

WEBINAR BRIEF

# Confident in Crisis

**Your 3-Step Plan to  
Lead in Chaotic Times**



**MICHAEL HYATT & CO**

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Today he's the CEO of Michael Hyatt & Company, which has been featured in the Inc. 5000 list of the fastest-growing companies in America for three years in a row. He coaches over 400 business owners and executives through our BusinessAccelerator™ program and cohosts the *Lead to Win* podcast. He also helps high-achievers like you with our popular Full Focus Planner™, which has sold half a million copies.

# Introduction

I've been mentoring and coaching business and nonprofit leaders for years now. And after more than forty years of experience in business, I've also been in significant positions of leadership for decades. One thing I know for sure, leaders struggle with confidence. I see it in others. I see it in myself.

Now that's true every day, but in times of crisis, it's doubly—triply—quadruply true. Uncertainty breeds anxiety, fear, and self-doubt. What will happen to my family? To my business? To my teammates? Will we make it? Do I have what it takes to lead right now—in this moment?

Faced with danger, our brains revert to fight-flight-or-freeze mode. And that's good when a lion's roar pierces the air on the African Savanna. But it won't help us with the health and economic crises posed by the novel coronavirus.

We also can't afford to be cavalier and act like nothing is happening. As national and regional governments take extraordinary measures, we can be sure of one thing. This is major. But I bet you already know that.

Among the most important assets for organizational leaders right now is the clear thinking and strategic flexibility that stems from confidence. How so? Confidence takes us above all the craziness and gives us a clear vision for where to lead those looking to us for guidance. Without it, we find ourselves down in the fray reacting to everything coming at us.

Fear alone is reactive. Confidence in facing the unknown, on the other hand, empowers us to be proactive. It enables us to choose the positive responses necessary to weather the crisis.

And here's the good news: Confidence might feel fleeting. It might feel out of reach. But I've learned something by coaching leaders through crises and leading through significant crisis myself. Confidence is accessible to all of us. Even right now. Bet on it.

A handwritten signature in black ink, appearing to read "MS/Hyatt".

# A 3-Step Plan

To experience confidence as we lead through crisis, we have to resist the temptation to react. Instead we must:

- Recognize
- Reassess
- Respond

In this training I'm going to show you how these three simple actions can instill the confidence you need to lead your people well when they need you most of all.

Let me just say this upfront. If you're feeling afraid right now, that's totally normal. But don't let that stop you from acting on what I share in the next few minutes. Confidence only feels like bravery once we take action. It might not even feel like it until we're through the worst. Bravery usually means doing it scared. If that's you, you're not alone. We're all in the same boat.

So how can we see our way through this crisis with confidence? Let's start with our first action: **recognize.**

# Recognize

Confidence begins with acknowledgement of our circumstances. This should be obvious, but for some it's counterintuitive. A lot of times people feel that acknowledging our circumstances is frightening. The more worrisome the situation, the tighter they clench their eyelids. They try to ignore what's happening around them. But willful denial has never helped anyone successfully navigate a crisis like this. Ask anyone who's put off getting a medical diagnosis.

The coronavirus pandemic presents us with a twofold crisis. First, the virus itself. Second, the economic impact it's already having. Canceled conferences and events. Disrupted supply chains. Uneasy consumer behavior. The pandemic will eventually pass, but the economic impact will be felt long after.

## The Stockdale Paradox

Admiral James Stockdale was on a bombing run over North Vietnam on September 9, 1965, when his plane was hammered by enemy fire. He was forced to eject and captured.

He spent years in the infamous Hanoi Hilton. Stockdale was tortured more than fifteen times. He spent four years in solitary confinement. He spent another two in leg irons. He even tried to commit suicide with broken glass to prevent his captors from using him for propaganda. Amazingly, he survived it all.

He was finally released February 12, 1973, after seven years, five months, and four days as a prisoner of war.

Years later, Jim Collins, author of *Good to Great*, asked him how he survived. Stockdale said, “I never doubted not only that we would get out, but also that I would prevail in the end . . . ”

He wasn't talking about mere optimism. In fact optimism was a liability. Stockdale said the people that didn't survive were the ones who let wishful thinking determine their actions instead of frank realism.

Stockdale said, “You must never confuse faith that you will prevail in the end . . . with the discipline to confront the most brutal facts of your current reality, whatever they may be.”

