

MANAGING DURING THE DOWNTURN

Richard F. McGourty, Ph.D. & Carl Robinson, Ph.D.

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“It is not the clear-sighted who rule the world; great achievements are accomplished in a blessed warm fog.” --Joseph Conrad, Novelist

We recently conducted a developmental assessment of an executive who is clearly a victim of the current economic crisis. We began with a 360° assessment, and when the results came in they were dismal in every way. To sum up his observers’ perceptions, he had “checked out” and seemed completely disengaged from his leadership responsibilities.

We met him to present the findings and worried about how he would take the tough news. At the end of our presentation, we asked how he was feeling; he simply replied “not good.” After a period of silence, he went on, “Look, let me describe a terrific day at work. I drive in early, get to the building before everyone else, go into my office and close the door. If I am really lucky, by the time I leave at the end of the day, they’re all already gone!”

Knee deep in the recession and unclear about what to say or do, this executive has chosen to retreat.

In our line of work we frequently remind our clients that **“leaders cast long shadows.”** Never has this adage been more appropriate nor the stakes so high. And of course, nothing has prepared today’s leaders for the current economic situation. Stories of the Depression and other similar periods remain just that: stories. Although there are hints of light, more sober voices remind us that we are a long way from the end of this dark tunnel. One thing is certain: the events of the last 18 months are more significant for the legions of business owners, executives, managers and supervisors than anything most have ever experienced before.

We have observed that in this demanding and turbulent environment, organizations tend to become increasingly irrational places. New conflicts are likely to emerge, ordinary concerns can blow up into significant events and productivity often takes a back seat to distraction. Perhaps what is most disorienting about the current situation is that this has happened so quickly and so unexpectedly. And today, the crisis has taken on an almost surreal feel. Our initial shock has been replaced with a growing sense of resignation and an even deeper longing for times to return to “normal.” Nowhere is it business as usual.

As a result, otherwise balanced and poised managers are being knocked off their feet, with their teams feeling the brunt of increasingly ineffective behavior. Leaders themselves feel enormous responsibility to step up and deliver, and yet very few actually appreciate the kind of scrutiny they are under or what they should do about it. These are the pressures that forced our executive to go radio silent and declare “a good day is a day in hiding.” Unfortunately, he is not alone. In response, we want to consider the impact all this is having on people and offer a few practical suggestions for leaders going forward.

The Pragmatics of Managing During These Turbulent Times

As a starting point, we’d like to begin with a simple question that might help put things into a healthy and important perspective: “What do you want others to say of your leadership during the economic crisis of 2008 to 20__?” Although we are in uncharted waters, these remarkably confusing times do present an

opportunity for leaders to step up and into the fray, and we suggest the times call for a little self-reflection and refocusing on what drew you into management in the first place. Once fortified with this, every leader needs a game plan for constructive action, and indeed, action is called for.

So what can the average manager do; someone not blessed with the wisdom of Solomon nor the balance and confidence of President Obama? We see four basic threats to the productivity of a business and to the well-being of the people who work there, and thus offer four specific sets of management actions that can help leaders address each. The four basic threats are: 1) worry and fear of unemployment; 2) the fragmenting of the work place into competing groups – us vs. them; 3) pervasive uncertainty which paralyzes thinking and invites distracting speculation; and 4) high levels of personal stress that can turn into serious distress.

WORRY and FEAR

Let’s begin with the toughest of leadership challenges: the worry and fear that can occur when one’s livelihood is threatened. Let’s remind ourselves of what’s at stake. For a young person, the loss of a job derails an important start in life – the major life task of separating from home and becoming independent. Early career dreams and ambitions are displaced. The loss erodes self-esteem and plants self-doubt. Things are no easier for mid-career people. In some respects, it could be even worse because family life is threatened. Many people in mid-career have others who depend on them, so the prospect of losing a job and going through a long search, only to take a job which does not pay as well, is both a financial worry and a psychological blow. For people in the later stages of a career, seeing their savings erode, the prospect of losing a job and especially losing health benefits is particularly distressing. "Catastrophic" is a word one hears when people talk about the potential effects of a job loss at this stage of life. You cannot suppress this type of worry or fear. It is indeed the proverbial elephant in the room and pretending it is not there only makes matters worse in the long run.

What to do? Manage Priorities

Ironically, the tools needed to respond to worry and fear are near at hand. What a business leader can do is to make the workplace so focused that worry and fear are displaced, if at least temporarily. The principle here is simple—you can't be focused and distracted at the same time. More to the point, you cannot be adrift in worry and fear if you are fully engaged in your work.

We believe that in times of crisis there is good reason to set goals in a shorter time frame and make them much clearer. Quarterly or even monthly goals can be broken down into weekly steps and milestones.

