**1. Introduction**

The rich literature of crisis management in tourism includes a significant body of crises-by-case studies that focus mainly on lessons learned with regards to causes, consequences and possibly measures that need to be taken to address similar situations in the future (de Sausmarez, 2004; Drabek, 1995; Henderson, 2003; Lo *et al.*, 2006; Pennington-Gray *et al.* 2011; Schroeder *et al.,* 2014). The contribution of these studies is more in the direction of ‘understanding’ the crises and the crisis management cycle rather than in ‘evaluating’ the cycle by offering an assessment of preparedness and response. Some scholars, such as Hystad and Keller (2006, 2008) with the Kelowna forest fire in British Columbia, Gurtner (2016) with the two Bali bombings, and Jones (2016) with the two volcanic eruptions of Mt. Usu in Hokkaido, Japan, take a more longitudinal approach to the cases by looking at long-term impacts, lessons in crisis management and effectiveness of recovery strategies. Many of the studies exploring crisis situations and engaging with crisis management actions do not, in the main, go to great lengths to investigation contextualisation, analysis and synthesis of factors that have influenced the development of the crisis and the organisational or destination response to it. They usually offer recommendations related to a crisis communication plan or a destination image recovery plan (Ketter, 2016; Oshins and Sonnabend, 1998; Ritchie *et al.*, 2004; Rittichainuwat, 2006). The most common conclusion in these studies is that there is a need for a more strategic approach to crisis management in tourism and hospitality, although no recommendations are made for how this can be achieved. Among the notable exceptions to this trend are the study of the 1998 Australia Day flood at Katherine by Faulkner and Vikulov (2001), and that of the 2001 Foot and Mouth Disease in the UK by Miller and Ritchie (2003); Ritchie (2004) later built on earlier work of Faulkner (2001) and offered specific recommendations for the strategic management of the natural disaster they explore. Also, Beirman (2003) offers a series of more in-depth cases of tourism destination crises to illustrate his strategic approach to crisis recovery.

Despite the important contributions in terms of ‘lessons learned’ from these historical analyses, they usually provide little information on how tourism organisations facing the crisis attempted to manage it *proactively* and what they did *reactively*. Moreover, very few have attempted to identify the specific actions taken at each stage of a crisis situation. The purpose of this paper is to achieve both these objectives by using archival and secondary information analysis from multiple sources on the nationalisation of the Havana Hilton during the Cuban Revolution and by identifying associations between the actions of the 1950s leadership of Hilton Hotels International and modern-day principles and concepts of risk and crisis management. The paper aims to make two distinct contributions: first, it aims to provide rich illustrations of organisational resilience in practice by chronicling the organisation’s response to that crisis more than half a century ago; and second, it proposes a five-stage resilience management framework for tourism organisations which draws a clear distinction between proactive risk management and reactive crisis management, and identifies the organisation’s activities within each stage.

The paper starts with a brief literature review to define the main concepts and presents the research approach taken to collect and discuss the data for the case study. The case study is then presented by looking first at the pre-revolution tourism environment in Cuba followed by Hilton’s actions in the period before the opening of the hotel; the period after the opening until its occupation by Castro; and the period after its occupation leading to its nationalisation. The paper concludes by proposing a five-stage resilience management framework for tourism organisations and discussing its implications for practitioners and researchers.

**2. Crisis Management or Risk Management?**

A review of the early literature on ‘crisis management’ will reveal that the use of the term varies depending on the context in which it is being used and the researcher’s discipline (Preble, 1997). It is normally used to describe situations that are unwanted, unpredicted, extraordinary, and almost uncontrollable, instigating widespread disbelief and discomfort (Rosenthal *et al.,* 1989). Accordingly, crisis is often defined as a serious threat to the basic structures or the fundamental values and norms of an organisation which, under time pressure and highly uncertain circumstances, necessitates the making of critical decisions (Pearson and Clair, 1998).

The first crisis management models that appeared in the literature (Darling, 1994; Dutton, 1986; Fink, 1986; Quarantelli, 1988; Richardson, 1994, etc.) were mostly frameworks for the classification of crises into several different typologies based on their characteristics (origin, controllability, agent, intentionality, impact, etc.) rather than models for the actual management of a crisis. The models that dealt with the management of the crisis were largely based (as they are today) on the ‘Comprehensive Emergency Management’ model also known as the ‘PPRR model’ which originates from the disaster management field and consists of four stages: Prevention; Preparedness; Response; and Recovery (Drabek, 1995).

These early models, although strong in the elements of preparedness, response and recovery, were however quite vague in terms of prevention. Heath (1995:11), for example, in his study of the Kobe earthquake, posits that “strategic preparedness depends on the degree to which response managers can successfully translate meta-strategic missions and objectives into operational strategies that are realistic and achievable” and presents a three-stage model which starts with the crisis outbreak and continues with response and impact management. The loop is then closed with learning, planning and preparedness for future crises. The response to the crisis appears to be reactive, intuitive and based on prior experience, and aims at managing the impacts as effectively and efficiently as possible.

One of the most cited crisis management models, Mitroff’s ‘Crisis Management Mechanisms’, comprises six stages: signal detection; preparation/prevention; containment (damage limitation); business recovery; no-fault learning and redesign (Mitroff, 2005:210). Although the model incorporates a more proactive approach, signal detection is described quite vaguely as a mechanism, whereas preparation and prevention are considered as one set of activities rather than two separate ones as advocated by the PPRR model. Most crisis management frameworks in the extant tourism literature (e.g., Faulkner, 2001; Pennington-Gray *et al.*, 2011, Ritchie, 2004) are based on or influenced by this model. In Mitroff’s view, organisations can be either “crisis prone” or “crisis prepared”. Even if management cannot expect to prevent all crises through planning, a “crisis prepared” organisation will have better chances to completely avert a crisis (Pearson and Mitroff, 1993:53).

The relevant tourism literature takes more of a resource-based approach, focusing primarily on personnel training and development, equipment, and crisis response planning (Anderson, 2006). The concept of ‘scanning to planning’ is touched upon by Scarpino and Gretzel (2015) and in some greater depth (as signal detection) by Paraskevas and Altinay (2013); however, these approaches are more concerned with emerging/emergent crises than with potential crises. In contrast, in the early disaster management literature, Salter (1997) posited that the crucial modifier of disaster impact is ‘vulnerability’ and, therefore, vulnerability assessment would highlight critical areas and opportunities for developing effective intervention strategies (p.64). Kliem and Ludin (1997) transferred these ideas to the organisational crisis literature and underlined the fact that it is essential for organisations to conduct a thorough crisis vulnerability assessment which identifies the type of crises that might occur, their priority, and their impact. They argued that vulnerability assessment can help organisations develop crisis prevention portfolios and can significantly assist management in their planning for crises.

