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Professional MBA Entrepreneurship & Innovation

Utilizing Techniques of Military Leadership to Master Crisis Scenarios

A Master's Thesis submitted for the degree of "Master of Business Administration"

Supervised by Prof. David Sluss, PhD

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Vienna, August 10th, 2012

I. Affidavit

I, Bernhard SCHLEIDT, hereby declare,

1. that I am the sole author of the present master's thesis "UTILIZING TECHNIQUES OF MILITARY LEADERSHIP TO MASTER CRISIS SCENARIOS", 101 pages, bound, and that I have not used any source or tool other than those referenced or any other illicit aid or tool, and

2. that I have not prior to this date submitted this master's thesis as an examination paper in any form in Austria or abroad.

_____ _____

Date Signature

II. Acknowledgements

First of all, I would like to thank my supervisors Prof. D. Sluss, PhD, from the Georgia Tech College of Management and Dr. G. Fleck from the National Defense Academy for their support to tackle this issue of leadership from very different aspects. Further, my appreciation goes to all the successful leaders and experts who devoted some of their precious time to me and substantially helped to develop and confirm the approach I intended to prove with this thesis. Each of them gave me even more valuable input and inspiration than I could reflect in this paper.

I hope this work will in turn be useful for practitioners, students and future leaders who are seeking for basics and guidelines of efficient leadership and ways to handle difficult situations successfully.

Finally, I owe special thanks to my family who continuously supported me during the two years of the MBA program with their understanding and consideration for the many hours of time I spent for my studies that otherwise had been devoted to them.

If I managed to be a role model for my children in making an effort to continuously learn, improve and to work at one's skills and personality it was worth it!

III. Preface

Since the year 2008 financial, economic and lately debt crisis emerged and also crisis of companies and administrations due to catastrophe or individual failure are all too present these days. The call for strong leaders and leadership rises but can the classical leadership models found in the literature give advice how to master extreme situations? During this present work I investigated whether techniques and practices from the military are suitable to master crisis scenarios.

However, Korn Ferry's paper on "Military Experience & CEOs: Is There a Link?" gives a very promising outlook with regard to this question and is a conclusive report about the qualities of former military leaders in business on the basis of a quantitative survey. They found out that CEOs with military experience outperformed their colleagues who did not have this background over time in terms of shareholder return by 3-20% and further, had average job tenure of 7.2 years compared to 4.5 years of the total sample group[1].

Based on this outcome I will tackle the question what those leaders probably did so exceptionally well to achieve these results. The present work has the objective to give concrete answers about the utility of military leadership especially in crisis and how this finding may affect the leadership approach in day to day business. Considering the cyclical development of the economy an also the phases of growth of an enterprise we see: after the crisis is before the crisis.

However, crisis can also be a chance for entrepreneurs and a trigger of innovation. A crisis is very often an indicator that existing processes, products or systems have reached their limit or have an inherent shortcoming that creates demand for improved products or services. Already decades ago, Schumpeter stated the concept of "creative destruction".[2] He realized that the biggest advances in development so called disruptive technologies have caused established products or even the whole enterprises to vanish from the market.

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[1] http://www.kornferry.com/PressRelease/3392, accessed on 2012-07-15

[2] J. Schumpeter in MBA Handout 1 "ENTREPRENEUR", Prof. Franke 2011, p. 43

The concept of ambidexterity suggests that a balanced and combined effort of exploitation of existing business and exploration of future potential is a vital tool for an organization.[3] Yet, an established company that faces a problem of a magnitude that could eventually cause the entire organization to collapse has to cope with the immediate resolve before it can turn the crisis into an opportunity.

Therefore, it seems worth considering what companies or administrations can learn from military leaders that have to deal with critical scenarios by the nature of their mission. I will raise and discuss questions like: What is the proper leadership style in this event compared to standard operations? How to set up and organize a team for crisis management and what processes are needed?

However, very often military leadership is associated with directive and authoritarian style. For sure, this is the case in certain situations of training and action, however, considering the process of strategic and operative planning together with a systematic deduction from top level strategy down to the operational and tactical level into respective action under high time pressure civil organizations seem to lag behind in terms of converting planning into execution[4].

Some ideas of military leadership have already been picked up and translated to the management literature, e.g. Ducker's well-known concept of management by objectives is a descendant of the "Auftragstaktik" or mission command invented in the early 19th century by the Prussian army and its general von Moltke[5]. Another example is E. Deming's PDCA (stands for: plan-do-check-act) circle of quality management[6] that is in line with the military planning and execution process[7]. Further, civil organizations also absorbed techniques of military leadership in a technical

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[3] J. Birkinshaw and C Gibson (2004)

[4] S. Bungay (2011), p. 123ff

[5] R. G. Haas (2011)

[6] http://www.12manage.com/methods_demingcycle_de.html, accessed on 2012-05-28

[7] Bundesministerium für Landesverteidigung und Sport (2012), DVBH Taktisches Führungsverfahren, p. 18

regulation for crisis management.[8] Also the Austrian's ministry of interior decided to issue their directive for civilian disaster protection management in close cooperation with the experts from military.[9]

However, there are different approaches when discussing military leadership and strategy. On one hand, there is the philosophical approach e.g. of the mystified ancient Chinese author Sun Tzu[10] who focuses on strategy and how to prepare for war in order to not to be forced to fight at all. A lot of these ideas have been implemented in management literature explicitly or implicitly[11]. On the other hand, the directives and field manuals describe a holistic systematic leadership model e.g. with a step by step decision making process on the operational and tactical level in great detail[12] rarely found in the management literature. The present work focuses on the latter aspect dealing with the problem how to set up a crisis management organization, how to implement the suggested situational approach in staff work, how to make sound but quick decisions, effectively communicating and putting them into practice.

However, high reliability organizations such as operators of nuclear power plants, aviation or in the clinical area have different strategies that are intended to prevent adverse situations to happen at all.[13] These are more related to preventive quality and risk management and would overstretch the scope of this thesis.

The author has been serving both in the Austrian armed forces (AAF) as a reserve officer and as an engineering professional in the position of a middle level manager in the industry and came to the conviction that leadership techniques and principles of the military have an application in civil organizations.

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[8] ON Österreichisches Normungsinstitut ONR 192320 (2006)

[9] Staatliches Krisen- und Katastrophenmanagement, (2006)

[10] Tzu, S. (1994)

[11] Michaelson, G. A. and S. Tzu (2001)

[12] Bundesministerium für Landesverteidigung und Sport (2012), DVBH Taktisches Führungsverfahren

[13] Weick, K. E., K. M. Sutcliffe, et al. (2008)

On one hand the resources of leadership know-how and experience of military science is vast considering the long history of accumulated knowledge dating back to the fifth century B.C. by the Chinese general Sun Tzu[14] and on the other hand military history is full of examples of good and bad leadership.

Moreover, as one of the interviewed experts expressed, military organizations are gaining experience in times of war and have the resources and obligation to improve leadership techniques in periods of peace.[15]

The present work can be seen as an attempt of technology transfer from military to civil which already took place to some extent (S. Bungay[16], SKKM[17], ONR[18] or Sun Tzu[19]). Further, it shall serve to be able to seize entrepreneurial opportunities of a crisis with a portion of optimism as Max Frisch put it: *"Krise ist ein produktiver Zustand. Man muss ihr nur den Beigeschmack der Katastrophe nehmen."* [20]

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[14] Tzu, S. (1994)

[15] Personal interview with W. Peischel, 2012

[16] S. Bungay, 2011

[17] Staatliches Krisen- und Katastrophenmanagement, 2006

[18] ON Österreichisches Normungsinstitut (2006), ONR 192320

[19] Michaelson, G. A. and S. Tzu, 2001

[20] M. Frisch in: http://natune.net/zitate/autor/Max%20Frisch, accessed 29.2.2012
Translation (by Author): "Crisis is a state of high productivity (also in the sense of innovativeness, comment). One has but to avert the touch of a catastrophe."

IV. Abstract

The goal of this work is to compare the leadership models of the management literature to military leadership and to demonstrate what executives of private enterprises can use out of this toolbox to master crisis scenarios.

For this purpose this thesis gives firstly a literature review on leadership, secondly explains the leadership structure of the military and thirdly gives a brief insight of the origins, mechanisms and different phases of a crisis. Further, practical examples from personal interviews with executives from civil enterprises, management consultants and military leaders are presented with respect to these questions to highlight essential elements of crisis management.

On one hand this thesis shows that subordinate's participation needs to be increasingly focused under time pressure and further, that strong transformational leadership is required in crisis. Owing to this fact, the interviewed executives emphasized the importance of immediate action, the role of mutual trust and effective communication.

On the other hand, those leaders who also had had military leadership training stated to successfully apply the structured approach of the command and control circle with the implied decision making and communication procedures analogue to the military techniques described in chapter 2.3.

Further, it was found that leadership experience and expertise in the respective matter is much more important than innate virtues such as charisma. In terms of leadership military training gives young men and women the chance to learn leadership techniques and to gather experience at a very early stage in their career compared to business life.

Further research is recommended to empirically cross check the results of Korn Ferry´s study with respect to leadership education e.g. of the Austrian armed forces (AAF) in order to find out if the enhanced performance is connected to leadership education itself or to maybe wartime experience which a proportion of the Korn Ferry sample group is supposed to have.

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AAF	Austrian Armed Forces
BG	Brigade General (Brigadier)
BMLVS	Bundesministerium für Landesverteidigung und Sport
CCIR	Commander's critical information requirement
CEO	Chief executive officer
COA	Course of action

Capt.	Captain (Hauptmann)
Col.	Colonel (Oberst)
DVBH	Dienstvorschrift des Bundesheeres
FRLM	Full range leadership model
FM	Field manual
LOS	Leadership observation system
LPC	Least preferred coworker
LTC	Lieutenant Colonel (Oberstleutnant)
Maj.	Major
MbO	Management by Objectives
MDMP	Military decision making process
NCO	Non-commissioned officer
NGO	Non-governmental organization
OODA	Observe, orient, decide, act
PDCA	Plan, do, check, act
RPD	Recognition primed decision
SKKM	Staatliches Krisen- und Katastrophenmanagement

1. Introduction

1.1 Problem Formulation

1.1.1 Leadership Capacity Problem in Crisis Scenarios

The problem of leadership in crisis can be described with a simple diagram below that shows the development of crisis intensity and the respective necessary response forces in terms of leadership and manpower on the ground. The illustration was adapted from *Thalesresearch*, see Figure 1 and reference below. In addition to the required response marked with the black curve (according to the original source) the actual available capabilities are displayed with the blue line (author's modification).

There are four typical intersections separating the possible phases of a crisis described from left to right: first, at the outbreak of a crisis resources have to be activated and there is a high probability that there is one point where the demand exceeds the available forces. I am referring to this point as "chaos point" (1). Second, after the ramp-up has been managed successfully, there is a "productive resolving point" (2). However, if the problem persists over a long period, the organization and its actors reach the "exhaustion point" (3). Finally, after successful implementation of counter measures and start of recovery the organization regains control and reaches the "restoration point" (4).

Here we can see clearly the value of preparedness of an organization and its members, especially the responsible managers. If the event itself cannot be avoided with process and quality control then the agility of the reaction decides on surviving or failing. Other concepts derived from military such as the OODA loop by Colonel J. Boyd underpin the need for a faster decision cycle (OODA stands for observe, orient, decide, act) to outperform and paralyze the enemy by the speed of the process cycle[21]. On the other hand, if the own management capacity reaches its limit before arriving at the problem resolution point (2) the situation will deteriorate to escalation and chaos instead of the desired consolidation.

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[21] http://www.12manage.com/methods_boyd_ooda_loop.html, accessed on 2012-07-15

Hence, the focus in crisis management is on time pressure in deciding and executing and on the agility of an organization and the people behind it to adapt and switch to “crisis mode” and back after the situation calmed down again.

Peischel compared this ability to directing an airplane to surpass a hill – the earlier the pilot recognizes an obstacle with his information management supported by the quality of instrumentation and the more powerful the engine is to deliver the thrust to reach the necessary altitude the more likely chances are that the pilot will land the plane safely[22]. And in turn, the design of the plane reflects the setup of the organization: may it be a jumbo-jet representing a multinational concern or a sports plane illustrating the maneuverability of a small business. This metaphor shall help to visualize the success factors of leadership in crisis.

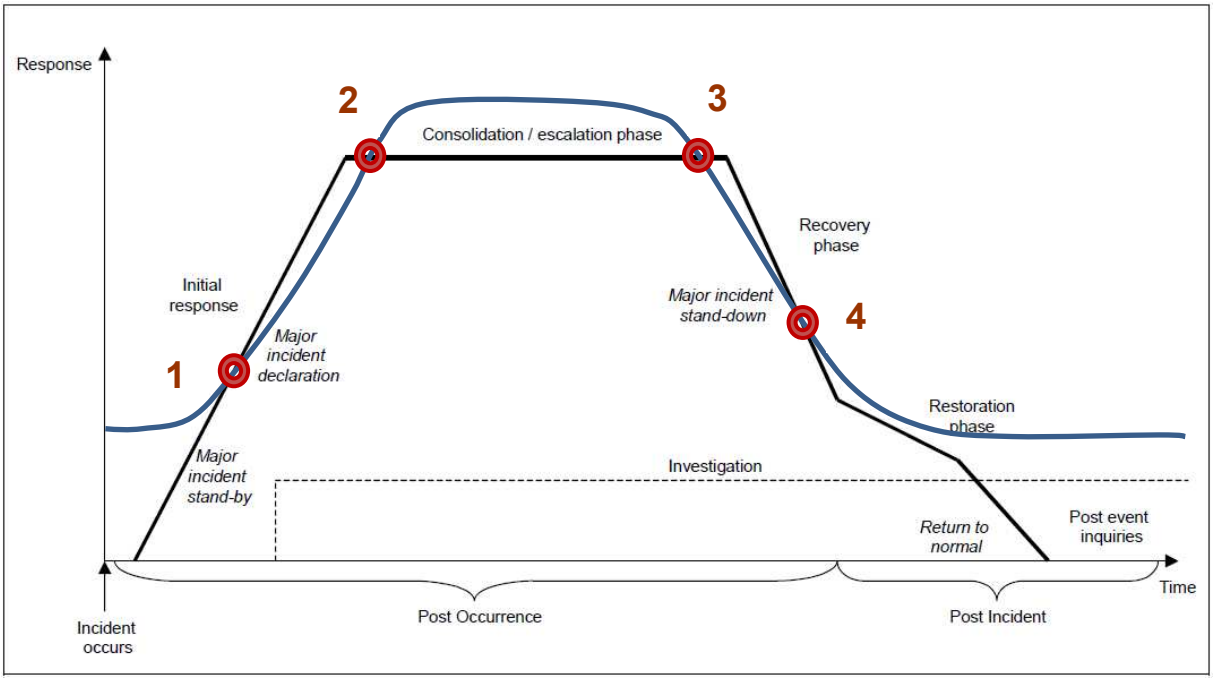

Figure 1 Crisis intervention capability (blue line) vs. crisis life cycle and response intensity graph[23]

1 … Chaos Point
2 … Problem resolution point
3… Exhaustion point
4 …Restoration point

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[22] Personal interview with W. Peischel, 2012

[23] Adapted from *Thalesresearch*: “Crisis Management Models and Timelines”, 2006, p.5 http://www.thalesresearch.com/Publications/WhitePapers/Documents/TRT060601.pdf, accessed on 2012-04-12

1.1.2 Information Gap Problem

In most cases not only the stress due to a crisis will have direct impact on the people and decision makers but also the lack of information especially for those who have to decide how to proceed. The less factual basis available for the decision the more risk is involved and the more responsibility the leader has to take when forced to decide.

Therefore, it is the duty of all leaders and staff members to gain as much information as possible in the time being to support the decision making process. The modality how to maximize staff utilization and information gathering under the given conditions is again a leadership task and has to be trained in advance. When coming to the point of staff organization in crisis in chapter 2.3.3.2 we will learn about three different models of staff involvement depending on the time available.

Further, in chapter 2.3.6 I will present a technique of structured order and information dissemination and explain the concept of backbrief in order to close the information gap between the hierarchy levels.

1.1.3 Decision Making Problem

Reducing the task of a leader or manager to the simplest definition we can say that he or she has to make a decision in the time available and then make sure that the implementation is executed in the foreseen way.

Crisis by its etymologic meaning describes a decisive situation that can change everything to the bad but also to the good side, see also the definition in chapter 2.5.1. Hence, deciding wisely under stress, uncertainty and time pressure while taking over full responsibility for the outcome is one of the crucial skills a leader has to have.

1.1.4 The Execution Problem

S. Bungay[24] refers to the execution problem as the “undiagnosed disease”. He further states that already von Clausewitz described in his epic book “On War” (“Vom

[24] Bungay (2011), p.6ff

Kriege")[25] the tree critical gaps that jeopardize the efficacy of a plan that ought to be put in practice.

Figure 2 below shows the cycle of plans, actions and outcomes with the related gaps and possible roots of friction. First, in the planning phase there is the knowledge gap that reflects to ill-defined problems and lack of information to make a reliable projection how and if the plans will materialize. Next, while disseminating the orders, one needs to take care that everybody got the point and acts in accordance with the leader's intent. Finally, the impact of the action is decisively linked to the capability on team leader's level as we will see in chapter 2.2.4 discussing Action-centered Leadership.

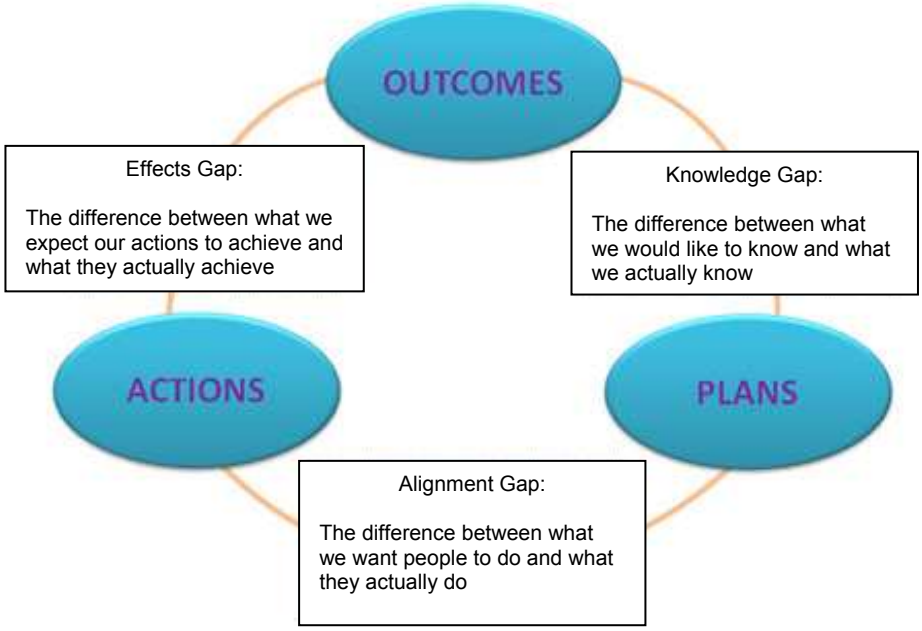

Figure 2 The Three Gaps, reproduced from S. Bungay[26]

[25] Bungay (2011), p.42ff

[26] http://www.globalmarketinginsight.com/applying-the-art-of-action-to-your-business, accessed on 2012-06-14, referring to S. Bungay (2011)

1.2 Scope and Objective of the Thesis

The purpose of the present work is to provide a toolbox out of military leadership techniques with the aim to overcome the three gaps mentioned above.

In most sources of current leadership literature there is the distinction between leadership and management referring to guiding people and effectively organizing to do a job respectively. The means of military leadership cover both sides, however, we will use the term leadership as holistic term for aspects such as leading people, organizing, deciding and executing a mission.

The decision making process under different scenarios with respect to time pressure will be discussed and situational recommendations for staff involvement are given. Concepts to explain intuition as a basis of fast and sound decision making by so called “recognition primed decision making”, “mental simulation” and falsification will be tackled.

Additionally, the present work has the goal to outline an improved situational leadership approach. In the author’s eyes there is a shortcoming in the commonly known leadership models that do not cover the part of how to organize and coordinate the cooperation of team members under time pressure.

Further, the most common leadership models and the issue of charisma in this context are displayed in chapter 2.2 and it will be discussed how a situational approach under the circumstances of a crisis will affect the respective leadership style. Hence, one ought to be aware of the challenges not only of the situation itself but also of the expectation of the organization’s stakeholders towards the role of the leader.

Additionally, the aspects of a staff organization will be presented, since this is a common and proven way to involve specialists and experts of all relevant and important branches into the fact finding and decision making process. Also with respect to crisis management we will discuss different ways of participation when working with a staff organization.

The aspect of cunning and mean tactics some people may associate with military leadership especially after reading Sun Tzu[27,28] is out of scope of this work. With reference to chapter 1.5 about the ethical consideration I will focus on how to do a good job as a leader and not how to crush an enemy.

