2.0 Crisis Management

Chapter contents

- Crisis defined
- Crisis Management
- Perception of Business leaders about crisis, Interview respondents, foreign successful leaders.
- Crisis Management Theory

2.0 Crisis:

Crisis can be defined in various ways but the most common perception about the crisis is a situation different from normal business environment and which needs to be addressed to avoid future unseen problems leading to losses to company. Loss can be in-terms of revenue, market share or brand image in the market.

Crises for a company can take many forms. Whether they are accidental, financial, legal or otherwise, there is one thing that all affected companies have in common; a critical need for successful managerial and operational response as well as effective communication with both external and internal stakeholders.

Some of the crisis definitions are

‘Critical event or point of decision, which if not handled in an appropriate and timely manner (or if not handled at all), may turn into disaster or catastrophe’.1
‘Situations may result from external factors such as the development of a new product by a competitor or changes in legislation, or from internal factors such as a product failure or faulty decision-making, and often involve the need to make quick decisions on the basis of uncertain or incomplete information.’

‘The form of management adopted in an emergency or an exceptional situation which focus all the resources of the organization on getting through a temporary period of difficulty, leaving more or long term fundamental issue aside.’

‘Crisis is an unexpected event that causes stress to the institution’s community or some part of the community. A crisis disrupts the institutions normal operation, requires immediate response and follow-up action once the response is completed.’

‘Corporate crisis can be defined as, a loss of equilibrium in one or more of its sub systems, which might affect the company’s goals tarnishing the total image of the company that might in turn threaten the existence of the company itself’.

‘A good crisis is when you test your team and when the opportunities occur in the market. A constant search of opportunities is a key for success and when appealing opportunity is there, one has to grab it move on it very fast.’

“Crises are situations which threaten the integrity, reputation, and ultimately the viability of a company.”

Jay G martin

“The easiest period in a crisis situation is actually a battle itself. The most difficult is the period if indecision; whether to fight or run away. And the most dangerous period is aftermath. It is then, with all his resources spent and his guard down, that an individual must watch out for dulled reactions and faulty judgments.”

Richard Nixon 37th US President

“When return in Chinese the word "crisis" is composed of two characters – one represents danger and the other represents opportunity”

J. F. Kennedy, 35th US President
“The term “crisis” is often used because it can refer to various events that can disrupt normal business activities. A simple definition of crisis is any event that threatens people, tangible assets, or intangible assets in any way that prevents or slows the normal business process”

Glen Trest and G H Guernsey

There are various definitions of crisis as prescribed above. These definitions can be summarized, as

“Crisis is a situation which creates impact on management thinking process, and enforces new strategy development, expects utilization of resources or creating new resources and creates a change”

“Crisis may create impact on the way things are done. It creates a new approach to handle the situation. Crisis creates a bunch of opportunities, where business organizations can create a change from old systems to more effective systems.”

“Crisis is a situation where it disrupts the normal situation of the business and demands the quick attention to bring the situation to normal as early as possible. This disruption can create a loss of value for different stakeholders.”

“Crisis is a change, sudden or evolving. It results in urgent problem that must be addressed immediately. For a business, crisis is anything that causes serious damage to its employees, reputation or bottom line.”

2.1 Crisis as opportunity:

Successful business houses and business leaders perceive crisis as an opportunity available for improving the market share, creating a background for change, introducing new systems and work culture, practicing innovations and introduction on new business models, new products, new concepts etc.
Giam Swiegers, CEO Deloitte Australia

- Difficult times are opportunities for leaders to demonstrate what they are made off.
- A leader’ perceptive on difficult situation can mean the difference between communicating opportunity and communicating paralysis to an organization.

J. W. Marriott Jr. Chairman and CEO Marriot International

- As one studies and learn what is going on in industry, he will discover appealing opportunities.
- Searching, preparing and studying for opportunities can provide a critical competitive advantage in negotiating deals.

Anders Dahlvig, Group president and CEO, IEKA Services

- In times of sustained growth and a strong economy, planning company’s responses to eventual downturns is important to future successes.
- Counterintuitively a well-planned growth strategy can distance organization from the competition during an economic downturn.

Mary Cantando, Founder WomenBusinessOwner.com

- It’s easy to play a good hand, but a true master can play a poor hand well
- Attitude to look for the good in bad situation, positions to explore hidden opportunities.

Richard Pascale, Associate Fellow, Said Business School, Oxford University

- Conflict is an essential force for creating the disequilibrium that allows people and organization to learn and grow.
• All organizations contain hidden tension that, if identified and embraced, can be powerful catalyst for forward momentum.

David Brandon, Chairman and CEO, Domino’s Pizza

• Disruptive changes can be an opportunity for organization to create successful outcomes.

• One of the best ways to prepare an organization for change, particularly when change is perceived as negative, is to promote mindset that wants to embrace it.

Amelia Fawcett, Chairman Pension first

• The ability to make decisions is truly tested when those decisions are difficult, unpopular and subject to criticism.

• Long term strategic goals can guide and fortify convictions in the rightness of decision

William Johnson, Chairman, President and CEO, H. J. Heinz Company

• An understanding of strengths and weaknesses based on facts and sound analysis underlies good strategy and efficient management.

• Counter intuitively, it may be necessary for a company to become smaller, even temporarily, in order to achieve its strategic objectives over the long term.

• In embarking upon new or Counterintuitive strategy, one should over communicate plans to shareholders, stakeholders and constituents who may not understand its benefits.

Clayton Christensen, Professor of Business Administration, Harvard Business School

• What disrupts successful, well-run companies is not the introduction of new and better products from the competitors; it is the introduction of
cheaper, simpler products into the bottom of market, which then takes root in undemanding applications and move up.

Paul Anderson, Chairman Spectra Energy

- While approaching a new situation, do not think that you have all answers.
- One person’s knowledge cannot compete with the knowledge that exists within the entire organization.

Robin Chase, Founder and former CEO, Zipcar

- In order to identify and correct failures, as well as to amplify opportunities, it is critical that a company perceive itself as a learning company.
- Do not avoid or ignore mistakes or failures, but correct them as quickly as possible, regardless of short-term discomfort and fear.

Ken Freeman, Former Chairman and CEO, Quest Diagnostics

- In times of poor product performance, getting employees focused on the customer is a key to return to profitability,
- Leaders must act inventively to reach their employees and articulate a vision that encourages their active participation to customer focused change.
- Employee satisfaction produces customer satisfaction, which ultimately yields increased profitability and improved shareholder satisfaction.

