



Multicultural multicontext crisis management - The multinational's dilemma

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Multicultural / multicontext crisis management - The multinational's dilemma

Raphael De Vittoris – Michelin Group Crisis Manager

Michelin Group / Clermont-Auvergne University

Advanced Business Resiliency course

MIT Campus | Cambridge, MA - 20th of June 2022

Who I am



Raphael De Vittoris

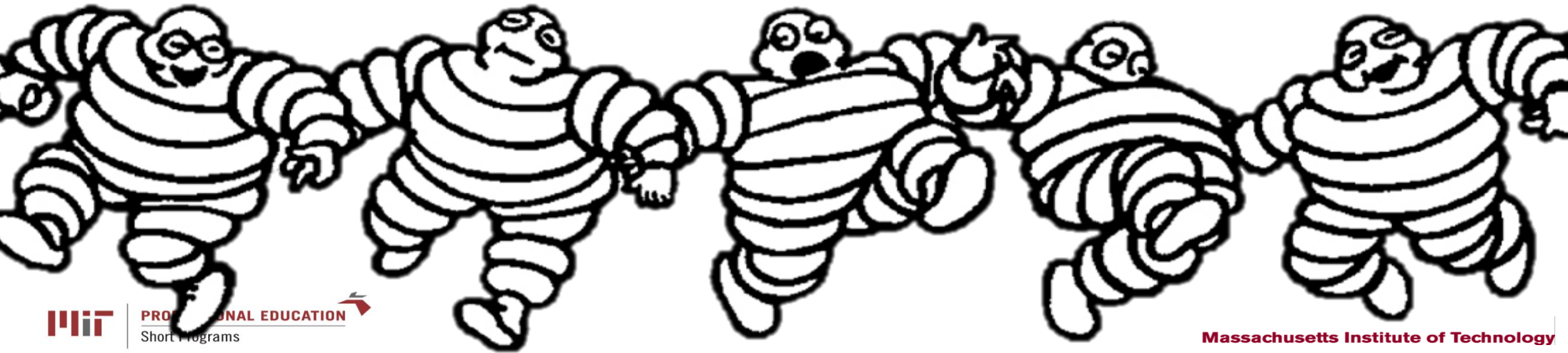


- *Crisis management*
- *Crisis communication*
- *Cognitive biases management*
- *Crisis negotiation*
- *Crisis learning*



Summary

- Who we are / Michelin history
- Approach & Theoretical background
- What do we mean by crisis ?
- The crisis management system
- The special case or multinationals
- Glocal model & Michelin experience

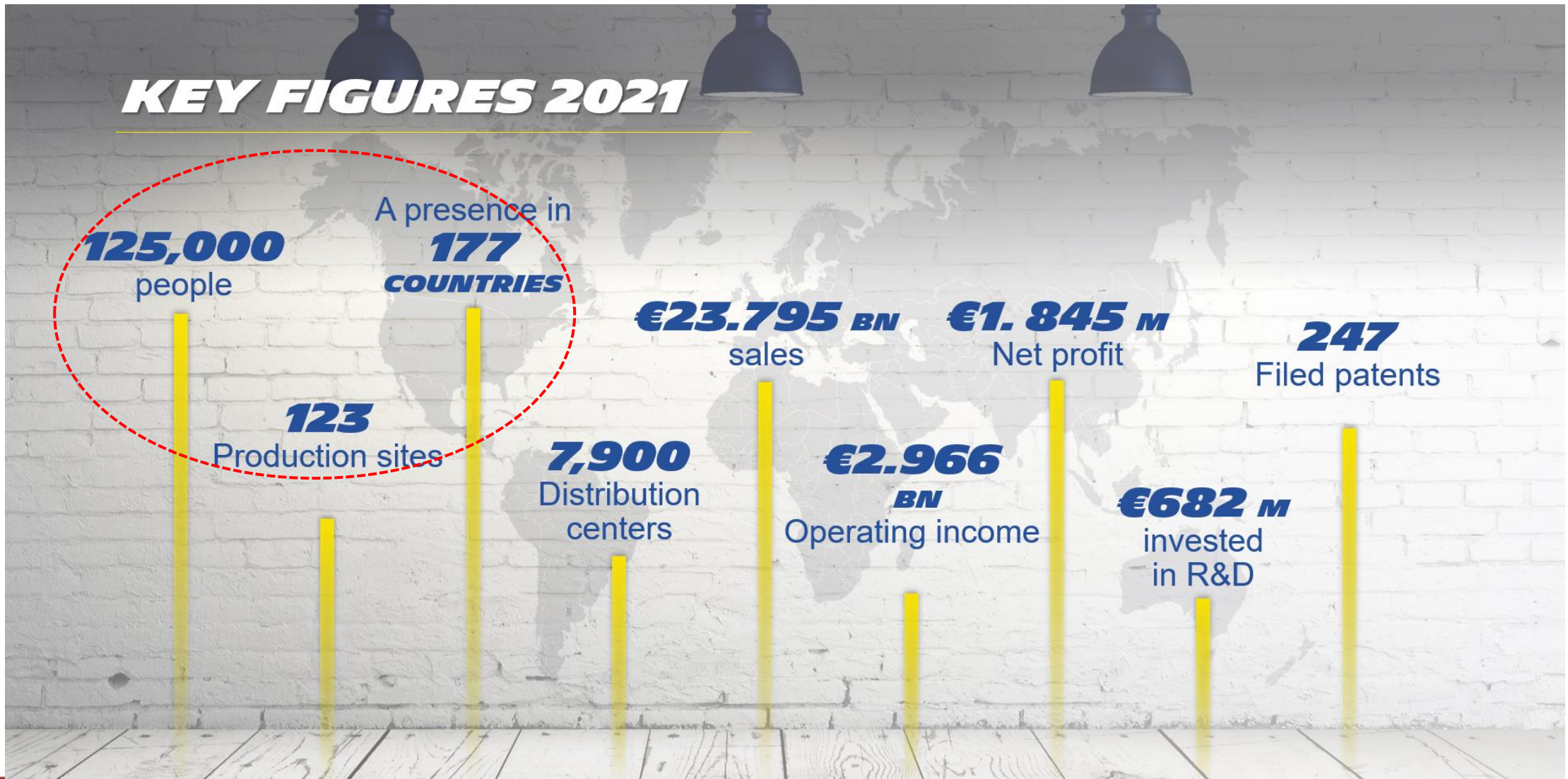


Who we are



Offering everyone a **better way forward** is our purpose. To achieve it, we are passionately **innovating**, while constantly seeking the right balance between personal fulfillment, protection of the planet, and business and financial performance. Our shared dream is to be recognized as a **leader in innovations that have helped humanity conquer new frontiers**.

Michelin key figures



Michelin history

The early years

The Michelin Group was officially **founded in 1889** when Edouard Michelin, the company's founder, **acquired a rubber factory** that specialized in products for farm equipment. Michelin began working to develop new types of tires—even **inventing the first detachable bicycle tire in 1891**.

These tires were among the highest quality available at the time, and they became well-known for their use in several professional races over the following years. From here, Michelin worked on creating tires that could handle higher speeds, which is what led him into the automobile industry.

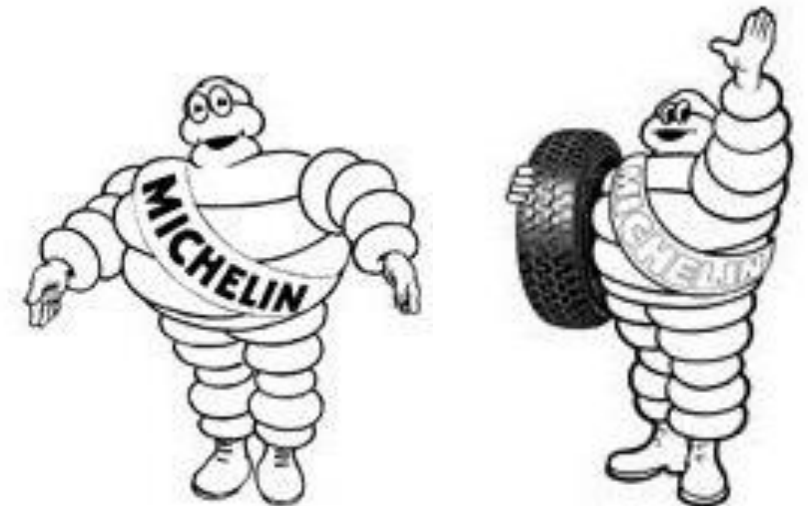


Michelin history

From Bicycles To Automobiles

By the early 1900s, the first automobiles were still in their infancy. Most people weren't thinking about how to continue developing tires.

Upon inventing wider-set tires with additional stability, Michelin decided to **make products that also benefitted the automotive world**. This would be a key moment in the history of the Michelin tire company, as **these tires became some of the fastest on the road** in as little as four years.



