

Leading and Learning, Inc.® is a 45-member **organizational management consulting firm** based in Los Angeles with clients across the U.S., Canada, Europe and Asia. We support leaders during change processes with focus on organizational change management, leadership development, and personal, professional effectiveness. Our client roster includes CEOs and other leaders in corporations and organizations spanning **banking, utilities, manufacturing, hospitality/entertainment, hospitals/health systems, technology/aerospace, service industries, government and nationally-based nonprofits.**

EACH MONTH, LEAD-ZINE®, the on-line electronic leadership newsletter of Leading and Learning, Inc., focuses on a specific leadership/ management topic.

Articles are contributed by Dr. Billie Blair, President of Leading and Learning, Inc., and the LLI team of organizational professionals. Other professionals with specific expertise join the LLI staff each month to offer additional perspectives. These combined sources provide informative and balanced view-points on the **Lead-Zine®** topic-of-the-month to our readers – approximately 250,000 CEOs, executives, and other leaders. Leaders and managers are continually planning, or executing, or controlling change. Each **Lead-Zine®** issue looks at another important aspect of change that is of current interest.

This month's focus continues the timely discussion on: "Adjusting to Turbulence in Today's Marketplace."

◇ ***For those wishing to contribute to a Lead-Zine® issue*** contact the **Lead-Zine® editor, Eli Isaacs:**
eli@puzzlespress.com

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***"When things change,
you have to change things!"***

May 2008 – "Managing in Turbulent Times"

Billie G. Blair, PhD

Because the topic of is high current interest to all corporate leaders as well as those in other management arenas, we are continuing to discuss methods of adjusting to marketplace turbulence. Both this month and next month's **Lead-Zine®** will include articles by several invited specialists who will focus on best strategies for responding to the turbulent times that are currently being experienced by most businesses and organizations. For those who are undergoing exceptionally high levels of upheaval at this time, an investment in formal organizational change approaches should be considered.

Next week I will discuss the topic of "Never Giving Up" on a national business radio talk show. The host will direct discussion to the personal and individual aspects of the topic, but the precept also applies to business leaders at the current time: doing business when times are good is a very different scenario from that of doing business when times are challenging. **Perseverance**, always one of the most necessary traits for modern businessmen, is now required to an ever greater extent. In addition to perseverance, there are three other leadership traits that are particularly needed at the present time. These are: **awareness, skill, and agility.**

I mentioned last month that my company has for some years conducted studies of managers and their approaches to chaotic conditions. We have found the below four abilities to be central to recovering from adverse conditions – whether the necessity is to get an organization back on track, respond to chaotic challenges, or, as now, to steer an organization through the turbulence in the market place.

► **Perseverance** – Self-efficacy/perseverance is a leadership trait that is particularly vital in all times of challenge. One has only to remember that it took Thomas Edison 1,000 tries to invent the light bulb; Walt Disney was fired as a journalist because he "lacked creativity;" and J.K. Rowling was rejected by 12 publishers before being picked up by a small London publishing firm. Honing the skill of self-efficacy when things are most challenging is a first step in ensuring success in a challenging environment.

► **Awareness** – Knowing a great deal about the "where," "when," "how," and "why" of your business as well as the larger global marketplace will be invaluable in being able to locate the right manufacturing opportunities as well as find the right customers at the right time. Awareness of the marketplace is an irreplaceable trait.

- - Continued on Page 2

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IN THIS ISSUE

ADJUSTING TO TURBULENCE IN TODAY'S MARKETPLACE

WE ARE JOINED THIS MONTH BY
CONTRIBUTING AUTHORS

Steve McKee

President, McKee Wallwork

Dr. Rachelle J. Kanter

President, RJC Associates

David Giannetto

Director, Enterprise

Performance Management

Practice

MANAGING IN TURBULENT TIMES,

Continued

Billie G. Blair, PhD

▶ **Skill** – Having the ability to match technical and commodity skills to the abilities of those in the organization, while parlaying this mixture into viable products for customers is the precise kind of skill that is needed during current times. Skill at maneuvering in the marketplace as well as within one's organization requires a combination of most skills and talents found in the management profession.

▶ **Agility** – Speed and acumen is specifically required today -- the ability to respond in the right ways at the right time to the right people requires strong focus on the ever-changing marketplace both to secure and maintain a market presence.

I've purposefully placed *perseverance* first in the list – focusing on the need to be ready to try again in another way is an absolute necessity in the current market environment. Adding full *awareness, skill* and *agility* to the trait of perseverance will provide the modern manager with a fine set of tools for managing very well in turbulent times.

