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INNOVATION TO MANAGE CRISIS: A STUDY OF LEADERSHIP COMPETENCIES IMPORTANT FOR BOTH CRISIS MANAGEMENT AND INNOVATION

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INNOVATION TO MANAGE CRISIS: A STUDY OF LEADERSHIP COMPETENCIES IMPORTANT FOR BOTH CRISIS MANAGEMENT AND INNOVATION

A THESIS APPROVED FOR THE COLLEGE OF LIBERAL STUDIES

BY

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To my colleagues, friends, and family, thank you for the encouragement and support through this endeavor. To my loving husband Sean and son Conner who bring adventure into my life every day, you are my rock.
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Abstract

This study examines the correlation between leadership competencies found in organizations dealing with crisis and organizations known for their innovation. It is hypothesized that identifying leadership competencies that are associated with both crisis management and innovation will help an organization develop employees who will successfully handle crisis while influencing innovative thinking. A qualitative analysis was conducted on various media publications to systematically record leadership competencies. Both private and public sector organizations were compared for differences and similarities. The question was considered if it is better to develop these competencies and behaviors or should the emphasis be placed on recruitment of experience. Results indicate that organizations experiencing crisis show less competencies in the areas of signal detection and prevention than organizations who are known for innovation. Additionally, organizations who show a large amount of innovative leadership competencies manage crisis in a shorter time and may actually come out in a better position than what they were pre-crisis.
Introduction

“The Chinese use two brush strokes to write the word 'crisis'. One brush stroke stands for danger; the other for opportunity. In a crisis, be aware of the danger--but recognize the opportunity.” — John F. Kennedy. The headlines of crisis displays boldly across newspapers and magazines, while breaking news is streamed across every news channel, grabbing people’s attention and warning the public of danger. Data breaches, environmental catastrophes, and E.coli outbreaks are common events over the last few years. Social media such as Twitter has become a forefront for receiving news quickly and in 2014 and 2015, tweets of social outcry were widespread over governmental issues to include tweets related to veterans suffering due to exceptionally long wait times for healthcare. In contrast, stories of innovation rarely make it to the headlines unless it is in response to a crisis. Why then is innovation not more of a priority in organizations?

Very little research is found on the correlation of leadership competencies used in crisis management and innovation. Although, there is a multitude of research and literature found on each separately. Literature can be found describing different leadership competency models and how different competencies are linked to various leadership styles. Similarly, leadership courses taken in universities along with a large number of books and articles identify and discuss competencies for transformational leadership, organizational success, and leadership and organizational development. A crisis it is rarely handled by a singular action, rather a number of steps are used to defuse the emergency. Similarly, it is not one competency that is needed to resolve a situation, instead it is the combination of different competencies found in different
styles of leadership that will pull an organization through. When researching innovation it becomes clear that competencies such as creativity, risk taking, and paying attention are also important when dealing with crisis. Creativity has long been identified as a process of the right side of your brain. Neuroscience findings show that creatively solving problems is actually a constant shifting and blending of divergent and convergent thinking from the left side of your brain to the right side and back (Bronson & Merryman, 2010). When trying to solve a problem, your left brain will look for obvious facts and familiar solutions. When none are found, your right brain will begin searching memories to include a wide range of learned experiences. Your left brain will then begin to look for unseen connections and alternate meanings. It is proposed that when faced with a crisis, it is in this way that one will make decisions on what actions to take during critical moments. Furthermore, it is proposed that leadership competencies that influence innovation and crisis management are linked and are critical for a leader to successfully deal with a crisis situation as well as for influencing innovation in an organization.

For organizations to survive and grow, the focus should not be to reinvent processes just during times of crisis, but rather continually make innovation a way of life (Hamel, 2002). It has been found that stock prices will go down during an organizational crisis and similarly, organizations recognized as innovative are seen with healthy stock prices. Organizations with effective crisis management will have a quicker recovery of stock prices and will typically remain above their pre-crisis price (Garcia, 2006). Additionally, identifying leadership competencies that are associated with both crisis management and innovation will help the Human Resource
Development (HRD) department of an organization develop trainings and recognize behaviors that might be identified in the recruitment process.

This study examines what leadership behaviors and competencies are found in both organizations dealing with crisis and in organizations known for innovation. Scholarly literature is researched showing the results of both case studies and quantitative analysis to explore what leadership attributes are needed to promote innovation and handle internal crisis. An ethnographic content analysis is conducted on various media publications to systematically record leadership competencies. A comparison is done to see if similar competencies arise in both the organizations dealing with crisis and those identified as innovators. Both private and public sector organizations are compared for differences and similarities. Additionally, the findings will be reviewed for how HRD would be better able to develop leadership competencies to handle internal crisis while influencing innovative thinking. The question will be considered if it is better for HRD to develop these competencies and behaviors or should the emphasis be placed on recruitment of experience?

**Literature Review**

*Definition and Causes of Crisis in an Organization*

There has been a significant amount of study done on crisis within an organization. Crisis has been defined as an unexpected event or situation occurring suddenly which threatens priorities or inhibits the ability of the organization to succeed or function (Pillai, 1996; Davies & Walters, 1998; Bligh, Kholes, & Meindl, 2004). Usually a critical situation, the crisis will have a major impact on the organization.
Many times a crisis will have little response time and require decisions to be made quickly. With global media coverage and increased usage of social networks, the world has become a smaller place. Within a short amount of time, environmental or organizational crisis can become hot topics that quickly spread nationally and internationally. Crises has become the primary target of media coverage (Rosenthal, 2003). Sociological theories dictate that a crisis will become real if men define it as such. With all of the sensationalized media coverage to include sometimes graphic images, the viewers may experience the anxieties felt by those who are actually dealing with the crises. Therefore, when the media defines a situation as a crisis, it can becomes a crisis in all its consequences.

All organizations deal with risk and uncertainty in their everyday practices. If not handled properly, a risk may be sufficient enough to generate a crisis. With poor management, small crisis can lead to a large and sometimes devastating crisis (Davies & Walters, 1998). Culture and operating practices may also produce crisis that are connected to organizational dysfunctions (Kersten, 2005). The culture can be seen as the unwritten rules of an organization. An organization that is prone to crisis may have a culture that is led to believe that to succeed you must never disagree with the boss or deliver bad news (Mitroff, Pauchant, Finney & Pearson, 1989). Organizations that are seen as innovative tend to be more prepared for crisis and will have cultures that promote creativity, allowing for mistakes as long as open communication is kept with superiors. A crisis is usually exposed by a chronological number of events that usually starts with a missed cue. Likewise, there are several sequential steps taken in overcoming and emerging from a crisis. Models of crisis management where
immediate crisis response is followed by crisis recovery may seem the best course, but in most situations it does not reflect the fact that dealing with a crisis is a process.

