Structuring the Organizational Response
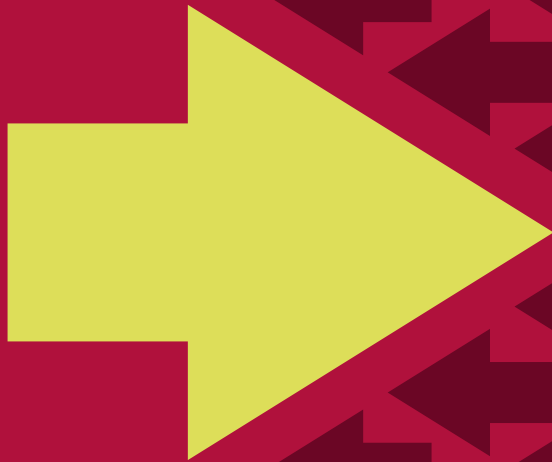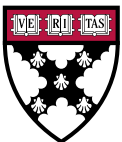

Amy Edmondson & Herman "Dutch" Leonard

CRISIS MANAGEMENT FOR LEADERS:
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HARVARD
BUSINESS SCHOOL

Structuring the Organizational Response

The third program of HBS's series on Crisis Management for Leaders, led by professors Dutch Leonard and Amy Edmondson, looked at the characteristics of effective teams during a crisis, with a focus on psychological safety.

Crisis management requires innovation under stress.

The framework used throughout this series is a decision-making process for uncertain, high-stress situations. It has three elements: 1) **Structure:** Set up an incident response team; 2) **People:** Assemble people with knowledge of the firm, the situation, and the company's values; and 3) **Process:** Adopt an iterative, agile, problem-solving method. (See Program 1)

Organizations need leadership everywhere.

In a crisis, leadership is essential. This doesn't mean leadership resides solely with the CEO. Leadership must be distributed throughout the organization in agile teams.

Leaders must be directive about *process*.

For a team to achieve its potential, the leader must be directive. This does not mean being directive about content in stating what the team should do; it means being directive about the team's *process*. The leader must state how the team will work and ensure the team follows a disciplined, iterative learning process. Tools to assist are:

- **Assign a devil's advocate.** Appoint one person whose job is to take the opposite side.

- **Shift to an exploratory mode.** Be explicit that the team's goal is not to figure out what is right; the goal is to work together to solve a novel problem.

- **Adopt a joint problem-solving orientation.** The leader must insist on an iterative, problem-solving methodology and on the team working together collaboratively. The joint problem-solving orientation is about seeking to understand and learning.[1]

Table 1: Default vs. Joint Problem-Solving Orientation

Default Orientation (Natural)	Joint Problem-Solving Orientation (Takes Leadership)
Blame (who did it?)	Learning (why did this happen?)
View others as obstacles	View others as resources
Seek to convince	Seek to understand
Offer statements and directives	Offer questions and help
Use what you know	Create new knowledge

MAIN IDEAS

- In a crisis, team-based problem solving using innovation logic is essential.

- The best teams have distributed leadership and leaders who are directive about process.

- Psychological safety to speak up is mission critical.

- Leaders need an effective workflow management process to identify what to do now versus later, and what must be done by leaders versus delegates.

"In talking about leadership, we are not talking about only the CEO; we're talking about vast swaths of people playing leadership roles all over the place."

Amy Edmondson

"A process tool is the deliberate insistence on the problem-solving orientation."

Amy Edmondson

Success in a crisis depends on innovation logic.

Managers have been trained in "management logic." This logic assumes predictability, emphasizes efficiency, and focuses on executing with a defined blueprint. But how do you execute without a blueprint? That's where "innovation logic" comes in. Innovation logic assumes uncertainty and emphasizes experimentation and learning. There are no fixed metrics; the metrics and deliverables are constantly updated.

Learning through execution means a team will inevitably encounter failure. But there are different types of failures, some of which are good and bad.

