



Recession Rx for Business

In good times, running a company is exhilarating. Money is flowing, customers are happy, employees have a spring in their step. In not-so-good times—like now—the very same job can feel like scaling Mt.

Everest in a snowstorm while wearing a knapsack filled with bricks and suffering from a bad case of the flu. All reports indicate that a recession is coming and you suspect the next few years will be rough. You know there's no "magic pill" for business success, but you do wish someone would at least give you, say, a guidebook to healthy habits.

Actually, says Quint Studer, there is something you can do to fortify your company for the future: Create an organizational culture that develops great leaders today and instills the mechanisms and the mindset that will continue to foster great leadership tomorrow.

"Great leadership is everything," says Studer, author of the Wall Street Journal bestseller *Results That Last: Hardwiring Behaviors That Will Take Your Company to the Top* (Wiley, October 2007, ISBN: 978-0-471-75729-0, \$24.95). "All other elements of success flow from it. Companies with mediocre leadership can skate by when the economy is booming, but in tough times they really suffer. Your leadership must be top-notch. If it isn't, you may not be around five years from now."

So what can you do to get through the recession? Well, creating a culture of sustainable leadership doesn't happen overnight, but there are steps you can take right now that will yield quick wins and get your organization on the right path:

- **Develop a get-through-the-recession plan.** Sit down with senior-level management and go through your business plan with a fine-toothed comb. Figure out which objectives you are meeting, which ones need more emphasis, and which ones you should re-think. Make sure goals are aligned across every part of your company, that everyone is "singing from the same choir book." At the same time, scrutinize your expenses and cut anything that's not absolutely necessary. And (here's where many companies drop the ball) communicate your plan to all employees.

"Upper-level managers are notorious for figuring out a plan and failing to let people know what's going on," remarks Studer. "Remember: If your front-line employees don't know you have a get-through-the-recession plan, you don't have a get-through-the-recession plan. Everyone needs to understand the plan and buy in to it."

- **Address the tough issues with straight talk and transparency.** Chronic secretive behavior from leaders and lots of behind-closed-door meetings harm morale in any economy, says Studer. Rumor and gossip thrive in a vacuum. But when you're making changes in response to an economic downturn, transparency is especially important. If employees can tell you are hiding something—and 9 times out of 10 they can—they'll assume the worst. They know tough times are at hand and they probably lie awake worrying as often as you do.

"Don't candy-coat the truth or act like nothing's wrong," advises Studer. "It's insulting to employees and it erodes trust. They deserve and expect to be treated like adults. Pretend

everything's rosy when it's clearly not and you might scare your best people into running for the hills."

• **Equip supervisors to answer employee questions.** Let's say Worker Walt approaches Manager Mike to ask if the rumor he heard—that the Duluth division is on the verge of closing down—is true. Mike responds with a deer-in-the-headlights stare and a vague stammered comment that the company is doing its best to avoid any closings. (He knows the Duluth shut-down is off the table, but isn't sure how much he's empowered to say.) Walt draws his own (grim) conclusions and starts spreading "the bad news." The rumor mill kicks up a notch and morale plummets. To avoid such scenarios, says Studer, train managers on exactly what to say regarding timely issues—and how to say it.

"Be very specific," says Studer. "Mike didn't say anything that wasn't true. He just failed to say it clearly, concisely, and confidently. You can prevent these kinds of misunderstandings by telling managers exactly what to say when employees ask questions about the company's future. Write a 'script' of sorts so that everyone is speaking in the same voice."

• **Nix the negative self-talk.** Okay, leaders, truth time: Do you sit around chewing your nails and dreaming up terrible scenarios? What if our biggest customer pulls out? You fret. What if the market for our services dries up? What if our top salesperson gets spooked and goes to work for a competitor? If this sounds like you, stop it right now, says Studer. When you exist in a constant state of worry, your state of mind infects everyone. Self-confidence plunges. Creativity ceases. Forward motion halts. And besides, 99 percent of the disasters you agonize over probably won't come to fruition.

"I heard something recently that really resonated with me," says Studer. "FEAR means Fantasized Experiences Appearing Real. It's true. We sit around and conjure up all these awful scenarios and then wonder why we can't move forward. Fear paralyzes. And no one can paralyze himself into moving forward."

• **Don't permit fear to get a foothold in your company.** One of Studer's favorite phrases is **What you permit, you promote**. When you allow free-floating anxiety to permeate your company, he says, you're basically giving it your stamp of approval. If an employee expresses worry about the bad economy, don't just clap her on the shoulder and say, "Yeah, I know it's rough; hang in there!" That lends credibility to her anxiety and indicates that you share it. Plus, empty consolation is supremely unhelpful.

