Boardroom Briefing

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Leading When It Counts

By Dee Soder, PhD

Management at all levels needs to understand how to act during and, especially, after a crisis.

Dee Soder

Ask anyone who has experienced a crisis and they'll tell you what counts is the way the people in charge acted. Leadership behavior is an essential element of business recovery.

The behavior of leaders during and after a crisis has received relatively little attention, planning or board oversight. Without such guidance, some leaders handle crises superbly and others fail—at times, dramatically, as evidenced during Katrina. Directors and top executives need to plan for the "people side," the psychological aspects of a crisis, as an integral part of business continuity. Management at all levels needs to understand how to act during and, especially, after a crisis.

The accelerating number of devastating situations over the last ten years has necessitated better business continuity measures and management knowledge. As national, regional, local and company-specific crises become more common, directors need to ensure the efficacy of management's plans, and the behaviors that expedite recovery. As was so clearly demonstrated after 9/11, leadership behavior is essential to recovery— to clean up, console, plan and rebuild. Positive and negative examples of leadership behavior after 9/11 will come readily to mind for most of us.

Natural disasters, terrorism, workplace violence, corporate malfeasance, suicide, faulty products—every crisis has unique circumstances. Boards and management also differ widely. Yet an informal survey of more than 30 directors reveals amazingly similar views. A few perceived the board's role as limited, but most believed the board should be more involved as part of its risk management

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responsibilities. Several prominent directors emphasized the "need to think more broadly" about crises such as difficulties resulting from a chief executive's sudden death, lost data/security breach, and so on..

Board differences and unique circumstances aside, there is general agreement on lessons to be learned regarding behavior. Primary ones follow:

Review disaster plans to ensure that behavior is explicitly considered

Think about the "not likely to happen" events. Could directions be ignored if the boss is new or disliked? How should scared, crying and distraught people be handled? What if fighting starts?

What about "outsiders" who happen to be there at a critical time? (For example, in the midst of a power failure, a client was "lost" for several hours at one company.)

Double check that your continuity plans work. And test them. Just as one client uses a former CIA official to test corporate security, companies may wish to have an outsider test their crisis management plans.

This year, a New York City-based media company assigned interns the task of developing "what if" scenarios. IBM executives have used drills for years, complete with "wild card incidents" to test their system. Whatever the actual method, directors should have a yearly, complete presentation of continuity plans, ensuring that disaster drills consider unlikely events and behavior.

Communicate, communicate, communicate

Good communication strategies consider peoples' emotions and attitudes. Messages should be simple, clear, consistent, and tailored to the audience. Repeat messages—people often don't hear it the first or second time. Be readily accessible, provide support and "stay on message." Consider media

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paddling like mad underneath, " one CEO shares.

training for crisis situations before an incident, not in the midst of it (whether you face a mining disaster, sex scandal, hurricane or other problem—don't practice on CNN.)

Leaders can motivate and improve morale via a few words; helpful phrases include "together we'll rebuild even better," "remember that evil exists, but there's more good in the world," "sometimes bad things happen and there's no reason," "leaders play the hand that's dealt," "tomorrow will be better and the next day even better." Be careful about religious messages (a normally devout employee lashed out when an executive attempted to "pray for him.") Don't force people to talk. After devastating events it is often best just to bring someone coffee or water, sitting comfortably in silence beside them. They'll talk when they're ready.

Remember that style counts

Directors and management at all levels should project calm and

confidence. "I'm like the swan— calm on the outside, paddling like mad underneath," one CEO shares. Show that you're human, too. Cold efficiency will have short-term gains but long-term negatives, including the loss of valued employees. After the founder's unexpected death, a company's lead director became acting CEO to secure customer and employee confidence. Several months later, the dynamic, aggressive young president was promoted.

The compassion of good leaders is readily evident; they don't wait for directors to tell them appropriate actions. Speed of response is important—delays to assess "potential legal issues can be callous," one director said. "We'll generally support a CEO's decision…don't wait to ask us." Thus the board applauded the CEO who paid the full salaries of employees called to service in Iraq. Symbolic acts may also illustrate compassion, concern and help expedite recovery. Don't forget the importance of honesty—with employees and the public.

A crisis puts a company in the spotlight

Customers, suppliers, employees' families and others close to the company are greatly influenced by management behavior. It's thoughtful to change the company voicemail and provide information so that worried family and friends will know more: "It's Monday, there's no power, but everyone's ok. It's Tuesday, the sun's up and we hope to be operating by Wednesday."

Set up call centers to answer questions, modify websites and otherwise employ technology to let people know they're valued. And don't forget to update employees in other locations. Law enforcement has learned to give regular, frequent updates to keep people advised and minimize stress. People remember big and small gestures. Indeed when I was exposed to anthrax after a CBS Marketwatch interview, the network executives' actions to reassure me were so commendable I remain an avid CBS fan (even working praise into this article.)

Learn a few stress basics

Stressed people often won't admit they're stressed. Don't expect people to perform normally after a major event—most will be operating at a 70% level for weeks. People will handle a crisis better if they have a "role," whether giving out water, calling people, or other activities. Some people will be more susceptible to significant stress. Thus thoughtful/reflective individuals, empathetic individuals, and individuals without strong support systems (family, religion, friends) will be most impacted by disasters. Even employees in distant sites can become distressed by watching television. One of the few truisms of psychology is that a person's dominant trait becomes more pronounced with stress. Accordingly, a manager concerned about details will micro-manage under stress and a very private executive may not seek needed input and help. In this instance, "a little knowledge" can provide a better understanding of behavior during difficult times.

Ensure training for difficult situations at all levels

In addition to disaster drills, add survival exercises to your off-sites, executive training and other development programs. Used for years to foster teamwork and as ice-breakers, these exercises have additional value given today's numerous crises. Ensure that leadership programs include a segment related to behavior and crisis management. Since corporations have experience incorporating broader concepts like ethics, diversity and global awareness, this isn't difficult. Whatever the vehicle, directors and management need to ascertain that employees are prepared for things that aren't likely to happen, but do.

Leadership behavior is too important to be left to chance— not in today's world. Hope isn't a strategy for anyone, certainly not for those in charge.

Dr. Dee Soder is founder and managing partner of the CEO Perspective Group, an executive advisory and assessment firm for top executives, companies and boards. The pioneer of executive coaching, Soder has helped leaders better manage business interruption and traumatic events for decades. Since 1976, she has also worked extensively with federal, state and local (NYC & DC) law enforcement agencies. A **Directors & Boards** contributor ("Ready, Fire, Aim" and "Early Warning Signs"), she is a director of several nonprofit boards. She can be reached at dee@ceoperspective.com.