

Crisis Management Re-imagined

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Bournemouth University, UK

Crisis Governance in Transition: Revisiting Theories, Rethinking Practice
17th September 2026



An Opportunity

To **re-imagine** the Crisis
Management Cycle

A crisis can trigger short-term
effects and long-term 'hidden'
consequences



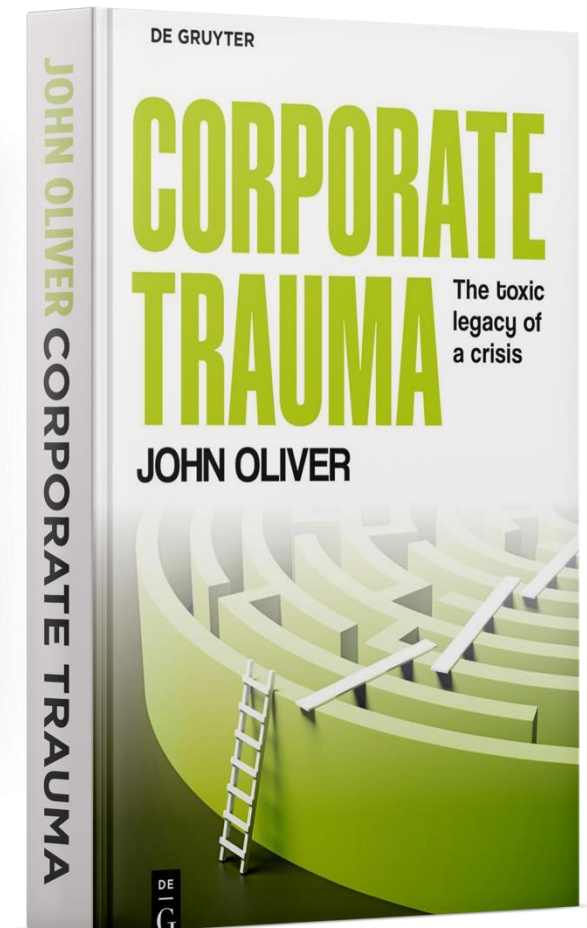
An idea with Impact!



