



## Leading through an Economic Downturn

### Developing a Sense of Ownership and Responsibility

The first chapter of our **SurvivalKit** addressed the challenges facing business leaders as the economy takes a downturn. It gave some key pointers, actions based on our experience in similar times that will help to create trust and it showed how a *behaviour strategy* forms an essential complement to the business strategy. The second chapter offered seven steps to increase hope and re-engage people in the organisation. Once people have renewed hope in their personal futures then they can start to contribute effectively. Chapter three outlined the leaders' responsibility to inspire creativity across the whole organisation by creating an appropriate environment. We gave an example of a situation where 9 simple actions got a whole department engaged in solving their own problems. In this fourth part the approach is more anecdotal but the stories are true. No animals were harmed in the writing of this piece and names may have been changed to protect people's identity! We hope you enjoy joining us as we relive some of the learning experiences from our careers.

Repeated surveys show that the greatest source of frustration and de-motivation in teams is that certain individuals do not put in the same effort/create the same results as others AND nothing is done about it. The frustration and anger that this creates is corrosive in terms of relationships and spirit and undermines performance in the short and long term. Why? Because at heart the vast majority of us think that there is some sort of "deal" in life. If you make a contribution you will be rewarded in line with the value of that contribution. In the current context in which our companies are facing great challenges can we really afford to have people in our business who are not feeling ownership and taking full responsibility for themselves and their contributions in fulfilling their roles? Before looking at some possible solutions, let us look at some cautionary tales to see what can cause these problems in the first place:

### Cautionary Tales

#### The "Sickie"

I had been a manager for 3 months when I received a memo from HR (the days before e-mail!) accusing me of failing in my managerial duties because I had the highest absenteeism record in the whole business. I requested the relevant records from HR. It was clear that one team was only working 11 months per year on average. They were predominantly young men under the age of 18, less than two years out of school, who I swear to this day had been recruited (before I arrived) because a school bus stopped for too long at the traffic lights outside the office.

I called them together and showed them the report; shrugs and expressions of mild disinterest ensued. I was happy for them to work for only 11 months of the year if they were happy that I would pay them for 11 months of the year; and that since I never knew when they would not be at work, I would apply the same standard and they would never know which month would be the one without pay. Now I had their interest - and they weren't happy.

I realised that no one had bothered to explain "the deal" to these young men. As order returned, I asked them what they thought we, as their employer, were responsible for in our contract with them. It boiled down to paying them the agreed salary on time, providing a safe work place, encouraging them to grow and develop and standing up for them if they were unfairly treated by other people in the business. I then asked them to explain their side of "the deal". To turn up on time, dressed appropriately and to do the work that was defined as their responsibility. Now came the fun. "Have I been failing to live up to my side of the deal?" I asked. After a minute of sheepish looks and mild discomfort they agreed that I had not. "And how well have you been keeping your side of



the deal?" "Err not very well" they said in unison. "So what would you do if you were me?" I smiled. The answers ranged from sacking them all to fining them and of course only paying them for 11 months.

At this point I made it clear that I would probably have a legal struggle to only pay them for 11 months but the point had been made and we started to talk about the solution. Much of the problem came from the fact that they thought that work was a bit like school with pay, and since they had not been the most academically committed students, they just carried on as they always had. We agreed that we would work together over the coming weeks to resolve the problem and I even put a small incentive plan in place; well behaviour change is never easy! Half way through the month, one of the team came to work and he was clearly not well. I heard his mates mobbing him and telling him that he couldn't go home because they would all lose their incentive. I stepped in and sent him home in a taxi, explaining that real sickness was OK and would obviously not be punished.

Three months later I could only laugh when I got another memo from HR. Apparently they thought I was fiddling the figures because this team now had the best record in the business. Sometimes you just can't win!

***Are you explicit with people about the terms of "the deal" or do you just expect them to know it, and then get angry when they appear to have a different interpretation to you? It might seem obvious to you but many people, even those who have been at work for many years, have never been given a clear picture and unless they have, please don't expect them to take responsibility for their side of the bargain.***

### **The "Sickie" Part 2**

My Dad, worked for his whole life at BT when it was in the public sector. He and his colleagues had a "sickness allowance" of 30 days per year, and not surprisingly many of the (not including my Dad it should be said) felt that because it was an "allowance" it should be taken in full. Hmmmm! 11 months work for 12 months pay yet again! In fact as your length of service increased, so too did the allowance. Clearly the longer you worked the sicker you became!

I understand, although I should point out that I haven't seen the contracts, that some public sector employees are able, if they fall sick during shut down periods such as Christmas/New Year, to extend the breaks to make up for the days on which they were unwell. So who is now responsible and accountable for looking after their health?

