



# BOUNCING BACK.

Leadership lessons in resilience.

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June 2016

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## ACKNOWLEDGEMENTS

This report was written by Katarina Skoberne with Lysbeth Plas, Shadi Ghezelayagh and Patrick Woodman at CMI. Katarina Skoberne is a coach and adviser to both corporates and SMEs. Her experience as a CEO of a failed business has led her on a mission to destigmatise business adversity and promote its lessons towards better leadership and management.

We would like to thank the speakers who shared their personal stories at the Bouncing Back series of events between October 2015 and May 2016 to an audience of CMI Companions and Fellows. We're grateful to each for the frank reflections, ideas and insights that they drew from their experiences of crisis and adversity, which are the foundation for this report.

We also want to thank those who attended the events and made the lively and inspiring discussions possible. In particular we'd like to thank Gareth Rhys Williams CCMI and the CMI Board of Companions who initiated this research. And finally, thanks to all 1,104 managers who took part in the survey, the results of which are also presented in the report.

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# FOREWORD

## ANN FRANCKE



**Ann Francke MBA CMgr CCMi FIC**  
Chief Executive, CMI



*The challenge for leaders is to learn from mistakes, from failure and from the crises that erupt around us to become more resilient for the future*

It's a great unspoken truth: crisis and failure are part and parcel of being a manager and leader.

Too often people are uneasy talking about the times when things don't go right. But in a fast-paced and competitive world we can't get it all right, all of the time. Believe me, I've had my share of failures – getting fired amongst them.

The challenge for leaders is to learn from mistakes, from failure and from the crises that erupt around us to become more resilient for the future. This paper, based on in-depth interviews with several figures at the heart of high-profile crises – plus a survey of over 1,100 managers – offers lessons from those who have faced adversity and bounced back.

As the results show, crises at work come in all shapes and sizes: from conflict and project failure to job losses and business collapses. But they can also be rooted in our private lives. I was deeply moved by an intensely personal speech made by Facebook CEO Sheryl Sandberg<sup>1</sup> where she talked about how the sudden loss of her husband affected her. As she put it:

“It is the hard days – the times that challenge you to your very core – that will determine who you are. You will be defined not just by what you achieve, but by how you survive.”

Surviving – and, in time, bouncing back – starts with destigmatising adversity and making it easier to learn lessons. As this paper explores, we need to have more open and inclusive cultures that tolerate risk and learn from challenges. On a personal level it means learning to accept, to look forward, and to become more self-aware as a leader.

We can learn as much – if not more – from defeat as from victory. This paper offers lessons from those who've experienced both. Its insights will help build resilience so you, and those you lead, can achieve more, survive better and bounce back stronger.

A handwritten signature in dark blue ink, appearing to read 'Ann Francke'.

**June 2016**

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<sup>1</sup> <http://fortune.com/2016/05/14/sandberg-uc-berkeley-transcript/>

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# INTRODUCTION

**Crises are an inevitable part of a manager's professional life. They can break or make a career. They can be devastating, life-changing, transformative. They can ruin relationships and working cultures – or solidify them and make them stronger.**

Whether the nature of the crisis is personal or related to business challenges, whether the causes were external economic factors or internal matters, crises can deeply affect those involved and their performance in the workplace. They can cause significant personal and business fall-out. But they can also build resilience if managed correctly.

CMI's *Management 2020* report<sup>2</sup> identified resilience as one of the top ten traits of successful managers and leaders. The working world needs resilient managers that are not only able to talk openly about mistakes and crises, but in doing so can bounce back from them better and quicker.

This report makes the case for resilience as the route to crisis control and recovery. It focuses on the capacity to openly discuss failure as the first step to bouncing back. Its lessons are about coping with adversity and failure, rather than preventing them, recognising and accepting that they will inevitably be part of a manager's life. They are also about how leaders can develop the tools, techniques and traits that better prepare them to deal with adversity when it does arise.

This paper combines insights from the latest thinking on resilience with practical lessons from several leaders who shared their stories during four Bouncing Back events hosted by CMI between October 2015 and May 2016. They talked openly about their crises in interviews with CMI CEO Ann Francke, took part in panel debates and engaged in discussions with an audience of CMI Companions and Fellows.

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<sup>2</sup> <http://www.managers.org.uk/management2020>



**Lord Browne of Madingley CCMi** is the former CEO of BP who resigned for misrepresenting his personal circumstances as his sexual orientation was outed by a tabloid. He continues his work in the energy sector and is a thought leader on both inclusion and the relationship between business and society.

**Nick Leeson** is the man who in 1995 single-handedly broke Barings, Britain's oldest merchant bank. He was imprisoned, survived cancer and has against all odds created a new working life.

**Rachel Lowe MBE** is a serial entrepreneur who has seen the darkest sides of bankruptcy and has returned in full force with both a new business and the revival of a former product.

**Ivan Massow** created one of the first LGBT geared financial services companies. He has lived through the fall-out of two businesses and thrived again. He also entered politics and acts as a mentor.

**Charlotte Proudman** braved an online trolling storm after drawing attention to sexism in the legal profession. She has taken ownership of her situation and grown her profile as a role model and activist.

**Stephen Robertson CCMi** was on the Board of Woolworths as it fought to arrest its decline, stepping down not long before its closure. Left bruised by the experience he has since come back as a proactive multiple NED.

We also surveyed more than 1,100 managers across a wide range of levels of seniority, sectors and sizes of organisation, to find out how they deal with adversity in the workplace. Key findings from that survey are incorporated here.

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# WHAT IS RESILIENCE AND WHY IS IT IMPORTANT?

**Resilience – the ability to bounce back after adversity – is the essence of recovery. It is not the same as robustness: not breaking under stress is not helpful to a manager if, at breaking point, there is no turning back to a capable state. An optimistic outlook can be part of a resilient constitution, but at its core, resilience is about reconciling two opposing emotions – be they fear and hope, doubt and certainty, or others – into a mindset where any circumstance can be dealt with.**

There are a number of frameworks for resilience in both psychology and trade literature. One of the most commonly applied to business is by Diane Coutu in the Harvard Business Review<sup>3</sup>, by which resilience is a combination of:

**Facing down reality** – understanding the importance of a clear sense of reality and appreciating that optimism is only beneficial as long as it doesn't distort perceptions. Resilient people have sober and down-to-earth views of the things that matter for survival.

