Leadership In Hard Times

Leading – and Succeeding – in a Downturn

Don’t leave your team stranded.

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“The truth is that no one factor makes a company admirable. But if you were forced to pick the one that makes the most difference, you’d pick leadership.”

Warren Bennis, Organizational Consultant and Author.

Leadership is especially critical when organizations have to adapt to difficult business environments.

When times are good, leading a company or a team is exciting. Resources are plentiful, customers are satisfied, and opportunity is everywhere. However, when the economic conditions are challenging, this excitement and positive energy can weaken. People feel the pressures of work, and they fear for their jobs. These worries and fears present a major challenge for leaders who need to keep their teams productive and on target.

One of the keys to protecting yourself and your business in an economic downturn is to develop a culture that builds, and sustains, effective leadership practices.
Good leadership is good leadership, regardless of the economic climate. However, during difficult times, top-notch leadership skills become even more important. Second-rate leaders might be able to keep a company going in a strong economy. However, you need high-performing leaders if you’re going to succeed in tough times.

Of course, you need leaders who can control costs and conserve cash. However you also need leaders who see opportunity – and who will strive to seize that opportunity – despite all the negativity. You need leaders who remain committed to their people. And you need leaders who can transfer their positive outlook to the people around them.

Create New Opportunities

In an economic downturn, you need to conserve your resources so that you can survive. However, you also need to position yourself to benefit as competitors falter, and to be ready when the economy recovers. An economy in decline is often an opportunity to regroup, rethink, and renew. To take advantage of new opportunities, consider doing the following:

- **Review your strategy** – Figure out which objectives you’re meeting, which ones need more emphasis, and which ones you should reconsider or drop as the environment around you changes.
- **Lead by example** – Now, more than ever, you have to lead ‘from the front’ by setting an example. Take personal responsibility for customer care and contact. Actively help pursue new business. Show that you’re willing to make extra effort to commit to the organization’s success.
- **Add value** – One of the ways that leaders can gain greater market share and improve operations is by really listening to their customers. Look for innovative ways to add value without adding costs, and win customers who aren’t being well served by your competitors.
- **Use market conditions to create a stronger business model for the future** – If you’re a senior manager, consider looking for bargains, in terms of mergers and acquisitions, which will improve your company’s future competitive position. Whatever level you’re at, negotiate more favorable rates with suppliers, which you can continue to enjoy as the economy recovers.
- **Take the opportunity to trim costs** – Encourage cost-consciousness within your team or organization. Now is a great time to do this: everyone knows that times are tough, and people will be more willing than ever to cut
unnecessary costs.

- **Implement a continuous improvement plan** – Look at your systems and processes to find efficiency opportunities. Lead the way in building a culture of continuous improvement[^1]. You can use these savings to pursue opportunities created by the downturn.

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**Commit to Your People**

Negative messages are all too common during economic downturns. People are losing their jobs, unemployment rates are going up, and personal and corporate bankruptcies are increasing. This can weaken morale, both in the workplace and in society as a whole, and it can tip people into panic, severely damaging their productivity.

Don’t abandon your people. Use this time to reinforce how important they are, and build the skills they need to help the company survive.

- **Invest time in leadership skills training** – Leadership is key to success. The more effective leaders you have, the better it is for you, your team, and the organization. OK, you may not want to spend a lot of cash on leadership training. However, when times are slow, you may be able to invest much more time than before in management and leadership development.
- **Retain your best people** – Part of good leadership is keeping costs under control. However, profits are made by people. Don’t cut back on attracting quality people, and make every effort to retain your best team members by treating them with dignity and respect.
- **Be creative with recruitment and retention** – Salary increases may not be possible, but you can do lots of other things to create attractive work conditions. See our article on Managing During a Downturn[^2] for specific ideas.
- **Get rid of poor performers** – Poor performers use up your time and energy. They frustrate co-workers, and damage overall productivity. Now is the time to get rid of these people, because you simply can’t afford to keep them. Some of your other team members may be relieved not to have to ‘carry’ poor performers any longer. And when your staff see that you use budget cutbacks to benefit the team, they may be less upset than you might expect.
- **Build a motivating workplace** – It’s easy to focus intensely on specific tasks and the bottom line, especially when performance expectations have such significant consequences. However, as a leader, you can’t let that stop you
finding ways to motivate your workforce. Sirota’s Three-Factor Theory \(^3\) suggests the following:

- **Treat people fairly** – When you can’t avoid layoffs, give people as much warning as you sensibly can. Talk honestly about what’s happening, and how cutbacks will affect them. And if you’re cutting people, try to cut the volume and scope of the work that you do, so that you don’t overload those who are left.

- **Provide useful work for which people are recognized** – Be careful about reassigning the workloads of people who have been laid off. Take time to determine who is best suited for which tasks, and remember to give lots of informal praise. Match people’s skills and interests with the work you need done.

- **Foster good relationships at work** – If you have to stop the Friday company-sponsored lunch at a restaurant, replace it with a low-cost potluck event. Try to avoid cutting it entirely.

## Project Positive Energy

Good leaders provide hope and vision. These two qualities can keep a workplace going, even during tough times. People need someone they can trust – and someone who is inspiring and knows how to get things done. As a leader, make it a priority to do the following:

- **Expect great things from your people** – The more you demand, the more opportunity you give people to perform, which can be highly motivating. However, don’t push too hard, and remember to communicate your expectations.

