Managing in the Age of Outrage

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Ken Hermann

Leaders in every sector are now dealing with angry stakeholders. Witness the crisis confronting government officials in Ottawa in early 2022, when the city was blockaded by large numbers of Freedom Convoy truckers protesting Covid-19 vaccination requirements. At the same time, customers and the media were pressuring GoFundMe, TD Bank, and others to cut off donations to the protesters. Even a low-key organization can find itself suddenly coping with outrage from both employees and external stakeholders.

Managing angry stakeholders is nothing new. What sets apart the times we live in is a perfect storm of three forces. First, many people feel unhopeful about the future, for reasons ranging from climate change to demographic shifts to wage stagnation. Whatever the cause, they believe the future will be worse than the present. Second, they often feel—whether rightly or wrongly—that the game is rigged and they have been treated unfairly. Consider, for instance, reports that the wealthiest often pay taxes at lower rates than the middle class does, or evidence of systemic bias in the opportunities available to minorities. Third, many people are being drawn, perhaps as a result of the first two forces, to ideologies of "othering"—that is, away from Enlightenment liberalism and toward an us-versus-them approach. The historian Samuel Huntington called this "the clash of civilizations."

In this article I offer a framework for managing stakeholder outrage that draws on analytical insights from disciplines as wide-ranging as the science of aggression, managerial economics, organizational behavior, and political philosophy. It forms the basis of a course I teach at Oxford, "Managing in the Age of Outrage," and has been built inductively through deep-dive case studies on organizations from multiple sectors, including IKEA, the London Metropolitan Police, Nestlé, and Oxford University Hospitals. The framework has five steps: *turning down the temperature, analyzing the outrage, shaping and bounding your responses, understanding your power to mobilize others,* and *renewing resilience.* Some steps are relatively complex, others fairly simple, but all involve a good measure of common sense, and nothing that follows should be wildly revelatory to seasoned managers. The value of the framework lies in its consolidation of insights.

[Step 1]

Turning Down the Temperature

This step involves two actions. The first is simply acknowledging the clinical bases of outrage. The second is observing processes for engagement that stakeholders have ideally agreed upon *in advance of* situations that raise the temperature.

Clinical bases of outrage. The behavioral science of aggression is a voluminous field. A key managerial insight is that the interplay of ambient conditions, emotions, and cognitive reasoning shapes the mind's response to situations.

To begin with, the science shows that physical environment matters: We are more likely to lose our tempers in a hot and humid room than in a well-ventilated one. Next, we know that when our cognitive-reasoning resources are limited, emotions are likely to drive our actions. A busy or distracted brain tends to react emotionally, and thus aggressively (as part of a fight-or-flight response), in a crisis. Hence the advice to "sleep on" charged decisions, to allow time for reflection. An emotional response is not always bad, but our cognitive faculties should be given time to process an initial one.

Finally, research suggests that we interpret events through mental "scripts"—heuristics for how we think the world works. These scripts are developed from and reinforced by prior experiences, and even seemingly irrational scripts may become part of our cognitive response. For instance, repeated exposure to biased narratives on social media can influence scripts over time, contributing to outrage.

Shared processes. Providing comfortable ambient conditions for debate and time for reflection on initial emotional impulses is relatively

straightforward. But what can you do about differing scripts? Given that you have no control over the experiences that have shaped an individual's deep-seated script, it is best to avoid directly challenging it. You may not see it as legitimate, but you are unlikely to change it—certainly not in one sitting. You can, however, create a nonthreatening space where your stakeholders can explicitly render their scripts. Doing so can be cathartic and a first step toward building an understanding on which sustainable solutions rest.

One of my responsibilities at Oxford's Blavatnik School of Government is to convene public leaders from more than 60 jurisdictions (including China and the United States, India and Pakistan, Israel and Palestine, Russia and Ukraine) to build coalitions on divisive issues such as climate change, migration, and inequality. Diverging scripts are endemic to our setting.

To keep our community functioning and even thriving, we have developed and agreed in advance on our rules of engagement. That is crucial, because you cannot seek legitimacy for a process you are already using to address a contentious issue. As a manager, you should take the time to identify your key stakeholders and seek their commitment before you get into firefighting mode.

