MARSH RISK CONSULTING

Are You Ready? The Changing Environment For Catastrophic Events
Loss Control Workshop

March 8, 2018

Renata Elias
Marsh Risk Consulting

Dallas, TX

MARSH

Ask Yourself

- Do you have plans and procedures in place to respond to any type of crisis?

- Are your plans current and up to date? When was the last time they were reviewed?

- Are your faculty members and other employees aware of response plans and procedures?

Crises – Are you Ready?

- Can happen anytime, anywhere, and to anyone.
- Effectiveness of a response is equally or more important than the event itself.
- Damage to an institution can last for years.

Defining a Crisis

The strategic framework that guides an institution and its senior leaders to prepare for, manage, and recover from significant issues and adverse events that threaten campus operations, people, strategy, reputation, and future.

Multiple Paths to a Crisis
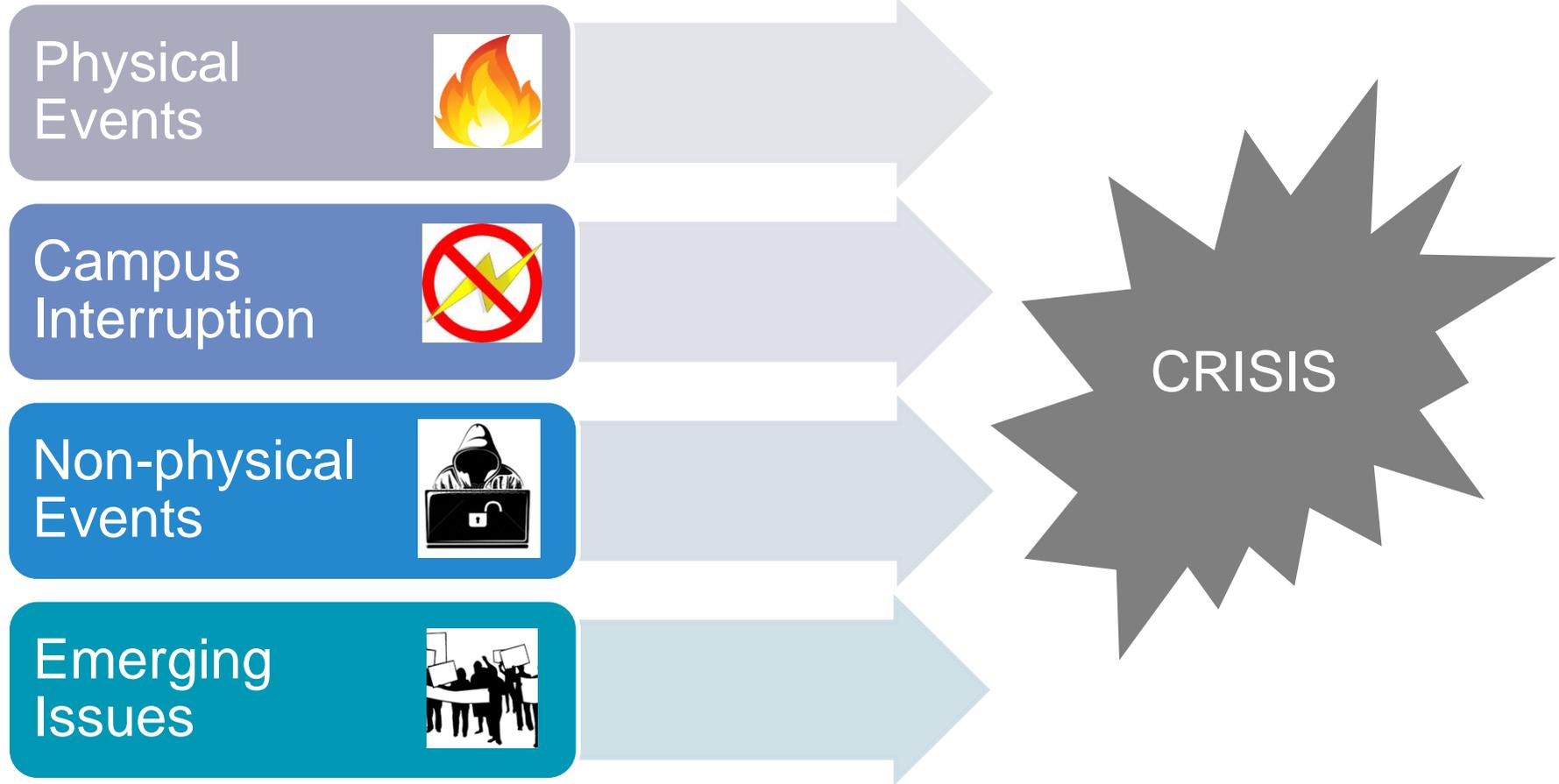
The Three Patterns of a Crisis