- **Keep in touch with your people** – Use the MBWA \(^4\) (Management By Wandering Around) technique to find out what’s going well, and what needs your attention. Remember to recognize and praise success. In tough economic times, you need your staff to perform especially well: the more they know you care, the more likely they are to respond to your call for action.

- **Be visionary** – Leaders with vision, passion, energy, enthusiasm, and real engagement with their staff… these people are the key drivers of economic growth. Stay focused on the big picture, and manage to the best of your abilities.

- **Take care of yourself** – Respect your own feelings and emotions during difficult times. Where appropriate, share your concerns with people you
trust, and build a network of people you can talk to. On the other hand, if you're constantly worried, others may sense this. Get enough rest to keep yourself fresh, and manage your emotions to keep your creativity and self-confidence high.

Key Points

Leadership during good economic times has its challenges. But those challenges increase when the economy is tough, and when staff are worried about keeping their jobs and paying their bills.

In these conditions, leaders and managers must keep a sharp eye on their environment, prepare for recovery, support their people, and project enthusiasm and energy.

By remaining positive, supporting your people, and looking for new business opportunities, you can help your company survive – and succeed – through the difficult times. Leadership performance is critical to organizational success, so use all of the assets available to you.

Did you find this article helpful?

Where to go from here:

View print friendly version [5]

Ask questions, or share your experience [6]

What members say...
Dianna wrote

Fantastic observation n1knaks - there are always things we can do to take stock of our assets and prepare ourselves for the opportunities that lie ahead. It can be tough to see through the current "stuff" and acknowledge that there are opportunities abound - we just have to look a lot harder for them sometimes! I think too that if we get into the habit of looking for opportunity and continually assessing our strengths and thinking about career direction and satisfaction, it will be less daunting if/when the tough times do surface. Preparedness is more than half the battle so when upsets do happen, if you are already used to forward-thinking I believe you can recover that much quicker.

It's great to hear from you! Don’t be a stranger
Dianna

July 22, 2013

n1knaks wrote

@ James
I really enjoyed reading your shared quote from Cheng Seng Law’s article and realised there is a solid logic in his thought process. Whilst I am generally an optimistic person - believing the 1/2 glass of water is actually full (1/2 water, 1/2 air = full), I do like to occasionally play ‘Devil’s Advocate’. Cheng Seng Law’s advice is brilliant for organisations as a whole, it is a little less joyful for individual workers who may face redundancy during the downturn and little prospect of finding similar work elsewhere due to general economic malaise.
My innate optimism forces me to recognise, however, that those individuals can still act on this advice by getting their own personal career lives in order - fixing, expanding, etc. skills so that should the worst come to worst they are in the best possible position to weather the storm.

July 21, 2013

Midgie wrote

Hi Colin,
Great to hear that you are doing an activity log and then grading things according to your (and your boss’) perceived value! What a great way to rationalize and justify what you do.
I think that it is brilliant to involve your boss and that you will compare notes to ensure you are both on the 'same page' as to what is important for you to be doing and focusing on!

*Where this gets interesting is that I have involved my boss in the gradings of value, to see whether his idea and my idea of value to the business are similar or different.*

Perhaps this exercise will reveal activities that you might be able to delegate or stop all together. Or that it will reveal what is truly important for the organization to get done and ensure that more energy and attention is placed onto it!

Well done to you and good luck!
Midgie

May 13, 2009

**colinscowen wrote**

I am doing a similar thing. We recently went from 5 day week to 4 day week. But, we still have 5 days of work to do.

So, I started activity logs, and trying to get as much value from my time as I can, so that when we do go back to 5 day weeks, I will not just be faced with a backlog of things to do that were put off as 'not important enough to do on a four day week', but instead have almost an extra day to apply to interesting projects, without the guilt of 'well, I should really be doing something else rather than this fun stuff'. Don't try to read that sentence out loud, you will turn blue from lack of oxygen

So far, it seems to be working, I have done 2 weeks worth of activity logging, and am now sitting down and giving them scores for value and Action/Priority. Where this gets interesting is that I have involved my boss in the gradings of value, to see whether his idea and my idea of value to the business are similar or different.

I have also added a rating for personal value, those tasks that add value to my reputation etc.

Regards,

May 11, 2009
James wrote

Here’s a great comment on this article from Cheng Seng Law. I thought that other members might enjoy it as much as I did!

In Malaysia, our fishermen depend not only on the sea to provide, but also on the weather to give the opportunity to harvest from the sea. During the "landas" season, when the skies are overcast and the seas are heaving and churning, the fishermen stay put on land. This situation is similar to the economic storm we are presently facing.

What the fishermen do is repair their boats, service their engines and mend their nets. When the storm season is over, they are then in a very strong position to make a good catch.

Likewise, organisations should not despair - it is just a matter of time until this storm blows out. Like the fishermen, we should get ourselves in a better shape to reap a great harvest. Yes, in the meantime, we go on a belt tightening and with a spartan lifestyle. Anyway would it not be good to slim down the excessive weight, and be healthy?

Have a Great Day!

May 11, 2009
