

Leading in a Crisis

How leaders get the
best possible outcomes



Economic downturns. Shocking controversies. Natural disasters. Virus outbreaks. Terrorist attacks.

Throughout the decades, leaders have had to face crises that disrupted their organizations and upended entire sectors. Some of these crises, like company scandals, may have been brewing under the surface for quite some time. Others, such as the COVID-19 pandemic, may be anticipated to a certain degree but catch us off-guard when reality strikes.

Crises are opportunities, and this moment in time has become an opportunity for the lines between business and societal leaders to blur as we all come together for a common purpose. Because leading in a crisis is not new, we have a research point of view on what leadership qualities are most critical to successfully leading in a crisis, at a hospital, from a state capital, or in a board room.

During challenging times, effective leaders go back to basics, double down on purpose, and communicate frequently to address concerns and uncertainties. At the same, they make swift decisions and mobilize quickly in order to navigate new and shifting realities.

For leaders who are no strangers to dealing with emergencies, they may have extra practice with these competencies and call upon them again. For those new to managing through a crisis, developing skill in these areas will be more important than ever.

What does crisis management entail?

Generally, there are seven types of crisis that leaders should prepare for: natural or environmental disasters, malevolent acts, criminal misconduct, acts of deception, technology failures or attacks, equipment failures, reputation ruin, and economic disaster. The core demands that indicate a leader is managing a crisis include:

- Leader responsible for an unpredictable, unique crisis of significant proportion.
- Success and failure will be evident and visible.
- Takes Herculean effort to solve.
- Requires learning something on the fly.
- Solution requires cross-boundary team input.
- Leader will be a spokesperson and potentially subjected to media scrutiny.
- Hostile questioning and suspicious atmosphere are common.
- Time pressure is extreme.
- Solution involves working with parties outside the organization.
- Usually short-term (up to three months).
- Other parts of the job have to be temporarily set aside.

What skills do leaders bring to crisis situations?

In dealing with crises like the novel coronavirus pandemic, a leader’s ability to listen objectively and compassionately to their counterparts, manage their own reactions and stress, and effectively put together a crisis team are shown to result in better outcomes—both in the short- and long-term.

Drawing from in-depth interviews with senior leaders including CEOs, presidents, heads of regions or business units, Korn Ferry has gathered insights into how senior leaders leveraged critical skills to get the best possible outcomes during remarkably tough crisis situations. We also looked at what senior leaders learned from those experiences, and therefore, what skills they leveraged and developed as a result.

Leadership in a crisis requires (and develops) the following competencies:

- **Action Oriented:** taking on new opportunities and tough challenges with a sense of urgency, high energy, and enthusiasm.
- **Manages Ambiguity:** operating effectively, even when things are not certain or the way forward is not clear.
- **Courage:** stepping up to address difficult issues, saying what needs to be said.
- **Being Resilient:** rebounding from setbacks and adversity when facing difficult situations.

- **Decision Quality:** making good and timely decisions that keep the organization moving forward.
- **Instills Trust:** gaining the confidence and trust of others through honesty, integrity, and authenticity.
- **Plans and Aligns:** planning and prioritizing work to meet commitments aligned with organizational goals.
- **Builds Networks:** effectively building formal and informal relationship networks inside and outside the organization.
- **Manages Complexity:** making sense of complex, high quantity, and sometimes contradictory information to effectively solve problems
- **Ensures Accountability:** holding self and others accountable to meet commitments.
- **Drives Vision and Purpose:** painting a compelling picture of the vision and strategy that motivates others to action.
- **Communicates Effectively:** developing and delivering multi-mode communications that convey a clear understanding of the unique needs of different audiences.

In addition, we closely examined stories of external crises to see what senior leaders did to get better results compared to less effective results. When leaders leveraged the above competencies in a crisis, we noticed an additional lever that resulted in a more positive outcome: emotional intelligence.

Research shows emotional intelligence to be a key lever for crisis leadership.

