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Is Your Organization Prepared for a Crisis?

5 Steps to Take Now for Crisis Management

by Eric Hirschhorn

When the 2008 housing collapse occurred, most institutions were caught completely off guard. It was uncharted territory for lenders, servicers, the federal government and homebuyers. A lot has changed since then and a lot has been learned, too, including what *not* to do, and how to respond should disaster strike. Here are a few tips that financial institutions should consider from a communications standpoint before a problem occurs:

1) **Proactive Consumer Education**. Provide homebuyers with tools and resources to help them navigate through difficult situations that could significantly impact their mortgage. Keep the tone friendly and helpful. Avoid excessive legal jargon that could send an intimidating message.

2) **Have An Internal Disaster Plan.** Create a task force or advisory board of key leaders (from senior management including IT, legal, security and marketing). Discuss possible scenarios that could rock the stability of the organization. These could be financial, regulatory, technology-related, legal, physical, market-related, or reputational. For each category, designate a primary lead who will identify and assess the scope of the issue, and propose possible resolutions. The team can then determine how best to proceed, and what other immediate and preemptive steps are to be taken to: restore operations, minimize damage and begin to rebuild positive sentiment.

3) **Know the Numbers.** Stay informed. Be aware of indicators and tipping points that can signal a looming larger problem. Don't rely on others to tell you what's going on; it may be too late when they decide to involve you or ask for help. Read reports, pay attention to news that could impact your customers, and engage with your institution's analysts and information gatekeepers on a regular basis.

4) **Get Creative.** New problems, such as the 2008 collapse, dictated an entire shift in thinking to understand and address an unprecedented event. As an example, during the housing crisis, mortgage lenders had to drastically change their tone in homebuyer communications. Adopting a clear, understandable and more empathetic approach by lenders allowed homebuyers to make informed decisions, resulting in more people who were able to stay in their homes. Be willing to: include additional brainpower, consider radical new ideas, think through the impact, and take a 360-degree view of possible solutions.

5) **Communicate**. Talk to colleagues, industry leaders, trade organizations, consultants and regulatory experts who may have experienced similar situations. Learn as much as possible about the issues and surrounding concerns to develop a cohesive plan. Then, let internal and external clients know what's at stake for them, and what's being done to protect their interests. Don't wait for them to ask. Lastly, do not point fingers at others. Blaming only begets more of the same and everyone loses.

Most people understand that mistakes and events out of one's control can happen. Leadership involves facing a problem head-on, acknowledging it and correcting it quickly. Being prepared for unfortunate events and "what ifs" is the first step to successfully mitigating them.

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