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Sky's the Limit: Students sway from ropes, meet CEOs, and sing the "Ode to Joy" to practice leadership.

Ready in a Crisis



Preparing for disasters falls to businesses

Hurricanes. Chemical spills. Terrorist attacks. These and other destructive events are very real and can threaten the future of any business. Firms can't buy services to prevent such occurrences, nor should they assume that the government can help.

These were some of the warnings MBA students heard during a recent leadership workshop, "Ready in a Crisis: Business and Executive Preparedness," sponsored by the [MIT Leadership Center](#). [Mike Armstrong](#), former CEO of AT&T and Hughes Electronics and past chairman of Comcast and the Homeland Security Task Force for the Business Roundtable, organized the session along with MIT Professor [John Deutch](#), former director of the CIA, and [Richard Falkenrath](#), deputy commissioner of counter-terrorism for the New York Police Department. The three – drawing on their experiences in managing security threats – focused on actions business executives at every level can take to protect their employees, communities, and assets from both natural and man-made disasters.

"In our market system, the private sector owns, manages, and operates about 85 percent of America's infrastructure," Armstrong said. Unless a disaster threatens public safety or market failure, the government doesn't get involved. Even if a major city or company is hit by an event like September 11th, Falkenrath noted, in the immediate aftermath organizations and individuals are on their own.

Although leaders cannot predict catastrophes, they can prepare for them. This is not an area where businesses can just go out and buy services, but a company can "purchase wisdom" on how to assess its vulnerability and plan and practice ways to protect its assets, Deutch said. "When a destructive event occurs, it can be decisive to the future of any organization."

"Whether you're a CEO or division manager, these threats can land on your desk without any warning," said Armstrong. He sees the responsibility for preparation, anticipation and action falling to current and future leaders emerging from today's business schools. Since "Ready in a Crisis" addressed issues that don't currently fit into a traditional MBA program, Armstrong organized it specifically for the non-traditional framework of [Sloan Innovation Period \(SIP\)](#), a week mid-semester when MIT Sloan's classes are suspended and students learn from industry and non-profit leaders about challenges they face in their work.

Drawing from their security experience, Armstrong, Deutch, and Falkenrath underscored the importance of planning and preparation.

- First, assess your vulnerability. Since man-made threats are not statistically patterned, as Falkenrath said, focus on the extent of potential damage rather than its likelihood.
- Second, establish systems of accountability and responsibility. Make sure to set up a clear command- and-control decision-making structure.
- Third, build and test the resources and communications systems that will be needed. Constantly practice using them in crisis mode.

Thinking back to a bomb threat he faced at Hughes, Armstrong remembered, after receiving the bomb threat call, knowing that they needed better planning, better emergency training, and better practice. “I sat there for 20 minutes knowing I could have practiced those fire drills. You may be just a branch manager or a site manager, but you bear the consequences if disaster strikes.”

Lessons from Leaders



Often leaders strive too long for a consensus that may never be achieved. “The hard part is to know when to stop,” says [Marshall N. Carter](#), chairman of the New York Stock Exchange. Successful leaders know how to find common ground, and when to leave it behind.

In his years in the banking industry and military service, Carter has seen it all: mergers that never quite merge, consensus-seekers who fail to move ahead, leaders who neglect the basics. From dealing with the disgruntled minority to keeping your individualism intact, Carter provides his lessons on leadership.

[Read the lessons from Marsh Carter ...](#)

Auto Industry Volatility



The high-stakes race to hybrids and the opportunities new markets offer were among subjects addressed in a wide-ranging conversation between the chairman and CEO of General Motors and an MIT Sloan dean emeritus.

GM’s G. Richard Wagoner, Jr., and Glen Urban, Dean Emeritus and Co- Director, Center for Digital Business at the MIT Sloan School, exchanged ideas about market volatility, legacy cost structures, and GM’s recovery plan during a [Dean’s Innovative Leaders Series](#) event on October 11, 2006.

Not so long ago, Wagoner said, the auto industry consisted of national markets with fairly high trade barriers and regulatory requirements that differed from one nation to another. “As the industry globalizes the winners will be the people who figure out how to run the business with a truly global mindset while selling to local markets,” he said.

Why is the Buick brand popular in China? What does Wagoner think about the battle with Toyota to be No. 1?

[See the video ...](#)

Sky’s the Limit



“Learning the ropes” took on a whole new meaning during [Sloan Innovation Period \(SIP\)](#) at the MIT Sloan School. During the one-week exploration of leadership, MBA students built trust and confidence on a ropes course 20 feet in the air.

Back on earth, others gained insights into life’s twists and turns at seminars by

diverse leaders including Ben Zander, conductor of the Boston Philharmonic; Jeffrey Shames, retired chairman of MFS Investment Management; and Victor Menezes, former senior vice chairman of Citigroup.

Such variety is a hallmark of SIP, which offered nearly two dozen leadership workshops in October, open to MIT Sloan MBA students and alumni.

[Read more ...](#)

MIT Leadership Center

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