**Leadership Competencies and the Phases of Crisis Management**

When researching the phases of crisis management, several models can be found naming anywhere from three to six stages. The most referenced includes a four and five stage model of crisis management. The four stage model includes a warning stage, an acute stage followed by a chronic stage, ending with a crisis resolution stage (Pillai, 1996; Darling, 1994; Fink, Beak, & Taddeo, 1971; Fink, 1986). The five stage model and the one that will be used for this research includes: signal detection; preparation and prevention; damage control and containment; business recovery; and reflection and learning (Wooten & James, 2008; Reynolds & Seeger, 2005; Maitlis & Sonenshein, 2010). Signal detection is the first phase where leaders or key individuals should recognize the early warning signs of a possible crisis. In the prevention and preparation phase, leaders should be able to prevent the crisis from happening and prepare for any further crisis. When a crisis enters the third phase, the focus is on containment and damage control by keeping the crisis from further harming the organization or its environment. Once the crisis is contained, the organization can focus on recovery efforts. Short and long term plans are set to help business to resume. The fifth and final phase of this crisis management model allows the organization to reflect and learn from what has happen. During this stage, an analysis of what worked and what actions failed can be used to develop new policies and procedures that will prevent future crisis from happening.
Leadership competencies are the knowledge, skills and abilities that enables one to complete a task (Wooten & James, 2008). In a crisis situation, leaders must be able to act fast and decisively which would require perception and sensemaking skills in order to make sense of an ambiguous situation and determine the best course of action (Weick, 1988). Simply put, sensemaking is when a normal routine is disrupted and one is compelled to ask what is going on (Maitlis & Sonenshein, 2010). Sensemaking as a crisis unfolds as described in Weick’s works on the Tenerife air crash (Weick, 1990) and the Mann Gulch fire (Weick, 1993) will actually determine how the crisis itself is either contained or become more harmful to the organization. When managers or employees are under time pressures usually found in the corporate environment, they are more likely to solve problems without fully making sense of the situation. As a result solutions are often less than ideal and a crisis is more likely to get out of control. Research also reveals sensemaking through the media. After a crisis happens, the public often turns to media reports and social networks to find out what has happened, who was involved, and what or who caused the crisis (Maitlis & Sonenshein, 2010). With all of the media attention and demands for swift action from the public, leaders all too often fall victim to listening to the loudest cries while making short term decisions in the chaotic moments of the crisis. The repercussions of poor decision making could actually be more damaging to the organization than the crisis itself (Rosenthal, 2003). This illustrates why it is important for leaders to continue to develop competencies to include sensemaking that will not only carry them through a crisis, but lead their organization to success.
There are numerous competencies found in change literature that range from professional competencies such as project management to core competencies to include communicating, problem solving, and self-direction. Many of these are broadly defined and focused on slower paced organizational change. Crisis management competencies differ in the fact that they are needed to manage a crisis dealing with time constraints. Leaders would need competencies that include perspective taking, assessment and alignment. Operational competencies that are important in the different phases of crisis include important characteristics often associated with leaders under stress (Van Wart & Kapucu, 2011).

There are many conditions which will lead an organization to innovation. Innovation creatively solves problems and will include anticipation and foresight to handle problems before they erupt into a crisis (Borins, 2000). It is found that the most frequent incentive for innovation is the need to solve internal problems. Conditions that lead to innovation in governmental organizations include pressure from the public, pressure due to an election, legislation or other politicians. New leadership, opportunities created by evolving technology, and even crisis itself also lead to innovation. Innovation can also be derived from positive employee moral (Tasler, 2009). Linking the employee’s work to the organization’s mission and its operations, will give the employee the sense that their actions matter, thus promoting organizational resiliency. Resiliency is a competency that allows an individual to work through a crisis and bounce back with solutions and improved processes (Wooten & James, 2008). For a person to be resilient, they must believe that their actions make a difference.
Competencies for Crisis Management and Innovation

In the complexity of leadership, many competencies overlap from crisis management to promoting innovation. Research shows that both public and private organizations require the same leadership competencies. Differences are found in what competencies are held as more important to the organization (Thach & Thompson, 2007). Public relation practices in governmental organizations are influenced by politics, public service, legal constraints, and constant media and public scrutiny. A common perception is that the government has poor communication skills and is slow to get information to the public (Liu & Horsley, 2007; Helsloot, & Groenendaal, 2013). However, in this time of an ever changing and increasingly competitive market, governmental organizations are becoming more innovative in developing programs that create efficiency, cut cost, or create revenue to offset decreased appropriated funds in times of budget shortfalls. One debate over innovative leaders with an entrepreneurship spirit in the public sector is that critics see entrepreneurs as prone to rule breaking, self-promotion, and unwarranted risk taking, while supporters view them as exercising leadership and taking initiative (Borins, 2000). The public has greater access to view the activities of governmental organizations and their leaders today through the focus of media to include social media (Van Wart & Kapucu, 2011).

Communication is a competency that is important in both crisis management and innovation. It is a natural reaction for an organization to try to restrict the free flow of information during a crisis, but quick and accurate communication is necessary for effective crisis management and should be included as a component of the organization contingency plan (Reilly, 2008; Sapriel, 2003). Communication is also important for
organizations focused on innovation as they encourage the gathering and dissemination of information, enable continued learning, facilitate change, and promote improvements in processes (Siguaw, Simpson, & Enz, 2006). The proper rhetoric in communication is essential. It is also vital to pay attention to words that go unspoken. Through fast acting social media, employees and the general public will quickly pick up on insensitivity, abuse of power, deception, incompetence and fearfulness. The information given should be continuous, accurate, and focused. Purposefully leaving information out or being deceptive will cause distrust. When leaders lie at critical moments in a crisis, it may actually create a new crisis (Ramirez, 2010). A leader’s communication will shape public perception negatively by becoming otherwise occupied and talking around critical issues or by using rhetoric that is insensitive of others. Communication should be straightforward to avoid confusion. Social media’s influence on crisis communication continues to increase, with several matters breaking over Twitter and Facebook before seen on the television or in the newspaper. Organizations are increasingly challenged with trying to meet the demands of vocal online critics with the information needs of traditional media, employees, investors and other stakeholders. Some communication experts and researchers have criticized organizations for failing to use social media such as Twitter to deliver updates during a crisis (Helsloot, & Groenendaal’s, 2013). They believe that this especially holds true for governmental agencies where rumors can be invalidated quickly and the public can get timely information on how the crisis affects them and what action needs to be taken. However, studies show that most tweets do not contain any new or relevant information
and were buried within the massive amounts of media and public tweets. It was shown that relaying information directly to the media was equally effective.

Grounded in language, charismatic leadership is able to provoke emotions, as well as arouse increased faith in their leader. Part of the appeal of a charismatic leader is the ability to articulate and express sentiments and views that followers feel but may not be able to express. This said, times of crisis create an increased opportunity for charismatic leadership to emerge (Bligh, et al., 2004; Halverson, Murphy, & Riggio, 2004; Pillai, 1996). This can be seen in the rhetoric of President George W. Bush’s public speeches after the September 11th terror attacks. The same characteristics could be found of former New York Mayor Rudy Guiliani’s responses. The crisis-based leader is empowered to communicate what actions are necessary to solve the problem. It is in these situations that the charismatic leader is able to promote non-traditional actions, sometimes seen as chaotic or disruptive (Bertocci, 2009). In some cases, non-traditional actions are seen as innovative. Many leadership theories show charisma as a main characteristic for transformational and visionary leadership (Pillai, 1996). It is charismatic leadership that create and shape shared values and beliefs, transform self-concepts, and heighten commitment to the leader’s ideas. Whatever the transformational abilities and skills of a management team, the success of proposed change may depend on charismatic leadership that the organization members are willing to support and commit themselves to. The perception of crisis may be an important prerequisite for change. The crisis caused charismatic leader is seen as a mover and shaker, as well as a visionary. These same attributes may not be seen in the same leader when the organization is not in crisis. With all of the leadership theories surrounding
charisma, it is largely thought that charisma cannot be taught or learned (Bertocci, 2009).

