Crisis Management for Leaders

Structuring the Organizational Response

HARVARD BUSINESS SCHOOL

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Agile Teams to Navigate Uncertainty

- Distributed leadership
- Being directive about process
- Psychological safety

Confronting A New Reality

- **Volatile**: Rapid changes, ups & downs/big swings
- **Uncertain**: Difficult to predict future events/values
- **Complex**: Multiple interconnected elements
- **Ambiguous**: Unclear meaning of signals/events

= V.U.C.A.

The Wisdom of Teams…
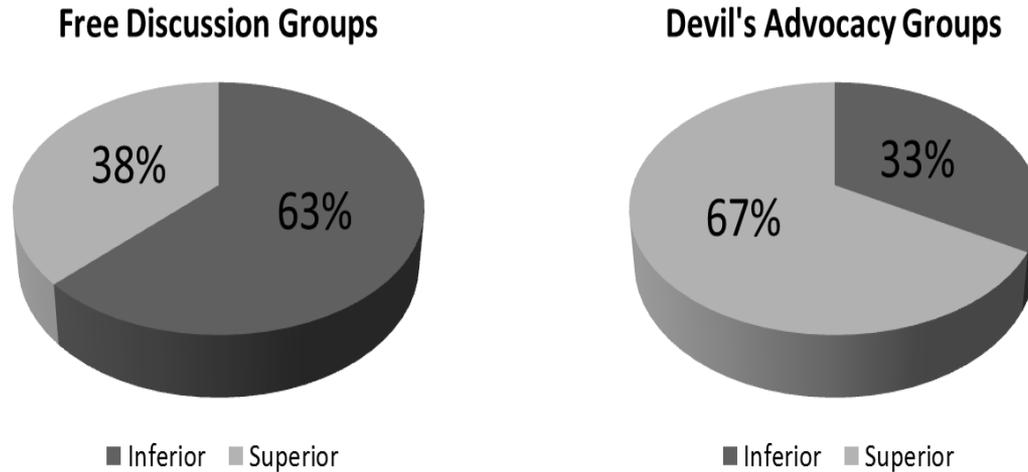
The Reality of Process Losses

Question

- What might be keeping your team from doing its very best in response to this crisis?

Being directive about process: Some Tools

1. Assign a Devil's Advocate
2. Shift to an Exploratory Mode
3. Adopt a Joint-problem-solving orientation

1. Assign a Devil's Advocate

Free Discussion Groups

38% 63%

■ Inferior ■ Superior

Devil's Advocacy Groups

33% 67%

■ Inferior ■ Superior

Source: Waddell, Roberto, and Yoon, "Uncovering Hidden Profiles: Advocacy in Team Decision Making." *Management Decision*. 2012.

3. SHIFT to an Exploratory Mode

FRAME: Be explicit about the goal of problem-solving

LEAD a discussion to consider:
1. What do we know about this situation?
2. What do we NOT know about this situation (and wish we knew)?
3. What are the implications of the above for our current (default) plan?

If you identify uncertainties that <u>cannot be resolved in the meeting</u>, but <u>must</u> be better understand better, then:

DESIGN a test:
1. Articulate a crucial question that could not be resolved with the information available
2. Brainstorm ways additional information could be obtained

Success in a Crisis Depends on Innovation Logic

MANAGEMENT LOGIC	INNOVATION LOGIC
PRESCRIBE & CONTROL	ENABLE & LEARN
ASSUMES PREDICTABILITY	ASSUMES UNCERTAINTY
SIMPLE INTERDEPENDENCIES	COMPLEX INTERDEPENDENCIES
EMPHASIS ON EFFICIENCY	EMPHASIS ON EXPERIMENTATION
CLEAR SHARED CRITERIA	MULTIPLE COMPETING CRITERIA
HIERARCHICAL MONITORING & SUPPORT	PEER MONITORING & SUPPORT

How do you execute without a blueprint?

