

Practice “Crew Resource Management” to Keep Your Firm on Course

Corporate, Securities, and Governance



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On December 29, 1972, Eastern Airlines Flight 401 bound for Miami International Airport departed John F. Kennedy Airport in Queens, New York at 9:20 pm. The four-month-old Lockheed L-1011-1 Tristar wide-bodied jet carried 163 passengers and 13 crew. It was piloted by 55-year-old Captain Robert Loft — a veteran Eastern Airlines pilot who ranked 50th in seniority at the airline. Captain Loft was accompanied in the cockpit by First Officer Albert Stockstill, 39, and Second Officer (Flight Engineer) Donald Repo, 51.

The flight to Miami was routine until 11:32 pm when the aircraft began its descent. After lowering the gear, First Officer Stockstill noticed that the landing gear indicator, a green light identifying that the nose gear is properly locked in the “down” position, did not illuminate. This was later discovered to be due to a burned-out light bulb.

In response, the crew discontinued their approach to the airport and requested to enter a holding pattern while they sorted out what was going on with the aircraft’s nose gear. After seeking permission from air traffic control, they climbed to 2,000 feet, engaged the autopilot and circled over the Everglades.

As the crew “worked the problem” one of the pilots bumped against the yoke, inadvertently disengaging the auto pilot and causing the plane to enter into a gradual descent. A cockpit alarm sounded as the aircraft continued toward the ground, but the entire crew was so preoccupied with the

nose gear issue, they failed to notice.

As Captain Stockstill took the controls to initiate another turn, he noticed the discrepancy. The following conversation was captured by the cockpit voice recorder:

- Stockstill: We did something to the altitude.
- Loft: What?
- Stockstill: We're still at 2,000 feet right?
- Loft: Hey — what's happening here?

Less than 10 seconds after this exchange, and just over four minutes after the nose gear indicator light issue was discovered, the plane flew into the ground at 227 miles per hour. Ninety-nine passengers and crew lost their lives in the crash but, amazingly, 77 survived.

The National Transportation Safety Board report that followed an investigation into the crash cited the cause as "pilot error." Specifically, the report stated that "Preoccupation with a malfunction of the nose landing gear position indicating system distracted the crew's attention from the instruments and allowed the descent to the ground."

In response to these findings, the airline industry developed and implemented "crew resource management" (CRM) training for their pilots. The primary goal of CRM is to enhance situational awareness, self-awareness, leadership, assertiveness, decision-making, flexibility, adaptability, event and mission analysis, and communication. The use of CRM teamwork in the cockpit has improved airline safety and was credited for being a major reason there was no loss of life in the "Miracle on the Hudson" crash landing in 2009. Similarly, I think that by applying CRM techniques, we may optimize our ability to prevent a corporate crisis from turning into a catastrophe.

CRM has two key features that are particularly well-suited to traditional hierarchical organizations like the corporations we serve. The first of these is designed to ensure that, during a crisis, someone is still flying the plane. Specifically, CRM makes the captain responsible for ensuring that monitoring all indicators and warning systems is delegated among the crew so not everyone is focusing their attention on fixing the problem.

Like pilots, corporate counsel and the management teams they serve are just as prone to the myopic preoccupation with fixing things that have gone wrong. When we discover that one or more of our colleagues has engaged in serious misconduct, that there is a significant incident in the workplace, or a government initiates a criminal enforcement action, it is natural for the board of directors, senior management team, and many other corporate leaders to make the same mistake the Flight 401 crew made by focusing all their attention on developing and executing responsive actions. By adopting the CRM model, corporate leadership teams can reduce this risk and ensure that other essential corporate operations continue to function properly, to prevent a bad situation from becoming worse.

The second key CRM feature that would be helpful for corporate counsel and senior leadership to learn is one that aims to foster a climate or culture where there is freedom to respectfully question authority. This skill is intended to ensure that someone speaks up — and is listened to — when they observe that there is a discrepancy between what is happening and what should be happening. To achieve this end, CRM training seeks to help leaders understand that the questioning of authority need not be threatening. It also gives subordinates an opportunity to understand and practice the correct way to question orders.

As with first officers in an airline cockpit, it is important that corporate counsel know how to effectively deliver to our leaders critical information in time to avert catastrophe — especially in a time of crisis when emotions may be running high. To address this problem, CRM teaches the following five-step assertive statement process that will serve us well in providing our clients advice they may not want to hear:

1. **Opening or attention getter —** Address the leader. “Hey Bob, we need to talk about [shorthand name for the crisis].”
2. **State your concern —** Express your analysis of the situation in a direct manner while owning your emotions about it. “I am concerned that we are on the wrong course.”
3. **State the problem as you see it —** “The approach we are taking will seriously damage our credibility with the public and the regulatory authorities.”
4. **State a solution —** “Let’s acknowledge our responsibility for the situation and commit to figure out what happened and prevent it from ever happening again.”
5. **Obtain agreement —** “Does that sound good to you, Bob?”

These are difficult skills for anyone to master. But, if you make the investment to develop them, you will maximize your firm’s chances of successfully navigating through a crisis and arriving safely to its intended destination.

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