

Career Rx

By [Lisa Chenofsky Singer](#)

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Counter Revolution

Changes in the economy have had a strong psychological effect on the way companies are managed and how employees are treated. In times of upheaval, it is often necessary to take careful stock in what has been going right. When things are bad, radical change is a tempting approach to dealing with a situation that is not working. During these times it is helpful to look at success stories to make sure that we "don't throw the baby out with the bath water"; the 21st century has a wealth of examples to draw upon.

One only has to look at the fastest growing companies in recent years to determine that there are a broad range of leadership styles. While Bill Gates kept his finger in every aspect of Microsoft down to approving expense reports for senior executives, Warren Buffet was sending managers off to act as though they owned the place. The common denominator in all the fastest growing companies was a strong emphasis on human capital and the development of that capital. It makes sense that in order to build a better mousetrap, someone has to conceive the need, come up with the idea, figure out how to make it happen and sell it. Companies like Google go out of their way to treat employees like precious resources by providing extensive training and a work environment that fosters good will and creativity.

When things get bad, there is a tendency to retreat to more comfortable environments. One of the casualties of economic slowdown is the relationships between executives and staff level employees. The damage to these relationships comes from several sources. The current economic crisis has resulted in high unemployment. This makes it more difficult for managers to form mentoring relationships with people that they may have to let go. It also makes expenditures in employee development more risky. In order to survive, companies have had to reduce costs to adjust to market forces. This places the burden on fewer workers to do more work. When a company is in crisis mode, it becomes hard to maintain an emotional state conducive to creative problem solving.

The story of the counter revolution in Russia after the liberation of serfs is an example of how not to react in an emergency. Czar Alexander II of Russia freed the serfs in 1861. He did this largely because the national humiliation experienced in the Crimean War could be traced to practices regarding the treatment of the peasantry. While the rest of the world was industrialized, Russia was still functioning as a low-skilled agrarian nation. Poorly motivated serf soldiers using outdated technology impacted Russia's ability to mount an effective defense. The cost of managing and taking care of an army that was conscripted for life was enormous. The Czar's solution was to free the serfs, making them an invested participant in society and promoting innovation at the worker level and partners in the industrialization.

The newly-freed serfs accepted their freedom even though it came at a personal price. Despite the costs, reform did prompt some of the participation in defense and industrialization that was sought; every coin has two sides and the flip side of this freedom was an impatience that led to revolutionary activities. Alexander II was murdered by members of the Peoples Will party in 1891. The irony was that the democratic reforms that the assassins were demanding were planned to be announced by the Czar in the coming week.

The reaction of the successor to the throne, the prince Alexander III, was counter revolution. Russia was quickly returned to an autocratic state with an aristocracy empowered to repress the peasant population far more than the serf population. While European revolutions resulted in representative forms of government, Russia lacked the middle class intellectuals to provide fertile soil for modern forms of government. The result was a form of government managed by a military autocrat in which all of society was involved in the same indentured servitude. It was not until 1985 that the Soviet Union achieved the reforms attempted by Alexander II in 1861.

I present this excursion through Russian history to convey the lessons history can teach us. A striving economy depends on focusing the physical, intellectual and passionate energies of everyone involved. People need to feel as though they are both participants and stakeholders: the counter-reforms of the counter-revolution in Russia reduced the peasants to subjects rather than stakeholders and destroyed the energy that reform had unleashed.

The United States has always been a place where citizens and aliens alike feel the power of being stakeholders. With the exception of recent market collapses, corporate America has made many advances in recent years. The period closing the 20th century and the first few years of the 21st century saw huge economic advances which were largely the result of technology, synergistic work environments and optimism. Worker productivity more than doubled between 1973 and 2007. Part of the growth was the result of new work environments that favored workers and redefined the roll of management into a more supportive roll. The focus on human capital and personal development unleashed a great deal of energy into the business environment and innovation was highly prized.

The danger of tough times is the tendency of leaders to get tough rather than smart. Why not return to the postwar 1950s and 60s model of management? The answer can be found in social history. The one thing that the postwar model had in its favor was high productivity. Why was this period so productive? In the postwar environment, the hearts and minds of the country was focused on rebuilding the economy that the war had severely depleted. This was a postwar phenomenon and efficiency declined by 50% in the 1970s.

What got the economy back on track was a focus on education and innovation. Daniel Pink referred to the computer-using employee as the "knowledge worker". The ability to harness the hearts and minds of every person is what distinguishes the growing and shrinking enterprises of our age. What is the action that will lead to personal and corporate success in the next business cycle? Personal knowledge and creativity will be the necessary factors for success in the future.

Lisa Chenofsky Singer is the Managing Director of Chenofsky Singer and Associates LLC www.ChenofskySinger.com, providing Executive and Career Coaching and Human Resources Consulting.

Lisa's extensive human resources and coaching experience with Fortune 500 companies, small enterprises, medium-sized firms, and non-profit organizations gives her the unique ability to bring together wide-ranging perspectives on career transitions, executive and leadership development. She has consulted with a wide variety of sectors — consumer goods, financial services, healthcare, media and entertainment, pharmaceutical and life sciences, publishing, professional services, technology, and non-profit. Lisa has a passion for motivational speaking, conducts career forums, and provides executive and career coaching.

Lisa's greatest strength is that she enables individuals and organizations to see themselves in new ways, freeing them to achieve their goals. Lisa can be reached at Lisa@ChenofskySinger.com.