Michelin history

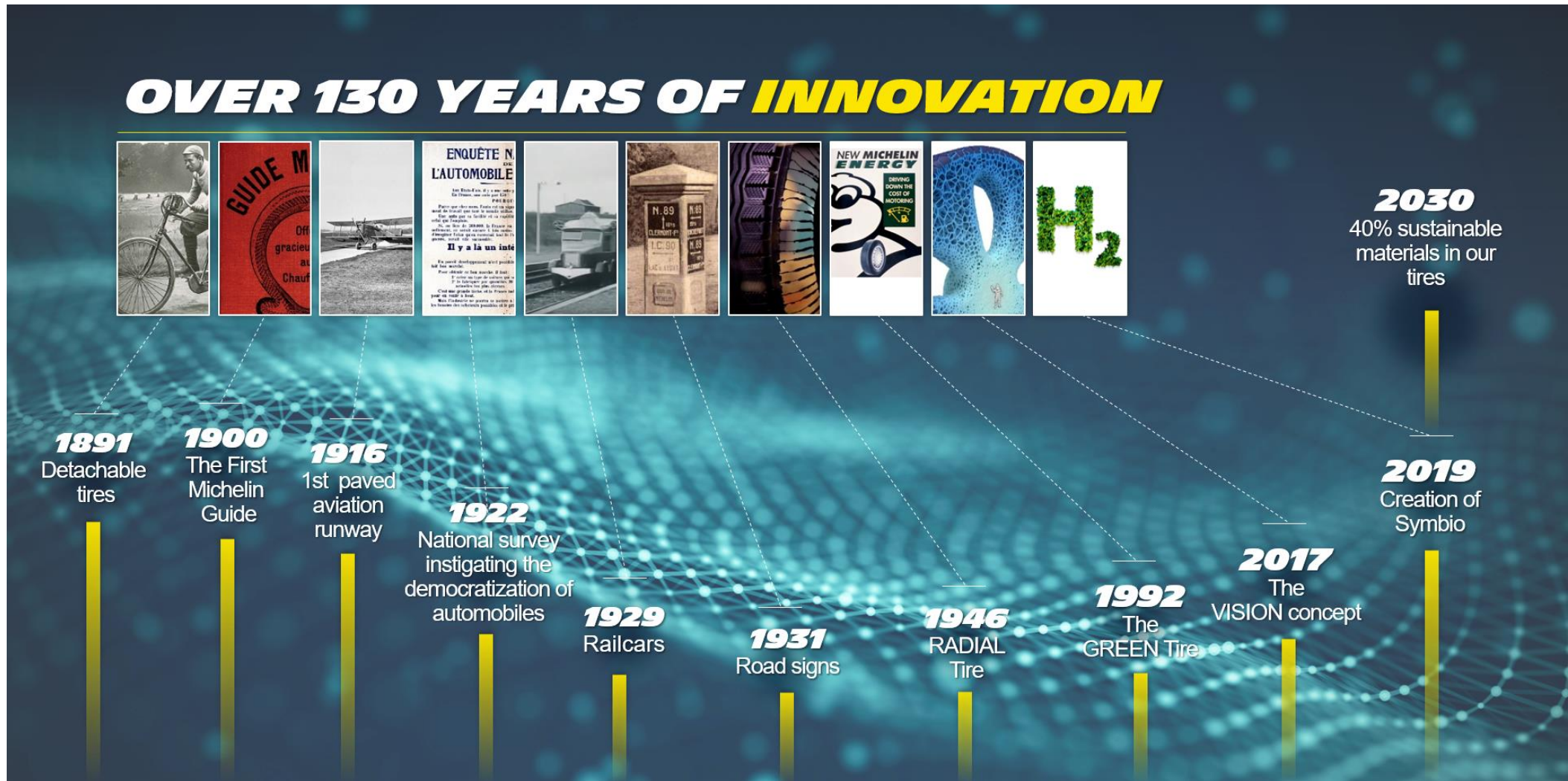
Michelin Today

Michelin products have continued to evolve over the years, and their quality remains among the best in the industry. Testing and research have even yielded new products such as the first steel-cased tire for trucks and the patented **radial tire design**.

Michelin tires are some of the best in the business.



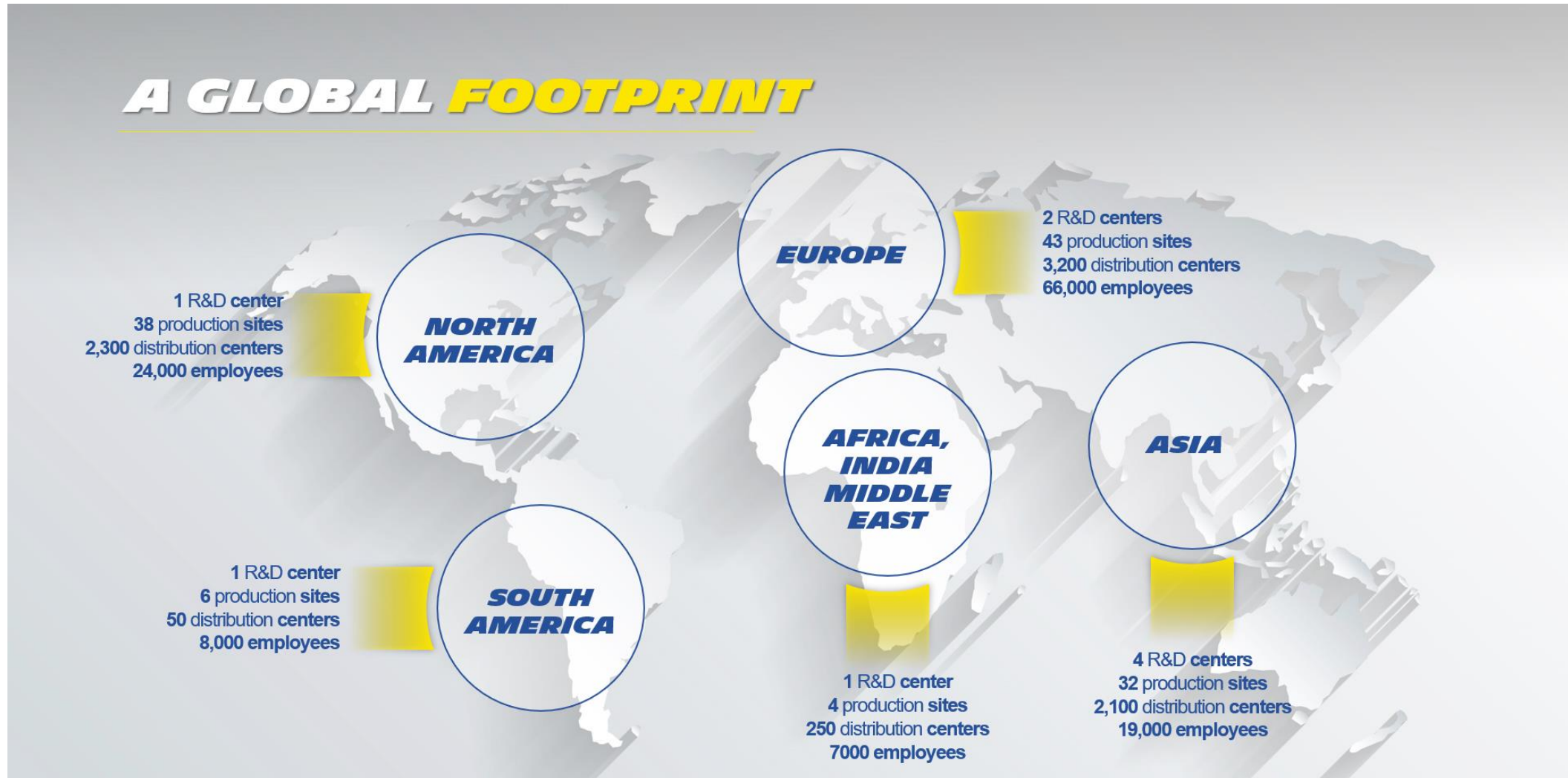
An history of innovation



Multiple brands and corporate cultures



A worldwide scope



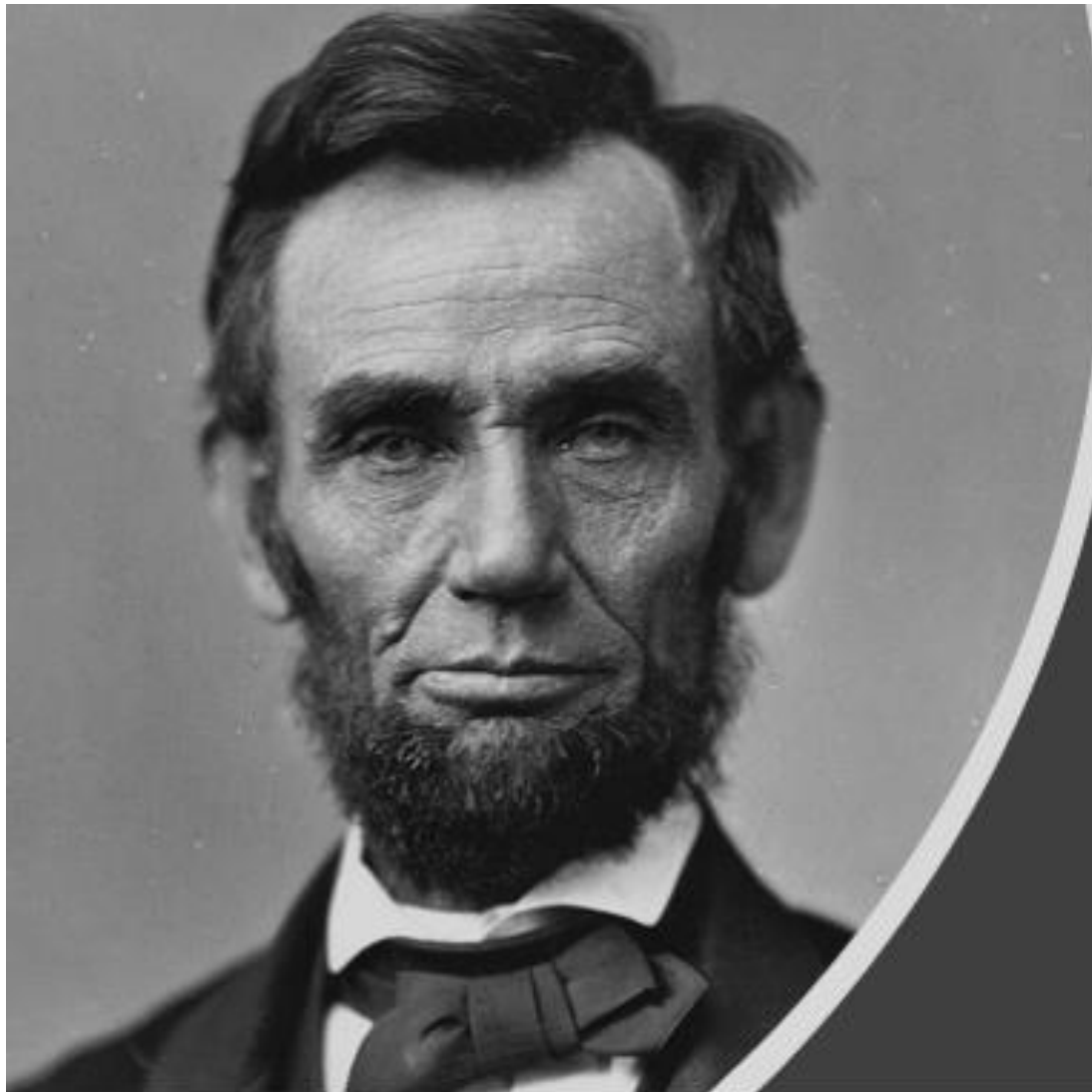
Approach & theoretical background



- Research intervention
- Sensemaking
- Normal Accident Theory
- Black Swans & Antifragility
- Fractality



