

Reprinted from AMA's e-newsletter (Performance and Profits) – by permission.

Performance & Profits

ACHIEVING BUSINESS RESULTS THROUGH PEOPLE

Leading Through Tough Times: Ten Strategies for Generating Success

Posting Date: November 02, 2010

By: Darwin Gillett

Times are tough. Evidence abounds in the market place but also inside companies. Many companies take draconian steps to “survive,” but these steps can actually become a cause of their ultimate demise. Conversely, great companies led by true leaders often shine in these times, often because they buck the trend of doom and gloom, and succeed in making their operations even stronger and more relevant.

When times are great, everyone's a hero. When times are tough, great leaders step forward. So today's business climate can provide just the opportunity to become an even more effective and inspiring leader, and to stand out in the crowd.

During the past year and a half, I've spoken to many groups of managers and executives in the Northeast and Midwest. I ask them two basic questions: (1) Is your business revenue stagnant or declining? (2) What are you doing about it? I then share strategies they can use to increase performance in tough times.

Roughly 80% of the executives at these presentations report that their revenues are either declining or stagnant. Yet nearly 100% report that they are cost-cutting and reducing staff. Furthermore, the vast majority of these managers report that their companies are doing little else to deal with the downturn. This is remarkable, because it suggests that many companies overlook additional possible strategies, thereby making themselves vulnerable to competitors who are more proactive. This can also demoralize employees and weaken customer relationships, further jeopardizing their companies.

Here are ten strategies you can use to lead your organization successfully through this economy, based on lessons from turnaround situations I've been involved in and/or have written about.

Strategy #1: Do intelligent Cost-Cutting

Running a tight ship is good, but in the rush to get costs in line with revenues, some companies go so far that they actually impede revenue generation and weaken their companies. So sure, “tighten the belt” but don’t “kill the body.” Eliminate or reduce expenses that are not contributing to the business, or find less expensive sources of materials and services, but be extra careful to avoid cuts that will hurt your business.

Strategy #2: Be Proactive—Not Just Defensive

Cost-cutting is just one strategy for getting through difficult times, yet many companies stop there. It’s easy to take a “wait and see” attitude, but true leaders are thinking and acting proactively. Because the competition may be sitting it out, you and your organization will stand out when you’re proactive. This takes a positive attitude, which starts within rather than being triggered externally. See the next four strategies for examples.

Strategy #3: Continually Improve Your Business Or Operation

This pays dividends, especially in lean times. By improving your business or operating processes, you will find ways to cut costs that do not hurt your business, and you will be improving value to your customers (which will make you stand out while competitors who aren’t doing more aren’t).. It also keeps your employees actively engaged.

Strategy #4: Stay Close to Your Customers

With budget constraints, some companies cut back on travel and face-to-face contact with customers. Even if you and/or your people can’t physically visit key customers, find ways to stay close and new ways to help customers face their current challenges. The strength of customer relationships is a key leading indicator. Don’t let it sag.

It may also be a good time to go after new customers, when the competition is asleep.

Strategy #5: Focus on Your People

Business success is all about people! This is especially true in difficult times. Why? Because it’s natural for morale, motivation, and energy to wane in bad times. When managers stay aloof, that makes it even worse. People worry about their jobs, and become paralyzed by fear. Plus, contrary to popular (manager) thinking, research shows that good employees are more apt to be looking for other employment during bad times than good times. By keeping them focused on the proactive things mentioned above, you can help keep that morale high. Many companies fail to do this as they focus exclusively on their finances.

Strategy #6: Grow or Die!

Though it may not be easy or even possible to grow revenues in these times, you don’t want to become a captive of negative thinking. This in fact might be just the time to enter that new market or come out with a new product. You’ll stand out during such a “quiet” time. Asking your people to work on this sends a message that the company is healthy and looking to grow, and that they are an important part of that.

So far, these are all strategies about the business. Less attention is typically devoted to the next

group of strategies, because they require management to take a look in the mirror at themselves. There's normally plenty of room to improve the management dimension, and when you do this, you will create the momentum that can make your company the industry leader and keep it there.

Strategy #7: Improve Management

Good leaders and good management systems are crucial to success. This is even more critical in a tough economy, yet management too often overlooks this dimension. With good leaders and a powerful management system, companies can achieve miracles, even in a tough economy. Ask employees; most will point this out in their own words.

Strategy #8: It's Not Just About Doing!

Executives typically ask, "What can we do to lead our company through the difficult economic times?" While the actions taken are important (and are the visible part of the answer), it's often what's going on inside people that makes the big difference between a company that declines and one that rises to the challenge. That's the all-important being aspect, which is reflected often in the values that the organization expresses, and is further described in the last two strategies.

Strategy #9: Get into the Right Mindset

Leaders can take all the right actions, but it's what's going on in their minds that sets the stage for success. What's our vision and mission? What's our strategy? Where are we headed? What do we believe is possible? People need a vision and a compass. This is a time for leaders not merely to tell people about the problems, but rather to paint the vision of the company we are "building"—even through these tough times—to stimulate the desire to get there and the belief that it is possible.

Strategy #10: Get Some Attitude

Good leadership is also about what's going on in leaders' hearts. Employees are very good at sensing this. It's about passion for our company, the customer value we're creating—and gratitude for the people who are doing it. It's also about the relationships that the company creates and fosters—both inside and outside the company. When people are engaged in activities that they enjoy and can see they are important to the company's success, that's what brings out the best of their talents. This passion needs to be modeled by leaders. Even in the darkest of times, winning leaders have "attitude."

How are you and your company doing on these ten strategies? If history is any guide, those leaders who practice all or a large number of these ten strategies will succeed in leading their organizations out of the downturn with flying colors.

About the Author

Darwin Gillett, author of *Noble Enterprise: The Commonsense Guide to Uplifting People and Profits*, speaks internationally on strategies for creating sustainable competitive advantage and consults in a wide range of industries. For more information, visit www.NobleAdvisors.com

