

From a room called fear to a room called hope:

A leadership agenda for troubled times

Leaders can make a difference through personal accountability, caring, and “re-onboarding” of all their people.

by Hayagreeva Rao and Robert Sutton

Leadership matters most—and is hardest to do well—when people face objective threats, when old ways of working are no longer possible, and when confusion and anxiety abound. These are brutal and relentless facts of organizational life for tens of thousands of leaders who feel heightened responsibility for billions of people as a result of the COVID-19 crisis.

We offer a modest agenda to help such leaders. We contend that a leader’s job during the COVID-19 crisis and other trying times is to stop a disaster from turning into catastrophe. Disasters such as earthquakes, storms, pandemics, and financial meltdowns will always be with us and will always harm people and create economic hardship. As sociologist Lowell Juilliard Carr wrote in 1932, “the collapse of the cultural protections” that sometimes follow is what constitutes a catastrophe. The ability to bounce back and move forward evaporates when people freeze up and freak out—and when they lose trust and faith in one another, in leaders, and in rules, laws, and informal social agreements.

Leadership during trying times requires building cultural and psychological protections for employees. One key for creating such safeguards is holding oneself personally accountable for decisions, others’ well-being, and organizational performance. Another is using compassionate words and deeds to dampen the damage inflicted by the crisis at hand and to conserve, fuel, and direct the willpower and energy of the people you depend on and who depend on you. Leaders who do these things well create passageways that help people travel from a room called fear to a room called hope. Skilled leaders also sustain that hope by building cultures that are flexible, that celebrate individuality, and that enable employees to be their best selves at work.

Personal accountability

During crises, leaders must make tough choices so that their organizations can survive in the short term and thrive in the long term. Being top dog means it's your job to make and implement painful decisions such as cost-cutting, layoffs, closings, and sweeping changes in work rules, responsibilities, and strategies. Leaders who delay or avoid necessary decisions put people's safety at risk, burn through cash, and fail to sell products or provide services that customers want and can buy.

This difficult work usually must be done quickly and on the basis of incomplete information—while facing an onslaught of unpleasant surprises and unhappy people. Whether they deserve it or not, most leaders will endure criticism, second-guessing, and, all too often, mean-spirited and inaccurate gossip. Still, it is their job to clean up the mess.

Making sound decisions under such conditions is mighty difficult—and still insufficient for creating the confidence, hope, and guidance that the people affected by crises crave and need. The ways that you, as a leader, *frame* and *implement* decisions is as important as *making* the right decisions.

No excuses

The first order of business is to stop fretting over and talking about what you couldn't know and might have done before the crisis hit, and what you can't control now. Lousy leaders engage in useless rumination about what might have been and who is to blame, and invent excuses for delaying gut-wrenching but vital actions. Good leaders feel just as troubled. But they realize that things will get worse if they don't focus on what they know now and can still do to protect people and performance. They know it is irrational to devote energy to past events that are impossible to change or to problems that are impossible to fix at the expense of making feasible and constructive changes.

Microsoft CEO Satya Nadella's responses throughout the COVID-19 crisis, for example, have reflected a dogged and optimistic focus on what his company can do and how his people can keep learning. Nadella has acknowledged that there are many forces that he and others at Microsoft can't predict or control, and has devoted virtually no attention to blaming or scapegoating people inside or outside the company. His focus instead has been on what he and his colleagues can do to best navigate the pandemic. For example, he has talked about how Microsoft team members need to collaborate effectively and to adopt a growth mindset so that they can keep developing new products, selling existing ones, controlling costs, and refining better practices for remote work. (For more on how leaders can respond to the challenges of the crisis and what comes next, see "Psychological safety, emotional intelligence, and leadership in time of flux," on McKinsey.com.)

Nadella also has been fixing his attention on how Microsoft and other organizations can learn as they transition to the "next normal," treating the interplay between near-term response and medium-term recovery as more of a dial than a switch. The idea is to try different strategies for recovery and to keep learning what works and what doesn't. For example, while Microsoft's shift to virtually 100 percent remote work has resulted in impressive productivity gains, Nadella is wary of "overcelebrating" these new ways of working, and worries about "what is lost" by doing all or most work remotely—problems that may become more evident down the road.