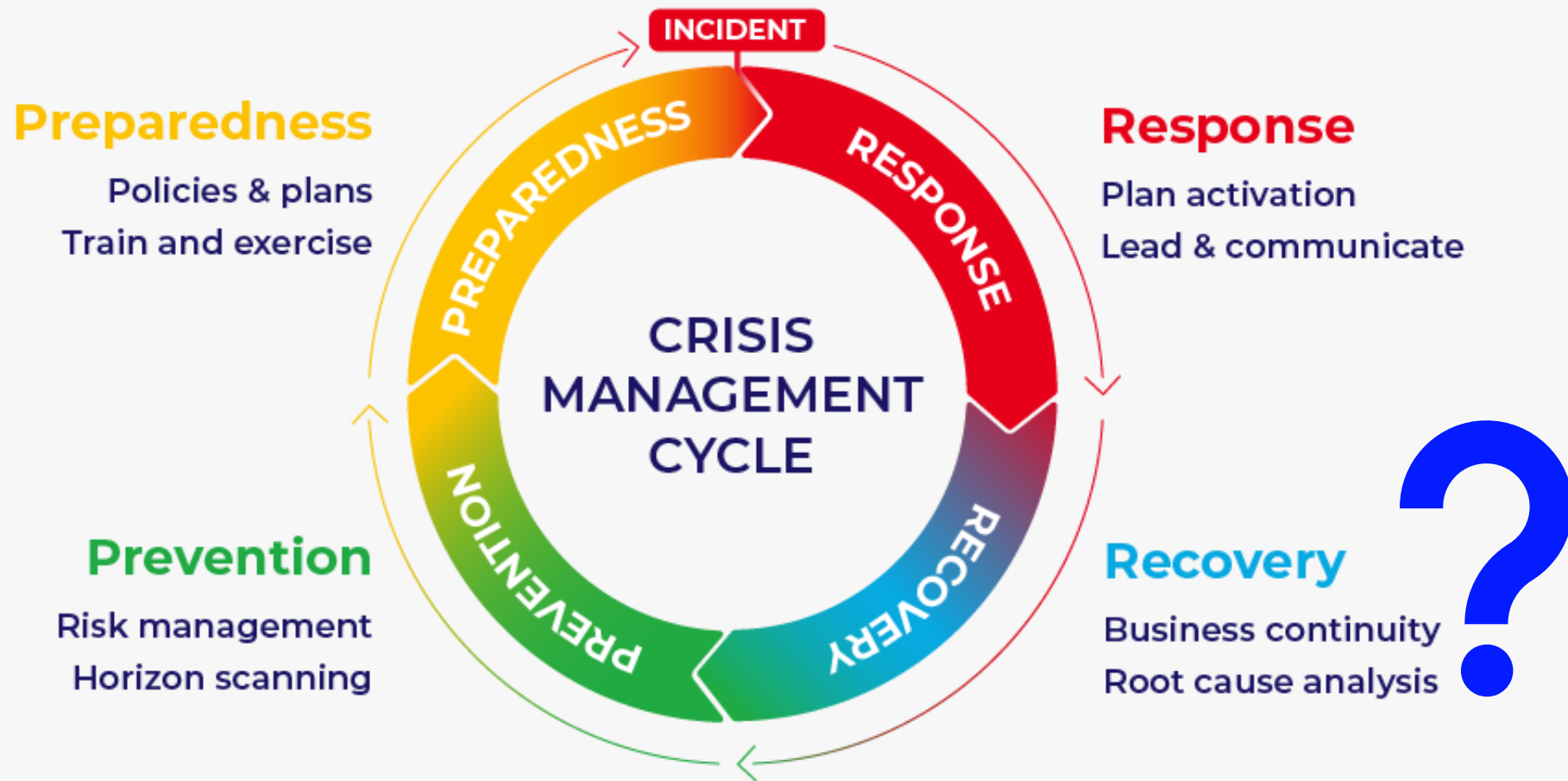
**THE BUSINESS
BOOK AWARDS**

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Entry 2026



A 'Typical' Crisis Management Cycle

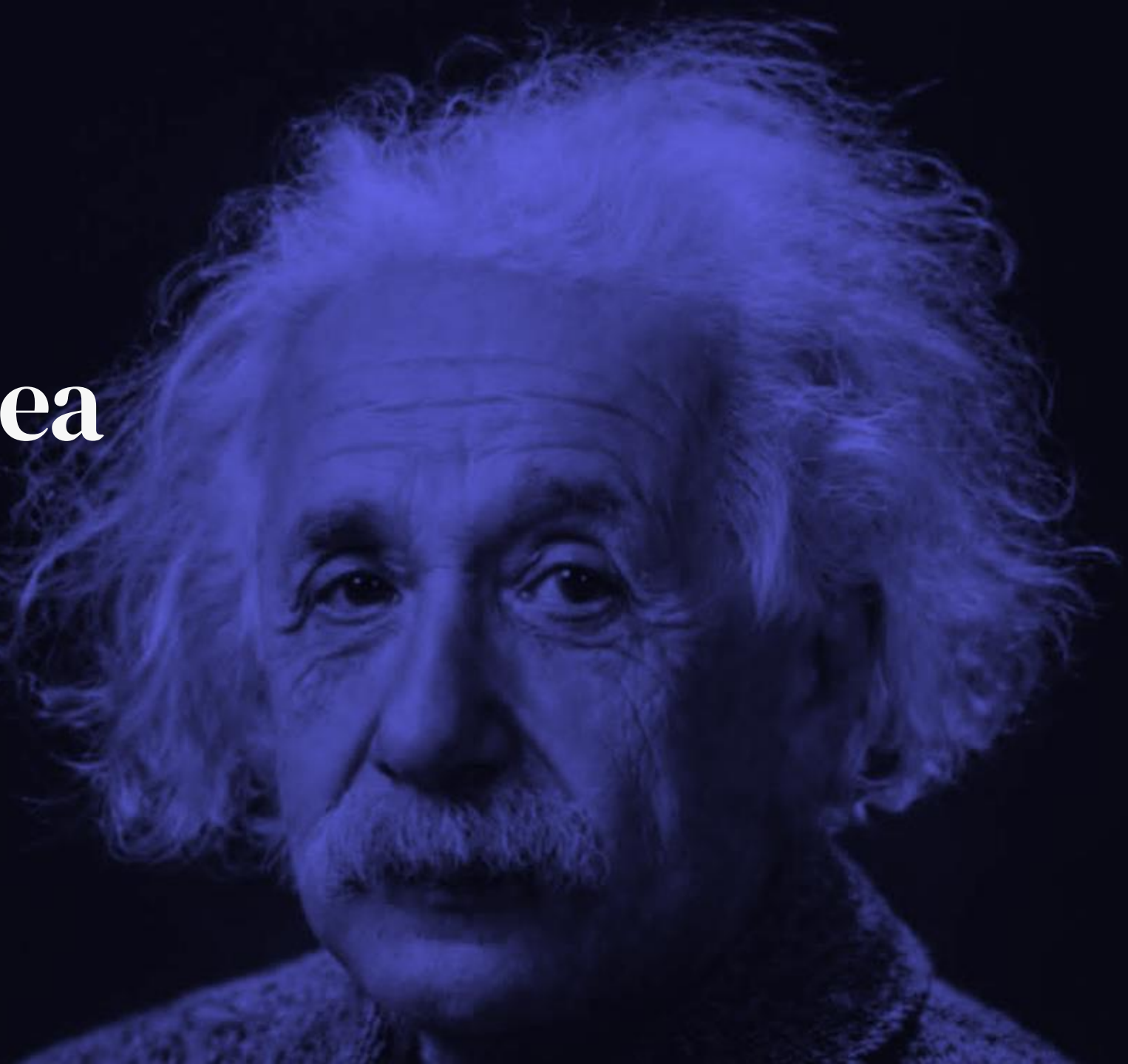


The 'Back to Normal' Fallacy

- Manage the crisis and get back to 'normal'
- Re-build trust with stakeholders
- Deny that a crisis had an impact?
- But **Corporate Trauma** emerges
- Employees see budget cuts, talented staff leaving, low morale and an organization with an aversion to risk



**“if at first the idea
is not absurd...
then there is no
hope for it”**

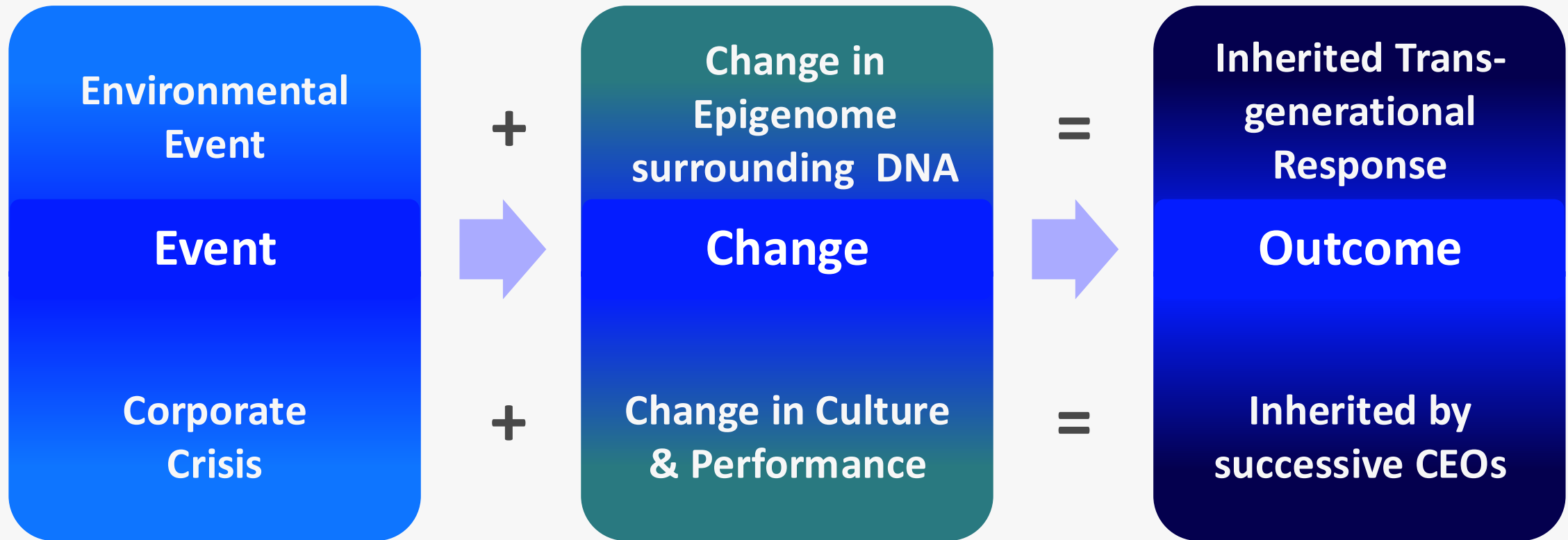


The **Big** idea: Epigenetics

- An **event** occurs
- Resultant **changes in epigenome** surrounding DNA causes chronic health
- Chronic health issues **are inherited** by subsequent generations
- Trans-generational Response



