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KNOWLEDGE

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LESSONS LEARNT

Effective senior leadership in times of crisis

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AND PETER DUNN

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This Noetic Knowledge is an updated edition of the *Senior Leadership in Times of Crisis* Noetic Note from September 2012.

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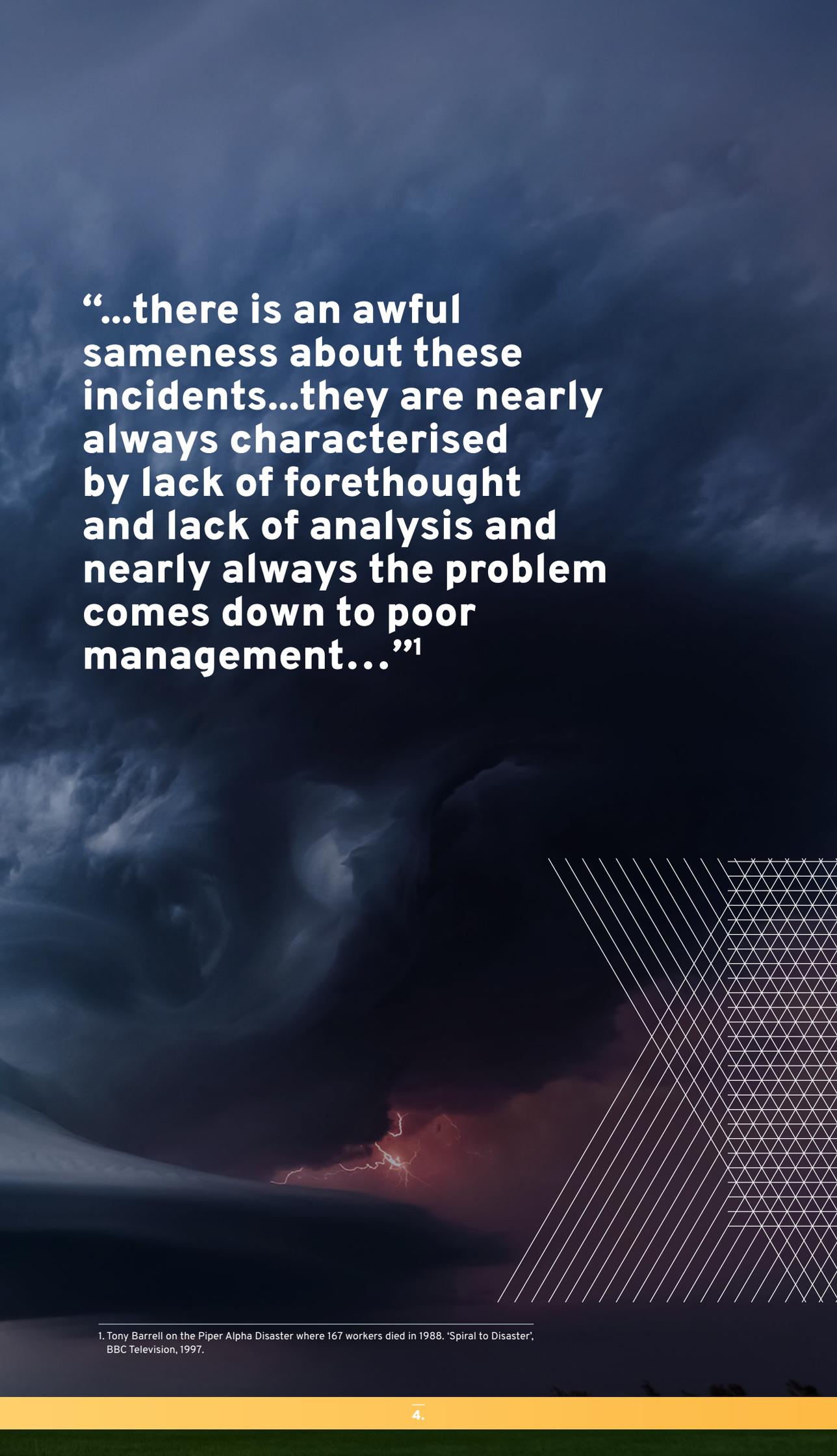
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“...there is an awful sameness about these incidents...they are nearly always characterised by lack of forethought and lack of analysis and nearly always the problem comes down to poor management...”¹

