



Transform 

Advice Guide

The challenge of leading through turbulent times

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Has your commercial landscape changed beyond recognition? Is your organisation experiencing a period of uncertainty and change? Are you unsure about the way forward?

For many organisations, the answer to at least one but perhaps all of these questions is probably “yes.”

Given the recent changes in global markets, the current economic climate is affecting all of us. Who would have predicted the financial turmoil that is gripping not just the nation but the entire global economy? There is no doubt that the times ahead are going to be tough and it will not be possible for organisations to continue with a business as usual model. Those companies who weather the storm and succeed will be those that adapt to the changing environment.

Strong leadership will be critical to survival – During boom times companies can and often do ‘make do’ with mediocre leadership teams. However, when the economic tide turns, which it has, strong Leadership becomes key! Making do with existing leadership teams can be a very dangerous approach, often resulting in poor cost control, increased turnover, poor employee engagement and disenfranchised teams, which spell disaster in the current climate. Those organisations who survive and succeed will be those that have strong leaders driving them forwards.

Leading through turbulent times – What are the challenges?

During such major upheaval, the traditional models of leadership that have worked so well in the past may not be working anymore! Why? Because the challenges that face organisations now are very different from the challenges we faced yesterday. Will the leaders that grew our companies be as effective in more turbulent times? Can they adapt or are new leaders required to fit the new model? What is certain is that leadership qualities that have made companies successful in times of economic growth are likely to be very different from those that are required in these uncertain times.

What should we be asking of our leaders in the current climate?

Know what is out there! – It is key that leaders don’t make the mistake of only looking inwards. Having a firm eye on the external marketplace is critical. Effective leaders need to be scanning the external horizon to enable them to identify what change is required.

Respond swiftly to uncertainty – There is no room for dithering when times are tough. Successful companies need leaders to take swift and decisive action. This can be extremely challenging, particularly in times of uncertainty. A lack of action will result in missed opportunities, while indecisiveness instils a lack of confidence.

Set a clear direction – Vision is out, direction is in! Being clear about the organisation’s immediate direction is fundamental. Organisations need to know what they need to do to survive in the short term. While longer term strategic objectives can remain, the priority has to be on what needs to be achieved in the immediate term, (ie this quarter), not on long term future direction. Employees then need to be clear about where the organisation is headed and how. Effective leaders can ask key employees to participate in strategy discussions that make the employees feel more invested in the company and more involved in developing company solutions.

Communicate, Communicate, Communicate - Frequent and honest communication is essential, particularly in times of uncertainty. Employees are likely to be feeling anxious about job security and possible changes to their roles and responsibilities. The importance of face-to-face contact is critical when it comes to engagement and retention. Leaders need to make the effort to get out of their offices and speak one-on-one with employees. Hiding behind office walls will only serve to increase anxiety among the workforce. It is often during these interactions that leaders learn the most, from those who are actually living with the challenges day to day.

Keep cool, be confident – In times of crisis, people look to their leader for reassurance. Leaders therefore need to inspire confidence in their employees. A leader who is certain of the organisations objectives and who is confident about achieving them is halfway to winning the battle.

Retain the right people – Keeping valued staff is a pressing concern. It may seem counter-intuitive that organisations are more concerned with retaining key employees in a down turn, but when the economy is tight, leaders need to realise that the best and brightest talent can give the organisation a competitive advantage. With fewer resources, many employees are overworked and worried about the future meaning they may look outside the company for other opportunities. That’s why focusing on the right retention tools is more important than ever. Giving such individuals stretching goals and access to developmental opportunities such

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as on the job training, supported by coaching and/or mentoring, will help to ensure that your top talent continue to develop and stay motivated and engaged.

Be firm with poor performers – There is no room for tolerating under performance in an economic downturn. Cost control and maximising efficiency will be high on the organisational agenda. Effective leaders need to be tough with under performance and need to give line managers the confidence and the skills to tackle poor performance. Having performance monitoring systems in place, such as regular appraisals will become increasingly important.

What leadership skills are required?

It is clear that effective leadership in a time of crisis is challenging but critical to ensuring organisational success. It is almost certain that in this period of economic instability many companies will fold. For many, this will not be because they are unsound companies but because they are poorly led!

Effective leaders need to be able to think tactically & strategically to enable them to set the direction of the organisation. Effective leaders need to use judgement and their perception to make the right decisions and to act in the face of uncertainty. Effective leaders need to act decisively and inspire confidence in those around them. Effective leaders need to engage with the workforce, motivate them and mobilise others to do extra-ordinary things. Most importantly of all, in such times of change, effective leaders need to adapt their leadership style to suit the situation and ensure that they remain on top.

How can you prepare your own organisation to cope with these leadership challenges?

Know what leadership skills are required – For an organisation to understand whether or not it has the right people to lead the organisation forwards, it is necessary to know what 'right' looks like. This article has discussed some of the critical factors that characterise effective leadership in an economic downturn. Organisations need to be clear about what this looks like for them, taking into account their unique organisational culture and values.

Know who and where your existing talent is - At times like these, it is key to know what the business critical roles are within your organisation and to ensure that your best talent is in those positions. By aligning your talent to the immediate business priorities, external

market conditions and future direction of the company, you can ensure competitive advantage.

Identify and develop a leadership talent pipeline - Without the talent to fill planned or unplanned critical positions quickly and accurately, the ability for an organisation to sustain optimum performance and respond to changes in the market is significantly hindered. Organisations therefore need to focus on investing and building a talent rich leadership pipeline. Identifying who your high potential employees are and offering them development opportunities is important. During tough economic times, there is a tendency for many organisations to reduce or eliminate investment in leadership development, to the long term detriment of the organisation. It is more important than ever for organisations to invest in their leadership during recessionary periods so that the business not only survives but emerges stronger than the competition.

Don't put a blanket freeze on recruitment – In times of economic gloom, it is all too easy for organisations to put a blanket freeze on recruitment. Where money is tight, it is of course sensible to slow external recruitment to minimise costs. Organisations should be cautious however about halting external recruitment completely, as there will inevitably be a need for outside talent where there are gaps in the internal talent pipeline, particularly if these gaps exist for business critical roles. In times of economic crisis where organisations are rationalising their people and processes, there are often individuals in the employment marketplace looking for jobs where they wouldn't have been previously. This means that organisations can secure top talent at a more reasonable cost. Take the example of Lehman Brothers where the top talent who were without jobs following Lehman's collapse were snapped up by other investment banks within hours. Putting a blanket freeze on external hires may mean missing out on a rich yet inexpensive talent pool.

In summary, in these turbulent times, organisations need to change to succeed and to do so requires strong leadership. Having highly capable and engaged leaders who are able to deliver against the increased market pressures brought on by the external environmental factors is a critical factor in ensuring success.

For more information about leadership development, succession planning or to discuss your Talent Management processes, please call A&DC on 01483 860 898 or visit www.adc.uk.com

About A&DC

Founded in 1988 by Nigel Povah, author of 'Assessment and Development Centres', A&DC is one of the leading experts in the Assessment and Development field. We combine our expertise in business psychology and behavioural change to create and deliver end-to-end solutions to HR issues across the talent management spectrum.

We work in partnership with our clients to unlock human potential, using best of breed processes to enable them to select, promote and develop talented people who can contribute effectively to business growth and cultural enhancement. Always, we apply recognised best practice, putting our clients in a position where they can minimise risk and optimise return on investment in these critical areas of people strategy.

Based in Surrey, our Consultants operate across the UK. Through our international partners, we ensure that our comprehensive portfolio of products and services is delivered through specialists with a high degree of local cultural and business insight.

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