Our community rules are simple: No one may claim that a script is too offensive to be heard, but all must be accountable for how their words land on others. That second point sets up community members to aspire to be leaders rather than simply debaters. It prompts all stakeholders to temper their communications, not in self-censorship but with the hope of gradually helping others understand (even if not agree with) their worldview. And by encouraging community members to share their scripts in the context of their own biases, we are more likely to generate collective decisions that withstand the passage of time.

[Step 2]

Analyzing the Outrage

Sharing and reflecting on scripts across your stakeholder community takes you to the second step, which also has two parts.

Causal analysis. In June 2020, as London emerged from a three-month lockdown, Cressida Dick, the commissioner of the London Metropolitan Police, faced backlash from Black Londoners who, it was revealed, had been subject to the Met's heavy use of stop and search at a rate four times that of other groups. Dick, much of her own force, and victims of (rising) crime saw stop and search as a useful deterrent, but many Black residents of the city wanted the policy ended. Protesters pointed out that this group was more likely to be in essential service operations and thus more likely to be on the streets during lockdown. Since the rates of actual arrest were similar across demographics, there seemed little reason to "target" Blacks. Activists therefore demanded that Dick acknowledge that the Met was "institutionally racist."

In responding to a situation like that, you need to identify which of the three drivers of outrage is in play: despair about the future, feeling that the game has been rigged, or an ideology of othering? Managers have some scope for engaging with the first two: They can provide reasons to become more hopeful about the future, and they may be able to address why stakeholders feel cheated. For example, anger at the Met's lockdown use of stop and search could be examined in the context of Londoners' long history of experiencing policing as biased against minorities. Official reports had criticized such practices as far back as 1981 and 1999. That history provided Dick with a starting point: To build trust with disenchanted citizens, her actions would need to at least improve on the Met's responses from 20 years prior.

But if the outrage can be traced to ideologies of othering, avoid direct engagement. It risks throwing fuel on the fire, diminishing the prospect of a resolution. That was the mistake government officials made during the Freedom Convoy blockade in Ottawa. They realized that although some truckers had defensible political demands, others saw the protests as a means to achieve exclusionary social ends. By taking on those ideologies and branding the truckers as "racists," the officials only inflamed the protesters (inviting more racists to the melee) and reduced the potential for negotiating an end to the blockade (because they could not be seen as doing business with racists).

My point here is not to deny managers their personal ideologies (and right to be offended) but to caution that direct engagement with stakeholders over ideological differences is unlikely to be effective. Avoiding such battles keeps a polarizing situation from escalating and may buy time for a bottom-up resolution to emerge.

Catalytic analysis. The objective here is to identify the forces contributing to the intensity of stakeholder outrage. They may be people or events, and they may provide a pathway for mitigation. In the Met's summer 2020 case, catalyzing forces included the murder of George Floyd in the United States and the unfavorable comments of some Black Met officers about stop and search. Those officers gave Dick a credible counterparty to work with in seeking longer-term solutions to the outrage.

In collaboration with the art director Gem Fletcher, Ken Hermann photographed practitioners of Bökh, a traditional form of Mongolian wrestling that dates back to the reign of Genghis Khan. Originally developed to keep soldiers battle-ready, Bökh is often reminiscent of a dance.

Social media often channels catalyzing forces. It can provide anonymity, enabling otherwise circumspect individuals to express extreme views. Seeing such views encourages others to embrace, reinforce, and even sharpen them, a phenomenon known as *emotional contagion*. Social media algorithms also draw users deeper into outrage by shielding them from critical perspectives. Encouraging counterparties to tone down their social media engagement during discussions is therefore a good idea. (Again, rules of engagement should ideally be established before you apply them.)

[Step 3]

Shaping and Bounding Your Responses

With some understanding of the drivers of outrage, managers can consider how to respond. Here they must strike a balance between not doing enough and doing too much. Considering the following two concepts can help.

Asymmetric capabilities. In 2015 the food giant Nestlé faced a threat to its 100-plus-year presence in India when a routine test in a government food-safety lab found traces of monosodium glutamate (MSG) in its instant-noodles product Maggi, despite claims on the packaging that the noodles contained no added MSG. At first Nestlé ignored the issue, convinced that its practices were sound. Because about 75% of India's processed-food suppliers are small-scale domestic producers that routinely misstate their labels and have lower safety standards than Nestlé does, the company did not feel exposed to regulatory risk.

