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Organization Practice

Applying past leadership lessons to the coronavirus pandemic

Three seasoned leaders describe what they learned from managing through past crises.

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Savvy managers understand the fundamentals of crisis management, at least on the theoretical level. Their careers rise and fall on an individual's ability to rally their teams, project deliberate calm and empathy, take decisive action, and communicate effectively. The most fortunate among them have not had to face a crisis like the coronavirus pandemic now rampaging through the global community to devastating effect.

But there are managers out there whose stories and experiences of leadership in moments of disruption and upheaval can be instructive. To learn more, we spoke with three senior advisers to McKinsey with just such experience. Hugo Bague was group executive of organizational resources at Rio Tinto during the Ebola crisis in 2015–16. Jeff Cava was chief human-resources officer (CHRO) at Nike during two major economic crises, executive vice president, administration, at Wendy's in 2003, during the SARS outbreak, and CHRO for Starwood Hotels and Resorts during the financial and swine-flu crises of 2009. And Manley Hopkinson served as an officer in the Royal Navy during the first Gulf War, set a record skiing to the magnetic north pole, and has sat on the board of directors at Atlas Consortium, Hewlett Packard Defence UK, and Ark Data Centres. We spoke with them individually but present their comments here in a virtual roundtable format.

McKinsey: During a crisis, top-down leadership doesn't always engender stability. What's your experience at balancing central control with delegating responsibility locally?

Manley Hopkinson: It is vital that a leader resist centralizing control. The temptation in a time of crisis is for leaders to put themselves at the center of all activity. It's an understandable desire to ensure all is well, even though precisely the opposite is needed.

To decentralize and create a network of teams requires absolute clarity on intent and priority. A leader cannot empower a team if there is any uncertainty in direction or priority. And even while

prioritizing short term and making priorities crystal clear, leaders still need to keep the long-term direction and purpose in mind. On my race to the north pole, in our team of three, one person focused on the near and tactical, ensuring that we crossed each crevasse safely. A second person took the lead role and focused on the far horizon, making sure we did not go around in circles. The "leader" is not in front, making all the immediate decisions. They are following, navigating a course to the future.

Now, for example, I advise a number of organizations whose work is critical to the functioning of the United Kingdom's national infrastructure. For them, the safety of their people is paramount, but subservient to the integrity of the nation's ability to operate. This clarity of purpose, intent, and priority, long term and immediate, allows teams and individuals to be fully empowered. It enables teams of teams to make the right decisions, and it enables decisions to be made where the information lies. That is key.

Hugo Bague: Not every decision should be made by the central office headquarters. Local teams are often the best positioned to judge the situation on the ground—and their decisions should not be second-guessed. For example, in 2015, we had 4,000 employees in Guinea during the Ebola crisis. The mortality rate was high, so naturally we had to decide if we should send home all the expatriate employees—knowing that they would then lose all credibility and never be able to go back? We delegated that to the team. We said, "You are the best to make that assessment, because we can't judge the health risk on the ground for you as expats." And the team decided that the expats themselves would stay, but their families went home. After six months, we established a rotation so that expats could go visit their families even while maintaining skilled leadership on the ground.

Corporate couldn't have made that call. They would probably have brought everybody home. But let's be careful with words: autonomy doesn't mean in isolation. We said clearly, whether you stay

in Guinea or not is your call. But we want to have a discussion with you to ensure that you've looked at it at every angle. And in the end, no employees contracted Ebola.

McKinsey: That kind of collaboration takes work. What kinds of teams can do it?

Hugo Bague: A team with defined roles and responsibilities can do it, but decision making must be even more clear and concise in a crisis than in other situations. There also needs to be accountability, so that even when there are different people and different departments giving input, at the end of the day, there is a single decision maker. That needs to be clear. And the whole leadership team should maintain discipline in speaking as one around a decision. There can't be any internal criticism or questions around decisions, because in a crisis the organization is fragile.

Jeff Cava: If there is a thin veneer of cooperation and collaboration, it will be immediately exposed. If, on the other hand, there are genuine, honest relationships among senior leaders, you're going to have a much better functioning crisis team. If there are weaknesses, if there are cracks in the team functioning, it will fray quickly in times of stress. It sounds obvious, but many leaders don't understand that when people are under extreme pressure, they revert to interpersonal styles that tend toward preservation over collaboration. If your team dynamics aren't in a decent shape, crises will amplify the dysfunction.

At Wendy's during the SARS crisis, we made decisions informed by people on the front lines. The way we were structured helped us. Our organization was structured in a way that allowed for the efficient communication of information from the stores up the chain to the C-suite. We had store managers who were all connected to district managers who were connected to division managers who in turn were connected to the head of operations. We had a good communication network and we received great input. In the C-suite in larger corporations, we tend to focus on strategy, big ideas, in the abstract. But in these situations, we needed tactical decisions, and needed them quickly. We needed to address the issues in a way that makes sense in the environment of the store.

Manley Hopkinson: A coherent culture creates the environment that allows teams to work independently and with each other. A common understanding and common language of the tools of leadership and collaboration are vital. For example, when the whole organization uses a consistent tool for delegation, then delegation is consistently effective. It comes back to clarity again.

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McKinsey: Leaders want to come across as grounded and reassuring. But there's a fine line between reassuring and saying something that's overly optimistic. How does that play out in real-life communications?

