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Crystal clear thinking in turbulent times

Organisational Shock

Sarah Mellor

Contact Sarah Mellor

Email: office@startmakingadifference.com | Telephone: 07966 232 758 | Website: www.startmakingadifference.com



What is organizational shock?

Organisations react to shock in the same way that the human body does. Shock is medically defined as a “critical condition brought on by a sudden drop in blood flow through the body. There is failure of the circulatory system to maintain adequate blood flow which curtails the delivery of oxygen and nutrients to vital organs and curtails the removal of wastes from the body. Shock is a major medical emergency which occurs after serious injury and requires immediate treatment.”

Organisations react to shocks in a similar way to the body. As the oxygen flow of the organisation is reduced it enters a state of paralysis and confused anxiety that undermines the ability of executives to function and perform effectively. The extraordinary nature of what has happened creates organizational uncertainty. How to respond and what to do?

Just like the physical body, organisations react less well to shock when their underlying health is poor. For someone with a heart condition the unexpected can trigger a heart attack and potential collapse. Paying attention to organisational health is frequently disregarded in boardrooms as there is no obvious measurement that links it to performance and profitability. Such measures are rarely within HR’s mandate and are a complex combination of psychological and behavioural indicators which impact operational effectiveness.

Causes of organisational shock

Extraordinary events outside an organisations control can have an immediate and sometimes long term impact on productivity. Such events can be broadly classified as:

Leader led (things that happen to or are done by individuals)

Financial (things that happen to organisations that are largely secret or only known to a small number of key individuals)

Accidental (things that happen by mistake or are outside human control)

Leadership events leading to organisational shock

When things happen to or are done by business leaders who command strong feeling amongst colleagues and clients the impact on an organisation can be huge. The most obvious of these is sudden unexpected death. The sense of disbelief and unwillingness to comprehend a new irreversible reality is a first uncomfortable step of the grieving process which needs to be worked through before getting to a stage of understanding an acceptance. If the death involves other staff members they need to be assessed for post traumatic shock to mitigate longer term mental processing difficulties and all staff members benefit hugely from access to a skilled sounding board to work through difficult and maybe conflicting emotions.

Other leadership events that cause organisational shock include:

- Sudden illness/Individual breakdown
- Unexpected Resignations

The more charismatic/central the individual, and the more central they are to the organisations success, the greater the shock and sense of betrayal and hurt at being excluded from a decision that, for professional reasons, had to be secret. The majority of companies do have practical contingency plans that respond to sudden departure of leaders including comprehensive communications strategies but there is a need to support the often suddenly appointed



“new” leader in developing clarity around:

- **Leadership style and preferences**
- **Response to the immediate crisis**
- **Future strategy for growth**
- **Operational/organisational structure**
- **3-6month plan**
- **Strengths/weaknesses fears**

At a time of organisational and personal vulnerability, working through these key issues, develops solid foundations for knowing what needs to be done and how to take the rest of the organisation with you. Constant open and clear communication with staff and the development of a shared vision for the business is central to successful transition.

Financial/Structural events leading to organisational shock

Sudden changes in the ownership and structure of a business generates uncertainty and often results from “secret” market sensitive activity. These events may include changes in leadership, company/organisational focus and the loss of jobs. They include:

- **Takeovers and mergers**
- **Withdrawal of bank support**
- **Restructuring**
- **Management buyouts**
- **Shareholder rebellion**
- **Council and national elections**

Once the event has happened it is necessary to deal swiftly and decisively with any fall out and to respond to residual organisational shock with a mixture of “new” leadership support and emotional acknowledgment where staff members are struggling.

Accidents resulting in organisational shock

The unexpected event resulting from human error and or nature can be the most complex and difficult to recover from in the long term and equally can result in longer periods of shock as organisations and people struggle to comprehend what has happened. The BP oil spill, the collapse of Barings and the leak of client financial details by Sony are all examples of unforeseen events that impact the morale of organisations and their ability to function effectively. Once an emergency response has been agreed and leadership has been established which may or may not involve a reshuffling of responsibilities, it is imperative that staff are allowed to express feelings of display, upset and rage to allow them to move on constructively to picking up the pieces and learning the lessons from

Responding to organisational shock

Organisations which try to ignore the impact of extraordinary events and “carry on as normal” tend to work on an adrenalin based stress response rather than a considered evaluation of available options. Staff at all levels can feel bewildered and overwhelmed by a genuine sense of loss, fear of change and potential loss of job security.

When a shock event happens leaders need to be able to access emergency support that provides calm and expert advice on dealing with the practicalities and emotional impact of the immediate situation and those most closely affected by it. This help focuses on the need to acknowledge what has happened, communicating the news to key



internal/external audiences and buying time to develop the most helpful and effective crisis management options.

This is particularly true for dealing with the emotional fall out shock has on staff who can be flooded by the presenting event or by more hidden issues that the event triggers for them. Dealing successfully with organisational shock and preventing substantial drops in productivity requires recognition of what people are going through and the provision of specialist help that combines the need to express their personal responses with a clear understanding of commercial reality.

The final and less intensive phase of support involves helping business leaders and organisations work towards recovery putting the initial trauma behind them and working towards an acceptance of a different and possibly brighter corporate future.

There are several critical steps to managing the shock process which sets in immediately after the event and lasts for two to six weeks after it. In this critical emergency response period senior leaders benefit from intensive business aware commercial and emotional support. An organisational shock continuity plan will be customised to organisations particular needs while covering the following key steps:

Step one

Acknowledge what has happened internally and externally

Step two

Communicate personal and leadership response to the event

Step three

Buy time for future decision making

Step four

Develop emergency response team

Step five

Identify and act on immediate priorities

Step six

Demonstrate empathy with what people might be experiencing and feeling

Step Seven

Provide viable access to practical and emotional support

Step eight

Encourage sharing of thoughts and experiences of and around the event

Step Nine

Allocate key activities and responsibilities

Step ten

Communicate, communicate, communicate and prevent elephant in the room syndrome

Step eleven

Arrange internal social bonding event after 2 weeks of the event



Step twelve

External response communication strategy and plan

Step thirteen

Identify and work towards recovery and closure

Step fourteen

Adopt a meaningful approach for remembering

