Focus on: Making crisis simulations matter
The Deloitte Center for Crisis Management

A plan is only a plan until you put it to the test.

You know it’s coming. But not when, where, or how big. You’ll sleep a lot better if you’re confident your crisis management plan works. One of the ways to earn that confidence is with a program of effective, multidimensional simulations that test your board, your C-Suite, and the organization that stands behind them. Do you feel this is “for real” while it’s happening? That’s one test of effectiveness. Do you feel you really learned something afterward? That’s an even bigger one.

There is more than one way to approach a simulation. The ones that create lasting value go far beyond the theatrics of a simple “fire drill” that focuses only on a short-term crisis. An effective crisis simulation puts the organization to a stringent test, whether or not the scenario represents the worst case. It demands the right questions and the right responses. It cascades realistically from one decision point to another. It plays through both your external and internal worlds. It leaves participants, including the C-Suite, feeling they’ve truly learned something by testing their responsibilities under trying circumstances that subject them to uncertainty, ambiguity, and conflicting and incomplete information—where there is often less known than unknown—so the crisis modus operandi permeates all levels of the organization from the boardroom to the front lines.

The foundation of this approach is preparation. The objective might be an orderly exploration of strategic market risk, a dramatic moment-to-moment sequence of scenarios and responses, or something in between. The trigger might involve technical failure, market disruption, natural events, or deliberate malfeasance. In each case, the effort an organization puts into planning and customizing its crisis simulation approach can pay off many times over when a real crisis strikes—in personal preparedness, process improvement, team coherence, and raw confidence. The result is a team that’s more confidently equipped to handle crisis, faster in reacting to it, and ready to scale up the necessary resources for response and recovery.
Making crisis simulations matter

Focus on:

• agendas different from your own.
• realistic injections of “news” and stakeholders with imagined, it should include externalities, including still some organizations that don’t use simulations at all—monitors or ether interactions of “news” and stakeholders with agendas different from your own.

People should interact as they would in real life. They should consider and challenge each decision multiple times on finance and operations—and those decisions should have palpable consequences. If participants run up against the limits of simulation, the game hasn’t been designed broadly enough.

A maturity-based approach

Depending upon the purpose of the simulation, the scenario design, and the resources available, simulation approaches will vary.

At one end of the scale, a simulation can be as simple as a discussion of likely scenarios. The next level is a formal rehearsal of roles that tests strategies, information flows, and communications in a highly realistic, scripted environment. The most intense simulations can real military “war games” in which dynamic use worst-case scenarios and immersive, even stressful, environments. When participants make decisions, they mirror the consequences those decisions will have, days, weeks, and even months later. Just as important, decisions need to be made at the right levels. Executives need to be confident others will handle the tactics while they focus on the outcomes, key takeaways, and future consequences. Getting ahead of the game is critical for them.

An organization could choose a specific place along this spectrum to stage a needed simulation, depending on participants, resources, and timeframes. The next step involves preparing a prescriptive program that builds through simulations of increasing challenges following its organizational maturity. No matter what type of simulation your organization chooses to conduct, realism is invaluable. The simulations need to capture your internal world as well as your external environment, including customers, regulators, competitors, suppliers, and governments, whenever appropriate and possible. It should help participants reach sound decisions while information flows in a highly realistic, realistic, scripted environment. The most intense simulations can simulate military “war games” in which dynamic use worst-case scenarios and immersive, even stressful, environments. When participants make decisions, they mirror the consequences those decisions will have, days, weeks, and even months later. Just as important, decisions need to be made at the right levels. Executives need to be confident others will handle the tactics while they focus on the outcomes, key takeaways, and future consequences. Getting ahead of the game is critical for them.

Simulations of action

Cyber readiness for energy security

A major European energy provider had been through several simulations already and wanted to reinforce the lessons its Crisis Management Team had learned. In simulation, a large scale cyber incident, the team would practice communication and operational response involving multiple teams, with over 100 people taking part. Scripted injects and mock media response added to the realism of the simulation. In the end, management and staff increased their understanding of the impact a cyber-incident might have, honed the decision-making skills they would need, and were much more confident of the first hand how they would work together under stress.

Gold medal confidence

The organizing committee of a global sports event used more than 200 simulations to prepare for the event. In an environment of rapid growth and dependence on a large number of public and private delivery partners, these simulations helped the organizers develop teamwork, test protocols, and verify that everything was ready for everything from day one. It was a philosophy and mindset, put into action through simulations, and was key as a test the heart of the success of the events.

Transport on the right track

A national transport operator in the Asia Pacific region used simulations to stress test existing crisis management protocols, so stakeholders throughout the organization—as well as the Department of Transport and private delivery partners, these simulations helped the organizers develop teamwork, test protocols, and verify that everything was ready for everything from day one. It was a philosophy and mindset, put into action through simulations, and was key as a test the heart of the success of the events.

A “new” dawn of preparedness

In 2013, one of the most comprehensive cybersecurity simulations ever conducted tested the crisis readiness of the financial services industry as a whole. The test involved a series of simulated systemic attacks that attempted to disrupt trading in the U.S. equity markets and key financial centers including New York and Washington D.C. (proportioned areas where improvement was needed—including the industry’s crisis management playbook and the coordination among market participants, industry groups, and government agencies). The exercise greatly enhanced the financial services industry’s readiness for incident response and crisis management, and bolstered the public-private partnership between the financial services sector and various government and regulatory agencies.
The Deloitte Center for Crisis Management

No one knows when a turn of events will demand the best your organization can deliver. No matter what form it takes—whether it’s front-page news or a quiet struggle only you know about—crisis is a moment of truth that test your readiness, resilience, and character.

The Deloitte Center for Crisis Management is here to help organizations prepare for, respond to, and emerge stronger from major crisis events. The Center offers dedicated crisis management services through Deloitte member firms (Deloitte), bringing the full breadth of Deloitte’s capabilities together into a comprehensive solution for clients facing major business-threatening crises. In addition to its global team of experienced crisis management specialists in the Americas, Europe/Middle East/Africa, and Asia Pacific regions, Deloitte has resources in every industry and discipline who can help bring experience and realism to crisis planning. Deloitte draws on simulation and war games expertise from Simulstrat, a pioneer in simulations and war games for public and private sector organizations with academic and military roots in the department of war studies at King’s College London. In addition, the Deloitte U.S. firm’s Federal wargaming experts bring their in-depth knowledge and techniques to crisis simulations.

Disruptive events bring not only danger, but also opportunity—the “unforeseen advantage” you can seize if you’re prepared. To learn more, visit www.deloitte.com/crisismanagement.

This paper is part of Deloitte’s commitment to provide insights that help board members and senior executives navigate the crisis management lifecycle, including readiness, response, and recovery.

Contacts

Jeremy Smith
Global Leader
Deloitte Center for Crisis Management
Deloitte Touche Tohmatsu Limited
jesmith@deloitte.com

Johanna Jones
Associate Director of Strategy Development
Deloitte Center for Crisis Management
Deloitte Touche Tohmatsu Limited
jojones@deloitte.com