



# LEADING THROUGH DISRUPTION

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## CASE STUDY

### Recover with clarity.

When Pat Russo became CEO of Lucent Technologies, the company had one clear objective: survive.

Lucent had structured its cost and expense base for a planned revenue of \$20 billion yet earned \$12 billion in the year of the crisis. Pat led 60,000 people with an additional 100,000 retirees depending on the company.

Despite being pressured to file for Chapter 11, Pat helped the company focus its mission and led it to break even, regain profitability, create top-line growth, and finally merge with Alcatel to remain sustainable.

**Leaders are challenged by a confluence of disrupting factors of economic, social, and political influence. How do you face disruption where the intensity is magnified and the time to act is reduced? How do you manage the lack of security you face yourself while leading others with confidence and conviction?**

## 01 BE STRONG AND CLEAR

### Define the mission

Have clarity around your long-term purpose. To get through disruption, people need to know exactly what the company's goal is. So let people know where you are going.

Define your mission and be clear about it. Create followership by building confidence in people through clarity.

*“Strong, visible, clear, and authentic leadership is most important during challenging times.”*

- Pat Russo

### Align teams to the mission

Misaligned teams will not get you through tough times. Clear up misunderstandings quickly or remove people with an individual-oriented mindset. Teams waste time when they focus on appointing blame.

*“Managing and leading are two different skill sets. They are both necessary, and neither one on its own is sufficient.”*

- Pat Russo



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### Lead through control

During Lucent's crisis, Pat understood that the revenue loss was industry-wide and beyond her control. So, she focused the company on reducing costs and preserving cash.

They unscrewed every third light bulb. They started collecting garbage every second day and readjusted heating and cooling. They stopped cutting the lawn and washing the windows.

Beyond the costs saved, Pat used these techniques as symbolic acts to communicate the severity of the problem to the entire company and rally people around the mission to survive.

Leaders with different objectives can quickly divide an organization as they take their groups or divisions with them. Spend time with key leaders to ensure buy-in for the company strategy during disruption.

### Focus on what you can control

Be clear about what you can control and what you cannot. Prioritize the biggest item you can work on and focus people on it. Then move to the next.

Ensure that your leaders, board, and investors understand what is within your control and report only to that.

### Create context

Context is decisive. Create context for people so that they make decisions that fall within it. Make it clear why they do what they do, why it matters, and how it fits into the bigger picture. Focus people on doing. Remind employees that the world will continue and that they have a goal to achieve.

## 02 BE VISIBLE AND AUTHENTIC

### Customize communication

Repeat key messages frequently and reiterate where the company stands. Personally engage with everybody on your team. Do not rely on cascading communication and engagement.

## CASE STUDY

### Gather energy

Pat thought of people in two categories: energy givers and energy suckers.

During tough times, Pat chose to work exclusively with the energy givers: those who came into the room with a desire to solve the problem, propose ideas, and execute.

In times of uncertainty, people want to know how uncertain things are. Be straightforward about it and clearly articulate the path forward. Dispel rumors.

When people sense something is wrong, all the organization's energy goes there. Reallocate that energy by providing certainty as fast as you can.

*“Clear, consistent, and customized communication, depending on the constituency, is really important”*

- Pat Russo

### Understand your constituencies

Your constituencies have a stake in getting your organization out of trouble and can be your strongest allies if managed well. As a CEO, you have more constituencies than you may think: the board, customers, investors, media, employees, unions, and government.

Create a strategy for how you will let them know what you need to do. There needs to be consistency, but each will require their own message tailored to their interests.

### Communicate positively

Linguistics is important as it sets the company's tone during a crisis, especially among employees. Don't use phrases like 'I hope', 'I think', or 'We may'. Remain declarative. Be affirmative.

*“I put people in the boat who were all rowing in the same direction and willing to make the commitment and the sacrifices to play on the team.”*

- Pat Russo

## 03 BE BOLD

### CASE STUDY

#### Celebrate success

Pat had three ways to measure progress during the disruption at Lucent:

1. Losing less money each quarter
2. Meeting commitments
3. Getting closer to the benchmark of where they wanted to be

Progress was celebrated in each.

### Challenge potential

People and organizations are more resilient than you may think. Only by pushing them close to breaking will you truly know what they are capable of.

### Maintain team energy during long struggles

Celebrate successes before moving to the next challenge. Recognize and reward the people that contributed to each significant step forward. Look at how far you've come before you continue to look forward. Your teams need to feel that they are not simply bouncing from one problem to the next.

Help people to not just embrace the vision, but make it their own. When the mission is personal, they self-create their energy toward transformation.

*"You have to keep holding out that mirror that says there's more that we need to do, but we can do it because we've come this far."*

- Pat Russo

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