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A Crisis in Leadership

*What You Need to Know BEFORE
a Disaster Hits Your Company*



Agenda

- Leadership in Times of Crisis
 - Recent disasters
 - Two classic stories of leadership
- Leadership Strategies from the Start
- Ongoing Crisis Leadership Strategies
- Decision Fatigue
- Where Do We Go From Here?



Leadership in Times Of Crisis – Recent Disasters –

The Japanese Trifecta: Earthquake, Tsunami, Nuclear

- The earthquake and subsequent tsunami **fell exactly** within the risk profile of Japan's disaster management program.
 - There were *no contributing factors* to the disaster that could not or should not have been predicted or accounted for.
- In other words, ***no surprise.***



A Failure of Leadership

- Failures at the *tactical* and *operational* level were reflected in, and in many ways caused by, a lack of political leadership.
 - Occurred in government and in business.



A Failure of Leadership



- National disasters are a political issue and national leaders need to accept responsibility, whether in terms of:
 - Long-term capability preparation, or
 - In the immediate post-incident response.



Goldman Sachs

- Old view: Wall Street icon
- New view: Through a public relations strategy built on arrogance and insensitivity to the national mood, turned itself into a symbol of “Wall Street hoodlums.”

Goldman Sachs

- Goldman failed to manage a series of unpleasant, but not debilitating, revelations about how it profited before, during, and after the global financial crisis.



Doing “God’s Work”



- On October 8, 2009, Lloyd Blankfein, Chairman and CEO, told a Times of London reporter (in a 7,000 word story), he describes himself as just a banker “*doing God’s work.*”



British Petroleum

- Old view: BP was re-making itself into an “environmental” energy company.
- New view: Arrogant, self-centered, “money-grabbing” oil company, with complete disregard for the environment.



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BP CEO Tony Howard



- Interviewed by the The Guardian over the extent of the spill, BP CEO Tony Hayward stated:
 - *“The Gulf of Mexico is a very big ocean. The amount of volume of oil and dispersant we are putting into it is tiny in relation to the total water volume.” (May 14, 2010)*

BP CEO Tony Howard

- Four days later, he told a Skynews TV reporter that:
 - *“The environmental impact of this disaster is likely to have been very, very modest.”*

(May 18, 2010)



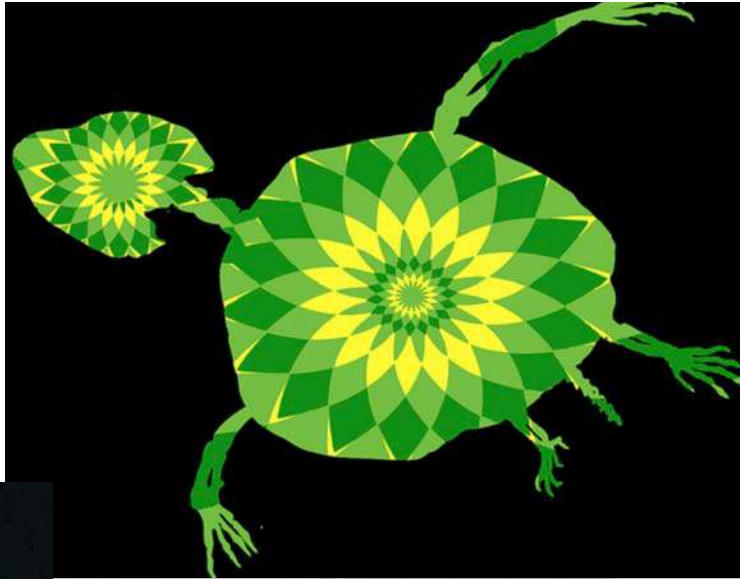
BP CEO Tony Howard



- But wait, there's more:
 - *"We're sorry for the massive disruption it's caused to their lives."*
 - He went on to say:
"There's no one who wants this thing over more than I do. I'd like my life back." (May 31, 2010)



Gambling with
your future **bp**



..cause we know how to spill it!!!

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Costa Concordia Disaster



- January 13, 2012: The Costa Concordia partially sank after hitting a reef off the coast of Tuscany requiring the evacuation of 4,229 people on board.
 - 30 dead (as of 3/23/12).
 - 64 injured.
 - 2 still missing and assumed dead.
 - The collision tore a 70-meter crack in its hull

Where Was Their Leader (Captain)?



He Told The Coast Guard and the Judge...

- "I was trying to get people to get into the boats in an orderly fashion. Suddenly, since the ship was at a 60-70 degree angle, I tripped and I ended up in one of the boats. That's how I found myself in the lifeboat."
- "I didn't even have a lifejacket because I had given it to one of the passengers."

And Now We Have...



- The hot new phrase:
 - 'Get back on board, damn it!' (*English translation of what the Italian Coast Guard is to have said to the captain.*)
 - These t-shirts are all the rage in Italy and, increasingly, the world!

