

From the perils at sea to the predicaments at the shore, what crisis can make of managers?

The logbook's time stamp read 2330hrs AST, 200 nautical miles from the coast of Yemen. One of the biggest vessels in the world was making its way to Rotterdam. The vessel's engine room was 200 meters away from the accommodation where the crew rested and navigation duties conducted. The lone duty engineer had just finished his night rounds and was about to leave when the suffocating smell of diesel pierced his nostrils. Within minutes the odour numbed his sense of smell. He notifies the bridge of the situation and enters the engine room all alone to locate it. He found the leak to be in the purifier room filled with fumes as the diesel was spraying on hot equipment running at least 50°C above its flashpoint.

A shiver went down his spine as he realised the whole room could explode at any moment, engulfing the entire ship and her crew. He was staring at death! He had two options- flight or fight, and he chose the latter as help was 200 metres away resting, oblivious to the dastardly danger unfolding in the aft of the vessel. For the first time in his life, did the duty engineer experience the dynamicity of time. Time slowed for him, his vision tunnelled, training kicked in, and the countless flow charts he had memorised three years ago about containing a spill came flooding back to him in a structured and pointwise manner.

As he struggled to move, being bogged down by the fierce fumes, he covered himself in a fire blanket and proceeded to spot the source of the leak. The suction side of the emergency diesel pump had got pressurised due to faulty design, the spliced O-ring gave away, and the pump was spraying diesel everywhere. Soaked in diesel, he closed both the suction and discharge valve and shut the valve from the tank. The blower was found switched off as part of cost-cutting initiatives; he promptly turned it on in the exhaust mode. Next, he shut down all the purifiers and other ancillary pumps, removing their diesel-soaked insulation and wiping it with soap-soaked rags. Once the fire source was eliminated, he called his supervisor to muster the engine crew for clean-up operations. 250 litres of diesel had leaked on the ship, 24 souls were on board, and the duty engineer who came to everyone's rescue was just 23 years of age!

I was that duty engineer!

As I pursue my MBA surrounded by the perceived sense of safety and security the shore offers, I cannot help but recollect the multiple situations that I had to face over a short yet memorable career at sea and how my seniors and I handled dangerous situations which was a recurring theme at sea. From spanners to spreadsheets, it's true that the tools have changed, but the human element is the same. This essay is an amalgamation of my insights from my experiences at sea, Drucker's management philosophy, and the various primary and secondary research conducted.

Some of the earliest studies on crisis management were undertaken by Charles F. Hermann, who defined crisis as a stimulus characterised by an unexpected threat to an entity with a short response time¹. A more recent definition of crisis is that it is a perception of an unpredictable event that is a threat to stakeholders and generates adverse outcomes². While multiple studies were conducted on

the topic with various conclusions, one commonality was that crisis is unpredictable if not anticipated. This makes it somewhat unique as it can be viewed more as an opportunity than a risk to the establishment. Interestingly, the Chinese recognised this and their symbol for crisis is 危机, where 危 stands for risk, while 机 stands for opportunity³. Drucker went a step ahead and considered crisis only as an opportunity for companies to undergo a metamorphosis into a much leaner and better-prepared organisation.

Like the shape-shifting Greek God of the sea, Proteus, a crisis can come in many forms and shapes. However, it can be classified into premeditated and unintentional. Premeditated are those nefarious acts that are pre-rehearsed to cause harm to the reputation of the institution⁴. While the first thing that comes to mind is the 9/11 attacks or the 26/11 Mumbai attacks, other acts like product tampering and cyber-attacks also form part of this cohort. Unintentional crises are those occurring due to force majeure or act of God like natural disasters or accidents. Understanding them and their nuances is what enables managers to build upon them or crumble under their weight. While crisis and its classifications are important, another primary classification is the manager, the person under the spotlight, the human element in the chain of entangled consequences. What about them? The managers are broadly divided into two, in-situ and ex-situ. Their functions and stress levels vary with rank, with the executives and chiefs experiencing higher stress⁵. The Italians captured it well when they said, “*Il pesce comincia a puzzare dalla testa*” or “the fish begins to rot from the head”. Drucker captured it better when he said, “the spirit of an organisation is created from the top. And so, if it decays, it does so because the top rots”⁶. However, there are certain common qualities that a crisis demands of all managers and the following paragraphs try to dwell on those characteristics.