Corporate Epigenetics

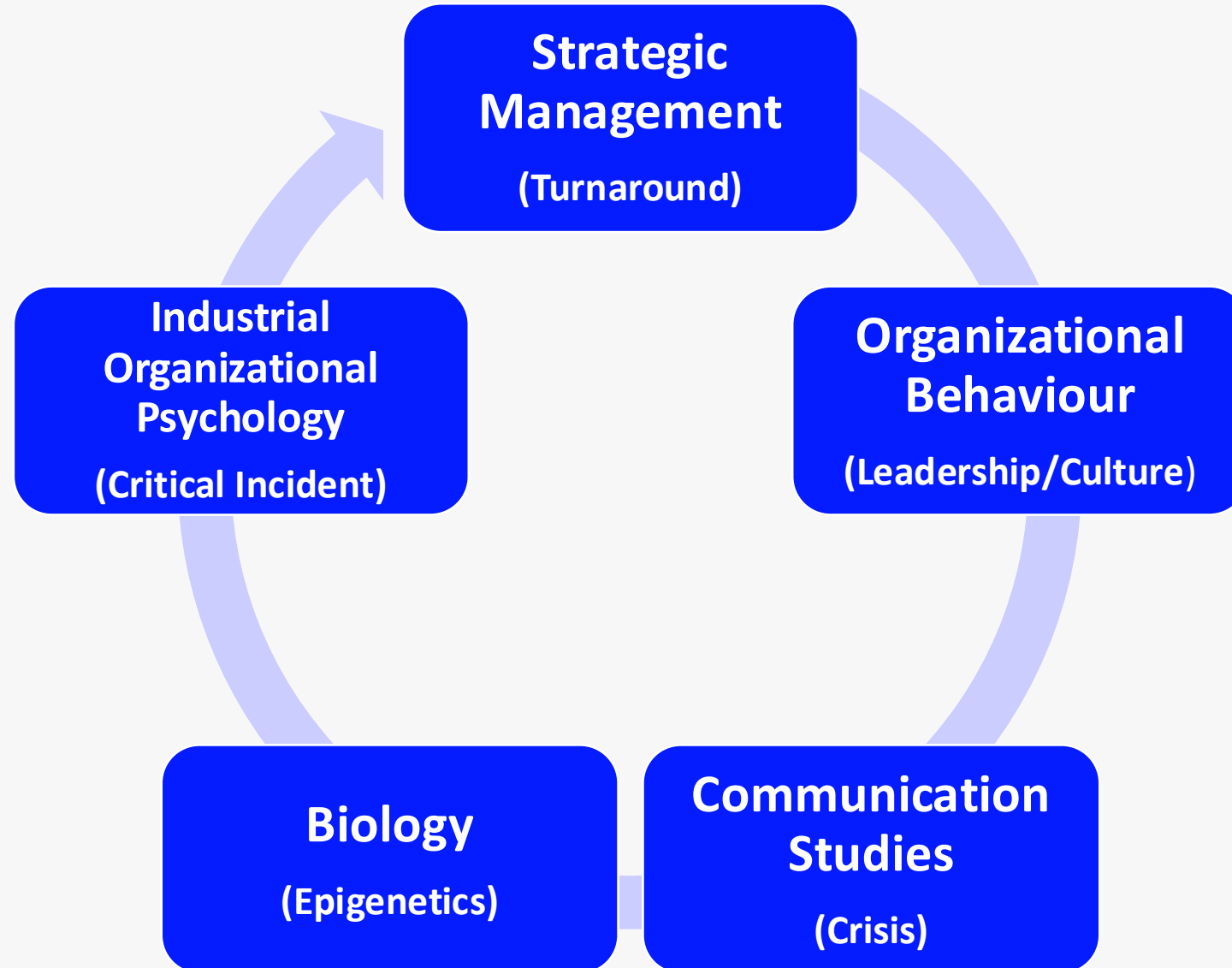


Diagnosing Corporate Trauma: **Interdisciplinary**

- An intellectual bridge - **Business** and **Biology**
- Interdisciplinary thinking is a powerful catalyst
- Single field experts develop “domain blindness” – using the same tools and mental models to solve problems
- Bringing in concepts from an outside field shatters these rigid frameworks
- A new lens to understand the long-term consequences of a crisis



Corporate Trauma: **Interdisciplinary Framework**



Diagnosing Corporate Trauma: **Interdisciplinary**

- **Epigenetics Theory:** an environmental event can result in negative adaptive changes (physiological and psychological) which are **inherited** by future generations
- **Critical Incident Theory:** events are ‘critical’ if they are **clearly identifiable** and result in subsequent ‘**effects**’ and ‘**consequences**’

“A crisis can leave **lasting scars** on an organization’s culture, employees and performance that are ‘**inherited**’ from one generation of a firm to another”.
Oliver (2025)

Diagnosing Corporate Trauma: **Mixed Methods**

■ **Corporate Financial Analysis (Physiological)**

- Market Capitalization
- Revenue
- Operating Income
- R&D Expenditure
- R&D Intensity
- CEO Turnover

