

Customer-Focused Crisis Response

By PHIL VEAL

The global business environment of the last two to three years could be characterized in one word as “unpredictable.” Stock market volatility, corporate accounting scandals, geopolitical conflicts and global epidemics have forced corporations to weigh the risks of unforeseen disaster versus the costs of preparedness.

The recent outbreak of Severe Acute Respiratory Syndrome (SARS) has racked China’s economy. Tourism and lodging in China have suffered tremendously. But that’s not all. According to reports by local analysts and research firms, desktop computer sales plunged 37 percent in March from a year earlier and mobile phone sales fell by 16 percent.

An analyst at J.P. Morgan Chase & Co. in Hong Kong estimates that sales of electronics products in China could fall by 20 to 30 percent in the second quarter of this year. Toronto’s economy has suffered similarly. Other industries are having to cope with rapid spikes in business activity due to the SARS epidemic. One news source recently reported that telecom carrier PCCW is experiencing a 20 percent jump in Internet traffic over pre-SARS levels, and Bombardier Inc.’s subsidiary Flexjet Asia Ltd. was reported to have been receiving 10 times the average number of inquiries per week since the outbreak.

An unforeseen crisis, even one outside your business, can have a significant impact on your customers’ behavior, and if you fail to anticipate the reverberations, you may be in trouble.

Traditionally, most corporations have approached business continuity the same way they approached Y2K, by focusing on protecting hard assets (particularly IT infrastructure) and modeling predictable failure mechanisms. But for most service providers today, the next crisis will not arise out of a foreseen event; it will more likely be the result of one unforeseen, such as a terrorist attack or health epidemic. These events are examples of reflected crises, events elsewhere that impact businesses locally. During a reflected crisis, customer behavior is hard to predict, and the sudden swings in business activity have the potential to collapse your business before you have time to react.

So if the greatest threat to business continuity comes from abnormal customer

behavior – the reflected crisis – how should businesses plan for effective crisis response?

Today effective crisis response is about more than just protecting your infrastructure: it's about focusing on your customer.

Customer-Focused	Traditional
Protect value to customers	Protect business infrastructure
Organizational intelligence	Organizational procedures
Value-based	Cost-based
Business strength	Technical strength
Top-down	Bottom-up

The new customer-focused crisis response thinking builds on traditional crisis response practices and enables the organization to manage value better and respond more effectively during a crisis. There are four steps that organizations need to take in order to align themselves with customer-focused crisis response thinking:

1. Protect the value in the business by putting customers before assets
Establish the customer's priorities in order to plan your responses accordingly. Only by finding out what really matters to your customers will you be able to understand which areas need to be prioritized for crisis response. Realize that customers are not interested in your assets; they are only interested in the service provided. Regardless of how it's done, providing the level of service your customers expect is what will ultimately keep them happy during a crisis. Sure, strengthen the weak links in your infrastructure that threaten to constrain an effective crisis response, but at the same time don't forget to play to your strengths. Use your unique capabilities as an organization to distinguish yourself in responding to a crisis.
2. Develop in-house 'insurance'. Build your organizational intelligence – people, not procedures, will make the difference during a crisis, and you need to ensure that the organization fosters and develops the right people to lead effective crisis response, at all levels. We've all heard stories of a crisis being averted due to the right person being in the right place at the right time – the pre-requisite is the right person. Training to build organizational intelligence in key roles is absolutely critical to ensuring the right person will be in the right place no matter where or when a crisis occurs.
3. Adapt existing plans to take account of new crisis scenarios. The crisis response plans you already have are valuable – don't throw them away. Instead, develop and enhance these plans by reviewing them from a customer-focused

perspective. Create a set of scenarios based on possible reflected crises, and plan and test your responses. What matters in developing a better crisis response capability is not defining the exact scenarios, but rather finding out how your response to events will impact your customers behavior.

4. Control the outcome of the crisis through effective customer service. Anyone will tell you that communication is the key to effective crisis response. The best organizations take this understanding one step further, recognizing that all communication should start with the customer, and therefore they ensure that the customer care function is at the tip of the crisis response spear.

More often than not, crisis response involves degraded levels of service. That message must be conveyed to customers at the outset of a crisis, so customers' service expectations are reset for the term of the crisis. Preparedness is cheap compared to the potential impact of mismanaging a crisis – and the ultimate arbiters of successful crisis response are your customers.

Great organizations can manage any sort of crisis – including reflected crises. They realize that companies that can perform well in a crisis will build trust, enhance their reputation for quality, and be better placed for future growth. Many organizations today define a crisis as an event that results in abnormal customer behavior. The customer-focused crisis response approach was developed to address exactly this definition of a crisis, one that results in customer behavior that our business either has not anticipated or accounted for in its existing crisis response plans.

Any organization that satisfies customers during a crisis strengthens existing customer relationships, generates positive word-of-mouth and attracts new business. Evolve your approach to crisis response beyond the traditional to the customer-focused and you can help your organization do the same.

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