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# ***Action Steps to Overcome Organizational Crisis***

— PROFESSOR M.S. RAO, PH.D.

## **Abstract**

*The purpose of this research paper is to offer innovative tools and techniques to avert corporate crises to ensure organizational excellence and effectiveness. It explains calm leadership and advocates soft leadership. It illustrates with inspiring examples of leaders including Abraham Lincoln, Winston Churchill, and Boris Yeltsin, who handled substantial crises successfully. It provides a list of leaders who led during turbulent times, saved their companies from the brink of disaster, and emerged in stronger positions; several are specifically profiled: Steve Jobs, Lee Iacocca, Ed Whitacre, Isaac Perlmutter, Richard Clark, and Gordon Bethune. It explains decision-making on complex issues and crises and shows how turbulence can be an opportunity, not a threat. It differentiates between leadership styles and the need to apply hard leadership skills during crises and soft leadership skills during normal times. It outlines action steps to overcome organizational crises. It concludes that with the advent of the fourth industrial revolution demarcated by artificial intelligence and automation, it is essential to take appropriate action steps to avert corporate crises to ensure organizational excellence and effectiveness.*

## **Introduction**

*“When I think of organizations, I think of the capabilities an organization has more than its morphology or structure. The ability of an organization to have a shared purpose and the ability for employees to be productive are critical capabilities for most organizations today.”*— Dave Ulrich

With increased volatility, uncertainty, complexity, and ambiguity (VUCA) globally, organizations must take appropriate measures to avert crises and act swiftly to overcome crises. Crises are the unpredicted and unpleasant chronology of events that come in battalions. Leaders must have a unique mindset, toolset, and skillset to overcome such challenges. The method of handling crises effectively is ostensibly known as *crisis management*.

Crises are experienced by people and organizations. If handled effectively, crises can invoke the best in individuals, thus unlocking their hidden potential. Similarly, crises expose organizational strengths and weaknesses, thus enabling organizations the opportunity to take appropriate action steps to achieve organizational excellence and effectiveness.

## **Don't React, Act**

*“Nothing can stop the man with the right mental attitude from achieving his goal; nothing on earth can help the man with the wrong mental attitude.”*

— Thomas Jefferson

Many conflicts arise when people *react* rather than *act* to the situation. Most problems could be resolved when people persevere, embracing with a positive

attitude. Here *acting* can be viewed affirmatively while *reacting* signals a negative connotation. One can easily assess individuals in the way they approach crises. If display with a positive attitude, the crises could be overcome easily.

### **Stay Calm in the Eye of the Storm**

*“Be like a duck. Calm on the surface, but always paddling like the dickens underneath.”* – Michael Caine

When one considers historical leaders like Winston Churchill, Abraham Lincoln, and Boris Yeltsin, the common connecting thread connecting is that they led with a cool and calm demeanor and handled crises intelligently and deliberately. Winston Churchill was a wartime hero who led his country to victory during the Second World War. Abraham Lincoln was the President at a crucial time in American history, when he strove for the unity of the country while concomitantly against institutionalized slavery. Boris Yeltsin handled an army coup successfully by facing it head-on. These leaders remained calm during the crisis and set an example for others to follow. They were cool, composed, and charismatic in their leadership.

### **Calm Leadership**

Leaders must lead from the front during crises. They must be visible to those who follow, building confidence and solidarity at every opportunity. In fact, crises reveal the true extent and level of leadership skills of those in leadership positions. Winston Churchill demonstrated his leadership skills during the war. However, he failed several internal challenges which occurred during peacetime, showing that some leaders perform better during stress than under normal conditions.

Calm leaders focus on using and managing the available resources instead of blaming the external circumstances. They have the ability to handle complexity and uncertainty, yet remain tethered. For instance, before the execution of Operation Geronimo – the raid that culminated in the capture and killing of Osama bin Laden, former U.S. President Barack Obama maintained neutral body language and kept an even-keeled demeanor although the operation was planned much earlier and could have ended in disaster. During all this time, he performed his usual duties in a normal manner.

Leaders must show Imperturbable steadiness while coping with uncertainty. When everything goes awry, they must demonstrate a cool composure and implement strategies to manage and lead their teams. They should send strong signals to their subordinates to maintain their trust and confidence. Calm leaders eschew matters over which they lack control and instead focus on action and what is actually within their grasp to confront and, if necessary, change.

