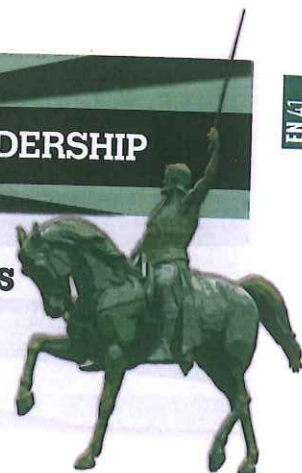




DARRYL COOKE ON LEADERSHIP

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RECESSIONS POSE UNIQUE CHALLENGES FOR LEADERS. DARRYL COOKE URGES ENTREPRENEURS TO ABANDON THE BUNKER MENTALITY.



Bunker busters

It is very easy to be drawn into the gloom spewed out daily by the TV, radio and newspapers. This constant drip, drip communication of financial turbulence provokes an instinctive reaction in most business leaders to cut costs as far as they dare and to enter a metaphorical bunker until someone tells them matters are improving.

This may provide a short-term solution but it is not true leadership – just a reaction to the given situation. A downturn can present special opportunities for a company to reposition itself, to steal market share, to address the failings in its management team, to consolidate within the marketplace, to

have ditched their business plans, without replacements, and turned to the knife to make deep cuts to stem the flow of cash. But just because the overriding drive is to conserve cash does not mean that you should not seek outside help if you need it – even if it is a cost you would prefer not to incur.

The leader's role is no different in times such as this. It is about taking on board all the information he or she can find from within the company, and from specialist expertise brought in for the purpose, assessing the knowledge gained and then making decisive, clear decisions. Decisions

current and future climates, such as an enhanced sales force or better marketing capabilities, will demonstrate a balanced, thought-through approach and, more importantly, will deliver results.

And, when you have determined your new business plan and understood the extent of the cuts you have to make, never forget the power of communication. It is easy to communicate good news and exciting messages from within the company but the need to communicate when your backs are to the wall is even greater.

Your employees read the same newspapers, watch the same TV and listen to the same radio stations as you. And then put their own company spin on things and start the gossip you want to avoid. This rumour mill can quickly become as big a threat as any fall in demand.

It is important to counter this by being seen out and about in the business, by increased and careful but strong email communication, and a revised PR campaign. Keep the message simple and clear but uncompromising and realistic; but at all times be confident about the future.

Finally, remember recovery will come and revenues will return. So your revised business plan must not only manage through the downturn but must also prepare for the upturn. The Great Depression of 1929-1933 led to a shrinkage in the US economy of 11 per cent in 1930, 9.5 per cent the following year and then a further 15 per cent in 1932. The stock market fell some 90 per cent and unemployment shot up from 3.2 per cent to 25.2 per cent, and one-third of the banks in the US closed down.

But, on the arrival of Roosevelt in 1933 with a plan not dissimilar to those being worked on by governments the world over today, the US economy started to recover rapidly, with growth rates of 8-10 per cent over the following few years. The UK economy will also recover. ■

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seek out opportunities and to recruit talent from its competitors.

Most of all, it provides that "burning platform" described by Kotter as the catalyst for change and the opportunity to accelerate from a slow evolutionary cycle to a faster radical intervention, making the company ready for the inevitable upturn.

In a recent global survey conducted by Booz & Co 40 per cent of senior managers said they doubted whether the leadership teams at their companies had realistic and achievable plans to deal with the current environment. An even larger number doubted whether their leadership teams had the ability to carry out their plans, regardless of those plans' credibility. At the very least, therefore, almost 50 per cent of leadership teams have a problem of communication, but quite likely much more. Leadership needs help.

This is new territory for all leaders. The change in our economic environment came on so quickly that there was no time to prepare, and many leaders and managers

that take account of not only the short term but also the long-term plans of the business. And then delivering the message with purpose and clarity in an uncompromising, decisive, unyielding manner that will influence and obtain the complete confidence of employees. Leadership is nothing more than obtaining followers. A leader without followers is simply going for a walk.

It is easy to advise a company that they risk cutting too deeply into the veins of the organisation when survival is the main priority. All logic suggests that the business advice of the year is to "conserve cash". But cutting too deep not only makes recovery harder but risks getting rid of those people who make your products or services worth buying in the first place. Your competitors will be the first to point this out to your customers or clients.

Cutting in the right place is clearly important but using some of the money saved to invest in areas of your business that will make a difference in both the