



Regester Larkin
Energy

Crisis Management

Post-Macondo:
Meeting the Crisis Management and
Communications Challenge

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**National Ocean Industries Association
Washington, D.C.**

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Agenda

1. Introducing RLE
2. List of our clients
3. What is crisis management?
4. The consequences of getting it wrong
5. Crisis management: a special challenge for energy companies
6. The fundamentals of good crisis management
7. Critical success factors: Big Companies vs. Mid-and Small-Caps
8. Behavioral pitfalls to avoid
9. The fundamentals of crisis communications
10. Best practices are within reach



Regester Larkin Energy

Regester Larkin Energy is an international energy consultancy that advises companies operating, serving or investing in the energy, extractive and related industries to *earn*, *maintain* and *expand* their license to operate.

We advise the senior management of super-majors, national oil companies (NOCs), large independent oil & gas companies, utilities, service and extractive companies. We also help investors, insurance companies and other financial institutions evaluate the 'above ground' risks of proposed energy sector projects and deals.

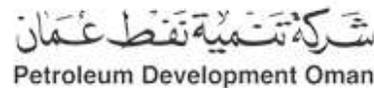
We do this by providing expert counsel in six key practice areas:

- Business intelligence and insight
- Strategy development
- Policy and positioning
- Strategic communication
- Crisis management and emergency response
- Assurance and assessment

Regester Larkin Energy has offices in **Abu Dhabi, London and Washington DC.**



A selection of current and recent clients



24 months of extraordinary unpredictability



Crisis or Emergency?

Emergency	Crisis
Usually an accident / incident	Incident, allegations, criticism
Usually Operations / HSE lead	May involve everyone
May be very serious (eg: fatalities)	<i>Perceived</i> externally as serious
May have media interest	External stakeholder concern (including media)
Managed by an Emergency Management Team	Managed by a Crisis Management Team



Crisis vs. Emergency – Short Summary

Emergency	Crisis
Manageable “ inside the fence”	Must also manage “ outside the fence”



So, in essence, a crisis is:

An event that...

... *threatens* – or is perceived to threaten - organizational or service viability *and* which is characterized by *ambiguity* of cause, effect and means of resolution as well as by a belief that decisions must be made *swiftly*.

(adapted from Pearson & Clair: 1998)



What is crisis management?

Strategic

- License to operate
- Long-term reputation
- Bottom line

Crisis Management Team

Senior execs, including communications, managing strategic response 'outside the fence'

Operational

- Tactics
- Problem solving

Business Continuity

Activating BCP / Disaster recovery

Emergency Response

Managing operational response 'inside the fence'

Corporate Communications

Incident

Eg: crash / bang / spill

Non-operational crisis

Eg: escalating issue / allegations / mounting criticism



The consequences of getting it wrong

Affect your license to operate...

- **Regulatory / legislative change**
- **Impact on access to deals and markets**
- **Impact on investors and insurers**
- **Public and political hostility**
- **Partners, suppliers and customers will run**