But later tests from other government labs indicated high levels of lead in Maggi noodles. The product, marketed as a health food and targeting children, came under further scrutiny. Nestlé then explained that although "no added MSG" was technically true, the product *did* contain naturally occurring glutamates. Regarding the lead content, Nestlé asserted that its own tests in India, Singapore, and Switzerland had confirmed the product's safety, and it conjectured that the later findings were a result of poor procedures at government labs. Its responses did not sit well with officials, some of whom issued regional recalls of Maggi noodles. The press piled on, and Nestlé's nearly 80% market share in instant noodles in India halved almost overnight, contributing to a 15% drop in stock price. Eventually, and at great cost, Nestlé withdrew and then relaunched the product without the label "no added MSG." (The lead concerns, it turned out, were indeed unfounded.)

The Swiss giant was expected to take responsibility for problems not of its own creation, even as more-culpable violators escaped, in large part because it had better *capabilities* than others to remedy the problem. In similar situations, therefore, managers need to consider four questions: (1) Are we directly responsible for the outrage? (2) Will our inaction exacerbate it? (3) Is acting to alleviate the outrage part of our (implicit) contract with stakeholders? (4) Do we want it to be?

Research suggests that we interpret events through mental "scripts," which are developed from and reinforced by prior experiences.

Only if the answer to all four questions is no should you not act. For Nestlé the answer was no to the first, because it viewed the trouble as originating in regulatory inconsistencies. But its answers to the other three questions revealed that the company had good reason to act.

Take question two. Lead poisoning is very dangerous for children, and Nestlé's response left the matter unresolved. But ignoring looming serious harm to others invites outrage. Bioethicists' *rule of rescue* helps here: Our ethical instincts encourage us to aid those in imminent grave danger (regardless of culpability), even if we are held to a lower standard when the danger is less proximate. We are more impelled to help someone drowning in a pond than someone losing a livelihood to gradual flooding.

As for the third question, even in cases where the harm may be moderate and distant (as with the MSG issue), prior statements (describing Maggi noodles as a "health" product) may have set an organization up to address stakeholder concerns that it did not create.

For the fourth question, consider the advice offered by the Harvard professor Fritz Roethlisberger: When faced with a crisis, we often lament it as unfairly altering our otherwise well-drawn plans for the future. But what if that crisis is an opportunity to *actualize* those ambitions? Instead of complaining that a crisis is derailing you, treat it as an opportunity and lean in to your aspirations to shape your

response. For Nestlé that could have meant using the Maggi crisis to affirm an inviolable commitment to safety.

Having determined an imperative to act, a company's next challenge is to ensure that it goes no further than necessary. Otherwise it may set unfulfillable expectations that can sidetrack the organization from its core mission or even bankrupt it. That brings us to the second concept.

Shifting expectations. In 2012 the Swedish furniture behemoth IKEA was attacked in its own national media by an article revealing that it had airbrushed out images of women from direct-to-home catalogs circulated in Saudi Arabia. The company claimed that it was complying with Saudi laws and that the practice was long-standing.

The backlash in Sweden and IKEA's major markets in Western Europe, which accounted for 70% of sales, was swift. One Swedish minister commented, "For IKEA to remove an important part of Sweden's image and an important part of its values in a country that more than any other needs to know about IKEA's principles and values—that's completely wrong." The comment hit on an important truth: For years the company had branded itself as an extension of Swedish culture. A visit to the local IKEA, infused with Scandinavia-inspired kitsch, was like a trip to Sweden.

Over the years, IKEA had profited handsomely from that strategy, and it had mostly honored Swedish values: In the early 2000s, before ESG became fashionable, the company made commitments to fair labor and responsible environmental practices in its supply chain. As far back as the 1990s it had run commercials featuring same-sex couples. For a company that had long positioned itself as an exemplar of Scandinavian progressivism to be removing images of women from its Saudi catalogs was jarring.

