C-suites: A wild card when crisis strikes?

Eric McNulty says that C-suite executives can be helpful or a hindrance when dealing with a crisis. Here, he puts forward some advice and steps for senior executives to follow so that they can be assets when it matters most

There is an old joke shared with me by friends in emergency services: "CHAOS stands for: Chief has arrived on scene." It can be equally apt for chief executives and their peers in a corporate or public sector crisis. At their best, C-suite executives provide institutional support for a crisis team, set an appropriate tone with the media and the public and reassure employees and investors. At their worst, they make unforced errors, disrupt practised protocols and create the avoidable secondary crisis of a fumbled response.

The difference between the two is the ability of crisis team managers to 'lead up' effectively, deploying influence well beyond their authority. Among the unanticipated risks I have seen crisis teams face is a senior executive who has failed to make time for drills and exercises, yet who shows up for the crisis and expects to be in charge. Unfamiliar with the plan and its contingencies, the executive begins to direct activities. Suddenly, no one knows what to expect next. Hesitation and second-guessing follow. This predictable surprise upends carefully laid plans and unsettles the battle rhythm of the crisis team. The cascading turbulence can gravely derail a response.

I spoke with Jim Andrews, a health, safety, and environment (HSE) executive with decades of experience in the energy sector. He has worked with several CEOs and the nature of that industry is such that he has seen plenty of volatile situations. "Accomplished executives often underestimate the difficulty of leading in a crisis," he said. Having put together a merger does not necessarily prepare one for a situation where lives are on the line.

Senior executives, like all of us, are subject to the Dunning-Kruger effect, a cognitive bias that leads one to overestimate one's abilities. Without experience, however, few people have sufficient self-knowledge to judge their own competence. This is one reason why Andrews counsels that senior executives engage in a six-to-eight-hour exercise at least once a year. If an executive performs well, you know you can draw on them in an actual crisis. If they do poorly, they gain an improved appreciation of the skills of the crisis professionals and are more likely to refrain from trying to run a response themselves.

According to Andrews, a disciplined approach to preparation helps senior executives to understand roles and expectations for themselves and others. There will be something for everyone to do and the goal is to get as many people as possible engaged in activities that advance the group towards the best possible outcome.

If senior executives fail to take crisis preparedness seriously, it should be an articulated corporate risk alongside severe weather, active shooters and geopolitics. Andrews advised using 'bad' examples from other organisations as part of annual risk mapping to illustrate the reality of the danger.

Ideally, executives develop the self-awareness to understand where they can best add value. In interviews in the aftermath of the Boston Marathon bombings in 2013, my Harvard colleagues and I heard repeated praise for Massachusetts Governor Deval Patrick. We learned that Patrick never tried to direct operations. Instead, he consistently asked: "How can I be helpful?" and: "What do you need me to do?" None of this diminished his authority or stature. In fact, being willing to be led in the tactical domain best positioned him to lead his constituents, while enabling his operational leaders to do their jobs well.

Andrews shared that he wants the operating crisis team to be one or two levels below the C-suite. "The crisis team may need to dedicate prolonged time during an event," he said. "Top executives are best deployed overseeing the day-to-day business. That's where they have the greatest expertise – and not all of them have the temperament for crisis leadership." The response team needs to be practised and proficient in managing the dynamics of crises together. Executive teams rarely have the time or inclination to dedicate sufficient time and effort to achieve that level of collective skill. This is not a criticism of senior managers; it is an acknowledgement that leading in a crisis requires distinct capacities and capabilities.

Andrews also mentioned that it was important for him, as the senior HSE manager, to monitor the performance of each member of the crisis team constantly. "I may need the support of the CEO if a member of the crisis team needs to be replaced," he said. "If the CEO is leading the team and stumbles, I have nowhere to go to fix the problem."

This point was echoed by cybersecurity executive Malcolm Harkins, who noted that it is important to protect the organisation in a crisis. This is more difficult if the CEO is on the front lines of the response. "If things do not go well and someone needs to step down, it is easier to replace a senior vice president than a chief executive. The organisation and its board do not need succession concerns on top of the other issues in play."

This is not to suggest that C-suite executives are not involved in the crisis response. Instead, they should have specific, well-crafted roles to play. Three important functions for them are presence, communication and decision-making.

Cards in your favour: A disciplined approach to preparation helps senior executives to understand roles and expectations

A colleague at the National Preparedness Leadership Initiative (NPLI), Dr Leonard Marcus, said that crisis leadership presence has something in common with real estate: the importance of 'location, location, location.' The CEO who retreats to his or her office can be as dangerous as one who will not leave the emergency operations centre. Location decisions should be strategic and intentional.

For example, when the triple disaster of an earthquake, tsunami, and nuclear plant meltdown hit Fukushima in Japan in 2011, the damage was significant and the country's morale was devastated. In research for our book, ***You're It: Crisis, Change, and How to Lead When it Matters Most***, I interviewed Muhtar Kent, CEO and Chairman of the Coca-Cola Company during this incident. Among Kent's first moves was to travel to Japan, accompanied by two of the company's directors. Employees of Coca-Cola and their local bottling partners, as well as their families and customers, were directly affected by the disaster; Japan is a major market for the company. The physical presence of the CEO conveyed that the company understood the magnitude of the incident and demonstrated its commitment to its stakeholders there. The company later established the Coca-Cola Japan Reconstruction Fund with ¥2.5 billion – approximately $31 million or £19 million – to be used: "Mainly in the construction of educational and other public facilities needed for rebuilding the lives of children affected by the disaster."

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Steve Soltis, now at the Darden School of Business at the University of Virginia, led executive communications for Coca-Cola at this time. He told me that Kent's presence on the ground was essential to the company's overall response. His yardsticks for executive prominence in a crisis are severity and aptitude. The more serious the event and the more adept the executive at communicating, the more visible you want them to be.

