Models of Crisis Management: an Evaluation of their Value for Strategic Planning in the International Travel Industry

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ABSTRACT

Tourism is particularly prone to external shocks, which by their nature are unpredictable and need to be addressed through effective crisis management processes. The paper reviews the literature relating to crisis management in tourism and identifies and briefly critiques several models that have been developed to help managers in their strategic planning for such contingencies. The terrorist attacks of '9/11' are used as an exemplar of the type of external shock that can lead to crisis if travel industry managers fail to take immediate and decisive action. This paper discusses the reactions of leading UK based tour operators to the terrorist attacks and a case study is presented to examine the reaction of a particular company to '9/11' and to review the 'turnaround' strategies used. The crisis management process model is compared and contrasted with the steps actually undertaken at the company. It is evident that there are wider lessons for the travel industry including the need to: integrate crisis management with strategic planning processes, prepare detailed contingency plans, define decisional roles and responsibilities, and to retain a degree of flexibility. Copyright © 2005 John Wiley & Sons, Ltd.

INTRODUCTION

Tourism and the vast travel industry that has grown up to facilitate it are particularly prone to external shocks beyond the control of its managers. Internal corporate shocks such as financial irregularities by contrast are also important to the industry. Arguably, however, these are not distinguishing characteristics of the industry, for as the events of Enron, Arthur Andersen, WorldCom and Parmalat have demonstrated they are prevalent in many industries where management have proved to be too ambitious, fraudulent or incompetent.

The travel industry, although not unique in its vulnerability, is nevertheless highly exposed to risks and prone to crises as the result of external events. Unlike internal events, which can be assessed and controlled by managers, external events are beyond their control and therefore inherently provide a greater degree of risk and uncertainty. Furthermore the inherent characteristics of this service based industry (such as the perishability of the product and the interdependence of elements of the product) make the risks potentially very difficult to manage, because supply often cannot quickly be matched to rapid declines in demand (Evans *et al.*, 2003).

External shocks, such as wars, hurricanes, terrorist attacks, pollution, adverse publicity

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and accidents, can have a dramatic and speedy effect upon levels of business in the travel industry. The external shocks can quickly develop into crises and indeed can be and should be viewed as a central concern of competent managers in the industry. Recent events such as the Bali bombing and '9/11' have clearly shown that terrorism in particular poses a major threat to the industry.

By their nature these events are unpredictable in relation to their geographical location, their timing and their scale and hence provide difficulties for industry managers in a number of ways. It is difficult to forecast such events in the first place and to foresee the full implications and the management steps that need to be taken can be complex at a strategic level but also in terms of effective implementation of management actions at an operational level. A brand, which, may have been assiduously developed over many years can be severely damaged or even destroyed by sudden events. For example, The Gulf War led to a severe downturn in travel and tourism in the early 1990s (which extended far beyond the Middle East location of the conflict), and the terrorist attacks in New York and Washington on 11 September 2001 had an immediate effect upon the industry.

Managers, although not being able to plan directly for such events (because they are by definition not capable of being foreseen), nevertheless need to be able to assess the risks that the business is prone to and to have robust and clearly articulated contingency plans in place so that they are able to react quickly and effectively. One approach is to spread the risks so that one upset does not destroy the business entirely. Thus a tour operator specialising in tours to only one country would be at risk if a war or environmental catastrophe were to occur there, but by operating to several countries the risks are spread and the overall risk is reduced. Such spreading of risks, however, is not always possible and may conflict with other commercial imperatives that require specialisation and focus.

In view of the central concern that crises in general, and terrorism in particular, should have for managers in the international travel industry the objectives of this paper are:

(1) to discuss the effects of terrorism on the international travel industry in general and UK tour operators after '9/11' in particular;
(2) to review the current literature relating to crisis management processes and to select a crisis management model to examine in greater detail;
(3) to apply the selected model to a UK based tour operator as an exemplar of how crises are managed;
(4) to derive lessons for the management of crises for the wider international travel industry.

TERRORISM AS A TOURISM CRISIS

This paper focuses on terrorism as a crisis situation for travel managers to deal with. The events of 11 September 2001 will be used as an exemplar of a terrorist attack and the effects of '9/11' on UK tour operators will be discussed.

Acts of terrorism, which have been defined as 'a systematic and persistent strategy practiced by a state or political group against another state or group through a campaign of acts of violence . . . to achieve political, social or religious ends' (Pizam and Smith, 2000) have had a major effect upon tourism destinations since before the end of the Cold War. The effects of terrorism are experienced throughout society and many industries are disrupted by such acts, but the effects upon the tourism sector are particularly profound. Indeed it would be difficult to argue with observers when they suggest that there is probably no industry in the world where a crisis (brought about by an act of terrorism) can have a greater effect than with tourism.

A number of authors, including Ryan (1993), Sonmez (1998), Sonmez *et al.* (1999), Pizam and Mansfeld (1996) and Pizam and Smith (2001), have researched the link between terrorism and tourism and conclude that targeting tourists clearly helps terrorists in achieving their objectives by disrupting the industry and assuring publicity (Sonmez *et al.*, 1999). Owing to the negative publicity by the media a tourist destination can experience a crisis whereby its reputation may be damaged and the operation of tourism-related businesses might experience a severe turndown. The effect of the dis-

ruption and violence on the industry is a crisis, which needs careful and decisive management (Somnez, 1998).

