BUSINESS MANAGEMENT: HOW TO APPROACH MARKET AND EXTERNAL ENVIRONMENT CRISIS IN A DEFENSIVE PROSPECTIVE

The world never stops!

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An organisation goes into crisis when a negative event plays its effects under:

- Exceptional occurrence: unpredictable event with serious consequences
- The event is clearly visible outside the organisation
Any company during its life will deal with unexpected events, hence it must answer to face the following questions:

- What kind of crisis will occur?
- Under which crisis form: where and how?
Type of Organization crisis

- Institutional
- Financial
- Products or services
- Market
- Others
It is possible to classify the crisis also ascribing responsibilities to:

- **Victim crisis:** the Organization is the victim in this specific case
- **Accidental crisis:** the Organization is caught by accident in negative events
- **Intentional crisis:** the management is liable for crisis responsibilities
Organisation crisis central points

- No planned factors: risks surprise
- No relevant information: it is not possible to take a decision
- The lack of time exacerbated by external and internal pressure and continuous emergencies
- The pending items due to no activity of suppliers, customers, professionals, other organisations and market
High and Low Emotional and Time pressure

![Graph showing the relationship between emotional pressure, time, and risk.]

- High emotional pressure and short time: High risk
- Low emotional pressure and long time: Low risk
- Low emotional pressure and short time: Intermediate risk
Organisation crisis steps

- Before pre-crisis – lag phase: short news, rumors on social networks, request of information
- Just slightly before crisis: information increasing, manager statements, financial entities statements
- Crisis explosion: customers, suppliers and workers information requests, public entities requests, courts, mass-media information, social network pressure
- Peak of the crisis: Director and manager statements, TV News...
Crisis management and development: ASSESSMENT

- Precursor crisis signals: day by day analysis of internal and external environment feedbacks.

- Organisation vulnerability points

- Analysis and evaluation of potential risks: what kind of potential crisis are more likely to occur?
Organisation potential risk analysis

- Risk mapping: it is dynamic, thus it needs to be periodically reviewed

- Matrix risk/damage and matrix probability/gravity. Any risk must be associated to its probability and its gravity.

- It is important to get an action plan for each relevant risk
ACTION PLAN

- Commercial and bank contracts: effects on local and international agreements
- Health and safety at work: what the organisation must consider
- Privacy: what the organisation can or cannot do
Nobody knows if coronavirus will have a short or a long term effect.

China position in the global economy is crucial and countries with high per capita income must pay attention to their flows correlated with Asia.

Is it a supply and/or demand shock? In order to support the Organizations governments must work on tax policy and Central Banks on monetary policy.

The crisis will induce a slowdown in growth and, in the worst, a recession.

Any Organization must work on business plan adjustments including -at least- 2 scenarios hypothesis for the future.

Where it is possible turn crisis into an opportunity: north Italy textile company converted its production to surgical masks.