Leadership in an Era of Constant Crisis

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Global disruptions and economic headwinds have created a complex, once-in-a-generation, competitive environment with significant variations across geographic areas and sectors. How can business leaders navigate this unprecedented complexity and mitigate the risks?

Today's businesses face unprecedented challenges operating in a global environment that is highly disruptive and increasingly volatile, uncertain, complex, and ambiguous (VUCA). Disruption has significantly impacted the way the world works.

Governments, businesses and individuals are responding to shifts that would have seemed unimaginable even a few years ago. The Covid pandemic, Industry 4.0, globalisation, geopolitical tensions and demographic change are all reinventing business models and the workforce. Internet technologies have enabled drones and driverless cars, transforming supply chains, logistics, healthcare, and even defence and security, such as the war against terrorism.

Crisis leadership
Having learned hard lessons from past crises, many leaders during the global pandemic acted quickly to conserve cash and contain costs. Now that optimism for a quick recovery has dimmed, one big question looms: How do business leaders prepare for an era of constant crisis and disruption that will forever change the business landscape?

The survey of 529 global C-suite executives in *Crisis Leadership: Lessons Learnt from the Front Lines* by the Disruptive Leadership Institute in September 2022 offers some insights.

From the research, effective leaders step up and embrace challenges, demonstrating specific leadership attributes, skills and competencies:

- **C**ommunication: Listen with empathy, and be purposeful.
- **R**esilience: Be calm, compassionate and reflective.
- **I**ntelligence: Use big data and artificial intelligence for decision-making.
- **S**hift in mental model: Demonstrate disruptive mental agility.
- **I**nspirational: Be courageous, persevere and build trust.
- **S**etting the recovery path: Demonstrate visionary and authoritative leadership.

These are further elaborated in the box, "CRISIS Leadership Model".

CRISIS Leadership Model
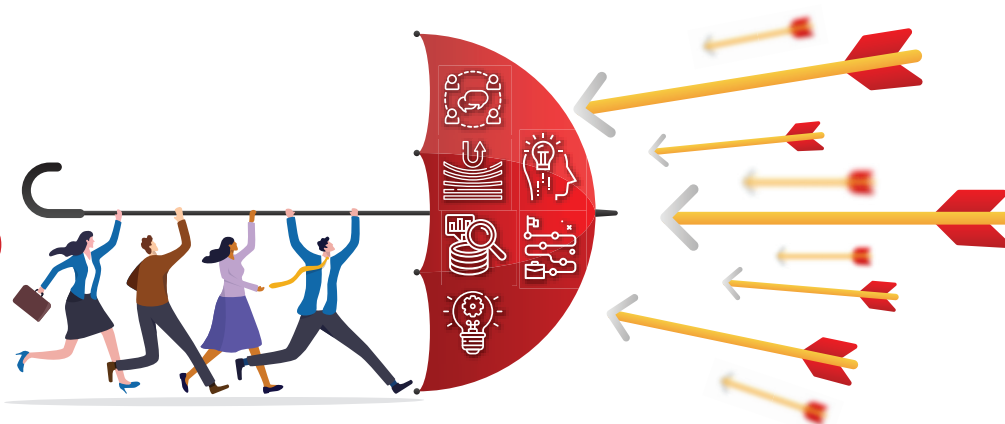
Communication

Particularly during a crisis, the ability to genuinely and effectively empathise with the people affected can make all the difference concerning whether a leader will succeed or fail. Never have leaders been under such intense scrutiny from their stakeholders as to whether they demonstrate the care, authenticity, purpose and values that their organisations profess to subscribe to.

Inspiring and transformational leaders seek out and act on the counsel or advice of others, especially during a crisis. They have a team of advisers that can offer as many perspectives as possible on their situation, be it organisational or leadership challenges. The best practices adopted by these authentic leaders include asking these three questions:
1. *Does the company have access to diverse voices and sources of information?*

Adopt scenario planning to determine whose knowledge or expertise might be needed in various the kinds of crises and identify whether the organisation has access to this.

2. *Does the board routinely consider other team members' ideas or feedback when making decisions?*
Seek out the expertise to fill blind spots and make informed decisions. Effective crisis leaders know when and how to defer to others.

3. *What systems or processes might be put into place to surface and capture others' perspectives?*
Look at how communication is structured in the organisation and whether there are barriers or silos that should be addressed.

Resilience

Organisations adept at crisis management take a systematic approach to mitigate potential crises and manage those that arise with a focus on both preserving and enhancing value. The process is anchored in a sensing capability that continually assesses internal and external data for signals of change or conflict in the company's environment. When such signals appear, these organisations know how to address the situation to prevent an incident from escalating into a crisis.

During times of crisis, leaders need to be calm and sustain their energy levels under pressure to cope with and adapt to disruptive changes. They bounce back from setbacks and overcome major difficulties without engaging in dysfunctional behaviour or harming others. Resilient leaders are genuinely, sincerely empathetic, walking compassionately in the shoes of employees, customers and their broader ecosystems.

Source: Sattar Bawany, Leadership in Disruptive Times: Negotiating the New Balance (2023, Business Expert Press LLC)

Intelligence

In times of crisis, business intelligence is an area that leaders can leverage when revenues are decreasing and budget problems arise to discover things that are not obvious, such as the root cause of those revenue drops and how they affect specific levers within their organisation.

The business intelligence tools used by many organisations during times of crisis are beneficial in guiding data acquisition and processing. Business Intelligence is an analytical tool used to consolidate data, analyse, store and access data to assist in decision-making, such as software for database querying and reporting tools for multidimensional data analysis and data mining.

Shift in mental model

In a crisis, leaders are compelled to implement measures they have never attempted before. When a leader adopts a growth mindset and disruptive mental agility in a crisis, the path to change tends to be less arduous. Individuals with a growth mindset believe their talents and abilities are developed through self-development and practice. They are open to new ideas and learning and see failures as opportunities.

Where this disruptive mindset is prevalent, organisations have a strong culture of employee well-being, innovation and risk-taking. A growth mindset improves both individual and organisational performance. It can deliver results even in difficult situations. Although challenging mental models are essential, it is not easy, especially for large, established businesses. To remain successful, the organisation needs to establish experimentation and innovation best practices that help it stay ahead in today's disruptive, digital-driven hypercompetitive business environment.

Inspirational

It is hard to balance being an inspirational leader during times of crisis while also effectively leading a business through transformation. It takes real leadership to develop deep-seated confidence, trust and respect in those being led to overcome such challenges. It is not so much about escaping or avoiding crises, as it is about learning to lead people through them. Dark, difficult times may be when inspirational and transformational leadership is needed the most.

Trust is more valuable than ever during times of crisis because it not only promotes resilience in the face of uncertainty but also provides solid ground for action and results in better financial performance. Today, more than ever, resilience is necessary for highly effective leaders. In these times of constant change, the ability to adapt and tolerance for frustration is essential.

Setting the recovery path

To emerge stronger, organisations should revisit strategic priorities, even reinventing their corporate strategy. Business process re-engineering, in terms of looking for what is different in the value chain as well as leading and engaging employees in the new way of operating, is important. To manage costs and protect the bottom line, leaders must focus on building resilience and agility in the organisation.

Leaders must communicate why the leadership is embarking on preparing the organisation for the future, what the outcomes are likely to be, and how to go about it. Leaders need to stay firmly grounded in questions like "What is our goal here?" and "What does success look like for us?". Effective leaders need to build a culture of accountability, foresight, a "people-first ahead of process and technology" mantra, and decisive adaptability. ■