



REAL LEADERSHIP
Helping People and Organizations
Face Their Toughest Challenges

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The Crisis Challenge

Leading in a Period of Extreme Danger

A crisis challenge is a perilous predicament in which the group is under attack from forces within or without. It is a sudden, unpredictable event that jeopardizes the accrued value and resources of the group or enterprise. In such a context, wise and responsible leadership is critical if the people are to overcome the immediate danger and return to a state of normalcy. Consider the following scenario.

SCENARIO

Imagine for a moment that you have just been appointed the CEO of one of Italy's largest state-owned companies, Eni. The company supplies much of the nation's energy resources and also does business throughout Europe. It has 135,000 employees who make up the 335 consolidated Eni companies.

The company is a national icon in Italy. It is a symbol of Italy's postwar reconstruction and modernization. Everyone knows of it, and everyone is proud of it. In your words, "Eni sends a message to the world that Italy is independent and strong, and that no country can ever control us." You are thrilled with your appointment to be at the helm, as you see a tremendous opportunity to revitalize the company and make it a more efficient and competitive operation. In its current state, it is a bureaucratic and political mess, and most observers agree it needs a major overhaul.

One of the biggest problems, as you see it, is the enormous and improper influence the government has on the company's management and strategy. Because it is a state-owned enterprise, politicians and state bureaucrats are constantly meddling in the internal affairs of the business, making it a nightmare to manage. This interference slows the decision-making process and leads to all sorts of inefficiencies. State bureaucrats regularly dictate who should be hired for, or promoted to, senior executive positions.

After four months on the job as CEO, a figurative hurricane hits. Two dozen of your top executives are arrested on charges of corruption (embezzlement, bribery, and kickbacks). You are shocked. The biggest shock of all is when your chairman, the highly respected Gabriele Cagliari, is arrested. In jail, Cagliari commits suicide. This whole experience feels like "an atomic bomb exploding on your head," you tell a journalist.

The eyes of all of Italy are on you. You have a crisis challenge and need to display some extraordinary leadership to address the danger. You and the company are in an extremely vulnerable position, and anything could happen.¹

The Nature of a Crisis Challenge

A crisis can emerge in many forms. It may be triggered by a terrorist attack such as that experienced on September 11, 2001, in the United States. In business, it can be sparked by a terrible event such as the 1982 episode at Johnson & Johnson when someone tampered with its Tylenol product, or the 1984 disaster at Union Carbide's plant in Bhopal, India. It might be a corporate scandal of huge proportion, as faced at Eni. Or, it might be a major financial meltdown in the economy, as experienced in Asia in 1997 and 1998. Fundamentally, a crisis is a grave and urgent challenge that threatens a group, community, organization, or nation. In medical parlance, it is critical rather than acute. Danger is in the air, and the situation is volatile. The symptoms of a crisis challenge include the following:

- Hostile forces, from without or within, threaten the survival of the group.

- The situation is explosive, fueling a group's fear and anxiety while creating an urgent need to take some sort of action—to fight or flee.
- There is a widely perceived danger that the group's accumulated "value" (its resources, culture, and goods) will be lost or significantly diminished unless immediate action is taken.

The *people* in a crisis challenge are anxious and afraid. They are under threat, so naturally they worry what will become of themselves, their group, or their enterprise.

The *barrier* to progress is primarily the "forces" that have generated the crisis condition and the emotional and psychological state of the people. When people are under threat, a predictable reaction is to become defensive and fearful rather than analytical and thoughtful. The people understandably seek to blame someone or some group for their predicament and therefore may act rashly and irresponsibly. Another barrier includes the external groups who are in a position to assist in bringing resolution to the crisis but feel impotent or reluctant to get involved. Their hesitation might allow the crisis to escalate and do more damage.

The *promise* in a crisis challenge is that if the group can get beyond the "fog" of the situation, they will discover a deeper underlying issue that must be addressed. If this underlying issue is attended to responsibly, the people will be in a better position to progress. If the underlying problem or challenge is not adequately understood and engaged, then the potential for the emergence of another crisis is always lurking.

The leadership work in a period of grave danger must be to restore calm; protect the people or the enterprise from further threat or attack; and assist the people in channeling their fear, anxiety, and aggression toward creative and workable solutions. In such a "hot" and "foggy" environment, wisdom and formidable intervention skills are needed to contain the fallout and refocus people's attitudes and behavior on productive actions. This necessitates managing the group's emotions, illusions, fears, and interpretations so that the people face the reality of what lies beneath the crisis and attend to the real issue that must be engaged in order for the situation of irresolution to be brought to resolution. Therefore, those who seek to exercise real leadership in such circumstances must keep their own heads clear and remain cool under pressure as they work to diagnose the reality of the predicament and figure out where and how they should intervene.

During a crisis challenge, usually two challenges must be addressed concurrently: the volatility of the situation and the unresolved issue

below the surface that is actually the reason for the volatility. For example, during the 1963 Cuban Missile Crisis, when the United States and the Soviet Union came extremely close to having a nuclear confrontation due to the fact that the Soviets had placed ballistic missiles on the island of Cuba, two issues had to be addressed: (1) dissipating the immediate danger because the situation was so volatile, with trigger-happy generals and government officials on both sides ready to start shooting, and (2) undertaking the more difficult work of facing the complex development challenge of getting the two nations to be responsible for their tremendous power and deal with the real danger of the proliferation of nuclear weapons. The Cuban Missile Crisis was the symptom of deeper unresolved issues and tensions in the international community—and those unresolved issues required superior leadership.

However, from my observations, many would-be leaders in a crisis chase false solutions that may make some people feel better but avoid the real problem. Given the pressure on the leader to “do something,” leaders might feel compelled to come up with a simple but palatable solution that brings temporary relief, such as finding a scapegoat for the crisis or redirecting the people’s attention to some other issue and thereby bypassing the real underlying issue altogether. The work of genuine resolution is then, irresponsibly, left to others—even future generations.

