

MANAGING UNCERTAINTY

# What FDR Knew About Managing Fear in Times of Change

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In our work with leaders we've found that managing successful transformational change has a lot to do with managing fear. This includes fear of the unknown, fear of failure, fear of change, or even fear of fear itself. This is especially true when making bold changes — the kind of change that could take an organization to a whole new level of performance, or, out of a paralyzing tailspin. The bolder the change, the bigger the fear, as fear is our resistance to change.

So how do you manage deep resistance to big change in high stakes situations? Great leaders from the past point the way.

Entering office on March 4, 1933, Franklin D. Roosevelt faced one of the most significant leadership challenges in U.S. history: the Great Depression. Its impact was so vast that it drew the U.S. and then the entire global market into a downward spiral. The nation was gripped in a panic that had people running

to the banks to pull out their savings. Leading up to Roosevelt's inauguration there was yet another run on the banks in February 1933, further eroding the financial system.

Even more remarkable than the scale of the crisis, was that one leader would turn the tide in a matter of days. Nine days after Roosevelt's inaugural speech, depositors were standing in line to return their cash to neighborhood banks. By month's end, two-thirds of the hoarded cash had been returned. And financial markets rebounded, with the New York Stock Exchange posting the largest one-day gain in history.

Roosevelt made bold decisions and managed the fear of a nation in crisis. How did he do it?

### **Break the habit of inaction**

Roosevelt responded decisively to the crisis. He broke the habit of inaction by instituting a weeklong bank holiday a day after taking office and managed to coach the nation to let go of their paralyzing fear in a 14.5-minute "More Important than Gold" Fireside Chat on the radio the eve before reopening the banks. These were strategic moves that changed the direction of the crisis. In our work with leaders, we find that strategic decisions fit into one of three categories, or "boxes":

- Box 1: Managing the present.
- Box 2: Selectively forgetting the past.
- Box 3: Creating the future.

We call this "Three Box Thinking." Box 1: Managing the present decisions tend to be linear changes. Most large-scale, nonlinear decisions that result in large organizational change fit into either Box 2: Forgetting the past or Box 3: Creating the future.

Roosevelt's decision to close the banks was both a bold departure from the past (Box 2) — never before had there been a complete stoppage of the U.S. payments system — and an innovative start to a new future (Box 3). Roosevelt later explained it as a "first step in the government's reconstruction of our financial and economic fabric."

When leaders make bold Box 2 or Box 3 decisions they often face resistance in the form of stakeholders wanting to keep the status quo. Even if the status quo is getting nowhere.

### **Tame crocodilian fears**

How do leaders like Roosevelt effectively transform resistance to change and inspire the confidence and courage to get others to follow them when they make big Box 2 and Box 3 bets? They explicitly address what undermines courage and confidence: our fear.

In his inaugural address, Roosevelt opened with a courageous declaration to the people of America and of the world in a time of crisis: “Let me assert my firm belief that the only thing we have to fear is fear itself.”

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Neuroscience now tells us why this was such an effective move. When we’re in the grip of our fears, we are at least 25 times less intelligent than we are at our best. We don’t think straight. And we’ll most likely reject anything that takes us out of our comfort zone. This reaction is well known today as the “amygdala hijack.” It’s when our more primitive, or “crocodilian” brain wired for survival takes over.

When our crocodiles are active, we are resistant to change and are operating from a fear of survival. Our crocodiles are trying to keep us safe, at the cost of innovation and change.

Roosevelt didn’t know about crocodilian amygdala hijacks. But he did see fear as one his country’s greatest challenges, particularly in facing the banking crisis.

He skillfully disarmed the nation’s crocodiles by addressing them directly. In his first radio address, he helped people become aware of the crocodilian traps they could fall into that would undermine progress: “It is possible that when the banks resume a very few people who have not recovered from their fear may again begin withdrawals.”

Then he let people know he wouldn’t support crocodilian behavior. “Let me make it clear to you that the banks will take care of all needs except of course the hysterical demands of hoarders, and it is my belief that hoarding during the past week has become an exceedingly unfashionable pastime in every part of our nation,” he told Americans. Neither Roosevelt nor the banks were going to feed the crocodiles.

### **Tame your own fears to set the stage for others**

Leaders develop a Roosevelt-like capacity to tame others’ crocodiles that get triggered by audacious Box 2 and 3 decisions, by first taming their own crocodiles. Roosevelt was struck down by polio years earlier. Instead of giving into despair and fear of the illness, he joined and shortly thereafter bought and led a polio revalidation center, to heal himself and to help others heal. His wife, Eleanor Roosevelt, said, “I have never known a man who gave one a greater sense of security....I never knew him to face life or any problem that came up with fear.” Facing our own fears first creates an environment where others get the courage to face their own.

### **Playing with “crocodiles” in your organization**

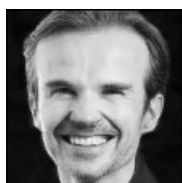
Look at any big Box 2 or Box 3 decision facing your team or organization. What crocodiles will the change trigger? Crocodilian fears show up in language familiar to many of us: “we can’t do that; that’s never been done before; we’re going to lose everything; it’s not going to work.” The question is: what to do about it? Here are three strategies:

- **Name it to tame it.** Name personal and organizational crocodiles to get them in the open so they’re not running the show. Roosevelt did this effectively when he called out “hoarders.”
- **Use humor.** Don’t be scared of the crocodiles; they’re just pink elephants, illusions. When done skillfully, humor can diffuse tension around fears. Adobe adopted such a strategy when it got rid of one of its flagship cash-cow services, packaged software, to shift completely to software in the cloud. The company made a video poking fun at so-called “Revenue Addicts” who had a hard time letting that part of the business go. It addressed the crocodilian fear-based behavior and freed the organization to innovate ahead.
- **Instill confidence with courage.** When we convey confidence through our dialogue and speak with courage, it instills these qualities in others. Roosevelt’s tone and delivery conveyed a sense of safety that approached sacredness. He was straightforward and matter of fact. Such a balanced tone helped to instill confidence in a nation and the world at a time of great crisis. Said Roosevelt on the radio the evening before reopening the banks, “After all, there is an element in the readjustment of our financial system more important than currency, more important than gold, and that is the confidence of the people themselves. Confidence and courage are the essentials of success in carrying out our plan. You people must have faith; you must not be stampeded by rumors or guesses. Let us unite in banishing fear.”

Change management is fear management, and fear management is crocodile management. And if you think, “Well this is great for Roosevelt, but I’m no Roosevelt,” remind yourself that it’s probably just the crocodile talking. And then take action. Box 2 and Box 3 decisions demand firm and direct crocodile management.



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

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