Crises may be a single event, a series of events, or a set of circumstances.

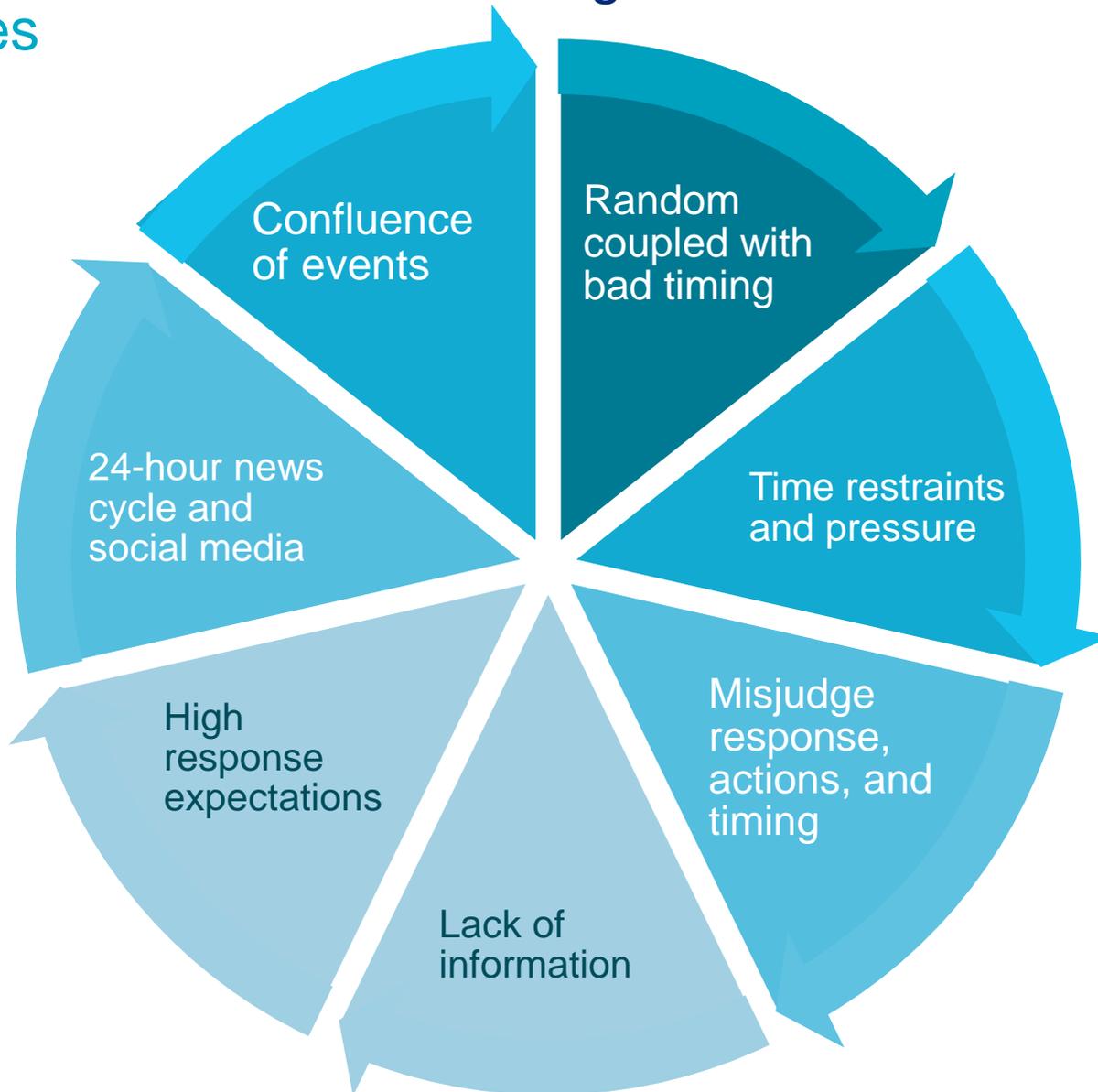| Cataclysmic Event	• Single, shattering event.
Cascading Event	• Pattern of smaller incidents that are linked or build upon another.
Creeping Crisis	• Small or limited issue that grows in importance and consequences.

