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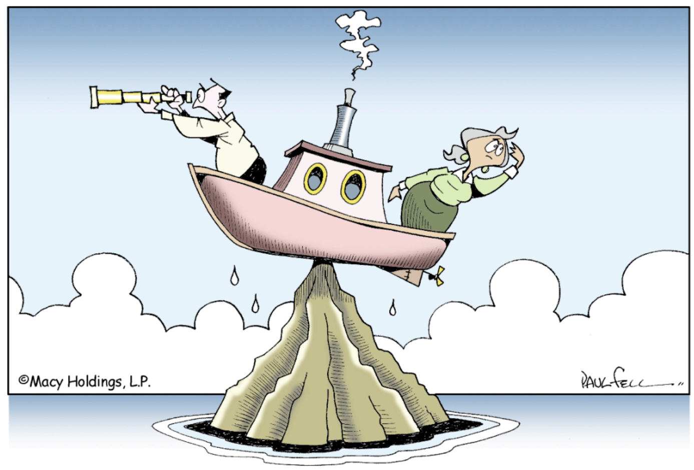
Navigating the Recession

As a leader holding your group together during these difficult times, have you wondered what strategies your peers in other organizations are taking to weather the recession? How does your strategy compare, and what kind of grade would yours receive?

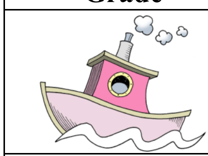
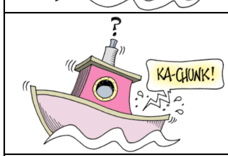
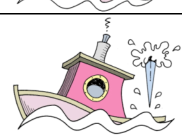
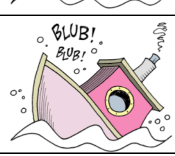
Over the past few weeks I've been asking leaders what their strategies are for surviving and thriving in the recession.



Here's a compendium of strategies collected from these individuals who are in diverse types of organizations across the globe.

I've added commentary from my perspective as a management consultant, as well as my grading of the soundness of the measure.

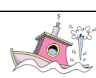
At the end of the article are several recommendations that draw together the essence of these various strategies. Here's my grading scale.

Grade	Interpretation
	Above and beyond the usual, potentially high positive impact for the future
	Appropriate and necessary, a basic expectation, more focused on surviving than thriving
	Maybe, but proceed with caution
	Shaky, re-evaluate before jumping
	Danger zone, the basis of decision-making is flawed!

So let's get started . . .

Recessionary Measure	Grade	Commentary
Update the business' central purpose and make it intensely clear and focused.		This is the time to be particularly clear about the intention of your organization's effort and to insure that you are applying your scarce resources SPECIFICALLY to your intention. In easy times, it's tempting to stray a bit, to invest your group's surplus in some experimental projects and to overlook some difficult-to-resolve issues. Now's the time to revisit and polish your purpose, vision, mission, and goals – all of those directional commitments – and then to refocus and intensify available energy on them.
Solicit the input of employees to increase output and morale while decreasing costs.		The employees know the depth of your production process better than anyone, and they most likely have immense insight into how operations can be improved. Asking them in the midst of the current turmoil has the possibility of making them feel a partnership with leadership that can have strong impact. However, *don't ask if you don't intend to acknowledge and respond to their input.* Asking in such vital times and then going silent will cut deeply into the corporate body's trust of leadership.
Role model the attitudes and behaviors that will best support company success.		In times of stress, employees look to those around them for cues about their own situation. Managers and leaders then take on an especially impactful role. This is the time to be poignantly clear about the messages that you transmit to employees both verbally and non-verbally. They will be amplified manifold throughout the organization.
Look at the current economic climate as an opportunity.		As one person wisely stated, "A recession is a terrible thing to waste." (See John Wheeler's comment in the *The Leadership Forum*). This is a time of new possibilities and access to resources not generally available. For example, this may be a time to soak up high talent individuals who have been laid off from other organizations. Perhaps there are new markets or new products coming available with the shifts in your immediate business environment. Taking a broader view may open up new possibilities not available before. As described by one leader, "We've actually made deeper cuts than necessary for survival because we want to have some free resources to invest in opportunities made possible through the recession."

