



LEADERSHIP ACUMEN

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Is it Time You Hit the Reset Button?

“... Look at those Yoyo’s , That’s the Way you do it,
Money For Nothing, get your Chicks for Free...” – Dire Straits

“Greed is Good” – Michael Douglas in the movie “Wall Street”

“The Rising Tide will Lift All Boats” – Classical rationalization of Capitalism

“Capitalism isn’t Perfect, but it is Better than the Alternatives” - unknown

The global marketplace has been shaken this past year, shaken to its core. The question for senior leaders now however is: so what? So what have you fundamentally reconsidered, rethought and redesigned in your organization, so you can actually move your organization forward successfully in the future?

As a first response, big business and big government ran headlong into government stimulus packages, corporate shedding of costs & employees, proposed capping of executive salaries, and increasing regulations for transparency. This is probably a normal first reaction – batten down the hatches, keep propping up the current way of doing things the best we can, fix the obvious outlandish practices, and use up our reserves of the past to see us through “rainy season”. But this global shift is no rainy season to ‘get through’. The whole basis of organizational practices from mid 90’s to mid 2000’s have been ripped up. As if to underscore this reality, world leaders have met recently yet again to extend stimulus packages, with several Finance Ministers declaring ultra low interest rates will remain in place through 2013! If you haven’t done so yet, (in parallel to the ‘hang on’ strategies) you had better hit the “reset” button soon; and take a serious look at the fundamentals of your business, the value proposition you offer to clients, the integrity of internal processes, and your future innovation strategy.

We’ve actually seen this coming for a couple of years now, and worked with our clients around the world to better position themselves for the dynamic shifts that were starting to show themselves. However, other indicators have been ignored by our global communities:

- We stood by as car companies, mortgage lending firms, investment hucksters, advertising designers, and our own pension/retirement investment expectations drove employees, consumers, government regulators and average citizens way, way past their capacities to sustain their spending;
- we witnessed the revelation again and again, of doping/cheating in sports – this time major league Baseball, last year the Olympics, and Tour de France;
- we saw members of government or proposed leaders from various countries being exposed for not paying taxes or worse malfeasance, plus pathetic immoral personal behaviour;
- we watched in disbelief of disaster relief situations (Katrina, Palestine, Africa, Indonesia, Afghanistan) with the massive abuse of aid dollars, stealing of donated supplies, and lining of pockets of tribal/corporate leaders;

- we have remained relatively silent and stubborn to change, as individuals and organizations have embraced the concept of “externalities” to offset many of our real costs of living our lives and operating our organizations onto the public purse and/or the future generations.

Seriously; What is going on?

Well, we really have a bunch of overspent systems in the world – working beyond the breaking point for several years now. Additionally, we have also seen some inexcusably BAD leaders and members of the social/governance elite taking us past the point of “common sense”. The balance between the unbridled pursuit of personal benefit at the cost of stability and benefit of the collective – our Ethical Framework – has gone beyond the tipping point and finally crashed. This will not get corrected without a realignment of the personal – community benefit balance.

Seriously, when will the rest of us use some moral fibre and good judgement to refuse to accept such extremely irresponsible behaviour? Because still, our leaders aren’t addressing the really deep issues – we are still treating symptoms. More ‘stimulus’ is NOT the answer - it is a temporary stop-gap measure at best, and one that will need to be paid-back by future generations.

This has been a difficult article to write, one that has been troubling for months to find the right ‘angle’ to approach; so forgive the ‘straight talk’ – but the time for politeness has passed. This might be controversial, but now let’s get constructive and practical, and hard-nosed . . .

What have we Learned?

Amid the cacophony of desperate “patches” and “fixes” to keep jobs, and protect national/personal property and interests; very few seem to be asking the really important questions:

What have we learned from this crisis, and what will we do differently in the future?

If a Fundamental re-shaping is dawning, what new “shape elements” do we collectively envisage?

Realizing that continually trying to “take” more than you “give” is unsustainable, what is the basis for a sustainable new world economic order?(Or at least YOUR sustainable order?)

If the disgraced heroes that lied, cheated, and embezzled are now passé, who are the New Heroes and role models for our youth and others to follow? And what personal characteristics do WE aspire towards? What Governance (political/corporate/charitable) standards are owed?

It has been long overdue, but now it is unquestionably time to hit the “Reset” button!