Sometimes, when looking for the underlying problem, we discover nothing. In other words, there is no real problem. In such circumstances, the crisis might actually be a false crisis, manufactured for ulterior reasons or out of fear or ignorance. Mao thought that he had a crisis during the Cultural Revolution that necessitated taking radical measures to reindoctrinate the masses. Had he looked below the fog, he might have realized that there was no crisis of ideology and nothing was wrong with the people. The problem was with Mao himself and the development strategy being forced upon the people. The same thing happened during the Spanish Inquisition, when the Catholic Church, thinking that the integrity of the Church was in crisis due to heretical beliefs, embarked on a radical process of purification through intimidation, persecution, and torture. Had the authorities been wiser and exercised real leadership, they might have tested their notions of the truth, looked through the fog, and noticed that nothing threatening was there. They created a false set of tasks that had nothing to do with progress—earthly or heavenly—and wreaked havoc on the people and institutions the authorities were supposed to be supporting.

It is a heavy burden to exercise real leadership for a crisis challenge. But through thoughtful diagnosis and skilled interventions, the danger

can be diminished, the people can be calmed, and the group can get back to the important work of attending to their most pressing challenges that allow them to have the best shot at success and enjoy the fruits of their labor.

It is important to note that a crisis challenge is different from a maintenance challenge, although there are overlapping qualities. In a crisis challenge, the group is under immediate threat and the air is explosive, and therefore swift action needs to be taken. In a maintenance challenge, the group is under threat, but the adaptive work of the people is to preserve themselves and their resources until better times. A maintenance challenge does not have the sense of immediacy or urgency that a crisis has.

East Timor Burning: Where Is the Leadership?

East Timor is a small country that occupies half an island on the southern end of the Indonesian archipelago (just a few hundred miles north of Australia). In August 1999, the East Timorese voted to separate themselves from Indonesia and become an independent state. This decision was made at great cost: In a matter of weeks, 80 percent of the new nation’s buildings, homes, and government offices were destroyed by gangs and militias that were actively supported by the Indonesian armed forces.

The seeds of this crisis had been sown a quarter-century before. East Timor had been a Portuguese colony for five hundred years when in 1975 it was granted independence. On December 7, 1975, the Indonesian government dispatched an army of one hundred thousand troops to occupy and annex the tiny nation.

Over the next twenty-five years, up to two hundred thousand people in East Timor were killed under Indonesia’s repressive occupation. A guerilla force fought back against the Indonesian military, but death, exhaustion, and attrition wore down their strength: From an initial high of twenty thousand members, its numbers shrank to a mere three thousand by 1995. This small force of ill-equipped fighters was no match for the well-armed Indonesian military, but they did remain a constant irritant. In many ways, however, the greatest threat to the Indonesian occupation came from the extraordinary activists who worked for years to keep the issue of East Timor alive in the international media. Among them were Jose Ramos-Horta and Bishop Belo, who both received the Nobel Peace

Prize for their efforts. Xanana Gusmao, the resistance leader who languished for eight years in Indonesian jails, became the evocative symbol of the hope that one day East Timor would reclaim its independence.

The chronic crisis of East Timor became acute by the end of 1998, when Indonesia's former dictator, Suharto, was thrown out of office as his country wrestled with a severe economic depression brought on by a larger meltdown of the Asian financial system. Suharto's successor, B. J. Habibie, made an unprecedented and unexpected statement on January 27, 1999: East Timor might be granted independence if that is what its people truly desired. This statement shocked his own government, particularly the generals of the Indonesian military.

The People Vote and the People Suffer

On August 30, 1999, a referendum was conducted in East Timor with a 98 percent voter turnout. Nearly 80 percent of those casting ballots rejected any association with Indonesia and voted for independence. Within hours, however, the militias—aided and abetted by the Indonesian military—started cruising the streets of the capital, Dili, brandishing automatic weapons and machetes and intimidating anyone in their way, including United Nations observers and foreign journalists. As predicted, within days, the country plunged into total chaos. The militias, directed by the military, began a “scorched earth” campaign to burn the country to the ground. Within three weeks, more than half of the population had been displaced, with two hundred thousand people fleeing the country. Hundreds of people were killed and thousands wounded.

Containing the Violence

The world belatedly recognized how serious the crisis was and demanded that United Nations troops be sent to contain the violence. The problem was, the Indonesian government did not want any UN troops on “Indonesian” soil. In an unprecedented move, UN secretary-general Kofi Annan sent five UN ambassadors to Jakarta to meet with Habibie and the military generals. They arrived on September 8. Their mission was to stop the violence and get the Indonesians to do the right thing—immediately.

The UN team asked tough questions and demanded responsible action, but the blatant lies, denial, and obfuscation by Indonesian authori-

ties made diplomacy a difficult task. Still, their presence was a powerful reminder that the world was now watching more closely. A journalist accompanying the ambassadors wrote:

What has been the lowest moment for the UN Security Council ambassadors on their mission in Jakarta this past week? Was it when the puppet president, B. J. Habibie, pronounced that the reports of killings and destruction from East Timor were all “fantasies and lies”? When the rebel leader, Xanana Gusmao, fought back tears as he begged them to do something, anything, to save his people? Or when General Wiranto, the all-powerful chief of the army, spurned the offer of international troops and invited them to join him in a round of golf?²

The Indonesians were immovable. The international community, sensing they were being stonewalled, turned to the United States to intervene. The U.S. government, however, was hesitating. It viewed East Timor as of no strategic importance to the United States, whereas the Indonesian relationship was vital. Still, Australian prime minister John Howard and UN secretary-general Annan pled with U.S. president Bill Clinton to get involved and lend immediate support. Clinton explained that he could never get the approval from Congress to put troops in East Timor, a place that few Americans had ever heard of.