*Are Leaders Born or Made?*

An organization’s strategic planning should include normal operating procedures as well as training and preparation for crisis situations. Daily operations are comprised with the necessity to be routine and efficient, while crisis is characterized by an amount of high uncertainty. Organizational crisis does not occur often and has high consequence; if standard operating procedures can contain the incident, then it would not be considered a crisis (Pearson & Clair, 1998). The Human Resource Development (HRD) department of an organization in conjunction with the overall mission will identify and develop needed training to improve workplace performance and individual learning in the organization. HRD will address organizational development needs through methods such as stress management, change management, and leadership development. Training and development of various competencies are interwoven into workshops and seminars, built to not only teach, but to give the participants the chance to exercise what they have learned. One of the most essential skills practiced by HRD is communication. HRD should create trainings to develop competencies that facilitate crisis communication which is a key component of effective crisis management (Reilly, 2008). Where the lessons taught may be geared toward managing crisis, many communication applications are utilized for daily operations to include promoting innovation. The same could be said about sensemaking, awareness, or anticipation.

For an organization to be resilient, they should prepare and train their employees on how to deal with crisis. Practicing safety and preparations for small emergencies are
common, but little attention is given to the important task of planning for an unexpected crisis (Lagadec, 1997). Handling a crisis has other requirements than just a checklist of preplanned motions. The goal should not be to simply react, but to train employees on how to work together to confront sometimes unimaginable and potentially devastating situations. Crisis simulations provide organizations with an effective tool to train leaders and key personnel to effectively handle crisis situations (Yusko & Goldstein, 1997). Structured and continuous learning processes are key to equip members of an organization with the capabilities, flexibility and confidence to deal with sudden and unforeseen crisis (Robert & Lajtha, 2002). One tool that is used to develop training is the use of a Behavioral Crisis Analysis to define critical task, skills, abilities, and knowledge to effectively address a crisis; design of a high-fidelity crisis exercise; development of a method for measuring the performance of participants in a crisis simulation; and use of the information gained from the simulation for further coaching and development (Yusko & Goldstein, 1997). While formal training helps to develop leadership, experience is more likely to be the more important teacher (Van Wart & Kapucu, 2011). In a crisis, leaders tend to rely on past experience. High levels of stress may affect a leader’s performance resulting in ineffective decision making or inappropriate behavior. Stress can interfere with the ability to use particular cognitive resources, such as intelligence, while enhancing the ability to use knowledge gained through experience (Halverson, et al., 2004).

Just as the organization’s leaders will set the priorities for crisis preparedness, they will also be an influencing factor for innovation. For innovation to flourish, the organization must select, train, and reward employees that value learning (Siguaw, et
Employees must be willing to work together, even across divisions. Leaders should encourage employees to challenge and experiment without the fear of punishment for failed ideas. HRD should help to develop operational competencies that encourage learning and acceptance for change; pushing employees to improve work processes and promote the exchange of information. As mentioned prior, many competencies that are essential for crisis management are also identified as needed for innovation. Crisis and change research contexts share many similarities (Maitlis & Sonenshein, 2010). For instance, the sensemaking process may be utilized in leadership development trainings to allow evaluation and renewal of leadership concepts. By recreating some of the conditions of crisis situations that promote the need of quick decision making, it allows gained experience in ambiguous and unusual situations that sensemaking usually occurs in; situations that contradict or cannot be explained by current collective assumptions (Weick, Sutcliffe, & Obstfeld, 2005; Probert & James, 2011). The capacity of an organization to be innovative is connected to the ability to make sense of collective experiences in times of uncertainty such as a drastic change in the market (Dougherty, Borrelli, Munir, & O’Sullivan, 2000). Thus organizational sensemaking is an essential competency for innovation. It is common for organizations to try to make sense of change by using existing logic or problem solving techniques, where innovative organizations will challenge existing logic to gain new insights. Additionally, important in both crisis situations and for innovation is learning and reflection. Organizations must be able to properly assess situations and then align their actions and goals for current and future needs. HRD should be a strategic partner in renewing and creating policies and procedures during the recovery
and learning and reflection stages of a crisis (Wooten & James, 2008). Reflection is used for problem solving as well as analyses of effectiveness of procedures. Training leaders to take time to reflect on current work situations will encourage innovation as managers learn to adapt to new situations (Daudelin, 1996).

The question must be raised, is the training and development of leadership competencies all that is needed for an organization to overcome a crisis and remain innovative? A leader’s actions are not only based on training and experience, but are also shaped from a set of beliefs and assumptions that involve a combination of pragmatic and moral principles (Watson, 1996). These are developed based on one’s upbringing, situational surroundings and culture. However, though one’s personal self-identity and how they respond to crisis is shaped by their values, it is found that these espoused principles do not shape behavior. Whereas the competency methodology to leadership development may be seen as a catch-all to justify and simplify the process of selecting, evaluating, and developing leaders, it really only catches a minor part of the complexity of leadership (Bolden & Gosling, 2006). If competencies are looked at on an individual level, the outcomes will be that particular competency. Instead the focus should be on the collective of all competencies and the surrounding circumstances.
Method

Data Identification

To research leadership competencies linked to crisis management, Wooten & James (2008) examined seven years of business crisis data from the Institute for Crisis Management database. Focusing on a sample of 20 organizational crises, they completed an in-depth qualitative analysis where they were able to identify and examine leadership competencies exhibited during each phase of crisis. For this study, it is the intent to further this research by studying current organization’s dealing with crisis alongside organizations recognized for innovation. Additionally, organizations from both public and private sectors are selected for analysis.

