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Crisis Gaming as an Element of Risk Mitigation and Organizational Resilience: A Case Study of The University of California, San Diego

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*Crisis Gaming as an Element of Risk Mitigation and
Organizational Resilience:
A Case Study of The University of California, San Diego*

Phillip Van Saun
University of California, San Diego

Questions:

- Thinking about work, what potential issues or risks; ‘Keep you up at night?’
- What process do you use to actively search for ‘trouble spots’?
- What risk management practice or protocol do you use to mitigate exposure to negative consequences?

Takeaways:

- Provide examples and encourage the use of active crisis sensing, mitigation, response and recovery methodologies.
- Facilitate the open exchange of better practices regarding vulnerability reduction, response to and recovery from campus specific crises.
- Practice the use of crisis management techniques in response to an evolving, UC specific event scenario.

**Uncover the ground-truth and cover
your assets from future incrimination**

“Those of us who have looked to the self-interest of lending institutions to protect shareholders’ equity, myself included, are in a state of shocked disbelief”

“People, organizations, communities, countries make bad decisions all the time based on their experience – Some call this the “preparing to fight the last war” syndrome.”

- Wayne Blanchard



Bad Data Guided U.S. Fukushima Call

Wrong Information

U.S. officials believed after Japan's nuclear accident that a pool containing fuel rods had lost its water and may have created the danger of a nuclear release, but Japan later found the rods remained submerged.

FUKUSHIMA REACTOR NO. 4

Roof was blown off

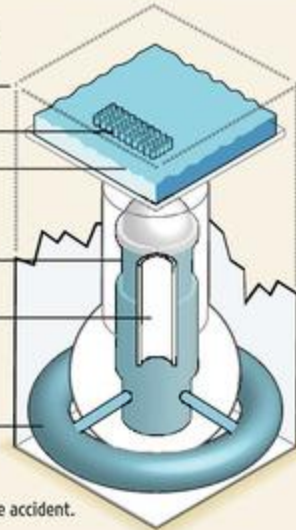
Spent fuel rods

Spent-fuel pool

Pressure vessel

Core contained no fuel rods*

Suppression chamber



* The reactor was not in operation at the time of the accident.
Note: Drawing is schematic.

