

**Czech Managers Survey:**

# **Risks and Crises 2003**

Donath-Burson-Marsteller  
Det Norske Veritas  
MR. Think

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# Content

|   |     |
|---|-----|
| Content.....                                | i   |
| Why is Every Issue a Problem in Czech ..... | ii  |
| Being in the Know.....                      | iii |
| Crisis: Risk or Opportunity?.....           | iv  |
| Facts or Beliefs .....                      | v   |
| Methodology.....                            | vi  |
| Train Hard .....                            | 1   |
| Every Rose Has Its Thorn.....               | 2   |
| Mine Field .....                            | 3   |
| Zoomed at Responsibility.....               | 4   |
| Like Master, Like Man .....                 | 5   |
| Life Brings Change .....                    | 6   |
| Needle in a Haystack.....                   | 7   |
| Times & Manners .....                       | 8   |
| Crisis: A Public Matter .....               | 9   |
| CEO is the Company.....                     | 10  |
| Speak up .....                              | 11  |
| Risk Hunt.....                              | 12  |
| Bottom Line .....                           | 13  |
| Good as Gold (Preparedness).....            | 14  |
| Company Information .....                   | 15  |
| Contact Details.....                        | 15  |
| Seminar: Risks and Crises .....             | 16  |

# Why is Every Issue a Problem in Czech

*“Unfortunately, I can’t really say anything. We haven’t got a spokesman. We do not comment on anything.”*

*a head office employee of Lidl  
Czech TV (Primetime News), 11 October 2003*

## Research Summary

One hundred felled trees for one damaged company reputation.<sup>1</sup> This is the result of a media titbit recently served to the public by the Czech media. This is a typical problem whose roots seem to reach all the way to the top of the company. Just like with a wilding, ignoring risks can cost dearly.

The surveyed representatives of the 51 largest Czech companies agree on the following observations regarding risk identification and crisis mitigation:

- Crisis situations in business can be prevented;
- Computer systems and data security and relations with business partners and competitors constitute above-average risk areas. Sexual harassment is an area associated with below-average risk;
- Top management should deal with risks and their prevention;
- Systematic identification of potential risks is a tool that can be used to prevent crises;
- In the next twelve months, their companies will innovate processes for crisis prevention and management;
- Knowledge of how a company works is the most important attribute for managing crisis situations;
- The main reason the media do not inform objectively about crises in companies is that journalists lack knowledge of the issue;
- Active communication with the media is a basic communication tool in a crisis;
- The most suitable persons for communication with the media in a crisis are the press spokesman and the CEO;
- Insufficient communication with the media in a crisis significantly affects business results;
- Knowing clients, suppliers and competitors’ risks is important for a company’s development;
- Knowledge of risks leads to obtaining a competitive advantage;
- Investment in risk identification and prevention pays off.

## Opportunity

Identifying risks creates opportunities. Sometimes it is not the risks themselves but the process of identification that helps discover a new business opportunity. Every issue does not always have to translate into a problem, as it does in the Czech language, whether it concerns production, relations with employees or the media.

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<sup>1</sup> Germany-based Lidl & Schwarz Grocery Wholesale operates a discount store chain, in the Czech Republic. Recently, Lidl was subject to intense media scrutiny initiated by ecology activists.

## Being in the Know

Ing. Martin Ruščák, CSc.  
Det Norske Veritas

Tough competition forces companies to look for sources of profit more inventively than before. Risk identification, analysis and management would seem to be milestones that lead to the desired goal, through the winding road of business strategy. Committed management of risks reduces the degree of uncertainty in business and makes the whole system more transparent and, therefore, much more manageable.

The steps to take are few. Recognising and classifying risks and the subsequent analysis helps to devise effective measures aimed at reducing or eliminating the risks. If losses are reduced in the outcome, by definition, revenue is increased. And loss, which does not occur, is basically profit and a competitive advantage.

We can define a risk as the degree of a potential loss in various areas of business—the economics of business, company trustworthiness and its management, an enterprise image, injuries or even putting employees' lives at risk. A risk analysis should examine the probability of an undesirable event occurring and the consequences it entails.

Losses can occur in various areas, such as finance, quality, information, health, safety and the environment. Their effect can either be immediate, e.g. after an accident or production outage, or delayed, e.g. in increased repair costs, late delivery or damage to reputation.

Each risk has a certain probability of incurring loss. Losses resulting from risk are of various sizes. A risk analysis establishes a relationship between costs and risk mitigation, and proposes measures to avoid the unnecessary losses.

Risks sound the alarm. Drastic cost cutting may often lead to an increase in profit, but then the possibility of losses caused by not dealing with identifiable risks rises just as sharply. On the other hand, an attempt to make a company safe from all possible risks may significantly reduce possible losses, but raises costs to a level where profit disappears. Where, then, is the golden mean? This is left to be determined by risk analysis and management.

Having said this, an attempt to eliminate risks in one area should not endanger the overall enterprise equilibrium. A classic example is a production process alteration which may increase the volume of production but also leads to endangering employees' health, the environment or simply to a breach of the Labour Code. This also applies to communications. Providing more information about a company may increase the level of general awareness about its activities, but may also lead to an unwanted leak of know-how, with all its negative consequences.

As they are unique, crises can never be wholly eliminated. A detailed risk analysis drafted in advance may cost something, mainly in terms of human capital, but much less than locking the stable door after an expensive horse has bolted. And in addition, fortune favours those who know where to find her.

## Crisis: Risk or Opportunity?

Ing. Michal Donath  
Donath-Burson-Marsteller

In business a crisis is thought to be an unexpected event which can negatively impact business results and has the potential to significantly worsen a company's market position and to cause the loss of a competitive advantage. An "ideal" crisis would obviously be one that there was time to prepare for. Or one that did not happen at all. But you cannot find a crisis like that even in the best crisis manual. Perhaps in a dream book. In fact, a crisis is a situation which, loudly or softly, sooner or later, could knock on the office door of any one of us.

Drought for a company—harvest for the media. Crises are in no way a private affair for those concerned. Nevertheless, they are often accompanied by silence, treading water, chaos, panic and an inability to communicate, which attracts the public's attention all the more. The bigger the morsel, the longer the media chew it. Nice, slow and thoroughly. Words cannot express how difficult it is to communicate with your head in the sand. It is difficult with your head held high, but quite possible. All businesses are associated with risk and opportunity and this applies doubly in a crisis. In our era of all-pervading media, if a crisis starts to build up, it is worth considering whether it is better to communicate before it gets out of control and grows to XXL in size.

The preparation of an internal crisis manual is certainly a good exercise for testing procedures for dealing with crisis situations. Experience, however, shows that each crisis is unique, and it is not entirely possible to prepare properly for absolutely all of them. Dealing with crisis situations requires originality, flexibility and a willingness to accept responsibility. You couldn't do your job without these qualities.

In written Chinese, there is no single sign to express "crisis." The Chinese use two characters to describe such a situation. One of them means risk, the other opportunity. Such Chinese approach to crisis does not mean an outright tragedy. On the contrary, it is a light at the end of the tunnel. Even though PR executives have very little in common with Mandarins, the Chinese interpretation is close to their perception of crisis as an opportunity to communicate, not "your truth," but your responsibility to the public.