Senior leaders who encountered these crises...

-  ...changes in local regulations that seriously impacted the business model...
-  ...collapse of local currency...
-  ...aftermath of Hurricane Andrew for an insurance company whose computers fail, customers are distressed, and other chaos ensues...
-  ...aftermath of September 11...
-  ...dealing with potential bankruptcy and overzealous regulators...
-  ...auditors who, at the last moment, and without warning, refuse to sign off on various reporting requirements...
-  ...potentially dangerous product failures; or misleading media stories about such failures. (several stories)...

...got better results when they applied their emotional intelligence...

- ✓ “The problem is fixed, and the team was now well-prepared to handle other problems in the future.”
- ✓ No employees lost, problem was handled satisfactorily.
- ✓ Scientific tests showed no problem with the product; the company got credit in the media for being extra-careful.
- ✓ “We reacted to the currency issues so quickly that we got a competitive advantage.”
- ✓ Problem is resolved, and the team is better prepared to deal with any future crisis.
- ✓ People are interested in their work again and working well (after September 11).
- ✓ “Effective balancing in our negotiations of providing enough optimism to our counterparts that we’re going to pull through this while also providing the muscle of bankruptcy and threats of bankruptcy to get them to move off of their hard-line positions.” (And the company did successfully pull through.)
- ✓ “We resolved it, we won, we continue to grow the business.”

...compared to less effective results if they didn't apply their emotional intelligence.

- ✗ No resolution (continued issues or legal battles).
- ✗ Fines from the government.
- ✗ Adverse publicity that is not later mitigated.
- ✗ “Averted total disaster but lost some profits.”
- ✗ “Increases in cost, and we still have not solved the underlying issue.”
- ✗ A part of the business has to be sold.

Emotional Intelligence is essential for the best possible results.

In a crisis, leaders who go above and beyond their role as business leaders are more likely to see best possible outcomes. When a leader is able to remain clear-headed and composed under stressful, emergency circumstances, that leader is demonstrating emotional intelligence. Emotional intelligence enables a sense of objectivity, emotional balance and resilience, self-regulation, and an ability to consider others, in part by staying humble and service-minded.

When a leader is self-aware, they are better able to be empathetic to others' experiences and needs. Empathy, in the sense that a leader can walk in another person's shoes or see things through another person's eyes, has become a distinguishing characteristic of leaders who are making a difference today.

Leaders who demonstrate empathy value collaboration and cooperation. They actively seek out the input of others (including and maybe even especially customers and employees), they understand their positions, and they take your others' points of view seriously, working toward mutually positive understanding.

World leaders or state governors addressing children in their addresses to the public, business leaders providing masks, danger pay, and sick leave for workers on the front lines, businesses pivoting from brewing beer to making hand sanitizer or collaborating with competitors or cross-industry partners to increase production of life-saving medical devices. These are leadership actions based upon empathy and emotional intelligence.

Leaders may check off every critical to-do—contingency plan, communication plan, action plan, decision oversight committee formed. Leaders may call upon every critical skill—demonstrating resilience, dealing with complexity and ambiguity, being courageous, networking, uniting people with a common purpose.

But a crisis is not business as usual. It requires all of who we are as leaders, including—and arguably most importantly—our humanity.

What competencies are most critical when leading through a crisis?

Leadership in a crisis requires the following competencies:

- *Action Oriented*
- *Manages Ambiguity*
- *Courage*
- *Being Resilient*
- *Decision Quality*
- *Instills Trust*
- *Plans and Aligns*
- *Builds Networks*
- *Manages Complexity*
- *Ensures accountability*
- *Drives Vision and Purpose*
- *Communicates Effectively*

PLUS: *Emotional Intelligence*

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The Korn Ferry Institute, our research and analytics arm, was established to share intelligence and expert points of view on talent and leadership. Through studies, books, and a quarterly magazine, *Briefings*, we aim to increase understanding of how strategic talent decisions contribute to competitive advantage, growth, and success.