

Lessons For Leading During Crisis

“A smooth sea never made a skilled mariner.”
English Proverb

Leaders don't seek or welcome crisis, yet by its very serendipitous nature, it offers an inestimable gift to leaders who rise to the challenge and reinvent themselves and their organizations. Almost anyone can lead where others want to go, when the seas remain smooth and the weather calm. True leaders, however, understand that they must use their power and position to be something other than powerful and in charge. They take responsibility and build confidence and trust instead of blaming fate, the economy, or anything else. Nearly every crisis contains within itself the seeds of success as well as the roots of failure. These lessons will help you sow the seeds that will ensure your organization's triumph after the crisis has passed.

Lesson One: Face Reality

Acknowledge the crisis, get everyone else to acknowledge it, and respond to the early warning signals. Don't deny the urgency or severity of the adversity, blame people, external events, or the illusive “they” that seem to contribute to most of the world's mischief. If you played a role in creating the crisis, admit that too. Crisis can take you toward success or away from it. Here are two examples that illustrate how the senior leaders influenced their organization's direction.

Pharmaceutical giant Merck offers a perfect example of going in the wrong direction. In spite of evidence that the painkiller Vioxx contributed to heart attacks, the leadership decided to continue marketing the product while the company sponsored its own research. In 2004, Merck CEO Ray Gilmartin pulled the drug from the market, but

the damage had been done. Vioxx had been linked to twenty-seven thousand heart attacks. In 2007 Merck announced a \$5B settlement, and ended the crisis, but not before the catastrophe had claimed lives, dollars, and public good will.

Contrast Merck's experience to the Tylenol crisis of 1982 in which seven people died in the Chicago area after taking pain-relief capsules that had been laced with potassium cyanide. Because the tampered bottles came from different factories, and the seven deaths had all occurred in the Chicago area, the possibility of sabotage during production was ruled out. Almost immediately investigators concluded that the culprit had entered various supermarkets and drug stores over a period of weeks, pilfered packages of Extra-Strength Tylenol from the shelves, altered their contents and then replaced the bottles. Yet, the leadership knew they had to do whatever it took to protect its clients, so they went above and beyond what they probably would have had to do.

Johnson & Johnson delivered warnings to hospitals and distributors, halted Tylenol production, and ceased advertising. The leaders issued a nationwide recall of Tylenol products, with an estimated \$100M value, and offered to exchange all Tylenol capsules with solid tablets.

Tylenol's quick and positive reaction reflected the company's mission statement that it would be responsible to consumers using their products. Johnson & Johnson's accountability to its customers proved to be its most efficient public relations tool and the key to the brand's survival. It probably also offers the most dramatic example of executives facing reality. In this, as in most cases, the reality wasn't pretty; the decision involved pain; and the short-term loss to the company proved to be astronomically costly.

Yet it defined the right thing to do and ultimately ensured the continuation of the company and the product.

Denying reality has destroyed more organizations than incompetence ever could. A sudden catastrophe like 9/11 was impossible to ignore, but the ones brewing in your organization probably aren't. In fact, the future calamity might now present itself as an annoyance, an inconvenience, or a benign problem. The lion's share of facing reality, therefore, involves perceiving the emergency before it becomes one. Bad news never gets better with age. It all starts with you. If you acknowledge the present or emerging crisis and your role, if any, in creating it, you will be able to guide your organization to face the reality too.

Lesson Two: Prepare; Don't Practice Bleed

No one has ever gained from worrying or suffering before a tragedy. Like rocking in a rocking chair, practice bleeding will give you something to do, allow you to pretend you're tackling something important, and impress people with your stoicism. The activities associated with practice bleeding will take you no further to preparing for crisis, however. Preparation, on the other hand will make all the difference.

Here are some ideas for planning for crisis:

1. Monitor your cash. It is the lifeblood of any business. Without it, all your great plans to have a product you're proud of or a culture where people like coming to work are worthless. If you can't pay those good people on payday, the time clock will run out before you attempt to throw the Hail Mary, and you will lose the game. In most situations, cash is king. In crisis, it becomes more of an emperor—not earnings per share, revenue growth, or return on equity—cash. Do you have

sufficient cash reserves to get through the worst crisis you can imagine? What do you need to do immediately to prepare for this worst case scenario?

Even companies that go to great lengths to devise strategic plans for financial growth and success fail to recognize that strategic planning that does not include crisis management strategies is like sustaining life without guaranteeing life. No organization can prepare for every single crisis event. This would be an impossible task and a tremendous misappropriation of financial and human resources. However, now, not at the onset of the disaster, is the best time to prepare for as many contingencies as you can imagine—and then some.