Tourist habits have been affected by recent events including the Gulf War in 1991 and the attacks in Luxor, Egypt in 1997. During the Gulf War in 1991 the countries in the Middle East and the eastern Mediterranean suffered a severe decline in the number of tourist visits. Cyprus, for example, experienced a fall in visitor numbers from 3.38 million in 1990 to 2.94 million in 1991 (BBC, 2001). More recently the terrorist incident that occurred in Bali in October 2002 killed over 180 people (most of whom were tourists), when a bomb exploded in a nightclub. Here the terrorists gained power as a political weapon through the mass media coverage of the event. Tourists were targeted, which had both short- and long-term effects on Bali's tourism industry. People fled the island; there were inevitable cancellations of bookings and a drastic reduction in new bookings, similar to the reaction of the public during the Gulf War. Furthermore, persistent acts of terrorism can tarnish the image of a destination's safety and attractiveness to such an extent that it may jeopardise its entire tourism industry (Sonmez *et al.*, 1999).

On Tuesday 11 September 2001 ('9/11') three passenger planes were hijacked and flown into major buildings in the USA: the World Trade Center in New York and the Pentagon in Washington. The attacks (and fear of subsequent attacks) brought the world travel industry to a virtual standstill as governments, businesses, airlines and individual travellers took immediate action (Tate, 2002). Airspace over the USA was closed for two days and during that time the airlines lost over $100 million in sales revenue (Goodrich, 2002). In the short term there was a cancellation of bookings, particularly those to America, and people avoided USA airlines. Prior to '9/11' there had been a marked slackening in the growth rate for world travel in line with a deteriorating worldwide economy: the event accelerated the decline with the public being frightened to travel internationally. According to the World Tourism Organisation (WTO) international visitor numbers for 2001 decreased by 0.6% to 692 million (Tate, 2002). In the quarter following '9/11' they were 9%

Table 1. International tourist arrivals in 2001 compared with 2000. Source: Tate (2002), adapted by the authors

Continent	Percentage Change
Africa	(–1.4%)
Americas	(–20%)
East Asia/Pacific	(–4%)
Europe	(–6.5%)
Middle East	(–20%)
South Asia	(–24%)

down with the impact being felt worldwide (Tate, 2002). Table 1 shows, however, that areas with high Muslim populations (South Asia and the Middle East) were particularly badly affected, with the Americas also exhibiting a major downturn.

The 11 September incident had a dramatic effect on the travel industry, with the airline sector being hardest hit; the number of passengers worldwide fell suddenly by 10% (Tate, 2002). In its wake, crisis management plans were rapidly implemented in an attempt to revive the travel industry. New security precautions were introduced at airports with increased surveillance of baggage and more random checks of passengers (Goodrich, 2002). It was not only the airlines that experienced problems, however, the international tour operators based in the UK, as with other tour operators worldwide, saw bookings fall and had to cut costs accordingly.

APPROACH AND METHODOLOGY

This paper discusses the reactions of a number of leading travel companies but focuses particularly on the reactions of the UK outbound tour operating sector to terrorist attacks. The terrorist attacks of 11 September 2001 are used as an exemplar of the type of external shock that can lead to crisis if managers fail to take immediate and decisive action. A case study is presented of a specific company, which is a major subsidiary of one of the leading companies in this sector (and where one of the authors was employed at the time of the crisis). A crisis management model is applied to the company and the case study is used to

examine the reaction of the company to the events of '9/11' and to review the 'turnaround' strategies used.

A literature review of the effects of terrorism on tourism and on the crisis management process was carried out, which is presented as a discussion in this paper. A deductive approach is used to inform this research whereby the starting point is the theory of crisis management and models that have been developed, which are contrasted and analysed against the information collected, with a view to accept or refute the theory (Finn *et al.*, 2000).

Qualitative research methods were applied and the approach is grounded in the perspective that no two crises are identical. Information is derived from semi-structured interviews with key company mangers and by observational recall, as one of the authors worked for the company at the time of '9/11' and subsequently. The interviews were carried out by telephone and supplemented by email contacts. The semi-structured interviews allowed the interviewees to expand and talk freely about the subject in question, which may have generated more information than if the questions had been fully structured.

The information derived was analysed and is discussed in this paper in order to assess the reaction of the company and derive wider lessons. The information is then compared with the crisis management process as conceptualised in the form a model from the relevant literature.

The approach enabled some empirical (but limited) findings to be combined with secondary information and allows the paper to illustrate the theory with realities. It is nevertheless accepted that multiple case studies might be valuable for comparisons between the different tour operators or responses to different crises. In focusing on a typical case study there are inherent difficulties in separating what is unique to the company and what is held in common with other UK tour operators. Such multiple case studies, however, are beyond the scope of this paper, and the authors would maintain that a single case nevertheless provides an informative and relevant case from which some lessons can be drawn.

THE EFFECT OF '9/11' ON UK TOUR OPERATORS

Outbound tour operators based in the UK, which number over 1800 (Civil Aviation Authority, 2003), faced a crisis with the terrorist attacks of '9/11' and feared the worst in terms of the need to cut capacity and jobs as a result of falling sales. Although the sector has been characterised by its volatility both in terms of its sales and in terms of returns attributable to share holders (Evans and Stabler, 1995), and tour operators can be viewed as having become increasingly adept at balancing supply with fickle demand levels, the aftermath of '9/11' posed particularly acute problems for managers.

Fears of a business downturn developed into reality with immediate effect and immediate contingency plans had to be put into action. With a downturn of 20–25% in high street trading in the week following '9/11' (Travel Weekly, 2001a), tour operators had no option but to adjust capacity levels for winter 2001–2002 and summer 2002 to reflect a likely decline in bookings to the eastern Mediterranean, North Africa and the USA. Companies had to devote themselves to dealing with passengers already in America and those who were due to travel to the USA. The four largest European tour operators: TUI, MyTravel, First Choice and Thomas Cook had to cut capacity to minimise the chaos they would face in the late booking market (Holmes, 2001).