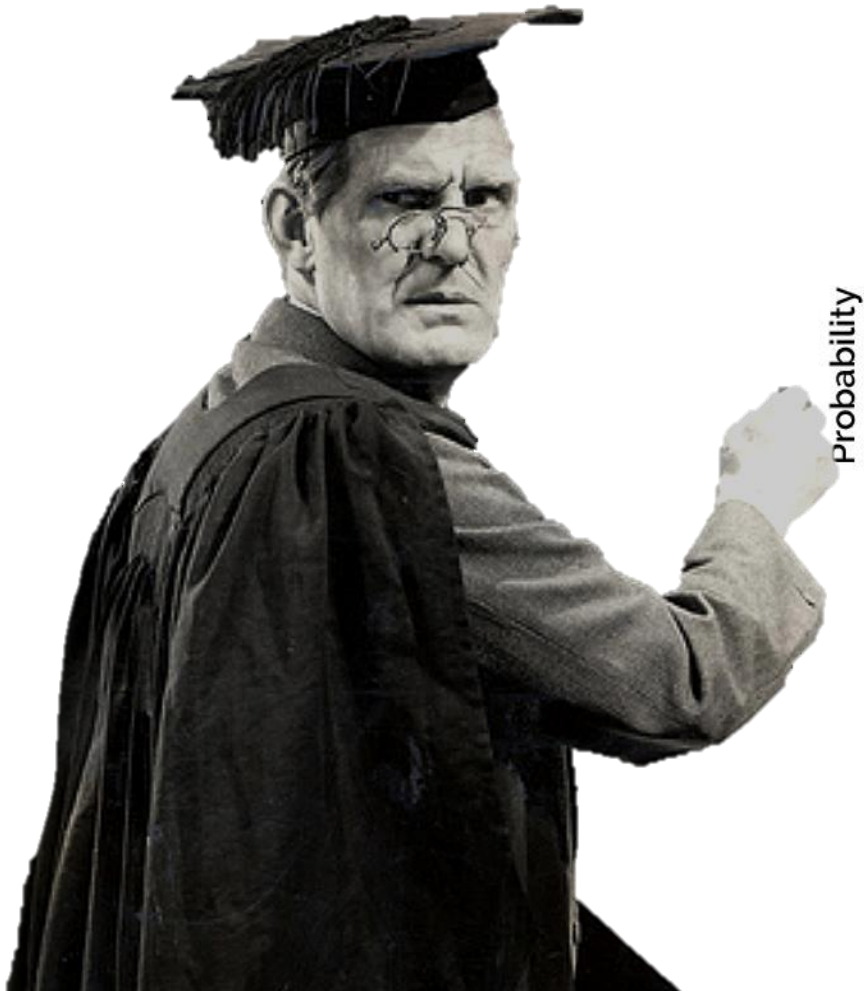
Nothing new under the sun



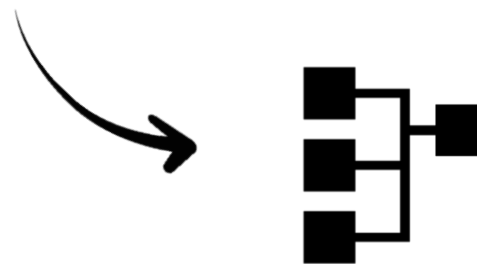
"The *dogmas of the quiet past* are *inadequate for the stormy present*. The occasion is piled high with *uncertainty*, and we must rise to the occasion. As our case is new, so *we must think anew, and act anew* "

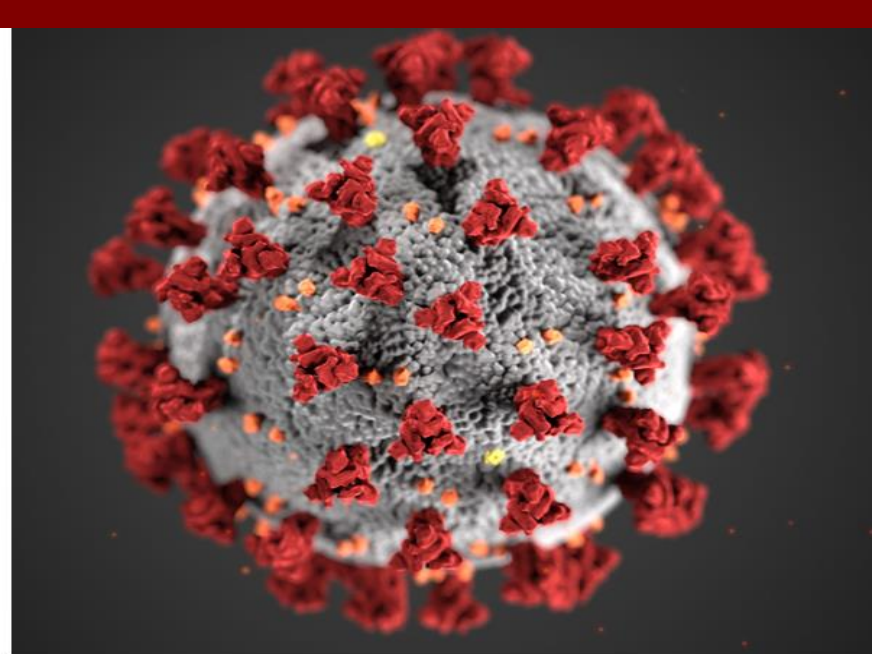
Abraham Lincoln, Congress annual speech
1st December 1861

The probabilistic fallacy



	Severity			
	Catastrophic: 4	Critical: 3	Moderate: 2	Marginal: 1
Frequent: 5	High - 20	High - 15	High - 10	Medium - 5
Probable: 4	High - 16	High - 12	Serious - 8	Medium - 4
Occasional: 3	High - 12	Serious - 9	Medium - 6	Low - 3
Remote: 2	Serious - 8	Medium - 6	Medium - 4	Low - 2
Improbable: 1	Medium - 4	Low - 3	Low - 2	Low - 1





What is a crisis ?



Three main approaches



Key concepts for the organization consideration



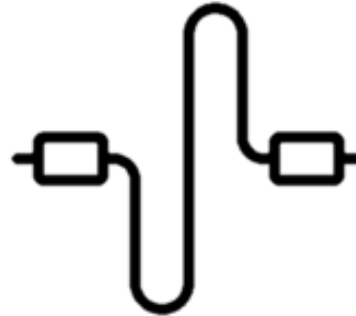
Normal accident theory

Why crises are inevitable



Growing complexity of the
systems

+



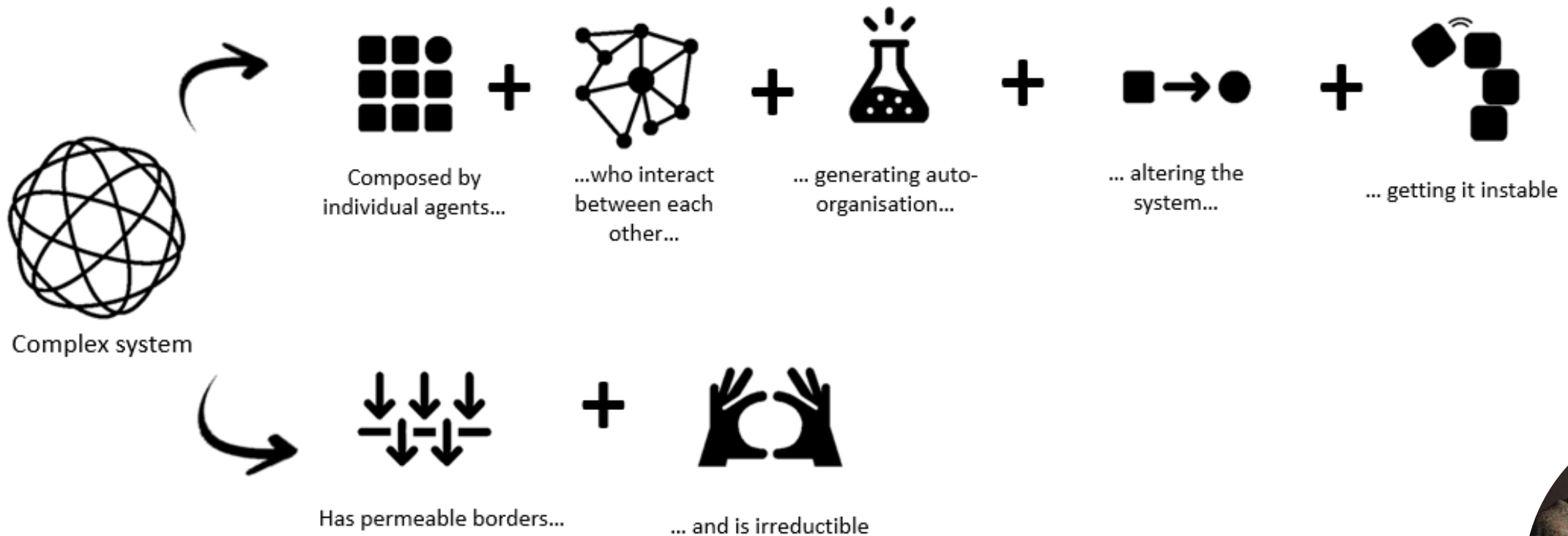
Growing coupling of
activities



Inevitability of the occurrence of
a crisis

Complexity theory

The company as a complex system



Black Swan

Extremely rare event which change definitively the reality



Black Swan

:



