The RESOURCE

LEADERSHIP PLANNING IN DIFFICULT ECONOMIC TIMES

Change and uncertainty require strong leadership by individuals who can face unpleasant realities and decide what needs to be done to get a company safely through stormy economic waters. Under adverse conditions, decisions become more critical due to the heightened consequences of mistakes. Companies can ill afford leaders who are not able to make adjustments or deliver results.

Resource Management

In tough times, leaders often compete for resources, so it is important that they look beyond their own functional or departmental interests and do what is best for the company as a whole. Companies need leaders who are able to work across departments and collaborate in order to make the best use of resources for meeting customer needs and achieving performance results. Leaders who are not able to work cooperatively across departments become a drag on resources and cost the company money and momentum.

Business savvy becomes even more important for leaders in difficult economic times. They must not only manage their resources more effectively, but must truly understand the company's business model and how it needs to be adjusted to continue to bring cash into the corporation. Critical thinking skills, always important in a leadership role, become even more essential for managing return on investment. Leaders need to manage everyone's time more effectively. They need to know how to get things accomplished without simply throwing money and resources at problems.

Confronting Reality

All of these challenges increase the amount of pressure with which leaders must cope. They must not only make adjustments themselves to work differently, but they also must assist others in this process. This means confronting reality as it is and being both realistic as well as optimistic regarding what can be done to

achieve results under extenuating circumstances. These leaders create an open atmosphere where everyone feels comfortable getting the truth on the table so that the best decisions can be made and people are willing to commit to the actions decided upon. At the same time, they keep morale up by painting a plausible picture of a better future.

In troubled times, leaders need to be more available to their staffs and more involved in management, i.e. helping to review current practices for possible changes. They not only need to coach their own people, but also encourage them to get assistance from others with whom they have no direct control. Leaders cannot do this if they isolate themselves in their offices or within their own work groups. They must be proactive with their peers, establishing credibility so that they can collaborate, influencing the overall agenda to achieve the results that are needed for the good of the company as a whole.

Leadership is a Team Sport

These leaders must be disciplined in their own actions and "walk the talk" more than ever. Leadership is a team sport, not an individual endeavor. Companies thrive or fail based on their ability to work as a team with all parts of the organization functioning together to make their business model work. In a shrinking economy, all of a company's leaders must work together if they are going to survive. As a team, they must make the adjustments required to be successful in a new economic environment.

Leaders who are effective in difficult economic times are the ones who continually stretch and grow. They are the ones who take the time to develop their direct reports into future leaders. They are able to envision how they must operate differently and adapt accordingly. They are willing to admit mistakes as well as share praise with others. They get things done across departments and have credibility with their peers. Especially in tough times, executives must identify these leaders wherever they can be found in the company and develop them for success now and in the future.

The strains of business in a slumping economy cause many leaders to feel overwhelmed, doubt their ability, and become discouraged. At such times, self-development is more important than ever. A leader cannot provide the tools for success to employees unless his or her own toolbox is full.

Tools, of course, do nothing by themselves. They have to be used in order to be effective. Leadership tools are no different. The primary purpose for using leadership tools is to improve organizational performance.

At PSP, we have observed that the tools of leadership are similar across all businesses and industries. One can find many lists of leadership tools in the literature, but most of them are contained within the following ten items:

* Integrity
* Facing reality
* Setting direction/aligning people
* Motivating/developing others
* Displaying self-confidence/poise
* Handling frustration/pressure
* Exhibiting emotional intelligence
* Exercising good judgment
* Communicating effectively
* Displaying optimism and enthusiasm

Leaders are not born with all of these tools. While some leadership tools may be inborn, the rest are developed over time. Unfortunately, leadership cannot be taught in the traditional way that management skills are taught in business school. The good news is, as one business professor stated, although leadership cannot be taught, it can be learned. Leadership is more caught than taught.

So, to fill one's leadership toolbox, how does one learn things which cannot be taught? First, each leader needs to objectively assess their strengths and weaknesses. Usually, this includes some form of standardized testing and/or 360° feedback. It is especially important that the assessment is keyed to the leadership tools noted above.

Once the assessment is complete, leadership weak spots become the focus for self-development activities. Realistically speaking, a person can work on only one improvement area at a time, so weak spots need to be prioritized according to their importance in a particular situation. Time for self-development also needs to be prioritized. Most executives find that self-development works best when time is scheduled for it each week.

Suggestions for Self Development

How does one make the best use of time budgeted for self-development? Here are some suggestions, based on PSP's 60 years of experience in working with executives.

* **Read**. The most successful executives with whom we have worked are avid readers. In addition to reading about business issues, they tend to read broadly. This enables them to apply a diversity of ideas to their business situations.

* **Manage stress**. Successful leaders find sanctuaries and passions outside of work. The variety of such activities among executives is wide ranging, but the common element to all of them is diversion from business issues and problems.

* **Set personal goals**. Just as we set goals for our businesses, goals for self-development can be very motivating. Goals enable us to focus our energy in specific ways. If it is true that "we treasure what we measure," achieving observable improvement in leadership weak spots will be intrinsically rewarding.

* **Get a coach/be a coach**. A coach is not only a confidant and a counselor, but also an accountability mechanism. If I have committed to improvement in a particular area, a good coach will hold me to that commitment. And, in addition to receiving coaching, executives also can benefit from being a coach to others. In much the same way as a teacher learns from spending time with students, an executive can improve him/herself by coaching others.

* **Admit your mistakes.** The best leaders admit their errors. Whether it is a deficiency in one of the leadership tools noted above or a business decision that they made/failed to make, successful leaders are honest with themselves and with others about their own mistakes. Admission of errors and shortcomings accelerates learning because "when I accept myself as I am, then I can change."