1. Tony Barrell on the Piper Alpha Disaster where 167 workers died in 1988. 'Spiral to Disaster', BBC Television, 1997.

PREAMBLE

This paper was first written in 2012 based on the findings of a wide range of lessons learnt processes that the Noetic Group conducted for clients across different countries and events. The paper was well received and its findings and recommendations have proven to be enduring.

Since the initial publication, Noetic has continued to undertake lessons learned processes with clients, gathering more evidence and learning more about crisis in different contexts. This has provided Noetic with additional data and insights. In addition to continuing work with emergency services and first responders, Noetic has more recently worked with corporate organisations. It was found that the earlier findings are also applicable in crisis situations that corporate organisations face.

This new data and the insights it provides are incorporated into this revised and updated paper.

INTRODUCTION

The United Nations Food and Agriculture Organization (FAO) reported that disasters between 2003 and 2013 killed over 1.1 million people and caused damage of over USD 1.5 trillion.² In 2017, there were major hurricanes and wildfires in North America and Caribbean, landslides and floods in South America, wildfires in Europe and floods in Asia. Australia was impacted by a major tropical cyclone (hurricane) and flooding. Most of these disasters caused loss of life, widespread destruction of property, huge economic loss and human misery. While anthropogenically-induced disasters may be prevented, natural disasters are rarely averted, therefore their effects need to be minimised. Through an effective response, loss of life and damage can be minimised.

Having analysed and reviewed the observations and lessons from the responses to major bushfires (wildfires), floods, tropical cyclones (hurricanes), industrial incidents, oil spills and disease outbreaks, a pattern of senior leadership failure has emerged. This failure is seldom one of character, but inevitably a lack of preparation and understanding. The essence of the problem is that leaders, and their teams, are unable to apply their knowledge and skills effectively to a situation that is either so novel, or of a scale that is beyond their experience and conception.

This Noetic Knowledge paper explores the outcomes of this analysis and what can be done to improve leadership performance. It shows how the environment for senior leaders continues to evolve, and makes four suggestions that leaders at the strategic level should focus on when facing a major, unpredictable crisis. It also looks at the implications for developing leaders who can truly prepare themselves and their staff for such ‘times of crisis’.

2. Emma Luxton, “How much do natural disasters cost the world?”, World Economic Forum, 16 December 2015. <https://www.weforum.org/agenda/2015/12/how-much-do-natural-disasters-cost-the-world>

A CHANGING CONTEXT

The context that senior leaders find themselves operating in today is more complex than that faced by their predecessors. For those involved in public safety, emergency and crisis management this is particularly so. Many factors contribute to the increasing complexity, such as the growing interconnectedness of societies, a reduced appetite for failure, and the impact of ‘out of scale’ events. These are crises that are infrequent, novel or of a magnitude beyond that which is usually experienced. Enabling senior leaders to effectively respond to these out of scale events is the central theme of this Noetic Knowledge.

Due to the rapid growth of global interconnectedness, the impact natural disasters have is heightened. For example, Thailand’s 2011 floods had a negative effect on the multinational supply chains, while the Tōhoku earthquake and tsunami of the same year, impacted electronics and automotive parts plants that led to the temporary shutdown of G.M., Toyota and Nissan plants both in Japan and U.S. This means that where once a natural disaster’s impact was only local, the effects can now rapidly reach a national or global level.

Previously, detailed knowledge of a disaster was confined to its origin, but now, modern communication enables instantaneous reports and footage to be accessed worldwide. For example, in 2011, the Japanese Tōhoku earthquake and tsunami was broadcast live, while the 2017 California fires had real time imagery from private drones uploaded to the Internet. This, coupled with the community’s increasing expectations of government and the services it delivers, means there is a decreasing appetite for failure to effectively respond to disasters. Noetic Group’s research has shown that the community accepts that disasters will happen, but will not accept a poor response.