Rarity

+



Massive impact

+



Retrospective obviousness



Fagility, resilience & antifragility



The crisis management system



The crisis cell



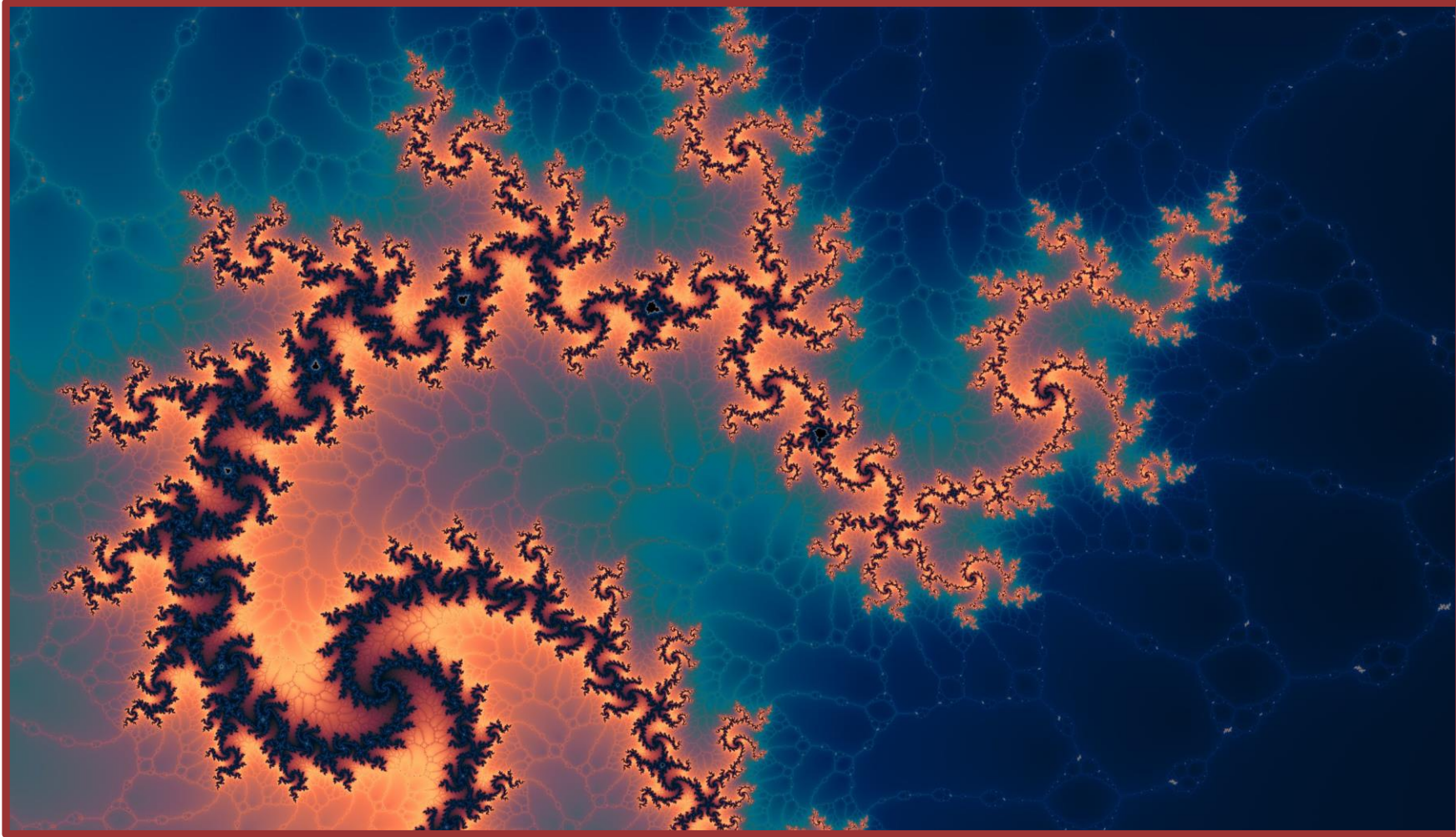
A position approach



A task approach



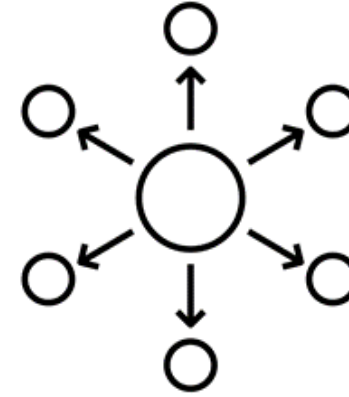
The crisis cells network



Multiple possible organizations

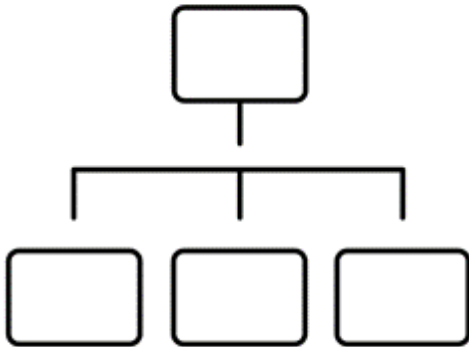


Cellular organization



AIRFRANCE 

Personalized organization



Pyramidal organization

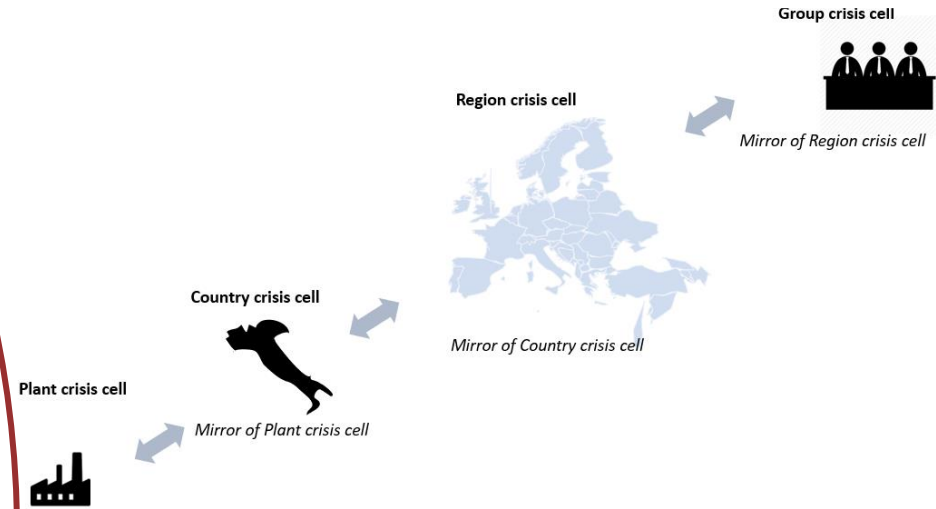
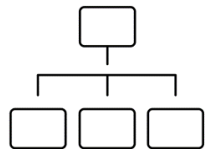


Bureaucratic organization



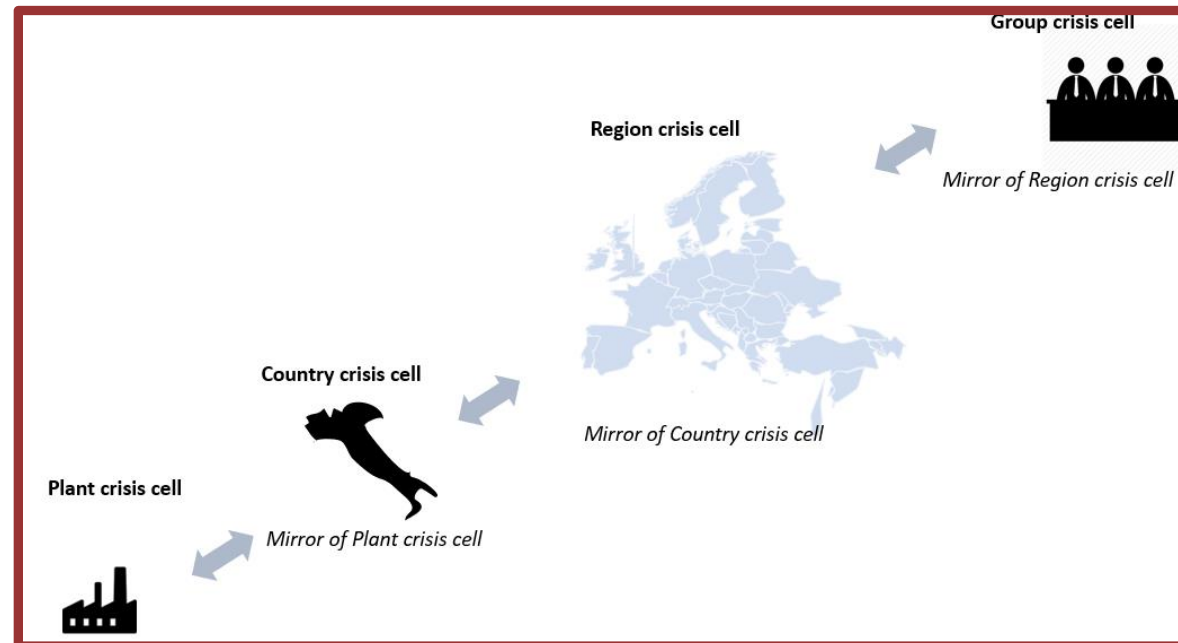
An example of a Crisis management system

