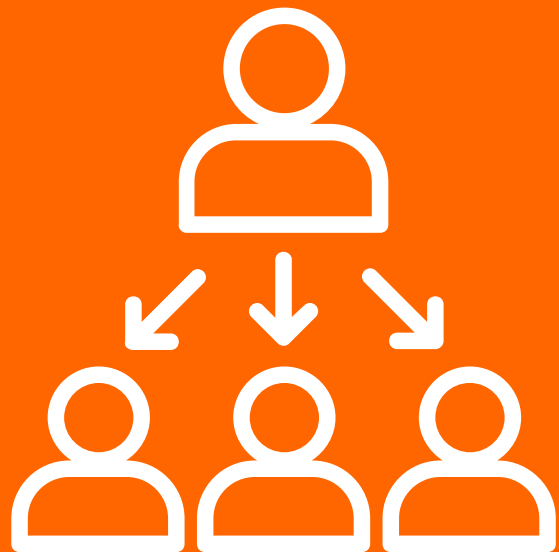


Guide to Crisis Leadership



Key Takeaways:



During a crisis, effective leadership becomes extraordinarily important. However, leaders aren't prepared to perform well in a crisis.



Effective crisis leadership demands situational awareness and objective decision-making, which requires overcoming common cognitive biases.



During a crisis, leaders must surmount silos within their organization as well as communication blockers between their organization and others.



To prepare for a crisis, leaders need to ensure their organizations have crisis plans in place and practice them. And leaders need to participate in those simulations.

Leading in a crisis is unlike anything else

During a crisis, the stakes are extremely high, and the normal leadership rules do not apply. That makes leadership both more important and more difficult than at any other time. But are executives crisis ready? Recent industry surveys say no.

According to a **2018 Deloitte survey, "Stronger, fitter, better: Crisis management for the resilient enterprise"**, nearly a quarter (24 percent) of crisis management executives cite effectiveness of leadership and decision-making as one of the greatest challenges facing their organizations, outranking all other factors,

The earlier **2015 Deloitte survey, "A crisis of confidence"**, found board members—who also play a key role in crisis leadership—are largely detached from their organization's crisis preparedness efforts. Only 49 percent of board members surveyed had engaged with senior management to understand how the organization is preparing for crisis. And, a similar percentage of board members surveyed had never had specific discussions about crisis prevention, even though board members are likely to have a rich store of relevant crisis experiences that could be imparted to their firms.

The leadership effectiveness gap—and its consequences

There are many reasons for the gap between how ready leaders are to perform effectively during a crisis and how ready they should be. Here are the most likely explanations:



They don't believe a crisis will happen to their organization. And they certainly don't believe that a crisis will happen on their watch. As a result, they do not prioritize leadership preparedness during a crisis.

However, the reality is that a crisis could happen to any organization at any time. In fact, 80 percent of organizations around the world have had to mobilize their crisis management teams at least once in the past two years, according to Deloitte's "Stronger, fitter, better" survey.



They believe they'll lead as well during a crisis as they do during normal times. So, they do not make any contingencies for systems and processes specifically to deal with a crisis.

But decision-making frameworks that are useful in business-as-usual (BAU) circumstances may hinder crisis leadership. For instance, in a BAU context, leaders might have an opportunity to gather all available information and carefully deliberate on it before making a decision,

whereas in a crisis, leadership decisions may have to be made quickly based on limited information. Decision response may also need to be adjusted more readily: in a BAU context, decisions by leaders can be made and put into action over the course of time, whereas in a fast-moving crisis, a decision or response may need to be adjusted quickly to account for a rapidly evolving situation.



They're used to experimenting and changing course. Innovative leaders typically try new ideas, observe results, and then make adjustments. And that works well when developing new products or testing business ideas.

But in a crisis, it could mean leaders send conflicting messages, which create confusion. Leaders facing a crisis need to make fast but intelligent decisions, even though information may be limited or inaccurate.



Finally, they don't have practice leading in a crisis. Few organizations conduct simulations for the most likely crisis scenariosⁱⁱ.

As a result, when a crisis hits, leaders must then come up to speed on plans as events unfold, potentially delaying the organization's response.