EXECUTION-AS-LEARNING

- **You face MANY unknowns**

- **You must bring in different expertise at different times—without a clear line of sight about when and where**

- **You lack a fixed set of metrics & deliverables**

- **You often have to do things that haven't been done before**

- **You have to act – to learn**

- **…making progress through hypothesis, action, data, analysis, re-action… often encountering failures along the way**

"FAIL WELL"

1 Minimize Preventable Failures

- Where we know how to do it right; we have a playbook, yet deviations occurred…

2 Anticipate & Mitigate Complex Failures

- Complex factors (organizational, market, natural) combine in completely new ways to produce failure in familiar contexts

3 Pursue & Welcome Intelligent Failures

- Undesired results of thoughtful forays into novel territory *(mission critical for innovation)*

NONE OF US HAVE BEEN HERE BEFORE…

1. Call attention to that reality, often

2. Frame diverse perspectives as a resource

3. Create forums to build shared understanding and empathy

4. Ensure psychological safety for speaking up

Question (for reflection, but feel free to chat in your thoughts)

- Who in your organization might feel inhibited from speaking up with concerns, questions, ideas, bad news, errors, and more?

- What might make it hard for them to speak up?

# To engage all of the ideas out there: make it safe to speak up
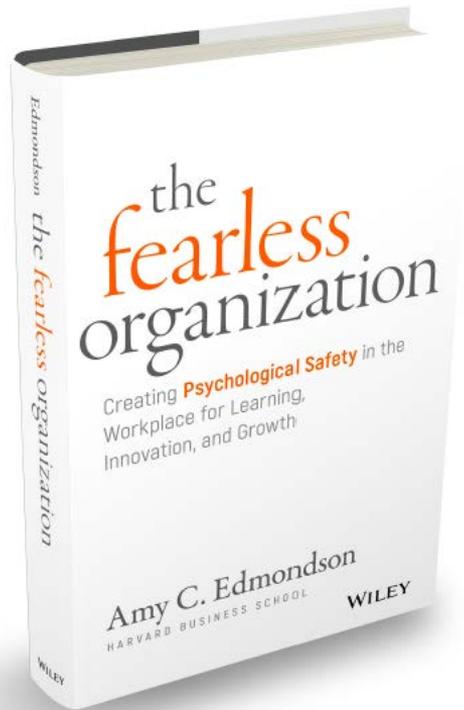
Psychological safety is a belief that one will not be punished or humiliated for speaking up with ideas, questions, concerns, or mistakes.

THINK OF IT AS FELT PERMISSION FOR CANDOR

"FEAR THAT IS SHARED IS LESSENED"*

- As bad as things are -- we're all truly in this together.

- The fear most of us experience in this crisis is one we feel free to talk about with each other – and is not the same as feeling a lack of psychological safety in our normal work lives.

- That feeling of all being in it together is characteristic of teams with high learning rates and, not coincidentally, high psychological safety.