But the situation deteriorated more each day. The Australian foreign minister, Alexander Downer recalled, “The Australian public were screaming out, everybody was—I mean, it wasn't a party thing, a Left-Right thing—screaming out to do something to stop it. People were ringing up, crying over the phone; we had more phone calls on that issue than I've had in my life on anything.”³

Australia's foreign minister continued to keep pressure on the Americans, working the issue through diplomatic channels and through the media. Howard and Downer reminded U.S. officials that Australians had supported the United States in wars in Korea, Vietnam, and the Gulf. In an interview on CNN, Downer chided the United States for not doing enough to support the East Timorese. Madeline Albright, Clinton's secretary of state, saw Downer on television in her hotel room in Hanoi. She was furious. She immediately called him and complained that he was portraying the United States in an unfavorable light, which was not particularly helpful. Downer later explained, “I believe it was actually extremely helpful, because that helped to galvanize her into action. She pushed very hard for U.S. involvement in the teeth of the Pentagon's resistance.”⁴

While Australia and other countries as well as the United Nations put outside pressure on the United States, Stanley Roth of the U.S. State Department mounted a campaign of his own from within. He met with numerous members of Congress and garnered enough support that it became a relatively straightforward process to give nominal assistance to an Australian-UN peacekeeping initiative. In a matter of days, the United States started to come around. The issue had ripened to a degree that President Clinton was now ready to act. On September 9, 1999, Clinton stood on the White House lawn and made a bold declaration to the Indonesians:

At issue is whether the democratically expressed will of the people can be overturned by violence and intimidation. . . . For these reasons, we . . . make it clear that we expect the authorities to live up to their word and responsibilities. The Indonesian government and military are responsible for the safety of the East Timorese, and of the UN mission there. If Indonesia does not end the violence, it must invite—it must invite—the international community to assist in restoring security. . . . It must move forward with the transition to independence.⁵

The speech sent a clear and unambiguous message to the Indonesians that they needed to stop the violence and repression at once or immediately allow an international peacekeeping force in to provide the security that they were unwilling to provide themselves.

The day he gave his speech from the White House, Clinton departed for New Zealand to attend the Asia-Pacific summit with the prime ministers and presidents of the region. On his journey, as Clinton took the time to learn about what was unfolding in East Timor, he became increasingly disturbed and made the decision to suspend U.S. arms sales to Indonesia immediately. Britain followed suit by suspending the delivery of nine Hawk “trainer” fighters. With Clinton’s encouragement, the International Monetary Fund and World Bank joined in to lend support by suspending loans to Indonesia, further casting the country as an international pariah.⁶

On September 12, President Habibie agreed to let an international peacekeeping force into East Timor to replace the Indonesian military. Within weeks, order was restored.

Often leadership requires that people and groups are prodded and pushed to live up to their obligations, honor the values that they espouse, and do the right thing. Sadly, if a problem looks too tough to deal

with, the authority figures, predictably, will be inclined to avoid it unless they can see a direct gain to being involved. Prodding people, even nations, to lend a helping hand, even at the risk of offending people, is vital, particularly when lives are at stake. Australian foreign minister Alexander Downer, even though he upset Madeline Albright (or one might say *because* he upset her), displayed effective leadership in this critical period in generating public attention on the issue that contributed, among other things, to U.S. support for East Timor. U.S. support was absolutely essential in dissipating the explosiveness of the situation and paving the way for East Timor’s independence. Kofi Annan worked tirelessly to mobilize the international community to send peacekeepers to contain the mayhem. John Howard, Australia’s prime minister, took the lead in negotiating with Habibie to open the door for peacekeepers and ensuring that Australia would contribute generously. Bill Clinton’s voice of rebuke to Habibie was heard loud and clear in Jakarta, and it served as the tipping point that finally got the Indonesians to relent.

Clearly, the fault of the international community was in not providing leadership earlier to ensure adequate security to thwart any violence before, during, and immediately after the referendum. Xanana Gusmao and Jose Ramos-Horta had told anyone who would listen that the Indonesian military could not be trusted to provide security, and they were right. Yet because Indonesia was of such strategic importance, and its political and economic situation so precarious, few in the international community wanted to risk upsetting the Habibie government. As commentators, Greenlees and Garren state:

There was a strong feeling that Indonesia had made the wrenching decision to hold an act of self-determination [for East Timor]. To follow this with the further concession of UN peacekeepers, at a time when the economic crisis had already left Indonesians with a sense that their sovereignty was being trampled on, would have required a degree of leadership authority and legitimacy that Habibie clearly lacked.⁷

Admittedly there was no broad appetite for a large-scale UN intervention into East Timor.⁸ No foreign government was eager to send forces and have their troops possibly die on East Timor soil. Even though East Timor is in the Asia-Pacific region, nations in that area were reluctant to get directly involved because their policy had been not to interfere in the internal affairs of their neighbors. They preferred quiet diplomacy. But in this case, quiet diplomacy was inadequate. The situation called for determined, courageous leadership to get many actors to face the reality of this

independence so close and the eyes of the world upon them, Gusmao argued that a renewal of armed conflict would only make matters worse. The Indonesian army would devastate the guerrillas and anyone else who opposed them, the country would be thrown back into a bloody civil war, and Indonesian occupation would persist. Gusmao wanted the guerrillas to understand that, in this moment of extreme tension, their cause would be best served not by fighting but by exercising restraint. The protective work needed to be left to the few UN peacekeepers who were on the ground. It was insufficient, but this had to be the UN's battle, and not the guerrillas'. After twenty-five years of struggle and sacrifice, independence was finally within their reach, but everything they had fought and bled for could be destroyed by renewed conflict.

Reluctantly, Commander Taur obeyed Gusmao's directive, telling his men that they were not to fire a shot. The guerrillas could not believe what was being asked of them. The enemy was openly and flagrantly brutalizing and attacking the East Timorese people in front of their very eyes. This behavior could not be allowed. How could they obey such an order and stand by as their families and friends were being assaulted? Taur, who has since become the defense minister in the government of East Timor, cried with his men when he told them Gusmao did not want them to fight against the militias. In his twenty-five years as a guerrilla, this was the hardest order he had ever given. He understood the logic of what Xanana Gusmao was asking, but it pained him deeply that he and his men had to stand by watching the militia gangs destroy the country. East Timor would need the sympathy and support of the international community if, like a phoenix, it was going to rise from the ashes and become a real, viable nation. Impulsive action, however understandable and gratifying, would only serve to undermine the chances of independence and international assistance.

