2

Crises Global and Local: When Leadership Becomes Critical

During 2020 the world saw a global pandemic that killed in excess of one million people, a death toll likely to increase once final figures are available. A crisis of this magnitude, that demanded complete lockdowns has set economies and relative affluence back by decades. Debt levels have soared whilst future tax increases and cuts in public services appear inevitable. Over this period, few governments have garnered public confidence and popularity. Instead, they have been criticised for their reluctance to make decisions, communicate the truth and mobilise effective tracing systems, and making unpopular decisions in allocating health care. The handling of this crisis in the UK provides the opportunity to review important components of crisis management and wise decision making.

During the COVID-19 pandemic governments faced a series of major challenges which placed them in the difficult position of having to select one of numerous non-ideal options. Some of the more difficult decisions are listed in the discussion box below.

Political, Economic, Social, and Technological Dilemmas for Government Decision Making During the COVID-19 Pandemic

- Lockdowns: Health of the Nation vs Economy
- Rationing of Health Services: Who Loses Out? COVID-19 Priority Patients vs Cancer Treatment? Young vs Old?
- Funding COVID-19: Economy Now vs Future National Debt and Taxation

- Public Services: Ability to Cope vs Opposition to Private Contracts
- Industries: Which to Support and Sacrifice Through Government Support
- Costs of COVID-19 Treatment: Funding Cost Effective Potential Treatments
- Speed vs Quality of Decision Making in Circumstances of Limited Information. Do Governments Wait for Better Information Whilst COVID-19 Spreads?
- Communication and Transparency: What Information Does a Government hold Which is Inaccessible to Others?
- Directive vs Consultative Decision Making: Does the Government Tell or Consult First?

This list is far from exhaustive but encapsulates the critical facets of a crisis unfolding: ambiguity, prolonged pressure, rapidly changing circumstances, and real fear—a blend that rarely supports good decision making. New leaders, faced with a major crisis for the first time often 'freeze', delay and fail to make timely decisions when time is of the essence.

It is essential to note that it is not the government or any one body alone that has been thrust into recent crisis management mode—all businesses have, in some way, had to confront testing situations, diminished budgets and limited choices that all require rapid decision making. Leading businesses in hospitality and tourism, culture, sport, manufacturing and construction have all faced collapsing demand and difficult decisions. Despite this, rents, taxes, administrative services, and property costs all continue to be due. As debt piles up, decisions have to be made as to who to dismiss and who to keep, whether to close the business temporarily or permanently, how to manage suppliers and the real possibility that insolvency looms.

While the COVID-19 pandemic has crystallised the critical role of effective crisis leadership, it is valuable to note that crises on a much smaller scale can and do occur in the business environment on a regular basis. At their core they share similar characteristics to large-scale crises, and it is now argued that, as the speed of change accelerates and systems become more interconnected, crises and their sphere of impact are ever-increasing (Heifetz et al., 2009a).

This chapter draws on the work of Ronald Heifetz, whose concept of 'Adaptive Leadership' is developed more fully and from different perspectives elsewhere in this book. Essentially, Heifetz believes that, in times of crisis, the top down, single-figure model of leadership does not work effectively. His approach is to enable individuals to manage the challenge and adapt to the evolving environment as a team; the role of the leader is to develop the capacity of the team to do so. We also draw on the 'Centre for Army Leadership' (2020) which may well be one of the most experienced and practical training colleges for leading in crises. In many ways they are the real experts.

Whatever biographies of famous leaders may say, everyone has to learn to lead, and crises are a fast-track but challenging opportunity to do so. If previous learning has been fruitful, then when crises do arise later in one's life, the leader can move with greater agility, address the key issues, and mobilise their team whilst already thinking towards possible consequences.

This chapter addresses the following questions:

- What are the key elements of a crisis?
- How can you manage your fear when under prolonged pressure?
- What are the essential steps in the leadership of a crisis response?
- How can leaders prepare?
- How can you seize opportunities in crises?

UK Plaster Crisis

In addition to theoretical critiques, this book is intended to provide practical advice. This section recounts a real-world crisis that I experienced whilst in the role of Managing Director of a large building products business. With the benefit of hindsight, I can see a myriad of decisions I would now make differently in order to manage the response far better than I did. In honesty I was consumed by pressure and slow to mobilise the team who, I now know, were essential to finding solutions, or at least actions to mitigate the crisis more rapidly.

