

Thought On

## TEAM APPROACH TO CRISIS LEADERSHIP



“ Team improvisation is essential for dealing with unexpected events; members must adapt their roles and adjust their performance as they go.”



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If we have learned one thing over the past decade it is surely that crises are ubiquitous, and no leader or organization is immune from one. Whether you lead an organization the size of those that top the Fortune 500 or whether you head a small start-up, the chance that you will encounter a set of challenges that threatens your firm is likely. To many of you this statement may seem a bit ironic given that, by definition, crises are rare events. Yet with hyper-competition, technological advances, globalization and diversity, Mother Nature's unpredictability, and human frailties and errors, a crisis of some sort is bound to touch all of us and one point or another.

So what exactly is a crisis? The definition that I use in my research claims that a crisis is a volatile situation that invokes negative

stakeholder reaction and threatens the well being of the company. A crisis can be differentiated from a business problem in that the situation is usually critically and strategically important to the firm. It is further characterized by time pressure, ambiguity, and in many cases publicity. Crises are also of varying types. A simple distinction that my colleagues at the Institute for Crisis Management (ICM) use is that there are some crises that occur suddenly, with virtually no warning (e.g., earthquake) and therefore provide little time to respond. Alternatively, there are smoldering crises which start out as small and manageable problems that escalate over time, generally as a result of inattention by management (e.g., labor disputes, product defects). According to an annual ICM crisis report, smoldering crises make up nearly three-quarters of all business crises.

It is obviously an understatement to say that leadership during a crisis is of paramount importance. Often the news media will highlight particularly good or bad crisis handling by an executive, but what gets less attention, however, is that leading an organization through a crisis is a team sport.

Certainly you need a coach to call the shots, but just as important are players that assume key roles based on expertise, experience, or ability to connect with others. As is true in any effective team, composing a crisis management team in such a way that the members are able to work together under pressure to achieve the desired goal will facilitate a successful resolution. Each member must bring specific skills that contribute to the overall performance of the team and they must work in a trusting and coordinated fashion.

Some companies, like Cisco, have several types of teams organized by hierarchical level and geographic location. One of their teams, the Manufacturing Crisis Management Team, was recently called on to keep operations moving during the global recession and to create a plan for managing disruptions in the supply chain. Wal-Mart also has formal emergency management teams. They consist of thirty-eight people divided among four sub-teams: preparedness, alarm operations, response and recovery operations, and business continuity. Each team deals with a specific crisis area. For example, the alarm operations sub-team monitors security systems, fire alarms, and the emergency hotline. The sub-teams are effective because they are integrated. During Hurricane Katrina, the sub-teams cooperated with each other to bring people together to make decisions and set priorities for tasks. After the Gulf Coast stores reopened, the teams were ready for action.

In some cases, companies are unable to create a formal crisis management team for every situation. Team improvisation is essential for dealing with unexpected events; members must adapt their roles and adjust their performance as they go. China's Severe Acute Respiratory Syndrome (SARS) crisis management teams are a good example of this skill set. In 2003, SARS grew from a few cases to a national outbreak. The teams, which were created to control the spread of the disease, constantly had to readjust their response by allocating resources, building temporary treatment hospitals, and educating the public. In addition to managing the crisis, they deployed inspections to begin a national prevention system.

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The foundation of good teamwork is found in trust and open communication. If the team's culture or shared assumptions include a fair distribution of power, mutual respect, and receptiveness toward each other, the team will probably be successful. In addition, crises may impact external stakeholders. Members must be sensitive to the effects of their actions on customers, suppliers, competitors, and innocent bystanders. A truly effective team will also work with outsiders to prevent future crises. Thus, the leader of the team must structure a highly reliable team environment and create a close relationship with the outside players.



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