### **Entrepreneurs Remain Unflappable**

Albert Einstein said, “In the middle of difficulty lies opportunity.” Similarly, entrepreneurs have the ability to identify opportunities during times of instability. For example, when the Mexican economy was in ruins in 1982, business magnate Carlos Slim identified opportunities, investing heavily during the economic downturn. When investment was shunned, Slim seized available opportunities, eventually becoming

one of the richest persons in the world. Similarly, Amadeo P. Giannini, who founded the San Francisco-based Bank of Italy, the predecessor of Bank of America, also converted threats into opportunities. In many cases, unintended consequences ignite unexpected pathways toward personal advancement; entrepreneurs such as Carlos Slim and Amadeo P. Giannini amply exemplify this phenomenon.

### **Lincoln's Leadership**

Over 150 years ago, several states seceded from the American Union, forming the Confederacy and precipitating the American Civil War. On December 20, 1860, South Carolina, followed within two months by Mississippi, Florida, Alabama, Georgia, Louisiana, and Texas, withdrew from the Union. By April 17, 1861, Virginia, Arkansas, Tennessee, and North Carolina also seceded from the Union, forming an eleven-state Confederacy with a population of nine million, including nearly four million slaves. There was a bitter battle between the forces of the Confederacy and of the American Union for political supremacy. Abraham Lincoln was at the helm of affairs as the President of the American Union. He had won 40% of the popular vote, but found it challenging to remediate the contentious atmosphere. However, he remained steady and deliberative in his leadership and decision-making, ultimately leading the Union to victory, thus maintaining the integrity of America while simultaneously abolishing the institution of slavery. He proved to be one of the greatest American presidents and a role model for future presidents who, when faced with adversity, adopted many of his teachings.

### **Boris Yeltsin**

Russia's first elected president, Boris Yeltsin, was a leader who led from the front and implemented the transition of the former USSR to Russia. He displayed great fortitude in standing up to a military coup aimed at restoring a dictatorial regime in the country. Highlighting his achievements, *The Financial Times* commented, "Boris Yeltsin had the physical and moral strength to bear on his shoulders the colossal burden of a country in a ferment of transition, its economy struggling with the twin tasks of discarding a tenacious old system and adjusting to an unfamiliarly fast-moving new one. At the beginning of his rule, he was able to grasp, either instinctively or through a quick intelligence, much of what was required."

### **Convert Threats into Opportunities**

*"People are always blaming their circumstances for what they are. I don't believe in circumstances. The people who get on in this world are the people who get up and look for the circumstances they want, and, if they can't find them, make them."*

— George Bernard Shaw

Several companies have changed their marketing strategies, adopting a more local flavor, especially in countries like China, India, and Brazil, where consumer taste is broad and diverse. Besides providing huge growth opportunities, these countries also pose substantial financial risk and potential political volatility. However, many have managed business threats and converted them into opportunities. For instance, focusing on city clusters helped a company reduce its customer service costs. Companies also realized the enormity of consumer preferences in countries like

Brazil and redesigned their strategies accordingly – benefiting in the long-run. In countries like China and India, where the populations are substantial, such a large populace could be initially viewed with skepticism and considered threatening. However, when western countries realized the potential growth opportunities derived from such an expansive consumer base, these countries began to realize that excessive populations could be used for collective growth and prosperity.

### **Turbulence is an Opportunity, Not Necessarily a Threat**

Publilius Syrus once said, “Anyone can hold the helm when the sea is calm.” Genuine leaders emerge during a storm. Real leadership skills emerge during crises. The leaders who fail to rise to the occasion during crises will never succeed as leaders. In fact, turbulence is not a threat but an opportunity to self-test and self-assess and help others make a difference through performance. Kelly Corrigan rightly remarked, “Turbulence is the only way to get altitude – to get a lift. Without turbulence, the sky is just a big blue hole. Without turbulence, you sink.” The following individuals are representative of this philosophy, displaying superior leadership skills during periods of turbulent times, saving their companies from the brink of disaster and building back stronger than before: Steve Jobs from Apple, Lee Iacocca from Chrysler, Ed Whitacre from GM, Isaac Perlmutter from Marvel, Richard Clark from Merck & Co., and Gordon Bethune from Continental Airlines. Other leaders who excelled during turbulent times include the retired chairman of Johnson & Johnson, who led the recall of tainted Tylenol bottles during his company’s crisis and Steve Case, chairman of AOL Time Warner, who mobilized his company during a tenuous moment in the early life of AOL when its national network suddenly collapsed. In each situation, the leader stepped up to the plate and guided his company through unsettling times.

