

SUPSI - CENTRO COMPETENZE TRIBUTARIE
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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:

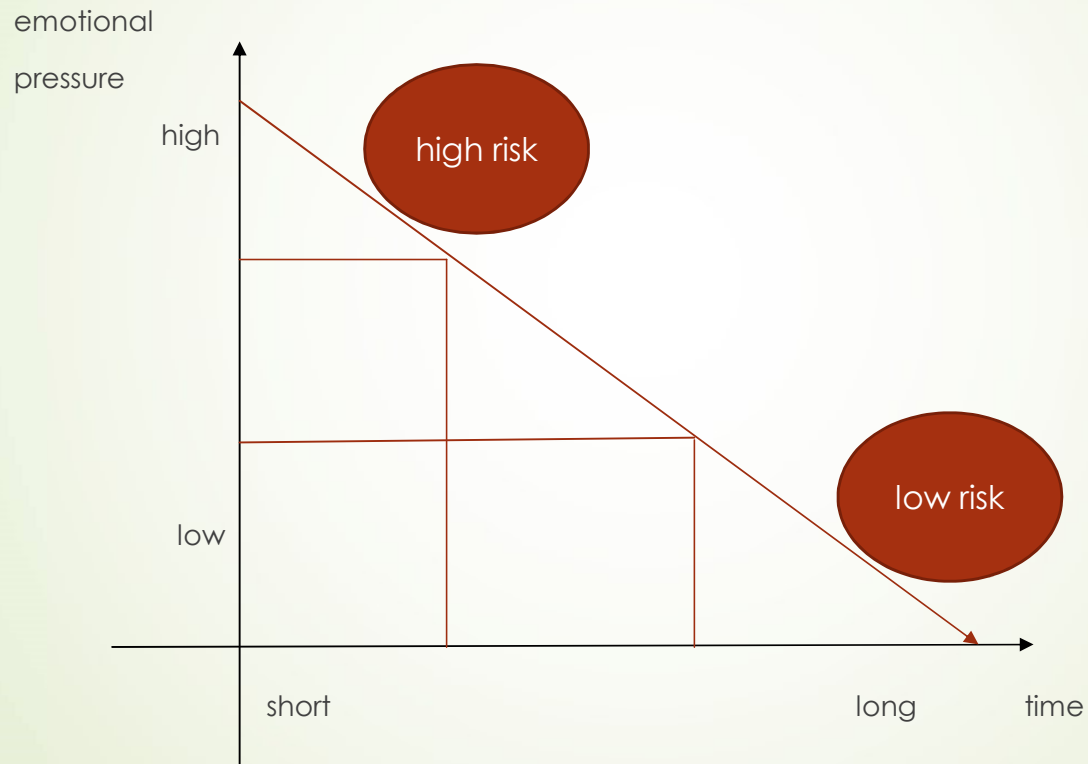
- ▶ Victim crisis: the Organization is the victim in this specific case
- ▶ Accidental crisis: the Organization is caught by accident in negative events
- ▶ Intentional crisis: the management is liable for crisis responsibilities



Organisation crisis central points

- No planned factors: risks surprise
- No relevant information: it is not possible 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





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 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



ACTION PLAN – LONG TERM -

- ▶ 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