2.1.1 Crisis Perceived by various Indian Business leaders

Darshan Shah, CFO Kalyani Lehmerz

- Crisis is failure in long-term investment planning, required for growth and sustenance of business.
S. B. Waghmare, Managing Director Suyog Autocast Pvt Ltd.

- Crisis is an opportunity to change management culture and create a sustainable long-term business opportunity.

Ravi Ketkar, CFO Autoline

- Crisis makes you a hunt for new avenues and business options for survival.

Sachit Nayak, Finance Director Eaton

- Crisis is nothing but understanding of a right time to create a change.

Dinesh Deo, Plant Head Saint Gobain Sekuritat, Chakan

- Crisis is an outcome of mismanagement of various facet of business and failure of weak links in the systems.

Supriya Badve, Director Badve engineering Limited

- Crisis is nothing but failure to understand “Now” and weak response to “Now”

Dilip Palve, Chief Operating Officer, Victor Gaskets India Limited

- Crisis is outcome of priority for unplanned activities, mistrust in supply chain and presence of invisible breaks in systems.

D. A. Bhargav, Radheya Machining Limited

- Crisis is an outcome of understanding the gap between the business potential and our own capabilities.

- Market is always unlimited but our limitations to develop the capabilities to capture the opportunities leads to business crisis.

Vinod Kale, General Manager Corporate, Finance and Accounts

- Crisis is an opportunity to improve balancing skills of various business forces including customer demands and inbuilt internal process hurdles.
S Sridhar, Head Lucas TVS Chakan plant

- Crisis is a negative gap between industry performance and our business performance.

2.2 Crisis Management Defined:

1. Set of procedures applied in handling, containment and resolution of an emergency in planned and coordinated steps
2. Management of business during a period of crisis
3. Actions taken by organization to protect it when unexpected events or situations occur that could threaten its success or continued operation.

Crisis management can be defined as an approach to minimize the negative impacts on business and stakeholders. These include the various actions taken by company and strategies implemented.

2.3 Crisis Management Approach:

Crisis management approach depends upon the crisis, which needs to be addressed on priority. A business unit will face a crisis induced by external business environment or the self-inflicted crisis from internal business environment. Normally the factors, which can be controlled, altered or modified by a business unit, are considered as internal environment, and the factors, which demands adaptation of situation by business unit, are considered as external factors. Normally business decisions can influence internal environment but at the same time, external business environment may enforce some strategic decisions on business unit.

Crisis management can be as routine as the internal financial controls that prevent embezzlement. Crisis management requires an analytical approach to define a tradeoff between cost of avoiding the risk and the cost risk would inflict. In crisis management, contingency plans are normally prepared not to avoid crisis but to ensure normal working conditions as quick as possible.
2.3.1 Business Environment:

Broadly, business environment is considered as a combination of external factors and internal factors, controllable and non-controllable factors. Internal environment is nothing but the resources where company has direct control and factors can be managed easily. The internal environment consists of technology, human resource, product and processes, sources of finance, assets, organization structure etc.

External environment consists of fiscal and monetary policies of Government, Political interference and policies, State of economy and purchasing power of consumers, potential market and performance of industry, global competitive forces and types of competitions, Legal and political framework, product life cycles and consumer demands etc.

A figure gives a generic view about business environment and interdependence of these environments.

Figure 2.1 Business Environment

<table>
<thead>
<tr>
<th>Business Environment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>External Environment</strong></td>
</tr>
<tr>
<td>Market, Competition</td>
</tr>
<tr>
<td>Government Policies</td>
</tr>
<tr>
<td>State of Economy</td>
</tr>
<tr>
<td>Social Aspects</td>
</tr>
</tbody>
</table>
2.3.1.1: Crises related to External Business Environment:

Crises related to Market:

- Contraction in business potential
- Cutthroat competition
- Reduced profit margins
- Higher rate of product obsolescence
- Lower product life cycles
- Dynamic changes in customer expectations
- Threat from global product substitutes
- Large product varieties and small volume demand from customers

Crises related Government Policies:

- Delay in project approvals
- Frequent changes in project specifications
- Uncertainty about future course of action
- Inconsistent fiscal and monitory policies
- Difficulties in tax planning
- Restrictions on growth
- Limited areas for operations
- Restrictions on capital formation
- Restrictions on product varieties and volume of production
Crisis related to state of Economy:

- Higher inflation rates
- Stagnation of business
- Higher borrowing costs
- Reduced consumptions
- Shortfall of demand and irregular consumption pattern.
- Sluggish product demand
- Scarcity of infrastructure

Crisis related to social aspects of business:

- Products and services rejected by society.
- Products are mismatch with culture prevailing in society
- Some sections of society are dominant and decide product consumption trend.

2.3.1.2: Crises related to Internal Business Environment

Following are various crises faced by Automobile Industry related to change in internal environment. Internal business environment is a combination of various resources utilized by company for production of components.

Crisis Related to product development, Research and Development

- Delayed product development cycles
- Lack of product development and testing facilities
- Shorter life span of products
- Shortfall of investment for research
- Government restriction on product development
Crises Related to Technology:

- Underutilization or idle capacity of machines and equipments
- Shortfall of financial resources for changeover to new technology
- Shortfall of technical skills to operate latest machines and equipments
- Higher maintenance costs because of use of high-end technology
- Frequent changes in technology and time lag to cope up with new technology.
- High cost of cutting tools and inspection equipments associated with new technology.
- Volume requirement for complete utilization is very high.

Crises related to Manufacturing Activity

- Old and worn-out machines and equipments
- High breakdowns and downtimes
- Intermittent production cycles.
- Process rejections and wastages
- Operational inefficiencies
- Quality issues

Crises related to Human Resource:

- Inadequate technical skills
- Resistance to change and acquire new skills
- Vibrant industrial relations.
- Labour strikes and non cooperation movements
- Discriminative and unfair HR policies and practices.
- Exploitation of workforce.

**Crises related Company Policy:**

- Higher attrition rates
- Higher costs of productions
- Shortfall of financial resources
- Financial loss
- Contraction of business opportunities
- Cot overruns and delayed completion of projects

**2.3.2 Crisis Management Approach for External Business Environment Crisis:**

A crisis induced by external business environment is uncertain. The reaction is very fast and it can create a severe long lasting impact on business. It may create a threatening situation and a question mark about the survival of business enterprise. Normally there are very few and weak signals about the crisis and people fail to recognize these signal. Failure to receive signals and response induce severe crisis for the organization.