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IKEA entered Saudi Arabia in the early 1980s, shortly after the country's ruling family had thwarted a challenge to its power from radical Islamists. Having seen Iran's imperial family toppled for being too Western, the Saudi rulers chose to appear more hardline. But 30 years later Saudi Arabia was a different place; in fact, even the Saudi media was bemused by IKEA's policy. Meanwhile, Scandinavian culture had become even more progressive. Expectations had shifted.

To avoid the adverse consequences of such shifts, an organization that makes a moral commitment, explicit or implicit, to its stakeholders must repeatedly ask itself three questions, which serve as a reality check for entities under pressure: (1) What is our strategy for authentically meeting this commitment? (2) What are the boundaries of this commitment, and how have they been communicated to stakeholders? (3) What is our strategy for dealing with shifting expectations around this commitment?

Through successive decisions involving its brand identity, IKEA had made a moral commitment to its stakeholders, in Sweden and in the

rest of the West, to be a champion of Swedish values. The company had thought its commitment would be bounded by the laws of countries where it operated—but it had not effectively communicated that to its stakeholders. And IKEA was unprepared for the fact that as Swedish values became increasingly liberal, more would be expected of it.

Similar issues were at play in the London Met. Some stakeholders had argued that Dick's labeling the Met "institutionally racist" would powerfully signal its commitment to be part of the solution to racial injustice in society. The Met did not bear full responsibility for the outrage, but it had asymmetric capabilities for healing it. Nevertheless, Dick demurred. For the Met's own commissioner to accept the label would be politically seismic, and it would shift some stakeholders' expectations beyond her capacity to deliver. In addition, many within the Met considered the label demoralizing and offensive, and the commissioner could not afford mass exits or internal protests at a time of rising crime.

As that case shows, employee sentiment is a good way to evaluate possible responses to such quandaries. If trusted employees feel that you are not doing enough to address (external) stakeholders' outrage—or, conversely, fear that you might do too much—it is a good idea to rethink your approach. This, of course, underscores the value of giving your employees—who ideally are representative of other stakeholders—space to voice their perspectives.

Although the proportion of nonwhite officers at the Met had grown fivefold in the 20 years leading up to 2020, it still stood at only 15%—considerably lower than London's overall 40%. Until the Met became more representative of the community it sought to police, it would be unable to shake off the label "institutionally racist." So Dick made it a

priority to rethink how the Met recruited and retained talent from the communities that trusted it least.

[Step 4]

Understanding Your Power to Mobilize Others

After determining what you will do in response to the outrage, you must decide how to get it done. This is a two-stage process. First identify the sources—internal and external to the organization—of your ability to mobilize others: a spatial mapping of your power. Then ask how your power will evolve as you exercise it: a temporal mapping.

Spatial mapping: where power comes from. It helps to divide power into four categories.

Coercive power is the ability to control others' actions through command. It may derive from your hierarchical authority and your ability to control scarce resources, such as by hiring, promoting, and firing individuals. It is the most basic source of managerial power, but it varies across types of organizations: Managers in nonmilitary public-sector bodies generally have less coercive power than do managers in private companies.

Reciprocal power is derived from exchanges. It can be purely transactional, as with a manager's power over an independent contractor in exchange for cash, but it does not have to be so. For example, no quid pro quo is necessarily expected in a social network, where power accrues from the *perception* of reciprocity. The greater your commitment to the exchange setting, the greater your power, because deep ties—forged over many years and interactions—are more likely to mobilize people.

Emotive power emanates from personal charisma. Like reciprocal power, it is based in relationships, but an exchange is rarely expected. Parents and children have emotive power over one another, as do people who share a deeply held faith.

Rational power is the ability to provide a reasoned (logical and evidentiary) explanation of your goals and methods. Managers often use it to bring well-informed peers on board.

To illustrate how spatial mapping can be helpful, consider the challenge confronting Meghana Pandit, the chief medical officer of Oxford University Hospitals (OUH), in 2020, early in the Covid pandemic, when scientists were uncertain about the virus and how to manage it.

The UK government had announced that elective surgeries should continue in OUH and other public hospitals. The goal was to prevent a huge backlog when the pandemic eased. Fearing shortages of personal protective equipment, some surgeons at OUH refused to comply, arguing that the order put their lives at risk. Pandit had to decide whether to enforce it and risk exacerbating an already emotionally fraught situation.