Practicing to Lead in a Crisis

Percent of organizations holding crisis simulations for

Cyberattacks:	53%	Corporate or strategic failure:	20%
Industrial accidents:	37%	Corporate scandals:	17%
Natural disasters:	33%	Terrorist attacks:	16%
Product recalls:	22%		

The need for situationally aware leaders

To make good decisions during a crisis, leaders need to quickly and accurately assess a lot of information from different sources. That makes situational awareness essential. But what is situational awareness? The idea, which originated in the military, means being fully aware of your surroundings. Even in the corporate crisis context, situational awareness means perceiving elements in your environment, comprehending the meaning of those elements, and projecting the (evolving) status of that meaning into the near futureⁱⁱⁱ. In other words, leaders need to be able to answer the following questions^{iv}:



What's happening?



Why?



What will or could happen next?



What can I do about it?



What tools can I use to solve the problem?

In order to translate situational awareness into good decisions, leaders need to get as much information as reasonably possible and then distill that information quickly. Fast and focused decluttering of information is key.

But perhaps a more critical factor in good crisis decision-making is ensuring that decisions are made in an objective manner. You may have answers to all the questions above, but are you interpreting that information correctly? In order to do so, you may need to overcome some of your inherent biases.

Overcoming biases that reduce situational awareness

Business leaders are human and, like everyone, prone to biases that can distort their perceptions and, by extension, limit their situational awareness. There are three key biases that reduce situational awareness: deference to authority, overconfidence, and satisfaction with one's explanations.

Teams frequently **defer to a person in authority**. Even if the authority figure isn't present, teams still often act in a way they believe the authority would^v. In a crisis, that could lead to bad decisions from leadership because employees may feel they can't talk about potential problems they notice. A lesson in overcoming this bias comes from surgeon and best-selling author Atul Gawande: in the operating room, everyone introduces themselves before they begin. The act serves as a reminder that all members of the team, regardless of rank, have the same right to speak up^{vi}.

Another bias that threatens situational awareness is **overconfidence**, which can cause leaders to fixate on a single option and therefore make premature—and potentially dangerous—decisions^{vii}. One way to counteract overconfidence during a crisis is to isolate each potential option that can be taken, assume it's true, and develop an explanation for why it's true. This process helps decision makers see when their explanations aren't fully supported by the available data and either consider another option or seek more information.

However, we must combat the tendency to be **too easily satisfied with our own explanations**. In a crisis, a single choice can have enormous consequences. So it's important for leaders to check their thinking. And that's exactly how they can overcome this bias: by sharing their explanations for potential options with a colleague. When leaders do this, they're less likely to fixate on a single option, and they're more likely to discover gaps in their own logic^{viii}. (For more about how biases can affect your decision-making in a crisis, see *The Definitive Guide to Effective Crisis Decision Making*.)

Communicating effectively—both internally and externally

In the midst of a crisis, organizations need to communicate clearly and quickly internally and do so across many functional areas. They also need to communicate with other organizations, such as first responders, the media, and government agencies. That doesn't happen naturally, so leaders need to step in.

Two of the biggest communication blockers for leaders to watch out for are organizational silos and interorganizational miscommunication.



Organizational silos are not unique to crises, but they get worse during them. Indeed, research shows that, during normal operations, people tend to share more information with members of their own group than with other groups. But during extreme events, they often assume someone *else* in the organization is sharing information^x. As a result, organizational silos and information sharing get worse at the exact time they need to get better.



Interorganizational miscommunication happens because teams who work together every day develop shared mental frameworks and vocabularies that they use to make sense of the world. That is, they speak a distinct language that people outside the organization don't necessarily understand. During normal operations, that's no problem. But in a crisis, an effective response requires everyone to share *more* information than usual. And doing so is hard when different organizations effectively speak different languages. In short, a crisis increases the need for information sharing while simultaneously making it harder than ever.

So, what can leaders do to facilitate better communication during a crisis?

First, remember that there is no “suprabrain” that knows all^x. Then, focus on ensuring teams have the information they need to complete critical tasks before, during, and after a crisis. Leaders should ensure teams are both giving and receiving information and using a common vocabulary. To be ready to do that, leaders need to be directly involved in the crisis planning process.