**'[T]here's no water
in there
whatsoever.'**

- NRC official John Monninger,
March 16, 2011

**'Unit 4's spent fuel
pool remains
nearly undamaged.'**

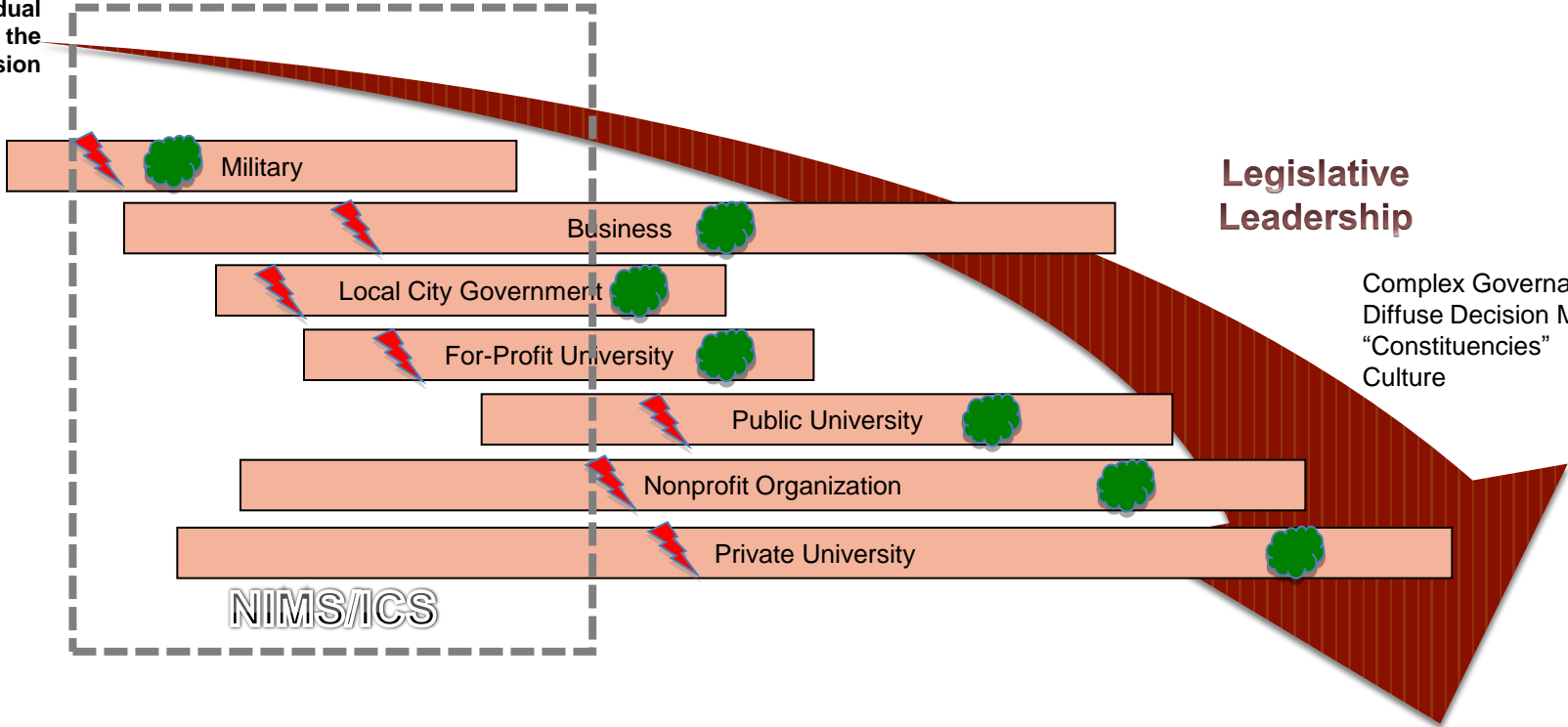
- Japanese government
report, June 2011

The Wall Street Journal

*“Awareness, without the
requisite tools, usually means
that you die enlightened.”*



Executive Leadership

1 individual can make the decision



Legislative Leadership

Complex Governance
Diffuse Decision Making
"Constituencies"
Culture

 Normal Operations
 Crisis/Emergency

1 individual can veto the decision
"people can suddenly become their own boss at the worst possible moment" – Mann Gulch

Expectation Gap

- Must seek by listening and scanning
- Must know stakeholder—their expectations
- Must know performance on expectations
 - Change behavior and policies
 - Improve awareness or the perception gap
 - **Conditioned for disruption**

Conduct crisis micro-games.

