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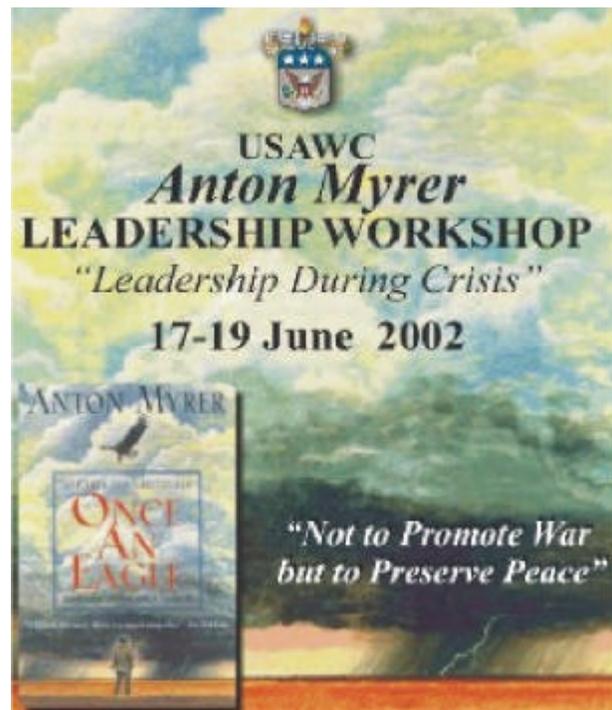
Fourth Anton Myrer Strategic Leadership Conference: A “Leadership During Crisis” Workshop

By Professor Michael Crutcher, Professor James Kievit, Professor Tom Sweeney, and Colonel Greg Adams

The September 2001 attacks against the World Trade Center and the Pentagon vividly demonstrated that responding to a major crisis is not solely the concern of the military or the national security community or even of fire and police protection agencies. Indeed, there are many types of crises that can threaten not only the well being of governmental, civil, and business organizations and population at various levels, but also their very existence.

Leadership in Periods of Crisis

“Latest Accident Threatens Defense System Acquisition.” “Scholarship Athletes Accused of Misconduct At Local University.” “Corporation Faces Unexpected Hostile Take-over.” “Cross-border Incursions Bring Region To Brink of War.” These may be notional headlines, but they typify the various crises that over twenty experienced senior business, civilian government, military, and academic leaders met for three days in mid-June at the U.S. Army War College’s Collins Center to examine, focusing especially on the responses of leaders in their respective organizations in such crises. The specific objectives of the workshop, the 4th annual leadership symposium sponsored by the Army War College Foundation in honor of Anton Myrer’s superb novel on military leadership, *Once An Eagle*, included:



- Similarities and differences in how strategic leaders prepare for and respond to crises in each type of organization.
- What the leaders of each type of institution might learn from each other regarding leadership during crises.
- How better to educate strategic leaders.

The workshop began with a military staff ride of the Gettysburg battlefield, which provided an opportunity for individuals from different backgrounds to interact, to begin to get to know one another, and to better acquaint business and academic leaders with historical examples of military decision making under the intense stress of combat. The following morning, after welcoming remarks by the Army War College Commandant, Major General Robert R. Ivany, three exceptional speakers sparked the subsequent intensive dialogue.

A View from Inside the Government

Drawing upon a broad range of experience in the federal government and providing specific illustrations from three case studies, the first speaker encouraged workshop participants to look beyond the idea that “by definition, if there is a crisis, there’s been a failure of leadership” or to simply “search for new and creative ways to do damage control,” but instead recommended five object lessons for leaders in a crisis situation:

- Be patient. Remember that the initial information a leader gets is either inaccurate or incomplete—or both. If a response is based on that initial information alone, you likely will lead yourself and your organization down the wrong path.
- Despite appearing inconsistent with the lesson above, a leader must be proactive in crisis situations. A crisis creates a vacuum that will be filled by others if an organization’s leader does not act promptly. A true leader must shape the organization’s response to crisis situations, even when that response is based on incomplete information.
- Be aware—but not resentful—of the second guessers (the “could of, would of, should of” folks). Instead, be concerned when everyone agrees with a course of action, because when everyone agrees the leader needs to worry about what has not been considered.
- Be consistent. Not dogmatic, or single minded, but once you’ve determined a response theme and a course of action, stick to it unless new evidence makes that impossible.
- Think about the long-term effects. Be careful about the new procedures and organizations you create when responding to crises, because they may last for a very long, long time.

In the end, this speaker concluded, leadership in a crisis is really about existing organization, culture, and values. These characteristics are the hardest to change, and, if the leader has not built them carefully over time, they will be what make it most difficult to take the actions necessary to successfully weather a crisis.