These drivers become particularly important where out of scale events are concerned. Out of scale events are not new, but it is arguable that changes in climate and factors including the scale of human development in the natural environment and new technology (such as the ability to drill in ultra-deep water) are increasing their frequency.

3. The supply chain of Honda was so disrupted during the Thai floods that it resulted in a reduction in North American production. See <https://www.ft.com/content/57093e68-0494-11e1-ac2a-00144feabdc0>

4. Kettering University Online, The Impact of Natural Disasters on Global Supply Chains, 7 June 2016, accessed 13 October 2017: <https://online.kettering.edu/news/2016/06/07/impact-natural-disasters-global-supply-chains> .

5. For a comprehensive understanding of this disaster see the exemplary Executive Summary and four volume report prepared by the U.S. Chemical Safety Board. U.S. Chemical Safety Board, Macondo Blowout and Explosion, 20 April 2016, accessed 27 November 2017: <http://www.csb.gov/macondo-blowout-and-explosion/>

CASE STUDY

BP and the Macondo blowout

Loss of control incidents in drilling operations are rare but periodic events in the oil and gas industry. In April 2010 the Deepwater Horizon rig was undertaking the temporary abandonment of a well 5,600 metres below the sea bed in approximately 1,600 metres of water. Personnel on board misinterpreted a test to assess the effectiveness of the abandonment operation, which later caused a loss of control of the well, resulting in a blowout and a subsequent explosion and fire. Eleven people were killed, 17 injured and over 4 million barrels of oil spilt into the Gulf of Mexico. Unlike natural disasters, this was avoidable, and the maximum foreseeable consequences were fully realised. The disaster was covered by media globally over an extended period, and the blowout resulted in the sacking of the CEO, threatened the financial viability of BP and impacted a range of industries such as fishing and tourism.