The quantified expression of an organisation’s vulnerability to a hazard or threat is called ‘risk’ and, since risk management and crisis management are often used in the business environment interchangeably, it would be useful here to clearly define the term. Usually, risk is associated with the possibility of suffering harm or loss or the probability that death, injury, illness, property damage, and other undesirable consequences will stem from a hazard (Lerbinger, 1997). However, the most broadly accepted definitions of risk are those which associate it with uncertainty of future alternative outcomes, starting with the seminal work of Frank Knight (1921) to the most recent discussions of the term in the fields of economics, psychology, sociology and political science (Althaus, 2013; Breakwell, 2014; Slovic, 2010; Stiglitz and Rosengard, 2015). In the business field and particularly in finance, risk is understood as the uncertainty of outcome, whether positive or negative, of internally or externally driven actions and events (often called ‘risk factors’) that have an impact on the achievement of an organisation’s strategic objectives or even its survival (HMs Treasury, 2004). This uncertainty depends on the organisation’s ability to accurately predict the likelihood of a threat or an opportunity as well as the impact it will have on the business when this will happen. Although the common theme between the definitions of ‘risk’ and ‘crisis’ is uncertainty and both may originate from an internal or an external threat (or threats), their difference lies in the fact that a risk may or may not occur at some point in the near future whereas a crisis occurs now, is characterised by ambiguity of cause, effect and means of resolution, and necessitates immediate action (Pearson and Clair, 1998).

Heath (1998) was one of the first crisis scholars to adopt a more ‘risk management’ approach and modified his original crisis management model (Heath, 1995) by adding a stage where the organisation’s vulnerabilities are assessed. The concept of risk assessment has been refined into a two-phase activity: hazard/threat identification including its predictability, speed of onset, intensity, warning time and controllability (Godschalk, 1991); and risk evaluation in terms of its impact and likelihood of occurrence (Petak and Atkisson, 1982). A comprehensive risk assessment not only defines a portfolio of potential risks to be considered and dealt with but may also identify potential response and recovery problems (McEntire and Myers, 2004).

Having gone through this process, the organisation might be more effective in *proactively* treating the risk by choosing one or more of four risk treatment strategies: avoidance, mitigation, acceptance and transfer – AMAT (Ritchie and Reid, 2013). Risk avoidance is pursued by organisations when the anticipated rewards are not worth the intended risk to be taken – they simply do not pursue, or withdraw from, the activity at risk. Risk mitigation aims at reducing the risk exposure to a comfort zone for the organisation, by either proactively reducing the likelihood or the impact of a risk. The organisation may decide to accept the risk and assume full responsibility for any subsequent consequences. Finally, with risk transfer, the aim of the organisation is to pass on some of the risk to another party. This is done by buying insurance, using captives (owned or rented), outsourcing and by forming joint ventures or other types of partnership to share the risk (Paraskevas, 2013). Regardless of treatment strategy, risks are never entirely eliminated. There is almost always a small proportion of risk that is called ‘residual risk’ and which remains unmanaged (HMs Treasury, 2004). Residual, non-effectively treated and unpredicted risks have the potential to create crisis situations for the organisation and, therefore, another requirement in this stage is planning for such a contingency. Crisis management planning is, in fact, complementary to the development of risk treatment strategies (if, for any reason, they fail) and is mainly concerned with the preparedness to *reactively* respond as a crisis emerges by containing its impact and then recovering from it as quickly as possible.

A core element in Heath’s (1998) modified approach (found also in Mitroff (2005) and Salter (1997) is the element of learning which always closes the loop between the post-crisis and pre-crisis management activities. Mitroff (2005) suggested that organisations need “world-class Crisis Learning Centers” (p.20) to study patterns associated with past crises (own and others’), distil critical lessons from them, and ensure that these will shape the organisation’s crisis planning to reduce the potential for future crises. This learning does not necessarily have to come from the organisation’s own experience of a crisis (Blackman *et al.*, 2011) but can also be vicarious or “third party” learning or even an understanding of what the organisation does not know – “learned ignorance” (Paraskevas *et al.*, 2013:141), often described as ‘known unknowns’ or Black Swans (Taleb, 2007).

Therefore, risk and crisis management are not two separate functions but rather two learning-based complementary stages of the same function which aims at developing the capacity of the organisation to face adversity and disruption with no or limited consequences and recover quickly from any crisis situation. This capacity, often referred to as ‘resilience’, originates from the ecosystem theory where it is defined as the system’s capacity to absorb disturbance and re-organise so to retain essentially the same function, structure, identity and feedbacks (Gunderson, 2000). Several models of organisational resilience have been proposed (e.g., McManus, 2007; Vargo and Stephenson, 2010) considering as main resilience factors a high degree of situational awareness, the ability to manage keystone vulnerabilities through planning, and the capacity to adapt to emerging situations. Within these factors the elements of learning, risk identification, vulnerability assessment, proactive posture, planning strategies and recovery priorities are proposed as leading resilience indicators. McManus *et al*. (2008, p. 82) define organisational resilience as “...a function of an organisation’s overall situation awareness, management of keystone vulnerabilities and adaptive capacity in a complex, dynamic and interconnected environment”. The concept of resilience has been extensively discussed in the tourism literature in relation to political and economic crises (Cellini and Cuccia, 2015; Cohen and Neal, 2010), natural disasters (Biggs *et al*., 2012; Orchiston, 2013) terrorism (Liu and Pratt, 2017; Pizam and Smith, 2000) and climate change (Becken, 2013) but usually these studies mainly refer to response and recovery. Orchiston *et al.* (2016) suggest two dimensions of tourism sector resilience - namely ‘Planning & Culture’ and ‘Collaboration & Innovation’. Within the first dimension, as leading indicators of resilience in the tourism sector the authors identified the sector’s forward-looking culture where preparing for and responding to emerging issues is a mainstream business activity. In the second dimension they identify the sector’s ability to work across silos, make collective decisions, and reduce barriers towards working effectively with non-sector organisations – all indicators of the sector’s adaptive capacity.

**3. Research Design**

Business history research has often been criticised over its disregard for rigorous scientific methodology (Jones *et al.*, 2012) and for contributing descriptive case studies of entrepreneurs, companies and industries (de Jong *et al.*, 2015). Although there is an interesting debate about the plurality of approaches that can be taken in conducting historical research (Decker *et al.*, 2015; Jones *et al.*, 2012), there is a broad consensus that the case study approach maintains its prominence and can significantly contribute in theory development (de Jong *et al.*, 2015).

