

## Tip #9

### LEADING THROUGH THE CRISIS

Financial crisis. Layoffs. Home devaluation. 401(k) freefall. What is keeping your employees up at night?

According to recent research from the American Psychological Association, more than three in four Americans believe that the economy is the most important problem facing the country. Many organizations are facing challenges – and an uncertain future – due to declining world markets, capital constraints, uncertain revenues, and decreasing consumer demand. High levels of stress can take a toll on your organization, as stressed-out employees experience a lack of focus, trouble concentrating, decreased motivation, and increased physical illness.

During times of crisis, leadership often emerges as the most important factor influencing whether an organization thrives or fails. Research shows that employees look to their leaders for support, reassurance, and guidance during difficult times. Without strong leadership, stress will take its toll on employees and the organization. So what can you do to reduce stress and keep your organization focused during challenging times?

### *On a personal level ...*

- » **Remain calm.** There is an old maxim that says “Anyone can hold the helm when the sea is calm.” True leadership is seen in times of crisis. Employees look to their leaders for reassurance. Personal discipline is critical. Keeping your emotions in check will not only increase employees’ confidence in you as a leader, it will help demonstrate your confidence in them and in the organization’s ability to endure, persist and ultimately succeed.
- » **Take stock of the situation.** Market corrections and downturns are natural parts of the economic cycle. While the current financial situation may be having a larger impact on your organization this time around, it is certainly not a new phenomenon. Take a step back and look at the bigger picture. What has your organization done in the past? What are other organizations doing? Concentrate on strategies that have worked well in similar challenges the organization has faced. Help employees temper their response to catastrophic events by keeping things in perspective and focusing on solutions rather than problems.
- » **Remain positive.** Now is not the time to dwell on the negative. Continue to reinforce positive accomplishments, employee and organizational strengths, and anticipated achievements. Say “thank you” to employees who come to work day after day and continue to strive. Look for small successes – a compliment from a customer, a project

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that delivered on time – and make sure your employees know that what they are doing is still valued. Post good news on a bulletin board.

- » **Listen.** It's important to be a present and visible force for employees, especially during challenging times. Make opportunities to spend time with employees and simply listen to them. Show that you are genuinely interested in their concerns, not just about the business but about what they face daily on a personal level. Look for ways to help people out. Take the time to understand and implement solutions that will help, not only with work challenges, but with stressors at home as well. Remember that actions can speak louder than words.
- » **Lead by example.** It is vitally important that employees see their leaders "walking the talk." When employees perceive that they are being asked to sacrifice while others in the organization thrive (e.g., seeing huge layoffs while senior leadership "perks" remain in place), it impacts not only their satisfaction, but also their engagement, long term loyalty, and motivation to work toward organizational goals. During the Chrysler bailout in the late 1970s, Lee Iacocca cut his own salary to \$1 – not to be a martyr, he says in his autobiography, but so that when he had to ask the unions for massive concessions, they couldn't come back to him and ask, "What sacrifice have *you* made?"

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## ***At an organizational level...***

- » **Refocus on the vision.** While it's important to recognize and acknowledge that difficulties lie ahead, it's also important to keep employees focused on the "end game." Remind employees of the long term objectives of the organization, your vision for the future, and the values that are important to the organization. Center attention on the reasons the organization exists and the positive accomplishments you continue to make.
- » **Communicate honestly – and first.** Uninformed employees will assume the worst. Open communication about challenges the organization is and will be facing is imperative as you start a dialogue around finding solutions. Carefully formulate your message, thinking about what employees *need* to hear and what they would *like* to hear. What are the challenges they can expect in upcoming months? How will they be affected? What will they be asked to do? People need to know that their leaders understand what is happening and have a plan. And be sure your employees hear "bad news" from you before they read about it in the media or on someone's blog.
- » **Provide specific direction.** Expectations are often cloudy during a time of crisis. Organizations facing challenges can experience an almost paralyzing effect as employees wait anxiously to see who will be let go, how revenue or wages will be impacted, or what organizational changes will occur. Research shows that

employees who are focused and clear about expectations are not only more productive but experience lower levels of stress. Employees want to understand how they can make a difference to turn around a potentially bad situation. Be specific about actions that employees need to take. Clear communication about roles and expectations is critical to reducing anxiety and improving job performance.

- » **Facilitate a sense of community.** Employees need to know that they are not in this alone. Encourage employees to support each other through the difficult period you're anticipating for the organization. Continue social activities that promote camaraderie and connections. Follow the lead of companies like Starbucks, which has a voluntary donation program that all employees can tap into to assist with unexpected financial hardships. Allow employees to share their accumulated vacation time with others who may need some "mental health" days off. During stressful times, knowing that "we'll make it through together" can be a comforting and empowering concept.
- » **Encourage innovative solutions.** When the chips are down, companies that are able to adapt thrive, where others fail. Look for ways to tap your employees for input and encourage innovative solutions. Hold brainstorming sessions or contests to come up with cost-saving ideas or process improvements that increase efficiencies. Initiate a "skunkworks" group, i.e., a small team with the responsibility for developing something in a short time with minimal management constraints. Working outside of the confines of business-as-

usual, these groups often achieve unexpected results.

- » **"Right-size" before you downsize.** For many companies, cutting costs equals cutting workers. But universal downsizing is often not the best approach. Many studies have shown that the projected financial benefits associated with downsizing rarely occur, and that the negative impact on those who remain can counter any perceived gains. Before you downsize, systematically review your tasks and work processes to determine the appropriate number and mix of people needed to meet company and department goals. Perhaps moving employees into different areas and re-training or cross-training different skills can help you avoid layoffs. You'll get the right people doing the right things and go a long way toward becoming a leaner, more efficient, and more competitive company.

**If you must cut workers,** focus on best practice methods for doing so. Prepare employees – both those who will be let go and those who will remain. For the former, offer career transition support, financial incentives (e.g., buyouts), and time to say good-bye. Take measures to support the latter so they don't suffer "survivor guilt" with its attendant depression and sense of loss. Taking these steps has proven payoff for the organization, including minimized decreases in productivity and loyalty among survivors, and increased company image among those outside the organization.

- » **Monitor employee engagement.** It is always important to keep employees engaged. Yet it can be especially difficult to maintain employee engagement levels during a business downturn. Employees are more likely to become discouraged and disengaged during a time when you can't afford the negative consequences. It is imperative that you understand key stressors, employee concerns, and obstacles to performance and take action to address these issues before they negatively impact business outcomes. Keeping employees focused and engaged will be imperative to pulling through the darkest of times.
- » **Continue employee support.** When organizations are faced with decisions about where to cut costs, programs designed to support employees are an

easy target. This can be a fatal mistake for the long-term sustainability of your organization. Research shows that the return on investment is typically high for programs that focus on selecting, retaining, and developing people. Remember, your employees continue to be your competitive advantage. They can help you through these rough economic times if they feel *necessary* and *valued*. Welcome employees' opinions and ideas. Solicit input about their key concerns and obstacles to employee performance and well-being through focus groups, surveys, or simple one-on-one conversations. You may need to scale back recognition or training programs but don't eliminate them – adapt them. Investing in your people sends the message that life – and the organization – will go on.