In other words, it would be a shame not to try to use the communications potential, which probably every crisis situation offers, for the good of the matter. And as in China, in the Czech Republic it is necessary to have a full dose of professionalism and a feeling for the matter. And the courage to communicate.

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## Facts or Beliefs

RNDr. Ivan Tomek, CSc.

MR. Think

Dinosaurs are thought to have died out after a large asteroid struck the earth and changed the climate. Crises in business can strike just as suddenly and deadly. Nevertheless, we are not dinosaurs, and we can predict a whole number of phenomena, prepare for them and prevent or mitigate some of them.

Marketing research is an important tool which helps foresee a crisis on the horizon of business. Research can help reveal a crisis' main parameters: its causes and the area it concerns. Regular and qualified internal research into employee attitudes toward the company and toward their job, research into the internal company climate and workplace communication can reveal warnings about dangerous tendencies, in time. For example, it can show to what degree employees do not enjoy their work and remain with the company just because they have not yet found another job. It can point out a lack of communication between the management and rest of the employees. If effective measures are taken, workforce turnover can be reduced, motivation increased and better use made of employees' skills and time.

The second, just as important group is external research into the perceptions of customers, clients, suppliers, shareholders, members of interest groups (environmental protectionists, feminists, local organisations), opinion makers (journalists and other publicly active people) and also the oft-scorned lay public.

Both internal and external research concerns two main areas: customer loyalty and company image. Here we speak of customer loyalty, devotion and faithfulness, not just customer satisfaction. Many satisfied clients may leave when they are offered something better. Satisfaction is only one parameter of the relationship between a company and its employees, clients and shareholders. Current multi-dimensional research methods can determine trends and meaningfully predict loyalty. These methods can deliver a set of precise reasons why customers are leaving for the competition.

A company image is a mysterious thing, and any attempt to measure it is about as successful as looking for a black cat in a dark room, say some. Image is a complicated entity including functional elements of a product or service: its character and related emotions, values, attitudes and opinions of the customers. A part of a company image is explicit and people are aware of it, whereas the other part is implicit, subconscious. By using modern methods it is possible to measure both elements of a company image and compare them with that of competitors'.

Using research to signal risks only makes sense if a company's management is involved in the research preparation, utilizes the results and sets up a system of periodic checks. There have been crises that no research could predict (e.g. salmonella in canned food or medical drug side effects), but in many cases the management or shareholders later became aware of signals that had indicated the trouble in advance. The symptoms of the crisis were there. Still, there was no system to put the pieces together and, perhaps, nobody with the courage to ring the bell.

# Methodology

## Survey Goals

- To obtain information about the attitudes of largest Czech companies top management towards identifying risks and managing crisis situations.
- To assess the use of tools for identifying risks and preventing and mitigating the consequences of crises, including crisis communications.
- To identify the degree of risk associated with various areas and to assess the relationship between business results, risk identification and crisis communications.

## Research in International Context

This research is the first internet research into the attitudes of the top management of the largest Czech companies towards risks and crises conducted by Donath-Burson-Marsteller (DBM) and its partners. DBM's parent company Burson-Marsteller has been regularly researching the opinions of chief executive officers, chairmen and stock market analysts since 1997 (see the [www.CEOgo.com](http://www.CEOgo.com)). Burson-Marsteller offices also conduct similar research, for example in Great Britain (see Building CEO Capital, 2001, 2002), Germany (together with Wirtschaftswoche, EMND Study, 2002), Scandinavia (see Nordic Crisis Preparedness Survey, 2002), Australia and Mexico (see Building CEO Capital, 2002).

## Data Gathering System

The research was carried out using an internet questionnaire system of Donath-Burson-Marsteller which enables fast questionnaire design and distribution of personalised requests for participation in surveys. The data were processed on an MS SQL Server and MS Access platform, and evaluated with SPSS Base.

## Sample

During the research we approached CEOs, chairmen of boards of directors, members of boards of directors and other members of companies' top management teams responsible for risk management in 100 non-financial companies listed in the Czech TOP 100 and the 20 largest financial institutions for 2002.<sup>2</sup> The responses were collected between 6 and 26 October 2003. 53 respondents from 51 of the 120 largest Czech companies participated in the research (44 percent of the 120 companies approached).

| Sector                       | Czech TOP 100 | Sample Size     |
|------------------------------|---------------|-----------------|
| Non-financial                | 100           | 41 <sup>3</sup> |
| Banks                        | 5             | 3               |
| Pension funds                | 5             | 4               |
| Insurance companies          | 5             | 2               |
| Other financial institutions | 5             | 3               |
| Total                        | 120           | 53              |

Source: DBM & al., 2003.

<sup>2</sup> B.I.G. published the index on 19 June 2003.

<sup>3</sup> In two cases, two respondents instead of one completed the questionnaire. Overall, the sample contained 41 respondents from 39 non-financial entities of the Czech TOP 100.

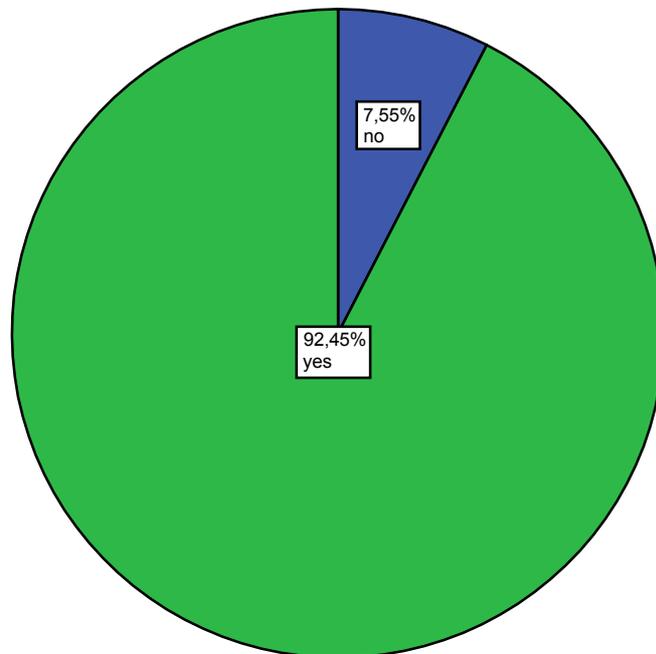
## Train Hard

### Kick off

The first question respondents faced was aimed at introducing the survey topic:  
Do you think crisis situations in business can be avoided?

*“How skillfully companies manage key non-financial areas of performance and then communicate related assets to outside constituents—shareholders, investors—will have a powerful effect on how they are valued.”*

*Ernst & Young,  
Measures That Matter  
(www.CEOgo.com).*



Source: DBM & al., 2003.