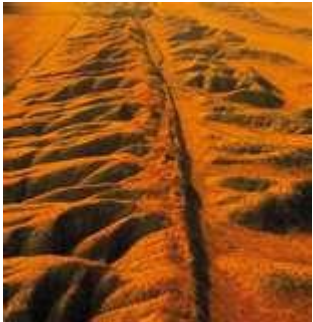
Manage Priorities

<i>Actions</i>	<i>Comment</i>
Generate a sense of constructive urgency	A felt sense of urgency, focused constructively, is perhaps the leader’s best defense against worry and fear in the workplace. Employees caught up in a substantive effort to improve quality, increase volume, reduce costs, improve customer satisfaction or generate innovative products and services are, by definition, more fully engaged. They feel in control, and, in this crisis, any control is better than feeling helpless.
Set achievable near-term goals	The value of a near-term goal creates focus for an employee’s or team's energies. Built into a project-management framework, the workplace acquires a robust structure of time and task which will make it better able to withstand the intrusion of bad news from the economy.

Celebrate small victories	Here we are talking about feedback that connects the individual or the team to a measure of progress within the business. It is the answer to a person’s unspoken or half-spoken questions, "Are my efforts valuable?"; “Are my efforts making a difference?"; and, “Am I contributing to the business in a significant way?"
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US vs. THEM

Simply put, stress fragments. All organizations have “fault lines” which reflect the inescapable tension between having a cohesive identity as a group (US) and working closely with others who also have a well-established identity (THEM). This can happen anywhere from shop floors to the halls of academe. Some classic fault lines include: engineering vs. manufacturing, long timers vs. newly hired, and in today’s context, executives vs. everyone else. The best organizations know how to minimize the US vs. THEM tension, and some even manage to co-opt the dynamic into productive competition.



However, as stress mounts, the tendency for unproductive conflict increases; information may be hoarded, differences made more explicit and problems are met by efforts to shift blame. The motivations of the other group become suspect, and productivity is sacrificed on the altar of self-interest. Managers are expected to “protect us” from the increasingly treacherous politics of “the bad guys.”

What to do? Manage the Organization

If ever there were an argument for an ounce of prevention it is this—US vs. THEM dynamics in an organization are easier to nip in the bud than they are to reverse. No business in today’s environment can afford to be weakened internally. The recommended actions here apply whether the problems are relatively minor or severe. If severe, leaders must assume a notably higher profile in tackling the problem aggressively.

Manage the Organization

<i>Actions</i>	<i>Comment</i>
Explicitly call out unhealthy conflict and highlight cooperation	The leader is encouraged to carry good news, letting one group know how another has helped the business, especially if the groups are related operationally. Embed cooperation as a value in the organization by talking about it and including it in performance appraisals and promotion decisions.
Handle Mistakes and Misunderstandings with Respect	This is especially important at the top of the organization. It is essential that leaders <i>visibly</i> work well with their peers. Cut each other some slack, assume positive intent and clarify expectations.
Acknowledge the “loyal opposition”	Some metrics which measure group against group or person against person can spur unhealthy competition in this environment. Rethink the metrics to make sure they spark cooperation or healthy competition. Build a sense of “us” and “win – win.”

	When one part of the organization succeeds, it should be trumpeted to all. Simple notes, emails or hosting a celebration are a sample of ways to signal that we are all in this together.
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UNCERTAINTY

Psychologists make an important distinction between fear and anxiety. Fear has an object: one is afraid of something. Consequently, fear can be confronted and managed. Anxiety, sometimes called “free-floating anxiety,” has no object, and in that regard, it can be more disabling. Uncertainty about our individual and collective economic future carries that quality. Because the future of the economy is hard to predict, and because it is hard to know for sure what has created our present difficulties, we are plunged into uncertainty. It’s at times like these we look to our leaders—nationally, locally and in our work places.

Employees know it is unreasonable to expect their leadership to dispel every uncertainty. What they hope to hear is a well-reasoned vision—a way forward. As employees listen to their leaders, they listen intently to their words and the tone of the message. The tone of the message is determined by two factors – the leader’s reputation and the subtle nuances of the message. A leader’s reputation is already established for better or for worse. A leader who has a history of being candid in times of crisis will receive the benefit of the doubt. A leader with a poor reputation is handicapped but may have an opportunity to build it anew. Still, reputation alone will not win the day.

What to do? Manage Information

Managing the flow of information is a key to offsetting uncertainty and keeping the work force focused. The leader must become the authoritative source for information and, in turn, be more visible, accessible and “on message” than ever before. By communicating a thoughtful analysis of the facts in a timely fashion, employees will come to view the leader as the reliable source, instead of resorting to news reports, bloggers or the whirlwind of rumors circulating around.