A crisis management approach requires a proactive team, well trained to handle the crisis and reduce the impact on people affected and involved. Harvard Business School has given a generic approach for crisis management.

Crisis has many sources and these are often unique to a company’s line of business. A major crisis will affect the entire organization and may lead to collapse. The managers must act quickly to recognize its source, contain it and resolve the crisis with least amount of damage.
Some crises are like a fire and they start in small-unobserved area. If the smoke is smelt and identified early, the fire can be averted. If unnoticed these small fire can grow into catastrophic infernos.

Every crisis is a costly affair. Even the crisis is resolved and managed effectively; there will be a cost overrun in terms of money, market, public image and employee morale. These costs are learning opportunities for organizations. Smart organizations learn for every experience and apply the leanings to future challenge. Learning helps to become wiser and effective. These learning should be a base for avoiding and / or preparing for future crisis.

**Crisis management, master the skills to prevent disasters, Harvard Business Essentials III series, 2012**

Crisis Management Approach Given by Harvard Business Essentials is an approach to manage the crisis related with external business environment. External environment can create a long lasting effect on company and as a result, stakeholders may be dissatisfied. Continuous evaluation of changes in external business environment and projecting the probable impact on business performance should be ongoing activity in any organization. This approach will help to reduce the impact of unseen perils on business.

The steps suggested to develop proactive approach for external environment crisis management are:

1. Taking stock of potential perils.
2. Avoiding the avoidable
3. Contingency Planning
4. Crisis Recognition
5. Containment.
6. Crisis Resolution
7. Mastering the media

8. Learning from own experiences

**Taking stock of potential perils**

Sources of potential crisis

- Industry specific changes in business environment can induce crisis. These changes may be change in government policy, legal environment, fiscal and monetary policies of government.

- Price control mechanisms imposed by government, changes in tax structures can create impact on profitability of a product line and it will be difficult to sustain in competition. Government taxes on automobile industries depending upon the size, weight, ground clearance are some of examples, which have direct impact on product design. Boarder line cases are more exposed to these environments and can create a crisis for company.

- Economic and market forces- “A rising tide lifts all boats”, all business do well during good economic times and when the tide goes out, all the boats go down. The fortunes of all businesses are to some extent bound to the up and down of the economic cycle. Down phases are particularly dangerous to the companies having high fixed costs. Some companies find themselves exposed to an in favour / out of favour cycle.

**Identifying Potential Crisis**

- Business environment audit should be a regular activity like other statutory audits conducted by company.

- Market research should be conducted to identify predominant change in market forces and customer expectations.

- Close watch on government policies and proposed changes in legislative systems should be studied thoroughly.
Prioritizing Potential Crisis-

It is said that people are not very good at dealing with risk. They are afraid of so-called severe risky events having less probability of occurrence but they have ignorance attitude towards risks, which have higher probability of occurrence. A systematic evaluation of risks and measurement of probable impact will help to develop crisis management approach.

Simple mathematical function called as expected value can be used to prioritize the crisis management actions.

\[ E(X) = \text{expected value} = \text{anticipated outcome of an event (E)} \times \text{the probability of the event occurring (X)} \]

This simple equation weights the anticipated outcome by the probability that it will happen.

Avoiding the Avoidable-

Crisis avoidance can be as regular as the internal financial controls that prevent embezzlement or the squandering of corporate resources. It can be as complex as a product design. Manufacturing companies can avoid costly lawsuits customer boycotts and bad press by giving greater attention to product design.

Prepare a systematic program of crisis avoidance. A proactive approach about crisis, regular business environment audit, market research and understanding changes in legal systems will help to prepare crisis management plan and impact on business can be minimized.

Contingency Planning:

Contingency planning involves organizing and making as many decisions as before a crisis occurs. Precrisis planning gives people the time required to consider all options. They can think through, discuss merits and demerits of various reactions, and test their preparedness. Some risks are potentially more dangerous or costly than others. Use probability adjusted risk assessment to determine which risks can effectively neutralized through managerial actions or insurance. Many crises began as a small
problem. By heeding the signal of creeping crises, one can neutralize them before they grow dangerous and expensive. Some crises are self-inflicted. These can be avoided by thoughtful anticipation of the consequences of company policies and actions. Contingency planning can be done by using simple steps:

- Organizing a planning team
- Assess the scope of the problem
- Develop a plan
- Test the plan
- Keep the plan up-to-date.

Crisis Recognition

Crisis recognition is an important aspect of any crisis management. The teams can work more effectively in the early recognition of crisis rather than midway of crisis. Team will be prepared to address before the too much damage is done. Many crises begin as small embers that grow hotter, eventually ignite everything around them. It is quite normal experience, when crisis start small, people may fail to recognize but by the time they notice what is happening, the crisis has grown the point that it is dangerous and difficult to contain.

Some of the warning signals to recognize the crisis are:

- A technical discontinuity.
- Public resistance for introduction of new technology,
- Persistent rumors and speculations about company and employees

The situation and business environment generate early signals both positive and negative. Reading these signals is a business skill. Recognition and interpretation of these signals certainly is an important aspect of business. Knowingly or unknowingly, these signals may be ignored.
Crisis Containment preventing a bad situation from becoming worst:

Unaddressed crisis and left unchanged, some crisis will move from bad to worst. A crisis in one area can create a crisis in another area if not checked promptly. Crisis containment is defined as the decisions and actions that aim to keep crisis from growing worse. Containment of crisis is identification of problem and figure out the initial plans to stabilize the situation and prevent the crisis from growing worse.

Crisis Resolution:

Crisis resolution an important part of crisis management is a sequential approach, which a crisis management team needs to understand and implement. The approach includes

- Move quickly
- Gather facts continually
- Communicate relentlessly
- Document action
- Use project management techniques when appropriate
- Be a leader
- Declare the end of crisis.

Mastering the Media:

Communication is an important tool for every crisis management team, in every stage of crisis. Communication through the media – newspapers, television and radio must also be used to accurately frame the crisis in the stakeholders’ mind the message should be accurate and candid. It should present company’s point of view and include facts that support it.
Learning from Own Experience:

Learning during the crisis management should be a continuous process. The record should be maintained at each level of crisis management about the problems faced, solutions suggested and implemented. The document should also record what went right and what went wrong in the entire process.

