

Proactive Crisis Management for Boards of Directors

Most companies experience at least one crisis every four or five years. According to a recent survey, 23% of board directors have not discussed the subject of crisis managements and 38% never discussed management's testing of a crisis plan. Is your board of directors prepared?

This Whitepaper will help your board of directors:

- Create a comprehensive crisis management plan
- Manage social media in the time of a crisis
- Implement a specific crisis or risk committee
- Who to include on a crisis management committee
- Plan for and assess crisis management plan effectiveness



Creating a Comprehensive Crisis Management Plan

Crisis management plans are different for every industry. However, the keystone for an effective crisis management plan is preparation. A proactive approach to a company crisis is the best prevention model for a company to adopt. Companies should create a comprehensive crisis management plan before a crisis takes place and should include the following elements:

- Outline a particular team that will form once a crisis is declared
- Declare a crisis leader
- Create a diverse team of seasoned veterans primed in crisis management
- Identify outside advisors
- Delegate specific roles to each committee member
- Declare the crisis escalation process
- Define disaster recovery priorities
- Determine a flow of communication including social media
- Create a regular testing schedule for the plan

What Role Does Social Media Play in a Crisis?

67% of Americans report that they get at least some of their news from social media. According to experts our 24 hour news cycle only gives companies 15 minutes to hour to publicly respond to a crisis. If not addressed in a timely matter, circulating rumors can soon become facts. That's why social media plays a large role in crisis management. These social media procedures are important to include in any crisis management plan:

- Set policies for what employees and stakeholders can post on social media
- Use social media productively to provide information to the public



- Provide updates regularly on how the company is responding to the crisis

Building a Crisis Committee

The Dodd-Frank Act makes crisis or risk committees mandatory for certain banks and financial institutions. Separate risk committees are also ideal for boards of directors with highly regulated laws and regulations. Tech companies with cybersecurity threats will also find benefit from a separate risk committee. Risk committees benefit a board of directors by:

- Focusing directors' attention to the company's most critical risks and risk management
- Fostering a wide approach to identifying and mitigating risk
- Allowing the board to focus on "the big picture"
- Providing support for executives who are given risk management responsibilities
- Allowing the audit committee and other board committees to focus on their core responsibilities

Who to Include on a Board Crisis Committee

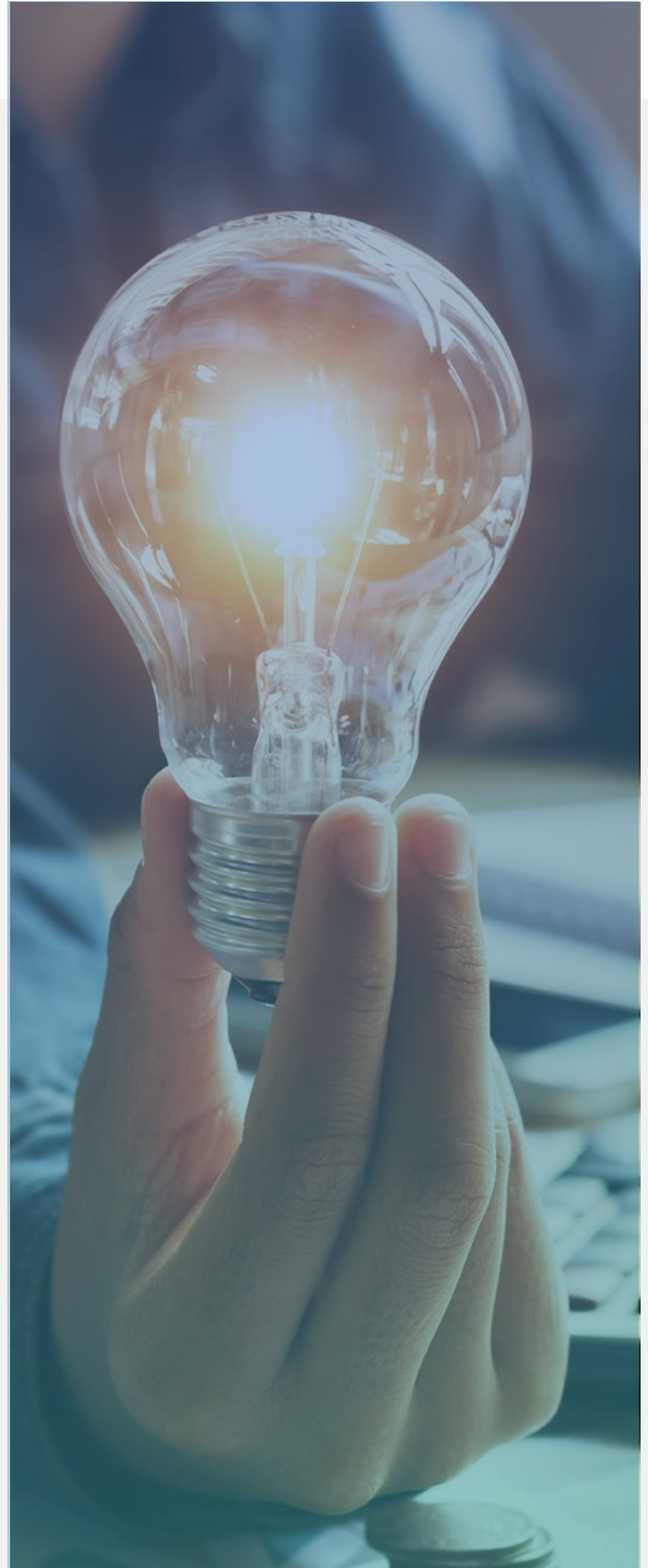
The key to building a strong crisis committee is diversity and the most valuable skill board directors or crisis committee members can possess is prior crisis experience. Previous experience with company crisis allows directors to be more proactive, spotting problems before they arise. Dealing with a crisis in the past also instills poise and confidence under pressure and understanding the importance of proper communication and procedures.