Table 2: Types of Failure

Type of Failure	Description
Preventable	We know how to do it right, yet deviations occurred (bad; seek to minimize)
Complex	Complex factors combine in new ways to produce failure in familiar contexts (bad; anticipate and mitigate)
Intelligent	Undesired results of thoughtful forays into novel territory; mission critical for innovation (good; pursue and welcome)

There are strict criteria for intelligent failures: there must be a significant payoff; the cost and scope must be relatively small; the key assumptions must be explicitly articulated and the plan must test those assumptions; and the risks must be understood and mitigated to the extent possible. The idea is to "fail well" through frequent intelligent failures that generate rapid learning and improved performance.

Ensuring psychological safety is mission critical.

A case study about the *Columbia* space shuttle showed what can occur when psychological safety is lacking. In the example, a low-level NASA engineer had safety concerns but was uncomfortable speaking up. Because he didn't voice his concerns, a disaster took place.

It is easy to blame the engineer for not voicing his concerns out of moral obligation. But speaking up—especially in uncertain, ambiguous situations, like the current crisis—is extremely difficult. No one wants to look ignorant, incompetent, intrusive, or negative. Ultimately, when someone isn't comfortable speaking up, it is due to the culture leaders have created.

For teams to reach their potential, psychological safety is essential. Psychological safety is a belief that no one will be punished or humiliated for speaking up with ideas, questions, or mistakes. Psychological safety is permission for candor. In urgent situations, having high psychological safety puts team members in an effective problem-solving zone. With low psychological safety, people will have interpersonal anxiety.

Three ways to build psychological safety are to set the stage, invite engagement, and respond appreciatively.

> **"We need to be hierarchical in terms of what we are trying, where we are going, but we need to be very horizontal in terms of what we're learning, what's working, and why."**
>
> Amy Edmondson

> **"If you really want to be effective, you need to make it safe for employees' voices."**
>
> Amy Edmondson

Table 3: Nurturing Psychological Safety

	Set the Stage	Invite Engagement	Respond Appreciatively
What to do	Ensure shared understanding of reality. Repeatedly remind the team what is known and unknown, where the team stands.	Proactively insist on dissent and ask good questions; invite comments.	Respond in a way that embraces messengers and fosters learning. Express appreciation for speaking up and be forward looking.
What to say	▪ We don't have all the answers. ▪ We need your voice.	▪ What are you seeing and thinking? ▪ Who has a different view or a concern?	▪ Thanks for sharing. ▪ Thanks for providing a clear line of sight. ▪ How can I help?

Organizations that succeed in a crisis demonstrate common characteristics.

What works best in a crisis:

- Exhibit **leadership**
- Focus on **core values**
- Recognize **novel circumstances**
- Have the right **structures**
- Field the right **team**

- Use the **iterative problem-solving process**
- Create **conditions** for innovative problem solving under stress
- Have an effective process for **workflow management**

To manage workflow, the matrix below is a helpful tool to focus on what must be done now versus later, and what must be done by us (the core team) versus delegated to others.

	US	OTHERS
NOW		
LATER		

Tracking and managing the workflow is essential. This can be done simply by writing down: 1) any values at risk; 2) key facts and what may be coming next (situational awareness and anticipation); 3) decisions needed; 4) decisions that have been made; 5) who is responsible for executing them; 6) status of execution.

Additional Resources

- View the complete program lineup for Crisis Management for Leaders

- Download the slides from this program

- Download the video of this program

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[1] Michaela Kerrissey. "Delivering across Boundaries: Social and Structural Features of Service Integration." PhD. Health Policy, Management. Harvard University. Placement: Harvard University Chan School of Public Health. May 2018.

"Nurturing psychological safety is what you need to do to realize the team's potential."

Amy Edmondson

"Deal with the things that are for us, for now, and offload the things that are for others and are for later."

Dutch Leonard