■ **Content Analysis (Psychological)**

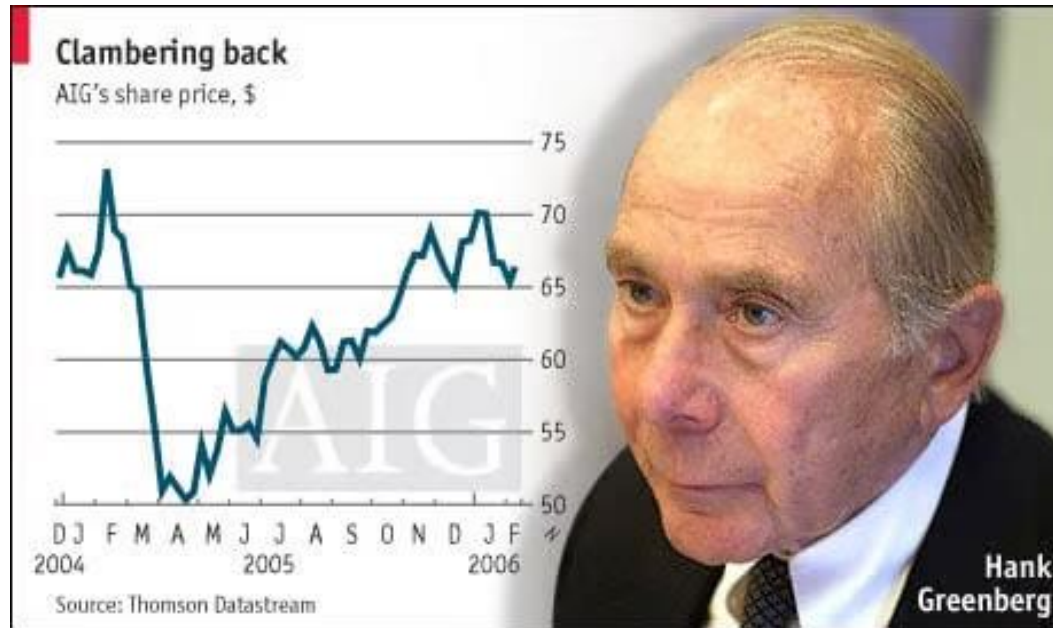
- Word frequencies for innovation and risk

**“Corporate Trauma
compares data from
‘before and after a crisis’
to understand the short-
term effects and longer-
term consequences”
Oliver (2025)**

Corporate Trauma: Case Studies



AIG's Accounting Scandal 2005



AIG: Short-term Effects

- **2nd February 2005** U.S. Securities and Exchange Commission charged AIG with accounting fraud
- **9th February 2006** AIG was fined US\$1.64bn
- CEO Greenburg, CFO Smith and 20 executives fired
- AIG's share price drop by 9% in one week and 24% in 8 weeks
- The fraud cost investors an estimated US\$3.5bn
- AIG' suffered significant reputational damage



The ‘Back to Normal’ Fallacy

“2025 was an **exceptional** year for AIG. We made tremendous progress against our strategy, delivered outstanding financial results”.

Peter Zaffino, AIG Chairman & CEO

11th February 2026

A dark blue banner for AIG Investor Day 2025. At the top left is the AIG logo. To its right is a navigation menu with links: RISK SOLUTIONS, CLAIMS, CAREERS, ABOUT, INVESTORS, NEWS, and CONTACT. Below the navigation is a horizontal line. The main title 'AIG Investor Day 2025' is in large white font. Below it, a paragraph in white text reads: 'Chairman & CEO, Peter Zaffino, was joined by members of AIG's executive leadership team and key partners at the company's Investor Day. He highlighted AIG's unprecedented transformation, which has positioned the company with significant strategic and financial flexibility and unparalleled opportunities.' The phrase 'unprecedented transformation' is highlighted with a yellow rectangular box.

AIG RISK SOLUTIONS CLAIMS CAREERS ABOUT INVESTORS NEWS CONTACT

AIG Investor Day 2025

Chairman & CEO, Peter Zaffino, was joined by members of AIG's executive leadership team and key partners at the company's Investor Day. He highlighted AIG's **unprecedented transformation**, which has positioned the company with significant strategic and financial flexibility and unparalleled opportunities.

