

CORE

WHY WE NEED TO TEACH CRISIS MANAGEMENT AND TO USE CASE STUDIES TO DO IT

BILL RICHARDSON Sheffield Business School

Introduction: The Growing Problem of Organisationally Induced Crises

Weick (1988), has described crises as being characterised by low probability/high consequence events that threaten the most fundamental goals of an organisation. The indications are that such events are on the increase. Mitroff (1988), for example, advises that:

Since 1900, there have been 29 major industrial accidents in the world . . . The clinker in the preceding statistic is that half of those disasters occurred within the past eight years.

Perrow (1984) 'welcomes' us:

. . . to the world of high risk technologies . . . you may have noticed that they seem to be multiplying, and it is true. As our technology expands, as our wars multiply, and as we invade more and more of nature, we create systems – organisations – that increase the risks for operators, passengers, innocent by-standers, and for future generations.

Regester (1989) adds his warning:

Regrettably, the prospects for companies having to face some form of major crisis, more than once, are greater than ever before. Human error, lack of judgement, lack of anticipation, corporate greed, mechanical failure – all combine to guarantee that a major crisis will present itself to company executives sooner or later.

The past decade appears to have heralded an era of disastrous 'shock events'. Incidents involving Bhopal, Tylenol, Chernobyl, Challenger, Exxon, Heinz, Zeebrugge, Kegworth, Hillsborough and Lockerbie, for example, have provided evidence to support claims such as those referred to above.

Another type of crisis – the financial failure/organisation turnaround situation – has achieved record levels of occurrence in the early 1990s.

The Requisite Managerial Response

In order to meet the growing challenge of our crisis-prone world, managers in those organisations that create and have to deal with crises need to learn to

minimise the likelihood of adverse effects, or to mitigate them. Some general attributes which are required of crisis managers are:

1. *Awareness and Proactivity* Crises occur where ignorance of a problem exists or where an 'it couldn't happen here' belief predominates. Managers must perceive the relevance of the crisis phenomenon to their own situations.

2. *Knowledge of and Familiarity with Helpful Concepts* Theoretical reference points are necessary. Without them responses are developed in the dark and from scratch.

3. *Left and Right-brained Thinking Capability* The well-equipped crisis manager needs the ability to analyse and to plan systematically and also to bring a more holistic, creative, imaginative and judgmental approach to planning crises responses and in enacting ways through them when they happen.

4. *Empathic, Communicative and Group Decision-Making Qualities* Crisis management is best undertaken by people who can see things from the viewpoints of the wide range of people likely to be involved. Crisis managers need to convey clearly what needs to be done, and – in emotionally charged crisis conditions – to design and deliver public statements which improve rather than worsen the general situation and the organisation's image. They also need to use groups to achieve better than 'do-it-alone' outcomes.

5. *Ethically Confident* The well-equipped crisis manager has a considered and tested ethical stance. Crises create economic and social costs for people. Ideally, the crisis manager should have a clear set of personal criteria for evaluating consequences. This can guide the 'planning-to-avoid' activity and permit the rapid formulation of the manager's own position regarding what needs to be done in a crisis.

6. *Emotional Strength* Crises involve emotions of an intensity not envisaged in the rational decision-making model of 'the manager'. The effective crisis manager needs to be capable of dealing with his/her and others' emotions.

Despite the advent of crisis management as a recognised aspect of strategic management, and despite the need to develop the decision-making attributes listed above, many, and probably most managers (Fink, 1986, Woodcock, 1989), do not treat the crisis issue as a matter of concern.

The Business School Response

Academics are not conveying to managers a sense of urgency about the crisis problem or the theory base which is developing to help in their crisis management jobs. Smith (1991) has drawn attention to the absence of crisis management modules from the curriculum of Business and Management programmes of study.

There is a need for more coverage of this aspect of strategic management,

and for staff to develop attributes such as those identified above.

Crisis-related case studies can be particularly effective tools in the development of crisis decision-making skills. The next sections of this discussion identify why this is so.

General Definitions of Case Studies

Initially used for the teaching of legal principles, case studies are now well established features of business and management education. The following quotations offer an indication of the general purpose of case studies in business student learning situations:

Case studies are (means) to provide practice in problem solving and decision making in a simulated situation . . . The case method is primarily a vehicle for developing skills; skills which are a vital part of a decision maker's armoury . . . together (these skills) can be described in one phrase – creative problem solving (Easton, 1982).

The great advantage of a case study is that it gives you a real context in which to talk about the problem faced by managers (Constable in Cranfield, 1988)

The primary reasons for using the case method for instructional purposes are to enable the student to see how actual organisations have performed the strategic management process and to practice and develop their skills in applying strategic management concepts to actual organisations (Byars, 1987), and, . . . the primary purpose . . . is to cause the student to think creatively (Byars, 1991).

