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# *Planning for crisis: a perspective from PwC's Global Crisis Centre*

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# Organizations today face crises more frequently, and impacts are becoming more significant and widespread

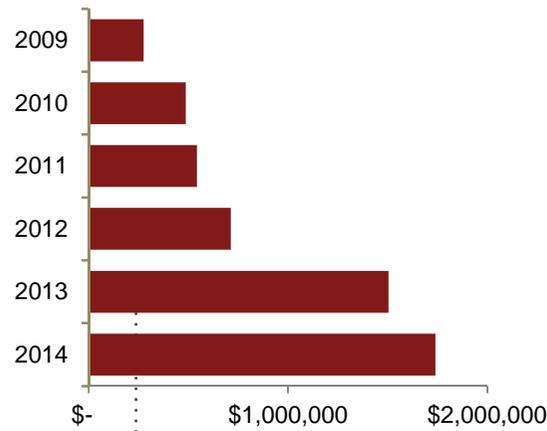
Cyber and natural disaster losses  
Source: Swiss Re; McAfee; CSIS

**\$375** Economic losses from cyber-crime, 2014 (low estimate)

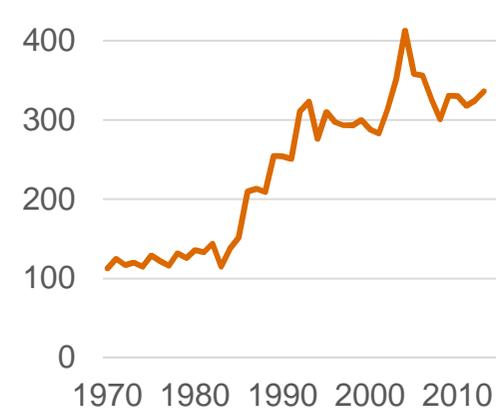
Economic losses in US\$, billions

**\$194** Insured and uninsured losses from natural catastrophes

US product recall fines (CPSC)  
Source: Law360.



Number of natural and man-made disasters  
Source: Swiss Re



**Two thirds of CEOs (66%) believe that their business faces more threats today than three years ago** – PwC 19<sup>th</sup> Annual Global CEO Survey

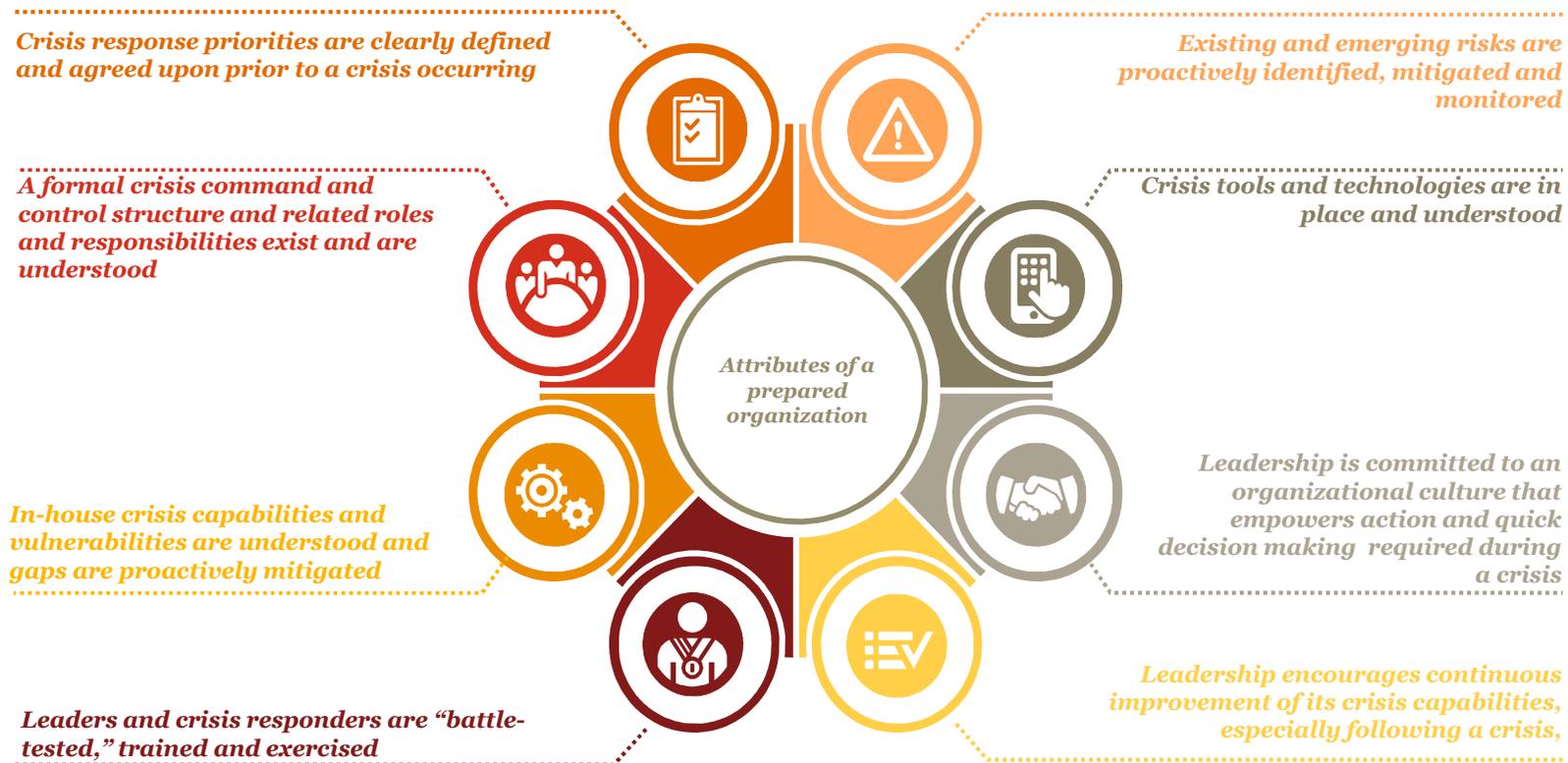
**77% report Directors discussing management's plan to respond to a major crisis** – PwC Annual Corporate Directors Survey 2015

