



ISSUE MANAGEMENT

Issues and crises: the challenge of change

Dr Tony Jaques, Principal at Issues Outcomes P/L and formerly an Issue Manager at Dow Chemical (Australia), explains why and how issue and crisis management could eventually merge into an integrated model, and outlines some key implications for corporate management.

Some organisations today are in real danger of falling behind corporate best practice in both issue management and crisis management.

At the implementation level this may be less obvious, but at the executive level, issue management and crisis management are undergoing substantial transformation. The result is a real impact on the way both activities are perceived, positioned and resourced within the organisation, and on the way organisations interact with stakeholders. This in turn can have a direct consequence for bottom-line effectiveness.

Proactive management of issues and crises became established as core activities in the early 1980s, but critical changes have taken place in these two disciplines, particularly within the last decade. It is no longer acceptable to regard crisis management as little more than a three-ring manual and an occasional simulation exercise. And issue management has evolved past a focus mainly on government affairs, supported by incidental media relations. Yet some organisations have failed to keep pace with developments in these areas.

The key developments which are driving change are (a) expansion of issue management beyond public policy formation; (b) evolution of crisis management beyond event response; and (c) growing recognition of the critical inter-relationship between the two disciplines.

Expansion of issue management

Issue management developed specifically as a corporate response to perceived increasing community and NGO influence on the formation of public policy. The desire was to no longer simply respond to potentially adverse impacts but to move from reaction to participa-

tion, driven by a belief that identifying and managing issues early enhances corporate capacity to influence new regulations and guidelines rather than reacting to them *ex post facto*.

Following this initial conception, issue management became firmly established primarily as a private sector corporate discipline designed to facilitate participation in and not simply respond to public policy issues. This clearly influenced the future positioning of issue management within the corporation, sometimes as little more than an adjunct to the Government Affairs function, and occasionally as a virtual synonym for lobbying.

While the concept of issue management mainly as a public policy tool is still common, there has been a strong trend over recent years to recognise issue management as effective across a much broader range of public relations and management activities. The move from the public policy approach to the process approach emphasises linking and coordinating processes and functions within the organisation, which has further contributed to migration of issue management beyond the narrow corporate environment.

In the public policy arena this migration eventually led to both business and government using issue management processes to promote their positions. Thus government legislatures and agencies themselves began adopting the discipline's tools and processes, not to resist or modify public policy as originally conceived by the corporate founders of the discipline, but to promote and implement such public policies.

Meanwhile, NGOs and community activist groups also began utilising issue management methodology to resist big business and big government, and at the same time to demand greater public participation. This led to an increased expectation that big government and big business *should* provide for greater public participation, with an issue management approach often used by government and business to facilitate that participation.

At the heart of this evolution is a dramatic change in societal expectation and progress beyond the purely managerial approach. At the same time, increasing demand for participation has been a major contributor to development of a number of other initiatives — such as Stakeholder Relations/Management, Risk Communication, Corporate Social Responsibility, Environmental Risk Management, Community Outreach and Sustainability Management — which often utilise the proven tools and processes developed within issue

management. These additional developments further reinforce that confining issue management within the public policy/Government Affairs area is no longer an optimal deployment of effort and resources.

Evolution of crisis management

The second major development which impacts the way corporations are structured, derives from the evolution of crisis management beyond its early conception. For some years crisis management was seen as a largely tactical activity focused on incident response — what to do when a crisis occurs — along with basic preparation such as naming and training cross-functional teams and establishing manuals and systems, often linked to emergency preparedness.

These functional activities remain important, and the so-called event approach retains substantial support. However modern practice now recognises that proactive managers can and should take steps to prevent a crisis occurring in the first place.

This has led to an increasing acceptance of crisis management as part of a process continuum, which builds on the recognition (a) that most crises are not sudden occurrences but follow a period of precognition and red flags and (b) that managers have a wide range of proactive processes and activities which can be implemented to identify, pre-empt or prevent potential crises, or to mitigate the duration and impact of those which do occur.

One of the early proponents of the new process approach was the American crisis expert Paul Shrivastava, who said: 'Crises are not events, but processes extended in time and space.' And this view was expanded by the leading authorities Ian Mitroff and Thierry Pauchant who claimed that 90% of the literature focuses on what to do when everything falls apart, for which they coined the neat expression crash management, as opposed to proactive crisis management. Their key distinction was that total crisis management focuses not only on what to do in the heat of a crisis, but also on why crises happen and what can be done to prevent them.

While there is obvious complementarity between the event approach and the process approach to crisis management, the process approach is gaining increasing attention, with important implications for management practice.

When the focus is primarily on crisis as an event, it is entirely logical for crisis management to be structurally positioned alongside security or emergency response

and assigned to operational managers and technicians, with public affairs typically as tactical support mainly for media and community relations. By contrast, the process continuum approach defines distinct pre-crisis and post-crisis phases, with resources located perhaps within the CEO's staff or aligned with the corporate planning unit, with public affairs in a strategic communication role.

Given the diversity of organisational needs there is no best practice model and many organisations reflect a combination of these two approaches. But the essential development is a growing recognition that crisis prevention is a critically important element of crisis management.

