

Crisis Management Essentials for Pandemics and Healthcare Emergencies

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Leading in Turbulent Times

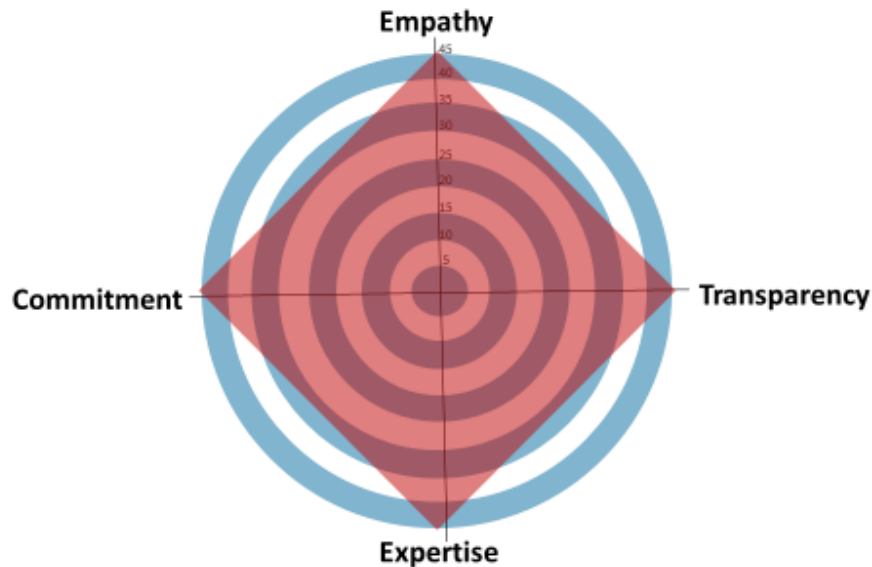
As infections with the COVID-19 virus continue to grow across the world, leaders in business, government, and civic society face unprecedented challenges. Crisis situations can overwhelm even the most experienced leaders. They often present unexpected, complex situations that evolve at a fast pace and in several directions. Even in cases where contingencies plans have been prepared, they need to be adjusted in the face of 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 non-profit sector, 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 good will that leaders 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:

The Trust Radar



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Transparency

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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. What is considered relevant will be determined by your audience, not you. It 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 and address it in a language and style that resonates with them.

Transparency is not the same as full disclosure and it is possible to reach transparency without full disclosure. This will be the case if the leader conveys a rationale for limiting disclosure

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 with the audience, as a clear and understandable reason for limiting disclosure. In other cases, relevant information may not yet be available (e.g., how many people 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 to fail to reach transparency despite full disclosure. That will be the case when the leader, in her 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 with 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, you need 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 get bad information released all at once, rather than withhold information that continues 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 (FEMA) due to 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, 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, non-profits are usually viewed as less competent than companies, but more caring. That means that audiences can be more forgiving when things do not work out as planned. However, this goodwill does not apply to problems with a non-profit'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, non-profits will experience a serious backlash if their actions are viewed as self-serving or financially motivated.

If there is a perceived lack of expertise, bringing in third-party experts with high credibility is a simple way to address this concern. 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 Center for Disease Control (CDC), a prestigious university, or the local health department will have medical knowledge about diseases that management would typically not be expected to know.

A particularly important aspect of competence is crisis preparedness. An organization's reputation 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 situation?" 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 your 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. Lesson learned? 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 the problem is addressed and 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 where 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. It 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 derailling due to 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 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. In fact, it is by showing up with the full resources of the company that a leader signals that nothing is more important than taking care of this crisis. That creates a sense of commitment.

Does it 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 PR professionals as spokespeople. The problem with spokespeople is that they do not have operational responsibilities – they are not in charge, and stakeholders know it. In a crisis, people want to hear from leaders. 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 reaching out to perceived victims with warmth and authenticity can be very effective, whether there is an apology or not.

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. We show empathy with colleagues at work, neighbors, and family members even if we do not feel responsible. During pandemics or natural disasters, stakeholders do not see the company or organization as an anonymous provider of goods or services, but a member of the community. And a member of the community is expected to care and show empathy. This is particularly important for non-profits. That said, in many crises, if there is a perception that the company or organization mishandled a situation,

stakeholders expect a sincere apology, but the apology needs to be authentic. An apology that appears formulaic, insincere, or calculated is worse than useless.

A leader reaching out to perceived victims with warmth and authenticity can be very effective, whether there is an apology or not. In response to Virgin's train accident, Sir Richard Branson expressed both sorrow for the loss of life while also supporting 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 lead people to believe the organization truly cares.

Fear Factors

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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. Emotions, heuristics, and biases play an important role in understanding this gap. The likelihood of fear increases in situations that are novel, have dreadful consequences and identifiable victims, are highly salient (e.g., due to extensive media coverage), and where the public lacks a sense of control. In contrast, a false sense of control will lower the risk perception and lead to unsafe behavior (e.g., the reluctance to wear a seatbelt).

To manage the COVID-19 pandemic, leaders need to tread a narrow path of encouraging safe behavior without creating a panic. For example, young people may have a false sense of security given the prevalence of fatalities among older adults. Pointing to specific victims that were of younger age can counter such over-confidence. 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 a 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 disaster 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 that 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 when it is 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 label 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 the company more as a community member than 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 towards a community orientation, as 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 text-book example of the Good Samaritan Principle in action is Wal-Mart’s swift and comprehensive relief efforts in the wake of Hurricane Katrina in 2005. Because Wal-Mart understood the problem and delivered what victims needed (e.g., water and nonperishable food) even faster than the government, Wal-Mart earned significant goodwill with the public while serving an important cause.

Wal-Mart’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 Wal-Mart’s CEO, Lee Scott. He reported to his corporate management team that “*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 Wal-Mart and energizing the company’s employees.

Effective crisis response strategies like those of Wal-Mart tend to resonate more deeply with the public and generate goodwill because they understood the 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 it, seeing the move as self-serving. Companies also need to be careful not over-publicize their efforts. Blowing your own horn too loudly leads the public to suspect ulterior motives.

Capturing decisive moments, as Wal-Mart did in the aftermath of Hurricane Katrina, can be turning points that will positively shape how you and your organization 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 that 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 its 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 this 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.

¹ 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 the forthcoming Diermeier, D. *Reputation Analytics*. (The University of Chicago Press)