One View from Academia—Leadership in Terms of Systems

The workshop’s second speaker provided insights from extensive academic research into how organizations function within larger systems and how organizations respond—or fail to respond—to crisis situations. He pointed out that, in human society, a large part of the environment for the individual and for organizations is actually formed by other organizations and the interactions between individuals and organizations. Over time, the environment in which individuals and organizations exist and function

becomes more complex, which results in a “race” between the increasing complexity in the environment and an organization’s ability to respond to the challenges posed by that increasing complexity.

At some point, however, the capabilities of both individuals and organizations—and especially hierarchical organizations—to respond to an increasingly complex environment reach limits of effectiveness. Once this happens, there is often dramatic and even traumatic change. A clear example, highlighted by one Army War College faculty member, was the collapse of the Soviet Union; as the highly centralized and hierarchical Soviet leadership sought to insulate itself and the country from the increasingly complex world environment, in terms of economics, communications, and virtually all aspects of human endeavor. In the end, however, the Soviet state and society could not remain insulated from the ever more rapidly changing environment, and the political system could no longer generate effective responses to external stimuli; as a result, the government and entire political structure collapsed. The key to such situations, according to the speaker, is the intellectual agility to recognize that there may be more than one effective response to a situation—more than one “correct answer” to a problem—and that the need for flexibility to foster adaptive organizations is an important organizational attribute.

Leaders must first recognize the increasing complexity of society, taking into account various constraints, various modes of organization, and the varying rates of change throughout different sectors of the environment. Leaders need to create organizations that are less hierarchical, that recognize and can deal with complex situations—particularly rapid change, and that recognize the possibility of various effective responses to situations. The leader’s efforts should focus on creating systems and organizations that can deal with change in incremental, iterative, and adaptive ways. In this effort, leaders must develop techniques and processes that foster internal innovation—often working against entrenched elements within the organization that resist change—and then implement those rules to foster adaptability in the organization itself. In addition, leaders should identify areas where decentralization is appropriate, even when fostering organizational adaptability might undermine his or her authority to some degree. Leaders also need to recognize, however, that in some areas decentralization may not be appropriate—an organization that becomes too decentralized runs the risk of anarchy and ineffectiveness. Finally, leaders in both routine actions and in crisis situations need to know how to divide major challenges into smaller tasks that are more easily accomplished. Throughout all these efforts, the leader’s judgment is always in action on multiple issues at multiple levels, underscoring the complex nature of leadership.

A View from the Business Community

The business community speaker underscored the key role that business leaders play in periods of crisis. Business leaders are, among other things, often the most visible representatives of their companies or industries. He emphasized that business leaders responding to crises must immediately seize the initiative, embrace their central leadership role, acknowledge what they know and do not know about the situation, carefully delegate authority, engage subject matter experts (SMEs) from outside the company or industry, and quickly work to identify the company or industry itself with the interests of those who are suffering in the given crisis. Not surprisingly, the business perspective of “seize the initiative” meshes well with the government’s perspective that “a leader must be proactive in crisis,” as noted earlier. While the company or industry will of necessity be more focused on the financial “bottom line” than the “greater common good” expected of public servants, it is nonetheless essential that the company (or industry) retain, regain, and reassure public opinion through effective media interaction that convinces recipients of the responsible nature of their company or industry.

One example cited was the Chief Executive Officer of Luby's Cafeterias following a tragic shooting involving multiple deaths at a Luby's restaurant in Texas. Within hours of the shootings, this leader was at the scene, and although no Luby employees were culpable, the CEO nonetheless apologized to all the families affected by the senseless tragedy. The public responded very favorably when this leader exercised initiative and communicated with them.



The speaker pointed out that the manner in which a company responds in the first minutes of a crisis will greatly influence not only public perceptions but also the manner in which the company will handle the overall crisis. Leaders in such situations, according to the speaker's examination of over 2,000 cases, need to be prepared for and respond to three basic questions: what did you know, when did you know it, and what steps are you taking to ensure that this situation never happens again? Overreaction in addressing these questions is preferable to failing to act and hoping that

the problem will "go away." Additionally, be aware that legal advisors will often argue against a proactive and contrite approach to crisis management—particularly when the company bears some responsibility for the crisis. Leaders must sometimes decide the right thing is to ignore this advice. Leaders also must always be prepared for a subsequent round of revelations in a crisis, particularly as regards the level of knowledge at various points. This correlates well with the government speaker's perspective of "being aware, and not resentful, of the second guessers." In this regard, the speaker noted that his examination of crisis situations revealed that in many cases there were "warning signals" of impending crisis that were ignored by company leadership. How leaders address these questions—in both style and substance—will largely determine whether or not their company maintains or regains public confidence and, ultimately, survives in the marketplace.

