

2009 May Present the Biggest Economic Challenge of the Century

By Dr. Rick Johnson

More than ever before, 2009 will demand of most companies the ability to achieve measurable results that are specific to profitability, growth, cost containment and operational effectiveness. Of course, none of this will be possible without leadership and organizational change.

This challenge will become a common theme in 2009 that will go uncompromised by the economic turbulence that we are likely to face. Without a doubt, success in 2009 will be directly dependent upon both individual and team performance. More importantly however, is the driving force that creates both individual and team effectiveness. That driving force is leadership at every level in the organization. It doesn't matter what your position is or what your title is. Leadership does not restrict itself to the caste system of power positions we have come to know. Leadership can and must be demonstrated throughout the organization.

Are You Prepared to Create the Change Necessary?

You need to ask the following questions as you contemplate the future direction of your company during economic crisis:

- Do you have a contingency plan?
- Are your employees doing the right things – for the right reasons?
- Are their actions in alignment with the strategy?
- Do you have a strategic plan?
- Are you doing the right things?
- Are you functioning like a well-oiled machine?
- Do you have a shared end game – or does it just belong to you?
- Do you have a focused employee development plan?
- Have you weeded the garden of unproductive underperforming employees?
- Have you eliminated all the “Sacred Cows”?

Leaders lead, they are winners. Economic challenges faced in 2009 will still be subservient to real solutions developed by real leaders. But, it won't be about theory; it will be about planning and execution. There is no doubt that 2009 will be about management effectiveness in dealing with economic turbulence. Change shouldn't be something that happens to you. Effective leaders know this. Effective leaders create change, instigate change and manage change to their advantage to create success. This is especially true when economic conditions impact the decision making process. Effective leaders turn these conditions to their advantage.

Not a Spin Zone

That sounds like a bunch of academic tripe and it would be if it stood by itself but I won't let it. You see, leadership can only be effective if you build a culture engrained with continuous improvement. Change without process, structure and control in itself can turn into uncontrolled chaos. Effective leaders understand this and indoctrinate change during tough economic times as a living breathing organism and process that needs to be embraced by everyone in a positive sense because it is controlled and managed according to your own strategic initiatives or contingency plans. Tough times may dictate difficult decisions but effective leaders can manage these difficult times and create a better company by doing it. That means you must build a roadmap to get from here to where you want to go based on the realities you will face in 2009.

Principles of Facing Economic Turbulence

As a leader you must implement change to offset economic challenges. It's a hands on process. You can't lead from afar. A former colleague of mine used to always say; ***“It's easy to be brave from a distance.”*** Arguably that may be one of the truest statements made when it comes to

dealing with economic turbulence. It will be hard work in 2009. It requires process tools that are sensitive to your organizational culture. Consider these principles for managing during the economic crisis:

- Employees throughout your organization must have the talent and the ability to be successful at meeting new challenges to growth and profitability.
- Employees understand change that is essential to achieve goals in spite of the economic challenges
- Employees gain increased respect for leaders that become the architects of change. This is especially true if the leader encourages and solicits input from the employees.
- Leaders must systematically manage the change they create with fearless abandon demonstrating a purposeful and disciplined approach that engages the entire organization through active participation in the success process.
- Employee ownership of the vision – end game that is based on economic conditions, the vision and any contingency planning that is necessary

Change Can Take on Many Forms

MACHIAVELLI wrote in the forward to “The Prince”;

“There is nothing more difficult to carry out, nor more doubtful of success, nor more dangerous to handle, than to initiate a new order of things. For the reformer has enemies in all those who profit by the old order, and only lukewarm defenders in all those who would profit by the new order, this lukewarmness arising partly from fear of their adversaries, who have the laws in their favor, and partly from the incredulity of mankind, who do not truly believe in anything new until they have actual experience of it.”

Economic crisis in itself creates a demand for change. Effective leaders know that creating and managing change starts with the human side of the equation. Behavioral change becomes a necessity for almost every success initiative employed. This often means more effective coaching, training, skill development, accountability and contingency planning. Process improvement is often a platform that supports change in the organization. And last but not least, change becomes a meaningful part of organizational structure and culture. This often requires a realignment of reporting relationships and responsibilities. It may also require a surgical reduction in force.

The Contingency Plan

A **Contingency Plan** is a plan developed for a specific situation when things could go wrong. Contingency plans include selective strategies and actions to deal with specific variances to assumptions resulting in a particular problem, emergency or state of affairs. They also include a monitoring process and “triggers” for initiating planned actions. They are required to help businesses recover from serious incidents in the minimum time with minimum cost and disruption. Contingency Planning is a management process that identifies potential impacts that threaten an organization and provides a framework for building resilience and the capability for an effective response and possible recovery if required. They can also put you in a position to take advantage of opportunities that are a result of external influences. They are essential during an economic crisis and they become! a roadmap for change.

Creating, instigating and managing change during economic crisis takes passion and courage. It's not for the weak of heart. It is not for those who embrace simple traditional expectations. Effective leaders reach beyond these expectations. They become agents of change. Most companies will thrive on the concept of change, achievement, responsibility and accountability. Make it part of your culture and you will maintain success in spite of the economic conditions of 2009.