The Michelin case



Michelin crisis organization in detail

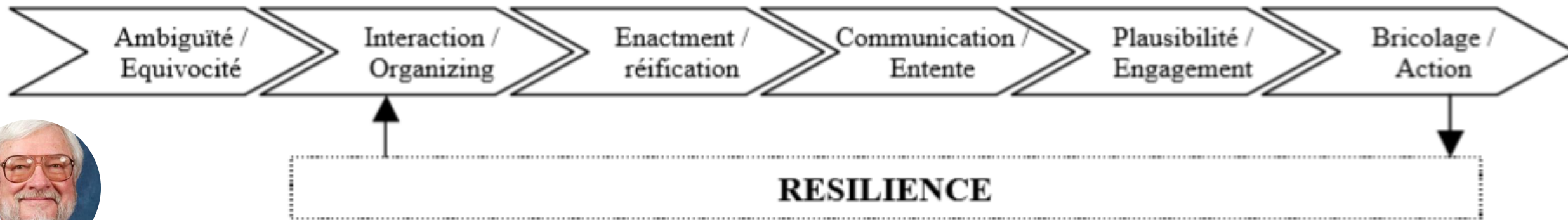
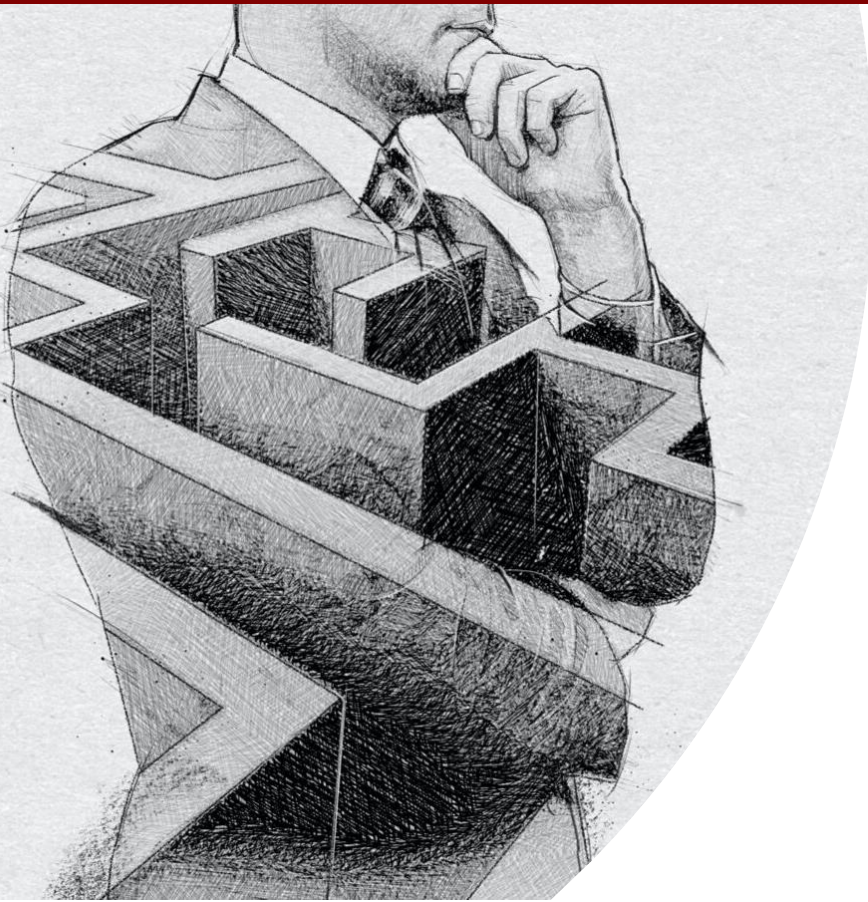
- A **homothetic crisis organisation**, which connects different crisis cells **covering all the different locations** where the company operates
- Each crisis cell involved in a situation **relates to a “*mirror cell*”** which is a cell with a superior hierarchical level from a geographical point of view
- Such multilayered organization is supposed to make sure that **multi-level crises are managed with coherence at all levels** of the organization





The crisis management process

The importance of sensemaking



The special case of multinational

a complex system evolving in multiples contexts with multiple dynamics

- **How to manage a central vision and local adaptations in a multivariate response?**
- The crisis response of multinationals *“is governed more by its traditional corporate culture than by an ability to keep pace with the changing demands of its environment, leading to the amplification of an issue into a crisis”* (Danesh & Sriramesh 2017).
- The organization *“must look beyond state-centrism and, instead, promote multi-scalar civil society organisations and networks”* (Hill, 2013).

The special case of multinational

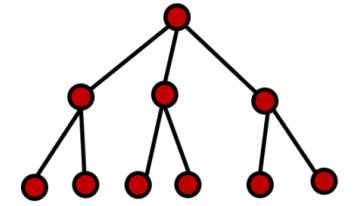
a complex system evolving in multiples contexts with multiple dynamics

- We can position multinationals **at a maximum level of severity** while the **level of complexity is multiplied by the quantity of national policies** with which the company must deal
- Multinationals are among the organizations **most particularly exposed to crises** : because of their coverage and the interdependence of their activities, they are sensitive to a greater number of possible disruptions.

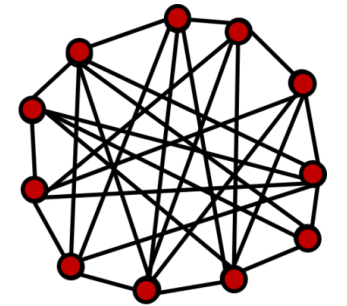
Keep coherency and promote local adaptation

the glocal approach

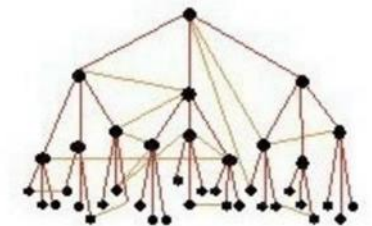
- Crisis guidelines are most of the time proposed from a **unidimensional perspective** which is national, and rarely from a multinational, national and regional point of view
- Multinational have to deal with **different regulations, cultures, contexts, and technical environments** at the same time. Therefore a bottom-up approach is also required
- A glocal approach as a **new internodal governance approach** (Carney & Bennett, 2014) is totally suitable in the context of a complex crisis with non-linear development as it get the benefit of top-down approach (coherence) and the flexibility of bottom-up adaptation (flexibility)



“Top-down”



“Bottom-up”