The spirited dialogue initiated by these three presentations was sustained for the remainder of the workshop, not only in the three breakout panels but also at the workshop dinner held downtown at the recently renovated Dickinson College Stern Center.

Selected Insights from the Government/Military Community Breakout Panel

After some discussion, the panel decided it could not come up with better wording than the workshop's selected straw man definition for a "crisis" ("...a major, unpredictable event that has potentially negative results. The event and its aftermath may significantly damage an organization and its employees, products, services, financial condition, and reputation"¹). The panel did believe, however, that crises often actually were not unpredictable, because strategic warning was frequently available about an impending crisis—even if its operational dimensions were not always obvious.

While finding many similarities with business and academia in the responsibilities and desirable character traits of leaders during crisis, the group noted that one significant difference is the specific province of military and selected government leaders to attempt to anticipate and prepare for crises.

1 Selected from Larry Barton's work on "Crisis in Organizations"

Panel members believe national security crises tend to be more complex and to have more actors involved in their creation and their resolution than either business or academic crises. The stakeholders are often more numerous and more varied, and they may be more dispersed in the public sector. The group also felt there were significant differences in senior leader accountability, at least in the visibility or public nature of that accountability. Business executives usually are accountable only to their corporation's board and stockholders, while public officials are continuously accountable to the public via media scrutiny and the electoral process.

With respect to learning from others, the panel agreed that not all crises or processes will have direct relevance across business, academic, civil government, and military sectors, but “all of some and some of all will likely be useful” between them. Strategic leaders in every arena, the panel believed, ultimately have—or should have—three objectives in common: 1) resolution of the problem underlying creating the current crisis, 2) restoration of public confidence, and 3) preservation of institutional and individual values, traditions, and manner of life. That said, one “cannot borrow wholesale and must consider carefully what to borrow.” Nevertheless, panel members clearly felt it would be a mistake to underestimate the degree of successful transference between the various sectors that has already occurred.

For the future, the panel's members believe:

- All leaders need to be adept at strategic communications, especially media relations. Participating in the war of ideas is essential. Effective leaders must design and conduct outreach to help form opinions within the public sector.² The group very strongly recommended against any retrenchment in outreach efforts by either civil government or the military.
- To be effective, government leaders must be able to cooperate effectively with private organizations. This requires continuous interaction during operations—and extensive interactive training, education, and experiential learning opportunities during leader development.
- Finally, because any crisis will increase the stress on an organization, even organizations seeking to be “efficient, cost-effective, and streamlined” must ensure they always retain robust crisis management and response implementation capabilities.

Selected Insights from the Education Community Breakout Panel

The culture of the academic community, particularly that of higher education, exhibits significant differences in crisis reaction, response, and management. In looking at the nature of complex organizations, there was strong agreement that such characteristics as autonomy are found at a much lower level of the organization and are far more diffuse in the academic community. An academic organization becomes vastly more complex much sooner than the other organizations under discussion. The faculty enjoys much more individual autonomy than is found in a traditional workforce. Furthermore, in addition to the faculty and staff, there are many other constituencies (parents, boards of visitors, governmental agencies, etc.) that may have a role or a stake in a crisis situation.

An academic institution's abstract values, such as academic freedom or freedom of expression, may be perceived as so important as to take precedence over the issues of a given situation. These values may even be seen as so essential to the academic environment that they will be preserved and protected even if it means not resolving the crisis at hand. Academic institutions with specific religious affiliation may have additional values to protect and promote. The panel felt this commitment to abstract values might significantly narrow the options open to the leader of an educational institution. Furthermore, leaders

² The group also noted that government and military organizations, in addition to the public, have a special requirement to ensure they retain a solid connection with the Congress.

must always accept that the loyalty of the faculty is first to their individual academic disciplines rather than to the university.

The sense of time and urgency may also be different in higher education. For example, the immediacy of its fiscal situation is not as important to a college. That doesn't mean it can ignore fiscal realities, but financial issues seldom have the same urgency as in the business community. Also, faculty may never acknowledge a decision as final; instead they may see any issue as one open to perpetual discussion and re-evaluation. The time lag between an incident and its ultimate impact also may be very different in an academic institution. Developments that affect the reputation of an institution may take longer to produce an effect in a university. Reputations change very slowly in the academic world.

Lessons noted by the education panel members derived from these cultural differences. Complex organizations further complicate the understanding and management of a crisis. Leaders must review the very reason the organization exists, and then develop the structure to meet the needs generated by that reason. Risk management is a responsibility of leadership and university administration; administrators must co-opt faculty members so that they become part of the solution. These leaders need training and development in crisis prediction and management and an understanding of the second order effects of crisis situations.

