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Building an Organizational Culture to Prepare for Crises

A leaders' guide to weathering unexpected storms

Written by Dr Anneke Schmidt

Reviewed by Kevin Dunne

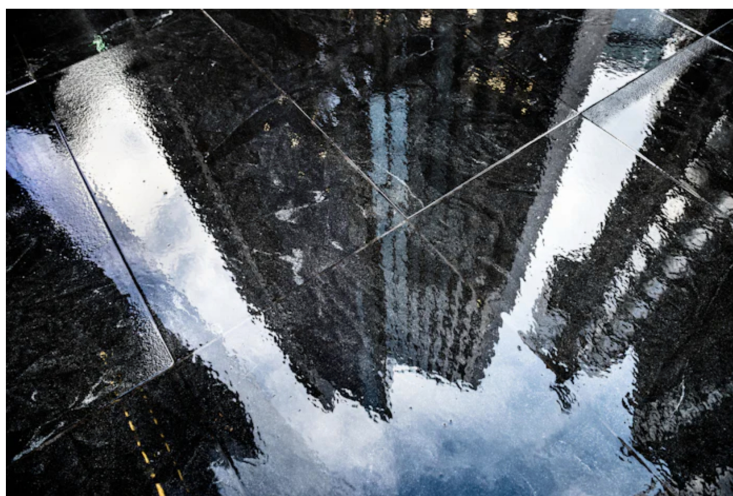
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Key Takeaways:

- Crises are unpredictable, disruptive and inevitable. How you navigate them as a leader depends mainly on the culture you've built.
- A strong organizational culture is like a sturdy bridge that connects you to the other side of uncertainty. It provides stability, guidance and support when other structures crumble.

To build a crisis-resilient organization:

- Prioritize empathy and recognize contributions.
- Communicate transparently and honestly.
- Distribute leadership and empower others.
- Be present and visible, both physically and virtually.
- Put people first and protect psychological safety.
- Foster a culture of innovation and agility.



A strong organizational culture can help leaders to weather crises.

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As the COVID-19 pandemic taught us, the thing about crises is they usually happen when we're least prepared. One day, everything's running smoothly, and the next, we're thrown into chaos – with a whole new set of challenges to navigate under time pressure.

But crises do more than just wreak havoc on our daily operations. They also [bring values to the fore](#). [1]

During the pandemic, many CEOs and executives were pushed to consider not only their organizations' economic survival, but also the impact they had on their employees and society.

This "recalibration" often highlighted a gap between a company's stated purpose and its actions, emphasizing the need for [authentic leadership](#) and a strong organizational culture. After all, a company's culture is the embodiment of its values in action.

What can we learn from these experiences? What leadership qualities and skills are necessary to build a crisis-resilient culture at work? This article will draw on research and case studies to provide expert guidance on these critical questions.

Note:

We have created a worksheet to accompany this article that is designed to help you, as a senior leader, to assess the resilience of your organization's culture in the face of potential crises. [Download the worksheet here](#).

The Role of Organizational Culture in Crisis Management

Obviously, you can't prevent every crisis as a leader. Some things are just out of your control. However, you can foster a strong culture that provides stability and guides your organization when problems do occur.

Take the [example of Toyota](#). [2] In 2010, the company faced a massive recall that affected millions of vehicles and put its reputation on the line. But instead of pointing fingers, the CEO at the time, Akio Toyoda, leaned on the company values of "respect for people."

In this case, it meant prioritizing [clear communication](#), [3] with both customers and employees, while also empowering dealerships to handle the situation as quickly and autonomously as possible.

It also meant avoiding blaming external factors – a decision inspired by the company's cultural principle of "genchi genbutsu," which translates as "go and see for yourself" and promotes personal responsibility.

In the end, this approach helped Toyota to weather the storm, and even cultivated a stronger sense of unity and purpose within the organization.