Amongst its product range, this business manufactured and distributed a plaster-based product used in 95% of new UK housing. The product required unique raw materials mined in the vicinity of the plant and a special manufacturing process. For these reasons competitors had found the product difficult to replicate. Previous management had pursued the strategy of concentrating production and investment in one site which had the capacity to supply virtually all of the UK's requirement. Immense capital investment had automated the process to the extent that around a million tonnes of mineral was mined in extensive underground mines, processed, calcined, mixed, bagged, stocked in an automatic warehouse and loaded by a total mining and manufacturing workforce of around 130 employees. The automated processes produced a cost base that was so low that no one else would be able to compete.

Shortly after I became Managing Director of the business, an explosion occurred in the plant. The plant was out for four days and, when reopened, could only work at around two thirds of its previous output. Although long-term expectations had been for declining sales, at the point of the explosion, demand had still been rising and the plant running at maximum capacity. As the product had a short shelf life there had been limits to maintaining stock, and so the auto-

(continued)

(continued)

mated warehouse was only able to cover five days of sales. By the end of the four days, the market was already falling short, and the restricted output level was likely to continue for quite some time. The supply chain of distributors also kept little stock, largely due to the high service levels they received from the manufacturer; typically, an order before 3.00pm would be delivered when premises opened next morning.

As stocks in the supply chain were rapidly depleting, the market went short, and as there were no real substitute materials, building activity was curtailed. On the back of one event new house-building was curtailed and repair and maintenance across the country stalled. There was press coverage across all national newspapers, the phone lines were besieged by, if not media, then customers demanding priority for the meagre available supplies. As TV cameras arrived at the gates of the Head Office, tempers ran high.

This was not a crisis that was going to be solved rapidly, and I suddenly found myself to be everyones' villain, and in most peoples' eyes, the one responsible. The main board of the business were equally irate as they too became besieged by questions and complaints. The stress and fear over this prolonged period felt extreme and there was a surprising degree of complexity and ambiguity in terms of how we could resolve or at least mitigate problems in the short term. We knew that eventually the plant would be fixed, but that required specific parts to be made and further work necessary to reconstruct the damaged part of the plant. All this would take months.

Ultimately, the answer lay with the senior team; they did not have the same pressure and also had the expertise which could help. High levels of communication were needed to keep all stakeholders informed of the progress and plans, principally so they knew we were doing our utmost to fix the problem. Certain products made at the plant that did not need specialised processes we could arrange to have made at sister plants in Europe. Our Irish sister company could make a similar product but had only limited capacity that was soon shipped out.

We produced an allocation plan to customers which was transparent and fair to ensure they did not believe favour was being given to our biggest customers. Due to demand far exceeding supply, distributors started selling the product at exorbitant prices to their customers so as to profiteer from the situation; we made it consistently clear that our prices were entirely unchanged.

Eventually the allocation system, together with our other mitigating actions, brought supply and demand closer to equilibrium, but the process had been gruelling. In retrospect, I did not move rapidly enough to set up the team and provide enough communication. In major crises, it is often the case that the person at the top becomes very isolated. Usually, main board functional directors would be in frequent contact but at the time of crisis most evaporated away, unwilling to be tarnished by any involvement, but were then quick to materialise at any sign of success.

In this case, our eventual success was a result of teamwork: a collaboratively produced plan, communication, and ultimately our shared values. There were many internal challenges that would test the robustness of our plans, the validity of our alternatives, and maintaining a sustained tempo in dealing with the many issues and stakeholders. It was a tough learning experience, but we all learnt how to deal with a crisis; the next time we would move much faster and in a more organised fashion.

It is difficult to train for, or even fully describe the personal experience of managing unexpected crises such as this one. There is no artificial means of replicating the prolonged pressure and anxiety of a mind relentlessly turning over and discarding possible solutions to an ever-escalating problem. Only by way of case studies and probing questions can we encourage you to reflect on your own business practise, regardless of what stage of your leadership career you are at.