Effective Decision Making

In 2014, I had just joined merchant shipping as a cadet. We were transiting the Gulf of Aden, which at that time was the hotbed of Somalian piracy. Around 0200hrs IST, the piracy alarm was sounded, followed by the captain announcing that a vessel hardly ten nautical miles in the corridor had come under attack. To make matters worse, some of the pirate boats were approaching us. To our dismay, the main engine gave away and shut down at that moment, dropping our speed from 24 knots to zero in no time. We could hear the panic in the captain’s voice- if the engine didn’t start, we would be boarded and taken hostage. I got an earful from my second engineer when I asked how I could help amidst the crisis. Sulking, I went to the control room, where I saw the chief engineer enter while flicking his adjustable spanner. He inquired about why I looked pensive, and I told him the source of my misery. He chuckled and told me to follow him.

He calmly checked the various parameters, which were normal. Then he thought for a while, scratched his bald head and smiled. He looked at me, and imitating the second engineer, said, “*Cadetsky, Let’s start her up, shall we?*”. The chief engineer takes a mallet and starts gently tapping a pressure relay. I hear a hiss of air release from the aft of the engine. Without even testing it, he picks up the radio and tells “start her up; she is all yours”. Within minutes we built the required

speed and escaped from receiving inexorable Somalian hospitality. I always wondered how he and other effective managers usually did the right thing without making many mistakes, and this exhorted me to research errors.

Would anyone believe an uncanny connection exists between a Federal Aviation Authority study on civil aviation accidents and the lyrics of British hip-hop singer Rag-n-Bone Man? Interestingly there is, and that is that both acknowledge humans make mistakes! While the FAA study attributed that 66% of civil aviation accidents are caused by human error, Rag-n-Bone Man's single 'Human' with the lyrics "I'm only human, I make mistakes, I'm only human, That's all it takes" went on to top charts world over.

These mistakes are of three types, namely, Decision Errors, Skill-based Errors and Perceptual Errors⁷. When handling a crisis, a manager must be wary of these errors and avoid them actively. While the literature argues that complacency, bias and prejudice creep in with experience and thus hinder logical decision making⁸, I have observed that skill-based errors are significantly less among senior managers. In contrast, it's high among the junior managers. I have come to understand that experience plays a critical role in making effective decisions in the time of crisis which, according to Drucker, is doing the right things more than doing things right⁹. Another reflection I have is that the managers I have worked with take decisions rapidly as the response time for a crisis are very short. While one may argue that haste leads to waste, a study by the CEO-Genome Research team at ghSMART substantiates the opposite after conducting over 20,000 leadership assessments on C-suite executives¹⁰.

Communication

When the Libyan civil war peaked, close to 250 personnel of a German drilling major were spread across eight platforms separated by thousands of kilometres of desert. Extracting them safely from a war-torn country was a crisis both the senior management and in-situ managers had to handle. Cellular networks were down, rumours were running amok, and there was general panic at the rigs and among the concerned family members. This is where effective communication played a significant role, as recollected by one of the senior executives who led the evacuation operation.

They established a communication centre and had one member from the rig to whom they relayed information. Further, the senior management kept regularly informing the board of any updates. They also opened a channel with the family members and kept them posted, and provided counselling. Most importantly, they laid strict restrictions on any member using social media or talking to the press as all communication was to be done through the communication centre to prevent rumours and information leakage.

Establishing proper channels of communication, controlling the spread of misinformation, dealing with the press and having two-way communication channels open with a centralised Crisis Management Team are critical to coming out of a crisis. A manager must engage in active communication all along this path to prevent information asymmetry and ensure information

overload does not occur. While one may be tempted to believe that some people are born communicators, crisis communication is a whole different ball game, and people need to be trained to do so.

The Silver Lining!

The financial crisis of 2008, followed by predatory pricing with rivals and a heavily diversified portfolio, had the managers of the Danish giant A.P. Moller Maersk peer at a crisis bloom like a repulsive rafflesia right in front of their eyes. The managers had dark clouds looming over their heads, but they saw the silver lining- the opportunity in crisis. They implemented, perhaps unaware of Drucker's The Past, Present and Future model¹¹. They incorporated an organisational restructure that included divesting Maersk Oil, investing in innovation, moving the shipbuilding activities to Korea, and building efficient vessels like the Triple E generation that was 35% more fuel-efficient, thus reducing operational costs¹². Further, they worked to be a data-driven shipping company and actively engaged IoT in their businesses¹³ to be future-ready. They saw the crisis as an opportunity to become a lean organisation and successfully did it. Would they have been this same innovative company hadn't the financial crisis occurred? That's a question best left to the webs of time. But a question that demands our attention, especially in the volatile world of ours, is whether these qualities exhibited by Maersk's manager are inherent traits or acquired through training?

