

Leading Teams in Crisis Situations: From Chaos to Extraordinary Performance

by

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Teams have become a dominant mode of structuring works for most organizations. The increased use of teams can be attributed to their advantages, such as an ability to generate more information, stimulate creativity, work flexibly and expedite the decision-making process. With the increasing popularity of teams, researchers and practitioners have developed models to explain their effectiveness. Yet the majority of these models of high-performance teams assumes stable environments, and do not consider the attributes of extraordinary teams in crisis situations. In this article, we explore this topic by examining team capabilities in crisis situations. We begin by defining organizational crises, and then discuss the skill set needed to lead teams in a crisis situation. In our discussion, we consider the role of formal crisis management teams and those teams that have improvised during a crisis situation. In addition, we explore the significance of creating a high-reliability team culture and the importance of teams working with external stakeholders.

Defining Organizational Crises

Organizations are susceptible to a number of events or situations that have the potential to severely threaten the firm. In fact, a business crisis is:

Any emotionally charged situation that, once it becomes public, invites negative stakeholder reaction and thereby has the potential to threaten the financial well-being, reputation, or survival of the firm or some portion thereof.

Although crisis situations appear to be usual, recently they have become more salient because of media coverage, the Internet, and the globalization of news. Therefore, leaders increased pressure to prevent crises, and when a crisis occurs manage it to minimize the adverse effects of the crisis.

Borrowing language from the Institute for Crisis Management (ICM), there are two primary types of crisis situations: sudden crises and smoldering crises. Examples of both types are provided in **Table 1**.

Table 1
Types of Organizational Crises¹

Sudden Crises		Smoldering Crises	
Natural disasters	Sabotage	Product defects	Consumer activism
Terrorist attacks	Hostile takeovers	Rumors/scandals	Mismanagement
Plant explosions	Executive kidnappings	Workplace safety	Whistle blowing
Workplace violence	Environmental spills	Bribery	Class-action lawsuits
Product tampering	Technology disruptions	Sexual harassment	Labor disputes

¹ Adapted in part from Pearson, C. M., & Clair, J. A. (1998). Reframing crisis management, *Academy of Management Review* 23, 59-76; and from ICM Crisis Report, vol. 12, Institute for Crisis Management.

Sudden crises are those unexpected events in which the organization has virtually no control and perceived limited fault or responsibility. Examples of sudden crises include the September 11, 2001, terrorist attack on the United States and the 2004 tsunami that hardest hit India, Indonesia, Sri Lanka, and Thailand.

Smoldering crises are those events that start out as small, internal problems within a firm, become public to stakeholders, and, over time, escalate to crisis status as a result of inattention by management. Smoldering crises can begin as business as usual, and then evolve into a problematic event. However in many instances teams do not see smoldering crises because of blind spots.

According to the ICM database, nearly three-quarters of all business crises fall in the smoldering category. Consider, for example, the plethora of cases of corporate fraud, mismanagement, labor disputes, and class-action lawsuits reported in the news media. Many of the problems surfacing with this current recession can be classified as a smoldering crisis, such as the financial challenges confronted by the banking and automotive industries.

COMPOSING A CRISIS MANAGEMENT TEAM

As observed from the definitions, crisis situations, unlike other responsibilities assigned to teams, do not formally announce their arrival. Therefore, the work of a team in a crisis situation differs from routine and conventional teamwork. It calls for complementary and an additional set of skills for teams to survive and thrive. In general when teams are created, members are brought together to work in a coordinated effort to achieve a specific goal. The composition of a team is important because the members are given the responsibility and resources to carry out the assigned tasks. It is expected that the team will take ownership for creating critical work processes, the development of members, and its performance. In addition, teams are responsible for working across their boundaries to acquire information and build the relationships needed to achieve team goals.

For a team to perform effectively, it must create a work environment where each member is empowered to contribute their expertise, skills, and experiences to the team's tasks. In high-performing teams, the coordinated efforts of the team and the sharing of knowledge produces team learning, which results in synergies where the level of team performance is greater than the sum of each member's contribution. Some organizations have formal crisis management teams where members are brought together to prevent, prepare, or be on call to handle crisis situations. An ideal crisis management team is cross-functional and may consist of individuals from the senior leadership team, technical operations, public relations, customer service, and investor relations.