**Graph 1: Almost all respondents (92 percent) said that crisis situations can be avoided. Four respondents were of the opposite opinion. Despite this, in response to the last question in the questionnaire (see [Good as Gold \(Preparation\)](#)), these four respondents said that investing in identifying risks was good value.**

### Neglect and Force Majeure

Some crises arise because risks are ignored. Force majeure plays a role in others. Despite this, representatives of the largest Czech companies almost unanimously claim that crises in business can be avoided through risk identification and mitigation.

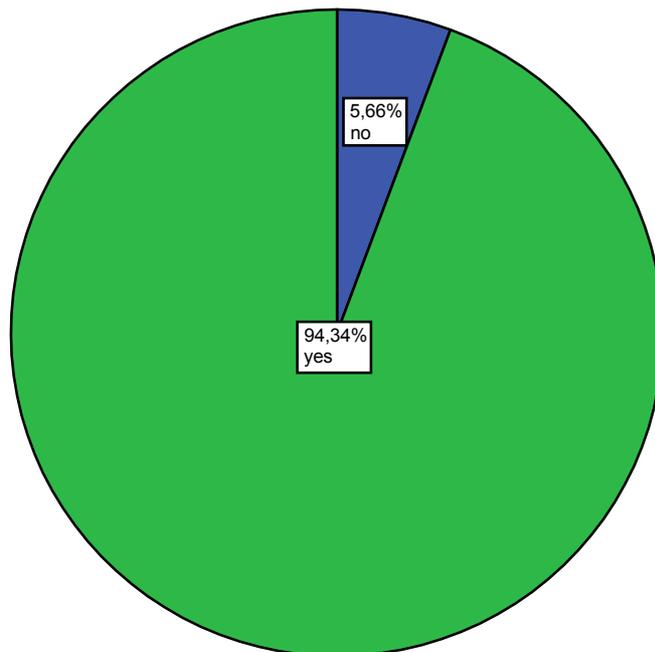
## Every Rose Has Its Thorn

### Personal Experience

Respondents were asked whether they had ever encountered the necessity of dealing with a crisis situation. As was found in the course of the survey, experience is one of the important characteristics of people who have to deal with crises.

*“Risk-taking is essential to capitalism. Without it, the system can’t function.”*

*Stan O’Neal, CEO,  
Merrill Lynch,  
The Wall Street  
Journal, 04/24/2003  
(www.CEOgo.com).*



Source: DBM & al., 2003.

**Graph 2: Most of the respondents (94 percent) said that they had already encountered crises in business. Three respondents said that they had not yet had the honour. All three are heads of risk management and crisis planning departments. They should be congratulated: Their departments are evidently doing excellent work.**

### Castor and Pollux

Business and crisis are like inseparable ancient brothers in the life of most of the surveyed managers. Without crises, business would seem not to be business. The threat of a crisis puts greater demand on managers and their enterprises. Perhaps, they also bring a drop of excitement into the placid waters of business.

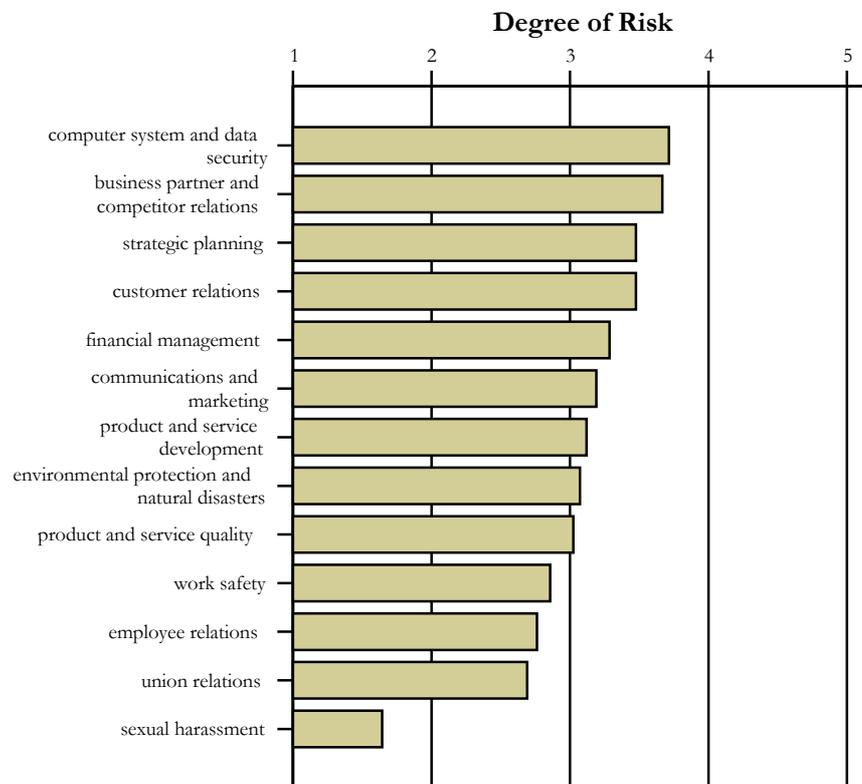
## Mine Field

### The Scylla and Charybdis of Business

The respondents assessed the probability of risks occurring in thirteen areas related to business, on a scale of 1 (not very likely) to 5 (highly likely).

*“A corporation’s culture is what determines how people behave when they are not being watched.”*

*Thomas Tierney  
former CEO,  
Bain & Company,  
The Economist,  
07/27/2002  
(www.CEOgo.com).*



Source: DBM & al., 2003.

**Graph 3: Respondents thought almost all the listed areas were associated with an above-average degree of risk (average mark of more than 3), with the exception of work safety and employee and union relations. The degree of risk in sexual harassment received the lowest mark (1.71) and was rated as bellow-average.**

### Data Yes—Sex No

The largest Czech companies rely on information technology and enterprise resource planning. Information is of fundamental importance for the Czech economy in the 21st century. In comparison, it comes a way in front of simple human values such as good relations with employees and their unions or basic mutual respect. It would seem that human values are respected in the Czech Republic. Or is the human aspect of business underestimated? Data do not escape on their own. But who can guard employees if they themselves lack basic moral qualities? *Sed quis custodiet ipsos custodes?*<sup>4</sup>

