



LEADERSHIP ACUMEN Issue 29

Leading Successfully Through Turbulent Times

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The October 2008 world banking and economic crisis – triggered by the USA mortgage lending disaster – sent most businesses and industry sectors scrambling. The resulting turbulence was not unlike that of the post 9/11 period, and also various sectoral shake-outs in the 1990's and 1980's. All indications are that this turbulence will last several months, with regulations and past business practices being carefully re-examined. We also may well be on the cusp of a whole new economic order for the future.

Regardless of what ensues, these are times that truly test the senior executive's leadership fortitude!

- Some hair-brained demands will be delivered to you;
- various clever (yet questionable) ideas will get offered-up; and
- short-term pressures will potentially obscure longer-term stability.

Ultimately, a new sustainable approach needs to be established amid ever-more complexity and ambiguity. With this in mind, here are 8 fundamental elements for your leadership review.

[In 2001 the author successfully started-up a new small business only 2 months before the 9/11 disaster caused significant disturbance to the world of business. In the 1990's he orchestrated 2 successful turn-arounds:

- 1 in a Canadian subsidiary of a US multinational business in the midst of an industry-wide shake-out;*
- 1 of a revered post-secondary institution amid an environment of substantial government funding cutbacks.]*

1. Remain Positive, Respectful & Engaged

While this sounds self-evident, it is not. Panic, fear, and an oppressive Board/CEO can cause even the most capable executive to forget how his/her personal behaviour affects those around them. Look in the mirror, get “up on the balcony” and observe your reactions in the past few weeks.

OK, so the world is not making any sense, and you are getting conflicting demands – your followers are looking up to you at this very moment. They want and expect a leader who is grounded in reality, yet confident and hopeful. You won't be expected to have all the answers, but those you lead expect balanced perspective, and will respond to a positive outlook. On the other-hand, your worries, complaints, or frantic reactions will get magnified throughout all your employees. Show good perspective.

When the heat is on, nothing spells success like *r e s p e c t* – of others.

Respect their worries and concerns; respect their requests for direction; respect them as human beings – yelling, demanding impossible action, issuing ultimatums, and assigning blame simply is not appropriate. Role-up your sleeves and get involved with them!

Engage with your employees. Facilitate them through outlining their concerns.

Some executives, especially those with analytical tendencies, can cocoon themselves during difficult times, trying to figure out the problems; and assuming they are supposed to come up with all the answers. Instead, face the challenges together – bring your people together and positively describe the challenges you see – and invite them to be part of the solution-building process.

Whatever you do – be present, be positive, in-the-moment, and genuinely involved with your team!
Let go of the need to “have all the answers” and show everyone that their ideas and suggestions will be considered. This is the time to be a facilitative Role Model!

2. Strengthen Relationships/Partnerships with Clients & Key Influencers

When was the last time you spent a day visiting your key clients and influencers?

Whether you answer “last week” or your memory fails you – that’s OK.

Get out and visit/connect with them now. Spend the whole of next week doing it!

Let your customers know you appreciate their business. Genuinely, find out what challenges they are wrestling with, and whether or not there might be an opportunity to address the issues together.

The stronger your relationships, the less likely your clients will cut their ties to you in turbulent times.

I am constantly surprised by how many senior executives do not get out and meet with their customers/influencers. This is actually the time to give it top priority! You might even identify some new opportunity as you explore together the things they face.

Influencers – government/politicians, regulators, media personalities, association leaders, investment analysts, and more – need to hear what you are doing. They need to see your confidence and genuine concern. And, often they want to know your plans. Maybe you should share a little more than usual in these unusual times.

3. “Growth” is Good – “Replacement” a Reality – Know your Market Dynamics!

In Western business circles we have become conditioned to expect endless “growth” – in profitability, in market capture, in product penetration. Our pensions and retirement investment expectations are built on the assumption that companies will achieve 7% + annual ROI. There is a lot of pressure to grow.

In reality, many consumer households are “full” of TV’s, microwaves, clothing, etc. There are only so many hours of eyeballs watching TV channels. Many businesses are extending the number of years they get out of computers/desks; some are even reducing the number of company cars in their fleet, their office square footage, and advertising/sponsorship initiatives. Now, many consumers are in a “replacement” or “maintenance” purchasing cycle. Many European markets have seen this “replacement” marketplace for several years – even some shrinking.

As Dr. David Foot – Canada’s leading demographics expert says: “Demographics can explain 2/3 of everything in the world!” The other 1/3 of course, can be affected by psychographics, design, marketing, economic forces, unexpected natural disasters, and more.

As the executive in charge of your business area, be sure you know your true customer market dynamics. What demographic, psychographic and economic factors are at play?

