

Leading in Turbulent Times

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We are in the midst of a huge financial crisis. But, of course, you knew that already. If you're in business, you probably spend most waking hours worrying about money. Where is it going to come from? How are we going to stay afloat?

With so much at stake, it is easy to put on blinders and get immersed in the numbers that drive your business. If this worldwide problem continues to grow (as many suggest it will), the temptation will be to spend even more time focused on finances. Given that this is a critical responsibility for a leader, it may be easy to forget an important asset – and that's people.

People matter. Of course, we all know that, but under stress we focus on survival and those people down the hall or across the globe many not be part of our survival plan. I suggest that they should be.

The people inside your company matter since they are the ones who need to run your business (unless you plan to do that as well). The people in your world like suppliers, customers, regulators and stockholders matter too.

In this paper I discuss three principles that I believe will serve you well as you work with people inside your organization today. I call this Eyes In. How those same three principles apply when dealing with key people outside your organization, I refer to as Eyes Out.

Eyes In (Looking at the People in Your Organization)

The people who work with you can't turn on the television or pick up a paper without being bombarded with this crisis. It's a good bet that this has them worried. How will I pay the mortgage? I've got a daughter about to enter college. I was going to retire in five years. Underneath these thoughts is riveting fear, and this fear is for personal survival.

When fear takes over, we (leaders and employees alike) have little time left to pay attention to much else. Productivity goes down. (People tell me that they are spending a lot of time checking their 401K's at work.) So just when you might need more productivity from people, their attention is pulled elsewhere.

When fear takes over, people are less creative. They don't have the energy to devote to speculation and new ideas. In addition, if they are afraid that they might lose their jobs, they begin to play things safe. Who wants to stick their necks out in a meeting when that might anger a boss and then they'd be gone?(Fear does funny things to our minds.)

When people are worried that their company could be in trouble, they get interested in what else is out there. Here's the sick thing: the people you're going to lose are going to be the most talented. After all, those are the people who are most attractive to other employers.

If they leave, you've got an even bigger problem because now you're stuck with a bunch of "C" students trying to run the organization during a crisis. If they couldn't make it up for an 8 o'clock class in college, what makes you think they'll rise for this challenge?

If you believe that the people who work with you are important to the survival of your organization, then here are three things I'd urge you to do right away.

Tell the truth about the business.

When people are anxious, they make stuff up. The least bit of data suddenly gets expanded into something big. That's how rumors grow and fester. The antidote is giving people the truth about what's going on in your organization and your industry.

That's why it's critical for you as a leader – I don't care if you're a first-line supervisor, a middle-manager, or an executive -- to give employees information without spin. If the numbers look bad, show them. If the trends look promising, show that as well.

Open the books. (In some instances, you may need to do a little teaching so that people can interpret the numbers, but you might be surprised how easy that can be.)

Whatever you do, don't gloss over the facts or engage in pep talks in an effort to try to distract people from the truth. Open those books.

Engage people around critical issues.

While it is important for people to know what's going on, this action must be coupled with a way for them to have an impact on those numbers. All of us need to believe that we have at least some control over our future. Powerlessness leads to despair.

Engaging people doesn't mean that your team can shift the world financial markets, but it does mean that you can address those issues that could have an impact on the health of your organization. And that's not bad.

Ask them to join you in conversations. For example, "Here's the situation. We need your help. Would you join us in some conversations as we try to determine where we go from here?" Who wouldn't be intrigued by a request like that?

A number of years ago, Rhino Foods, a small company that made dessert ingredients, was faced with the possibility of downsizing. The owner of the company met with the 90 employees and said something like, "We're a family owned business. We've never laid anyone off before.

I hate to do it now, but we've got to cut costs significantly. The only way that I see that we can save money is by downsizing."

He then added, "If any of you have ideas that might help us cut costs without downsizing, I am willing to consider them." He didn't say that he was going to adopt those recommendations, only that he would seriously consider them.

The 90 employees came up with 111 ideas. He formed a group to evaluate those suggestions. They combined some of the ideas and came up with a final list of five strategies that allowed them to weather the storm with no downsizing.

A couple of years later there was another shift in the business cycle. They used those same strategies and were able to make it through that downturn too without downsizing. You simply can't know people's capacity for creative thinking until you ask. You can't overestimate the importance of getting people involved in helping shape their own futures.

Keep the door open.

As the economic crisis filters through the society, conditions will continue to change – and sometimes rapidly. An uptick in the stock market, or some good news about your organization, might have a ripple effect and a great effect.