"A better solution would be to say to her, 'Tell me what you're struggling with today,'" explains Studer. "Get specific. Engage the worried employee. Ask, 'What can we do to help you?' Often, the simple act of vocalizing fear helps defuse it. And encouraging employees to do so gives leaders the opportunity to reinforce the company's strategy."

• **Stay connected.** Employees really need you right now. One way to make a real connection with employees—daily—is to practice what Studer calls **"rounding for outcomes."** In the same way that a doctor makes rounds to check on patients, a leader makes rounds to check on employees. The technique allows you and your managers to regularly touch base with employees, make personal connections, recognize success, find out what's going well, and determine where improvements are needed.

"Rounding helps you build a strong emotional bank account with employees," notes Studer. "Mind you, that's always important, but it's especially critical in a down economy. When you need to rally the troops, they have to know you care. Troops who don't think you care can't be rallied. They might even desert."

• **Get rid of low performers. Yes, now is the time.** Low performers suck up a disproportionate amount of managers' time, tick off customers, squash morale, and drive away high performers. When business was booming, you may well have let their bad behavior slide. Now, says Studer, the day of reckoning is here. You should be spending 92 percent of your time with high and middle performers and only 8 percent with the people who don't really want to be there—and if you're not, you must take steps to remedy that now. (In *Results That Last*, he outlines a plan for doing just that.)

"You can't afford to alienate your customers; you can't afford to neglect your middle performers; you certainly can't afford to lose your superstars," he notes. "In short, you can't afford to keep your low performers any longer. Period."

• **Look for creative ways to hang onto top performers.** In uncertain times, it would be disastrous to lose your best employees. But at the same time, it may be unrealistic to pony up a big raise right now. That's okay, says Studer. You can offer your people perks that don't cost the company a lot of money. Think about ways you can make their lives easier—flex time, partial work-from-home schedules (much appreciated in these times of exorbitant gas prices), access to a "chore runner" to pick up dry cleaning and stop by the supermarket—and implement them.

"For example, many employees have no type of financial planning in place," notes Studer. "You might give them access to the company's CPA or financial planner, who can advise them on better bank accounts, IRAs, college funds, debt repayment, and more. So even if you can't provide bigger paychecks, you can help them manage their expenses a little better."

• **Put your best face forward with a Standards of Behavior contract.** How should employees answer the phone? Should they knock before entering a coworker's office? Steer clear of controversial topics like politics and religion? Keep cell phones turned off? You may never have given serious consideration to such questions, but Studer says you should. He suggests creating a Standards of Behavior contract that employees help craft, then sign. (His book gives more details.)

"The idea is to create the best possible company, a place where employees can do their best possible work and customers can get the best possible service," says Studer. "These contracts ensure that everyone consistently has a great experience with your company. That's always important, but in economic hard times it's absolutely critical."

• **Always manage up your organization. Insist that employees do the same.** A recession (or downturn if you're not willing to use the R-word) is simply a national confidence problem, usually exacerbated by lots of negative talk. The same dynamic exists in your own sphere of business. That's why you should say only great things about your company and its staff, whether you're talking to outsiders, clients, or employees themselves. Also, you should insist that your employees do the same. Studer calls this "managing up"—i.e., accentuating the positive—and says it's a valuable confidence-building tool that keeps employees content and customers coming back.

"Never tell a client that business is slow, even if it is," he says. "Don't express doubt to employees about your company's ability to weather this downturn. Tell everyone how great your company is, how talented your people are, how excited you are about the future. All this positive talk becomes a self-fulfilling prophecy."

• **Shine a 1,000-watt spotlight on customer service.** Okay, this one may seem obvious, but it can't be said too often. When pressure to stay competitive is at an all-time

high, you must be absolutely certain your customers are getting what they want and need from your company. Don't assume that just because they're not complaining, they're happy. Studer suggests you start asking each customer exactly what her expectations are, document them on an individual preference card, and make sure all employees who come in contact with her get a copy.

"Never presume you know what's important to a customer," says Studer. "Always ask, and always get it in writing. Individualized customer service is more critical now than ever. In the Globalization Age, it's the only way you can differentiate yourselves from your competitors. So don't look at it as merely a way to hang on to your customers until you get through the downturn—look at it as the new normal for your company."

There is a very big positive that comes out of downturns, says Studer: It sharpens our survival instincts and shows us what we're really made of. Instead of just coasting along on the wave of an economic boom, we're forced to get focused and get serious. And for many companies, the pressing need to "turn it up a notch" kick-starts a journey of transformation.

"Out of difficulty, heroes rise," he reflects. "Yes, there are losers when times get tough, but there are also winners, and some of them win really big. In other words, there is plenty of opportunity out there even now—especially now. Someone is going to seize that opportunity, gather up the customers others aren't taking care of, and invent new ways to corner new markets. That someone might as well be you."