

Leading in Crisis: The Best of Times, The Worst of Times

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Best of Times, Worst of Times?

- * Despite the body of research that exists on the role and importance of leadership in mitigating the negative impacts of adversity and crisis on organizational functioning, recent history suggests we still have much to learn. Given the magnitude of organizational failures on our collective well being, perhaps its time to reexamine core leadership practices that could help prevent or mitigate such leadership failures.
- * What distinguishes ineffective leaders who are unable to maintain their resilience and emotional stability in crisis from those who maintain their capacity to make effective decisions, manage ambiguity, as well as engage the best in their followers or stakeholders? Part of the answer consists of examining a leader's capacity to be aware of and manage their own emotional reactions as well as those of their followers. This ability is known as emotional intelligence.
- * In this presentation, we will explore the nature of organizational crisis and crisis leadership concepts, discuss the impacts of crisis on leaders' functioning, the role leaders play in sustaining resilience in their followers, and introduce the concept of emotional intelligence as a core competency for helping leaders emerge

Recent history...

BP 'absolutely' will pay for Gulf oil spill cleanup, CEO says

By the CNN Wire Staff
May 3, 2010 6:47 p.m. EDT



No Survivors Found After West Virginia Mine Disaster



Agenda

1. The Challenge

- * The nature of crisis
- * Human reactions to crisis
- * Leaders role in navigating crisis

2. The Performance Gap

- * Leadership Derailment

3. A Solution

- * Emotional intelligence (EI)

Activity: Your Crisis Experiences

- * Reflect on a significant crisis you have faced in your Port or in a past organization
 - * What made it such a challenge?
 - * How well did you respond to the crisis?
 - * How well did other leaders in your Port respond? Any surprises?

Background

- * Port Directors Study
 - * Conducted in 2009 and 2011
 - * Interviewed 15 port directors about the global economic crisis
- * Katrina Thriving Study
 - * Conducted in 2008 by Kevin Nourse
 - * Participants included 15 middle managers who thrived during Hurricane Katrina including port leaders
- * Executive & Career Coaching
 - * Worked with hundreds of leaders in the past 10 years
 - * Coached nearly 250 professionals and leaders who were downsized

Crisis Management Emerges

- * Emerged in 1982 with the Tylenol crisis
- * 7 people died from tainted capsules
- * Controlled 37% market share
- * Recalled product costing \$100M
- * Relaunched product
- * Safety as a corporate value
- * Recovered market share



Frames for Crisis Leadership

Social & Political



Technical-Structural

Psychological

Part 1: The Challenge



May 2011

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Nature of Crisis

We don't know yet if it's going to be a tsunami or a big wave...we know we're going to get hit but don't know how bad

-- Port Director

Nature of Crisis - Defined

- * Greek root: Krisis
- * A disruption that physically affects a system as a whole and threatens its basic assumptions, its subjective sense of self, its existential core
- * Three primary components
 - * Severe threat
 - * High degree of uncertainty
 - * Time pressure for response

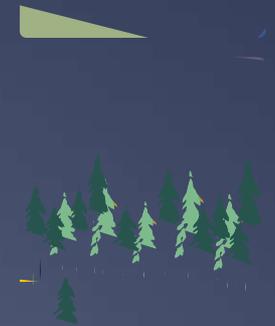
Nature of Crisis – Event Types

I don't call it [economic downturn] a crisis...to me a crisis would be if I had a security breach at the port and had to institute the incident command system...this is a business shift.

-- Port Director

Nature of Crisis – Event Types

- * Economic-related
- * Informational
- * Physical
- * Human resources
- * Reputation-related
- * Psychopathic acts
- * Natural disasters



Nature of Crisis – Event Types

- * How would your leadership team respond if a terrorist released anthrax near your Port and 75% of your staff became ill?
- * What would happen if a hacker released a virus that destroyed your entire financial database?
- * What would be the impact of a senior leader in your Port embezzling millions of dollars?

Why So Much Crisis?

