the crisis, convey a good image to the government in order to seek the assistance of the government. Therefore, the government officials could play an important role in the crisis management team.

4. Analysis

In the decision-making process, this paper gives full play to the advantage of four new members in the crisis management team to better deal with the crisis. The paper uses the following chart to show the decision-making process. Figure 3 shows the process of information collection.

Figure 3 The process of information collection



In the crisis management process, each member acts as a spokesman for specific groups. On behalf of the frontline employee group, employee representatives should explain the circumstance and measures the enterprise has taken to the employees in order to reduce their unnecessary psychological fear. At the same time, employee representatives bring positive feedback and constructive advice to the crisis management team, which can help the decision-making.

Shareholder representatives of the crisis should deal with that information from shareholders, and make them sure that shareholders and the company can tide over the crisis.

Government officials are faced with government departments. And the crisis situations will be reported to the government departments by government officials, put forward their own ideas according to the participation of the whole process in the crisis management team to make government a better understanding, try their best to get the help of the government.

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When customer representatives face the customer group, things may be more complex. Collecting customers' feedback is very complex for customer representatives because the needs of different customers are quite different. Compensation for the needs of many customers is to run counter to the goal of company, the minimum loss. While communicating with other representatives, customer representatives will be more vulnerable to conflicts.

The contents of messages throughout the communication process must be the most comprehensive and true. The most intolerable thing to the public is usually not the crisis itself but the company's insincere attitude to the public, intending to hide the information about the crisis. At the same time, incomplete information provides opportunities for the spread of rumors that the public will lose confidence in enterprises, which lead the enterprise not to control the situation. When the crisis team members convey the real information and show the determination to handle the crisis to the public, they'll manage to get the public's understanding and support.

When the representatives of each group collect views of the corresponding groups and convey their messages to the team, the decision-making process should be started. But in the traditional decision-making process, the top managers control the situation so that part of the shareholders' benefit was overlooked. In order to highlight the equity, decision makers could learn from some of the steps of the Nominal group technique in this decision-making process.

Nominal group technique follows these steps:

- (1) All members assemble to a group, but before any discussion, each member wrote his independent views.
- (2) After a period of silence, each member will submit their own ideas to the group. And then everyone's thoughts are expressed and recorded (usually recorded on a flipchart or blackboard). Before all the ideas are recorded, discussions are forbidden.
- (3) The whole group will proceed to discuss, clear every idea and make an evaluation.
- (4) Each members of group independently form the order of all ideas. The final decision-making is a comprehensive idea of the highest order.

In order to fit crisis situations, an improved decision method based on nominal group technique is provided as follows.

The first stage: all of the team members speak out their own ideas without any discussion, which are basically consistent with the previous two parts of the nominal group.

- (1) All of the crisis management team members working together, but before any discussion, every crisis management team member writes down their suggestions and methods to the crisis independently according to the information they collected independently. The leaders of departments write according to the enterprise's own financial and human resource situation. Public relations specialists and legal counsels are not involved in this process.

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(2)After a period of silence, each member will submit their own ideas to the group, and give the explanation of their own idea one after another until everyone's thoughts are expressed and recorded (usually recorded on a flip charts or the blackboard). Before all the ideas are recorded, discussion is forbidden. Everyone thinks independently in this process. The four newly added members states the recommendations of stakeholders as much as possible without worrying about the status of their own identity.

The second stage: all the solutions and plans from the first stage are discussed among a part of the crisis management members, paving the way for the discussion among the whole team members and final decision.

(1)Representative of the stakeholders start a small-scale discussion to see the consistency and contradictions among the needs of the different stakeholders. Due to the great difference among these stakeholders, customer representatives and employee representatives must elaborate their ideas and suggestions based on the collected information. These two types of members are the most direct stakeholders to the enterprises, but in the traditional crisis management team, they have little opportunity to fully express themselves. Government officials act as consultants and listen to the public's thoughts and attitudes, which would allow the government to make appropriate decisions. This is the most direct exchanges between the internal stakeholders and external stakeholders, which could promote the mutual understanding and avoid the conflicts between the internal and external stakeholders.