Harvard Business School has given a generic approach and it is universal for all types of companies. Most of the successful companies use this universal approach by doing some modifications as per their expertise and requirements. There are other variants of this approach but majority of the contents are same.

2.3.2.1 ICFAI Approach:

A simple model is proposed by ICFAI University publication on Crisis Management.

Crisis Management Approach:\textsuperscript{8}

1. Appointment of a Crisis Management Team

2. Brainstorming

3. Fact sheet on Crisis

4. Official Spokesperson

5. Crisis team should demonstrate Honesty, Speed and Solution.

This Crisis management approach is simpler to understand and implement. Major focus is on team activity and interactive sessions on brainstorming. In case of crisis related to external environment, team should consists of experts from various sections of society, who can contribute for better results during crisis management. The fact sheet on crisis elaborates the definition of problem and suggested action plan to avert the problem.
2.3.3 Crisis Management Framework:

Figure 2.2 Crisis Management Framework
<table>
<thead>
<tr>
<th>The Internal Landscape</th>
<th>Landscape Survey</th>
<th>Strategic Planning</th>
<th>Crisis Management</th>
<th>Organizational Learning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identify the organizations weakness</td>
<td>Form crises management team</td>
<td>Return the organization to an operational Status</td>
<td>Evaluate success and failure outcomes of the crisis management process</td>
<td></td>
</tr>
<tr>
<td>Determine Enthusiasm for Crisis Management</td>
<td>Develop Worst case scenarios</td>
<td>Manage the priority Stakeholders</td>
<td>Strive for organizational learning</td>
<td></td>
</tr>
<tr>
<td>Overview the organizational Culture</td>
<td>Formulate crisis management plan</td>
<td></td>
<td>Strive for organizational Renewal</td>
<td></td>
</tr>
<tr>
<td>Asses the environment</td>
<td>Conduct mock Disaster training</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Evaluate Company safety policies</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The External Landscape</td>
<td>Determine the industry vulnerability</td>
<td>Consider existing government regulations</td>
<td>Manage reactions of external stakeholders</td>
<td>Reap the benefits of industry renewal</td>
</tr>
<tr>
<td>Determine the political stability</td>
<td>Consider current industry standards</td>
<td>Negative Media Coverage, Public outcry</td>
<td>Be ready for new Government regulations</td>
<td></td>
</tr>
<tr>
<td>Asses the organization in relation to globalization implications</td>
<td>Develop working relationship with media</td>
<td>Web-based criticism and company hate websites</td>
<td>Be aware of new stakeholder outlooks</td>
<td></td>
</tr>
<tr>
<td>Asses the technological implications</td>
<td></td>
<td>Impending Government regulations</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Crisis Management framework suggested by William Rick Candell and other authors is a consolidated approach for internal and external business environment analysis and subsequent crisis management approach. The framework has added organizational learning as important aspect of Crisis Management. This framework gives the action plan and strategic linkages for effective crisis management. This framework helps to create linkages between the external or internal business environment, and provides a systematic action plan for effective crisis management.

Landscape survey gives a broader view about the crisis and one can explore the various related or unrelated areas to identify the potential sources of crisis. This landscape survey is base for further action plan. The strategic plan for each factor considered in landscape survey creates step by step activity plan to minimize the effect of crisis. The strategic plan may include functional level decisions for internal environment crisis and corporate intervention to manage external environment business crisis. Establishing the business operations to normal situation is a top priority. This also includes satisfaction of various stakeholders. Organizational learning should be documented and used as a reference to enhance crisis management skill. The learning should improve understanding of impact of business environment and develop a team to manage crisis effectively to create better opportunities for business.

2.3.4 Relational Model for Crisis Management

Harvard Business School has given a generic approach but this model is prepared on the holistic view of crisis management, that crisis prevention and crisis preparedness are as important as the overall process and the tactical steps to take once a crisis strikes. Furthermore, that the post-crisis cluster of activities has a critical function looping back to preparing for and managing future crises. This model represents group of ideas and not mere sequential steps in the process. The processes are interdependent and sometimes overlapping also. The model is non-linear and there is a sequential loop for refinement of crisis management process.
Crisis Preparedness

- Includes putting planning in place, assigning roles and responsibilities, establishing process ownership.
- Includes crisis management infrastructure, equipments, war-rooms, resources and documentation.
- Includes training programs, demonstrations, exercises and live simulations.

Crisis Prevention

- Includes processes such as audits, preventive maintenance, issue scanning, environment scanning, anticipatory management, future studies.
- Include identification, prioritization, strategy development and implementation.
Includes infrastructure, documentation and training.

**Crisis Event Management**
- Includes the transition from emergency, objective assessment, early recognition.
- Includes the activation process, system for callout, availability of back-ups, system redundancy.
- Includes strategy selection and implementation, damage mitigation, stakeholder management, media response.

**Post Crisis Management**
- Includes operational recovery, financial costs, market retention, business momentum, share price protection.
- Includes coronial inquests, judicial inquiries, prosecution, litigation, reputational damage, media scrutiny.
- Includes root cause analysis, management assessment, process review, implementation of change.

### 2.3.5 Evaluation of Crisis Management Approaches for external business environment.

Crisis management approach “Master the skill to prevent the disaster” Harvard Business Essential broadly describes disaster management. The disasters are not frequent happenings in the industry but the impact is long lasting and demands dedicated efforts and a thoughtful remedies to overcome the disaster. In MSME sector the impact of external business environment depends upon type of a company. External business environment have major impact on product companies than component manufacturing companies. This approach is effective and it may not be necessary to follow all the steps.

Crisis Management approach given by ICFAI is a generic than Harvard Business Essential. This model have a focus on corrective action rather than proactive approach to identify and prevent the crisis. For public companies, communication to stakeholders is necessary to gain confidence in business. For private companies, confidence in internal stakeholders is more important to manage the crisis.
Crisis management framework is a better approach, where it considers both internal and external factors. This framework is more suitable for automobile component manufacturing industry. The external environment landscape largely depends upon customer but internal environment depends on the technology and culture of the company.

Issue and Crisis management relational model presents effective crises management model. This model have a focus on planning aspect of crisis management. This model suggests planning and actions to be taken in Precrisis management situation to post crisis management situation. It helps to create a linkages for complete damage control and handle pre and post crisis management issues.

These models provide certain methodologies and insight for a crisis management. If we critically examine these models we can identify their advantages but the major limitations are the applications for medium scale and small scale industries. These models have a prerequisite of experienced workforce to understand the crisis and impact of crisis. These models also demand a separate team to manage the crisis. In medium scale and small scale industries employee engagement is a major problem.