In the immediate aftermath of the attacks, all four operators cut capacity, made staff redundant and reviewed their marketing strategies as summarised in Table 2. Nevertheless, the UK tourism minister of the time (Kim Howells) accused the tour operators of 'being too quick to throw in the towel in times of trouble' (Gannoway, 2001). Sales fell and operators were taking half the number of bookings they had expected at this time of year for summer 2002 (Huxley, 2001). Analysts predicted that people would still take holidays but would not book until nearer departure time — which would leave operators no time to increase capacity (Huxley and Holmes, 2001). The tour operators were experiencing rapid decline and needed to work together to save the travel industry. The Association of British Travel

Table 2. The Effects of September 11th 2001 on UK Tour Operators. Source: various *Travel Weekly* and *Travel Trade Gazette* editions from 17 September 2001 to 9 September 2002, adapted by the authors

Tour operator	Jobs	Capacity and/ or the brochure	Strategies	Other comments
MyTravel (formerly Airtours)	350 jobs were lost after '9/11' with the chief executive announcing that a further 2000 jobs may be cut, which would include 300–400 in the UK	The group did not cut capacity sufficiently and hoped that there would be only 500 000–700 000 left to sell but instead there was 1 million	They acted rapidly: cut costs and the number of holidays on sale. They started to promote new global brands and offered up to 55% off holidays for 4 weeks	Shares fell by about one-quarter in the immediate wake of attacks. Currently concentrating on UK core businesses
TUI UK (formerly Thomsons)	400 jobs have been lost which is partly due to the name change to TUI. However, there could be more job losses on the way	Suspended winter 2002–03 brochures until 2002	Have spent to stimulate the market and starting shifting seat only deals to the sun and promoted their new global brands	Retail staff told to clean their own branches
First Choice	500 jobs have been lost with the cuts expecting them to save £20 million a year	Contingency plans to adjust capacity for the winter (by 15%) and next summer (20%). Also cut the aircraft fleet from 32 to 26	They have cut costs and capacity (eastern Mediterranean cut by 40%). They have repeated a tried and tested theory but with less spending	Greece and Turkey sold very well, although Florida suffered. Crisis cost them £10 million
Thomas Cook	1930 jobs were lost which included 60 UK managers. Staff offered unpaid leave, reduced hours or voluntary redundancy. Pay cuts were up to 10% for remaining staff and 15% for senior staff	Slashed summer 2002 capacity between 15 and 20%	Costs and capacity were cut with the plan to cut its role of sales administrators in the smaller shops. They have focused on internal matters	Grounded some charter flights and closed 100 agencies after reporting a 12% fall in bookings

Agents (ABTA) launched a £50 000 public relations campaign and worked closely with tour operators in an attempt to boost summer 2002 bookings and regain customer confidence (Travel Weekly, 2001b).

Following the crisis of '9/11' it can be seen that all tour operators took slightly different actions and had different outcomes. MyTravel suffered greatly from '9/11' and did not cut capacity sufficiently, which resulted in 1 million holidays left over in Summer 2002 instead of their prediction of 500 000 (Travel Weekly, 2002).

TUI suffered to a certain extent and successfully suspended their winter brochures for 2002 (Robinson, 2001) and concentrated on promoting their new global brands (TTG, 2002). First Choice survived the crisis quite well and calculated the capacity cuts accurately, which saved them £20 million (Dennis,

2001). Thomas Cook made a large number of people redundant and cut capacity between 15 and 20% for summer 2002 (Travel Weekly, 2001b).

CRISIS TYPOLOGIES

A crisis can threaten reputation, lives and the survival of an organisation (Seymour and Moore, 2000). Many definitions of a crisis have been constructed, such as those developed by Heath (1998), Seymour and Moore (2000) and Regester and Larkin (2002). To Heath (1998), for example, a crisis represents 'A serious incident affecting, for example, human safety, the environment and/or product or corporate reputation — and which has either received or been threatened by adverse publicity.'

Examples of crises may include life threatening incidents, product recalls and damage to the environment (Bland, 2000). A service based sector (such as tour operating), however, which trades predominantly in the international arena and relies to a large extent upon customer goodwill accumulated partly as the result of delivering safe and reliable products, is particularly susceptible to the effects of crises such as those that arise from terrorist incidents. Tour operators, although susceptible to financial crises owing to the uncertainty of the industry, are particularly vulnerable to crises where lives may actually be threatened or the perception of such a threat exists.

A number of authors have sought to develop typologies of crises, which can be useful in developing an understanding of crises and developing appropriate managerial responses. Meyers (1986), for example, in a very broadly based interpretation of what constitutes a crises identifies nine types of business crises: crises in public perception, sudden market shifts, product failures, top-management succession; finances, industrial relations, hostile takeovers, adverse international events, and regulation and deregulation.

Coombes (1995) in classifying crisis situations focuses on stakeholders' perceptions of the crisis. Such perceptions are based on whether the cause of the crisis is internal or external and result from intentional or unintentional acts. Using a combination of these internal–external and intentional–unintentional dimensions, Coombes (1995) specifies that *faux pas*, accidents, terrorism and transgressions represent crisis situations. *Faux pas* refers to unintentional acts (initially considered appropriate by the organisation). Accidents are unintentional events, which occur during organisational operations. A transgression is an event where the organisation knowingly places others at risk. Terrorism is an intentional act by an outside group intended to do direct or indirect harm to the organisation.

Perhaps the most useful typologies for managers, however, focus on the gestation period for crises. Those that are sudden and unexpected are inherently more difficult to manage than those that build up over a period of time. Seymour and Moore (2000), for example, have suggested that crises are of two types: the cobra and the python according to the way in which they develop. Booth (1993) argues that there are three types: gradual, periodic threat and a sudden threat. The types of crisis and the responses to them as suggested by Seymour and Moore (2000) and Booth (1993) are summarised in Table 3.