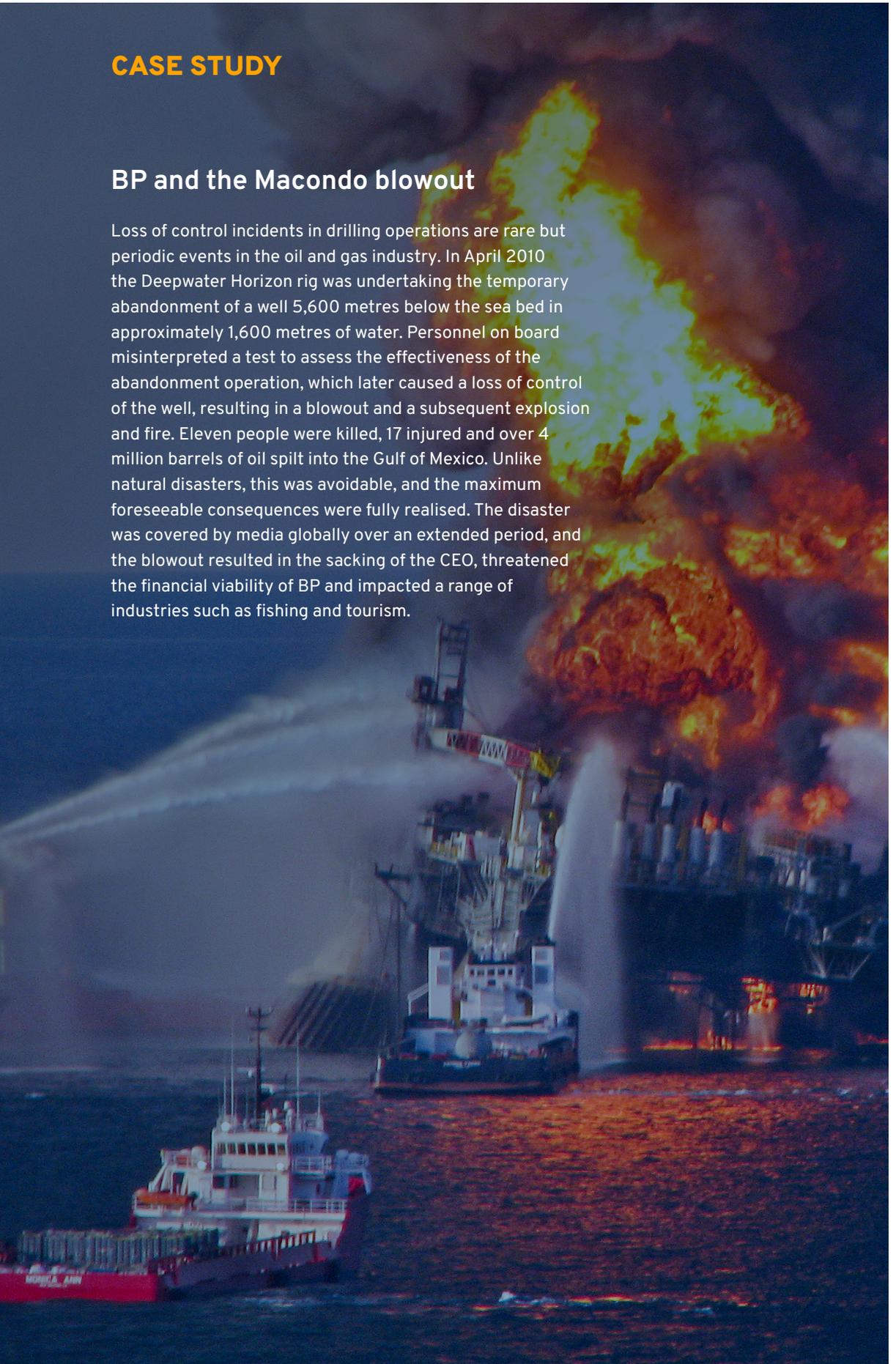


Image courtesy of the US Coast Guard

WHAT DID WE FIND?

Each disaster or event is unique in its circumstances and how it is responded to. When Noetic analysed a range of events⁶ in different circumstances, over two countries, a number of recurring lessons emerged. The major thematic lessons include:

+ Leadership

Leaders at all levels are put under a significant test by major events. In situations where the response is poor, ineffective leadership at senior levels is often evident.

+ Planning

A poor response is often characterised by ineffective planning. This is not so much about pre-planning, although this can be important, but rather a lack of planning that adapts to the changing situation.

+ Intelligence

An effective response is hard to develop when information on the situation is not sought and incorporated into planning. Many poor responses are characterised by a failure to look out beyond the immediate situation and to try to understand what could happen.

+ Resource allocation

The ineffective allocation of resources (particularly scarce resources) is also a recurring theme. This includes inaction, whereby resources are not allocated to the response because of a paralysis of decision making at senior levels.

6. These include:

2003	ADF Strategic Operations in the Iraq War (Australia)
2003	Canberra Bushfires (Australia)
2005	South Australia Eyre Peninsular (Wangary) Fires (Australia)
2006	Tropical Cyclone Larry (Australia)
2008	NSW Equine Influenza Outbreak (Australia)
2009	Montara blowout and oil spill (U.S.)
2009	Western Australia Toodyay Fires (Australia)
2010	Macondo (Deepwater Horizon) blowout and oil spill (U.S.)
2011	Victorian Floods (Australia)
2011	Western Australia Margaret River (Blackwood) Fires (Australia)
2011	Tropical Cyclone Yasi (Australia)
2011	Queensland Wivenhoe Dam Operations Failure (review of Commission of Inquiry evidence and findings) (Australia)
2014	Northern Territory Ranger Uranium Mine Spill (Australia)
2015	South Australia Pinery Fires (Australia)

A FRAMEWORK FOR STRATEGIC LEADERS

In analysing the recurring lessons for strategic leaders in times of crisis there are four things leaders at the strategic level must do when facing a major, unpredictable situation.

