



Leading through extraordinary events

By Carrie Birmingham

My story

When one of Britain's largest media companies, News UK, was hit by huge organisational trauma, I was HR director. I helped the company survive, re-build and ultimately thrive in the face of deep organisational drama.

The News of the World was unceremoniously shut down amid revelations that staff may have been illegally phone tapping voicemails, the Chief Executive resigned, the Chairman was grilled by the Culture, Media & Sport Select Committee and over 20 staff at The Sun were arrested - accused of paying public officials.

I went from feeling proud of the company to constantly defensive which was personally challenging. I was appointed Director of HR at The Sun as arrests spiralled leading to heartbreaking employee trauma. As a HR team, we needed to deal with employees' sense of utter betrayal and yet when I looked for help on how to handle this, there was little comprehensive support. We got through by putting communication with the journalists involved and the rest of the newsroom at the heart of everything we did.

I wanted to find out how others had navigated similar events and deepen my understanding, so I decided to research. I interviewed senior leaders with a wide range of business backgrounds who had faced extraordinary experiences. The resulting picture of how to build trust in a storm is full of humanity and complexity.

We specialise in helping organisations to prepare, lead and transform from extraordinary events.

This document outlines the top level findings, if you want to know more, lets have a chat.



Why invest in specialist advice?

21st Century businesses operate in a transparent world. In adversity you must recover the company's image, retain talent and steady the ship to ensure long-term financial stability.

The Impact of a Catastrophe on Shareholder Value, drawn from Knight and Pretty's study, highlights share price gains are to be made through effective response to disaster, with companies that managed their crises well seeing a 7% rise above analysts' expectations in their share value.

Companies such as **the much-maligned cruise operator Carnival**, that floundered in their approach to crisis, saw a 15% fall in their share price.

The impact of Catastrophes on Shareholder Value, Knight, R & Pretty, D, (1996) Oxford Executive Research Briefings



The interviews and their key findings:

I interviewed leaders from a breadth of backgrounds all of whom had dealt with extraordinary events including devastating incidents, regulatory breaches and seismic changes to business (including takeover and mass redundancies) Here are their key points.

1. THE TERM 'CRISIS' IS INTIMIDATING

It suggests a large scale problem that could end badly, so we don't like to admit (even to ourselves) that we are scared and vulnerable. The reality is that we will all face extraordinary events of varying size and scale. As businesses operate with increasing visibility, we need to build our capacity to thrive in organisations during extraordinary events. Building this capacity, can also help us avoid extraordinary events, because we are better tuned in to what is happening internally and externally.

Justine Stevenson, Head of Internal Comms for Corporate Offices at SAB Miller in 2015 when a merger deal was announced. Despite the uncertainty created by the year-long process, colleagues still needed to deliver against stretching targets. To help engagement, monthly manager briefings, bi-monthly listening groups, pulse surveys, leadership training in dealing with uncertainty were all rolled out. Comms worked closely with the people forum. Despite redundancies, staff remained engaged and they surpassed the business targets set.



The interviews

2. CHANGE CAN FEEL LIKE CRISIS.

In leadership, we tend to think of a crisis as something done to us, whereas a change is done by us. But for more junior employees the downsides are the same - uncertainty, fear, shame and confusion. The consequences of leaders getting this wrong can be catastrophic. We need to build leadership capacity to do the right thing in the heat of the moment.

An anonymous research participant working with large-scale change in government described how fear of personal risk and exposure drives many CEOs & chairmen. The spectre of shamed senior executives looms large; ex-RBS boss, Fred Goodwin, Uber founder, Travis Kalanick and former chief exec of jewellery chain, Gerald Ratner. The interviewee argued that leaders who are able to create change, are effective in crisis because they stay calm, ask good questions, get over their denial quickly and look for solutions (rather than someone to blame).

3. TRANSPARENT BUSINESS REQUIRES HONESTY.

Writer and trend-watcher, David Mattin, argues the connected world means business has moved from a black box where you could control your brand, to a glass box because outsiders can see in. So the brand is everything that happens. For leaders, this transparency requires the ethical maturity to do the right thing and build great businesses. Leaders need to ask 'How will this be seen by our customers and stakeholders when it becomes public?', because it will.

Robert Phillips, former CEO of Edelman, and author of Trust Me, PR is Dead argues the relationship between corporation and customer needs to be more open, honest & explicit. Drawing on his experience of advising clients in a crisis, he argues that PR teams are relied upon to create an illusion of a positive corporate reputation when in fact this is often far from the truth.

4. ORGANISATIONAL CULTURE ENCOURAGES WILFUL BLINDNESS.

Margaret Heffernan* argues company cultures encourages wilful blindness because it feels safer not to notice. Hierarchy replaces our conscience and we have a deep sense of futility. This blindness stops us from seeing our market being disrupted, our strategy being overtaken and can enable a bullying culture. To prevent this we need to pause, use diversity to enable disagreement and experiment with radical honesty.

In April 2017, against a backdrop of plummeting share value, brand depreciation and scepticism surrounding the exit of Burberry's creative genius Christopher Bailey, a senior executive at Burberry, spoke about the industry grappling for salvation. He describes leaders making excuses for poor results rather than understanding them, the senior team being moved around (like deckchairs), and a short term focus on cost cutting. The recent employee survey results suggest that many staff would not recommend Burberry as a good place to work.

*Wilful Blindness (2012), by Margaret Heffernan

The interviews

5. YOUR EMPLOYEES ARE YOUR BEST MARKETING ASSET.

Your employees are your best marketing asset and extraordinary events stir up emotions internally. If we are preoccupied with re-assuring shareholders, customers and regulators, we forget our own people.