Present the basic details of the risk to be addressed



Brainstorm possible solutions



Discuss challenges to resolution



Implement steps to mitigate identified risks



Select moves to respond to the problem

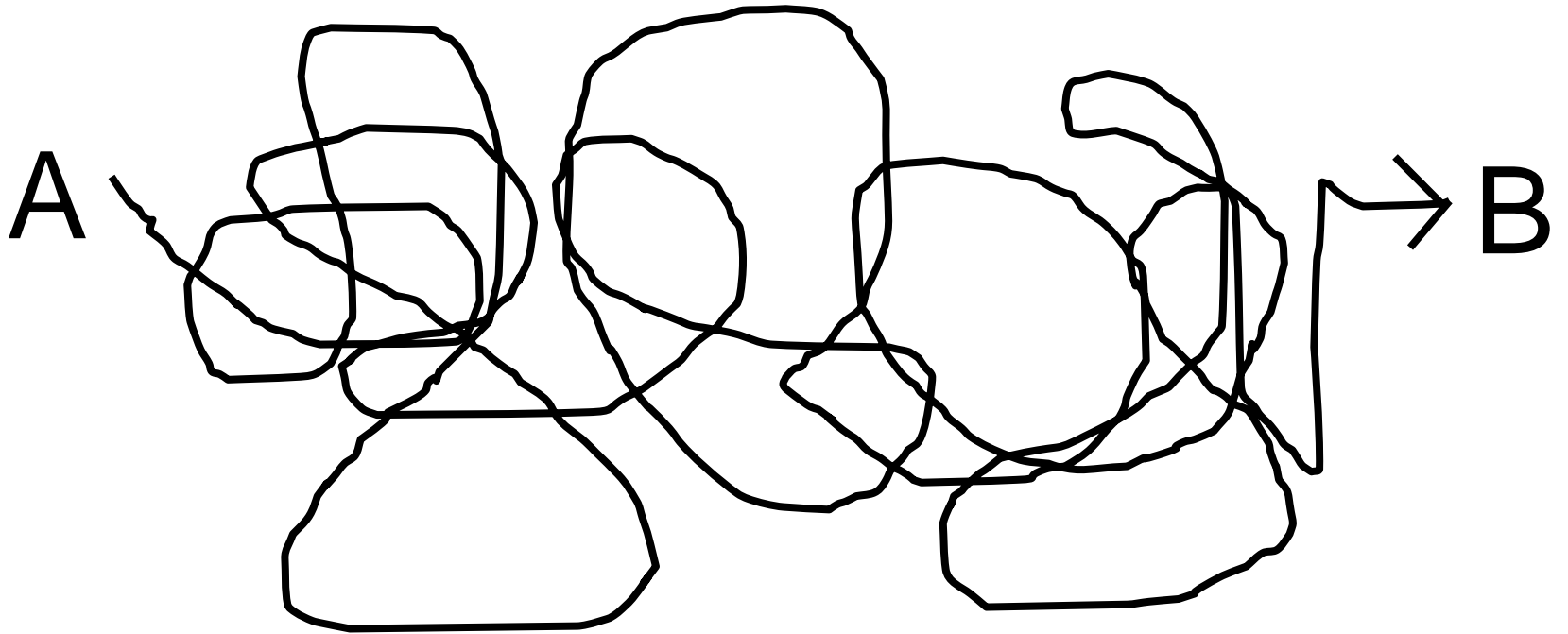


Determine possible moves given the realities of your culture

Crisis decision-making micro-games

- Present a problem – Problem Based Learning
- Facilitate the game
- Encourage brainstorming
- Identify and adjust for bias in the decision-cycle
- Guide the process to fast & frugal decision-making
- Close with plus/delta

Efficiency and effectiveness



The physical environment – setting up for success

Facilitate creation of dialogue web:

- Make the room small
- Orient so all equal and facing each other

Vs.

