Crisis Leadership: Rising to the Challenge

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DEFINITION OF CRISIS LEADERSHIP

- ➤ It is the process by which an organisation deals with a major unpredictable event(s) which threatens to cripple the organization, its stakeholders, or the general public.
- ➤ It is the application of strategies designed to help an organization deal with a sudden and significant negative event.
- ➤ It is the ability of employees, managers or individuals to deal with an emergency situation.

ELEMENTS COMMON TO DEFINITION

A threat to the organization

The element of surprise or emergency

A short decision time

A need for change

COOMB'S TYPES OF CRISES

Natural disasters

Malevolence

Technical breakdowns

Human breakdowns

Challenges

Megadamage

Organizational misdeeds

Workplace violence

Rumours

CHARACTERISTICS OF CRISES IN MUNICIPALITIES

- ➤ Performance is persistently below the acceptable level.
- > Lack of trust and deep internal conflicts.
- > They cannot extricate themselves.
- > They are always vulnerable.
- > Require turn around to revert to normality.
- > Morale and motivation of staff is extremely low.
- > Deterioration is the face of the organization.

SIGNS OF CRISIS: GOVERNANCE

- > Conflicts over allocation of resources.
- Misalignment of processes (IDP & Budget).
- Worst opinion of the Auditor- General.
- Secrecy and distortion of information.
- Non- compliance with the laws and regulations.
- Lack of effective oversight
- > Internal controls are extremely weak.
- No risk management in place.

GOVERNANCE CONTINUED.....

- Acrimonious relationship between the Mayor and City Manager.
- Poor relations between the Mayor and the Speaker.
- > Lots of political interference in administration.
- > Alternative views in Council are suppressed.
- Rampant corruption, irregularities and mismanagement.
- Concerns from the public are ignored.

VITAL SIGNS OF CRISIS: HUMAN RESOURCES

- Prevalence of ghost employees.
- Low levels of productivity and poor performance.
- High rate of absenteeism and lack of discipline.
- Unions have an upper hand.
- Excessive use of overtime and accumulation of unresolved labour disputes.

VITAL SIGNS OF CRISIS: SERVICE DELIVERY

- > Inability to meet constitutional obligations.
- ➤ Crime, sewage spillages, water leaks, electricity outages, wearing paint, broken ablutions.
- > Common service delivery protests.
- > Poor quality of workmanship.
- > Humans with visible signs of poverty.
- Urban decay.

VITAL SIGNS OF CRISIS: FINANCIAL MANAGEMENT

- Cash flow problems
- > Inability to pay salaries and creditors
- Assets cannot be physically verified
- > Increased debtors and inability to collect revenue
- Missing financial records
- > Excessive overtime claims
- > Irregularities in Supply Chain Management
- > Over expenditure in the budget
- > Staffing budget exorbitantly high
- No realistic revenue projections or sources
- Rampant corruption in SCM, HR, City police, Project Management, City Planning.

CHARACTERISTICS OF SUCCESSFUL CRISIS LEADERS

Seeing things through what they are

Strategy and details

Multiple options

Decisiveness

Collaboration

Listen to unpopular advice

Calm, Courageous and positive Take risk in the face of risk

Use of 80% rule

Prepare to admit mistakes

DEMOGRAPHICS OF BOTH MUNICIPALITIES

	MANDENI	uMNGENI
SIZE	545 square kilometres	1567 square kilometres
POPULATION	147 808	109 867
HOUSEHOLDS	45 678	37 943
WARDS	17	13
COUNCILLORS	35	23
STAFF	301	504
BUDGET	R290m (USD 21m)	R406m (USD 30m)

CHALLENGES IN 2 MUNICIPALITIES

- > Financial Mismanagement
- Corruption
- Misallocation of funds
- Poor service delivery
- > Fraud
- Nepotism
- Loss of trust

SOLUTION

- External and objective person
- > Turn Around Strategy
- Crisis Leadership Team
- Stakeholders
- Develop Matrix (what, who, how, when)
- Develop communication plan

"Good governance is not fire fighting or crisis management. Instead for adhoc solutions the need of the hour is to tackle the root cause of the problems"

Nevendra Modi

"If you do not choose to do it in leadership time upfront you do it in crisis management time down the road"

Stephen Lovely