Although it is among the world's top hospitals, OUH had a checkered recent history. In 2018 it had reported eight "never events"—critical safety failures, such as wrong-site surgery, that should *never* happen. And staff surveys had shown that although many people took great pride in their own performance, teamwork was lacking, management was seen as not supporting staffers when mistakes were made, and the organization had a tendency toward both risk aversion and disregard of risk-management processes. The UK's Care Quality Commission had assessed OUH as "requiring improvement."

In early 2019 the OUH board appointed Pandit, who was then the chief medical officer at another hospital in Britain, to lead. Her focus through that year had been to reset the OUH culture toward patient safety and satisfaction, learning from mistakes, and trust in management. The initial results were promising, but the job was far from done when the pandemic hit and she was faced with the surgeons' resistance.

In that situation Pandit had considerable coercive power. She had final say over licenses to practice at OUH, so she could certainly enforce the government's order to continue with elective surgeries. She also enjoyed some rational power: As the surgeons' medical peer, she could speak with authority about the merits of the order as well as the Hippocratic ideal that the hospital was expected to achieve.

But Pandit lacked emotive power. As a woman and a member of an ethnic minority, she was outside the old boy network of Oxford physicians. They were unlikely to be swayed by her charisma. She also lacked reciprocal power of the transactional kind: As a public entity, OUH could not set salaries and bonuses; those were largely determined by national pay scales. And although Pandit was cultivating reciprocal power of the relational kind through the culture-change initiative, her efforts were only just beginning to take hold.

Despite her limited options, Pandit chose not to enforce the order, deferring to the surgeons in their moment of anxiety. The next stage of step four explains why.

Temporal mapping: how power evolves. If Pandit had enforced the order, she would have risked eroding the small gains in reciprocal power she had recently earned and would most likely have made any further accrual impossible. Her cultural transformation depended on building staff members' trust in management; clamping down on their concerns

at a time of great medical uncertainty would hardly help. In effect, Pandit was trading off short-run risks (invoking the government's ire and emboldening recalcitrant staffers) for a potential long-run win (a hospital with zero "never events").

She also wanted to preserve her coercive power for a time when she might truly need to use it. In March 2020 nobody had any sense of how long the pandemic would last, how severe it would be, and what kinds of command decisions it would necessitate. To expend that power so soon could prove very costly.

As you map the evolution of your power, consider the three basic ways in which it can be exercised: *implicitly,* through organizational culture; *indirectly,* through control of the agenda; and *explicitly,* through direct engagement (by yourself or by others acting for you). In general, the first approach is preferable to the other two, because effecting outcomes through shared beliefs can strengthen power, whereas the other options can erode it. But considering the feasibility of each way can guide you toward a decision.

> ## An organization's resilience is affected by how well its leaders manage the tension between dealing with today's problems and planning for better management of tomorrow's.

If Pandit had been further along in her cultural transformation, the surgeons might not have even threatened revolt, because they would have trusted management to do right by them. But we cannot choose when crises will hit, and Pandit had to look for other approaches. The next obvious one was controlling the agenda. In March 2020

Pandit had many problems on her plate beyond the surgeons' concerns. They included setting up quarantined Covid wards, training medics to triage incoming patients for access to scarce ventilators and ICU beds, determining which hospital departments would have access to scarce protective equipment and Covid testing, crafting policies regarding staff leave to ensure a continually refreshed team on site to deal with the expected surge in patient volumes, and so on. By prioritizing those issues over the surgeons' anxiety, she could have implicitly conveyed a decision to them. But she feared that gaming the agenda in that way would undermine trust.

Instead she decided on direct engagement. But because she wanted to preserve her coercive power and had limited reciprocal power, she asked the surgeons for guidance on how to handle their situation. In effect she relinquished her coercive power to them, making them her agents. Her gamble paid off: Realizing from the perspective of power that their worries were but one ripple in a quickly swelling sea, the surgeons backed down. Roethlisberger's advice comes alive in Pandit's decision: She reached into a future version of OUH—one with a more trusting culture—to generate a solution to the present crisis.

[Step 5]

Renewing Resilience

Admittedly, navigating the framework I have presented is demanding. Thus renewing resilience, organizationally and individually, is itself part of the framework. By "resilience" I mean the ability to recover from negative shocks. It includes, critically, a capacity for being intelligent about risks and associated failures.

