

BEYOND COMPETENCY FRAMEWORKS

The Crisis Leader Nobody Trained For — Why the Leadership Development Industry Failed Its Most Important Test

A Practitioner's Perspective on Leadership Under Radical Uncertainty in the Financial Services Sector



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“The leaders who held their organisations together through the crisis did not do so by applying a framework — they did so by making consequential decisions, every day, with incomplete information and no precedent to fall back on.”

1. Executive Summary

The financial crisis of 2008–2009 demanded a type of leadership that the vast majority of organisations had never cultivated, assessed for, or even recognised as distinct. The leadership competency frameworks, development programmes, and succession pipelines that most large institutions had invested in over the previous decade were built for conditions of reasonable stability: structured decision-making, stakeholder management through consensus, and performance improvement within known parameters. The crisis required something fundamentally different — the capacity to lead through radical uncertainty, where the rules themselves were changing, where the information available was both incomplete and contradictory, and where the consequences of decisions were immediate, irreversible, and existential.

This essay examines the structural gap between the leadership that organisations had developed and the leadership that the crisis demanded, drawing on patterns observed across multiple institutions during 2008–2009. It argues that this gap is not an unfortunate mismatch but a predictable consequence of how the leadership development industry has defined and operationalised its subject for the past fifteen years. The implications extend well beyond crisis management: they challenge the foundations on which most organisations build their leadership pipelines.

2. The Peacetime Assumption

The leadership development industry — and it is an industry, with its own economics, incentives, and orthodoxies — has spent the better part of two decades converging on a model of leadership that is, in retrospect, strikingly narrow in its assumptions about the conditions under which leadership must operate.

The dominant model is competency-based. It defines leadership through a set of observable behaviours — communication, strategic thinking, stakeholder engagement, team development, coaching — that can be assessed, measured, and cultivated through structured development programmes. It is built on the assumption that leadership is a stable set of capabilities that can be specified in advance, taught in a classroom or on a programme, and applied across contexts. The better the leader's competency profile, the

theory holds, the more effective they will be.

This model has produced enormous value in stable conditions. It has given organisations a language for discussing leadership, a basis for selection and succession decisions, and a rationale for investing in development. But it carries a hidden assumption that the crisis exposed with brutal clarity: it assumes that the context in which leadership operates is fundamentally predictable. The challenges may be complex, but the rules of the game are known. The information may be incomplete, but the frameworks for interpreting it are reliable. The decisions may be difficult, but the decision-making process is structured and consultative.

The crisis violated every one of these assumptions simultaneously.

3. What the Crisis Actually Demanded

The pattern I observed across organisations during 2008 and 2009 was remarkably consistent, despite differences in sector, scale, and the severity of the crisis each institution faced. In every case, the leadership challenge was defined not by its content — which varied enormously — but by a set of structural conditions that rendered conventional leadership practice inadequate.

3.1 The Collapse of Decision-Making Horizons

In normal conditions, senior leaders operate on planning horizons of quarters and years. Their decisions are deliberative. They are supported by analysis, tested through consultation, and implemented through structured programmes of work. The crisis compressed decision-making horizons to days and sometimes hours. Leaders who had spent their careers in environments where every significant decision was preceded by a paper, a committee, and a consensus-building exercise suddenly found themselves making consequential, irreversible decisions in real time, with no opportunity for the consultative processes they had been trained to rely on.

The leaders who performed well in these conditions shared a characteristic that no competency framework I have seen captures adequately: they were comfortable with the weight of decision-making. Not the complexity — many leaders can handle complex problems given time and support — but the psychological burden of making high-stakes choices alone, quickly, and with the knowledge that they would be held accountable for the outcome regardless of the quality of information available to them at the time.

3.2 The Inadequacy of Stakeholder Management

Stakeholder management is a cornerstone of modern leadership development. The premise is that effective leaders identify their stakeholders, understand their interests, and build relationships that create alignment and support for the leader's agenda. In stable conditions, this is sound practice.

The crisis turned stakeholder management into something closer to crisis communication under fire. Stakeholders were not merely concerned; they were frightened. Boards demanded hourly updates. Regulators made requests that carried implicit threats. Staff looked to their leaders for reassurance that no honest leader could provide without dissembling. Customers and counterparties made decisions based on rumour and sentiment rather than analysis.

The crisis did not test leaders' ability to manage stakeholders. It tested their willingness to be honest with people who did not want to hear the truth, in circumstances where honesty itself carried risk.

The leaders who navigated this well were not the polished communicators — the leaders with the highest scores on the influence and persuasion competency. They were the leaders who could deliver bad news clearly, resist the pressure to over-reassure, and maintain credibility through consistency rather than charm. This is a capability, but it is not one that most development programmes cultivate. If anything, the emphasis on stakeholder management as relationship-building actively works against it, by training leaders to prioritise alignment over candour.

3.3 The Demand for Operational Grip

One of the most striking patterns of the crisis was the sudden premium placed on leaders who understood the operational detail of their organisations. In stable conditions, senior leadership is increasingly abstracted from operational reality. The prevailing wisdom is that senior leaders should operate at the strategic level, leaving operational management to their teams. Micromanagement is the cardinal sin of modern leadership.

The crisis inverted this. Leaders who could not answer basic questions about their organisation's exposures, its contractual commitments, its cash position, or the operational dependencies within its technology estate were not merely uninformed — they were unable to lead. The decisions that needed to be made were operational decisions with strategic consequences, and they required a level of granular understanding that many senior leaders had deliberately shed as they rose through the organisation.