Cisco, the global manufacturer of computer networks, has several types of crisis management teams organized by hierarchical levels and geographical locations. There is one team responsible for the daily monitoring of events that may adversely affect the safety or security of employees, customers, and other stakeholders. This year, the

Manufacturing Crisis Management Team was activated at Cisco in response to a fear of disruptions in their supply chain because of the global recession. The goal of this team is to keep operations moving with a contingency plan for managing collapses in the trucking and air freight industries. The design and work of Cisco's Manufacturing Crisis Management Team provides the organization with a systematic mechanism for responding to supply chain crisis and allows it to continue operations as the crisis is being managed. Thus, at Cisco the crisis management teams serve as "anchorage points" prepared to mobilize specific organizational members, knowledge, and resources in crisis situations.

Discount retailer Wal-Mart is another organization known for its crisis management teams. In an interview Jason Jackson, director of the company's emergency management, describes his crisis management teams as a "big operation with a lot of moving parts." Wal-Mart's crisis management team consists of thirty-eight people organized into four sub-teams: preparedness, alarm operations, response and recovery operations, and business continuity. Each of the sub-teams at Wal-Mart is organized around competencies associated with the five overlapping phases of crisis management – signal detection, preparation and prevention, damage control and containment, business recovery, and reflection and learning.

For example, the alarm operations sub-team is in charge of signal detection through monitoring security systems, fire alarms, and the corporate emergency hotline. The preparedness sub-team is charged with the implementation, validation, testing of plans, and training. This training enables learning both before and after crisis situations. The response and recovery sub-team manages the damage control and containment of crisis situations through its emergency operations center. To put Wal-Mart back on the path of recovery after a crisis, the business continuity sub-team develops systems for the continuity of operations and disaster recovery.

Jackson believes that the four sub-teams are effective because they are "very carefully" integrated and have "a good understanding of each other's businesses." The effectiveness of team composition and integration of Wal-Mart crisis management teams was evident during Hurricane Katrina. In contrast to government agencies that did not react until days after Hurricane Katrina, Wal-Mart's crisis management teams integrated with other functional areas and quickly brought people together to make decisions and set priorities for tasks. Six days before Hurricane Katrina hit the Gulf Coast of the United States, Wal-Mart began to monitor and prepare for the storm by activating a highly organized emergency preparation with the focus on employee life safety, continuity of operations, and community support. As the prediction for the Hurricane Katrina worsened, the crisis management team began diffusing information to store managers to prepare inventory and employees. Wal-Mart stores were closed during the storm, but after the storm the crisis management team immediately mobilized to assess damage, reopen stores, and help the local communities that had been impacted by Hurricane Katrina.

Crisis Management Teams as Improvisers

In some instances organizations do not have the opportunity to compose a formal crisis management team, or the crisis management team has to adapt their original plans because of the complexity of the crisis or unexpected changes. These types of crisis situations demand that the team has a skill set to improvise. Team improvising may be needed because of uncertainty, ambiguity, or time pressures. Improvising in a crisis situation involves teams responding to real-time experiences that inform their actions and prepares the team for the next set of actions that have to be undertaken. There is little time for creating a pathway of conventional sequencing for planning, formulating, or implementing a crisis management strategy. Instead, the team constantly adapts to the situation by rapidly processing information and drawing on the intuition and mental frames of each team member as events unfold. Emerging from this process is an ad hoc team structure that is built upon existing team resources, but the team structure is flexible, open to change, and able to reconfigure resources depending on the needs of the response situation.

Team improvisation during a crisis situation can demand that members adapt their roles by adjusting who performs tasks and how tasks are performed. There may be shortcuts for managing traditional bureaucratic processes so that time is not wasted. Likewise, when crisis management teams are improvising, one's status or official job responsibilities may become irrelevant. Instead, team members may take on new activities or issue orders to others that in a normal state one does have the authority.

The team's ability to improvise is aligned with the uncertain nature of crisis situations. Wang and Xi in their research characterize this improvisation as a "fine-tuning" mindset of reacting, readjusting, and restructuring.² Through a case study based on archival sources, they use the example of the China's Severe Acute Respiratory Syndrome (SARS) crisis management teams as an illustration of fine tuning to improvise. In April 2003, when SARS spread from a few cases to a national outbreak, the Chinese government reacted by making leadership and structural changes. The health minister and mayor of Beijing resigned for mishandling the SARS epidemic. Also, the traditional hierarchy for managing epidemics was swiftly augmented with the creation of a crisis management team. The mission of this ad-hoc team was to control the spread of SARS through a coordinated national effort. Communication was an integral aspect of how the team improvised to combat SARS. The crisis management team regularly met to share their experiences, develop solutions for current problems, and plan for future scenarios.