- * Increased complexity of technologies
- * Globalization of markets
- * Unanticipated interdependencies
- * Global climate change
- * Challenging economic and political forces

Human Response to Crisis



Shattered Assumptions



Shattered Assumptions

We invest a significant amount of our cash reserves in CDs...I now have to be mindful of banks – before the bank crisis that would have been the last thing I would have worried about

- Port Director

Psychological Impact



Psychological Impacts

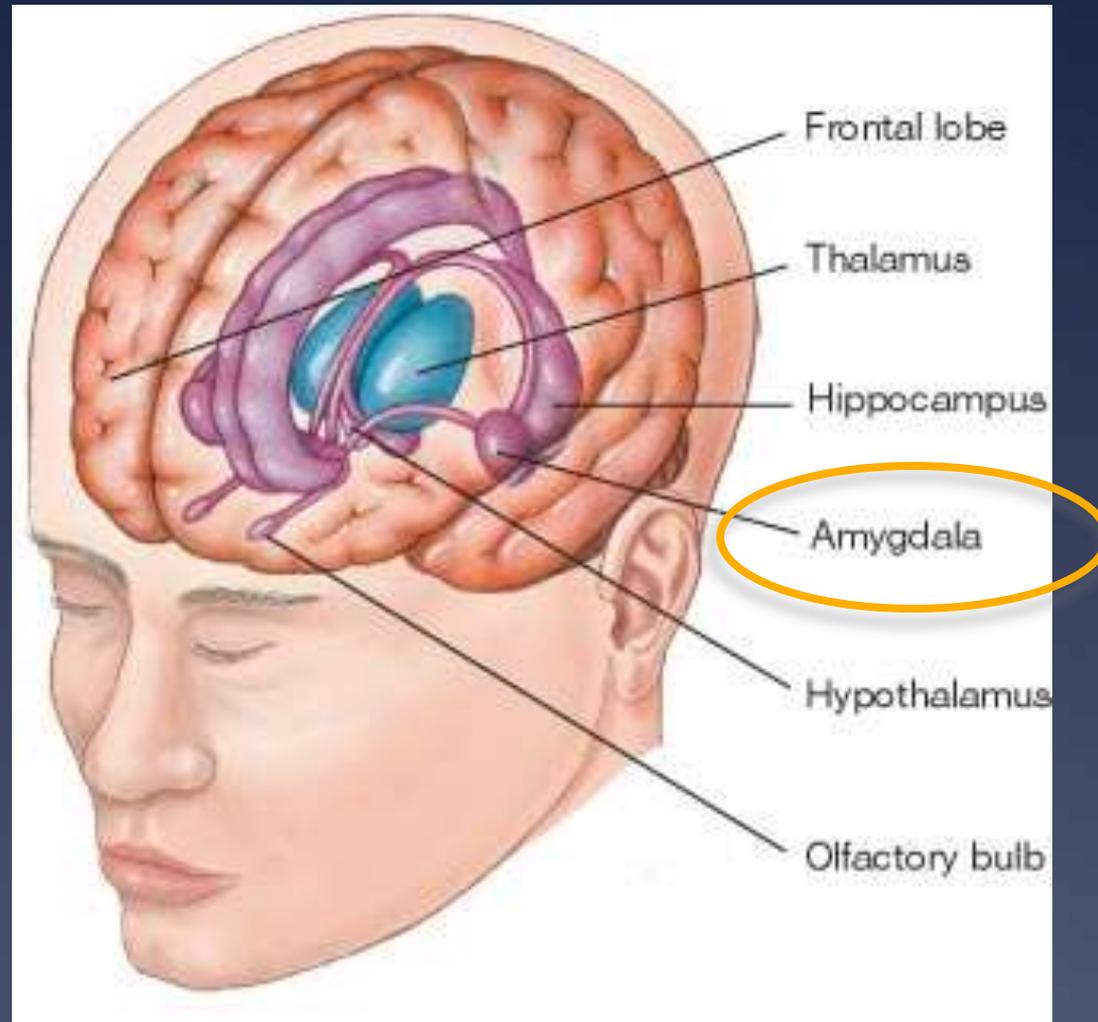
“It just didn’t seem real. She had to almost slap me in the face to snap out of it. ‘We’ve got to do something. It’s really going to happen.’”

