



Crisis management: Mitigating risk in a rapidly changing world

At a glance:



Consider your organisation's potential risks: Understand the risks that your business is particularly susceptible to.



Ensure that a comprehensive crisis management plan is in place: Regularly test and review this plan.



Know your team: Identify individuals from across the business to assist in implementing the crisis management plan.



Communicate clearly: Ensure all team members understand what information is to be communicated, and to whom.



Maintain knowledge: Conduct regular training and keep informed of recent global and regional developments.

Crisis management for in-house counsel

In-house counsel play a crucial role in developing robust crisis management plans and actively guiding the business through challenging situations. As the initial point of contact during a crisis, in-house lawyers must maintain operational integrity while communicating effectively with various stakeholders.

This toolkit examines the impact of crises on businesses and provides strategies to mitigate associated risks. While crises can be devastating, if handled well, they offer opportunities for businesses to build resilience and reassess their operations, potentially uncovering new opportunities.

Considering potential risks

In an increasingly digital world, in-house lawyers must be alive to both offline and online risks, including the rapid sharing of information via social platforms, which underscores the necessity of a robust crisis management plan to prevent leaks and misinformation.

POTENTIAL RISKS TO CONSIDER:

- With digital communications being readily traceable, a company's online presence, including that of its employees, agents and representatives, is crucial and carries inherent risks, particularly regarding public relations.
- The growing adoption of Artificial Intelligence in business offers numerous opportunities, but also presents several ethical and operational risks, especially given the nascent state of regulation.
- Cyberattacks against businesses are becoming increasingly more commonplace, necessitating a robust plan to combat any potential threat.
- With increasing geopolitical uncertainty, consider your company's response to changes in law and regulatory frameworks.
- Consider the prospect of global health and environmental crises.

How should an in-house lawyer prepare?

Consider the following to ascertain whether your business is prepared to deal with a crisis situation:

- Check whether your company has a comprehensive, global crisis plan(s) in place.
- Ensure that it covers **all** known potential risks for your business.
- Regularly update the crisis plan and keep abreast of global developments, including regulatory and commercial risks.
- Check whether your company has a crisis management team in situ. If not, identify who is best suited to be part of a crisis management team.
- Assess whether the team have the necessary training.
- Test the crisis plan periodically to find areas of weakness and make improvements.

Who to involve in the crisis management team?

- Obtain representation from every part of the business.
- If business critical ties exist with customers or suppliers consider liaising with them in relation to your crisis management plan.
- It is essential to ensure that frontline staff are clear as to their responsibilities and the roles they will be expected to fulfil during a crisis.

The role of the crisis management team

The key roles of the crisis management team are to:

- Identify what crisis has occurred and its impact (immediate, short term and potential long term).
- Identify and prioritise actions.
- Ensure control is retained within the team.
- Where possible seek to minimise the effects of a crisis on business operations.

What should the crisis management plan cover?

- The appointment of a crisis management team with clearly defined collective objectives and individual roles and responsibilities, covering all key facets of the business.
- Consideration of the types of crises that may arise and how to deal with them.
- The organisation of communication lines both internally and externally to the media, regulators, customers, the public at large, emergency services and external advisors. Develop communication strategies that are culturally sensitive and accessible, through use of clear language and the provision of translations to employees if necessary.
- The setting up of reporting structures and mechanisms.
- The backing-up of data and any evacuation plans that may be necessary.
- The drafting of corporate communications/public affairs policies. Designate a spokesperson to communicate updates.
- The placing of levels of control and authorisation limits.
- The provisions of necessary back-up resources, including alternative workspaces, emergency funds and back-up equipment.
- The organisation of procedures for the infrastructure and logistics of the business to deal with the immediate impact of the crisis and to keep the business running.
- The ambit of the role of external advisors including legal, technical, insurance and media professionals.
- How to ensure business continuity.

PLAN FOR RECOVERY

As part of your crisis management plan, consider how the business will continue after a crisis situation:

- Restore operations;
- Support affected employees and customers/third parties, ensuring that resources are easily accessible and inclusive (bearing in mind cultural differences); and
- Review the response to the crisis to improve future plans.

Stress testing and training

- Testing and rehearsing, including developing simulated scenarios, are essential to identify and address any gaps in a crisis management plan.
- Use review exercises to secure organisational buy-in for the crisis management plan and to clarify the roles of all participants.
- Ensure relevant individuals are fully trained. Different individuals will require different training – for example, front-line employees should be trained in evacuation drills and first aid, whereas executives may require training on communication skills and decision-making. Ensure training plans are updated periodically.
- Ensure that everyone understands:
 - The legal rights of the business and themselves;
 - The powers of relevant regulators in a crisis scenario; and
 - How to handle the media, customers and suppliers.

THE ROLE OF PROFESSIONAL ADVISORS

- Ensure your professional advisors, whether they be legal, financial or insurance, are able to respond, if necessary on a global basis, to crisis situations. DLA Piper provides a unique crisis management Rapid Response service 24 hours a day every day of the year.
- DLA Piper can also provide training on how to handle a “dawn raid” by regulatory authorities – often the beginning of a crisis situation.
- DLA Piper is unique in having an in-house practice of crisis management, communications and PR professionals who can work with you to protect your company's reputation in a crisis.
- Remember that the personal reputation of senior figures in the company is also at stake. Our team can work closely with you in drawing up a robust crisis management plan.