Finally, based on the empirical finding of the Korn Ferry study this work shall explain why and how military leaders were able to supersede others not only in their original field of expertise but also in managing private enterprises.

1.3 Hypothesis

H1 Shift of leadership style in crisis scenarios

In crisis scenarios there is a shift of required leadership style towards less relationship and higher task orientation which also reflects the need and expectation of the followers. Respective triggers are time pressure and lack of information available in situations with ill-defined problems which requires leaders who decide consciously taking reasonable risk into account and take over responsibility and accountability.

H2 Crisis management shall be organized according to military staff

For the sake of efficient decision making underpinned with maximum factual basis in crisis scenarios one should set up an organization and processes similar to a military staff organization. The preparation of infrastructure and standard procedures increases flexibility respectively. Accordingly, organizations that define and assign predefined tasks and roles to management team members according to staff functions manage crisis scenarios better.

H3 Crisis communication to internal and external stakeholders needs to be timely, consistent and authentic

A special focus is on the internal and external communication that has to be timely, consistent and authentic. For dissemination of information and orders the structure of a military order is concise and to prefer.

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[27] Tzu, S. (1994)

[28] Michaelson, G. A. and S. Tzu (2001)

H4 Decision making process in crisis should follow standard procedures similar to military decision making process

The decision making process is facilitated by a standardized and trained process and guiding principles that serve as an instant check of the quality of a decision. Intuition may be used under defined condition, however, one should use the time available, the assets of staff and avoid hasty decisions.

H5 Trust and confidence into the organization and the own capabilities is essential to success

Confidence of the stakeholders – especially employees – in the own individual and organizational capability is decisive for the agility of a crisis management team. It will be fostered with respective preparation (c.f. H2) and communication measures (c.f. H3) before, during and after the crisis strikes.

1.4 Course of Investigation, Methodology

First of all, a literature research has been conducted. The most important sources from civil researchers about leadership in general, the latest papers from business magazines and publications from military institutions and directives from the U.S.[29], Switzerland[30], Germany[31] and Austria[32] armed forces as well as civilian guidelines to crisis management have been considered.

Further, in order to crosscheck theory with current management and leadership practice the author approached a number of experts i.e. eight military leaders from military science and education, disaster relief force commanders, seven managers from civil enterprises, three of them having a background as reserve officers and also one scholar and author from a University who focused his work on crisis management.

The first expert interviews have been conducted following a set of prepared questions, however, in the course of the interviews it turned out that this guideline was useful as a backup but more interesting aspects were raised when the expert could give an insight in his personal experience and point out the issues he or she felt important without the bias of a questionnaire.

Hence with the present work there is a qualitative empirical research available that covers a literature synopsis, gives an essence of it and also encompasses practical experience from a number of experts, however, without the claim of presenting a statistical sample of manager's or leader's opinions.

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[29] Headquarters Department of the Army, Field Manual No. 101-5, 1997, Washington, DC, http://www.fs.fed.us/fire/doctrine/genesis_and_evolution/source_materials/FM-101-5_staff_organization_and_operations.pdf, accessed on 2012-04-11

[30] Schweizerische Eidgenossenschaft, "Führung und Stabsorganisation der Armee", Reglement 52.054 d, 2004

[31] Bundesminitsterium für Verteidigung: "Truppenführung", HDv 100/100 VS-NfD, 2000, Bonn

[32] Bundesministerium für Landesverteidigung und Sport (2011), DVBH (z.E.) Stabsdienst im kleinen Verband, Wien

When using the experience of practitioners there is a certain risk of generalizing the conclusion of a single situation or incident. Therefore, the results of the interviews have been clustered and mainly used to highlight or underpin aspects of the framework elaborated from literature. Where possible or necessary, the cross-check with the experts was used for falsification or refinement of the theory.

1.5 Ethical Consideration

Military forces are supposed to train for extreme situations such as disaster relief operations, peace support, however sometimes under life threatening conditions and – finally and ultimately – for war. However, in an established sovereign constitution other than a military dictatorship the army will always be an entity under the control and command of politics. Moreover, as stated in 2.3.2 a commander is supposed to know when not to obey orders.

For the individual commander in an operation who faces the challenge to lead subordinates under hostile conditions he ultimately has to decide on his or her best ethical perception. According to e.g. the guidelines of duty for the AAF (Austrian Armed Forces) orders which violate the law or human rights must not be obeyed[33].

Towards his or her subordinates the commander (or leader respectively) has to build his or her authority which is primarily and mainly fueled by conviction for the purpose and the trust his followers have in his or her person and only secondarily by the power of his or her hierarchical position. This trust is mainly created by the leader's competence and skills[34] and on the ability to decide under stressful conditions.

However, one has to be aware of the dangers of authoritarian and charismatic leadership that is associated with military leadership. Firstly, to a certain extent while pursuing the goal the individual is deprived of his own will to decide and act freely. Secondly, in the course of action (COA) it might be up to the decision of a single person to take casualties or collateral damage into account in order to accomplish the justified goal of a mission.

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[33] Bundesministerium für Landesverteidigung und Sport, DVBH (z.E.) Truppenführung, 2004, Wien, p. 39

[34] J. Adair (2005), p.37

Science and history tells us what people are ready to do against their rationale and even against their conscience if authorities are believed in blindly or followers are pressurized. Very striking and alarming are the results of the Milgram experiment when test persons were willing to trigger electroshocks up to eventually lethal magnitude under the command and authority of a trusted scientist.[35]

When discussing military leadership, I will emphasize how to establish an efficient organization, processes and a systematic way to find a decision on a factual or intuitive basis within the time given in order to master a crisis and not how to follow mean and cunning tactics or how to deceive opponents in order to harm them. The ancient Chinese general and author Sun Tzu[36] is frequently cited and further, originating from the Far East, there are sources which describe a set of 36 so called stratagems such as *"Kill with a borrowed knife"* or *"Conceal a dagger in a smile"*[37]. However interesting to read and effective if applied in negotiations or to defeat an opponent they will be of limited use in an imminent crisis and not discussed in the course of this paper.

When we come to talk about transformational, pseudo-transformational leadership and charisma there is indeed a threat of power abuse and exercising influence in order to manipulate subordinates or followers. However, similar to the approach of Neuro-linguistic programming (NLP) the present work discusses tools and techniques how to succeed in crisis and disregards the question if the intention behind is ethically justified.

However, Bass and Riggio[38] are well aware of this dimension of leadership and differentiate between transformational and pseudo-transformational leadership with respect to the underlying intention of the leader as described in chapter 2.2.5.

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[35] http://www.experiment-resources.com/stanley-milgram-experiment.html, accessed on 2012-08-07

[36] Tzu, S. (1994)

[37] http://www.matelong.org/index.php?option=com_content&view=article&id=50:36-ancient-chinese-stratagems-of-war-explained&catid=21:socio-cultural&Itemid=66, accessed on 2012-06-05

[38] Bass and Riggio (2006), p.14f

Further, they highlight the ethical concerns and related questions of transactional and transformational leadership, see table below.

Finally, I want to express my intention to contribute with this work to improve leadership, to give the chance to lead people, decide and organize better in a truly transformational way to turn crisis into opportunity.

Leadership Dynamic	***Ethical Concern***
Transactional Leadership	
Task	*Whether what is being done (the end) and the means employed to do it are morally legitimate*
Reward system	*Whether sanctions or incentives impair effective freedom and respect conscience*
Intentions	*Truth telling*
Trust	*Promise keeping*
Consequences	*Egoism versus altruism – whether the legitimate moral standing and interests of all those affected are respected*
Due process	*Impartial process of settling conflicts and claims*
Transformational Leadership	
Idealized influence	*Whether "puffery" and egoism an part of the leader predominate and whether the leader is manipulative or not*
Inspirational motivation	*Whether providing tor true empowerment and self-actualization of followers or not*
Intellectual stimulation	*Whether the leader's program is open to dynamic transcendence and spirituality or is closed propaganda and a "line" to follow*
Individualized consideration	*Whether followers are treated as ends or means, whether their unique dignity and interests are respected or not*

Figure 3 Moral Elements of Transactional and Transformational Leadership[39]

[39] Bass and Steidlmeier in Bass and Riggio (2006), p. 15

2 Literature Review

2.1 Different approaches of leadership

There are numerous models from many authors available so one could assume that leadership research is quite a mature field. Actually, the opposite is the case: each theory focuses on a specific aspect and – however empirically proven to a certain extent – has its limitation within boundaries of underlying assumptions.

The following part of the work shall give an overview of the most common, most important and most relevant leadership models for crisis management. The main ideas of the respective models are outlined in brief in order to refer and compare these approaches to military leadership during the discussion.

	Trait theories	**Behavioristic theories**
Universal Theories	• Great-man-theory • Big Five • GLOBE study • **Servant leadership** • **Level 5 leadership**	• Blake/Mouton • **Transactional/ transformational Leadership** • **Action centered leadership**
Situational Theories	• **Contingency theory**	• Tannenbaum/ Schmidt, Goleman • Hersey/Blanchard • **Normative decision making model by Vroom-Yetton-Jago**

Figure 4 Classification of leadership theories, reproduced and modified from[40]

[40] Steyrer in Kasper/Mayerhofer (Editor) (2009), p. 41

Figure 4 shows the different categories of leadership theories and the respective representatives covered in the following chapter. The most relevant of them are highlighted with bold font.

While universal theories on one side claim that there is a generally preferable leadership style situational theories assume that the leader has to adapt his style with respect to the situation. On the other side, universal theories e.g. the great-man-theory pursue the idea that there are certain characteristics that defines a good leader[41] compared to a situational approach suggesting different extent of relationship orientation after running through a decision tree assessing the respective situation.

Other sources like J. Adair's action centered leadership model[42] describe a set of tasks for team, task and individual benefit a leader has to fulfill with a balance depending on the situation in order to succeed.

In contrast, M. Weber outlined "charismatic leadership" and claimed that leadership would be attached to certain behaviors and personalities. The aspect of charisma seems to be especially important in times of crisis and turmoil[43] and was also implemented into the concept of transformational and transactional leadership described in chapter 2.2.5.

The third major approach to tackle the problem is to describe traits of characteristics a leader should have to be more likely to succeed. These models such as "Level 5 leadership" by J. Collins[44] or the "GLOBE" paper[45] on international comparison of leadership attributes represent this idea. These theories are quite useful to identify potential candidates for leadership positions, however, they are less hands-on while recommending concrete action in crisis scenario and mentioned here

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[41] Steyrer in Kasper/Mayerhofer (Editor) (2009), p. 41

[42] Alan Chapman: "Action centered leadership", http://www.businessballs.com/action.htm, accessed on 2012-08-05

[43] Weber in Bass and Riggio (2006), p. 64

[44] Collins (2001), in HBR 2005

[45] Hartog et al.: "Emics and etics of culturally-endorsed implicit leadership theories: Are attributes of charismatic / transformational leadership universally endorsed?", 2004, in D. Sluss, Executive Academy handout 2011

for the sake of completing the picture but not further discussed with respect to crisis management.

2.1.1 Essential task of leadership

Before describing different leadership styles one has to ask what purpose the function of leadership – not the individual person assigned with the task of leading – has to fulfill. This consideration is referred to as functional approach by Adair and is complementary to the social psychological theories that are focusing on the qualities a leader should expose.[46]

Moreover, the differentiation of the functional approach is necessary since sources such as G. Hamel[47] in his essay "Schafft die Manager ab!" reports from a U.S. based enterprise named Morning Star Company[48] that radically eliminated all levels of hierarchy and claims that the enterprise works merely with the self-organization of its employees. Tasks such as defining job descriptions with the respective compensation, goals and processes or procurement decisions are to be negotiated between the employees that have to cooperate in the process chain. On the website of Morning Star Self-Management Institute its founder, Chris Rufer, states that *"Self-Management is the most effective and efficient method of organizing people."*[49]

In the course of this thesis I will challenge this claim, however, the a.m. approach shows that the first question is not only about the leader as a person and his individual style how to guide his subordinates but rather what output leadership needs to provide for an organization to succeed and to work efficiently.

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[46] Adair (2005), p. 23

[47] G. Hamel (2012): „Schafft die Manager ab!"; *„Abolish Managers", translation by the author*

[48] http://www.morningstarco.com/index.cgi?Page=Self-Management, accessed on 2012-06-03

[49] http://self-managementinstitute.org/, accessed on 2012-06-03

Below there is a selection of the most important behavioral descriptions of leadership according to the leadership observation system (LOS) by Luthans and Rosenkrantz[50] and a few examples of the respective task:

[50] Luthans/Rosenkrantz, 1995, in: Steyrer, 2009, Kasper/Mayerhofer (Editor)

1) Planning a) Setting of goals b) Assigning tasks c) Scheduling of work 2) Staffing a) Defining job descriptions b) Hiring 3) Training/Developing a) Coaching & mentoring 4) Decision making a) Defining problems b) Weighing alternatives, trade-offs c) Deciding 5) Paperwork a) Report writing b) Mail processing 6) Exchange routine information a) Conducting staff meetings b) Convey results of meetings	7) Controlling a) Inspecting work b) Monitoring performance data c) Preventive measures 8) Motivation/Reinforcing a) Convey appreciation, give credit b) Listening to suggestions c) Delegating responsibility and authority 9) Punishment a) Enforcement of rules b) Dismiss employees 10) Interaction with outsiders a) Public relations b) Customer relations 11) Managing conflict a) Managing interpersonal conflicts within the team b) Appealing 3rd party as mediator 12) Socializing/Politicking a) Informal communication b) Talking about rumors c) Politicking

Figure 5 Tasks according to LOS – leader observation system[51]

We will see later in chapter 2.2.8 about military leadership that most of the above mentioned tasks that are assigned to crisis management, such as list item 1, 4, 6, 7, 8, 9, 10, 11 are covered with a number of standard tools and procedures from

[51] Luthans/Rosenkrantz, 1995, in: Steyrer, 2009, Kasper/Mayerhofer (Editor)

the military. The other list items can be assigned to routine work and are more relevant to crisis preparedness.

2.2 Leadership Styles, Models of Situational Leadership

	Visionary Leadership	Coaching Style	Affiliative Leadership	Democratic Leadership	Pacesetting Leadership	Commanding Leadership
Leader characteristics	Inspires. Believes in own vision. Empathetic. Explains how and why people's efforts contribute to the 'dream'.	Listens. Helps people identifying their own strengths and weaknesses. Counselor. Encourages. Delegates.	Promotes harmony. Friendly. Empathetic. He boosts moral. Solves conflicts.	Superb listener. Team worker. Collaborator. Influencer.	Strong urge to achieve. High own standards. Initiative. Low on empathy and collaboration. Impatience. Micromanaging. Numbers-driven.	Commanding. "Do it because I say so". Threatening. Tight control. Monitoring studiously. Creating dissonance. Contaminates everyone's mood. Drives away talent.
How style builds resonance	He moves people towards shared dreams.	Connects what a person wants; with the organization's goals.	Creates harmony by connecting people to each other.	Appreciates people's input and gets commitment through participation.	Realizes challenging and exciting goals.	He decreases fear by giving clear direction in an emergency.
The impact of the style on the (business) climate	+ + +	+ +	+	+	Often — — when used too exclusively or poorly	Often — —
When style is appropriate	When changes require a new vision. Or when a clear direction is needed. Radical change.	To help competent, motivated employees to improve performance by building long-term capabilities.	To heal rifts in a team. To motivate during stressful times. Or to strengthen connections.	To build support or consensus. Or to get valuable input from employees.	To get high-quality results from a motivated and competent team. Sales.	In a grave crisis. Or with problem employees. To start an urgent organizational turnaround. Traditional military.

Figure 6 Six Leadership styles by Goleman et. al.[52]

As an example of leadership differentiation Figure 6 describes various leadership styles however, typically, as shown under the column of commanding leadership above there are wide spread prejudices attached to military leadership which is seen only as being directive. Obviously, many authors are not aware of the full range of military leadership and disregard the fact that many of the origins of management techniques such as management by objectives by P. Drucker lay in the so called mission command or “Auftragstaktik”.[53]

In the following chapters there is a brief summary of the most important leadership models to establish a framework in order to create the common understanding of the challenges of leadership.

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[52] D. Goleman et.al., 2002 in http://www.12manage.com/methods_goleman_leadership_styles.html, accessed on 2012-04-13

[53] Bungay (2011)

2.2.1 Leadership model by Tannenbaum/Schmidt

This leadership model is probably one of the most common and well known in education, leadership training and practice. Due to its one-dimensional character it is easy to visualize and memorize, however, it only considers freedom and involvement of subordinates in the decision process and disregards parameters such as characteristics of the task and the maturity of subordinates and managers. As shown in Figure 7 the participation increases from left to right which represents the commonly believed optimum state of cooperation with sustainable motivation.

Very often military leadership is put in the very left – i.e. manager orientated – corner without further differentiation, see also Figure 6 by Goleman. As we will see in the course of this work there are many more dimensions of situational leadership available and that there are modes for staff operation in military available that do reflect situational parameters respectively.

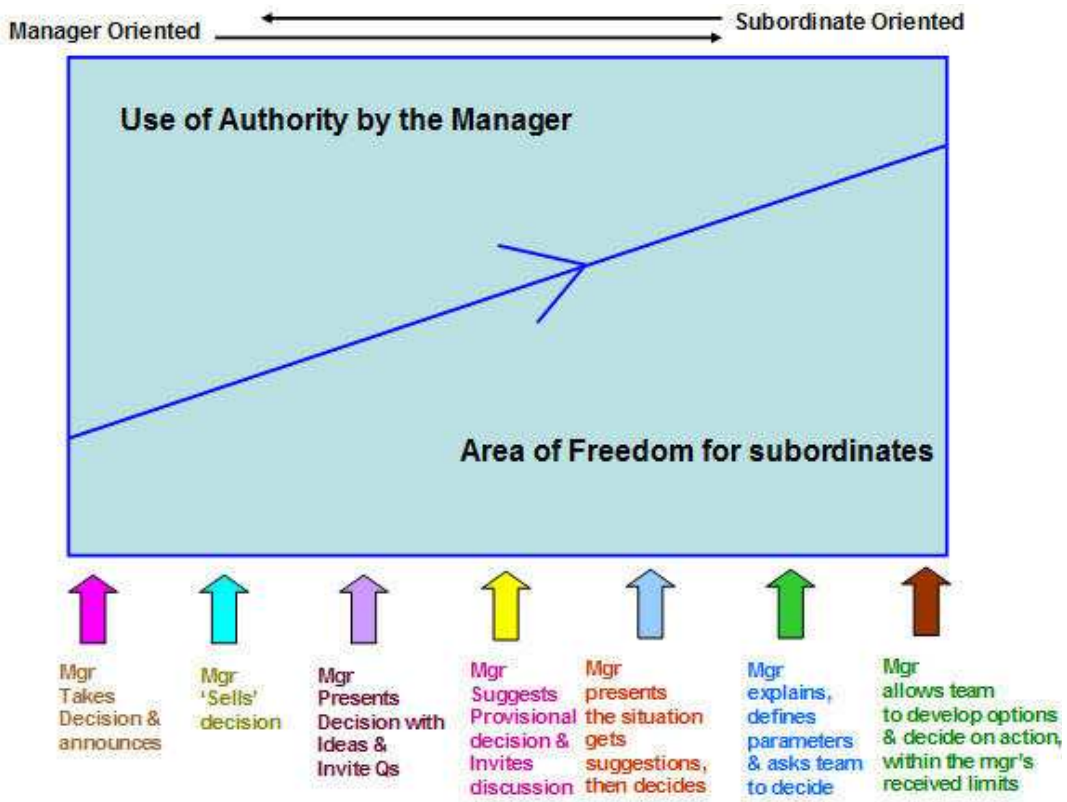


Figure 7 Leadership continuum by Tannenbaum/Schmidt[54]

54 http://leadershipchamps.files.wordpress.com/2008/04/tannenbaum_schmidt_model.jpg, accessed on 2012-06-17

2.2.2 Managerial Grid Blake/Mouton

Dating back to 1964 the two-dimensional managerial grid by Blake/Mouton plots concern for results against concern for people, however, there is no restriction or interdependency, e.g. if one parameter is high then the other need to be low. Hence, every combination is possible so that there is one distinct optimum point in the graph – the 9, 9 spot in the upper right corner. Therefore, similar to Tannenbaum/Schmidt the grid rather presents an analysis and description of situations than a recommendation for situational leadership.

On the other hand, to visualize leadership in crisis resolution we may reckon that the concern for the task to relief the situation will be more pronounced and therefore the concern for people might drop which leads us to a more authoritarian style in the area of 9, 5 indicated with the red arrow in Figure 8 (c.f. H1).

