

Leading Through a Company-Defining Crisis

How to preserve judgment, trust and organisational capacity when conditions change faster than plans can be revised.

Theory session

Advanced

Running case: AsterGrid



Where this session sits

3.1 set the incentives; 3.2 is what happens when the measures stop applying

MODULE 1

From Founder to
Leadership System

MODULE 2

Culture as an
Operating System

MODULE 3

**Strategic Continuity
Under Pressure**

SESSIONS IN THIS MODULE

3.1

Designing Incentives for Strategic Behavior
Aligning executive behaviour with durable outcomes

3.2

Leading Through a Company-Defining Crisis
Preserving judgment, trust and capacity under disruption

YOU ARE HERE

3.3

Governing the Founder's Succession
Succession choices, safeguards and continuity mechanisms

What this session explains

Leading when conditions change faster than plans can be revised

01

Crises differ from problems in kind

Novelty, time compression and high stakes change what kind of response works.

02

Sensemaking precedes decision

The first failure in a crisis is usually interpretive, not operational.

03

Resilience is built beforehand

Duke's microgrid existed before the flood. Nothing buildable in the moment would have helped.

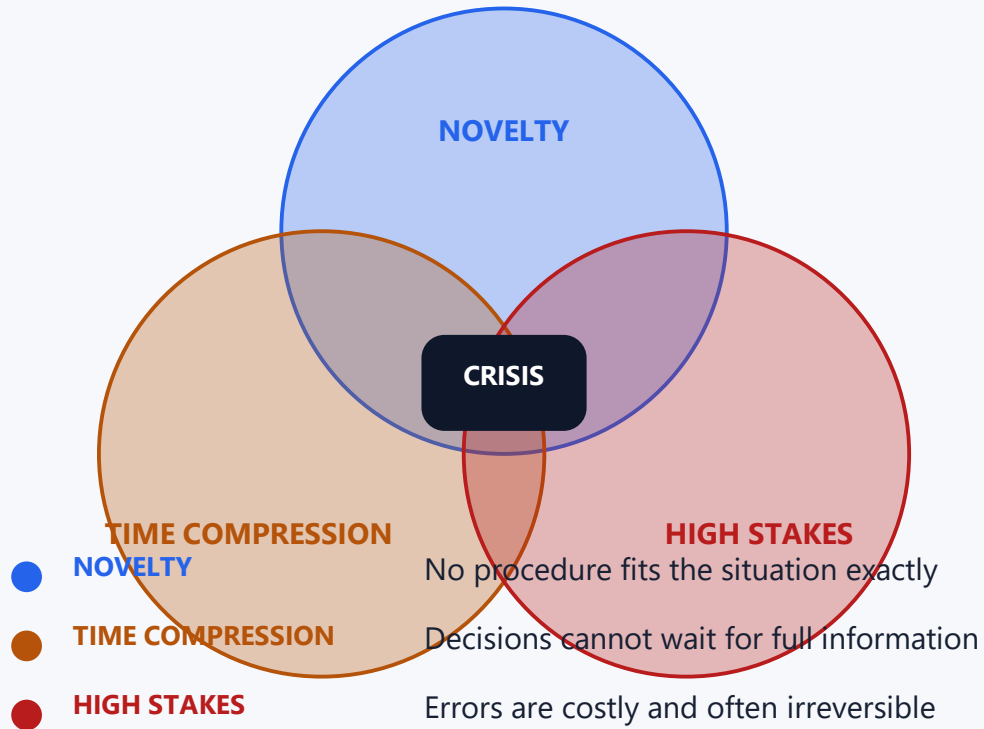
04

Communication is a leadership instrument

What is said, how often, and what is admitted determines whether trust survives.

What makes a crisis different

Three properties that break normal management practice



Pearson, C. & Clair, J. (1998). Reframing crisis management. *Academy of Management Review*, 23(1), 59–76.

WHY NORMAL PRACTICE FAILS

All three at once

Analysis needs time, procedures need precedent, and caution needs reversibility. A crisis removes all three.

THE IMPLICATION

Prepared capability, not prepared plans

Plans assume the anticipated scenario. Capability — like a microgrid — works across scenarios nobody wrote down.