Where are the growth niches, where are the replacement market segments?

What innovation opportunities exist to grow or indeed replace market uptake of your product, program or services?

I’m all in favour of stretch targets – assuming they are reasonably unreasonable!

While there is no excuse for laziness, and executives *are* expected to motivate their team to exceed targets; there also has to be grounding in reality and an opportunity for market uptake.

If your product/service has become “tired”, seen value slippage or hit saturation; then it is time for new innovations.

4. Ensure Value of Products/Services – Pump-up Innovation

Our promotional brochures, website pages, and presentations to the Board are full of assertions about the Value-add of our products/services/programs. But, is it really so?

- Does the prime-time TV Ad-spot still deliver the valued audience it did last year?
- Do the cell phone or laptop features today justify the same price as 6 months ago?
- Do the civic government services really justify the proposed tax increase for this coming year?
- Are designer jeans really worth the \$300 price tag?

My sense; we are reaching the limits of continuously rising price tags.

My own research in the past, frequently repeated in new settings, has shown that less than 50% of customers know of or value our “value-add” services.

One of the valuable things you can do personally is to run a few focus groups with, or take out some questionnaires to a representative sample of clients and potential clients. Get that first-hand feedback regarding your products and services, and the value attached. Alternatively, bring some clients in to your offices, at say Friday lunch sessions – so all employees can hear them answer the questions.

On the other hand, it is well proven that consumers and businesses will pay more for innovation. Innovation can drive new market opportunities, hold-on to existing markets as people replace products with increased feature expectations, create new niches, enhance loyalty and fuel real growth.

Apple Corp. has done quite nicely in this respect in the last few years.

So, during Turbulent Times *pump-up* the innovation juices in your team!

This likely means you will have to run some counter-intuitive initiatives:

- Allow people MORE time to interconnect, share and invent together;
- Encourage *outward* exploration of leading practices, competitor offerings, client interface;
- Invest in training sessions and/or team symposia that *challenge* your people to think differently and practically apply thinking from different contexts.

Our products/programs/services simply have to ensure their “value” perception and reality evolves along with the expectations of the communities we serve. This is true for businesses, government departments, and NFP’s.

5. Revisit your Strategic Plan

Having completed items 1-4 you will be in a good position to revisit your current plan and strategic assumptions.

- Are you “positioned” properly in the marketplace?
- Are you going after the appropriate client segments with the appropriate products?
- Are you able to enhance value or strip out un-needed elements of your services?
- What should you stop doing? Can you eliminate low margin activities- or are they things that truly influence higher margin elements?

Given the Turbulent Times, how will you modify the Critical Success Factors for the coming year(s)?

How might your measures of success be modified in light of the new economic conditions?

Can you still reasonably attain budget? Break-even?

As the executive leader, one of the most strategic things *you* contribute is in defining “the right things to do”, while it is up to *your people* to “do these things right”.

Now, be sure to communicate effectively the new Priorities and Tactics to your team; take enough time to answer their questions and help them understand the new context and the behavioural shifts required. Re-inforce these messages weekly!

6. Execute Well – Leading Change is a “Contact Sport”

Even in non-turbulent times good execution of Annual Plans is important. Now, more than ever, it is critical.

Unfortunately, I have been observing and remarking for some years now, the widespread propensity for many senior leaders, managers and white-collar professionals, to seemingly “float” around the workplace adding little value whatsoever. We are busy being busy, distracted by the drive to attend many meetings and engage in important conversations, visit clients, etc.; but then I wonder: “who is doing the real work? Who is actually putting pen to paper? Where is the value creation, inventiveness, or delivering of the goods?”

Seriously!

- Who in your operation puts in a highly productive day (day after day), and consistently delivers according to or above expectations?
- When you indicate that things must change, do you actively roll-up your sleeves and facilitate those changes yourself? Do you have an image in your mind of what a changed/improved operating environment looks like in action? Do your people “get” how next week’s work will actually be done differently to create, deliver and mobilize new value to customers?
- Is your technology, computers, software being used to the fullest extent to ensure efficiency?
- Simply asking staff to change is not good enough. Telling them exactly what to do is also inappropriate. *Facilitating* dialogue and new trial actions/pilot initiatives, with good feedback cycles and appropriate coaching from the executive is the mark of an effective leader of change.

Role clarity and team member expectations are two of the most common source of poor execution. As one of the senior team leaders in your organization, especially amid turbulence, you should ensure that every single person on your team knows:

- Their specific deliverables, timelines and what new “quality” expectations look like in delivery.
- How they relate and inter-relate to others in the organizations – who depends on them, and who they depend upon to execute flawlessly. Encourage proactive communication amongst those who are interconnected and occasionally ‘test’ the system for understanding.
- Team goals, expectations for learning from and leveraging one another.