Give all employees a pay cut but keep them all on board.		Of course, the downside is that all individuals feel the disappointment of pay loss, but this option has some high benefits. Employees share with leadership the resolution to the problems, and they are relieved to stay employed. Although scaled down, the company's projects stay in tact and customer demands can be addressed. Internal skills and capacity are maintained so that once the recession is over, the company is poised to spring back into full action without delays.
Continue our recruitment strategy.		Continuing to bring in new and younger employees protects the vitality of the organization and contributes to a more balanced age distribution. Companies that ceased hiring during the economic problems of the 90's now have a big chunk missing from their age distribution, and it's that age grouping that should be producing the next generation of leaders. Keeping the age distribution more consistent means that future leaders are in the channel being groomed for the time when their age co-hort will lead the organization.
Tightly focus and continue your employee development programs.		Reassess your training and development programs and refocus them to fit your current and long-term business strategy. While it's tempting to drop training and development as "non-essential," continued investment in a highly strategic program will add to your capacity to deliver your intended outcomes, to differentiate yourselves in the market place, and to be ready to re-emerge from the current economic downturn.
Increase advertising in highly focused target areas.		If a careful assessment of your competitors indicates that some are likely to fail during this economic environment, it may be a good time to boost your advertising. Putting yourself out there consistently in front of your target market over a concerted period of time has the potential of pushing new clients your way should your competitors go under. And, it gives your current customers a sense of assurance that you are stable and worthy of their continued confidence.
Run lean and mean.		*Of course!* In truth, this isn't just a recessionary measure, but one that should be a part of any leader's or manager's job regardless of the external economic situation. As the touchstone against which to gauge the "lean and mean" decisions, consider impact on both customers and suppliers, and on essential business purpose and outcomes. Look closely at organizational sacred cows that cost unnecessarily as opposed to what supports the specific positive picture of your group's success.

Closely scrutinize costs.		Again, this should be table stakes, but if not, this is the time for every manager/leader to look closely before signing off on contracts and costs that fall within your purview. As one manager stated, "It's astonishing what gets signed off on without anyone ever looking at the details. I found out my predecessor signed off on a full year of security services for a store we had closed two years ago." Get out your magnifying lens!
Reduce travel.		An unexpected benefit of the recession has been a challenge to what has become a corporate ritual of excessive travel. The current prohibitions against travel are allowing companies to re-evaluate their prior expectations of such travel while finding alternative means of team meetings through technology. Individuals report relief at more time at home with their families and better health. Of course, the end point will be felt when the prohibitions of tight money have receded. We know from research that dispersed teams do need a minimum of face time to maintain effective working relationships. And, managers improve the effectiveness of their dispersed teams by maintaining frequent individual contact with each when face time is impossible. While suspending most travel is appropriate now, wise leaders are putting intention into rethinking their travel expectations post-recession to harvest what has been learned and apply travel more effectively in the future.
Protect and build relationships with customers and suppliers.		This is not the time to be an ostrich or a turtle. Relationships are one of those intangibles on which your present and future rely. Extra attention now, especially when it reflects authentic interest in the other's well being rather than intention to just make a sale, will keep that intangible asset strong for the present and the future when the current economic situation has shifted.
Reduce progressions.		This is a touchy one. Of course it makes those poised for advancement very unhappy. One of the possible positives is in keeping managers in their positions long enough that they live in the consequences of their decisions. Fast track advancement strategies have allowed managers to accelerate without reaping the benefits or drawbacks of their decisions and without learning from their own behaviors. New managers often face the problem of cleaning up messes left by two or three predecessors back, so that accountability for quality decisions gets lost.

