



## **INTRODUCTION TO THIS DOCUMENT**

**This Harvard Business Review article describes what strategies executives and boards should adopt and steps to be avoided in a crisis situation**

### **OUR TAKE-AWAYS:**

#### **This is what we learned from this document:**

- **This is the time leaders in every organisation need to be adaptive to deal with the extreme number of unknowns and dangers, and not fall victim to “threat rigidity” – that is, essentially freezing innovation and resorting to actions that have worked in the past rather than coming up to new approaches.**
- **Clear strategies are required to avoid common traps that hinder innovative thinking and problem solving.**

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# Executives and Boards, Avoid These Missteps in a Crisis

by Heidi K. Gardner and Randall S. Peterson

7-9 minutes



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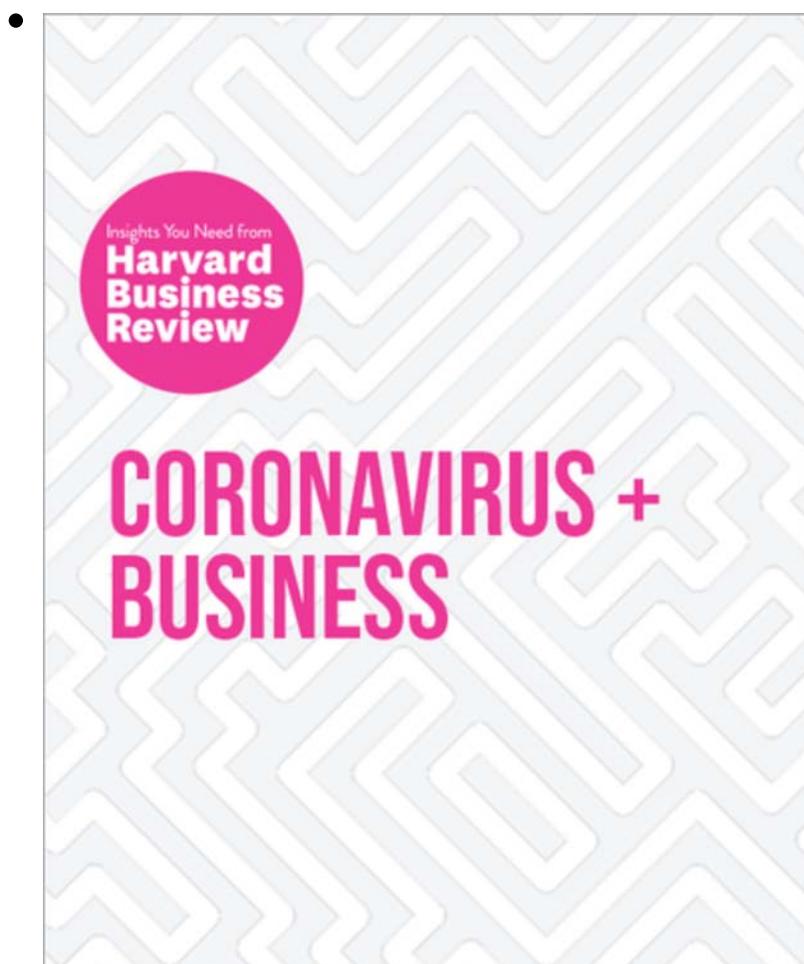
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The scale of Covid-19 pandemic's impact is fully sinking in. Organizations of all types are feeling the pressure to simultaneously wrestle with surviving the immediate crisis and planning for a radically changed future. How do they share the

economic pain among [stakeholders](#)? How should they [revamp their supply chains](#) in order to make them more [resilient](#)? How do they avoid the mistakes they made in the last financial crisis — whether that was waiting too long to respond, overreacting by cutting so deeply it hampered their recovery, or simply cutting in the wrong places?

Organizations across the world are facing a level threat not seen since World War II. Their leaders and board directors are experiencing enormous anxieties fueled not only by the threats to the survival of their companies but also by the health dangers confronting customers, employees, and themselves and their own families.