Nelson Mandela also had to keep his country from going up in flames. The situation was like that of a tinderbox when, on April 10, 1993, a popular antiapartheid leader named Chris Hani was shot dead near Johannesburg. Second only to Mandela, Hani had emerged as a leading symbol of resistance and was idolized by young people throughout the black townships. The killing of Hani threw the country into shock and despair.

Amazingly, a white South African woman saw the shooting of Hani and immediately reported to police the license plate of the car that the killer was driving. Within minutes the police arrested a white man who was a member of an extremist organization and charged him with the murder. Later, a white male member of parliament was also implicated.

The black population was outraged, confused, and very angry. They demanded immediate justice.

Into the fray stepped the seventy-three-year-old Nelson Mandela. The situation was heated. The people were in a heightened state of anxiety, and anything could happen. The whites were terrified, and many wanted to flee; blacks were angry and ready to fight; the police were on edge and could be excessively brutal in response to protests. The evening of the murder, Mandela made a public speech that was broadcast across the country.²¹ He had a specific message for each of the factions.

The first thing he told the nation was that it was a white woman who was responsible for the capture of Hani's killer. He sought to assure the people that taking revenge on all white people was not right, as there were good, moral whites, who were committed to justice and progress. In Mandela's words: "Tonight I am reaching out to every single South African, black and white, from the depths of my being. A white man, full of prejudice and hate . . . committed a deed so foul that our whole nation now teeters on the brink of disaster. A white woman of Afrikaner origin risked her life so that we might know, and bring to justice the assassin."

Mandela then reminded his listeners that the underlying purpose of the struggle was freedom for *all* South Africans. He specifically reached out to whites, inviting them to join with him and with the black community in mourning the loss of Chris Hani, and to take a shared stand for freedom and tolerance.

Mandela then addressed the police. He knew that there would be protests and perhaps even sporadic outbursts of violence and rioting. Mandela did not want the police to exacerbate the situation by an extreme response to the rage of the black townships—and especially among young people. "Now is the time for the police to act with sensitivity and restraint," Mandela stated, "to be real community policemen and women and serve the population as a whole. There must be no further loss of life at this tragic time."

It was important for Mandela to explain to the black population just how critical it was to consider the implications of their actions when so much was at stake. He explained to them, "This is a watershed moment for all of us. Our decisions and actions will determine whether we use our pain, our grief, and our outrage to move forward to what is the only lasting solution for our country—an elected government of the people, by the people, and for the people."

In particular, Mandela directed his words to the militant factions who were demanding that "all whites be killed." Although most of the black population was not supporting the extremists, many of the youth

messy, volatile predicament. This was a crisis challenge and therefore required direct, provocative, and wise leadership.

Although many of the key players made significant mistakes in coming to grips with the East Timor crisis, its eventual resolution provides illustrations of all of the key leadership tasks that must be addressed in a crisis challenge. They are (1) dissipate the explosive gas that builds up in a crisis; (2) hold steady and remain persistent, focused, and calm; (3) keep people from striking a match, and do not allow the group's tension, anger, or fear to infect the hard work of resolving the crisis; and (4) ensure that all relevant information is surfaced and addressed so that informed choices can be made.

Real Leadership for a Crisis Challenge

Dissipate the explosive fumes, and create some time to think

In a crisis, dangerous and explosive fumes permeate the air. In other words, given people's emotional state, the predicament is explosive. Any rash or thoughtless action might trigger a response that ignites the potentially hazardous fumes and produces disastrous consequences. Those who seek to exercise leadership, as their first order of business, must remove the immediate danger of further conflagration and create some time to think through the alternatives.

In the opening case of Eni, CEO Franco Bernabe had to step forward and dissipate the explosiveness of the situation that could bring his company crashing down. The company was in dire straits due to the arrest of the twenty senior managers on corruption charges, including the chairman. Bernabe immediately went before the nation and said that he would not tolerate corruption of any sort in Eni. Eni was the people's company, he said, and needed to be managed with absolute integrity. Bernabe then demanded the resignation of the arrested managers and another two hundred senior managers of the company.

It was a very difficult decision for me from both a psychological and managerial perspective. I could not judge the guilt or innocence of the people arrested. And replacing all the senior managers would mean putting Eni in the hands of men and women

who were untested. . . . But I did it anyway. . . . It was a big risk, but it was also a big opportunity.⁹

Bernabe wanted people to see that he was committed to cleaning house and making Eni transparent, corruption-free, and highly productive. His actions calmed the people and gave time to determine the best course of action with a brand new executive team. "The old Eni may be burning," he explained to the people of Italy, "but a new enterprise could rise from the ashes."¹⁰

Franklin Delano Roosevelt in the very week that he took up the job as president of the United States in 1933 faced an unparalleled and potentially explosive crisis. The economic havoc wrought by the Great Depression and a drought-plagued agricultural sector had ravaged the nation and its people. Millions were hungry and desperate. A so-called Bonus Army of World War I veterans had marched on Washington to demand promised benefits, only to be assaulted by federal troops. Internal migration of homeless farmers and laborers provoked violence and confrontation in the American West, and employers were using the hard times to break the back of organized labor. The explosive fumes of crisis were everywhere, and Roosevelt's first task as president was to vent them off and lessen the chance of societal detonation.

