November 2008
A Lesson in Leadership

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Well, no matter how you look at it we sure seem to be in an economic crisis. A crisis of any type is a very interesting event. I have spent quite a bit of time researching and analyzing how people react in a crisis situation and how it relates to leadership. This analysis has ranged from plane crashes, fires, and the collapse of the World Trade Towers on 9/11. Do you know how most people react during situations like these? For those of you who are lucky enough not to have lived through a traumatic event like this you may be surprised by the answer. No, most people do not run around in a chaotic manner screaming. Most people do NOTHING. That's right, NOTHING. One of the human bodies most powerful primitive defense mechanisms during extreme stress is to shut down. It is called denial. Essentially your mind and body are overwhelmed with information that they are not used to receiving and they go into an immediate state of denial that the situation is real. This primitive defense mechanism is responsible for many of the preventable deaths in the modern world. That is why stewardesses on commercial airlines are trained to immediately SHOUT commands at traumatized passengers in the event of a crisis event to shock them out of this defense mechanism and get them moving out of the plane.

One of the most dramatic examples of leadership under crisis conditions was demonstrated by Rick Rescorla, a combat Marine veteran of the Battle of la Drang Valley, Viet Nam in 1965 and portrayed in the book and movie We Were Soldiers Once, and Young. Rescorla is pictured as a young man on the front cover of the book. The Battle of la Drang Valley on November 14, 1965 was the first use of helicopters in Viet Nam to drop US troops deep into enemy territory and retrieve them after completing their mission. In la Drang the Marines were unknowingly dropped into an area heavily occupied by North Vietnamese troops. Due to heroic and superior leadership on the ground, in large part by Second Lieutenant Rick Rescorla, the Marines forced the retreat of the much larger enemy forces and were evacuated. Many of Rick Rescorla's comrades credit his leadership with giving them the ability to save their lives. So what exactly do leaders like Rick Rescorla do? Read on.

In 1985 Rick took the job as vice president of corporate security for Morgan Stanley Dean Witter at their offices in the World Trade Center in New York. At the time Morgan Stanley had approximately 3,000 employees occupying twenty-two floors of World Trade Tower 2. After the 1988 bombing of Pan Am flight 103 over Lockerbie, Scotland, Rescorla worried about a terrorist attack on the Trade Center. After further investigation confirmed his concerns that the Trade Towers in New York would be a prime terrorist target, he immediately began to formulate a security and evacuation plan for Morgan Stanley employees in the event of such an attack. However, by 1990 many in The Port Authority thought he was overreacting and refused to commit the resources required to implement his recommended procedures throughout the buildings. Three years later in 1993, a truck load of explosives was driven into the parking garage of the World Trade Center and detonated.

After the 1993 bombing Rick had the credibility he needed. He immediately began implementing evacuation procedures and drilling Morgan Stanley employees on executing them. He remembered how long it had taken his people to leave the Trade Towers in 1993. He knew because he was the last one out as he followed the stragglers, the procrastinators, the slow, and the disabled. Rick ran Morgan Stanley employees through periodic fire drills where everyone would have to meet in the hallways and file into the stairwells and actually go down to ground level so they would understand the experience and he could time them. He did this because he was keenly aware of human behavior in emergency

situations and how many people would immediately go into the denial phase and dangerously slow the whole process.

The radicalism of Rescorla's drills was stark. Morgan Stanley was an investment bank. Millionaire, high-performance bankers on the seventy-third floor did not enjoy or appreciate the evacuation regimen. Rescorla didn't care. He knew through his military training a simple rule of human nature; the best way to get the brain to perform under extreme stress is to repeatedly run it through rehearsals beforehand. They called it the rule of Seven P's: Proper prior planning and preparation prevents poor performance.