The leader’s role in managing information must be based on respect for employees, and the belief that people who are dealt with honestly will do their best. In the long run, this respectful approach enhances the leader’s credibility and helps the workforce develop resilience.

Manage Information

<i>Actions</i>	<i>Comment</i>
Provide Regular Updates	Provide updates on key business indicators (e.g. layoffs at a competitor; changes in leadership within the company; or, news about the industry or key clients). Do not cancel or move these updates ahead in response to “emergencies.” Structure and rhythm is reassuring. Explain how the business is doing – challenges and hopes – grounded in facts. Lay out what the organization is doing to position itself for the future.
Handle Setbacks Directly	Of course, setbacks will occur. The question is how the business will respond. Present the facts followed by the business response. When possible, take the conversation to the team/individual level, and outline how each part of the organization can be part of the solution.

	Use work to bind the worry – a focused and aligned work force can withstand bad news.
Manage Rumors	<p>The grapevine will aggressively grow in a business which is under duress. Identify people who have the pulse of the organization and stay alert through them. Don't be caught off guard.</p> <p>In an interconnected world, speed matters. Some silly rumors can be ignored or summarily dismissed via the web. Disruptive rumors which are being taken seriously warrant the voice of senior management via email, video and/or personal communication.</p>

Personal Stress

Most people are resourceful and can handle a surprising level of stress without losing their ability to function, but all of us have our limits. When people are stressed beyond reason, their performance does not gradually taper off; it drops off dramatically in an implosion.

Still, it is important to remember that the work place is not a counseling center. Most leaders do not have these skills or the time to support people in crisis through armchair psychiatry. But, it is naïve to think the economic crisis is not taking a significant toll on people, and some will require serious help. Today's manager better be prepared.



What might leadership be alert for?

- Simple differences of opinion that flare into anger or outbursts.
- Misunderstandings that escalate into harsh accusations.
- People subject to depression or anxiety may experience more severe symptoms.
- Benign “quirks” that become exaggerated and extreme.

What to do? Manage the Person

The possibilities for dysfunction are as varied as the people in the work force. And, leadership is not immune to these problems. The most serious cases are likely to occur where the individual is experiencing multiple problems at once. They are juggling more than they can handle, and work is going to suffer noticeably.

Many organizations (if not all) espouse the value of “our people as our greatest resource” or words to that effect, and rightly so. Caring for the individual is how that value is put into action during this demanding time.

Manage the Person

<i>Actions</i>	<i>Comment</i>
Ask, “How are you doing?” – then actually <u>listen</u> for the answer	The simple act of asking “How are you?” acknowledges the stress and is often all many people need to stay focused and committed. If the inquiry sparks conversation, the key is to listen carefully. It may or may not be possible to solve the problem, but it's always possible to demonstrate a sincere interest.

<p>Consider each person individually</p>	<p>The economic crisis can create a personal crisis in any number of areas (e.g. health, housing, marriage, children, aging parents, neighbors in need). Employees may present special circumstances which have been very rare in the past. Management should be prepared to consider what can be done in light of each person's unique situation.</p>
<p>Step in if a person's productivity falls off, and be prepared to offer a referral for help</p>	<p>Sometimes a person's struggles will hit a real tipping point. Leaders should review the range of services and referrals they have at their disposal before a crisis emerges. It is easier to step in and discuss a problem if leadership knows the resources should they be needed.</p>

In Summary...

It is speculation to say we are at the beginning, middle or nearing the end of the recession. No one knows for sure. Moreover, there are a multitude of factors which will shape how or even whether a given business will survive, and many of these are outside the control of most managers. What is clear, however, is that the leader who successfully emerges from this period will necessarily address both the financial realities and the human realities.

Those gifted with an inherent temperament for this sort of thing do, of course, hold a big advantage over the rest of us. Still, effective leadership during this downturn is not magic; it will be molded from a fundamental sense of optimism, poise, an ethical value system, the courage to confront the big issues and the stamina to slog it out no matter the absence of light at the end of the tunnel. These characteristics are within the reach of most leaders if they extend themselves. Their passive, cynical or weak-kneed counterparts are likely to compound their issues and add to their organization's woes.

Our over-arching question; "What do you want others to say of your leadership during the economic crisis of 2008 to 20__?" will be answered for better or worse in the coming months. We challenge you to dust yourself off and step back into the game. Respond to worry and fear by Managing Priorities, minimize internal tensions by Managing the Organization, counterbalance uncertainty by Managing Information and address extreme stress by Managing the Person. We hope these guidelines have provided you with useful tools to strengthen your management skills during this economic crisis and in the future.