## Further Reading





Just at the time when leaders need to be adaptive to deal with the extreme number of unknowns and dangers, this stress means that many executive teams and boards could fall victim to [“threat rigidity”](#) — that is, essentially freezing innovation and resorting to actions that have worked in the past rather than coming up with crucial new approaches.

This tendency and social-distancing restrictions that prevent members of leadership teams and boards from meeting face to face for collective formal meetings or [informal side conversations](#) greatly increase the odds that they will not rise to the occasion. Based on our recent research and consulting work and longtime interest in studying [the effects of pressure on workplace collaboration](#), we have come up with ways they can avoid three main traps.

### **Trap #1: Narrow thinking**

You might think that crises make people more innovative (i.e., “necessity is the mother of invention”). But the reality is our natural tendency is to seek comfort and certainty — to fall back on existing remedies (i.e., “what we do well most of the time”). Executive teams and boards can overcome this propensity by asking these critical questions:

- **What are other organizations doing right now — especially potential new competitors in our space?** The focus on entrants in your industry, geographic, or customer niche is helpful because they are less likely to have outdated routines to fall back on.
- **Is the disaster plan we created and rehearsed fit for this**

**particular crisis?** Explicitly discussing this question will help executives and directors understand whether they're unintentionally adopting all or part of an existing plan because it really is the best way to deal with challenges or because they are inadvertently avoiding the discomfort of having to devise a brand-new approach.

- *Which external advisors could you lean on to help you challenge your assumptions and see across industries and geographies?* A number of the company's existing advisors (e.g., lawyers, consultants, and auditors) who work across a very wide array of companies, industries, and countries can help the members of the group think more expansively and customize potential solutions.

## **Trap #2: Deferring to the leader**

When feeling threatened, people tend to look up to the leader for inspiration, insight, and strength. But executives and directors should resist the urge to instinctively defer to the highest-ranking leader and instead make sure that they are taking advantage of the skills and perspectives of *all* leaders and directors. Asking these questions will help:

- **Are you getting the perspectives of your independent directors?** Especially if the board chair is also the CEO, it's crucial to make sure that independent directors feel comfortable offering alternative points of view.
- **Are directors overrelying on the chair to make decisions?** For example, are board committees convening to handle hot topics and then providing sufficient input for full board discussions?
- **Are senior executives overrelying on the chief executive to make decisions, plan the path forward, and communicate with**

**stakeholders?** The entire team should be involved in creating solutions and communicating what is happening. Be sure everyone is doing his or her part.

### **Trap #3: Conformity**

Research by scholars such as psychologist [Irving L. Janis](#), shows that there are strong pressures to conform in a crisis to achieve harmony. Some of it is innate: We don't want to disrupt or slow actions to resolve a crisis, so we censor ourselves in discussions.

Another source is the tendency of a group's majority, once it has reached a preliminary decision or agreed on an initial plan, to pressure dissenters to fall into line with the consensus view in order to have unified action. As a result, the group doesn't take more time to explore potentially better options. This kind of groupthink contributed to such blunders as the Bay of Pigs invasion of Cuba during the Kennedy administration and Ford Motor Company's decision to build the Edsel.

To avoid these traps, the group should ask these types of questions:

- **Has everyone received the full set of information and been given a chance to form his or her own opinion before hearing others?** Does everyone fully understand and appreciate the problems and have an opportunity to ask questions before they are presented with any proposed solution? Have directors, for example, been given access to relevant executives outside the C-suite whose knowledge is essential in addressing the crisis (e.g., the head of the supply chain who normally doesn't have board access).
- **Are all experts sharing their expertise?** Every expert will see the

same problem through his or her own lens and be likely to have a somewhat different recommendation. Is the senior leadership team and board getting all those different perspectives?

- **Does the senior leadership team or board simply accept the first plausible solution, or does it continue to search for alternative, potentially superior solutions?** The group should strive to come up with a range of possible futures and different options for each scenario.

Asking these kinds of questions and seeking honest answers may sometimes be seen as slowing down the response in a crisis.

However, executive teams and boards that ask the tough questions now are less likely to waste time and money protecting what turns out to be an outdated approach and more likely to do the best-possible job of preparing the business for whatever future ultimately emerges.

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