Anatomy of a Crisis

So as to distinguish the term 'crises' from more minor terminology such as 'misfortune' or 'difficulty' it is important to restate what we mean by the term in a practical leadership context.

A crisis will generally exhibit the following:

- Fear
- Prolonged pressure
- Ambiguity
- A rapidly changing environment

There are three key areas of crisis leadership that we will now look at more closely (Fig. 2.1):

- Leading the self

Fig. 2.1 Leading in crisis

- Leading teams
- Leading organisation

Leading the Self

Although many great things may have emerged from periods of pressure, that of the leader is different, simply because its associated emotions are far from conducive to the requisite balanced decision making. A team may be in a similar state of anxiety, but it is the leader who, ultimately, will carry personal responsibility for a crisis outcome. The consequence is stress: tension, poor concentration, a lack of clarity ('brain fog') and ability to make effective decisions, or even ascertain what decisions need making.

Greater previous exposure to crises does, we have established, help in recognising and deploying mitigating actions, however leadership teaching frequently underplays the importance of taking care of the self. Being physically and emotionally robust will be crucial to your success; you can achieve none of your leadership aims if you sacrifice yourself to the cause (Heifetz et al., 2009b). Although we are change agents, tasked with championing, motivating, and providing direction, we as leaders are also an impacted party with our own fears and uncertainties. To be an effective leader of change, you must be aware of your own needs as well as those of the people you lead.

It may sound simplistic, but no one can understate the most basic advice: take a lunch break, switch off your phone, and do not do emails late at night.

Leading Teams

There is little doubt that true leaders come to the fore in crises, and this is when leading self and leading teams become critical. The British Army have invested significantly in defining specifically what a leader needs to do when confronted by a crisis as this may be a frequent occurrence for their personnel.

Lead a Connected System

Leadership thinking in a crisis needs to be systemic. Do not forget the role of the increasingly interconnected economy during periods of crisis. Global supply chains have become so intertwined and complex that nobody can predict, for example, how significant the impact of COVID-19 might be. Leaders

need to change their mind-sets from the individual or the organisational level to the broader interdependencies within their organisation, rather than just focus on their own line of business. There are many challenges around business continuity and the choices made during a crisis which will help build resilience and agility through extended periods of uncertainty. Those decisions have to include all stakeholders in order to maintain the viability of the system, or systems of which the organisation is part.

For example, as a result of the COVID-19 pandemic, leaders have had to make decisions that significantly impact their bottom line, potentially shutting down their business, which impacts their staff and their subsequently their families. There's been sporting seasons cancelled, theme parks closed, conferences postponed—the list goes on and on. Indeed initially much of the economy was shut down. Those were all decisions that leaders made with other peoples' best interests in mind. In crises, decision making may be influenced by the personal cost to ourselves. Leadership is losing the right to think about yourself. If you're going to lead well it has to be with others' best interests in mind.

Lead with Facts, Not Fear

During the COVID crisis we were engulfed by misleading information ('fake news') about the disease. Official health advice competed with conspiracy theories on social media, ineffective cures and false claims about how the virus was transmitted. In many ways, fake news may have delayed effective response to the virus itself. Indeed, even scientists held very different precautionary views in relation to government policy.

Leaders require the right kind of wisdom to help their businesses deal with a crisis situation. Don't lead with fear, but with facts. One of the best ways you can lead others during a crisis is to lead yourself well, so try to become aware of what's actually happening and surround yourself with others who are likeminded and have a similar appetite for facts and wisdom.

Establish Clear Objectives and Purpose for the Team

What are we trying to achieve in a crisis and how does that fit with the organisation's overall objectives? Critically this is where the team comes into its own. A team under less pressure, allowed to work together with their knowledge and experience, are more likely to design and deliver an effective response. It is also where leadership matters most. Crises are major events which may

take weeks or months to resolve. Responding to the COVID-19 pandemic clearly met the criterion of a crisis. It also became apparent that the various authorities had little idea of what they were dealing with during the earlier period of the pandemic.

Various questions had to be analysed—such as where and how it is transmitted, which environments encourage the spread and what mitigates?—for example 'do face masks work?' Research frequently produced inconclusive findings which proved unhelpful; governments were driven by public opinion and the media was constantly changing positions. It is clear that the long-term fate of many governing parties would ultimately be determined by their response to COVID-19 as concluded by public opinion.