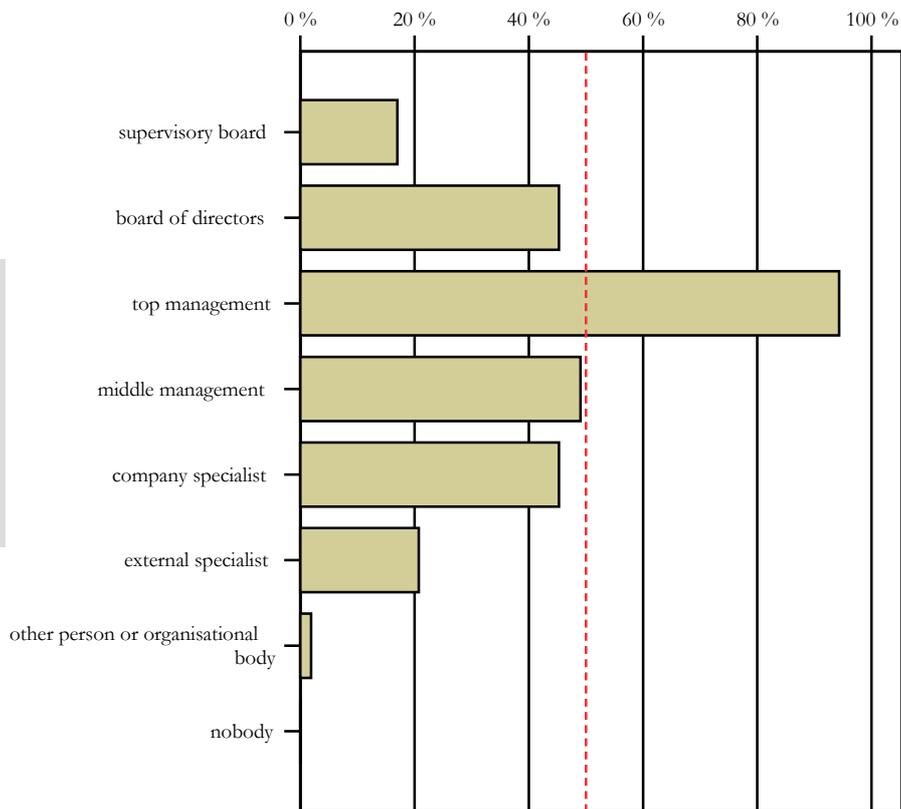
Relatively low sensitivity to risks associated with work safety is common in the Czech Republic. In the USA employers have been found to be highly concerned about work safety standards. In the Czech Republic, there is not as much fear of employees claiming compensation, as legal support is not as prominent as in the USA and trade unions are not as active as in the European Union countries.

<sup>4</sup> „But who is to keep guard over the guards themselves?” Juvenal, Satire VI, 347-348.

## Zoomed at Responsibility

### Who?

In the survey the respondents designated the bodies and persons at the various management levels which, in their opinion, should deal with risks and their prevention.



Source: DBM & al., 2003.

*“One of the decisive criteria for the reputation of a CEO is to manage crisis effectively.”*

*B-M/Wirtschaftswoche Study, 2002.*

**Graph 4: Almost all respondents (94 percent) agreed that top management should deal with risks and their prevention. A majority (89 percent) said that more than one person or organisational component was responsible for risks and their prevention; respondents most frequently said two or three persons or elements were responsible.**

### Wishful Thinking

In the ideal world of risk management theory, responsibility for uncovering risks and performing preventative activities is borne by the top management. However, almost all the respondents were convinced that other organisational units and persons should take an interest in prevention. For example, according to a fifth of respondents (17 percent) the supervisory board should also get involved in preventative activities. This is a result of various management models.

One of this study's aims was to ascertain whether companies use external advisors for this issue. Only a fifth of respondents (21 percent) would agree to use them. Still, they offer another view of the matter, an external view.

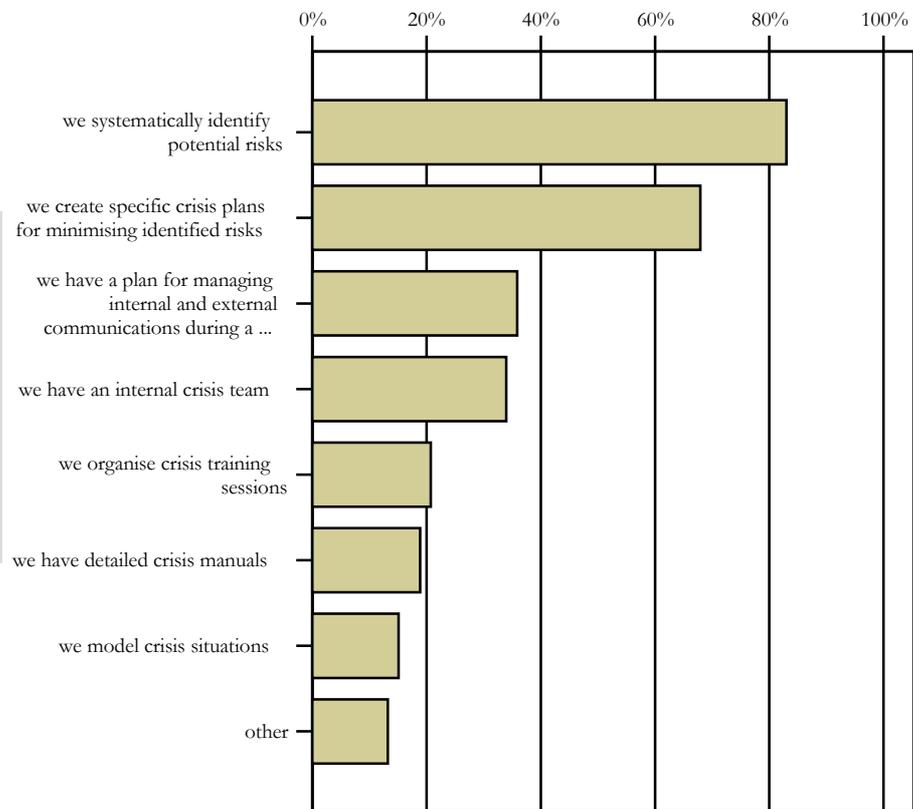
## Like Master, Like Man

### Tell Me What You Do...

Which tools for preventing and minimising the impact of crisis situations do the largest Czech companies use?

*“In Nordic countries, overall preparedness for technical crises is better than for ‘communicative’ crises.”*

*B-M Nordic Crisis Preparedness Survey, 2002.*



Source: DBM & al., 2003.

**Graph 5: More than half of the respondents said that they systematically identify potential risks (83 percent) and create specific crisis plans to minimise identified risks (68 percent). In the majority of the surveyed companies, however, there are no crisis training sessions (79 percent respondents claimed so), no detailed manuals (81 percent), and they do not model crisis situations (85 percent).**

### ...and I'll Tell You What You're Like.

Several respondents (9 respondents, 17 percent of the sample) did not confirm that their companies identified potential risks systematically. Systematic preventative activities are, however, an effective means of containing crises. The fact remains that all the respondents chose at least one of the risk identification and crisis mitigation tools.

According to a B-M study (Nordic Crisis Preparedness Survey, 2002), between 62 percent (Denmark) and 80 percent (Norway) of companies have early warning systems for crises. For example, a full 79 percent of companies have crisis preparedness plans in Sweden, while 68 percent of the largest Czech companies have them. In addition, 48 percent of Swedish companies conduct crisis training sessions regularly, whereas 79 percent of Czech respondents said that their companies do not organise such training sessions at all.

