

RECESSION AS LITMUS TEST

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

– Featured as the lead article in the March 2010 issue of Talent Management magazine –

The best opportunity to improve the quality of leadership in an organization may be right now, and oddly, talent leaders have the recession to thank for it.

The brutal challenges associated with the economic downturn have formed a natural experiment—a true test of leadership that offers an opportunity to refine expectations and assess managers and executives against the backdrop of the extraordinary demands of the day. Talent leaders should consider who has effectively stepped up and into the fray during the past year or so and who has backed away.

To take full advantage of this uninvited opportunity, talent leaders will need to conduct an honest and rigorous review of their leadership teams and then brace for action.

1. Focus first on those aspects of leadership that have proven most valuable and essential during this difficult period.
2. Carefully examine assumptions about leaders and then look back on events tied to the crisis to see which have revealed their true character and temperament.
3. Aggressively integrate this new information into strategic talent management practices by sorting those who have impressed from the rest of the pack.

Four Distinguishing Aspects of Leadership

Leadership can take many forms, but in the foggy mix of the downturn, there is a premium on disciplined thinking; a bias for action; timely and transparent communication; and the ability to inspire followership. These aspects of leadership have been made highly relevant by the downturn and, because the business world is likely to remain an unsettled and unpredictable place for the foreseeable future, they will certainly have significant value going forward.

Disciplined Thinking

Disciplined thinking means the ability to identify meaningful information amid the noisy clutter of conflicting reports and pressure-filled, often circular discussions. Leaders with this capability tenaciously scan the business environment for relevant data and emerging trends. They consider novel approaches and outside perspectives. Disciplined thinkers typically formulate and reformulate their ideas. Their thinking is nimble, and they keep their balance. They are naturally curious, open to new solutions and avoid retreating behind the stale thinking of the old guard. Most importantly, they bring a welcome degree of focus and clarity around core business requirements, and they never lose track of the bigger picture.

A Bias for Action

Endless talk is the graveyard for action. A bias for action refers to a willingness and capacity to lead change in the face of uncertainty. Error is going on either side—hesitance and impulsivity—and the leader who knows how to navigate between them serves the organization well. This is particularly true in today's dynamic business context, where the future is likely to be discontinuous from the past. The leader with a bias for effective action has an intuitive grasp of which projects to push, which to abandon and which

resource trade-offs are worth making in the long run. This leader knows when there has been enough debate and then has the courage to choose a wise path forward.

Timely and Transparent Communication

The crisis has tested most leaders' communication skills, and in many cases they have come up short. Managers are hesitant to listen, anxious about addressing future concerns and clumsy about how to best engage, so they often go "radio silent," or worse, offer false hope. Leadership has a public face, and that is most apparent in the timing and delivery of important information. People know in an instant if a leader is taking control of events. No matter how smooth the delivery might be, unless there is candor, the message will fall flat. Further, employees want to believe and to be inspired. Finding the right balance in one's message between realism and optimism is a key differentiator.

The Ability to Inspire Followership

In this final category, the markers are not shown as much in the leader as in those he or she leads. What are people saying over coffee? Are their heads up or down? Is the leader's disciplined thinking, bias for action and direct communication style rubbing off on others? Imitation in this case is not just the sincerest form of flattery; it offers hard evidence the leader is getting through to people in the organization.

Figure 1 connects these four crucial aspects of leadership with a set of behavioral markers. Think back over the past year: Who has shown evidence of real leadership? Are their followers reflecting the impact of this in their attitude and performance?

