

Inspirational Leadership in Difficult Times

BY DOV SEIDMAN

Questions have been raised

about how to best

weather a rocky economic

storm should we again find ourselves in a recession.

As Albert Einstein once said, “In the middle of every difficulty lies opportunity.” But how do leaders keep themselves and their employees focused on opportunity when the challenges—budget cuts, redundancies, earnings disappointment—are often so palpable in tough times? How does a leader provide the steady course when the opportunity to take shortcuts can seem the easiest route?

The answer comes not by bracing for the downturn, but by embracing the new, 21st century world in which we find ourselves.

UNDERSTAND IT IS A NEW 21ST CENTURY WORLD

A 2003 study conducted by Accenture found most executives viewed the last recession as an opportunity to improve business performance. Many found it difficult to convert downturn into advantage. But leaders who did succeed set priorities based on how they created value, leveraged information systems, priced for profitability, and collaborated with customers.

Today, we find ourselves in a vastly different world, where leading companies have already done all of these things. As a result, the old thinking offers no new advantages. More, tried-and-true notions of finding advantage and success are obsolete in a world where everything—our products, services, and processes—is a commodity, available for reverse engineering and duplication.

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Today's world is flat, connected, and transparent. It connects us—and reveals us—in ways we have only just begun to comprehend. Customers, competitors, and the public now have unprecedented visibility into organizations and their operations. We have entered into an era in which creating value begins with embracing values, where the consistency of our conduct is the new currency of commerce.

THE IMPORTANCE OF LIVING YOUR VALUES

You may think: it's great to think in these ideal terms where everyone is driven by values and inspired by common goals, but that's just not the way it is.

What leaders need to remember in an up- or a downturn is that quarterly results are not the only barometer of success in a world in which people can also judge how you achieve those results.

Allaying those concerns requires building customer and market confidence that the results were achieved properly, in line with both the company's and society's values. Of course, everyone asserts great values. In fact, in the past decade, we have moved away from pragmatic values—customer service, innovation, performance—to purer, moralistic values—trust, integrity, accountability. But value statements, like any other business claim, do little if you don't live up to them. In fact, value statements may be turned against you in an environment in which customers are empowered to share their stories with the world.

In a hyperconnected and transparent world, it's not what a company says it does or stands for—it's how it does what it does—how it lives its values, communicates, treats others, makes decisions, interacts in the marketplace, and consistently acts—that is, its source of lasting competitive advantage.

THE ERA OF INSPIRATION

But how do you get ideals to jump off the written page into action?

There are three potential ways to get people to do things—coercion, motivation, and inspiration. As a modern leader, coercion is a poor choice. You can't browbeat people to get them engaged in cooperative behavior. Employees quickly vote with their feet. Motivation has its place, but it also has its limits, particularly in a down market, where money and other incentives do not flow as freely.

Today, we are in an era of inspiration, where great results come from employees who have bought into not just the company's potential for success but also its underlying mission.

In this environment, power is found no longer in control over, but through someone. The founder of Southwest Airlines Herb Kelleher understood this new mode. When a financial analyst asked him if he was afraid of losing control of the organization, he replied, "...I've never had control and I never wanted it. If you create an environment where the people truly participate, you don't need control.... And the more that people will devote themselves to your cause on a voluntary basis, a willing basis, the fewer hierarchies and control mechanisms you need."

The essential question for winning in the new economic era is not how you will squeeze more out of your people and operations but why you and your people get up every morning and go to work? Is it merely to make money, outperform your competitors, and deliver greater shareholder

“We are what we repeatedly do. Excellence, therefore, is not an act, but a habit.” —Aristotle

value? Or is it, as Google describes, “to organize the world’s information and make it universally accessible and useful,” or Bayer, “to benefit people and improve their quality of life”?

During challenging economic times, it is far better to create an environment committed to a higher goal than a financial one. For one, dollar-based targets are much more difficult to achieve during a downturn. Second, and more dangerously, if a leader with a dollar-based vision might say to his or her subordinates, “make the numbers,” “just do it,” or “your bonus depends on this,” the likely outcome is a registering of these statements by employees as, “by any means necessary” or “no questions asked.”

This, of course, is a prescription for disaster. Even in less dire scenarios, a numbers-only focus leads to considering what *can* be done instead of what *should* be done.

THE “WAVE”

Leadership in the modern world is about turning values into inspirations for others by reaching out to those around you, sharing your vision with them, and getting them to buy into a common purpose.

Consider what happens when a few people in a baseball stadium start the “wave” by standing up and throwing their arms in the air. Then, in section after section, people stand up and raise their arms. Before long, the wave sweeps the stadium, as tens of thousands of people of all ages, backgrounds, and incomes participate. The wave—which at its core is an expression of unbridled passion for winning—works as a business metaphor because it is about what a diverse group of people can accomplish when united by a common vision. A single wave is good, but companies need to build waves over the long term.

As Aristotle said, “We are what we repeatedly do. Excellence, therefore, is not an act, but a habit.” And when the entire team understands its values, and communicates and collaborates around them, a culture begins to develop. Historically, a values-based culture has been a rather exotic concept, one mainly of interest to certain companies and senior executives. Today, it is the measure by which companies are judged. Leaders are enlisting new energy to inspire everyone, from the factory floor to the boardroom, to embrace values and mission as an essential responsibility for how business gets done. They are reframing what success looks like within this construct.

So, too, today we have the opportunity, provided ironically in a downturn, to look at the importance of culture and values, not just as a thoughtful exercise, but as a means to create value during hard times and in good. *MW*

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