Born or Forged?

"Even the smallest person can change the course of the future",

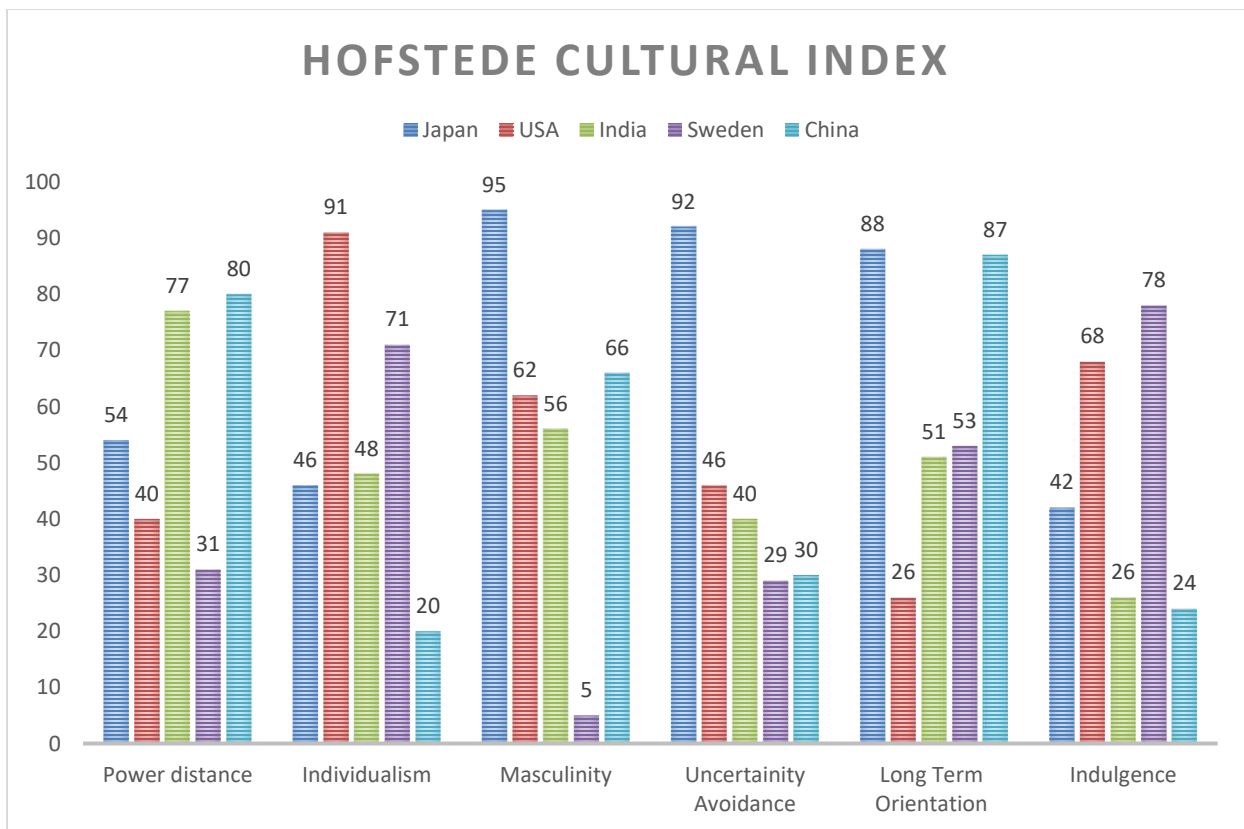
Lady Galadriel from The Lord of the Rings, J. R. R. Tolkien