Each year the Institute for Crisis Management (ICM) compiles close to 168,000 records electronically from various worldwide business news organizations. The data is categorized into different types of crisis and organized into an annual report that is a compilation of news, crises analysis, trends and assessments. The 2014 ICM Annual Crisis Report showed that more than 223,000 crisis news stories were counted from nearly 10,000 news outlets in 2014. The biggest categories were mismanagement, white collar crime, whistle blower, casualty accidents and environmental damage. A stratified sample of five cases (summarized in Table 1) were purposely selected to represent the biggest crisis categories to include three private and two government organizations.
<table>
<thead>
<tr>
<th>Organization</th>
<th>Private</th>
<th>Public</th>
<th>Incident</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chicago Transit Authority: Blue Line Casualty Accidents</td>
<td>x</td>
<td></td>
<td>March 24, 2014 an eight car commuter train ploughed across a platform and scaled an escalator at an underground station at the Chicago O’Hare International Airport. 32 people were injured. It was found that the driver had fallen asleep.</td>
</tr>
<tr>
<td>U.S. Veterans Affairs Whistleblower</td>
<td></td>
<td>x</td>
<td>May 28, 2014 the U.S. VA’s Office of Inspector General confirms whistle-blower allegations of mismanagement and the manipulation of data related to wait times for medical treatment for veterans. The VA acknowledged 23 deaths nationwide due to delayed care. However, reports of up to 40 veteran deaths were reported in Phoenix alone. Wait times were reported anywhere from 90 to 115 days.</td>
</tr>
<tr>
<td>American Apparel Executive Dismissal</td>
<td></td>
<td>x</td>
<td>June 18, 2014 it was announced that Dov Charney, founder and CEO of American Apparel would be dismissed by the board after years of allegations of sexual harassment and abusive behavior. The company continues to struggle to re-gain market share.</td>
</tr>
<tr>
<td>Freedom Industries Environmental Damage</td>
<td></td>
<td>x</td>
<td>January 9, 2014 a leak was discovered dumping thousands of gallons of chemicals into the Elk River near Charleston, West Virginia. The contamination affected the water supply for about 300,000 residents. Schools and restaurants closed, hotels refused reservations, store shelves were quickly stripped of bottled water and residents had to endure long lines and wait times to fill jugs from tankers delivered by the National Guard.</td>
</tr>
<tr>
<td>Target Data Breach</td>
<td></td>
<td>x</td>
<td>December 19, 2013 Target announced that between 11/27/13 – 12/15/13 their data systems had been hacked and approximately 40 million customer credit and debit cards had been compromised. Later it was announced that the hackers also acquired personal information to include names, addresses and phone numbers for up to 70 million customers.</td>
</tr>
</tbody>
</table>
Organizations with innovative stories are not found as prominently in the news due to the sensationalism of crisis in the media. Forbes, well known for its lists and rankings, comprises an annual list of the most innovative companies. The list is selected from a method that relies on investors to identify organizations that are expected to be innovative now and in the future. The organizations are ranked on a calculation called the Innovation Premium which calculates the business’s net present value and compares it with the current enterprise value. This can be related back to stock prices and return on investments. Also found to rank innovative companies is the magazine Fast Company. Its editorial staff analyzes information found on thousands of businesses across the globe utilizing software that reviews news articles, blog post, company profiles, and patents. Their rankings differ from others in the sense that it does not just focus on revenue growth and profit margins, but rather on identifying creative models and progressive cultures. Utilizing these two sources, four organizations (summarized in Table 2) were purposely selected to represent not only high profits, but were found to show creativity and progressive thinking.

<table>
<thead>
<tr>
<th>Organization</th>
<th>Incident</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amazon.com</td>
<td>Innovation in retail and technology. Reviewed for their business model and lean management. Membership of its two-day-delivery program, Amazon Prime, grew by millions in 2013; its grocery-delivery service expanded to Los Angeles and San Francisco, hooking customers into regular delivery habits; and its Kindle Fire HDX, with an instant tech support feature, became an attractive alternative to the iPad. Currently Amazon is developing drones for faster delivery.</td>
</tr>
<tr>
<td>Company</td>
<td>Description</td>
</tr>
<tr>
<td>-------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Chipotle Mexican Grill</td>
<td>Innovation in fast food. Promoting “responsibly raised” meats and local, organic produce when possible. Promoting “food with integrity” and that “better-quality food taste better, and really great people make better food and provide a better customer experience”. Creative advertisement in the form of short movie quality animated videos were developed to foster an emotional connection to its brand.</td>
</tr>
<tr>
<td>Netflix</td>
<td>Found to have a deep culture of innovation, relying on a mix of freedom and responsibility among its employees. The company fosters creativity, initiative, and synthesis. Recognized for shaping how Americans receive their home entertainment, the network is able to provide millions of movies simultaneously. Netflix is accredited with the development of binge watching.</td>
</tr>
<tr>
<td>Panera Bread</td>
<td>Innovation for improving the ordering, preparation, and delivery for dine in and grab and go experiences. Panera 2.0 a technology system that lets customers place orders online, through apps on mobile devices or iPad kiosks at each table to cut down on crowds in front of cashier stations. Meals are delivered to table or ready for pick up at a pre-determined time.</td>
</tr>
</tbody>
</table>

Identifying government organizations seen for innovation is a more daunting task as they are not highly publicized. The media often portrays that government is an inefficient and ineffective bureaucracy. However, successful innovations regularly flow from legislation as well as individual government agencies and there are many opportunities for the public sector to positively affect the economy’s future (Denning, 2012). The Harvard Kennedy School / Ash Center for Democratic Governance and Innovation work to develop excellence and innovation in governing bodies and public policy through research, education, and public discussion. One of their programs devoted to recognizing creativity in the public sector is the Innovations in American Government Awards, a program that highlights ideal models of government innovation. Each year government bodies submit entries highlighting projects exhibiting creative and effective solutions to some of government’s most challenging situations. A
national selection committee of renowned scholars and practitioners selects the top programs through a process of identification and evaluation. Chosen from the 2014 – 2015 winners of the Ash Center’s Innovations in American Government Awards were four public sector organizations (summarized in Table 3) that represent a variety of levels of governmental organizations.

**Table 3: Public Innovative Organizations Identified**

<table>
<thead>
<tr>
<th>Organization</th>
<th>Incident</th>
</tr>
</thead>
<tbody>
<tr>
<td>City and County of San Francisco</td>
<td>Kindergarten to College (K2C). A K2C account of $50 is automatically opened for every child starting kindergarten in the San Francisco public school system. The program encourages savings for college and integrates financial education into the K-12 grade math curriculum by teaching financial literacy skills using the students’ own accounts to provide real world context.</td>
</tr>
<tr>
<td>OKI Regional Council of Governments</td>
<td>The Regional Asset Verification and Emergency Network (RAVEN911). An internet based mapping system used by first responders during emergency situations. Bridging jurisdictional boundaries, it provides real-time information during a disaster or emergency. Its versatility allows RAVEN911 to address emergencies such as inclement weather, threats of fire, chemical leaks and even terrorist threats.</td>
</tr>
<tr>
<td>Social Security Administration</td>
<td>Section 1140 Enforcement and Outreach. Social Security Administration attorneys launched an innovative outreach partnership with search engines, domain registrars, financial institutions, and social media to shut down fraud, phishing, identity theft, and misleading online advertising schemes representing themselves as approved, endorsed, or authorized by Social Security Administration.</td>
</tr>
<tr>
<td>State of Oklahoma ODMHSAS</td>
<td>Mental Health Reentry Program. The OK Department of Corrections and the OK Department of Mental Health and Substance Abuse Services collaborated to form a program that transitions incarcerated offenders with serious mental illness into appropriate community-based mental health services in the community. The program has seen increases to include, service engagement, outpatient service utilization, and access to pharmacy services as well as a decrease of 41% relapse into criminal behavior.</td>
</tr>
</tbody>
</table>
Data Collection

Once the sample of organizations were chosen for this study, they were separated into categories of crisis and innovation, then further categorized by public and private sector organizations. Data was compiled from a variety of sources selected to show not only the organizations but the public’s perception of the crisis and innovation. Research was focused on business press articles, to include ABC, CBS, NBC, and FOX news, as well as articles from recognized business journals and magazines, such as Bloomberg Business, CNN, Forbes, Harvard Business Review, and the Huffington Post. Secondary resources such as local and national news websites and newspapers were utilized to include The Arizona Republic, Chicago Sun, Los Angeles Times, The New York Times, and The Washington Post. Relevant information was found from other internet magazines and websites, to include Buzz Feed News, Fast Company, Innovation Excellence, Innovation Management, The Motley Fool, Cost Center for Effective Government, and Governing the States and Localities. Supplementary resources found included peer reviewed journals, blogs, organizations websites, press releases, stakeholder correspondence, and annual reports. In total over 125 sources were used producing 222 documents. Of the 5 organizations that were categorized as crisis, 103 documents were pulled, averaging 20 documents for each organization. The innovative category included 8 organizations and resulted in 119 documents. The governmental agencies produced far less documents than the private organizations at a rate of public sector agencies having 33 documents averaging 8.5 per organization and private organizations having 86 documents averaging 21.5 per organization.
It was important for this research to pull documents from a variety of sources. When a story hits the news, television media will typically cover it in small segments that last fewer than 90 seconds. This comes as no surprise from a generation that is constantly on the go and known for gaining news highlights from a quick scan of Twitter. Longer more in-depth articles can be found in business journals and magazines, but the direction and overall attitude of the articles are influenced by the author. For this reason, organizational websites, press releases and stake holder reports are researched to convey what information the organization preferred to have released. The meaning and significance taken from a news report is dependent on the individual reading or watching and is determined from the interest in the content and awareness of the individual (Altheide, 1996). Additionally, context and process are also important in determining the message of a document, but the meanings and patterns seldom appear at the same time. By reviewing and comparing numerous documents of varied sources, the meaning emerges and becomes clear. Blogs and other various websites are useful in analyzing the attitudes and behaviors towards the organization and the crisis or innovative processes they are being recognized for.

