

Leadership in tough times

We all have used the phrase, 'our people are our best asset'. During times of economic uncertainty our belief in this philosophy can be sorely tested. Two things occur during an economic downturn. The first is that organisations take a serious look at their staffing costs. The second is that people are less likely to move to another role.

The issue for managers is that their best people are likely to be their most expensive. The dilemma is that it is not good practice to release your best people, yet if you do not your costs will not remain controllable. The response is often to let go the next best people. The outcome of this is you add pressure to those that are retained, they end up working more for the same or less, they become discouraged, they put up with it till the economy recovers, then just when you need them most, they vent their frustration by moving to another role. It's a double edged sword. How does an organisation retain its best people while avoiding the burn-out effect of overwork?

To further compound this issue, those staff you really do not need are the ones least likely to move on voluntarily, they are the ones least likely to be employed elsewhere. It might seem a cliché, or even consultant talk, yet I believe the best time to do something different is during the difficult times. It is during these times your competition is doing exactly what you would like to do; they have pulled in the shutters and are huddling in the bomb-proof shelter. Now is the time for your organisation to open the windows, look outside and leap into the future. If there was ever a time for managers to involve themselves in creative thinking it is now.

Yes funding is drying up. Philanthropic trusts have been hit hard by the superannuation debacle and a sliding share market. Corporate donors are looking at their costs. Natural disasters such as those occurring recently in Australia grab large amounts of public donations. Yet there remains money in the system. People want to reduce debt, that doesn't mean they don't want to support a worthwhile charitable project. Corporations are cutting back on unnecessary costs, that doesn't mean their social conscience has withered on the vine. Philanthropic trusts do have some money, just not as much as in past years – you just have to ask. People want to work, in general they would rather work for less than not work at all. A falling market throws up all sorts of people with all sorts of experience and skills. Now is a good time to invest in a new project and to invite in funders or people you would not have considered in better times.

A natural tendency by organisations in tough times is to slash and burn. Where possible this should be avoided through not filling vacancies and offering part-time or contract work opportunities. It is also a time to look at operating efficiencies.

Asking how we do what we do and how we might do it better. In many instances costs can be reduced by working smarter than by cutting the workforce. These become long term, sustainable cost reductions.

Tough times require good leadership. Visionary leadership. Leaders able to look outside the square, able to engage with other people, form collaborative partnerships, seek input from all those involved in their processes. During tough times face to face conversations are critically important. Tough times are emotional times. Face to face conversations and collaborative activities improve communication, reduce fear, encourage proactive behaviour and enable people to support each other while working together. When people work in a team environment, when they share the same fears they have a reason to support each other and work together to ensure the best outcome for everyone.

In all instances, good leadership is evidenced by leaders who role model the behaviour they expect of others, they lead by example. This level of leadership is need even more in tough times.

Tough times generate greater levels of personal stress. People's fears for their future means they neglect to work on their work/life balance; yet it is critical to the long term sustainability of an organisation that their people avoid becoming stressed. Stress leads to negative and destructive behaviour that benefits no one. Again opportunities for leadership present themselves. Organise a barbecue at work, it costs little, the social interaction helps reduce stress and enables people to share their stories and support each other. Organise a walking group during the day, that enable people to walk together, talk together, generate some team spirit and show pride in themselves and the organisation they represent. These are little things that have little impact on the expenses and a big impact on productivity and survival.

Harvard Business School Professor, Michael Beer, co-author of *High Commitment, High Performance: How To Build A Resilient Organisation for Sustained Advantage* states that high performance organisations ask and answer such questions as: What outcomes must our organisation achieve in order to sustain commitment and performance? What are the principled choices must your leadership group make if it is serious about building a high performance organisation? Says Beer, "CEOs of HCHP companies think very differently about their employees. They see them as an asset and care about them as people." As a result they manage downturns differently from the norm, too.

Bradach, Stone & Tierney, co-authors of *Four Questions for Charities to Answer as They Seek to Thrive in Hard Times*, suggest management teams should ask: What results will we hold ourselves accountable for? How will we achieve them? What do results really cost, and how will we pay for them? How do we build the organisation we will need to deliver results?

Mediocre leaders and managers are no longer acceptable. Making people redundant may be necessary for survival in the short term; what is needed for long sustainability is excellence in leadership and management. Tough times are good times for exposing lazy managers and those that refuse to update their skills and competencies.

Managers should look at some of the following to help them achieve the best possible outcomes and retain as many of their people as possible over the next twelve months. Firstly, gather your people around in a team. Yes, this requires you to develop good facilitation skills. This is not where you tell people what to do; this is where you ask them how they might work together, for the benefit of everyone in the group, where you lead by example. Collectively your people know more about how to operate your business, how to be the best, how to minimise costs, how to work smarter, than you will ever know on your own. Tap into their collective knowledge with authenticity.

Keep an eye on the budget. Do not allow costs to exceed projections, preferably find ways to reduce costs; without reducing the level or quality of service and without doing harm to your people. You can't think of how to achieve this? Ask your people. You don't want to involve your people? Then you should resign as their manager and hand the role to someone more capable. Uncertain times are no place for weak leaders! Communicate constantly with your people and with other departments. Do not bunker down in your own personal silo. There has never been a time when cross-functional collaboration has been more important. Be aware of how the changing environment impacts on people and their circumstances. Be prepared to discuss and support and if necessary direct people to appropriate help.

Do something different. The old models of management are being turned on their head. The things we did yesterday contributed directly to our current dire circumstances. Do not keep repeating the same strategies, the same behaviours. If you do, nothing will change.

Focus on building effective teams. This doesn't need to be through expensive team building exercises. It can be as simple as gathering your people together, to work together, to share ideas together, to relax together.

Have long term goals in place yet focus on celebrating the short term successes. This is motivational. It provides evidence that everyone is travelling in the right direction. It provides reassurance that collectively everyone will emerge from the firestorm, slightly charred but nevertheless alive and kicking. It enables people to see the means to the end. This builds confidence and team spirit.

Finally keep your best people, get rid of the poor performers, including managers and those that don't wish to work as part of a team, that don't wish to collaborate and communicate, that don't wish to share information, provide support and help others. You don't need those people now and you will not need them in the future.

Damien O'Brien, Egon Zehnder International, writing for [CEO Forum](#) wrote "leaders face the task of restoring confidence . . ." O'Brien goes on to suggest managers face a spectrum of challenges in troubled times, including:

- Self assurance to question everything versus Corporate Purpose to ensure necessary continuity.
- Detailed Knowledge to make well-founded decisions versus View of the Big Picture to prioritise in context
- Personal Responsibility to seek success with resolution versus Well Developed Team Spirit to let others perform their duties.
- Active Shaping and Moulding to give meaning and direction versus Ability to Learn Quickly to take account of new developments.
- Consistency in Delegation to systematically break down goals versus Upward Management to influence conditions for success.

O'Brien outline of leadership and management paradox provide a clue to the type of people best able to succeed in tough times. These are balanced individuals, very self aware of their own strengths and weakness, able to communicate effectively, draw people together in teams, to foster collaboration as well as move people towards achieving both short term and long term outcomes.

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