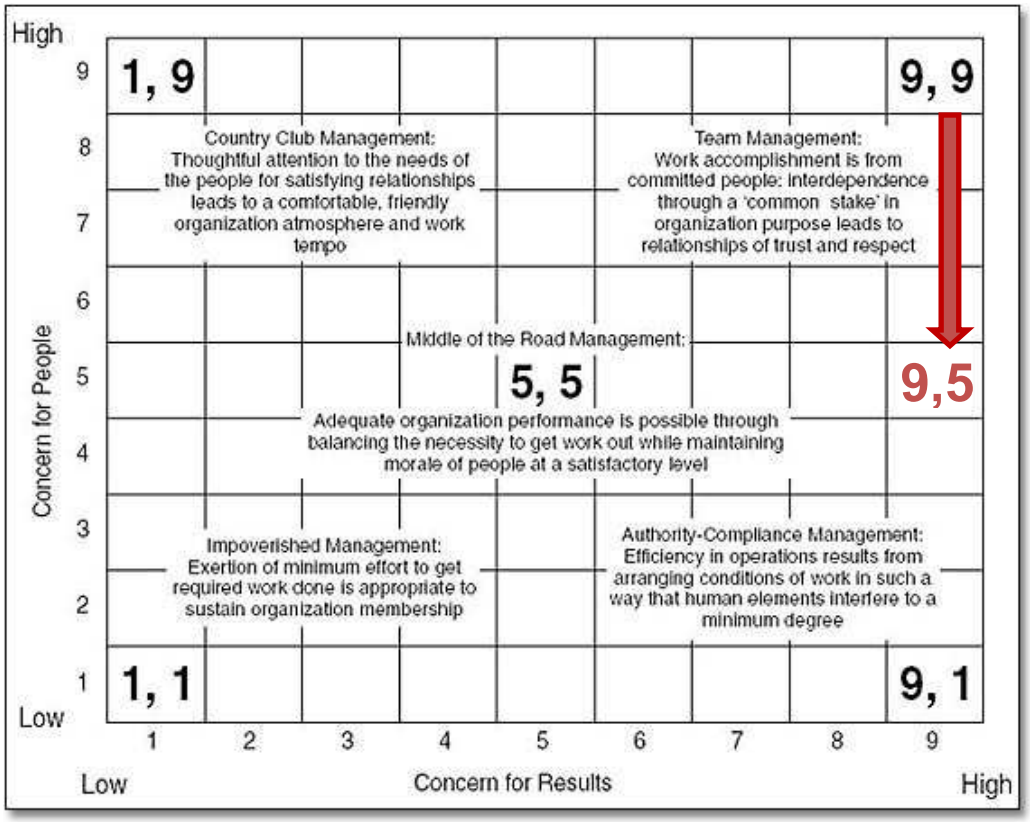


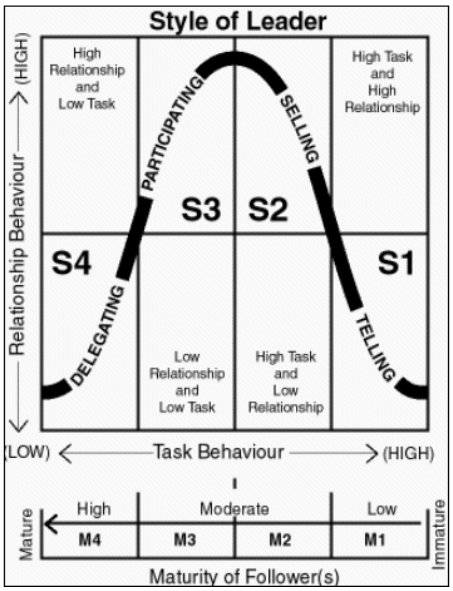
Figure 8 Managerial Grid by Blake/Mouton[55] (modified by the author)

[55] The Open University: 4.3 Leadership theories, http://labspace.open.ac.uk/mod/resource/view.php?id=339048, accessed on 2012-06-17

2.2.3 Maturity score Hersey/Blanchard

In contrast to the model of Blake/Mouton as described above Hersey/Blanchard present a situational behaviorist leadership model based on the ideas of Blake/Mouton that introduces an additional parameter of follower's maturity.[56]

The approach of Hersey and Blanchard from the early 1970ies suggest a two dimensional plot of task versus relationship orientation, however, giving a recommendation of the favorable match between task, maturity of the follower and the respective leadership style. The four appropriate styles and maturity stages are summarized in Figure 9 and Figure 10 below.



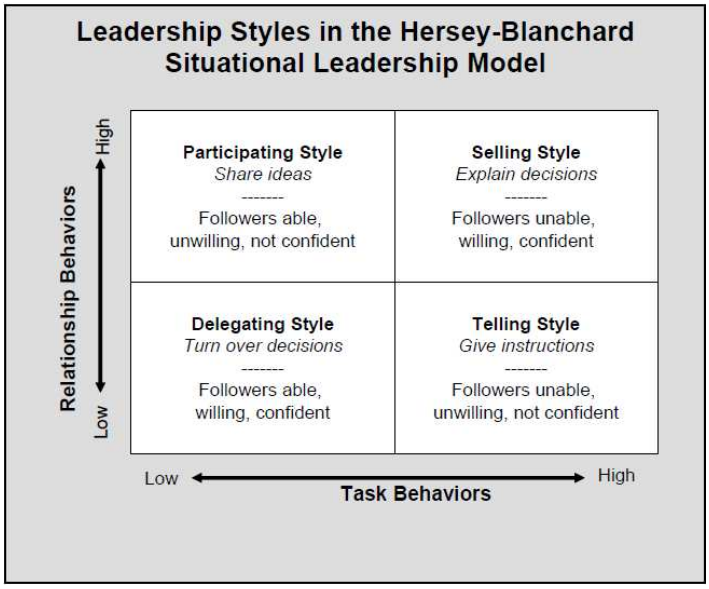


Figure 9 (left) Leadership styles according to Hersey/Blanchard[57]

Figure 10 (right) Description of leadership styles[58]

While giving reasonable advice for leadership in day-to-day situations with freedom and flexibility of the manager to choose among four appropriate styles without constraints in time or own limitations there is no indication how to cope with leadership in the event of a crisis.

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[56] Steyrer, 2009, in Kasper/Mayerhofer (Editor), p. 71f

[57] http://4.bp.blogspot.com/-lN5k-Kz5khg/TqX1XokGkzI/AAAAAAAAB2M/U1zpuopP_KA/s1600/Leader1.gif, accessed on 2012-06-17

[58] http://www.learningdomain.com/Situational.pdf, accessed on 2012-06-17

2.2.4 J. Adair's action centered leadership model

Adair´s approach to leadership is remarkable in various ways. Firstly, he claims that leadership is not an innate gift but can be trained. He stated: *"there is no such thing as a born leader"* and not every leader associated with strong leadership skills would succeed under each circumstances. To give an example he continued: *"Churchill was a great leader in wartime but not so good in times of peace"*. [59]

Secondly, Adair points out three essential tasks of leadership tasks that have to be in balance in order to succeed see Figure 11 below. The idea in short is to establish a framework of management duties regarding task and relationship orientation, however, he decided to further differentiate the latter to concern for the group and the individual needs. In order to achieve sustainable results one needs to focus on the following three areas. An extract of the key points is listed below:[60]

1. Achievement of a goal or task
    - Create a vision
    - Define the task and the activities
    - Allocate resources (workforce, financial and time)
    - Create tools to facilitate processes and tasks
    - Monitor and assess the performance against parameters
2. Concern for the group performing the task
    - Set standards of performance and behavior, establish group culture
    - Monitor and maintain discipline, ethics, integrity and focus on objectives
    - Anticipate and resolve group conflict, struggles or disagreements
    - Ensure internal and external group communications
3. Concern for the individual performing the task
    - Recognize coworkers as individuals with their personality and set of skills
    - Increase empowerment, personal objectives and responsibilities
    - Give recognition and praise to individuals - acknowledge effort and good work
    - Develop team member's capabilities and strengths

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[59] http://www.learn-to-be-a-leader.com/john-adair.html, accessed on 2012-06-17

[60] http://www.businessballs.com/action.htm, accessed on 2012-07-11

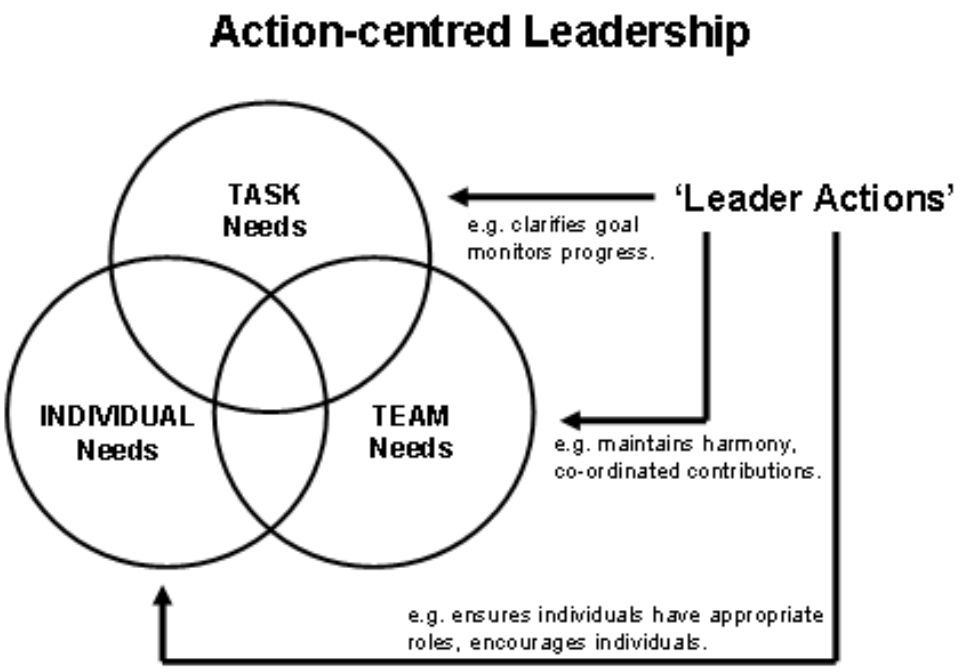

Figure 11 Adair's action centered leadership model[61]

Next, he highlights from the list of desirable generic attributes of a leader enthusiasm and integrity as the indispensable ones and claims that *"the importance of the leader possessing the appropriate technical of professional knowledge required in the given situation"* is the basis to be qualified and accepted as a leader.[62]

Further, in terms of leadership development Adair stresses that leadership development has to start timely to seize the window of opportunity of personal development *("you don't teach the paths of the forest to an old gorilla")*[63] and to cover all three levels of hierarchy namely the team, operational and strategic level however focusing on potential team leaders before they are appointed to a leadership function.

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[61] http://www.uwe.ac.uk/library/resources/bbs-study-skills/groups/action.htm, accessed on 2012-06-17

[62] Adair (2005), p. 37

[63] Adair (2005), p. 75

2.2.5 Transactional leadership and transformational leadership by Bass

The virtue of charisma is a topic that stands very often at the beginning of discussions about leadership, the question what would make good leaders and how to select and prepare them for their task[64]. Is it an innate talent or gift as the literal meaning of the word expresses or can it be trained? And moreover, should an organization rely on only one or a few individuals with this exceptional ability or better develop leadership and empowerment at all levels of the organization in order to reliably sustain operations even if one key-leader should not be available temporarily or permanently?

Bass et al.[65] developed a framework of leadership styles that takes also the charismatic aspect into consideration and integrated it into the "4Is" (or "5Is", depending on the source, see Figure 12). Further, to distinguish between the desirable transformational leadership he is suggesting and the manipulative style of charismatic leaders e.g. of dictators that misled their people to unethical goals Bass referred to them as pseudo-charismatic leaders. However, the main difference between the two characteristics is whether the leader is *"self-concerned, self-aggrandizing, exploitative, and power oriented"*[66] or socially motivated.

Figure 12 below shows the elements of the "Full Range Leadership Model" (FRLM) in the two dimensions effective/ineffective and active/passive. The bars' thickness represents the suggested frequency of the respective leadership behavior in the case of an optimum leadership profile.

One can easily see that the passive elements such as laizes fair LF and reactive leadership MBE (P) are supposed to be less frequent compared to the active and transformational ones. Moreover, also the commonly spread model of contingent reward is considered not as effective as exercising the 5Is of idealized influence, inspirational motivation, intellectual stimulation, individualized consideration and imposes trust.

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[64] Koller (2001)

[65] Bass (2006)

[66] Bass (2006), p. 14

Bass et al. conducted numerous empirical studies to investigate the correlation of these factors with efficiency, job satisfaction and even burn out. It is interesting to note that transformational leadership not only lead to better performance but also significantly reduced the felt symptoms of stress and burnout.[67]

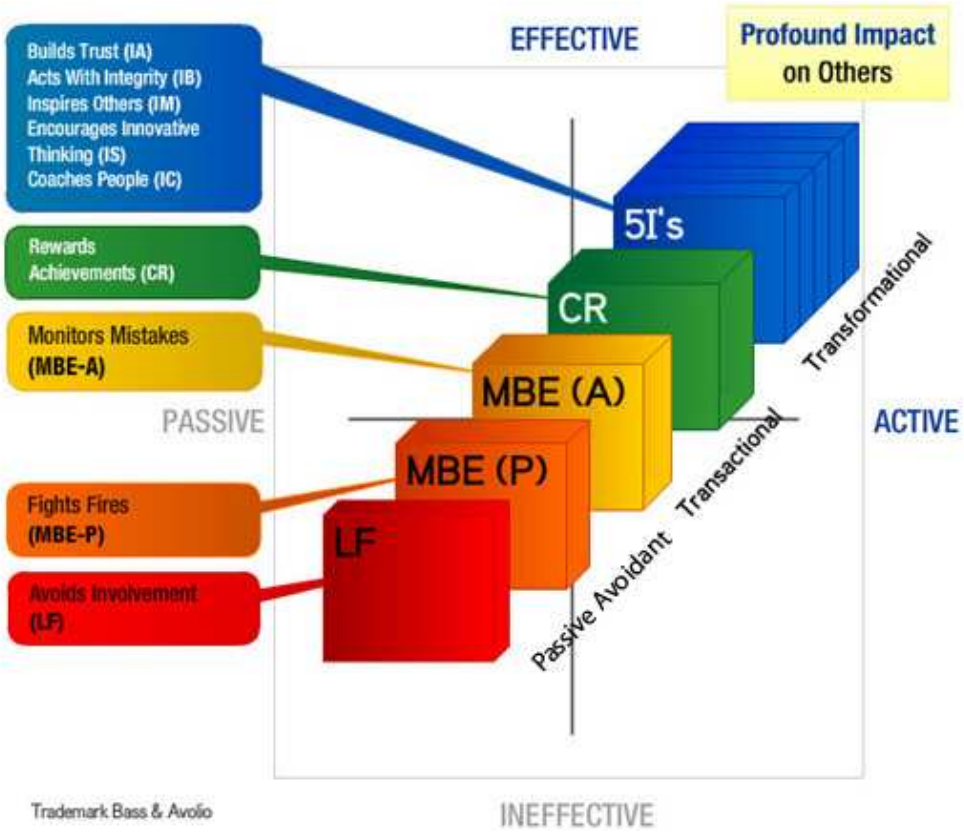

Figure 12 The Full Range Leadership Model (FRLM) by Bass and Avolio[68]

2.2.6 Servant Leadership

Servant leadership is a further approach descending from charismatic and transformational leadership. However, in contrast to transformational leadership servant leadership postulates the leader to serve his followers and put their needs first. [69] This benevolent and caring property combined with humility is summarized as

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[67] Bass (2006), p. 77

[68] http://www.mmurray.com.au/leadership/full-range-leadership-model/, accessed on 2012-07-22

[69] M. P. Erhardt: "Testing a Servant Leadership Theory Among United States Military Members", 2008, http://www.regent.edu/acad/global/publications/elj/vol1iss2/ELJ_V1Is2_Earnhardt.pdf , accessed on 2012-07-27

agapao love in contrast to self-aggrandizing personalities Bass referred to describing pseudo-transformational leaders.

As illustrated in Figure 13 the starting point for servant leadership is the leader's agapao love positively correlating with his or her humility and altruism and further, the power to develop visions for the followers and trust in them. Finally, he found the latter factors again related to will to empower followers and in turn the ability and willingness of the leader to serve an altruistic goal.

In fact, Erhardt could empirically prove the positive correlation of the respective traits with a sample of military personnel from different ranks and function from a U.S. department of defense. However, he did neither find significant differences regarding gender nor rank.

The concept of servant leadership is related and supported by the concept of Collins' "Level 5 leadership"[70] however it is supported on empirical measurable performance of publicly listed fortune 500 companies and additionally demands exceptional professional will in order to get from good to great while Patterson investigated merely the interrelation between the desirable properties.

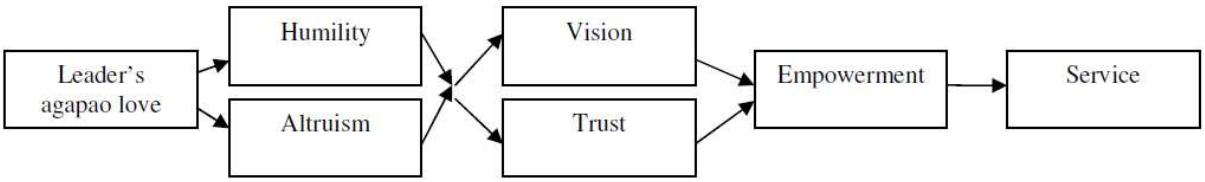

Figure 13 Patterson's Leadership Model[71]

2.2.7 Contingency Theory

Trait theories are based on the assumption that certain innate personal properties define if a leader is effective or not. Fiedler with his contingency theory pursued a situational trait approach and postulated that there are neither good nor bad leaders but a leader has to fit to the respective situational context.[72]

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[70] Collins (2001), in HBR 2005

[71] Patterson (2003) in Erhardt (2008)

[72] Fiedler in: Steyrer, 2009, Kasper/Mayerhofer (Editor), p. 84

In order to find an empirical basis he introduced a so called LPC (least preferred coworker) value that indicated to what extent a superior would be tolerant towards a subordinate he disliked and claimed this to be a measure of relationship orientation.

The interesting outcome of his work was that in the case of extreme good (no. 1, 2 and 3 in Figure 14 below) or extreme bad conditions (no. 7 and 8) task orientation was the prefered style the correlation between relationship orientation and efficiency was negative while only in situation 4, 5 and 6 there was a benefit from relationship orientated leadership. However, in the latter case, there is a significant peak in the situation of weak position power combined with ill-defined task structure and good leader-follower relationship.

This seems to be a contradiction to other leadership theories where relationship orientated and participative leadership styles are favored compared to task orientated style. The exclusive either task or relationship description without the option of coexistence is also the main criticism of this approach, however, this theory is still worth mentioning since it highlights where the main effort of leadership in the respective situation ought to be. We will also refer to Figure 14 later when differentiating crisis management with and without formal power.

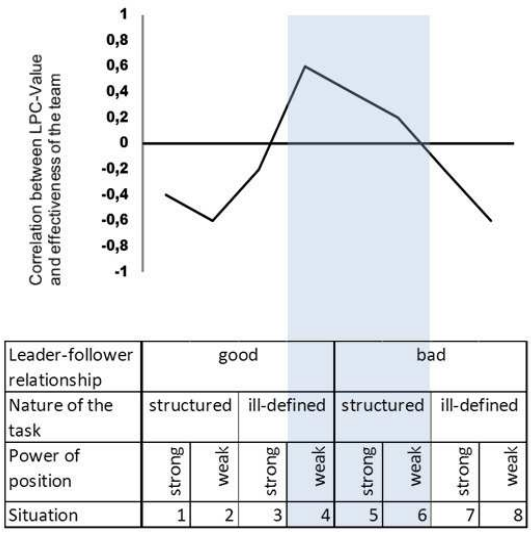

Figure 14 Fiedler's Contingency Theory, Correlation between LPC (relationship orientation) and Effectiveness[73]

[73] Fiedler in: Steyrer, 2009, Kasper/Mayerhofer (Editor), p. 84

2.2.8 The Normative Vroom-Yetton-Jago Decision Model

The idea of this model is to give an explicit advice what situation favors which leadership model in terms of participation in decision making. I will highlight it here because it is useful to describe the crisis mode of leadership and the contingency of time pressure and its consequences on the decision making process.

There are five leadership styles (or decision making processes respectively) with different extent of participation[74] similar to the leadership continuum by Tannenbaum/Schmidt presented earlier in chapter 2.2.1. However, with the seven guiding questions and the decision tree shown in Figure 15 one can derive in what extent of participation a decision is recommended to be taken. When discussing military decision making we will come back to the fact highlighted in Figure 15 that group decision is only necessary when there is lacking support from the team to a leader's decision.