- Leaders who had maintained what might be called operational curiosity — a genuine interest in how the business actually worked at a detailed level — found themselves disproportionately effective
- Leaders who had embraced the pure-strategy model of senior leadership found themselves dependent on briefings from others, unable to challenge the information they received, and consequently unable to make decisions with confidence
- The crisis created an accidental experiment in two models of senior leadership, and the model that the development industry has been promoting for the past decade — the leader as strategist, coach, and stakeholder manager — was not the one that performed

4. The Structural Problem

The gap between what the crisis demanded and what organisations had developed is not simply a failure of foresight. It reflects a structural problem in how the leadership development industry has defined its subject.

Competency frameworks are, by construction, normalising instruments. They define leadership as a set of behaviours that are consistently effective across a range of conditions. They are calibrated against historical performance data — what has worked in the past. They are designed to identify and develop individuals who will be effective under the conditions that the organisation has previously experienced.

This means that competency frameworks are optimised for the centre of the distribution. They select for leaders who perform well in conditions close to the mean. They do not select for — and in many cases actively select against — the qualities that matter at the tails: the capacity for independent judgement under extreme uncertainty, the willingness to make unpopular decisions without consensus, the operational grit to understand the detail when the detail matters most, and the psychological resilience to sustain this over months of relentless pressure.

“The leadership development industry did not fail because it produced bad leaders. It failed because it produced leaders optimised for a world that, for eighteen months, ceased to exist.”

The leaders who emerged most effectively during the crisis were, in many cases, individuals who had never scored particularly well on conventional competency assessments. They were sometimes described as difficult — too blunt, too operational, too unwilling to build consensus. They were not always the people in the succession pipeline. They were the people who happened to have the temperament, the experience, and the instinct for the conditions that actually obtained.

5. What This Tells Us About Leadership Selection

The implications for leadership selection are significant, and most organisations have not yet confronted them.

The dominant selection model — assess against competency frameworks, develop through structured programmes, select through succession planning processes that weight historical performance and peer assessment — produces a self-reinforcing system. It selects for the leaders who are effective in the conditions that the system was calibrated against, and it develops them further in those same capabilities. Over time, the senior leadership cohort converges on a type: articulate, consultative, strategically oriented, stakeholder-aware, and thoroughly developed in the competencies that the framework specifies.

What the crisis revealed is that this convergence comes at a cost. By selecting for a type, organisations inadvertently select against the diversity of leadership temperament that resilience requires. The leader who is uncomfortable with consensus, who insists on operational detail, who makes decisions faster than the governance process would prefer, who delivers unwelcome messages without softening them — this leader is often the one the competency framework undervalues and the development system fails to cultivate.

- Succession pipelines in many organisations contained a cohort of leaders who were, in effect, clones of each other — variations on the same competency profile, developed through the same programmes, rewarded for the same behaviours
- The crisis created demand for a fundamentally different profile, and many organisations found they did not have it anywhere in their pipeline
- Where crisis-effective leaders existed, they were often found outside the formal succession process — in operational roles, in second-tier positions, in parts of the

organisation that the development system had overlooked

6. The Experience Question

There is a further dimension that competency frameworks handle poorly: the role of experience in developing crisis leadership capability.

The leaders who performed most effectively during 2008–2009 were not, in general, the most developed. They were the most experienced — but experienced in a specific sense. They had been through previous periods of acute difficulty: the technology crash of 2000–2001, the LTCM crisis of 1998, earlier banking crises in the early 1990s. They had what might be called a pattern library for crisis conditions — not a set of answers, but an instinctive understanding of how organisations behave under extreme stress, how information degrades, how political dynamics shift, and how decisions that look clear in retrospect feel in the moment.

This kind of experience cannot be simulated in a development programme. No amount of case-study analysis, scenario planning, or leadership workshop replicates the experience of actually making high-stakes decisions under genuine uncertainty. The development industry has tools for building competencies; it does not have tools for building the judgement that comes only from having navigated the real thing.

This poses a genuine dilemma. If crisis leadership capability is primarily experiential, and if the current generation of senior leaders in many organisations has been selected and developed through a system that optimises for stable-state performance, then the leadership pipeline contains a systematic gap that cannot be closed through development alone.

7. Looking Forward

It would be premature to declare the competency-based model of leadership development dead. It has produced real value, and the conditions of stability in which it works well are, in the long run, more common than the conditions of crisis. But the crisis has exposed its limits in a way that should not be ignored.

The organisations that learn from this period will, I believe, do several things differently.

They will broaden their definition of leadership. Not every effective leader looks the same, and the best leadership cohorts contain a diversity of temperament, not just a diversity of background. The operational leader, the decisive leader, the leader who is uncomfortable with ambiguity but superb under pressure — these profiles need to be valued alongside the strategic, consultative model that currently dominates.

They will take experience more seriously as a development mechanism. This means deliberately placing high-potential leaders in situations of genuine difficulty and genuine consequence — not simulations, but real assignments where the stakes are real and the support is limited. It also means valuing the leaders who have this experience, rather than treating it as less relevant than formal development credentials.

They will build crisis leadership as a distinct organisational capability. This means identifying individuals with the temperament and the experience for crisis conditions, ensuring they are known and accessible, and giving them the authority to act when the conditions demand it — even if they are not the most senior people in the room.

None of this will happen quickly, and much of it requires challenging the commercial and intellectual infrastructure of the leadership development industry itself. But the evidence of the past eighteen months is difficult to dismiss. The crisis demanded a type of leadership that most organisations had not developed, could not identify, and in many cases did not even recognise as distinct. That is a failure worth understanding, because the next crisis — whatever form it takes — will demand the same thing.