Selected Insights from the Business Community Breakout Panel

Just as there are differences between small businesses and large corporations and between service and manufacturing industries, there are differences between an internal and an external crisis, between a crisis brought on by circumstances and one brought on by culpable action of a member of the organization, and between a silent or stealthy crisis and an immediately apparent one. That having been recognized, the panel believes it is possible to find some common leadership lessons. One example of the most common mistake by senior leaders in any crisis is to underestimate its scope or ability to expand. Strategic leaders must expect global repercussions from even a local crisis.

Organizational climate—creating a culture of trust—impacts both whether crises occur and how (in both process and effectiveness) they are handled. It is extremely important to instill and sustain a sound value base within the organization (integrity, courage, candor, and commitment), because adherence to the correct values can both help prevent a crisis and aid an organization as it deals with crises. The difficulty for leaders is that responding to a crisis in accordance with established values can seem threatening in the short- or even the long-term. Leaders must sometimes be willing to “take a hit” to their organization in other ways (financial costs, lost opportunities, etc.) to retain their values. Strategic leaders must always focus on the long view despite short-term costs. Equally important is building a good management team, and the senior leader owns the decisions of who will be on the team and what their skill sets must be. Leaders must also be fully informed as to the capabilities of their business or organization to respond to a crisis. For example, large corporations are able to afford continuity of operations (COOP) facilities and emergency operations centers (EOCs), while this is often more difficult for small and medium capitalization businesses.

Effective strategic leaders must be alert to signals of and anticipate an impending crisis through continuous environmental scanning. Of course, these signals have to emerge from background noise—including the culture of the organization. Leaders must remain cognizant that the culture at a given level within the organization can be such that it acts a filter, preventing leaders from getting needed warning signals. Any leader's preparation for crises, therefore, must include a continuous assessment of the status of the parts of the organization—including internal values.

During crisis response and management, the strategic leader must keep in mind both stakeholder and stockholder interests and views; keeping stakeholder views and interests in mind will drive appropriately broader actions than might focusing strictly financial considerations, including the imperative for thoughtful public affairs actions and messages. Absolutely essential in any crisis is for the individual in charge to accept responsibility. The panel firmly believed that in any crisis situation, despite an apparent societal trend toward the abdication of responsibility—a desire to transfer risk to other organizations including the government, there is no substitute for a senior leader who truly personifies a “The buck stops here!” attitude.

Finally, leaders should be aware of, and plan to overcome, specific constraints and restraints on their freedom of action during a crisis. Litigation, or the threat of litigation, may impact the leader’s consideration of good corporate decisions. Also, the availability of resources will differ among businesses; not all can afford the theoretically desirable robustness. And if the crisis is the result of a “global” problem, there are certain to be many more associated issues, including those beyond the power of the leader’s influence—each of which may limit the leader’s response or require a broader response. The effective strategic leader must always have the flexibility, both intellectually and organizationally, to adapt actions to fit the extant situation, while simultaneously not compromising the organization’s critical core values.

Conclusions

The Fourth Anton Myrer Strategic Leadership Conference workshop amply demonstrated the value of exchanging views and experience with individuals and organizations of different “cultural” backgrounds, particularly if one is seeking innovative ways to approach challenges such as those presented by far-reaching organizational transformation. Although the crises for various institutions represented in the workshop may differ, there appeared to be more similarities in the qualities and attributes required of strategic leaders than not.

Senior leaders creating a “crisis management” team should, however, be aware of the varying approaches between the leader development processes of academia and business on the one hand and of government—and particularly military—organizations on the other. If they do so, those leaders will recognize the importance of incorporating lessons from all four arenas into their efforts so as to draw upon the strengths of each. Senior leaders should consider deliberately selecting subordinate leaders from all arenas when creating a crisis management team in order better to be prepared for crisis response and more able to mitigate the inevitable clashes of cultural values when multiple communities are involved in a crisis.

Equally important is recognition that while the exact definition and dimensions of responsibility and accountability may differ somewhat from sector to sector both ultimately are the critical benchmarks for all strategic leaders during a crisis. Core values of honesty, integrity, courage, and loyalty are relevant and important in every sector, and this further demonstrates that the efforts of leaders from each community must be inextricably linked to the maintenance of public trust and confidence—without which no business, educational institution, or government entity can long be successful. Accordingly, leadership efforts must be carefully crafted to deal with the crisis at hand and simultaneously must be interwoven into a well-thought out, comprehensive individual and organizational information campaign to maintain that trust.

These ideas, drawn from the wealth of experience from multiple leadership communities participating in this workshop, help realize some the potential expressed in the aphorism:



**“Wise men learn from their
experience; exceptionally wise men
learn from the experience of others.”**

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