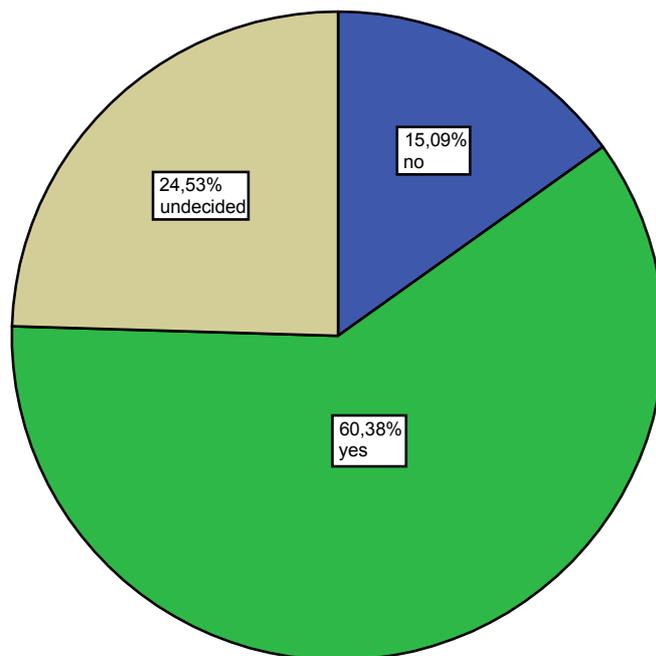
## Life Brings Change

### Brighter Tomorrows

With regard to the degree of use of tools to mitigate consequences and prevent crises (see [Like Master, Like Man](#)), we ascertained whether respondents' companies intended to innovate procedures to increase the efficiency of crisis prevention and management in the next 12 months.

*"I am a big believer in forcing change on large institutions for the sake of forcing change. The longer an organization stays intact, the less successful it is."*

*Louis Gerstner,  
Chairman IBM Corp.,  
(www.CEOgo.com).*



Source: DBM & al., 2003.

**Graph 6:** A majority of respondents (60 percent) said that their company was preparing to make crisis prevention and management procedures more efficient. A quarter (25 percent) claimed that no decision had been taken on making procedures more efficient.

### Doubting Thomases

Eight respondents (15 percent) said that their company did not intend to innovate procedures to increase the efficiency of crisis prevention and management in the next 12 months. The rest of the respondents (85 percent) said that innovation of procedures was planned or would be decided on. Does this mean the eight doubters knew something the other respondents did not?

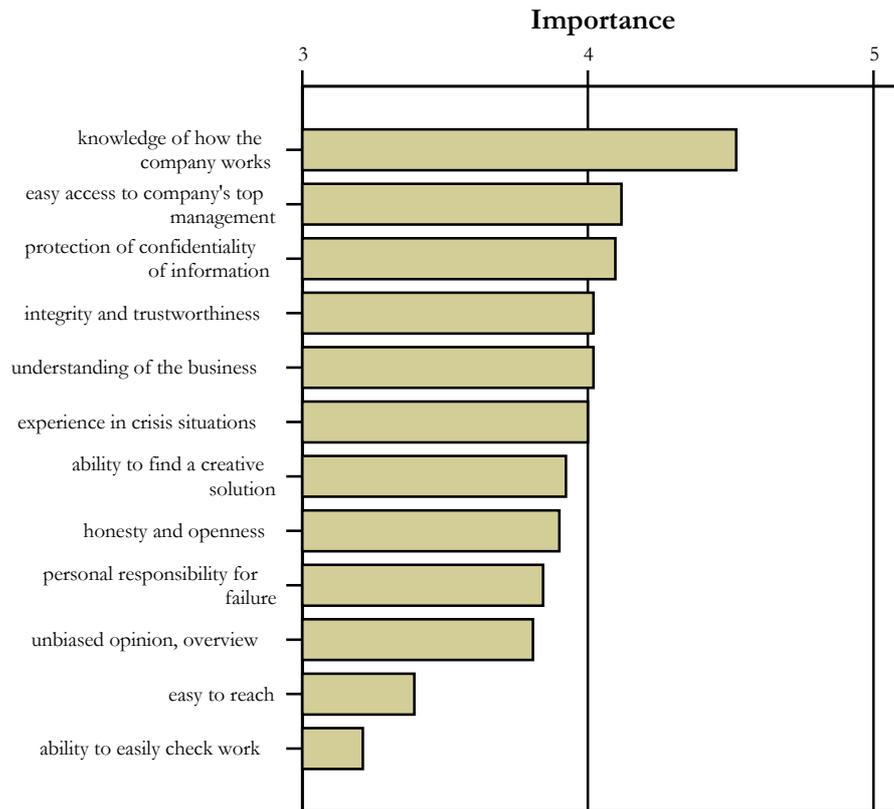
# Needle in a Haystack

## Perfection Itself

The respondents rated the attributes of employees or external specialists needed for risk prevention and management on a scale of 1 (not important at all) to 5 (fundamentally important). All the assessed qualities received an average mark of more than 3 (reasonably important).

*“Half of the people surveyed said that they continued to believe a company, even if it received negative publicity, as long as the image of the CEO was okay.”*

*B-M/Wirtschaftswoche Study, 2002.*



Source: DBM & al., 2003.

**Graph 7: One of the most important qualities of employees and external consultants for the prevention and management of crisis situations is knowledge of how the company works (average mark: 4.25). The relatively worst-off were “easy to reach” (average mark: 3.39) and “easy to check work” (average mark: 3.21).**

## Relationships: That Is the Key

In 2000 Harold Burson, founder of Burson-Marsteller, told *PR Week* that PR is not communications—PR is about building relationships. If a person involved in the prevention and management of crisis situations is expected to have detailed knowledge of how the company works, he should be a PR executive of classical definition: reliable, respected, trustworthy, understanding, creative, responsible, objective, always available and acting transparently. Finding somebody like that is like looking for a needle in a haystack.

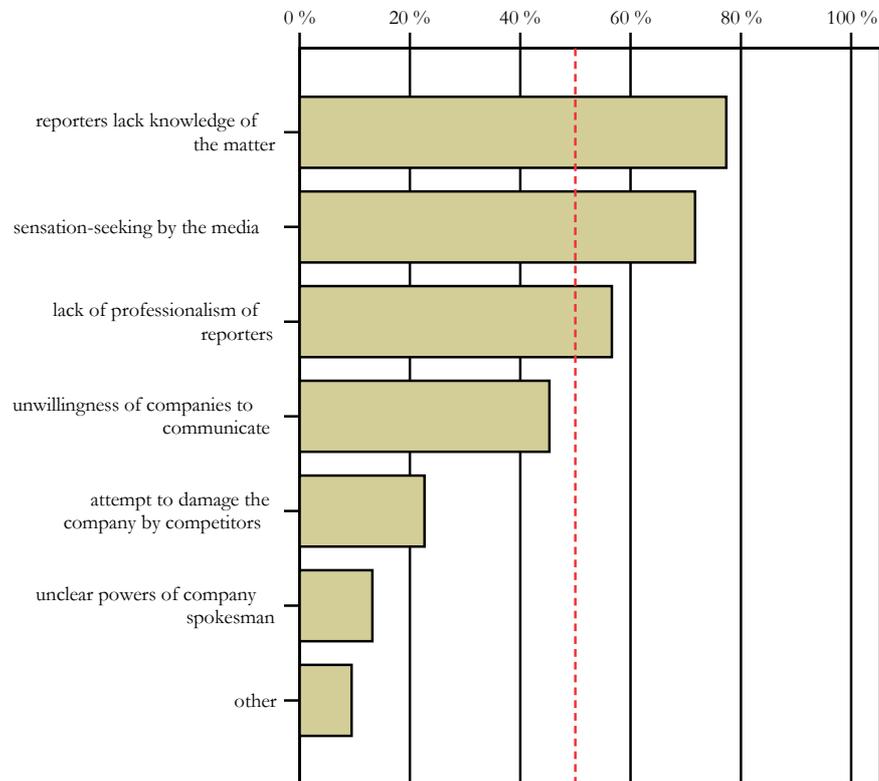
## Times & Manners

### Objective Media?

What do representatives of the largest companies in the Czech Republic think about journalism? What are the main reasons the media do not provide objective information about companies in a crisis?