THE CRISIS MANAGEMENT PROCESS

In broad terms crisis management can be viewed simply (and easily remembered) as involving the '4 Rs' of a four-stage process of: reduction, readiness, response and recovery. Corporate managers, however, are faced with the reality of trying to implement this process and a broad literature has evolved relating to the processes involved in successfully managing crisis situations. Several models and conceptualisations (such as Caplan, 1970, cited in Cassedy, 1991; Arnold, 1980, cited in Booth, 1993; Slatter, 1984, cited in Booth, 1993; Smith 1990; Booth, 1993; Smith and Sipika, 1993; Seymour and Moore, 2000; Clarke and Varma, 2004) have been developed in order to help them. This paper briefly critiques a number of available models presented in Table 4, but focuses on the model of the crisis management process developed by Smith (1990) and further developed by Smith and Sipika, 1993.

A literature has also developed which focuses on the management of crises in travel and hospitality. Thus Glaesser (2004) in his book assesses a wide range of issues, including the influence of the mass media, the effect

Table 3. Crisis typologies. Source: Booth (1993) and Seymour and Moore (2000), adapted by the authors

Seymour and Moore (2000)	Response	Booth (1993)	Response
The 'Cobra' type of crisis is sudden, for example, a disaster, which may come as a shock (e.g. 11 September)	Defensive response with reliance on the known and trusted	Sudden threat or loss to whole organisation	Defensive response with reliance on the known and trusted
The 'Python' type of crisis creeps upon a company gradually, for example, caused by poor management or high costs	Bureaucratic response when crisis is not recognised — negotiated response when crisis recognised	Periodic threat or loss to part or whole of the organisation Gradual threat with an increasing threat to part of the organisation	Negotiated response and recognition of problem Bureaucratic response as the crisis is not recognised

Table 4. Crisis management models. Source: Caplan (1961), Slatter (1984), Arnold (1980), Booth (1993), Clarke and Varma, (2004), Seymour and Moore (2000) and Smith (1990), Adapted by the authors from the sources cited

Model	Approach	Limitations
Caplan's (1970) crisis model	Psychological perspective, whereby the focus is on how the individual copes with a crisis	The model lacks precision and is descriptive. The most important criticism is that it is homeostatic
Slatter's (1984) crisis susceptibility model	Economic approach to crises	It suggests only the factors that are susceptible to a crisis in an organisation. It is not a process, merely a model stating factors which may cause a crisis
Arnold's (1980) model of crisis	Sociological perspective and looks at how communities react to crisis	Only focuses on the sociological view and centres on the individual in relation to a group. The way an individual views the crisis may be different to the organisation
Process model of crisis development (Booth, 1993)	Aims to identify features that appear to be common in many crises	Too general and simple — all crises are unique in terms of the particular causes and effects involved
The crisis life cycle (Seymour and Moore, 2000)	Looks at the obstacles to decision making during a crisis	Too descriptive and general — although can be made to fit any organisation
Clarke and Varma (2004)	Presents a model of risk management as a strategic process	Difficult to put into operation
Model of crisis management (Smith, 1990; Smith and Sipika, 1993)	A process from start to finish of a crisis	May be too general and descriptive

of crises on purchase decisions and brand image and relevant managerial responses, whereas Sharpley (2004) presents an overview and categorisation of tourism crises.

A number of notable contributions have focused particularly on a tourism destination perspective of disasters and emergencies. Faulkner (2001), for example, presents a broad

disaster management framework in which disaster management responses are categorised into six sequential steps: precursors, mobilisation, action, recovery, reconstruction and reassessment and review. Faulkner's wide-ranging theoretical discussion draws from previous contributions focusing on destinations, particularly those of Murphy and Bayley (1989), Cassedy (1991), Drabek (1995) and Young and Montgomery (1998). Cassedy (1991) outlines the strategic processes involved in developing successful crisis management responses by destinations, whereas Drabek's (1995) focus is more on the detailed operational steps necessary to deal with emergency situations. The communication aspects of crisis management are emphasised by Young and Montgomery (1998) in the detailed crisis management model they propose.

The responses of particular sectors to crises are also examined in the literature. For example, Alderighi and Cento (2004) and Gillen and Lall (2003) consider the practices of airlines in relation to crises, with Ray (1999) and Henderson (2003) focusing particularly on the lessons to be drawn from the airline industry with respect to their management of strategic communications at times of crisis. With regard to the hospitality sector, Israeli and Reichal (2003) and Chien and Law (2003), for instance consider crisis management practices in relation to Israeli hotel experiences and SARS in Hong Kong, respectively, and Henderson (2002) focuses on the role of national tourism organisations in managing crises. Faulkner (2000) also draws attention to the usefulness of quantitative techniques using linear programming, as discussed by Arbel and Bargur (1980) for circumstances where the parameters of the crisis can be clearly identified, such as in the case of an individual hotel operation.

The academic literature, however, provides few insights into the behaviour of travel intermediaries such as tour operators, which this paper seeks to address.

THE APPLICATION OF A MODEL OF CRISIS MANAGEMENT TO A MEDIUM SIZED UK TOUR OPERATOR

The aims of crisis management according to Heath (1998) are:

(1) to plan and provide for possible crisis events which may occur — the pre-crisis stage;
(2) to reduce or mitigate the impacts of a crisis by improving the response management — the crisis;
(3) to swiftly and effectively determine the damage caused by the crisis — the post-crisis stage.

