

## Pragmatic Business Takeaways from the Icelandic Volcanic Ash Events

While the impacts of the recent Icelandic volcanic ash clouds are worked through, there are some pragmatic and practical takeaways being seen which have wider business benefits.

### Crises are part of the business landscape

Whether it was the global financial crisis, swine flu or the Icelandic volcanic ash event (ash event), the business landscape is a series of crises (from securing funds, to product recalls, to security issues or strikes) that need to be successfully navigated, i.e. crises are business as usual. Successful businesses have built in a natural redundancy, durability and resilience capability into their operations to address these crises as well as to realise benefit to their everyday business.

### Redundancy, durability and resilience

The ability to respond, manage and recover from the ash event is strongest when an organisation has a natural redundancy and resilience capability built in as part of everyday operations. This includes:

- Risk mitigation – Proven risk management practices and investing in measures to reduce the likelihood of a risk impacting operations, e.g. use of video conferencing capabilities. Video conferencing reduces the need to travel and allows people to interact when travel is not possible.
- Impact minimisation – Measure to minimise the impacts, e.g. video conferencing reduced the impacts to business when travel was not possible. Those airlines operating distributed maintenance operations were able to quickly bring in aircraft from other areas to minimise the impacts of the ash event.
- Sustainable contingencies – Whether it is a loss of buildings, loss systems or loss of suppliers, those businesses that had alternative sustainable contingencies in

place have fared better through the ash event.

The significance of risk management and sustainable contingencies lies in:

- Such measures are needed on a regular basis as part of business as usual.
- These capacities are important to sustaining business in a crisis landscape.
- They have other business benefits.

### Building a better business

While the ash event may spark an investment in risk management, disaster recovery, business continuity and crisis management activities by business, best practice sees these capabilities being developed to realise other business benefits, including change management and optimised performance. The business continuity outcome is a bonus.

Consider a call centre. Business benefits by having the ability to route calls between different call centres in varying locations (virtual call centre) to provide seamless customer service. Other advantages include a cross trained and skilled workforce doing a range of interesting work. This solution also provides a natural redundancy to business, business continuity solution and a disaster recovery capability. Yet the driver for implementation is obtaining a better business.

### Generic Capacity

The ash event highlights the need for having a generic capability (for business continuity, crisis management and disaster recovery) with common elements that can be picked up and used as required within an effective crisis structure. This proven generic capability performance highlights:

- Planning for every scenario is ineffectual.
- The significance lies in the planning process rather than the plan because the planning process is about:
  - Intent – Defining what needs to occur.
  - Issue recognition – Identifying the issues and how they are to be addressed.
  - Building infrastructure – Allows the capabilities and infrastructure

- developed to be used as required to meet needs in a changing environment.
  - People aligned – Effective communication between all parties so they know what they need to do.
  - Preparation - This is the plan for all preparation that is required so the implementation will actually work, e.g. preparing a building so that it can be used if staff need to be relocated.
  - Implementation – This is the plan covering what to do when the event occurs, i.e. what actually needs to occur.
- The importance of a testing, skilling and training regime.
  - Resolution of a crisis like the ash event is about implementing a series of business usual functions. This use of business as usual was also highlighted to airlines by the opening of the T4 Terminal at Heathrow Airport.
  - Crisis procedures are part of business as usual and are part of standard operating procedures.

## Management of the Media Cycle

The typical media cycle is three to four days and often involves a “bad guy” being taken to task. Although the “bad guy” in this instance was a natural event and is hard to make into a “bad guy”, opportunities for adverse headlines were plenty. The minimisation of adverse headlines was seen through a range of approaches including:

**Use of the regulator** – Many airlines took the approach of using the regulator / statutory authority to manage their public relations cycle. By avoiding the blame game between parties and making effective use of the “we are taking guidance from the regulator” approach as the driver for decisions, airlines were seen to be credible, caring and trustworthy, e.g. Qantas. The regulator and statutory authorities also benefitted from this approach by referring to each other’s credibility and guidance when making statements.

**Manage the crisis not the media** – Those airlines receiving the least adverse publicity took

the approach manage the crisis and through this, effectively and efficiently manage the media cycle. Whether it was the actions of the low cost carriers or the full service providers, many airlines went out of their way to look after their customers, e.g. providing accommodation and support services. By investing in services up front, airlines have avoided negative headlines about poor customer service with subsequent detrimental impacts on revenue and brand.

### **Moving ahead of the media curve –**

Leveraging the benefits of the media cycle, requires that a business gets ahead of the media curve. The effect of being ahead of the curve is to not only influence which stories are released and how (normal media management) but has the effect of “shutting the media down”, i.e. they will go find another story or target. Unless it is a heroic event, there is usually more media interest in “bad news” than good news. By addressing the incident, an organisation reduces the number of opportunities for adverse headlines and increases the chance of a positive headline. Those airlines that took a lead in servicing customers in the Icelandic ash incident were able to get ahead of the media curve and have benefitted accordingly.

While recent events may well be an opportunity for business continuity, disaster recovery and crisis management consultants to peddle their wares, businesses which focus on implementing redundancy durability and resiliency into business because it is good for business and achieve business continuity, disaster recovery and crisis management capabilities as a bonus, are likely to get more for their investments.

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