When not meeting, the SARS crisis management team was readjusting its response by reallocating resources, building temporary infrastructures, such as SARS treatment hospitals, and educating the public to improve awareness of SARS. By June 2003, SARS was under control, but some local health departments were not as vigilant and cases began to fluctuate. In response, the crisis management team urgently organized the deployment of fifteen inspection teams to supervise and reinforce the building of a national SARS prevention system. As observed from this case, the act of fine tuning is an

² Wang, Y., & Xi, B. (2009). Preparing for future uncertainty: Creating a crisis management team. *International Journal of Human Resources Development and Management*, 9(1), 81-96.

interaction of improvising to fit the team's work with the environment and changing by situation and over time.

LEADING THE TEAM PROCESS

As discussed in the previous sections, crisis management teams can be formalized into the organizational structure or created through an improvisation process. No matter how the team is formed, there is a need for leadership to manage the team process. Grouping people together to work on resolving a crisis does not automatically make them a team, because crisis management team members should have a high level of mutual accountability that depends on the joint contributions of members for preventing or responding to crises. To guide the process for how the team works, leadership should be purposeful in how they clarify team goals and define the performance. The foundation of this teamwork is supported by trust and the team's culture.

With trust as a foundation of a crisis management team, members believe in the competence of each other and are open with their communication. Therefore the team process entails balancing the paradoxes of members supporting each other, but having the ability to confront each other when necessary.³ Team members are willing to support each other when they believe leadership and the influence of others are grounded in expertise, information, or experience that is relevant to the crisis situation. Yet, teams that are too supportive can be problematic if members perceive preserving relationships as more important than being constructively critical. This can result in group think or blind spots, and the team may begin to make decisions that are based more on conforming than resolving the crisis situation.

Similar to trust, a crisis management team's culture shapes its behavior. Culture is the shared basic assumption that teams learn as they solve problems by working together and adapting to external pressures. The crisis management team's culture creates norms for how it gets work done, such as through distribution of power, communication patterns, orientation to stakeholders, and working styles. Flight director Eugene Krantz, leader of space shuttle Apollo 13, is an example of leadership creating a culture of performance in a crisis situation.

When Apollo 13's service module exploded, Krantz and his "Tiger Team," despite negative odds, safely led the team back to Earth. Krantz built a team culture around the norms of optimism and that failure was not an option. Instead, he encouraged the team members to focus on keeping their cool and solving the problem by focusing on what was working.⁴ Trust based on expertise and preparation supported the cultural norms that Krantz infused throughout the "Tiger Team." The team consisted of twenty different types of specialists and experienced engineers, and team members had a strong sense of camaraderie. To reinforce the importance of the team knowing what to do during each

³ Hill, L. (1994). *Managing your team* (Case: 9-494-081). Cambridge, MA: Harvard Business School Publishing.

⁴ Useem, M. (1998). *The leadership moment: Nine true stories of triumph and disaster and their lessons for us all*. New York: Three Rivers Press.

phase of the crisis situation and how to work together as a team, Krantz institutionalized routines into the culture. Krantz put the team through flight simulations so that they could make correct decisions under time pressures. To facilitate communication team members were co-located by functional expertise and not by hierarchical levels or employment status. In addition, Krantz organized the flight teams into sports leagues so they could learn to compete as a team.

As observed from Krantz's leadership of the flight team that safely directed space shuttle Apollo 13 back to Earth, leading the team process in crisis situations also can entail creating a culture of high reliability. A high-reliability culture emphasizes the safety of stakeholders and reliability in the decision-making process as the dominant output value. This type of team culture is appropriate when management of the unexpected is needed to prevent accidents or minimize the consequences of accidents under difficult situations.⁵ Typically, high-reliability teams function in hazardous, fast-paced, technologically complex work environments that are error-free for long periods of time, but are designed to manage unexpected events, such as nuclear power plants, fire fighting units, and emergency medicine units or hospitals. However, crisis management teams share similarities to teams working in high-reliability organizations and learn from how they respond to challenging situations.