Recently formed and inexperienced governments often had a significant proportion of ministers with limited previous experience of power, and were unused to the pressures of real responsibility. Learning curves were steep all round.

Produce a Collaboratively Developed Plan

When in a crisis, it may become apparent that your team has relevant experience and expertise which needs to be fully exploited. They will be more committed if they have input to the plan and understand critically what the team is trying to achieve. It will not only increase their alignment with objectives in the various tasks but also increase their ability to work together cohesively as a team.

Leadership can be lonely, but leaders need people with whom they can discuss concerns and potential options. A leadership group who is not afraid to voice their opinion and share new facts will help you in your decision making processes. Leaders need to be self-aware and acknowledge that during a crisis they are under significant stress and being asked to make difficult decisions that are anything but clear. Having support and challenge from reliable voices will help you to lead with wisdom.

Decision Making and Calculated Risk Management

Ultimately the leader does have to make the decisions after team consultation. However, a team discussion does help determine the options and explore the pros and cons of each. This does also facilitate final decision making. There is usually a tension between available time and extent of team consultation.

Sometimes there simply is no time to consult and a directive decision has to be made. However, these situations are rare, and consultation is usually preferable where time allows. Involving the team in the decision not only aligns them with each other in attempting to achieve clear objectives but also creates deeper understanding of why the chosen approach was selected. It also helps to develop the team improving their contribution and ability to mobilise rapidly and effectively.

Develop a Challenge Culture

Many leaders do not like challenge. They view it as undermining and plays to their insecurities. Often subordinates are recruited who are not willing to question plans or decisions. Leaders may feel more comfortable with less forthright debate. However, the team may well have better ideas than the leader, some may have expertise in an area, and others may see flaws in a plan which needs addressing. Ultimately a better plan will emerge after challenge, followed by some further evolution. Leaders do need to have trust in their team and set aside their own insecurities in arriving at better decisions. However, once a decision has been made by the leader, the team does need to accept that is the end of challenge until implementation. Most decisions still need some adjustment during implementation. Few military plans withstand first engagement with the enemy and so it is with crises. Perhaps reactions are not as predicted or more important information becomes available which means the plan needs adjustment. Leaders need to keep open minds and alternative options in mind. However, no one wants a leader who is constantly changing their minds. Adjustment to plans is necessary but pointless chopping and changing is not. Think long and hard before making major changes.

Teamwork and Sustained Tempo

Activity is important in maintaining morale and mutual support ultimately comes from the way the team works together. Inactivity usually results in an ineffective response. The fundamental basis of leadership is that teams working together will achieve far more than individuals alone and through carefully set objectives they can achieve far more than any might have believed. Maintaining momentum is important as once it is lost it may be difficult to recapture motivation and progress. Motivation, activity, and progress go hand in hand and are self-reinforcing.

Fig. 2.2 Elements of crisis leadership

Timely and Clear Communication Is Key

As we have seen in our examples there are usually many stakeholders with a keen interest in the outcome, besides the team themselves. Communication needs to be simple with clear messages. Usually, the message has to be repeated several times as otherwise it could well be missed under the pressure that comes with crisis. If stakeholders understand the issues and the rationale for the necessary decisions, they will be much more supportive than if they are kept in the dark. During periods of crisis, leaders not only need to speak up, but they also need to act. Mistakes will be made, and wrong decisions will happen so leaders need to accept that they are fallible and that getting most of the important calls right comes with experience (Fig. 2.2).

Leading Organisations

Tell the Truth

When a crisis first emerges, there is a temptation to minimise the extent and impact of the developing event. We have seen this with many governments which have been slow to initially recognise the magnitude of the likely impact of COVID-19. There was denial in that they didn't want it to happen and so they pretended it was not occurring. The consequence was a weak initial

response. This was followed by consistently denying the scale of what was happening. Concern then switched to the way the media would portray events such as the appalling video from Italy showing overcrowded hospitals and patients on trolleys in corridors. Then governments attempted to find others to blame such as China where the disease originated. This denial resulted in continuing to underestimate the impact of the event and failing to take adequate measures to control the disease.

This was followed by exaggerated promises which are never going to be fulfilled as a distraction for stakeholders in the hope that the crisis abates. Failure to deliver was followed by more unrealistic promises which were usually not met either, nor indeed had any real hope. There was 'being positive' and there was failing to recognise the gravity of the situation. Churchill in his famous wartime speeches to rally the UK people never underestimated the strength and threat of the opposing forces. He was careful to describe the threat as accurately as he could. Yet he still managed to motivate the nation who believed in him.

Telling the truth is important during crises as failing to do so results in lost credibility with stakeholders and the organisation. They start to wonder whether they have the right leader if there is a failure to recognise the scale of the crisis. The Trump versus Biden US Presidential election has been viewed by some as a vote on the effectiveness of the COVID-19 response. There may well be plenty of other countries that might similarly conclude that they no longer have the right leader.

The organisation also has to have confidence in their leader and candour is a two-way matter. The team expects the truth and in return they will be honest with the leader.

'Keep it simple' is also good advice as complexity confuses. Try and avoid detail unless it is truly necessary. Be brief, accurate, honest, and authentic.

Maintain Values

Whilst we have not explicitly included values in this chapter, crises are a real test when difficult decisions, often with no attractive prognoses, have to be made: sometimes it is simply about selecting the 'least bad' option. Subsequently the leader will become answerable for the consequences. The question underlying all leadership decisions should be 'is this morally right?'

During the UK COVID-19 crisis, it rapidly became clear that the National Health Service would most likely be unable to cope with the deluge of

extremely sick people. Whilst measures were being taken to expand capacity, decisions still had to be made regarding the rationing of what had become scarce resources. Evidence is starting to arrive which supports the anecdotal reports at the time that, as a matter of policy, people over 80 became viewed as a lost cause and failed to receive intensive care. Many were transferred to nursing homes which lacked the facilities to provide high levels of medical care. Whilst this is in dispute and responsibility is being passed around in the ensuing blame game, it has become increasingly clear that in the heat of the moment such blanket decisions were made. It may well be that inadequate resources justified the decision however unpopular. However, governments are unlikely to own up to such decisions.

Make Decisions

Whilst the ultimate preserve of the leader, decision making may be the hardest part as leaders need to step back and be calm so as they can understand the context and perspective in which the decision is to be made. When under pressure being calm is almost impossible. However, you also know that instant impulsive decisions are usually wrong. People may say 'sleep on it', although that luxury may not always be available in a crisis. If it is available, take it as it invariably adds context and improves the quality of the decision. Calculating the time available to make a decision is often the first task of decision making. In business often more time exists than might initially seem to be the case. Don't procrastinate and also do not rush important decisions. A rushed decision is often wrong, and procrastination can end in no decision. Whilst a short wait often means that more important information becomes available which may well change the decision.

Some suggest waiting until 70% of relevant information becomes available. However, that is difficult to know. The outstanding information may be critical. In crises, earlier decisions are preferable to delayed decisions with better information. Stakeholders want to see action and organisational members need mobilisation. The ability to change your mind must remain an option if it turns out to be the wrong decision. Pride for many decision makers prevents this option which sometimes is necessary.

Be Visible

During a crisis there is often a rising sense of panic and sometimes a lack of advice can create chaos and confusion. During these times it's more important to both speak up and be seen. Even with staff working remotely, a leader needs

to be visible, appear in control, and be a re-assuring presence during such uncertain times. Offering support that will make a difference for everyone, providing hope, and telling people it's going to be okay all become essential.

Short-term objectives to get through the crisis need to be communicated repeatedly. Leadership teams have to be regularly visible, often reaching out to and engaging with employees. People need support and help and may be reluctant to admit that need.

We are certainly learning that agility is key when events are moving so rapidly, as is keeping a calm head. Calm minds will prevail during periods of crisis, and this applies not only at the top leadership level but also throughout the organisation.

Learn and Recover

Hopefully your organisation will emerge intact after the crisis, but there will be lessons to be learned for the next one and even for how you operate in normal times.

