



Focus on: Keeping energy and resources flowing

The Deloitte Center for Crisis Management



Continuously resilient

Energy and resources are the lifeblood of society. When that flow is threatened or disrupted by crisis, the effects can ripple into economies, cultures, and livelihoods.

The spectrum of crisis triggers ranges from technology infrastructure and outages through natural disasters, cyber threats, regulatory action, geopolitical threats, and environmental damage. To meet the dangers, including lasting harm to reputation and value, organizations must prepare, be vigilant for the emergence of threats, and resilient in recovery.

There's a difference between the organizations that rebound from crisis and the ones that don't. It starts with planning – and it takes a kind of agility that traditional project management methods can't produce. It's vital for organizations to build robust crisis plans and keep those plans up to date. That way, they can keep the resource chain unbroken no matter what crisis may arise.

Surprises lurk within the known

Preparing for a crisis means identifying the vectors that will affect your organization. And sometimes, the obvious crisis can mask your awareness of a more serious threat 90 degrees to the side. For example, a data center flood probably feels like an IT crisis. When you realize you have a viable alternate site but not enough electricians available to connect it, the same event can become a personnel crisis as well. A physical accident may turn quickly into a fiscal crisis. The SCADA (supervisory control and data acquisition) problem that feels like an operational issue may also be a safety issue. Whatever the apparent threat, there may be an accompanying threat that lack of awareness may bring game-changing danger.

Anticipate, prepare – and think long-term

The time to know how well your crisis management plan applies to the threats you actually face is not the moment when your future depends on it. By the time crisis strikes, an organization should have amassed the confidence and self-knowledge that can come only from analysis, scenario planning, and simulation that looks beyond a single moment. It's one thing to address business continuity. It's another thing to look beyond that to long-term resilience.

New threats on top of old ones

To face a crisis with confidence, energy and resources organizations need to preserve long-held beliefs while embracing new realities. The industry has traditionally focused on a culture of physical safety, from oilfields to control rooms to transmission grids. That remains critical. But now the lines between information and physical safety are blurring. For example, cyber threats have made their way into physical safety systems. Preparing for a crisis today requires a visionary approach by organizations to ensure safety transcends all aspects of your business.

The energy and resources industry is global and interconnected. To fulfil its business strategy – and to meet its minute-to-minute obligations to customers and other stakeholders – each company relies in one way or another on continuity and reliability. Disruptions that affect production and markets can also affect the natural environment, public health, and social order. Organizations that operate in this field spend every moment at the intersection of all those threat vectors and effects.

How to start

Start from the top. Because that's where crises finish. Boards and senior management set the tone for a culture of risk intelligence. Some can invite complacency by appearing uninterested. Some can create tension by taking too active a role. But an informed, involved leadership team can keep crisis management on target.

Tear down the silos. Including the one that surrounds your entire organization – the one between you and your third-party relationships. External relationships are a critical piece in both operations and potential threats. Failure to see the big picture only heightens the threats to an organization's entire reputation, its value, and even its existence. Build preparedness and resilience across and beyond your landscape. Crisis doesn't respect silos, so your crisis plan shouldn't either.

Prepare the people. Triggers, procedures, and countermeasures are the limbs of a crisis management plan. People are the brain and the heart. If you think "survive," then survive is the most you'll do. If you think "bounce back stronger," the effort you put into being attentive as well as training and overall preparedness, you can create a true culture of resilience.

A world of crisis triggers

Crisis can be malicious, accidental, or completely random. Most organizations are susceptible to threats from more than one of these potential triggers:

Malevolence & cyber	Misdeeds & financial crime	Financial disruption	Technological & industrial	Confrontations	Other catastrophes
Cyber attacks, identity theft, or product tampering	Fraud or other criminal activity	Financial failures that threaten a company's very existence	Complex systems fail, either through accident, mismanagement or sabotage	Legal, commercial, geopolitical, military conflicts	Natural or man-made destructive events that disrupt almost everything

Energy and resources crisis management in action

Generating confidence

Executives of a large energy company with nuclear generation assets wanted to think ahead about managing significant crises. Though the company had incident management plans for individual business units, it lacked a strategic, integrated approach at the enterprise level that engaged the executive. By creating an enterprise crisis management framework – and a plan to address the needs of all stakeholders, including leadership, employees, the board, regulators, shareholders, media, and customers – the company was able to define accountability, roles and responsibilities, processes, governance, and communications. Repeated rehearsals and practice sessions over multiple years tested the plan and kept participants sharp while identifying and closing structural and performance gaps. The end result was increased confidence throughout the organization, particularly at the leadership level, to act decisively and quickly around crisis management. The company today is fully prepared to implement its crisis management framework without delay and has done so very effectively.

Building risk intelligence into everyday operations

A North American integrated energy company recognized that the upstream and downstream cascade of any crisis would put its entire operating model at risk. With financial margins thinning and resiliency decreasing across the industry, the company saw that process inefficiency was no longer an affordable risk. So it launched an enterprise-wide operational excellence initiative that included plans for enhanced crisis response – and measures to head off events before they reached crisis level at all. The program embraced security and process controls, information quality, records management, business intelligence analytics, and regular tests of the security environment. The company enhanced its Enterprise Risk Group and brought risk-aware thinking to finance, HR, production, and other operational areas. As a result, the company has fully stood up its operational excellence regime in which hard metrics continually evaluate threats to production and a risk-centric approach permeates all parts of the business.

Back online, forward with greater security

When catastrophic structural failure reduced an important regional generating station to a fraction of its capacity, the power company's need was twofold: an immediate operational response and long-term strategic planning. Using an "action center" command structure established during earlier insufficient generation crises, the company coordinated immediate load shedding and worked to manage the public reaction to a sudden change in power availability that threatened to produce nationwide economic effects. Meanwhile, rerouted fuel supplies accelerated the station's return to more normal output levels. The lessons from this incident and the deliberate approach to crisis management left the company more risk-aware and resilient for whatever the next crisis may be.

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 tests your readiness, resilience, and character.

The Deloitte Center for Crisis Management helps organizations prepare for, respond to, and emerge stronger from major crisis events. In addition to its global team of experienced crisis management specialists, Deloitte has resources in every industry and discipline who can help bring experience and realism to crisis planning.

From the oilfield to the wind farm to the executive suite, the more than 7,000 practitioners who make up Deloitte’s Global Energy & Resources practice deliver comprehensive, integrated solutions to companies that offer a fresh outlook on the sector’s new and ongoing dilemmas. We draw upon detailed global and local knowledge in the Oil & Gas, Power, Mining, Shipping & Ports, and Water industries to help address crisis through prevention, active crisis management, and recovery.

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 our commitment to provide insights that help board members and senior executives navigate the crisis management lifecycle, including readiness, response, and recovery.

Contacts

Jeremy Smith	Philip Fodchuk
Global Leader	Global Leader
Deloitte Center for Crisis Management	Energy & Resources Crisis Management
Deloitte Touche Tohmatsu Limited	Deloitte Canada
jesmith@deloitte.com	pfodchuk@deloitte.ca
+ 212 492 4246	+1 403 503 1319

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as “Deloitte Global”) does not provide services to clients. Please see www.deloitte.com/about for a more detailed description of DTTL and its member firms.

Deloitte provides audit, consulting, financial advisory, risk management, tax and related services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries and territories, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte’s more than 210,000 professionals are committed to becoming the standard of excellence.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the “Deloitte network”) is, by means of this communication, rendering professional advice or services. No entity in the Deloitte network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.

© 2015. For information, contact Deloitte Touche Tohmatsu Limited.

4 Focus on: Keeping energy and resources flowing