



## **LEADERS WHO OUTPERFORM COMPETITORS IN A DOWN MARKET**

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No one likes a downturn in the economy whether it is short-term or a longer-term recessionary period. What ensues for business leaders and their employees tend to be a natural reaction – heightened anxiety, stress and hunkering down into an approach that focuses on defending and retaining existing clients to keep them happy and the revenue intact.

Focusing on happy clients during a downturn is not new nor should it be a new focus. In fact, focusing on clients is something good organizations do during good economic times. What's changed is what actually comes next – a leadership focus on managing employees to tasks the organization feels will lead to desired goals.

Studies prove when leaders have heightened levels of anxiety and stress, they become more goal and task oriented and less “people-oriented” towards their employees. Employees feel the pressure, the culture shifts, and everyone is less happy than they were just a few weeks prior to the economic downturn. And, the shift lasts..... hurting productivity & employee engagement.

The lasting effect of this shift is twofold: (1) productivity and focus decrease, negatively impacting desired results and (2) unhappy employees are waiting for the upward turn in the economy to jump ship and move to a better organization who feel the experience would have been better.

Who are those who leave? Your best employees. If you refer to Leigh Branham, the author of “7 Hidden Reasons Employees Leave” you’ll find managers believe 89% of all employees leave for more money when the actual number is 12%. Without your best employees your ability to execute a growth strategy can become significantly handicapped.

So, what do ***the best leaders do during an economic downturn to find success?*** Let’s take a look at the two things winning leaders focus on accomplishing – employees and real investments into a growth strategy.



## EMPLOYEE FOCUSED

Great leadership knows the tasks and work will get done by their direct reports because they hired qualified, capable people. What this same leadership also knows is that their employees can and will get caught up with distractions of a downward economic cycle in both their personal life and business. By acknowledging to their direct reports these distractions and challenges, they offer a few important things to their employees:

- Connection – Employees want to know their boss ‘gets it’ and knows what they are feeling and going through as stressors. Outward acknowledgement helps create and keep a line of communication open where the employee may have a periodic need to just talk through things not related to their tasks and goals. The employee feels relieved they can talk to their boss if needed without the risk of it coming back in the form of a negative performance review.
- Listening – Let’s be real, employees do not have a lot of outlets to talk through their stressors at work. Listening is the biggest form of emotional support when employees don’t want a solution but understanding. They don’t want to think there is professional risk in being human.
- Engagement – Those leaders who master connection and listening create the highest level of engaged and committed employees for making the business successful. It also reduces turnover when the economy turns positive. How do we know this is true? ***A Harvard Business Review study revealed 58% of all employees trust a stranger more than their Manager.***

## INVESTING IN A GROWTH STRATEGY

There are 4 types of business behaviors during an economic downturn by leadership:

- 1) *Prevention-focused companies*, which make primarily defensive moves and are more concerned than their rivals with avoiding losses and minimizing downside risks.
- 2) *Promotion-focused companies*, which invest more in offensive moves that provide upside benefits than their peers do.
- 3) *Pragmatic companies*, which combine defensive and offensive moves.
- 4) *Progressive companies*, which deploy the optimal combination of defense and offense.

#2 is the most important leadership decision you can make for your business. These leaders know that while there is short-term pain in terms of selective cost-cutting, they actually spend budget dollars to create a new growth strategy for when the upward economic turn starts to evolve. This is something I discuss in my February 2020 whitepaper entitled “Economics – The Business Owner’s Blindspot” as Plan B. Creating and preparing your business for growth by investing the time and resources will put you ahead of your industry peers who will be trying to figure it out when you already have, and the economy has turned positive. This gives you a window of exclusivity to accelerate business results.



We know COVID-19 will have an unprecedented impact on businesses. But, we also know there is no permanence to this current challenge and things will get better. The question is: “what can you do right now during the COVID-19 pandemic to be prepared to capture new growth when the pandemic subsides?”

## TAKING PROACTIVE ACTION

**Step 1** – Analyze your market’s buyer behavior right now and predict what it will be when the economy turns positive. What will be their triggers for engaging and not engaging? How you build a strategy around those constraints and enablers determines success in creating positive outcomes

**Step 2** – Initiate a plan today around your employees so they are with you for the hard times and good times without having thoughts of leaving for greener pastures (a.k.a. better leadership)

**Step 3** – Budget and be willing to spend money on strategy that will give you a competitive advantage over what everyone else is doing right now and where they are focused

**Step 4** – Embrace your limitations as a leader and obtain the help to build out Step 3. Average leaders try to do this themselves. Great leaders know their limitations and embrace it – there are no feelings of vulnerability nor concerns they will be viewed as unqualified leaders. Quite the opposite.

***What leaders exemplified these traits and found exceptional success during their time leading an organization?*** Herb Kelleher, co-Founder & CEO of Southwest Airlines. Elon Musk, Founder & CEO of Tesla. Rodney Martin, chairman & CEO of Voya Financial. There are many more – and you can be one of them too.

## ABOUT THE AUTHOR

David Newkirk is a leader in financial services with over 30 years of experience and expertise. During his career, David has launched 6 lines of business for both financial service companies and businesses serving financial institutions.

As a financial industry historian, David is able to innovate and leverage the trends in the macroeconomic environment with the dynamics of an organization to create long-term sustainable growth and prosperity to his clients.