In order to explore how a tourism organisation managed a crisis proactively and how they responded to it reactively, the nationalisation of the Hilton Havana by Fidel Castro in 1960 was selected as a case for a number of reasons. First, Hilton has a substantial historical archive curated in the Hospitality Industry Archives of Hilton College at the University of Houston. Archival research of this period’s company documents (meeting minutes, policy documents and mail correspondence) would provide unique insights of management’s rationale, decisions and actions. Second, the events related with the hotel’s nationalisation attracted significant printed media coverage, allowing for the identification and analysis of a significant number of relevant articles in international newspapers’ archives. Finally, the Hilton nationalisation is featured in various ways in almost every history book covering Castro’s revolution. The existence of multiple sources and investigative angles allows triangulation and enhances the credibility of the collected data (Altinay *et al.*, 2015).

Instead of lapsing into either a Hilton-centred narrative or an analysis purged of narrative, the study took what Rowlinson *et al.* (2014:251) call an “analytically structured history” research strategy. This is a form of narrative construction from organisational archives and other sources driven by concepts, events, and causation with a focus on actors and actions rather than a mere re-working or analysis of the narratives already contained within those sources. The study took an abductive approach to theory development (Dubois and Gadde, 2014; Ketokivi and Choi, 2014) to interpret the actors’ decisions and actions using an iteration between case data and theory.

**4. The Havana Hilton Case**

*4.1 Cuban tourism in the 1950s: a situational analysis*

At the end of the Cuban War of Independence (1895–98) which was escalated to become the Spanish-American War, the US imposed to Cuba a series of conditions for the withdrawal of its troops remaining in the country which were grafted into the Cuban constitution of 1902 and are known as the ‘Platt Amendment’. The Amendment subjected Cuba to the ‘protection of independence from foreign intervention’ which, in essence, guaranteed the right of the US to intervene in Cuban affairs to protect its interests on the island and practically granted control of every aspect of its economy (USNARA, 2018). Tourism was one of the sectors completely dependent on American interests. According to Skwiot (2010), the 1920s saw the promotion of Cuba as a leisure destination for the wealthy Americans. The arrival of mass tourism in Cuba coincided with the 1920s’ Prohibition era. Cuba became a tourist destination characterised by free-flowing alcohol, music and sex (Barry *et al.*, 1984). The Biltmore hotel chain was the first US company among many to enter the Cuban market when they purchased the 250-room Sevilla Biltmore in Havana (Pérez, 2012).All these American investors were dominating and controlling the business environment while allowing a small group of Cuban elites (mostly within the circles of president Gerardo Machado) the opportunities to acquire wealth. However, this boom did not last for long as, in the late 1920s, the Great Depression set in in the US, and the number of American tourists visiting Cuba fell. A short-lived reformist revolution led by Ramon Grau san Martin in 1933 did not manage to release the Cuban economy in general and tourism in particular from the iron grip of American interests.In 1934, Sergeant Fulgencio Batista withdraw his support from Grau, forcing him to step down; Batista then ruled Cuba first from the shadows until 1940 and then, after being legally elected, until 1944. During this time, he continued Machado’s policies which left Cuba to be ruled by the same American interests (Keen and Haynes, 2000). Between 1944 and 1952, competition from other islands in the Caribbean and countries in Latin America, high prices, a lack of adequate accommodation and a corrupted Cuban political situation continued to slow down Cuba’s tourism growth (Schwartz, 1997).

It was not until Batista was re-elected to the presidency in 1952 that Cuba’s tourism position resumed its growth (English, 2008). Realising that the island had undertaken practically no hotel construction since the 1930s, and with seven hotels in Havana having been demolished, eleven having closed their restaurants and only three provinces outside the capital offering first class accommodation(ITC, 1954), Batista’s government adopted the Ley Hotelera (Hotel Law) 2074 which provided tax exemptions and guaranteed government financing to hotel developers. Within the next two years he established satellite banks that offered investment capital for private companies willing to develop tourism-related enterprises and facilities (Schwartz, 1997). The development of new leisure operations in Cuba took off; however, these incentives also attracted the American-organised crime groups to invest in casinos and nightclubs, particularly a large part of the Italian-Sicilian organised crime that had moved to Cuba between 1950 and 1951 as a result of intensive prosecutions in the US (English, 2008). In 1953, Batista modified the state gambling regulations guaranteeing a casino-gambling licence to any investors willing to commit US$1 million or more towards hotel construction, or US$200,000 towards the building of a night-club, clearly setting the stage for the migration of ‘questionable’ investors to Cuba (Pérez, 2012).

*4.2. Hilton Hotels and the risks in Cuba*

In 1947, Conrad N. Hilton, the founder of Hilton Hotels Corporation (HHC), was approached by the US government to explore the possibility of creating a chain of Hilton Hotels in Europe as part of the Marshall Plan (HHI, 1952). Hilton saw the business opportunity in Europe and convinced his Board of Directors to approve US$500,000 for the creation of Hilton Hotels International (HHI) as a subsidiary of HHC that would expand into the region. The expansion in Europe was partly hindered by the war in Korea which put an end to the funding for hotel development in 1951 (HHI, 1952). However, at the same time, the US government’s ‘Good Neighbour’ policy which encouraged tourism development in Latin America provided HHI opportunities to explore expansion into South and Central America countries (Quek, 2014). Hilton seized this opportunity for HHI and started international operations in San Juan, Mexico and Panama as well as in Madrid and Istanbul.

Central to any business decision, particularly when expanding internationally, are the country attractiveness (Morschett *et al.*, 2015) and the existence of appropriate information with regards to exposure to political, financial, commercial and operational risks (Lasserre, 2018). By the early 1950s, HHI had already acquired significant experience to enable it to identify and evaluate the risks of a business venture in Cuba. The continuously increasing tourist demand, matched with an American-friendly and American-controlled Cuban business environment and the substantial investment incentives, offered an attractive financial proposition (Santamaria, 2000). Given that with less favourable conditions, the El Caribe Hilton in San Juan, Puerto Rico produced a return of $6 million in its first four years of operations on an investment of US$7.3 million, the Havana Hilton project looked even more lucrative (Carlisle and Monetta, 1999). A series of infrastructure interventions by the Cuban government were also underway guaranteeing access for leisure and business customers, thus lowering commercial risks. These included the expansion and modernisation of the Rancho Boyeros International Airport and port berths for cruise ships. In addition, three underwater highway tunnels in Havana facilitated traffic access within the island (Paterson, 1993).

HHI evaluated the political environment in some depth before entering into any negotiations (HHI, 1959h). When the contract for the Havana Hilton was signed in 1953, the overall political environment in Cuba appeared reasonably stable as the government was evidently supported by the Eisenhower administration with millions of dollars of military aid and the US Navy fully controlled the base in Guantanamo (Paterson, 1993). Of course, the political tensions were growing and the ‘26 July Movement’ (M-26-7), an uprising led by Fidel Castro and driven by widespread discontent with the dictatorship of Batista did not go un-noticed. In 1955, in a state visit to Cuba, vice-president Richard Nixon praised Batista for “the competence and stability” of his rule, compared him to Abraham Lincoln, and awarded him a medal of honour (Anon, 1955:9). From a political risk perspective HHI chose a ‘risk acceptance’ stance.