**The search for meaning** – the ability to draw meaning from difficult times. This removes the sense that the situation is overwhelming and instead makes it more manageable. Resilient people create meaning for themselves and others.

**Ritualised ingenuity** – the ability to make do with whatever is at hand and to improvise a solution to a problem without proper or obvious tools or materials.

Across the many definitions and frameworks for understanding resilience, the consensus is that it is primarily developed by surviving adversity – whether that's an early challenge that paved the way for the survival of later negative events, or a life-changing adversity such as dismissal from a high-calibre role or the closure of a business. A 'catastrophic' adversity can be transformational and lead to a re-evaluation of priorities and values – and perhaps most importantly, a newfound, developed, or highlighted resilience.

Major challenges offer the opportunity to learn and apply those learnings to the more everyday managerial adversities. After all, crises will inevitably be part of a manager's life. Discussing them openly – acknowledging mistakes, being accountable where needed – is the first step on the road to recovery and an integral part of resilience.

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<sup>3</sup> Diane Coutu: *How Resilience Works*, Harvard Business Review, 2002





## Learning from crises

In a crisis, the managerial landscape changes and a different type of management and leadership is required. There are many pitfalls, such as letting fear influence decision-making, succumbing to biases by perceiving an abnormal situation as standard<sup>4</sup>, wilful blindness<sup>5</sup>, the inability to cut losses and the tendency to apply destructive half-measures. A crisis requires out-of-the-box thinking, creativity, the courage to face unknown circumstances, the realism to grasp and manage risk, and sometimes applying extreme measures.<sup>6</sup>

The literature shows that high profile CEOs who created second success after significant failures have quoted some commonalities in their recovery tactics and the make-up of their resilience: an acceptance of failure and responsibility, the importance of personal support networks, and a forward-facing outlook instead of looking back. These are echoed by the six leaders we interviewed for this research.

Crises are unavoidable. Discussing them openly – acknowledging mistakes, being accountable where needed – is the first step on the road to recovery and an integral part of resilience, as the leaders we interviewed demonstrated in sharing their stories.



<sup>4</sup> Megan McArdle: *The Up Side of Down*, Viking, 2014

<sup>5</sup> Margaret Heffernan, *Willful Blindness*, Bloomsbury, 2011

<sup>6</sup> Nassir Ghaemi: *A First Rate Madness*, Penguin, 2011

# EXECUTIVE SUMMARY

## Crises and their impact

- Nearly all the managers we surveyed have experienced a work crisis (94%). The most common are of a personal nature: significant conflict with a colleague, perceived unfair treatment or project failures.
- Only just over half of managers look back at their biggest crisis and feel they dealt with it well (55%) – and far fewer (36%) were able to effectively manage how it affected them emotionally. 82% of managers described the emotional impact as severe or very severe.
- The results include dents in managers' confidence (81%), stress which affected their personal life (79%) and, for many, a direct drop-off in their performance at work (63%).
- However, as the key lessons identified here show, crises can engender resilience. 84% say they are better prepared to handle a similar crisis in the future.

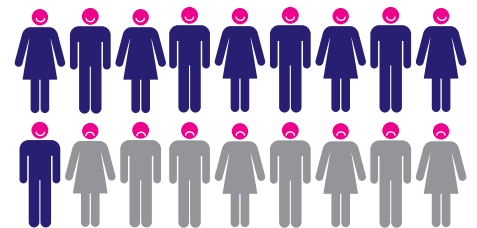
## Six key lessons for managers

### 1. Destigmatise failure for a resilient company culture

- Managers pinpoint a lack of support in moments of adversity. Over half of managers (52%) say the one thing that would have helped them cope better with their crisis was more support from senior or line management.
- 78% of managers say that lack of support from senior management was a factor in the crisis, with 72% pointing directly at mistakes made by senior managers. 68% of managers say that culture failure played a big role in the crisis they experienced. More resilient cultures will be transparent and open, inclusive and diverse, helping combat the dangers of cognitive biases and wilful blindness.
- Managers who have experienced crises have learned the importance of openness: 85% say they now actively work to create and maintain a good workplace culture, 83% have improved the way they communicate and 81% discuss what they learned openly.

### 2. Develop risk tolerance

- Managers that have experienced a crisis do not necessarily become more risk averse or have less of a risk appetite. Instead they learn to manage risk.
- 77% of all managers take a more active approach to risk management as a result of a crisis. 61% say they manage organisational risk more actively, and almost half (45%) say they now have a greater tolerance for risk.



**ONLY 55%**  
**OF MANAGERS SAY THEY**  
**DEALT WELL OR VERY WELL**  
**WITH THE CRISIS**





### 3. Accept, re-evaluate and face forward

- Leader interviews highlighted acceptance as key to recovery. Taking responsibility where due and coming to terms with reality are the first steps to a come-back.
- Looking forward is a common denominator of major adversity survivors – they say not to dwell on what happened but look to the future instead.
- Nearly all managers surveyed (between 89% and 100%) view acceptance, taking responsibility, facing reality, being open to criticism and controlling ego as crucial in dealing with a crisis.
- Crises often result in significant re-evaluation of values. 57% said it gave them new perspective and 52% said their crisis led them to rethink their personal priorities. Nearly half of managers (45%) changed role following their crisis, while 38% left their employer – and nearly one in five (18%) changed career altogether.

### 4. Leadership for resilience: a balanced mindset and humility

- Crises lead managers to develop qualities that can help them cope better with future challenges. 78% say they are more self-aware as a result of the crisis, 57% say they are more collaborative, and 54% have become more empathetic and self-critical.
- Interpersonal skills, communication skills and strategic thinking are ranked by managers as the three most important tools to help deal with a crisis.
- This reflects the transformations of survivors of major crises, who report becoming more self-aware and highlight humility, collaboration, and a new sense of realism as lessons.

### 5. Mentoring

- Interviews highlighted that mentoring can be a powerful way of handling adversity, as a source of support and perspective as well as opportunity to reflect on problems. Two-thirds of those surveyed who had a mentor in their adversity identified it as important to them in handling their crisis.
- However, many managers are missing out: only 41% report having had a mentor to support them during their crisis.

### 6. Building and using support networks

- High-profile managers who are acknowledged to have dealt well with adversity often identify personal support networks as a common factor in coping with adversity. 83% of the managers surveyed agree, rating personal networks as helpful in their situation.

