

Crisis Management (MGB 401), Fall 2013 – Bay Area

Syllabus

Colin Biggs

e-mail: rbbiggs@ucdavis.edu

Required Text

Crisis Management: Leading in the New Strategy Landscape *Second Edition* (CM), William Rick Crandall, John A. Parnell, John E. Spillan, Sage Publications, March 2013

Course overview

Last fall the US Justice Department filed papers accusing BP of 'gross negligence and wilful misconduct' over the Deepwater Horizon disaster. The US Government argued that:

the behaviour, words, and actions of these BP executives would not be tolerated in a middling size company manufacturing dry goods for sale in a suburban mall.

Whether you plan a career in manufacturing dry goods, drilling for oil, managing your own business or even running a university subject to pepper-spraying incidents and/or sports scandals, this course (available on a Pass/ Fail basis) will give you real, practical insights into crisis management, set within an overall strategic framework.

The course has been taught in the GSM for the last two years, and has received enthusiastic student feedback and course evaluations.

There is an important international element to the class. New cases developed by the instructor for 2013 include major supply chain and ethical issues for US retailers in light of the 2013 Bangladeshi garment factory disaster in Dacca which left well over 500 workers dead; and a detailed look at the organisational impacts of the ongoing implosion in the BBC as a result of many years of cover up – at a very senior level - of multiple child abuse cases.

As a management consultant (PricewaterhouseCoopers and KPMG) the course instructor has had considerable practical experience helping clients to manage crises, and also to plan strategically so as to avoid, or mitigate, crises.

The course operates at both a strategic and a highly practical level, and students will become confident in toggling between the two – learning to anchor crisis management firmly within overall strategic management, yet simultaneously acquiring a set of useful, practical tools and techniques to be used in planning for possible crises, and in handling actualities 'in the moment'.

The course will use the 2013 edition of the excellent required text, which is accessible, engaging and remarkably up to date (especially on BP) and contains many good case studies. Additional case studies will

be provided by the instructor. Students will be encouraged to relate the course material to their own workplace within a safe classroom environment. The course will focus on managing crises in the private sector, but also examine parallels in government, the public sector more generally, and the not-for-profit sector. Numerous examples of best practice will be examined, including the classic Johnson and Johnson (Tylenol), Odwalla Foods, Mattel, and Pepsi cases. Equally crises will be examined and analysed which were badly handled - failing to avoid, address or contain negative stakeholder reaction – *in those cases where important lessons can nevertheless be learned.*

The course will establish and explore the defining characteristics of crises – (a) a threat to the organisation, (b) an element of surprise, (c) a short decision time, and (increasingly in the 21st century) a fourth element, the need for consequent change. It will also look at the very interesting work of Erika Hayes James, from Darden, on ‘sudden’ versus ‘smouldering’ crises.

Learning outcomes

By the end of the course students will:

- (1) Have a conceptual framework for incorporating crisis management within a broader approach to strategic management. This framework will enable them to relate crisis management appropriately to: *risk management, emergency management, business continuity management.*
- (2) Be in a position to plan effectively for crises.
- (3) Understand and be able to compute the potential effect of successful and unsuccessful crisis management on key stakeholders; on the corporate balance sheet/ organisational standing; and on shareholder value/ longer-term institutional value.

Summary of course

The course employs a four-stage crisis management framework:

- i. Scanning the Landscape - anticipating crisis events
- ii. Strategic Planning - setting up the crisis management team and plan
- iii. Crisis Management - addressing the crisis ‘in the moment’, and
- iv. Organisational Learning – applying lessons from crises so they will be prevented or at least mitigated in the future.

Key features of the course include:

- Showing how ethical issues within management can contribute to crises and what can be done to avoid this
- Understanding what needs to be done after a crisis ends, and why it is important not simply to return to business as usual
- Providing a detailed outline of items to include in a crisis management plan
- Considering how crisis management plans and teams will (need to) look in the future.

Course plan

The course is organised into two sessions, on **6 October** from 9 – 12 & 1 – 3 and **27 October** from 9 – 12 & 1 – 3.

| | | |
|------------|--|-----------------------|
| October 06 | A framework for crisis management Context and drivers Strategic planning and vulnerability assessment Setting up the crisis management team and plan | CM, chapters 1-5 |
| | <p>Students should come to the class prepared to present a clear example of good or bad crisis management, and to provide reasons for their assessment.</p> <p>They should also have read the first five chapters of the required text</p> | |
| October 27 | Organisational strategy and crises Taking action in a crisis Crisis communication Learning from crises Ethics and crisis management The future of crisis management | Remaining chapters |
| | <p><i>Assignment due:</i> short crisis management plan for an organisation of your choice – with a practical focus on elements to be included</p> | |

Take home exam: students will be provided with a case study of an organisation complete with its current crisis management plan. The case will also contain information on the landscape, organisational strategy, the culture of the organisation, specific sectoral risks, and the organisation's history of managing crises.

Course evaluation

This course is graded on a Satisfactory/ Unsatisfactory basis, rather than by letter grade.

Class participation – 10%

This is a hands-on practically oriented course and students will be assessed on their level of engagement throughout the course.

Crisis management plan – 40%

Take home final – 50%