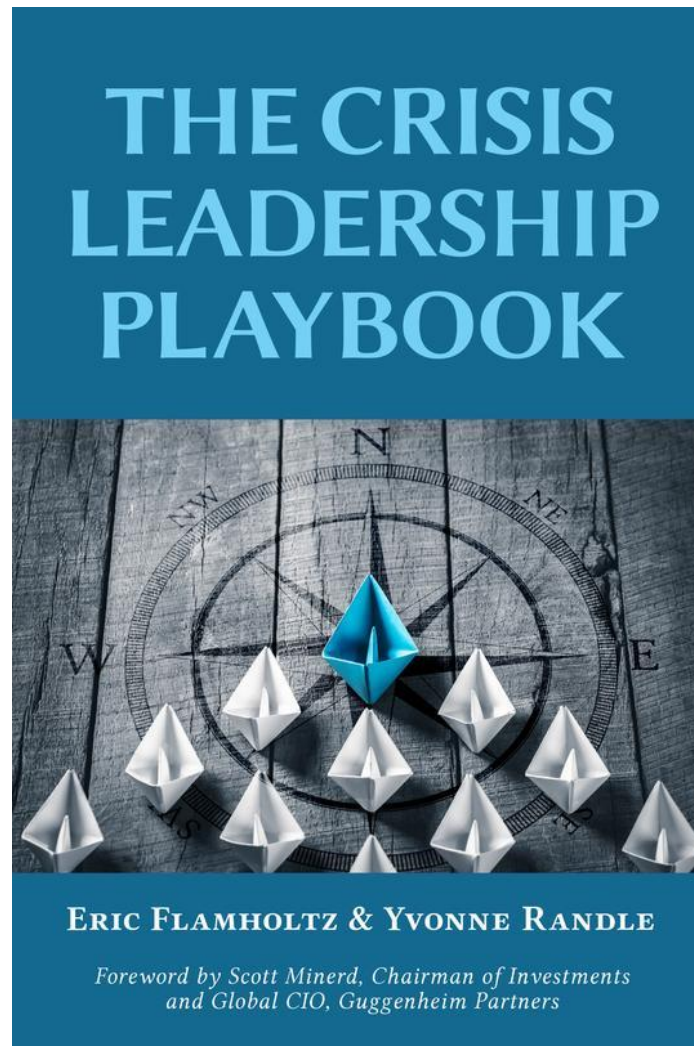


## The Crisis Leadership Playbook: Foreword



It is hard to imagine a book that is more timely than Eric Flamholtz and Yvonne Randle's *The Crisis Leadership Playbook*. The coronavirus pandemic is a human and economic catastrophe, the effects of which will permanently change the landscape of America and the world. Industries large and small have seen their business models disrupted as customer bases collapse, while the recovery trajectory remains highly uncertain. The businesses that survive have to rapidly adapt to

new technologies and systems to allow their employees to continue to work productively. If ever there was a need for crisis leadership advice, it is now.

That said, the lessons of crisis leadership are timeless. It might be COVID-19 today, but when someone reads this book in 10 or 20 years, there is sure to have been another crisis. Not all crises are the same. Some, as Flamholtz and Randle relate, can be a “stealth crisis” that happens over a long period of time before coming to a head. Others may be a “tsunami crisis” that occurs suddenly. But while crises themselves may be idiosyncratic, the tools that managers can use to lead in a time of crisis are the same. I won’t give away the playbook, but this is where Flamholtz and Randle shine. They synthesize lessons from the many case studies they present into tools that are relatable and transferable. And while Eric and Yvonne come from the world of academia, the playbook they present is based on the real-world experience they gained from long careers working with corporate executives.

I should know, as Guggenheim Partners and I, in my role as a Founding Partner in a rapidly growing firm, have had the privilege of working with Dr. Flamholtz and benefited greatly from his wisdom. I can hear his voice on every page.

As leader of a company which started with 14 employees and has grown to more than 2,000 people, I find the case studies, along with the many other examples detailed in this book, highly instructive. The presentation of the material is crisp and focused, empathizing with the challenges business leaders faced. It is as if I were sitting with them at their desks as they make critical decisions.