The importance of planning and practicing

Crisis planning is directly linked to an organization's financial health. In fact, nearly half of organizations that dealt with a crisis **without** a plan were financially hurt, but less than a third **with** a plan were^x. Protecting business value is every leader's responsibility, and so is participating in crisis planning.

31% of organizations with a crisis plan reported that their finances had been negatively impacted by a recent crisis.

47% without a plan said their finances had been negatively impacted by a recent crisis.

But many leaders don't make time for planning. That's often due to the sheer number of projects they're responsible for overseeing. However, it's not always due to busyness. Sometimes, leaders and their crisis teams believe that a crisis plan must address every possible scenario and become overwhelmed by the prospect of planning. The reality is that an effective plan doesn't have to address every potential crisis, just those that are likely. Plus, every crisis situation is different, so a thoughtful, flexible plan is the key.

Planning alone can only achieve so much, though. Practicing is also critical. In addition to keeping plans fresh in employees' minds, it reveals flaws and blind spots in plans. Furthermore, if senior executives and board members are involved in planning, they're much more likely to practice those plans through simulations^{xii}.

In every organization, executives communicate what they really care about through their actions. If leaders don't participate in crisis planning and simulations, employees may believe it isn't important, no matter what company policy says. That can hinder crisis preparedness. But when leadership practices, employees see that crisis preparedness is a company priority.

Finding the right tools for leaders—and everyone else

To lead effectively in a crisis, executives and board members need tools that meet their needs and the needs of crisis managers, communications professionals, and the rest of the organization. The ideal tools are:



Digital: Even organizations that do prepare for crisis often rely on paper-based plans that sit on a shelf in a binder. But what if a fire or earthquake prevents your crisis team from accessing that binder? Or the crisis strikes on a weekend? That can cost valuable time when every moment matters. Find a solution that gives you and your team access to your crisis plans no matter where you are or what device you're using.



High-level: In a crisis, leaders need fast, easy access to a 360-degree view of exactly what's being done, by whom, and when. They also need clear indicators of situations and whether they're improving or worsening. Both are hard, if not impossible, to get with email. Find a solution that includes secure chat rooms as well as impact and trend indicators.



Fully functional: While leaders need simple ways to monitor crisis response, crisis professionals need comprehensive functionality. They need to securely communicate with others, both inside and outside the organization. They need to be able to set up teams quickly and direct them to the appropriate plan—one that's stored digitally so it's accessible anywhere. And they need reputation monitoring tools to keep pace with fast-moving events. Find a solution with integrated social media analytics, the ability to instantly stand up crisis teams, and built-in crisis management plan templates.

Conclusion

It takes ongoing commitment to be ready to lead effectively during a crisis. With so much on the line, relying on business-as-usual leadership techniques simply isn't enough to protect organizations, especially as the world changes and new risks emerge.

For leaders to act decisively and effectively in a crisis, they need to achieve situational awareness and ensure that their teams do, too. But they also need to make good decisions based on that information, and that often means being aware of and overcoming biases, both individual and organizational.

Leaders need to be prepared to both execute the crisis response script and potentially deviate from it. Without a crisis plan, one that's practiced regularly, making informed decisions quickly under stressful conditions becomes just that much more difficult. The right tools can help as well, especially if they're easy for executives to use while also offering the functionality crisis managers need.



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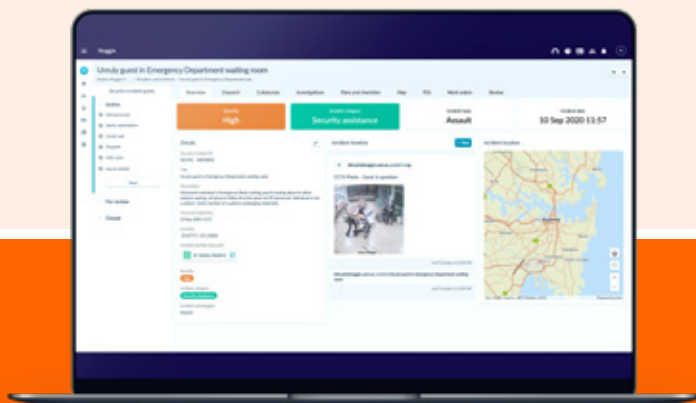
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