2.4 Crisis Management Approach for Internal Business Environment Crisis.

Crisis management approach related with internal business environment, or self inflicted crises or the sudden breakdown in internal systems or system failures is much different than the approach for external business environment related crisis. Internal business environment normally relates to the factors where organization have direct or indirect control and these factors can be modified or altered easily as compared to external business environment, where organization doesn’t have any control.

Automobile and auto component manufacturing companies are doing consistent efforts to improve quality of the product. Automobile industry has seen lot of change in last 60 years precisely after Second World War when Japanese quality revolution was started. These three phases are

- Japanese quality movement
- The Toyota way
- New trends after 1996 such as six sigma, lean manufacturing, quality awards, International quality systems and certifications such ISO, TS etc
2.4.1 Japanese Quality Movement:11

After Second World War American auto companies were enjoying the advantage of their production capacities and a boom in market. It was a seller’s market and American companies were ready to supply the market demand. After Second World War, Japan was in a state of shock because of nuclear bomb disaster. Japanese were having scarce resources and shortage of technical skills. Japanese products were not up-to the mark and products were not accepted by customers.

This Japanese quality revolution was a first systematic approach for internal system crisis management. The contribution of four Quality Gurus namely, W. Edwards Deming, Joseph M. Juran, Philip B. Crosby and Kaoru Ishikawa; changed Japanese industry in nearly 20 to 25 years and Japanese products were considered as symbol of Quality. JUSE (Japanese Union of Scientist and Engineers) played a major role in the crisis management.

Contribution of quality Gurus created a change in thinking pattern about the quality of product. Their contribution has helped all automobile industries to improve product quality by continuous improvement. It has changed work culture in Japan. Japan made a dramatic change to manage crisis related to process improvement, use of resources and product quality improvement and finally cost effective products for customers.

2.4.1.1 Contribution of W. Edwards Deming:

Deming has given two most powerful approaches for internal process and product development crisis management. PDCA cycle and Quality Philosophy. PDCA cycle; “Plan – Do- Check – Act” is continuous improvement tool to achieve better results every time. Today lot of variants of this cycle is used in companies for internal crisis management.

Deming’s Guiding Principles

1. Create constancy of purpose toward improvement of product and service, with the aim to become competitive, stay in business and to provide jobs.
2. Adopt the new philosophy.
3. Cease dependence on inspection to achieve quality. Eliminate the need for massive inspection by building quality into the product in the first place.
4. End the practice of awarding business on the basis of a price tag.
5. Improve constantly and forever the system of production and service.
6. Institute training on the job.
7. Institute leadership to help people to do better jobs.
8. Drive out fear, so that everyone may work effectively for the company.
10. Eliminate slogans, exhortations, and targets for the work force asking for zero defects and new levels of productivity.
11. a. Eliminate work standards (quotas) on the factory floor. Substitute with leadership.

   b. Eliminate management by objective. Eliminate management by numbers and numerical goals. Instead, substitute with leadership.
12. a. Remove barriers that rob the hourly worker of his right to pride of workmanship. b. Remove barriers that rob people in management and in engineering of their right to pride of workmanship
13. Institute a vigorous program of education and self-improvement.
14. Put everybody in the company to work to accomplish the transformation. The transformation is everybody's job.

2.4.1.2 Contribution of Joseph M. Juran:

Juran’s Message on quality- “Intrinsic is the belief that quality does not happen by accident, it must be planned”. Juran gave a powerful ‘Quality Planning Roadmap’

1. Identify the customer.
2. Determine the needs to those customers.
3. Understand those needs and develop a product that can respond to those needs.
4. Optimize the product features so as to meet customer needs.
5. Develop a process which is able to produce the product
6. Optimize the process
7. Prove that process can produce the product under operating conditions
8. Transfer the process to operations.

2.4.1.3 Contribution of Philip B Corsby:

Corsby is well known for the concepts’ Do it right first time’ and’ Zero defects’. He considers traditional quality control, acceptable quality limits, and waiver of substandard products to represent failure rather than assurance of success.

Corsby suggested 14 steps for quality improvement

1. Management commitment for process improvement.
2. Quality improvement team for process improvement.
4. Cost of quality and process improvement.
5. Quality awareness as it relates to process improvement.
6. Corrective actions for process improvement.
7. Zero defect planning.
8. Zero defect day impact on process improvement.
9. Employee education creates process improvement.
10. Goal setting for process improvement.
11. Error cause removal in process improvement.
12. Recognition of process improvement efforts.
13. Quality council for process improvement.
14. Do it all over again for process improvement.

2.4.1.4 Contribution by Kaoru Ishikawa:

Ishikawa made a particular attention on statistical techniques used in quality assessment. At the simplest technical level, his work has emphasized on good data collection and presentation, use of Pareto diagram to prioritize quality improvements, cause effect diagram or Ishikawa or Fishbone diagram. Ishikawa was involved in Quality Circle Movement in Japan. He used seven magnificent tools for quality
improvement and his quality circle movement and seven tools created miracles in the Industry. Quality circle activity involved all people at different levels and provided a platform for every person to contribute for improvements. The seven wonders of quality movement are

1. Pareto Charts
2. Cause and effect diagram
3. Flow charts
4. Check sheets
5. Histograms
6. Scatter diagrams
7. Shewart’s control charts and graphs

Japanese quality movement was a miracle and created world-class products. All these methodologies and concepts developed these quality gurus for internal process and quality improvement crisis are still practiced in various companies. These have become universal approach to improve the quality and manage performance crisis.

2.4.2: 2nd phase of Crisis Management Approach for Internal Business Environment Crisis:

Quality gurus created work culture and dedicated teams, which developed Japanese production systems through group activities. Toyota Corporation developed a new philosophy to create major change in manufacturing systems and delivered world-class products with internal benchmark for quality of vehicles. Toyota success story is considered as 2nd phase of development in internal business environment crisis management. In reality, Toyota changed external business environment for competitors and created a long-lasting impact on automobile industry.

The Toyota Way is a set of principles and behaviours that underlie the Toyota Motor Corporation's managerial approach and production system. Toyota first summed up its philosophy, values and manufacturing ideals in 2001, calling it “The Toyota Way
It consists of principles in two key areas: continuous improvement, and respect for people.

The Toyota Way: this book gives in-depth methodology and internal environment crisis management approach practiced by Toyota Corporation.