*“In times of crisis, executives are seen as imbeciles, and in times of euphoria, they are seen as geniuses.”*

*Serge Tchuruk,  
CEO, Alcatel SA,  
Bloomberg, 6/25/2002  
(www.CEOgo.com).*



Source: DBM & al., 2003.

**Graph 8: Most respondents (77 percent) said that journalists do not inform about crisis situations in companies objectively because they usually lack knowledge of the issue. More than half of the respondents said the media do not carry objective information because they are sensation-seeking (72 percent) and their reporters are unprofessional (57 percent). On the other hand, only seven respondents (13 percent) believe company spokesman have unclear competencies in crisis situations.**

### Mote and Beam<sup>5</sup>

Mutual respect is the key to building relationships with the media. Mutual understanding of the basic needs of the fourth estate and business would also not be a bad idea. The media's sensation seeking can be interpreted as a hunger for information. And where there is no information, rumours fill the vacuum. In this context it is, at the very least, surprising that only half the respondents (45 percent) said that one of the reasons the media was not objective was unwillingness of companies to communicate, whereas most respondents claimed journalists lacked knowledge of the issues at stake. Willingness to communicate fast and on time, and a competent spokesman are strong weapons in the battle against rumours and the low standard of information or objectivity on the part of the media.

<sup>5</sup> „And why beholdest thou the mote that is in thy brother's eye, and considerest not the beam that is in thine own eye?” Matthew 7:3, Royal Bible, 1613.

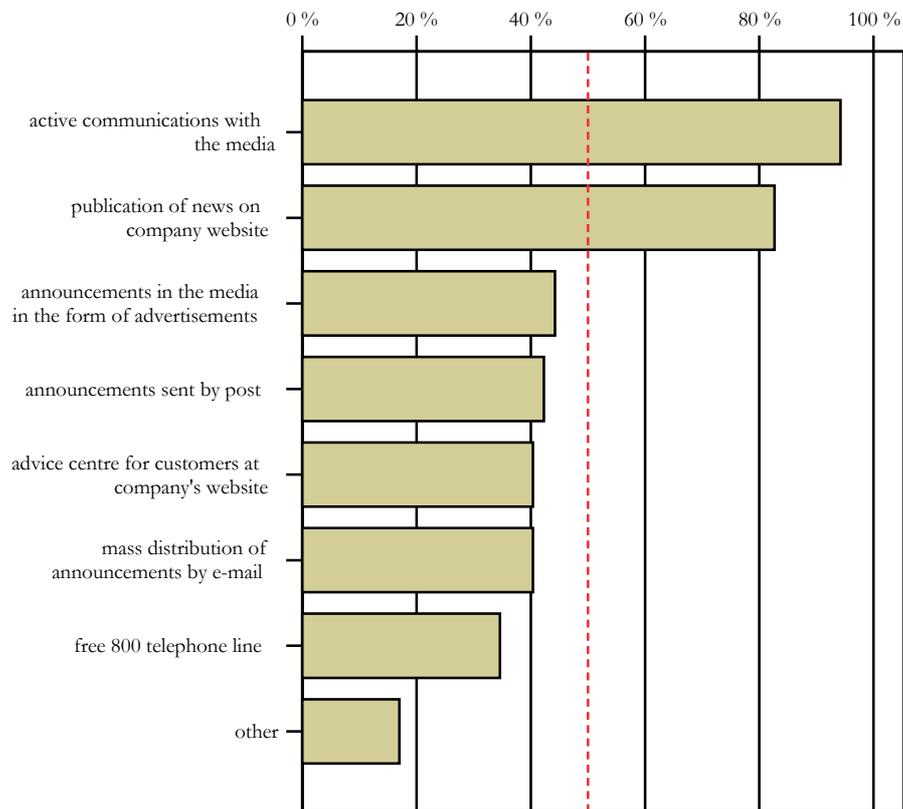
## Crisis: A Public Matter

### Tools

The respondents were asked to choose the tools their companies had for communication with the public during crisis situations.

*“Despite the size and complexity of modern corporations, the person in charge still sets the tone, defines the style, becomes the company’s public face.”*

*Fortune, 11/18/2002  
(www.CEOgo.com).*



Source: DBM & al., 2003.

**Graph 9:** All the respondents except three said that, in the event of crisis situations, they communicated with the public actively through the media (94 percent) and the internet (83 percent). They are least likely to prepare and use free “green” telephone lines—35 percent of the respondents said that the companies they work for are ready to use them for communications in a crisis.

### Willingness to Communicate

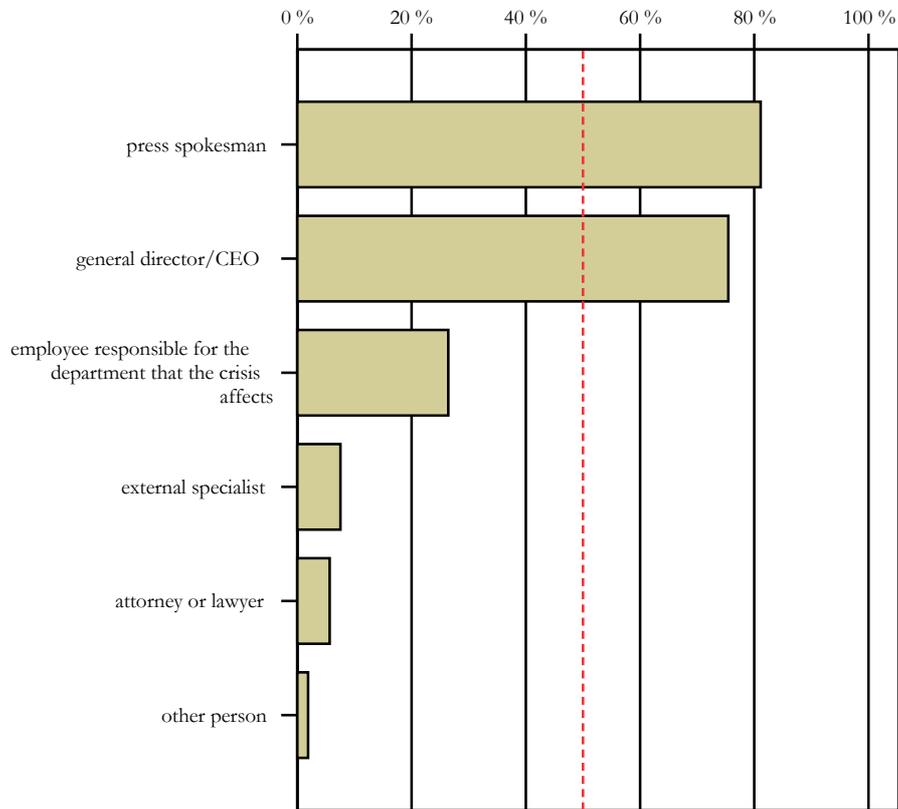
Information, carried by the media, has an immediate impact on the public. The media, however, also create space for speculation and rumours which may not have anything in common with reality. Perhaps this is the reason they receive the attention of the largest Czech companies.