To recalibrate the way we do things - rethinking the very foundation of our products, programs, services, organizing values/principles – “why” we should have the right to continue to exist?”

This will not be easy to do. Re-configuring dynamic, complex systems of systems, once they hit an inflection point, usually do not re-balance in the form of the previous “stable” condition. This means we will all need to expect, accept and actively redesign a new, more sustainable economic, social, knowledge, business and government network order – one we may not be able to fully envisage now.

However, this is not totally without precedent. Some of you have done this before and actually know how to do this!

- How many of you have inherited a “broken” business, or “dysfunctional” government department, or unappreciated NFP/Charitable organization; and successfully turned it around?
- How many of you have had their year’s business plan go completely off-track in the 1st/2nd quarter; then had to re-calibrate, dig deep, engage the whole team to adjust to unexpected conditions, then bring things back in line by end of the year?
- How many of you have started up a new enterprise with no precedent, no market penetration, no “brand” recognition, no clients; and yet made an honest success of it?

Those of us who have had the personal experience and good fortune to be successful in the three above scenarios likely know many others as well. And, there are thousands more out there too!

So, the time is now upon us to step forward and lead the *RESET* challenge the world faces. It is also time for those in power or leadership without such experience & understanding to ask for help and access this knowledge! Scrambling to maintain the status quo is actually NOT an option.

Successful “Reset” leadership requires what has often been referred to as a “zero-based” approach. Basically, you start with a fresh sheet of paper, you throw out all assumptions of continued customers, client loyalty, and “right” to exist. You question and rethink every element of your enterprise from the beginning:

- ? Why do we have the right to exist – in the future? (Past reputation is not a *right* to go forward.)
- ? What is the real basis of our value-proposition (product, program, service) and how does it stack-up against other providers? Do we have a sizeable community that values what we provide – into the future?
- ? Are we really any good at what we do? If so, what are our *unique* “knowledge recipes” that are excellent, valuable, and better than others? If not, how do we improve – fast!?
- ? What do we *stop* doing, in order to focus and leverage the real future value?
- ? How can we be making contribution to community betterment?

Yes, these can be disturbing questions!

But, we know that the world is considerably disturbed at the moment, so we must cut -with some plain talk and hard consideration of these fundamentals:

- ? Where exactly is the market need, or provision gap that we can fill and how is it shifting?
- ? Who else is able to serve some/all of these needs?
- ? What community/customer expectations are there in the *new* conditions going forward?
- ? How do we modify our products/programs/service? What Paradoxes do we see? What innovations & productivity improvements are required?
- ? How do we re-organize, re-tool, re-design our internal processes & systems to be more efficient and effective in producing to the new expectations?
- ? What partnership or alliance opportunities exist to help us re-shape or better reach our marketplace/community?
- ? What do we start doing differently *next week*?

Senior executives must also add value to this process. This is where both your strategic AND practical value is on the line. Are you blowing fluff – or do you really have insight, and ability to motivationally facilitate emergence of novel new ideas and breakthrough solutions? This kind of change is a ‘contact sport’! The executive leader is not dictating in this situation (arguably if you knew all the answers you

should be fired for not implementing them before!) Instead, you must be thinking, questioning and linking insight and information amongst various parties, instigating new thoughts and collaborations.

You will be exhausted from such a process! But it will also be reinvigorating.

Oh yes, and you have to squeeze out as much possible sustained benefit (income, service, funding) from the existing operations while you address these changes in a parallel initiative.

Finally, you must really be clear about the context – the values, the ethical frameworks, and the guideposts for decision-making that you and your team will follow in the Reset process.

“Reset” means going back to the beginning. Of course today we need to BOTH “reset” and “update” – re-examine the beginning principles of our business, then update them to a new and evolving reality.

The Values of Capitalism, Democracy and other Frameworks for civil society and economy

Do you believe in democracy? How about “capitalism”? Do you believe in a higher power and teachings of a major Faith? Do we even really know what these fundamental beliefs mean and how they get acted upon in our day-to-day existence? Do we actually have some common grounding and integrity?

Politics today have made a blur of such things as democracy. The iPod world has made us very insular and individualized at the expense of civil society. “Conservatives”, “Liberals”, “Socialists”, these are labels and ideals of past, that few in our communities actively pay attention to any more. A whole generation (GenY) are driving communities forward without any idea of such concepts – but then the Boomers and Grey-wavers seem to have lost touch with these fundamentals too! Maybe it is a good thing to question or abandon tradition that has divided as much as they have stabilized; but then what *forms* in the vacuum?