**Data Analysis**

After the data was collected, it was analyzed using an ethnographic content analysis to systematically record leadership competencies. Data was then compared to discover if similar competencies arise in both the organizations dealing with crisis and those identified as innovators. An ethnographic content analysis is defined as a qualitative method for categorizing, analyzing and interpreting secondary data for their relevance, significance, and meaning (Altheide 1987; Altheide 1996). It is an approach
used to study documents such as news articles, magazines, newspaper, and even social media to understand culture and human action, as well as offer a perspective for analysis in the process and meanings that make up social reality. This method is incredibly thorough and takes on a rigorous approach to the analysis of documents using a protocol of several categories (variables) to guide the data collection. The protocol selected for this research was tested by data collected from numerous documents, then refined to ensure that the data gathered reflected competencies related to both crisis and innovation as determined by the literature review.

To capture these competencies, preset codes were used with descriptive examples. The documents were read and coded for the analysis to include watching any videos attached to the news articles. To help facilitate the comparison of similarities and differences, a cross-case matrix was used. Cross-case analysis is a common research method used to compare events, activities and processes (Khan & VanWynsberghe, 2008). It stimulates new questions and enables researchers to describe the combination of several elements, helping to make sense of confusing or distinctive findings. The cross-case matrix used for this analysis consisted of rows representing the different organizations grouped for crisis and innovation, and columns added for each stage of crisis: signal detection, prevention and preparation, damage containment, business recovery, and learning and reflection. A column for personality was added to identify additional competencies found relevant for leaders in both crisis management and innovation. Additional columns were added for report summary and research notes. It has been found that using structured protocols along with ethnographic notes provide a well-balanced, theoretically informed account of the
documents (Altheide, 1987). A detail outline of the cross-case analysis showing the protocols used for this analysis may be seen in Appendix A. When coding the documents, careful attention was given to the words and actions of the leaders and representatives of the organizations. These were identified and matched up to the specific leadership competencies identified in individual cross-case matrices for each organization. This system of analysis allowed the researcher to reconstruct the event of crisis or innovation and identify leadership competencies that were prevalent or missing. A final matrix was used to show all organizations and competencies found. This provided a snapshot view of where leadership competencies are lacking and how it might have affected the organization in dealing with crisis.

*Description of Preset Codes*

As identified prior, for this research a five stage model of crisis management was used. It was determined that multiple leadership competencies important for both crisis management and promoting innovation could be found for each phase of a crisis. When a crisis is caught in the first phase of signal detection, the organization may be able to address it quickly thus keeping it from becoming an acute crisis. Leaders should understand that it is beneficial to operate in a pre-crisis awareness mode, staying vigilant and alert of the rhythms of the work place as well as knowing how to recognize the warning signs of a potential crisis (Fink, 1986). The leadership competencies found to relate to signal detection are: sensemaking as in the ability to make sense of an ambiguous situation; perspective taking as an act of viewing a situation or understanding of a concept from an alternate point-of-view; paying attention or awareness; intuition as an ability to understand something immediately, without the
need for conscious reasoning; and the ability to perceive more deeply beyond first impressions.

Organizations will commonly conduct safety practices for the preparation and prevention of limited emergencies. As the second phase of a crisis, if leaders are not prepared for the much more devastating crisis, the organization will fall into deep trouble (Lagadec, 1997). The leadership competencies found to relate to preparation and prevention are: issue selling as in the process by which individuals within an organization bring ideas, concerns, solutions, and opportunities together in ways that focus others' attention and invite action; organizational agility as seen by the capability of an organization to rapidly change or adapt in response to a crisis, the emergence of new competitors, or sudden shifts in overall market conditions; creativity; anticipation or foresight; and transformational leadership where the leader collaborates with employees to identify the needed change, creates a vision to guide the change through inspiration, and executes the change in conjunction with committed members of the group.

The third phase of crisis is damage control and containment. Decision making and communicating are important for this stage. Leaders must be able to engage in rational decision making in stressful situations (Van Wart & Kapucu, 2011). Communication should be swift and accurate. Organizational representatives need to be able to articulate to the public as well as their own employees the plan to keep the people and/or property protected. This may involve risk taking and tapping into personal experiences to gain fresh perspectives. These competencies as well as
fostering productive dialogue by embracing diverse viewpoints are found to be relevant for this stage of crisis.

When responding to a crisis, a primary organizational focus is on business recovery. Not only is returning to normal business a priority, but ideally lessons should be learned to improve functioning in the face of adversity (Wooten & James, 2008). Promoting organizational resilience is important to business recovery. Other leadership competencies that were found to be relevant during this phase of a crisis are: the leader’s presence, which is important to show command of the situation; the ability to bring information to life through the use of a metaphor by using comparisons to express ideas and solve problems; and using synthesis by combining different things such as ideas and styles rather than relying on analysis alone.

Once recovery has begun it is equally important for an organization to learn and reflect the lessons given by the crisis. Too many times leaders will stop at the recovery stage, resorting back to the pre-crisis state. However, crisis provides exceptional opportunities to learn and grow from the experience, creating learned knowledge that will help future situations as well as help to develop new routines, behaviors, and organizational procedures (Wooten & James, 2008). Part of learning is taking the time to reflect on the situation, allowing managers to adapt to the new situation and grow by taking responsibility for their own learning (Daudelin, 1996). Leadership competencies identified for this final stage of crisis are: assessment; alignment; and generate insights through exploration and experimentation.

When reviewing the competencies identified for these five phases of crisis, it was determined that there were a separate set of competencies that reflected more of the
personality of the leader. These leadership competencies are well recognized as important characteristics for a leader to have for transformation, innovation, and in dealing with crisis. When reviewing the documents pulled for this research it became clear that these competencies were relevant to the organization’s response to a crisis as well as in the illustrations of innovation. For this reason it was decided to add a sixth category of personality. The competencies chosen for this category included: charisma as in a compelling attractiveness or charm that can inspire devotion in others and is attributed to leaders who arouse fervent popular devotion and enthusiasm; conscientiousness as shown by a tendency to be organized and dependable, show self-discipline, act dutifully, aim for achievement, and prefer planned rather than spontaneous behavior; willingness to assume responsibility; openness to experience which is sometimes referred to as intellect is seen as showing an appreciation for unusual ideas, curiosity, and variety of experience, thus reflecting the degree of intellectual curiosity, creativity and a preference for novelty and variety a person has; and tenacity as in extremely persistent in adhering to or doing something, seen as stubborn or relentless, the person who never gives up.