It is not only the willingness to communicate which makes communication effective. Other virtues of a successful communicator include transparency, compliance with the rules, respect for the media needs, a reputation and, most importantly, common sense. And still, you have to keep learning.

## CEO is the Company

### Mr. Communicator

In your opinion, who is the most suitable person for communication with the media and public during a crisis?



Source: DBM & al., 2003.

*“A company’s overall reputation is from 50% attributable to its CEO.”*

*B-M CEO Reputation Research, 2003.*

**Graph 10:** The respondents usually put the press spokesman as the most suitable communicator in a crisis (81 percent), with the CEO right behind him (75 percent). Only three respondents were in favour of an attorney or lawyer (6 percent).

### CEO Reputation

According to findings of Burson-Marsteller (Corporate Social Responsibility Monitor, 2002, see [www.CEOgo.com](http://www.CEOgo.com)), 75 percent of people have greater respect for companies whose CEO or executive management representative supports the notion of corporate social responsibility. A CEO who is visible can help a company’s reputation more than any press spokesman. The public expects strong leadership and clear statements. It should get them from the people with responsibility (see [Zoomed at Responsibility](#)).

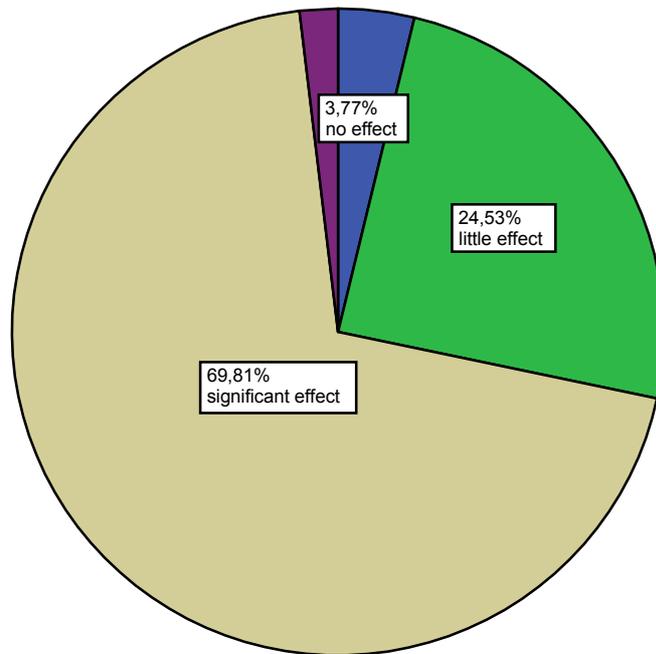
## Speak up

### Communication is Risk

What effect can insufficient communication with the media during a crisis have on a company's business results (significant effect, little effect, no effect, don't know)?

*"Firms can recover from a tarnished reputation. On average, recovery takes four years."*

*B-M CEO Reputation Research, 2003*



Source: DBM & al., 2003.

**Graph 11: Most respondents (94 percent) agreed that insufficient communication affects business results. Around a quarter (24 percent) believe that the effect is little, whereas two-thirds (70 percent) claim the effect is significant. Note: the unmarked purple section in the pie chart represents the one respondent who answered "don't know".**

### Communication Capital

If most respondents think that insufficient communication has a negative effect on a business results, can sufficient communication prevent some falls in revenue? What is actually sufficient communication? What is the communication capital that brings proper revenue?

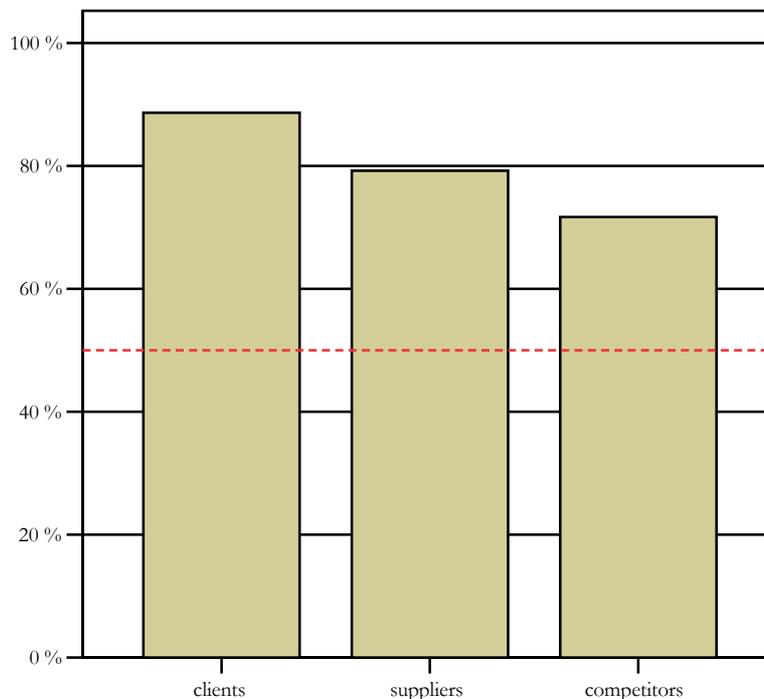
## Risk Hunt

### Knowledge of Risks

The respondents were asked if knowledge of the risks faced by clients, suppliers and competitors was important for a company's development.

*“As a CEO, you have to worry about every aspect of the company and every constituent, from analysts and the board to customers, and your life isn't your own.”*

*Cosmo Santullo,  
Former IBM executive  
and form CEO of  
SonicWall, The Wall  
Street Journal,  
07/15/2003  
(www.CEOgo.com).*



Source: DBM & al., 2003.

