

Never Waste a Crisis

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Great leaders know that significant opportunity lies in a world turned upside down. Here are ways to grasp them.

Over the past months, as I've crisscrossed continents, speaking to top executives in many different industries, I've witnessed firsthand just how far-reaching and interdependent the current economic downturn is. Never have I seen so many thoughtful strategic plans suddenly shelved as we face a new set of economic conditions combined with an uncertain financial system, with unclear rules and no proven models for success.

Despite all the different issues that top leaders are facing, there is a commonality to great leaders in times like these. It can be summed up in the phrase "Never waste a crisis." When Rahm Emanuel, President Barack Obama's chief of staff, was quoted saying this in *The New York Times*, he articulated what is on the minds of many of the global business leaders I've recently seen.

We don't yet know how hard this crisis is going to be, but there is a shared sense that beyond the current events lies significant opportunity. What steps can executives take to move on the opportunities, while at the same time paying attention to all the demands of the moment? What can great leaders do to move decisively forward in a world turned upside down?

First, figure out how to survive. So many of the executives I have spoken to remark on the speed with which the current crisis came upon them.

Given that, do you have a plan that allows you to move fast, faster than before? Many companies either didn't see or didn't believe common metrics of economic and financial distress before the recent crash and crisis. What metrics are you looking at now? Which ones from the past still give useful leading indicators? What else might you need to look at?

Be systematic and transparent about balancing optimism with realism in your current plan for survival. You must increase your forums for listening at the edges, for creative dissent. Ensure that you have in your inner circle people who will never allow you to fall into the destructive cycle of hubris and denial that led Dick Fuld to destroy Lehman Brothers (nyse: LEHMQ - news - people), a company he had built and loved.

Take the steps necessary now to get your organization onto dry ground, and far enough from the storm surge that you can evaluate your current state with critical clarity.

Second, ask yourself what you can do now that you couldn't do before. This is the crux of successfully taking advantage of a world turned upside down. How can you position yourself now, so that you will be better off than you were, once the crisis is over?

For example, at the end of 2007, the Detroit automotive industry had to worry about destroying \$40 billion in shareholder value if it transformed itself into a manufacturer of "green" cars and trucks. Now, with stock prices trending toward zero, this barrier is gone. The current ineffective leadership will be replaced by people committed to creating an industry designed for the 21st century, instead of one focused on protecting a past that no longer is viable. This opens possibilities to take the bold steps it has long been avoiding.

John Chambers, chief executive of Cisco Systems (nasdaq: CSCO - news - people), has often spoken about listening for "market transitions"—that is, subtle but big shifts in social, economic

or technological conditions. There is no doubt that the Internet and global communications have been setting up market transitions that will ultimately disrupt many conventional channels.

We've recently seen the Obama campaign successfully build direct channels to citizens that most did not believe possible. How about in your markets? Does the current crisis accelerate and even necessitate major shifts in your channels in the next 12 months—shifts that better position your company but would have been impossible to execute just six months ago?

Does this crisis allow you to dramatically improve brand loyalty? Are there things your company can do that will make a difference to people caught in these difficult times? Might you redeploy marketing dollars to this? Might you tap the power of purpose in your employees' desire to help others, and make it clear what your brand stands for beyond the day-to-day business of consumption?

And within your own organizations, are you facing squarely how quickly the dynamics of talent retention have changed? What might you do differently to increase your talent base? Ask yourself: Might this be a time to promote some of your best high potential employees, without worrying if someone else feels passed by? This is an opportunity to reorient your organization around value, in terms of roles and responsibilities, as well as compensation.

Finally, no whining. You may find yourself thinking, more than once, "I didn't create this crisis. Why me? Why should I be stuck with dealing with it?" It's very tempting to feel aggrieved, but, instead, step back and ask yourself, "Why not me?"

Leaders in crisis put aside that very understandable anger and instead are glad, even honored, that they are in a position to respond to a once-in-a-lifetime set of circumstances. Remember that the people around you may be dealing with the fallout of the crisis in many ways that may not be visible. Have compassion for them, and mitigate their hardships with opportunity, inspiration and the call to hard work.

Beyond this crisis is a new landscape, one that will define the arcs of opportunity and prosperity for decades to come. Find the opportunities that reach beyond survival, guide your organizations to get there and extend a helping hand to as many as you can along the way. The costs of this crisis are high—way too high to go to waste.

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