Good

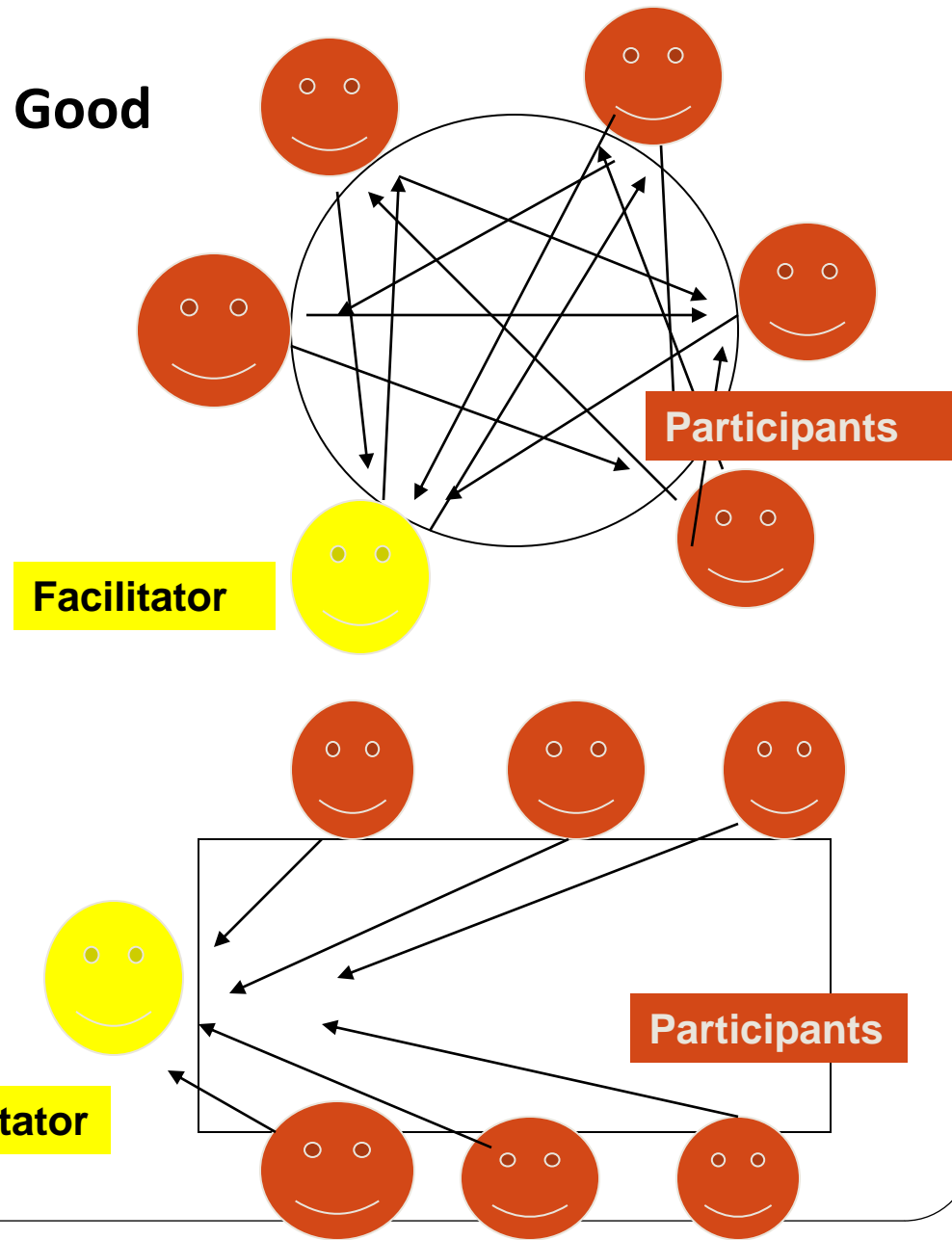
Facilitator

Participants

Not So Good

Facilitator

Participants



**Focus on the impact of cognitive bias
to decision-making and adjust
accordingly.**

Predictable surprise

“They (business leaders) tend to ignore or downplay the possibility of random or uncontrollable occurrences that may impede their progress toward a goal.”

- Nobel Laureate Daniel Kahneman

Do not assume rational action.

- "I'm in control here"
- In 1981, after the March 30th assassination attempt on Ronald Reagan, then Secretary of State Alexander Haig asserted before reporters that "I'm in control here" as a result of Reagan's hospitalization.



Anticipate the 'Blame Phase'

"This chart depicting the agencies responsibilities in the event of a disaster...It begins with a response to a disaster, leads to recovery, mitigation, risk reduction, prevention, preparedness...(dramatic pause) and ends up BACK IN DISASTER!"



"In truth, FEMA did exactly what they said they were going to do." - Jon Stewart



FEMA chart becomes brunt of joke.

**Resist the temptation to develop or
rely on elaborate and pedantic
response plans.**

The trouble with standards

‘...As I mentioned in my earlier blog (Part 1), the Contingency Plan requirement is the seventh standard under the Administrative Safeguards requirement of the HIPPA security rule. The Security rule has Administrative, Physical and Technical safeguards . Each safeguard has its own standards. Each standard in turn has its own implementation specifications that are either required or addressable. As mentioned in Part 1, addressable does not mean optional.’

AIG ERM EIEIO

“AIG’s corporate philosophy has always encouraged full profit center accountability”

Charlie Shamieh, Executive Director, Enterprise Risk Management, December 6, 2007

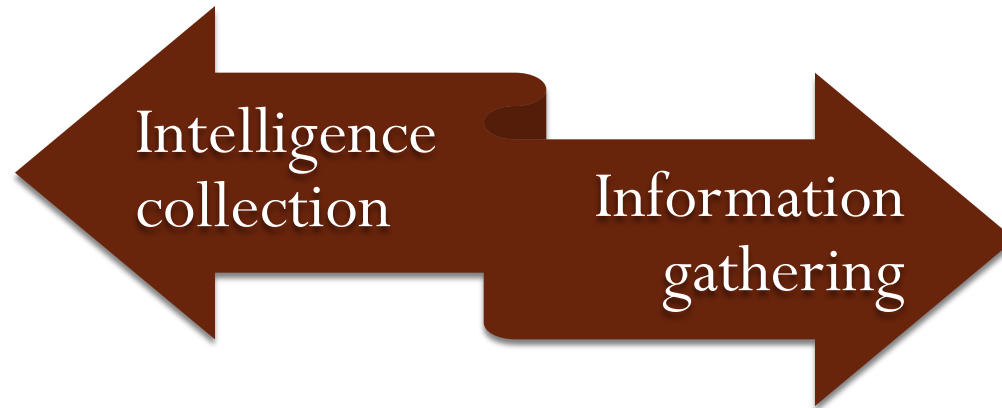
Managing Risk Transfer

Applying a standards of care approach to risk management.