Every challenge represents a potential opportunity for growth. When one encounters a significant challenge, she or he must rise to the occasion and tap into the best qualities within in an attempt to perform favorably. Great satisfaction often emanates from challenges. In fact, tough times call for sound decisions. Hence, leaders must be well prepared to face tough times to ensure organizational stability and effectiveness.

James Kouzes, Barry Posner, and Michael Bunting in *Extraordinary Leadership in Australia and New Zealand: The Five Practices that Create Great Workplaces*, share a popular riddle: If there are 12 frogs sitting on a log, at the edge of a pond and five of these 12 frogs decide to jump into the water, how many frogs remain on the log? What’s your answer? Seven? Zero? 12? Five? The correct answer is 12. Twelve frogs remain on the log. Why? Because there is a very big difference between deciding to do something and actually doing it. True leaders should bear this in mind in their quest to become steadfast and bold sources of governance.

### **Make Your Decisions by Head, Heart, and Gut**

Jillian Michaels quoted, “Whenever you’re making an important decision, first ask if it gets you closer to your goals and or farther away. If the answer is closer, pull the trigger. If it’s farther away, make a different choice. Conscious choice making is a critical step in making your dreams a reality.” Making decisions is a major challenge

for leaders and CEOs. If they are experts in conceptual, technical, and business acumen and have access to authentic information, they can make wise decisions to achieve an advantageous outcome.

Factually-based information is critical in making wise decisions. Researching and understanding accurate information is essential to achieve desired objectives. It requires experience, expertise, and judgment to choose from available sources. If there is access to authentic information, and the decision-makers have the ability to interpret and forecast both the advantages and possible disadvantages of their decisions well in advance, they will be able to make decisions easily, quickly, and wisely.

### **Decision-Making on Complex Issues**

Theodore Roosevelt once remarked, “In any moment of decision the best thing you can do is the right thing, the next best thing is the wrong thing, and the worst thing you can do is nothing.” Making decisions on complex issues is a major challenge for leaders. They must have the spine to make tough decisions to resolve long pending issues. My personal decision-making involves keeping multiple options ready and then seeking input from various reliable sources. I refine my decision from time to time and implement. I take feedback to understand its impact. If there are any mistakes, I take precautions to make better decisions the next time. I basically go by my head, heart, and gut. If I have complete information, I will go by the head. If I have partial information, I will go by head, heart, and gut. If I don't have any information, I will go by gut alone. I am prepared for surprises and challenges after implementing decisions. Depending on the sensitivity of the issue, I encourage consensus to make all members accountable.

### **Decision-Making During Crises**

*“The most valuable result of all education is the ability to make yourself do the thing you have to do, when it ought to be done, whether you like it or not.”*

— Thomas H. Huxley

Genuine leadership gives us the following admonitions: Don't get emotional while making your decisions. Settle down. Be cool, calm, and composed. Think of what worst and best could happen. Envision challenges in a simple way and integrate them to get the big picture. Then make your decisions by your head, heart, and gut. John C. Maxwell in *Be All You Can Be* offers a formula on timing and decision-making as follows:

The wrong decision at the wrong time = disaster.

The wrong decision at the right time = a mistake.

The right decision at the wrong time = unacceptable.

The right decision at the right time = success.

### **Steps to Make Successful Decisions**

Our decision-making differs from time to time and depends on our mood levels. We tend to make better decisions early in the morning as we give rest to our minds the night before. By noon, we feel burdened. Hence, we may not make effective

decisions. Late in the day, it is difficult to make decisions as we become stressed from having executed too many tasks. Hence, before we make major decisions, keep the mind free from pressure and refrain from becoming emotional. Rest resets one's biological button. Sound sleep, physical exercise, and proper diet invariably contribute to clearer and better thinking. Additionally, as rational and emotional animals, humans will often change courses of action and will need to properly assess their choices in the process. The success of decisions will depend on preliminary steps:

1. Examine the totality of the facts underlying the situation at hand. Understand the issues from multiple perspectives.
2. Think of what potential consequences may occur.
3. Discuss with close connections how to formulate appropriate alternatives.
4. Choose the one which is possible and feasible to execute with limited risk and maximum returns.
5. Accept feedback to improve future decisions.

