Construction risk management is a specialized body of knowledge, techniques, tools, and resources focused on the identification, planning, and implementation of controls to prevent unanticipated events from happening in the first place; or to prevent the total disruption of a contractor’s operations should such an event occur.

In addition to their human toll, organizational crises are disruptive to both corporate business and project operations. Productivity, quality, profitability, and other key performance measures are adversely affected by such events.

That is why risk management can be further defined as: “The conservation of an organization’s human and financial resources.”

A Crisis Defined

A crisis is the turning point in an unanticipated event – the point at which the outcome of an emergency or disaster turns either better or worse. Remember that during a crisis, it’s more likely to be “business as unusual” rather than “business as usual.”

Whereas risk management is traditionally a proactive discipline, crisis management is reactive. Crisis management can be viewed as a specialized discipline within risk management, where specific practices are instituted in response to unanticipated events that threaten a company’s stability.
Crisis management is one of the three interrelated core disciplines comprising enterprise risk management. (Emergency preparedness and business continuity planning are the other two.) Crisis management practices can help lessen the magnitude of emergencies and disasters, while decreasing the uncertainty and anxiety associated with these events.

**The Impact of a Workplace Tragedy**

Every day, construction workers leave home for work unaware that their next shift may involve a traumatic event, perhaps with life and death consequences. Such tragedies affect employee and staff health, safety, well-being, and morale. Below are some representative workplace crises that can cause emotional trauma:

- Workplace fatalities
- Multiple-injury accidents
- Tragic injuries with graphic wounds or agonizing pain and suffering, where survivors are shocked, stressed, or traumatized by what they witnessed
- “Near death” incidents (such as structural collapses, explosions, employees suspended from fall arrest systems, excavation cave-ins, and confined space entry rescues)
- Crashes that result in injuries or fatalities
- Workplace violence (which could be among coworkers or a case of domestic abuse spilling over into the workplace)
- Employee suicide

Employees can also be adversely affected by other tragedies, such as the loss of a coworker due to a heart attack or other natural causes. Another example is coping with the loss of a coworker’s loved one. In fact, many crisis management professionals report that one of the hardest experiences for employees to endure is the loss of a coworker’s child.

**Human & Organizational Consequences of a Workplace Crisis**

In the midst of a traumatic event, construction leaders face not only the obvious human loss, but also increased exposure to significant financial loss. Exhibit 1 on page 12 summarizes some potential human and financial consequences of a workplace crisis.

Following a catastrophe, an “us vs. them” mindset is a common dynamic within work groups. The company (or boss) is often blamed for problems related (and unrelated) to the tragic event.

Workplace tragedies can create pivotal turning points for companies and work teams. Some construction leaders relate how traumatic events have actually launched a new sense of loyalty, team cohesion, and commitment to safe work practices in their companies. Others bemoan a catastrophe that produced increased conflict, distrust of leadership, and a collective negative image.

The bottom line: Depending on your company’s response, you and other leaders will either create a sense of “We will never let that happen again,” or “This company will never be the same again.”

**Human Reactions to a Crisis**

In a time of tragedy, the affected workers may be grateful for their own physical safety; however, the psychological outcomes of such events can be extremely difficult for the work group as a whole.

When impacted by tragedy, most people experience a flood of biological and neurological changes that overwhelm their normal coping mechanisms. A very predictable set of physical, mental, emotional, and behavioral reactions result.

Although many of these reactions have survival value during a crisis (like a soldier with heightened vigilance in a combat zone), they can also severely impair normal work and life productivity. Judgments about safety, attention to quality, and the ability to meet crucial deadlines are all in jeopardy.

So, in the midst of addressing various technological, operational, and logistical issues in the aftermath of a tragedy, it is also advisable to pay special attention to the human needs of your affected employees during and after a crisis.

**The Human Element**

To illustrate the importance of the human element, let’s review how people usually behave when traumatized.

1) We regress to more basic, primitive impulses and defenses.

- The brain is recircuited to focus on creating an immediate sense of safety. However, these new thought patterns are not necessarily logical, since

**continued on page 12**
the portions of the brain dealing with advanced abstract thought are “put on hold.”

• Decisions tend to be impulsive, extreme, and emotional (rather than logical).

• Emotional responses are magnified and self-protective.

2) We immediately attempt to make sense of the incident in an effort to gain a feeling of control over it.

