

Ten Tactics for Leading in Hard Times

By Philip J. Harkins



Through many years of consulting and coaching, we have observed that smart, action-oriented leaders who make good decisions rapidly can thrive in bad times. These leaders quickly adjust, sometimes even before markets shift. Anticipating the worst, they focus on short-term wins and adapt their style to the reality of the “new world” around them. They lead by setting clearer direction and by stepping away to enable passionate champions to drive results and accept accountability. In this way, they build a committed work environment. Having been through it before, for example, they spend their time talking to all levels in the organization; particularly, they will go directly to the front-line sales force and learn more about what customers say they really want. They talk to supervisors about what employees are thinking, feeling, and needing. These experienced leaders become sleuths and question everything.

How leaders keep themselves up in bad times

High-impact experienced leaders are keenly aware that bad times are caused by what leaders do in good times. Good times are a direct result of actions taken during the bad times. These leaders don't get discouraged in bad times; rather, they see bad times as an opportunity to go in and fix, repair, adjust, and do all the things they couldn't get to in the euphoria of successful times.

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They become more action-oriented. However, they don't just jump in; they planfully think about what they need to do to get through the challenge of the times and better prepare the organization for the new. As one experienced leader said in bad times, “It's like a sailboat race. When the wind stops, the winning boat uses this bad time to get ready to be the first to catch the wind.” These high-impact leaders send clear messages to everyone, always with the underlying theme--we will get through this and be better in the next round.



About the Author

Philip J. Harkins is CEO of Linkage, the company that he founded in 1988. Phil is also an internationally-known expert in the fields of organizational development, leadership, communications, and executive coaching. His clients include senior executives and teams at leading organizations worldwide. All told, Phil has worked with leaders, leadership teams, and boards in more than 25 countries in Asia, North America, South America, Europe, and the Middle East. In addition, along with leadership expert and Linkage board member Warren Bennis, Phil is co-chair of The Global Institute for Leadership Development, which has trained and developed thousands of leaders from around the world. Phil has authored and edited several best-selling books, including *In Search of Leadership: How Great Leaders Answer the Question "Why Lead?"* (with Phil Swift; McGraw-Hill, 2009); *Everybody Wins: The Story and Lessons Behind RE/MAX* (Wiley, 2004); *The Art and Practice of Leadership Coaching* (Wiley, 2004); and *Powerful Conversations: How High-Impact Leaders Communicate* (McGraw-Hill, 1999). He has spoken on these and other topics at more than 400 conferences, seminars, and programs around the globe.

They develop their own language for this, such as one leader's axiom, “when the tide is out, you can see the rocks.”

Ten sure-fire tactics for hard times

High-impact, experienced leaders narrow the funnel to create maximum efficiency, effectiveness, productivity, and innovation. Here is our top ten list of things to do in hard times, with underlying principles and real-life examples that will keep a ship afloat during bad times, while helping managers and employees stay focused, motivated, and engaged.

1. Do: Reallocate time to high percentage, short-term returns

Principle: Focus 80% of time on the most important 20%.

Case in point: A consumer products company manager, realizing that he had only 100% of his time and was feeling totally stretched and crunched, invited his direct reports to complete a time allocation report. He asked each of them where they could get the most short-term impact on current promised initiatives. They found many areas where there was significant overlap in where they were spending their time.

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They helped each other to allocate more time on sales-related activities, leading to increased opportunities for quarterly revenue. By having the manager and direct reports each study each other's time allocation reports, they cleared the air around where they would focus. They then took this to the next level and agreed to cut down the amount of time spent in meetings. They limited meetings during work hours to a maximum of one hour. They cut the agenda items for meetings down to no more than two in order to spawn discussion and reach decisions. They reduced the number of people at meetings to only those who were involved in decision making. To their surprise instead of people feeling disinvited, there was a sense of liberation and a feeling that the organization was becoming more focused and aligned.

2. Do: Create measures around high-impact programs and projects

Principle: You can only control what you can measure.

Case in point: A multi-billion dollar professional services company for years had study groups to determine how they could more accurately forecast monthly billings. One February, recognizing a major shift downward in the demand for services, the CEO put in place a weekly review of every practice area and a roll-up for every region. He limited the focus by asking for only three numbers: 1) business booked for the week, 2) billings for the week, and 3) billing forecast for the next week. He explained that the focus would be on winners where the organization could leverage strengths. He wanted to be sure that the organization wasn't trying to fix everything. This short-term focus resulted in the company's ability to make more short-term, important decisions that in the past seemed "untouchable." In the meeting, they summarized committed actions for the following week. This strategy during hard times resulted in a permanent way to drive their business.