Remember, whatever the steps you take, there might be a mismatch between your expectations and outcomes. Hence, be prepared for the consequences before making your decisions.

### **Action Steps to Overcome Organizational Crises**

*"It's not about the smartest guys in the room. It is about thinking collectively."*

— Peter Senge

The following are action steps to overcome organizational crises.

- Don't try to cover up the crises. Express concerns about the crisis, accept responsibility, and apologize.
- Communicate clearly. Be transparent. Build trust.
- Address conflicts before they become crises.
- Have a discussion and dialogue with your team members. Build a consensus and take action. If matters progress adversely, take team members into confidence and discuss with them potential alternative decisions that would suit the situation.
- Keep all stakeholders informed to avoid confusion and chaos.
- Remember that all decisions will not always deliver fruitful outcomes.

### **Corporate Crisis Calls for Autocratic Leadership**

Futurist Bob Johansen, in his 2009 book, *Leaders Make the Future: Ten New Leadership Skills for an Uncertain World*, introduced the acronym VUCA: volatility, uncertainty, complexity, and ambiguity. He called for specific leadership skills to leverage uncertainty and complexity – the skills and abilities needed to overcome crisis and to turnaround companies. Research shows that most productive organizational restructurings have occurred under the leadership of autocratic leaders. Business leaders – including Jack Welch, Steve Jobs, and Leonard D. Schaeffer – managed to turn around their respective companies, increasing profitability in the process and generating respect globally as a result of their focused

leadership style. In fact, autocratic-like leaders are required during a crisis. A crisis itself does not need much explanation. It needs expert decisions from the top. Once the crisis is sufficiently addressed, it is then essential to shift governance immediately to softer styles of leadership in order to serve all stakeholders.

## **Be Bold to Lead in Turbulent Times**

*“When the going gets tough, the tough get going.” – Joseph Kennedy*

The present global business environment demands not only soft leaders but also hard leaders. When times are good, anyone can be at the helm. When the sailing becomes rough, the real leaders come to the forefront to sail the ship successfully to the shore. *Team of Rivals: The Political Genius of Abraham Lincoln* by Doris Kearns Goodwin describes how Abraham Lincoln related to people. The book describes how Lincoln brought into his cabinet people who were opposed to him, including three opponents for the Republican nomination, who, for the most part, thought Lincoln was a country bumpkin. However, within a year’s time, he succeeded in getting these people to look up to him. His rivals were turned into allies because he had the confidence and wisdom to collaborate with the best people. It’s an inspiring story. Combining the perspectives of people from different backgrounds and with different viewpoints and expectations can be a source of advantage in the marketplace.

There are many American Presidents who emulate the governance style of Abraham Lincoln, especially when they encounter political challenges. Other noted examples of American Presidents who were also equally equipped to lead in turbulent times included George Washington and Franklin Delano Roosevelt. Lincoln was unmistakably a committed and dedicated leader who learned bitter lessons throughout his life – mostly from his successive political failures he sustained before occupying the office as the first Republican and the 16th President of America. His leadership style was certainly something to adopt and implement.

## **Conclusion**

With the advent of the fourth industrial revolution, characterized by artificial intelligence and automation, it is essential to take appropriate action steps to overcome corporate crises to ensure organizational excellence and effectiveness for current times and for times to come.

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## **About the Author**



**Professor M.S. Rao, Ph.D.** is the Father of “Soft Leadership” and Founder of MSR Leadership Consultants, India. He is an International Leadership Guru with 38 years of experience and the author of over 45 books including the award-winning ‘*21 Success Sutras for CEOs*’ URL: <http://www.com/21-Success-Sutras-Ceos-Rao/dp/162865290X>. He is a C-Suite advisor and a sought-after keynote speaker globally. He brings a strategic eye and long-range

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