This paper focuses on the approach developed by Smith (1990) and further developed by Smith and Spipika (1993), and its application to a medium sized UK based tour operator. The model (shown in Figure 1) contains three distinct phases of the crisis management process: crisis of management, operational crisis and crisis of legitimation, and as such provides a process which enables the various stages of crises to be tracked and furthermore allows for learning within the process. The feedback loop represents the passing of the crisis and for lessons to be learned so that the organisation can return to the pre-crisis stage.
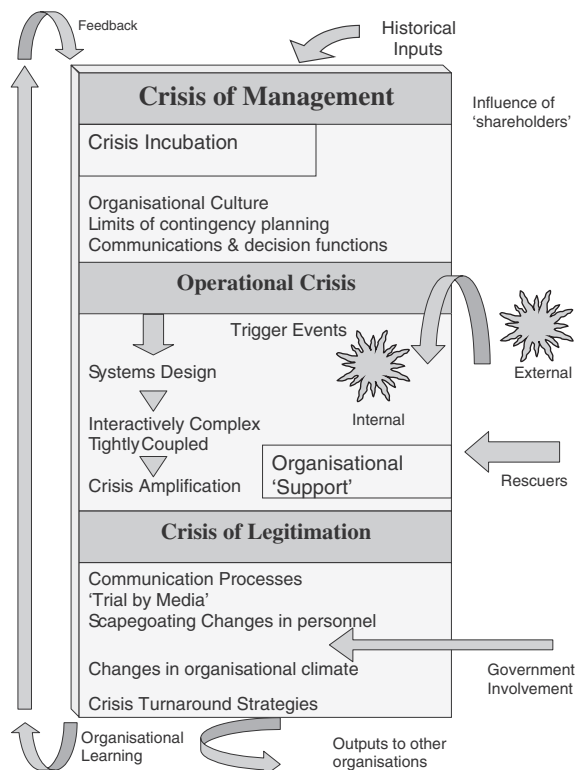

Figure 1. A model of crisis management

The company in question (which is not identified by name for commercial reasons) is a direct-sell tour-operating subsidiary of a major vertically integrated UK travel group with approximately 250000 clients a year travelling mainly to Mediterranean destinations. The company was amongst the first to use the direct-sell approach to the holiday industry and was the also the first to offer fully bookable package holidays on-line in the UK during 1999.

In the first pre-crisis period, organisations need to be aware of the possible scenarios that may take place and successful planning needs to involve a large number of staff in order to experience how to react in a real crisis (Harrison, 2000). In the case of the terrorist attack on 11 September this was a sudden crisis. Even though the crisis was unexpected it is possible to prepare for such an event by developing a crisis management plan. The influences from the management and the shareholders at the company encouraged a policy to be drawn up and reviewed each year. It is clear, however, that many companies are not well prepared for crises. It has been suggested that the reason firms do not plan lies in the myths of planning, in that such plans are viewed as a waste of time if inaccurate, and can lead to a paralysis in relation to making necessary changes and thereby can reduce flexibility. There can also be a general complacency about the crisis management policies found in firms, as they are perceived to be rather comforting when in fact people are unsure how to use it (Bland, 1998).

The company in question had a crisis management policy in place at the time of '9/11', which was derived from the overall policy for the group as a whole and which was updated annually. The policy featured the crisis and incident management structure, notification and activation criteria, information flows and response to the media, response plans and training. The training includes general training, table-top exercises and real time and live exercises with the aim to test the organisation, communications and the teamwork of those concerned and the ability of individual actions. The policy states that, 'it is imperative to have a framework in place to handle all such events swiftly, effectively and at an appropriate level'

and goes on to suggest that the aim of incident and crisis management processes is to 're-establish control of the situation as speedily as possible, and in doing so minimise any actual or potential adverse consequences of the event'.

The policy states communication and decision flows along with clear role descriptions to ensure that the crisis is handled swiftly and effectively at an appropriate level. Training is included as part of the policy to test the organisation, the communication and individual roles, as it increases familiarity and capability among those being trained and makes the organisation aware of potential crisis situations (Heath, 1998). This phase allows organisations to plan and prepare for a crisis. In the case of '9/11', the crisis had not had time to incubate, as it was unexpected. By nature crises are chaotic and every contingency cannot be covered (Bland, 1998) but it is still prudent for a certain amount of preparation to be done in the pre-crisis stage.

Phase 2 is usually recognised as the crisis, with the crash of the planes into the twin towers on 11 September 2001 creating the immediate crisis period at the tour operator. The aim of this phase is to prevent a worsening of the situation — and to be supportive to those involved, particularly when involving loss of life (Smith, 1990). Here, the emphasis will focus on the rescuers, which may include the emergency services as well as the crisis decision units, who attempt to pull the organisation through the crisis. They may not be able to contain the crisis within the organisation and significant control is needed on what strategies should be implemented.

The culture and structure of the rescuers and the communication flows play a large part in how effectively the crisis is managed (Smith and Sipika 1993). The culture of an organisation is often held as being of critical importance to corporate decision-making (Johnson and Scholes, 2002). A lack of communication between the rescuers can result in becoming crisis prone. In reducing the impact of the crisis the human face of management is important as this could determine whether the firm benefits or fails from the crisis (Smith and Sipika 1993). The key activities in this stage focus on the role of crisis management teams, crisis contain-

ment, development and control of strategies and the process of communication.

As the first plane crashed into the twin towers the office came to a standstill. The employees were shocked by the unbelievable pictures shown of the terrorist attack on TV — which was almost like something out of a film. They realised that this event may have a significant impact on the company and the travel industry worldwide. As no holidaymakers were in New York it was not a direct crisis and merely a crisis of the travel industry, which would evolve from the event itself. The immediate issue, however, was to look after people who were due to fly out to Florida and those in resorts.

At this point firms may want to decide on a strategy, however, some writers advocate caution at this stage to avoid making rushed decisions, which may turn out be wrong strategically (Bland, 1998). If firms follow the model by Smith (1990) then this will encourage them to wait until the third stage to make the strategic decisions, instead concentrating on the decisive operational details. The case study company decided to take this course of action, play it safe, consistent with the model, and carried on as normal (in the very short term) regarding capacity and advertising.