Results and Discussion

Results from this qualitative analysis show that there are shared competencies throughout the stages and behaviors of crisis management when looking at organizations dealing with crisis vs. those considered innovative. It was found that organizations dealing with crisis showed fewer competencies in some categories such as signal detection and prevention, yet had a stronger presence in other areas such as
damage control and business recovery. In contrast, organizations identified as innovative had a strong presence in all categories of competencies. This study supported the fact that stocks and sales growth did decline during a crisis, and subsequently innovative organizations stocks and sales growth rebounded faster than others when faced with a crisis. A further analysis shows the differences between private and public sectors. Of the organizations identified, the public sector tended to show slightly less competencies than the private in both the crisis and innovative categories. One reason for this may be that through the research process less documents could be found on the public organizations, thus providing less of an opportunity to find examples of shown competencies. Where the public sector does not rely on the sale of goods to survive, they do rely on public opinion and support, especially in major election years. The results overall show that both public and private sector organizations utilize the same competencies when managing a crisis and promoting innovation.

Interestingly enough, the one leadership competency that was not identified in any organization was sensemaking. We know that sensemaking is important during a crisis to be able to understand and react to what is happening. However, when public opinion form optimistic assessments of a situation, it could cause a sensemaking blind spot (Maitlis & Sonenshien, 2010). This positive illusion could prove disastrous for the organization. There are several ways that sensemaking can help to avoid crisis, however, because of the tendency to judge situations overly optimistically, leaders will misinterpret indicators of danger, thus be just as susceptible to a crisis situation. This could this be why the innovative organizations are strong in all other competencies but
sensemaking. Everything is going good, stocks are up, stakeholders are happy, thus causing a feeling of comfort and stability, allowing for misinterpretations of cues.

**Competencies Found for Organizations Dealing with Crisis**

When analyzing the cross-case matrix, it was found that organizations experiencing crisis did not show competencies in the categories of signal detection, prevention and preparation. It was found in all but one of the organizations, that when the current leadership could not pull the organization out of crisis fast, decisions were made to dismiss and replace executive leadership. Once the new executives stepped in, leadership competencies were found to be more innovative. This was found in the case of the U.S. Veterans Affairs, where whistleblowing exposed years of administrators covering up negligence of veterans’ medical care. It was found that tens of thousands of newly returning veterans waited in excess of 90 days for medical care and 23 deaths nationwide were acknowledged due to delayed care. There was public outcry for the resignation of VA Secretary Eric Shinseki, one of President Obama’s longest serving Cabinet officials. The analysis shows that the competency issue selling was found only after VA Secretary Robert McDonald was appointed by President Obama after his predecessor Eric Shinseki resigned because of the scandal. McDonald started showing more innovative competencies with the announcement of his plan to initiate sweeping changes to the agency, ending up with approximately 900 employees released for cause (Jordan, 2015). Charisma and tenacity was seen when he physically appeared at medical schools and hospitals to try to recruit medical doctors to work for the U.S. Veterans Administration (Pelley, 2014).
The organization with the least amount of competencies found was Freedom Industries. On January 9, 2014 inspectors were called out to Freedom Industries, Charleston, West Virginia due to the complaint of a strong licorice smell. A chemical mixture called MCHM was found streaming from a hole in the bottom of a tank, under a cinder block containment wall and into the river which provides drinking water for over 300,000 residents. While the government acted swiftly by announcing to the public not to drink, bathe or even brush your teeth with the tap water, executives from Freedom Industries were slow to act. Almost 24 hours after the discovery of the crisis, Freedom Industries president Gary Southern spoke to the media in a press conference. He gave incorrect information while apologizing for the chemical leak as he sipped from a bottle of water. Five minutes into the press conference Southern was quoted as making the statement of, “Look guys, it has been an extremely long day, I'm having trouble talking at the moment. I would appreciate it if we could wrap this thing up.” He stayed about five minutes longer until he was able to successfully make his leave. Later reports showed that the owners and managers were aware that the tanks needed repair, but failed to maintain upkeep. Freedom corporate officers only approved funding for projects that would increase business revenue or to make immediate emergency repairs (Manuel, 2014). About one week after the discovery of the chemical leak and facing roughly 20 lawsuits and a Justice Department investigation, Freedom Industries declared bankruptcy. The competencies for Freedom Industries found from this analysis were decision making, communicating, assessment, and alignment. These four basic competencies were found to be present for each organization as shown in Table 4.
Table 4: Competencies Found for Organizations Dealing with Crisis

<table>
<thead>
<tr>
<th>Competencies Found</th>
<th>Chicago Transit Authority</th>
<th>U.S. Veterans Affairs</th>
<th>American Apparel</th>
<th>Freedom Industries</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>public</td>
<td>public</td>
<td>private</td>
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<tr>
<td>Signal Detection:</td>
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<tr>
<td>Sensemaking</td>
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<td>Perspective Taking</td>
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<td>Paying Attention / Awareness</td>
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<td>Intuition</td>
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<tr>
<td>Perceive More Deeply</td>
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<tr>
<td>Prevention &amp; Preparation:</td>
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<tr>
<td>Issue Selling</td>
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<tr>
<td>Organizational Agility</td>
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<td>Creativity</td>
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<td>Transformational Leadership</td>
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<td>Anticipation / Foresight</td>
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<td>Damage Control &amp; Containment:</td>
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<td>Decision Making</td>
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<td>Risk Taking</td>
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<td>Personal Experiences</td>
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<td>Productive Dialogue</td>
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<td>Business Recovery:</td>
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<td>Promoting Resilience</td>
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<td>Learning &amp; Reflection:</td>
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<td>Alignment</td>
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<td>Exploration &amp; Experimentation</td>
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<td>Personality:</td>
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<tr>
<td>Charisma</td>
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<td>Conscientiousness</td>
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<td>Assume Responsibility</td>
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<td>Openness to Experience</td>
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<td>Tenacity</td>
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**Competencies Found for Organizations Known for Innovation**

When reviewing the analysis results for the innovative organizations, all competencies were found with the exception of sensemaking. It is speculated that this is because the documents reviewed were focused on positive outcomes and initiatives by the organizations, where sensemaking is most commonly seen in the realm of a crisis. One indication that sensemaking is not prevalent in the innovative organizations reviewed is found in the case of Chipotle Mexican Grill when they experienced a crisis of an E.coli outbreak. Where this incident will be discussed later, it shows that even the most innovative organizations can fall victim to failure of signal detection.

In stark contrast to the organizations experiencing crisis, the innovative private sector organizations shown on Table 5, display nearly all identified competencies. The analysis of the cross-case matrices of organizations known for innovation showed the most differences between private and public sector. Public sector agencies showed less competencies in the categories of signal detection and personality. As mentioned previously, this could be contributed to the low number of documents that were available for the public sector agencies. Documents were mainly found on department and governmental websites with the exception of the City and County of San Francisco. The City and County of San Francisco in partnership with Citigroup Inc. created the first publicly funded children’s college savings account program in the United States called the Kindergarten to College (K2C). A K2C account is automatically opened up for every child starting kindergarten in the San Francisco public school system. The account is started with an initial deposit of $50 and gives several initiatives for the family to add to the account while the child remains in the
public school system. The program integrates financial education into the K-12th grade math curriculum by teaching financial literacy skills using the students’ own accounts to provide real world context. This program gained nationwide recognition and documents could be found on Forbes, US News, NPR news, as well as local media such as the San Francisco Chronical. The study showed that the City and County of San Francisco displayed all leadership competencies except sensemaking, perspective taking, and intuition as seen on Table 6.