To minimise its financial but also commercial and operational risks, HHI developed a cooperative investment market entry mode (Morschett *et al.*, 2015) with joint ventures in which they would hold a small equity share. The company’s international business orientation was at the time described by the slogans “Trade, Not Aid” and “Peace through International Travel”, and its business model was illustrated in one of Conrad Hilton’s speeches: “Rather than assume the role of invaders intent upon siphoning back all profits to the US, we have joined in a business fellowship with foreign entrepreneurs” (Hilton, 1994:267). True to its international business model and to minimise risk exposure in an international venture (Lasserre, 2018) by sharing risk with business partners (risk transfer/share strategy), HHI sought to partner with a local organisation in Havana. Interestingly, demonstrating a full understanding of their “risk universe” (i.e. all risks that could affect their organisation) and having clearly assessed the risks, HHI did not partner with the government as it did in Puerto Rico, nor with local entrepreneurs that could be associated with Batista. Instead they chose a labour union, the Culinary Workers Union (Union Gastronómico) which was an affiliate of the pro-Batista Confederation of Cuban Workers, but which would also have stronger immunity in case of a regime change (HHI, 1959h). The Union invested US$14 million from its pension fund, the government provided a loan of a further US$8 million to the Union and HHI invested US$2 million, a small fraction of the overall investment, although enough to guarantee all the operational privileges (planning permissions, favourable loan terms, casino licence, and moratorium on wage increases, among others). Under the terms of the contract, the Union appointed their own general manager, José Menéndez, to the hotel (BANFAIC, 1954; HHI, 1959n).

To maintain a level of control in the joint venture, HHI created a subsidiary, Hoteles Hilton de Cuba SA (HHCSA) to provide design support during the building phase and manage the hotel based on a ‘fixed percentage of the receipts’ contract (Carlisle and Monetta, 1999; HHI, 1959n). The hotel management contract itself was covering the HHCSA’s staff costs and ‘expertise’ while securing a modest percentage of the hotel’s annual revenue. It was a carefully crafted approach which guaranteed HHI a quick return on investment regardless of the profitability of the venture; at the same time, it showed that the intention was not to siphon profits out of the country. To further mitigate the risk of a political subversion, the contract included a termination clause for ‘force majeure’ (HHI, 1959h) which was a standard practice for contracts at the time but also provided some risk assurance for both the HHCSA and HHI against insurrection or revolution that would result in a subversion of the political regime.

HHCSA, however, was not so successful in managing the construction of the hotel which took four years to complete, amidst scandals of corruption, accounting malpractices, unauthorised payments and delayed material deliveries (HHI, 1955). In 1957, the last year of construction, Cuba received 347,508 foreign visitors, an increase of 94% from figures for 1948, with 86% of them coming from the US.  The tourism receipts generated in 1957 totalled US$62.1 million.  Although the earnings had not surpassed those of the sugar industry which was the leading industry at the time, they had overtaken the tobacco industry (US$47.9 million) to become the second highest income-generating industry after sugar (Santamarina, 2012). Unhappy with Menéndez, who they considered responsible for the delays and lacking managerial and hotel opening experience, HHCSA sought assistance from Rodolfo Casparius, who had already opened the hotel in Puerto Rico as its general manager and Arthur Elmiger, senior vice president of HHI (Carlisle and Monetta, 1999). ‘Risk Acceptance’ was no longer the appropriate response to the emerging commercial risks and the engagement of these HHI veterans was deemed a necessary ‘risk mitigation’ measure.

Following Castro’s return to Cuba and the Granma crash-landing in Playa Las Coloradas, in 1957 the political situation started deteriorating with militant groups across the country rising up against Batista and carrying out bombings and acts of sabotage. With the political tensions spiralling out of control, Batista lifted press restrictions and in February 1958 announced general elections for June, encouraging the political parties to organise campaigns (Schwartz, 1997). The M-26-7 leadership sensed that these elections would be rigged and intensified its offensive with a spate of kidnappings, protests, assassinations and bombings. Central to this offensive was a general strike and a sabotage of critical infrastructure that would paralyse the country and bring down the government (Haveman, 1958).Although the intelligence gathered on the ground suggested that Batista’s regime was slowly crumbling, HHI was assured by the US State Department that there were no reasons for concern and that the hotel’s opening should go ahead as planned (HHI, 1959a; 1990). Choosing to increase protection of the opening’s dignitaries, Casparius and Elmiger hired one hundred private security guards and arranged with the local police to have armed officers conspicuously spread inside and around the hotel while snipers were deployed on nearby rooftops (HHI, 1959a; 1990).The extra costs would significantly worsen the already negative financial position of the hotel but the HHCSA was convinced that the risk could only be mitigated by such measures.

Evaluating the situation in hand, at the hotel’s grand opening on 22 March 1958, Conrad Hilton himself delivered a controversial speech which aimed at reducing the Havana Hilton’s exposure to the political rage of M-26-7 elements. He focused on the partnership with the Union Gastronómico, saying that this collaboration departed from the traditional relationships of corporate governance; and stated, “here we have reversed the picture: capital is working for labour; employers are working for employees”. He closed by saying that with the Havana Hilton “we are, I think, pushing the Revolution a little farther down the road towards greater happiness and plenty for everyone” (HHI, 1958). An astute businessman, the leader of HHI recognised the high probability of the rebels gaining control of the country and attempted to mitigate any risk to his company’s investment by projecting a carefully crafted image (speaking Spanish fluently, reading Cuban newspapers printed in Spanish, closing ‘non-colonial’ deals, and making effective efforts to keep the mafia out of the hotel’s casino: Havemann (1958)). Conrad Hilton’s risk-informed behaviour partly mitigated the political risk and built up a certain degree of resilience at the strategic level for HHI’s venture in Cuba.