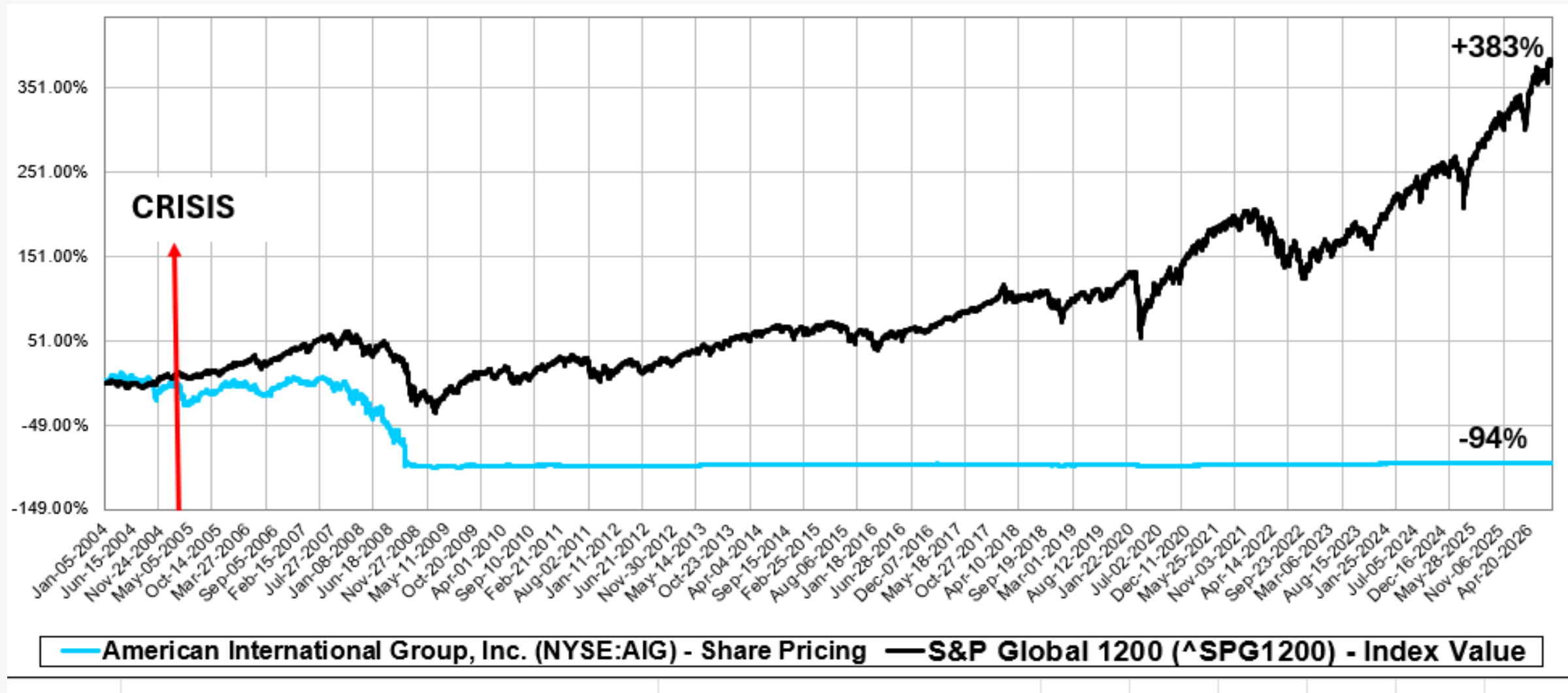


AIG Reports Excellent Fourth Quarter and Full Year 2025 Results

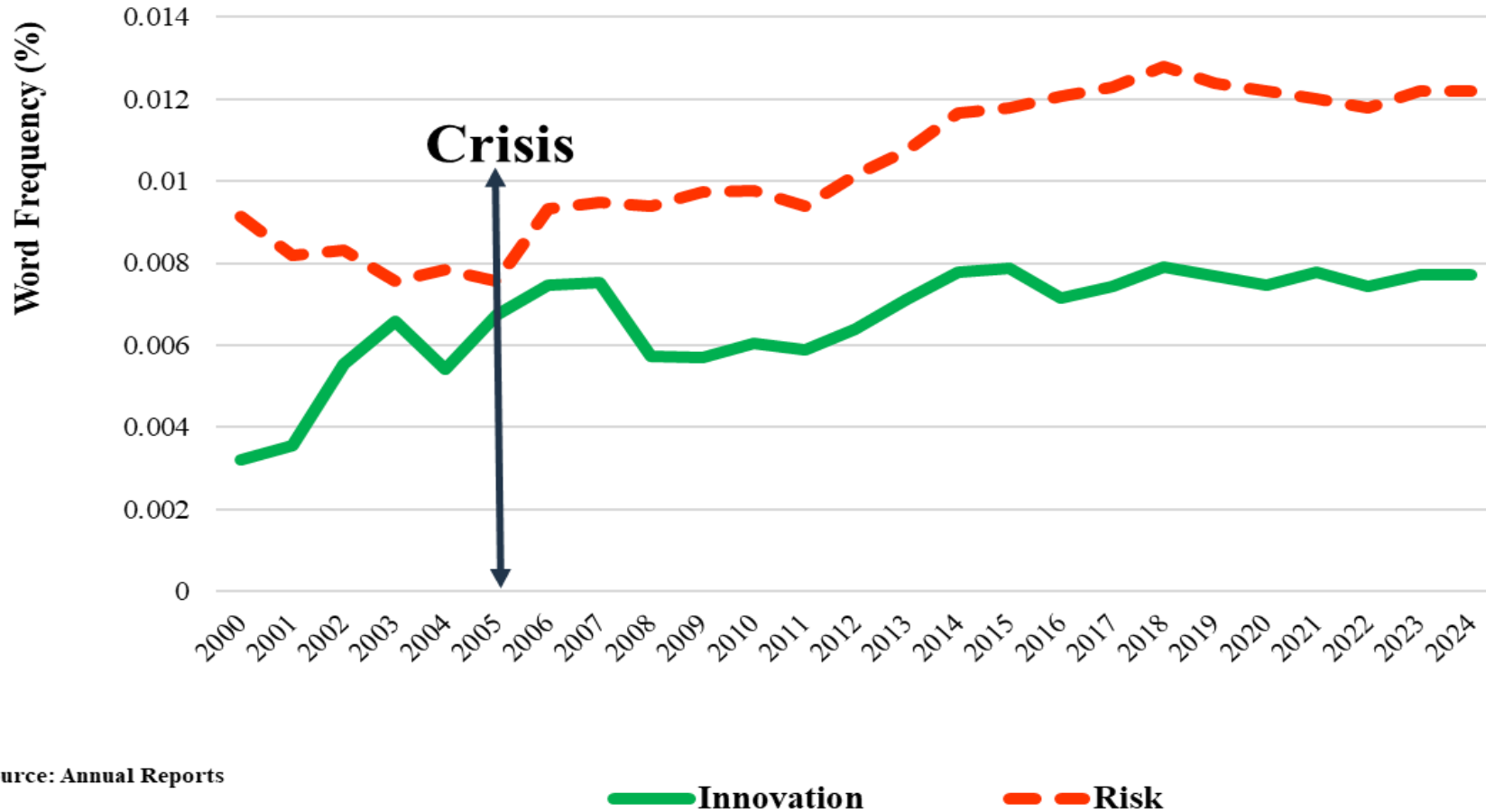
Business Wire

February 10, 2026 • 15 min read

AIG: Long-term Consequences



AIG: Long-term Consequences



AIG: Long-term Consequences

Financial Markers	Change in Post Crisis Averages Since 2005
Market Value	- 67%
Revenue	- 46%
Net Income	- 69%

Average CEO Tenure	
AIG	S&P 500
2.5 years (8 CEOs)	9.3 years

BP Deepwater Horizon **Explosion** 2010



BP: Short-term Effects

- **20th April 2010** Deepwater Horizon explodes
- Thousands of responders deployed to the Gulf Coast
- CEO Tony Hayward apologized before saying “I’d like my life back”
- BP’s shares fall by 48% in the following weeks
- The National Commission reported a “failure of management”
- BP fined US\$20.8 bn and total cost US\$65bn

GLOBAL STOCK INDEX PERFORMANCE

PERIOD: Q2 2010 (May 1 to Jun 30)



The ‘Back to Normal’ Fallacy

“In 2025 we delivered a **strong** underlying financial performance with an underlying profit of \$7.5 billion”.

Carol Howle Interim CEO

6th March 2026

Strong performance –
building for the future

Our investor proposition

A simpler, stronger and more valuable bp, see [page 19](#).

Our strategy

We are growing the upstream, focusing the downstream and investing with discipline in transition, see [page 8](#).

Our primary targets

Adjusted free cash flow [★] growth

>20%^a

adjusted free cash flow compound annual growth rate (CAGR) [★] from 2024-27

Net debt [★]

\$14-18bn

by end 2027

Structural cost reduction [★]