Fuji Cho President of Toyota motor company explains Toyota Way and its uniqueness, as ‘The key to the Toyota Way and what makes Toyota Stand out is not any of the individual elements…. But what is important is having all the elements together as a system. It must be practiced every day in a very consistent manner – not in a spurts’.12

Toyota use operational excellence as a strategic weapon. Company places the highest value on actual implementation and taking action. By constant improvement based upon the actions, one can rise to the higher levels of practice and knowledge.

Toyota success story can be summed up by using three models, which are used by Toyota Corporation. These models are:

1. 4P Model
2. Toyota Production System

2.4.2.1 4P Model:
Toyota has developed 14 principles for performance improvement. These principles are guiding thumb rules in Toyota. These 14 principles are divided into four sections and a unique 4P model is developed. Major thrust is given on teamwork and a systematic approach is developed by using these principles. These 4Ps are Problem Solving, Process and Partners, Process, Philosophy.
P1- **Long Term Philosophy:** Toyota is serious about long-term thinking. The focus from the very top of the company is to add value to customers and society. This drives a long-term approach to building a learning organization, one that can adapt to change in the environment and survive as a productive organization. Without this foundation, none of the investments Toyota makes in continuous improvement and learning would be possible.

P2- **The Right Process:** Toyota is a process-oriented company. They have learned through experience what processes work, beginning with the idea of one-piece flow. Flow is the key to achieving best quality at the lowest cost with high safety and moral.
At Toyota, this process is built into company’s DNA, and managers believe in their hearts that using the right process will lead to the results they desire.

**P3- Add value to the organization by developing people and partners:** The Toyota way includes a set of tools that are designed to support the people continuously improving and continuously developing. One-piece flow is a very demanding process that quickly surfaces problems that demand for solutions or production will stop. This suits Toyota’s employee development goals perfectly because it gives people the sense of urgency needed to confront business problems. The view of management at Toyota is that they build people not just cars.

**P4- Continuous solving root problems:** The highest level of the Toyota way is organizational learning. Identifying root cause of problems and preventing them from occurring is the focus of Toyota’s continuous learning system. Tough analysis, reflection and communication of lessons learned are central to improvement as is the discipline to standardize the best-known practices.

**2.4.2.2: Toyota Production System:**

This is a concept similar to construction of a house having a strong foundation and pillars supporting final goal of having a strong roof, which will protect everybody in the house. The figure shows the strong foundation of a production house. The foundation for best production system is laid by commitment of top management by developing Toyota philosophy. This philosophy supports visual management and, stable and standardized processes. Aim of stable and standardized processes is to have leveled production. Toyota production system has two strong pillars of JIT concept and In Station Quality. JIT system ensures thorough planning, continuous flow and pull system for production. Company believes in customer satisfaction and lowest through put time. Quick changeover and integrated logistics are key areas for success of JIT. Toyota has a major thrust in inbuilt quality of products. Production line is stopped until problem is resolved.

Toyota production system protects people in the organization, and has a principle ‘People First’. Company believes in Team Work, and people are trained in cross-
functional areas to handle the problems and develop innovative solution. Toyota Production system has one important aspect of Waste reduction. Identification and elimination of waste is ongoing process. Waste is nothing but identification of non-value adding elements, which can be avoided to reduce throughput time. Toyota Production System is dedicated to complete customer satisfaction. Performance measurement parameters for customer satisfaction are best quality, lowest cost, least throughput time, best safety and high morale.

Figure 2.5 Toyota Production System

**Toyota Production System**

![Diagram of Toyota Production System]

- **Best Quality**, **Lowest Cost**, **Shortest Lead Time**, **Best Safety**, **High Morale**
  - through shortening the production flow by eliminating waste

- **Just-In-Time**
  - right part, right amount, right time
  - Takt Time Planning
  - Continuous Flow
  - Pull System
  - Quick Changeover
  - Integrated Logistics

- **People & Teamwork**
  - Selection
  - Common Goals
  - Ring Decision Making
  - Cross-trained

- **Continuous Improvement**
  - Waste Reduction
    - Genchi Genbutsu
    - 5 Why’s
    - Eyes for Waste
    - Problem Solving

- **Jidoka**
  - (In-station Quality)
  - Make problems visible
  - Automatic Stops
  - Andon
  - Person-Machine Separation
  - Error Prooing
  - In-Station Quality Control
  - Solve Root Cause of Problems (5 Why’s)

- **Leveled Production (heijunka)**
- **Stable and Standardized Processes**
- **Visual Management**

**Toyota Way Philosophy**


2.4.2.3 *Toyota Problem solving Process*

Toyota has developed a unique funneling model to develop better solutions for the problems faced. The process starts with conceptualization of the problem to standardization of the solution.
People at all operating levels are encouraged to use this model. People are trained continuously to develop mastery on the model. This five-step model generates a solution for the problem by using systematic approach. This model now a day is used in marketing to convert prospects to loyal customer.

In built capability to follow a systematic approach and arrive at a better solution is a unique character of this problem solving methodology. The process has a sequential approach, which provides an insight for resolution of problem. At the initial stage, a vague, large complicated problem is formulated. Through the process, problem is further clarified and a precise definition of problem is made.

Basic cause and investigation is done by applying ‘5 Why’ questions in continuation with previous questions. Series of Why questions generate more insight of the problem. With a series of questions, root cause identification and understanding of the situation is improved. This may lead to reformation of the problem itself.

After identification of root cause, solutions are derived by performing brain storming sessions, counter measure actions are initiated and finally process is standardized. The process looks simple but it requires a complete attitudinal change to master the process.
2.4.3 Current trends in Crisis Management.

Today industry experts practice a consolidated approach to handle various crises. This consolidated approach is “In-Out” thinking. Today in global competition, crisis related to external or internal business environment cannot be resolved in isolation without considering the interlinking impact on business performance.
Automobile industry has witnessed two major revolutions in crisis management approach. This has changed life in major automotive manufacturers and many buzzwords are created in organization. Understanding of these concepts has become a prerequisite to master the art of manufacturing and create leadership in market. Companies have accepted these concepts and are practicing to improve their performance.

Today business environment is dynamic and global forces create impact on business decisions. The technology transfer is very fast and cutthroat competitions are created. Today business leaders need to be innovative and dynamic in nature. Business houses are developing new methodologies and techniques to stay ahead in a race. Lot of management consultancy firms, leading business schools and Management Gurus are coming out with new model and methodologies to support and provide Crisis Management solutions to these companies. Today quick fix solutions will not work. Management perceptions are changed and people want quick but long-lasting solutions. Today environmental Change is fast and leaders need to respond it very fast.