**Table 5: Competencies Found for Private Organizations Known for Innovation**

<table>
<thead>
<tr>
<th>Organizations Identified:</th>
<th>Amazon.com</th>
<th>Netflix</th>
<th>Panera Bread</th>
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<td><strong>Signal Detection:</strong></td>
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<td>Perceive More Deeply</td>
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<td><strong>Prevention &amp; Preparation:</strong></td>
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<td>Anticipation / Foresight</td>
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<td><strong>Damage Control &amp; Containment:</strong></td>
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<td>Personal Experiences</td>
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<tr>
<td>Foster Productive Dialogue</td>
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<td><strong>Business Recovery:</strong></td>
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<td>Promoting Resilience</td>
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<td>Synthesis</td>
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</table>
### Learning & Reflection:

- Alignment
- Assessment
- Exploration & Experimentation

### Personality:

- Charisma
- Conscientiousness
- Assume Responsibility
- Openness to Experience
- Tenacity

### Table 6: Competencies Found for Public Organizations Known for Innovation

<table>
<thead>
<tr>
<th>Competencies Found</th>
<th>City &amp; County of San Francisco</th>
<th>OKI Regional Council of Governments</th>
<th>Social Security Admin.</th>
<th>State of Oklahoma ODMHSAS</th>
</tr>
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<tbody>
<tr>
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<td>public</td>
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</table>

#### Signal Detection:

- Sensemaking
- Perspective Taking
- Paying Attention / Awareness
- Intuition
- Perceive More Deeply

#### Prevention & Preparation:

- Issue Selling
- Organizational Agility
- Creativity
- Transformational Leadership
- Anticipation / Foresight

#### Damage Control & Containment:

- Decision Making
- Communicating
- Risk Taking
- Personal Experiences
- Foster Productive Dialogue
While conducting research on the identified organizations, two became prominent in dealing with both crisis and innovation. Target, identified in the crisis category for a data breach in 2014, began showing the same competencies as the organizations known for innovation after hiring new leadership. Chipotle Mexican Grill, listed as one of the top organizations known for innovation in 2014, experienced crisis through an E.coli outbreak in 2015. This created a unique opportunity to study two organizations and how they dealt with the effects of crisis and innovation. A cross-case matrix was created with columns comparing competencies found for Target during crisis and post crisis. Additionally, columns were added to compare competencies found for Chipotle Mexican Grill against the competencies they showed during crisis. The key competencies found in both organizations during pre-crisis, crisis and post crisis were anticipation, foresight, decision making, communicating, promoting...
organizational resilience, presence and in all areas of learning and reflection. The personalities of the leaders of both organizations showed competencies of charisma, conscientiousness, and assuming responsibility both during crisis management and innovative processes (summarized in Table 7).

Similar to the findings of the cross-case matrix of organizations experiencing crisis, Target displayed the same lack of signal detection, prevention and preparation. The difference found was that Target displayed competencies of exploration and experimentation, conscientiousness, and willingness to assume responsibility where the other organizations in crisis lacked these competencies. Chipotle Mexican Grill showed the same competencies found on the cross-case matrix of private organizations known for innovation. The matrix shows that when Chipotle experienced crisis unexpectedly their displays of leadership competencies did not diminish, but stayed visible in virtually all identified areas.

The results of the analysis have indicated that organizations who focus not only on damage control and business recovery, but embrace learning and reflection to include generating insight through exploration and experimentation will remain innovative beyond crisis management. The after effect of a crisis represents a renewal of the growth process (Fink, et al., 1971). Organizations that value learning and reflection will create an environment where employee’s efforts are seen as collaborative. Communication processes that are authentic will not divert attention away from real issues. Whether an organization is known for innovation or not, it is how they handle and recover from a crisis that will determine their status in the future.
Target experienced crisis when their data systems were hacked and up to 40 million consumer credit and debit cards were compromised during the 2013 holiday season. Later it was announced that the hackers also acquired personal information to include names, addresses and phone numbers of up to 70 million customers. This holiday data hack eventually caused the CEO and CIO to resign from their positions. Fourth quarter profits fell 46% even after offering assurances and discounts to customers. Anticipation and foresight was shown by Target’s decision to install a $1.6 million malware detection system six months earlier. The computer security firm FireEye (FEYE) also provided security to high ranking customers such as the CIA and the Pentagon. Target had a team of security specialist based in Bangalore to constantly monitor its systems. Where the team in Bangalore picked up the hacker’s malware, the operations center in Minneapolis, showing a lack of signal detection, failed to respond to their warnings. With the forced resignations of key leadership, the organization hired Chief Executive Officer, Brian Cornell who brought new life back into the company. Innovative competencies to include perspective taking, awareness, issue selling, organizational agility and creativity could be seen as he made immediate and hard decisions in an effort to refocus the company back to its roots where it came to be known as Tar-Jay. He portrayed transformational leadership qualities as he reorganized the executive offices closer together to allow for shared ideas. He moved from his corner office to a modest office next to the analysis department, checking in with them every day. Cornell focused on resorting back to the strategies it was known for, exclusive and limited edition collections at affordable prices. Target successfully dealt
with the crisis and with the creativity of new leadership they began showing competencies found parallel to the innovative organizations.

Chipotle Mexican Grill is known as one of the most innovative fast food companies in today’s market. Partnering with local farmers, founder and CEO Steve Ells holds a strong belief that locally grown produce delivered closer to harvest provides the restaurants with fresher, more delicious food. This partnership creates and sustains opportunities for small and mid-sized farms in rural communities around the country. Chipotle is also well known for their creative marketing of producing groundbreaking, movie quality animated videos that fosters an emotional tie to their organization’s brand. Chipotle’s following includes millennials, blue-collar and white-collar workers as well as whole families with its promise of high-quality, fresh Mexican-inspired cuisine. In 2015, Chipotle experienced an E.coli outbreak which led to 55 people getting infected in 11 states, 21 of whom were hospitalized. Chipotle took immediate action by closing all of its restaurants in the affected states to try to identify the source of the E.coli and sanitize the restaurants. With stocks falling, the decision was made to close all its restaurants across the country for one day so that employees could learn about the gravity of its food borne illness outbreak. Displaying a wide range of competencies to include conscientiousness, willingness to assume responsibility and promoting organizational resilience, Steve Ells appeared on NBC’s Today show expressing his remorse of the outbreak and promising that Chipotle would become a leader in food safety from here on out. He expressed his plan to partner with farms to screen produce for pathogens using a high-resolution DNA based test. Ells’ issue selling and tenacity in promoting organizational resilience soothed stakeholders.
and stocks rebounded more than 12% in less than a six month period. The cross-case matrix found that Chipotle exhibited essentially the same competencies prior to the crisis as during the crisis. This was not surprising after reviewing the charismatic and transformational personality of the founder and CEO Steve Ells.