Diversity in expertise is also important. Boards should recruit directors and committee members that are experts in industry risks and management. These experts will give board directors and crisis committees a strong understanding of specialized risks in the company's industry.

Testing & Assessing Your Crisis Management Plan

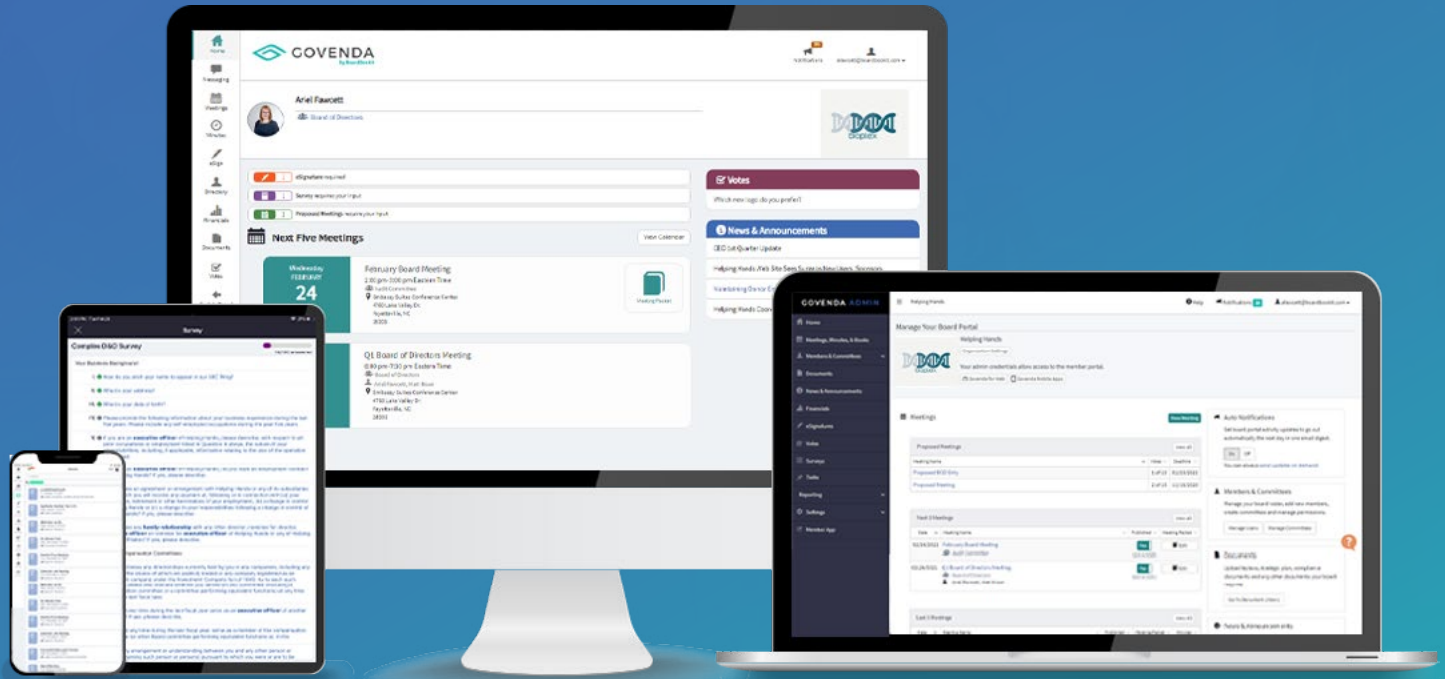
A proactive crisis management plan should be thoroughly vetted and tested to prove its reliability and steadfast ability to guide a company through a crisis. Crisis management plans should be tested and assessed regularly. Board directors should be well informed of their roles regarding the crisis management plan.

After a crisis has passed, the most important part of the process is self-reflection and review. Boards should conduct a complete diagnostic of what happened prior to the crisis, during, and after. Crisis management plan assessment will shine a light on the gaps in planning and how to close them and continue to evolve and move forward to plan for the next incident.



You're an innovator in corporate governance.

Choose an innovator for your board portal.



 **GOVENDA**
by BoardBookit

Changing the Board Portal Landscape

A powerful portal to mitigate risk and engage your directors

Stylish and Sophisticated User Interface
Designed for users. Minimal training required.

Unlimited Users and Groups
Helps make us the best ROI in the industry.

Powerful Mobile Applications
iPad, iPhone, Android tablet, android phone & web.

For more information or to schedule a demo:

Call : 1.412.436.5180 x322

Email: info@govenda.com

Web: Govenda.com

AVAILABLE FOR DOWNLOAD

