Leading in Turbulent Times

As infections with the COVID-19 virus continue to grow across the world, leaders in business, government, and civic society face unprecedented challenges. Crisis situations can overwhelm even the most experienced leaders, presenting unexpected, complex scenarios that evolve at a fast pace and in several directions. Even in cases in which contingency plans have been prepared, those plans need to be adjusted to respond to rapidly changing circumstances. In the following, I describe essential tools and perspectives leaders can use to lead in difficult times. These tools can be used by any leader, whether in business, government, or the nonprofit sector, and for organizations big and small. When there are differences between the sectors, I will point them out.

Building Trust

Crises frequently happen without warning and under extreme time pressure. Decision makers drown in information overflow, yet truly vital information is not available. During these situations, leaders must continue to build trust. Maintaining an environment of trust will generate much-needed room to maneuver and the good will that leaders will need to rely on when tough decisions have to be made.

Even though the advantages are obvious, leaders often struggle with building and maintaining trust, especially during high-stakes crises. Research has identified four major factors that influence the level of trust among stakeholders involved in a crisis, summarized in the Trust Radar:
To appreciate the importance of transparency, keep in mind what undermines trust. One example is if your stakeholders believe that your company or organization is withholding relevant information willfully. Or, to say it positively, full transparency is reached when, in the mind of your audience, all relevant questions have been addressed. Your audience will determine what information is considered relevant – not you. That will also vary for different audiences. What is transparent to an investor may not be transparent to a customer. What is important to a faculty member may be irrelevant to the parent of a student. It is essential to understand what is “in the head” of your respective audience members and address it in a language and style that resonates with them.

Transparency is not the same as full disclosure, and transparency may be reached without full disclosure.
Transparency is not the same as full disclosure, and transparency may be reached without full disclosure. This will be the case if the leader conveys a rationale for limiting disclosure that reflects concerns shared by the relevant audience. For example, in the case of a health crisis, privacy concerns may limit what can be disclosed (e.g., not revealing the identity of an individual who has tested positive for COVID-19). Rather than simply declining to comment, leaders can emphasize the importance of patient privacy, a concern shared by the audience, as a clear and understandable reason for limiting disclosure. In other cases, relevant information may not yet be available (e.g., the number of people who may have had direct contact with an infected person or the likely infection rates). As a general rule, the rationale for limiting disclosure must pass the “reasonable person test,” meaning that it will seem justifiable to most people.

It is also possible that transparency will not be achieved despite full disclosure. That will be the case when the leader, in the attempt to fully disclose an issue, fails to be understood. Technical mumbo-jumbo, a complex explanation, or legalese – even if it involves disclosing relevant information – will not be considered transparent by the general public. Rather, an audience will assume that a company is hiding behind incomprehensible jargon rather than speaking plainly and in a straightforward manner. This is a common trap for leaders who have highly specialized knowledge, including physicians. It is important to remember that what is obvious to you may not be obvious to your audience.

Further, trying to give the impression of full transparency while hiding salient facts can lead audiences to doubt the veracity of what they are being told. There may be times when leadership does not want to release known information. If this is the case, it is important to anticipate the reaction of stakeholders if the information is brought to light through means other than direct communication from leadership. Will the rationale for not disclosing the information pass the reasonable person test? Most often, it is better to release bad information all at once, rather than withhold information that will continue to trickle out over time.

**Expertise**

People expect leaders and their organizations to have the expertise to take full preventive action and to be prepared to respond quickly, decisively, and effectively when crises occur.

A perceived lack of *expertise* can undermine trust quickly. This is particularly important during health crises and natural disasters. The reputational catastrophe suffered by the Federal Emergency Management Agency because of their bungled response during Hurricane Katrina was not driven by the belief that FEMA had bad intentions, but that it was incompetent.

In the United States, companies are usually viewed as competent, which is not generally true in other countries. On balance, this is a benefit to a company. The public usually does not doubt corporate ability, but it often does doubt corporate willingness to do the right thing. That said, for
companies the expectation of competence often has a threshold structure. Companies get little credit for exceeding expectations, but are heavily criticized if they fail to meet them. This is particularly problematic when the public has unrealistic expectations of what companies can do.