- A1 – Autocratic I: leader makes the decision and informs group.
- A2 – Autocratic II: leader requests information without revealing the background, decides and informs followers.
- C1 – Consultative I: leader informs and consults team members individually and decides on his or her own.
- C2 – Consultative II: leader informs and consults team members as a group, collects suggestions and decides on his or her own.
- G2 – Group: leader moderates decision making process and facilitates a collaborative decision of the group.

[74] Steyrer in Kasper/Mayerhofer (Editor) (2009), p. 76

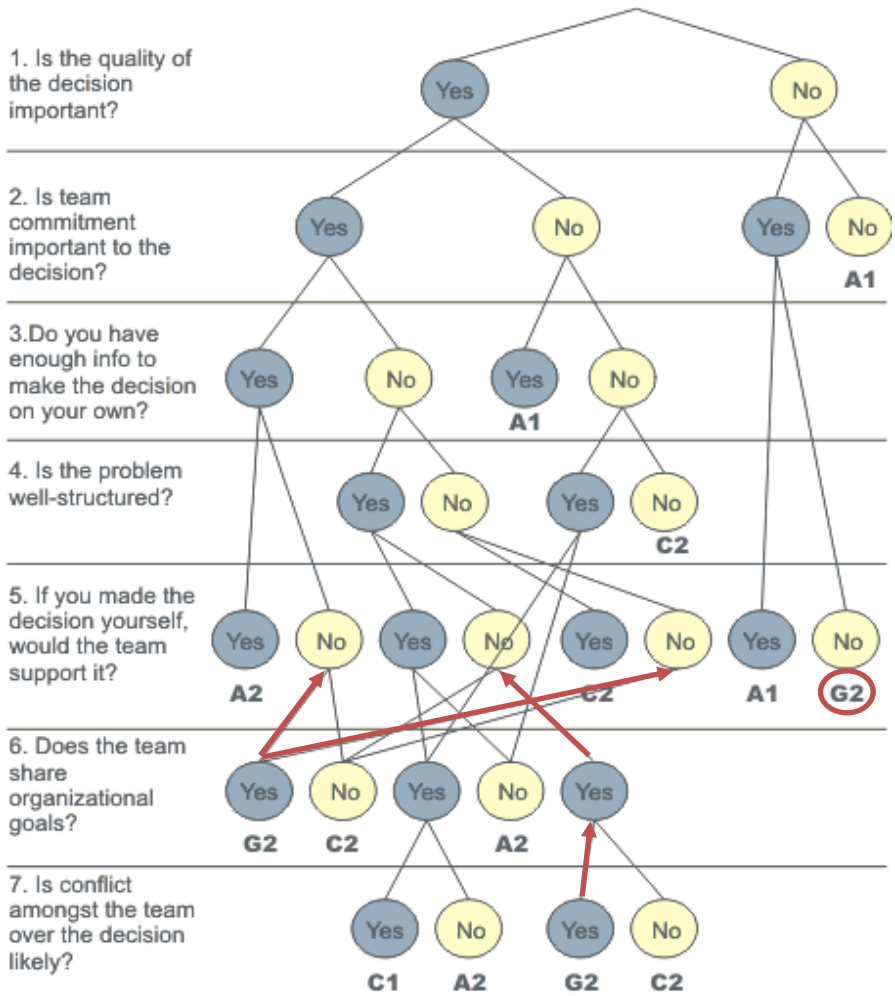

Figure 15 Vroom-Yetton-Jago Decision Model[75]

2.3 About Military Leadership

2.3.1 Leading from the Front

After having described the most relevant leadership models of the current literature we will highlight principles of military leadership its commonalities and differences to civil leadership. Further, we will elaborate how private enterprises could benefit from this treasure of knowledge that has evolved over thousands of years of experience with uncountable historical examples of successful leaders and catastrophic failures.

As outlined in the introduction to this work there are a lot of prejudices and myths about military leadership. However, there is one thing that organizations of

[75] http://www.mindtools.com/pages/article/newTED_91.htm, accessed on 2012-07-22

every kind have in common: they need to succeed in sometimes rapidly changing environment and have to supersede competitors with their output may it be a product, service or in direct confrontation in order to survive. That is especially true for the military and in contrast to civil organizations and enterprises military "play" at high stakes and the personal involvement and risk of the commander.

For example the risk of an officer to be killed in action was two to three times higher in last century's wars such as World War II, Six-days-war, Yom-Kippur-War and Falkland war.[76] This fact underpins on one hand the authentic leadership to be side-to-side with the subordinates when and wherever the crisis strikes and the willingness of the leader to be a role model exposing the virtues he or she expects from the followers.

Zwygart who analyzed numerous battles and situations from wars stressed that visibility of the commander and leading from the front where he (there were only male examples) could have the most impact on the scene and motivation of his troops.[77]

2.3.2 The Principle of Mission Command or "Auftragstaktik"

The approach of military leadership to respond to increasing complexity is the principle of mission command. Meanwhile, modern armies such as the U.S., British, German, Swiss and Austrian adopted this concept – to name only a few and to which the author had access to the respective directives and field manuals. U.S. field manual 6-0 describes mission command in a concise way: [78]

> *"1-9. Mission command is the exercise of authority and direction by the commander using mission orders to enable disciplined initiative within the*

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[76] U. Zwygart (1987), p.66f

[77] U. Zwygart (1987), p.61f

[78] http://www.combatindex.com/store/field_man/Sample/FM_6-0.pdf, accessed on 2012-07-22

commander's intent to empower agile and adaptive leaders in the conduct of full spectrum operations."[79]

Further, Bungay describes battles not (only) as clash between nations or individuals in top level command but – more technically – *"as clashes between organizations"*. He conducted both historic research and also translated the idea of "mission command" (or "Auftragstaktik") developed by the Prussian General Carl von Clausewitz into business language.[80]

The idea of mission command has already been adopted by Drucker into his concept of management by objectives[81], however mission command it is more than breaking down top level goals to subordinates, controlling the execution and eventually correcting mistakes or tying contingency reward to respective fulfillment.

In contrast to the common perception military mission command does not put alignment and autonomy as a dichotomy but as two dimensions that can be achieved at the same time, see Figure 16 below.

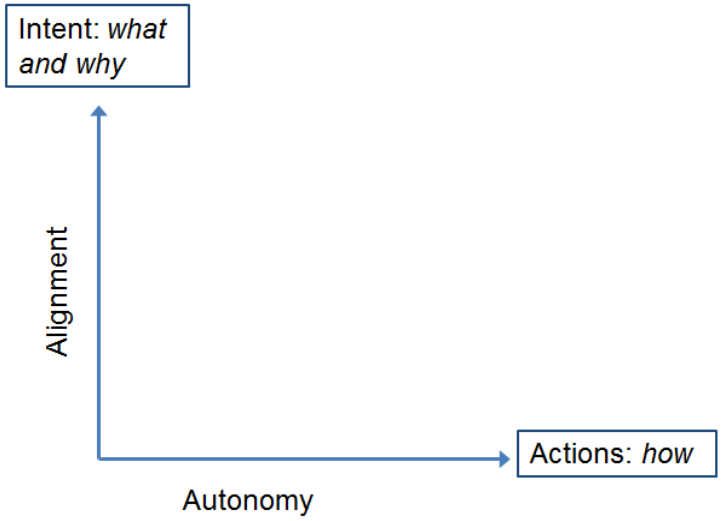

Figure 16 High alignment enables high autonomy[82]

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[79] Field Manual FM 6-0 Mission Command September 2011 US Army, paragraph 1-9, http://www.amazon.com/Manual-Mission-Command-September-ebook/dp/B0073BFEWS#reader_B0073BFEWS, accessed on 2012-07-23

[80] Bungay (2011)

[81] Drucker in F. Malik (2001), p. 174

[82] Bungay (2011), p. 65

To emphasize this point that even disobedience to orders in serving the intention of the higher command is within the range of mission command a short anecdote is given below.

> *A major, receiving a tongue-lashing from the Prince for a tactical blunder, offered the excuse that he had been obeying orders, and reminded the Prince that a Prussian officer was taught that an order from a superior was tantamount to an order from the King. Frederick Charles promptly responded: "His Majesty made you a major because he believed you would know when not to obey his orders."*[83]

Mission command developed from the background of dispersed forces on the battlefield as the technical parameters of infantry weapons increased and the commander could not visually oversee his subordinate units. Hence, as warfare became more complex[84] situations with lack of reliable information e.g. of the exact position of own and enemy forces arose. Hence, more autonomy had to be assigned to the subordinate commanders to cope with this situation but on the other side every commander has to be aware of the situation and intent of the next two echelons in order to be able to act in alignment of the overall goal (c.f. military order scheme Table 1). Nevertheless, thorough synchronization of the actions of is one of the most crucial tasks to the superior commander. Owing to this fact, the standard order's structure of a military operation follows exactly this scheme as shown in chapter 2.3.6.

2.3.3 Standard Procedure of Military Leadership

The operation under complex and unclear conditions, under stress and personal risk requires a stable structured process that allows a commander to align all involved personnel to one goal, synchronize their effort and make sure that the own leadership process is faster than the enemy's – may it be another military detachment or the speed of evolvement of a crisis.

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[83] Dupuy, Trevor N. *A Genius For War*. Englewood Cliffs, NJ: Prentice-Hall, 1977, p.116, in http://www.xenograg.com/77/excerpts/mission-tactics-knowing-when-not-to-obey-orders, accessed on 2012-07-22

[84] http://www.amazon.com/Manual-Mission-Command-September-ebook/dp/B0073BFEWS#reader_B0073BFEWS, p. xii, accessed on 2012-07-23

In Figure 17 the four key elements of the leadership system according to manual of Austrian Armed Forces are shown. The individual components are described in following chapters.

Figure 17 Leadership System and its Components[85]

2.3.3.1 Leadership Principles

In contrast to literature where leadership principles are suggested to be a commonly agreed basic understanding of leadership tasks and behavior with in a company[86] in the context of military leadership they serve on one hand as an overall guidance for evaluation of organizations and procedures and on the other hand they may be used as quick check criteria for decision making.

The 13 leadership principles ("Führungsgrundsätze") available in the AAF are listed below[87]. However, other armies such as the German Bundeswehr[88] and organizations such as Austrian Police[89] or Civil Crisis Management[90] use a similar set of leadership principles adapted for their respective purpose.

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[85] Reproduced and translated by the author from Bundesministerium für Landesverteidigung und Sport (2011), DVBH (z.E.) Stabsdienst im kleinen Verband, p. 19

[86] Neges (2007), p. 55ff

[87] Bundesministerium für Landesverteidigung und Sport (2011), DVBH (z.E.) Stabsdienst im kleinen Verband, p. 20

[88] Bundesministerium für Verteidigung: „Truppenführung", HDv 100/100, 2000, Bonn, paragraph 419ff

[89] Haas (2011), p. 90

[90] Staatliches Krisen- und Katastrophenmanagement (2006), p. 13ff

As we will see later in chapter 2.3.5 about intuitive decision making these principles are useful measures to evaluate courses of action and rule out pointless moves by falsification.

Military leadership principles (underlined items are also stated in civil regulations)[91]

1. **Clear objective (Klares Ziel)**

   Define the mission and set clear goals. Make sure everybody is in line with it.

2. **Unity of command (Einheit der Führung)**

   Within one coherent area of terrain (so to say independent organizational unit) there must be only one responsible commander.

3. **Initiative action (Initiative)**

   Shaping the scene is better than reacting at the pace of external stimuli.

4. **Concentration of forces (Schwergewichtsbildung)**

   Similar to 1., however, one has to allocate the main effort of resources towards the goal at the expense and the risk of neglecting minor tasks.

5. **Cooperation (Kooperation)**

   Make use of the full capability of your network.

6. **Economy of efforts (Ökonomie der Kräfte)**

   Fulfill the task with least possible effort.

7. **Formation of reserves (Reservenbildung)**

   Be prepared for the unexpected and to shift main effort to react to deterioration of the situation immediately.

8. **Flexibility/Agility (Beweglichkeit)**

   Try to allocate resources in a way that they are not to be blocked for further action and available for multipurpose use.

9. **Simplicity (Einfachheit)**

   Reduce complexity. In crisis only established and manageable processes will work.

10. **Surprise and camouflage (Überraschung und Täuschung)**

    Surprise significantly reduces time to react. Use principle 13. to avoid own surprise.

11. **Synchronization (Synchronisation)**

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[91] In bold: Bundesministerium für Landesverteidigung und Sport (2011), DVBH (z.E.) Stabsdienst im kleinen Verband, p. 20; in bold and underlined: ON Österreichisches Normungsinstitut (2006), ONR 192320, p. 21, translation and comments by the author

Coordinate operations to maximize impact and to avoid counteraction of own forces.

12. Protection of forces and movement (Schutz und Sicherheit)

Establish force protection while resting, moving and during operations.

13. Superior information management (Informationsüberlegenheit)

Use reconnaissance at points regarding critical information. Always have an updated situational map with all relevant information available.

2.3.3.2 Leadership Organization

According to Malik organizational structures are always deficient due to the friction at the interfaces of its entities and there is no good organization – only bad and worse ones.[92] He further states that every organization suffers friction in terms of information and coordination especially at the interfaces of different areas of responsibility either between the departments within the organization or to the external stakeholders.

However, here we can see the application of the leadership principles: regarding organization unity of command, cooperation and clear focus on the purpose of the enterprise or endeavor is the key to success. Hence, single purpose organizations are those which fulfill this criteria best[93] and it is therefore not surprising that the structures of military and emergency organizations at the level of tactical operations converge to a standard that these organizations follow all over the world only with slight adaptations.

In military from the lowest level up to company level (comprising of 3-5 operational platoons and additional support units) there is a line organization in place with a direct chain of command. Starting with the next higher echelon of a battalion where the coordination and cooperation between different branches becomes more complex a staff organization is implemented with designated specialized functions that can be correlated with roles in a private enterprise, see Figure 18 below.

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[92] Malik (2003), p. 193

[93] Malik (2003), p. 193

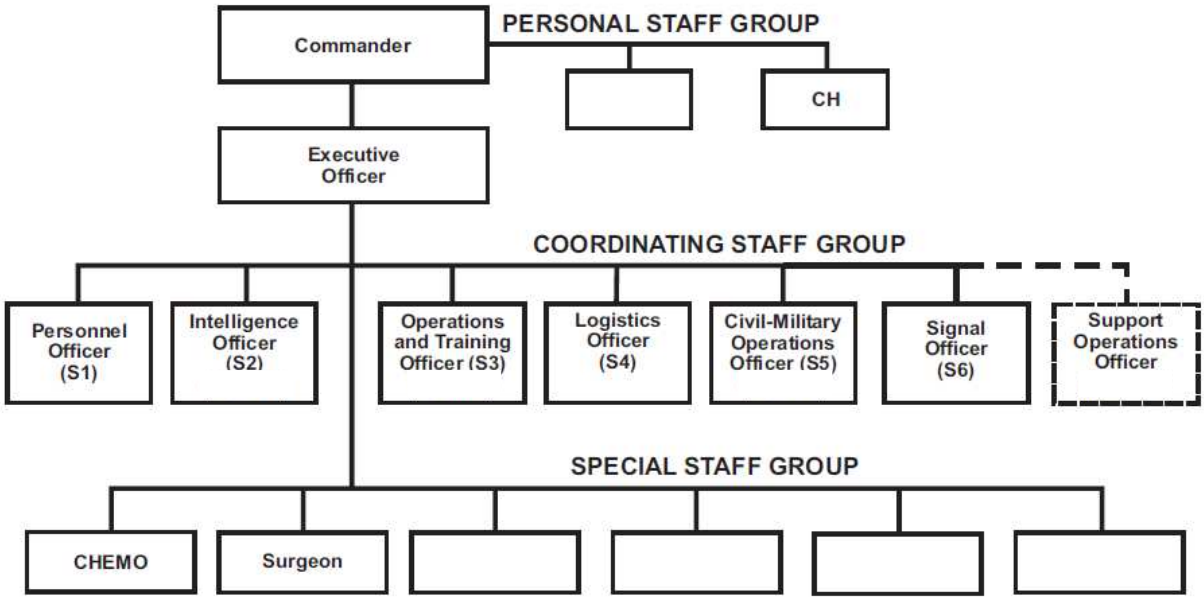

Figure 18 Typical staff structure of a battalion or brigade[94]

Staff function	Civil Pendant
Executive Officer	Usually CEO takes over the function of the Commander and Executive Officer simultaneously
S1	Human Resources Manager
S2	Marketing and Sales Manager
S3	Operations Manager
S4	Finance, Procurement
S5	Spokesperson to media
S6	Infrastructure Services, i.e. communications, information technology, facility management
Special staff group	(external) specialists, depending on the case

Figure 19 Equivalent Functions in Civil Enterprises to Staff Organization[95]

[94] U.S. Army FM 101-5 (1997), p.19

[95] Own source

However it is clear that no enterprise – especially small ones and start-ups can afford having each of these functions occupied by a designated person. Therefore there is a recommendation given in Figure 20 how the size of the staff organization can be scaled up or down and how the above mentioned roles can be combined[96].

With respect to size of a team working together in a fully interconnected communication network there are limitations. As highlighted in Figure 21 the number of communication lines increase significantly when exceeding a group size of ten and more. However, it is decisive that every team member has the full situational awareness and all relevant information available to achieve the mission and hence the core team size needs to be limited ideally to 6-8 people.

Hence, subgroups and hierarchical structures are necessary and the chain of command is equally a chain of information flow. For the sake of fast and concise dissemination of information military leaders are supposed to follow a strict communication guideline when issuing orders to make sure that everybody within the organization is able to act according to the commander's intent.

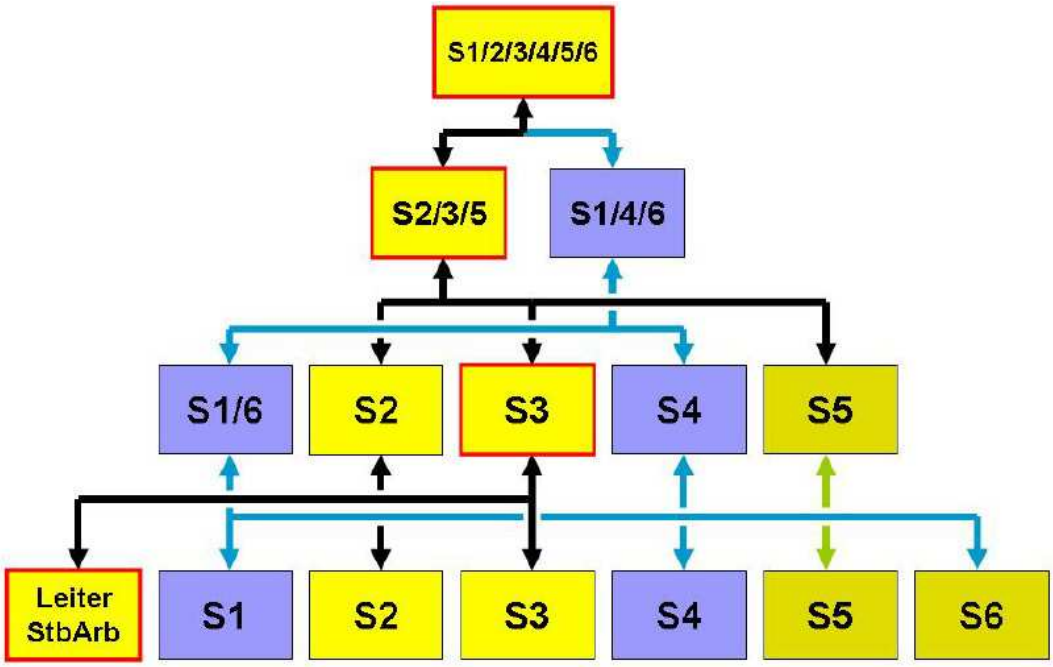

Figure 20 Suggestion of Condensation and Expansion of Staff Organization[97]

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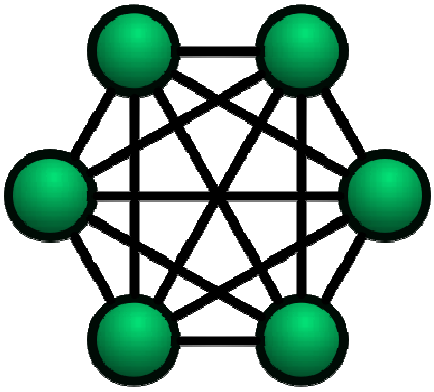
[96] Staatliches Krisen- und Katastrophenmanagement (2006), p. 50

[97] Therein, p. 50



Number of nodes	Number of Communication Lines
5	10
6	15
7	21
10	45
12	66

Figure 21 Fully Interconnected Network with respect to the Number of Communication Lines[98,99]

2.3.3.3 Leadership Procedure

Due to the dynamic development of a situation or environmental changes the leadership procedure is a cyclic process starting from the initiation to the steps of the decision making process and ends up with dissemination of orders, execution and controlling. However, all the time and in each step there is a constant assessment of the situation necessary whether the underlying assumptions of the concepts and orders are still valid. The process steps in the blue framed box in Figure 22 below are referring to the core of the decision making process.

