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Organization Practice

Leadership in a crisis: Responding to the coronavirus outbreak and future challenges

For many executives, the coronavirus pandemic is a crisis unlike any other in recent times. Five leadership practices can help you respond effectively.

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The coronavirus pandemic has placed extraordinary demands on leaders in business and beyond. The humanitarian toll taken by COVID-19 creates fear among employees and other stakeholders. The massive scale of the outbreak and its sheer unpredictability make it challenging for executives to respond. Indeed, the outbreak has the hallmarks of a "landscape scale" crisis: an unexpected event or sequence of events of enormous scale and overwhelming speed, resulting in a high degree of uncertainty that gives rise to disorientation, a feeling of lost control, and strong emotional disturbance.[1]

Recognizing that a company faces a crisis is the first thing leaders must do. It is a difficult step, especially during the onset of crises that do not arrive suddenly but grow out of familiar circumstances that mask their nature.[2] Examples of such crises include the SARS outbreak of 2002–03 and now the coronavirus pandemic. Seeing a slow-developing crisis for what it might become requires leaders to overcome the normalcy bias, which can cause them to underestimate both the possibility of a crisis and the impact that it could have.[3]

Once leaders recognize a crisis as such, they can begin to mount a response. But they cannot respond as they would in a routine emergency, by following plans that had been drawn up in advance. During a crisis, which is ruled by unfamiliarity and uncertainty, effective responses are largely improvised.[4] They might span a wide range of actions: not just temporary moves (for example, instituting work-from-home policies) but also adjustments to ongoing business practices (such as the adoption of new tools to aid collaboration), which can be beneficial to maintain even after the crisis has passed.

What leaders need during a crisis is not a predefined response plan but behaviors and mindsets that will prevent them from overreacting to yesterday's developments and help them look ahead. In this article, we explore five such behaviors and accompanying mindsets that can help leaders navigate the coronavirus pandemic and future crises.

Organizing to respond to crises: The network of teams

During a crisis, leaders must relinquish the belief that a top-down response will engender stability. In routine emergencies, the typical company can rely on its command-and-control structure to manage operations well by carrying out a scripted response. But in crises characterized by uncertainty, leaders face problems that are unfamiliar and poorly understood. A small group of executives at an organization's highest level cannot collect information or make decisions quickly enough to respond effectively. Leaders

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[1] Arnold M. Howitt and Herman B. Leonard, "Against desperate peril: High performance in emergency preparation and response," in Deborah E. Gibbons, ed, *Communicable Crises: Prevention, Response, and Recovery in the Global Arena*, first edition, Charlotte, NC: Information Age Publishing, 2007.

[2] Arnold Howitt and Herman B. Leonard, eds, *Managing Crises: Responses to Large-Scale Emergencies*, first edition, Washington, DC: CQ Press, 2009.

[3] Nahman Alon and Haim Omer, "The continuity principle: A unified approach to disaster and trauma," *American Journal of Community Psychology*, 1994, Volume 22, Number 2, pp. 273–87.

[4] Howitt and Leonard, *Managing Crises*.

can better mobilize their organizations by setting clear priorities for the response and empowering others to discover and implement solutions that serve those priorities.

To promote rapid problem solving and execution under high-stress, chaotic conditions, leaders can organize a network of teams. Although the network of teams is a widely known construct, it is worth highlighting because relatively few companies have experience in implementing one. A network of teams consists of a highly adaptable assembly of groups, which are united by a common purpose and work together in much the same way that the individuals on a single team collaborate (exhibit).[5]

Some parts of the network pursue actions that take place outside regular business operations. Other parts identify the crisis's implications for routine business activities and make adjustments, such as helping employees adapt to new working norms. In many cases, the network of teams will include an integrated nerve center covering four domains: workforce protection, supply-chain stabilization, customer engagement, and financial stress testing (for more, see "Responding to coronavirus: The minimum viable nerve center," on McKinsey.com).

Regardless of their functional scope, effective networks of teams display several qualities. They are multidisciplinary: experience shows that

Exhibit

During a crisis, a network of teams carries out responses outside of normal operations, as well as adjustments to routine business activities.