# *The case for being prepared to respond is real: the impact on stakeholder value is clear over time*



Source: Knight / Pretty 1996 - 2010

# *What are the attributes of an organization prepared for crisis?*



# *Our view of an integrated crisis management program includes the following elements, which have changed over the years to reflect executive input to crisis prep*



## **Corporate Crisis Response Program & Core Response Team**

*Established program, corporate leadership, and core group by which the various aspects of response to an organizational disruption are coordinated in order to enhance the organization's ability to respond to and/or recover from impacting events.*

## **Corporate Crisis Management Plan**

*Guides command and control during an operational disruption and includes incident identification, evaluation, escalation, declaration, plan activation and deactivation. Communication internally and externally is a key component of this plan.*

### **Emergency Response Plan**

*Facilitates and organizes employer and employee actions during workplace emergencies. These involve life safety procedures to protect the well-being of personnel/visitors.*

### **Business Continuity Plan**

*Addresses the recovery and continuity of critical business functions required to maintain an acceptable level of operation during an incident.*

### **Disaster Recovery Plan**

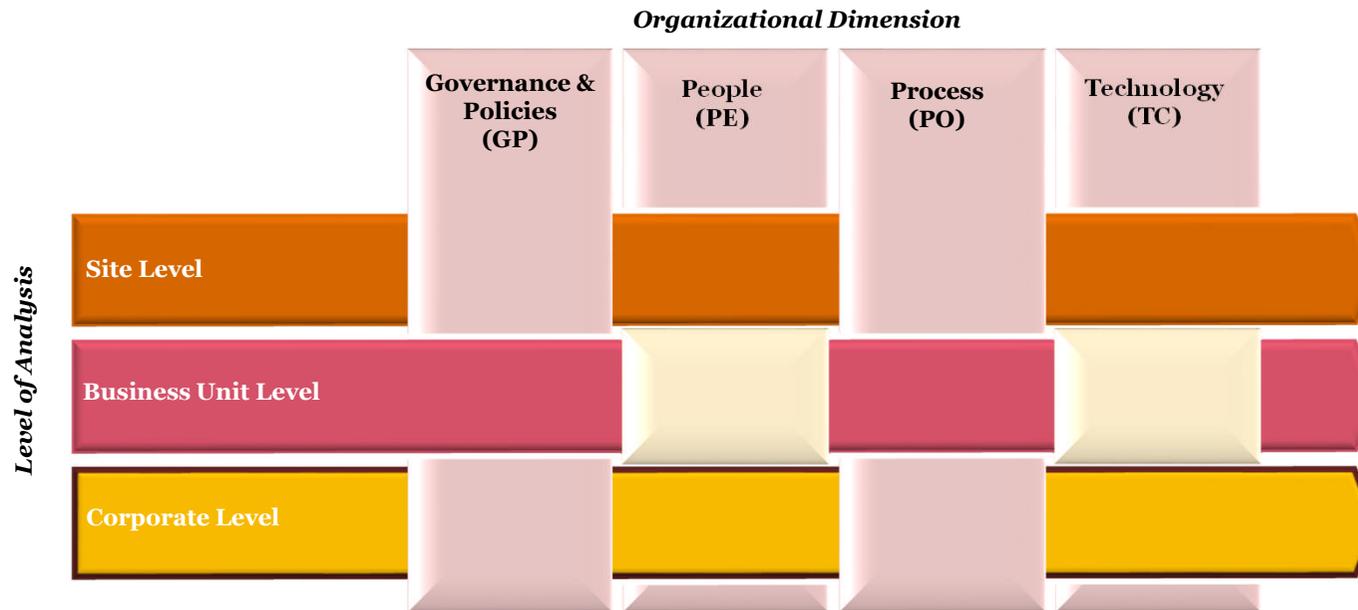
*Addresses the restoration of business system software, hardware, IT infrastructure services and data during an incident.*

### **Contingency Plans**

*Addresses hazard-specific issues that require special treatment or thought processes. (e.g., pandemic, workplace violence, etc.)*

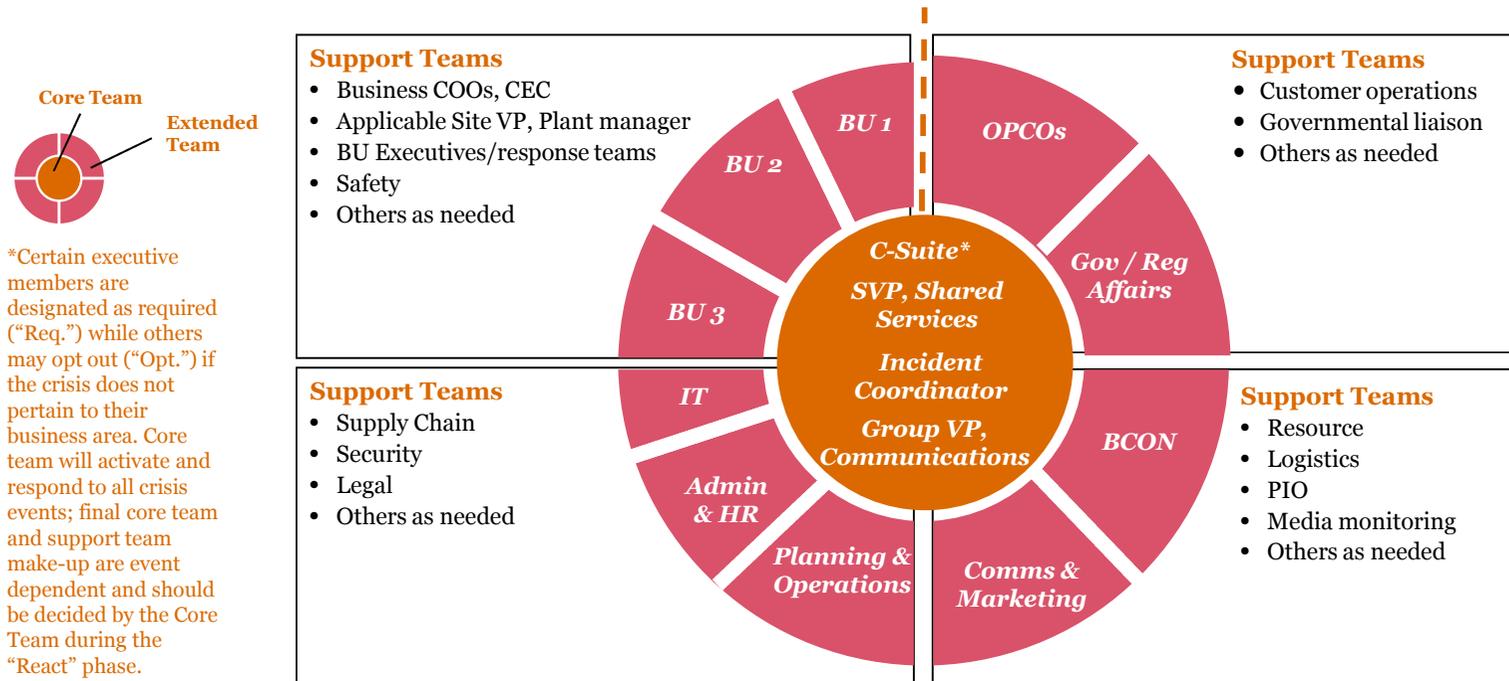
# ***Understanding an organization's current state is the foundation of PwC's Global Crisis Centre's approach to crisis.***