In contrast, nonprofits are usually viewed as less competent than profit-making companies, but more caring. That means that their audiences may be more forgiving when things do not work out as planned. However, this goodwill does not apply to problems with a nonprofit’s core competency. The Red Cross likely will be forgiven for a cyber-security breach, but not for a contamination of its blood supply. Moreover, given their reputation for warmth and caring, nonprofits will experience a serious backlash if their actions are viewed as self-serving or financially motivated.

Leaders can address a perceived lack of expertise by bringing in third-party experts with high credibility. Experts with knowledge well outside the expected expertise of management will likely cause no perception of management incompetence. For example, a well-respected physician or public health expert from the Centers for Disease Control, a prestigious university, or the local health department will have medical knowledge about diseases that management typically would not be expected to have.

Crisis preparedness is a particularly important aspect of competence. The reputation of an organization and trust in its leaders will diminish significantly when the company seems unprepared.

- First, stakeholders will ask, “What did the organization do to prevent this crisis?” When it is humanly possible to prevent or significantly decrease the likelihood of occurrence or harm, the widely held belief is that preventive action should have been implemented. If the company appears negligent, dismissive, or incompetent, then outrage will occur. These concerns are less common during new threats like the COVID-19 pandemic but are important for crises that are more familiar.

- Second, stakeholders expect an organization to be prepared and “ever ready” to manage a crisis effectively when it occurs, especially when the crisis was considered foreseeable. The excuse that “we didn’t think it would happen to us” holds little credibility.

Lack of crisis management expertise will cause outrage and diminished reputation for unprepared organizations. People expect leaders and their organizations to have the expertise to take full preventive action and to be prepared to respond quickly, decisively, and effectively when crises occur.

Commitment

The most powerful and direct way to signal commitment is for leaders to show up in a highly visible manner and take charge.
At the end of the day, your stakeholders want to make sure that a crisis is addressed and that they are not negatively impacted. One problem with this expectation is that early in a crisis it is impossible to establish even the most basic facts, let alone find a solution. This is particularly true during pandemics in which the situation is highly dynamic and fluid, and easy solutions are not available. So, what to do? The third factor is commitment.

The most powerful and direct way to signal commitment is for leaders to show up in a highly visible manner and take charge. That demonstrates accountability and sends the message that nothing is more important than resolving this particular crisis.

- When a Virgin train from London bound for Glasgow crashed after derailing because of a line defect, CEO Sir Richard Branson not only cut short a family vacation to help handle the situation personally, he also visited crash victims in the hospital and praised the train driver’s courage and actions that potentially saved more lives.

- Conversely, during Hurricane Katrina, Ray Nagin, mayor of New Orleans, and Mike Brown, FEMA director, were viewed by the public as uncommitted with their perceived lack of high-visibility personal involvement and concern.

To an efficiency-minded leader, a crisis response ritual may look like a waste of time, the most precious resource during any crisis. Ironically, it is exactly this “inefficiency” that creates the strong symbolic value. A leader signals that nothing is more important than taking care of this crisis by showing up with the full resources of the company. That creates a sense of commitment.

Does the company’s representative always have to be your CEO? No; the right level of commitment depends on the perceived magnitude of the crisis. If in doubt, use someone higher in your management hierarchy, even if the executive is not directing the operations. The importance of perceived commitment also casts doubt on the extensive use of public relations professionals as spokespeople. The problem with spokespeople is that they do not have operational responsibilities – they are not in charge, and stakeholders know it. People want to hear from leaders in a crisis. Depending on the crisis, it is best to use skilled media spokespersons for ongoing briefings in conjunction with the highly visible presence of the leader of the organization.

The second important commitment device is process. The definition and communication of a decision process is particularly important during crises that may last a long time, yet evolve rapidly. Ideally, the details of the process are clearly communicated to your audiences, followed by regular updates.