The initiation step by e.g. receipt of orders after a concise timewise and tactical mission analysis yields is the mode of the subsequent decision making pocess as output. After considering the questions “what is the mission, what is the commanders intent, what is the essential task and how much time is available for my decision making process” by backward scheduling of what impact is requested at

[98] http://en.wikipedia.org/wiki/Fully_connected_network, accessed on 2012-07-24

[99] H. Pleiner and K. Pichlkastner (1993), p. 70

what place and time the remaining time available for the decision making process is defined. In the AAF there are three modes available[100]:

1. No significant time pressure (mode A): full involvement of staff into decision making process (however the last resort and responsibility always remains with the commander).

2. Medium time pressure (mode B): the commander has to develop the course of action but still has time to involve core members and experts from his staff to and to evaluate or falsificate his plan.

3. Maximum time pressure (mode C): commander needs to rely on his experience and educated intuition to make a decision, may only crosscheck a few crucial facts with his staff.

Of course, it is desired to go for mode A whereever possible, however, in a well trained group with mature team members, a common understanding of this leadership process and mutual trust there will be full acceptance for a directive decision, however, there is a high tendency to overestimate the time pressure under stress.

As Zwygart concluded after discussing ten extremely difficult leadership decisions from historical sources still there is usually more time available to decide rationally than assumed.[101]

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[100] Bundesministerium für Landesverteidigung und Sport (2011), DVBH (z.E.) Stabsdienst im kleinen Verband, p. 55

[101] Zwygart (2007), p.220

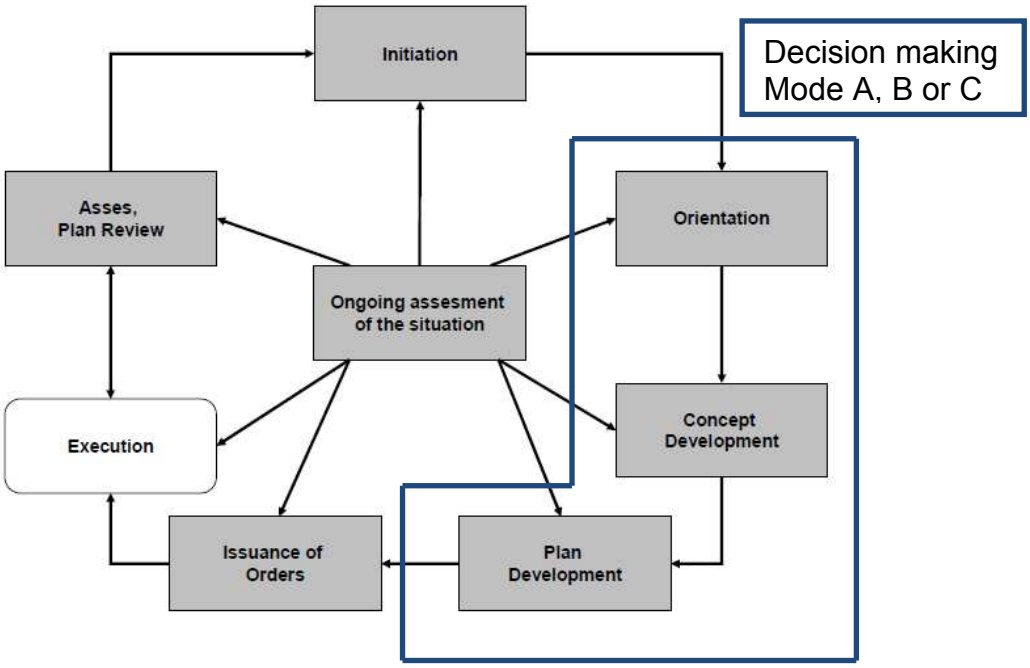

Figure 22 Command and Control Circle with highlighted Decision Making process ("Planungsverfahren")[102]

2.3.3.4 Leadership Instruments

The fourth element of in Figure 17 above mentioned leadership system refers to tools of quality management such as developing a knowledge management system, conduction after action review and implementation of lessons learned in the aftermath of an operation. Generally speaking this refers to change management after a thorough self-evaluation process.[103]

However, this aspect shall only be mentioned for the sake of completeness but due to the focus of this work will not be elaborated in more detail.

2.3.4 Military Decision Making Process

The core of military leadership is the decision making process as indicated with the highlighted blue circumference in Figure 23 from another source. We can see the core steps of the decision making process more detailed from mission

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[102] Bundesministerium für Landesverteidigung und Sport (2012), DVBH Taktisches Führungsverfahren, p.22, p. 29

[103] http://www.bmlv.gv.at/truppendienst/ausgaben/artikel.php?id=726, accessed on 2012-07-28

analysis – course of action development, analysis and comparison – COA approval together with the role of staff and the commander in the process.

Additionally, after certain steps there is the optional "warning order" to trigger a parallel planning process of subordinate commanders and possible feedback loop (indicated with blue and green arrows) in order to increase the speed of the overall process. However, with reference to leadership principle 8 one has to be very careful not to take away own flexibility by issuing premature orders.

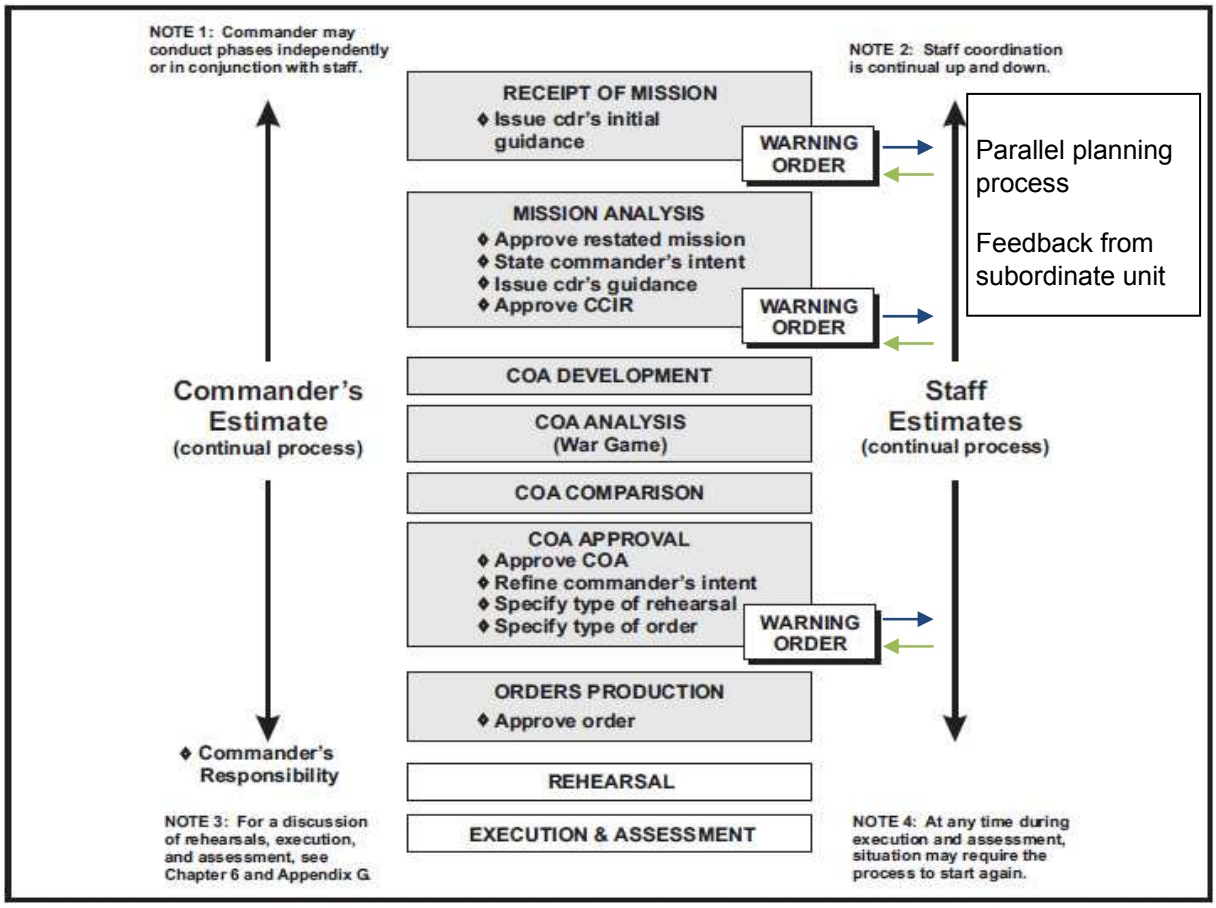

Figure 23 Military decision making process[104]

CCIR … commander's critical information requirements

2.3.4.1 Mission analysis

This is the crucial step in the process line when the order is issued and the subordinate commander analyzes the task with respect to time and tactical

[104] STAFF ORGANIZATION AND OPERATIONS, p. 58 http://www.fs.fed.us/fire/doctrine/genesis_and_evolution/source_materials/FM-101-5_staff_organization_and_operations.pdf, accessed on 2012-04-11

implications. Moreover, it is the prerequisite for mission command to truly understand the commander's intent, immediately assessing what means are available, what area of responsibility is assigned and what the essential task will be the unit is supposed to fulfill in order to accomplish the mission.

As stated earlier, time wise mission analysis yields on one hand the mode for subsequent decision making process and on the other hand with respect to the leadership principle of synchronization highlights issues of coordination requirement with neighboring units.

However, most important is the backbrief the subordinates give to the commander as a feedback loop to close the gap of what was thought to be desired and what the commander initially requested. Further, coordination issues between departments and critical information requests can be addressed at this stage.

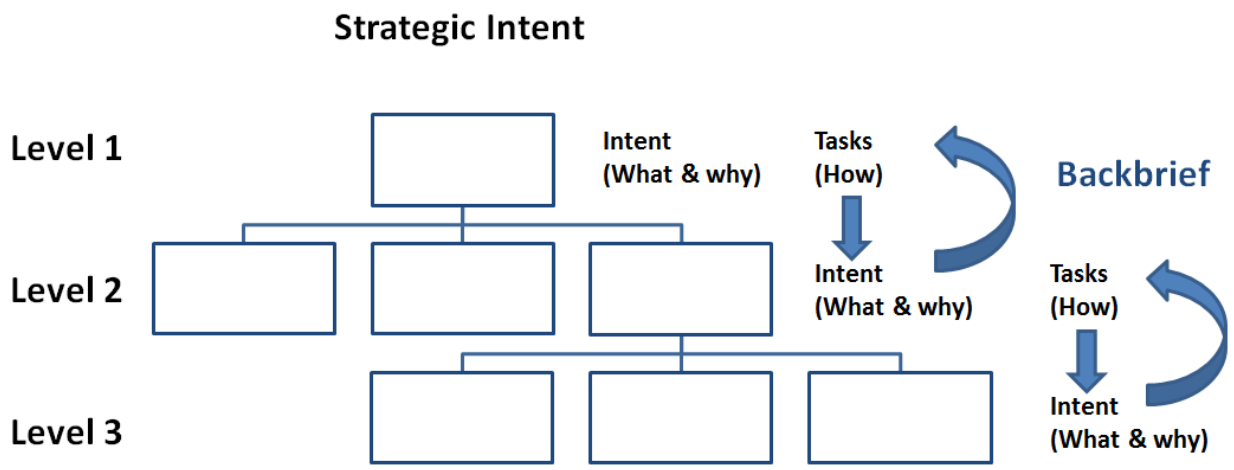

Figure 24 Cascading Intent and the Loop of Backbrief[105]

Bungay refers to this process illustrated in Figure 24 as "cascading intent" and shows how the intent of the higher command turns into action and in turn how the superior command gets a picture of the implications of their orders.

2.3.4.2 Course of Action (COA) Development

This step is the creative part of the process. Depending on the time available and the identified mode of decision making it is either on one hand a computing of moves and possible reactions with falsification method to dismiss blunder COAs or

[105] Bungay (2011), p.169

on the other hand development of fully elaborated COAs without a preference for any variant until the simulation and evaluation gives the one COA to put into practice. The first method will be applied under time pressure when the quality of the solution has just to be good enough for the moment and will be referred to the term “mental simulation” in chapter 2.3.5

Again, as stated before perceived time pressure is usually higher than actual time pressure and hence it is quite tempting to speed up this step. However, experienced leaders will probably find a solution close to the optimum in the first COA they are addressing, however, there is a substantial risk that there might be an implication these leaders never experienced before and hence are not able to consider.

For example, in the assessment of Captain Smith before heading to New York with the Titanic he said he could not imagine any situation when travelling at sea that he could not handle. Investigations after the catastrophe revealed later that his decisions before and his apathetic reaction after the crash with the iceberg were completely insufficient and caused additional loss of life.[106]

However, at the point of COA development the team can develop innovative solutions and turn a crisis into an opportunity. Innovation needs out-of-the-box thinking and new ideas. So, taking the shortcut here with a hasty snap decision may solve the immediate problem on short sight, but unlikely have the potential to seize a new opportunity.

Heimerl identified acceleration and hasty decisions as some of the drivers to blunder moves in crisis scenarios.[107] However, in ignorance of systematic decision making leaders facing a tense situation will often find themselves in an “activity trap” and misbelieve that they are the only ones that can solve the problem.[108]

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[106] Zwygart (2007), p.65ff

[107] Heimerl (2011), p.20ff

[108] http://www.hazelwooddesign.com/mdina/The%20Activity%20Trap%20paper.pdf, accessed on 2012-07-28

2.3.4.3 Scenario Technique ("War Gaming")

The method of scenario technique is similar to mental simulation but with a systematic approach of testing previously defined fully elaborated COAs. Of course, this needs thorough preparation or, if available, computer programs which can reasonably display and evaluate the moves.

Consequently, this is a time consuming undertaking and only applicable for a mode A decision making process. However, when evaluating the COA the challenge is to stay unbiased to any of the options and from any of the involved parties and to be willing to address the identified weak points and modify or even entirely dismiss the initial COA.[109]

Additionally, war gaming is a valuable asset in leadership training but one has to be aware of the underlying assumptions in evaluation of the COAs such as *"doctrinal foundation, tactical judgment, and experience"*.[110] Further, there is no such thing as real life experience therefore this tool can serve as add-on but not as replacement to practical training.

However, it should be used wherever possible since it will give all involved staff members and commanders a thorough understanding of the intended COA, help to anticipate eventual problems and decisive phases or hot spots and identify necessary conditions and success factors.[111]

War gaming may even comprise of training of COAs with fully manned units for a period of weeks or months as reported from the parachute operation led by LTC Otway in the course of the D-Day in world war II. Despite of high casualties even before Otway and his men could reach the line of departure they decided to continue the operation and finally succeeded.[112]

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[109] Schweizer Armee (2004), appendix 5

[110] U.S. Army FM 101-5 (1997), p.5-16

[111] U.S. Army FM 101-5 (1997), p.5-16

[112] Zwygart (2007), p. 134ff

2.3.4.4 Course of Action Evaluation

After diligent preparation and testing of COAs the options have to be evaluated and compared in order to prepare the final decision making. Now the leadership principles come into play again. The commander may have stated his focus on some of the 13 principles especially relevant for the mission in his or her initial guidance for staff work and for evaluation staff members highlight the pros and cons of the COAs with respect to the leadership principles without as objective as possible.

In case there should be only one COA after the previous simulation process left one should make an effort to search for at least another variant[113] in order to make a reasonable comparison and a decision between options rather than merely presenting to the commander the option for a go or no-go decision.

2.3.4.5 Course of Action Approval

Finally, after running through all the process steps of preparation it is the commander's task to decide. In most cases he or she will have tasked the staff members to prepare the decision independently while in the meantime collecting facts and figures to approach his or her own assessment.[114]

Hence, groupthink is widely avoided and a critical reflection of the staff's COAs is possible. This approach is also known as deferred judgment, which has the purpose to balance accuracy and speed[115] in order not to rule out one option prematurely because of a single case bias.

Summarizing, referring to the Vroom-Yetton-Jago decision model (c.f. Figure 15) we can see that military decision making in staff operation covers the cases A1

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[113] Bundesministerium für Landesverteidigung und Sport (2012), DVBH Taktisches Führungsverfahren, p. 94

[114] Bundesministerium für Landesverteidigung und Sport (2011), DVBH (z.E.) Stabsdienst im kleinen Verband, p. 74

[115] R. Bogacz: "The physics of optimal decision making: A formal analysis of models of performance in two-alternative forced-choice tasks", 2006, http://psycnet.apa.org/index.cfm?fa=buy.optionToBuy&id=2006-12689-002, accessed on 2012-08-10

(Autocratic I), A2 (Autocratic II), C1 (Consultative I) and C2 (Consultative II). Depending on the time available the preference is clearly the participative C2 style.

Further, as pointed out earlier, group decision G2 is only recommended as last resort if there is no support from the group for the commander's decision. However, mutual trust is a condition for successful leadership sine qua non[116] and the basis for acceptance of a superior's decision. So, for good reasons and not surprisingly, group decision is not a valid option for military operations.

2.3.5 Intuitive Decision making process

The question if and how to use intuition for deciding especially if there is an ill-defined problem or a rush that does not allow thorough analysis has been investigated and described by various authors e.g. Malik[117], Puryear[118] and most extensively by Klein[119]. They all came to the same conclusion that the basis of intuition is years of education and most of all experience that gives the expert the power to subconsciously perceive details that remain obstruct to others and to recognize certain patterns – so to say pieces of the DNA of a problem - to draw their conclusion upon.

Klein and his team conducted numerous interviews, analyzed different cases from organizations e.g. military, decision makers from emergency organizations such as fire brigade or police and researched the reasoning of chess masters.[120] The latter group serves especially well for highlighting the decision making process of so called "model of mental simulation" since the boundary conditions are standardized and the parameters of time, quality of the move and experience of the person can be assessed objectively.

Using chess to illustrate mental simulation we find the decision maker (the chess master) in the situation to evaluate his moves under the aspect of subsequent

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[116] Malik (2003), p.136

[117] Malik, 2003, p. 205ff

[118] Puryear, 1981

[119] Klein, 1998

[120] Klein, 1998, p. 161

counter moves of the opponent. Theoretically, with an average of 30 different legal moves at each players turn there are roughly 810,000 different situations after the white and black player made only two moves each[121]. So, how to find the best option out of it?

Firstly, skilled chess players are said to plan forward up to 3-5 of each player's moves[122]. However, the human mind can only manage this tremendous complexity by cutting off threads of courses of action (COA) of pointless moves. Further, De Groot found out that grand masters were not comparing pros and cons of each COA against the other but rather making decisions upon *"singular evaluation of options"* seeking for decisive advantages or disadvantages of a move and its respective consequences.[123]

Secondly, when analyzing the decision process under extreme time pressure of a blitz chess tournament Klein found out that the average quality of the moves of the chess masters did not change too significantly in contrast to class B players. Klein reasoned that this was the proof of the recognition primed model which postulates that experts of a field can recall a great number of situations from experience to immediately pick an appropriate move without comparing and evaluating a large set of options.[124]

Surprisingly, as shown in Figure 25 the quality of the expert's moves in the experiment went down slightly with more time available. Still, decision makers should take their time to evaluate the options. First, there could be a pattern of a new problem they misinterpret and second, by involving e.g. staff members or coworkers in the decision making process it will lead to broader acceptance and empowerment of subordinates to gain expertise themselves.