Illustrative network of teams for a pandemic response
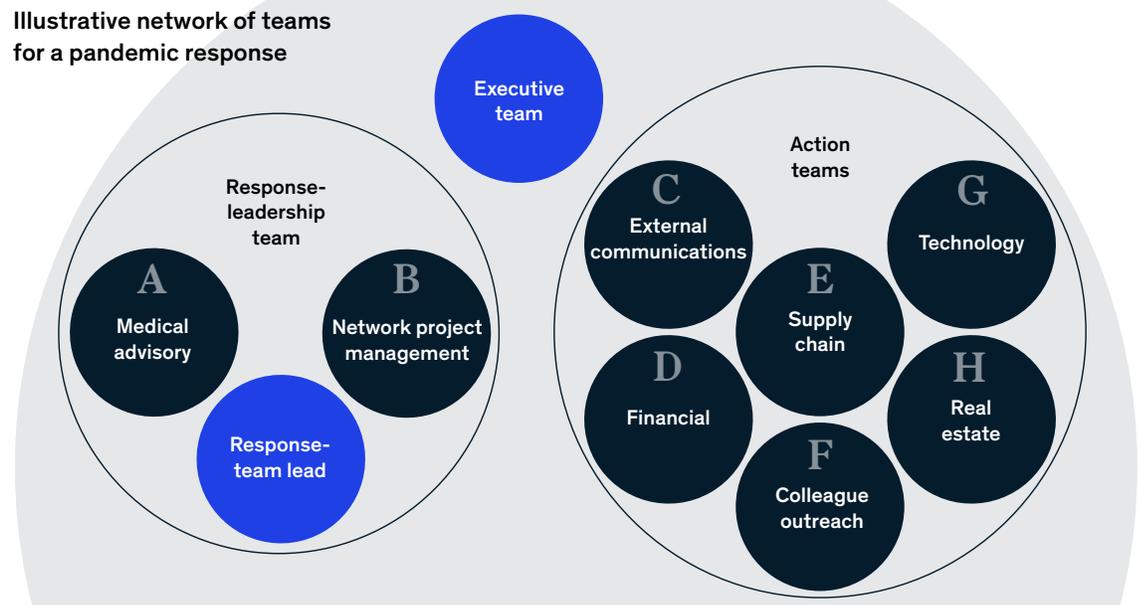
A Medical advisory
- Overall guidelines and policies
- Guides for frontline managers

B Network project management
- Scenarios
- "Issue map"
- Operational cadence

C External communications
- Regulatory alignment (eg, dispensations)
- 3rd-party communications (eg, to partners)

D Financial
- Financial stress testing

E Supply chain
- Disruption and restart support (eg, loans)
- Exposure across tiers
- Inventory management

F Colleague outreach
- Communication across employee channels
- 2-way feedback (eg, ombudsperson, survey, email, call)

G Technology
- Work-from-home execution and infrastructure
- Support for special employee segments (eg, those who cannot work from home)

H Real estate
- Building management
- Factory management

[5] Tantum Collins, Chris Fussell, Gen. Stanley McChrystal, and David Silverman, *Team of Teams: New Rules of Engagement for a Complex World*, first edition, New York, NY: Portfolio/Penguin, 2015.

crises present a degree of complexity that makes it necessary to engage experts from different fields. They are designed to act. Merely soliciting experts' ideas is not enough; experts must gather information, devise solutions, put them into practice, and refine them as they go. And they are adaptable, reorganizing, expanding, or contracting as teams learn more about the crisis and as conditions change.

Leaders should foster collaboration and transparency across the network of teams. One way they do this is by distributing authority and sharing information: in other words, demonstrating how the teams themselves should operate. In crisis situations, a leader's instinct might be to consolidate decision-making authority and control information, providing it on a strictly need-to-know basis. Doing the opposite will encourage teams to follow suit.

Another crucial part of the leader's role, especially in the emotional, tense environment that characterizes a crisis, is promoting psychological safety so people can openly discuss ideas, questions, and concerns without fear of repercussions. This allows the network of teams to make sense of the situation, and how to handle it, through healthy debate.

Elevating leaders during a crisis: The value of 'deliberate calm' and 'bounded optimism'

Just as an organization's senior executives must be prepared to temporarily shift some responsibilities from their command-and-control hierarchy to a network of teams, they must also empower others to direct many aspects of the organization's crisis response. This involves granting them the authority to make and implement decisions without having to gain approval. One important function of senior executives is to quickly establish an architecture for decision making, so that accountability is clear and decisions are made by appropriate people at different levels.

Senior leaders must also make sure that they empower the right people to make crisis-response decisions across the network of teams. Since

decision makers will probably make some mistakes, they must be able to learn quickly and make corrections without overreacting or paralyzing the organization. At the start of a crisis, senior leaders will have to appoint decision makers to direct the crisis response. But as the crisis evolves, new crisis-response leaders will naturally emerge in a network-of-teams construct, and those crisis-response leaders won't always be senior executives.

In routine emergencies, experience is perhaps the most valuable quality that leaders bring. But in novel, landscape-scale crises, character is of the utmost importance. Crisis-response leaders must be able to unify teams behind a single purpose and frame questions for them to investigate. The best will display several qualities. One is "deliberate calm," the ability to detach from a fraught situation and think clearly about how one will navigate it.[6] Deliberate calm is most often found in well-grounded individuals who possess humility but not helplessness.

Another important quality is "bounded optimism," or confidence combined with realism. Early in a crisis, if leaders display excessive confidence in spite of obviously difficult conditions, they can lose credibility. It is more effective for leaders to project confidence that the organization will find a way through its tough situation but also show that they recognize the crisis's uncertainty and have begun to grapple with it by collecting more information. When the crisis has passed, then optimism will be more beneficial (and can be far less bounded).