What Do These Stories Have in Common?

- All of the entities involved exacerbated their troubles by:
 - Declining to “fess up” promptly.
 - Casting blame elsewhere.
 - Down-playing the incident.
 - Striking adversarial postures with the public, the government, and the news media.

What Do These Stories Have in Common?

- Didn't seem to have a crisis plan in hand.
 - And if that was their plan/strategy? OMG!
- Sought to minimize the extent of their problems.
- Never seemed to display an understanding for the situation they were in.



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Real leaders are people who “help us overcome the limitations of our own individual laziness and selfishness and weakness and fear and get us to do better, harder things than we can get ourselves to do on our own.”

David Foster Wallace



Leadership At Time Of Crisis – Two classic stories of leadership –

From The Past, Story #1



Ernest Shackleton

- Ernest Shackleton was not a BCP guy (which is why they got into all of the trouble to begin with).

BUT

- Once in trouble, he was a heck of a crisis/incident manager!

The Endurance Set Sail

August 1914



- Shackleton was advised by local seaman not to continue his voyage.
- Because of that year's unusually thick pack ice, it could trap the ship if the wind and temperatures shifted suddenly.
 - Which is, of course, exactly what happened!

Two Years on the Ice

- Twenty-eight men spent two years on the ice without any communication to the outside world.
- All 28 survived.



As The Ship Broke Apart



- When a few men expressed skepticism about his plans, he acted quickly to contain their opposition and negativity by:
 - Trying to win them over.
 - Keeping close watch on them.
- He assigned several potential troublemakers to his own tent on the ice, according to the saying, “Keep your friends close and your enemies closer.”

What Were His Leadership Skills?

- Responded to constantly changing circumstances.
- Reinvented the team's goals.
- Kept his men's focus on the future.
- Devoted himself to a worthy goal – bringing all 28 men home alive.
- Committed himself to a larger purpose.
- Found flexible, imaginative methods to achieve a goal.



Photographer on Board



- You might have wondered...where did the photos come from?
 - Frank Hurley lost most of his equipment in the wreck.
 - He salvaged 120 glass plates, a small pocket camera, and three rolls of film, which he used to take photographs on Elephant Island.

From The Past, Story #2

- In October 1982, seven people in Chicago died after taking extra-strength Tylenol capsules, the leading pain-killer medicine in the U.S. at the time.
- It was reported that an unknown suspect (or suspects) put 65 milligrams of deadly cyanide into Tylenol capsules.
 - This is 10,000 times more than what is necessary to kill a human.



And Today?

Johnson & Johnson has had over 50 recalls between April 2008 and March 2011:

- Motrin
- Tylenol Arthritis Pain caplets
- Children's Tylenol
- Benadryl
- Roloids
- Sinutab
- Invega
- Potentially cracked syringes
- Acuvue TruEye contact lenses
- ASR hips (hip replacements)
- Surgical sutures
- Insulin-pump cartridges

The FDA and McNeil (a unit of J&J) announce a consent decree that will give the agency expanded oversight of three plants.

J&J Makes the Cover of Business Week

- The April 4, 2011, cover of Business Week:
 - “*Johnson and Johnson Quality Catastrophe*”
 - “After 50-plus product recalls in 15 months, the \$60 billion company is fighting to clear its once-trusted name.”





Leadership Strategies from the Start



Five Initial Leadership Strategies

1. Take a moment to figure out what's going on.
2. Act promptly, not hurriedly.
3. Manage expectations.
4. Exhibit control.
5. Stay loose; be flexible.

“Take a Moment...”

- Essentially, just take a deep breath.
- Take charge, develop a plan of action, give clear assignments, and establish the next meeting time.
 - Sound familiar? This is the background for the Incident Action Plan (IAP) process of the Incident Command System (ICS). The IAP is one the of most important hallmarks of ICS.
 - This process helps to impose order on a chaotic situation.

Incident Action Plans (IAP)

- Whether or not you ever formally use the ICS structure, you need to develop IAPs.
- All IAPs contain:
 - Status of the incident.
 - Strategic objectives and specific assignments.
 - Operational period.



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A common characteristic of people who accomplish something unusual is their understanding of, and focus on, the objective. If you get the objectives right, a lieutenant can write the strategy.

General George Marshall

“Act Promptly, Not Hurriedly”

- A leader must provide direction and respond to the situation in a timely fashion. But rushing will likely make people anxious.
- A good leader responds to a crisis situation by providing leadership in a timely fashion.
- During subsequent meetings with the team, a leader discusses the direction and sets specific timeframes for implementation.
- Legendary coach John Wooden once advised, "Be quick but don't hurry."