Why Crises Are Difficult to Manage
Challenges

Confluence of events

Random coupled with bad timing

Time restraints and pressure

Misjudge response, actions, and timing

Lack of information

High response expectations

24-hour news cycle and social media

Lessons Learned From Past Crisis Events

- Hurricane.
- Food contamination.
- Active shooter incident.
- Flooding.
- Terrorist attack.
- Civil unrest.
- Cyber hack/data breach.
- Product recall.
- Regulatory investigations.

- Fill the capabilities gap.
- Be proactive, not reactive.
- Team roles/responsibilities.
- Processes and plans.
- Training and awareness.
- Drills and exercises.
- Forecast and anticipate potential impacts.
- Protect your people, operations, and reputation.

ORGANIZATIONAL RESILIENCE

Organizational Resilience
Drivers

Headlines reiterate the importance of thinking about crises ahead of time.

Trends point to higher profile events coupled with poorly-handled responses.

Senior leadership understand the need to be able to manage a full range of crises and risks.

Pressure from boards, regents, and stakeholders to increase focus on resiliency.

Organizational Resilience
Reduces Impacts

Severity

Without Resilience
Increase in impacts to people, operations, financial results, reputation, and key relationships.

With Resilience
Limited impacts.

Crisis

Time

Organizational Resilience Components

A Closer Look at Crisis Management

Strategic framework that guides the senior leadership to prepare for, manage, and recover from any crisis.

- Focuses on range of issues, risks, and vulnerabilities.

- Establishes framework for response and recovery to any crisis.

- Provides a 360-degree view and a roadmap to manage the crisis.

- Guides decision-making at all levels of your organization.

- Integrates and aligns related response components/activities.

- Instills confidence with stakeholders including your people, partners, regents, boards, and other stakeholders.

Crisis Management
Making it Work – Leading Practices

1. Range of Risks

2. Linkages and Alignment

3. Overall Response Structure and Roles and Responsibilities

4. One Process

5. Executive Buy-in and Commitment

6. Training and Exercising

7. A Crisis Is NOT Business as Usual
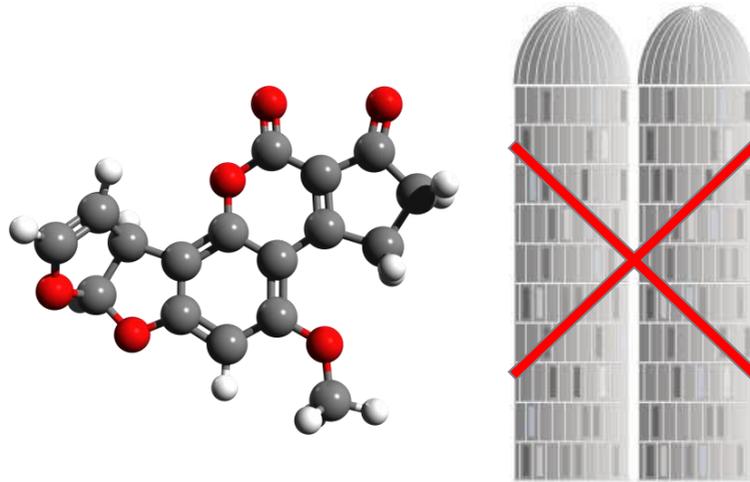
Leading Practices in Crisis Management

1. Range of Risks

- Consider a whole range of risks/crises.