Hybrid

Crisis management *glocal* approach model



Similarities



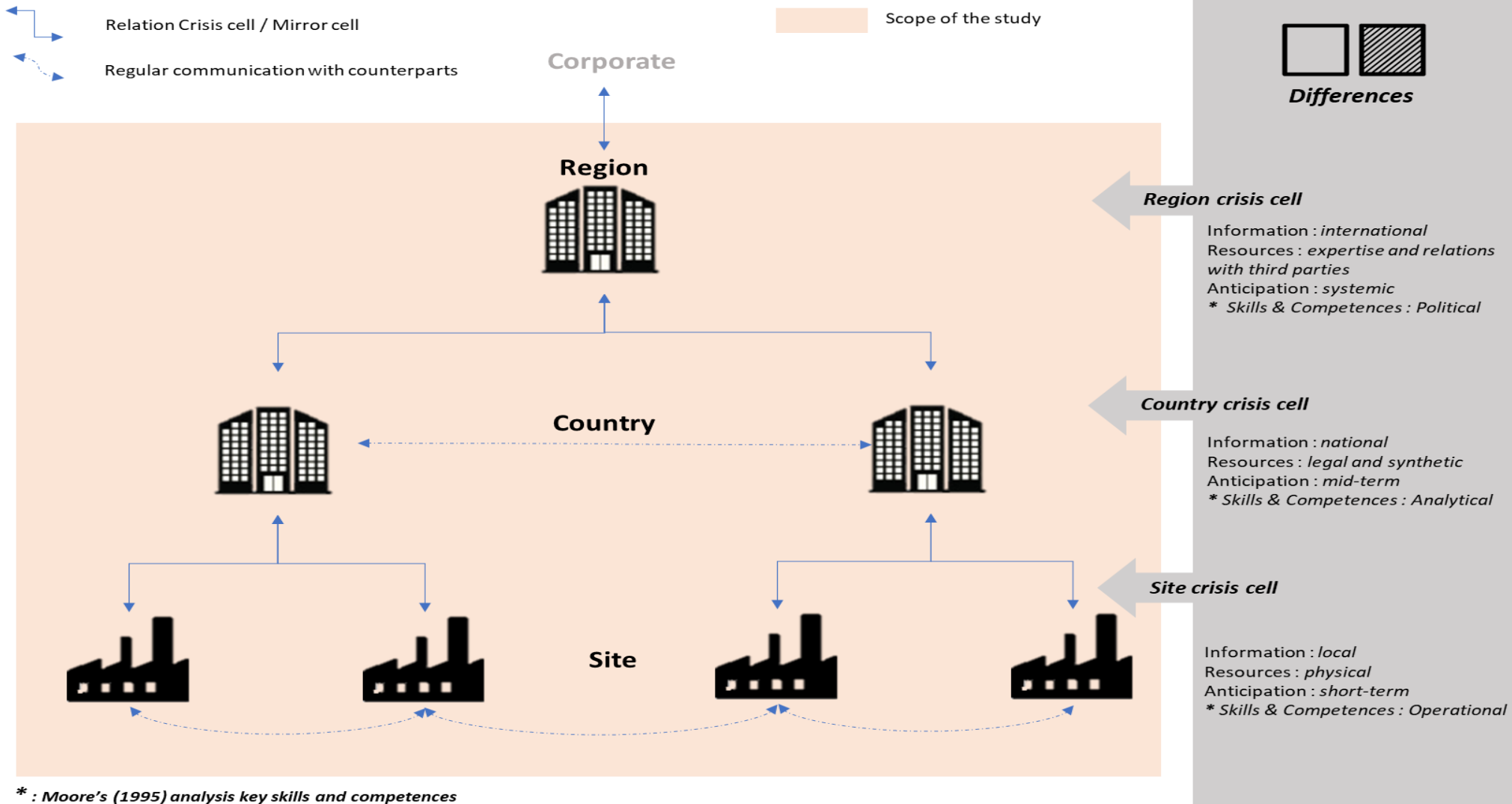
Crisis cells

composition : roles and heterogeneity
experience : regular stress-tests



Central communication channels

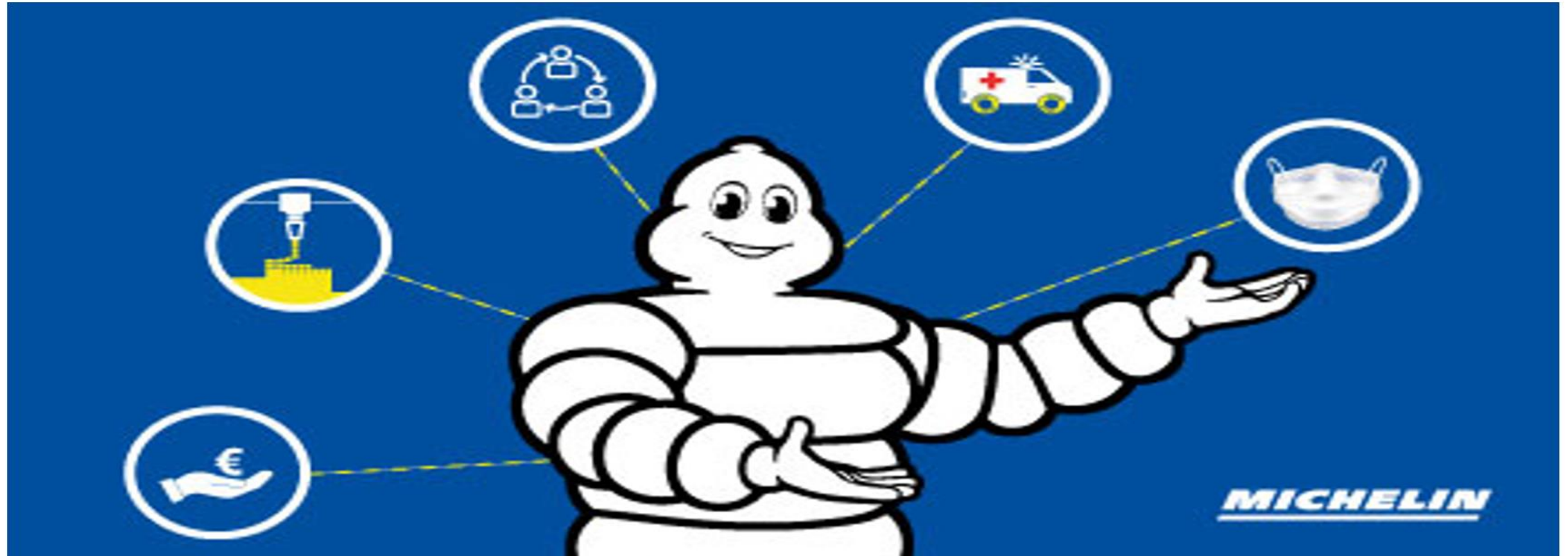
Direction : Top-Down
Nature : regular Group crisis cell meetings involving each regions



Michelin cases studies



Covid-19 pandemic management





Michelin E2A Region crisis management

1 Regional Headquarters (located in Bangkok, Thailand)

8 factories,

10 languages (English, Bahasa, Japanese, Korean, Thai, Vietnamese, Burmese, Khmer, Lao, Tagalog)

13 countries (Australia, New Zealand, Indonesia, Japan, Korea, Malaysia, Singapore, Thailand, Vietnam, Myanmar, Cambodia, Laos, the Philippines)

17 subsidiaries,

13,500 employees,

27- On a 10-level scale (1 = major failure / 10 = obvious success), how would you qualify the result of the Covid19 crisis cell management of your company?

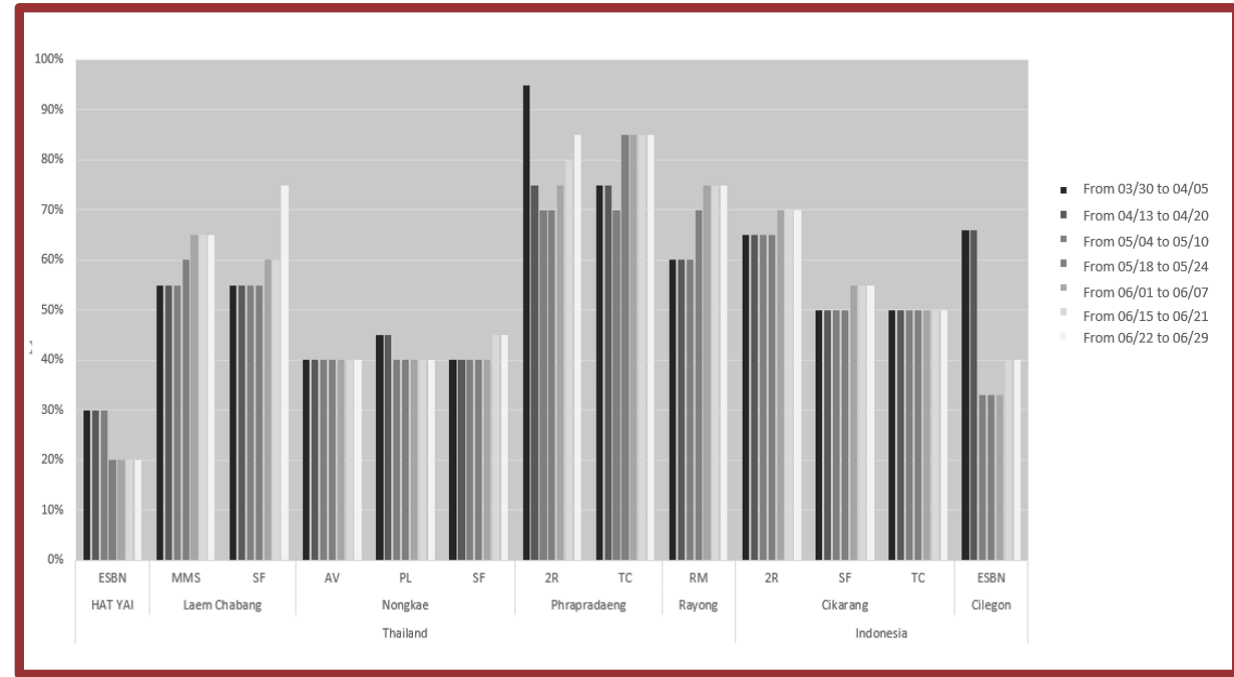
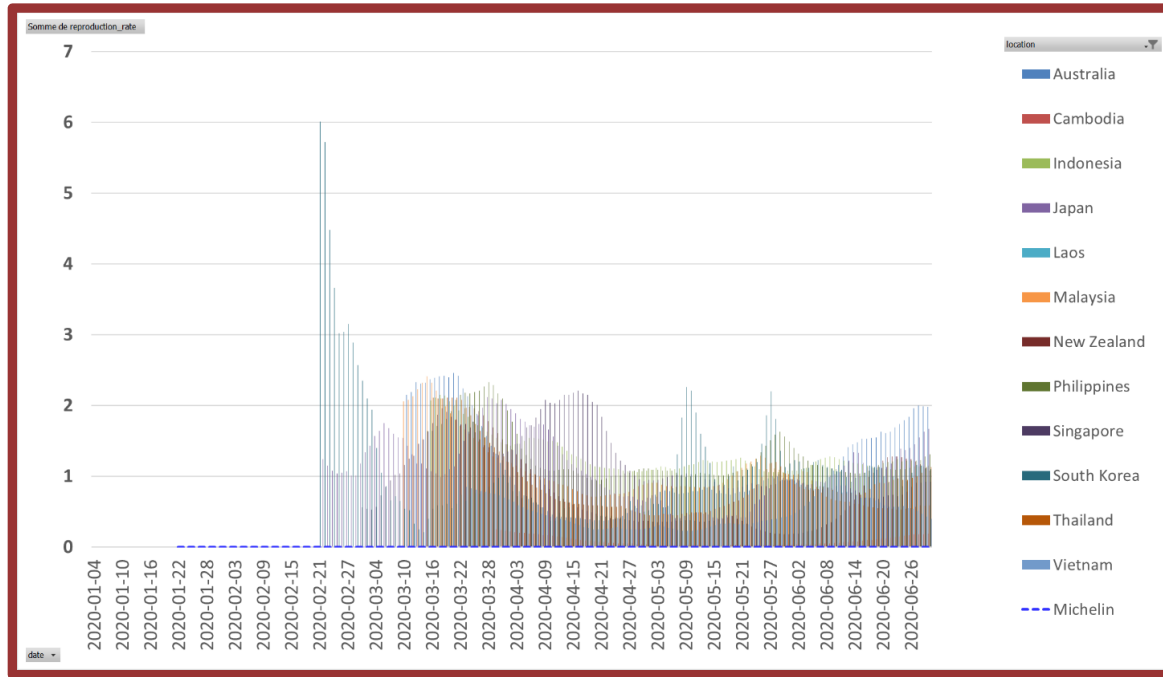
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Triangulation

From the end of February to the end of June 2020



Data from OurWorldInData.org



- South Korea (x3), Japan (x3), Malaysia, Thailand, Australia (x2), Philippines (x2), Singapore, Indonesia, successively **exceed the reproduction rate of 1**.
- These countries represent **8 of the 13 countries covered by the ME2AR**.
- Some of them even exceed an **infection rate of 2** (Malaysia, Australia, Thailand and Philippines in March and Singapore in April) and **even 3** (South Korea in February) **while no infection or infection rate increasing is recorded within the Michelin statistics** during all this period of time.

Performance & subsidiarity



- According to the public sanitary data, we consider the **Michelin questionnaire's answers legitimates**.
- A “**stroke of luck effect**” could evidently preserved the sanitary results of the Michelin workforces in certain areas. However, it is difficult to conceive that such a “stroke of luck effect” manifesting itself in the **13 countries**.
- The Michelin sanitary results compared to the contamination peaks of the related countries show that a **coherent approach of the Group toward the pandemic management was efficient**.
- According to the heterogeneous legal and sanitary requirements of the 13 countries analyzed, we can consider that the **local adjustments to respect these local sanitary and legal contexts were done at the appropriate level**.

The subsidiarity didn't generate any loss of coherency of the Michelin pandemic management approach.