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[121] http://en.wikipedia.org/wiki/Chess#Chess_and_intelligence, accessed on 2012-06-16

[122] http://www.angelfire.com/nf/chess/Thought.html, accessed on 2012-06-16

[123] A. de Groot, 1946 in Klein, 1998, p. 92f

[124] Klein (1998), p. 167

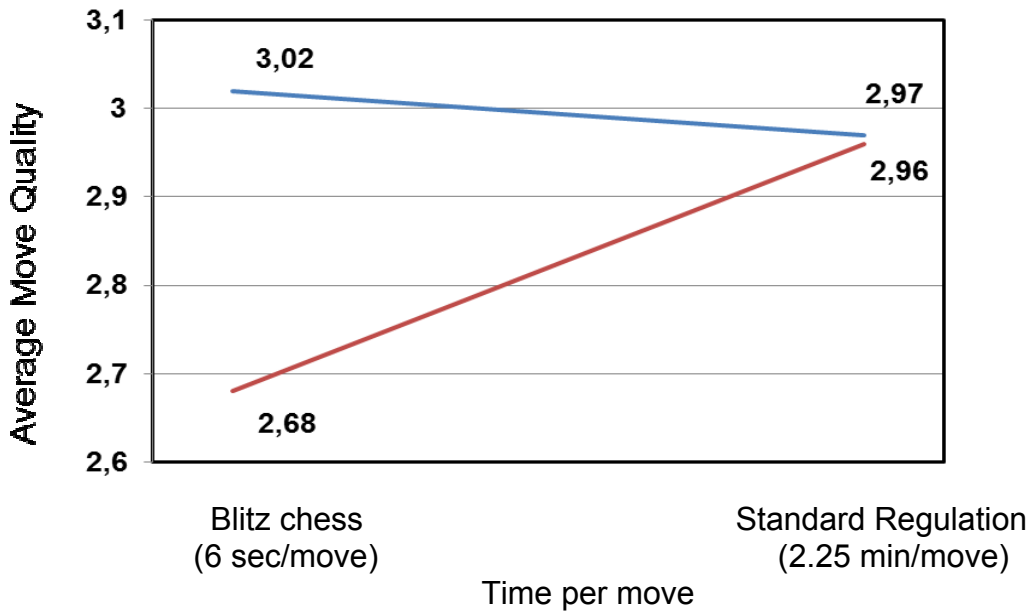

Figure 25 Average move quality of masters and class B players, regulation and blitz rules[125]

[125] Klein (1999), p. 163

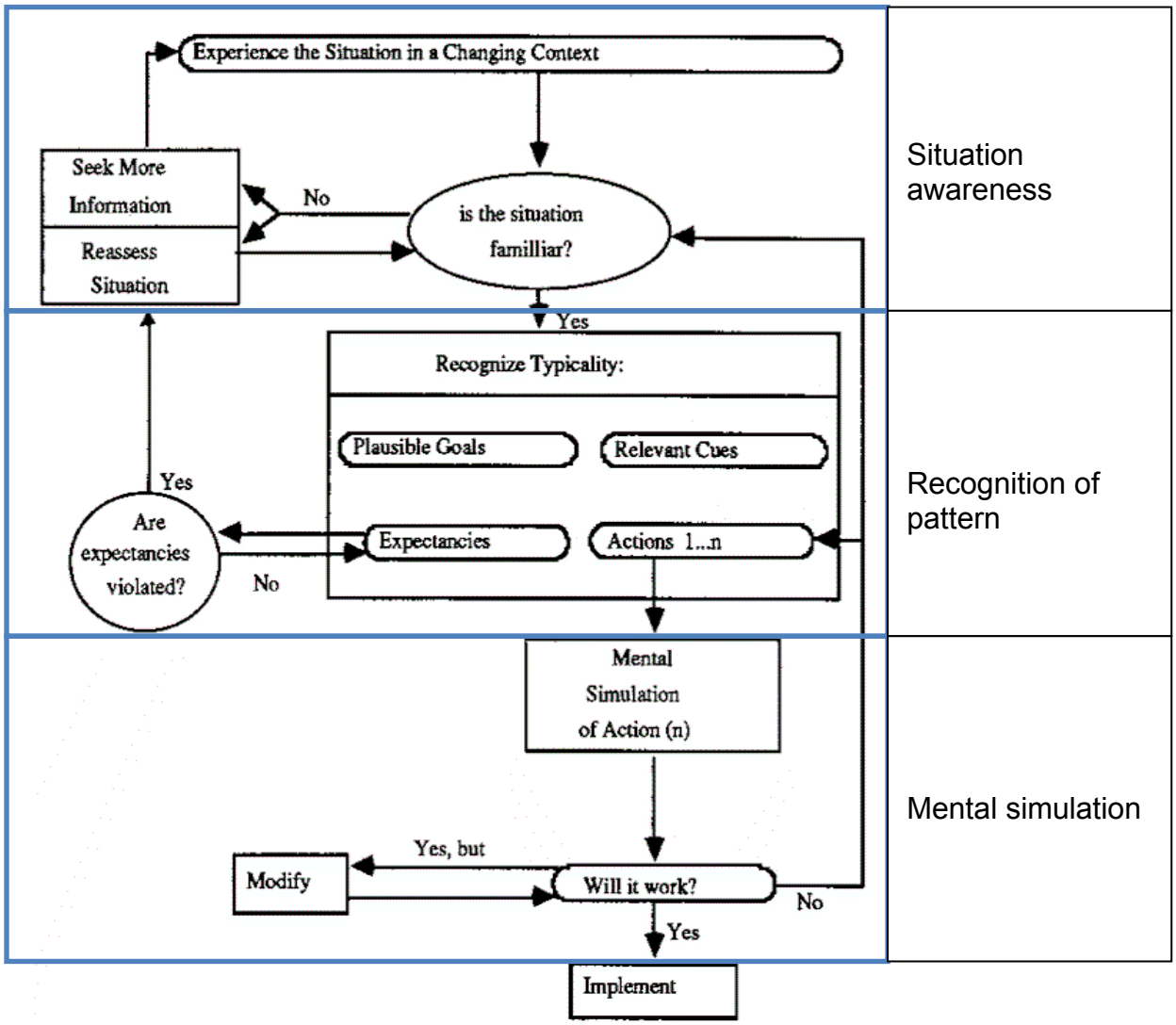

Figure 26 Recognition primed decision (RPD) model[126]

In Figure 26 above the process of the RPD model is illustrated. At the beginning of the process there is the situation awareness and information gathering until the recognition of the pattern is possible. During this step it will be assessed how the scene has been developing and will further evolve. Still, out of this consideration there might be a misfit between the expectancies and the facts so that more investigation and reassessment is required. Finally, after a pattern recognition is completed possible COAs may run through a mental simulation until one reasonable COA is found which will be implemented without additional weighing of options.

Further research has been done by Ross, Klein et al. to compare the military decision making process (MDMP) with RPM with respect to accelerate the process.

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[126] Klein (1999), p.91; graphics from: http://www.c3fire.org/training/decision/decision.en.shtml, accessed on 2012-07-30

They based this assumption on previous studies that RPM would speed up the planning by 20 percent. Further, they cited another research that revealed that if experienced decision makers abandoned their first COA during the evaluation process it ended up in a lower quality result than the initial COA[127] which is in line with the chess master study shown in Figure 25.

In fact, Ross, Klein et al. confirmed the potential of a significant shortcut of up to 30 percent in time and that this process can also overcome the problem that inexperienced staff members spend too much time on flawed COAs that have to be fixed or sorted out in a subsequent evaluation step. However, the initial purpose was not to compare experienced with inexperienced staff but the experiment showed another situational approach depending on the maturity level of leaders and followers.

Concluding, participants of the a.m. study criticized that they had to rush through mission analysis and concluded that relying on a single COA usually would be the last resort. Still, with a limited time given as pointed out earlier by decision making mode B and C a timely reasonable decision is worth more than a perfect COA too late and outdated as the situation develops.

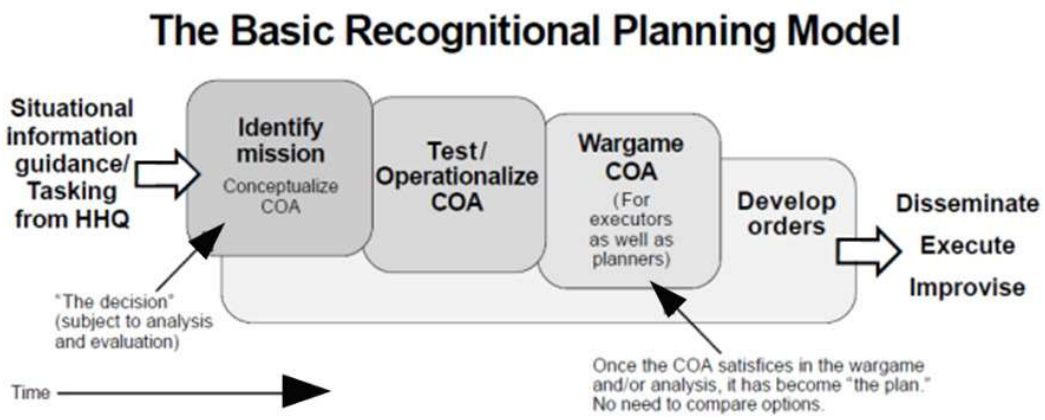

Figure 27 The Basic Recognitional Planning Model in Military Decision Making[128]

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[127] Ross, Klein et al.: "The Recognition-Primed Decision Model", 2004

[128] Therein

2.3.6 Structure of a Military Order

Finally, after pondering over the most promising COA and taking the final decision all subordinate units have to be informed and the execution has to be aligned to the common goal. Throughout all emergency organizations such as military, police, disaster relief forces or fire brigade there is a similar structure of issuing orders as listed below:

1. Situation
    a. Hazard/damage situation
        Environmental situation affecting the next higher echelon
        Environmental situation affecting own unit
    b. Own Situation, commander´s intent of the next higher echelon
    c. Support/delegation
2. Own intention / mission – from the higher echelon to our unit
3. Implementation – commander´s decision with key elements of execution
    a. Task force organization, planned sequence, phases of COA
    b. Tasks to combat units
    c. Tasks to combat support units
    d. Coordination measures
4. Supply
    a. Logistics and supply
    b. Medical care, patient transport
    c. Maintenance
5. Communication
    a. Communication lines, liaisons
    b. Location of operational command

Table 1 Elements of an Order[129]

[129] Adapted from: ON Österreichisches Normungsinstitut (2006), ONR 192320, p. 28

Following this standard scheme allows concise and complete information of what should be achieved, who is tasked with which mission and how the synchronization is done. Further, by presenting the strategic goal of the next higher echelon awareness of the intent of two levels above the unit which receives the order is raised.

2.4 Discussion of Military Leadership in Comparison to Civil Leadership

Before starting with the comparison I would like to give an orientation where a company struggling with a crisis might range in the competing values framework described, see Figure 28 below. First, as we will see in chapter 2.5.3 about the origins of crisis in most of the cases there is an internal problem that might become visible maybe because of the coincidence of an external effect. Second, as Völkl highlighted, the first task in turnaround management is to regain control[130]. Hence, to start with we find ourselves in the quadrant of hierarchy and after successful resolution the company's culture may emerge to a different orientation again.

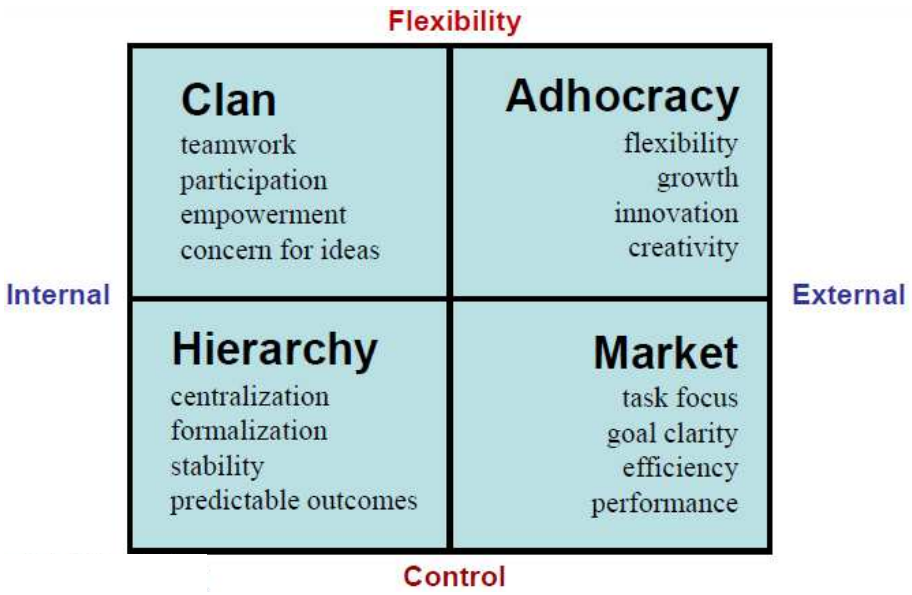

Figure 28 Competing Values Framework[131]

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130 http://www.g9recovery.at/index.php?option=com_content&view=article&id=48&Itemid=59 accessed on 2012-03-01

131 K.S. Cameron and R. E. Quinn (1999) in D. Sluss, Executive Academy handout 2011

To start with this approach to compare these two fields of leadership I will firstly follow the leadership classification outlined in Figure 4. Further, in order to consider another point of view from the military side I will use leadership system outlined in Figure 17. Finally, I will conclude the comparison by highlighting the special requirements involved in military leadership and how this may serve civil leaders to master crisis scenarios.

Since there is a high need for stable processes, synchronization and interoperability between international forces[132] military leadership rather focuses on universal leadership theories. As described above, there are strict standards in command and control, decision making and dissemination of orders. This has a great advantage of increased process speed and predictability of outcome.

Further, there is a huge list of desired properties and virtues of a military leader such as loyalty, integrity, stress resistance, physical fitness, care for subordinates and braveness only to name a few.[133]

Moreover, comparing civil and military leadership there is a need to shift to transformational leadership in the latter since transactional stimuli lose attractiveness in the case of emerging threat.[134]

Moreover, as Erhardt investigated with regard to servant leadership (c.f. chapter 2.2.6) that military leaders who want to build up trust and loyalty needs to exhibit a benevolence towards his subordinates up to the point that the needs of the followers weigh more than the own needs of the follower a property he called agapao love. Here we can see the analogy to level 5 leadership, however, Collin added the professional will as second trait in order to achieve excellent results by energizing a whole organization of a size of e.g. Kimberly Clark.

Comparing to the conviction of Giuliani who even demanded from his team that “everybody is accountable always and everywhere” we need to distinguish between accountability and responsibility. In his work on leadership after he

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[132] Wong et al. In Seiler (2010), p. 82

[133] Bundesministerium für Landesverteidigung und Sport (2012), DVBH Truppenführung, p. 39ff

[134] Jonas et al. in Seiler (2010), p. 87

mastered the crisis following the twin-tower attack he stated that implemented this approach by introducing measurable performance indicators which was a true culture shock for the city administration, however, it was essential to his success in fighting crime.[135]

Next, when we consider the situational leadership theory by Fiedler with his finding that relationship orientation (expressed by the least preferable co-worker (LPC) value) would be not preferred in case of extreme good or extreme bad situations (c.f. 2.2.7) it seems to contradict servant leadership. However, in the author's eyes the trust that is without doubt needed for leadership in crises is like an account of previously established relationship that may be stressed in bad times in order to focus merely on the task.

Now we change sides and will have a look at leadership from the perspective of the military. Starting with the leadership principles as guidance for organizing and decision making there were a lot of compilations of traits[136,137,138] and recommended actions[139] but not in the sense of a guideline for decision making. Companies sometimes mix leadership principles with some sort of mission statement or code of conduct however according to the author's experience and Deming's rule number 10 *"Eliminate slogans, exhortations,…"*[140] there is no practical impact on daily business by a declaration on the webpage or at the info-board of a company.

With regard to the leadership organization military and emergency forces in general have the advantage that they can focus on a single purpose. Hence it is not

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[135] Giuliani (2002), p. 69ff

[136] Neges (2007), p. 55ff

[137] http://www.kellyperdew.com/personal/10-leadership-principles/, accessed on 2012-08-05

[138] http://www.jimclemmer.com/timeless-leadership-principles.php, accessed on 2012-08-05

[139] http://www.au.af.mil/au/awc/awcgate/usmc/leadership.htm, accessed on 2012-08-05

[140] W. E. Deming: http://en.wikipedia.org/wiki/W._Edwards_Deming, accessed on 2012-08-10

surprising that these entities are structured similarly[141]. However, private enterprises need to cope with various tasks at the same time and hence often need to put up with a matrix or project organization which often causes conflict between the tasks.

Aside from that, when facing a crisis these organizations have to release designated staff members from the regular organization and additionally have to manage daily business as far as possible. Speaking with military terms they face the challenge of disregarding the leadership principle of allowance of reserves (due to economic reasons) and unity of command once a team member has to serve two superiors or goals.

As shown in terms of leadership procedures, in military there is a detailed standard available while on the other hand in civil or private organizations often there are contingent reward management-by-objectives (MbO) systems in place. Here we can see certain similarities to deducting one order down the chain of command since this approach has roots in mission command from the military.

However, MbO was criticized recently as being too bureaucratic and ineffective[142]. It seems that the ideas behind such as flawless conveying the commander's intent, situational awareness, synchronization of cooperating departments and the backbrief as a measure to close the alignment gap were neither understood nor practiced extensively.

Coming to the last element of the leadership system namely the leadership instruments there was only little material available from the military, however, it is not the focus of this work either. Here we would have to consider knowledge management, the concept of mission review and systematic quality control only to name a few. In the author's opinion this is not a designated stronghold of the military and quality management going back to the 14 commandments of quality by Deming[143] and toolboxes such as Six Sigma have a much better track record of successful practical application.

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[141] M. Gahlen & M. Kranaster (2007). p. 3

[142] C. Stein (2007)

[143] E.g. http://www.ctrials.org.il/files/BARQA_Article.pdf, accessed on 2012-08-07

Furthermore, considering the soft skills required to lead people in times of personal threat, fear and uncertainty one can see the advantage military leaders have in terms of experience to cope with crisis situations as they have been trained accordingly from early days on.

On the other hand criticism to military leadership is commonly raised mostly because it is perceived as being directive and authoritarian. In fact, as pointed out that depending on time pressure there are different modes of decision making place that define participation of staff in a situational approach.

However, it is a sensitive topic regarding the interrelation between exercising power and demanding obedience for the sake of achieving a mission under consideration of casualties and collateral damages c.f. chapter 1.5.

Nevertheless, commanders especially on a tactical level not only have to be a role model for their followers being capable and willing to share the physical and psychological challenges of the mission equally; they also have to lead their men and women from the front being right in the middle of the hotspot of action (c.f. 2.3.1). It is no coincidence that in recent wars casualties among officers used to be significantly higher than average.[144]

Summarizing, we can say that military leadership offers a toolbox that can be used especially but not exclusively in crisis management. Moreover, there is additional potential in utilizing at least one or the other technique or principle complementary to civil leadership.

Finally we can state that regardless of where a leader is acting thorough preparation and experience is essential to success. Research may reveal further insights to perception, pattern recognition and decision making power which will add new features to the described leadership and decision making process.

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[144] Zwygart (1987), p. 66f

2.5 Leadership in Crisis Scenarios

2.5.1 What is a Crisis?

The word “crisis” is of Greek origin – which is an inglorious coincidence at the moment – and has the root *“krinein”* which can be translated *"to separate, decide, judge"* and e.g. was used by Hippocrates to describe the *"turning point in a disease".*[145]

The Oxford dictionary gives two explanations of a crisis that underpins the above mentioned meaning of the word[146]:

1. *“a time when a difficult or important decision must be made: [as modifier]: the situation has reached crisis point*
2. *the turning point of a disease when an important change takes place, indicating either recovery or death.”*

By the meaning of the word we can highlight some key elements of a crisis in today’s sense: First, there is a problem which might have been already eminent for a period of time that second, comes to a culmination point where there is the need of prudent action to decide which fork of the road the way will go.

Considering the Latin meaning of de-cide, de-caedere *"to cut off"*[147], we can find an important aspect of leadership in a crisis: usually, there is no second chance for the proper reaction in a crisis scenario!

Therefore, executives and leaders in privately run enterprises, public administration and emergency organizations that have to handle extreme situations by their nature and mission have to be aware and prepared for the unexpected and to prepare contingency plans.

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145 http://www.etymonline.com/index.php?allowed_in_frame=0&search=crisis&searchmode=noneary, accessed on 2012-02-28

146 http://oxforddictionaries.com/definition/crisis, accessed on 2012-02-28

147 http://www.etymonline.com/index.php?allowed_in_frame=0&search=decide&searchmode=none, accessed on 2012-02-28, 13:06]

In order to identify and classify the severity of a situation Fink first suggests an approach to evaluate five scores and take the mean of the scores as the value for the crisis impact y-axis from 0 to 10 and second, for the horizontal axis to take the estimated probability factor in percent to plot a respective point on the crisis barometer[148].

If you should find incidents with their crisis potential in the red zone you immediately need to take proper actions and provisions to avert this risk. Next step is to consider the amber zone where one needs to impose a system of early warning since there could also be a significant danger you wrongly assessed improbable. Last, you can have a look at the grey zone Fink refers to as *"Dripping Water" crisis*[149] which is related to systematic problems in the organization.