# CRISES AND THEIR IMPACT

**Most managers will experience a crisis of some sort over the course of their career. In fact, 94% of managers we surveyed indicated they had been in a crisis situation at some point.**

The three most commonly experienced are a significant conflict with a line manager or other colleague (54%), unfair treatment (49%) and project failure (36%).

These could be considered 'lower tier' crises, as opposed to more catastrophic and transformative crises such as dismissal or bankruptcy, which only 7% and 2% respectively had experienced.



**94%**

**OF MANAGERS SURVEYED INDICATED THEY HAD BEEN IN A CRISIS SITUATION**

## Overall impact

We looked at how managers rated the overall impact of the crisis that they considered to have been their most severe.

A financial crisis for a business was rated as the most extreme experience, regarded as severe by 93% of those who had been through it. Business reputation crisis followed with 86%. The most common type of crisis – significant conflict with a manager or colleague – was rated as severe by 73% of those who had experienced it.



**81%**

**SAY THEIR CONFIDENCE WAS DENTED BY THE CRISIS**

## Emotional impact

We also examined the emotional impact of crises to understand the personal effects on managers. For many managers, the personal impact of adversity was clear: 82% of managers described it as severe, compared to only 60% who reported that the crisis had been severe for their team, 39% who rated it as severe for the wider business, and 27% who rated it as severe in terms of their personal finances.

A personal reputation crisis was considered to create the most emotional turmoil, ranked as severe by 97% of those who had experienced one. This is followed by unfair treatment (93%) and a conflict with a manager or colleague (84%). It is perhaps unsurprising in the sense that these crises are deeply personal and likely to impact on people's emotions and ego. Equally, bankruptcy, redundancies and dismissal have the most significant personal financial consequences.



**82%**

**FOUND THE EFFECT OF THE CRISIS EMOTIONALLY SEVERE**



### Coping with crises

By their nature, crises are deeply challenging and on top of that also present additional difficulties in decision-making. How they are handled – in terms of decision-making and of the coping mechanisms used – is critical. That's reflected in managers' self-appraisal: only just over half (55%) of managers say they dealt well or very well with the crisis they experienced. A third think they did so adequately.

But numbers are even lower when managers assess their handling of the crisis on a personal level. Only 36% say they dealt with the emotional impact of the crisis well or very well and 29% admit they did so poorly.

### Less confidence, more stress, reduced performance

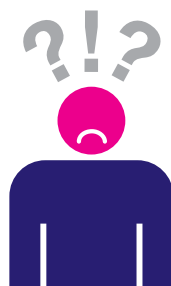
The impact of this emotional toll is visible in how it affects managers' confidence – something that can in turn have a substantial impact on performance. The vast majority of managers, (81%), say that their experience of a crisis harmed their confidence.

Almost as many (79%) agree that the resulting stress had an effect on their personal life. Almost two thirds (63%) acknowledge that their capacity to do their job suffered as a result.



**79%**

**SAY THEIR RESULTING STRESS HAD AN EFFECT ON THEIR PERSONAL LIFE**



**63%**

**ACKNOWLEDGED THEIR CAPACITY TO DO THEIR JOB SUFFERED AS A RESULT**

# SIX KEY LESSONS LEARNED

*“You need to be reminded of the demons that exist in your past, otherwise they have the capacity to occur again.”*

**Nick Leeson**

## Lessons learned

**Most managers who have overcome adversity feel they have learned from the experience. 84% say that, as a manager, they are more prepared to handle a similar crisis in the future. 85% say they're more prepared personally.**

So what can be learned from their combined experiences – and from the life-changing crises shared by speakers at our bouncing back series? We look now at the insights that can help managers bounce back quicker and better.



**84%** ARE MORE  
PREPARED TO HANDLE A FUTURE  
CRISIS PROFESSIONALLY

**85%** ARE MORE  
PREPARED PERSONALLY



# 1. DESTIGMATISE FAILURE FOR A RESILIENT COMPANY CULTURE

*“You have to allow people to make mistakes. Nearly every day you are thwarted – that’s the nature of business.”*

**Ivan Massow**

*“Process isn’t enough, culture matters.”*

**Nick Leeson**

*“Executives need to set the tone from the top and give inclusion attention.”*

**John Browne**

**Too often, admitting to failure – or even to struggling with adversity – is taboo in the workplace. For some of our speakers, fear-driven cultures led to secrecy and the hiding of errors or of aspects of people’s personalities. The results, over time, had calamitous consequences for the people and organisations involved.**

Leaders have a critical role to play in creating cultures that avoid such taboos. Managers clearly experience significant challenges: 78% say that lack of support from senior management was a factor in the crisis, with 72% pointing directly at mistakes made by senior managers. 68% explicitly said that culture was a factor in the crisis they experienced, a proportion that is even higher for crises involving personal reputation, unfair treatment or the business’s reputation.

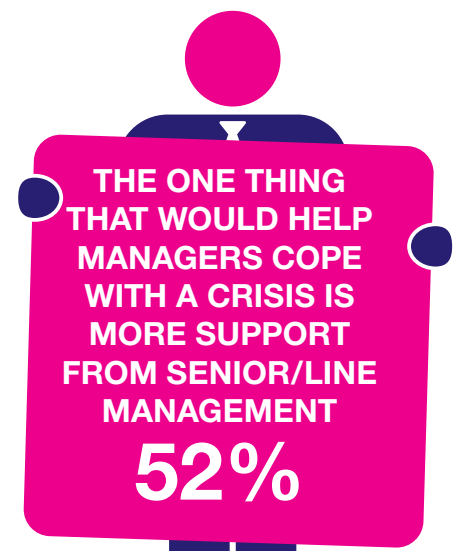
## **What would a supportive culture look like?**

Communication, collaboration and transparency feature high in a culture conducive to resilience, as does inclusion and diversity of background and thought.

An inclusive culture is one where failure is destigmatised and where managers are tolerant of mistakes, diverse views, and varying personalities, thereby mitigating fear of thinking differently and of failing. It is a buffer for cognitive biases and wilful blindness, including the often blind optimism of entrepreneurs and visionary risk-takers, and the confirmation bias and zero-risk illusion<sup>7</sup> so prevalent in crises.

The survey suggests that managers typically lack internal support in handling and recovering from crises.

68% said that senior management were not very helpful or not at all helpful and 61% said the same of their line managers. When managers were asked what one thing would have helped them cope better with the crisis, more support topped the list.



<sup>7</sup> Gerd Gigerenzer: *Risk Savvy*, How to Make Good Decisions, Viking, 2014



**Nick Leeson**

Most managers who have experienced a crisis have learned the importance of transparency and openness: 85% say they are now actively working to create and maintain a good workplace culture, 83% have improved the way they communicate, and 81% discuss what they learned openly.

The absence of such a culture was relevant in setting off the pivotal event that snowballed into the collapse of Barings Bank in 1995. Nick Leeson, who eventually amassed several hundred million pounds' worth of losses through fraudulent trading, started by hiding the losses incurred by a junior colleague rather than inform a senior manager. "He was not a very approachable person. He was a pretty nasty man. He wasn't very good with the local employees and would often belittle them in front of other people."

Having disguised the initial problem – and disobeyed the instruction to report it to the London office – the situation escalated. "The position got worse and I obviously became more complicit as the loss got bigger." An approach intended to prevent wrongdoing had become a blame culture that perversely encouraged evasion, manipulation and – enabled by weak processes – led to wrong-doing on a catastrophic scale.



**85%**

**SAY THEY ARE NOW ACTIVELY WORKING TO CREATE AND MAINTAIN A GOOD CULTURE**







**INCLUSION AND CONNECTION**

*Lord Browne of Madingley CCMl*

John Browne has had an illustrious career in energy: nearly forty years at BP, where he rose to CEO in 1995 and very successfully led the company through one of its most exciting periods and transitions. Beneath his success in business was an underlying secret: hiding his sexual orientation until he was outed by a tabloid and subsequently resigning after misrepresenting the circumstances in which he and his boyfriend met. He continues his work in oil and gas as Chairman of L1 Energy and dedicates himself, alongside business, to demarginalising LGBT employees in business and creating inclusive, diverse environments.

John Browne has written four books and his recent work is focused on inclusion. In hindsight he feels this is something he could have spent more time on during his earlier CEO years. He writes about companies losing value as they break their bond with society, as is the case when automotive companies endeavour to bypass the rules, or when companies in the so-called sharing economy on the one hand disrupt and on the other fail to connect with a vested interest, such as that of the service providers on their platforms. He encourages companies to reach beyond compliance and effect inclusion – within the company, in its relationship with communities, with regulators, and with NGOs. When a company is truly inclusive it can create a culture that destigmatises failure and is insulated against the blows of adversity both internally and externally.

**Other key lessons**

**Human resource**

“Managers will say that people are their most important resource, but the question is, do they actually allocate the right amount of time to them?”

**Personal support networks**

“When I was outed, I thought I would lose my friends, that they would not want to associate with me anymore. But that mostly wasn’t true. A large set of friends wrote letters to the papers in my support, a lot of people supported me publicly.”

**Facing forward**

“I’ve rebuilt my life with the help of one thought, which is that the future matters far more than the past.”



*Those at the top of an organisation should set the right tone: inclusion is the single most important feature of leadership.*

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## 2. DEVELOP RISK TOLERANCE

*“Often there is a misconception that the status quo is the safest option, when it is in fact the riskiest.”*

**Stephen Robertson**

*“I advise every entrepreneur to protect themselves and their family. No personal guarantees.”*

**Rachel Lowe MBE**

*“Now when I design businesses, I’m much more conscious about how I create them so that they don’t hurt me.”*

**Ivan Massow**

**Crisis compounds fear, which is already an inhibitor to good decision-making and healthy risk taking.**

In the uncertainty of a crisis, there is a tendency to post-rationalise and contextualise events, which often compounds the fall-out. Combined with a natural bias to persevere rather than cut losses, this can create vortices of failure. None of these can be prevented by processes and checklists alone; all require a mature and agile culture for resilience.

While risk management is clearly paramount in limiting the number and severity of the crises, it is also a key component of navigating the crisis itself. Following an adversity, attitudes to risk often evolve. They move from a simplistic view, limited to an appetite or aversion to risk, to a more sophisticated understanding. This results in individuals developing a risk tolerance as well as the personal tools, business culture and processes that provide contingency for risk.

Decision-making to mitigate risk relies on being aware of and managing a number of biases, where diversity and clear accountability lines are key drivers.

These changing perceptions of risk following a crisis were reflected in our survey findings. 77% of managers say they manage personal risk more actively in the workplace as a result of the crisis. 61% say they manage organisational risk more actively, and almost half (45%) say they now have a greater tolerance for risk.



**Ivan Massow**



## **STRAIGHT TALK IN THE INTEREST OF RISK MANAGEMENT**

*Stephen Robertson CCMI*

Stephen Robertson argues that an inherent inertia and fear of taking risks limits businesses.

Robertson joined retail institution Woolworths after a successful career as Marketing Director of B&Q. He stepped down from Woolworths in 2007, not long before its closure in 2009 on its 100th birthday, 'bruised' by the experience and with a number of board management lessons. He serves as a non-executive director of several companies and chairs a retail research consultancy.

Robertson has in hindsight analysed the functioning of the Woolworths board in the context of risk management and decision-making, as well as HR management and connection with the consumer.

"We did not take enough risk, did not have an approach to managing risk and that was detrimental. Boards sometimes find that the status quo looks like a good place to be, but sometimes that is the highest risk of all, as it was for Woolworths. We needed radical surgery and by the time that arrived, it was too late. One does need to take risks."



*Boards sometimes find that the status quo looks like a good place to be, but sometimes that is the highest risk of all.*

### **Other key lessons**

#### **Culture of honesty and transparency**

"Very often, there is an over-courteous atmosphere in boardrooms where there is an implicit understanding of avoiding directness. We don't like to say: 'I strongly disagree with you', as then you might disagree with me. That's a harmony, but it's not an appropriate harmony. We need brutal honesty and transparency."

#### **Diversity of thought**

"You need people with different opinions, different thoughts, and not a constant consensus."

#### **Personal due diligence**

"The question I ask myself is if I should have done more due diligence, which is important. But frankly, what's most important is brutal honesty, which sometimes means you have to take very severe action."

# 3. ACCEPT, RE-EVALUATE AND FACE FORWARD

*“Accepting responsibility for the consequences of your actions is the first step to moving on.”*

**Nick Leeson**

*“I felt a sense of liberation in that there was nothing left to lose, a sense of freedom.”*

**Rachel Lowe MBE**

*“It was costing me enormous amounts to keep the company active until I realised I needed to stop.”*

**Ivan Massow**

**A significant part of the fall-out of a crisis is always personal, and resilience means being able to overcome the negative emotions that accompany them both in the long term and on a daily basis.**

Moving on takes courage and a proactive approach with three key strands:

**Acceptance** – accepting responsibility where due as well as the reality of the situation, however dire it might seem at the time

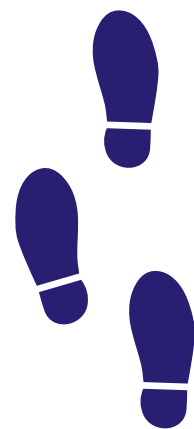
**Re-evaluation** – taking stock of the facts and deriving the learnings that lead to greater resilience

**Facing forward** – not dwelling on the past.

## ACCEPTANCE

Nearly all managers (between 89% and 100%) rate acceptance, taking responsibility, facing reality, being open to criticism, and controlling the ego as important in dealing with a crisis as a manager.

Admitting mistakes is often easier said than done and it's even more difficult to do so openly. However, being able to talk about failure can be an excellent step in the process of moving on. Not only does it show that even the CEO, manager or boss is vulnerable enough for others to relate to, it also offers valuable lessons for others to learn from and creates a culture where it's acceptable to make mistakes, thereby potentially decreasing the fear that can incite mistakes being made in the first place.



**BEING ABLE TO TALK ABOUT FAILURE CAN BE AN EXCELLENT STEP IN THE PROCESS OF MOVING ON.**



*“I’ve had to reframe the way I see success and that is the direct consequence of these events.”*

**Nick Leeson**

*“I defined myself as a successful CEO, and after losing that I had to re-evaluate.”*

**Ivan Massow**

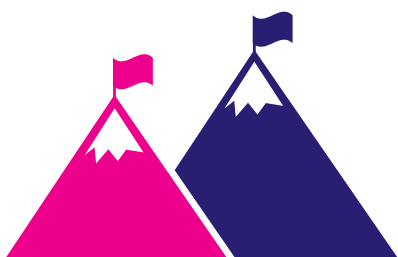
*“I felt I found success when I was able to be happy with nothing. Focus on what you’ve achieved, not how much money you have.”*

**Rachel Lowe MBE**

## RE-EVALUATION

Experiencing a crisis often results in managers’ re-evaluating their values. 52% of our managers said the crisis clarified their priorities and 64% of managers felt the crisis motivated them to rise to the challenge.

The crises that managers surveyed have experienced have sometimes had significant consequences: 45% changed role, 38% changed organisation, and 18% changed career altogether.



**64%**

**OF MANAGERS FELT THE CRISIS MOTIVATED THEM TO RISE TO THE CHALLENGE.**





*“The future is the only thing that matters, the past is not important. It is what it is and we move forward.”*

**John Browne**

*“Look forward and cultivate belief in yourself.”*

**Charlotte Proudman**

*“It’s important to focus on the successes, on what you did after the crisis.”*

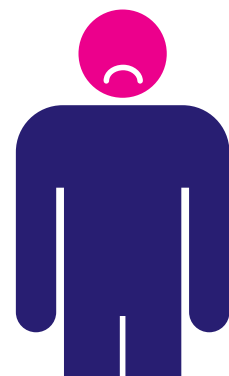
**Rachel Lowe MBE**

## **FACING FORWARD**

The capacity to derive learning from negativity and discard it afterwards to focus on future success is a pivotal tool for bouncing back.<sup>8</sup> The discipline of fixing one’s gaze forward requires rigour. A period of reflection – or taking time off – is a common coping mechanism.

The ability to face forward and not dwell on failure rates can be as challenging to implement as it is helpful. 86% of managers felt the effects of the crisis for more than a few months, but for 40% the effects lasted for a year or more.

The crises with the most long-lasting consequences were bankruptcy, unfair treatment and personal reputation crisis: 67%, 51%, and 47% respectively said the consequences lasted for a year or longer. The crisis that was most quickly overcome was project failure, though even in this case, only 30% of those who had experienced it said they had recovered within a month.



**64%**

**OF MANAGERS FELT THE EFFECTS OF A CRISIS LASTED FOR A YEAR OR MORE**

<sup>8</sup> Andrea Redmond, Patricia Crisafulli: *Comebacks*, Jossey-Bass, 2010  
Jeffrey Sonnenfeld, Andrew Ward: *Firing Back*, Harvard Business School Press, 2007





**ACCEPTANCE IS THE KEY TO MOVING FORWARD**

*Nick Leeson*

One person who has had to face the consequences of his actions and accept them is Nick Leeson, who has succeeded in building a life for himself despite global notoriety for fraudulent trading.

In February 1995, Nick Leeson became a household name: his unauthorised trading and misrepresenting results at the Singapore branch of Barings Bank seemingly instantly brought down Britain’s oldest merchant bank, dating back to 1762. Over the course of nearly three years, Leeson had amassed losses of several hundred million pounds in a secret account, which eventually buried the bank. Nick spent three and a half years in prison in Singapore, where he survived cancer and a divorce. Upon his return, he moved to Ireland where he was CEO of Galway United Football Club, and has recently relaunched his risk management consultancy.

Leeson accepts responsibility for his actions as the basis for moving on:

“The first thing I had to do was accept responsibility for the consequences of my actions. That is always the first part of any recovery process. People [in similar scandals] who still blame their company’s banks, are delusional.”

He also contextualises his actions within a workplace with a culture of fear and incompetency that allowed the problem to grow. “Every time anyone made a mistake everything was hoovered up into the illegal account. People weren’t being admonished and they weren’t being reprimanded; there was no real managerial-employee type of relationship at that time.”

During his time in jail, Leeson also learnt the importance of acceptance of reality. Unreliable supplies of drinking and washing water were, to begin with, a source of rage. “Slowly it dawned on me that the only person I was upsetting was myself. It became very clear, and these are values that I hold true to this day, there are things in your life that you can influence and there are things you can’t. The only ones you should worry about are the ones that you can influence.”

**Other key lessons**

**Risk management**

“There are so many dynamics that go on, and risk management people have the same problem everywhere: there are people in the organisation who carry more weight than them. Risk intelligence is about risk intelligent people. You can use technology to mitigate some of the risk and you still need quality people.”

**Voluntary blindness**

“People get carried away when things are good. Whenever profit is in the motivation there is an inclination to believe and it should be the other way around. It’s not largely different now; this could happen again.”

**Humility and ego control**

“When an immature person has status, they will do absolutely anything to protect it, and that embodies what happened to me during that period.”



*The first thing I had to do was accept responsibility for the consequences of my actions.*

## 4. LEADERSHIP FOR RESILIENCE: A BALANCED MINDSET AND HUMILITY

*“If you can dream – and not make dreams your master;  
If you can think – and not make thoughts your aim;  
If you can meet with Triumph and Disaster  
And treat those two impostors just the same”*

**Rudyard Kipling – If**

**Following a period of reflection and re-evaluation of priorities, many leaders experience a shift in their work. They may become more self-aware, highlighting traits such as humility and empathy. They may also develop a leadership mindset more geared towards collaboration, transparency and managing fear in organisations. Having experienced failure they are accepting it as a step on the way to success and are more likely to allow room for and mitigate mistakes.**

It is not a coincidence that a great many managers who have experienced failure quote Rudyard Kipling’s famous poem *If*, about treating the good and the bad in life alike as “impostors.”

It is this balanced mindset that is a crucial component of resilience. The ability to balance hope and fear, optimism and reservations constructively is paramount, both as a positive action during a crisis and in the recovery. We naturally tend towards so-called positive illusions<sup>9</sup>, optimism bias<sup>10</sup> and the underestimation of the possibility of negative outcomes. It is usually only after experiencing a severely negative event that this mindset shifts to a more balanced one.

This realism is one of the hardest traits to emulate, which is why managers with experience of failure are so highly sought after, particularly for roles where crises are likely to be frequent or intense, such as high growth businesses. In the absence of acquiring realism by the experience of a major failure, perspective and limiting of bias through diversity are required.

Alongside fostering realism, failure usually also balances the ego to a healthy driver rather than the self-centering trait it can also be. Humility and understanding of or tolerance for mistakes – which are accentuated by a failure – are the basis for the kind of leadership that creates resilient cultures.

### Changing leadership

This dynamic is evident in our survey results. 78% of managers say that they have become more self-aware since their crisis. 57% say they are now more collaborative and 54% have become both more empathetic and more self-critical.

#### Key skills for managers when dealing with a crisis

Interpersonal skills	95%
Communication skills	91%
Thinking strategically	83%

#### Key traits most conducive to coping with a crisis

Motivation	78%
Sense of purpose	75%
Realism	74%

<sup>9</sup> Shelley Taylor: *Positive Illusions*, Basic Books, 1991

<sup>10</sup> Tali Sharot: *The Optimism Bias*, Robinson, 2012



**THE FREEDOM OF HAVING  
LOST EVERYTHING**

*Rachel Lowe MBE*

“When everything went wrong, it went wrong in a very public way. For me, that is what tipped me over the edge and what at the time was very exciting, quickly turned into something very ugly. The effects were devastating: in quite a short space of time I lost absolutely everything. I had taken everything very personally, so it wasn’t just a case of losing the business, it was very much a case of losing my mental state of mind.”

Rachel Lowe MBE was at university when she founded her first company, the board game Destination. The game was a big success and was number one in the world famous toy store, Hamley’s. A delayed Harry Potter film, however, meant Lowe’s special edition of the game missed the Christmas rush, and the banks pulled the plug on her funding as the recession took hold. Having personally guaranteed all of the financing herself, she was then forced into bankruptcy, her house and car repossessed. Lowe was able to regroup and has since received an MBE for services to business, relaunched the board games as well as a new fragrance and accessories business, She Who Dares, with a new investor.

Her experience has transformed her approach in that she is more likely to consider both sides of enthusiasm: the possibility of success and that of failure, and proceed with an awareness of both. She feels her newfound success is also rooted in an initial sense of liberation and the strength derived from that.

“I have learned to take a more balanced view, rather than blind belief that if I do all as I should, I should be rewarded. I see both sides now.”

**Other key lessons**

**Protecting oneself**

“When I mentor people who are starting out, I try to get them to appreciate their survival income. You have to be able to pay your bills, your rent, your mortgage. You have to really look after yourself and your family.”

**Financial failure vs business failure**

“The business idea did not fail, the games were a success. The finances failed, but the product did not. We were let down by banks, by a personal guarantee that shouldn’t have been given, and by the recession. But you have to remember the successes, the positives, and keep going.”

**Courage**

“It takes courage to come back. What happened to me was traumatic and I was deeply affected. It wasn’t easy and some people do go over the edge without the right support. I now see entrepreneurship differently and acknowledge that even if you do everything right, it can go wrong and often will – contrary to the misconceptions.”



*I have learned to take a more balanced view, rather than blind belief that if I do all as I should, I should be rewarded.*

## 5. MENTORING

*“The best mentor I had was a brutally honest practical business person.”*

**Rachel Lowe MBE**

*“Mentoring in business is similar to Alcoholics Anonymous: don’t give directions, just ask the right questions.”*

**Ivan Massow**

*“I received helpful support from women who’d gone through similar challenges.”*

**Charlotte Proudman**

**As the leaders interviewed and previous research by CMI testifies, mentoring can be an excellent tool to share experiences – including failure – and learn from them.**

This is reflected in the leaders’ experiences – their appreciation of good mentors in the past and during their adversities, as well as their willingness to mentor others. Mentoring can be a helpful source of support during and after the crisis to help contextualise events and take perspective, as well as building resilience and the traits and skills required for it.

Of those managers surveyed who were mentored, two-thirds (66%) found it helpful in handling their crisis. However, mentoring hasn’t reached its potential, as only 41% reported having had a mentor.



**Charlotte Proudman**



**64%**

**OF MANAGERS FOUND  
A MENTOR HELPFUL IN  
HANDLING A CRISIS**



**BUSINESS AS A CAUSE**

*Ivan Massow*

Financial entrepreneur and activist Ivan Massow has had mentors throughout his career and is himself a mentor to a number of entrepreneurs.

In the early nineties, Massow started and managed one of the first LGBT geared financial services companies. The company folded in 2001 after he left his executive position in it, following a considerable last minute effort on his part to salvage it. He came back with another business that he exited in 2004 due to a disagreement with his business partner. He then retreated to a life in Spain and years of alcohol abuse, after which he re-emerged and built another business which he later sold to pursue politics and activism. Massow heads an AA chapter in London, is vocal on both business and minority issues and is open about his struggles and overcoming them.

He reflects on the value of a mentor as a guide who can pose challenging questions:

“I trained as a Samaritan and they don’t actually try to answer your questions, they continue to ask questions until the person comes up with the solution themselves. It’s the same with mentoring – it’s much better to guide the person to the solution.”

“When I’m looking for a mentor, it’s always for someone with skills that I don’t have. Look for someone who can come at things from a completely different angle – a second set of eyes, someone you can trust and have confidence in.”

**Other key lessons**

**Risk management**

“All people as they get older become more conservative, more cautious. I’m more cautious in everything, the way I ride my horse – I don’t want to fall off any more, not because I failed but because I know what it feels like. Now when I design businesses, I’m much more conscious about how I create them so that they don’t hurt me or I don’t get into that sort of pickle. It’s important to know just how risky it is.”

**Adversity as a creative agent**

“When we present to venture capital, it may look like we got from A to B in a straight line, but actually most opportunities were created through adversity.”

**Uncertainty and the entrepreneur**

“I think usually entrepreneurs and business people like problems, and stress, uncertainty, and adversity are a natural part of daily life. As a business person, the worst time in your life is stagnation.”



*When I’m looking for a mentor, it’s always for someone with skills that I don’t have.*

## 6. BUILDING AND USING SUPPORT NETWORKS

*“My family network was crucial in helping me overcome my challenges.”*

**Rachel Lowe MBE**

*“This is the kind of time when it is very helpful to have a good marriage.”*

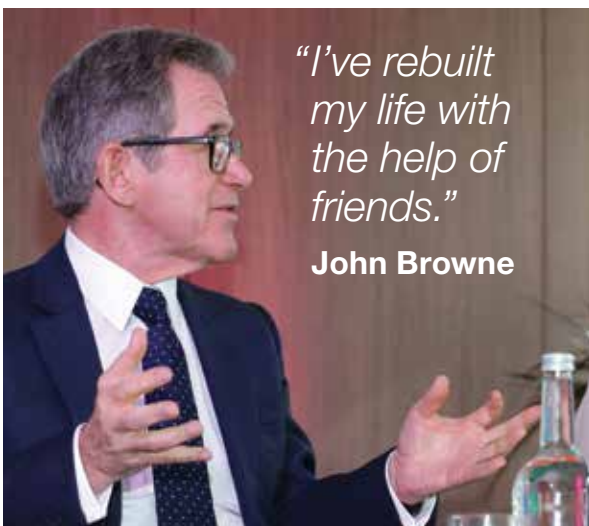
**Stephen Robertson**

*“I got through with the help of family and friends who would listen to me at 3am.”*

**Charlotte Proudman**

**In most cases of successful recovery from failure, be that the dismissal of a high profile CEO, a case of unfair treatment or a financial crisis, a personal support network plays a key role in coping. It is a common denominator across seniority and type of business crisis.**

In fact, it was rated as the top source of support in our survey, with 83% saying their personal support network was constructive to their recovery. The more emotionally severe the crisis was considered to be, the more important personal networks became.



**83%**

**OF MANAGERS SAID THEIR PERSONAL SUPPORT NETWORK WAS CONSTRUCTIVE TO THEIR RECOVERY**





## SURVIVING THROUGH SUPPORT

Charlotte Proudman

For Charlotte Proudman, personal networks, mentors and self-belief helped her hugely in the midst of the media storm that surrounded her in 2015.

Proudman made worldwide headlines after she challenged a sexist message received via LinkedIn from a senior partner in a law firm. She posted the brief exchange on LinkedIn and the communication went viral. There followed online trolling, death and rape threats and the Daily Mail's vitriol, as she was branded a 'feminazi' on the front page. Despite the backlash, Proudman spoke publicly about the prevalent nature of sexism in the legal profession where women are still a minority amongst Queen's Counsel and the Judiciary. She practices as a barrister at the Chambers of Michael Mansfield QC and is a prominent advocate and commentator on women's rights.

"I was fortunate to have close friends and family support from people who were there for me throughout the entire adverse experience. I also learned to lean on mentors, people I knew through professional networks, and who had been there throughout most of my career. They were far more senior than me, and could guide me through this period of turbulence."

## Other key lessons

### Culture

"The only way women will not have the same experience as me is when there has been a cultural shift in attitudes towards women, and that it will only occur when women speak out against sexism. The onus though should really be on employers. They should have a zero tolerance approach towards sexism."

### Mentors and role models

"I'd reached out to prominent feminists who had also experienced backlash and they were helpful and shared their experience. They gave me confidence that it would end at some point, and that it's a question of what you do with the platform you have."

### Own your story

"I didn't expect this kind of fall-out, and I had to deal with it. I was branded an activist and a feminist, so I decided to own it."



*I was fortunate to have a close friend and family network who were there throughout the entire adversity experience.*

# RECOMMENDATIONS FOR ACTION

**Learning from our experiences of adversity is essential to becoming resilient. This paper has highlighted what others have learned in the course of surviving and bouncing back from their crises, including some of the most significant business stories of recent years.**

But we should also learn from the experiences of others to be better prepared for the challenges that we might face. That means developing the leadership skills, behaviours and capacity to be resilient in the face of crises – personally, and in the organisations we work in.

The recommendations offered here aim to help managers and leaders and bounce back stronger, whatever the crises they face.

## Resilient management, resilient organisations



### 1. Destigmatise failure

Make it OK to fail. Failure as a step on the way to success should be the new normal.

- Mitigate fear of failure. Give successes and failures equal time and attention, and do not judge. This way failure will be feared less – and in a more constructive way.
- Create an inclusive environment to combat cognitive biases and blindness. Everyone should feel comfortable sharing reservations openly, knowing their view will be respected. Understand the needs and wants of everyone in your team. Lead by example – don't just declare inclusion, do it.
- Open up communication. Good communication fosters collaboration and transparency. With the right protocols in place, initiatives, ideas and concerns should be open from the shop floor to the C-suite.



### 2. Develop risk tolerance

Don't manage risk by avoiding it. Instead, build up risk tolerance through creating a culture geared towards accountability.

- Create leeway for failures at every level of the business, and buffers that will ensure failures hurt less – both emotionally and financially.
- Be aware that decision-making is prone to bias, especially in a crisis. Neutralise this by relying on a diverse set of opinions alongside relevant data. Avoid the tendency to confirm preconceptions and to underestimate the likelihood of negative outcomes; ensure a minimum of three people with different backgrounds and opinions at the decision-making table.
- Eliminate ambiguity through clear delineation of accountability at all levels. It limits the possibility of conflict and unfair treatment.

## The resilient manager



### 3. Accept, re-evaluate and face forward

- Accept reality by facing the data, colleagues and third party views that are needed to present you with a 360° reality you may not immediately see – then move on.
- Re-evaluate by reviewing your priorities regularly, taking perspective and stepping outside the situation.
- Face forward by finding a new mission, sense of purpose or a more altruistic attitude – that of supporting others before yourself.



### 4. Leadership for resilience: a balanced mindset and humility

Address self-awareness through managing the ego and creating a balanced mindset.

- Cultivate a balanced mindset that fosters realism and measured reactions. Practice reviewing best and worst case outcomes. Try understanding the consequences – and whether you can withstand them – and remember that most people can endure more than they think.
- Acknowledge your fears by tracking and questioning them. Allow others to do the same by recognising what we don't know and cannot predict.
- Learn to show vulnerability – it's the key driver of humility. It makes you relatable to others, automatically manages the ego and allows room for colleagues to be vulnerable and make mistakes too.



### 5. Mentoring

Mentoring is too often left as a box ticked in planning, only to fall by the wayside in implementation.

- Tap into the power of mentoring to support your learning and development as a professional manager. Develop your skills and 'give back' by becoming a mentor to others.
- At an organisational level, recognise the power of learning from mistakes – offer and encourage mentoring both from within and outside of the organisation. It will create a buffer in times of crisis.



### 6. Building and using support networks

Strong personal networks can soften the blow of a crisis in many ways.

- Actively cultivate networks. Learn to rely on your network to help articulate and handle the challenges you're going through.

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# FURTHER RESOURCES

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## THE CMI BOUNCING BACK SERIES

Find out more about the Bouncing Back speakers and their experiences of adversity with our series of videos and articles on [www.managers.org.uk/bouncingback](http://www.managers.org.uk/bouncingback)

## CMI Mentoring

Mentoring has proven a valuable tool for many leaders in the process of bouncing back from a crisis. CMI Mentoring is unique in its focus on management and leadership, providing practical support to managers at all levels of their career. Find out how you can be involved – as a mentee, or as a mentor at [www.managers.org.uk/mentoring](http://www.managers.org.uk/mentoring)

## Get Chartered

Self-awareness, confidence and being able to show vulnerability are all characteristics of a resilient manager. Previous CMI research shows that 92% of Chartered Managers report greater self-awareness since becoming Chartered, and 90% say they're more self-confident<sup>11</sup>.

Becoming a Chartered Manager shows that you have knowledge and expertise, can make a practical difference to your organisation, are ethical and committed to continuing your professional development. Find out more at [www.managers.org.uk/cmgr](http://www.managers.org.uk/cmgr)

## READING ON RESILIENCE

The following selection of free checklists is a sneak peek at what's available on CMI's online portal ManagementDirect, which offers access to thousands of resources including videos, e-learning, books and articles as well as individually tailored training and learning journeys. Organisations can get a free 7-day trial. Find out more on [www.managers.org.uk/managementdirect](http://www.managers.org.uk/managementdirect)

## CMI Checklists

The checklists below focus on three specific elements of resilience: mentoring, relationships and risk.

### *Developing a mentoring scheme – Checklist 082*

This checklist focuses on formal, organisational mentoring schemes and describes the issues to be considered and the steps involved in developing an organisational mentoring scheme.

### *Networking – Checklist 118*

A checklist with actionable advice on personal and professional networking, especially face-to-face networking.

### *Strategic risk management – Checklist 264*

A practical checklist designed to help managers think about the broader strategic elements of managing risk.

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<sup>11</sup> Mapping Management Excellence, CMI, May 2015 – [www.managers.org.uk/cmgr](http://www.managers.org.uk/cmgr)

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## Articles

The following articles on the topic of resilience are available on ManagementDirect via [www.managers.org.uk/managementdirect](http://www.managers.org.uk/managementdirect)

*Crucibles of Leadership* – Warren Bennis and Robert Thomas, Harvard Business Review, September 2002

*Pulling Off the Comeback: Shrink, Expand, Neither, Both?* – Michael Braun and Scott Latham. Journal of Business Strategy, Vol 33 no 3 2012, pp13-21

*How Resilience Works* – Diane Coutu, Harvard Business Review, May 2002

*What Makes an Effective Executive* – Peter Drucker, Harvard Business Review, June 2004

*Building Resilience in a Fragile World* – Lynda Gratton, Harvard Business Review, January 2015

*The Comeback Kings* – Anthony Harrington. Director, Vol 59 no 11 June 2006, pp70-72

*What Leaders Really Do* – John P. Kotter, Harvard Business Review, December 2001

*Seven Transformations of Leadership* – David Rooke and William R. Torbert, Harvard Business Review, April 2005

*Building Resilience* – Martin Seligman, Harvard Business Review, April 2011

*Bouncing Back with Sir Rocco* – Stefan Stern and Matthew Gwyther. Management Today, March 2007, pp32, 34-35, 37

## Books

And finally, we've selected four particularly insightful books on resilience in business.

*Comebacks* – Andrea Redmond and Patricia Crisafulli. This book contains lessons from leaders who endured public failures then recaptured success on their own terms. Includes David Neeleman, Chris Galvin, Patricia Dunn and Jamie Dimon.

*The Up Side of Down* – Megan McArdle. Packed with insight regarding the pitfalls of crisis and decision-making, this book uses recent business examples such as the financial crisis and the GM bailout to demonstrate what can and does go wrong, and why.

*Firing Back* – Jeffrey Sonnenfeld and Andrew Ward. An in-depth study of transformation following a business failure. It addresses the societal, corporate and psychological barriers to recovery, using well-known examples of successful returns.

*The Road to Character* – David Brooks. The personal histories of historical figures recounted to establish the roots of 'good' character, while clearly outlining the pitfalls of professional or mission related success at the expense of other aspects of life.

## Chartered Management Institute (CMI)

The Chartered Management Institute (CMI) is the only chartered professional body for management and leadership, dedicated to improving managers' skills and growing the number of qualified managers.

Our professional management qualifications span GCSE to PhD equivalent levels, including the unique Chartered Manager award, which increases earning potential and improves workplace performance.

We provide employers and individual managers with access to the latest management thinking and with practical online support that helps them to embrace change, create high-performing teams and keep ahead of the curve.

With a member community of more than 120,000 managers and leaders, we promote high standards of ethical practice through our Professional Code of Conduct, and help managers to build their expertise through online networks, regional events and mentoring opportunities.

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