The case studies detailed in this book are equally valuable to me as an investor in corporate fixed-income securities. My firm devotes vast resources to analyzing and evaluating the

creditworthiness of borrowers, and we look for signs of trouble well before a crisis hits. The examples in this book illustrate just how a minor chain of events can lead to crisis. As the authors note, while each crisis is specific, the accumulation of certain management and operational traits can provide advance warning that a company is vulnerable.

Successful crisis leadership involves not just weathering the storm, but also deft repositioning to enable a business under pressure to emerge stronger from a crisis. Crises wear different guises. While tsunami crises seem to arise out of nowhere, stealth crises build over time and can be so systemically dysfunctional that by the time they come to light only drastic measures can make a difference. But sometimes both can occur simultaneously, a prime example of which is Lee Iacocca's transformation of Chrysler as it faced collapse in the oil crisis of the late 1970s.

It is not just the bottom line that drives leadership in a crisis. Harvey Golub was only able to turn around American Express by instilling a revamped culture of principles and values, replacing what had become a mire of siloes, internal politics, and unproductive procedures that prevented the company from operating at a competitive level.

Disney's successful turnaround under Michael Eisner's leadership reveals another core competency of successful crisis leadership: vision. Before Eisner's appointment, Disney's brand reflected what it had been—an animated movie studio and a theme park—not what it needed to be to compete in a global market for entertainment. Eisner possessed that vision, and the legacy of Eisner's leadership is that Disney is now one of the most successful global entertainment giants in the world.

Flamholtz and Randle discuss crisis with skillful analysis and strong writing, but it is their focus on leadership that sets this book apart from others and makes it so helpful for a reader. Strong

leadership requires integrity, a word derived from the Latin *integer* or wholeness. Integrity was used by the statue makers of ancient Rome to describe the quality of the stone. If a statue emerged with cracks or holes, it was considered to lack integrity. Unscrupulous tradesmen would fill the holes with wax in order to give the impression of integrity to untrained eyes, but it did not take long in the hot Mediterranean sun for the wax to melt and the holes in the statue to be laid bare. So it is in the heat of crisis when a weak leader's lack of integrity becomes glaringly apparent.

To me, leading a company is synonymous with stewardship, which means responsibility to clients, to employees, to shareholders, and to the communities in which we work and live. We are all leaders in some aspect of our lives—at work, at home, as parents, as good citizens. My first lesson in responsibility was from my grandfather, who owned a coalmine in Western Pennsylvania. When strip mining, a technique that excoriates the earth, left traditional deep mining unable to compete, my grandfather sold the land that had been settled by my family in the early 1700s to the Pennsylvania State Conservancy rather than allow strip mining to despoil the environment and the community he loved. His former property is now part of one of the largest state parks in Pennsylvania. My grandfather went on to found a highway construction business. During the economic crisis in the early 1970s when business suffered, he allowed his employees to continue to come to work to do odd jobs around the site. As a child, I asked him why he did not simply send them home. He explained to me that these men were responsible for their families, and as their employer he was responsible for them. They remained on the payroll until the crisis passed and operations resumed.

I relate this anecdote not just because of the profound effect it has had on the way I view my role as a leader, but also because anecdotes represent a most effective teaching tool. It is something I

employ often when I communicate with teams within my organization. Historical precedent can be a useful guide to future events. As this book details, many businesses have faced horrendous, often existential crises, only to survive and then thrive through excellent leadership. Other examples in this book, like the experience of Kodak and Sears, show where leaders failed to surmount their challenges. Both are equally instructive.

That brings me to the nature of crisis itself. The Chinese word for crisis comprises two symbols signifying danger and opportunity. While it is impossible to foresee the cause of every crisis—and “black swan” events such as the coronavirus crisis are as inevitable as they are unpredictable—for true leaders with integrity, responsibility, and vision, crisis can provide the catalyst for meaningful and necessary change. Let’s hope that our leaders, at every level, will use the opportunity presented by this crisis and use it to make our society and businesses more resilient and just.

The greatest triumph of this book is that distills successful crisis management strategies into best practices. But don’t wait for a crisis: Future leaders are well-advised to avail themselves of *The Crisis Leadership Playbook* before they need it.

*By Scott Miner, Chairman of Guggenheim Investments and Global Chief Investment Officer.  
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