-- Manager impacted by Hurricane Katrina

Human Impacts

- * Physical impacts
- * Cognitive impacts
- * Emotional impacts
- * Behavioral impacts

The Emotional Brain



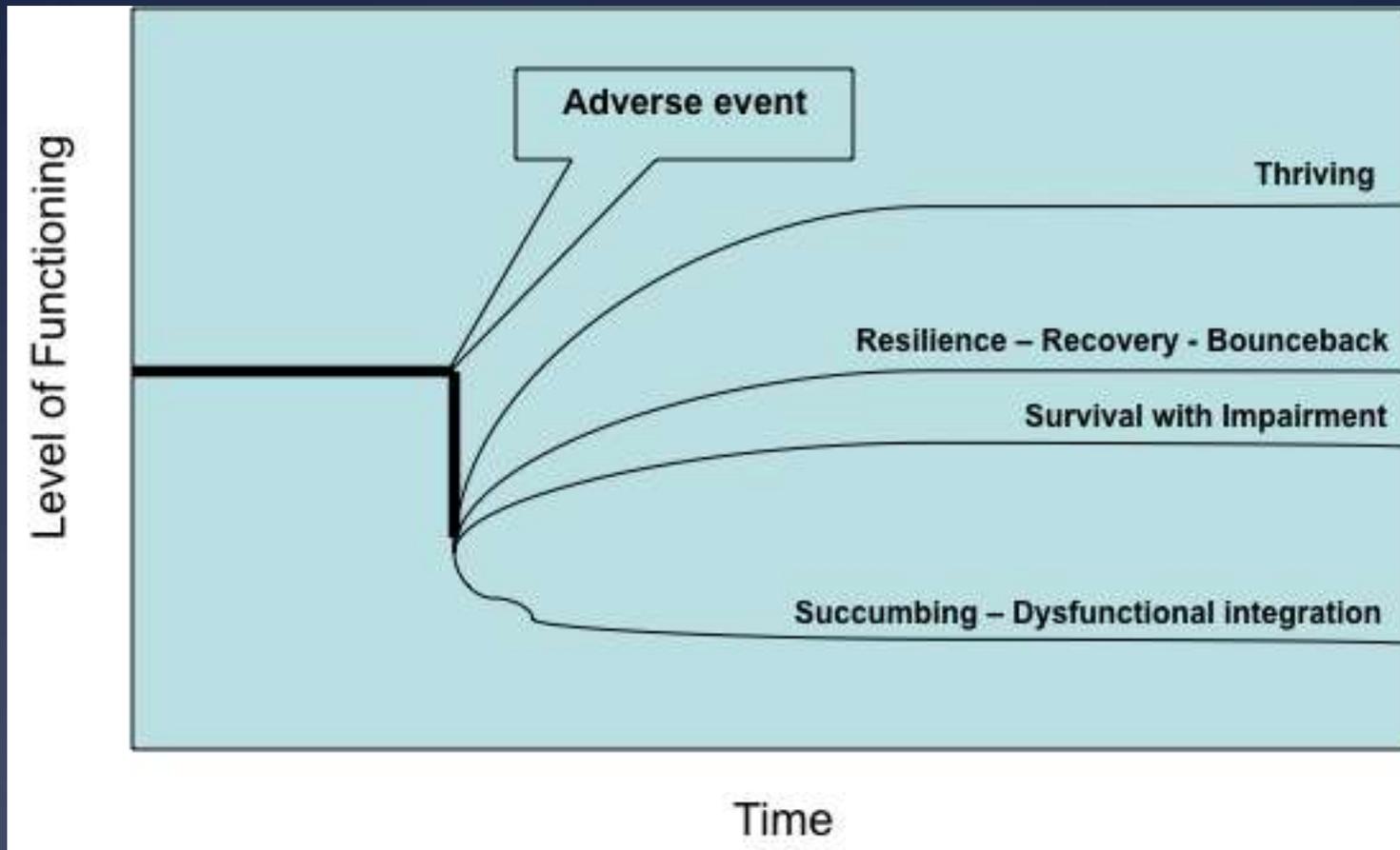
Threat or Challenge?



Fight or Flight?



Coping with Crisis - Outcomes



Leadership Response to Crisis

- * Leaders behavior and functioning impacts
 - * The duration of the crisis
 - * The magnitude of the negative impact
 - * The probability of the crisis reoccurring
 - * The extent to which the organization grows through the crisis