• We need to create an answer to the “why” of what happened, even when one isn’t readily available.

• We believe that if we can just understand the incident, then we can prevent its reoccurrence.

• Our understanding of the incident is likely to be reactive and lack objectivity.

3) We isolate from others.

• The lack of control experienced in tragedy leads people to pull away from others in distrust.

Add these factors together and conditions are ripe for hostility and blame directed toward the most convenient targets – the company’s leadership. Following a tragedy, the allegations of blame need not be accurate in order to be destructive to specific work groups and the company as a whole.

**Leadership during a Crisis**

Due to these factors, you and other leaders must respond immediately and effectively during a crisis. Why? Because how you handle the first hour after a tragedy offers both tremendous opportunity and serious risk for your management relationships and outcomes.

*Don’t kid yourself: The tragedy and its aftermath will not go away if ignored.* Your work groups will react – with or without leadership involvement. If ignored, your employees will feel as though insult has been added to injury, and feelings of betrayal will further fuel the likelihood of blame.

Your employees will watch you very carefully as they make decisions about their own reactions. Everyone in the room – whether tearful, hostile, or numb – will be focused on you, and will immediately make judgments about whether or not the company cares, and whether or not you and the other leaders are in control.

Therefore, you must be prepared to present that rare combination of *compassion* and *competence*. (These terms do not have to be mutually exclusive.)

Due to the stress that leaders also experience in these situations, they tend to be either overly competent (rigid, unfeeling, and/or bottom-line focused) or overly compassionate (tearful, paralyzed into indecision, and/or over-promising).

Effective crisis leadership includes both: “I care and I am competent enough to facilitate resilience and to lead our company through this challenging crisis.”

Individually and organizationally, recovery is facilitated when leaders acknowledge the personal impact on the people involved, while at the same time transitioning them to the next steps.

Those watching must witness a confident, competent person who doesn’t minimize the effect of the tragedy, but communicates an expectation of recovery. *People tend to get better when they expect to get better.*

*continued on page 14*
So, in the midst of addressing various technological, operational, and logistical issues in the aftermath of a tragedy, it is also advisable to pay special attention to the human needs of your affected employees during and after a crisis.

**Post-Incident Crisis Response**

One way for companies to demonstrate leadership in times of crisis is to deploy a timely, post-incident crisis response process. One element of this process involves scheduling licensed and trained mental health professionals to provide onsite or phone counseling services. These services are known as critical incident response (CIR), psychological first aid, or grief counseling.

They can be utilized by employees (including supervisors and managers) during times of extreme organizational stress or uncertainty caused by unforeseen events. Based upon the criticality of the incident and the number of affected personnel, there may be times when multiple specialists are needed.

Typically, the operational flow begins with the company’s safety, H/R, or risk management department making an immediate referral to a CIR organization. Sometimes, the property and casualty insurer or third-party administrator (TPA) makes the referral.

Employers may also be able to access this type of service through Employee Assistance Programs (EAPs). Some union employers may even have this service available through a local or national labor union. Generally, services offered through an EAP limit the number of follow-up consultations allowed.

Follow-up services are frequently offered via phone consultation for a specified number of days post-incident. In contrast, services offered in support of workers’ comp claims are typically offered on a one-time consultation basis, pending the recommendation from the responding specialist for follow-up care or treatment.

**The CIR Specialist**

The CIR organization will already have protocols in place for receiving referrals and dispatching CIR specialists to meet with the impacted employees onsite. These counselors should:

- hold a Masters or Doctoral degree in a mental health field;
- be certified or licensed to practice independently; and
- have received specialized training in crisis response.

**Circles of Impact**

Prior to meeting with your employees, it’s important for the specialist to be briefed on the tragedy and to learn about the reactions of the people involved in the event. This helps the CIR specialist develop “circles of impact” (prearranged groups of similarly affected individuals) who will meet for focused, small group discussions.

For example, people who experienced risk to their own safety or witnessed horrific scenes will typically feel uncomfortable talking about it among coworkers who were not firsthand witnesses. Conversely, exposing nonwitnesses to gruesome images can secondarily traumatize them. Another rule of thumb generally advises against mixing employees and those who supervise them in the same group.