The buck stops here

Not only do smart leaders avoid making excuses during crises and focus on the art of the possible, they also know that managing the psychology of credit, blame, and control is a big part of the job too. Being a leader, they realize, means they will receive more blame and credit than they deserve for their organization's fate. Research suggests that it is often a mistake for leaders to dispute that they have outsize influence over their organization's performance and reputation. Instead, smart leaders bolster this belief, recognizing that it may help them instill confidence and hope, because it boosts the odds that they will be seen as competent and in control. Taking blame for things that have gone wrong, or might still go awry, also helps convince key stakeholders that the leader, rather than feeling helpless or overwhelmed, is battling to move the organization in the right direction despite the harsh conditions.

Henry Ward, the CEO of financial-services software firm Carta, exemplified this “buck stops here” approach in his recent announcement that 161 employees, 16 percent of the company, would be laid off in response to the COVID-19 crisis. In April 2020, Ward wrote, “If you are one of those affected, it is because I decided it. Your manager did not. They are blameless. If today is your last day, there is only one person to blame and it is me.” Ward made the tough decisions and held himself responsible for the destiny of his employees and company—reinforcing the message that he was in control of Carta's fate, and had the mental toughness to steer the company through the times ahead.

Caring and compassion

When people believe that a leader cares about their well-being, commitment, and success, it helps them move from that room called fear to that room called hope. Skilled leaders demonstrate they care by expressing compassion for the harm and emotional distress inflicted by the crisis at hand and the actions they and their organization take in response. They acknowledge that the news is bad, and that it may get worse before it gets better. And they are physically and emotionally present.

Slow down to speed up

Even when fast action is essential, wise leaders know that different people accept and process bad news at different speeds and in different ways. They know that, to enable people to move forward together, it is sometimes best to slow down, seek advice, and do the “emotion work” required to get everyone on the same page. Skilled leaders also realize that people affected by tough decisions—that the leader may have spent weeks wrestling with—probably need time after the announcement to get upset, recover, and weigh their personal options.

Consider the lesson one CEO learned about navigating the COVID-19 crisis. At first, she was annoyed when several members of her leadership team continued to plan events for clients that had been canceled and kept negotiating to reverse decisions about suspended operations. Things got better after she read an interview in *Harvard Business Review* with David Kessler about the collective grief that people are experiencing during the coronavirus.¹ She realized that with each new loss and

¹ Scott Berinato, “That discomfort you’re feeling is grief,” *Harvard Business Review*, March 23, 2020, hbr.org.

cancellation, her employees and customers were at different stages in the grieving process. In her next videoconference meeting with senior leaders, the CEO announced that offices would close and that several major events would be canceled. She then reminded her team of Elisabeth Kübler-Ross's five stages of reactions to grief: denial, anger, bargaining, depression, and acceptance. She asked each member to describe which stage of grief they were in for these new decisions: of the dozen or so people on the call, only the CEO and CFO had reached the acceptance stage. These two had discussed these decisions for weeks; the rest of the team was hearing the bad news for the first time. The CEO realized that her natural tendency to push ahead and get things done fast could undermine her team's well-being and their acceptance and implementation of these decisions—because all were grieving the loss of their work as they had known it.

Principles to lead by

People are more willing to accept and implement upsetting decisions when they believe that their leaders care about them and are trying to do what is best for the greater good rather than just themselves—even when they disagree with decisions and will suffer as a result.

A compelling example is seen in the memo that Airbnb CEO and cofounder Brian Chesky sent to his employees on May 5, 2020. The memo announced that about 1,900 people, 25 percent of the company, would be laid off as a result of the dramatic drop in travel prompted by the COVID-19 crisis. In addition to providing unusually generous severance benefits, including at least 14 weeks of pay, 12 months of health insurance, and full vesting of stock for all employees, the note was filled with expressions of respect and compassion: "We have great people leaving Airbnb, and other companies will be lucky to have them. The result is that we will have to part with teammates that we love and value. . . . Please know this is not your fault. The world will never stop seeking the qualities and talents that you brought to Airbnb."

Leaders who care about employees do more than listen, express sadness and concern, and take comforting symbolic actions. They also know how important it is to implement tough and distressing decisions in the most humane ways possible. Three principles—prediction, understanding, and control—help adept leaders dampen organizational stress.²

Prediction

The protective powers of predictability are a central theme in psychologist Martin Seligman's classic research on learned helplessness. His "safety-signal hypothesis" was inspired by the air-raid sirens used in London during the Blitz, in 1940 and 1941, when German bombers attacked the city night after night. Because England's warning system was so reliable, Londoners could go about their business without fear of being killed by German bombs so long as the sirens were silent. When the sirens wailed, they knew it was time to scurry underground to "the Tube" and other safe locations.