Current trend in crisis management approach is to develop systems, which can absorb external business environmental shocks, and ensure minimum internal breakdowns and system failures. Today corporates talk about agile organization, to create a competitive edge in the market.

There is a shift in focus in current trend in crisis management approach. Leaders talk about long-term sustainable growth and market leadership. Leading business organizations and global companies have focused to develop best business practices and create own benchmarks for higher performance. Organizations talk about innovations, people development, strategic focus and Break through Management.

These current trends in crisis management provide solutions for crises related to internal as well as external business environment. The approach is to develop a solution which will create a positive impact on organization. Current trends have a focus on people development and use their creative energy, work experience and innovative ideas for enhancing company performance.
2.4.3.1: Crisis management approach through strategic linkages

Chong J. and Escarraz D. proposed a simpler model by interlinking the strategic management and crisis management. In their paper ‘Anticipating and Dealing with Financial Crisis’ a simple framework is suggested. The Crisis management steps are the extensions of various methodologies in practice. The important part of this framework is deciding the interlinking of each stage in crisis management with strategic management. This interlinking approach helps user to define and establish close relationship between crisis and related strategy formation to avert the crisis.

Application of this model may change with perception of individual strategist. Coping up with the crisis will provide inputs for new strategies to be formulated. The success of this model depends upon understanding the crisis management as step-by-step process and initiating a thought process at every step, how one can overcome the crisis and generate long-term solution and gives an opportunity to initiate a thought for developing strategy.

Table: 1 Relating Crisis Management to Strategic Management

<table>
<thead>
<tr>
<th>Steps in Crisis Management</th>
<th>Process of Strategic Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coping</td>
<td>✓</td>
</tr>
<tr>
<td>Rethinking</td>
<td>✓</td>
</tr>
<tr>
<td>Initiating</td>
<td>✓</td>
</tr>
<tr>
<td>Sensing</td>
<td>✓</td>
</tr>
<tr>
<td>Intervening</td>
<td>✓</td>
</tr>
<tr>
<td>Sandbagging</td>
<td></td>
</tr>
</tbody>
</table>

✓ Indicates Strong Relationship
2.4.3.2 Crisis Management approach by initiating Culture of Innovation: A concept
- Idea Clock

Management Guru in India Pravin Rajpal has developed An ‘Idea Clock’ an innovative concept to master the innovations. The clock depicts the permutations and combinations of innovation techniques to stimulate the thought process to generate innovative ideas.

Figure 2.7 Idea Clock

All innovations are triggered by IDEAS. So far, there were no scientific ways of generating ideas for new product development, creativity, innovative design thinking and concept development. They were usually left to the spark of a genius or intuitive
abilities of select few. In the absence of a systematic approach, the organizations resorted to ‘Trial and Error’, which resulted in many good companies being wiped off.

‘IDEA CLOCK’ is a scientific method of generating new ideas. It is a real time clock on the computer which shows the 10 scientific principles of ‘Creativity and Innovation’ along with 2 questions ‘What Else?’ and ‘How Else?’ These principles and questions are written side by side on each of the 12 numbers of the clock.

2. Why Idea Generation On A Clock?

Time and innovation must go together. Right ideas at the right time make all the difference. The INNOVATION principles on the clock also emphasize the importance of speed in generating and executing the ideas for competitive advantages. The continuously rotating needles make it a perpetual process for new ideas – a good reminder that one cannot stop at any point of time to stay ahead. All innovations evolve over a period of time. As the clock needles show the actual time, they also point out on the different principles mentioned alongside – forming unique combinations at different times of the day to spark new ideas.

For example at 11:40:20 in the idea clock picture on the right, the ‘Hour’ needle is pointing on ‘What Else’, the ‘Minute’ needle is pointing on ‘Substitute and the ‘Second’ needle is on ‘Eliminate’. This sparks a new idea - What else can we substitute or eliminate?

At different times of the day, the needles keep shifting from one principle to another to form hundreds of permutations and combinations to spark creative and innovative ideas in unprecedented manner.

2.4.3.3 Crisis Management approach by initiating Culture of Innovation: Orbit Shifting Innovation:

Orbit Shifting Innovation is a Human skill development methodology, which transforms the thinking process and takes a person to the next level of thinking process. Human resources are practically shifted out of its current orbit or boundaries and are empowered with new level of creative thinking. In India, this concept is used
by Anand Group for all their plants. Employees are grilled through rigorous training and continuous evaluation of training.

Starting with a 'Breaking through Gravity Diagnostic' followed by an ORBIT-SHIFT Workshop, this intervention is designed to achieve breakthrough for physical, emotional and intellectual inertia of the current orbit. It fuels the co-creation of the next orbit with intrinsic ownership, commitment and a 'positive action bias'.

Orbit-Shifting Interventions can be deployed to breakthrough 'Stagnation and Saturation' in a team, department or organization, to build and activate the 'Next Leap' drive in an organization/team that is doing well; but there is a positive dissatisfaction and an aspiration to move to the next orbit.

Figure 2.8: Orbit Shifting Framework
<table>
<thead>
<tr>
<th>Process</th>
<th>Orbit Shifting Frame Work Process Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Challenge</td>
<td>OSI starts with an out-of-the-box challenge which seems impractical with current means &amp; ways of doing things. Yet meeting that challenge would impact the company significantly. The challenge is articulated as a quantified aspiration that would force the team to think breakthrough.</td>
</tr>
<tr>
<td>Mental Model Map</td>
<td>Map out all possible solution streams on a given challenge. The MMM organizes this layered directional thinking in a single visual. It then becomes the baseline to both identify current boundaries of our thinking, as well to identify the 'high leverage' areas we ought to focus on.</td>
</tr>
<tr>
<td>Data Collection</td>
<td>Collect data to understand the challenge from different angles and directions as identified in the MMM. Then analyze the data to gain key insights that help in more effective ideation</td>
</tr>
<tr>
<td>Keystones</td>
<td>3 to 4 high leverage areas where if we focus all our efforts, we could achieve the big shifts required to meet our challenge.</td>
</tr>
<tr>
<td>3 Gear Thinking</td>
<td>For generating potential solutions to the challenge:</td>
</tr>
<tr>
<td></td>
<td>Gear 1: Use own thoughts to generate some potential solutions and apply. 'Think Frame - Shift Frame' Concept to generate more solutions</td>
</tr>
<tr>
<td></td>
<td>Gear 2: Identify &amp; challenge all fundamental assumptions that we would be making in our current ways.</td>
</tr>
<tr>
<td></td>
<td>Gear 3: Learn from other industries that may have solved a similar problem in their own context.</td>
</tr>
<tr>
<td>Propositions</td>
<td>Some key or a set of ideas that together can be potential solutions to achieve our aspiration.</td>
</tr>
<tr>
<td>Prototyping</td>
<td>Trials undertaken to test, refine and evolve the proposition to a fully scalable solution. To also understand the full quantum of benefits and investments required to implement a solution</td>
</tr>
<tr>
<td>Scale Up</td>
<td>Scaling-up the version of the proposition(s) that will enable us to achieve our aspiration.</td>
</tr>
</tbody>
</table>