Selecting from a continuum of structured group and individual interventions, the CIR specialist provides a safe, directed environment to:
1) Let people talk if they wish to;
2) Identify and communicate “normal reactions to an abnormal event” so that people don’t panic about their own reactions;
3) Build group support;
4) Outline self-help recovery strategies;
5) Brainstorm solutions to overcome immediate return-to-work and return-to-life obstacles;
6) Triage movement toward either immediate business-as-usual functioning or additional care; and
7) Position the company’s leadership favorably.

In addition, information is often shared about access to other community resources that may be available to your employees. The CIR specialist may also assess anyone who presents a potential risk of suicide or violence.

Following the completion of the intervention, the specialist provides management with recommendations for immediate next steps. Because crisis leadership is usually outside the training, expertise, and comfort zone of many construction leaders, they often avoid the difficult conversations that could be so helpful.

Ducking these opportunities also increases the risk for such misinterpretations as: “He doesn’t care,” “Only the bottom line counts,” or “She’s afraid to tell us what’s really happening.”

The CIR specialists leading the crisis response process are there to help individuals and companies transition through several predictable phases. Sequencing is crucial, so response phases should focus on the following transitions that will likely occur:

**From Deprivation to Access to Basic Resources**

Asking someone how they feel when they lack food, clothing, and shelter does not empower them and will understandably add to their frustration. First, ensure access to safety and basic resources. Be practical.

**From Isolation to Connectivity**

People tend to isolate after a crisis, whether by trying to avoid the stimuli related to the event or due to “feeling like a unique species” when impacted by traumatic stress. Connecting to natural social supports and professional resources helps counter this tendency.

The work team is often the best resource for social support because members shared the incident and understand the experience better than family and friends. Also, employees are more likely to “get it.” In fact, CIR specialists often gather work groups together to build cohesiveness and enhance opportunities for mutual support.

**From Chaos to Order**

Crises produce external and internal chaos. People and teams find it helpful when they transition from chaos to a predictable structure. Timely information, resumption of typical schedules, and prompt return to familiar tasks help recreate a sense of order.

Pertinent information also creates understanding and reduces anxiety, and should be shared by the company’s leaders as soon as possible. Crises force people into situations and feelings that are unfamiliar and uncomfortable. When affected employees are able to get back to familiar schedules and tasks, they tend to bounce back quickly and more effectively.

**From Powerlessness to Efficacy**

When we’ve adapted to what has happened and are able to function again, our feelings of powerlessness/helplessness are replaced with efficacy, confidence, and hope.

Focusing on what can be accomplished is crucial. Many employees will want to immediately return to business as usual; others may require a transition period during which they perform concrete, productive tasks not closely associated with the tragedy. However, extended time away is counter-indicated in the vast majority of situations.

**From Victim to Survivor**

As the immediate impact shifts in intensity, people begin to attribute meaning to the incident and integrate it within their world view. A self-definition as a “survivor” is certainly more life-giving than seeing oneself as a perpetual “victim.”

Company leaders can influence this process by recognizing that the vast majority of people who experience a crisis respond well to psychological first aid and return to full productivity. Communicating an expectation of recovery supports resilience, just as communicating an expectation of pathology or disability actually contributes to those outcomes.
ACT: A VERY IMPORTANT ACRONYM

The acronym ACT describes the method of Acknowledging, Communicating, and Transitioning during a traumatic event.

Editor’s Note: The following information on ACT first appeared in an article by Bob VandePol and Betty Gilmore in the August 2009 issue of Texas Banker. Entitled “Dealing with Angry Customers,” the section on ACT is reprinted here with the permission of the Texas Bankers Association.

“The ACT crisis communication process is a simple process that provides leaders with a structured way to facilitate both individual and organizational recovery.

Acknowledging & Name the Incident

• Have an accurate understanding of the facts and avoid conjecture.
• Demonstrate the courage to use real language that specifically names what occurred.
• Acknowledge that the incident has impacted the team and that individuals will be impacted differently.
• Acknowledge that the incident has an impact on you. Doing so positions leadership as also impacted by the event and can align leaders with other employees. This reduces the likelihood of blame.

Communicate Pertinent Information with Both Compassion & Competence

• In these situations, leaders must ‘know their stuff’ in a caring way.
• Leaders may benefit from the support of a colleague, attorney, or CIR specialist to help script a response and provide coaching/feedback.
• Have a crisis response plan that includes use of CIR specialists. These experts can help design the response plan and deliver structured clinical interventions to mitigate the effects of trauma.