The five factors of crisis impact value according to Fink are[150]:

1. *Escalate in intensity*
2. *Fall under close media or government scrutiny*
3. *Interfere with the normal operations of business*
4. *Jeopardize a positive public image*
5. *Damage the company's bottom line*

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[148] Fink (2002), p. 45

[149] Fink (2002), p. 48

[150] Therein, p. 42

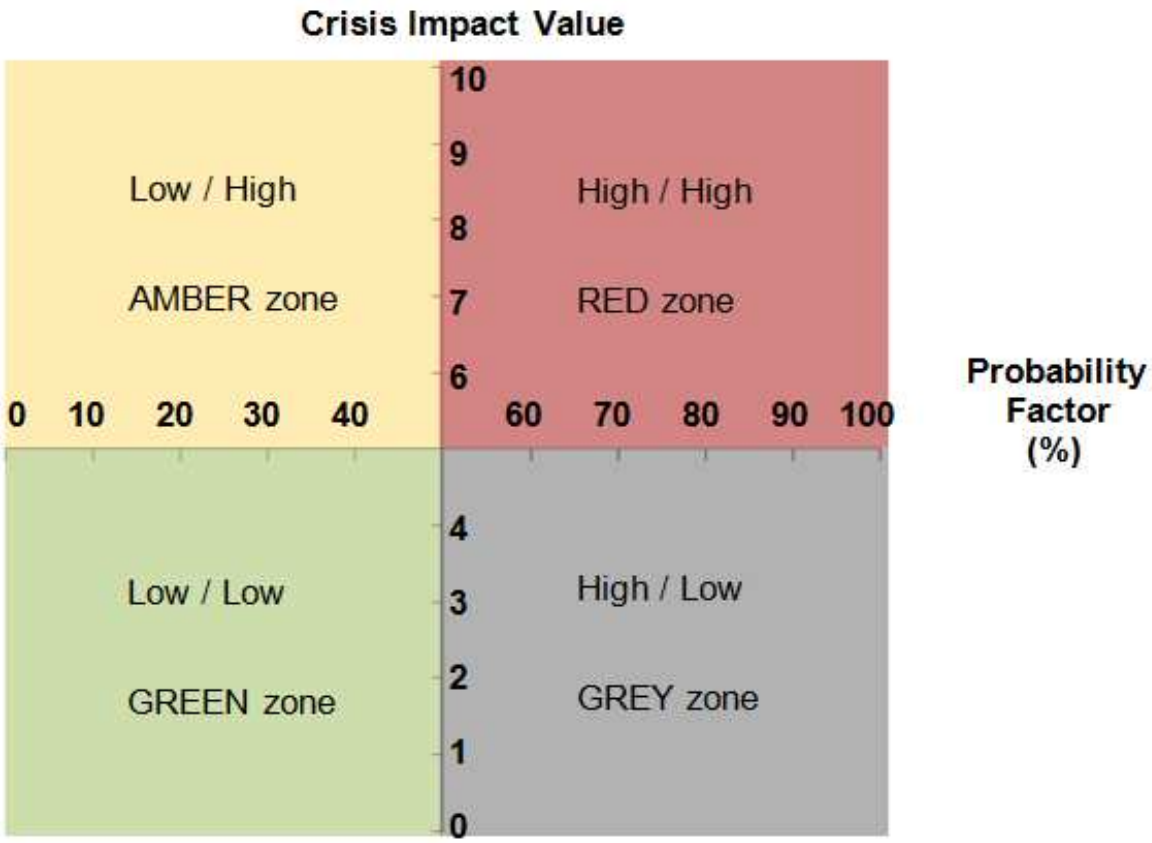

Figure 29 Crisis Barometer by Fink[151]

Here we can identify some crucial aspects that occurred before when discussing military leadership. First, the escalation reflects the time pressure and stress that arises when dealing with a crisis and second out of the above mentioned definition of crisis the urgent need of sound decision making.

Furthermore, in times of social media and web 2.0 we can easily conclude that media attention has become complex and tricky field which is hard to control and with the high potential of immediate escalation of a crisis, which giants such as United Airlines[152] or Procter and Gamble[153] had to learn painfully when their brand image heavily suffered due to attacks via YouTube video clips.

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[151] Fink (2002), p. 45

[152] D. Erickson: "Revenge Of The Customer: United Airlines Breaks Guitars", 2009, http://e-strategyblog.com/2009/07/revenge-of-the-customer-united-airlines-breaks-guitars/#.UCUwvsUgmZR, accessed on 2012-08-10

[153] J. Neff: "For Unilever, P&G, No Good Deed Is Going Unpunished", 2008, http://adage.com/article/news/unilever-p-g-good-deed-unpunished/126853/, accessed on 2012-08-10

2.5.2 Phases of a Crisis

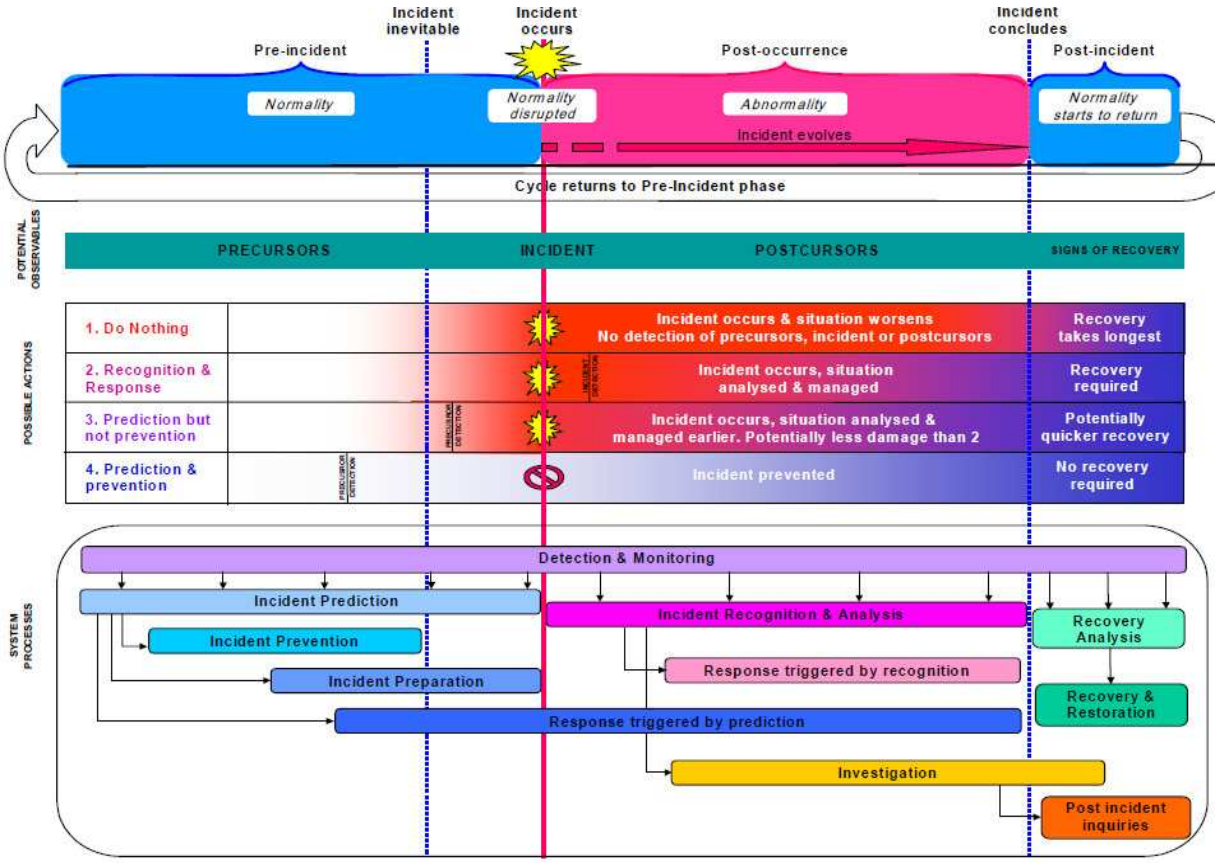

Figure 30 Phases of a Crisis with the aspect of different levels of preparation[154]

Figure 30 serves to create a common understanding of the phases and processes of a crisis life cycle with different levels of preparedness and the possible actions. Furthermore, we can see the respective consequences in the post-occurrence phase visualized.

It is clear to see that organizations that are prepared have a much better position, faster response and less impact to fear as indicated by the four process streams of possible reaction. However, with respect to leadership in crisis we are focusing in the present work on the stream 2 “Recognition and Response” in Figure 30.

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[154] *Thalesresearch*: “Crisis Management Models and Timelines”, 2006, p. 4 http://www.thalesresearch.com/Publications/WhitePapers/Documents/TRT060601.pdf, accessed on 2012-04-11

Another property of a crisis situation might often be that the quality of information is unclear or ambiguous; the problems to be solved are ill-defined and real or perceived time pressure combined with personal risk or fear lead to a narrowing of perception and lack of creativity necessary to overcome the issues.[155]

The above mentioned phenomenon of narrowed or clouded perception is e.g. frequently described by police officers or soldiers who were involved in extremely stressful situations of e.g. a gunfight and known as “auditory exclusion” and “tunnel view”[156]. As a consequence, one has to critically challenge perceptions described by involved persons and witnesses by strictly separating proven facts, perceptions and assumptions when trying to find the root cause of a problem and how to solve it.

The impact of stress is twofold: on one hand it is an innate survival mode that helps to sharpen the senses, to focus only on the most important issues, releases extra power and is also known as “eustress” and on the downside one can be overwhelmed and even paralyzed by a literally distressing situation.[157]

However, e.g. when working in a disaster relief team in addition to traumatic events there are multiple factors such as lack of rest, permanent noise, information overflow and pressure to decide under uncertain factual basis only to name a few that may emerge and accumulate to complete exhaustion, disorder and significant reduction of mental power and sound judgment.[158] The result is deterioration in performance as shown in Figure 32.

First, we need to accept that extreme tension is inevitable and secondly, it is the commander’s responsibility to care for his team members and even has to order recreation against the will of the followers.[159] Military directives and experience

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[155] Fink, 2002, p. 145f

[156] Edelmaier: „Feuerwerk“, p. 26ff

[157] http://dornsife.usc.edu/phed/news/EustressvsDistress.cfm, accessed on 2012-08-07

[158] M. Gahlen and M. Kranaster (2008), p. 65

[159] U. Zwygart (1987), p. 86ff

reports support this approach[160] which is also interrelated with the previously mentioned agapao love a leader ideally should expose.

In addition to that we should realize that each adverse situation is also a potential to grow and to seize personal and business opportunities. Next, we need to ask how we can escape the negative consequences by training and experience as highlighted with the "home-risk-panic" model illustrated in Figure 31 below.

The panic zone refers to situations perceived entirely new, surprising and threatening so that a.m. distortions in perception and recognition occur. On the other extreme in the center there are the situations one is familiar and comfortable with and trained for while in between there is the area of risk, indicated with light blue, however at the same time it is also the field of learning, personal growth and opportunity which the ambitious leader may seek after in training but also in accepting challenges.

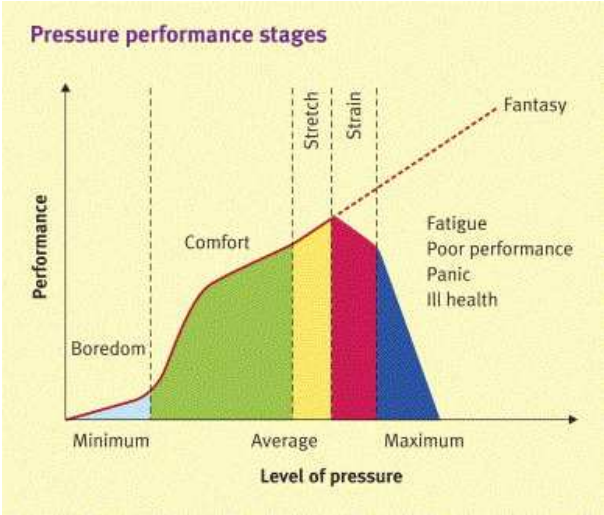

Figure 31 Home Risk Panic-Model[161] (left)

Figure 32 Pressure Performance Stages[162] (right)

Figure 32 on the other hand shows the performance with respect to different stress levels. It is important to note that not only the a.m. characteristics but also

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[160] Bundesministerium für Landesverteidigung und Sport (2012), DVBH Truppenführung, p. 42f

[161] Heimerl (2011), p.151

[162] http://www.sciencedirect.com/science/article/pii/S1476179306000188, accessed on 2012-08-05

physical effects such as lack of food, drink and sleep as well as psychological influences such as unclear information may inflate a strain situation to the blue colored maximum stress level.

Further, as a consequence of panic and fear many leaders think that they have to make snap decisions for the sake of deciding. There is a controversial discussion if one should trust his or her gut feeling, however, in the author's opinion validation of a decision is only valid in a field of long learned experience. This point is reinforced by Malik[163], Puryear[164] and Klein[165]. Falsification by intuition at the risk of eliminating false positives on the other hand seems more suitable, c.f. T. Warren "if it feels wrong, it is wrong"[166]. It should actually be the starting point of further investigation on what exactly the suspicion had raised.

2.5.3 The Origins of a Crisis

When asking about the origins of a crisis most people might firstly think of disaster, natural catastrophes or other distressing influence from changing environment or markets. For emergency organizations this may be true in most cases, however, there are hints that in business environment most of the time the root causes are found inside the organizations as explained below.

On one hand there are changes due to growth and maturity phases of an enterprise that trigger the need of transition of the organization. Figure 33 shows the Greiner-curve which illustrates the phases of an enterprise's growth and the crisis potential involved. As we can see, at every stage there is a shake of the organization with a new orientation, a new company culture – very often combined or caused by – a change in the executive board.

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[163] Malik (2003), p.205

[164] Puryear (1971), p.361ff

[165] Klein (1999), p.31ff

[166] Warren (2012), MBA Lecture of Entrepreneurial Leadership

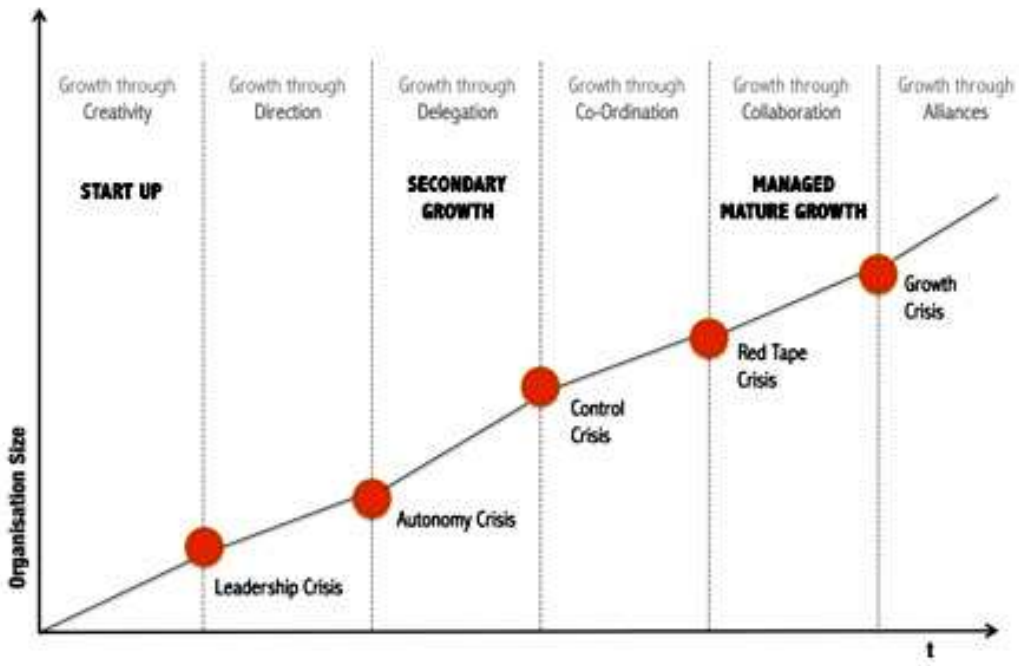

Figure 33 Greiner curve illustrating the growth phases and respective crisis of an enterprise[167]

On the other hand, as confirmed by experts in restructuring companies in trouble, the problems they face mainly go back to internal reasons such as lack of innovation, internal fights and mismanagement only to name a few[168].

For sure quality and process management tools such as six sigma may help, however, in times of complex economical interdependencies and the dependence on the Internet – probably most crucial resource of modern business and administration – reactive capabilities with a fast and determined response will become increasingly important.

2.5.4 Challenges of a Crisis and the Implication on Leadership

According to a survey conducted by Hernstein Institute managers estimated virtues such as realistic situation assessment, well-considered action and

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[167] http://drl1933.files.wordpress.com/2010/10/greinercurve1.jpg, accessed on 2012-08-10

[168] E. F. Grossnigg: "Unternehmenssanierung aus der Insolvenz", 2008, http://www.wu.ac.at/ifu/network/ifudialog/vortraege/27112008, accessed on 2012-03-02

communication as favorable in crisis[169] while Lichtmanegger highlighted the leader's ability of resilience nurtured by e.g. optimism, solution oriented mental projection and fostering relationships to be crucial to cope with stress[170].

However, it is the permanent task to vigilantly monitor the environment and also the health condition of a company which all too often is the origin of the crisis as mentioned above. This also comprises the challenge of keeping situational awareness among followers also in quiet times high.

As illustrated in the introduction and Figure 1 after initial assessment and analysis the organization in trouble needs to ramp-up response capacity in terms of management and disaster relief forces faster than the crisis escalates. Aside from that profit orientated companies additionally have to run day-to-day operations without too severe distractions that might in turn damage the bottom line namely Fink's factor number five, see above.

Moreover, there might be a lack of expertise to find the real root cause which is the key to actually take the appropriate measures and stop escalation. The cause may sometimes seem obvious, however, there is a chance that for the sake of speed and simplicity one accepts simplistic explanations of a sinister phenomenon and hence misses the point.[171]

Next, in order to facilitate the process problem solving, decision making and coordinating the execution the staff has to be trained to collect, combine and condense information to a concise situation map. This map is also the heart of the staff's operation room to ensure full situational awareness of all members.[172]

Hence, the minimum preparation an organization has to do is to at least provide the infrastructure of a suitable room, PCs, communication devices and lines,

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[169] http://www.hernstein.at/Wissenswert/Hernstein-Management-Report/Reports-2004-2011/09-1-Strategien-in-der-Krise-%28Nr.-1_2009%29/, accessed on 2012-03-22

[170] http://www.hernstein.at/Wissenswert/News/120613-Innere-Staerke-als-Managementkompetenz/, accessed on 2012-08-05

[171] K. E. Weick and K. M. Sutcliffe, et al. (2008)

[172] M. Gahlen & M. Kranaster (2007). p. 37ff

documentation all relevant information and to define and inform the core team according to the job assignments in 2.3.3.2

Further, one needs to be prepared for fighting and resolving internal and external conflicts. Most probably there will be stakeholders involved that are upset because they already suffered damage or others who will face – or believe to face – disadvantages by the measures taken.

Therefore it is beneficial to recall Fink's contingency theory (c.f. 2.2.7) and consider within the time available to involve not only internal staff members but also external stakeholders at least with proper communication and information measures into the fact finding and decision making process.

3 Results from Interviews with Experts and Practitioners

In order to crosscheck the results from literature research and to gather real life stories from experts and leaders almost each of them with decades of relevant professional and managerial experience I conducted in total 16 interviews with representatives from business, university and senior military officers.

Since I abandoned the initial idea to use a relatively strict guideline to test the hypothesis in favor of getting each interviewee's unbiased opinion I needed to cluster the responses in the aftermath as far as possible into the following topics as presented below.

Generally speaking regarding the question whether there was a difference in leadership in crisis and calm situations e.g. Heimerl stated that the basic virtues such as trust, enthusiasm and strive for achievement stay the same, however, the expectations in times of crisis become clearer and more focused. Moreover, the impact of leadership is more severe and less tolerant to mistakes.[173]

However, as mentioned by Pichlkastner and Völkl, under stress conditions consciously trained patterns are likely to be forgot[174,175] and basic or previously

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[173] Personal Interview P. Heimerl (2012)

[174] Personal interview K. Pichlkastner (2012)

[175] Personal interview F. Völkl (2012)

“better” learned patterns will prevail[176]. Hence, referring to the leadership principles, a straight forward leadership and decision making process as shown in chapter 2.3.4 will help in crisis management which was confirmed by business executives who once received a training to be a military officer[177].

3.1 Thorough Analysis and Involvement of Experts

As N. Zimmermann pointed out recalling his experience from 1986 when he was tasked with the re-launch of the turnaround (the previous one had already failed) of Berndorf, a traditional Austrian metal processing company famous for their cutlery products his first urgent task as an outsider to the organization was to get acquainted with the situation of the complex structure, the markets and involved stakeholders. Indeed, there were many of them since the company was state owned at that time and was strongly influenced by unions and infiltrated by managers that were installed for gratuity by political influence.

Zimmermann knew he needed a “Le Mans start” as he called it because he figured that with the financial position at that time the company would have survived barely six more months. Even with this relatively short time frame available he involved the existing management in internal projects for restructuring and hence could also experience who of the leaders performed well and who did not.

Moreover, he involved expertise from maybe unexpected side. The statistics from the company´s medical doctor regarding e.g. accidents during work, sick-leaves and alcohol misuse gave alarming signs of distress and lack of optimism.