As inspiring as the quote may be, research has shown that the presence of the genetic marker rs4950 is associated with leadership. Furthermore, multiple studies on twins who act as a control for each other have shown that these traits are influenced by genetic relationship; in other words, they are inherent traits and that leaders are born¹⁴. But does it stop someone from acquiring these traits and becoming a successful leader? Drucker wrote, "There may be natural-born leaders, but there are so few of them that they make no difference in the greater scheme of things". In line with his thoughts, my favourite definition of leadership comes from the US Army Field Manual. It states that leadership is an influential process in which the leaders provide purpose, direction, and motivation to improve the organisation. When one speaks about improvement, it is implicit that training and acquiring new skills and knowledge is inherent to the process. Different researchers on the subject may give different conclusions, but the fact that the total training expenditure in the United States rose from \$ 70.6 Billion to \$ 83 Billion in just five years¹⁵ and close to 57% of L&D professionals have Leadership and Management Development as their highest priority¹⁶ goes on

to show what the industry believes. As more research is being conducted on improving training standards, organisations are trying to bridge the knowledge gap present. With modern simulators and training tools like DC-Train¹⁷, managers are getting trained to handle a crisis in an immersive environment while trainers get real-time feedback, thus reducing perception errors in the field and increasing preparedness level. With multi-national companies aiming to train their globalised workforce to a common high standard, these cutting-edge training modules and tools are becoming available worldwide. Now, a product manager in Lagos and his counterpart in Bremen will get similar training to handle a crisis. However, are we wise in expecting them to respond to a crisis in the same way? What are the effects of national culture on crisis management and strategy?

The Invisible Hand

Drucker answered the above questions when he said, “Culture eats strategy for breakfast”. Although he spoke about organisational culture, the same applies to national culture as well. Hofstede elaborated on this when he proposed the cultural-dimensional theory or the 6D model¹⁸. He scores various cultures on power distance, individualism, masculinity, uncertainty avoidance, long term orientation and indulgence. From 0-100, anything above 50 is considered high, and below 50, low. A comparison of the Hofstede Index between Japan, the United States, India, Sweden and China is given below¹⁹. These differences in culture are reflected in how their crisis management changes.



Take the case of Japan's Fukushima Daichi plant meltdown. The managers, the administrators and the politicians, all scoring low on individualism and high on masculinity, found it difficult to accept failure, and thus no one took accountability. This drastically reduced the decision velocity and increased the severity of the crisis. Interestingly, no one was held liable by the courts, and all managers were acquitted²⁰. A quick comparison with how the US dealt with the Exxon Valdez incident shows both- the greed caused by excessive individualism of Exxon's managers, as well as the accountability that they had to muster and pay multi-billion-dollar fines and settlements. As remote, multi-cultural teams continue to grow, managers mustn't be weary but understand the invisible hand culture plays. Managers have to allocate tasks based not only on their team members' skills but also on their cultural traits. While it has become evident that culture plays a major role, what about demographics? How will the Millennials and Gen Z handle a crisis? Will they become the beacon of hope for the world, or will their purported laziness and narcissism²¹ bog them down as a species, is what many ponder?

Passing the Baton

2015 was somewhat a usual year. It was characterised by the regular- some disasters here, some deaths there and odd social media challenges everywhere. However, it became the year Millennials became the most significant contributors to the US labour force!²² This is significant because it portends to a newer generation taking the helm in a few years. While I tried to understand how literature views millennials, I was left confused by the numerous contradictory reports. To make it even more interesting, IBM released a study refuting all the alterity 'millennial experts' had induced and concluded that our generation has more similarity to the previous one²³.

Fortunately, Drucker came to my rescue, and his thoughts on the 'knowledge worker'²⁴ made my standing unambiguous on the topic. He says that knowledge workers are those who measure and manage information and take actions based on it, and I couldn't agree more. I have realised that as a generation, Millennials have access to better tools, thus making their decisions data-driven. More importantly, this access to information has culled their ignorance as they are more sensitised to the problems outside their environment. As a millennial myself, I believe that while we didn't have to fight a war or raise a family at 19, but we had to enter the workforce during the worst financial downturn, live with global temperatures at the highest and now battle an invisible enemy in the form of the COVID pandemic. Be it new apps or volunteers or the young doctors who gave up their lives; the pandemic showed us how millennials world over amalgamated technology and empathy while handling a crisis. As a generation, we can juggle both data and drive while identifying ourselves with a more extensive ecosystem and not let petty politics and alterity put bloat on altruistic values we cherish.

Parting Thoughts

Writing this essay, I learned a little about crisis, a lot about Drucker, and perhaps a bit about myself. Be it the perils at sea or the predicaments at land, I realise that training, communication, and culture

can make managers view crisis as opportunities. If I had to sum up my thoughts with a quote, it would be another gem from Tolkien:

'The world is indeed full of peril, and in it, there are many dark places, but still, there is much that is fair, and though in all lands love is now mingled with grief, it grows perhaps the greater.'
Haldir, from The Lord of the Rings, J. R. R. Tolkien

Notes

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