The Economist ran an article a few months ago (February 2009) called “Anatomy of an Idea” which asked some very good questions. Many “Western countries” have evolved in the past 100+ years around beliefs in “Liberal Democracy” So as we hit *Reset* do we understand what Liberal Democracy actually means and the implications of such fundamental beliefs? As the article asked – which of the following values do you espouse:

- Personal freedom
- Rule of law
- Active but accountable government
- Free but responsible markets
- Mutual toleration
- Equal concern for all
- Separation of Church and State

These are the tenets of modern Liberal Democracy. They are also the elements of lost integrity within the current global economic crisis and basis for the clash between different civilizations.

Now, how would we rate our recent ability to live these tenets?

How much of our current failure and crisis comes from taking our eyes off the balls of such foundations?

And, so what if we are unsure, or maybe uncomfortable with the ideal pursuit of Liberal Democracy – what are the alternatives? Well, the classical alternatives have been societal structures such as:

- Theocracy (as exemplified in Iran)
- Communism (China, Cuba)
- Dictatorship (benevolent or otherwise – Singapore, North Korea, Libya)
- Tribalism/Family Kingdoms (UAE, Saudi Arabia)

Also, we have seen relatively new forms of social-organizing:

- Transnational companies
- Internet networks
- Consumerism
- Communes

What about ‘capitalism’? What does this mean? Officially actually, ‘capitalism’ since its inception in Britain/USA over 150 years ago, meant ‘managed economy’ or regulated capitalism in most liberal democracies. A rash of deregulation in the past 10 years, has allowed capitalism to self-regulate, and unfortunately, this self-regulation ran amok!

In March 2009 on HarvardBusiness.org, Umair Haque wrote an edgy article entitled “Why Ideals are the New Business Models. While his initial article was interesting, the web dialogue that ensued was even more fascinating. Umair urged business leaders to:

- “Realize Business Models aren’t today’s fundamental economic challenge;
- Creating something valuable in the first place is;
- “Monetizing” + “Business Models” = Zombieconomy
- Forget Business Models. Focus on Ideals”

For years now, BEL/IITL has been developing Boards, Senior Executives and assisting in development of organizational strategies that put ‘real’ Value Creation at the centre of Leadership. We have observed that heavily “packaged” and “hypermarketed” schlock, empty promises and financial absurdity are simply unsustainable, and some of the causal factors driving us into this mess! As senior leaders we need to seek to provide authentic value – products, programs & services that have real impact and positive contribution.

As one of the bloggers on HarvardBusiness.org observed:

“What business models fail to predict time and again, is the re-calibration of our ideals”.

We are certainly in a time of recalibration of ideals. For example:

- In television & media, the audience (aided by technology) has access to information of multiple sources, platforms, and formats. The reason for the very existence of public broadcasters is now unclear; and what audiences are “looking for” from any broadcaster has a multifaceted set of answers. This business sector allowed the ‘value proposition’ to become completely detached from the consumer, relying on advertising or tax systems to create the illusion of free. Now audience expects free; and now *we* worry about copyright infringement as users manipulate the free content! Now with the advertisers pulling back & redeploying, all needs to be recalibrated.
- In health care, the many stakeholder groups all seem to come (and fight) from such different frames of reference, that one wonders if “care” even remains as part of the system. Putting the patient and healthy communities first will both shock the system and require a ‘reset’ of privilege and power. The concept of universal coverage of *everything*, needs recalibration.
- In oil & gas, past inefficiencies and spillage/wastage is a source of both future profit and improved environmental integrity. Imagine what even a 5-10% improvement of yields from wells

could unleash! The uses of oil & gas are critical to our very existence, but so is the environment around extraction sites, carbon sequestering and safe transport. The growth demand by India & China as well as other nations are forcing us to recalibrate expectations for this industry.

Indeed the importance of today's petrochemical-derived drugs, artificial body parts, community infrastructure components and more, had the Saudi Minister of International Trade declare recently in The Diplomat magazine: "Oil is too valuable to be wasted on energy usage".

How will we handle the future international access, distribution and sale of ever more rare fresh water? There is basically no community-wide or politically-facilitated dialogue on this issue. 'Reframing', effective multi-interest engagement and difficult exploration of ideals is urgently required.

