Research Note

Effective Global Incident Response

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Abstract: This paper discusses some of the critical elements of our increasingly global corporate community, and the additional complexities of incident management across global geographies and cultures. In response to these complexities, the author identifies how companies can better prepare for and manage risk programs at the international level, which require additional awareness and adjustments in order to be successful.

Introduction

Managing risk, more than ever it seems, is about proper response to outside incidents that may affect any of the four pillars that constitute the foundational support structure of a company: people, processes, assets and reputation.

These areas are complex in nature, and too often the leadership is not truly prepared to respond to an incident, mainly because budget has a tendency to be allocated to what's impacting the daily success (and bottom line) of a company, not towards intangible, possibly far-stretched scenarios that might never occur. Who likes paying the premiums for insurance anyway?

To this initial duality of concerns between the day-to-day mission of the leadership and the planning visions from the risk management office, one must face the additional complexity of dealing with incidents occurring in other countries from the headquarters location, especially if it might impact one of the foundational support structures mentioned above. Many elements that we are taking for granted as part of a local "in-country" response can suddenly become a barrier overseas, and we will examine some of these elements in more detail in this research note.

The Fluid Definition of an Incident

Questions about the definition of an incident are always asked by fellow employees who are getting involved in risk management for the first time. "How can you tell it's an incident that needs attention?" or "Why do I have to declare this event as an incident anyway?" These are basically requests for a threshold definition. The one I've been using successfully for years is that an incident is "an unplanned event of a catastrophic nature." The two key ingredients, being unplanned and catastrophic, are working well when the audience comes from a similar background, although even the use of the word "incident" versus "disaster" can be discussed ad-nauseam between specialists. I personally prefer to avoid talking about disaster until the incident if over, in order to keep the emotional part of the equation aside during the critical response period.

But what is "catastrophic" for one region might not be so in another. I learned it the hard way when recently setting up an automatic alert notification system for earthquakes in Japan. During the first week our test group received notifications upon notifications, because earthquakes are basically daily events in that part of the world. At the end of the week, my Japanese counterpart told me very politely and directly (as only Japanese natives can do simultaneously) that I should change the Ritcher scale threshold to 5.0 and higher.

My North American definition of a catastrophic earthquake was obviously different than the Japanese one, and the risk response plan had to be adapted for that region. As importantly, the perception must be addressed at the leadership level also unless you want to be called at 5:30am by your CEO, asking "What are we doing about the 4.0 earthquake in Tokyo?" and having to politely and directly (without the flair of native Japanese) say that it is not an incident but simply a normal event in that region.

Centralized Versus Decentralized Authority

In North America we are used to the concept of a decentralized authority where, in theory, we assume that important decisions can be made by a manager down the chain of command within an impacted division or department during an incident. We might even say that we are talking about delegation of authority here, but that would be a wrong assumption. In all my years I think I saw just once a true delegation of authority, as the day-to-day reality is that C-level executives want to be part of the action: it is in their nature as they are problem solvers by definition. A classic example would be in the wording of notification messages during the early phase of an incident. One would think that a pre-defined message would go on within the next three minutes of an incident, but often the reality is that the executive will be changing the wording as part of a back-and-forth exchange with the notification manager, which can take hours before everyone is satisfied and the "push" button is pressed. The lack of delegation authority is a direct component of a centralized model which roots from having a small organization with few hierarchies of management. Companies that grow from national to international levels will often keep that model (and perception) because they are used to it, and they are not realizing that although the rest of the company might function in a decentralized model, the reaction during an incident almost invariably goes back to a centralized one. That might work if the whole company is located within a small time zone span and/or within the same cultural background, but it is quite another story otherwise.

For international companies, a decentralized authority to manage incidents must be in place with full support from the executives. Such an approach can be built in a "follow the sun" model with regional managers covering roughly an eight-hour time zone span, such as Seattle, New Delhi and Munich, for example. Each focal region would then interact and manage regions/countries within that eight-hour time zone span, and establish the communication flow accordingly. Executives in the headquarters will then be at the receiving end of the communications path, and would need to be active in the decision-making process only after the initial response (i.e. insuring people safety, stabilizing assets and processes) is completed. Full support means that an executive will not step into the response activity unless requested by the regional managers, leaving managers with the actual authority to respond initially to the incident.

Cultural Impact On Decentralized Authority

Once these initial steps are in place and the leadership team fully on board with the decentralized approach, the next hurdle to overcome is the culture barrier. For many cultures in Europe, and for almost all of Asia, the notion of following the hierarchy and fear of doing something that might not be approved by their managers is a serious impediment to a speedy decentralized approach. It has nothing to do with the actual capability of people being able to take ownership of the situation (quite the opposite as these cultures are often very creative), but simply that they are used to having their managers in the loop for every major decision.

One way to address this dilemma is to have sessions where everyone is present to review the communication flow and for managers to confirm their approvals on subordinates' actions in time of crisis. For example, going through the steps around an earthquake response plan, where some predefined messages could be sent directly to employees without having to be reviewed, would be a good way to "loosen up" this fear of feeling that their managers would be out of the loop. After doing this exercise, I've always had positive feedback on both the employee and the manager side, as they see the value on the response time (quicker) without a detriment on the escalation side ("who told you

to send it?").

This of course is valid for the initial response phase of a crisis, where timing is more important than precision. Mitigation, recovery and return to operations are phases where inputs and decisions are required by the executives, but by making clear that the initial response is a very different phase where the regional team is in control and not the headquarters, an efficient crisis response process will emerge where potentially dangerous delays can be avoided.

Conclusion

Preparing for and managing a risk program at the international level cannot be done with a one-size-fits-all model, but many of the underlying aspects such as a true decentralized authority that is well understood and clearly supported can go a long way toward simplifying the program and ultimately making the initial response to an out-of-control crisis more streamlined and with less unacceptable delay than what we sadly see too often still today.

Bruno Langevin is a risk professional who has worked in the banking, manufacturing and pharmaceutical industries. He welcomes your comments on this research note.