Manley Hopkinson: I love the expression "deliberate calm," recognizing the work of Albert Mehrabian on the emotional context of communication. As he quantified it, communication is 55 percent visual, 38 percent tone, and only 7 percent what you say. It takes a great deal of consciousness from leaders in the midst of crisis and upheaval to maintain a balance that is neither too negative nor overly optimistic. They need to recognize that they are always on stage but accept that they, too, are still human and can make mistakes. In a time of crisis, we need leaders to raise their levels of consciousness and be acutely aware of how they are being perceived.

Jeff Cava: At different times, we've had to make pretty sizable reductions in force. During the 2008 financial crisis, we reduced our nonproperty head count at Starwood by a substantial amount. After we did the first round, everyone wanted to say, "That's it, no more, you can all go back to your jobs—everything is great." I, along with others, strongly urged against that, and we didn't make that commitment. Because we didn't know what was going to happen. And indeed the economic situation did worsen before we finally stabilized and began

recovering. People depend upon our statements as leaders and often plan important decisions based on the information we give them. To make a commitment of that importance and then not follow through destroys the trust that we strive to create with our associates.

It comes down to the old adage: honesty is the best policy. Ask yourself, "Is my statement absolutely true? If I'm required to do something to make it true, can I do it?" We couldn't promise uninterrupted employment, because we didn't know what was going to happen in the economy. This was an unprecedented economic disaster. The desire was to give people relief and confidence. But you can't give them false relief and false confidence. That's hard for a compassionate leadership team, but you have to push yourself.

Hugo Bague: In times of crisis and uncertainty, you need leadership to show stability. There are many things you don't know, but you can still bring stability by structure. We had daily calls and daily communications at a fixed time with all the employees through mobile phone—and we did that daily for 18 months. Bringing structure into the lives of people, you take things under your control. That helps with the mental health and stability of employees, which one should not underestimate in a time of crisis. People have questions around their families, their jobs, and many topics, so any stability you can provide is quite important.

Jeff Cava: At Starwood, I believe we were well positioned to communicate using all modalities. This was an internal capability we had built up over time— quick group videoconferences, real-time video clips that we could send throughout the world, well-crafted talking points and FAQs, local in-person group meetings with our CEO. We integrated communications in the internal machinations of the business. We didn't just call when we needed to communicate; our communications experts were part of the ongoing business operations and leadership team.

We had practiced crisis communications regularly throughout the year. We would bring representatives from the organization to participate in a simulated crisis and work together to resolve it in real time. That allowed us to do two things: pressure test our ability to communicate and the content of our messaging. But more important, it let us pressure test the personal and interpersonal relationships among the crisis-management teams before we were in crisis.

McKinsey: Companies want to protect their customers and their employees but also be fair to investors and shareholders. How do you balance those objectives?

Jeff Cava: Concern for employees and the communities within which companies do business doesn't need to be in conflict with concern for ensuring a going commercial enterprise. Boards in particular are concerned with both. Obviously, they have a financial duty to their shareholders and as importantly have a genuine concern for how their and the company's reputation are perceived. At the end of a crisis, management and the board will be judged by how well they balance this relationship. Successful solutions look for actions that can combine the best interests of both.

At both Wendy's or Starwood, the goal was to preserve the workforce. Both industries have high staff turnover. Employees often work hourly and have a lot of financial pressure. We needed to preserve our connection with them so they would continue to feel connected to the company. Hourly workers can migrate quickly. If you don't create a genuine relationship between them and the business, they will lose and you will lose in the long term. I think boards need to keep that as a central theme in their considerations.

McKinsey: Can you say more about how boards of directors balance concern for the humanitarian side of the crisis with their responsibilities to shareholders?

Jeff Cava: Sometimes they can do both. But sometimes people get their goals and motives confused. A corporate board is very concerned with protecting its reputation. It wants a sensible business solution, operating in a constructive economic reality. But at the same time, it wants to be seen as altruistic to the general public.

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As a leader, you have to be able to meet both objectives. You have to be able to present that you're not just concerned about your profits and balance sheet but also that you're concerned because it serves the greater good of those 200,000 employees. Because you'll need them and you're also concerned about the investment you've made in these people and that they've made in the company. This is going to serve your economic interests and well as their personal interests. This is the way the whole communication process and problem-solving process needs to be structured.

CEOs don't need to be bleeding hearts. On the other hand, they also shouldn't be so mercenary so they forget they're part of a system—of people, customers, and economic outcomes. They need to approach the problem that way. Net–net for us, whether Wendy's or Starwood, a really important goal, as I said earlier, was to preserve the workforce. We needed to preserve them so they could preserve us, whether at hotels or restaurants. If you don't create stickiness between your associates and the business, they will lose and you will lose over the long term. I think the board needs to understand that.

Manley Hopkinson: Leadership based on understanding and not control—trusting that people know what to do—allows companies to turn a crisis around into an opportunity to shake things up. It allows them to challenge existing ways of doing things, to develop your people and let them take more responsibility. There's an opportunity to nurture a greater sense of empowerment and ensure the leader's thinking continues to include people's needs and growth.

Leaders in a crisis tend to stop what they consider to be peripheral activities to focus on survival. I've seen leaders who immediately stopped any leadership or personal development at exactly the point when their people were under most stress and most pressure, when their performance would be even more important. That is a fundamentally flawed way of thinking. People development and team building are not peripheral activities. They are key. It is in a time of crisis that you need to ask more of people. You need their commitment and energy, both to tackle the crisis and to continue a journey of growth when it's over. I have always been pleasantly surprised how people react and grow in crisis if they feel valued and empowered and if we can ensure, as leaders, that our actions reinforce that reality.

Hugo Bague is a senior adviser in McKinsey's Zurich office, **Jeff Cava** is a senior adviser in the Boston office, and **Manley Hopkinson** is a senior adviser in the London office.