Too much executive presence, however, can have negative consequences. During the response to the *Deepwater Horizon* oil spill in 2010, US President Barack Obama visited the Gulf of Mexico region five times. It was the largest environmental disaster in US history, meeting Soltis's severity test. Obama was a master communicator, clearly exceeding the aptitude standard. Yet every visit by a top leader is disruptive to response leaders on the ground: They generate briefings that must be given and tours that must be led; protocol and security issues arise; and optics compete with operations for priority. One or two visits over the six months of the active response would have sufficed.

Potentially more troublesome than the distraction of the visit are the decisions a top executive might make during interactions with stakeholders or the media. On one of Obama's visits, he responded to complaints from local officials by committing to increase the number of responders significantly. The challenge was that there were not enough tasks for a surge of responders. Nor were there resources available to house, feed or train them. Obama was well-intentioned yet he did not fully understand the implications of his promise. One responder I was with at the time bemoaned that: "Now we're into response theatre."

Leading requires effective communication, and never more so than in a crisis. People want to know that top executives grasp the problem, care about how it is affecting them and are doing something about it. According to Soltis, four thematic elements should populate every company's crisis communications dashboard: Trustworthiness; timeliness; transparency; and tenacity.

"In content and delivery, your executives' communications should reinforce the organisation's trustworthiness with the full range of stakeholders," he said. "That requires being forthcoming, to the extent legal and regulatory requirements allow, and empathic." Soltis emphasises the importance of unity between the chief communications officer and the general counsel. In my own experience, the communications team sees the benefits of engagement in the unfolding event narrative lest it be shaped by others, while the legal team prefers a quieter posture. One general counsel I worked with shared that everything the company does after an incident creates evidence that is discoverable in litigation. Each view has validity. One job of the crisis team leader is to help these executives find harmony, balancing the opportunities and risks of both offence and defence.

One risk is the senior executive who fails to make time for drills and exercises, yet shows up for the crisis and expects to be in charge

Tenacity, Soltis notes, means owning the issue, even if you are not responsible. "You want to follow through until the very end," he says, so that you never lose influence in the narrative. This includes social media monitoring to listen for ticking time bomb issues that might emerge during a crisis, even after the main event appears to be resolved.

Communications are not only external. June West, associate professor of business administration at the Darden School, specialises in organisational communication and leadership. She tells me that executives often fall short in communicating with employees. She noted that a crisis can take employees rapidly down Maslow's hierarchy to concern over basic physiological and safety needs. "The Covid crisis has upped the accessibility of CEOs, and that has increased employee expectations," she tells me. "Executives need to be ready to meet them."

West pointed to the 2021 *Edelman Trust Barometer* that shows business as the most trusted of the four sectors measured, and the only one with an increase in trust over 2020. According to Edelman: "The heightened expectations of business bring CEOs new demands to focus on societal engagement with the same rigour, thoughtfulness, and energy used to deliver on profits." West says that executives need to listen to the organisation and be ready to hear difficult truths: "Employees want to take pride in their organisation. They want the company and its executives to represent positive values and be good citizens."

In NPLI research on leader behaviours during crises, two activities that degraded team performance stood out: micromanagement and the inability to make a decision. They are two sides of the same coin, each reflecting a lack of understanding of how senior executives can help in a crisis. You don't want them making every decision, but there are certain decisions only they can, or want, to make.

Here again is the value of requiring the C-suite team to participate in scenario-based exercises. This allows them to experience being overwhelmed by small consequence decisions, the unintended consequences of decisions outside of their domain of expertise and the importance of their broader view and business experience to making high importance calls. A ship blocks the Suez Canal. Who decides whether your ships should wait, or seek an alternate route? A coup topples the government in Myanmar. Who decides if you evacuate and move your production to another country? An extremist kidnaps two of your employees and demands a ransom. Who decides whether to negotiate?

When I am asked by business continuity professionals how to get top executives to pay attention to preparedness, I advise them to start the conversation with decisions. Executives pride themselves on their ability to make decisions. It allows them to demonstrate expertise and authority. Invite them to help you understand where questions like those above sit on their agenda. This will often lead to a discussion of what the executive will need to know in order to make the decision – invaluable insight for the crisis leader to anticipate information needs and avert micromanagement. It also assures the senior executive that he or she will have an important role to play.

Everything above is dependent upon a productive, trust-based relationship between the crisis team leader and the senior-most executive they report to. To understand these dynamics better, I spoke with an NPLI colleague, VADM (ret) Peter Neffenger, former Vice Commandant of the US Coast Guard. Neffenger served as deputy national incident commander for the *Deepwater Horizon* spill and who was administrator of the US Transportation Security Administration during its 'wait line crisis' of 2016. Those experiences have taught him a lot about leading up.

Neffenger tells me that you must ensure that your boss has the confidence in you to do the job. "Sometimes you have to just come out and ask," he says. Putting the question on the table can clear up ambiguity. It also opens a deeper exploration of what the boss needs in order to maintain that confidence and what support you need from them in order to deliver on expectations.

It is a fact of life that CEOs worry about share prices and political officials are concerned with polls. These reflect the sentiments of people to whom they are accountable. "Work with your boss to know his or her style and needs," Neffenger says. "What information do they want? How often? In what form? What core principles do they expect you to follow? You need to understand the pressures they are facing. All of this helps you build a productive relationship."

In today's turbulent world, every leader in every organisation needs to anticipate confronting a crisis. It is a skill rarely taught in business school, but is too important to leave to chance.

By effectively leading up, crisis professionals can avert chaos erupting at the top. The chief arriving on scene can be welcome, after all. CRJ

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