“Manage Expectations”

- Emergencies or crises take much longer to resolve than we like or we think they should. Everyone wants to get on with their lives.
 - Remember the words of former BP CEO Tony Hayward after the Gulf oil spill: “I want my life back.”
- Disasters take time to recover from. A quick resolution is often not possible. It falls to the leader in charge to address the size and scope of the crisis.
- Don't alarm people, but don't be afraid to speak to the magnitude of the situation.
- Set realistic expectations early and often.

“Exhibit Control”

- When things are happening quickly, no one may have actual control of the situation, but a leader can assume control.
 - In other words, *you can't control the disaster, but you can control the response.*
 - Assume the mantle of leadership and, well, lead!

“Stay Loose, Be Flexible”

- A leader can never afford to lose composure.
 - A leader must adapt rapidly.
- By its nature, a crisis changes quickly.
 - Your first response will likely not be your final response.
- In crisis situations, a leader cannot be wedded to a single strategy.
 - S/He must continue to take in new information, listen carefully, and consult with the frontline experts who know what's happening.



Ongoing Crisis Leadership Strategies



Ongoing Strategies

- Develop and maintain a vision:
 - Know where you are going.
 - Communicate the vision.
 - Convince others to come along.



Ongoing Strategies

- Communication:
 - Communicate early and often.
 - Remember to use all forms of communication.
 - Make social media your friend.

Ongoing Strategies

- And don't forget the first five strategies. Use them – they work!
 1. Take a moment to figure out what's going on.
 2. Act promptly, not hurriedly.
 3. Manage expectations.
 4. Exhibit control.
 5. Stay loose; be flexible.





Decision Fatigue

Decision Fatigue

- **Decision fatigue** is the newest discovery involving a phenomenon called “ego depletion.”
- Once you’re mentally depleted, you become reluctant to make trade-offs, which involve a particularly advanced and taxing form of decision-making.



Decision Fatigue



- You can't make decision after decision without paying a biological price. The more decisions you make, the greater the price.
- As you fatigue, you're not consciously aware of being tired, but you get low on mental energy.
- The more choices you make throughout the day, the harder each one becomes for your brain.

So Then What Happens?

- We start to avoid making decisions (large or small) or making any choice at all.
- Ducking a decision often creates bigger problems in the long run, but for the moment, it eases the mental strain.
- We start to resist any change, any potentially risky move – we hunker down and just stop.



Research Shows

- Even the wisest people won't make good choices when they're:
 - Not rested and their glucose level is low.
- Dr. Roy Baumeister (FSU) says:
 - “The best decision makers are the ones who know when *not* to trust themselves.”

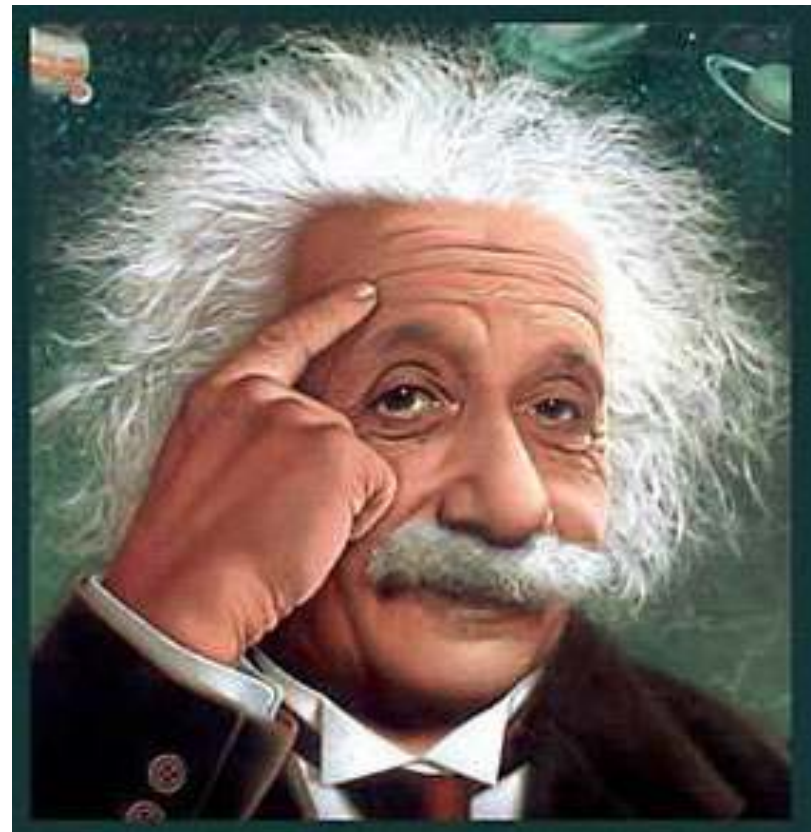




Where Do We Go From Here?

So What Does All This Tell Us?

- History tends to repeat itself. We need to learn from the mistakes of the past.
- Remember the words often attributed to Albert Einstein:
 - *“Insanity is doing the same thing over and over again and expecting different results.”*





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Thank you

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