**Graph 12: A majority of the respondents confirmed that knowledge of the risks faced by clients (89 percent), suppliers (79 percent) and competitors (72 percent) was important.**

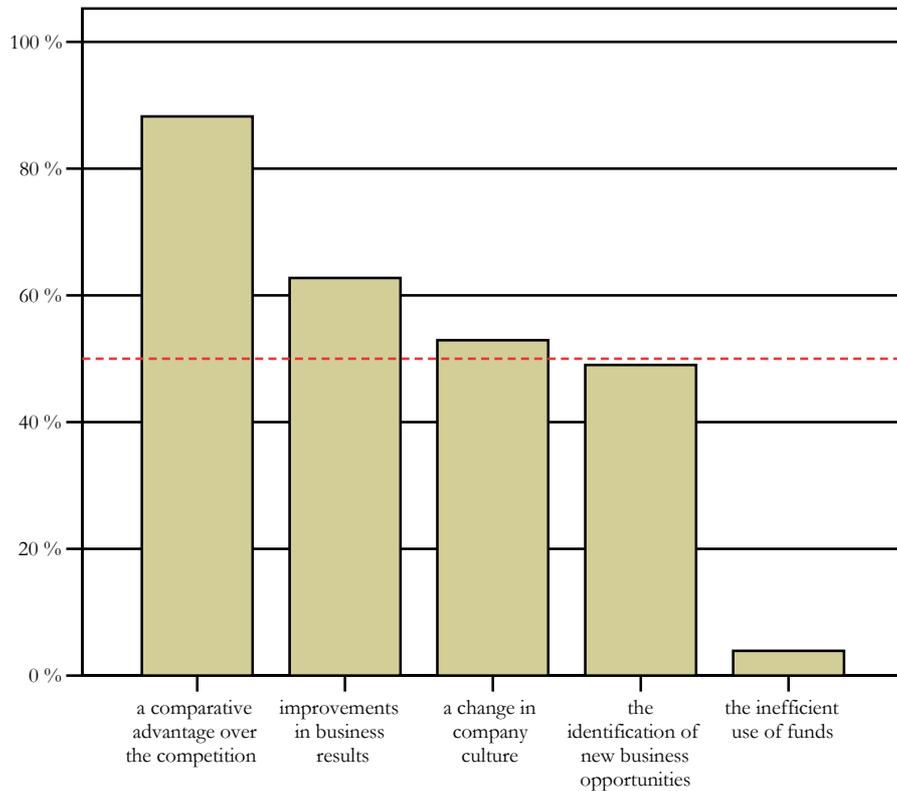
### Managerial Sport

Neither golf nor tennis seems to be the preferred managerial sport. Czech managers are interested in hunting wild risks faced by their stakeholders and competitors.

## Bottom Line

### Profit from Risks

The respondents assessed the impact of detailed knowledge or examination of risks.



*“But the biggest single influence on a culture is the company’s boss.”*

*The Economist,  
07/27/2002  
(www.CEOgo.com).*

Source: DBM & al., 2003.

**Graph 13: Almost all the respondents (88 percent) said that a detailed knowledge of risks leads to obtaining a comparative advantage over competitors. More than half the respondents said that such knowledge also leads to an improvement in results (63 percent) and a change in company culture (53 percent).**

### Return on Investment

Two respondents said that a detailed analysis of risks leads to a waste of money. Interestingly, they also said that it helped their companies acquire a competitive advantage and improve business results. Clearly, efficiency of spending on risk identification must be carefully monitored.

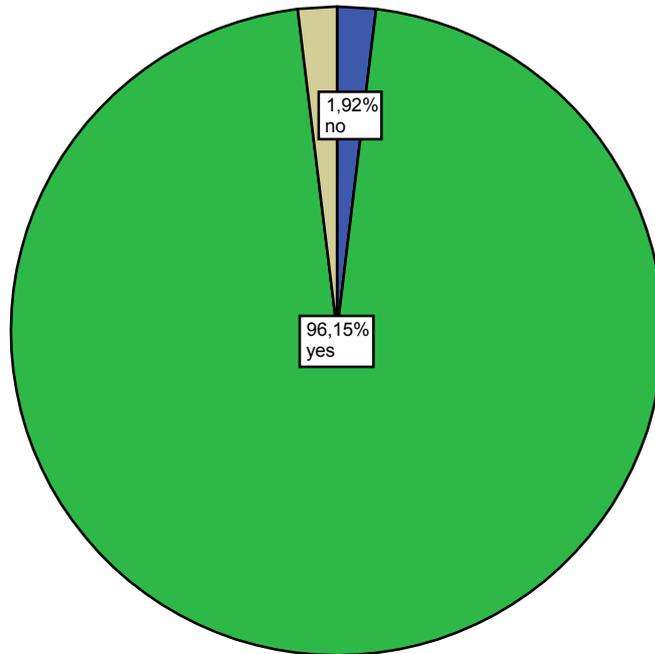
## Good as Gold (Preparedness)

### Investment

At the end of the survey, the respondents were asked whether they regarded investments in risk identification or crisis prevention as good value (yes, no, don't know).

*"Historically, the value of intangibles was considered relatively modest compared to financial assets such as buildings, equipment, and inventory. But we now know this isn't the case."*

*Leslie Gaines-Ross  
Communications  
Capital, Perspectives on  
Business Innovation,  
issue no. 7, 2001.*



Source: DBM & al., 2003.

**Graph 14:** Almost all the respondents (96 percent) see investing in identifying risks or preventing crises as good value. One respondent does not think so. Note: the unmarked beige section in the pie chart is the one respondent who answered "don't know".

### A Pound of Thought

In addition to preventing crisis situations, investment into identifying risks also brings business opportunities. Such investment can bring a long-term effect. On the other hand, its positive impact on business results is hard to assess since the risks involved are primarily associated with intangibles, such as company's reputation, communication and administration. Simply, everything that cannot be precisely measured and weighed. How much is a pound of thought worth?

## Company Information

### **Donath-Burson-Marsteller**

Provides public relations and public affairs services in the Czech Republic and Slovakia, <http://www.dbm.cz/>.

### **Det Norske Veritas**

Provides material and product certification, systems certification and industrial risk analysis in the Czech Republic, <http://www.dnv.cz/>.

### **MR. Think**

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## Contact Details

If you are interested in further information regarding this survey or the services provided by DBM, DNV and MR. Think, please contact:

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## Seminar: Risks and Crises

### Identifying risks, crisis communications opportunities and research tools for risk warning

*Methods of identifying and managing risks in relation to managing an organisation's losses*  
Martin Ruščák, Det Norske Veritas

- Clarifying the concept of risk as an indicator of organisation's external and internal environment stability, crisis as one of the outcomes of risk
- Risk identification: methods and approaches
- Risk management as a standard managerial tool (measuring and priorities, opportunities to reduce or eliminate risks, relationship between risk management and preparation for crisis management, losses as realised risks)
- Non-financial examples of risk management (information security management, security risks)

*Communication for a company in crisis*  
Michal Donath, Donath-Burson-Marsteller

- Definition of crises, how to distinguish them, what accompanies them and why they are dangerous
- Arguments whether to communicate in a crisis
- How to communicate correctly in a crisis
- Case studies from the Czech Republic

*Market research as a means of identifying and signalling risks*  
Ivan Tomek, MR. Think

- How to determine research areas to help identify risks
- Selecting research target groups
- Research time schedule, different types of research
- Research tools

*Note: The half-day seminar is a thank you for taking part in the research. DBM, DNV and MR. Think also provide this seminar and other training sessions on commercial basis. Please contact us if you are interested (see [Contact Details](#)).*