3. Do: Meet directly and frequently with the sales force

Principle: Sales is the conduit to the eyes and ears of the customer and the

place where rapid decision-making can keep an organization ahead of a downward curve.

Case in point: A large international bank with a traditional long-standing focus on strategy and structure had seen growth decline as measured by capital invested per relationship manager. In this hard time, as the financial services industry tightened up and the competition for high net worth customers increased, the managing director of the bank began meeting with relationship managers every week. In open forums he connected with hundreds of relationship managers around the world. He simply asked them what could be done to increase their time spent with potential customers. Here's what he found: 70% of relationship managers' time was being spent on non-customer related activities such as chasing down paperwork.



He determined that the bank could dramatically increase productivity by decreasing the amount of time relationship managers were spending running down operational initiatives. Mission accomplished: increased 10% productivity globally. The lesson learned was that in hard times, it is important to ask questions and find ways to increase efficiency, effectiveness, productivity, and innovation.

4. Do: Leverage A players and reduce C players

Principle: During hard times make sure

that you are reducing the least effective.

Case in point: For years, the president of an electronics company had been told that his field engineers were the best in the world. Notwithstanding reputation, this executive wanted to be sure that as the company was forced to reduce the workforce, having the right field engineers would ensure survivability. He insisted on forced ranking reports. He then charted and graphed these reports and found that many highly paid field engineers were the lowest ranked. He initiated a series of actions that resulted in reducing less than 6% of the workforce while achieving 17% labor savings. At the end of the day, the company's bottom line improved dramatically while getting the job done more efficiently.

5. Do: Install innovation and improvement teams

Principle: Give people who know where the costs are the power to drive change.

Case in point: In a large asset management firm, the president of retail was asked to reduce costs by \$30 million after merging two groups together. She avoided the traditional approach of asking managers to contribute a prescribed reduction. Instead, she put in place innovation and improvement teams with complete flexibility to cut across departments and businesses. One team was focused on cost reduction (efficiency), another on new opportunities (innovation). It worked. She had learned in the past the value of shrinking the funnel to the critical few. She told the innovation team they could only propose two initiatives, so they would have to be selective. She told the cost reduction (efficiency) team that they could not impact high quality delivery to customers (effectiveness). Both teams exceeded goals.

6. Do: Lean on "go to" people

Principle: Passionate champions have the most power in organizations to create focus.

Case in point: The chief operating officer of an oil and gas company decided to adopt the following simple strategy. He called it, "when it gets tough, lean

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on winners.” He spent a significant amount of time with his team to get buy-in. They determined that the three most important characteristics of winners are: 1) they never give up; 2) they express hope, confidence, and passion; and 3) they make the tough decisions and move on with them. They call the winners in their organization “passionate champions.” They then went through their entire organization (7,000 strong) and determined that they had less than 200 passionate champions. They decided that they would expediently use the passionate champions as change leaders in all the change initiatives going on inside the company. . They developed a plan to ensure that they did not overextend them. They credit this strategy as a major factor in the company’s success. [Note: we define passionate champions as A players who want results more than their managers, are more capable of making results happen, and deliver every time humanly possible.]

7. Do: Triple communications

Principle: In hard times, people need to hear more frequently what the plan is and be reassured of the overriding objectives.

Case in point: During the steel crisis in the United States, one company deter-

mined that they could beat foreign competition by building a spare parts business. To fire everybody up about this goal, the president religiously, every Friday, personally put out a newsletter commenting on the advancement of the organization towards this goal. In addition, he personally called three people a day to encourage them and praise their efforts in advancing the spare parts business. Ultimately the spare parts business was credited with the turnaround of the company during a very threatening time. There was agreement in the organization that it was the communication that inspired focused drive and kept them going. In discussing the tactic with the president years later, he produced his communications plan with the number of touches that he had made in the organization each week in advancing this business initiative. He had tracked “employee touches” in the same way that consumer products businesses track their marketing with customers.

8. Do: Get in front of customers more in hard times

Principle: Listen without fear to customers to find nuggets of opportunity.

Case in point: One of the largest transportation companies in the world pulled itself from near bankruptcy by using a

bad time to listen more to their customers. Each senior manager in the company was assigned ten accounts to watch over. Their assignment was to know these accounts. They used a technique called buyer purchase criteria. They asked customers a simple question, “What are the two or three reasons that you buy products and services?” The question was not, “Why do you buy it from us?” Rather, it was the question to open the door to new possibilities. Each month managers got together to discuss the learnings. What they discovered was that some of their assumptions about buying criteria were wrong. They adjusted and increased sales by 6%.