The model identifies that firms should focus on system design in this stage. The company had the system as represented by its crisis management policy in place, which they followed. This included references to decisional, informational and communicational flows. This system can be viewed as having been effective owing to the structure and the culture of the organisation, as the company encouraged open, informal communication between employees at all levels and during this period staff were kept informed of the situation at all times. During office hours, staff were informed by e-mail or telephone. The duty office at the company is open 24 hours, with staff available in case such an emergency arises. If the crisis amplifies then the firm must take action and use 'turnaround' strategies. In the case of '9/11', the attacks escalated from the first plane crash to the second and then the attack on the Pentagon in Washington.

As the crisis intensifies it enters the final stage of 'crisis of legitimation', which involves the period of turnaround and recovery (Smith, 1990). Here communication processes are important, with the media hungry for news (Regester and Larkin, 2002). At the company in question the media were not immediately in contact, although they may have been in contact since the crisis (unlike a coach or air crash, for example), as the incident was not specific to the company and the parent company was fully equipped to deal with such enquiries. The media were, however, in contact regarding capacity levels a few months after '9/11'. The stage is important as corporate reputation and morale can be directly affected by the activities of the media (Seymour and Moore, 2000), and although the reputation of the company itself was undamaged by the event the reputation of the travel industry as a whole was damaged with consumer confidence low, which in turn led to a fall in bookings across the entire industry.

The government stepped in to help with ABTA, setting up a campaign to help restore consumer confidence. The tour operators included contributed to this in an attempt to increase sales. The model encourages the organisation to identify external groups such as the government and to communicate and collaborate with them in the time of crisis. This model may not be suitable for all types of crisis, as not all will require government involvement.

The application of Smith's model to the tour operator in question is shown in Figure 2. The model prepares firms to expect a change in organisational climate. In the aftermath of the terrorist attacks the morale was low due to fears over job security and the redundancies that had already occurred. 'Turnaround' strategies are needed in such a crisis to help firms return to their normal state of operation. Although, responsibilities in this case were widely shared in this period, the marketing department played a large part in this stage with cost-cutting exercises being the primary focus. The main actions taken by the department are summarised in Table 5.

After this period the organisation will learn from their mistakes and will return to the pre-crisis stage whereby they produce the contingency plans for the future. The model is an ongoing process, which can be reviewed and improved each time a crisis occurs.
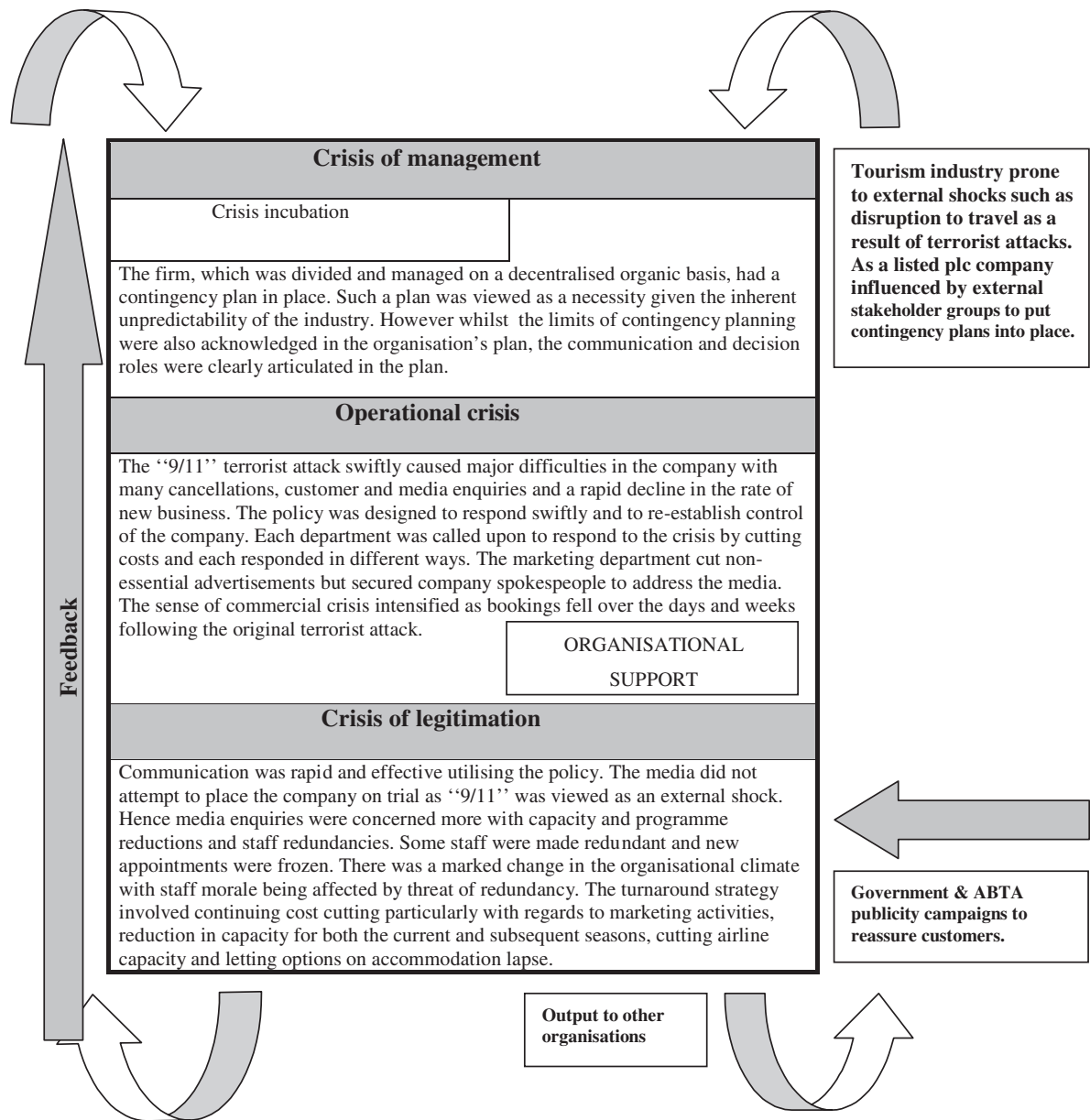
Crisis of management

Crisis incubation

The firm, which was divided and managed on a decentralised organic basis, had a contingency plan in place. Such a plan was viewed as a necessity given the inherent unpredictability of the industry. However whilst the limits of contingency planning were also acknowledged in the organisation's plan, the communication and decision roles were clearly articulated in the plan.