(2)Meanwhile, leaders of all departments start a small-scale discussion to see the degree of the compensation to the stakeholders according to the current situation of the enterprise. Chief accountant can show the current status of corporate accounts to the various department heads. And head of Human Resources can give an explanation of the current human resource situation. Sales director would present the situation of the withdrawal of products and explain the issue of reproduction. The leadership of various departments could cross sector boundaries to understand the current state of the overall enterprise clearly.

(3)CEO and public relations experts, legal advisers discuss how to communicate with the outside world reasonably and lawfully.

The third stage: after small-group discussion, all the team members carry out a wide range of discussion, and the ultimate decision-making results will finally emerge.

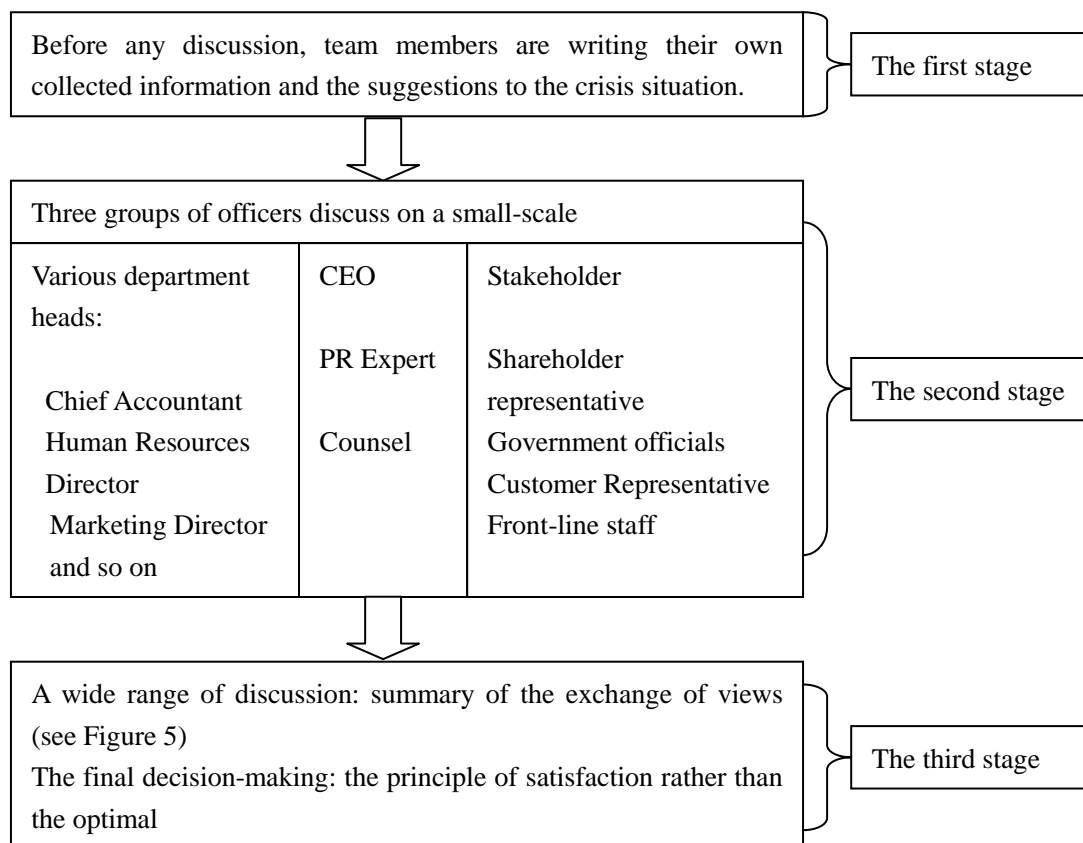
(1)All the thoughts and suggestions come to a comprehensive summarization. The views of various stakeholders will be taken seriously. The four new members' suggestions are vital whether the final decision-making will be accepted or not by most people. CEO should integrate the perspectives of all members and can not ignore any side. During the process of exchanging ideas between the stakeholder representatives and the leaders of various departments, the real situation of enterprises will be displayed in front of all crisis team members. CEO and government officials then play more important roles. CEO, as an overall controller, should deal with problems fairly according to the actual situation. He/She guides the people to work together (rather than