Organizational resilience. This comes from distributing decision-making responsibilities among trusted and competent delegates

situated close to realities on the ground. It requires what economists call "relational contracts"—implicit understandings between managers and employees about the values that will guide each side's decisions and reactions to the decisions of others. Toyota offers a good example, specifically with its andon cord. Workers on the assembly line are encouraged to pull the cord if they notice a possible systemic manufacturing defect, stopping the entire process at great expense.

There are no explicit rules about when to pull the cord. If it were possible to specify any, then the cord would be unnecessary, and low-cost reliability would not be as elusive as it is. Instead, line workers and management have an implicit understanding that the former will not frivolously pull the cord and the latter will not punish the former if the cord is pulled (or not pulled) in error. Other car companies have tried for years to copy the Toyota system, but they have failed out of an inability to create the necessary relational contract.

An organization's resilience is also affected by how well its leaders manage the tension between dealing with today's problems and planning for better management of tomorrow's. From the long list of to-dos that Pandit had to consider alongside the possible surgeons' revolt, she chose cultural change as her foremost priority. But why focus on an intangible when so many tangibles needed attention?

The leadership expert Stephen Covey provides an answer: Managers often conflate the *urgent* with the *important*. There are always "urgent" issues on a manager's plate, especially in a crisis, and responding to them can very quickly become all-consuming. But the more leaders focus on firefighting, the less they focus on fire prevention—and the more fires they will need to put out in the future.

If Pandit had not prioritized cultural change in March 2020, she would never have had the capacity to address the stream of urgent decisions that came her way during a pandemic of indeterminate length. So she decided to continue building a culture of patient safety, confidence in management, and intelligent risk management—not to the exclusion of handling emergencies but with a view to ensuring that more of them could be handled by trusted and competent delegates.

Personal resilience. This is perhaps the most elusive element in the framework. Managers are reluctant to talk about it because they fear that to do so will signal a lack of it. Here I have boiled down insights from various literatures into three takeaways.

Do not conflate optimism with resilience. A positive mindset is an element in individual resilience, but when managing in the age of outrage, it must be balanced with continual reappraisal of the situation at hand to allow for a recalibration of strategy and tactics. The author and consultant Jim Collins captured the difference when he suggested that leaders must have both an unfailing belief in ultimate victory and the daily discipline to acknowledge and address harsh realities.

Beware learned helplessness. We often create false narratives about adversity. Getting laid off from work is a traumatic experience that negatively affects self-worth. So someone who subsequently experiences another difficult work environment may attribute it to personal failings and struggle to address the challenges. Surmounting this learned helplessness involves acknowledging the false logic of our scripts, which usually requires external support through what experts call *active-constructive* relationships. Cressida Dick, for example, considers a community of trusted friends indispensable.

Cultivate detachment. According to the ancient Stoic philosopher Epictetus, "The chief task in life is simply this: to identify and separate matters so that I can say clearly to myself which are externals not under my control, and which have to do with the choices I actually control." I was drawn to this philosophy by some of the protagonists in my case studies, having noticed that managers who are successful in the age of outrage often manifest stoicism. The method is frequently misunderstood as advocating emotionlessness in the face of both pleasure and pain. For Stoics, however, the objective is not to deny emotions but, rather, to avoid pathological ones.

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Karl Popper, one of the 20th century's most influential philosophers, argued that science progresses by falsifying our theories about the world —a process of continual criticism. Ironically, he was also known for his "inability to accept criticism of any kind," in the words of Adam Gopnik. Observing this disconnect, Gopnik concluded, "It is not merely that we do not live up to our ideals but that we cannot, since our ideals are exactly the part of us that we do not instantly identify as just part of life."

I aspire every day to the framework offered here but do not always live up to it. I hope this admission comforts and encourages fellow managers who may be muddling through a polarized and uncertain world.

A version of this article appeared in the January–February 2023 issue of Harvard Business Review.

Karthik Ramanna is a professor of business and public policy at Oxford University's Blavatnik School of Government. His recent HBR articles include: *Accounting for Climate Change* (with Robert S. Kaplan), which won the 2022 McKinsey Award, and *Managing in the Age of Outrage*.