That's why it's so important not to wait for a crisis to strike before thinking about your company's culture. In fact, one way of looking at it is to view culture as the cornerstone of [organizational immunology](#). [4]

As Michal Watkins, Professor of Leadership and Organizational Change at IMD, puts it, "Culture is a form of protection that has evolved from situational

pressures. It operates in an analogous way to the human immune system. When it is working well, it prevents 'bad thinking' and 'bad people' from entering and doing damage to the organization." [5]

Of course, creating such a resilient, values-driven culture doesn't happen overnight. It takes deliberate effort, [emotional intelligence](#), and a commitment to [continuous improvement](#) to turn those values from words on an office wall into your organization's heartbeat.

But what does that look like in practice? Let's take a closer look.

5 Proven Leadership Skills to Build a Strong Company Culture

The qualities, abilities and behaviors highlighted here are not just theoretical constructs; they emerged from a thorough examination of real-world crisis management.

Successful crisis leaders understand the need for situational awareness and can flex their skills based on context. They know how to respond to ambiguity with decisive yet empathetic actions.

Here's how each skill plays a crucial role in building lasting organizational stability:

1. Empathy and Recognition

Empathy is the emotional glue that holds a positive culture together, especially in tough times. When leaders genuinely care for their employees and acknowledge their contributions, it fosters a sense of trust and belonging that can prevent the whole organizational system from breaking down.

However, most crises are complex and have multiple stakeholders. [Emotionally intelligent leaders](#) recognize this complexity and empathize with the needs of all individuals involved; for example, by asking themselves the following human-centered questions:

- What are my employees experiencing right now?
- What kind of support would make them feel seen and valued?
- What are the most pressing customer concerns, and how can we address them?
- How do our partners and suppliers contribute, and what do they need from us?
- What worries are keeping our investors up at night, and how can we reassure them?
- What's our role in mitigating potential impacts on the broader community?

[Research into public health leadership](#) [6] during COVID-19 shows that this approach can make a real difference to how people cope with a crisis.

In France, political leaders went out of their way to acknowledge the sacrifices of healthcare workers, calling them "heroes" and awarding them medals, which significantly boosted morale and public confidence in the government's handling of the pandemic.

By contrast, the perceived lack of empathy from U.S. leaders made it difficult

for them to spread a message of unity and collective action, leading to a more fragmented response and higher levels of anxiety and confusion among the population.

In other words, a mismanaged crisis can break any system. But a crisis handled with care can make an organization or system unbreakable.

2. Transparent Communication

Empathy sets the tone, but [transparent communication](#) builds trust. In a crisis, people need to hear the truth – even when it's uncomfortable.

Clear, consistent communication styles can help leaders to maintain credibility. This involves:

- Sharing information openly.
- Explaining decisions clearly.
- Acknowledging uncertainties.
- Being accessible and responsive.
- Using various communication channels.
- Providing regular updates.

Let's look at another [empirical example](#). [7] During a major blackout in Florianopolis, Brazil, the local electricity company faced a massive crisis with no contingency plan in place.

Leaders had to make quick decisions under immense pressure, all while dealing with social unrest and technical challenges. To keep things from spiraling out of control, they prioritized accurate communication throughout the entire ordeal, even after the lights were back on.

This transparency brought employees together and helped the company to regain public trust.

3. Distributed Leadership

Another key crisis-management skill is [distributed leadership](#). It's the ability to delegate responsibilities and empower others to make important decisions.

This can take many forms – from rotating leadership roles and creating cross-functional teams, to developing crisis-response taskforces and offering temporary decision-making autonomy to those on the frontlines.

The [hospitality chain OYO](#) [8] mastered this concept by creating a decentralized crisis-management structure. During the pandemic, OYO empowered regional CEOs with full decision-making authority. Leaders balanced tough calls, like temporary layoffs, with acts of solidarity, such as senior executives taking significant pay cuts.

That's how they kept operations running smoothly and reinforced a culture of shared responsibility and resilience.

In a crisis, leaders often feel like they have to carry the weight of the world on their shoulders, which makes it difficult to let go of control.

It might, therefore, be helpful to remember Theodore Roosevelt's famous remark in such a situation: "The best executive is the one who has sense

remark in such a situation, "The best executive is the one who has sense enough to pick good men to do what he wants done, and self-restraint enough to keep from meddling with them while they do it."

4. Presence and Visibility

When leaders are present on the ground during a crisis, it can strengthen a company's sense of shared responsibility and togetherness.