- **Definition of standard of care:** A diagnostic and treatment process that a clinician should follow for a certain type of patient, illness, or clinical circumstance. (New England Journal of Medicine, 2004)
- **Standard of care** n. the watchfulness, attention, caution and prudence *that a reasonable person in the circumstances would exercise*
- In legal terms, the level at which the average, prudent provider in a given community would practice .

**Scan the horizon for threats, risks,
and opportunities.**

Basic Distinctions



- Open-ended; usually not sure exactly what you are searching for
- Look ahead, identify possibilities, contingencies
- Anticipate, prevent, manipulate
- Minimize uncertainty, see the risks
- Opponent or enemy

Turning Information into Intelligence

- **Credibility:** Trustworthy source, can be contacted, known or respected authority, verifiable credentials, evidence of quality control, organizational support.
- **Accuracy:** Current, factual, detailed.
- **Reasonableness:** Fair, balanced, objective, reasoned, no conflict of interest, absence of fallacies or slanted tone.
- **Support:** Available corroboration, claims supported, documentation supplied. A source you can triangulate (find at least two other sources that support it).

**Develop pre-event crisis
communication templates.**

What to communicate

- What to do
- Where to go
- Where NOT to go
- How and when we will provide updates

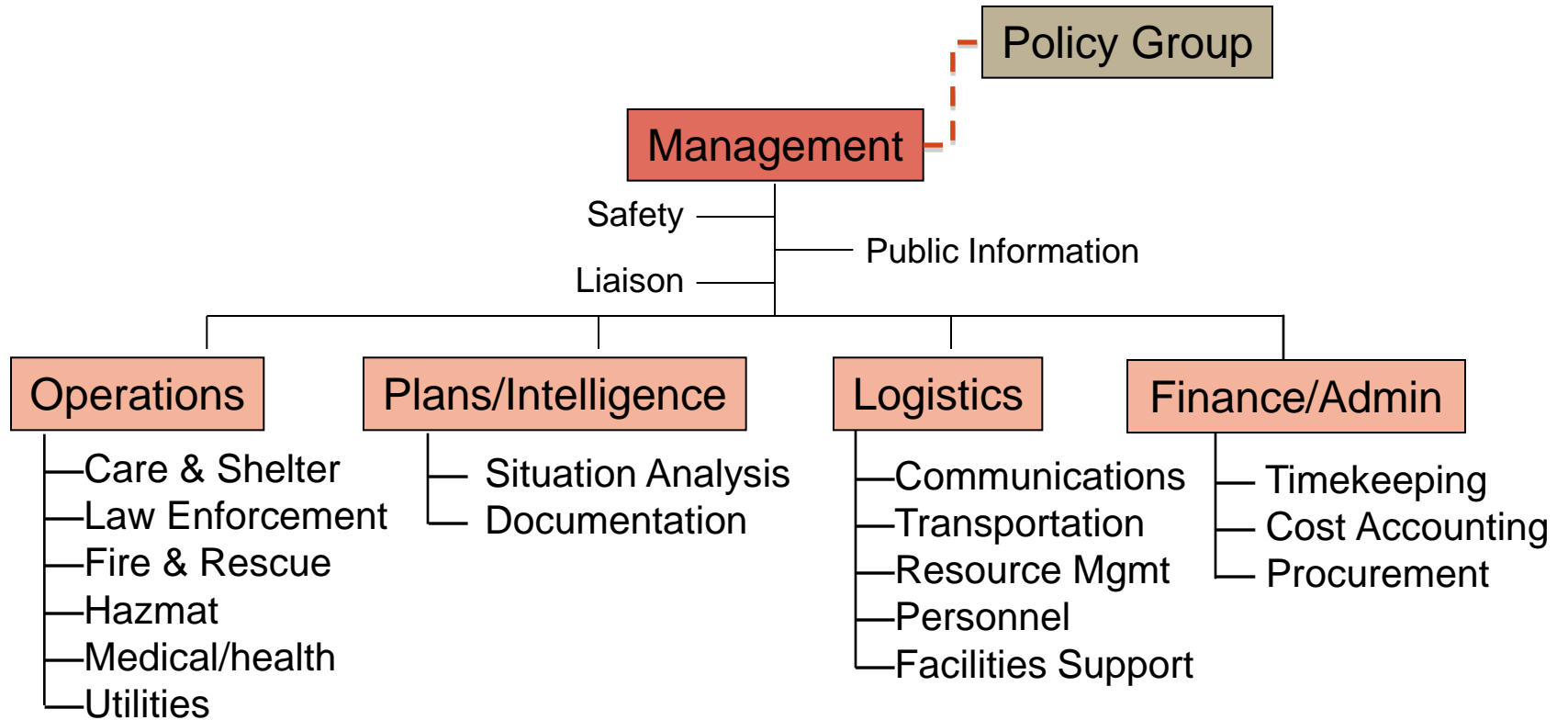


Message mapping

- ❑ What are the three most important things your audience would like to know?
- ❑ What are the three most important things you would like your audience to know?
- ❑ What are the three most important things your audience is most likely to get wrong unless they are emphasized?

**Apply a lean crisis-management
structure.**

ICS



Synthetic Organizations

Usually in crisis ... organizations concede authority for a time to a new entity which then acts in some sense on their behalf, followed by a return to a new normalcy, perhaps with some key adjustments.

Decisions made during a crisis can be improved by training decision-makers to recognize and adjust for bias in the decision cycle and by using fast and frugal decision-making heuristics.

Fast & frugal crisis-decision tools

- Fluency heuristic - If one alternative is recognized faster than another, infer that it has the higher value on the criterion.