Table 7: Competencies Found for Organizations Crossing over from Crisis to Innovation and Reverse

<table>
<thead>
<tr>
<th>Competencies Found</th>
<th>Crisis</th>
<th>Innovative</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Target Crisis</td>
<td>Target Post Crisis</td>
</tr>
<tr>
<td>Sensemaking</td>
<td>private</td>
<td>private</td>
</tr>
<tr>
<td>Perspective Taking</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paying Attention / Awareness</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intuition</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perceive More Deeply</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issue Selling</td>
<td></td>
<td></td>
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<tr>
<td>Organizational Agility</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creativity</td>
<td></td>
<td></td>
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<tr>
<td>Transformational Leadership</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Anticipation / Foresight</td>
<td></td>
<td></td>
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<tr>
<td>Decision Making</td>
<td></td>
<td></td>
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<tr>
<td>Communicating</td>
<td></td>
<td></td>
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<tr>
<td>Risk Taking</td>
<td></td>
<td></td>
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<tr>
<td>Personal Experiences</td>
<td></td>
<td></td>
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<tr>
<td>Foster Productive Dialogue</td>
<td></td>
<td></td>
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<tr>
<td>Promoting Resilience</td>
<td></td>
<td></td>
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<tr>
<td>Presence</td>
<td></td>
<td></td>
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<tr>
<td>Use of Metaphor</td>
<td></td>
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<tr>
<td>Synthesis</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Conclusion

This study has taken a small sample of organizations to record their actions and reactions in both crisis and innovative situations in an effort to identify specific leadership competencies that are valid for both creating an innovative environment and when dealing with a crisis. Results showed that 26 of the 27 competencies used for this study were found in organizations recognized for innovation. By organizing these competencies into a recognized five stage model of crisis management to include, signal detection, prevention and preparation, damage control and containment, business recovery, and learning and reflection, an analysis could be made showing innovative competencies that correlate with managing a crisis situation. The sixth category of personality was found helpful in showing leadership styles that are relevant to both innovation and crisis management. Out of the 26 competencies found in innovative organizations, 19 were found in the organizations experiencing crisis. Those organizations dealing with crisis lacked competencies found in signal detection and the areas of prevention and preparation. However, results indicate that when an organization displays innovative qualities prior to encountering a crisis they are able to
recover quickly and continue to exhibit the same innovative competencies. The one leadership competency that was not found in any of the organizations was sensemaking. This indicates that organizations should put systems in place that will help to develop knowledge and skills to fall back on in times of ambiguity.

The review of the documents found that when comparing public sector organizations to private sector, specifically in the organizations experiencing crisis, relatively the same amount of competencies could be found. It was indicated that the public sector showed less foresight, risk taking, and presence, as demonstrated in the case of the Chicago Transit Authority, Blue Line commuter train casualty accident at the O’Hare International Airport. At the time of the accident, a Chicago Transit Authority spokesperson used standard protocols to update the media on the crisis as needed and issued information to the public on alternate routes made available to minimize impact to commuters. The cause of the accident was found to be human error as the operator fell asleep due to possible fatigue. The agency did initiate preventative measures after the crisis by changing scheduling policies and taking a number of steps to improve safety to include lowering the speed limit of trains entering the station. The Chicago Transit Authority was the only organization besides Chipotle that did not release their executive leader as a way to promote business recovery in a crisis. As a government entity, their business does not depend on stock market prices, but on public perception. It was critical to gain the public’s trust to which they addressed by placing new safeguards in place to prevent this type of casualty from happening again. When focusing on the differences between public and private sectors in organizations recognized as innovative, a larger gap was found in the signal detection and personality
categories. It is speculated that this is largely due to the fact that less documents could be found for these public sector agencies. The information that was found did not focused on the personalities of leadership.

Limitations and Directions for Future Research

The role of an organizations HRD should be a strategic partner in the development of competencies that both manage the ongoing day to day processes as well as unexpected situations such as organizational crisis (Reilly, 2008; Selmer & Chiu, 2004). There is an enormous amount of literature and educational material that promote the development of core competencies such as communication, synthesis, awareness, and decision making. Contrary, there is conflicting research on if competencies such as charisma, intuition and sensemaking can be taught or if it is a product of experience. This study indicates that when an organization is in the process of recovering from a crisis, a common decision made is to release and hire new leadership that display the innovative knowledge, skills and abilities that will bring the organization around to positive growth. However, this is not the case when looking at an organization recognized for innovation who is dealing with a crisis, such as Chipotle. The study shows that Chipotle demonstrated the same major competencies during the crisis as exhibited prior. The documents reviewed showed that founder and CEO Steve Ells would routinely choose employees to hire for their experience and innovation. Multiple studies show that the cost of turnover is much higher than the development and retention of skilled and educated employees (Stroh, 1995). It is debated that key leadership traits, such as drive, honesty and integrity as well as self-confidence, are pre-
existent and that training only enhances the development of these competencies (Kirkpatrick & Locke, 1991). More research is needed to discover whether these types of competencies can be taught in order to promote innovation and successfully prevent a crisis or should be recruited and hired to be more cost effective. Furthermore, this study did not find sensemaking in any of the identified organizations. In the activity of crisis management, increasing and heightening the awareness of existing leadership competencies would give employees a better understanding of the importance of expertise and the value of intervening early in a crisis situation (Weick, 1988). Future research should be done on how to better relay the importance of sensemaking in an organization and what tools can be used by HRD to develop sensemaking skills.
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doi:10.1177/1350507696273003


doi:10.1287/orsc.1050.0133


Appendix A: Ethnographic Content Analysis – Protocol Data

A. Publication Type / Network / Media:
B. Publication Title / Program / Social Media platform:
C. Date of Publication:
D. Article Title / Event:
E. Byline:
F. Page / Section:
G. Length:  
   a. < 500 words  
   b. 501 - 1,500 words  
   c. 1,501 - 3,000 words  
   d. 3,001 + words  
   e. Other
H. Author or "staff writer":
I. Point of view:  
   a. Formal  
   b. Informal
J. Sources identified:
K. Organization identified:  
   a. Private  
   b. Public (Government)
L. Category:  
   a. Crisis  
   b. Innovative
M. Signal detection:  
   a. Sensemaking  
   b. Perspective taking  
   c. Paying attention / Awareness  
   d. Intuition  
   e. Perceive more deeply, beyond 1st impressions
N. Prevention & Preparation:  
   a. Issue Selling  
   b. Organizational Agility  
   c. Creativity  
   d. Transformational leadership  
   e. Anticipation / Foresight
O. Damage Control & Containment:  
   a. Decision making  
   b. Communicating  
   c. Risk taking  
   d. Tap into personal experiences to gain fresh perspectives  
   e. Foster productive dialogue by embracing diverse viewpoints
P. Business Recovery:  
   a. Promoting organizational resilience  
   b. Presence
c. Bring information to life through use of metaphor
d. Synthesis, rather than analysis

Q. Learning & Reflection:
   a. Alignment
   b. Assessment
   c. Generate insights through exploration & experimentation

R. Knowledge:
   a. Specialized core
   b. Multidisciplinary

S. Personality:
   a. Charisma
   b. Conscientiousness
   c. Willingness to assume responsibility
   d. Openness to experience
   e. Tenacity

T. Stock / Sales growth
   a. Up
   b. Down

U. Photograph:
   a. Yes
   b. No

V. Photograph tag line:

W. Search Terms:

X. Number of Post collected (social media):

Y. Report Summary:

Z. Research Notes:

AA. http address:

BB. Date Document Retrieved: