



Crisis Leadership

How to Prepare Your Organization for Challenging Times



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Introduction

You come to work one morning and find that the leader of your company has been accused of securities fraud. Who are the department managers you can rely on to deal with the fallout in the coming days and weeks? Have you identified them? Have you been hiring people who can handle it?

You're the director of a nonprofit whose mission is to care for others in crisis, enjoying a day off and running in a marathon with thousands of others. A terrorist attack fills the streets with mayhem and fear. Now is

the time for your people to step up. Are you confident they're ready? Are you sure they have what it takes?

You provide services to a diplomatic post in another country that may be facing an attack soon. Who is going to have the courage and responsibility to organize an action plan if something should happen? Have you ensured that those people are in place?

Scenarios such as these can happen to a human resources officer at almost any company or organization. No matter what sort of crisis you're dealing with, identifying

the crisis leaders in your organization is a critical way to help ensure your company can weather almost anything. The more HR can prepare, build confidence in the company's leaders and train them in key leadership principles, the more effectively the company can transition out of the crisis.

This white paper will look at the kinds of crises HR pros might have to deal with, competencies that are most important for a leader in the time of crisis and how an HR department can foster those competencies in employees and new hires.

Not 'If' But 'When'

It's important to remember that size doesn't really matter when it comes to a crisis: A seemingly insignificant issue can blow up into something larger without warning. Being unprepared is a sure sign that a company won't be able to manage a crisis when it happens -- and it will happen.

"I don't know any company who hasn't faced a crisis, small or large or whatever," says Julie Kline, a consultant who manages corporate crises from a human resources standpoint at companies of all sizes. "There's a naive response that 'this will never happen to us.' It IS going to happen."

Kline's specialty is dealing with management crises and helping an organization regain belief in itself and its employees. She recommends that companies have disaster plans in place for personnel issues, just as they should for operational issues. "At some point, some cable is going to be cut and some system is going to go down," she says. "To not recognize that HR crises will happen the same way is simply fooling yourself."

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Julie Kline
Corporate Crisis Consultant

Types of Crises

There are several types of crises a company might face:

Personnel

Major employee misconduct by managers

or officers, high-profile criminal activity or criminal mismanagement can torpedo a growing company's chances at success or ruin an established company's reputation.

Ronald Thomas was vice president of HR/organizational development for Martha Stewart Living Omnimedia when Martha

Stewart was indicted on charges including securities fraud and obstruction of justice in 2003. He says that after the indictment, things moved quickly.

"The day after her indictment, CBS canceled the TV show," Thomas says. "That started things rolling because we had a few hundred

people in TV.” Employees were concerned about their jobs and what this meant for the company.

Thomas says the first thing leaders did was hold focus groups throughout the TV division “to get a sense of what was on everyone’s mind. In discussion with our fantastic CEO [Sharon Patrick], we knew we had to get ahead of this crisis.”

An officer-misconduct case doesn’t have to make national news for it to be a crisis. “I’ve handled sexual harassment, assault, retaliation, hindering an investigation -- significant lapses of judgment in a leader’s personal or professional life,” Kline says. “Maybe the leader has gone on a business trip and hired a prostitute, and the prostitute robs the person in the middle of the night. Maybe the leader has been abusive to a spouse. Companies may try to hide these situations, but that too is a significant lapse in judgment.”

Planned Crises

A crisis doesn’t have to be unexpected. A company that is merging or acquiring another company or that is going through a planned change in leadership is vulnerable to crises. If something changes, company officers and managers need to be ready to spring into action. Organizations might also get indications or warnings that a crisis is possible, and make preparations for something specific.

Thomas is now chief human resources and administrative officer at RGTS Group in Riyadh, Saudi Arabia. RGTS serves military, government and commercial organizations in the repair, supply and refurbishment of

military support hardware. “During a recent scare over embassy closings, we held a meeting to discuss what our approach would be if something were to really happen,” Thomas says. “How would we communicate, what would we do first, how would we verify who was where?”

One of the most important parts of putting this plan together, Thomas says, is having someone who could ask tough questions. “Someone always has to ask ‘what if?’ And then follow it by what would be done to respond.”

Types of Crises

Personnel

- Scandal
- Workplace Violence
- Sudden Death or Illness

Planned Crises

- Company Merger
- Acquisition
- Organizational Restructuring

Catastrophes

- Natural Disaster
- Terrorist Attack

Catastrophes

During a major weather event or terrorist attack, people look for leaders. If a catastrophe hits your organization, you need to have to people in place who can inspire, lead and help heal those who have been traumatized.

Jarett Barrios is chief executive of the American Red Cross of Eastern Massachusetts. He was running in the 2013 Boston Marathon when the bombs went off.

“Marathon Day was a challenge,” Barrios says. “The first part of the challenge was to get through the race. It was my first marathon, and I trained for six months, but preparedness always means that with something new, you have allowed yourself space for the unanticipated event.”

In Barrios’ case, a leg injury slowed him down, putting him about 45 minutes off his planned pace. It was enough to keep him from the finish line sooner. Six blocks away from the finish line, he and other runners were stopped by volunteer race officials and the police.

“What was remarkable about this situation was how few police were giving directions and how many empowered volunteers of the race organization really stepped up to manage a serious public-safety issue,” Barrios says. “There were tens of thousands of people converging on the area, which had been designated as a safety threat. Stopping them, particularly when they were not at their most physically alert, was a sincere challenge.”

Leadership Competencies

No matter what crisis an organization is facing, it's clear that managers and officers need to possess several competencies in leadership skills. An HR manager could come up with an almost endless list of skills and personality strengths that a leader needs when managing a crisis. Across the board, however, several competencies come up more often:

Composure/Political Savvy

All leaders -- whether they are dealing with the media, managing a crisis team, reassuring employees or making tough decisions -- need to have personalities that keep them cool under pressure and yet engaged in the many moving pieces involved with any crisis.

"Remember, everyone is watching, from employees to investors," Thomas says. "Being calm, courageous and positive goes a long way. It sends a message to everyone that you are in front. Crisis management is about being in front of the crisis as opposed to being behind or reactive."

As leaders in crisis situations make decisions on how to move forward, they need to be comfortable with what they are doing, Thomas says. "Leaders need to realize that 'no decision' is [also] a decision. Even having an imperfect decision is better than no decision; it can always be fine-tuned."

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Ronald Thomas - CHRO, RGTS Group

Conflict Management/ Confronting Direct Reports

Conflict management is an obvious choice for good leaders. In a crisis situation, it's an overarching concept that includes managing the crisis itself as well as employees across the company, members of the media and the general public. Doing so effectively takes courage and good judgment, Kline says, no matter whether it's the executive team at the organization or middle managers.

"When you can find a leadership team that will address an issue head-on and be honest with the workforce, that's all for the better," she says. "It doesn't mean you give every gory detail -- use your good judgment. Chances are, most of the workforce is aware of the problem already." This head-on approach inspires respect from observers, she says.

Thomas says that at Martha Stewart Omnimedia, "Surprisingly, there was calmness throughout the company," and that a key to that calmness was the leadership's willingness to manage the conflicts and strong feelings employees had as they reacted to the news.

"They were listening to everyone," Thomas says. "It was all about hearing everyone out -- even the naysayers. They needed to be brought into the fold. They got everyone's take unvarnished." This level of listening is not about getting a point across, Thomas says, but about carefully considering what others are experiencing.

Who is ready to handle a crisis?

In September 2013, Modern Survey asked 1,000 US workers how ready their organization is to handle a crisis. This is how they responded as a whole and by the size of their organization.

Peer/Co-Worker

Q. I believe that my **peers/co-workers** are well prepared to deal with emergencies or crisis situations.



Direct Manager

Q. I believe that my **direct manager** is well prepared to deal with emergencies or crisis situations.



Senior Leader

Q. I believe that our **senior leaders** are well prepared to deal with emergencies or crisis situations.



“Seek out the one who has a totally different perspective, the ones you avoid during normal circumstances,” Thomas advises.

Customer Focus

Staying focused on the customers in a crisis can be a predictor of whether they’ll stick with you when the crisis is over. And in this case, it’s not only the executive team who needs to have this crisis competency.

“Many HR managers look at the executive team,” Kline says. “They don’t realize that middle managers are the ones interacting with the team on a daily basis -- with the clients and the vendors. That layer needs to be strong, too.”

“Customers” can mean employees as well. When CBS canceled Stewart’s TV show, Thomas says, his team swung into action. “We contacted other TV outlets: Outdoor Network, ESPN and other similar lines of business. We told them our situation and asked for their help in taking an extra look at our people’s resumes. We asked them to send their job postings over to us, which we, in turn, sent out to all our employees. We even had a mini-job fair at our offices for the affected employees.”

Thomas says this helped employees who were feeling upset and desperate at the sudden job loss, but it also set an example to the rest of the workforce: “We were committed to them and would leave no stone unturned.”

Thomas says his team collected contact information for people who were let go so they could stay connected in case things turned around. “Once Martha came back,

our TV show was picked up [again],” Thomas says, and they were able to bring the vast majority of former employees back to the company.

Directing/Motivating Others

Leaders, by definition, lead, and a crisis gives leaders a chance to shine. There will always be people who need direction in a crisis -- such as because they are unprepared for the magnitude of the crisis, or they are injured or in shock. In many cases, simply not knowing what to do is a major factor.

“I was reminded every morning by the look in our employees’ eyes -- uncertainty,” Thomas says. “ ‘Why should I have to watch the news to find out what is going on in my own company?’ That was a comment that kept me and my team focused. We had to show that we were leaders.”

After holding quick focus groups with employees, the team honed a message to share with employees to address concerns. “We set up a road show to all departments and held Q&As,” he says. “Without a doubt we were successful -- we had no major turnover to speak of during this crisis.”

That’s impressive, especially when considering that employees were confronted with sound trucks and reporters with microphones every day when they came to work.

Standing Alone

In a crisis, leaders will find out who their real friends and allies are. A crisis clarifies where people stand, and in many cases, leaders will have to stand alone. This also means stepping outside of what’s comfortable or

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Corporate Crisis Consultant

usual or expected -- and it can be a chance for people to shine.

Find the people whose goals and motivations match up well with the organization’s to identify potential crisis leaders. “Who has been an advocate for the corporate values?” Kline says. “If you don’t have someone who can do that, you don’t have the foundation to get your company back in order. If you have leaders who have those corporate values and who can balance the need of the shareholders and the marketplace, you’ll get through it. It’ll be tough, but you’ll get through it.”

Standing alone sometimes means taking the hit, Thomas says. “If you make a mistake, own up to it,” he says. “This is a very important part of leadership. Decision making in a crisis is ongoing and sometimes you may be off-target. Strong leaders will admit easily that they made mistakes.”

If you are making good hiring decisions and ending up with people who perform well in a crisis, you may find that hiring managers in turn are also picking good candidates. As a result, your rank-and-file employees may have the courage to act on their own in an emergency.

“There were 350 Red Cross volunteers we were managing at all of the first-aid stations, each of whom provided care and attention

to dozens if not hundreds of people over the course of the day," Barrios says of the marathon bombing, where he had to quickly shift from being a runner on his day off to operating in his professional role as chief executive of the American Red Cross of Eastern Massachusetts. "They each became an important source of information to runners after the bombings. Each of these players -- in addition to those we all saw featured in the news at the finish line running to help the bombing victims -- were leaders. They were characterized by their ability to step out of their official role (host or first-aid volunteer) to help assist others in a very difficult situation.

"No one told them to do it, but they did, and in so doing made an enormous difference in the lives of many," Barrios says.

How to Manage for Crisis Leadership

Hiring managers look for a variety of personality traits and core values when they consider candidates for a position. But when HR people are looking for "leadership," what does that mean? Many of the traits that make a person a good leader in a crisis will transfer

well to leadership in calmer times as well. Managing for crisis leadership can put people with these skills in your organization's key positions. Here are some ways to do it.

Set the Scene

"I am a huge fan of scenario-based questions with the existing team as well as with candidates," Kline says. "I will throw out a scenario and listen for employers' or candidates' work philosophies to come out in the answer."

Watch Them in Action

Look for crisis-leadership competencies in your current employees. "The person that doesn't wait around to be told what to do is a leader," Barrios says. "It manifests itself in simple but telling ways -- by not being frozen by difficult news or difficult circumstances, and perceiving in the moment a way you can make a difference in alleviating the difficult situation."

Watch Their Body Language

Kline recommends that managers keep

an eye on body language during difficult situations or when asking about past crises, and training HR staff and hiring managers to look beyond verbal answers. "Listen to the confidence in the tone of voice," she says. "Is this person sounding confident in how they handle this scenario?" Watch how they move their hands or if they keep eye contact -- are they looking around the room, angry at what happened? How are they sitting?

Search Out Those Who Have Been There

Thomas recommends finding the people who have been through the fire before. "Look for those who have been battle-tested," he says. "Research candidates who may have worked in a company that has had challenges. Even if they weren't at the table [making decisions], they have a perspective." With all of the "bad corporate behavior" that has happened, "there are talented people in the marketplace who have been there, done that," he says.

"You want to find someone who's been through it," Kline agrees. "They can share it with others."

Questions and Tips for Discerning Crisis-Management Skills

Dig for answers that go beyond a sentence or two, Kline suggests. Here are some questions and tips for discerning crisis-management skills:

Tell me about a time there was a crisis at work. How was it handled? What was done well, and how would you do things differently?

"I look for whether the person blames others or takes responsibility for a situation, especially regarding what they would have done differently," Kline says.

Thomas recommends asking about a high-pressure situation the person has been in -- not necessarily a crisis, but a time when hard decisions had to be made or multiple options made finding a direction difficult.

Thomas says that asking about complex projects that require a lot of input, communication and compromise is good. By finding out how people think through a difficult or complex situation, managers can learn what is important for the potential leader. It may be good communication, unquestioning dedication to a pre-written plan or flexibility in the face of uncertainty.

Conclusion

Hiring for and developing these kinds of competencies in your leaders will help strengthen your company as it moves through routine matters and position it for greatness when a crisis arises.

"It's a set of corporate values that goes beyond having a code of conduct you find in every handbook," Kline says. "A company that has strong corporate values will see leaders make difficult decisions, and not just in the face of crises."

When employees at every level feel they have a stake in the company's mission and values, they can step up in a crisis. "It's important that every member of your team see themselves as leaders and are able to execute as leaders in accomplishing your mission," Barrios says.

about us

Modern Survey measures workforce intensity — that fire in your company's belly that makes all things possible. Our human capital measurement software combines feedback, benchmarks, and data from enterprise systems to elucidate the correlation between employee performance and company success. We analyze the stuff your talent management system can't — so that you know what to do next.

Our measurement solutions include onboarding effectiveness, employee engagement, leadership effectiveness, exit surveys, and, of course, performance management through our mPerform solution.

We are Modern Survey. And we are relentless.
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