First, senior leaders need to be able to think in a way that helps them to understand that the situation might be different to the norm, and then 'frame' the event differently to his or her past experiences.

Second, the senior leader must be prepared to intervene directly and early to provide strategic guidance to operational teams, allowing them to act in a coordinated way. This guidance should be in the form of what needs to be done, not how it is to be done.

Third, senior leaders need to understand the personal behaviours and actions that will support a successful response to the crisis.

Fourth, they must manage their focus on both the internal and external environments. The internal environment is the staff, the organisations operational elements and other agencies involved in the response, and the external environment includes the media, agencies not directly involved in the response and other stakeholders.

Framing the event

With the possible exception of broad area flooding, major crises develop quickly from seemingly routine events. The responses to the 2003 Canberra bushfires, the 2005 Eyre Peninsular bushfires in South Australia, Blackwood bushfires in 2011, the 2011 Brisbane flood emergency (Wivenhoe Dam failure) and 2015 Pinery bushfires were characterised by an initial ‘business as usual’ approach. Standard responses were made to the conditions being presented. On the ground responses followed well-practiced sequences that emergency managers were familiar and comfortable with. Sadly, in each case, the emergency followed a different set of actions that were not anticipated. Senior leaders allowed these responses to continue until it was too late to avoid a disaster. Intelligence based on Bureau of Meteorology forecasts and actual conditions on the ground were not adequately included in initial response planning. Senior leaders did not always incorporate local knowledge and planning did not adequately include the impact of a worst case scenario.

Senior leadership roles are characterised by the need to deal with ambiguity. Conflicting information is common, along with major information gaps. Senior leaders need to pick up faint signals that things might not be as they first appear or that conflicting information requires attention, not discarding. Many senior leaders rely on their past experience to interpret signals and therefore make the signals fit their experience (cognitive bias), neglecting to flag a difference. Initiating standard, pre-planned responses is expected of junior leaders, not those charged with strategic leadership. Senior leaders must anticipate extraordinary events.

Senior leaders also need highly developed collaboration skills in order to better ‘frame’ an emerging event. These skills must be developed well in advance, before a crisis unfolds. Collaboration with other agencies, government departments, local communities, community groups and businesses is essential. Senior leaders need to be personally involved with the potentially long list of collaborators. Collaboration cannot be left to junior leaders alone; senior leaders must also become personally involved.

CASE STUDY

...Senior leadership roles are characterised by the need to deal with ambiguity...

Framing an event

The inability to accurately frame an event by senior leaders is not always confined to organisations that have to respond to disasters. In June 2016, the Tasmanian government-owned energy company, Hydro Tasmania, conducted a pre-planned cloud seeding operation to increase rainfall over one of its major water catchment areas, which is a component of the state's hydroelectricity power generating system. The cloud seeding operation was conducted on the same day the Bureau of Meteorology had issued major flood warnings for the area, as a result of severe storms that were approaching. The day after the cloud seeding occurred the catchment area experienced severe flooding and a massive emergency response operation was required. Lives were lost, infrastructure was damaged and Hydro Tasmania's corporate reputation was severely damaged. This all indicates that there was no apparent 'framing of the event' undertaken by senior leaders in Hydro Tasmania.

Early senior leadership intervention

Noetic Group's research has highlighted the challenge many senior leaders faced when deciding to become personally involved in guiding a particular response. Many senior leaders do not want to interfere in initial operations, considering the expected response to be the responsibility of others. Some senior leaders felt that injecting themselves into the initial response would be interpreted as a lack of confidence in their junior leaders. Our research shows that many junior leaders conducting initial response operations actually wanted their senior leadership to be involved, not to take over operations, but to listen and give feedback, and to initiate collaboration and planning.

The art of senior leadership is understanding when to become directly involved in operations and in what manner. In many of the disasters Noetic examined, it is clear that capable senior leaders did not understand this requirement and continued with 'business as usual'. These leaders relied on subordinates to undertake the response and were confident of a good result. Meanwhile, junior leaders tried to alert their senior leaders to unfolding events and sought time to discuss what was happening. It is still unknown where some senior leaders were physically located during the initial stages of some disasters. Actual presence is an essential requirement for a strategic leader.

