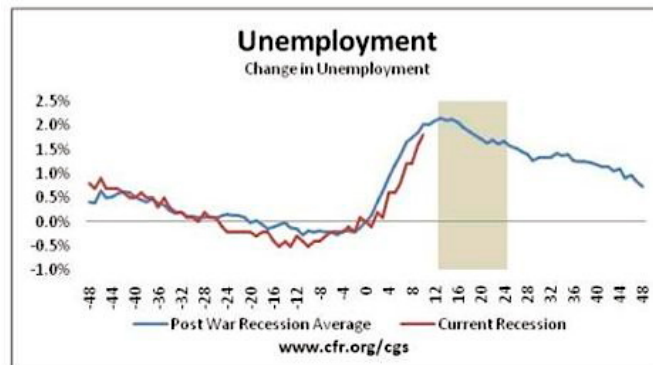
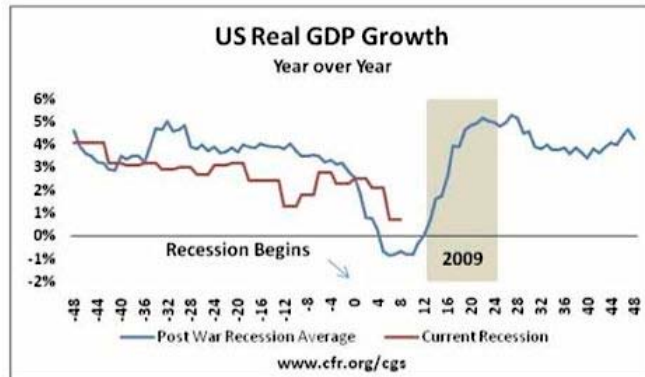


THE LEADERSHIP CHALLENGE IN THE NEW NORMAL



STRATEGIES FOR THE RECOVERY

Context and Background

The practices still matter, and they still work!

When the economy hit the skids, many relied heavily on managerial skills to make sure our organizations were fit enough to withstand some very turbulent economic forces. The efforts, though sometimes painful, seem to have been effective. Our new leaner, more frugal companies are paying attention to hard metrics around cost, revenue, and of course margins. As many of you have heard me say, management skills and leadership skills are not either or, they are compatible. It makes perfect sense that some conditions call out more for one than the other.

I have embraced the Leadership Challenge model because it emphasizes frequency and consistency. In the 20 years I have been involved with the workshops, I can't think of a single participant who did not have a story to tell of their personal best leadership efforts. It really is about *how often* we practice great leadership.

I am writing this in the hope that it will spur you to look through the leadership lens during these times and perhaps offer a suggestion or two where the practices are especially important. I have a sense that our team members are grateful you plugged the holes and kept the ship afloat, but now they want to know what the new heading is.

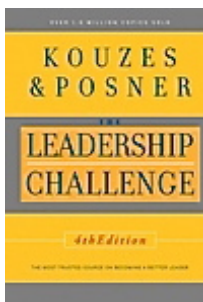
The new normal, for the time being at least!

I am operating under several assumptions based on my observations and client work. First, although recessions are cyclical and are followed by times of growth, I think this one is very different. I believe we are seeing some permanent changes in the way we do business. One of the primary forces driving a different approach is globalization. China continues to grow their economy. US business supremacy can no longer be taken for granted. We have formidable competitors, and we need to think about some very real, and substantive changes to the way we conduct our enterprise. Here are a few thoughts I have. They are certainly open for debate, and as always, I encourage that! (feel free to wander on over to my blog, www.mikeneiss.wordpress.com, to join in that debate):

- Lean is here to stay. We will continue to find it difficult to compete against those that have lower wage and benefits cost unless we run as lean as possible. The economy forced us to get in shape, now we face the challenge of making lean a habit, not a one time correction.
- Closely related to the above, I believe we will see a real bias for performance. While years of service will still be a valuable asset, it will not be as powerful a force in making determinations for merit increases and promotions. As Tom Peter's often tells our team, you're only as good as your last gig! This will cause some discomfort as the culture goes through this shift. It will be critical that leaders know how to pull out the discretionary effort of team members by making work meaningful. Bottom line to me here, long hours and more for less is here to stay. There will be emerging issues around work and life balance.
- Once projects and business ventures become funded again, there will be a war for talent to meet the growth demands. Yes, the pink slips have produced a pool of available workers, but attracting and retaining the very best will still be a challenge. The companies that kept their eye on growing their own leadership will have a leg up here.