- Identify and understand all the risks that could potentially present a crisis, such as:
  - Man made or natural disasters.
  - Reputational issues.
  - Legal actions.
  - Technology disruptions.
  - Regulatory oversight.

Leading Practices in Crisis Management

2. Linkages and Alignment

- Align crisis management with all plans and teams for an efficient response.

- No plan or team should operate in a silo.

Leading Practices in Crisis Management

3. Overall Response Structure and Roles and Responsibilities

- Clear team roles and responsibilities that identify the division of labor and areas of authority.

Strategic

Support

Tactical
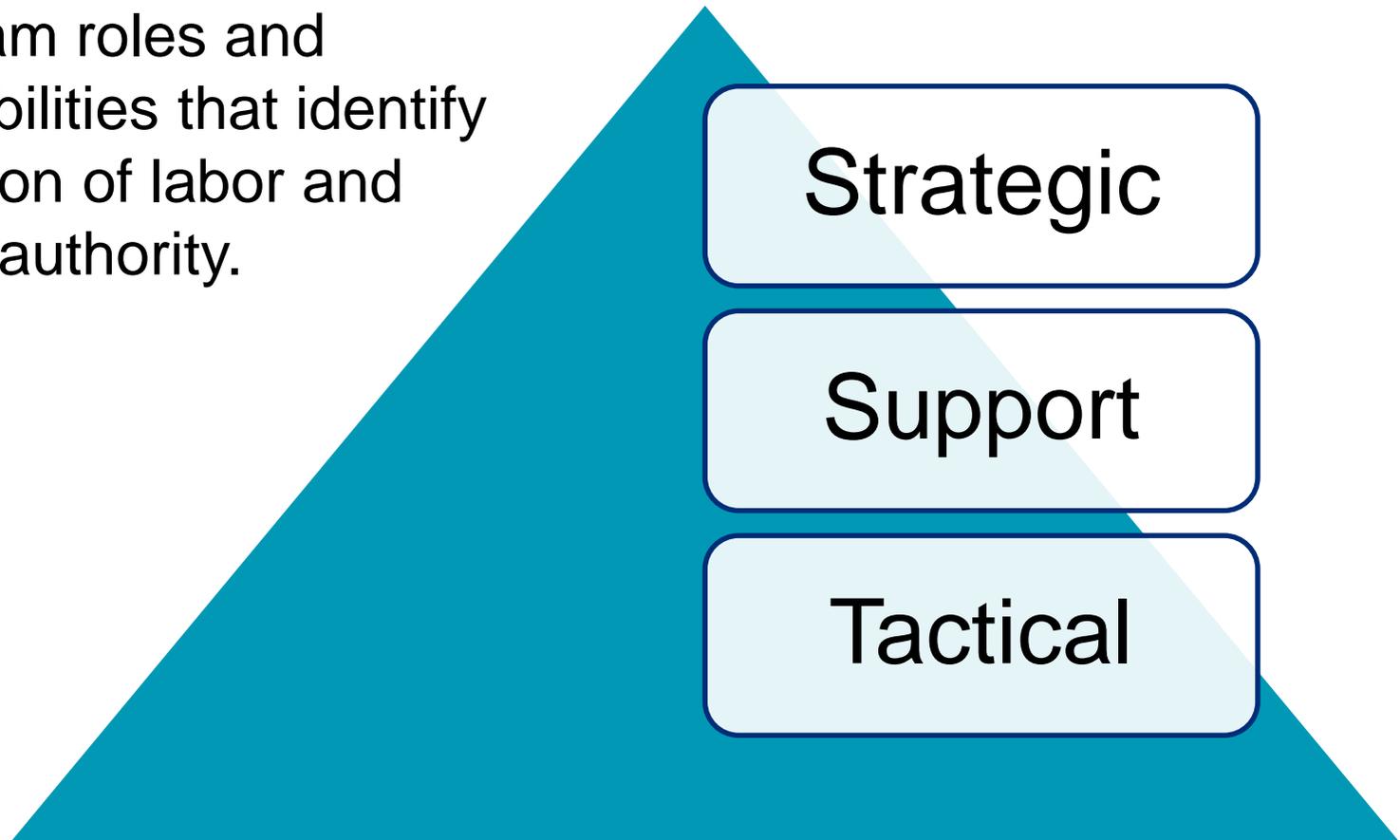
Leading Practices in Crisis Management

4. One Process

- The crisis management process should be executable for any type of crisis situation.

