

NANO TOOLS FOR LEADERS®

RECOVERING FROM CATASTROPHE: A LEADERSHIP CHECKLIST

Nano Tools for Leaders® are fast, effective leadership tools that you can learn and start using in less than 15 minutes — with the potential to significantly impact your success as a leader and the engagement and productivity of the people you lead.

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THE GOAL:

Lead your team or your organization back from a catastrophe by following a six-point leadership checklist.

NANO TOOL:

"A captain's mettle is not measured when the waters are calm. It is measured when the seas are stormy and today, without a doubt, we are living through tempestuous times." — Chilean President Sebastián Piñera

Days before taking office in 2010, Chilean president-elect Sebastián Piñera was focused on his plans to revive the economy. He had committed to restoring the country to a 6 percent annual growth, creating a million jobs, increasing an investment rate of 20 percent of GNP to 28 percent, and reducing poverty. Then, on February 27, 2010, the sixth most powerful earthquake ever recorded hit Chile, devastating schools, hospitals, roads, homes, and businesses across a region where 70 percent of the population lived.

Just six weeks later, all of Chile's schoolchildren had returned to classes. By the end of the year, Chile's economy was back on track, delivering a strong 6 percent annual growth rate at a time when the world economy was still reeling from the 2008–09 financial crisis. At the end of his four-year term, Piñera and his team delivered on their promises, achieving a 97 percent completion rate of the country's restoration goals.

With large-scale catastrophes and extreme events of many kinds on the rise in recent years — from technological meltdowns and environmental disasters to financial crises, disease pandemics, international terrorism, and cyber threats — leaders can learn much from those who have already faced and rebounded from such events. From Chile's experience, we have identified six leadership principles for coming back from a catastrophe that can be used to prepare for, confront, and overcome low-likelihood but high-impact events.

HOW A LEADER AND HIS TEAM USED IT:

- Although he was urged by members of his cabinet to set aside his plans for Chile's economic recovery, President Sebastián Piñera insisted that his government stay focused on the long-term goals while working to recover from the earthquake. The strategy worked: by the end of 2011, with restoration goals on track, annual GDP growth had increased to 5.8 percent, and by early 2013 unemployment had dropped from 9.0 to 6.0 percent.
- The president insisted that the country's restoration would proceed apace but also go well beyond a return to what existed prior to the quake: better housing designs and residential arrangements as well as more effective tsunami defenses and disaster warning systems.
- The government adopted a metric-based strategy. Public ministries applied dozens of specific metrics to both track and administer their rebuilding initiatives for housing, education, health, construction, and transportation. Tracking goals in detail allowed for proactive intervention when specific timetables were not being reached, focusing leadership attention on underperforming areas. The government compiled detailed statistics, for instance, on the rate of reconstruction within eight categories of public buildings. Of church buildings, 42 percent had been rebuilt within three years; prisons and justice centers, 50 percent; naval shipyards, 69 percent; and government quarters, 80 percent.
- President Piñera made a public commitment to restore everything within four years, asserting the importance of determination, speed, and readiness to cut through slow bureaucratic processes: "Many people thought that it was absolutely impossible," he said, "and therefore we put together this emergency plan" with the powers of the executive "to move very fast." The key, he said, was very quickly to establish a program, a plan: "This is what we're going to do, this is the timetable, and this is the amount of resources that we need to fund it."

ACTION STEPS:

A Leadership Checklist for Coming Back from a Catastrophe:

1. **Remain focused on pre-existing long-term goals** while also prioritizing recovery from the disaster.
2. **Press for active engagement and rapid decisions** by both oneself and one's team.
3. **Build a team in advance of a disaster** composed of diverse and complementary individuals who are experienced in and capable of making difficult decisions and seeing them implemented, and who trust one another.
4. **Set immediate goals**, priorities, and actions for restoring essential services but also for long-term recovery.
5. **Convey the overarching mission** for the recovery by specifying its underlying strategic principles.
6. **Stress the overall common goal** of an organizational comeback and make it clear that this is not about a personal agenda.

ADDITIONAL RESOURCES:

- *Leadership Dispatches: Chile's Extraordinary Comeback from Disaster*, Michael Useem, Howard Kunreuther, Erwann Michel-Kerjan (Stanford University Press, 2015). Examines how Chile's leaders — in government, business, religion, academia, and beyond — facilitated the country's remarkable recovery from a devastating earthquake, and provides leadership lessons for organizations and governments.

- *Learning from Catastrophe: Strategies for Reaction and Response*, Howard Kunreuther and Michael Useem, editors and authors (Pearson Prentice Hall, 2009). Presents a comprehensive strategic framework for assessing, responding to, and managing extreme risk.
- *The Leader's Checklist: 15 Mission-Critical Principles*, Michael Useem (Wharton Digital Press, 2011). Provides principles that help develop the ability to make good and timely decisions in unpredictable and stressful environments, and shows those principles in action through a series of real-life leadership scenarios. Read a [Nano Tool](#) based on the book.

ABOUT NANO TOOLS:

Nano Tools for Leaders® was conceived and developed by Deb Giffen, MCC, Director of Innovative Learning Solutions at Wharton Executive Education. It is jointly sponsored by Wharton Executive Education and Wharton's Center for Leadership and Change Management, Wharton Professor of Management Michael Useem, Director. Nano Tools Academic Director is Professor John Paul MacDuffie, Professor of Management at the Wharton School and Director of the Program on Vehicle and Mobility Innovation (PVMI) at Wharton's Mack Institute for Innovation Management.