

Our Mission

To help individuals, teams and organizations reach their potential through strategic planning, innovative coaching, development of team effectiveness and management consulting.

Cook & Company Areas of Concentration

Strategy

Coaching

Assessments

Team Building

Consulting

Corporate Reputation

Social Media Marketing

Training

Workshops & Retreats

Mergers & Acquisitions

Ethical Performance

Tough Times for Leaders: Another Take

By Gary M. Cook

There has been quite a response to our Winter Newsletter on “Tough Times for Leaders,” so we thought we would follow up with a look at some of the other important dimensions of leadership during these difficult times. The theme here is how leaders themselves behave.

- *Be sensitive to weak signals of issues.* Of all times, during this period of limited cash flow, suspect sales, and the possibility of interrupted financing, it is important to be sensitive to weak signals of potential issues. What could those weak signals look like? They might be a slight increase days outstanding for receivables. Or unexpected questions from your bank about your loan. Or key employees consulting furtively in the hallways. Or some weakness in the “leading indicators” you have developed regarding likely future performance in your business sector. Regardless of what they are, during these times it is even more important to pay attention to them. Which leads to our next point:
- *Always think, “What can go wrong?”* Whether or not you have a weak signal approach in place (for more information on weak signals, see past issues of our newsletters), one of the best questions to ask even under the best of times is, “What can go wrong?” Andy Grove fa-

mously titled a book he wrote some years ago: *Only the Paranoid Survive*. This does not mean that you should not have an optimistic plan for the future and try to execute that plan. What it does mean is that you should also consider possible down-side scenarios. If you prepare for the worst, and the worst then happens, you are prepared. If it doesn’t happen, your peace of mind alone will have made it worth having contingency plans in place.

- *Don’t be afraid to talk about “What can go wrong?”* In other words, don’t take Jack Welch’s advice in a recent *Business Week* column (March 2, 2009) to not “undermine success by talking about the risk of failure.” Who is Welch kidding? Our employees are smart, often a lot smarter when thinking about what could happen than we might be. And they *should* be, because their safety nets in terms of savings, stock options, retirement plans, etc., are generally not nearly as good as ours, and that tends to concentrate the mind! If you don’t discuss what could go wrong with at least your more senior managers and seek their ideas about how to deal with it, you are not only insulting their intelligence, you are not taking advantage of their wisdom.

Cook & Company Commentary

This is not to say that if you see an optimistic path forward in which you can believe, you shouldn't discuss that as well. In fact, you may want to make that the cornerstone of your discussions. When employees ask you, however, what the odds are of different scenarios, you may lose some of your best employees by not being honest.

- *Beware of your own decision-making biases.* While pattern recognition is one of the great attributes of the human mind, the theory of Highly Reliable Organizations (see our past newsletters for more information) teaches us that every future situation is slightly different from every past one. Thus, we want to learn from pattern recognition, but not be controlled by it. Similarly, we sometimes have subconscious attachments to people, places, and organizational settings which can distort our decision-making in the future (for a wonderful article on this topic, see the February 2009 *Harvard Business Review*, "Why Good Leaders Make Bad Decisions"). Being cognizant of these biases can help us make better decisions, and since under stress we tend to revert to our default behaviors, it is even more important in trying times to be aware of these.
- *Manage the understandable fear of your employees.* During these times those who are tardy tend to be on time, those who watch the clock tend to stay late, those who used to hang around the water cooler tend to be at their desks with their heads down. Contrary to what you think, this may not be good, if only because those same people are going to want to make sure you know they are working hard. On the one hand, these employees may be more productive, but on the other, their behavior may be born of desperation to keep their jobs, in which case their real productivity may decline. What to do? Again, if you need more productivity say so, and identify and display metrics that show productivity improvement. If you are going to have lay-offs, it probably is better to tell people in advance. Having been in several situations like this, I have consistently found that removing uncertainty is actually more important than trying unsuccessfully either passively or actively to guaran-

tee employment.

- *Think about strategy in competitive terms as opposed to Grand Visions.* In other words, in tough times think Michael Porter, not Chris Argyris. Think about what your competitive strengths are (as Porter says, "what you do uniquely or better than others"), rather than where you would like to be in five years. The difference is in asking the question, "What makes my product or service most attractive to customers today?" as opposed to, "How much market share do I want long term?" Good times aren't easy to figure out in terms of duration and possible outcomes, but the consequences of misplaced optimism for an organization in difficult times can be much more disastrous (if you have already fallen 50% in sales, how much more can sales fall before you go under?). So it is important to think about current strategic competitiveness and how to maximize its value. Interestingly, if you do this, you may be far better off *and* gain more in market position against your competitors, because keeping strong existing customers and attracting new customers with your value proposition will not only serve you in the present but strengthen you for the future.

* * *

Leaders have a difficult job in tough times, but being self-aware, constantly considering one's competitive and operational position, and treating stakeholders with respect will go a long way toward sustaining your organization during these times, and preparing for better times to follow.

Are you on Twitter?
Follow @GaryCook for our
daily LeaderTweets™

If you would like to receive these commentaries by e-mail, or if you have a colleague you think might be interested in receiving them, just e-mail your request to: contact@cookcompany.com