Toyota, for instance, demonstrated this desirable behavior during its recall crisis. To manage the increased volume of calls, the company asked all executives to return and help at their call centers.

They displayed a "we're all in this together" mentality, which undoubtedly helped to mitigate the crisis's negative impact on consumer trust.

But presence doesn't always require physical proximity from leaders – it can also be achieved through strong communication and **virtual** leadership, as the shift to remote work during the pandemic has shown.

What a "present" leader never does is hide.

5. Proactive Innovation

Finally, encouraging a culture of innovation and agility can also help a company to navigate through a crisis.

Leaders who foster an environment where employees feel safe to try new things, take calculated risks, and pivot quickly when necessary, create a strong foundation for the organization to adapt to unexpected challenges.

Consider OYO again, the hospitality chain that faced a significant drop in occupancy rates during the pandemic. To adapt, OYO's leaders prioritized innovation and employee support.

They maintained healthcare benefits even during temporary layoffs, and encouraged employees to generate new ideas through their "OYOpreneurs" model.

This approach allowed OYO to create a sense of shared ownership and responsibility that transcended traditional hierarchical structures and led to the development of new revenue streams.

For example, they developed "Yo! Help!," an in-house, real-time chat assistant, to improve customer service and streamline communication. Through these efforts, the company emerged from the crisis with a stronger, more resilient business model.

This indicates that the willingness to accept organizational change is not just a competitive advantage. During a crisis, it can be essential for survival.

How to Leverage Corporate Culture to Manage Crises

We've pored over the data to pinpoint the best crisis-management tips for senior leaders. Here are the top three strategies that stood out:

1. Establish Rapid Communication Channels

If culture is your organization's immune system, then communication channels are probably the nervous system. You need that system to be as healthy as possible. That means having clear, reliable communication channels to share information quickly and efficiently. Think regular updates, clear messaging, and consistent information across all platforms.

Take [Bengaluru Airport](#), [9] for example. During the pandemic, they faced a unique set of challenges, from navigating travel restrictions and implementing safety protocols, to managing employee anxieties and maintaining business continuity.

To keep everyone informed and aligned, they provided weekly email updates with video messages from the CEO, ensuring everyone received the same information and felt connected to the leadership team.

So, think about it: could your communication channels hold up under pressure?

2. Embrace Decentralized Decision Making

Imagine a crisis unfolding, and every decision having to go through a single leader. The process would be slow, cumbersome, and likely ineffective. That's why using a distributed leadership approach is so important.

By empowering others to make decisions, you create a more agile and responsive organization. It's like a software development team, where each programmer tackles different components, ensuring integration into a functioning application.

As mentioned, we saw this behavior in the way in which OYO responded to the pandemic. They empowered regional CEOs to make critical decisions based on their local contexts.

For instance, when occupancy rates plummeted, some regional CEOs made the difficult decision to temporarily lay off employees – while still ensuring they had access to healthcare benefits.

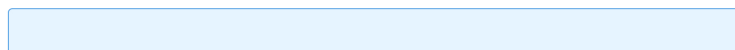
Reflect on this: would your current leadership approach enable or hinder rapid responses?

3. Create an Atmosphere of Psychological Safety

Even under the best circumstances, people need to feel safe and secure to perform at their best. But, during a crisis, psychological safety becomes a lifeline for anyone thrown into chaos.

Across numerous case studies, a clear pattern emerged: companies that put their people first were better equipped to handle challenges and emerge stronger.

The reason is simple: when people feel supported and valued, they're more likely to focus on problem solving rather than self-preservation. Think of it as creating a safety net that allows people to take risks and innovate without fear of failure.



Tip:

Want to learn more about creating a fearless organization? Check out our [expert interview with Amy Edmondson](#), where she shares valuable insights and practical tips for building psychological safety in the workplace.

Let's Act

- **Interview:** [The Fearless Organization](#)
- **Article:** [Transparent Communication for Leaders](#)
- **Article:** [Emotional Intelligence in Leadership](#)
- **Article:** [An Overview of Distributed Leadership](#)
- **Worksheet:** [Download the Crisis Readiness Culture Checklist](#)

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