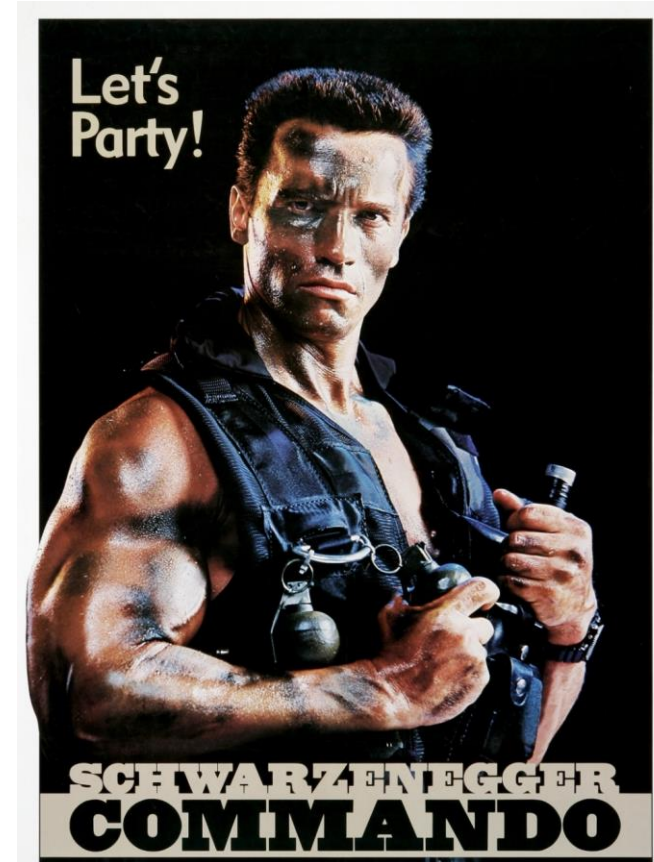
Subsidiarity vs Commando-like crisis team



A “corporate commando-like crisis cell” would generate difficult times :

- to understand and interpret the context (culture, language, regulation, etc.) which is crucial for the sensemaking,
- as it would generate difficulties to get such team legitimate to manage teams and activities they don’t know in place of the usual local management teams.

“Responses will be different between governments, multinational companies and individuals, making a variegated response important” Elbe et al. (2013) .



Multinational ransomware preparation



Corporate level

- Central CERT
- Insurance (negociator)
- Red / yellow buttons










Local level

- Local awareness (employees) and surveillance (local IT)
- Local context influence (dependance, regulation, law)
- Red / yellow buttons

Real cases study



Vicitms	Attackers
 Saudi Aramco	<i>Cutting Sword of Justice</i>
 MERCK Merck & Co. Inc.	<i>Russian services (presumed)</i>
 Saint-Gobain	<i>Russian services (presumed)</i>
 Norsk Hydro	<i>FIN6</i>
 Altran	<i>FIN6</i>
 Bouygues construction	<i>Maze</i>
 Colonial Pipeline	<i>Darkside (presumed)</i>

A customized multilayer simulation

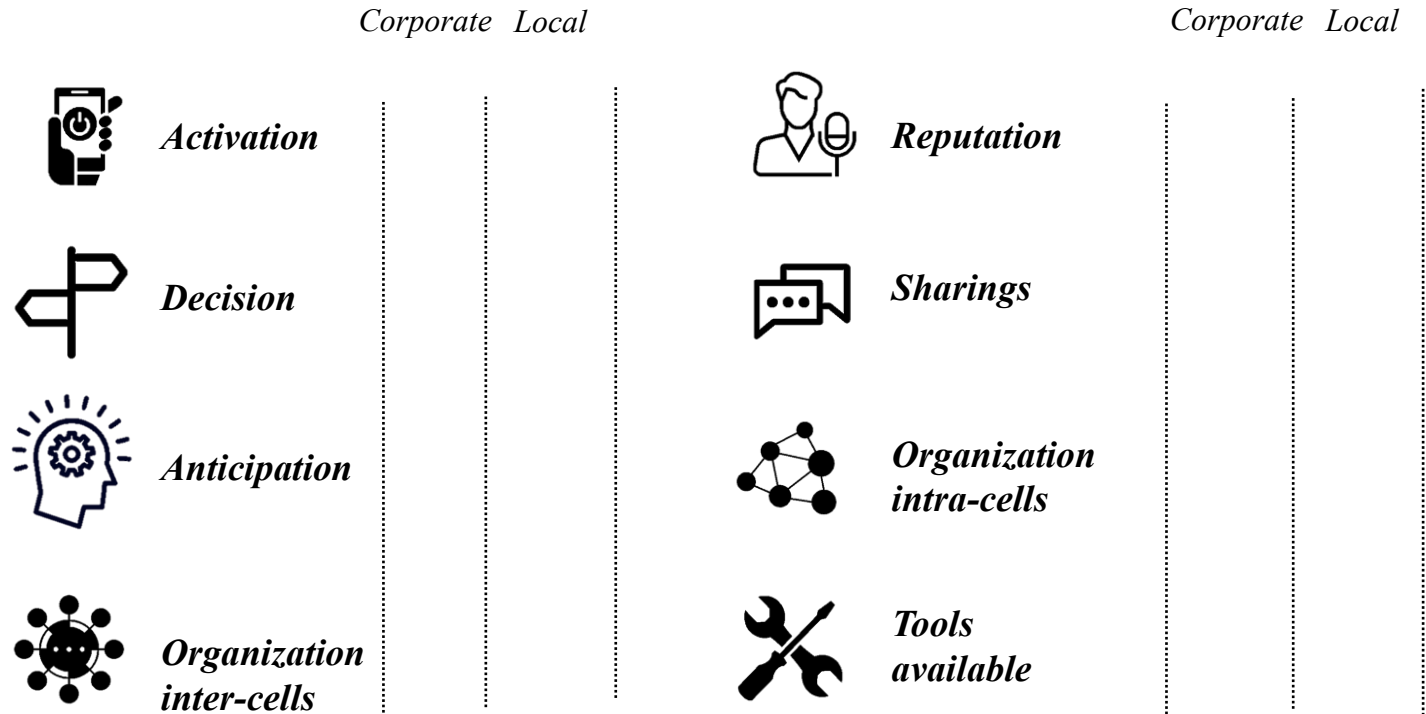
Based on real events



- 2 days simulation (Regions crisis cell, Corporate crisis cell & key corporate dpts)
- Pitch :
 - Romanian HQ managers are informed by their employees that several applications are becoming inoperative
 - A ransomware screen appears on their monitor
 - Soon all of Europe ERP is shut down
 - An employee discloses the information on social networks
 - A video of the hackers claiming the attack is broadcast on YouTube
 - These hackers are linked to the terrorist group Daesh
- 2 extorsions :
 - demand of ransom to decipher data
 - demand of ransom to don't share critical information



A local & corporate approach



Evaluation



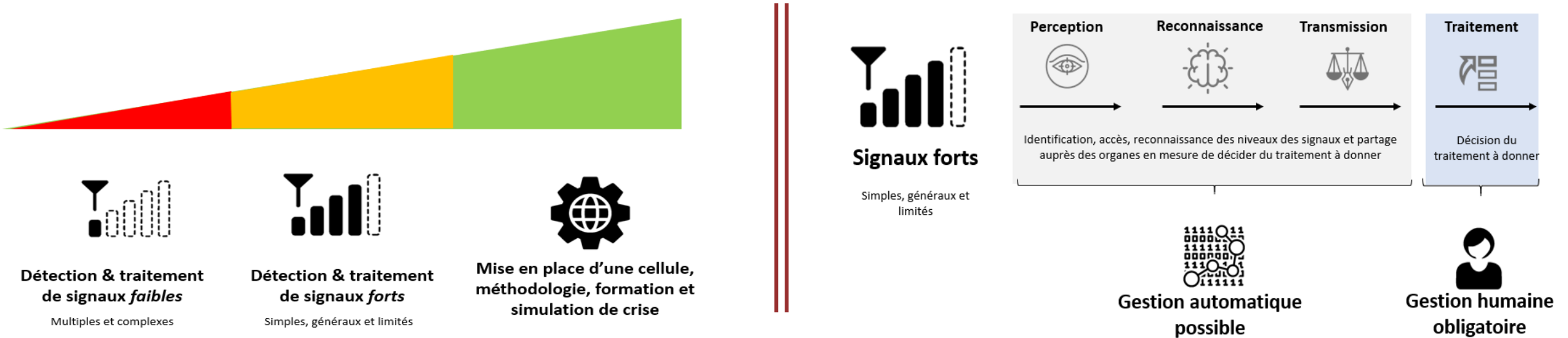
The Top 5 Take-Aways for Your Organization

- I. Global coherency is necessary (top-down)
- II. Local flexibility is mandatory (bottom-up)
- III. Direction of influence can evolve during the crisis
- IV. Organizational fractality / subsidiarity helps
- V. Crisis cells facilitators at each levels can be the guarantor of the balance of the glocal model