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SOME DON'TS FOR MANAGING DURING A DOWNTURN

Steve McKee, President, McKee Wallwork

A lot of companies react to a recession by making drastic changes to their marketing plans. I offer the following five "don'ts":

1- Don't lose your head – be smart and thrifty but don't panic. This, too, shall pass.

2 – Don't cut back your marketing – that's a sure way to give up ground to any competitors who will be more aggressive during the downturn.

3 – Don't lose focus by chasing business you wouldn't normally want. There's a reason why you don't want it when times are good – and that reason probably hasn't changed.

4 – Don't discount – at least not on the surface. You can lower your margins/prices, but don't advertise it.

5 – Don't neglect the elephant in the room. Your people are nervous; make sure they know you have a plan.

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TIPS FOR COMPANIES EXPERIENCING TURBULENT TIMES

Dr. Rachelle Canter, President, RJC Associates

1 – Redeploy to energize – look for opportunities to redeploy employees so they have opportunities to do new things and build new skills.

2 – Communicate – employees fill information vacuums with negative gossip. Make sure employees know of your plans and strategies for the company – this provides them with opportunity to get behind those plans, as well as to make decisions about the future.

THE UPSIDE OF THE DOWNTURN: SEVEN WAYS TO STRENGTHEN YOUR BUSINESS DURING ECONOMIC TOUGH TIMES

David Giannetto, Director, Enterprise Performance Management Practice

The business managers who use their time to improve their business and seize every possible opportunity – rather than wasting time in constant worry – are the ones who will make it through the economic downturn. If the cards are played right, there is a good possibility to come out of turbulent times with an even stronger business than before.

Remember Rule #1: In Business, Only the Strong Survive. During an economic downturn, many business owners overlook the fact that their competitors are suffering too – and that what results from the slowdown is still an even playing field. The problems your organization struggles with due to the downturn also plague competitors. Therefore, the strategy is the same as for good times: build the strongest business you possibly can. Have a strong value proposition, manage in a fiscally responsible manner, and provide great service to get and keep important customers. Don't let all the hype about the slowdown distract you from keeping these basic tenets at the forefront. If you're successful with this, you'll come out on the other side of the economic downturn, and will be miles ahead of your competition.

Use the Hype to Focus Your Employees. One positive thing about the fear-inducing hype is that in the right hands, it can be a great motivational tool for employees. The slowdown creates a "momentary unifying factor" – something that allows each employee to set aside their individual concerns and rally around a greater common cause. Use the economy to drive home the need to provide great customer service and to create habits of effectiveness and efficiency – this will serve you well during this time as well as set the tone to make these the efforts of standard practice.

Expand – Don't Contract. It seems counterintuitive, but great companies expand during slowdowns. Remember, all the competitors within the industry are dealing with the same challenges. As a result, the weakest of these will be going out of business, or letting go of critical assets and people. All of these things open up holes in the market that a clear-thinking organization can fill. Take advantage of these holes and plan to expand during the slowdown. If you expand your salesforce, marketing and advertising, you might be able to acquire the customers of those who have contracted.

Figure Out What The Tough Times Mean to Your Customers. You aren't the only one suffering as a result of the slowdown– your customers are, too. Look at your organization from their perspective and make sure that every portion of your company is treating your customers right. Go the extra mile – even if that means spending extra money – to reach out to your biggest and best customers. Make sure you are meeting their expectations and keep the lines of communication open. That way, if they're planning to break off relations, you can do something about it before it's too late.

Know the Difference Between Profit and Revenue. It sounds like something every executive should understand, but in many organizations knowing which customers, products, services, or geographic locations provide the most profit for the organization is actually very difficult to determine. All organizations can produce financial statements of gain and loss, but these do nothing to help managers, make hard decisions about where they should be cutting specific, unprofitable customers or segments. During a slowdown, you can apply greater scrutiny in these areas. It's likely that you might need to cut costs, and the first places to cut should be those areas where you are already losing money.

Stay Current and Creative. A better tomorrow will come, and you must be ready for it. Too often during a slowdown companies cut back on the new products or services that represent the future of their business. Once the slowdown turns around, they find they can't catch back up to the market demands. Even during a downturn, keep your creative juices flowing – always be thinking about new ways to satisfy your customers and decide which new products will enable you to better meet their needs.

If you are a public company, be transparent and realistic. The market actually does respect firms that deliver realistic growth projections – even if these were lower than expected or desired. If you know you are going to fall short of your projected earnings because of the slowdown, tell the market. The value of your organization may take a hit, but it will be much less than it would be if you surprise the market with previously unstated losses.