Noetic consistently found that a lack of direct, early involvement by senior leaders in planning responses to major disasters resulted in crises. While state, national, corporate and other disaster plans exist, and these are noted in annual reports and found on organisational websites, senior leaders spend insufficient time developing and operationalising such plans into meaningful actions for their areas of responsibility. Instead, planning is delegated to subordinates and versions are sent to senior leaders for approval. As a result, the deep knowledge is not with the senior leaders where it should be.

All senior leaders, including board members and politicians, need to commit more time to understanding how the various emergency response plans are developed and implemented. Importantly, senior leaders need to understand what assumptions and data sit beneath plans, because an unfolding disaster calls for rapid adaptations. If the senior leadership lacks an in-depth understanding of the plan's foundations, they cannot adapt it quickly and sensibly. Planning is learning and this is how flexible operational responses are generated.

Early intervention by senior leaders is also needed in outlining what outcomes are desired from a large-scale response and what resources are to be allocated to different areas. Major disasters are too big for senior leaders to control in detail. Indeed, to do so would demonstrate a lack of confidence in subordinate incident controllers and represents

poor leadership since incident controllers should know their part in the overall response. The senior leader should do this by specifying the outcomes to be achieved and allocating the resources for the job. The senior leader must make considered resource allocations, since resources will not be sufficient to cover all requirements. Without such allocations, incident controllers will waste time chasing unavailable resources. The senior leader should also anticipate resource requirements, preparing them in the early stages of the response. This last point is a major lesson as there are too many examples of organisations or jurisdictions refusing to ask others for assistance when it is obvious that it will be required. The result is delayed assistance and greater damage.

A consistent theme that has emerged from Noetic Group's examination of the requirement for senior leadership early intervention is in the earliest part of preparation itself—training. After examining several disasters, it is clear there has been a lack of resources and insufficient attention given to training. Noetic Group found that response training for routine accidents is effective at all levels. However, this is not the case for novel or 'out of scale' disasters. This additional level of training requires resources above those that are generally allocated to routine emergency response and they should be targeted at senior leaders with responsibilities in this field. Noetic Group's work has confirmed what everyone believes to be true – first responders are outstanding. The lesson is that emergency service personnel promoted to senior leadership positions do not generally receive training to manage out of scale events. Further, an individual's ability to perform routine activities determines their promotion, but not necessarily their ability to manage ambiguous events leading to major disasters.

Senior leaders' actions and personal behaviour

A senior leader's actions and personal behaviour are critical components of success, especially in an emergency or crisis response. A senior leader's first action should be to ensure the absolute clarity of roles in the response organisation(s). A lack of role clarity is a common lesson learnt in reviewing numerous emergency response operations. If the need to re-allocate roles arises because of the evolving nature of a disaster, mechanisms must ensure such changes are promulgated widely. Requests for assistance can go unanswered for long periods if sent to the wrong area. Similarly, there will be confusion and a waste of precious resources if emergency response staff take actions outside their area of responsibility. Senior leaders must also understand the roles of leaders in other organisations or agencies, in order to collaborate with them and succeed at the task in hand.

Noetic Group found that it is essential for senior leaders to operate a '2 Down 2 Up' policy, to ensure they have the best view of the operation and emergency response personnel's ability to cope on the ground. Senior leaders must regularly visit subordinate leaders on the ground at least two levels down and consult with leaders two levels above – often into the political level. This should be the normal way of operating for a senior leader, not something that only happens in an emergency. Such actions will assist the senior leader in picking up weak signals, building relationships and reducing the risk of ambiguity. Also, if '2 Up 2 Down' is not practised, the senior leader will have less chance of being exposed to information that direct reports think that their leader should hear. By engaging senior leaders '2 Up', a common understanding is developed and preparations can be made for any potential escalation of the situation.