BONUS

Stereotype #1: weak signals are detectable before the crisis

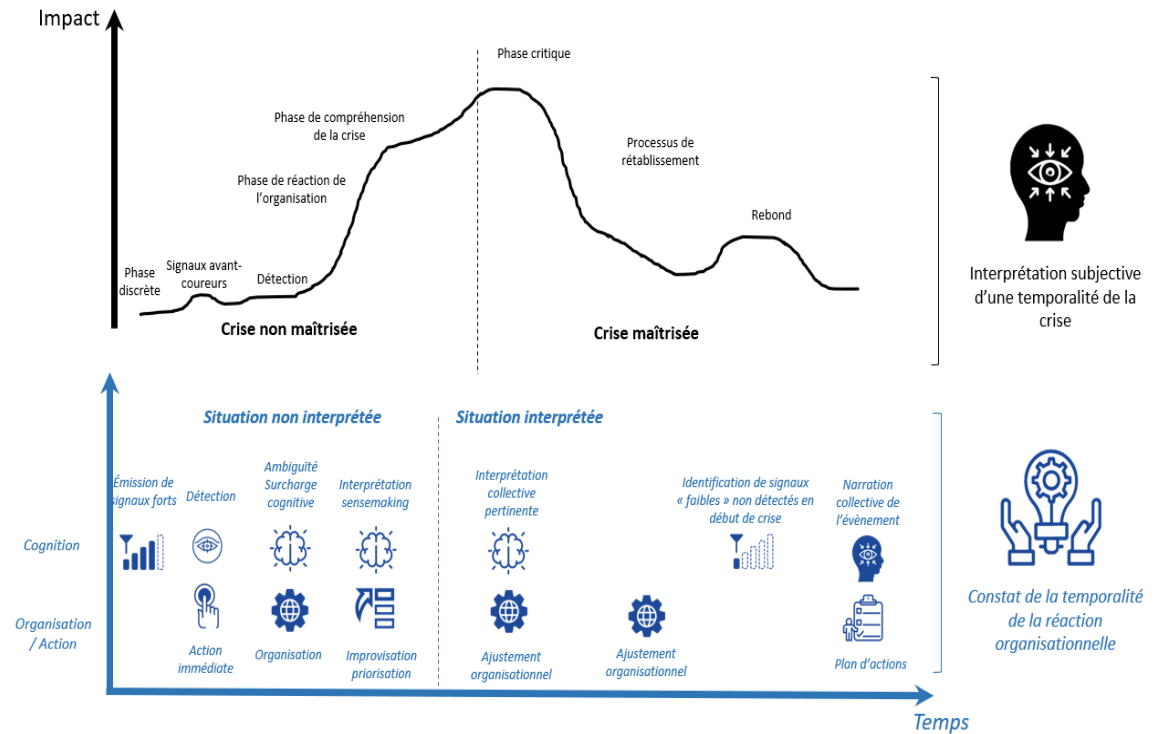
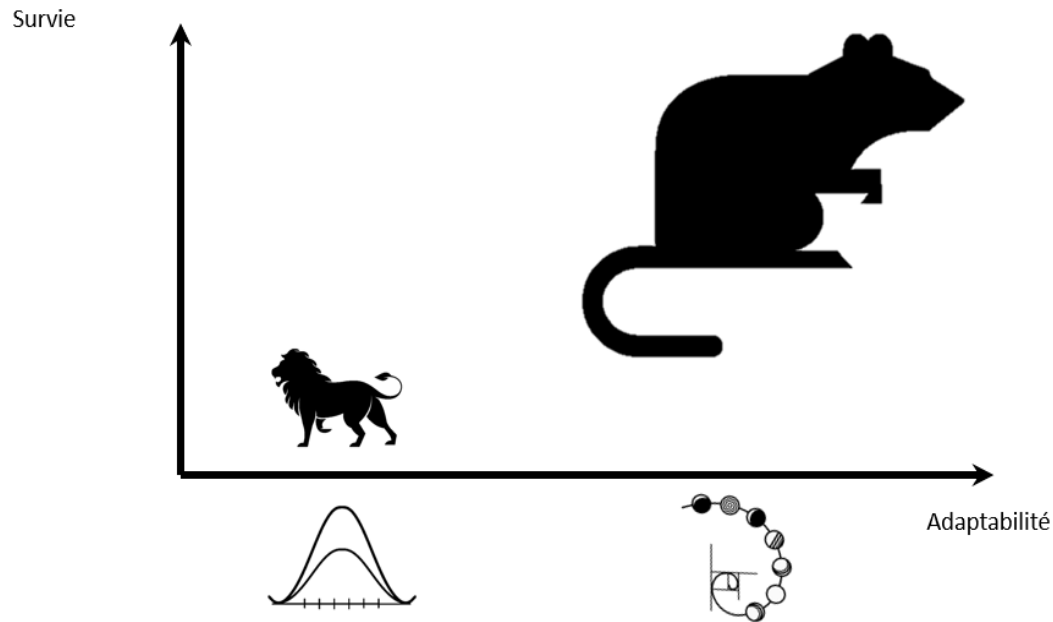


- If the detection and processing of the weak signal does not make it possible to avoid the crisis, then what is this weak signal for?
- If we talk about a “signal” then the information is significant. If it is significant, how can it be called “weak”?
- If the signal is really "weak", have we already treated the "strong" signals beforehand?

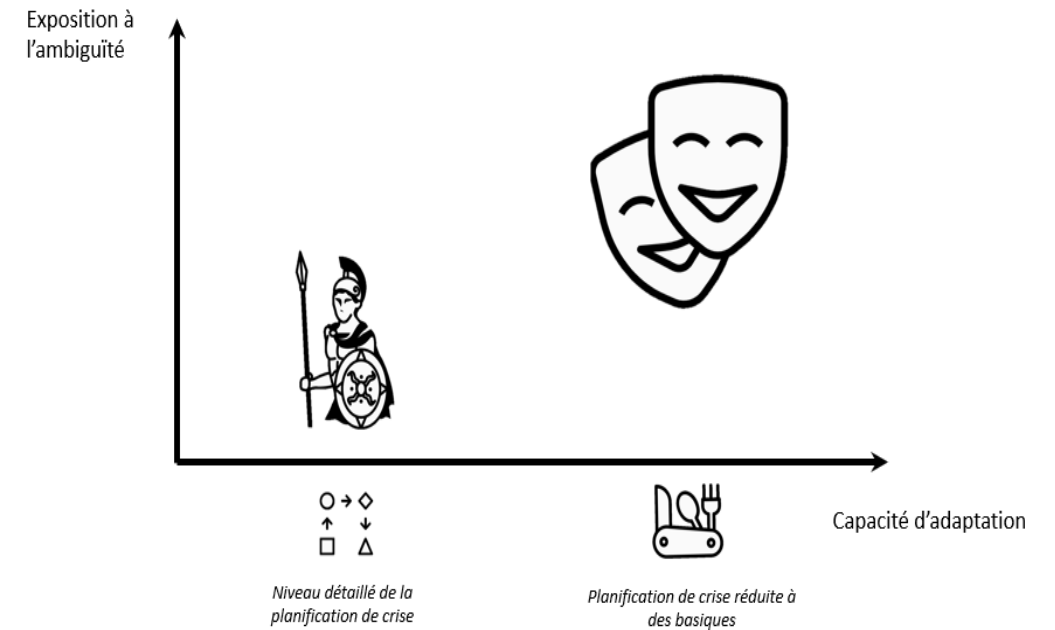
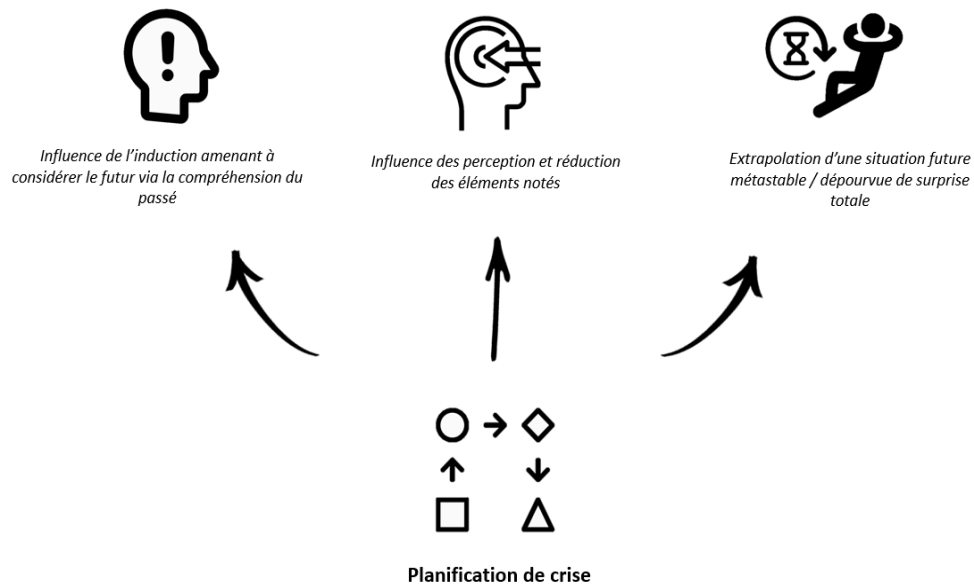
Stereotype #2 : a “warlord” Leader is essential



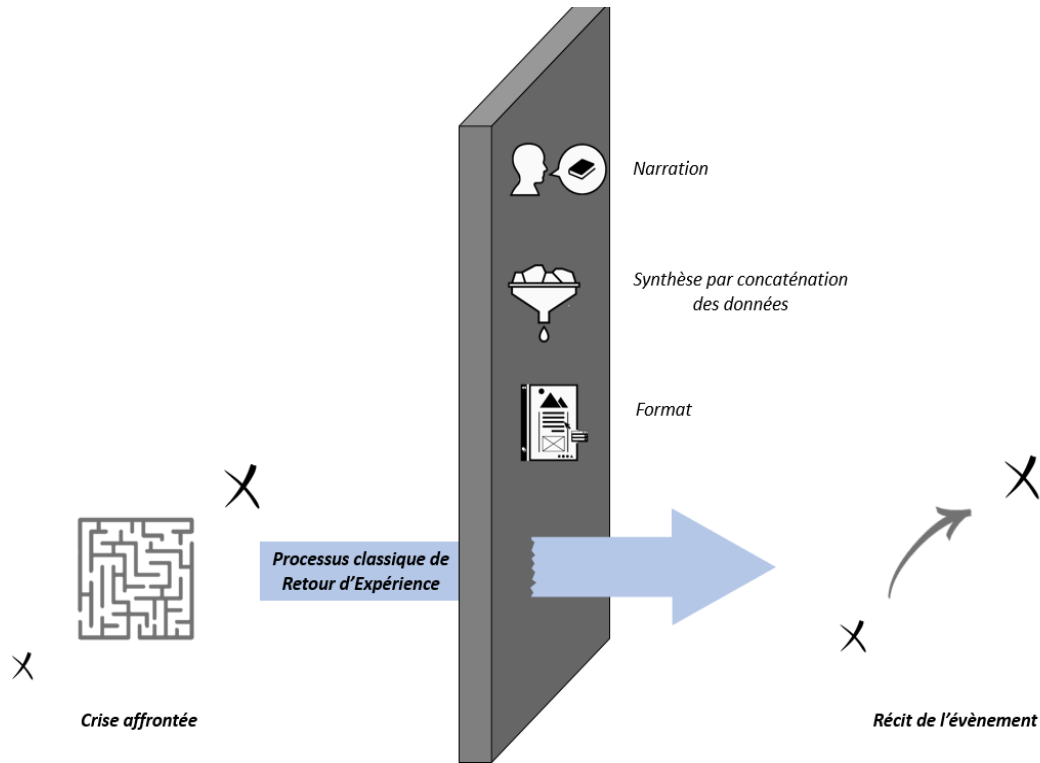
Stereotype #3 : The temporality of crises follows a pattern



Stereotype #4 : Planning as the key element of crisis response



Stereotype #5: Feedback is a guarantee of progress



Limitation de
l'expression des biais
par l'organisation



Audience reaction(s)

Questions?
Comments?

Thank you very much for your attention

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