*The contents of the crisis response framework were developed based on an assessment of current capabilities against the below dimensions, as well as leading practices and interviews with key stakeholders*



# A proposed crisis response team has a core group that is always present; other experts join as needed.

The Executive response team is expected to mitigate the impacts to company brand, reputation, and financial posture resulting from a crisis, and consider the long-term impact when making short-term decisions



\*Certain executive members are designated as required ("Req.") while others may opt out ("Opt.") if the crisis does not pertain to their business area. Core team will activate and respond to all crisis events; final core team and support team make-up are event dependent and should be decided by the Core Team during the "React" phase.

# ***Your crisis plan shouldn't have "to dos"; it should pose questions that your response team answers in the course of its duties.***

*During crisis, a number of decisions must be made to facilitate action; however, some have higher priority than others, depending on the phase of the crisis. Below is a sample of an executive crisis plan.*

	<b>CAO (Req.)</b>	<b>Incident Coordinator (Req.)</b>	<b>COO (Req.)</b>	<b>EVP, General Counsel (Req.)</b>	<b>SVP HR &amp; Chief Diversity Officer (Req.)</b>	<b>EVP, CFO (Req.)</b>
<b>REACT</b>	Determine key areas requiring action	Activate core and extended teams	Assess operational impact	Activate external counsel	Assess impact to/involvement of employees	Assess possible financial impact
<b>Decision points for subsequent action</b>	<ul style="list-style-type: none"> <li>• What areas have been affected?</li> <li>• What team members should contribute to response?</li> <li>• Impact to government stakeholders?</li> </ul>	<ul style="list-style-type: none"> <li>• Additional team members needed?</li> <li>• Plan for next steps</li> <li>• Determine Core Team meeting cadence</li> </ul>	<ul style="list-style-type: none"> <li>• Have operations been disrupted?</li> <li>• Damage assessment?</li> <li>• Scope of impact?</li> </ul>	<ul style="list-style-type: none"> <li>• Scope of legal hold/preservation?</li> <li>• Engage with Law Enforcement?</li> <li>• Specific evidence handling guidance?</li> </ul>	<ul style="list-style-type: none"> <li>• Emp. initial reaction to information?</li> <li>• Are employees involved in the crisis (cause of it, impacted by it)</li> </ul>	<ul style="list-style-type: none"> <li>• Material impact on company?</li> <li>• How extensive is the financial damage?</li> </ul>
<b>RESPOND</b>	Engage core team to make decisions	Implement decisions made by CAO	Restore operations	Update legal guidance	Initiate employee response	Determine value of resources required
<b>Decision points for subsequent action</b>	<ul style="list-style-type: none"> <li>• What matters require immediate decisions?</li> <li>• What does the CEO need to know?</li> </ul>	<ul style="list-style-type: none"> <li>• Are there competing priorities?</li> <li>• Coordinate response</li> </ul>	<ul style="list-style-type: none"> <li>• Have normal operations been restored?</li> </ul>	<ul style="list-style-type: none"> <li>• Results of legal engagement?</li> <li>• Results of technical investigation?</li> <li>• Contract concerns?</li> </ul>	<ul style="list-style-type: none"> <li>• Evidence of impact on employees?</li> </ul>	<ul style="list-style-type: none"> <li>• Financial investment required?</li> <li>• Communication with investors</li> </ul>
<b>RECOVER</b>	Generate long term recovery strategy	Review and close outstanding items Initiate lessons learned	On-going operational support	Prepare for possible litigation	On-going employee support	Continue providing financial support and investor dialogue

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# *Thank you!*



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