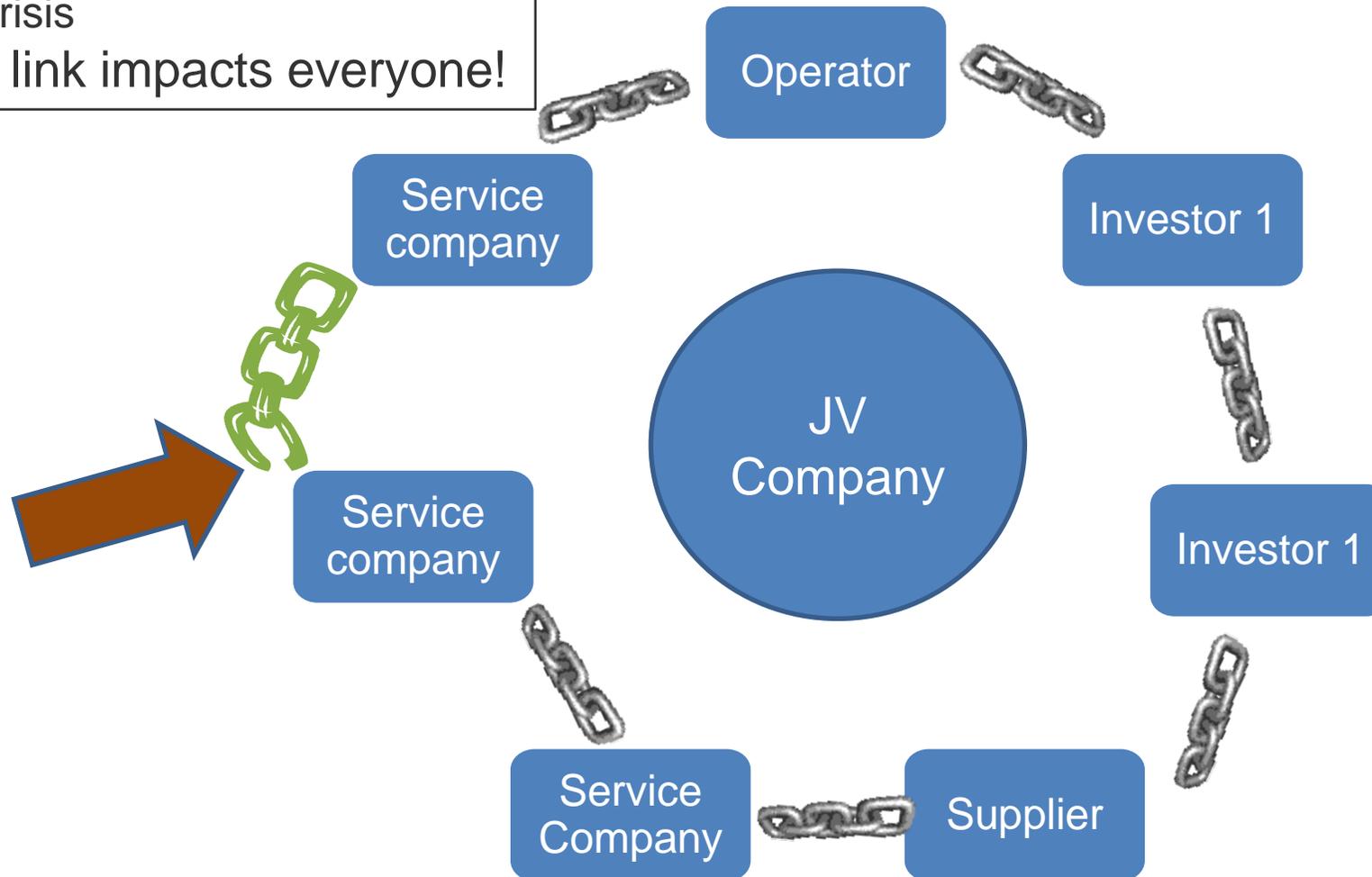
A special challenge for energy companies

Engineers	Public / media
Decision making is objective and focuses on quantifying technical risk	Decision making is subjective and value-based
RISK = Hazard (physical risk x likelihood of it happening)	RISK = Hazard + Emotion (preconceived attitudes, values and biases)



A special challenge for energy companies

- How to merge/join systems?
 - Safety
 - Crisis
- Weak link impacts everyone!



Fundamentals of good crisis management

- Effective **leadership**...
- Within a clearly defined **structure**...
- Of trained and **competent professionals**...
- Implementing agreed **process**...
- With user-friendly **tools** ...
- to be **seen** to be *doing*
and **heard** to be *saying* the **right thing**.



Critical success factors

- Strong leadership – EQ + command and control
- Quick decision making – 80/20 rule
- Proactive crisis management approach; taking responsibility without being liable – not being afraid to say ‘sorry’
- Clear, continuous communication with all major stakeholders and media
- Good, established stakeholder relationships
- Robust CM structure with clear roles, responsibilities and accountabilities
- Well trained and confident teams
- If in doubt: **prudent over-reaction**



Pitfalls to avoid

- Trying to find the **right answer** and missing the bigger strategic questions
- Focusing on the **inside out**
- **Unclear** allocation of tasks and responsibilities
- Poor cross team working and operating in **silos**
- Forgetting that people need a **break**, particularly yourself
- Relying too heavily, or not enough on the **procedures**
- Forgetting what a **compassionate** response looks like



Crisis communications fundamentals

Tell it all

Tell it fast

Tell it truthfully



Key messages

- 1) People
- 2) Environment
- 3) Asset



- 4) Money (tomorrow)

All the Ws (almost!)

- Care & Concern
- Control
- Commitment

Truthful

Irrefutable

Relevant = audience!



Best practices are within reach

- Make sure that you have covered all the basics – and have them documented and understood internally - Who is on the team? Who is responsible for what?
- One of the main requirements is also one of the least expensive: prior planning
- Consider the various ways that a crisis might emerge (scenarios) and plan accordingly
- In the end, no amount of money will make up for a bad plan – or no plan – and poor execution



24 months of extraordinary unpredictability



Final Thoughts

1. NEVER think it will not or cannot happen to you.
2. Who “owns” crisis preparedness in your organization?
3. Make sure you have a crisis management plan...beyond an emergency response plan (and the linkage is right).
4. Practice yearly; include your partners; the people matter.
5. What can happen is only limited by your imagination.





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