**Empathy**

A leader’s reaching out to perceived victims with warmth and authenticity can be very effective, even without an apology.
The final component, *empathy*, is often the most important factor of the four and the easiest to miss. Showing empathy is not the same thing as apologizing. Leaders show empathy with colleagues at work, neighbors, and family members even if they do not feel responsible for a problem. During pandemics or natural disasters, stakeholders do not see the company or organization as an anonymous provider of goods or services, but as a member of the community. And a member of the community is expected to care and show empathy. This is particularly important for nonprofits. In many crises, if there is a perception that the company or organization mishandled a situation, stakeholders expect a sincere apology, but the apology must be authentic. An apology that appears formulaic, insincere, or calculated is worse than useless.

A leader’s reaching out to perceived victims with warmth and authenticity can be very effective, even without an apology. In response to Virgin’s train accident, Sir Richard Branson expressed both sorrow for the loss of life and support for the driver who helped the vast majority survive the crash. People want to know leaders and their organizations care when there is real or perceived harm. Remember that caring is behavioral, not just a passive feeling. An effective crisis manager engages in behaviors that encourage people to believe the organization truly cares.

**Fear Factors**

… in many cases, there is a large gap between objective risk and risk perception. Emotions, heuristics, and biases play an important role in understanding this gap.

A particularly challenging aspect of pandemics is the fear generated by a combination of dire consequences and lack of information. Decades of psychological research have shown that the general public does not evaluate risk in a scientific manner. Sometimes fears are based on objective risk, but, in many cases, there is a large gap between objective risk and risk perception driven by certain features of the situation. The likelihood of fear increases in settings that are novel, have dreadful consequences and identifiable victims, are highly salient (e.g., because of extensive media coverage), and where the public lacks a sense of control. In contrast, a false sense of control will lower risk perception and lead to unsafe behavior (e.g., refusal to wear a seatbelt).

To manage the COVID-19 pandemic, leaders need to tread a narrow path of encouraging safe behavior without creating panic. For example, young people may have a false sense of security given the prevalence of fatalities among older adults. Pointing to specific victims who were of younger age can counter such overconfidence. On the other hand, providing specific actions that
individuals can follow to lower the risk of infection (e.g., social distancing) will lower the likelihood of panic.

A Sense of Duty

In a situation where millions of people are asked to do what is right for the community, often at great personal cost, it is essential that the required sense of duty is articulated as forcefully as possible.

Public health crises and natural disasters require broad changes of day-to-day behavior, often at substantial individual cost to the public. Getting this balance right is difficult, and the challenges are particularly severe in the COVID-19 pandemic, as individuals who are asymptomatic or face low mortality risk may create severe externalities as carriers of the virus. In a situation where millions of people are asked to do what is right for the most vulnerable members of their community, often at great personal cost, it is essential that the required sense of duty is articulated as forcefully as possible.

In such cases, an appeal to moral principles is vital. One such principle is the avoidance of harm. This moral and emotional response is triggered by expressions of suffering and need. Its corresponding duty is care, its characteristic emotion, empathy. The do-no-harm principle is fundamental and universal. Even young children respond to suffering and try to end it. But the emotional impact of the do-no-harm principle varies by context. For example, the sense of duty and the willingness to act will be more forceful when we emphasize that harm is intentional (rather than an unintended by-product), causal (commission is worse than omission), or the consequence of a blameworthy action (e.g., drunk driving). The presence of identifiable victims is essential. Statistics do not generate empathy; people do.

Leaders should also forcefully emphasize a strong sense of community. Communal orientations are defined by need and caring. Actions are intended to meet another person’s need without expecting specific compensation. Community orientations tend to be highly ritualized and full of symbols, such as wearing an armband or lapel pin. Shared norms play an important role. (Consider the different norms on “mask wearing” between the United States and Hong Kong.)

Helping the Right Way

In the context of natural disasters and health crises, the public views a company more as a community member than a commercial entity, and expects the business to behave out of altruism rather than self-interest.
The shift to a community orientation also changes the perception of business and other organizations. In the context of natural disasters and health crises, the public views a company more as a community member than a business. Communal orientations are driven by need and caring, not individual benefits. Organizations are expected to behave out of altruism and meet the needs of the community. Companies often struggle with this shift toward a community orientation, because their usual day-to-day interactions with customers are structured as market interactions defined as the exchange of goods and services for appropriate financial compensation. But once the public shifts to a community orientation, any perceived violation of its norms of community orientation, e.g., a concern for shareholder value, will lead to a severe backlash, as Starbucks learned when one of its stores in lower Manhattan charged first responders for water while they were treating victims of the terrorist attack on the World Trade Center on 9/11.