THE LEADERSHIP SHIFT

From deciding to enabling

Direction, constraints and information flow from the centre; decisions move to where the situation is visible.

The first failure is interpretive

Weick's account of how organisations lose the plot before they lose control

WORKING DEFINITION

Under stress, people default to the interpretation that fits their existing role and equipment — and hold it past the point where evidence contradicts it. The collapse of sensemaking precedes the operational failure.

1

The warning sign

Information that does not fit the current story stops being reported rather than changing the story.

2

The countermeasure

State the current interpretation explicitly, and name what would disconfirm it.

3

Drop your tools

Weick's phrase for the hardest move: abandoning the familiar method when it no longer fits the situation.

Weick, K. (1993). The collapse of sensemaking in organizations: the Mann Gulch disaster. *Administrative Science Quarterly*, 38(4), 628–652.

Four phases, and where leadership attention belongs

Most organisations invest in the third and neglect the first

BEFORE — BUILD CAPABILITY

Redundancy, drills, decision rights and assets that work when the network does not.

ONSET — SENSE AND NAME

Detect, interpret, declare. Declaring early is far cheaper than declaring late.

RESPONSE — STABILISE AND COMMUNICATE

Protect people, restore essential service, tell the truth at a fixed cadence.

AFTER — LEARN AND CONVERT

Extract the operational learning and the wider case, as Duke did.

WHERE THE VALUE IS CREATED

Before

The microgrid was a deployment decision made long before Helene. Nothing decided during the flood could have substituted.

THE COMMONLY MISSED PHASE

Onset

Organisations lose hours deciding whether this counts as a crisis. Declaring early has a low cost and a high option value.

Centralising and decentralising under pressure

Both are right, for different things, at the same time

CENTRALISE

Direction and constraints

WHAT MOVES TO THE CENTRE

Priority order, non-negotiable limits, external communication, resource allocation.

WHY

Consistency matters more than local optimisation when the situation is shared.

THE FAILURE MODE

Centralising execution as well — the centre becomes the bottleneck at the worst moment.

DECENTRALISE

Judgment at the edge

WHAT MOVES OUTWARD

Tactical decisions where the situation is visible and changing by the hour.

WHY

Information decays in transit; the person at the site knows things the centre cannot.

THE PRECONDITION

Pre-agreed intent and limits — otherwise delegation in a crisis is abdication.

THE DEVICE THAT RECONCILES THEM

Commander's intent is the mechanism: state the outcome and the constraints clearly enough that people can act without asking, and be right often enough.

Robustness, redundancy and the capacity to reconfigure

Three different properties, frequently confused

ROBUSTNESS

Withstanding the stress without degrading. Effective until the design limit is exceeded.

REDUNDANCY

A second path when the first fails. The microgrid, relative to the substation.

RECONFIGURABILITY

Recombining what exists into a new arrangement the designer did not specify.

SLACK

Unused capacity that looks like waste until the day it is the only thing available.

THE DUKE READING

Redundancy with independent failure modes

Local generation and storage stayed available precisely because they did not depend on the substation.

THE UNCOMFORTABLE PART

Slack is indefensible in advance

Every efficiency review targets it, and its value is only ever demonstrated after the fact.

THE TEST TO RUN

Name the single points of failure

If one component's loss stops essential service, that is the resilience budget's first claim.

Weick, K. & Sutcliffe, K. (2007). Managing the Unexpected (2nd ed.). San Francisco: Jossey-Bass.

What to say, to whom, and how often

Cadence and candour matter more than polish

Audience	What they need	The common error
Employees	What is known, what is not, what is being done, and when the next update comes.	Waiting for certainty; the gap fills with worse information.
Customers	Impact on them specifically, and the realistic restoration expectation.	Optimistic timelines that have to be revised downward.
Regulators	Facts, promptly, with no interpretation attached.	Managed disclosure that later looks like concealment.
Investors and board	Exposure, response, and the decision points ahead.	Reassurance in place of numbers.
The response team	Priority order, constraints, and explicit permission to act.	Requests for status that consume the capacity doing the work.