* **Take notes**. It is amazing how few leaders take notes during meetings. Whether it is capturing one's own ideas or those of others, note taking memorializes important thoughts. With the plethora of meetings and other executive responsibilities, relying on one's memory is just not practical. Remember, executive note taking cannot be delegated; one does it oneself.

* **Live your values**. With all the talk about mission statements, guiding principles, and "walking the talk," the findings of an MIT/Sloan study are startling. In surveying the CEOs of 31 US companies along with 133 members of their top management teams, *none* of 16 corporate values matched CEO self-rankings. Top management teams' perceptions of CEO rankings and actual CEO rankings of values were completely different. Yet, to lead effectively, executives need to be extremely clear and consistent about their key values.

Filling one's leadership toolbox takes a considerable amount of time and effort. For executives willing to make the commitment, rewards in both personal satisfaction and business results are waiting.

Lessons Learned from 60 Years of Employee Selection

1. **Managers need to spend more time thinking through the results that need to be achieved in the job** <u>before</u> they start reviewing candidates. Doing so allows you to look for the candidates whose strengths match what is most important for the job.

2. Managers need to have the courage and commitment to say "no" when a candidate does not show the qualities necessary for succeeding. When in doubt, keep looking. **Expedient hires seldom have a long shelf life**.

3. Making successful selection decisions requires patience, time, and hard work. **Managers too often want to fill openings too quickly** so they can get on with their "real job."

4. **It is important to have choices when you are making a hiring decision**. Having a minimum of three candidates allows you to contrast candidates' strengths and weaknesses. (There are no perfect candidates!) It also gives you viable options when your first choice decides not to take the job.

5. **You can learn a lot about candidates by observing how they handle the pressures of the selection and interview process.** If they are difficult and have unreasonable demands, or do not treat lower level staff with respect, there is a high likelihood of this negative behavior being more troublesome once they are on board.

6. For key hires, **it is important to meet with candidates multiple times** to observe the consistency of their behavior and allow them more than one setting to present themselves. Some candidates are slower to warm up but go on to do an excellent job, whereas other candidates have good role-playing skills for the first interview, but lack substance and the ability to sustain a positive interaction over multiple interviews.

7. **Critical thinking skills cannot be predicted or assumed as a result of an individual's experience or educational background, nor can they be easily measured in the interview.**

8. Sophisticated **job candidates with good social and communication skills are adept at hiding their negative qualities in the interview**, while the less socially skilled are often assumed to have fewer skills than they actually do.

9. **Very often, top level executives do not have a lot of experience or training in interviewing** and, as a result, are not very good at it. They should be involved in the interviewing whenever possible, but may not be the best source of accurate information, **and should be careful about overruling staff** that have a different perspective about a candidate.

10. **The best way to find employees who have the qualities that the company is seeking is to talk with individuals who you know already have these qualities**. Ask them who they might recommend.

11. **Accuracy is greatly increased by combining interviewing with psychometric testing, references, and background checks**. When all of these sources of information line up, there is a better chance of the candidate being successful.

WHAT'S NEW @ PSP

- ❖ Presented on best practices for organizational leadership to a strategic planning conference for an international chemical company.

- ❖ Conducted a successful employee follow-up survey two years afterward to ascertain which follow through projects were successful and which areas need further work.

- ❖ Customized executive development program for an international beverage company utilizing PSP's unique paired comparison Motivator 360 feedback survey. Individualized leadership training plans provided executives with continuous learning options.

- ❖ Made a presentation on validity and reliability of employee selection procedures showing the relative value of a variety of hiring tools to a group of HR executives in Tennessee.

- ❖ Conducted a sales representative validation study based on sales quota demonstrating the link between pre-employment metrics and job performance for one of America's largest homebuilders.

- ❖ Developed a hiring tool for the patient care assistant position at a large outpatient eldercare organization. The objective is to reduce turnover and improve cultural fit.

- ❖ Conducted a 360 survey using the company's leadership values and behaviors as criteria for the senior executive team of a Fortune 500 electrical products distribution company.

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RESOURCES FOR LEADERS

In ***Leadership Gold: Lessons I've Learned From a Lifetime of Leading***, John Maxwell offers advice on how leaders distinguish themselves during tough times. His theme is that good leaders are continuous learners, always asking questions, always trying to grow. This book emphasizes "application exercises" that enable the reader to execute Maxwell's ideas on the job.

In a world characterized by volatility, uncertainty, complexity, and ambiguity, traditional leadership skills won't be enough. This is the thesis of Bob Johansen's book ***Leaders Make the Future***. Drawing on ten years of research, this book identifies ten new leadership skills for these uncertain times.

Collaboration: How Leaders Avoid the Traps, Create Unity, and Reap Big Results by Morten T. Hansen focuses on the importance of achieving business results through the right kind of collaboration. The author recognizes that not all collaboration is useful and may not add value. The right kind of collaboration requires leadership focused on achieving particular goals not possible without the different parts of an organization working together.

Ron Willingham believes that our endeavors will succeed only if we first focus on growing successful people. His book, ***The People Principle***, shows with practical advice and sound concepts how to develop the potential in others and enjoy doing so. This is another book with practical steps and thoughtful exercises that allows the reader to apply Willingham's lessons to the workplace.

Learn more about topics related to the articles in this issue of *The Resource* by visiting PSP's website at www.pspmetrics.com. Read especially "Hire Right the First Time," "Executive Development: Successful Executives Continue to Grow," "Preventing Hiring Mistakes – Patience Pays," and "Successful Executives are Different."

For recommendations on training resources on any management topic, contact PSP directly.