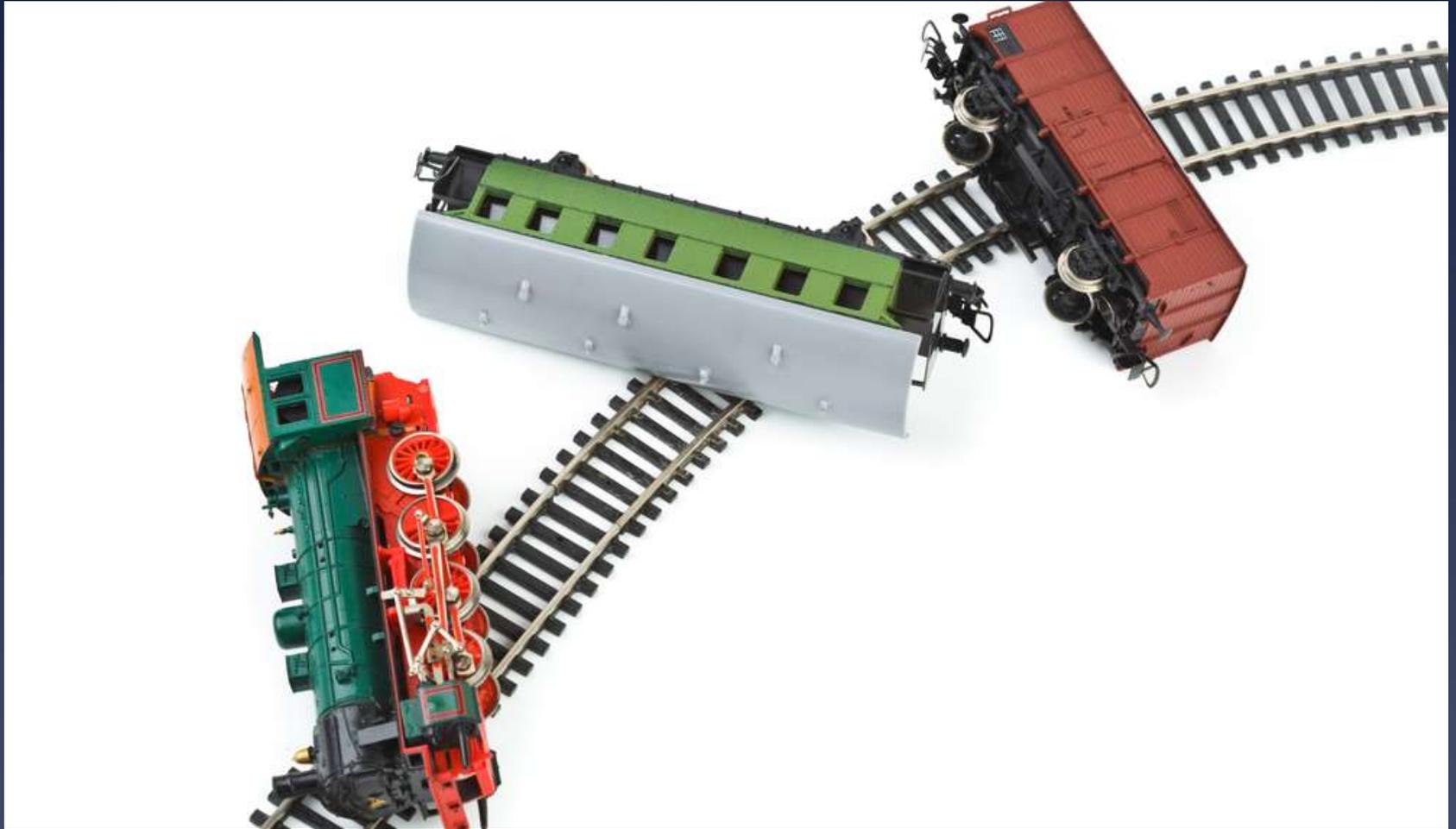
Part 2: The Performance Gap



Adversity as a Leadership Test



Leadership Derailers



Leadership Derailers

- * Factors Leading to Leadership Failure
 - * Poor interpersonal relationships
 - * Abrasive behavior
 - * Appearing cold, aloof, or arrogant
 - * Inability to build a team or resolve conflict
 - * Inability to adapt and change
 - * Inability to adapt to boss' style or culture change
 - * Reactive rather than proactive

