



Pacific Corporate Training and Development Solutions

Organization Leadership In Economic Tough Times

By

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During a recent wine tasting party and political debate session at my home I asserted that a “command and control” management style doesn't work when organizations are facing the challenge of change as a result of economic hardship. A style of management that encourages managers to energize staff is far more likely to deliver results and improved performance and loyalty I responded passionately by giving my following perspective.

When times are getting tougher and the business is under pressure from shrinking margins, it's often tempting to revert to a command and control style of management. Or to appoint an individual who uses an authoritarian style and is 'good with numbers'. But successful companies demand leaders with vision. And this means managers who are passionately committed to achieving goals through others -- or they fail to gain the commitment from those around them. Playing the short-term numbers game is not a sustainable strategy.

An example of a 'command and control' style of management that has had a detrimental impact on employee **behavior** is the Sempra's decision to impose unrealistic performance targets on their call center staff. This has led to critics both internal and external claiming that the policy has resulted in a decline in quality customer service.

A far more effective style of management gives employees a sense of business priorities and the support they need to deliver results. This is illustrated by another local organization the University of Phoenix. In 2001 I worked with the management team to instigate a change program, Fit for the Future, which enabled employees to take responsibility for achieving organizational goals, and enabled them to meet the challenges of the business. This has resulted in increased productivity, improved customer service and, for the first time, a

positive Economic Value Added (EVA), which is one of UOP's key performance measures.

One does not have to be a boss to be a leader. Leaders provide direction, and a roadmap for change. They plan for the future and bring others with them. Real leaders are not afraid to step away from command and control towards empowerment, especially in tough times.

When an organization is under-performing, the knee-jerk response is often to go into a highly authoritarian style of management. CEOs, finance directors, senior executives, line managers and team leaders must avoid boss-like **behavior** and utilize leadership skills. What is really needed at this time is high quality leadership.

Managers must lead by example. For many this could mean changing old habits and the way they deal and communicate with others. If this seems like a tall order, they should consider personal development through coaching. In particular, coaching can help newly promoted managers to explore how best to go about their new role, including the kinds of behaviors required, and how and what to prioritize.

These are some important lessons for leadership, based on my experience in coaching senior executives in major household name companies:

1. Don't manage the details

Whether you are a CEO, head of division or department manager, focusing on the minutiae is almost always a mistake. CEOs, who focus on daily operations, rather than managing for the long-term, will find themselves missing the big picture. Managers who spend all their time examining spreadsheets will lose the respect of their subordinates. Teams expect direction -- not bosses breathing down their necks. Don't give orders -- but be clear about the performance improvement required instead. Letting go and allowing people to do their job is what delivers results. For CEOs, time spent on refining the company's mission is well used; time spent on reading hefty reports is not. And appointing an effective number two is critical -- this role carries even more importance in tough times.

2. Cultivate working relationships at every level

Senior executives who only spend time with certain favored individuals will end up getting a picture of what's going on in the organization through a highly faulty filter. It's critical to develop a genuine open door management style. This means cultivating working relationships with people at every level in the organization and getting their views. This is not just about employee surveys, but a real commitment to seeking out the opinions and experiences of those working at the

sharp end. You are more likely to find out what is really going on if you take the time to talk to people and really listen. This is the time to get out and about!

3. Even your behavior and moods send a message to employees

Subordinates, colleagues and peers look to leaders for direction and motivation. This means that senior executives carry a tremendous responsibility for the morale levels in the organization. Moods and behaviors carry a lot of weight, and send out powerful signals: trust and personal integrity are more important than charisma. Peter Drucker famously observed that: "Harry Truman did not have one ounce of charisma, yet he was among the most effective chief executives in US history."

Employees can quickly sense even a whiff of hypocrisy or vested interests: it is very easy to lose respect. This does not mean a leader cannot be human -- we all make mistakes and have off days. Becoming a paragon is not the objective.

4. Making decisions equals action

Leaders need to pay particular attention to decision making and must take responsibility for their actions. Decisions equal action: once a decision has been made, a whole series of consequences are set in motion. The real skill in leadership lies in the ability to consider all the implications of a decision -- including who will be affected and how. This process can be led with a real sense of urgency about the performance imperatives. Communicating the decision and any ramifications of making certain choices is then a priority. Making good decisions is a crucial skill: one which comes from experience, sound judgment and knowledge.

5. Keeping shareholders happy is not what it's all about

Leaders work towards the long-term success of the enterprise and do what's right for the business, not the shareholders. Shareholders are an important stakeholder group, and of course have to give their support to major decisions. But a decision made for short-term gain will not, in the end, do anyone any favors. Top managers of struggling companies can become so concerned with satisfying the demands of the investment community that they lose sight of the best strategy for ensuring long-term survival. Assets should be nurtured, not exploited.

Leaders need to be competent at ensuring the whole organization is working well and managing for the long term. This can be a challenge for those who have spent their careers in managing operations. They must recognize that leadership is not about control -- but about delegating and mobilizing.