In a world that is changing constantly and at even greater speeds in the 21st century; governments, businesses and communities are facing unprecedented and unknown challenges. Disruptive challenges demand non-linear solutions. Discovering, deploying and scaling non-linear solutions is the core strength of Orbit-shifting Innovation. 3-gear thinking is the prime important part of this model. It enhances thinking capability and create a new thinking pattern. Orbit shifting innovation is a
journey creating a transformation in organization. It starts with creating a challenge and reaches to create new highs for participants.

2.4.3.4 Crisis Management Approach Break through Management:
Today world is changing fast. There is a need for organizations to focus on Breakthrough- a fundamental change in an organization’s direction as a response to an abrupt, radical change in the business environment.

Shoji Shiba and David Walden in their book ‘Break Through Management’\textsuperscript{17} have given new concepts and models to create a breakthrough for crisis management.

The 10X Change:\textsuperscript{18} Andrew Grove of Intel has introduced 10X Change Concept, indicative an order of magnitude change in one or another factor in the environment. Andrew Grove added a sixth element to Porter’s five-force model; the company’s situation with regard to other companies whose business complement the company’s business.

Figure 2.9: Andrew Grove six forces model

The six forces can be sufficient to deal with normal business pressures. However, one of the six forces is suddenly increased by a factor of 10, the organization may have closedown the business. To be prepared for this situation there are three ways to create
a new business. 1. Technology change, 2. Finding different customers 3. Supply chain change. Market weakness grid is used to analyze source of potential or sudden weakness in the market. This grid shows market weakness and helps to develop ways of attack.

**Figure 2.10: Market Assessment Grid**

<table>
<thead>
<tr>
<th>Sources of Potential or Sudden Weakness in The Market</th>
<th>A: Social Incident</th>
<th>B: Rapid or Dramatic Price Decrease</th>
<th>C: Potential or Actual Market Discontinuity</th>
<th>D: Recognition of (Potential) Change in Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Supply Chain Change</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Find Different Customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Technology Change</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Market assessment grid helps to determine sudden or potential loss in the market, at the same time provides an insight to create attacking plan.

In today's Breakthrough era, companies are sometime forced to seek new businesses. A company can switch business, but then the company has to deliver its products and services in a reliable, controllable way if it is going to succeed in getting and keeping customers. Also, eventually, it will likely have to provide incremental improvements to its products and services to remain competitive with other companies that are trying to expand in the same business area.

The connection between making money and survival is shown in following figure.
Figure 2.11: Business Logic, Money and Survival\textsuperscript{20}

Figure illustrates the necessity of having elements of all three paradigms: Process Control with its emphasis on standardization, Incremental Improvements with its emphasis on continuing customer satisfaction based on ever improving levels of customer perceived quality, and Breakthrough Management with its emphasis on attaining new markets with innovation.

Today management often must be done in new way. A business starts with Breakthrough, producing the new product exactly as developed and getting it under control. From there one improves the product using the method of incremental improvement getting each change under control. But surprisingly soon it becomes necessary to jump to the next Breakthrough.
2.5 Evaluation of Crisis Management Approach for Internal Business Environment Crisis.

Crisis management for internal business environment is a complex process and the approach depends upon the nature and leadership of the company. Especially in automobile industry four distinct phases are observed. If we critically examine these phases, it is evident that the crises management techniques are developed over a long duration with practical experience. The philosophies developed by quality gurus such as Edward Deming, Joseph M. Juran, Philip B. Corby, Kaoru Ishikawa were successful in Japan because there was complete support from various industries and employees of the companies. It was a need for Japanese industry to improve quality of products. Japanese products were discarded in world markets. The tools and techniques developed by these Quality Gurus were successful because of to major reasons-

1. vendor development and outsourcing concept was not practiced and majority of the components were manufactured in company and manufacturing excellence was considered as prime focus.

2. The market players were limited and product development cycles were considerably large. Which provided a cushion to experiment and improve the manufacturing practices.

Today in auto component manufacturing industry, product development cycle is very short and companies need to be agile for component supply. Today crisis is not only related with manufacturing excellence but it has engulfed entire supply chain. In this scenario, though these tools and techniques are useful, crisis management approach requires evaluation of another dimension to manage the crisis.

In Toyota Manufacturing Revolution, company developed their own crisis management philosophy. For Toyota Corporation, complete support from top management and market leadership were two major plus points. Involvement of employees have created a miracle in manufacturing and it established a new benchmark for other industries. Toyota competed with their own benchmark for
manufacturing excellence. If we look at the resource requirement and technology support to implement Toyota model, it is not possible for a medium size company to implement it. Time and money investment is another major dimension which limits practical approach for Toyota model. For auto ancillary units understanding and training on Toyota model is a costly affair. Various companies try to develop their own models or implement Toyota model in bits and pieces. The argument against Toyota manufacturing excellence is that Toyota has to pay huge amounts on major failures and supply of defective vehicles to customers. There is always something extra requirement in the system to avoid failures.

Current trends in crisis management have created a paradigm shift from manufacturing excellence to employee excellence. Today people talk about employee as an asset and organizations are giving more emphasis on employee development. There is shift from technology to human resource. Today efforts are done to explore employee potential and companies have changed their approach from skill development to self development. These new trends may not be observed in medium and small scale industries because of their infrastructure limitations. These companies have limitations of business and thus recruitment of best talent. These organizations do agree importance of hiring best talents but they have to operate with their financial boundaries and some time training and development may be a luxury for them.


15. www.pravinrajpal.com