Operational crisis

The ''9/11'' terrorist attack swiftly caused major difficulties in the company with many cancellations, customer and media enquiries and a rapid decline in the rate of new business. The policy was designed to respond swiftly and to re-establish control of the company. Each department was called upon to respond to the crisis by cutting costs and each responded in different ways. The marketing department cut non-essential advertisements but secured company spokespeople to address the media. The sense of commercial crisis intensified as bookings fell over the days and weeks following the original terrorist attack.

ORGANISATIONAL
SUPPORT

Crisis of legitimation

Communication was rapid and effective utilising the policy. The media did not attempt to place the company on trial as ''9/11'' was viewed as an external shock. Hence media enquiries were concerned more with capacity and programme reductions and staff redundancies. Some staff were made redundant and new appointments were frozen. There was a marked change in the organisational climate with staff morale being affected by threat of redundancy. The turnaround strategy involved continuing cost cutting particularly with regards to marketing activities, reduction in capacity for both the current and subsequent seasons, cutting airline capacity and letting options on accommodation lapse.

Feedback

Tourism industry prone to external shocks such as disruption to travel as a result of terrorist attacks. As a listed plc company influenced by external stakeholder groups to put contingency plans into place.

Government & ABTA publicity campaigns to reassure customers.

Output to other organisations

Figure 2. Application of a model of crisis management to a UK tour operator

LESSONS OF CRISIS MANAGEMENT FOR THE TRAVEL INDUSTRY

It is evident from the preceding discussion that the process of in crisis tunaround is 'a complex phenomenon which requires careful pre-planning by management if they are to be effective in dealing with the aftermath of a major crisis' (Smith and Spika, 1993). Fundamentally crisis management can be viewed as a key strategic issue (Clarke and Varma, 1999), which should be addressed by senior management as a central concern. As such crisis management, it can be argued, should be an integral part of the strategic planning processes that companies adopt (since crises represent a challenge to the very survival of organisations in many cases) and not merely a 'bolt-on' extra that is added at some later date. Thus if the view is taken that crises of one sort or another are

Table 5. Marketing department actions in the aftermath of 11 September 2001

Date	Events	Marketing department actions
Immediately after '9/11'	Very few phone calls were received enquiring about future booking	Had to play it safe and assume the worst and costs had to be cut
		Meetings were held and non-urgent expenditure was cut — the luxuries in the department had to go. Five employees were made redundant from a group of 19
		Staff parties and educational trips in the brochure production section were stopped
		The quality of paper used for the brochure was down graded to save costs
		The advert tracking research which is completed before and after a campaign had to be stopped, which was due to start on the 12 September
		Non-essential adverts — at airports and those overseas were cut
		Prices on selected holidays were decreased considerably
		Advertising did not stop altogether as they still had to keep selling
		Press trips were stopped and PR activities were cut for three months
		Promotional activities such as the brochure and magazine inserts were not cancelled
January 2002	The UK Department of Trade and industry, Foreign Office, ABTA and the Civil Aviation Authority all had their own PR campaigns to help restore customer confidence — the operators could contribute to the activities if they wished	Consequently an advertisement campaign was run to the maximum over 8 weeks instead of 4–5
	Surveys showed that people would still want to go on holiday but may book later or only go for cheap deals	The advertising used was flexible — with press advertisements being the most flexible, which can be added or cut at the last minute. Press inserts were not so flexible although very effective and were distributed over 6 weeks instead of 4. Direct mailing activities were continued as they were perceived as providing value for money Outdoor and TV advertisements were cut
	Normally 40% of people that are going to on holiday in the summer book in January — but it was estimated in this year that 40% would book but spread out over January and February	
September 2002	Summer 2002 actually sold early, which left very few late deals to be sold	
	Having reduced capacity in 2002 the company expanded for summer 2003	
	The company returned to normal sales figures and advised people to book early which generally they did	

inevitable, particularly in a volatile sector such as travel with its inherent susceptibility to external shocks, prudently managed companies should consider the potential risks and managerial responses to them at the analysis and formulation phases of the strategic planning process and put into force a strategic response to crises in the implementation phase.

Organisations, however, have to be mindful of the fact that no two crisis situations are identical and that therefore, although managerial responses are planned in advance, such responses need to be flexible to take account of the requirements of the exact circumstances encountered. Thus responding to a crisis in an appropriate way is not merely about developing a series of contingency plans and putting them into practice in the event of a crisis (although such plans are an important aspect). The turnaround process is also concerned in the longer term with issues (explored by Dynes and Aguirre (1979) and Smith and Sipika (1993) such as organisational learning, configuring the structure of the organisation to respond effectively, creating a culture that is responsive and flexible and developing managerial competences as part of the management development process.