2. Establish a crisis response team. This group should represent the major areas a crisis would likely affect. For example, if yours is a manufacturing company, product recall may present the biggest threat to the company. What operations people, legal minds, marketing professionals, and public relations experts will need to participate? Don't wait until you face a disaster to assemble this team. Go outside the organization if you must, but build the team you'll need now. As the senior leader, you will lead the crisis initiative, unless you can't. This team needs to function independently of you under those circumstances.
3. Evaluate potential crisis situations and decide on appropriate responses to the most likely ones. Simulate crisis and the procedures to get through it. One of the most dramatic examples of leadership during crisis occurred on January 15, 2009 over the Hudson when Captain Sullenberger landed a crippled US Air plane and saved the lives of all the passengers and crew on board. He accomplished this heroic rescue for one reason: he had prepared over a period of time with mock

- simulations, often in a simulator, of similar emergencies. In your organization, how can you do something like this? What would your company's equivalent be to hitting a bird during flight? On that flight the flight attendants chanted, "Brace! Brace! Heads down! Stay down!" as the plane careened to water. What do your employees need to chant during a time of crisis? Practice it, and make it your mantra for survival. A crisis is no time to search for answers or direction. Put it all in place beforehand. The leadership at Johnson & Johnson didn't have to search for a code of conduct at their time of crisis; their mission steered them in the right direction.
4. Build relationships outside the organization that can help you when you falter. In 1941 Franklin Roosevelt went before Congress seeking support for Great Britain in its fight against the Nazis. Many Americans opposed him with a "Keep out of the war" reaction. Roosevelt, however, believed the US needed to aid their desperate allies. Roosevelt reminded Americans that you don't ask your neighbors to pay you for a fire extinguisher when their house is on fire. He convinced the vast majority, which led to a turning point in the war that affected the history of the world and mankind. Who are your allies who would lend you a fire extinguisher in a time of need? Do they know they could count on you for the same?
 5. Make the learning from a failure visible. The only true catastrophe is one that you don't learn from and inevitably repeat. Rush to find the cause of the failure, but forget assigning blame. When you unearth the cause of the problem, put systems in place to avoid something similar in the future. The Ford Edsel provides one of

the biggest product failures of all times, but Lee Iacocca learned from this setback. He realized that the motoring public no longer bought cars simply because of brand loyalty or their need for transportation. He determined from this experience that a segment of the population wanted a “lifestyle” purchase, which led to the production of the Mustang, which immediately became an unexpected success. Don’t fix the “weak link.” Ask yourself, “What products, services, or relationships can we create to exploit what we’ve learned?”

Lesson Three: Be Realistic But Optimistic

When facing the early stages of adversity, declaring victory too soon or underestimating the severity of the problem do not prove prudent. Think of former President Bush standing on the aircraft carrier *The USS Abraham Lincoln*, in a military flight suit, in front of a giant “Mission Accomplished” sign on May 2, 2003 declaring that the war in Iraq was over. Years later, the war persists; soldiers and civilians continue to lose their lives; and the debates in Congress rage. We can all learn from this the difference between realism and optimism. Don’t assume in the throes of a full-fledged crisis that rearranging the chairs on the Titanic will do anything important. Be realistic, and communicate a genuine, sensible assessment of the situation. And whatever you do, don’t tell people or yourself that it can’t get any worse! In addition to tempting fate, this sort of non-pragmatic observation will brand you a liar or a fool.

Crisis demands realism, but optimism offers its own rewards. But how do you get ready for the worst case while holding hope for the best? It’s a tricky balance, but my research of the Vietnam POWs taught me that sometimes you have to fake it until you make it.

In 1965, for example, according to US reports, no troops fought in Laos. However, one of the participants in my POW study, Gary was there. An Air Force captain, he was shot down in May of 1965. In spite of his youth and junior rank, he was the senior ranking officer in charge of a group of enlisted personnel. As Gary told me in our 1997 conversation, he had “no hope of repatriation...I was dead, never going to come out.” He observed, “They all seemed to think they were coming back, and I didn’t want to bust anybody’s bubble. I didn’t believe we were coming back.” He said he was “absolutely pessimistic,” yet he decided “it didn’t hurt anything to have hope. I knew better, and I knew what I had to do, help the others and continue giving Charlie hell.”

Gary’s attitude might not seem optimistic. In fact, he called it “absolutely pessimistic,” yet it seems to have served the same purpose as optimism. He felt a sense of responsibility to his troops to hold on to hope for their sake. “I was already dead,” he explained to me, so doing what he thought was important drove his actions and influenced his team. Gary provides an important clue about the coupling of positive attitude, even when it does not truly involve optimism, and finding a purpose in the experience.