\$5.5-6.5bn^b

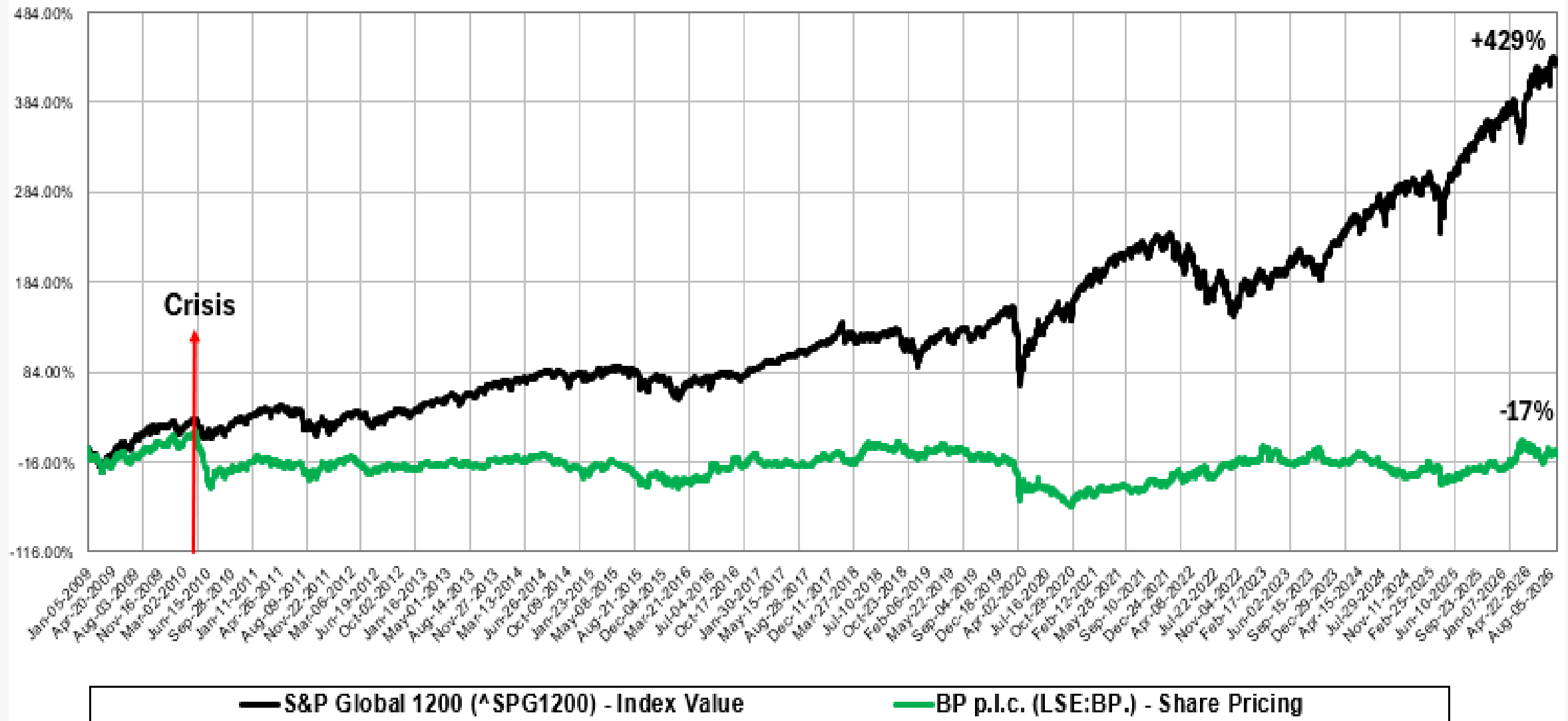
by end 2027

Return on average capital employed (ROACE) [★]

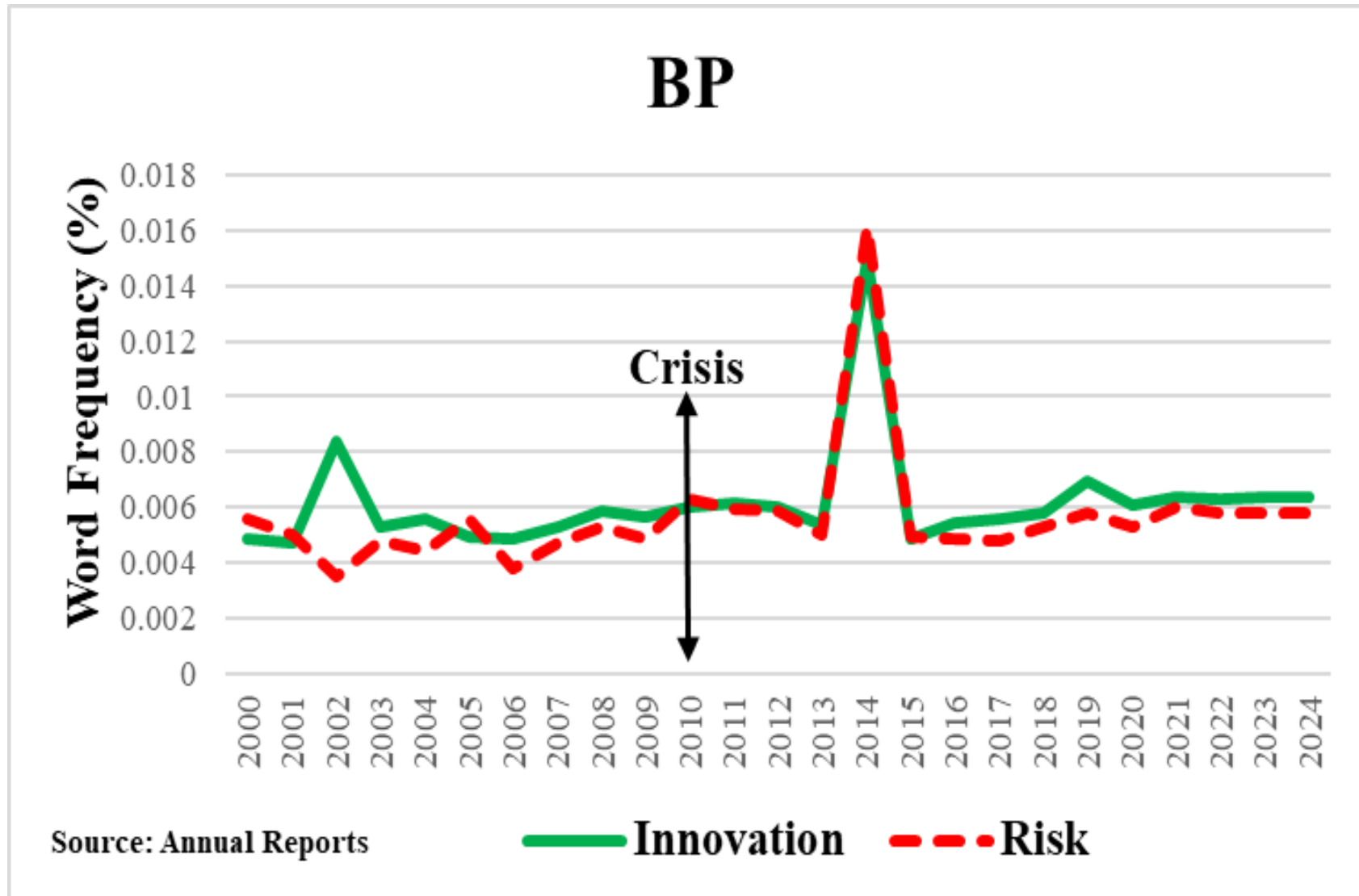
>16%^a

in 2027

BP: Long-term Consequences



BP: Long-term consequences



BP: Long-term consequences

Financial Markers	Change in Post Crisis Averages Since 2010
Market Value	- 16%
Revenue	- 18%
Net Income	- 49%