- There will be some cynicism in the work place about the recovery. More to the point, leadership competency will be under the microscope. Publicly, employees talk about their leaders making moves out of necessity, but if you catch them away from the workplace there is more vocal skepticism about the company's leadership.
- It will be tough to find the balance between short term performance and sustained success. With budgets still under close scrutiny, leaders will need to learn how to make a compelling case for investment resources, whether that be for new projects or building the talent base.
- Business literacy has always been important, now I believe it is critical. Employees will need to learn how you make money and how their jobs add value. Simply fulfilling the charts of work and job descriptions is not enough. Employees will need to learn how to increase the value of their labor and in some areas, understand that there are still competitive reasons to outsource functions that do not provide value unless it exceeds what can be bought on the outside.
- While lean strategies will continue on the factory floor or the point of delivery for your product and service, it is the white collar areas that will come under increased productivity scrutiny.
- The one place I see the biggest change coming is pressure on the revenue side. Sales teams will probably get some, at times, unwelcome attention. Along with that, I anticipate an increase in marketing budgets and a renewed investment in customer satisfaction. The customer may have tolerated some tweaks in product, service, and delivery to get a lower price, but they are a fickle bunch! Since I don't see this recovery being robust enough to grow entire market segments at a pace acceptable for revenue needs, the focus will remain on winning market share. Customers will expect price competitiveness, but will also consider value beyond purchase price. Many companies got close to risking their brand equity with some negative consequences for customer satisfaction that accompanied the cost reductions. Commodity hell is no place to do business for the long term.
- Finally, going from survival to excellence will require leadership. You simply cannot cost cut your way to excellence. New ventures, products, services, approaches, attitudes, are among the challenges leaders will face. Management is about execution and making sure we stay on the road heading forward. Leadership is about change. We must learn that the "road" we have been following for some time in American business led us to a destination we didn't much care for. New destinations and new roads are needed. I love Jim and Barry's definition of leadership, "leadership is the art of mobilizing others to want to struggle for shared aspirations". I expect the recovery to be full of struggles as leaders guide their team to excellence in the new normal.

What follows are some thought starters for using the Leadership Challenge research on practices and commitments necessary for excellence.



Model the Way

As you will recall, modeling the way is finding your voice by clarifying your values, and then aligning actions with the shared values of your company. In a nutshell, it is about leadership credibility: Doing What You Say You Will Do. I would wager that some of the tactics that were necessary during these tough times caused a twinge in the gut at times. Perhaps you felt you were asked to behave in a way that may have compromised your values. Or perhaps the emphasis on the priority of those values shifted. This is a good time for a leader to do a personal inventory on the state of the values, both personal and organizational. The behaviors on the LPI provide a good focal point.

What type of personal example did you set for others as you went through the tough times? Did you remain focused and determined? Were you visibly supportive of the organizational strategy? Did you handle the difficult situations in ways you would want your team members to? Be honest with yourself here. Ask for feedback from a trusted source. Is there any “repair” work that needs to be done?

Were you firm, fair, and respectful as you held people to standards? Did you confront performance that didn’t meet the agreed upon standards? Did your team perceive equity in how others were being held to a standard? Did you take the necessary time to get agreement on the new normal standards? I might suggest that time be spent at a staff meeting to gain consensus on the standards. Use your business acumen to explain the need for improved performance in light of the market. Get feedback on how reasonable the team feels the standards are. Listen to the objections that will surely come. There may be some enabling others to act practices you need to improve to make sure the standards can be met. And of course, you can’t enforce a standard you don’t believe in. Is there a conversation about standards that needs to happen with your work team leader first?

How are you doing on keeping promises and commitments? If resource availability stood in the way of meeting commitments, did you address this? Where do you stand on keeping your promise or meeting commitments right now? What can you do to resolve any open commitments?

This is a good time to have a conversation with your team about how your actions as a leader are affecting their ability to meet the standards. No magic bullet here, you just need to hold these conversations!

Set aside some time at a staff meeting to talk about how well the team is performing to the shared values of the company. Make sure there is still consensus around the foundational values. And solicit ideas on how the team might increase the intensity of living the values within the team.

The bottom line here is credibility. Have you been the type of leader you would want to work for? What do you need to model in the new normal?

If you kept your calendar and schedule, go back and look at the way you spent your time in the last month. What message is it sending about what you value?

Inspire a Shared Vision

I have had enough after hour sessions with clients, emails, and phone conversations to safely say that these times have taken a toll on the “spirit” of most organizations. At its best, this has manifested itself by members who have sucked it up, gritted their teeth, and got on to the business of getting through tough economic times. At its worst, some employees simply disengaged, going through the motions hoping to survive. People seem to be tired, weary of the next piece of bad economic news. It is tough out there!

You have to admire the folks that dug in and pushed hard against some pretty strong negative forces. They did what was required, and should be high on your list for encouraging the heart. As a leader, you need to recognize that potential is never met unless there is a deep desire, a deep passion for the goal. That is what vision is all about. Going beyond the compliance to responsibilities as a good member of the organization. You want the commitment of a zealot in pursuit of the possible.

Let me pull no punches here. This is the practice most of my clients struggle with. The research and case studies are clear; the excellent companies that have sustained excellence are those with a vibrant, compelling, shared vision of the possible! Only a compelling vision will tap the energy necessary for disciplined execution. A business plan with goals and objectives might be necessary and even interesting, but it rarely inspires. If you want to be an excellent company, and an excellent leader, there is no getting around this one. You need to put together and deliver an ennobling image of the future. We look to our leaders to see if our sacrifices and efforts mean anything.