These discussions beg serious application questions. The answers will be different too, based upon our chosen fundamental tenets. Within these complex examinations/explorations, what is the role of Government? What are the responsibilities of companies beyond simple provision of product & profit? Wherein do our not-for profit organizations contribute - what do they exist "for"? As an association – professional, industry or other – what roles do you carry for community dialogue/stability? We must also be sure to answer these questions in the context of advancement and stabilization of a new world order?

The RESET Role for Government & Political Leaders

Government has evolved to embrace a multiplicity of roles. Most have become so complex with layers of past policies and structures without sunset expectation, that we have continued adding new departments and programs and regulations without even fully realizing why we established others in the first place. A "reset" approach would require bravery to untangle the situation. It also MUST include an explicit dialogue about the fundamentals and the tenets upon which the new decision are being made.

Government and public service IS important to our communities. And it is important to apply past principles to future context. We need government to:

- Create and enforce a reconfigured, 'even' playing field for corporations & knowledge economy
- Engage community awareness, knowledge & dialogue about our key challenges
- Facilitate or create the conditions for enhanced collaboration & innovation
- Protect & enable social cohesion, community, and unique values and heritage preservation
- Regulate where self-regulation will not happen, and monitor compliance
- Challenge the concept of 'externalities' and the practice of indebtedness of future generations
- Balance Governance that is Transparent, Outcomes-Focused, Accountable in advancing community – with the inevitable Politics of different ideologies, values, priorities.

In November 2008, the annual Public Policy Forum Osbaldeston Lecture, featured both the namesake Gordon Osbaldeston, and the guest lecturer Dr. John McLaughlin.

Osbaldeston, an exemplary public servant and past Clerk of Privy Council, introduced the evening with some sage remarks:

- "Canadians expect that the public service will be innovative in proposing policy and efficient and effective in delivering government services. As such it is more imperative than ever to ensure that the public service we have is the public service we need.

- The public service, as an important player in both the economy and society, must constantly re-examine itself to ensure it is able to meet the needs of Canadians.
- To make good policy, policy makers must better understand where the various situations are situated relative to others, how they connect and how they interact.”

This demands a truly professional public service – appropriately educated, trained and experienced to provide the policy development leadership for elected governments.

Dr. John McLaughlin, President and Vice-Chancellor of the University of New Brunswick, is an engineer with a successful career in geomatics; he is a leader combining experience in science, business, academia and public administration. His lecture included the following points:

- “There is a sense that as we go through this period of change, we are not going to turn back the clock but are in fact on our way through deep and profound change. Our leaders and our institutions are frankly ill-prepared for the challenges that lay before us.
- This change is so deep and so profound that the [appropriate] response will only emerge through a real authentic and sustained engagement with our communities. In other words, we don’t have the solutions and there isn’t going to be a man or woman on a white horse who will come in with the solutions. They are going to emerge and evolve over time from deep conversations with our communities.
- ... what passes as political discourse in this country is failing – absolutely failing – to engage the community in any kind of meaningful conversations about what these trends are, what these issues are and how we respond... The political theatre we have today is from a different era, and we have to move on. [We need] ... a new narrative and who we can be as a people.”

As Canadians again ramp-up for our fourth federal election in 5 years, the citizens are tired of the same old same old. We keep returning minority mandates, because none of the parties have effectively engaged us in talking about what really matters. The attempt to distract us with insignificant topics that might stir emotion, is fully understood by an intelligent electorate as, well, insignificant!

Politicians have a responsibility to balance politics: the provision of compelling alternative policy that addresses the ‘reset’ realities of today’s complex world; with governance: the effective facilitation of exploration of critical issues, engaging multiple stakeholders and differences of opinion in the process of solution-building and consensus-seeking. The balance has slipped hugely into politics of insignificance and away from governance of substance.

In support of this, the public service must of course deliver its programs & services efficiently and effectively; but it must also support the engagement and facilitation of community dialogue – including the appropriate research and education/briefing of the community so it can in fact participate effectively in the dialogue and exploration. THIS demands new skill sets, new behaviour, and new intelligence from both politicians and public servant leaders together.

Our politicians and public service leaders have much work to do.