Senior leaders are more effective if they possess strong relationship management skills. Senior leaders who invest time and effort into improving their relationship management have achieved better results in disaster responses. A senior leader who manages relationships well will also be more likely to succeed in collaboration. Since relationship management is an acquired skill, all senior leaders should continually strive to develop this.

Noetic Group's work has highlighted three personal behaviours, which ensure high team performance rates if demonstrated by senior leaders during a crisis. The three behaviours are: approachability, optimism and calmness.

If senior leaders are unapproachable, team members will avoid contacting them until it is too late. Bad news needs to be transmitted quickly. If personnel fear their senior leader's reaction, information transmission will be delayed. Sometimes, team members attempt to solve an intractable situation themselves, rather than seeking assistance from someone who more likely can solve the situation.

Noetic Group's work has also shown that an effective senior leader in a major emergency response will always display a sensible level of optimism. This encourages others to work effectively for long periods during the crisis, which also helps in creating a resilient organisation. Optimistic leaders act contrary to pessimistic senior leaders who often have a deleterious effect on staff and responders.

Calmness is also essential during a crisis. Noetic Group's research confirmed what has been known for many years: when senior leaders resort to shouting, bashing on desks or maps and other aggressive actions, they instil fear and break relationships, causing optimism to diminish and reducing the likelihood of a successful response to the crisis.

... approachability,
optimism and
calmness ...



Managing the internal and external environments

It is axiomatic that a senior leader must manage both the internal and external environments. Managing both these environments effectively is a major challenge during the course of an event, since both often require attention simultaneously and neither can be overlooked for long.

Establishing a simple operations rhythm is a useful tool in helping senior leaders to balance their scarce time during an event. Such a rhythm can be defined and practiced during training and exercising. A capable deputy or chief of staff, and skilful media advisers, are invaluable to a senior leader in freeing up time during the event.

Deciding where to shift focus between the internal and external environment will be determined by the ebb and flow of the event.

Managing the external environment with its variety of stakeholders will likely prove challenging to the best prepared senior leader. Stakeholders can include politicians, boards and shareholders, media and the local community. Understanding these stakeholders and their particular requirements should be a key consideration during the framing of the event. Informing and engaging the community is essential throughout the event and senior leaders must be mindful of this throughout. For emergency services and first responders, ensuring community safety is paramount.

IMPLICATIONS FOR STRATEGIC LEADERSHIP

With this in mind, this paper identifies three implications for strategic leadership. The key implications for strategic leadership are around selection, preparation, and training of leaders and their teams.

It is challenging to select senior leaders for any organisation. The process becomes more complex when trying to find people who can demonstrate effective leadership and managing skills during an out of scale event. However, the cost of not doing so is likely to be far greater than that of improving the selection process. Employers and boards can ensure that these requirements are included in selection criteria.

Senior leaders face a myriad of daily challenges. Ensuring that they are prepared to handle an unpredictable event will take effort and thought. Consequently, the development programs for leaders will need to allow the opportunity to enhance existing professional skills and relationships, as well as building personal skills and attributes. Given the diversity of agencies, positions and individuals that respond to crises, there is no single generic development program. As with selection, this is not simple and will require effort by agencies, leadership teams and oversight bodies.

It is also important to note, that an effective response to any event is a team effort. Training is often focused on the lower levels of agencies and usually for high frequency but low consequence events. Seldom are all levels of the organisation tested, including senior leaders. There is a need to regularly practice and test senior leadership teams. These activities need to be realistic, challenging and thoroughly debriefed. Most importantly, the performance of senior leaders should be closely scrutinised during these activities. All participants need to learn from training activities and for this to be an intrinsic part of any organisation's continuous improvement.

CONCLUSION

The findings of agency inquiries, operational reviews and wide-ranging public inquiries are not leading to the changes needed in senior leaders responsible for managing a response to major disasters. Senior leaders are being increasingly held accountable for any real or perceived failures in emergency or crisis response, indeed, in some cases they are facing court actions over a poor disaster response. Yet senior leaders are not being developed in specific areas now known to enable effective response to major disasters, particularly out of scale events. Noetic Group's research shows that a different approach is required if better disaster and crisis response outcomes are to be achieved.

The selection and development of senior leaders involved in disaster response should be improved. Education should be provided in at least the four areas identified in this paper, namely the ability to frame a major incident differently; to intervene effectively and early in incident response without interfering in technical areas; cultivating personal actions and behaviours to ensure maximum team performance; and the ability to balance the internal and external environments. There will need to be investment by organisations to achieve this. To obtain the needed development, senior emergency and crisis response leaders will need time and support to build new skills. This investment is justified if it prevents the recurring finding that "there is still an awful sameness about these incidents".

**“In preparing for battle,
I have always found that plans
are useless; but planning
is indispensable.”**

Dwight Eisenhower



ABOUT THE AUTHORS

Peter Murphy

Peter is a Director and Co-founder of Noetic Group. He has led much of Noetic's work into youth justice, regulation, organisational reviews, leadership, lessons learnt, emergency services and complex stakeholder engagement. In particular, he has overseen many of Noetic's lessons learnt projects which has given him an excellent insight into leadership in crisis situations.

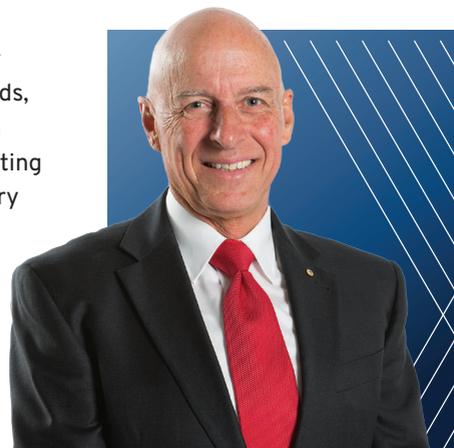
Prior to joining Noetic, Peter served as an Army Officer for 20 years. Peter has extensive experience working overseas including Syria, Israel, UAE, Kuwait, India and Timor Leste. He is currently working in the Group's Washington D.C. office. Peter's qualifications include a Bachelor of Arts (Honours), Masters of Science, Masters of Business Administration and Graduate Certificate in Information Technology.



Peter Dunn, AO

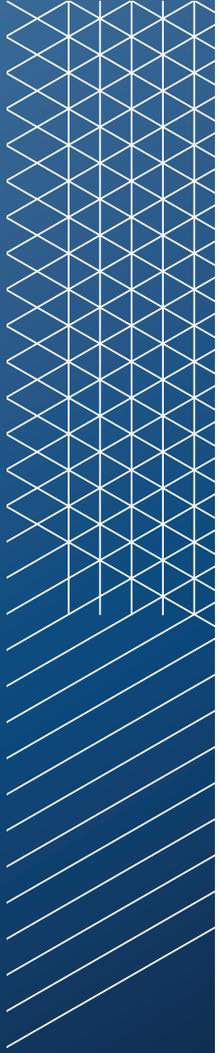
Peter is a Principal Consultant with Noetic Solutions and also provides specialist consulting services to several other leading firms. He has many years of experience in leadership positions in both the public and private sectors. Peter joined Noetic Solutions in 2010 and now specialises in capacity development with a focus on international aid and development programs. Peter has worked and lived in many parts of the world and over the last three years he has specialised in projects in the Middle East. Throughout his career, Peter has focused on building the capacity of individuals, organisations and communities. This has led him to examine the applied aspects of leadership, rather than only the theoretical elements.

Peter's experience spans a career in the Australian Army where he retired as a Major General after many commands, and with combat experience in the Vietnam War. He then enjoyed a career in the Australian public service, completing this part of his career as the Chief Executive of a statutory authority. He then moved to the private sector where he has been a chief executive officer and also the head of the Canberra operations for a global consulting firm specialising in leadership development. Peter has served on numerous boards in both the private and public sectors.



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