Romm and Mahler (1991) identify the potential advantages and pitfalls of using case studies in the development of decision making skills.

Essentially, case studies provide a middle ground between abstract concepts and real world situations. This middle ground helps managers to develop and to practice their decision making skills in comparative safety so that they are better equipped for the challenges of their real, specific, decisional situations.

Benefits from Cases

This section identifies the benefits of case studies in teaching crisis management. These are categorised and presented sequentially, but the development of decision-making skills through the case method takes place holistically, the benefits being multifaceted, and incremental in nature.

a. GREATER STRATEGIC AWARENESS

Case studies introduce problems and provoke the search for solutions. Crisis event case studies alert students to the crisis problem. The introduction of numerous crisis situations into a case study-based programme of study, is likely to intensify and make more effective the warning about our modern crisis era and facilitate understanding of the different kinds of crises.

A *barrage* of such case studies, besides reinforcing the warnings about the crisis era, can also identify different types of crises. Understanding these differences can lead to more pertinent solutions. One categorisation

of crisis types is as follows:

- i) *Natural Disasters* such as earthquakes, floods and hurricanes are assumed to be 'Acts of God' and beyond the control of organisations and society. However, there is a growing awareness of a link between organisations and nature (see, for example, Shrivastava, 1991). Many 'natural' disasters have their origins in human agency.

Faulkner (1989) provides a short case study account of the Disasters Emergency Committee's work in responding to natural disasters in areas such as the Sudan.

- ii) *Contingency Planning Failures* arise because of poor contingency arrangements or problems which are relatively easy to foresee. For example, a major economic shock might accrue to a company which has failed to ask 'what if?' type questions about an expensive new product launch. Unlikely, but possible scenarios involving chains of events leading to consumer apathy towards the product should have been generated, debated and planned for. Shocks occur in such situations if such scenarios have been missed or ignored or if associated contingency arrangements have been inadequately designed or implemented.

Richardson and Robert's (1989) account of the Clive Sinclair organisation of the early to mid- 1980s is one example of a contingency planning failure.

- iii) *Self-Enacted Crises* develop over time and exhibit 'boiled frog syndrome' characteristics (Handy, 1991). Here, severe problems are the consequence of a failure, by top organisation decision-makers, to acknowledge worsening organisation/environment 'fit' relationships (see, for example, Salancik and Pfeffer, 1977 or Johnson, 1987). Managers support each other in refusing to take account of adverse environmental signals and in protecting the established order of things. Shocks of a financial and 'managerial obsolescence' (Mali, 1986) nature thus 'suddenly' occur.

'What Came Next', a case study on the history of the NEXT retail organisation, provides an example of 'boiled frog syndrome' (Richardson, 1992).

- iv) *Normal Accidents* (Perrow, 1984) are assumed to be the products of extremely complicated organisational technologies. In 'normal accident' environments such as the nuclear and the chemical industries chains of events are tightly coupled – if one link fails there is likely to be a swift and unavoidable breakdown of the entire system – and extremely complex. Much of the complexity is to do with non-linearity. Factors from different parts of the system suddenly come together to create crisis. In 'normal accident' environments, therefore, something, sooner

or later, is bound to go wrong in a way that could not have been planned for. Therefore, we should view these crises as 'normal' outcomes. Perrow's book contains many 'normal accident' cases.

By alerting managers to the crisis problem and by helping them understand different types of crises, case studies are likely to help develop more proactive, creative and effective responses to the crisis problem.

b. BETTER UNDERSTANDING OF AND SKILLS IN THE USE OF HELPFUL (IF ABSTRACT) CONCEPTS

McDonald (in Cranfield, 1989) makes the point that it is difficult to communicate and to receive abstract concepts in 'the data free environment that we call a classroom'. The case study helps provide a 'halfway house' between abstract concepts and real life experience. It becomes an anchor point for the concept by performing as a proxy for the real world. Difficult-to-grasp concepts such as 'coupling factors and interactive complexity' (Perrow, 1984); 'befores, durings and afters' (Smith 1990); 'human, organisational and technological causal matrices' (Mitroff, 1988); and 'social network mapping' (Mitroff and Kilmann, 1984) are more easily understood in such contexts.

Once understanding has been achieved, skills in the application of the concept can be developed through regular and varied case study practice.

Leenders and Erskine's (1989) three dimensional framework is useful to business teachers as an aid to the design of case studies to achieve a fit between case complexity and level of student sophistication. Leenders and Erskine's framework is presented in Appendix I.

The dimensions of this framework are analytical, conceptual and presentational. A simple case study will describe a clear and closed decisional situation with easily grasped concepts and small amounts of information which are clearly presented. Case study complexity moves forward to a mid-level stage and onto a 'most difficult' level. At the most difficult level the decisions referred to are presented without clarity, the conceptual coverage is difficult – concepts are cross functional, for example, or grouped together – and the material is presented with crucial information missing. Particular case studies might demonstrate different levels of complexity across the analytical, conceptual and presentational dimensions.