Leadership Derailment

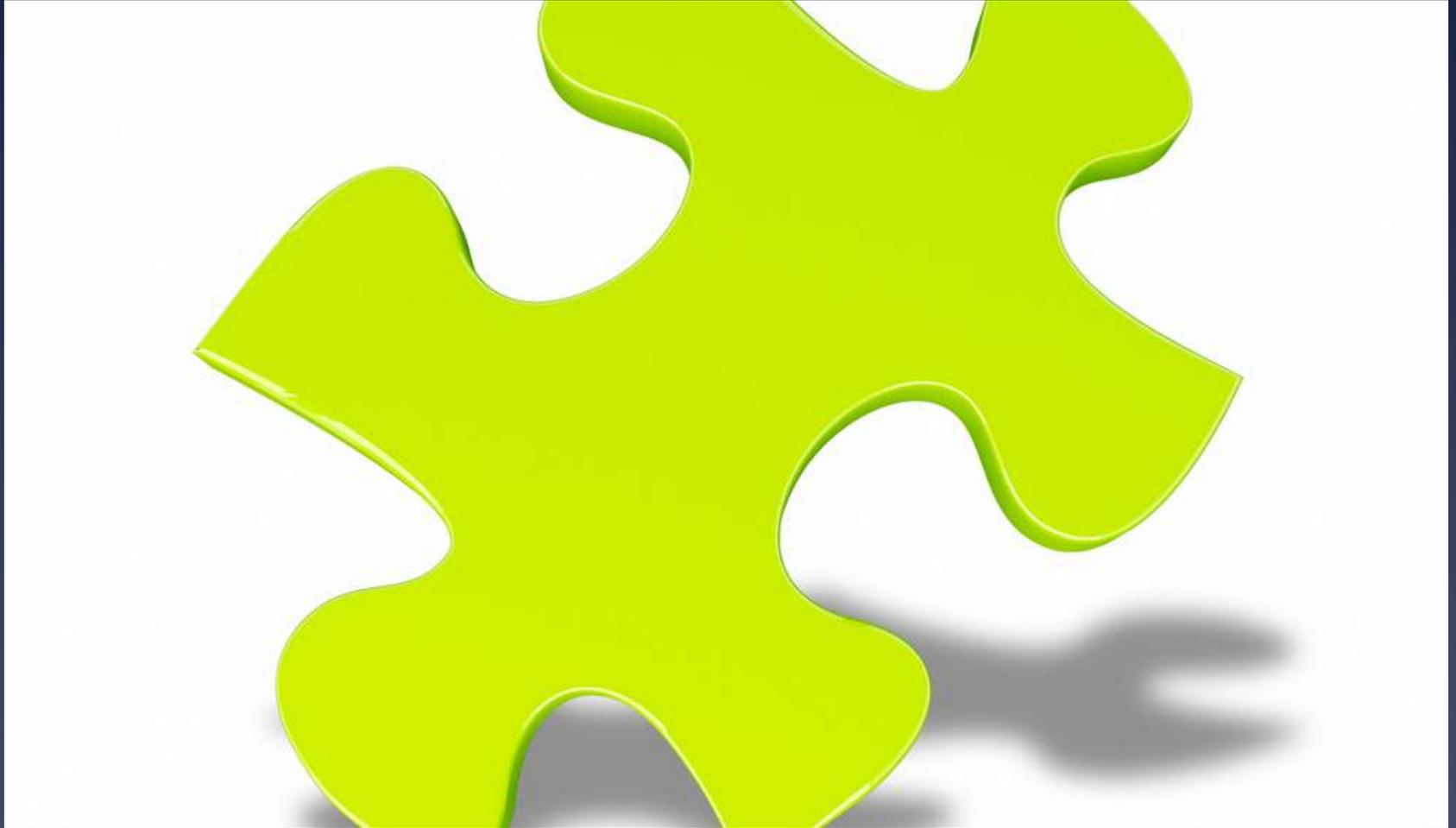
* *“Derailment occurs when individuals who are perceived to have high potential for success become plateaued at a lower level than expected, are demoted, or leave the organization either voluntarily or involuntarily”*

Leadership Derailers

- * *“Some managers at the mid-level just couldn’t accept the changes...when we looked at making staff reductions, we looked at whether managers could work in this environment going forward...the answer for some was we don’t see it”*

-- Port Director

Part 3: A Solution



Emotional Intelligence

- * **Emotional Intelligence** is the ability, capacity, or skill to identify, assess, and control the emotions of oneself, of others, and of groups
- * Leadership as an emotion-laden process
- * Includes 5 key competencies
 - * Intrapersonal
 - * Interpersonal
 - * Stress management
 - * Adaptability
 - * General mood

EI and Leadership Domains

- * Intrapersonal: Self-regard, Emotional Self-Awareness, Assertiveness, Independence, Self-Actualization
- * Interpersonal: Empathy, Social Responsibility, Interpersonal Relationship
- * Stress Management: Stress Tolerance, Impulse Control
- * Adaptability: Reality Testing, Flexibility, Problem Solving
- * General Mood: Optimism, Happiness