Schooler & Hertwig, 2005

- Take-the-best - To infer which of two alternatives has the higher value: (a) search through cues in order of validity, (b) stop.

Gigerenzer and Goldstein, 1996

Evacuate [or follow MTA guidance] and stay?

- One alternative is recognized faster than another, infer that it has the higher value.
- Which of two alternatives has the higher value – Stay or leave?
- 2700 employees survive.
- Rick Rescorla (RIP)
Director of Security:
Morgan Stanley, WTC 9/11



**Remember the last event, and learn
from it.**

Close with Plus/Delta

- The Plus/Delta gives participants the opportunity to share what they thought was good about an activity (plus) and what they would change in order to improve the activity (delta).
- Plus - Things Done Well
- Delta - Ideas for improvement/fodder for next micro-game.

**Think about how to bring goodness
out of a bad situation.**

Establish a 'New Normal.'

**Declare victory and leave the
battlefield.**

Recap

- **Uncover the ground-truth, and cover your assets from future incrimination.**
- **Conduct crisis micro-games.**
- **Focus on the impact of cognitive bias to decision-making, and adjust accordingly.**
- **Resist the temptation to develop or rely on elaborate and pedantic response plans.**
- **Scan the horizon for threats, risks, and opportunities.**

Recap

- **Develop pre-event crisis communication templates.**
- **Do not assume rational action.**
- **Remember the last event, and learn from it.**
- **Think about how to bring goodness out of a bad situation.**
- **Establish a New Normal.**
- **Declare victory, and leave the battlefield.**

Chance favors the prepared mind

- “When anyone asks me how I can best describe my nearly forty years at sea, I merely say, *uneventful...*”
E.J. Smith, Captain RMS Titanic



Sources

- Gigerenzer and Goldstein
 - *Reasoning the Fast and Frugal Way: Models of Bounded Rationality, Psychological Review 103 (1996), pp. 650–669.*
- Heuer, Richards
 - *Psychology of Intelligence Analysis.*
- Covello Vince., McCallum D. & Pavlova M.
 - *Effective Risk Communications.*
- Van Saun, Phillip.
 - *Failure Is An Option: A Primer and Guide for Managing Crises.*
 - *Inoculate Your Business Grads Against Future Misfortune.*
 - *Reflections on September 10, 2001.*

FAILURE IS AN OPTION

A Primer And Guide For Managing Crises



Phillip Van Saun

Thank you.