The availability of a variety of crisis case studies of different complexities will enable tutors to select cases to act as skill developing building blocks. Introductory, low level complexity case studies on the crisis issue, therefore, are to be encouraged. However, effective crisis managers of the future will be those people who are capable of handling complex cases which mirror adequately the ambiguities and tensions of the real world situations in which they will work. Case study programmes need to include complex cases, therefore, if they are to be worthy of the title of 'Studies In Crisis Management.'

c. PREVIOUS RESPONSES TO CRISES, AS DECISION-MAKING THEORY

Students learn from the previous experiences and situations encapsulated in the case study.

Learning from past mistakes helps generate prescriptions about the ways in which we should or should not act, personally, in the future. Case studies are *descriptive* accounts of past situations and as such act as models to help us 'explain the past, understand the present, predict the future, and have more influence over future events including less disturbance from the unexpected' (Handy, 1985). They can act to confirm Mintzberg's assertion that '... good descriptive theory in the right hands is a prescriptive tool, perhaps the most powerful one we have' (1983).

An account of how Luby's Cafeterias handled the aftermath of the massacre of 22 people at one of its Texas restaurants in 1991, for example, offers many pointers on how a similar crisis might be managed. It also reinforces the need for and the appropriateness of 'crisis preparedness' planning (Confino, 1991). Similarly, a comparison between the handling of the media by Perrier's UK and French divisions, such as that provided by Butler (1990), encapsulates prescriptions about how and how not to undertake this type of crisis activity.

Regester (1989) provides prescriptions for dealing with crises, which are built by reference to particular individual case studies.

d. THE DEVELOPMENT OF LEFT- AND RIGHT-BRAINED DECISION-MAKING SKILLS

Crisis management case studies can be used in the traditional Harvard Business School style, i.e. a relatively structured presentation and a student activity of systematic analysis. Crisis preparedness planning requires analytical, left brain-sided skills which this approach develops.

Neat, linear-sequential processes, however, are not the norm contexts of 'planning to cope with the unthinkable' (Mitroff and Kilmann, 1984). Crisis managers need decision-making skills which go beyond the application of previously taught concepts and into more personal, creative and holistic right-brain processes of the case study participants.

To help develop these skills, cases can be presented as 'information messes' which include information gaps, seemingly unconnected data and non-linear structures. These types of cases force students into recognising that vital information is missing and into 'imagining' information to create holistic order out of initially perceived chaos. This 'messy' style of presentation can also help case-users to think about the issue of 'weak signals' (Ansoff, 1984), and how to redesign organisations so that they act as better sensors and communicators of potential crisis.

Such situations face many real world crisis managers, as accounts such as that by McIntosh (1989) and Richardson (1990) on the Lockerbie and

Hillsborough disasters, respectively, demonstrate.

This style of case study is in marked contrast to the very orderly descriptions which appear in inquiry reports into disasters and company failure incidents.

e. THE DEVELOPMENT OF EMPATHY, COMMUNICATIVE AND GROUP DECISION-MAKING SKILLS

Case discussions are social processes:

You can learn to communicate, listen, support, argue, guide and control yourself. Above all you should gain a better understanding of your own behaviour and that of others in a loosely structured social situation (Easton, 1982).

In contrast to the traditional uni-direction lecture method, the case study method helps develop social skills and awareness of the benefits that groups can bring to decisional problems. It can uncover and then use multiperspectives and, given a number of experienced participants, hundreds of years of managerial experience. This adds to each participant's own theory base.

In contrast to the lecture mode the case study method emphasises collaborative decision making, defences of positions and presentations of views, findings and decisions.

Group interaction in the case method will prepare managers for planning sessions where wider and deeper debate is likely to improve the activity of 'thinking the unthinkable'.

Crises involve much ambiguity, uncertainty and the involvement of numerous stakeholders. These are situations which demand empathetic managerial styles and sophisticated communication and group decision-making skills.

f. DEVELOPING AN ETHICAL PLATFORM AND PRACTISING EMOTION-LADEN DECISION-MAKING

The case study setting can lead to an important insight for inexperienced managers, i.e. that people see problems differently. Crisis case studies deal with emotive issues. They can stimulate individuals to reveal their preferred ways of dealing with problems. Such 'value charged' classroom environments prepare the crisis manager for the conflictual situations and polarised ethical controversies he or she will face when dealing with crises.

For example, expenditure on crisis preparedness can be viewed as an unacceptable economic cost. Smith (1991), for example, raises this issue in his account of the Kegworth Air disaster.