To navigate safely through turbulence, an organisation needs first and foremost to develop and acquire the ability to collect and interpret information on, think holistically about, and learn from, risk, uncertainty and crises, as well as know how to effectively address these challenges. This ability is broadly defined as the organisation’s ‘risk intelligence’(Apgar, 2006; Evans, 2012) and it takes a pivotal role in decision-making as it provides the means for the organisation to sense the risk landscape shaped by a business opportunity. In the period up to the opening of the Havana Hilton, HHC, HHI and HHCSA identified several political, financial, commercial and operational risks, thus mapping a risk landscape based on both institutional and emergent intelligence. Institutional intelligence is stored within the organisation’s intelligence repositories and is generated from its own experiences, gained from other organisations’ experiences or acquired from expert third parties (Paraskevas *et al*., 2013). In this case it would be HHI’s own internationalisation experience but also from other international businesses that had expanded their activities in Cuba. Emergent intelligence is a result of a collective effort to reduce uncertainty through rationalisation of current events (of ‘known unknowns’) such as developments with M-26-7 or scenario planning for the future (for ‘unknown unknowns’) covering a number of eventualities on the Cuban political horizon (Paraskevas *et al*., 2013). They then assessed these risks and chose an appropriate risk treatment strategy from their AMAT (Avoid – Mitigate – Accept – Transfer) portfolio. HHI proactively shared the financial risk with its partners and created HHCSA to manage operational risks. It also included a clause in the contract to protect itself from possible political subversion. In the opening, it increased security in spite of assurances for stable political climate and, overall, HHC followed a balanced approach between Batista and Fidel. When they realised that ‘acceptance’ of Menéndez’s inadequacy was exposing them to higher risk they engaged more experienced managers to expedite the construction. In full accordance with Heath (1998), Petak and Atkisson, (1982) and Ritchie and Reid (2013), Hilton showed that, in building its resilience, an organisation needs first to proactively manage its risks by using its risk intelligence in order to: a) sense the risk landscape; b) assess (identify and evaluate) the risks; and c) select appropriate proactive risk treatment strategies for them. These are the three phases of the organisation’s ‘risk management’ strategy.

*4.3. From risk to crisis: Fidel at the gates*

The much-heralded by Castro general strike of 9 April 1958 that would bring the ‘final blow’ to Batista’s government was badly coordinated and failed completely, leaving 40 people dead in the streets of Havana (Schwartz, 1997). The M-26-7’s violent offensive kept tourists away from Cuba and the 630-room Havana Hilton was found a few days after the opening with 1400 employees and only 150 guests. Hotel occupancies plummeted throughout the city and the only solution available to HHCSA operating on ‘crisis mode’ (dictated by HHI) was to reduce the staff by 50%. Fearing that the lay-off of 700 employees from the hotel would only serve Castro’s plan for civil unrest, the Batista authorities opposed the plan. The HHCSA asked for a loan to cover the payroll expenses, explaining that the closing of a bankrupt hotel would have far more severe effects on social stability. The government counter-argued that HHI, not the government or the Union, should provide the funds. With the negotiations going nowhere and with a heavy labour cost, the HHCSA further reduced its staff, something that caused the temporary arrest of some HHCSA executives by the police (Carlisle and Monetta, 1999:135-140).

HHI understood that further confrontation with the Union and the authorities would not lead anywhere and decided to assist the HHCSA with a publicity campaign in the US press (Hart-Philips, 1958; Yates, 1958) and an upgrade of the services offered by capitalising on the Swiss chefs in the hotel (Schwartz, 1997). These efforts, coupled with Batista’s gigantic promotion plan for the summer and fall of 1958 coordinated by his New Cuba Pro-Tourism Committee (Price, 1958), started bringing some tourism business back to Cuba and the rigorous cost control of the hotel brought its finances back to black. However, the political unrest resumed in summer and by fall tourist arrivals were again reduced to a ‘crisis level’ (Cony, 1958).

The HHCSA had to deal with a spate of sabotages such as elevators losing power without evident cause, stink bombs in the hotel’s air conditioning system, contamination of the water-systemand bombs in the surrounding hotel area (Anon, 1958).The HHCSA suspected that these were insider jobs and they used these events to raise the employees’ sense of solidarity and belongingness, placing emphasis on how important it was to protect the guests, the staff and the hotel. Later, these sabotages were attributed to Manuel Ray Rivero, the hotel’s chief engineer, who became Minister of Public Works in the first Castro’s government (Carlisle and Monetta, 1999).

Most worrying however for the HHCSA was the information received from journalists and other networks they had in Havana – that when the ‘fidelistas’ would seize control, the first target to “burn to the ground” would be the Havana Hilton (Carlisle and Monetta, 1999:144). HHI was assured by its contacts in the US government that Castro was not a problem and that he would eventually be stopped by a “third force” in the form of a new military junta that would soon remove Batista and re-establish order in Cuba (Paterson, 1993:195-215).However, the HHCSA decided not to leave things to chance and on Christmas Eve sent a member of the team to Castro with an invitation to make the Havana Hilton his command post. The invitation detailed “communication lines, internal security and defence perimeter plans around the hotel” (Carlisle and Monetta, 1999:145).

By Christmas day of 1958, the M-26-7 forces started the siege of Santa Clara and at this point it was widely assumed that Havana would be next. On New Year’s Eve, the Hotel Association suggested to the Havana that it should not make the evening celebrations as spectacular as originally planned because of the intensified fighting between the ‘batistianos’ and the ‘fidelistas’ (HHI, 1959a). The HHCSA changed their operation plan for the night at the last minute. However, they also took the precaution of inviting the hotel’s doctor, asking him to bring along his medical gear and to call other doctors and nurses in the area to join in the hotel’s festivities for free. The team reviewed the hotel’s evacuation plan in case of an emergency. Most of the 325 guests attending the New Year’s Eve Party left at around 3:00 am at the news that Batista and his entourage had fled to the Dominican Republic (Carlisle and Monetta, 1999).

On 1 January 1959, concerned that Batista’ followers would slip out of the country, Castro called for a general strike that grounded all airplanes and stopped any evacuation effort (HHI, 1959c). The HHCSA advised the hotel guests that they could not check out as taxis were not available and all flights had been cancelled, and recommended that everyone stay in their rooms until further notice (Carlisle and Monetta, 1999). Crowds came out in Havana’s streets to celebrate the fall of the dictator and the victory of the revolution. However, by midday, information arrived that civilian mobs had destroyed the Casino of the Hotel Plaza, the Hotel Deauville and the Sevilla Biltmore, all establishments that were connected in social conscience with organised crime, corruption, prostitution and inequality (HHI, 1959e; Matthews, 1959).The HHCSA called for an emergency meeting for all the hotel personnel to help develop a defence strategy (HHI, 1959b).All employees, including chefs, bellboys and waiters, were enlisted to line up at all hotel entrances in order to stop the mob. A member of the management team acted as the hotel’s spokesman and explained to the mob’s leaders that the hotel was not American property but belonged to the Union Gastronómico, and was therefore the property of the Cuban workers. The plan worked as the mob made no attempt to break in and left the hotel for other properties when they saw the number of people ready to protect it (HHI, 1959a).