For the past three years, the economy had sunk deeper into depression. No relief was in sight, and the nation's banking system was teetering on the edge of total collapse. The federal deficit was a shocking \$5 billion. The national income was half of what it had been four years earlier. One-quarter of the labor force was unemployed, and more industries were failing every day. In describing the leadership challenges of the era, historian Arthur Schlesinger wrote, "It was now not just a matter of staving off hunger. It was a matter of seeing whether a representative democracy could conquer economic collapse. It was a matter of staving off violence, even revolution."¹¹

Into this terrible crisis came Roosevelt, with a sunny, optimistic air of patrician competence that appealed to a worn and fearful nation. Many of his supporters looked to him with incredibly high, even unrealistic, expectations that he could reverse the tides of the depression. One woman actually wrote to him saying, "People are looking to you almost as they look to God."¹² But Roosevelt's cheerful optimism concealed his deep uncertainty about how to proceed in such unprecedented and desperate circumstances. His wife Eleanor wrote at the time, "One has a feeling of going it blindly, because we're in a tremendous stream, and none of us know where we're going to land."¹³

People were in a state of panic, and many banks were collapsing due to demands by depositors to cash out their accounts. It wasn't just a run on one bank; it was a run on the entire banking system. If unchecked, it could unleash a further storm of economic destruction from which the country might never recover.

Roosevelt took office on Saturday, March 4, 1933. His first executive order was to declare Monday, March 6, as the start of a bank holiday. All banks were required to close until further notice. This important strategic action helped him buy time to make his diagnosis and to think, if only for a few crucial days, about what might be done to resolve the crisis and revive the banking system. He did not want people rushing to the banks on Monday, acting rashly, and further undermining confidence. He knew that he needed to reduce the public's anxiety and restore, to some degree at least, confidence in the banks so that the economy would not falter in his first week on the job as president. Schlesinger later wrote of this decision to declare a public holiday:

For the country, the proclamation ushered in almost a springtime mood. The closing of the banks seemed to give the long economic descent a punctuation of a full stop, as if this were the bottom and hereafter things could only turn upward. Anything was better than nagging uncertainty. Now everyone knew where he stood. People enjoyed the sense of a common plight.¹⁴

In the next few days, Roosevelt pulled together a team of Treasury Department staff, government officials, economists, politicians, and bankers and gave them the task of coming up with concrete strategies for addressing the problem. This was a diverse group of people from different sectors and disciplines, as he wanted new, creative perspectives to be surfaced and engaged.

Over the next four days, the "crisis team," locked away in the U.S. Treasury Building, was stretched almost to the breaking point. But they succeeded in generating some practical solutions designed to ease the problem until more analysis could be done. One of the participants later recorded, "We had forgotten to be Republican or Democrats. We were just a bunch of men trying to save the banking system."¹⁵ By Thursday, the group had come up with an "Emergency Banking Act." It was sent to Congress that same day. Roosevelt personally met with key members of Congress and explained to them that, with so much at stake, this was no time for party politics. (Besides, his large margin of victory and healthy Democratic majorities in both Houses of Congress gave him unstoppable momentum.) The entire legislative approval process took less than eight hours—an unprecedented accomplishment.

On Sunday, March 12, one week since taking office, Roosevelt decided to address the nation via radio and conduct a "fireside chat." He knew that the nation's banks were about to receive permission to reopen their doors—and his aim was to calm the mood of the people, reassure them that the banking system was secure, and enlist their support for an ambitious program to bring the country out of its economic decline.

In preparing for his speech, Roosevelt laid down on his couch and visualized ordinary people on the street and in their homes, and he tried to think what message they would need to hear. He imagined talking to a mason working on a building, a girl behind the counter in a store, an auto mechanic busy repairing a car, and a farmer in a field. They were all looking to him for leadership. This was to be his first major radio address as president, and the stakes were too high to contemplate.

He delivered his speech live on Sunday evening. "Let us unite in banishing fear," he said. "It is your problem no less than it is mine. Together we cannot fail." Relaxed and confident that he had done his best, he believed that the American people would understand what he was trying to say and would respond to his clear language and his call to a shared mission.

The speech was a resounding success. The humorist Will Rogers said that "the President took a complicated subject like banking, and made everybody understand it, even the bankers."¹⁶ Within a week, the mood of the country was more upbeat. Most banks reopened, and people began returning to deposit their funds. The acute panic had come to an end.¹⁷ One journalist wrote of Roosevelt's leadership, "In one week, the nation, which had lost confidence in everything and everybody, has regained confidence in the government and in itself."¹⁸ Rogers also gave more kudos: "They got a man in there who is wise to Congress, wise to our so-called big men. The whole country is with him, just so he does something. If he burned down the Capitol we would cheer and say 'well, we at least got a fire started.'"¹⁹

Franklin Roosevelt had to dissipate the explosiveness of the situation facing the nation in 1933. By reaching out to the American people, explaining the useful role they could play, and reassuring them that he and his team were attending to the problem, he was able to diffuse the immediate danger, restore calm, and buy time to work out a course of longer-term action.

Hold steady—don't get pulled into the fracas

A leader might be outstanding in so many ways but it is often a crisis that brings them down. In a heightened state of tension, danger is ever-present, and leaders can find themselves in a highly emotional and vulnerable

position. In this state of mind, and out of their own uncertainty and desire to placate a restive populace, they may lose their focus and, under these circumstances, their comments and actions may actually *deepen* the crisis and make matters worse. They can also become scapegoats for a wrathful public and get extremely defensive, going on the attack in a thoughtless and irresponsible manner. The challenge for leaders in the midst of a crisis is to hold steady, get access to their emotions, and ensure that they do not get pulled into the fracas. The sensations spawned by a crisis challenge can easily make matters even worse. Any number of the key players who sought to end the East Timor crisis could easily have given up and walked away in disgust. Instead, they kept their focus and kept up the pressure without engaging in grand gestures, wild threats, or bitter recriminations.

When Eni's CEO, Franco Bernabe, faced the perilous corruption crisis, he knew that he needed to think clearly, act rationally, and focus unswervingly on the problem at hand. "I must say I did not 'react' during the crisis. I always thought things through—I very carefully went through all the problems I had, analyzing them from every angle."²⁰ Bernabe kept his emotions in check, even as he, too, was accused of corruption. He knew that if he took things personally, he could easily lose control and escalate the conflict.

History is replete with episodes when even the greatest authorities, faced with a crisis challenge, took things personally and acted irresponsibly to exacerbate the crisis. One such case occurred in 1799, when Captain James Cook, who had weathered many crises with remarkable skill and flexibility, finally lost his composure, his good judgment, and his life at Hawaii's Kealakekua Bay.