After processing Stockdale's story, Collins and his research team realized that companies that survive times of crisis were like Stockdale. They recognized the challenges and faced them head on—all while believing they'd figure it out and make it to the other side.

Fujifilm understood the Stockdale Paradox when digital photography disrupted the film business. Kodak invented digital photography but refused to believe their film business was in jeopardy until it was too late. Meanwhile, Fujifilm read the writing on the wall and made a massive pivot in their business model. Kodak was once an industry giant. Today, it's about a twentieth of the value of Fujifilm.

So what do we business leaders need to recognize at this moment? This goes far beyond recognizing the crisis itself. That's important, but it's not enough. To be confident in crisis, leaders need to recognize not only the situation itself but also our reaction to it, as well as our resources in dealing with it.

Think about it. Our situation involves not only a crisis, but how we think about it, and what we imagine we can do about it. You have to take all of that into consideration.

That means leaders need to be mindful of their own thoughts and emotions. Are they constructive? Are they empowering? Are they commensurate with reality?

## How to Take Control of Your Mindset

We can't afford to pretend like nothing is wrong and under-react. But we also can't afford to overreact.

### **1. Acknowledge the challenge.**

Take control of your own thoughts. We almost always have more personal agency than we realize. And nothing will hurt our business more than losing sight of serving customers. If we get self-protective and retreat, we lose.

### **2. Watch your inputs and notice your response.**

A heavy diet of news will not only lull us into a false sense of feeling informed, it will also distract from the real work of innovation and problem solving. Stephen Covey made a distinction between our circle of concern and our circle of influence. We only have so much mental bandwidth. Do you want to fill it with social feeds and headlines or creating solutions for your business?

### **3. Remember your resources.**

This is probably not the first crisis you've been through, and it won't be the last. Most of us have endured rollercoaster stock markets, personal tragedies, professional setbacks, and more. We know what hard times are like because we've been through them before. And guess what? Here you are.

You've survived every crisis you've ever faced. You did so by leveraging resources you had at the time: emotional, relational, financial, spiritual, and so on. My guess is if you sat down and thought about it, you'd be able to identify what those resources were. In the same way, I bet you could identify several resources you have right now that will help you get through this current crisis.

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Recognizing our current reality involves acknowledging the situation itself, our reaction to it, and our resources in dealing with it. Once we've done that, we'll be in the right headspace for the second action: **reassess**.



# Reassess

To find confidence during turbulent times, we have to reassess our position relative to the threat. That involves reassessing our vulnerabilities and ways to mitigate risk, as well as our opportunities. Yes, there often are opportunities in the middle of a crisis. We'll get to those in a moment. First, we need to reassess our vulnerabilities.

## The Great Recession

I became the CEO of Thomas Nelson in 2005, after several years of leading the most profitable division in the company. By the end of December of 2007, the company had had six years of steady revenue and profit growth.

But on the eve of the Great Recession, Amazon released its first Kindle, unleashing the digital revolution in publishing. We take ebooks for granted now. At the time, all we knew was that the digital revolution shook the music business down to the foundations. What would happen to books? At the same time, social media was rapidly changing everything about the way we market books. And then there was the Great Recession itself. Publishing was like a canary in a coal mine. We started to see our sales slow at the end of 2007.

It was a crazy time. Like Stockdale, I could see that this was our “new normal.” There was no use pretending otherwise. The world had changed, and we had to get ahead of that change.

First, we converted all of our print books to digital and reengineered our workflow to produce print and digital editions simultaneously. Next, we conducted an across-the-board profit analysis on all of our product lines and product categories to determine exactly where we were winning and losing. Following that analysis, we shut down several underperforming divisions and abandoned multiple product lines to free up resources for our digital initiatives.

Simultaneously, I personally invested time and resources to learn and master social media while encouraging others in our company to do likewise. How could our marketing teams, for instance, create discoverability for our books in the new environment without direct, participatory knowledge of the new media?

Hardest of all, we proactively laid off 10 percent of our staff. Before it was over, we had to do the same thing again. But by reassessing during the crisis, we were able to work confidently through it. We confronted our new realities and even used them to our advantage.

## Assess Your Vulnerabilities

How should we think about vulnerabilities? What are the areas of concern? Leaders should ask: What threat does the current crisis pose to the various domains of my business?

For instance:

- What supply chain disruptions are likely or possible?
- How will your customers be impacted?
- Can you handle your critical projects if everyone's working from home?

- Will your marketing spend have to escalate?
- Are people so distracted they don't care about your messaging?
- What's your current cash position?
- What are your reserves? Your lines of credit?

These are just some of the questions you need to ask and answer about your vulnerabilities.

In 2018, LEGO made Forbes' list of Top 100 World's Most Valuable Brands. But in 2003 the toy-making giant was on the verge of bankruptcy. The company was facing intense competition and running out of cash. Jorgen Vig Knudstorp, a vice president who went on to become CEO, warned the board, "We're on a burning platform."

LEGO was vulnerable in many ways. Its patents had expired, video game and educational toy companies were gobbling up market share, and kids had less unstructured time than ever before to build complicated LEGO sets. As the ground shifted under its feet, the company had to reassess.

What makes sense in the midst of this new reality? How can we reduce and offset our risks?

Remember, we have more resources than we usually realize. And no resource is more valuable than human imagination. Julian Simon called it the "ultimate renewable resource." It's time to put that resource to work.

## Mitigate Your Risks

Look at your list of vulnerabilities. Ask yourself what you can do to mitigate your risk. You want to consider ways you can minimize or reduce fixed costs, pause new expenses, and free yourself from burdensome obligations. For example, can you exit unprofitable businesses, cut bureaucracy, or redeploy key employees? Are there ways you can serve your most important clients—or fire bad clients?

In my experience, it takes more resources to serve bad clients than good clients. In times of crisis you can't afford that.

When their revenues plummeted in 2003, LEGO reassessed. They killed products, got out of unprofitable businesses, and reorganized around their core business. It's the same thing Steve Jobs did for Apple when he returned as CEO in 1997. Jobs said, "Deciding what not to do is as important as deciding what to do." He cut products and got back to basics. And it's the same strategy I followed at Thomas Nelson during the Great Recession.

It's important to be incremental in your thinking. Don't overact. Think in terms of tiered responses.

**Tier 1** = minimal but advantageous changes to business as usual. For instance, pausing hiring or pausing a product launch.

**Tier 2** = conservative rollbacks of initiatives, redirecting resources, and so on.

**Tier 3** = radical moves, including layoffs, renegotiating debt, and more in that vein.

While you might need to escalate quickly, extreme measures too soon cause problems of their own. When you're in the fog of war, you want to move cautiously.

## Explore Your Opportunities

The final reassessment you want to make is around opportunities. As you look at vulnerabilities and ways of reducing risk, you want to keep your eyes peeled for upsides. Almost no situation is all downsides. For instance, the gaming company Tiny Speck went out of business in 2013. How could there be any upside there? Well, the programmers had developed a messaging system to help them with internal communication. They decided to repackage and sell the system. And it worked. Today 85,000 companies worldwide, including my own, use Slack.

You want to be alert to ways of doing more with less. Of assets you can leverage. Of products you might get to market sooner rather than later. Of good decisions you might have otherwise forestalled indefinitely if it weren't for the new reality. For instance, if you kill a poorly performing product, you can redeploy your team to more profitable work. If you stop focusing on low-value clients, you can better serve key high-value clients.

Let me give you an example of that. During the recession, we were spending about half a million dollars for our company to attend our industry's main trade show. After we did a segmentation analysis, we realized about 10 percent of our customers were driving 90 percent of our sales. So we pulled out of the trade show. Instead of competing in a crowded

arena for the attention of marginal customers, we put on an exclusive event for our key clients at a fifth the cost. The crisis forced us to reevaluate and get creative. And the result was actually better than business as usual.

How are you uniquely placed to help consumers right now? Do market concerns make your products suddenly more relevant, not less? How? Can you reposition a product or service you already offer to address the current reality? If the value is there, maybe you just need to update your copy.

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One final point on reassessment. Don't overthink it. If you spend too much time analyzing the problems, you'll never beat them. Overthinking distracts you from responding with positive actions. That's what we need to turn our attention now.

# Respond

Now that you've conducted your vulnerability, risk, and opportunity assessments, a plan ought to be emerging. You have an idea how to protect your business. You also have an idea of how to take advantage of some new opportunities. What are your priorities as you see them now? It's time for the final action: **respond**.

## Slow to Act

At the start of the Civil War, General George B. McClellan was a star. Lincoln promoted him to commander of the Army of the Potomac and, later, first general-in-chief of the Union Army. But McClellan was slow to act. He was constantly organizing and preparing and rarely on the attack. One historian said, "McClellan devoted himself to not losing rather than winning." Ultimately, he lost Lincoln's confidence, squandered key opportunities, prolonged the war, and cost the lives of tens of thousands of soldiers on both sides.

Don't make McClellan's mistake.

Having a plan is important, but you have to implement it. You have to go on the offensive. Don't delay. Ask yourself:

- What direction do you want to go based on the thinking you've done so far?
- Is there anything in your vision you want to revise based on these assessments?
- What needs to change in your current strategy?

### **1. Summarize Your Plan**

Don't wait until you have all the information you feel like you need. If we're honest, even in the best of times you have to make decisions with just 50, 60 or 70 percent of the info you'd like. Confidence doesn't come from information. It comes from reassessing and responding with what information you have.

So start summarizing your plan as a series of talking points. You don't need a lot of detail. Detailed plans are great for building submarines. But right now, you're looking for simple, clear statements about what you're going to do to respond to the crisis. Your confidence will rise by making your plan as concrete and actionable as possible.

And there's another reason for making this emerging plan as concrete and actionable as possible. You want to enroll your organization's leadership. And you need to give them something to work with.



## **2. Involve Your Leadership**

I recommend scheduling a meeting with your senior leadership first. This could be your business partners, the executive team, or your board—whoever's at the top. Make space for the reality of others' fear. Don't discount it, but don't let it drive decisions.

Keep in mind. Your plan is wet cement right now. You're not Moses coming down the mountain with two tablets of stone. You want their input. You want to ensure that you've thought of all the key factors. That you're not leaving anything out. That you're not making any false assumptions.

And you also want them to have a role in shaping the final plan so they're fully invested in it. Companies get through crises by sticking together, and there's nothing like a shared plan for giving people something to rally around. Their confidence will rise as they contribute to the plan.

Use their input to finalize your plan and talking points. Don't wait to get this process started. Once the senior leadership is aligned, you want to roll it down to your wider leadership team if you have one. The cement is a bit firmer now, but you still might want to revise it based on any feedback you get.

## **3. Communicate to Your Team**

Once the leadership is aligned, you want to communicate your plan to the entire team. Use

your talking points to write a memo for the team. I recommend you give this orally—but you want to distribute written communication so people can metabolize on their own.

Speak carefully to their concerns. People need to know what's changing—and what's not changing. Think carefully about the language you use. Communicate concern and integrity. People's biggest fear is losing their jobs. Speak to that directly in your messaging. Be careful about making promises you can't keep. If you have layoffs, speak directly to that as well.

Be as forthright and transparent as you possibly can be. And give the rationale behind your decisions as well. People may not always agree with you, but they'll appreciate knowing the why behind the what. That's just human nature. And it serves you too. In the absence of a narrative, people will make up their own. Better to provide the story you want to tell than be at the mercy of the ones that bubble up in the vacuum.

#### **4. Communicate with Your Customers**

Next, you want to communicate your plan to your customers. I've seen so many great examples of this already in the crisis. I've also seen some pretty bad ones. Every time you communicate with your customers, it's a chance to serve them well. Remember why you're in business—addressing the problems of your customers. Take this opportunity to let them know how you're going to help them now.

None of this will be easy. Put easy on a shelf where you won't see it. Don't be tempted by it. The only kind of problems that come with solutions are math problems. Every other kind of problem involves tradeoffs. And in times of crisis, the tradeoffs are usually tough.

When Thomas Nelson was in the middle of the recession, I was utterly overwhelmed at times. There were complications every day, everywhere. Our plan was solid, but it was tough going.

At one point, one of my colleagues sent me an email with a quote from Robert Updegraff.

He said, "A man should be grateful every hour of every day for the troubles of his job: they pay at least half his wage or salary. For if there were no troubles it would be easy to get someone to do his work for half, or even a third, of the pay he is getting."

It's funny how simple observations bring clarity. As leaders, the benefits of our positions presuppose the challenges we face. If there were no problems, they wouldn't need you. Whether you're leading an established organization or going solo with a startup, the troubles are part of the terrain.

That doesn't mean you don't need help and guidance along the way. You are at a pivotal moment in your leadership. This is not the time to be a lone wolf, isolating yourself from wisdom. By putting these three steps into action, you can successfully lead your business through these turbulent times.

If you're interested in learning more on leading during turbulent times, you can find more information at [leadingthrough.com](https://www.leadingthrough.com).