In implementing a crisis management strategy of Ray (1999) stresses that a crisis management team or crisis decision unit then needs to be selected with a clear framework for communication flows. The key to a successful crisis management plan is clear and precise communication, both internally and externally, which might be tested or rehearsed, as major problems in the framework need to be identified before a crisis occurs (Harrison, 2000). The whole organisation needs to be aware of the framework or strategy, in case such an event occurs, thus indicating the importance of sharing knowledge. The way in which a firm prepares for a crisis may depend on its culture, as this will directly influence how a firm communicates (Ray, 1999). The culture will dominate the management's actions and will reflect in the attitudes and norms of the organisation (Ray, 1999).

It is to be expected that individuals and groups who have experienced disasters and managerial responses to them are likely to be better equipped to respond to similar situations in the future (Faulkner, 2001), but some evidence points to this rarely occurring in practice (Burling and Hyle, 1997). Such knowledge can be gained only through a thorough and systematic debriefing procedure after the event as a basis for refining the strategy for future management of crisis situations. Consequently by drawing on the knowledge of individuals and groups derived from their experiences of managing in a crisis, the role of organisational learning is stressed. In considering learning approaches in relation to crisis management Richardson (1994) distinguishes between single and double loop learning. Single loop learning concerns learning from the managerial responses themselves in keeping with the accepted framework of existing systems' objectives and roles, whereas double loop learning additionally questions the systems, roles and objectives themselves as well as the response to the crisis to see what lessons might be forthcoming. It is suggested that double loop learning provides a more rigorous and wide-ranging basis for future strategic changes but may in some cases be contrary to the cultural norms of the organisation.

After incorporating the crisis management model developed by Smith (1990) with the steps undertaken by the company being used as a case study regarding the '9/11' crisis there are some generic lessons for the travel industry, which are identified in Table 6.

As the travel industry is unpredictable and many external factors can create a crisis it is almost certain that a crisis of some sort will occur at some point in time. Furthermore given the perishability of the travel product it cannot be stored for future use. Thus, the travel industry needs to be aware of the potential crises and be prepared for a sudden and unexpected crisis. Events such as '9/11' are extremely hard to prepare for, as this was a one off event that cannot be practised. The longer run effects of such a crisis are also difficult to predict and it can be argued that these can be categorised into primary and induced effects.

(1) Primary effects are the fall in sales of holidays in the travel industry owing to consumers being scared to travel and losing confidence in the travel industry.

Table 6. Lessons and action to be taken by the travel industry. Sources: Smith (1990), Richardson (1994), Smith and Sipika, 1993, Heath (1998) and Regester and Larkin (2002) — Adapted by the authors

Lesson	Action
Prepare Contingency plans	Draw up contingency plans, which may be in the form of a crisis management policy as the travel industry is unpredictable, its product is perishable and unexpected crises may occur at any time
Develop communicational and decisional roles and flow diagrams	This can be incorporated into a crisis management policy with clear role descriptions to ensure that the crisis is handled swiftly and effectively at an appropriate level
Training should be encouraged	Training should be included as part of the policy, as it increases familiarity and capability among those being trained as well as making the organisation aware of potential crisis situations (Heath, 1998). This could be in the form of scenario planning, paper based exercises and live exercises
Do not rush decision making in the immediate aftermath	Firms should not rush strategic decision-making in the immediate aftermath of a crisis and should consider all options before making a choice
Co-operate with the media	Firms must co-operate with the media, as poor management regarding the media could lead to the general public and the media being negative and judgemental about mistakes made in handling the crisis (Heath, 1998). As Regester and Larkin (2002) suggest you must 'tell your own story, to tell it all and to tell it fast'
Identify external groups who may intervene in the time of crisis	Firms should identify groups that may be able to help in the time of crisis such as the government. They must communicate and collaborate with them in times of crisis as well as in the pre-crisis stage
A thorough and systematic debriefing procedure after the event	A debriefing forms a basis for refining the strategy for future management of crisis situations. By drawing on the knowledge of individuals and groups derived from their experiences of managing in a crisis, the role of organisational learning is stressed. Richardson (1994) distinguishes between single and double loop learning
The turnaround process is also concerned with longer term issues	The organisation, to respond effectively to future crises, should be concerned with creating structures which are configured to respond effectively, creating a culture that is responsive and flexible and developing managerial competences as part of the management development process

(2) Induced effects are the downturn of other sectors, thereby causing less people to travel. For example, people may be wary of their spending habits owing to political uncertainty and therefore the retail industry will suffer as a result.

CONCLUSION

This paper explores the crisis management process in relation to the UK tour operating sector and a case study is used to examine the reaction of the company to '9/11' and to review the 'turnaround' strategies used. The crisis management process model is compared and contrasted with the steps actually undertaken at the company in the wake of '9/11'.

It is evident from the analysis that there are lessons to be learned, which could be useful for the travel industry in general, including the need to:

(1) prepare detailed contingency plans;
(2) define decisional and informational roles and responsibilities;
(3) retain a degree of flexibility in order to react swiftly and decisively at an operational level but not to rush into more strategic level decision-making.

Furthermore it is important that lessons are fed-back into the company once the immediate crisis is over, as the crisis management model presented implies, crisis management is a continuous process involving a feedback loop back to the pre-crisis stage once the crisis is over. This enables organisational learning to take place whereby companies are able to improve their performance through learning from mistakes and preparing for the next potential crisis.

No two crises are the same and as companies vary in their scale, complexity and orientations reactions will vary from one company to the next in order to match the reaction to individual circumstances. A schematic model (such as the one developed by Smith (1990) and Smith and Sipika (1993)), however, can provide a useful starting point for managers to assess the risks involved and to identify the roles and responsibilities of the various internal and external stakeholders. It is of course necessary for organisations to adapt the model appropriately to suit their individual circumstances so that companies can be assured that robust and clear crisis management processes are in place. In applying the model, however, although it is a useful device in identifying and categorising issues, it is nevertheless imperative that the limitations of contingency planning are recognised and that flexibility of response is maintained.

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