In the 1770s, Cook visited, inventoried, and mapped large swathes of the Pacific and the waters around Antarctica. On his third voyage to the Pacific in 1778, he found the Hawaiian Islands, named them in honor of a patron, Lord Sandwich, and, unbeknownst to the local population, claimed them for the Crown.

As Cook's two ships, the *Discovery* and the *Resolution*, entered the beautiful Kealakekua Bay on January 17, 1779, about a thousand canoes came out to greet the tired and weary crew. Finally, when Cook came ashore, the rowdy and jubilant Hawaiians fell silent and prostrated themselves on the ground repeating the word *orono*. The Hawaiians were greeting Cook as more than just another mariner visiting their island shores. They thought he was a god. The pageantry and obsequious behavior lasted a little over a week before the Hawaiians began to suspect that Cook and his men were nothing more than mere mortals. In-

deed, during that brief period, one of the crew died of a heart attack and was buried on the island, raising further doubts among the Hawaiians concerning the status of these foreign beings. They eventually concluded that they had been mistaken in their belief and suggested to Cook that he and his men best be on their way.

On February 4, 1779, Cook and his men left the island. Two days later, Cook sailed into a fierce storm. The huge waves and cyclonic winds wreaked havoc on the ships, snapping the foremast of the *Resolution*. Needing a temporary safe haven, they returned to Kealakekua Bay. This time no one paddled out to greet them.

While the men went about their repair work, one of the islanders stole a set of tongs from the ship's blacksmith. He was soon apprehended by Cook's men and given forty lashes, nearly killing the poor man. This further aggravated the Hawaiians, who demanded that the interlopers leave, once and for all. Some of the sailors who ventured ashore looking for water and food were set upon by angry, rock-throwing mobs. The situation was growing extremely tense and precarious.

When Cook and some of his men were on shore making repairs, another attempt was made to steal the blacksmith's tongs. As the thief was fleeing, Cook personally gave chase. Cook, in turn, was chased by a group of angry locals. Two of Cook's men tried to seize a canoe in the bay that they assumed to be a getaway boat of the thief. It was actually the canoe of one of the high chiefs. In the ensuing melee, the chief was beaten with an oar by the sailors. The mob gathering on the shore went berserk, hurling stones and spears at the white men. The chief intervened and brought calm to the situation, and told the sailors to return to their ship.

As Cook rested on the ship and considered his current predicament, his frustration turned to rage. To further infuriate him, he woke the next morning to find that the *Discovery's* cutter had been stolen overnight.

To deal with the "thieving natives," Cook had men blockade the entrance to Kealakekua Bay so that no canoe could leave. Feeling very much like a great white god, the captain boldly went ashore with his armed escort and arrested the king, Tereeoboo. The intention was to take the king hostage and keep him on the *Discovery* until the cutter was returned. As the king and his captors came to the canoe for the short trip back to the ship, a hostile crowd gathered and demanded that the king not be taken away.

At the time of the king's arrest, a group of canoes tried to break the blockade at the entrance of the bay. The high chief Kalimu was shot dead in the attempt. The news of this killing arrived on shore within minutes, and, predictably, the anxious mob that had gathered around

Cook and the king became rabid. As they approached Cook, Cook fired his single-shot musket and killed a man. The crowd became hysterical, screaming and jumping. The sailors then fired randomly, killing whoever they could. A portion of the landing party was in the boat waiting for Cook and managed to flee back to the ship. Those who had gone ashore, however, met a horrible end. While Cook was walking cautiously into the water trying to reach a nearby boat, he was attacked by a warrior who clubbed him to death. Other warriors joined in and further hacked, beat, and stabbed the one-time god. Within a period of fifteen minutes, Cook and four of his crew lay lifeless in the bloody surf, along with seventeen dead Hawaiians.

Cook's behavior in Kealakekua Bay was so unlike him that it has remained a puzzle and source of controversy ever since. In a brilliant career of exploration and discovery, Cook had won the respect of his colleagues and his crews, and he was, despite his humble origins, held in high regard by the British Admiralty. He was a talented navigator, a courageous and energetic commander, and a capable diplomat. Yet a few seemingly insignificant but serious errors of judgment in a tense situation led to his death (and those of four of his crewmen) at the hands of hostile Hawaiians. Rooted in cultural differences and confrontational shows of bravado, it was a situation he handled well on other islands with other tribes. In Hawaii, he seems to have become distracted from the main issue, ignored or misjudged the dynamics of the group, and lost his composure. He made the situation worse and paid for it with his life.

Students of leadership are all too familiar with this type of uncharacteristic behavior. Momentarily, in a state of physical and psychological exhaustion, feeling unsupported and isolated, many leaders simply lose control of their emotions and their thinking capacities. Like Cook, they act rashly and make the problem worse, and the results can be devastating.

*Keep people from striking a match;
remind them of the higher purpose*

Given the chaos and confusion that a crisis engenders, those who would exercise leadership must not only keep calm, focused, and disciplined but also be on the lookout for other individuals or factions that may, out of anger, fear, or frustration, touch off the explosive gas of crisis before it can be dissipated. One of the critical leadership tasks in a crisis challenge is to ensure that no one strikes a match—intentionally or

accidentally—that destroys the opportunity to achieve successful resolution of the crisis.

In the East Timor crisis, a faction within the U.S. government was convinced that the strategic relationship with Indonesia trumped the humanitarian impulses of the international community and the cause of the East Timorese. This entrenched faction could easily have lit a match that would have enflamed the Indonesian paramilitary with a sense of invulnerability, thereby plunging the island of Timor back into decades of savage guerilla and counterinsurgent warfare. Fortunately, others in the government and in the international community saw the problem and dealt with it before it set off a new explosion of violence.

During the crisis, even the East Timorese had to manage their own internal dynamics and keep people from striking a match that would exacerbate the conflict and undermine the years of demanding activist leadership that was beginning to bear fruit. The following incident was described to me by the respective parties involved.

