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Marketing **CHALLENGES**
Resilience in the face of adversity

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Resilience in the face of adversity



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By Dr Rebekah Bennett AMAMI CPM

WITH the third anniversary of 9/11 just passed and the threat of terrorist attacks still ever-present, reflection both personally and professionally has become a greater part of our lives. In a dynamic marketing environment, now more than ever, it is important to value the personal characteristics that makes us rise above a crisis and forge new pathways.

This reminds me of an outstanding conference presentation I heard at the Academy of Management annual conference two years ago. Dr Steven Freeman, of the University of Pennsylvania, won a prestigious Best Paper award for his presentation, which outlined how an investment bank located in the twin towers not only survived the crisis but increased its market share.

The loss

The investment bank, Sandler O'Neill and Partners, lost 39% of its staff, two-thirds of its management committee and nearly all its tangible assets on 11 September 2001, when an aircraft piloted by terrorists flew into the South Tower of the World Trade Centre in New York.

For a service organisation almost totally reliant on human resources and relationships, loss on such scale and under such calamitous circumstances would surely be fatal. But Sandler O'Neill and Partners has arisen from the destruction and chaos to be more profitable and more growth-oriented than ever.

The survival

Dr Freeman, in his presentation, said that crisis management could only reduce the impact of a loss; it could not achieve growth. So how did Sandler O'Neill and Partners recover from what has to be the most extreme change in a marketing environment?

The marketing textbooks would point to various strategies, such as effective media and communication, relationship marketing with clients and new service development — and, yes, these were all present. However, there was one crucial element that ensured Sandler O'Neill and Partners' survival when other companies were crippled: their shared moral purpose.

I will now quote from Dr Freeman's paper to explain how this company has endured and prospered despite the shocking events.

“September 11, 2001. At 8.45am, 83 Sandler O'Neill employees, two consultants and two visitors were in the company's principal office on the 104th floor of the South Tower of the World Trade Centre.

“When the North Tower was hit, 16 employees immediately left their offices (despite building advisories not to leave). Along with a 17th who happened to be on the 44th floor, these employees exited the building safely and survived.

“The South Tower was hit at 9.02am and collapsed at 9.59am. No one above the 78th floor at the time of impact survived. The equity department was wiped out, 20 of 24 killed, nine of Sandler's 31 partners perished, including Herman Sandler and Chris Quackenbush, two of the three partners who formed the management committee that ran the firm and mentors to many employed.

“In spite of the devastating losses, Sandler O'Neill has managed not only to survive but to thrive. Amazingly:

- No deals or clients were lost.
- Two months after the attack, the firm was profitable again.
- By May 2002, the profitability and revenue recovered to pre-9/11 levels and continued to trend upward. Revenue per partner and per employee were higher than ever.
- The firm substantially strengthened some of its core areas through new hires- in 2002 it was number one in M&A activity in its market segment - and built a new business in capital markets, underwriting an annualised \$US23 billion in initial public offerings.”

The importance of shared moral purpose

Sandler O'Neill and Partners has been described as resilient, with the key driving force of a shared sense of moral purpose. In the aftermath, Sandler O'Neill worked to look after the families of its missing employees.

It had gone from being a 'money machine' to an organisation that every time it sold stocks and bonds, it was doing so to honour its dead and to provide financial support for the families of lost colleagues.

The company ensured that medical insurance for the family members was continued for five year and commissions from trade accounts of deceased employees went to their estate. An assistance fund was created, as was a memorial with the names of the lost employees engraved upon it.

Employees, suppliers, customers and even competitors responded to this shared moral purpose. All clients remained with the firm; some even brought new business.

Other factors

Two other factors played a part. The first was that Sandler O'Neill was willing to seek help, and actively sought help from past employees and helpers. Volunteers assisted with legal issues, re-establishing infrastructure and childcare and helping with funeral arrangements and counselling.

The second factor Freeman identified was the pull of opportunity. Loss generally means opportunity. As a Sandler O'Neill employee said in the study: “For every destruction there is a construction.” Death created opportunities for advancement, leadership, new business and structural change

These opportunities could be seized without guilt because of their link to moral purpose.

The lesson for marketers

Sandler O'Neill employees worked at intense levels for their fallen colleagues. New business opportunities were created with competitors that had never been accessible before and there were structural opportunities to rebuild the company, for example to develop new IT systems and to recruit individuals well-suited to future challenges.

“Necessity is the mother of invention”, and often when the only choices are pursue or perish then organisations and individuals will take the leaps of faith and risks that propel them into the future.

The extraordinary release of physical and psychological resources by the Sandler O'Neill employees resulting from a shared sense of moral purpose has important implications for modern firms.

Ask yourself: Is this company just a ‘money machine’, or do we genuinely care about each other, support each other, and have a shared moral purpose? Are we raping and pillaging the environment and our customers or do we act in the best interests of all our stakeholders, the community and the physical environment?

The ‘triple bottom line’, a theme at the 2003 AMI Queensland state conference, is often a bland statement used in promotional hype. But the companies that embed this philosophy in their work practices are the ones that will have the shared moral purpose and resilience to face adversity, and they will survive and prosper in a dynamic marketing environment.

For a copy Dr Freeman's paper, contact him at sf@alum.mit.edu

Reference:

Steven F. Freeman, Marc Maltz and Larry Hirschhorn. Moral Purpose and Organizational Resilience: Sandler O'Neill & Partners, L.P. in the Aftermath of September 11, 2001 In D. Nagao (ed), *Academy of Management Best Papers 2003*.

University vs WORK

Take the initiative on deadlines

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I REMEMBER the days at uni when deadlines for the semester were handed out at the first lecture. The lecturer would decide what assignment was due when and also had the final say on whether you could hand something in late.

At uni, you could get away with not handing something in because it did not have much weighting or you could sit the test instead. At uni, there were alternatives.

Welcome to the real world where often nothing is set out for you except for what the project is or who it is for. In the real world, it is up to you to set your own deadlines based on what your priorities are and how much time you have to get something done. There are no alternatives available, because if someone needs a report they need it and that's that!

Tasks and projects may also come up at the last minute that are more important than what you are already working on so -you guessed it - you have to put current projects aside to make way for the important task at hand. In this case, it is possible that a deadline could be extended as long as it does not interfere with the overall success of the project.

The most important aspect of being organised in the workplace is the ability to create and manage deadlines effectively. We are all human and things do change, but in sticking to deadlines we create, projects and tasks will run smoothly and there will be less stress over what needs to be done.

As we all know in the busy world today, everything needs to be done yesterday. By managing our deadlines, we can make things easier for ourselves and our colleagues.

What differences between university and the world of work have you struck as a student or new graduate? Write and tell us, in either a letter or article, of your experiences. Send it to Paula Ruzek at editor@ami.org.au