Don't get me wrong, as I explained above, I know that people do get genuinely sick and they should not be bullied in to work when they are incapable of being there. Not only is that poor management practice it has a bad effect on the whole business when everyone is coughing and sneezing. But this does strike me as a pretty one sided deal.

***Have you, in your desire to be a good employer, created "deals" that some of your people are happy to take advantage of, even though it is unfair to you and their colleagues?***

### **The Football Manager Syndrome**

If you like "the beautiful game", you will have noticed that the life of a football manager is not always easy. When the players perform badly, the manager gets the sack. Now sometimes this is because the manager is genuinely failing in their duties but often when



the new manager arrives the very same players, lift their game and play as they always could. Why would that be? Well in short, it appears that players' contracts are something of a one-way deal. If you don't work hard enough to get into the first team, you still get your salary (and not a bad salary at that), if you do get into the team and win, you get a bonus, simply for doing the job that you were paid to do in the first place. In fact some contracts even include an appearance bonus! Is there a system of penalties or sanctions that can be applied against those who do not take responsibility for their own performance? No.

***Well you may say "That's football and it is not like normal business", but we are talking about the processes that create attitudes and drive behaviours. Do you have contracts or terms of employment or just custom and practice that creates a culture in your business that encourages people to act irresponsibly?***

### **Peter and the Car Keys**

I was also a manager in a business that paid annual bonuses. This was a great source of contention as everyone tried to maximise their people's bonuses without consideration of the needs of others. I always held a series of meetings with my department heads in which they were told the value of the whole bonus pot for the function and during these meetings they bid for and agreed the individual bonuses for all of the employees. Of course if they ring fenced a large amount of money for department head bonuses (which I would then distribute on merit) they reduced the bonus pot available for their teams.

Imagine my amusement on bonus day when I overheard two members of one team taking my name in vain, as the person to "blame" for the paltry bonuses that they had received.

I asked Peter, their manager, to join me in my office and bring his company car keys with him. I asked him to put the keys on my desk and asked him why he had a company car. He replied, "Because I am a manager". I then replayed the conversation that I had overheard and pointed out that being a manager meant that you took responsibility for management decisions and could not separate yourself from apparently unpopular decisions just to make your life easier. The car was part of the reward for taking that responsibility, and if he didn't want the responsibility that was OK with me, but he could not therefore have the reward. He looked nervously at the keys. I suggested that if he wanted to drive home that night, I would only return the keys after each member of his team had come to see me to explain the process for determining bonuses including the ring fencing of department head bonuses. He blanched; but in fairness by the end of that day he was able to take his car home. I suspect that he did not love me for what I did, but he became a more communicative manager after that day.

***Do you allow people to avoid their responsibilities but continue to reward them as if they were acting appropriately?***

#### **REWARD AND RESPONSIBILITY - A PARADOX?**

*As part of a major Change project we visited a car factory in the USA and talked to the guys on the line.*

*A door fitter had a contract that required him to fit a certain number of doors each day. Once he had achieved that target he could go home. If the quality department then found faults in the fitting of any of his doors, he was required to return to work to resolve the problem. Fair enough you might say, but if this happened he was paid a call-out bonus and double time for the extra time that he spent at work!*

*Guess what? Yes, he always made sure that there was one quality error and increased his earnings by 40%.*

*It is noticeable that the US government is now making it a term of their bail out package that such working practices are eradicated.*



### **Martin and the Flight Tickets:**

When I was in another role we had awarded poor pay increases; well below expectations. We had not made a profit in the previous year but this was conveniently ignored by everyone!

Martin came into my office to ask me to sign a travel approval for a trip to New York. Of all my managers, he was the one who complained most about the “unfairness” of the salary increases. I noticed that he planned to travel in business class:

*“Is this trip absolutely essential?” “Oh yes” he replied, although I suspected it could have been handled another way.*

*“I note that you want to travel in business class.” “Of course, that is company policy”, he replied with a confident smile.*

*“And I know that business class is £3000 more than economy.” “Are you saying that I have to travel in economy”, he challenged.*

*“No, but I wonder if you considered that the more we spend on travel, the less we have to allocate to salary increases.” He looked puzzled and said “So you do want me to travel economy”*

*“No, company policy says that you can travel in business class and I have no right to tell you to do anything else. I just want you to think about whether you want to do that or whether you are prepared to trade some personal comfort for a more successful business. Think about it for an hour and let me know, confident in the knowledge that I will sign off business class” He frowned and left.*

An hour later he returned and had changed the class to economy. Having checked that he did not feel coerced I signed the form and then told him of an almost guaranteed way in which we would be able to upgrade, free of charge, to Concorde on the Friday evening return to the UK.

He got the upgrade and didn’t stop talking about it for weeks.