The upshot of Seligman's work is that threats to well-being do less harm if reliable signals enable people to know when they are safe from the threat versus when it is

²This analysis draws on work that Robert Sutton started in the 1980s with his late dissertation advisor, Robert L. Kahn. Sutton refined the framework over the years.

imminent, fear is warranted, and it is time to take action to minimize risk. Conversely, if people never feel safe, their feelings of powerlessness cause them to suffer constant anxiety, despair, and, ultimately, physical and mental illness.

The implication for leaders during a crisis such as COVID-19 is that while they may not be able to stop or dampen many of the distressing consequences, they can protect people by communicating when they will be safe from harmful and upsetting changes. For example, they can protect people from waking up every day and wondering if they will lose pay or no longer have a job by giving them as much information as possible about when they are “safe” from such changes, and when they are not. Our employer, Stanford University, responded to the financial problems triggered by the COVID-19 crisis with the announcement that the university would pay all full-time employees at their current rate through June 15, 2020, and later extended such protection to August 31, 2020. No other commitments were made. But every full-time Stanford employee knew that their pay and job were safe until then.

Understanding

While predictability is about the potential for bad (or good) things to happen (or not), understanding is about the *why*. We humans have a burning need for explanations of important events in our lives. When events, especially distressing ones, are uncertain—and clear-cut answers aren't forthcoming—people get anxious and generate plausible explanations. Once people invent, articulate, and spread such imagined explanations, they can have a hard time letting them go, no matter how incomplete, biased, or downright wrong they are, suggests research by Prashant Bordia and his colleagues.³

Dampening the anxiety that fuels distracting rumors requires explaining decisions in enough detail to convey that you, as a leader, are treating the people affected with nuance and care. Leaders also do well to rely heavily on simple headlines and repetition, because the anxiety provoked by crises can make it hard for people to process complex information. We learned a lot about this phenomenon during the previous recession, from the CEO of a technology company. He told us how widespread anxiety about layoffs persisted even after he wrote employees a detailed explanation of the company's strong financial position, which included commitments to their job security for the next year and optimism about the longer term. “One and done” didn't work for that CEO, and it won't work for you now, with uncertainty about the trajectory of the coronavirus and the resulting economic fallout. It may bore and annoy you, but if you repeat the same simple explanations to one person after another, it will help dampen fear and despair.

Control

Even under dire circumstances, when people believe that their actions can change the world around them for the better, they are fueled with hope, become more resilient, and are inspired to protect themselves and others. Numerous studies show that when

³ Bordia and his colleagues studied rumors in a major urban hospital that had made numerous, large-scale changes in recent years—ranging from introducing new technologies to reducing the number of beds. The researchers found that employees, especially those most distressed by the changes, had heard and were spreading hundreds of false and negative rumors about management's motivations, such as that drastic budget cutting was imminent, technology would replace nurses, or the CEO was about to be fired. See Prashant Bordia et al., “Management are aliens: Rumors and stress during organizational change,” *Group & Organizational Management*, October 2006, Volume 31, Number 5, pp. 601–21.

people feel powerful rather than powerless, they feel safeguarded with respect to their physical and mental health. And because they believe their fate is in their own hands, they believe it isn't futile to try to remove, or at least weaken, sources of stress in their lives, and to dampen the negative effects of upsetting events that they can't prevent. The protections provided by perceptions of control are evident in a recent study by Erik Gonzalez-Mulé and Bethany S. Cockburn, which tracked a random sample of more than 3,000 US employees for 20 years. They found that among employees with stressful jobs, those who reported having more control over their work were less likely to suffer from poor health and early death.⁴

The implication for leaders who implement painful changes is that if they can't give people control over *what* happens to them, people will suffer less if they are given control over *how* they experience the stress, and over what happens to them as a result of it. In just the past few months, we've seen striking variation in how leaders of financially distressed companies implement similar cost-cutting measures, resulting in drastically different levels of control for employees.

Airbnb's leaders provided those who lost jobs with as much compassion, prediction, understanding, and control as possible. They were informed in a one-on-one meeting with a senior manager and given about a week to say goodbye and to begin taking next steps. Employees also received four months of career-services assistance and were allowed to keep their company laptop, because it "is an important tool to find new work."

Not all organizations can provide generous severance benefits. But every leader can take responsibility for painful decisions, and every organization can find ways to give employees elements of control over how they leave the organization—and help them find new jobs.