7. Do a *Smart* review of Expenses and Staffing

In threatening times it is tempting and frankly *easy* for the executive to declare a suspension of travel, expense accounts, and/or other areas of expenditure. This looks like you are taking serious action.

Further, it is compelling to announce a 5 or 10% cut in staffing. Now you are *really* looking serious.

However, these across-the-board cuts are often short-sighted, and may actually hurt the organization in the medium term. Expense restraint *does* make sense in a careful manner.

Look into your expenses on a more selective basis. For example, compared to budget or last year, which areas of expenditure are running behind? Maybe you can actually eliminate this area for the rest of the year. Alternatively, where are we overspending or spending on/ahead of budget. Can savings be made here? Of course, look at the top

5 areas of expense. Smart reductions in these areas may actually be able to save you more than the across-the-board cuts. Plus, they won't de-motivate to employees making expenditures on valuable things like travelling to visit key clients, going to training that will actually boost their business results, or knowledge-sharing exchange that can enhance performance across the team.

Staffing is another strategic area to assess appropriately.

- Are there areas of service/feature delivery that are not seen as value-add? Are there people providing work that has little bearing on the core business and marginal contribution to financial results? Then the jobs related to these services could be reduced or eliminated.
- Are there poor or marginal performers that management has avoided taking the tough decision to let go? Now is the time to shed truly poor performers. This is actually motivational to other employees who may have been "carrying" them for some time, or been frustrated by the poor performer getting paid 100% for 70% work/effort/results.

Whenever I have joined an organization, I have found several poor performers with thick HR files full of documentation. Turbulent times demand you pull the rip-cord for the enhanced security to everyone else.

Live within your means, on a personal level for sure; but also within the business/organization. Are you using Class A office space where Class B or even C is perfectly acceptable? Will the \$1,500 laptop do just as well as the \$4,000 version? You get the point. Now, have a discussion with staff so they get the point too. In fact, encourage staff to take these principles into their personal lives. It is quite likely that pressures from home and family can surface in the workplace – leading to aberrant behaviour from some who are a little desperate in other dimensions of their life.

You don't have to become a social worker, but because most of us spend the majority of our life at the workplace, then you might want to hold some regular round-tables to address the personal stresses and concerns to ensure we are all making smart choices on a daily basis.

8. Keep The FUN Factor!

These times are demanding, possibly stressful for everyone.

But that doesn't mean we can't laugh and have some fun! Laughter is good medicine and stress relief. A fun environment stimulates creativity, innovation and productivity.

What activities can you plan for each week in the coming month that will juice-up the FUN Factor?!

- Popcorn Friday afternoons?
- Wacky hair day?
- Staff Talent show
- Goofy Awards event
- Creativity Session with a Master Artist

Keep your sense of humour alive!

Action Now!

As you face these turbulent times, the pressures on senior executives are enormous. Shareholders/ Stakeholders are demanding results amid markets that shift without any logic. Customers are shifting their expectations and

decision time-frames. Colleagues and staff are looking to you for stalwart leadership and some motivation for their own actions. A review of these eight elements above, perhaps even engaging others in the review, will help you ensure you have a grip on the fundamentals of your enterprise. The sooner you can do so, the sooner you can settle things out and start moving forward with both purpose and fresh energy.

In the infamous words of comedian Larry the Cable-Guy: *Get'er Done!*

More "Wisdom" from Larry the Cable Guy

1. A day without sunshine is like night.
2. On the other hand, you have different fingers.
3. 42.7 percent of all statistics are made up on the spot.
4. 99 percent of lawyers give the rest a bad name.
5. Remember, half the people you know are below average.
6. He who laughs last, thinks slowest.
7. Depression is merely anger without enthusiasm.
8. The early bird may get the worm, but the second mouse gets the cheese in the trap.
9. Support bacteria. They're the only culture some people have.
10. A clear conscience is usually the sign of a bad memory.

Quotable Quotes:

Drucker on Management:

Capitalism as a social order and as a creed is the expression of the belief in economic progress as leading toward the freedom and equality of the individual in the free and equal society.

I believe it is socially and morally unforgivable when managers reap huge profits for themselves but fire workers.

Peter F. Drucker, 1989; from *The Daily Drucker*

On Governance:

We are countries of large ambitions and though we are different, we are similar, ... Our ambitions lead us to improve the material and spiritual wealth of our peoples and to promote decency, good governance and human rights throughout the world.

Fred Mitchell, Minister of Foreign Affairs, The Bahamas

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