Leadership Emergence

- * The degree to which a person is perceived as a leader and exerts influence on other members of a group, even though he or she is not in a formal position of authority
- * 18 studies linking emotional intelligence and leadership emergence

Leadership Emergence

* *“I had a Management Analyst that stepped up and took over an operational post that really surprised me...she went from an environment where she was working on the computer and analyzing, to directing staff and never had any experience with these personalities...it was like drinking from a water hose for her”*

* -- Port Director

Port Directors and EI

- * Port Directors identified the 5 most critical EI elements that enabled them during the global economic crisis
 1. Stress Tolerance
 2. Independence
 3. Flexibility
 4. Problem Solving
 5. Optimism

Key EI Competencies

Stress Tolerance



Key EI Competencies

Stress Tolerance

* *It was a stressful time for everyone involved. Especially when you're starting to lay off people that you've been working with or cutting back on projects that people have been working on for a long time...I try to leave it when I leave work"*

-- Port Director

Key EI Competencies

Stress Tolerance

- * Low Ability
 - * Stressed and anxious
 - * Agitation or fear
 - * Feelings of being overwhelmed

- * Excessive Ability
 - * Lack of investment
 - * Disconnected; just don't get it
 - * Blind or ignorant

Key EI Competencies Independence



Key EI Competencies

Independence

- * Low Ability
 - * Emotional dependence
 - * Weak minded
 - * Clingy

- * Excessive Ability
 - * Emotional withholding
 - * Uncollaborative
 - * Counter-dependent

Key EI Competencies

Flexibility



Key EI Competencies

Flexibility

- * *“I ask people to stretch beyond their cadre...are you the finance person? Well you need to look for the marketing perspective. While people will have titles and responsibilities for certain functions, they have to broaden themselves and look at it from different perspectives just as I do”*
-- Port Director

Key EI Competencies

Flexibility

- * Low Ability
 - * Rigidity
 - * Lack of curiosity
 - * Change resistant
- * Excessive Ability
 - * Flex-aholic
 - * More starts than finishes
 - * Bored by commitment or routine

Key EI Competencies

Problem Solving



Key EI Competencies

Problem Solving

* *“I think asking questions is probably the most important thing a leader can do...if we had that attitude of being intellectually curious about what is going on around us, how do we find alternatives, how do you prioritize things...that’s really the key.”*

* -- Port Director

Key EI Competencies

Problem-Solving

* Low Ability

- * Conflict or problem avoidant
- * Scattered and unfocused
- * Unpredictable in problem solving

* Excessive Ability

- * Rigid and too quick to reach conclusions
- * Analysis paralysis; too slow to decide
- * Unable to solve problems quickly without complete info

Key EI Competencies

Optimism



Key EI Competencies

Optimism

- * *“I would look for level-headedness and calmness in the storm, and a sense of optimism...it reduces or it prevents any growing sense of despair or hopelessness”*
- * -- Port Director

Leader as Chief Hope Officer

* *I would probably have to say my director was the most important person. Because of his ability to stay calm and anytime you were around him and you saw what was going on, and they were asking upon him to do something? He handled it. Never saw his stress level change. He'd get on the phone, state his point, something would get accomplished you know?"*

-- Maintenance manager at a hospital

* *"The CEO was pushing carts of food up from the loading dock...it is the best place I've ever worked"*

-- Security manager at a hospital

Key EI Competencies

Flexibility

- * Low Ability

- * Pessimism or negativity
- * Hopeless and/or helpless
- * Self-defeating or unmotivated

- * Excessive Ability

- * Blind to reality
- * Naive
- * Allow faith or wishes alone to replace hard work

Summary

- * Organizational crises are becoming the new normal
- * Crises represent crucible experiences that make or break leaders...triggering derailing opportunities
- * Emotional intelligence represents an array of skills and abilities that helps leaders perform, particularly in crisis
- 1. Port Directors identified five core EI competencies that strongly impacted their ability to function well during the global economic crisis: Stress Tolerance, Independence, Flexibility, Problem Solving, Optimism
- * Emotional intelligence can be developed

Leap Advocates

- * Who are we?
 - * Research-based management consulting firm based in Washington DC
 - * Focus on several key industries including seaports
- * Services we offer
 - * Executive coaching and development
 - * Team effectiveness and retreat planning
 - * Strategic planning and strategic change facilitation
 - * Leadership training and development
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