Striking a balance between realism and optimism won’t be easy during a crisis. You won’t ever know what the future holds, and you might not even be certain what your best guess is. Gary chose optimism because it cost him and his troops nothing and delivered huge dividends. President Bush tried to use it for his own gain, which cost him both credibility and good will. Above all else, you can’t use others for your own agenda or therapy. Direct reports won’t want to reassure you, and they probably couldn’t if they wanted to. You won’t be able to look to anyone else in the organization for comfort.

Looking outside the company, however, makes great sense. Family, friends, trusted mentors, and therapists can give you the help you will need to help. Only then will you be of any use to anyone else.

Lesson Four: Take Charge of Communication

During times of adversity, those in the organization look to senior leaders to communicate—to tell them the facts, to define the situation, and to give them hope. Yet, if you want to know why so many companies sink into chaos during times of crisis, you need look no further than the leader’s mouth.

Instead of transmitting loud and clear, too often senior leaders create static. They either don’t communicate enough, or they rely overmuch on worn out platitudes like, “Let’s focus on the priorities” and “We need to hunker down.” Static of this ilk masks the real message and substitutes for the critical one.

To keep your eye on the critical, consider these questions:

- What needs to happen today to mitigate the crisis?
- What vagueness can we clear up?
- What do I need to communicate?
- What are people most afraid of?

Contrast the situation in a typical organization in chaos with a SWAT team or an emergency room staff. Employees often nod in apparent agreement when the leader uses fuzzy terms and then react with panic, uncertainty, or inertia. Dissimilarly, leaders of a SWAT team, who handle crisis each day, use concrete, specific language. They may bark orders in a seemingly aggressive manner, but no one stands around wondering what to do, afraid of overstepping, and scared of a misstep. Executives can learn much from

those who are in the crisis business. Everyone speaks the same language and knows his or her role. If they don't, people die. When you fail to take charge of communication, your people will just wish they could.

Lesson Five: Listen to Your Team

Throughout my career I have addressed the importance of listening, but when addressing the leader's role in handling crisis, it merits another nod. You may be the smartest leader ever to grace your company's doorstep. You might be highly experienced, with a knack for influencing others. But if you can't put your ego aside during times of crisis and draw the answers from others, you'll miss the single most important coping behavior for creating airspeed and velocity that will help you soar through the storm.

I've said it repeatedly. If you want solutions, you need to be quiet every chance you get. People tend to parrot strong leaders in the best of times. In crisis, you can count on a cacophony of squawking echoes. Your people might not immediately know the right answer or even some good ones, but if you stay quiet long enough, you just might hear some brilliance start to surface. There will be time for you to talk later, unless the building is on fire or something equally dire occurs, but if you don't encourage others to talk, you may lose their ideas forever.

Lesson Six: Exude Powerful Vulnerability

During crisis, leaders often feel overwhelmed with responsibility—as though they carry the weight of the world on their shoulders. Hundreds, perhaps thousands, of people's livelihoods depend on you; shareholders or investors count on you to honor your commitments to drive value; and customers rely on you to continue to deliver the product or service that accounts for your current success. When you face a pending crisis,

therefore, you might tend to take the whole burden on yourself. Your default position might be to retire to your office to ruminate about the problem.

Admitting limitations has counterintuitive benefits. When you level with people, they are more likely to forgive your mistakes, and you'll make stronger connections with them that ultimately increase your ability to persuade and influence. That, in turn, will strengthen your leadership. No one expects you to have all the answers—just a willingness to discover them. The people in your organization don't want you to turn in; they want you to turn to them and others who can help. They want you to show your vulnerability because they know you are experiencing it. When you open yourself up and share your limitations, you connect on a level that doesn't exist in non-crisis times. Further, exposing your own vulnerability invites your people to admit theirs. When this level of candor exists, cohesion and renewed respect will follow.

Conclusion

Machiavelli advised his followers, “Never waste the opportunities offered by a good crisis.” Even though you may not perceive this reality at the time, a crisis provides a unique opportunity to create transformative change in your organization. Leadership is not only about position, experience, knowledge, and education. It's also about the willingness to experiment with possibilities to help solve problems that no one has encountered before.

The very trait that explains your success to date—your independence—will prove to be your worst enemy in a crisis. Overused, any asset becomes a liability—none more obviously than exaggerated self-reliance during a disaster. As the leader, you have the

responsibility for taking care of yourself during times of change so you can help others;
you need to put on your own oxygen mask before you can help anyone else with theirs.

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