Six hundred ‘fidelistas’ arrived at the Havana in the early hours of the morning of 2 January. As proposed in the HHCSA’s Christmas Eve invitation to Castro, the soldiers were allowed to use the ballroom as their quarters for the night. A member of the HHCSA was accompanied by Castro officers who were charged to confiscate food supplies from other hotels and bring them back to the Havana for the soldiers (HHI, 1959a). He made sure that everything was recorded, signed by him, and countersigned by the officers. As some Union staff members refused to cook and serve food under the pretext of the general strike, the HHCSA obtained from the M-26-7 Commander-in-Chief in Havana a written exemption of their staff from the general strike (HHI, 1959a).

In the meantime, in implementing the US citizens’ evacuation plan prepared for the eventuality, the US Embassy started to assemble the prospective evacuees in central Havana hotels (Schwartz, 1997). The HHCSA assumed the responsibility to provide food and accommodation at the Havana for these people and assist in the evacuation of their own US guests even if there was not enough staff available to serve these new guests (HHI, 1959a).A journalist stranded in Hilton wrote to HHI: “With the Embassy making an unholy mess of evacuating stranded Americans and doing nothing to help feed them or get them out in some kind of order, Colonel Frank Brandstetter (the resident Manager) was everywhere in the Hilton, doing a hell of a job of organization” (HHI, 1959c). Despite the Commander-in-Chief’s exemption, the new Union leaders started pressing the hotel to stop feeding the guests. This drew the reaction of the ‘fidelistas’ commanding officers who gave the Union leaders an ultimatum: “either they [the Havana Hilton] would continue giving service to the soldiers and the guests, or he [the commanding officer] would put a machine gun in each strategic spot of the hotel to make sure that this would be done” (HHI, 1959c).

On 3 January, flights started again from Rancho Boyeros airport and, with the help of the US Embassy, the HHCSA organised motorcades with American and Cuban flags on the vehicles for the ‘exodus’ of the US guests. In each vehicle there would be a Hilton staff member while the motorcade would be led by an HHCSA manager and escorted by fidelistas for protection (Thompson, 1959).In the following days the main concerns of the management were mostly operational as fidelistas continued to arrive for lodging, cleaning up and food (HHI, 1959b). After reporting the events to HHI, Menéndez held a meeting asking all department heads to submit a list of employees who had stayed behind and worked extra hours to help the hotel, and a list of items missing, lost or damaged in their respective departments. Housekeeping was to check the number of guests lodged as it was difficult to ascertain how many guests were actually in the hotel during the first few days of the revolution (HHI, 1959c). The general strike meant that food supplies in the city ran low and there was nowhere to replenish them. However, the HHCSA had built a reputation by hosting and feeding ‘fidelistas’, so it was made possible for the food and beverage manager to not only find supplies but to bring them back to the hotel under military escort. The HHCSA’s Rodolfo Casparius reported that “the best permit possible for sourcing and carrying food supplies was a Hilton employee’s identity card” (HHI, 1959a).

When the risk treatment strategies are not enough to prevent a crisis from happening, the organisation enters in a ‘crisis mode’, the first stage of which Mitroff (2005) describes as containment or damage limitation. However, the case study shows that the organisation must address not one task but three tasks. First, it needs to respond to the crisis itself by assigning resources to deal with the events that are occurring to protect its human and capital assets and to limit any damages from the emerging crisis. Crisis management plans (modified operational plans, additional security, emergency and defence strategies, evacuation planning) crafted way before the crisis or, in this case, as the crisis starts manifesting itself are the main tool for this task (McEntire and Myers, 2004). Second, the organisation has to ensure business continuity during the crisis so that aspects vital for the organisation functions remain undisrupted (supplies and staffing adequate for basic operations, management controls). Effective communication of ‘intelligence’ between the different stakeholders is of the essence for all decisions and actions taken. The third task at this stage is to maintain clear communication lines with all its constituencies, both existing and emerging (HHSCA with HHI and HHC, the Union, the US Embassy, the staff, the guests, the fidelistas, the mob, the press, the markets). Therefore, crisis response is not only about containment but also involves a three-pronged process.

*4.4. Fidel’s arrival: from crisis to new crisis and resolution*

Castro and his troops arrived in the Havana Hilton on 8 January. He was given the Conrad Hilton Suite and the entire 23rd floor became Castro forces’ command post as planned by the HHCSA before Christmas 1958. On the morning of 8 January, Castro had an early breakfast on the balcony of his suite with Robert Caverly, vice president and general manager of HHI (Carlisle and Monetta, 1999). Caverly brought up the tight financial situation the hotel was facing under the pressures of paying staff to feed and provide accommodation to troops, with no revenue, and expressed his concern that the new, appointed by Castro president Manuel Urrutia ordered the closure of all gambling businesses a few days earlier when the casino business was a mainstay of the Cuban tourism industry. Castro assured him that the new government would re-open the casinos but only for tourists (Dubois, 1959). In the following days, Castro announced the re-opening of casinos for tourists and a one-million-dollar loan on behalf of the hotel (HHI, 1959d; 1959f; Thompson, 1959).

In return, HHI liaised with the US Embassy and proposed a Castro interview to an American television channel so that the American people would learn more about the man himself (HHI, 1959d) and gradually curtail their apprehension in choosing Cuba as a holiday destination.Arrangements were made so that this interview would be conducted by Jack Paar, host of NBC’s ‘Tonight Show’, at the Havana. Paar was happy to go along with questions scripted by Castro himself as they were personal and not related to political or military issues. The show aired on 2 February (Robertson, 1984).

With the loan funds not yet released, the HHCSA continued to face financial problems by having to keep all departments open with almost no customers and all employees on full wages. The new government asserted that any reduction in staff was to be construed as an ‘unfriendly act’ (HHI, 1959g).Caverly tried to explain that HHCSA purposefully over-staffed the hotel for the opening in March 1958 in anticipation of a busy summer. The Minister of Labour told that “the Revolutionary Government is making its own laws as necessary”, and that “the old laws from the Batista which allowed staff lay-offs were not recognised” (HHI, 1959h).

On 10 February, the former leader of the Union, Francisco Aguirre, was accused of receiving bribes related to the construction of the Havana and sentenced to jail. HHI was partnered with this person and had to tread very carefully. One of the options considered was pulling out of the country. However, the terms of the contract prevented the organisation from terminating its operations in Havana. The ‘force majeure’ clause could not be invoked since the US government had already recognised Castro’s regime (HHI, 1959h) Another option would be to enlist other international hotel groups operating in Havana to join in forcing the issue of staff reductions with the Union and the government (HHI, 1959i; 1959j).HHC’s lawyers, however, warned that the new government could overturn Aguirre’s previous agreement with HHI, “particularly if we [HHI] give them any cause [not meeting payroll on March] to do so”. Moreover, communists in the new Union could tie HHI in with Aguirre’s funds misuse in connection with the Havana and break the contract in their favour. On 6 March 1959, Sidney H. Willner, Vice President and House Counsel for HHC, sought the advice of the US government by holding a conference with the Director of the Division of Caribbean Affairs of the State Department, William Wieland (HHI, 1959j). Wieland suggested contract renegotiation with the Union and the government-controlled banks; Willner pointed out that the main problem was finding a person with the authority to negotiate since all previous parties had been replaced and those who came in their place avoided even meeting HHI representatives (HHI, 1959j).