The core norm of teams operating in high-reliability organizations is a mindfulness for five principles: 1) preoccupation with failure; 2) reluctance to simplify interpretations; 3) sensitivity to operations; 4) commitment to resilience; and 5) deference to expertise. Integrating these five principles into leading a crisis management team results in members knowing that errors are unacceptable and having an understanding of the complexity of crisis situations. Thus the team discusses the potential for errors, looks for problematic signals, and engages in scenario planning. Leadership encourages the team to create a complex and detailed picture of the crisis situation for analysis and pays close attention to the action on the front line, because this is usually the starting point for a crisis. The wisdom of experts is valued through co-leadership, the sharing of resources, and the authority to act when needed. Furthermore, leadership ensures that the team develops the capability to bounce back from the crisis by continuing operations under extreme circumstances and learning from the crisis to improve the team's effectiveness.

This year's amazing landing of US Airways Flight 1549 illustrates the power of embracing the principles of high-reliability teams. Shortly after takeoff, flight 1549 left New York's LaGuardia Airport headed for Charlotte, North Carolina. Within minutes the plane, under the direction of Captain Chelsey "Sully" Sullenberger, struck a flock of birds, debilitating the plane's two engines. Immediately, Captain Sullenberger had to make a series of potentially life or death decisions. He opted to land the plane on the Hudson River rather than attempt to make it back to the airport. With the words, "Brace for impact because we're going down," Captain Sullenberger safely landed the jet in the Hudson River where the plane stayed afloat long enough for all 155 passengers to be rescued from the water. The pilot's ability to make quick decisions under pressure and execute his plan resulted from both his leadership and a supporting crew that had trained

⁵ Weick, K., & Sutcliffe, K. (2001). *Managing the unexpected*. San Francisco: Jossey-Bass.

for potential crashes. To prepare for crisis situations, air crew training entails the sophisticated use of complex simulations and exposure to research into past accidents that reveal mistakes that cost lives or strategies that save lives. Also, in some training sessions both pilots and flight attendants work together on emergency scenarios so that the entire crew has the experience of learning how to coordinate their efforts, develop sensitivity to each other's operations, and communicate in crisis situations.

TRANSCENDING OUTSIDE THE TEAM

Teamwork in crisis situations necessitates balancing internal processes with the capability to partner with people who are external to the team. Crises are not isolated incidents and can impact external stakeholders, such as customers, suppliers, competitors, and innocent bystanders. Therefore to prevent crises and in crisis situations, the team should constantly scan the external environment and monitor the activities of key external constituencies. Various external stakeholders' identities and interests should be taken into account as the team charts a course for resolving a crisis. This suggests that team members need to think about the implications of their actions as they relate to key external stakeholders. Each external stakeholder group may have a unique set of issues, and it is the responsibility of the team to create a coherent, interrelated strategy for addressing the crisis that takes into account external stakeholders.

CEO Robert Eckert's leadership of Mattel's upper crisis management team during the recall of toys containing lead that were manufactured in China highlights the importance of integrating the internal team processes while working with external stakeholders. Mattel had a crisis prevention system; before the toy recall crisis, organizational members had engaged in scenario planning. Eckert believes the planning was a valuable asset for team and gave the company a head start. During the crisis, everyone on the team had a crisis communications notebook that outlined responsibilities for crisis situations, and the team met daily to plan and implement a strategy for responding to the crisis. Yet, a large proportion of the team's work involved communicating and working with external stakeholders. For instance, the team had to develop a protocol for retailers for removing toys from the shelves and accepting returns. Constant communication with consumers was necessary through Mattel's Web site, telephone lines, and the media. In addition, the team had to work with regulators, such as the Consumer Product Safety Commission, and suppliers to determine the source of the lead in the toys. Mattel even enlisted an endorsement from an industry expert, which validated their handling of the crisis situation.

PARTING THOUGHTS

Successfully leading in crisis situations calls for actions that can courageously make sense out of chaos to develop extraordinary teams. This results when leaders are intentional about who they put on the team and create a team environment where members are empowered to improvise if the crisis situation requires agility, adaptation, or flexibility. Moreover, leading a crisis team entails creating a roadmap that clarifies the

group's destiny, how they will get there, and the relationship with external stakeholders. Trust between members and the culture should be the supporting pillars of crisis. Finally, leaders must remember that team effectiveness encompasses different metrics in a crisis situation that include containing the crisis, resilience or the ability of the organization to bounce back from the crisis, and learning so that the organization can prevent future crises.