Simply exercising this plan automatically communicates compassion and competence.

Transition to a Future Focus & Next Steps

• Triage employees back to work or to additional supportive care.
• Communicate an expectation of recovery. Those impacted must gain a vision of ‘survivor’ rather than ‘victim.’
• Identify security and/or training strategies to prevent similar incidents in the future.
• Communicate flexible and reasonable accommodations as people progress back to ‘return-to-work’ and ‘return-to-life’ normalcy.

Employees should not all be expected to immediately function at full productivity (although some will), but will recover more quickly if assigned concrete tasks.

Structure and focus are helpful. Extended time away from work often inhibits recovery. ‘If you fall off a horse . . . get back on a pony as soon as possible.’

• Lead visibly for several days and be especially accessible to employees for support and information.
• Destigmatize and encourage utilization of the CIR specialist.”

CONCLUSION

Research indicates that humans are an amazingly resilient species – we bounce back from adversity. The application of psychological first aid facilitates a prompt and effective return to both work and life for most people.

When company leaders manage the risk of a traumatic event using this process, they not only speed individual and organizational recovery, but also increase the likelihood that affected employees will positively view management’s involvement as a crucial aspect of their successful recovery.

Web Resources:


continued on page 18
30% of American businesses are not prepared for an emergency. This course teaches the vital skills necessary to plan for a disaster and ensure the successful continuity of business operations.

CFMA’S EMERGENCY MANAGEMENT PLANNING COURSE

This is a 4-hour intermediate-level course and earns 4 CPE credits. For more information, contact education@cfma.org.

PREREQUISITES:
A basic understanding of construction accounting and financial management and business operation principles is recommended.

PROGRAM OUTLINE:
• Identifying Disasters
• Risks and Impacts to Business
• Emergency Management Process
• Business Continuity Tactics & Strategies

LEARN HOW TO:
• Assess Your Company’s Vulnerability
• Assemble an Emergency Management Planning Team
• Conduct a Business Impact Analysis
• Create an Emergency Management Plan

Endnotes:

ROBERT VANDEPOL is the President of Crisis Care Network (CCN) in Grandville, MI. CCN is the largest provider of workplace CIR Services in the U.S. Bob consults with corporations, insurers, EAPs, and behavioral health professionals on how to manage the behavioral risks inherent in workplace tragedies.

An active keynote speaker, Bob has been published and quoted in business and clinical journals; has coauthored book chapters on workplace responses to tragedies; and has been featured in multiple video training series.

He managed CCN’s Command Center in Manhattan after the 2001 terrorist attacks and led numerous leadership summits on organizational recovery during crises after Hurricane Katrina and the Virginia Tech tragedy.

Bob was a presenter at CFMA’s 2009 Annual Conference & Exhibition and the 2008 IRMI Construction Risk Conference. He also contributed content to Dr. Nigel Ellis’ book, Introduction to Fall Protection, 4th Edition, due for release later this year.

Phone: 888-736-0911, ext. 839
E-Mail: bob.vandepol@crisiscare.com
Website: www.crisiscare.com

CALVIN E. BEYER is Vice President, Construction Risk Control Solutions, at Arch Insurance Company in Saint Paul, MN. He leads the Risk Control Team for Arch Construction and specializes in risk selection, strategic risk improvement, and best practice development.

Cal has 21 years’ experience in the insurance industry. He has spoken at CFMA’s Annual Conference & Exhibition, is a frequent presenter at CFMA regional conferences, and is an established author for CFMA Building Profits.

Cal earned a BA in Political Science and American Institutions from the University of Wisconsin-Madison and a Master of Public Administration from the University of Kansas, Lawrence, KS. He is a DBA student at Argosy University, Twin Cities Campus, MN.

Cal was appointed to CFMA’s Executive Committee and then elected CFMA’s National Secretary for 2009-10. A member of CFMA’s Conference Planning Task Force, Cal belongs to the Twin Cities Chapter. He is a former national At-Large Director and a Spring Creek alumnus.

Phone: 651-855-7165
E-Mail: cbeyer@archinsurance.com
Website: www.archinsurance.com

30% of American businesses are not prepared for an emergency. This course teaches the vital skills necessary to plan for a disaster and ensure the successful continuity of business operations.