A glimmer of hope arrived for HHI in June 1959, when the Banco Nacional released the first of the two half-million-dollar instalments promised by Castro, at an interest rate of 7.5% (HHI, 1959o).The Union agreed to complete the refurbishment of guest rooms on some floors, and of other areas in the hotel, in preparation for the upcoming American Society of Travel Agents’ (ASTA) Conference in October 1959. The Union also reversed their previous stance on their refusal to let HHI post the operating loss to the pre-opening expenses account (HHI, 1959n). The overall change of attitude was driven by a renewed relationship with Castro when the latter visited North America as a guest of the Press Club between 15 and 26 April 1959 and stayed at Hilton hotels in Washington DC, New York City and Montreal. HHC and Conrad Hilton personally extended every possible courtesy and service to Castro and his entourage. According to Caverly, these stays at Hilton hotels led to Castro’s appreciation of the size, strength and vitality of the organisation (HHI, 1959k; 1959l; 1959m; 1959n).

In a final effort to attract American tourists, HHI organised yet another “Tonight Show” in the Havana, aired on 12 October 1959, with Jack Paar continuously praising Cuban hospitality and Cuba as a tourist destination (Paar, 1960). A few days later, attending the ASTA conference, Castro made a last attempt to convince the 2,000 travel agents that Cuba will “welcome tourists with open arms” (Anon, 1959a). Despite these efforts to revive tourism in the country(Hart-Phillips, 1960a) American visitors did not come back. Castro accused the Americans of trying to sabotage the revolutionary rule and used communism as a pre-text for this accusation (Hart-Phillips, 1959) creating an even more negative image. According to Elmiger, “it looks like Castro has destroyed all business and is rapidly destroying all future of business in the country. Here we are in Puerto Rico completely booked up and no one wants to go to Havana anymore” (HHI, 1959p).

The first instalment of the loan was helpful but HHI expected more working capital from the Cuban government before the end of 1959, and Willner wanted to ask the government to postpone the repayments due in January 1960 (HHI, 1959o). However, in November 1959 the Banco Nacional expropriated the Riviera Hotel “to improve conditions for tourists” (Anon, 1959b) and Elmiger warned Conrad Hilton to tread carefully regarding the operations at the Havana because Castro could also set his sights on this hotel (HHI, 1959p).By May 1960, Castro concluded that tourist trade would not be revived because of the orchestrated campaignagainst Cuba by his enemies, which included the termination of US financial aid (Wisely, 1960; Young, 1960) and subsequently announced his decision to control the entire Cuban economy (Anon, 1960).

On 10 June, the Havana hotel and the Nacional were nationalised on the grounds that their management companies (the HHCSA and InterContinental Hotels Corporation respectively) failed to generate enough tourist business (Hart-Phillips, 1960b). An internal memo was communicated to all staff of HHI and HHC informing them about the hotel’s nationalisation and its renaming as the Havana Libre (HHI, 1960b), and instructions were given to remove the hotel from its global operating system and its reservation centres (HHI, 1960a).

HHI’s low equity investment in the venture and the half-million-dollar loan to Castro left the company exposed by approximately US$2 million in unpaid preopening and operating costs. However, from the day of the opening onwards, the Havana hotel customers were encouraged by HHI to pay their bills with HHC’s Carte Blanche credit card, thus channelling approximately US$300,000 to a special bank account outside Cuba. Consequently, the loss from the hotel’s nationalisation was approximately US$1.7 million, in a year when the organisation claimed an overall net profit of almost US$10 million (HHI, 1960c).

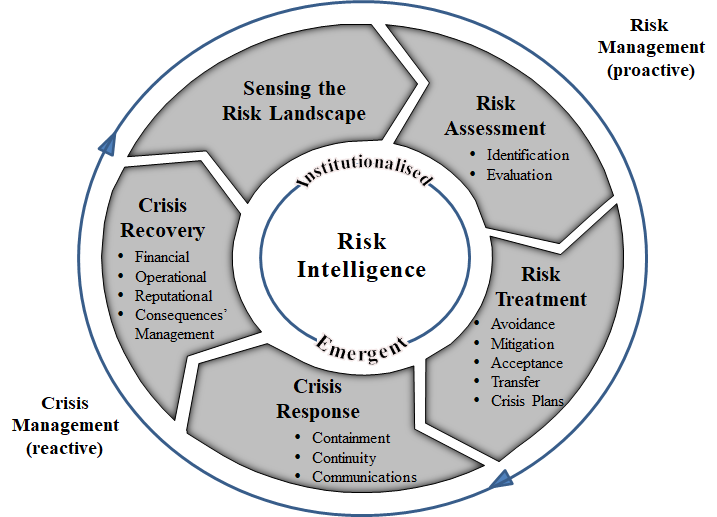
The next stage in the ‘crisis mode’ concerns the crisis resolution - what Mitroff (2005) calls business recovery from the crisis and the return of the organisation to a ‘business as usual’ situation. The level of information exchange at this stage between HHC, HHI and HHCSA is also noteworthy. Flows of ‘intelligence’ and knowledge from and to the various parts of the company determine decisions, actions and reactions. Confirming most of the previous work on recovery (e.g., Ketter, 2016; Rittichainuwat, 2006), this study has shown that this is a complex process with HHI attempting financial recovery (with Castro’s loan and its repayments and the Carte Blanche customer payments), operational recovery (by re-opening the casino and attempting staff number adjustments and department closures) and reputational/image recovery (with the ‘Tonight Shows’ and by managing the overall relationship with Castro). However, at this stage, HHI also attempted to address legal issues (Aguirre’s funds misuse, the ‘force majeure’ clause) and had to absorb the financial loss of the hotel’s nationalisation, two activities that are not aiming at recovery and may be better classified as ‘consequences management’.

**5. Conclusion: A Resilience Management Framework**

This study set out to illustrate lessons learnt in risk and crisis management by identifying associations between the company’s actions at corporate and local levels before and during the seizure of the Havana Hilton with modern-day principles and concepts. These actions can be classified in a framework of two distinct and complementary components: risk management and crisis management (Fig. 1). The distinction between them is that the one aims to *proactively* address threats while they are still risks (i.e. potential threats) whereas the other aims to *reactively* address actual threats that have become crises and which have adverse impacts on the organisation. The threats are addressed sequentially in five stages. The arrows in Fig. 1 show the boundaries of these components, illustrating the continuity that exists between them.

