

Effective crisis response is the management of decisions made at a turning point where an organization can win or lose its reputation. The key to choosing wisely and responding effectively in a crisis is mental readiness. Mental readiness involves habits of the mind: the persistent ability to remain calm, to think clearly, and to understand other people's concerns even as conditions deteriorate.

The Greek and Chinese words for crisis are helpful in understanding the true nature of crises:

krisis

ΚΡΙΣΙΣ

The Greek word for crisis means decision or choice at a turning point where one's destiny is determined.

wei ji

危机

The Chinese word for crisis consists of two symbols "wei" and "ji" meaning danger and opportunity respectively.

These definitions reveal that a crisis is a turning point where one can move toward danger or opportunity. But whether one moves toward danger or opportunity is dependent on the choices made at the turning point.

Asking the **Defining Question** is a helpful way to ensure choices are made that move the organization closer to opportunity and further from danger:

What would
reasonable people
appropriately expect
a **responsible** organization
to do in this situation?

In a crisis, all stakeholders expect the organization to care.

Asking the Defining Question ensures decisions are made from a place of trustworthiness and accountability, by thinking from the perspective of those whose trust and confidence matter most to the wellbeing of the organization: the stakeholders.



Poorly-handled crises typically get more attention than well-handled crises. A principle of effective crisis response is deep knowledge, or the ability to learn from others' mistakes. Former CEO of British Petroleum (BP) Tony Hayward's response to the Deepwater Horizon disaster provides valuable lessons in what-not-to-do as a leader in a crisis.

Consider the following situation that CEO Tony Hayward faced on April 20, 2010:

- 11 employees were killed in an explosion on the BP-operated Deepwater Horizon oil rig in the Gulf of Mexico.
- The explosion was the result of months of negligent decision-making (with a long paper trail) by BP engineers.
- Emergency procedures failed to seal the hole drilled by the rig over 5,000 feet below the ocean's surface.
- As a result of the hole not being sealed, an uncontrolled gush of oil was contaminating the Gulf, threatening its wildlife, and the tourism and fishing industries in coastal Texas, Louisiana, Mississippi, Alabama, and Florida.

What would reasonable people appropriately expect a responsible organization and leader to do in this situation?

Possibilities could include:

- Notifying the families of the deceased and injured.
- Providing medical care for the injured.
- Sealing the hole as quickly as possible.
- Apologizing to those impacted.

As the disaster unfolded Tony Hayward adopted a self-referential mindset. As a result, he said things to the media that were self-soothing but caused tremendous harm because they gave the impression BP and he as its leader did not care.

There's no one who wants this thing over more than I do. You know, I'd like my life back.



The Gulf of Mexico is a very big ocean. The amount of volume of oil we are putting into it is tiny in relation to the total water volume.

It took 87 days to close the well. Over 130 million gallons of oil gushed into the Gulf over that period. Within 60 days of the explosion, Tony Hayward was removed as CEO and eventually quit. **Six years after the explosion in late 2016 BP's share price had still not recovered**, trading approximately 50% below its pre-crisis share price levels.