9. Do: Get rid of waste

Principle: Bad times allow leaders to get under the covers.

Case in point: Rather than ask employees for harder/longer work, one manager in the consumer products area of a large business asked every manager to define a process for tracking their time. He asked them to come back with specific ways they could save themselves redundancies by better aligning their time around the major initiatives they were involved with. There were many successes. One example that came back was from the manager of outbound sales. She reported that she had convinced the members of her team to put in 10% more calls per day on specific initiatives with the highest return ratios. This effort alone resulted in 20% more leads – many that were quickly converted to sales. With much discussion this initiative spread to other departments. By the end of the initiative, sales volume rose dramatically. As an aside, this manager wrote a personal note each day to the sales person who had made the most calls on the prior day.

10. Do: Make the tough moves now

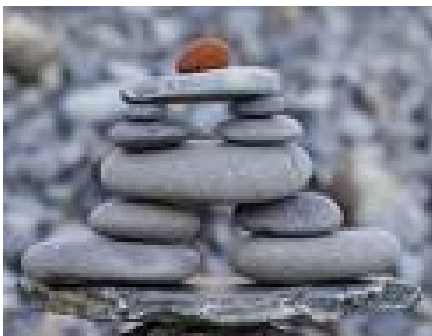
Principle: When you know you are right, don’t hesitate.

Case in point: The American health care system has been in crisis for ten years. Some health care systems are thriving despite competition, managed care, and much stricter government reimbursement. One reason: these health care systems have stepped up to the plate on



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performance issues. For instance, one CEO of a health care system with 14,000 employees that has outperformed all the other health care systems in his state, said, "You can only get there with A players. If I hadn't made seven organizational moves when I did, we would be just like other health care systems." Organizational change during difficult times, for many reasons, is even harder. Once you get through it, everyone sees it's the right thing to do. This is where experience pays off. Use hard times to upgrade on all key positions.



Leading with Courage

Leading in turbulent times can tear leaders apart. Hard times can become even lonelier for leaders, since they must project a positive but realistic spirit. On the outside, leaders have to be resolute and strong while often their hearts are broken knowing that good people lose their jobs, incomes are reduced, and promises made are put on the back burner.

Leaders also come under attack as, with negativity all around, everyone wants more time with them. This starts at the top, as boards often become more critical, ask more questions, want more checkpoints, and may not seem to understand why things aren't turning faster. Relationships suffer as more demands on direct reports result in a feeling of pulling away. Peers who once were pals seem to compete, with less time for kidding around and just getting together. As intensity builds, leaders can feel under siege. Yet leaders must avoid bunker mentality and must take care of themselves or they risk giving way to feeling trapped, unable to please, and just plain not being able to win.

What should high-impact leaders do? First, don't be fooled. It takes different skills and competencies to manage and lead during difficult time. Experienced high-impact leaders who have been there before know this. Second, they also must dare to make strategic and tactical moves when others are stalled, as it is the work of leaders to create competitive advantage in all economies. Third, they have to bypass fear, because being afraid is a paralyzing agent. Action and movement release energy that is being suppressed by worry of failure. When we talk to the most experienced, their wisdom is expressed in simple language, "Skillfully create focus and alignment and manage your way out of adversity. There is no other way."

Not everyone can do it in hard times. The best rise up and develop an agenda for change perspective. The usual and normal won't do. An agenda for change requires focusing on the right things, getting teams inspired behind passionate champions to execute on a strategy that is doable. High impact leaders make sure to not become trapped into creating inertia by adding too many things to the plates that are already too full. The job of a leader in hard times is to keep just the right number of initiatives on the plate, so that people can feel the wind at their backs. This is very difficult when there is hardly any breeze at all. It requires getting out in front and setting direction so that leaders can then lead from the middle. Don't wait for answers: inspire, motivate, and, if necessary, push out of the way those who can't get it done. Most importantly to know and practice, failure during hard times is as equally attributed to inadequate communications as it is to poor decision making.

Leaders must find the courage to step back and believe that it is in unusual times that fortunes are made. When the air is full of fear, that's when brave hearts--the leaders with conviction--clearly and confidently walk in the direction that most are running away from. Mustering others to follow, they win others to join them by speaking in simple language and overcoming barriers with resolve that keeps everyone focused.

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