

Leadership in a Time of Crisis

Managing crisis is part of the job of leadership. It is not the only job of leadership. But there is always a “crisis” of some kind going on somewhere in virtually any organization or market or industry. It has even been suggested that some crisis is healthy.



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Managing Director
Boyden UK



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Managing Partner
Boyden South Africa

The crisis may be internal or it may be external. It is the job of leadership to prepare for crisis. To analyze it. And to activate the organization, initially to limit damage, but also to leverage new opportunities a crisis creates.

If a crisis becomes big enough, however, and if conditions are dangerous enough, having people in place with the ability to lead and manage during extreme conditions becomes critical. Leadership becomes, in fact, an absolute necessity if the organization is to remain viable.

While crisis is normal, there is nothing normal about today’s crisis. “There are many sectors facing real difficulties and we know this is part of a cycle,” says John Ellis, Managing Director of Boyden UK. “But the speed with which it’s happening is scary,” explains Ellis. “Companies now want candidates who have already had experience going through a massive change program. That is no longer a nice to have. That is now a must have.”

Even Ram Charan, the pragmatic business guru who mentors CEOs for many of the world’s largest companies, has sounded the alarm. Discussing his new book *Leadership in the Era of Economic Uncertainty* with BusinessWeek, Charan describes global economic conditions as equivalent to “a hundred year flood.” Scientists use this classification to describe a dangerous convergence of conditions so rare it happens once a century.

The real concern, suggests Charan, is not simply that conditions are so difficult. The real concern is that we have no leaders in place today who have had the experience of managing in times this bad.

As a result, there is a new imperative for organizations to acquire the leadership they need. There needs to be much greater awareness of the tough leadership that is required to keep organizations viable in tough times. How do requirements change for leaders already in place? What kind of leadership can turn a troubled organization around? Are these specialized skills or skills that every leader should have?

Conventional wisdom is that companies need leaders with the ability to drive sales, profits and expansion in good times. But in a crisis, companies need leaders accomplished in reducing cost, conserving resources, and managing day-to-day. “Hire in good times, fire in bad,” says Jules Kieser, Managing Director of Boyden South Africa. “That is the philosophy in developed countries, but not necessarily the best way to go for emerging markets. In South Africa, it’s better to hire for the long term. We want people who will be resourceful and productive in tough times, good times or bad.” Kieser adds, “In our view leadership for bad times ought to start in good times.”

As the dominos continue to fall in market after market, there are competing views about what kind of strategies will turn

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Advisor to four presidents, David Gergen was among the first to write about the crisis in leadership. Today he is an important voice in defining what happens when leaders fail and what to do about it. Now a professor at Harvard, he is Director of **The Center for Public Leadership** at Harvard's **John F. Kennedy School of Government**. Gergen also serves as Senior Political Analyst for **CNN** and editor-at-large for **U.S. News & World Report**.

things around. But there are two things almost everybody agrees on. The first is that this crisis will not be resolved easily. Observes John Ellis: "We know this is part of the cycle. But it may not be just a temporary part. It may be this way from now on." The second is that few geographies and organizations will escape the effects. Tim McNamara, Managing Director for Boyden in Washington, DC says, "This is not a U.S. issue. This is absolutely a global issue. What is happening here is happening everywhere."

Interview with

Professor David Gergen

Professor David Gergen discusses the loss of trust in leadership and what kind of leaders our world needs now.

Boyden: *Do leaders really matter?*

Gergen: *Leaders are "the X-factor" that sometimes makes the difference in bringing together a nation. . . or a company. We have new research from Harvard Business School showing that, while CEOs may not be as big a difference in business as some believe, stronger CEOs continually make positive differences, which do add up over time. So does leadership make a difference? Absolutely.*

Boyden: *Given "the perfect storm" of global economic conditions, is the problem that our leaders have been overwhelmed by impossible circumstances? Or has a failure of leadership helped cause this crisis?*

Gergen: *There is growing recognition that we have worked ourselves into this crisis over the last several decades. Living beyond our means, encouraging people to buy houses they couldn't afford, and so on. That doesn't mean we haven't had some good and great CEOs. But I think we have to admit fundamentally there has been a failure in leadership.*

Boyden: *For the last three years you've helped run a survey to measure how much we trust our leadership in the U.S. What have the results shown?*

Gergen: *This has been a real eye-opener. In the survey's first year, 65 percent believed we had a leadership crisis. Now it's up to 79 percent. Seventy-nine percent believe we will decline as a nation unless we get better leaders. And by the way, this last survey was completed before our current economic problems began.*

Boyden: *Soon you begin a new course in leadership at Harvard's Kennedy School of Government. Given all we've witnessed, how will you change what you teach?*

Gergen: *I've been asking myself that same question.*

I do believe this is a teaching moment. It is important for the older generation to reach out now to that next generation of leaders. We need to talk about the mistakes we've made. We need to pass on the lessons we've learned.

One. Leaders matter. Two. Hubris brings leaders down. There's no question for me. People (leaders) bring themselves down.

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They derail themselves. Like Icarus trying to fly too close to the sun, they forget the fundamentals.

We do have a wonderful minister at Harvard's Memorial church, the Reverend Professor Peter J. Gomes, and he put it very well in a sermon recently. He said, "You must master yourself before you can learn to lead others."

Boyden: *Is today's world more complex and challenging for our leaders? Should the be leading differently?*

Gergen: *Today's world is extraordinarily complex. For example, we are learning just how much of our economic problems have to do with globalization.*

First, I think we have to begin preparing people to live, to work and to lead across multiple sectors – in business, and service and government. To be prepared to work in any or in all three in a lifetime.

Second, we have to learn to cooperate and collaborate across boundaries, beyond borders. I think we have to start teaching people to see themselves as citizens of the world.

Not just citizens of a single country, but citizens of the whole world. Why? Our biggest problems are no longer defined in terms of one place. They are not going to stop at a border. The toughest challenges ahead involve the whole world.

Boyden: *We now see more centralized control of the economies, more new funding and new contracts coming from capitals in many countries. What will this mean for our business leaders?*

Gergen: *I hope this is temporary. We don't want to swing too far in this direction for too long.*

But it is important for business leaders to learn how government works. It is important for them to participate. And I don't mean through lobbyists. I mean business leaders need to go themselves. And get involved.

I can tell you that at least in Washington, we need more people with real business backgrounds. I'd love to see people like Jack Welch (former CEO of General Electric) bring more private sector skills to run stimulus programs in a business-like way.

Boyden: *One last question, David: Is there any kind of "secret ingredient" for great leadership that nobody talks about?*

Gergen: *I do think people that are curious and people that know how to listen do have an advantage when it comes to leadership.*

Because those are leaders who will always be learning. Those are leaders who will always be growing. Those are leaders who will be able to adapt.

To learn more from David Gergen on leadership, visit his website at <http://www.davidgergen.com>.