Making decisions amid uncertainty: Pause to assess and anticipate, then act

Waiting for a full set of facts to emerge before determining what to do is another common mistake that leaders make during crises. Because a crisis involves many unknowns and surprises, facts may not become clear within the necessary decision-making time frame. But leaders should not resort to using their intuition alone. Leaders can better cope with uncertainty and the feeling of *jamais vu* (déjà vu's opposite) by continually collecting information

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[6] Helio Fred Garcia, "Effective leadership response to crisis," *Strategy & Leadership*, 2006, Volume 34, Number 1, pp. 4–10.

as the crisis unfolds and observing how well their responses work.

In practice, this means frequently pausing from crisis management, assessing the situation from multiple vantage points, anticipating what may happen next, and then acting. The pause-assess-anticipate-act cycle should be ongoing, for it helps leaders maintain a state of deliberate calm and avoid overreacting to new information as it comes in. While some moments during the crisis will call for immediate action, with no time to assess or anticipate, leaders will eventually find occasions to stop, reflect, and think ahead before making further moves.

Two cognitive behaviors can aid leaders as they assess and anticipate. One, called updating, involves revising ideas based on new information teams collect and knowledge they develop. The second, doubting, helps leaders consider ongoing and potential actions critically and decide whether they need to be modified, adopted, or discarded. Updating and doubting help leaders mediate their dueling impulses to conceive solutions based on what they've done previously and to make up new solutions without drawing on past lessons. Instead, leaders bring their experiences to bear while accepting new insights as they emerge.

Once leaders decide what to do, they must act with resolve. Visible decisiveness not only builds the organization's confidence in leaders; it also motivates the network of teams to sustain its search for solutions to the challenges that the organization faces.

Demonstrating empathy: Deal with the human tragedy as a first priority

In a landscape-scale crisis, people's minds turn first to their own survival and other basic needs. Will I be sickened or hurt? Will my family? What happens then? Who will care for us? Leaders shouldn't assign communications or legal staff to address these questions. A crisis is when it is most important for leaders to uphold a vital aspect of their role: making a positive difference in people's lives.

Doing this requires leaders to acknowledge the personal and professional challenges that employees and their loved ones experience during a crisis. By mid-March 2020, COVID-19 had visited tragedy on countless people by claiming thousands of lives. More than 100,000 cases had been confirmed; many more were being projected. The pandemic had also triggered powerful second-order effects. Governments instituted travel bans and quarantine requirements, which are important for safeguarding public health but can also keep people from aiding relatives and friends or seeking comfort in community groups or places of worship. School closures in many jurisdictions put strain on working parents. Since each crisis will affect people in particular ways, leaders should pay careful attention to how people are struggling and take corresponding measures to support them.

Lastly, it is vital that leaders not only demonstrate empathy but open themselves to empathy from others and remain attentive to their own well-being. As stress, fatigue, and uncertainty build up during a crisis, leaders might find that their abilities to process information, to remain levelheaded, and to exercise good judgment diminish. They will stand a better chance of countering functional declines if they encourage colleagues to express concern— and heed the warnings they are given. Investing time in their well-being will enable leaders to sustain their effectiveness over the weeks and months that a crisis can entail.

Communicating effectively: Maintain transparency and provide frequent updates

Crisis communications from leaders often hit the wrong notes. Time and again, we see leaders taking an overconfident, upbeat tone in the early stages of a crisis—and raising stakeholders' suspicions about what leaders know and how well they are handling the crisis. Authority figures are also prone to suspend announcements for long stretches while they wait for more facts to emerge and decisions to be made.

Neither approach is reassuring. As Amy Edmondson recently wrote, "Transparency is 'job one' for leaders in a crisis. Be clear what you know, what you don't know, and what you are doing to learn more."[7] Thoughtful, frequent communication shows that leaders are following the situation and adjusting their responses as they learn more. This helps them reassure stakeholders that they are confronting the crisis. Leaders should take special care to see that each audience's concerns, questions, and interests are addressed. Having members of the crisis-response team speak firsthand about what they are doing can be particularly effective.

Communications shouldn't stop once the crisis has passed. Offering an optimistic, realistic outlook can have a powerful effect on employees and other stakeholders, inspiring them to support the company's recovery.

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The coronavirus pandemic is testing the leaders of companies and organizations in every sector around the world. Its consequences could last for longer and present greater difficulties than anyone anticipates. The prolonged uncertainty is all the more reason for leaders to embrace the practices described in this article. Those who do will help establish or reinforce behaviors and values that can support their organizations and communities during this crisis, however long it continues, and prepare them well for the next large-scale challenge.

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[7] Amy C. Edmondson, "Don't hide bad news in times of crisis", *Harvard Business Review*, March 6, 2020, hbr.org.