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fruitlessly bicker for their own interests) to solve the problem under the current situation of the enterprise, communicating fully with the government officials when confronted with thorny problem to gain the assistance of the government, eliminating some ideas and proposals obviously inconsistent with the reality with the help of public relations specialists and legal counsel, and demonstrating his leadership skills in this crisis situation.

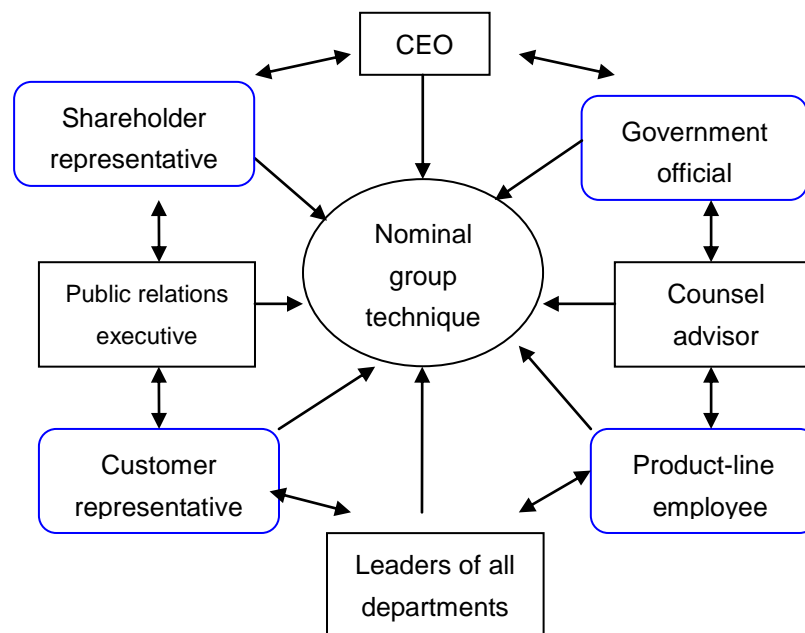
(2) After comprehensive consideration, it is more important to maximize the satisfaction of all stakeholders needs than to follow the principle of the best. The final step of the traditional nominal technique is to choose the opinions with the highest rank, which is not agreed with in this paper. The principle of satisfaction but not the best is followed, considering everyone's needs and avoiding ignoring anyone's right. It is likely to be a game among these team members who fight for their own interests in this decision-making process. Therefore, it is important for the top manager to make a relatively satisfactory decision with the help of the public relations and legal advisers to all the team members rather than choose the comprehensive top rank to achieve a balance between the Internal and external stakeholders.

Figure 4 Three-stage decision-making process



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Figure 5 The decision-making process of the improved nominal group technique



A prominent feature of improved nominal group technique is that people think independently before talking. Representatives of front-line employees, public relations specialists, department managers have been authorized and respected by all the other members. As a result, both decision-making and implementation levels will not be restricted by the concept of hierarchy. Everyone's idea will take proper attention and consideration, expressing their viewpoints completely without worrying about identity or status.

5. Conclusions

This paper shows a new perspective on the crisis management team composition and corresponding decision-making process. Four new members are induced to the crisis management team because more or less they all could help to solve issues. The improved nominal group technique is quite different the traditional one, aiming to make decisions more satisfying to different stakeholders.

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