I won't belabor this. I am going to leave some white space for your notes here. Pull the old one out, or start anew. But please do, define your vision that is an ideal, unique image of the future that is shared as a common cause for the common good. Without it, your life in management is going to be a life of pushing people to meet imposed goals...With it, you pull them towards a better place where they are happy to impose goals on themselves as stepping stones to a better place.

Challenge the Process

These have been challenging times, but that is not what we are talking about here! Even the most committed traditionalist must see we cannot use historic business practices and models in the new normal. Hunkering down and pushing harder using old techniques and strategies won't get us out of the crisis. I often remind my clients in the auto industry that Henry Ford didn't create the industry by continuously improving the horse, he replaced it!

Einstein said we cannot solve today's problems with the same thinking we used to create them. Innovation cannot continue to be a talking point or brand message, it needs to become a way of life. And challenging the process is a key leadership practice to instill that innovative spirit.

Most of my clients tried some very different processes and practices when economic conditions demanded change. Some worked, and some fell flat. Most were somewhere in the middle. Certainly, the constant pursuit of eliminating costs taught a lot of folks how to search for opportunities to improve and innovate.

There are several areas I would invite you to think about in the new normal:

- This is a good time to do a postmortem, lessons learned session with your team. What did we put in place during the tough times that helped us pursue excellence? What didn't live up to its hopes? What hindered that pursuit? For those last two, what would we do different?
- Which companies did the best during the downturn? Why? Using hindsight, how might we incorporate the things they did into our organization?
- Is the climate you are creating conducive to innovation? Said another way, is it okay to take a chance now, or is the prevailing attitude one of caution? Are you using the new normal business factors to build strong business cases for innovation? My bias says "tweaking" has about reached its limits. Instead of best practices, think new practices.
- Involving team members in exciting challenges can really make the work matter. What might you do to build that spirit of adventure?
- Coming out of tough times, people need to feel success. Do your innovations have small successes and rewards built in? Is there enough to sustain the momentum of change?
- Innovation is too often thought to be related to products. However, the greatest gains can come from innovation of management techniques and systems. Knowledge workers and staff areas are great targets for innovation. Think big here. Your competition is.

Enable Others to Act

I have a strong gut feel that if we administered the LPI in most organizations right now, this would score somewhat low. I keep my ears open when I visit clients and especially like to mingle out where the work gets done and just listen. I am hearing such things as:

- How do they expect me to get all this done when they have cut all the resources?
- Nobody asks me for input, they just tell me what to do. And that is what I do, no more, no less.
- When things improve, I am looking for another job. (editorializing here for a moment...this one is scary. It usually comes from folks that don't feel they can compete in the employment market right now. If truly talented people feel this, they just leave..now.)
- A worrisome comment from a middle manager.; I don't agree with what I am being told my team has to do. I tell them my hands are tied and we just have to do it.
- I have given twenty five good years to this company, all of a sudden I am just a disposable resource at the mercy of the economy?
- This is not the company I hired into.

Enough of the negative. It is not unusual for work to be directed from the top down in tough times. Usually, the leaders up the chain of command have access to a broader view and do have to make some tough, organization wide directives. The problem is that it sends a subtle message that people aren't smart enough to figure it out at their level. This doesn't exactly help people to "think well of themselves", as Joyce Clifford says in the video.

Most employees want to be part of the solution. What are you doing as a leader to help them help you?

My suggestion is to think back through the recent past. Did you knowingly, or unknowingly, create any powerless moments? Can you own up to them and correct them?

Encourage the Heart

Who doesn't need a little fuel for the struggle these days? Most of my clients are pretty good at responding to the reminder to encourage the heart. Too often, it gets lost in the busyness of business in tough times. This one is easy to do. Reflect back on team and individual accomplishments and contributions that helped us sustain the company, and equally important, kept the values alive. Are there any you need to catch up on?

And how about a celebration? Sure, nobody feels celebratory during a reduction in force as friends and coworkers leave us. It was, however, necessary in almost all enterprises. Have you seen any positive results from the tough decisions? Do they deserve a little celebration? Obviously, I am not suggesting we celebrate cutting people from the work force, but did you see the team pull together and get past it?

And how about celebrating who the company is? Were there positive market reactions to the changes? How about customer stories of great service in tough time?

You may have to dig here, but this is no time to leave any stone unturned. Your team needs the fuel.

I sincerely hope you found this helpful as you look at your leadership actions . These have been trying times for all of us, but without the struggle there can be little joy! I invite you again to join in the discussion on my blog, www.mikeneiss.wordpress.com , and of course, drop me a note at mike@michaelneiss.com should you have any questions. May I ask that you keep me in mind should any of your professional network express a need for leadership development? I would be most appreciative of any referrals. Talk to you all soon! This is a great moment to be a leader!



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