- Can we bring this new interpersonal openness and connection back to the organization in the future?
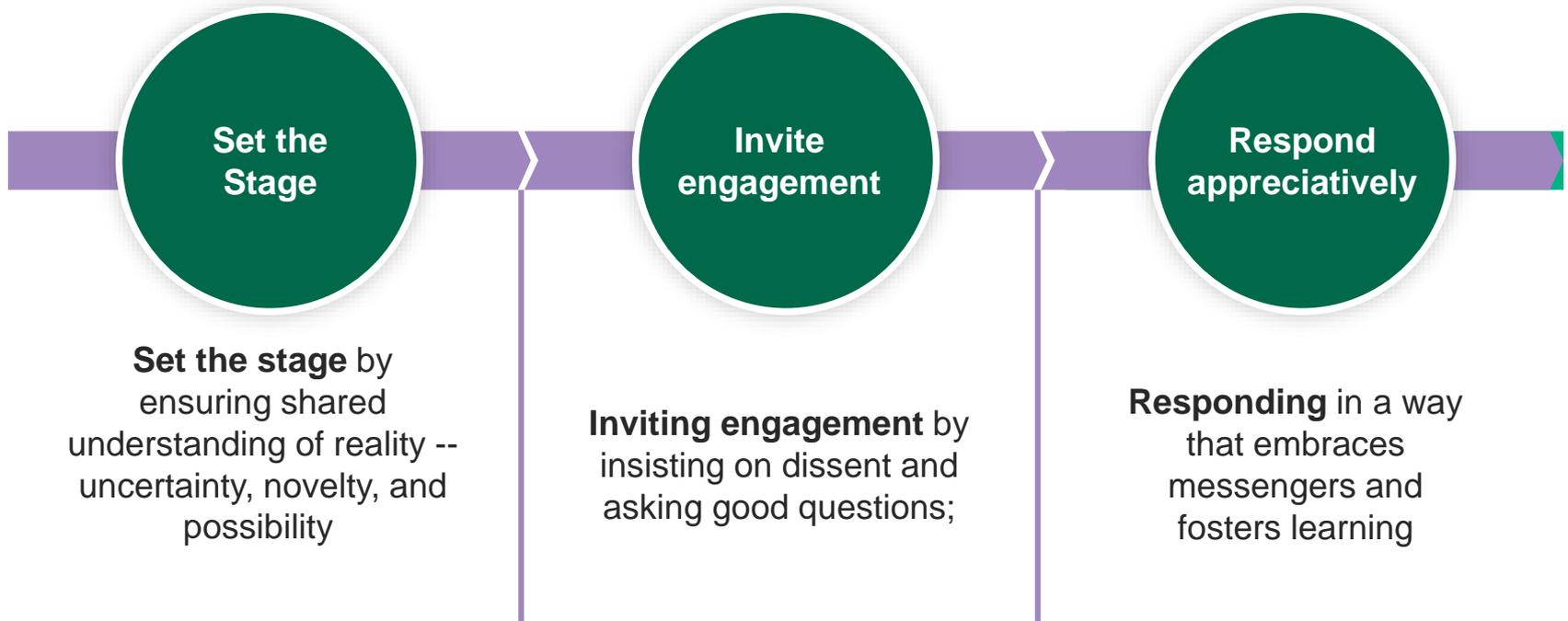
A combination of clarity about what we are facing and psychological safety fosters a problem-solving response
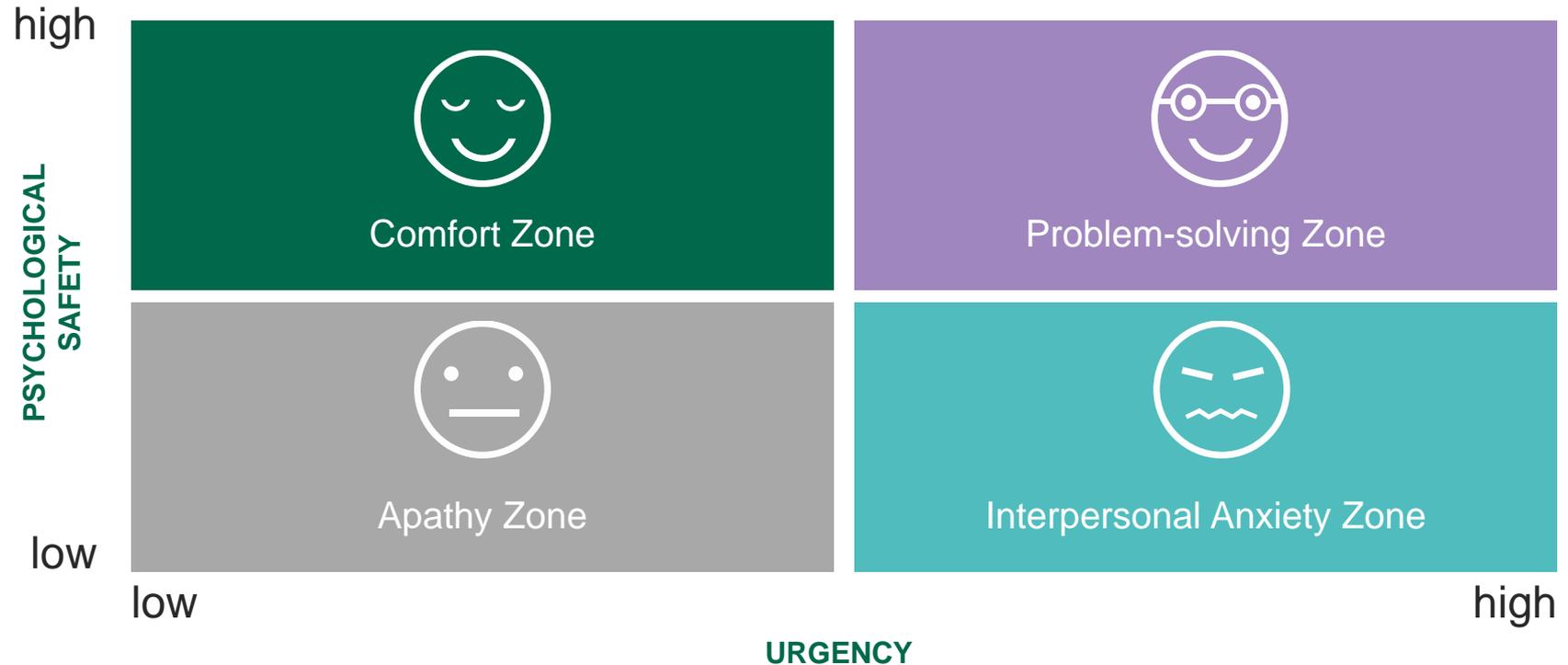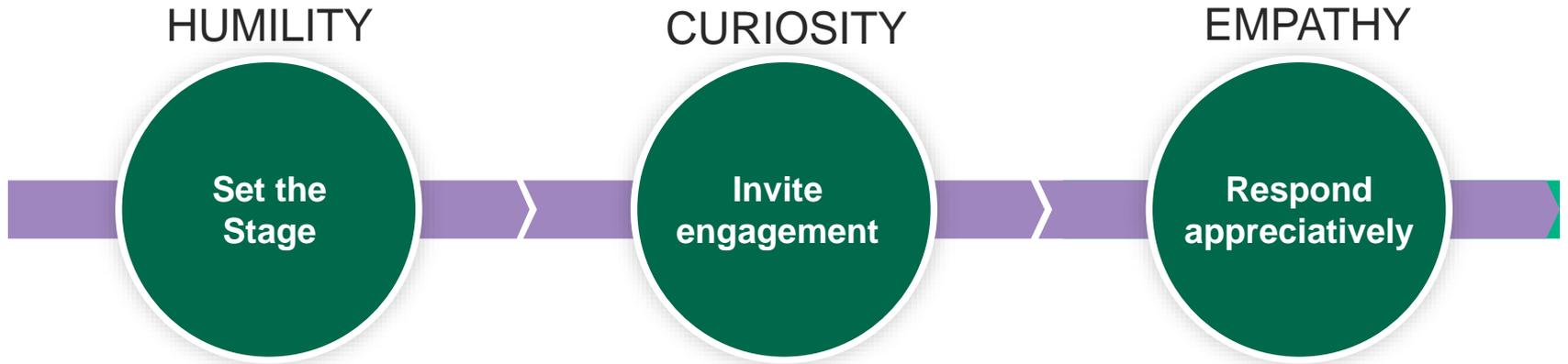
How do you build psychological safety?

Nurturing psychological safety to realize the potential of diverse expertise

Set the Stage

Invite engagement

Respond appreciatively

Set the stage by ensuring shared understanding of reality -- uncertainty, novelty, and possibility

Inviting engagement by insisting on dissent and asking good questions;

Responding in a way that embraces messengers and fosters learning

Question (chat in your response)

HUMILITY   CURIOSITY   EMPATHY

Set the Stage → **Invite engagement** → **Respond appreciatively**

- As a leader in this unprecedented crisis, what are you doing in each of these domains?

- What are you finding it most difficult to do?

FOOD FOR THOUGHT

Framing: What will I do to clarify the importance of voice? How can I make sure everyone appreciates the uncertainty and interdependence we face, so they recognize the necessity of relating fearlessly to each other?

Inviting: What can I do ask more, and better, questions, rather than just expressing my perspective?

Responding: How will I signal that what I am hearing matters? What can I do to destigmatize bad news and intelligent failure?