

## Rising from the Ashes: Redesigning European Crisis Management

The volcanic ash spewed by the Eyjafjallajökull volcano in Iceland paralysed Europe, shut down much of the international air cargo supply chain, stranded passengers around the globe and cost the airline industry over a billion euros.

How should regulators and industry work together to design risk and crisis management plans that balance business imperatives with public safety?

### Key Points

- The crisis highlighted the vulnerability of increasingly interdependent global manufacturing and supply networks, as well as outsourcing and just-in-time delivery.
- The crisis emphasized the need for contingency planning and more information networking between agencies that still tend to operate in independent silos.
- There is a disconnect between the scientific data being produced and the practical information that is actually needed for an effective response.
- The crisis highlighted the need for a comprehensive information database to enable faster decision-making.

### Synopsis

The worldwide aviation industry currently handles 2.36 billion passengers a year. European airlines account for 400 million passengers and roughly 11,000 flights a day. European air traffic controllers handle 27,000 flights a day. Despite the heavy commercial costs of closing down airports, both government and airlines stress that this is one industry where safety and profitability are directly linked. The crisis nevertheless highlighted the vulnerabilities of the current trends in manufacturing that depend increasingly on outsourcing various stages of the manufacturing process to different geographic locations. Stockpiling inventories in warehouses may have been rejected lately as an outmoded idea, but the notion may now require reconsideration.

The volcano also highlighted the failure of governments and agencies to develop contingency plans. The volcano began showing signs of erupting a month earlier, but the warning signals were ignored and, when the crisis hit, just about everyone was taken unaware. It was pointed out that most government offices routinely assign contingency planning to interns rather than taking the process seriously.

Also complicating the situation is the fact that many agencies and governments are still operating in silos that hamper communications. For example, Italy closed its airspace to flights, while Milan kept its airport open. A number of flights that had taken off for Milan were turned back when they reached Italian airspace. Different safety standards and procedures also make developing a coordinated strategy problematic. In fact, no single agency is willing to take responsibility for the overall coordination of the crisis.

In addition, information often arrives too slowly for timely decision-making. Weather information is often six hours late. Compounding the situation, much of the information produced by scientific experts tends to be irrelevant. Deciders need another type of information, but since there is insufficient forward planning, that information is often unavailable. The mass of information that is produced tends to be overwhelming and further slows the decision-making process.

### Takeaways

- Businesses need to develop back-up plans for unpredictable events that may shut down global supply chains.

- Europe needs to develop more globally consistent strategies for decision-making relating to safety in unexpected emergencies.
- Contingency planning is crucial in emergency situations. Governments tend to react only after the emergency takes place, which needs to change.
- More progress needs to be made to eliminate silo mentalities. A network for current networks needs to be developed.

### Session Panellists

**Thomas Hürlimann**, Chief Executive Officer, Global Corporate in Europe, Zurich Financial Services, Switzerland

**Geoffrey Lipman**, Adviser to the Secretary-General, World Tourism Organization (UNWTO), Madrid

**Guenter Martis**, Director European Affairs, Civil Air Navigation Services Organisation, Netherlands

**Ulrich Schulte-Strathaus**, Secretary-General, Association of European Airlines (AEA), Belgium

### Facilitated by

**Lord Malloch-Brown**, Vice-Chairman, World Economic Forum

### Disclosures

This summary was prepared by William T. Dowell. The views expressed are those of certain participants in the discussion and do not necessarily reflect the views of all participants or of the World Economic Forum.

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