Sustaining hope: Enabling employees to be their best selves

Leaders who take personal accountability, who express compassion, and who create conditions that give employees as much prediction, understanding, and control as possible help move them from a room called fear to a room called hope. Once that is accomplished, the challenge becomes how to sustain employees' hope, commitment, and enthusiasm day after day during the difficult months and years ahead. It's invaluable, for the organization and its people, to keep them out of the fearful spot, where they are afflicted by malaise and tunnel vision, avoid taking intelligent risks, and are afraid to speak their minds.

As the COVID-19 crisis has unfolded, we've spent much time talking to, reading about, and helping leaders who are determined to sustain employees' hope and enthusiasm over the long haul. They talk about the lessons gleaned from dealing with rapid drops and spikes in demand for their products and services, from making abrupt shifts to

⁴ Gonzalez-Mulé and Cockburn found that employees in demanding jobs with little say in how and when the work was done reported worse physical health and more frequent depression, and were more likely to die younger. Employees who reported having high levels of control over their work were less likely to suffer from illness and early death. See Erik Gonzalez-Mulé and Bethany S. Cockburn, "This job is (literally) killing me: A moderated-mediated model linking work characteristics to mortality," *Journal of Applied Psychology*, April 9, 2020.

remote work, from employees' (and their own) experiences coping with taxing family responsibilities, and from experiments with new ways to increase productivity and innovation.

A persistent theme is that leaders have become more flexible about how and when employees do their work. They are offering more encouragement to employees who express strong feelings, emotions, and unguarded opinions. And, in general, they are encouraging people to bring their best selves to work rather than to conform to company traditions or to emulate a few exemplary peers.

This lesson is reinforced by research from our Stanford colleague Hazel Rose Markus on bringing one's "best self" to work. She finds that when people explore a wider range of "possible selves," they develop more self-awareness, a wider range of abilities, and deeper understanding of how and when to draw on their best selves (and stifle their worst selves). These skills are especially crucial in moments of crisis, when organizations need new and varied solutions, and need people to do the right things, rather than what has always been done.

In an extension of Markus's work, Daniel Cable, Francesca Gino, and Bradley Staats studied newcomers to organizations who were "onboarded" in ways that encouraged them to bring their best selves to work and play to their strengths, rather than conforming to a strong organizational culture.⁵ They found that newcomers who were encouraged to bring their authentic selves to work were more engaged and satisfied, performed their jobs better, were less likely to leave their jobs, were "bursting with energy," and found that "time flew."

In our work with executives and Stanford alums, we've borrowed the four prompts that Professor Cable and his colleagues used to teach newcomers to bring their best selves to work:

1. What three words best describe you as an individual?
2. What is unique about you that leads to your happiest times and best performance at work?
3. Your personal-highlights reel: reflect on a specific time—perhaps on a job, perhaps at home—when you were acting the way you were born to act.
4. How can you repeat that behavior in a new role or even your current job?

In the wake of the COVID-19 crisis, we find that such reframing prompts help just about everyone. This is because we, in a sense, are *all new hires*, into organizations that are all materially different than they were just a few months ago. In 2020, every major company, nonprofit, and government agency on earth has undertaken unplanned and massive experiments, including the abrupt shift to working from home and drastic changes and constraints prompted by physical distancing and the use of personal

⁵ See Daniel M. Cable, Francesca Gino, and Bradley R. Staats, "Reinventing employee onboarding," *MIT Sloan Management Review*, Spring 2013, Volume 54, Number 3, pp. 23–28, sloanreview.mit.edu.

protective devices in places where face-to-face interactions occur. Leaders ought to think about their roles as onboarding veteran employees, not just new hires. After all, in only the past few months, most employees have experienced big changes in how and where they are expected to work, and in the sources of satisfaction and anxiety in their lives. They've needed to adapt to drastically different dynamics, practices, and rituals and will need to keep doing so as their organizations and jobs continue to change profoundly in the coming months and years.

When conditions are uncertain and changing, organizations are stymied by people who cling to ingrained and obsolete definitions of being a “good fit” and doing “good work”—and who stifle the best parts of themselves. We aren't saying that leaders ought to create “anything goes” cultures, where people can follow their heart's desire indiscriminately. Instead, we're suggesting, as Microsoft's Satya Nadella does, that it's time to move away from monolithic cultures that promote consistency and conformity, to more flexible cultures that celebrate and draw on employees' signature strengths and quirks. Doing so should help organizations develop the flexibility and process and product innovations required to survive and compete in the coming years.

When employees bring their best selves to work, it's a lot easier for them to stay in that room called hope: a place where the days fly by, where they can learn and experiment, where they feel safe to admit and learn from their mistakes, and where they sleep well at night. Q

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