Case study based debate on ethical and emotive issues helps the student to think through his or her own ethical stance. Role playing can intensify ethical and emotional developmental processes. Video material to support textual material can give these processes even greater meaning (see, for example McIntosh on Lockerbie, 1989).

In real world crisis processes a starting point of previously determined stances and firm and clear ethical guidelines is likely to be a useful building block from which to resolve the problem. In the crisis management situation, fast action and ready answers are usually preferable to soul searching and procrastination.

In this context a number of published cases indicate that a quick, honest and societally concerned response is generally more effective than one which is perceived to be slow, defensive and protective to the organisation (see, for example, Regester's 1989 accounts of the Johnson and Johnson Tylenol response and the Nestlé baby milk scandal response).

Conclusion

A growing source of theoretical help is available for teachers of crisis management. Much of this is USA-based although the UK movement is growing and should be acknowledged (see, as examples, Horlick-Jones, 1991, Peters and Fortune, 1991, Reason, 1987, Smith, 1990(b) and 1992, op. cit., and Turner, 1978).

In the opinion of this author, useful steps forward will be made if: i) some of these cases contained in the literature are brought together to form a volume of crisis management case studies; ii) more case studies are written and published; iii) writers, researchers and teachers based in the UK make a bigger contribution to this area of management strategy.

Case studies can help managers make better decisions on the crisis phenomenon. They help to increase awareness of the crisis problem and they contribute to the theory base from which managers can draw. The development of analytical and intuitive skills, empathic stances, communicative skills, group decision-making ability and ethical positions are further benefits which should flow from more case study based classroom activity in our Business Schools.

Acknowledgement for Appendix 1 on following page:

MICHIEL R. LEENDERS and JAMES A. ERSKINE, *Case Research: The Case Writing Process*, University of Western Ontario, London, Ontario 1989 3rd edition, exhibit 11-6.

Case Dimensions	Range	Information given in case	Explanation of Case Dimension and Range	Objective of Case
Analytical Dimension	1	<ul style="list-style-type: none"> - Decision situation issue or problem - Alternatives considered - Decisions made 	This is what the manager did. What do you think of it? Does the decision match the problem? Why? Why not?	Develop ability to appraise decisions and actions.
	2	<ul style="list-style-type: none"> - Decision situation issue or problem 	This is the decision facing the manager. What would you do if you were in his or her shoes and why?	Develop ability to analyse and identify alternatives, select appropriate alternative and present action program.
	3	<ul style="list-style-type: none"> - Decision(s) pressure(s) not clearly presented - Background information supplied 	Here is some information about an individual in an organisation. Do you think they have problems and if they need to make some decisions or set some policies? If so, which and why and how and when?	Develop ability to identify key issues or problems and alternatives and present appropriate action program.
Conceptual Dimension	1	<ul style="list-style-type: none"> - Concept (theory, technique) straight forward/simple 	Almost everyone involved will readily grasp it with minimum additional explanation eg chain of command, ratio analysis, batch or continuous flow processes, 'push or pull' promotion.	In all cases of this dimension the objective is to give the reader practice in identifying, understanding and using the concept(s) involved.
	2	<ul style="list-style-type: none"> - Concept (theory, technique) of medium difficulty - Simple combination of concepts 	Needs further clarification through class discussion or instructor/lecturette. May also be a combination of several simple concepts eg ROI, EOQ, funds flow, pro forma statements, authority vs responsibility.	In all cases of this dimension the objective is to give the reader practise in identifying, understanding and using the concept(s) involved.
	3	<ul style="list-style-type: none"> - Concept (theory, technique) difficult - Cross functional situation or policy situation - Complex combination of concepts 	Needs extensive clarification via lecture or other means. High likelihood that a number of readers may never fully understand. Could be a combination of several concepts eg cost of capital, pricing, industrial dynamics, motivation.	In all cases of this dimension the objective is to give the reader practise in identifying, understanding and using the concept(s) involved.
Material Presentation Dimension	1	<ul style="list-style-type: none"> - Small amount of information - Clearly presented 	Amount of information required for analysis relatively small. Medium amount of extraneous information. Relatively short case.	To work with information so that there is minimum distraction from previously agreed educational objectives.
	2	<ul style="list-style-type: none"> - Average amount of information - Clearly presented 	Some extraneous information given. Length of case about normal.	To approximate more closely real life situations and to give the reader some exercise at sorting information.
	3	<ul style="list-style-type: none"> - Large amount of information and/or not clearly presented or - Crucial information missing 	Considerable extraneous information. Long case or tough case because of missing information.	To force the reader to do his or her own sorting of material or to specify what additional information is required before a decision may be made.

*Appendix 1:
Case Complexity Dimension Summary*

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ADDRESS FOR REPRINTS

Bill Richardson, Sheffield Business School, Pond Street, Sheffield S1 1WB