On the morning of September 11, 2001, Rescorla heard an explosion and saw Tower 1 burning from his office window. A Port Authority official came over the public address system and urged everyone to stay at their desks and await further instructions. But Rick Rescorla immediately grabbed his bullhorn, his walkie-talkie, and his cell phone and began systematically ordering Morgan Stanley employees to get out now. They already knew what to do because of the continuous fire drills he had run over the years. Even visitors to Morgan Stanley were immediately advised and trained in the evacuation procedure. As Rick stood directing people down the stairwell on the forty-fourth floor the second plane hit Tower 2. The building shook violently. As a way of calming and focusing the Morgan employees Rick Rescorla began singing Cornish (English) songs from his youth through the bullhorn into the stairwell. "Men of Cornwall stand ye steady; It cannot be ever said ye for the battle were not ready; Stand never yield!" In addition, he began shouting to the traumatized employees that "today is a great day to be an American" and that "tomorrow the whole world will be talking about you." When the last of the Morgan Stanley employees cleared the lower stairwell and ran out the front door, Rick turned around and headed back up to check for any others who had not left their offices. Tower 2 collapsed shortly thereafter.

Of the twenty-two floors of Morgan Stanley employees in World Trade Tower 2, 2,694 escaped safely and six didn't, including Rick Rescorla and four of his security officers. Morgan Stanley had one of the highest corporate survival rates in either tower.

Although it may seem trivial to put a business context on this story there are some very valuable leadership lessons here. So what leadership qualities did Rick Rescorla exhibit in a crisis situation that you can utilize in today's challenging times?

*** Always look at events with a historical perspective. Seek to identify patterns and trends to get a better understanding of what may be coming. After the Lockerbie bombing Rick stepped back and looked at the larger picture and trends. It was this insight that drove him to prepare for 9/11. Ask yourself, was this recession really that much of a surprise? Should it have been? Were there signs of this crisis building?

*** Don't panic. Step back, take a deep breath, and analyze the environment. Seek objective input and advice. Validate your assumptions before moving. Your company will not survive many wrong moves. People followed Rick as a leader both in Viet Nam and at Morgan Stanley because he was always cool and confident when most others were not. How would you feel if the pilot on your flight announced on the intercom in a panicked voice that there was a problem with the plane?

*** Condition yourself and your employees. There will always be downturn economies. The time to plan for them is not when they happen. Formulate a plan for challenging times as part of your annual strategic plan. Then communicate this to all employees. Then when the downturn comes, concentrate on its execution. This will keep your employees focused and productive. They will also not be surprised.

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*** Lead. In times of crisis your employees look to you for leadership and direction. It is your responsibility not to let them slip into denial. Your company will lose valuable amounts of productivity that it cannot afford. Look around at how your employees are behaving. People with real leadership potential thrive in times like this. Identify and mentor your emerging leaders. By the way, slashing costs and hunkering down is not leadership, it is tactical management. Tactical managers are a dime a dozen and employees and customers are not inspired by them. The result of this type of management can often be the beginning of a death spiral for the company. Leaders are rare and looked up to during crises. They often identify or create new markets.

*** Exhibit optimism in the face of adversity. Many of Rick Rescorla's comrades in Viet Nam recounted their fear of sitting alone in the night and fearing the worst. Rick continually made the rounds sitting with each one and telling them that they were going to make history tonight by driving back the enemy. As one of his comrades said, "Rick's enthusiasm was contagious. I felt myself sitting up straighter and I started to believe he was right". Do you make the rounds? What are you saying to your employees and customers?

*** Look for opportunities. Challenging times like this always create new opportunities. Your competitors may be in denial. Move while they are paralyzed. Many market segments will undergo a fundamental shift over the next 3 to 6 months. Identify emerging market opportunities and be ready to capitalize when the economy recovers.

*** Keep your eye on the horizon. While your employees are busy executing do not keep your head down. Look at the horizon to spot emerging trends or changing environments. There is a lag time between identification and execution. In order to synchronize your strategy you need to be looking out 3 to 12 months ahead of your team.