The challenge for general management and for public affairs is to appreciate and respond to the confluence of these two separate but linked trends — the evolution of issue management from a largely public policy tool to a much broader management process, and the new emphasis on crisis management as a process continuum beyond the event approach. The emerging way forward through this challenge is the development of a more fully integrated approach to issue and crisis management.

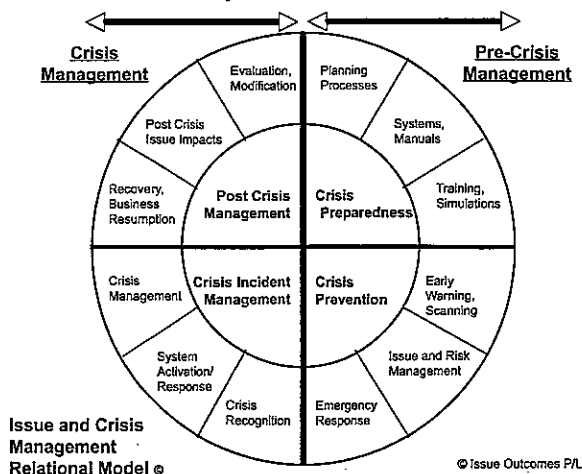
The integrated relational approach

Parallel with a growing process focus for both issue and crisis management is the third important change, namely the development of a substantially more integrated approach to the two activities. This takes management beyond the conventional sequence — problem, issue, crisis, resolution — to an alternative progression — problem, issue, crisis, issue, problem — which acknowledges that issues are rarely 'resolved' in a traditional sense.

The model presented here establishes crisis management as a cyclical construct, with issue management integral to both crisis prevention and the post-crisis phase. It also emphasises that the pre-crisis phase comprises two distinct elements:

- Crisis Preparedness (including planning processes, systems and manuals, documentation, training/simulations)
- Crisis Prevention (including early warning, audits, risk and issue management, social forecasting, environmental scanning, emergency response)

This model's non-linear structure emphasises that the elements should be seen as clusters of related and integrated activities, not sequential steps. While the



pre-crisis and crisis management hemispheres of this model have an obvious temporal relationship, the individual elements may occur either overlapping or simultaneously. In fact the elements and clustered activities are not intended to be sequential, and in some cases, such as crisis prevention and crisis preparedness, they can and most often *should* happen simultaneously.

Other models have also been developed, but the common proposition is that issue and crisis management represent critical parts of an integrated continuum of processes, with a direct feedback loop, and this has direct implications for the way corporations operate.

Implications for corporate practice

The changes described here and the evolving understanding of issue and crisis management as an integrated process suggest some important implications for corporate management.

(1) The location of issue management and crisis management within the organisational structure needs to be reviewed and reassessed. How each is positioned and resourced has a major impact on capability; reporting lines; reputation inside and outside the organisation; and cross-functional effectiveness, as well as on recruitment and retention.

(2) Overlaying this structural review are other important organisational perspectives, such as whether issue and crisis management are seen primarily as head office or regional responsibilities; whether the most senior management are directly involved; and, most critically, the degree to which functional silos and turf-wars hinder co-ordination between disciplines.

(3) Growing acceptance of an integrated issue/crisis process increasingly demands establishment of effective signal detection mechanisms. For example, an

independent review of the 2008 Société Générale \$37 billion 'rogue trading' disaster found the bank failed to act on 75 red flags or early warnings over a period of 18 months.

(4) An increasing process approach also demands systemic changes to promote genuine upward flow of information, particularly uncomfortable or unwelcome information. Top managers should heed 'dissenters, doubters and bearers of warnings' at all times, and this is never more important than in the face of crises or critical issues. Yet experience shows that one of the most significant barriers to effective crisis management is denial, and that the risk of a crisis often serves only to increase a 'command and control approach' and the potential for damaging groupthink.

(5) Finally, there is the need for systems and management commitment to learn from their own crisis and those which have struck other organisations. While a truly objective analysis by people directly involved is of great value, organisations are seldom honest enough to publicly admit errors, other than in the opaque language of the courtroom or the official inquiry.

One notable exception was Andy Grove, founder and CEO of Intel, whose infamous Pentium chip failure in 1994 is sometimes cited as the first internet-driven corporate crisis. In the wake of that financial and reputational disaster, Grove wrote a brutally frank assessment in *Newsweek* (2 September, 1996), which resonates strongly for today's rash of corporate failure, and the ever-familiar blaming and denial:

Most CEOs are in the center of a fortified palace, and news from the outside has to percolate through layers of people from the periphery where the action is. I was one of the last to understand the implications of the Pentium crisis. It took a barrage of relentless criticism to make me realize that something had changed and that we needed to adapt to the new environment.

Grove and Intel recognised and responded to the challenge of change. The question is what needs to be done to help ensure other senior managers are fully prepared to do the same. ■

FURTHER READING:

Jaques, T 2009, 'Embedding issue management' as a strategic element of crisis prevention', in press, *Disaster Prevention and Management*, vol.18.

Jaques, T 2009, 'Issue management as a post-crisis discipline: Identifying and responding to issue impacts beyond the crisis', *Journal of Public Affairs*, vol. 9, no. 1, pp. 35-44.

Jaques, T 2007, 'Issue management and crisis management: An integrated, non-linear, relational construct', *Public Relations Review*, vol. 33, no. 2, pp. 147-157.