***Do you let your people blindly follow policies without thinking about the wider implications? Equally do you find ways to reward people who take some sacrifice to aid the wider cause?***

### ***WORKING ONE OR MORE LEVELS BELOW***

*A few years ago we worked with the Managing Director of a client who spent a lot of time doing work that should have been done by someone else. Not just another member of the board, but someone two or possibly three levels below her in the company.*

*Was it because she had worked her way up through the industry and enjoyed the operational work so much that she could not resist getting involved in things that she really should allow others to do?*

*Further study revealed that the problem was being caused elsewhere. The company had a regional management and then local branch structure. There was no coordinating leadership and management at the regional level, the executive team were forced to step in and take that role, whilst also struggling to take the overall strategic lead.*

*The Regional Managers (a huge cost base) had poorly defined responsibilities and were people who had performed well as Branch Managers and been promoted to this role with little or no assessment of their potential. Lacking a clear understanding of their expected contribution and responsibilities, they filled their time going into branches and “fixing the problems”. Thus disempowered the Branch Managers became “super team leaders” and the culture reinforced itself down through the rest of the structure.*

*We held the mirror of reality up to the MD and her team, who took characteristically prompt and courageous action. The regional management layer was removed saving the business several hundred thousand pounds per annum. The good Branch Managers stepped up to the challenge and did not need regional “administrators” as the regional management team were labelled behind their backs. The ineffective Branch Managers who had been “protected” by the Regional Managers were exposed and replaced, and most importantly overall performance improved.*



## What can Leaders do to Create a Sense of Ownership and Responsibility?

In his worldwide best selling book, *The Seven Habits of Highly Effective People*, Stephen Covey used a simple model to explain some elements of human behaviour. The model contained two circles, one inside the other. The outer circle is our *Circle of Concern* and the inner circle is our *Circle of Influence*.

In the outer circle are all those things that concern us and yet we have no influence or control over them; the global/UK economy, the daily weather, the price of oil for example. The inner circle contains all those things over which we have influence, our relationships with others, the processes that we operate at work and amount of money that the company spends for example.

Covey noted that those people who “spent all their time in their circle of concern”, talking about, focussing and expending energy on the things that concerned them but over which they had no influence, became over time, less influential as their circle of concern grew and swallowed up their circle of influence.

On the other hand those who spent their time in their circle of influence became over time more influential.

Adaptations of the model added a third circle inside the *Circle of Influence*, which is referred to as our *Circle of Control*. In here are all the things that we actually can control. Things such as our mood, the contents of our bank account and most importantly, how well we do our job.

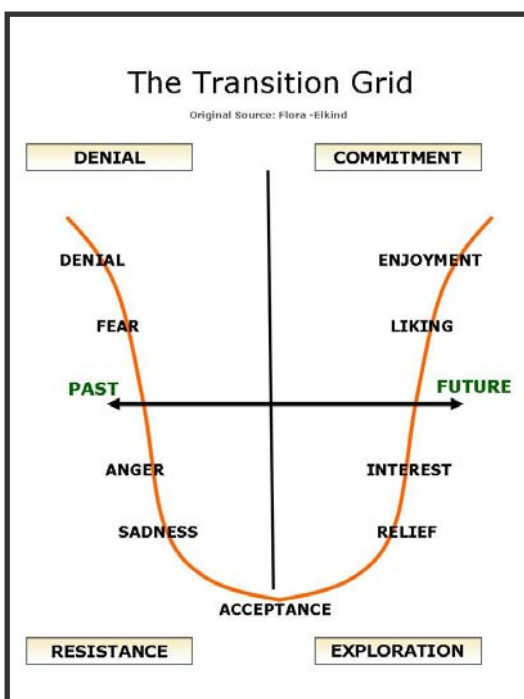
### **CIRCLES OF CONCERN, INFLUENCE AND CONTROL**

*We used this model during a workshop with the HR team of a global business.*

*The team were being physically relocated and at least half of the team would be made redundant at the end of the year. Understandably they were feeling out of control.*

*We asked them to consider what they could still control and most importantly what they could do to ensure that they made the most of their experience for the rest of the year so that it made them more valuable to the business if they were to stay or made them more employable in an other business if they were to leave.*

*When they had completed this activity we asked them to work with each other and identify how they could help each other to achieve their goals. As everyone began to realise that they were actually in control of their own destiny the energy grew, the team spirit returned. They all decided to make the best use of the rest of the year, including ensuring that the company received the best value from their work.*



We have worked with management teams who have made people redundant and seem to believe that the people who still have jobs “must be OK because they should be grateful that they at least have a job”. Not so!

The first step in all of this is to really understand the cycle of emotions that people experience in times of change. Then take the time to ask them how they are feeling. They may be scared, angry, sad, or one of many other corrosive and disempowering emotions. When they feel that they are understood and that they understand the situation you will have people who are back in control of their own destiny again. Agree an action plan for change, and introduce simple incentives to help the change.

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