		Slowing down the pace of acceleration gives decision-makers the opportunity to stew in their own stuff so to speak, and provides a whole lot more polishing for those to continue to climb.
Downsize.		Of course, layoffs may be inevitable for many companies. The pros and cons are in the how's and why's, the devil's in the details. *If you have to do it, then do it well.* I'm appalled at the examples people have shared about how companies are laying off employees . . . sending text notes to employees that they have been released, herding hundreds of people into auditoriums and telling them they will have 30 minutes to clean out their desks and anything remaining will be destroyed. If you have to lay people off, take the time to do it with intent to support your managers and the affected people to be able to move ahead with their lives. Check my last two articles, "Giving Bad News" and "Life After Bad News" for some suggestions.
Reorganize and restructure.		Restructuring is the bottom of my list for change strategies. Although it is a strategy that I see leaders jump to all too frequently. Generally it is not well suited to the type of change the leader wishes to accomplish and often doesn't produce the desired results. Before choosing this strategy, be very specific in diagnosing the issues to be resolved, then look at the range of relevant solutions. In most cases, a change in policy, reprioritization of projects, change in performance or some other strategy specifically matched to the problem will be much more likely to bring about the desired results. In some cases, it is entirely appropriate to reorganize. If downsizing has crippled some work units, perhaps there needs to be some reconfiguration. For example, one senior VP told me that his group was doing a significant reorganization, but that it had been started quite independently of the recession and was aligned with an overall recalibration of his unit with its updated vision. That's a positive example of restructuring.
Pull decisions up the line to insure conformance with directives.		Although pulling decisions up the chain of command can increase compliance, it has many dire consequences. A VP who tries to make decisions about travel to specific customers or meetings that affect individuals three layers down will not have the requisite understanding of that layer to make a relevant decision. Taking the decision-making away from the appropriate manager disables that manager's sense of accountability and his/her experience of managing the group in difficult times. Once out of the recessionary period, those managers will likely be gun-shy, worried about the high risk of making a

		decision with the upper levels looking too closely over their shoulders. Or, even worse, the upper levels will not want to give the proper empowerments back to their lower level managers, thus perpetuating a crippled governance system.
Fire the CEO.		The news channels have reported multiple cases of boards firing CEO's in the midst of the recession. My question is, why didn't the board fire the CEO before the recession started at the time when his/her direction to the company began taking the company on a downward spiral? If the CEO's performance wasn't acceptable then, why did they wait? Should someone be firing the board for not paying attention and not taking proper action before there was a crisis? Or, did they need to find a sacrifice to satisfy the stock analysts and shareholders, and then determined that the CEO was the most viable candidate? In the best of times, a new leader needs 6 months or more just to figure out the lay of the land, so bringing in a new one in the midst of a difficult economic situation is a high-risk measure.
Get rid of problem high level managers by giving them a package to leave.		Oh, headache! If these people were non-producing, why have they been allowed to continue non-productive behaviors, especially if in high-level positions? Who was reviewing their performance, and who didn't correct them way back when? Give those folks the boot as well! And, why are you *paying* non-performing people to leave? If your HR system doesn't allow you to get rid of high-level non-performers, fix your HR system. Otherwise, you're pouring good money down the rathole!
In the name of the recession . . .		Many decisions have been made behind closed doors and then announced as measures necessary to survival in the recessionary times. Some of the decisions to stop projects or change direction could have been made years ago, long before the recession was a twinkle in any sub-prime lenders' eye. No doubt some of these decisions were right, but the courage and straight-forwardness of leaders to make decisions when they are immanent and to announce them without an illusionary spin is what's at issue here.

In summary, what are some of the guidelines we might extract from the examples of recessionary measures? I propose the following and welcome readers' response or additions.

- ***Revisit your central purpose, vision, mission*** – or whatever you entitle your raison d'etre as an organization. Refocus and polish it, making sure you've got an absolutely clear intention to lead your organization. Then base your response to the recession on manifesting that re-clarified intention.

- ***Choose measures*** that maintain or increase your organization's capacity to respond post-recession. In fact, develop a recession exit strategy….how will your company come back after the recession is over? Then, tailor your recessionary measures to optimize coming back into a fertile environment.

- ***Include your employees as partners in your chosen measures***, and make sure you respond to their input whether you use it as part of your strategy or not.

- ***Consider the recession an opportunity*** that it would be a shame to miss. What new markets, new products, or services, what new ways of doing business are now possible?

- ***Protect your governance system*** by ensuring that managers and leaders at all levels are enabled to exercise the authorities belonging at their levels. Use the recession as a learning opportunity for the whole governance system in how to work in concert through systemic difficulties.

- ***Don't wait for an external crisis*** to do the hard work of management and leadership. Earn your big bucks everyday rather than waiting for an excuse to do the difficult stuff such as disciplining non-performing high level folks or dropping non-performing projects.

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