Figure 1: LEADERSHIP MARKERS

<i>Aspects of Leadership</i>	<i>Behavioral Markers</i>
Disciplined Thinking	<ul style="list-style-type: none"> ● Insists on fact-based decision making vs. settles for easily available information and convenient options. ● Seeks new perspectives vs. assumes the old way is the right way. ● Shows the mental agility to reformulate ideas as the context requires vs. stubbornly defends a failing course of action.
A Bias for Action	<ul style="list-style-type: none"> ● Focuses on resolution and outcomes vs. engages in endless talk and debate. ● Follows through with absolute integrity vs. promises action and then provides inadequate resources or support. ● Views mistakes as learning opportunities and makes appropriate course corrections vs. assigns blame and dodges responsibility.
Timely and Transparent	<ul style="list-style-type: none"> ● Steps toward people and truly engages them vs. hides in high-level meetings and retreats behind closed doors. ● Forthrightly states what is known and unknown vs. offers rehearsed sound bites. ● Demonstrates confidence and fortitude vs. fuels the fire by catastrophizing over what might go wrong.
Inspired Followership	<ul style="list-style-type: none"> ● Engaged in the present with an eye on the future vs. ruminating over what has transpired. ● Focused on core business requirements vs. being distracted by rumors and sideshows. ● Sustains high productivity despite stress vs. makes excuses and settles for weak results.

Situations that Reveal Leadership

Given the abundance of crucial leadership moments presented by the recession, it's fair to say the data needed to identify markers is everywhere. Still, this may be hard to capture due to certain constraints related to the crisis that may hinder vision. First, time is at a premium, and the press of the moment to simply hold on can easily trump the attention required to assess leaders objectively and plan accordingly. Second, loyalty to individuals who may have served well in the past can get in the way of an honest evaluation. We may not want to see their emerging weaknesses. Third, because hard calls await, even the toughest-minded businessperson may procrastinate, even when longer term survival may be at stake. Given the necessity of getting this right, these become poor excuses for inaction.

Because this window will not stay open for long, talent leaders need to make a concerted effort to recall critical incidents that have allowed leadership—good or bad—to show. How have leaders managed key relationships with customers; directed planning sessions; shaped decisions; engaged others in highly visible communication; supervised individuals and teams who struggled; crafted significant new business proposals; or reacted to unscripted moments forced by the crisis? These are a sample of the possibilities, and they will continue to play out in the future.

Consider this company's moment of truth. A large retail marketing department had struggled under weak leadership. The immediate worry was losing some or all of the business with their primary customer. Everyone was acutely aware of what would happen to jobs throughout the organization if this occurred. Corporate elected to remove the man at the top, but did not name a new senior executive, waiting to see if the account would be retained. In the resulting leadership vacuum, several managers stepped forward. A plan was articulated in short order, and communication was ratcheted up to make sure everyone knew what was most important. As individuals, they were not flashy, but they were decisive, focused and dedicated to doing what was necessary to retain the key account. The staff rallied behind them, and the customer was won over by what everyone viewed as an extraordinary team effort. All this and no one held the senior-most position.

The surprised CEO knew the situation had provided her with a much better understanding of the department's future leadership.

A Golden Opportunity to Improve Leadership

All the insight in the world won't make much a difference if it isn't applied. The following four actions can help translate this unique leadership assessment opportunity into sustainable business results.

- **Call it out, loudly and clearly.** Once a talent leader has determined the leadership requirements for the organization, he or she has a responsibility to communicate this understanding throughout the organization repeatedly and consistently. There may never be a better opportunity to reset expectations and redefine exactly what is required.
- **Teach it, coach it and guide it.** Aggressively develop emerging leaders to the newly established expectations. There is no place for shotgun management training and education, nor is there room to expose people to the program of the month. Direct resources toward aspects of leadership required for the business to succeed, and focus directly on people truly worth investing in.
- **Promote it and reinforce it.** Actions speak louder than words. Those who show up and lead need to be acknowledged, rewarded and advanced. Further, use the best people to mentor others and to serve as visible role models.

- **Hold everybody accountable.** Weave leadership expectations directly into performance management. Review the tools currently used to ensure they align with expectations set from new employee orientation to the appraisal process. Use the crisis to challenge underperformers and, where necessary, cull out those who are missing in action, or worse, spreading cancerous cynicism.

If there is an unintended benefit from the economic downturn, it is the spotlight placed on leadership—good and bad. There is less room to hide, and there should be less tolerance for managers who were good enough but not great. Exemplary leadership behavior will emerge as the new standard and should be showcased. This recession provides a rare opportunity to set new leadership priorities, help others recalibrate to a higher bar, clean house if necessary and strategically redefine what will drive the business forward.