They are all starting from and feeding back to what Apgar (2006) defined as ‘risk intelligence’, i.e. the organisation’s ability to generate, develop and combine institutionalised and emergent knowledge and information (Paraskevas *et al.*, 2013) to deal with threats. Risk intelligence is feeding knowledge and information at each stage and vice versa at both risk and crisis stages. The knowledge generated in these stages will be used for better planning and use of internal and external resources in effectively averting risks or planning a more effective crisis response. Risk intelligence is akin to what Mitroff (2005) calls the ‘no-fault learning mechanism’ in his crisis management model and an essential indicator of adaptive capacity in McManus’ (2007) Relative Organisational Resilience (ROR) model. The study has shown that at the centre of all actions undertaken by Hilton’s management before and during the events in Havana were global, regional and local knowledge and information, even in the form of rumours.

**Fig. 1 – The Resilience Management Framework**



Although a causal inter-relationship exists between risk intelligence and all the framework stages, risk intelligence is essential for the starting point of risk management which is the organisation’s ability to sense the risk landscape, i.e. acquire an accurate feel for all potential risks in the environment it operates. The better equipped the organisation is in this aspect the better its chances are to effectively manage risks before they become crises. This stage in conjunction with risk intelligence is key for what many resilience management authors call situational awareness, i.e. the awareness of what is happening in the business environment and understanding what that information means to the organisation now and in the future (Endsley *et al.,* 2003:13). Situational awareness is one of the three factors that McManus (2007) proposes as core in her ROR model.

The organisation will then move to the next stage and assess its vulnerability to the multitude of existing, emerging and potential threats ‘sensed’ in the previous stage. This vulnerability assessment (Kliem and Ludin, 1997; Salter 1997) aims at the identification of threats that are potentially relevant to the specific organisation and the evaluation of these threats in terms of likelihood (probability) of occurrence and impact (financial, commercial and reputational) just as HHC did concerning the opening of the Havana hotel. This process is called ‘risk assessment’ and can utilise a range of techniques from sophisticated statistical methods and predictive mathematical models to plain common sense. The aim here is to translate vague hazards and threats into measurable risks that the organisation’s management can prioritise in terms of their acceptability and controllability. This prioritisation will guide the organisation’s decisions on how these risks will be treated (e.g., who will be the partner in this venture, how to protect the dignitaries in the opening ceremony, what should Conrad Hilton say in his speech). As before, there is a two-way direction of causality with risk intelligence: it is feeding the risk-assessment process with data and techniques and at the same time it is enriched by the findings of this process.

The organisation’s management has four choices in treating each risk in their list: they can avoid, mitigate, accept or transfer (AMAT) the risk. An organisation may consider adopting one or more treatment strategies to address a risk (‘acceptance’ of Menéndez but also mitigation with Casparius and Elmiger), normally aiming at reducing its exposure or its vulnerability to the risk. An organisation’s ability to manage its vulnerabilities is, again, a key resilience factor in McManus’ (2007) ROR model. However, as risks may not be entirely eliminated, the last requirement in this stage is planning for such an eventuality (e.g., inviting doctors and nurses in the area to join the hotel’s New Year festivities; devising evacuation plans, etc.), an action that concludes the framework’s risk management component. The two-way relationship of this stage with risk intelligence is again clear with all the information made available to decide on strategies and plan contingencies; at the same time, the organisation’s risk intelligence is enriched with information on the effectiveness of these strategies and plans through exercising, testing and auditing or responding to possible near misses in real-life situations.

Ideally, the loop should close at this third stage (Risk Treatment) with all risks eliminated and start all over with new intelligence, feeding yet another cycle of risk management. However, unpredicted threats or mismanaged risks can create situations where the organisation moves to reactive action and the contingency planning of the third stage is triggered in the fourth stage of crisis response. The organisation should be able not only to deal with the crisis itself, i.e. contain the damage to its assets and reputation and ‘fix the problem’ (reduce labour, stop the civilian mob, deal with sabotages) but also to maintain the continuity of functions and people that are critical to its survival (raise the employees’ sense of solidarity and belongingness, ensure flow of food and other supplies). A third imperative at this stage is effective crisis communications where all the organisation’s constituencies need to be considered (not only the media but also several internal and external stakeholders) and their communication needs addressed. Hilton’s effective internal communication and information transfer from HHC to HHI and HHCSA and back is evident throughout the case. Equally, the way that Hilton used the media (TV shows, newspaper articles) and the strength of its brand to influence public opinion on one hand and Fidel Castro on the other illustrates the importance of communications in a crisis situation.

The Crisis Response stage is followed by the Crisis Recovery stage where the main aim is the return of the organisation to a ‘business as usual’ state. The action taken at this stage and the levels involved will largely depend on the magnitude of crisis impact on the organisation and the effectiveness of the actions taken at the Crisis Response stage. Although much emphasis is often given to the organisation’s reputational and financial recovery after a crisis, equal emphasis needs to be given to its operational (infrastructure and people) recovery. As before, there is a direct relationship between this stage and the risk treatment stage with regards to recovery action planning and the potential effectiveness of risk strategies that will support the ‘consequences management’ (ineffective ‘force majeure; clause, effective Carte Blanche payment). Again, all new intelligence that emerges at this stage will be fed back into the system so that the organisation’s management team will be better equipped to assess their (new) risk landscape and start the cycle all over again.

The proposed Resilience Management framework puts forward a structured approach to address risks and crises by offering organisations some more detailed guidance on action to be taken than the relatively simplistic PPRR model and Mitroff’s (2005) crisis mechanisms offer. It emphasises the role of risk intelligence and of sensing the risk landscape (as Mitroff does with no-fault learning and signal detection) and complements these models with the stages of risk assessment (identification and evaluation) and structured risk treatment (which is broadly addressed as preparedness and prevention in the other models). In crisis response the framework looks at three specific areas - namely containment, communications and business continuity - as opposed to a generic ‘respond’ and ‘damage limitation’ of the other two models. Finally, in the recovery stage it looks at four areas (financial, operational, reputational recovery and consequences management) as opposed to a broad ‘recovery’ element as contained in the other models. The Hilton Havana case has shown that by following and enacting these stages, the organisation also enhances its situational awareness, manages its keystone vulnerabilities, and increases its adaptive capacity. In other words, it develops its organisational resilience as defined by McManus *et al.* (2008).

The framework also provides researchers with a tool to evaluate crisis cases by posing a comprehensive set of questions that may provide better clarity about causes and effects of a crisis and management’s response to it. Finally, it can also be used to develop a resilience research agenda which will move away from the usual research topics (e.g., image recovery) and suggest a new set of research questions that will look, in greater depth at the different stages and the factors that influence their effectiveness.

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