Giving another example, H. Maderbacher who is working for a provider of card payment services stressed that although being experienced and technically skilled he needs to involve all relevant experts from his team to crosscheck all possible interferences with the measures taken. By the nature of being a high reliability organization every downtime of the service would jeopardize their reputation tremendously. However, despite of the high degree of participation he pointed out

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[176] Personal Interview E. Cibulka (2012)

[177] Personal Interview E. Cibulka, M. Fellner, W. Pundy (2012)

that responsibility for the decision especially if there was high risk involved remained with him. [178]

Hirschmugl who is an expert in international military disaster relief management and was deployed ten times since the year 2000 stated that even though he faced sometimes only three days notice-to-move he needs as much information as possible from the destination of his mission in order to be fully aware of the situation. Aside from that he expressed that in spite of his experience he needed training of approximately 20 days per year and additional regular exchange with other members of the UNDAC expert pool to maintain this high readiness level. He further confirmed that his military education in terms of structured mission analysis and deducting immediate action without taking hasty decisions helped him to keep control as far as possible under the given circumstances.[179]

Moreover, as Peischel pointed out when recalling examining candidates in during the general staff course: “The ones that failed usually did not do so because of faulty assessment of the options they found, however, most of them flunked because they did not realize one of the possible options.” [180]

Highlighting these statements we can see that even under time pressure or high stakes every minute has to be used for fact finding and conducting a situational analysis. However, no expert stated to favor snap decisions without time pressure.

Moreover, Peischel realized when analyzing intuitive decisions of general staff officers under time pressure that the internalized process of analysis and decision making was still considered subconsciously. [181]

3.2 Decision Making

However, in contrast to above mentioned analysis that should precede decision making Stupka stressed that especially on the team leader level leaders have to be prepared to take decisions within fractions of a second and hence

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[178] Personal interview H. Maderbacher (2/2012)

[179] Personal interview Hirschmugl (2/2012)

[180] Personal interview Peischel (2/2012)

[181] Personal interview Peischel (2/2012)

selection and training of commanders to this requirement is essential. [182] As stated by Fellner, with respect to his experience as fire fighter commander drill exercises to standard situations give the leader a set of procedures he or she can recall in the respective situation immediately.[183]

Accordingly, regarding the decision making process in staff operations he stated that if done properly the process can facilitate generating creative solutions similar to brainstorming during elaboration of COAs with a subsequent rational decision referred to as deferred judgment. Moreover, Peischel explained that staff officers should be a kind of sparring partner for the commander when both of them develop unbiased COAs separately and then mutually assess pros and cons to come to an optimum solution.[184]

Regarding the speed of decision making Zimmermann stressed that despite of the urgency assessment needs due diligence and especially in the case of restructuring or change management one may not accept hollow compromise when there is a risk that an “incinerated spot” remains in the organization.[185]

Pundy who also served as reserve officer in the AAF confirmed the practical use of military leadership processes and stated that in his opinion they supported to think in options, develop alternative COAs and would lead to thoroughly founded decisions. Further, he reported that Raiffeisen-Holding had prepared contingency plans also to support emergency organizations with Raiffeisen owned assets that could be activated upon the decision of the commander present on the spot in order not to lose time with lengthy approval formalities.[186]

The approach of maximum empowerment of subordinate leaders also referred to as mission command in chapter 2.3.2 was also confirmed by Fellner who described that in fire brigade operations mostly the commander on the spot were

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[182] Personal interview Stupka (2/2012)

[183] Personal interview Fellner (2012)

[184] Personal interview Peischel (2012)

[185] Personal interview N. Zimmermann (2012)

[186] Personal interview Pundy (2012)

acting and the centralized staff organization was merely coordinating on very general level and documenting the operation.[187]

On the other hand, Stupka emphasized the capability of a commander to take prudent and – most important – timely decisions. Hence, he expressed the necessary focus on selection and training of leaders who need to expose discipline, loyalty and a high degree of responsibility and further need a good portion of experience in order to be accepted and to be able to cope with difficult decisions that in the extreme case needed to be taken within fractions of a second.[188]

3.3 Immediate Action

Having described the initial situation at the start of Berndorf's turnover process there is immediate action necessary. Zimmermann referred to this state also as window of opportunity by saying that one needs to forge the iron while it is hot ("*töpfern, so lange die Masse noch formbar ist"*).

This included entire restructuring including a drastic cultural change from a state run organization to customer and profit orientated company. Special focus was put on the downsizing of overloaded bureaucracy and administration, the selection and replacement of management positions and further, focusing again on the market by personal involvement of Zimmermann and the top management when dealing with the most important customers. However, the accountability for the respective sales region was still with the sales manager in charge.

Being asked if and what kind of mistakes or pitfalls had been on this way Zimmermann explained that during the first months there was a tremendous pressure that required fast decisions which in general went well and after initial resistance also were accepted by the employees. However, in Zimmermann's retrospective assessment there was one case of outsourcing of one department in the later phase of the turnaround that was decided too fast in the mode of crisis management style while not being mature yet.[189]

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[187] Personal interview Fellner (2012)

[188] Personal interview A. W. Stupka (2012)

[189] Personal interview N. Zimmermann (2012)

Völkl also shared the opinion that there is a need for immediate and thorough action and emphasized that after initial assessment if the company would have a chance to return to profits at all one has to remove all people first who were paralyzing the company (literally *"Die Lähm*[sic!]-*Schicht entfernen"*, i.e. remove the "paralyzing layer"), because most of them were responsible for the situation and therefore resisting the change process. [190]

However in the case of emergency organizations Rennhofer highlighted that it is essential that the officer in charge has the experience to initially assess the situation within minutes regarding the required assets needed at what place and at what time it will be actually effective to cope with the incident. E.g. when there was the accident with Ammoniac chemicals in Vienna in February 2012 the crisis had the potential to escalate to a real catastrophe very quickly, however, with regard to the tremendous impact of a large scale evacuation one can imagine that this decision is a tough one (and fortunately has not been necessary in this case).[191]

Wolf stated that aside from setting priorities it is crucial to stay calm and immediately inform subordinates about the situation since uncertainty and paralysis is the biggest obstacle to regain control in crisis.[192]

Similarly, Smutek-Narath reported from the deluge recovery operation he participated with the AAF that in cooperation with organizations from different origins it is important to immediately assign respective roles, again create momentum and not become paralyzed by the impression of the events. Hence, previously prepared contingency plans and respective allocation of assets – especially communication devices independent from civil infrastructure – will help to "survive" the initial chaos.[193]

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[190] Personal interview Völkl (2012)

[191] Personal interview Ch. Rennhofer (2012)

[192] Personal interview Ch. Wolf (2012)

[193] Personal interview Smutek-Narath (2012)

3.4 Communication

First, I would like to cite Grossnigg who stated: *"a rumor will travel fastest to the place where it will cause the greatest harm"*.[194] This statement illustrates the importance of active communication both internally and to the external stakeholders.

Professional representation in media is essential to crisis management, stated Maderbacher pointing out that owing to this fact he and his executive team who might be requested to give a public statement decided to attend a regular training session with TV media experts in order to be prepared for this incidence.[195]

Moreover, Lauring who was formerly in charge of public affairs in the Austrian's ministry of defense highlighted that one has to be aware that the time available until a rumor or news about a crisis gets the attention of media went down from hours to minutes with social media and Twitter. Hence, companies and entities of public interest need to be prepared by analyzing their stakeholders and further, establish a good network in times of no tension and prepare a set of sample statements they could post very quickly with minor modifications.

He further stated that it is essential to constantly monitor media for key topics e. g. of a hidden or latent crisis. For example producers and network operators of mobile phones should closely watch if a topic such as the one of hazards due to the SAR (specific absorption rate) value would gain momentum and he would advise to be prepared to place immediate reactions in the media.[196]

E. Cibulka who is reserve officer and held senior positions in HR before starting his consultant firm confirmed the point of preparedness to immediately publish a statement in case of crisis. He also highlighted that the statement had to be authentic and compassionate for example when one member of his team died in the Kaprun ascending railway accident in the year 2000 on the way to a promotion tour

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[194] Interview published in Vorarlberger Nachrichten (2007), http://www.boehler-pointner.at/uploads/media/Grossnigg_Erhard_F._Huber_Textil.pdf, accessed on 2012-03-01

[195] Personal interview Maderbacher (2012)

[196] Personal interview Lauring (2012)

the event was immediately cancelled.[197] One can imagine what negative impact this event might have had if they had been hesitating or reluctant to do so. Authentic communication has always to be in line what you say and do.

Another important aspect of communication is the dissemination of information about facts and goals to the employees. E.g. Gruber deliberately inflated the number of participants of the core management team to 18 in order to increase his direct impact on subordinate leaders with the intention hence to foster cultural change. He also stated that in times of crisis this number would go down to six.[198]

Moreover, Pundy and Cibulka strongly emphasized that using the scheme of order presented in chapter 2.3.6 turned out to be very effective and useful. Cibulka and his team also successfully used the process of order and backbrief for developing annual goals from top management to every employee.[199]

3.5 Authority, Power and Trust

These tree terms have been summarized to one headline since they are interconnected and interdependent. Cibulka confirmed the initial assumption that leadership in crisis is more authoritarian and further stated in case a leader should not be visible in difficult times to lead his or her people from the front he or she would suffer loss in trust in his person afterwards.

According to Pichlkastner, there is no leadership without power and authority. While power is related to use means to enforce the leader's will authority is assigned by the followers to the leader for a certain expectation towards a person. He further stated that in times of desperation there is an increased demand for charismatic leaders that fulfill this role of assigned authority.[200]

Völkl visualized the sources of power by the intersection of three elements: formal power, expertise and social skills. He continued that when he considers the offer for another turnaround mission as interim CEO he would only accept it if he is

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[197] Personal interview E. Cibulka (3/2012)

[198] Personal interview K. Gruber (4/2012)

[199] Personal interview E. Cibulka (3/2012)

[200] Personal interview Pichlkastner (2012)

fitted with the full authority to make every change necessary, especially in terms of human resource management.[201]

Following incident emphasizes this approach: when appointed to CEO with the mission to make a cultural change in the company Gruber had full support of the board and hence was able to make good progress on the way to achieve this goal. However, due to a legal dispute the owner summoned a parallel structure of board members which immediately affected his ability to make an impact on people and the organization since his backing was commonly believed to fade.[202]

A different aspect was described by Hirschmugl who was frequently cooperating with other international aid agencies and NGOs while serving in disaster relief missions. He stated that insisting using formal power or authority by status or rank was completely out of consideration and coordination was only possible based on mutual agreement and the fact that one party accepted the expertise of the other.[203] This experience goes in line with situation number 4 in Figure 14 in chapter 2.2.7 where high relation orientated leadership is suggested in case of ill-defined problems, good leader-follower relationship and a weak power position.

Wolf shared his experience from military operations and stated that leadership is about trust in the teamwork of the commander and his soldiers which is based on authentic leadership and professional attitude and skills. Regarding the latter he emphasized the importance of realistic preparation of soldiers close to reality by stating “Train as you fight!” However, with respect to the leadership principles he was eager to state one more: “stay human” (“*Ein Mensch bleiben*”).[204]

Summarizing we can say that it is confirmed that there has to be a combination of authority, power and trust, however each of them has to be earned by

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[201] Personal interview Völkl (2012)

[202] Personal interview K. Gruber (4/2012)

[203] Personal interview Hirschmugl (2/2012)

[204] Personal interview Wolf (2012)

the one who wants to lead. As Zimmerman pointed out he always tried to collect credits of trust on a daily basis from his employees.[205]

3.6 Cultural change

As mentioned in chapter 2.5.3 when discussing the origins of a crisis one major aspect is the stage a company is in its lifecycle of growth and maturity. In line with this process an organization runs through cultural change which is a challenge to the leaders in charge.

For example, as Gruber stated LISEC had grown from a start-up enterprise to considerable size over the past decades and dominated by the founder until a couple of years ago. However, the external influence of the crisis in 2008 revealed that innovation had been neglected in the later years and that a cultural change from an owner led enterprise with a craftsmanship orientation to a management led technology company was necessary. According to Gruber´s assessment such a change takes some 3-5 years and is a dynamic process that has to be nurtured continuously. In comparison to Zimmermann who described this as earning confidence and credibility of employees day by day Gruber expressed leaders should act in accordance with core values such as predictability, authentic information by direct and regular communication to the extended management team in order to build trust and improve commitment.[206]

Völkl described the restructuring process he initiated as shake up of the organization and in all cases the management positions – especially top management – had to be changed radically. This supports the statement from Grossnigg that mostly internal problems and according to Völkl in some cases even fraud were the root cause of the trouble. However, he further stated this initial chaos was the opportunity to recover and usually, the vacancies in specialized management positions related to the core business could be filled with capable employees from the

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[205] Personal interview N. Zimmermann (1/2012)

[206] Personal interview Gruber (2012)

organization while others such as accounting and CEO were recruited from outside the company. [207]

Very often, cultural change is about setting and removing symbols of power. For example when Zimmermann finally managed to remove one of his nastiest opponents from his position he decided to announce it by publically incinerating his rival's monument desk that had become a symbol of resistance to change during an employee's assembly.[208]

4 Interpretation, Discussion, Further Prospects

4.1 Interpretation with Respect to the Initial Hypothesis

H1 Shift of leadership style in crisis scenarios

The first hypothesis was found to be confirmed in the literature and in the practical experience from the experts as well. As pointed out the contingency theory highlights to focus on task orientation in bad times, if necessary at the expense of lower relationship orientation (c.f. 2.2.7). On the other hand the situational recommendations of the Vroom-Yetton-Jago model delivered a reasonable explanation and correlation to the approach of leadership styles owing to time pressure from the military (c.f. 2.2.8).

Further, the experts confirmed that there is a sort of crisis mode in leadership where the organization has to be shaped by the ideas and the vision of one dedicated leader who of course has to take all necessary facts, relevant opinions of the stakeholders into consideration and has to put forward an immediate but not hasty decision making and execution. However, especially on team leader level one has to be prepared to take immediate decisions within minutes or even seconds to avert damage.

Nevertheless, there is a certain risk involved not to realize when to step back from crisis mode to normal business and to enforce decisions that are not mature yet.

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[207] Personal interview Völkl (2012)

[208] N. Zimmermann in a discussion with TU-students (1999)

Awareness of the phases and the nature of the crisis with respect to the presented crisis models are helpful to identify the current stage of the resolution.

Finally, according to Adair people will follow the particular person they feel to most likely lead the group or organization out of the crisis and transformational leadership has a much higher impact on followers than transactional incentives, especially when it comes to personal threat (c.f. 2.2.4).

H2 Crisis management shall be organized according to military staff

Answering this question the outcome is two sided: on one hand, most emergency organizations follow basically the same kind of staff organization. However, private companies do not explicitly adapt this idea. Naturally, involvement of experts and formation of a core team is practiced but the cooperation and processes of a staff operation compared to an emergency organization were not pronounced.

However, it turned out to be equally important to put considerable effort into team leader development as they are the ones present at the spot and hence directly confronted with the impact of the crisis and need to be empowered to decide within their area[209] which is also in line with the idea of Adair's leadership development[210].

H3 Crisis communication to internal and external stakeholders needs to be timely, consistent and authentic

Regarding this question there was a common understanding and agreement of experts and literature. The virtue of integrity was highlighted and the importance of authentic communication was stressed by many of the experts.

Further, the communication guideline of the military order scheme was used effectively by the executives who had access to this knowledge to derive orders from top to down and to disseminate information.[211]

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[209] Personal interview M. Fellner, Ch. Wolf, A. W. Stupka (2012)

[210] J. Adair, 2005, p. 73ff

[211] Personal interview E. Cibulka, W. Pundy, M. Fellner (2012)

H4 Decision making process in crisis should follow standard procedures similar to military decision making process

Of course, CEOs of civil enterprises had developed a clear vision how the decision making process needs to take place from the fact finding over involvement of management team to final decision making with weighing pros and cons against each other. However, there was not a detailed structured process behind as available in military and especially when it comes to decision making under time pressure of course leaders tend to follow intuition, however, the application of leadership principles was unfamiliar to those who did not have a military background.

To the author's assessment there would be potential to introduce the systematic military decision making process and the idea of leadership principles (or better to say decision guidelines) to the leadership education especially of young professionals in order to prepare them for a future management function.

H5 Trust and confidence into the organization and the own capabilities is essential to success

Trust in every aspect was found to be essential for sustainable relationship and resilience in crisis[212]. The meaning of trust implies optimistic belief in the future, trust in own skills and self-confidence while giving and receiving trust from coworkers due to integrity and reliability.

The mutual trust is the basis for successful empowerment and development of leaders which is especially true for emergency organizations where team leaders are expected to decide on the spot. Further, trust was found to be the precondition of the concept of mission command that proved to be the superior and nowadays dominant approach in military leadership.

However, this does not imply blind and naïve trust without further controlling. The opposite, exercising his or her responsibility the leader has to double check the critical spots and needs to make sure that the course of action is implemented the way it was intended as highlighted in Figure 22.

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[212] Personal interview N. Zimmermann, K. Gruber, Ch. Wolf (2012)

As pointed out, earning confidence and trust is a daily challenge for leaders. Together with this basis and a set of well-trained skills and processes according to risk assessment e.g. with Fink's crisis barometer one can avoid the paralysis that experts described to be the worst situation in the initial phase of the crisis.

4.2 Discussion

Summarizing the vast field of leadership in a nutshell we can define the basic qualities a leader must have as enthusiasm and integrity. These two terms cover and comprise many of the universally desired properties of a leader such as professional will, optimism, trustworthiness and loyalty only to name a few.

Further, the authority a leader needs to have in order to be accepted and to be able to execute difficult operations even at the expense of subordinate's needs or physical risk is first by appointment and respective backing from the higher command however at the end of the day it is assigned by his or her followers' assessment based on the leader's competence and skills to prove to be the most suitable one to master the situation.

In their paper on efficacy of military leaders as CEOs Korn Ferry came to the conclusion that it was based on their abilities of teamwork, organization, communication, goal definition and motivation, sense of ethics and staying calm under pressure. For sure, most of these traits are the result of long years' experience. However, e.g. considering the standardized process of order and backbrief to achieve a flawless sharing of relevant information and a common understanding of higher echelon's goals there is considerable potential for improvement for business leaders to catch up with military CEOs.

However, on the downside of military leadership we have to notice that army organizations in times of peace run into danger of losing these capabilities[213] and in their function of administrative entities might not be a role model of efficiency. Moreover, Cibulka found when investigating leadership with NCOs and officers from the AAF, that there was a common understanding how constructive leadership should look like but in daily routine a significant proportion was disappointed by

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[213] Personal interview A. W. Stupka

leadership that was exposed by their superiors.[214] It seems that there is a considerable gap between the performance of military trained leaders in action and in administration.

Some of the interviewed experts who had a military training as professional or reserve officers consciously applied the military leadership system while others – however, not less successful in their profession – used a more intuitive and pragmatic approach. However, the number of interviews does not justify a quantitative comparison.

Still, as pointed out in the synopsis of leadership and in the chapter about expert interviews there is common ground. However, military leadership follows a strict and standardized process that is applied more or less the same in armies all over the whole world.

To the disputed question to what extent leadership skills are an innate gift or can be trained there is no strict black or white answer. For sure there are numerous properties one has no influence on such as charisma, extraversion, physical attractiveness and intelligence only to name a few. However, lacking the a.m. basic virtues and competence charismatic would-be leaders will be disenchanted soon.

Finally, leadership training should not only focus on top strategic level but also on operational and especially on team leader level. Based on commonly required personal qualities we may evolve capable professionals and teach them to use leadership as a craft with tools that he or she can learn to use. Following this approach we may put the military leadership system described in 2.3.3 supplementary to e.g. management tools and techniques presented by e.g. Malik.[215]

4.3 Further Prospects

Thorough research and many interesting discussions with experts reinforced my conviction that leadership techniques from the military are suitable for civil leadership challenges especially when dealing with crisis scenarios.

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[214] E. Cibulka (2009), p.46ff

[215] F. Malik (2001), p.43ff

However, there is no doubt of the efficacy of other approaches as a number of successful leaders interviewed for this thesis never had military leadership training. Moreover, there is a common basis of qualities such as enthusiasm, integrity and professionalism in terms of skills, experience and behavior that is universally accepted.

Still, with regard to crisis resolution it is no coincidence that all considered emergency organizations use a very similar leadership system, however, considering tradition, assets and capability for leadership development and training military is ahead and already started to spread this knowledge to other organizations.

However, one aspect that evolved in addition to the initial hypotheses – although partially covered by the concept of mission command – needs to be highlighted: It is the importance of strengthening team leader training and empowerment of the ones that are acting on the spot and hence are directly confronted with the impact of the crisis.

Aside from dealing with crisis scenarios, I am convinced there is even more potential for the application of systematic leadership processes also in daily business which was confirmed by the interview partners that had a background in military and business.

Finally, I hope that on one hand I managed to make the system of military leadership accessible for a broader audience and on the other hand that I could trigger reconsideration of wide spread prejudices.

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