

CORNELL HR REVIEW

LEADING DURING UNCERTAIN TIMES

Robert E. Picone

L. Kevin Cox, Chief HR Officer of American Express, recently delivered the keynote address at the [8th Annual Human Capital Association Symposium](#). The theme of the event was “Leading with Flexibility: Adapting to Uncertain Times.” Cox spent the majority of his speech revealing to the audience how the 2008 economic collapse impacted American Express and the financial services industry, and how he led his employees through such times of disaster and despair. He shared personal stories and provided lessons about what it takes to lead and pull a company through uncertain times.

The discourse began with a quote from Bill Bensyl, former SVP of Personnel of PepsiCo, who remarked at his 2000 retirement party, “My biggest worry is that none of you have seen tough times, and tough times most certainly will happen. Will you have the leadership talent to guide this organization when the inevitable happens?” These words stuck with Cox throughout his career and reinforced the notion that true leadership can only be recognized and tested when times are tough because that is when leadership is the most difficult to execute.

As banks began to fail in 2008, American Express saw the daily commercial paper market, a key funding instrument for the company at the time, literally dry up. Like others in financial services, the company needed to focus on liquidity to survive the financial crisis. In addition to launching a new certificate of deposit business to diversify funding, American Express’s leadership decided to participate in the U.S. government’s Troubled Assets Relief Program (TARP) and become a bank holding company. In becoming a bank holding company, American Express needed to understand and adhere to newly established government regulations. Cox’s role was to take care of the welfare of the company’s employees and to lead the company’s human capital efforts to adjust to the emerging regulatory landscape. This was no easy feat. Cox needed to quickly respond to changing economic and regulatory pressures throughout the uncertainty of the financial crisis.

Cox recounted the challenges he faced through this experience and shared a few lessons about how to lead through uncertain times. His first recommendation was increased communication, stressing that leaders need to communicate more, not less, during times of trouble. He emphasized the importance of being honest with employees and treating them like adults. Additionally, he reinforced the need to not be afraid to look like you do not know the information you are supposed to know about your job when you sincerely do not. He quoted American Express CEO Ken Chenault as saying that to communicate as a leader during times of crisis, you must “Define reality, but give hope.” Cox went on to say that defining reality is critical to credibility, but hope is a fundamental need.

Ultimately, striking the right balance between reality and hope is the biggest challenge to communicating and leading effectively.

In order to lead successfully during uncertainty, Cox made five tactical suggestions:

1. Acknowledge the elephant in the room
2. Define winning in specific short-term actions
3. Increase your visibility
4. Don't hedge, don't waffle... pick a point and go
5. If you're wrong, acknowledge it and start over

In addition to tactical recommendations, Cox believes most importantly that leadership through uncertainty demands courage. He used the *Wizard of Oz* as an analogy stating that there are plenty of people in the world with brains and heart, but courage is the least common and most important.

Cox challenged the audience with six questions to help identify the type of courage they had, stressing that a leader must understand the amount of courage they are comfortable with while learning how to gain more.

1. What are the most important things to change in my organization?
2. What are my greatest fears?
3. How far will I go to achieve my purpose?
4. How do I make sure that I approach my goals with humility?
5. What is my purpose?
6. What are my beliefs about people and how they work?

In conclusion, Cox urged the audience to understand that disruptive change is the new standard in the world of business and that leaders must understand what this means for managing people. Uncertainty drives emotion, and since uncertainty has become the standard, new leaders will need to spend much more of their time managing the emotions of their employees. ☞

Robert E. Picone is a student at Cornell University, pursuing an MBA at the S.C. Johnson Graduate School of Management and an MLR at the School of Industrial & Labor Relations. He is one of the founding members of the Cornell HR Review and currently serves as its Director of Operations.