THE SINGLE MOST USEFUL PRACTICE

A fixed update cadence — even one that says nothing has changed — is worth more than a better-written update that arrives unpredictably.

Calibrating how fast to decide

Both errors are expensive, and the second is more common in established organisations

TOO SLOW Waiting for confirmation that will not arrive in time. Options close while the analysis continues.	MATCHED TEMPO Decide at the point where delay costs more than additional information is worth — and revisit on a schedule.	TOO FAST Acting before the situation is named. Effort is spent on the wrong problem, confidently.
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THREE TEMPO DEVICES

Device	What it does
Reversible-first.	Take the reversible action now; reserve analysis for the irreversible one.
A named review time.	Lets you decide on partial information without committing to it permanently.
Declare early, stand down cheaply.	The cost of standing down a response is far below the cost of starting one late.

Three ways crisis leadership goes wrong

All three are common in competent organisations

Protecting the narrative

Looks like Managing the message before the situation.

Why it fails The gap between statement and reality becomes the second, larger crisis.

Fix State what is known and unknown; commit to the next update time.

The centre absorbs everything

Looks like Every decision escalated to the crisis room.

Why it fails Throughput collapses exactly when tempo matters most.

Fix Centralise intent and constraints; push execution outward.

Not dropping the tools

Looks like Running the normal process in an abnormal situation.

Why it fails The method no longer fits the conditions, and familiarity is mistaken for fit.

Fix Name the interpretation out loud, and what would disconfirm it.

CASE STUDY

Duke Energy — Hot Springs

A solar-plus-battery microgrid that became a live resilience demonstration when the substation went down.

143.5 hours of town-centre power

Capability built beforehand, proven when the network failed

THE DISRUPTION

The main connection was lost

THE EVENT

Hurricane Helene flooding shut down Duke's Marshall Substation.

THE EXPOSURE

Hot Springs faced an outage that could have lasted 262 hours.

THE CONDITION

The conventional connection could not serve the site — no amount of restoration planning changed that in the short term.

THE RESPONSE

Capacity that already existed

THE ACTIVATION

Duke activated the microgrid on 2 October 2024.

THE RESULT

It maintained power to the town centre for 143.5 hours.

THE SECOND-ORDER VALUE

Solar PV and storage performed under extreme conditions, producing operational learning and a regulatory case at the same time.

READING THE CASE

Crisis leadership benefits from capability built before the crisis. The microgrid was designed as a resilience asset; the flood only revealed what it was worth.

Drawn from the session case pack.

Bringing the theory to AsterGrid

Preparing before, and leading during

Phase	What you put in place	AsterGrid example
Before	Name the single points of failure and fund the second path.	One reconciliation-critical vendor; a second data path provisioned and tested quarterly.
Before	Pre-agree intent, constraints and who may act.	Written thresholds at which a site lead may act without authorisation.
Onset	A low bar for declaring, and a cheap stand-down.	Any two of three triggers declares; standing down requires only the incident lead.
Response	Fixed communication cadence to five audiences.	Updates every four hours, even when nothing has changed.
Response	Reversible actions immediately; analysis for the irreversible.	Isolate and contain first; decide on customer notification with the facts in hand.
After	Convert the event into learning and standing capability.	Blameless review within five days; one funded change to resilience.

WHAT COMES NEXT

Session 3.3 turns to the succession question — continuity when the person at the top changes.

What to carry out of this session

1

Crises are novel, compressed and high-stakes at once.

That combination is what breaks normal management practice.

2

The first failure is interpretive.

Name the current interpretation and what would disconfirm it.

3

Resilience is bought before the event.

Duke's microgrid existed before Helene; nothing built during the flood would have served.

4

Centralise intent, decentralise execution.

A centre that absorbs every decision becomes the bottleneck.

5

Cadence beats polish.

A predictable update saying nothing has changed outperforms a better one that arrives at random.

Sources for this session

Primary references behind each concept

SENSEMAKING	Weick, K. (1993). The collapse of sensemaking in organizations. <i>Administrative Science Quarterly</i> , 38(4), 628–652.
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