Immediately after the August 30, 1999, referendum for independence, the country erupted into chaos as the militias ran amok. Listening to the mayhem on the radio at his detention compound in Jakarta, Indonesia, guerrilla leader Xanana Gusmao was filled with feelings of helplessness and despair, but he kept his anger and frustration in check. Gusmao was in his seventh year of imprisonment. Before his capture, he had spent more than ten years in the mountains fighting the Indonesian military. Due to international pressure, he had recently been allowed to move from the prison to a home in Jakarta, where he was kept under house arrest. He recognized that the immediate task was to keep his fellow East Timorese guerrillas from “striking the match” that could further exacerbate the explosiveness of the intensifying crisis.

In July and August, the last of the East Timor resistance fighters had come down from the mountains to be “cantoned” by the United Nations at four special camps until after the vote. The 1,500 men were allowed to keep their weapons, although they were not allowed to carry them in the streets. When the Indonesian-backed militias went on their wild rampage, the guerrilla fighters wanted badly to engage the enemy in order to protect their families and communities. They readied their weapons and prepared for combat.

Just as they were getting ready to leave their quarters, the guerrillas' most senior field commander, Taur Matan Ruak, received a telephone call from Gusmao in Jakarta. Gusmao insisted that they should not under any circumstance, enter the fight. He instructed Taur and his men to remain in their compounds and avoid contact with the militias. With

were leaning in that direction. This was a time for incredible discipline and restraint. Mandela pled:

We must not let the men who worship war, and those who lust for blood, precipitate actions that will plunge our country into another Angola. Chris Hani was a soldier. He believed in iron discipline. He carried out instructions to the letter. He practiced what he preached. Any lack of discipline is trampling on the values that Chris Hani stood for. . . . When we as one people, act together decisively, with discipline and determination, nothing can stop us.

Mandela's speech to the nation was a turning point in the battle against the apartheid government. The potential for the situation to burst into flames was very real. He truly understood the magnitude of the problem and did an extraordinary job in ensuring that people did not lose sight of the higher purpose.

*Don't be pigheaded or naive—
explore every alternative*

In a time of crisis, it is important to surface all relevant information that can help bring peaceful and effective resolution to the crisis. This task is, of course, crucial in the context of any leadership challenge, but it is more time constrained in a crisis. Dealing with a crisis challenge requires a swift diagnosis and a rapacious effort to obtain feedback and seek out different perspectives. In East Timor, the danger of the Indonesian paramilitaries was obscured by the international community's sincere hope that Indonesia could be trusted to assist the East Timorese in moving toward autonomy. It took bloodshed and destruction to force the reality of the situation to the surface.

In the midst of a crisis with adrenalin flowing, it is easy for "dominance" dynamics to override the exploration of all the alternatives. The dominance dynamics could be manifest by the superior authority figure who imposes his solution prematurely on the group, or a powerful faction of the group that thinks they alone know how to resolve the crisis. The leadership work is to protect the problem-solving space and ensure that the best solution is generated.

In 1915, a "pigheaded" Winston Churchill, as Lord of the Admiralty, sent mostly Australian and New Zealand troops (ANZACs), with

some British support, to battle in the ill-conceived Gallipoli campaign to take control of the Dardanelle Straits of Turkey. Although the ANZACs fought like tigers, about twelve thousand soldiers were needlessly slaughtered at Gallipoli Cove alone. More than twenty-five thousand were wounded. The British never succeeded in breaking through the Turkish lines, and after nine months, Churchill ordered the withdrawal of all troops from the Dardanelles. The British had been humiliated.

As the proverbial bull in the china shop, Churchill had imposed his Gallipoli plan on others and did not give ample space for dissident voices to challenge his assumptions, express their views, and come up with alternative strategies. The merits of his strategy seemed completely self-evident, and he was adamant on seeing that he prevailed. The primary person whom he failed to listen to was his own head of the navy, First Lord of the Sea, Admiral John Fisher. Not only did Churchill spurn Fisher's counsel, but he took steps to ensure that Fisher's perspective would never be fully considered by the prime minister and the War Cabinet. The seventy-four-year-old admiral was perhaps the most respected naval strategist in England. He certainly knew more about war than his boss, the forty-year-old Winston Churchill. Fisher, for an array of reasons, was completely against Churchill's plan for an amphibious attack on the Dardanelles, knowing his navy was ill equipped to succeed. Finding it difficult even to get a one on one meeting with Churchill, on May 11, 1915, Fisher wrote a letter to his boss:

Although I have acquiesced in each stage of the operation up to the present, largely on account of consideration of political expediency and the political advantage which those whose business it is to judge these matters have assured me would accrue from success, or even partial success, I have clearly expressed my opinion that I did not consider the original attempt to force the Dardanelles with the fleet alone was a practical operation. . . . I therefore feel impelled to inform you definitely and formally of my conviction that such an attack by the fleet on the Dardanelles . . . is doomed to failure, and moreover is fraught with possibilities of disaster utterly incommensurate to any advantage that could be obtained there from.²²

Fisher had a piece of the reality that Churchill needed to face in this precarious predicament and repeatedly tried to get Churchill to see it. Churchill, however, refused to entertain Fisher's argument and trivialized the old man as being too much of a traditionalist, skilled in fighting nineteenth-century battles, perhaps, but not fully appreciative of what was

required for modern warfare in the twentieth century. Not knowing what else he should do, Fisher sent another letter to Churchill, this time indicating that he planned to resign. "You are bent on forcing the Dardanelles and nothing will turn you from it—nothing. I know you so well. You will remain and I shall go—it is better so."²³

The Gallipoli campaign was a fiasco—an unnecessary crisis in the context of a larger crisis: a world war. Churchill learned from the experience; in his memoirs, he acknowledged his folly: "Looking back, with after-knowledge and increasing years, I seem to have been too ready to undertake tasks which were hazardous or even forlorn."²⁴

When U.S. president John F. Kennedy faced the Cuban Missile Crisis in October 1962, it was imperative that he not get caught up in the emotion of the crisis and undertake tasks that were hazardous or forlorn. He had to take the time to ascertain what the real challenge was through the fog. His situation was the reverse of Churchill's. His generals were advocating an attack on Cuba, and Kennedy was telling them to slow down and explore all the available options. They expressed to the president that they were confident that they could succeed in destroying the weapons installations that had been placed on Cuba by the Soviet Union. Also, a piece of reality that the group did not know at the time was that more than one hundred nuclear warheads were already in Cuba. The Americans knew the installations had been constructed but were unaware that the warheads existed and were operational.

