

Leadership in an Uncertain Economy

Our consulting team recently released a study that indicated a set of core competencies possessed by leaders in the nonprofit sector - not surprisingly, research indicates these are just as needed by leaders of business organizations. Among the set of 10 leadership competencies we defined were these:

- **Managing Vision and Mission:** Can develop and share a clear and optimistic vision for the future of the organization. Inspires and motivates employees to consider future possibilities and the wider purpose of the organization
- **Motivating Others:** Can motivate others through empowerment and inspiration. Stresses the importance of staff and colleagues' work and builds an environment where employees, board and volunteers are fully dedicated to the work of the organization.
- **Ethics, Integrity and Trust:** Perceived as an honest individual with great integrity. Does not break confidences or engage in self-interested misrepresentations of the truth. Is guided by a suitable battery of core values and sincerely-held beliefs that are maintained in the face of change and difficulty. Actively recognizes and promotes the organizations values.
- **Interpersonal Skills:** Builds strong work and community relationships and adjusts to how individuals, organizations, and cultures function and react; has the ability to sense how others are feeling and is able to foster rapport with a variety of people.

All four of these qualities are important, but even more so during the uncertain economic times that we now face. How well organizations survive these turbulent times has much to do with how their leaders react, display composure, and become a settling influence in times of crisis and change. We have added a few ideas to those proposed by authors Bill Catlette and Richard Hadden¹ on ways to motivate others during tough times:

- **They don't call it "human capital" for nothing; talent is the biggest asset your organization possesses.** Strong leaders recognize that the best way to weather turbulent times is with the willing engagement of a focused, engaged, capable and optimistic workforce. This means properly dealing with big tangible issues like avoiding knee-jerk reaction layoffs (unless survival is truly at stake), poorly thought out pay cuts (including absolutely no increases to already underpaid staff) and petty expense cutbacks. And providing more intangible rewards such as recognition, words of encouragement, asking employees' opinions and saying "thank you."
- **Don't use fear as a motivator because it will always back-fire.** Asking people to be prudent about expenses is fine but injecting unnecessary fear, usually in the form of vague threats, into the workplace is another. The degree to which employees are concerned about *losing* their jobs is proportionate to the degree they are less focused on *doing* their jobs, and taking care of clients. And they'll be looking at the organization's leaders for signs of worry, fear, and hope.
- **Don't try to work your way out of a short-term cash-flow problem by sacrificing learning and talent development.** Typically one of the first activities to be cut in a tough economy is the organization's training budget. If you are doing training that doesn't need to be done, then you should stop it anyway, but the notion that we can somehow help the organization by deferring necessary training, is truly short term thinking at the expense of long-term gains.
- **Communicate - the CEO or Executive Director must talk candidly and frequently with the staff about how the organization is doing.** CEOs shouldn't delegate this to mid level managers. Not knowing what's going on (and the resultant speculation) can be very distracting for most people. Every minute your folks spend wondering or worrying about self-preservation issues is a minute your clients or your mission are being ignored. Keep employees updated on a regular basis – even saying is that you don't have any new information can be meaningful to employees and keep the rumor mill at bay. In your communications strive to be specific rather than vague, candid rather than guarded.

- **Activate those interpersonal skills and get professional help if needed.** Going through a difficult economic period isn't just about sustaining the business. It's about sustaining the people who make up your organization. This is an excellent time to show that you care by spending a bit more quality time with the people on your team, listening to them and making sure they have what they need. This is especially true for those on the front line. Don't pry, but listen for what is happening in their personal lives. Has a spouse been downsized? A mortgage foreclosed on? Respond to the "me" issues as best you can; these issues include: Will I get to keep my job? How will pay and benefits be affected? Will this affect my opportunities for advancement? What will be expected of me? What will change? Watch for signs of stress and make sure your employee assistance program is ready to respond and help where needed. If you don't have an employee assistance program talk to your benefits provider about this surprisingly affordable benefit.
- **Confront your reality and understand the problems your organization faces.** Jim Collins in his book, "Good to Great²" talks about the need to confront the brutal facts of your current reality whatever they may be and to deal with them head on. This is not the time for leaders to pull the covers over their head and hope that by morning all the scary things will go away. Identify and understand all of the problems your organization faces. In order to lead you must know what the problems are - so invite bad news. Don't shoot the messengers of this bad news, instead invite them to help you solve the problems that your organization faces.
- **BUT display hope and optimism that you will prevail.** Collins cites the paradox that at the same time you are facing your reality you must also hold on to unwavering faith that you will prevail. The fact that things are getting a little rocky and people are scared and worried - including maybe you - is all the more reason to understand the research that indicates people need leaders who are positive and optimistic. A Harvard Business Review article entitled *Primal Leadership: The Hidden Driver of Great Performance*³ (Goleman, et al) notes that a leader's mood has the greatest impact on performance of employees when it is upbeat. But it must also be in tune with those around her. "Good moods galvanize good performance, but it doesn't make sense for a leader to be as chipper as a blue jay at dawn if sales are tanking or the business is going under. The most effective executives display moods and behaviors that match the situation at hand, with a healthy dose of optimism mixed in. They respect how other people are feeling – even if it is glum or defeated – but they also model what it looks like to move forward with hope and humor." The operative threesome here is "optimism", "hope" and "humor". **Leaders are dealers in hope.** No matter your political views, you must admit that the recent Obama campaign theme, "Yes We Can" was powerful motivation.

About the Author: Leslie Bonner is a Senior Consultant at Dewey & Kaye, a McCrory and McDowell Company. She consults on strategic planning and leadership issues as well as organizational and team development. For a copy of the Nonprofit Leadership Development Study visit: <http://www.mccmcd.com/assets/documents/DKNonprofitLeadershipStudy.pdf>

1. *Contented Cows Give Better Milk*, Bill Catlette and Richard Hadden
2. *Good to Great*, Jim Collins
3. *Primal Leadership: The Hidden Driver of Great Performance*, Daniel Goleman, et al