The RESET Role for Business Leaders

Business leaders get the immense privilege to operate an organization built upon the ‘capital’ of shareholders – a combination of individuals and more so today, pension/retirement funds looking for a decent and sustainable return on their investment. Some businesses are fortunate to operate and grow based upon the leader’s own capital and family funds. In either situation, the provision of resources, products, services and/or products help individuals and other companies advance their own needs, interests and ideals. Please excuse such basic statements. But really, sometimes we get so caught up in ‘the game’, that we forget fundamental principles.

If one doesn’t provide products or services, or resources or programs in a way that customers can advance their own condition; or if YOUR versions of such are not as good, helpful or quality or as valuable as other providers, then the consumer switches to an alternative provider. Today the alternative can come from anywhere on the planet.

Sometimes, we get into incentives, leasing programs, tiered lending/financing and more to make it easier for the customer to do business with us. Sometimes we even get others to subsidize the purchase or otherwise reduce the costs to the buyer. Sometimes our resources, products etc. actually *belong* to community at large, and we are doing the work to bring it to a useable/accessible form. Depending on these more complex structures, we then owe accountability and regulatory reporting to parties other than our end customer. Over time, some of our businesses have become extremely complex webs of interdependencies, accountabilities, and operational integration.

As we go into ‘reset’, businesses must thus be able to untangle the complexities, pare back to a core understanding of purpose and value creation. In ‘reset’, we must re-clarify the tenets of our existence not from the past or tradition, but into a future context. This is very important. Some past values may be valid into the future, others may well require re-configuring. ‘Reset’ also requires us to re-examine our fundamental value positioning into the future. This requires a few other ‘hard’ explorations.

How will we:

- Create and continuously innovate *real, new, added* value in products, programs, services
- Raise our productivity to enhance our real competitiveness (irrespective of currency exchange)
- Export, grow, enhance GDP, employment & community wealth
- Seek *sustained* profit & ROI vs. maximized but cyclical profits and losses
- Live within means – economically, environmentally, operationally
- Provide Governance that is responsible, accountable and reliably accurate in reporting
- Adopt a risk profile reflective of what we have learned lately

The sum of all our businesses and their leadership decisions plus management/operational integrity give us our *real* economy – the one that we have staring at us now, after all the falsehood and foolish extensions have been peeled back. Our real economy is also dependent on some undeniable and advisedly un-ignorable realities such as:

- Demographics – In much of the developed world our demographic bulge is the baby boomer crowd, supported in-behind by a significantly smaller and often shrinking Gen X, Y and Z. The Americas, Europe and most of Asia have these well established population dynamics, and have already become ‘replacement economies’ with shrinking demand. Meanwhile, India, Indonesia, Brazil, and Arab countries have a different pyramid profile, with a growing younger population to drive demand and consumption. They also have localised products and competitive providers.

- Finite resources – Oil, metal, water are all clearly finite and dwindling resources. This compels us as businesses and buyers to find ways to recycle, to improve our efficiencies, and to radically re-invent the usage of these critical resources. With today’s methods, we cannot even support 1/3 of India’s population consuming the same as USA. So something has to ‘give’. Actually, something has to be invented! Innovation must be ramped-up and we must inescapably re-invent the way we process resources into finished product, as well as recycle them after they break.
- Non-Finite Resources – Human capacity, innovation & knowledge advancement. These lie at the very heart of potential growth and sustainability. As leaders we must learn to better unleash these energies and bring to market solid, helpful and valuable resultant products, programs & services.
- Productivity – employees, processes technologies simply have to improve efficiencies & ‘return’.
- Manageable Debt – Whatever is borrowed by individuals or organizations has to be able to be repaid within a reasonable period of time. Spinning off obligations to children or grandchildren is inexcusable. Whether this is done on the individual consumer level or on a grander scale by businesses issuing long-term debt instruments, or engaging in externalities of indeterminate time periods. We have to learn from this 2008-09 experience! Someone earning 28,000 dollars, euros, pesos, whatever; cannot hope to pay off a home loan of 300,000 dollars/euros/pesos. So, why would we think it appropriate corporate or individual behaviour to encourage such obligation? And why would we invest in portfolios of such instruments? (It’s like one massive corporate-led & government-supported ponzi scheme!) There are thousands of examples of similar corporate extensions into virtual reality in other industries. We should all be taking lessons from the USA mortgage crisis, the Detroit automobile melt-down, and today’s externalised massive government debts. (Indeed we are doing it again with stimulus packages!)