Average CEO Tenure	
BP	S&P 500
3 years (5 CEOs)	9.3 years

Surviving the Crisis, **Failing** in the Aftermath

Psychological Impact

- **A deep-seated aversion to risk**
- **Strategic choices minimize exposure to uncertain outcomes**
- **Missed opportunities for innovation**
- **Detrimental mindsets, actions, and dysfunctional cultural practices emerge**

Physical Impact

- **Plummeting share prices and declining revenue**
- **Rising operational costs and mounting debt**
- **Talented staff leave**
- **CEO turnover is rapid**

Surviving the Crisis, Failing in the Aftermath



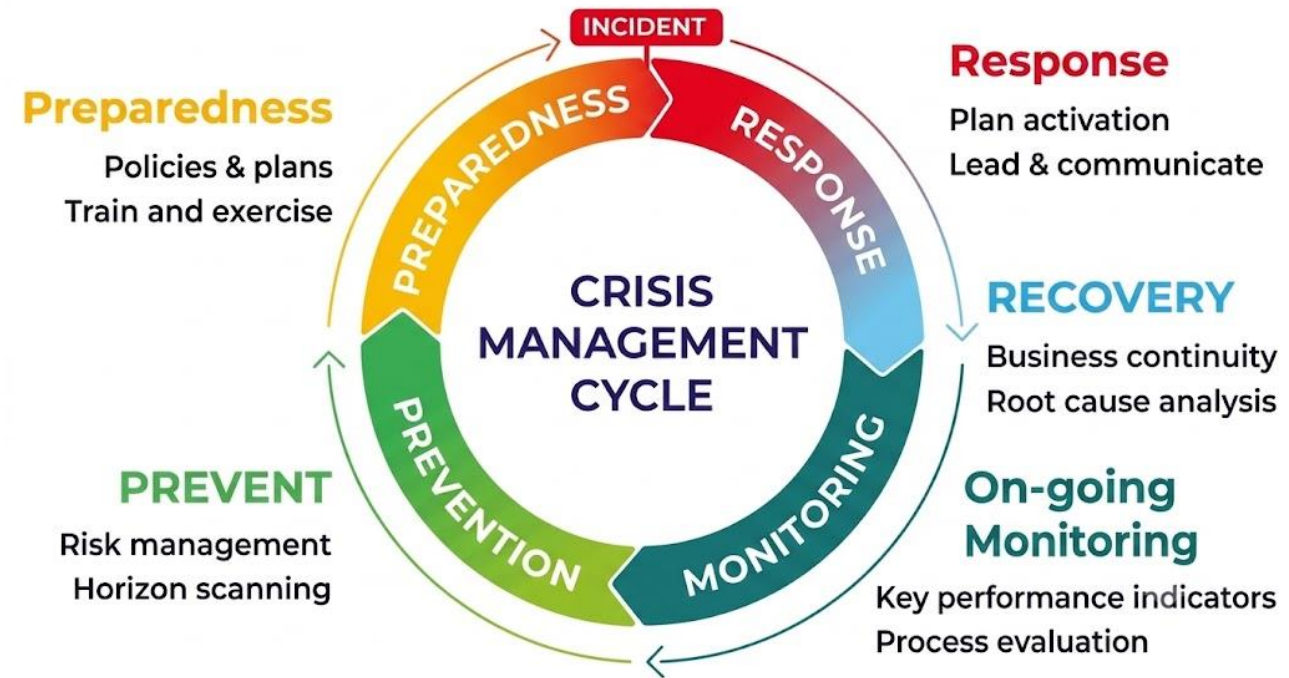
Short-term **Effects**



Long-term **Consequences**

Crisis Management Re-imagined

- Crisis Management must evolve to recognize and manage both **short-term effects** and **long-term consequences**
- The ‘finality’ of traditional post-crisis audits needs to evolve
- On-going monitoring
- Evaluate performance metrics ‘before and after the crisis’
- Measure longitudinal content of corporate communications



A Final Thought on Corporate Trauma

*“...a clear **opportunity** for strategic PR to be given a much more central role in the recovery phase”*

Chris Tucker, Co-Chair, Crisis Communications Network, CIPR (2025)



AI-generated

Crisis Comms Talks: When a Corporate Crisis Becomes a Lasting Trauma



CIPR Crisis Communications Network
4,163 followers



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A Final Thought on Corporate Trauma

*“The crisis management
playbook suffers from a
systemic blind spot: the long-
term traumatic consequences
triggered by the crisis”*

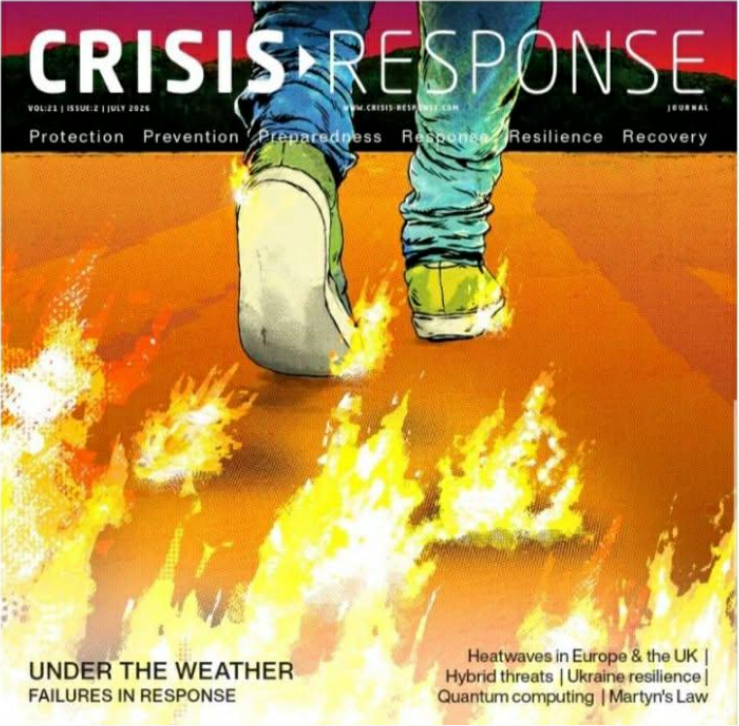
John Oliver, After the Shock (2026)