Kennedy realized that the stakes were too high for hasty action, even though he did not have knowledge of the nuclear warheads. He was wise enough to know that this was not a technical problem that could easily be fixed through the application of military expertise. On the contrary, as Kennedy looked through the fog of the crisis, it was clear to him that the underlying challenge related to the relationship between the United States and the Soviet Union. In particular, the challenge was how to ensure that both countries could take responsibility for the destructive power of their nuclear arsenals and that millions of people would never be killed. Upon seeing this challenge, Kennedy refused to accept the recommendation of the Joint Chiefs of Staff, pushing the group to consider what was at stake and to come up with a better solution.

Coming up with ways to produce a better solution was difficult work, particularly given the fact that some of the military leaders were anxious to display their fighting prowess and express their dominance. Robert McNamara, the secretary of defense and a member of Kennedy's leadership team assigned to address the crisis, told of an interaction he had with Admiral George W. Anderson, chief of naval operations and a

member of the Joint Chiefs of Staff. It was about a Russian ship approaching the blockade that the United States had imposed around Cuba. McNamara had the following conversation with Admiral Anderson:

"What are you going to do?" I said. He said, "Well, we're going to stop it." I said, "How are you going to do it?" He was beginning to get a little upset . . . and he said, "We are going to hail it." I said, "What language are you going to hail it in?" He was getting more and more exasperated. "Well, English." I said, "Do they have English speaking sailors on board the ship?" He said, "How the hell do I know?" And I said, "What are you going to do if that doesn't stop them?" "Well, we'll put a shot through the rudder." I said, "What kind of a ship is it?" "Well, it's a tanker."

I said, "Look, we don't want to start a war by blowing up a tanker." And this is what he said, and these are his exact words, he said, "Mr. Secretary, the Navy has been handling blockades successfully since John Paul Jones. If you let us handle this, we will do it successfully." I said, "Admiral, you heard me. Not a shot will be fired without my permission." It was quite a controversy. . . . I had the highest respect for Admiral Anderson as a combat commander, but not as geo-politician, which was the role he was in at the time.²⁵

Through constant pushing back, questioning, and examining every alternative from every angle, eventually the team came up with a diplomatic, peaceful resolution to the crisis. It was actually due to Kennedy's willingness to listen and to promote debate that the best solution emerged. Llewellyn Thompson, the former ambassador to the Soviet Union and a junior member of the problem-solving team, raised his opinion in regard to how the president should respond to a letter from the Soviet leader, Nikita Khrushchev. Kennedy and others felt it was simply a ploy to trick the Americans. Thompson, who had met with Khrushchev many times and knew his style and personality, explained to the president that he needed to take Khrushchev's letter very seriously. The conversation went as follows:

President Kennedy: We're not going to get these weapons out of Cuba, probably, anyway . . . I mean by negotiation. . . . I don't think there's any doubt he's not going to retreat now that he made that public, Tommy. He's not going to take them out of Cuba.

Llewellyn Thompson: I don't agree, Mr. President. I think there's still a chance we can get this line going.

President Kennedy: He'll back down?

Llewellyn Thompson: The important thing for Khrushchev, it seems to me, is to be able to say "I saved Cuba; I stopped an invasion," and he can get away with this, if he wants to, and he's had a go at this Turkey thing, and that we'll discuss later.

President Kennedy: All right.

McNamara said of the importance of this interaction, "Tommy proved to be exactly right. I thank God we had a president who was . . . 'fully on the job'—inquisitive, forceful, determined to find a way out short of war—and an advisor whose empathy with the Soviets allowed him to be, at that moment, virtually our in-house Russian."²⁶ Kennedy, in being "fully on the job" as a leader in a time of crisis, encouraged divergent views, actively inquired into people's assumptions, and always listened to discover what he might be missing—while all the time pushing the group to stretch their thinking. Indeed, he successfully (even luckily, given how volatile the situation was and the information that his team was lacking) displayed real leadership for a very real, potentially explosive crisis challenge. Had he not been open, inquisitive, and a potent perturbing force, a nuclear confrontation might have been the horrendous conclusion.

Conclusion

Politicians and presidents make errors all the time. Nevertheless, times of great danger require a particular kind of leadership that is more sensible and sensitive than what one might provide during a time of peace or relative calm. No single authority figure should be so brazen as to think that he or she alone "has the answer" and can "show the way forward" in such a foggy predicament. As the Gallipoli campaign and the Cuban Missile Crisis teach us, the complexities of the situation and unpredictable surprises can easily disorient even the most able authority—and in doing so seriously thwart progress. Therefore, taking the time to tangle with dissident perspectives, explore alternatives, and test assumptions is absolutely essential.

Taking on a crisis challenge requires the capacity to remain calm in a volatile, hot, and foggy environment that is riddled with an array of competing emotions and sensations, and to carefully intervene to reduce

the heat and keep people from acting irresponsibly by exacerbating the danger. These are never easy things to do, and, with the crushing urgency of a crisis, they become even more difficult. But, as many of the cases in this chapter illustrate, leadership can be exercised in such trying circumstances, and one can succeed in seeing through the fog to identify the real work that must be attended to if the conflict is to be resolved and progress is to unfold.

REAL LEADERSHIP FOR A CRISIS CHALLENGE

- Dissipate the explosive fumes, and create some time to think.
- Hold steady—don't get pulled into the fracas.
- Keep people from striking a match; remind them of the higher purpose.
- Don't be pigheaded or naive—explore every alternative.