- The process is always the same, regardless of the risk.

Leading Practices in Crisis Management

5. Executive Buy-in and Commitment

- Accountability starts at the top of an organization.

- Senior leadership must understand the importance of a robust overall response capability.

- Involve senior leadership to gain buy-in.

Leading Practices in Crisis Management

6. Training and Exercising

- Train senior leadership in crisis management response skills.

- Conduct an annual briefing and scenario-based discussion/tabletop exercise for senior leadership.

Leading Practices in Crisis Management

7. Not Business as Usual

- A crisis will add another level or two of complexity.

- Requires the implementation of a defined crisis management process to manage.

Crisis Management Program Maturity
Where are you?

LEVEL OF RESILIENCE

Optimized
Continuous improvement; full range of activities being accomplished.

Embedded
Program established, multi-year strategy and planning; integration and alignment between teams; sharing of lessons learned; ongoing training and integrated exercising.

Established
Linkages established; executive/senior management buy-in established; integrated plans and capabilities developed; training and exercises.

Formalized
Individual programs and plans developed, basic elements established, but not integrated. May include basic program design.

Undeveloped
Ad-hoc actions with little or no documented plans and procedures; limited or shared resources.

INVESTMENT

Roadmap to an Organizational Resilience Program
Sample Phased Planning Approach

Phase 1
Assemble & Formalize

Phase 2
Review/
Update/
Develop

Phase 3
Training & Exercise

Phase 4
Integration

- Project plan and timeline.
- Project team.
- Overall response/ governance structure and policy guidance documents.

- Current plans to include and align with overall response and governance structure.
- Outstanding plans.
- Plan maintenance schedule.

- Training, exercise program.
- Team training each component.
- Employee awareness sessions.
- Team exercises for all levels/ components.

- Joint exercises.
- Potential planning and coordination gaps, areas of improvement identification.
- Action plan and process to implement solutions.

Final Thoughts

'You can't be right by doing wrong, and you can't be wrong by doing right.'
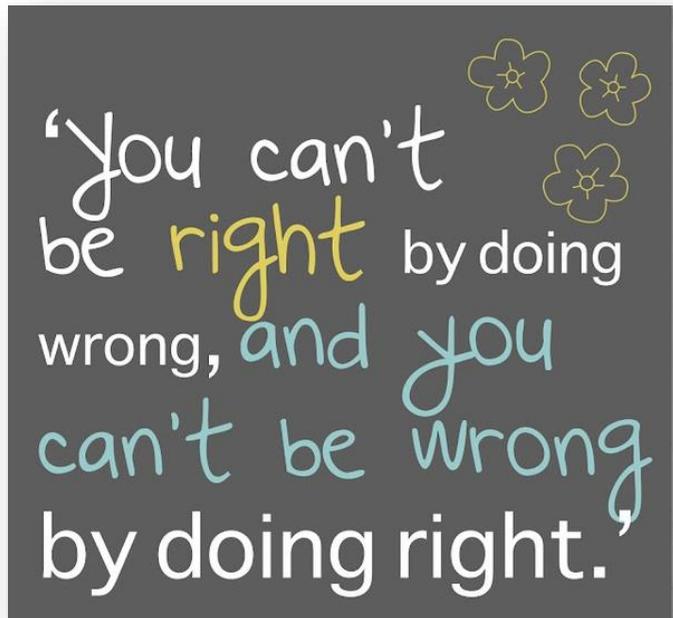
- No one is immune to a crisis or emerging issue.

- Be ready to protect people, assets, and operations.

- Incorporate situational awareness into planning.

- Engage your campus, community and stakeholders, and leaders.

- Plan ahead – be prepared and resilient – and think proactively rather than reactively to all emerging issues or crises.

For More Information

Renata Elias
Vice President
Marsh Risk Consulting
Strategic Risk Consulting Practice
415-706-3982 (mobile)
renata.elias@marsh.com

MARSH RISK CONSULTING