Unless we talk to them (not email them) and help them understand what is happening, their advocacy is replaced by anger, shame and embarrassment.

A market leading business within the building sector, had a devastating event where several workers died. The business risks were real - with an ongoing police & HSE investigation, there were commercial challenges. The human ripple effects stretched from the tragic loss of life, to the need for intensive counselling to support those with PTSD. An anonymous research participant described the need to build manager's capabilities to identify those struggling and to work with new starters grappling to navigate the environment.

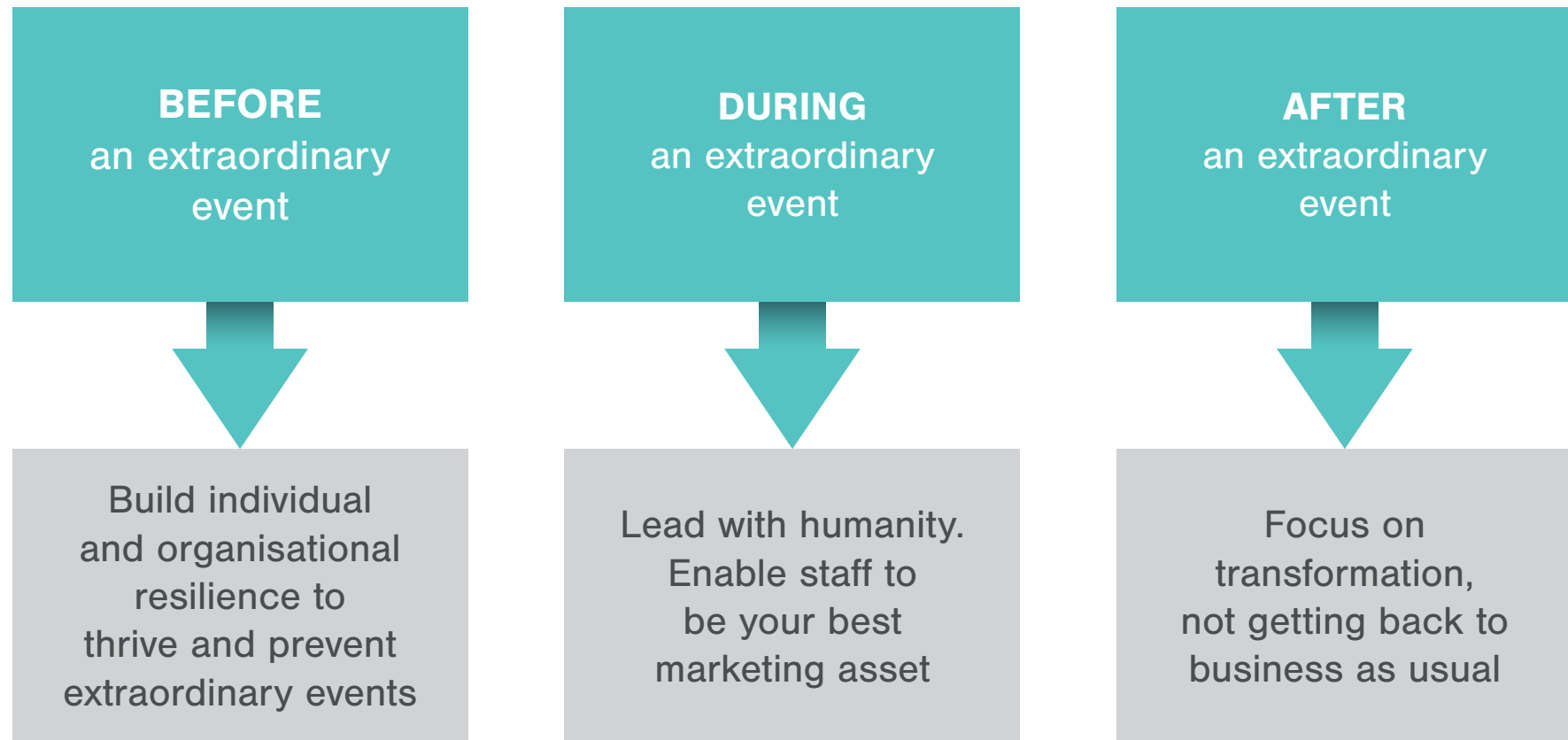
6. CONSIDER FUTURE POSSIBILITIES.

When an extraordinary event happens, the first instinct for leaders is survival and damage limitation. This means a focus on short term damage control and re-instating business as usual. But the response will define the business's future. Like a perfect storm the event will surface what has been ignored. It creates the opportunity to change in a way that previously would have felt too radical. When difficult things happen, we need to look ahead and consider possibilities.

On 23 May 2014, a devastating fire took hold of the Glasgow School of Art's historic Mackintosh Building as fine art students exhibited their final-year degree show. The fire caused emotional distress and many students also faced the loss of creative work that should have launched their career. At the time, Linda Drew was Deputy Director. She helped create the Phoenix Bursary that enabled art students to rebuild their practice.



Key leadership focuses



Summary

We need to accept a level of ambiguity and unpredictability when dealing with an extraordinary event. Rather than fixing on a set plan (which will never cover the real crisis in action) we need to build a resilient culture.

The way business conducts itself internally will communicate externally. As well as customers and stakeholders, focus on your employees, they are your best advocates.

Consider long-term transformations that can be introduced and see the possibilities created.

The key thing I know, is the capacity to do the right thing in the heat of the moment, can destroy or catapult your organisation to success.





Carrie Birmingham:
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and transform from extraordinary events.

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