I really am a capitalist at heart, but seriously, we all need to operate with a better sense of perspective and reality, and responsibility for our own actions.

In fact, a ‘reset’ exercise by businesses will have to address some crushing realities we have been avoiding for some time. How do we produce modest growth in a replacement, potentially shrinking economy? How will we innovate new value in the actual product or service itself directly connected to the buyer and their reality. How will we re-educate our consumers that nothing is “free” and they better be able to actually pay for the things they use, consume and manipulate – full lifecycle costing. Smart business leaders will creatively address these Free-economics and externalities assumptions!

In the end, business decisions that result in collapse of stock value every 10 years or so, or cause the company to be taken over by another, or fall into bankruptcy simply aren’t responsible. Businesses need to be increasingly productive, sustainable and adaptive to changing conditions. This is the call of real business leadership and appropriate Board stewardship.

Our business leaders and Board governors have much work to do.

The RESET Role for Community, Social Services & Professions Leaders

Our Third Sector is comprised of many and varied institutions. Some provide much needed direct services with a voluntary model that reduces costs below what government could deliver and without the profit motive that businesses require. Others exist to self-regulate professionals such as doctors, lawyers, accountants, management consultants, etc.; or represent the voice of interest groups, or protect the community from potential threats; or to research and educate community about things that individually we don’t have time or wherewithal to do ourselves.

In 'reset' these organizations must go beyond the "good" work of today to a hard review of need and capacity and support. In some cases these organizations today are facing significant need but little capacity and/or support. As civilised societies though, we need these organizations to be robust and effective. We must both encourage and contribute to their success. 3rd Sector leaders themselves have complex constituency and funding relationships to master in order to be able deliver in today's conditions. We need such organizations to:

- Provide commonly needed services to advance the state of our communities of interest
- Rise above jurisdictional or corporate self-interest to a greater common good
- Promote/ensure integrity of governments and industry
- Exemplify good Governance and encourage us all to rise above our daily focus/personal interests

The world has become too populated and too interconnected to allow any of us to conduct our affairs without consideration of the impact we have on others around us, or ignorant of the sum of effects on our communities and natural environments. Our 3rd sector organizations are called upon to engage us to be better citizens and to contribute to raising the standards for our local and global community. You can also help us recognize the true *Heroes of Tomorrow* that we desperately need to guide us into the new model.

Leaders in the 3rd sector have a particularly difficult 'reset' challenge. We have to address the slipping, and in some cases fast-evaporating perceived importance of the work they do. As individuals are destabilized, as businesses destabilize, as governments unwrap their complexities, our attentions understandably go inward. Yet critically, as we assess our own conditions, we must do so with a context of the greater community, indeed the greater world with which we must move into the future. Thus senior leaders of this sector must become excellent in enunciating ideals, in demanding debate about the important issues, and help us visualize a complete future context for our own decisions. Wow – no small challenge!

Individuals, governments and businesses will all probably avoid paying attention to 3rd sector concerns. Such is the reality of dealing with change. But you have to hold the tension! You must raise the creative dissonance so we understand the important composites of our future societies.

- How will we choose to care for our sick, disabled and terminal colleagues, family members, neighbours? Does everyone fend for themselves, or do we reinforce a social net? Where is the balance of competing elements? What is publically supported; what is open to businesses; what is personal responsibility? What options are sustainable?
- What are appropriate personal voluntary or charitable contribution levels?
- How do we plan and implement a greater safety and security environment against natural, man-made accidental or intentionally aggressive assaults? What operating standards do we adopt?
- How do we ensure new knowledge & rising competency expectations are applied by our professionals with whom we have invested significant trust and self-regulation?
- How do we better care for the environment, handle complex global warming realities or ensure responsible development, extraction, disposal, impact on biodiversity, etc.
- What interest group perspectives, research, suggestions and contributions are advised?

We cannot effectively 'reset' our world conditions without these perspectives reliably and accurately represented. And we will need all sectors of community engaged in dialogue about such issues.

Our 3rd sector leaders have much work to do!

The RESET Role for Individual Executive Leaders & Governors of Boards

There has never been a time of more individual, personal leadership challenge to those who wear such mantles. As Frank Graves, President of Ekos Research observed in a Globe and Mail editorial a few months ago; “even though Canada technically emerged from the last recession as early as 1991 ... in fact it took roughly six more years for the public to recover its sense of optimism. That lag contributed to an *echo recession*, in which recovery was slower than it might have been because of the public’s reluctance to invest and spend. Clearly the British Chancellor of the Exchequer Alister Darling must have been thinking the same thing when he declared a couple of weeks ago that the 0.5% central bank rate in the UK would stay at this level until the end of his term in 2013.