The Crisis Response Journal
2d • Edited •



CRJ Volume 21, Issue 2, is now
live! Read here: <https://lnkd.in/...> more



UNDER THE WEATHER
FAILURES IN RESPONSE

Heatwaves in Europe & the UK
Hybrid threats | Ukraine resilience |
Quantum computing | Martyn's Law

After the Shock

The operational response to a crisis may end, but its effects can persist for decades. Viewing organisational decline through the lens of corporate trauma offers crisis professionals a new framework for understanding long-term recovery, writes **John Oliver**

The standard crisis management playbook is a well-oiled machine. When a typhoon hits, a product is recalled, or a financial scandal breaks, the directives are clear: limit the damage by communicating transparently with stakeholders to manage panic and maintain morale, prevent the situation from escalating, and restore operations. While these immediate actions are crucial for survival, they often suffer from a systemic blind spot: the long-term traumatic consequences triggered by the crisis. Much like a individual experiencing post-traumatic stress disorder after a disaster event, an organisation can suffer enduring consequences following a significant crisis, which can manifest in trauma. The trauma can become embedded in an organisation through dysfunctional attitudes and behaviours, as both executive leaders and employees develop a deep-seated risk aversion that hinders recovery and stifles innovation. Consequently, the organisation becomes trapped in a state of hyper-vigilance and resistance to change, viewing every new venture as a potential threat and passing these cycles of trauma and hyper-vigilance to future generations of leadership. In essence, the organisation is suffering from 'corporate trauma'. The idea of corporate trauma builds a bridge between the disciplines of business and the biological field of psychology to generate new insights into crisis management. Epigenetics is a relatively new field of scientific inquiry that studies how environmental factors can cause genes to switch on or off and, importantly, how these changes in gene expression are passed down to subsequent generations. For example, a prominent study examined how pregnant women living in the Netherlands during the September 11 terrorist attacks in 2001 experienced a stress response that was passed on to their unborn babies. When born, these babies had lower birth weights and shorter lengths than infants born to non-exposed women. In the short term, they were more susceptible to complications, including an increased vulnerability to infectious and respiratory diseases. In the longer term, they faced an increased risk of chronic health conditions and a longer vulnerability to stress-related illnesses. By adopting an epigenetic approach to understanding how a crisis can create corporate trauma, leaders and researchers can develop biological evidence that the resulting dysfunctional cultural behaviours that hinder performance create a vicious leadership trauma. This diagnostic approach moves beyond surface-level fixes that manage the immediate effects of a crisis to address its deep-seated long-term consequences.

Corporate trauma is best viewed through the lens of history. While the 2007 accounting fraud at American International Group (AIG) is likely to be faded from memory, the resulting trauma continues to act as a significant drag on the company's market value and financial performance. As the crisis historian Dr. Peter Zallio, Chairman and CEO, argued that AIG's 2007 results were exceptional and that the company had undergone an unprecedented transformation. However, when viewed through the lens of corporate trauma, this statement is difficult to defend. On May 28, 2009, AIG was fined US\$1.65 billion for accounting fraud designed to artificially inflate the company's share price. The immediate effects of the crisis were stark: the CEO stepped down, the CEO was dismissed, and 12,000 executives were laid off or terminated. AIG's share price fell by 74 per cent in eight weeks. However, the long-term consequences created a toxic legacy, first illustrated by how AIG's share price against first-in-class companies in the S&P Global 1200 Index. Since the crisis, AIG's share price declined by 74 per cent. By comparison, the S&P Global 1200 Index has increased by 117 per cent. This prolonged stagnation in the share price is a key marker of corporate trauma, indicating that, in the eyes of investors, AIG's reputation has never fully recovered.

Trauma in action

Another key indicator is frequent CEO turnover, where the lingering effects of the crisis have been inherited from one senior executive to the next. An important benchmark compares the average CEO tenure in the S&P 500, which is 5.3 years, with that of AIG, where senior CEOs have been appointed since 2007. There have been just 2.30 years, a clear indication that successive CEOs have struggled to improve the firm's performance. Eric Anderson's appointment as CEO in June 1, 2020, will reduce the post-crisis average CEO tenure to 2.65 years. However, the average tenure for the period between 2006 and 2025 are substantially lower across all three sectors. As such, history has shown the September 11 terrorist

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continuity

attacks, AIG emerged from the crisis as a smaller and less healthy company.

Source: S&P Capital IQ	AIG Crisis (2007)	Post-Crisis Average (2006-2025)	Change in Post-Crisis Average (since 2007 %)
Market Capitalization (\$B usd)	19.85	58.48	+297
Revenue (\$B usd)	108.76	57.20	-47
Operating Income (\$B usd)	20.01	6.406	-69

Source: 1. AIG comparative average financial performance (2006-2025)

While a post-crisis recovery plan typically focuses on rebuilding reputation and operations, the corporate trauma playbook emphasises the importance of identifying the foundational crisis that triggered an organisation's trauma. Identifying the root cause of organisational decline helps leaders and consultants address the dysfunctional mindsets and dysfunctional cultural practices that have become ingrained since the crisis. The playbook for future strategic renewal by moving beyond immediate crisis containment to address chronic underperformance through three core principles. It begins with a strategic foundation that requires a top-down re-evaluation of the organisation's purpose and vision before tactical recovery begins. To overcome organisational inertia and a legacy of fear, the playbook focuses on developing a new corporate DNA that redefines risk attitudes and cultivates innovation, followed by a process of iterative evolution that uses continuous feedback loops to ensure the organisation adapts to its future challenges.

Year 2025 Results: aig's outlook

- Zallio, P. (2025) *After the Shock: The Crisis Response Journal* F-2025 | CEO, Successor Practices in the Board Room and S&P 500, The Crisis Response Journal
- Zallio, P. (2025) *After the Shock: The Crisis Response Journal* F-2025 | CEO, Successor Practices in the Board Room and S&P 500, The Crisis Response Journal
- Zallio, P. (2025) *After the Shock: The Crisis Response Journal* F-2025 | CEO, Successor Practices in the Board Room and S&P 500, The Crisis Response Journal

Author

JOHN OLIVER, PhD (2015) is a crisis management expert and author of *After the Shock: The Crisis Response Journal* F-2025 | CEO, Successor Practices in the Board Room and S&P 500, The Crisis Response Journal



An absurd idea?

Or could it just be...

plausible?

