

Leading Crisis Management

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Change Management

Cases of successful leadership in crisis management

1) Samsung battery explosions

The Samsung handling of explosive batteries crisis bears both a positive on what not to do in a crisis, and what to do. The company faced one of its toughest years in 2016 when it was reported that most of its newest set of phones were exploding and had become a safety hazard (Tsukayama, 2018). In the initial days of the explosions, the US team did not set a clear statement of what was causing the explosions, and hence there was a mass speculation of Samsung phones. This included a ban of carrying the phones in airplanes, which set the company's legacy as a safe phone manufacturer steps back. In the subsequent days, the stock price of Samsung plummeted, creating the biggest loss in the company's history as the overall equity fell by over \$25 billion (Tsukayama, 2018). Also, Samsung had to recall over 800 thousand phones worldwide, and over 1 million phones in the US (Tsukayama, 2018). The company worked for 120 days around the clock, adapting a team work environment in handling the crisis, and establishing safety for its users. In the overall assessment of how the company managed to handle the crisis, and remain afloat despite the wide speculations that it would not endure the controversy shows that Samsung's crisis management was a success (Tsukayama, 2018). This is notable as Samsung went ahead and formulated a crisis management plan, and also developed safe products that have successfully entered the market, including Galaxy S8 and S8+ which went on to become market successes.

Samsung's success in handling the crisis despite the massive loss experienced—having cost the company over \$5.3 billion to recall all the phones and undertake testing, it was able to

pull through the crisis in a manner that assured its customers and the shareholders of things being under control (Tsukayama, 2018). In that regard, the crisis management theories that the company used was application of intuitive adapter leadership model. The intuitive adapter is characterized by considering a situation and making changes aimed at solving the challenges facing a company, and that may occur later. During this process, Samsung's American and Korean subsidiaries set up a team that worked for up to 20 hours a day to handle the crisis (Tsukayama, 2018).

The change models that are relevant in this study is the experienced change model process (Deszca et al., 2019). The company enlisted the services of experts including setting up a battery advisory board consisting of academics from Cambridge University, University of California, Stanford University as well as change consultancy firms (Tsukayama, 2018). Besides, during the crisis handling process, the company enlisted the services of experienced auditors including UL, Exponent and TUV Rheinland (Tsukayama, 2018). In addition, as the Samsung was undergoing the crisis, the company worked as a team, bringing in experts from various fields including legal attorneys to anticipate lawsuits, and any litigations on liability that may arise. The impact of this experienced team leadership or management during the change process yielded significant outcomes including the creation of safety measures such as testing to establish points of failure to secure the batteries by disassembling them to conduct safety tests.

2) Johnson & Johnson Tylenol Poisoning Crisis

Another case of successful crisis management is in the Tylenol Poisoning Crisis. The Johnson & Johnson Company made a manufacturing error that amounted to the death of 7 people after they consumed Tylenol capsules that were laced with cyanide (Berg, 2013). The

Johnson & Johnson Company made a prompt measure to recall 31 million bottles of the product which were in the various chemistry and over the counter shelves across the US (Berg, 2013). Notably, the company was successful in the crisis management as it issued a statement of acknowledgement that the capsules had an error arising from cyanide poisoning. To manage the crisis, the company utilized emotional leadership approach since it acknowledged and regretted the incident (Mitroff et al., 1987). Imperatively, the company immediately suspended the production and advertisement of the product which proved that the company was honest and transparent about the crisis. By doing so, the company assured its customers, and stakeholders that it is honest and that their safety is of primary interest (Deszca et al., 2019).

The Johnson & Johnson Company succeeded in managing the crisis by adapting a continuous improvement change leadership approach. The continuous leadership approach is based on improving processes, and thereby attaining optimal results in return (Deszca et al., 2019). The element of continuous process improvement in Johnson & Johnson case is portrayed by the company's effort to revamp the product design, and packaging to ensure that they met safety measures and standards (Berg et al., 2013). The company set a team of experts to review standards, and when it later reintroduced the product, there was optimal consumer confidence which led to the success of the company in the subsequent years despite the immensity of the crisis which could have sunk the company.

Examples of unsuccessful leadership in crisis management

1) Flint Water Crisis

The Flint water crisis is one of the infamous cases of crisis management. The Flint Water Crisis—a man-made public health crisis that occurred from April 2014 to June 2016, was caused

by negligence by the Flint Municipal Water Supply authority (Pauli, 2020). The crisis was caused by a diversion of the water sourcing from Lake Huron to Flint River as a cost cutting measures (Pauli, 2020). However, the government did not conduct enough safety measures to treat the water against corrosive substances, hence the corrosion in the water pipes led to lead-contamination of the water. The colossal consequence was rise in Legionnaire disease which killed 12 people, and left many more hospitalized (Pauli, 2020). In addition, tens of thousands to this day face dangers associated with high lead levels, such as cancer (Pauli, 2020).

The Municipal government's handling of the issue was a total disaster as there was no communication to show that there was acknowledgement of the mistake and necessary measures being taken. It took the intervention of the Federal government after public outcry and mass publicity for the issue to be resolved (Pauli, 2020). Thus, the Flint Water Crisis became the largest and most infamous public health crisis in the US, and the mishandling of the issue by the Michigan municipal and state government was apparent. The causes of the failure in crisis management can be attributed to lack of accountability, lack of proper and emotional connection type of leadership, and lack of prompt response to the crisis.

Arguably, the crisis could have been addressed if the Michigan state government, in realization of the dangers posed by issue lead-contamination, would have given a public notice, and immediately offered alternative water sources to the people of Flint. Besides, the Flint Municipal authority could have mitigated the crisis by following the due process of changing water sources including undergoing requisite tests and compliance standards. Further, the Flint government should have been held accountable by the legislative authorities on its public spending and the rationale to take a cost-cutting measure without due process while risking the

lives of unsuspecting citizens (Pauli, 2020). These are internal and external checks that would have mitigated the crisis.

2) BP Deepwater Horizon oil spill in 2010

Another case of unsuccessful crisis management is the BP Deepwater Horizon oil spill in 2010. The Deepwater Horizon oil spill occurred when there was an underwater oil explosion in the Gulf of Mexico which caused one of the largest environmental disasters in the US history (De Wolf, 2013). The disaster resulted in the death of marine animals, and contamination of aquatic life. In retrospect, the company was faulted for not taking accountability for the crisis by obscuring details on the extent of the disaster, and the consequent impact (De Wolf, 2013). The BP response was slow as the company did not consider the likely impact. This can be directly linked to the absence of an emotionally responsive and adaptive leadership approach. The emotional response plays the role of showing shock, and hence appeals to the public as a registration of regret (Deszca et al., 2019). Besides, there was no adaption of response measures to stop the extent of the oil spill including any clean up exercise measures (De Wolf, 2013).

The BP Deepwater Horizon rig would have been handled well if the company took accountability of the issue, and utilized a strategic leadership approach aimed at promoting sustainability. The company should have reported the immediate effect of its oil spill, and the measures it had set in place to reduce the environmental disaster (De Wolf, 2013). In addition, the company should have created a prompt response to the cleaning of the oil spillage. Otherwise, the oil spills became more toxic due to delay and avoidance. Therefore, in the aftermath of the oil spill, the company should have adapted a strategic step on environmental

leadership and crisis management response as this measure restores public faith, and accountability.

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