Natural disasters, terrorist attacks, or pandemics, while usually beyond the control of the management of an organization, can put your organization on stage where the leadership team is being evaluated in how it is responding. That means:

- Acting authentically (serving the community rather than appearing motivated by business interests).
- Acting competently (sending the right kinds of relief in a timely manner).
- Communicating in a non-self-serving way.

We call this approach the Good Samaritan Principle: caring combined with competence. A relief effort that meets these criteria can be much more valuable than financial donations of any size. Failing to meet them, no matter how genuine the intention, can do reputational harm. It is not just the thought that counts. Corporate caring is not a feeling; it is behavioral. Stakeholders must see and believe that your organization cares about the welfare of others by observing “caring behaviors,” not just empty public relations statements of concern.

A textbook example of the Good Samaritan Principle in action is Walmart’s swift and comprehensive relief effort in the wake of Hurricane Katrina in 2005. Because Walmart understood the problem and delivered what victims needed (e.g., water and nonperishable food) even faster than the government, Walmart earned significant goodwill with the public while serving an important cause.

Walmart’s actions and its ability to effectively communicate its efforts to help victims of Hurricane Katrina in 2005 highlighted the competence and warmth of the corporation, yielding large reputational benefits. It started with Walmart’s CEO, Lee Scott. He reported to his corporate management team, “These are extraordinary times, and I expect an extraordinary response.” He then empowered his store managers throughout the storm-impacted areas by saying, “A lot of you are going to have to make decisions above your level. Make the best
decision that you can with the information that’s available to you at the time, and, above all, do the right thing.” As a result, the company supplied water and other supplies well before the relief efforts by the federal government. Store managers and truck drivers talked directly to the media. The emotional impact of their personal stories of neighbors helping neighbors played an important role in boosting positive perceptions of Walmart and energizing the company’s employees.

Effective crisis response strategies like those of Walmart tend to resonate more deeply with the public and generate goodwill because they demonstrate a shift from a standard business environment to a communal mind-set. In the specific context of natural disasters, even a well-intended response may be viewed negatively if it is at odds with a community orientation. For example, if a beauty products company were to send skin moisturizer to victims needing clean water, the public would likely pan that company for that behavior, seeing the move as self-serving. Companies also need to be careful not to overpublicize their efforts. Blowing your own horn too loudly leads the public to suspect ulterior motives.

Capturing decisive moments, as Walmart did in the aftermath of Hurricane Katrina, can be turning points that will positively shape how an organization and its leaders are perceived by the public.

The Decisive Moment

Every leader dreads the late-night phone call that spells trouble. No matter how prepared and experienced we are, our heart rate and blood pressure will go up, our palms will start sweating, even our muscles will tense. These are normal and expected stress reactions when we face a severe threat or danger. A natural response is to hope the situation will pass as quickly as possible. Yet leaders who focus too much on damage control miss an important opportunity for themselves and for the organization they lead. In a crisis, people are paying attention; it is as if the company and its leaders are on stage, the lights are bright, and everybody is looking at management’s next move. Media coverage, whether traditional or social, will add further fuel to the fire.

How you and your company handle the decisive moment will have a lasting impact on the company’s reputation and your legacy as a leader. During a crisis, and especially during its darkest moments, your people will look to you to provide the necessary leadership. Today, organizations are facing an unprecedented global health crisis. While the stakes are high, there is also opportunity for organizations to lead effectively, protect the health and safety of their stakeholders, and help stem the tide of the COVID-19 pandemic. Recognizing these moments as opportunities to rise to the most difficult challenges can energize you and your people and provide the motivation and energy to lead during the most turbulent of times.
David Lee Shillinglaw Distinguished Service Professor, Harris School of Public Policy and the College, and former Provost, The University of Chicago. This essay is based on Diermeier, D., *Reputation Rules: Strategies for Building Your Company’s Most Valuable Asset* (McGraw-Hill, April 2011), especially Chapters 1 and 5, and Diermeier, D., *Reputation Analytics* (forthcoming, University of Chicago Press).