

**Security alert** We all hope we'd cope in a crisis, but few of us plan for one. In the first of our security series Angus Darroch-Warren explains what to do when the nightmare scenario strikes ...

# Don't panic!

A crisis can come out of nowhere to strike even the most responsible, compliant and safety-conscious construction company. Various definitions for "crisis" exist but, to put it simply, a crisis is when a company is not in complete control of events with consequences for the business in terms of costs and damaged reputation.

Recent incidents that could be deemed crises in construction include the Barratt crane collapse this month in Battersea, which caused the death of a worker, allegations of drug misuse at the Wembley Stadium site, or strike action at Laing O'Rourke's Terminal 5 project at the beginning of the year. Crises also come in other headline-grabbing guises ranging from floods and fires to criminality, malpractice, compliance failings and poaching of key staff.

Responding to a crisis can require strategic decisions to be made under extreme time constraints, based on incomplete or unreliable data and under intense scrutiny by the industry regulators, shareholders, the media and the public. To avoid making mistakes under this kind of pressure it is best to be ready for a crisis before it happens.

Having a well-designed plan and a pre-rehearsed response will allow your company to reduce the potential damage caused by a crisis. Potential crisis scenarios must be examined and appropriate responses developed and practised.

A crisis management plan establishes what has happened, analyses exposure, threats to assets and potential losses and the impact these will have on the operation. Liaison with the police and statutory bodies, such as the Health and Safety Executive, Environmental Health and other government agencies and interaction with the media in all forms, will be managed and controlled by the plan. The primary objective is to put the business back in control of the situation and return to normality as quickly as possible, with the least disruption and cost to business.

You also need a crisis management team. The core members will be executive level managers of departments involved in the crisis, led by a chairperson or their deputy. The chief executive is not necessarily the best person to be leading the team.

At the outbreak of a crisis, the initial



"emergency" response will focus on the tangible effects and ought to include those responsible for health and safety, risk, human resources, media and legal – they will be supported by an administration team. As the effects of a crisis unfold, other specialist teams can be mobilised as necessary.

One issue to bear in mind is that legal and commercial considerations do not always coincide – some lawyers can, by nature, be "risk averse" which may unduly affect the commercial decision-making process. They must be capable of identifying what legal risks exist and then be able to stand back and allow the crisis management team to make an informed decision.

For example, a company was forced to close and was advised by their lawyers to enter negotiations with the workforce and unions regarding redundancy for the workers. There was a concern that militant members of staff would attempt to sabotage the final contract

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that was due for completion in eight weeks' time. A commercial decision was made to keep the closure confidential and announce it (and generous redundancy packages) during the final week of the contract, thereby minimising risk to employees, management and plant.

Other considerations will include post-incident support, evacuation and repatriation of workers if overseas, psychological counselling for co-workers and bereaved family members. Companies must be aware of their duty of care obligations as regards the psychological well-being of staff.

Effective crisis management of an incident has many benefits, ranging from increased due diligence, compliance with regulatory and ethical requirements and reduced risks of litigation. There are also possible insurance benefits to a protected and often enhanced corporate reputation, and increased market place or shareholder confidence.

However, the crisis management process is not something that will automatically fall into place during an incident; time, effort and money must be invested to ensure that systems are in place and personnel have been trained to provide an effective response.

Too often companies assume that key personnel will be able to cope. I have come across many firms with inadequate crisis management strategies and the common responses are: "It won't happen to us"; "Our insurers will pay" and "We will cope, we always do". Sadly, the reality is that, instead of coping, companies suffer substantial losses and, at worse, business failure.

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