Ten minutes later something appears on CNBC or the Wall Street Journal and suddenly, there's a nosedive, or a rumor starts to spread about something. You have got to keep your eyes open. It's one thing to know where people are today; but it's important to know where they are this afternoon and tomorrow and next week.

One easy way to do this is simply walk around. In the classic business book *In Search of Excellence*, Tom Peters and Robert Waterman wrote that many good leaders practiced MBWA – Management by Wandering Around. MBWA allowed these leaders to get out on the floor and into informal conversations with people.

When people see you walking around or hanging out, they'll talk to you (unless you are one scary dude or dudette, of course.) Even if the wandering around is virtual, it will help you stay in touch.

As you learn things, you can recycle through the steps: open the books even wider and engage people. Ask yourself: "Are we giving people all of the information we could?" And second, "Are we engaging people in ways that make sense to us and to them?"

Eyes Out (Looking at the World You Need to Influence)

Similar principles – truth, engage, pay attention – apply as you look at the changing business environment with your customers, suppliers, stockholders and others who you need to support your business.

Look for pre-emptive truth.

Pre-emptive truth means that you need to be looking for places where you need to be ahead of the curve; so you can let people know things before they happen.

Right after the large insurance company AIG was bailed out, they held a large five-day corporate retreat that cost \$440,000. Rooms ranged from \$400 to \$1800 per night.

On Monday, October 7, 2008, the retired CEO and Chairman of AIG appeared before a Congressional panel. A member of the committee asked about the retreat. That's when the story broke.

On Tuesday night, October 8, Senator Obama mentioned it during the Presidential Debate. On Thursday, MSNBC and probably other news sources, announced that AIG had said that the retreat really wasn't what it seemed. It was a perk for top sales people and it had been scheduled for quite some time.

One of the MSNBC commentators even defended AIG's decision citing the need to pamper top sales people, especially salespeople who could just as well be promoting a competitor's products.

That disclaimer came four days after the story broke. But that wasn't the end of it. Saturday Night Live had a special Thursday night edition and they joked about the retreat. Even after AIG's press release, the juicier and more outrageous story remained alive and well.

AIG should have been on top of the story before it was ever a story. It didn't matter if this was a good expense or not. They should have looked at the schedule and said, "Uh oh, if we go ahead with this retreat, it could be a problem for us. So, do we want to go ahead with it?"

If the answer was "Yes," then AIG would need to decide how they would announce it prior to the event itself. They could have asked themselves, "How are we going to announce this retreat so that the American public, who has just given us \$85 billion dollars, can understand that this event is important to our success?"

Once a story gets out, it is very difficult to change the public's mind. Anticipate how the things you do – and don't do – might be interpreted.

Stay in touch with the people who are important to you.

Just as you need to get people engaged inside of your organization, you also need to do the same thing with those people who have an impact on you on the outside – like customers and suppliers and others.

I heard on the news that Wachovia -- my bank -- was in trouble and that another bank was going to buy it. "Oh, that's very interesting. Just how bad are things?"

Another announcement (or perhaps it was a leak) came out that a second bank was interested in Wachovia. That heightened my concern. "Is my money safe? I know that it's insured, but still... Will my money be there on Monday morning?"

But imagine, if the bank had anticipated that word might get out about their troubles, how could they respond to their customers? Of course they couldn't mention secret merger negotiations, that would be inappropriate. But if they had sent out a letter or an email to customers and let us know something. Anything. That simple act of reaching out with straight talk might have reinforced my commitment to bank there. They didn't need to invite me over for coffee or ask how I might suggest that they get an infusion of capital, just let me know that the bank will be open when I need to pay my associates and bills next week. That's all I need.

Of course organizations can post press releases. But I am suggesting something in addition to that. Something personal. Something that lets us know that the organization is on the job.

Pay attention to shifts in the weather.

As I mentioned before, conditions can change quickly. Customers can turn against you. Suppliers might start to fear that you won't be able to pay for what you order. A rumor gets started on Wall Street. Any of these can have a negative impact on your business.

It is important to be ahead of that curve. Like Management by Wandering Around, listen when you're in line for coffee. Read or skim the blogs. Listen to talk radio (if you can stomach it). Twitter. Do something to pick up on what people are saying.

These three principles aren't magic bullets, but they are sound things to consider during these turbulent times. I wish you well.

©2008 Rick Maurer. Rick is an advisor and sought after speaker to organizations on ways to lead effectively during changing times. He is author of *Beyond the Wall of Resistance* and *Why Don't You Want What I Want?* You can reach him at 703 525-7074 or rick@beyondresistance.com. His website www.BeyondResistance.com offers many free tools for leading change. His blog, www.ChangeManagementNews.com, offers what the title suggests.