This is not going to be a fast and easy recovery, as many of our leaders are warning paradoxically at the same time as they are declaring the recession technically over now. But here in September 2009, the announcement of major layoffs in the auto industry and other areas, have been made and taken into account somewhat by the stock market. In reality, the workers have not yet been laid-off. These big layoffs are still to come through the end of 2009. Wait until March or April 2010 as the full effects of these actions are really felt, and as credit card balances become due.

Again to Frank Graves’ comments:

“But we do not need to despair in the face of this likely echo recession...

One approach has been the *noble lie*. Prime Minister Stephen Harper, President Barak Obama, Bank of Canada Governor Mark Carney and U.S. Federal Reserve Chairman Ben Bernanke have all been suggesting that things are better – or will soon be better – than they manifestly are.....

We also know that exaggerated risk perceptions are highest when the source of fear is relatively alien or unfamiliar...

There is no magic bullet... but there are three things that we can do...

1. Shift away from specious forecasts and conjecture... we need a distilled summary of where we are today and week to week...
2. We should focus on stimulative spending on reconstructing our economy for the 21st century... let’s fill the pot holes, but let’s also construct a world-leading post-carbon economy...
3. The crucial mechanism for success in the 21st century will be knowledge and innovation.”

As senior leaders we must appear confident with our people, but frankly avoid even the noble lies.

We do need to engage our people with clarity about the current situation and a frank and full exploration of customer/client potential plus changing expectations. We must also facilitate an investment of both time and financial resources in the reinvention of our business, the innovation of new products, and the development of our skills and knowledge required to adapt into the new realities. This is active leadership, personal and interpersonal. This is engaging leadership, adaptive and facilitative. This is energizing leadership, focused and positive. This is entrepreneurial leadership, exploring and initiating, perhaps even creating new ‘rules’ for the new environment that is fast evolving.

We have much work to do!

Exploring the Web!

This month, the connections below take you to sites with more perspectives, commentary and discussions of the current world economic crisis and related elements.

<http://www.weforum.org/en/index.htm>

World Economic Forum – “Old Models must Change For Economic Recovery to be Sustainable”

<http://www.ppforum.com/speeches>

Public Policy Forum Speeches and other references.

<http://www.ted.com/talks/view/id/618>

TED Talk video – Rethinking the ideology of Carrots & Sticks – Dan Pink

<http://www.ifw-kiel.de/pub/symposia/volumes/global>

Global Governance – An Architecture for the World Economy.

http://books.google.com/books?id=xYLdRrJSxW8C&pg=PA22&lpg=PA22&dq=world+economy+%26+governance&source=bl&ots=xFi9U1TSIL&sig=Xi8Vc54BWuxf3nT_jgB_ywuuJ0&hl=en&ei=rbOxSoCwJJC4MLqC1M4C&sa=X&oi=book_result&ct=result&resnum=8#v=onepage&q=world%20economy%20%26%20governance&f=false

The Global Transformations Reader: An introduction to the Globalization debate

<http://blogs.harvardbusiness.org/haque/2009/03/ideals.html>

Why Ideals are the New Business Models – Harvard Business Publishing →Umair Haque’s Blog

<http://www.ekos.com/admin/articles/2009apr13.pdf>

Beware the Echo Recession – Frank Graves – Ekos & Globe and Mail

<http://www.inthekzone.com/>

The Knowledge Innovation Zone: A new economic world order based upon knowledge, innovation, value-systems, stakeholder success and international collaboration

Quotable Quotes:

Drucker on Management:

“A Manager has two specific tasks. The first is creation of a true whole that is larger than the sum of its parts, a productive entity that turns out more than the sum of resources put into it. The second specific task is to harmonize in every decision and action, the requirements of the immediate and the long term future. A manager can not sacrifice either without endangering the enterprise”

What system of both short-term objectives and long term goals have you put in place for the new economic realities of tomorrow?

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

On Governance:

“If the business community does not come together to define its social and environmental responsibility and then act on that definition, I fear we will not achieve a better society.”

Courtney Pratt (Then President: Noranda Inc.)

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