How do we ensure we've got the right skills in the right place at the right time during this period? Some organisations have already implemented an agile workforce management capability with underlying analytics that can quickly adapt to long-, medium-, and short-term changes in demand. Although there are criticisms of this approach (see Cross et al., 2021.

Others are also adept at flexing between full-time and part-time contingencies and working with third parties. However, I would say that very few organisations are likely to be ready for this level of disruption for a prolonged period of time.

Specifically, to the COVID-19 situation, the outbreak may be the start of a revolution in remote working. Although we've seen a significant transition to remote working for some time, the COVID-19 pandemic has compelled more people to work from home. Having the ability and flexibility to shift workers to home wherever possible might be a lesson for leaders going forward. Maintaining a balance between the two options is gathering support for the 'best of both worlds' (Fayard et al. (2021).

More broadly speaking, in China the coronavirus pandemic has fast-tracked the 'testing' of robots and drones in public, as officials seek out the most expedient and safe way to grapple with the outbreak and limit contamination and spread of the virus. Leaders need to see new ways of operating that can disrupt the existing status quo.

Opportunities and Silver-Linings in Crises

However regretful, most crises provide opportunities to create a better future. Amidst the fear and pressure, leaders need to be searching out opportunities to reposition their business in a variety of ways. Employees and stakeholders will be anticipating any chance to exploit the opportunity and make significant changes which may have been needed for some time. Crises could well provide the rationale and circumstances to make those changes.

The COVID crisis will result in future governments formulating more agility in the management of pandemics. Already they are developing the ability to research, develop, manufacture, and distribute vaccines at scale and with speed. Hospitals and medical facilities are at work, discussing how, where, and when they provide greater flexibility in both the short- and long-term response to pandemic outbreaks.

Increasingly we are seeing organisations taking opportunities to cut costs and refinance so that when they emerge, they are better positioned to exploit demand. The so-called walking dead or zombie businesses are, historically, those encumbered with high levels of debt to the point that they are left unable to invest and grow. Leaders should focus on opportunities when managing crises to create a better future.

Conclusions

Ultimately crises are the true test of a leader's ability to lead themselves and lead their teams in order to ensure the organisation's continued ability to perform.

It is this time when team members who the leader may have held concerns about may well fail, and regret not having addressed the team composition earlier. It is also when leaders within the team come to the fore—it may be their dynamism, motivation, and ideas which will help drive both the team and organisational performance.

Learning Points

- Crises expose leaders to fear and continuing pressure whilst negotiating the challenges posed by ambiguous circumstances and a rapidly changing environment.

- Activity and involvement of the team is the key element in responding to crises. They are under less pressure, their ideas and ability to mobilise rapidly to an agreed plan are the key ingredient of an effective response. Truthful communication with stakeholders outlining the issues and how they are being addressed are important.
- Leaders must provide clear objectives and vision, a collaboratively produced plan with the team, and sustained activity and tempo whilst remaining positive.
- Quality of the team is more important than ever as weaknesses become exposed which should previously have been addressed. Teams used to working together with good people are more likely to succeed.
- There are always opportunities in crises. Identifying a positive future path and using the crisis to manage the transition to that future is frequently an available option.

Reflection

- Have you ever either been involved in a crisis or had to lead in a crisis?
- If you were involved in either, what would you do differently now if faced with similar circumstances?
- What lessons from this book would you apply?

References

Centre for Army Leadership. (2020). *Leading through crisis: A practitioner's guide*. www.army.mod.uk/leadership

Cross, R., Gardner, H. K., & Crocker, A. (2021, March–April). For an agile transformation, choose the right people. *Harvard Business Review*. https://hbr.org/2021/03/for-an-agile-transformation-choose-the-right-people

Fayard, A. L., Weeks, J., & Khan, M. (2021, March–April). Designing the hybrid office. *Harvard Business Review*. https://hbr.org/2021/03/designing-the-hybrid-office

Heifetz, R., Grashow, A., & Linsky, M. (2009a, July–August). Leadership in a (permanent) crisis. *Harvard Business Review*. https://hbr.org/2009/07/leadership-in-a-permanent-crisis

Heifetz, R., Grashow, A., & Linsky, M. (2009b). *The practice of adaptive leadership*. Harvard Business Press.