Predictable Results in Unpredictable Times

*You are exposed to the improbable only if you let it control you. You always control what you do.*  
—Nassim Nicholas Taleb

Every summer a colorful crowd of cyclists race each other in what is billed as the greatest human endurance test of all time—the Tour de France. On the flat, sunny terrain, they bunch up in a peloton, or platoon, some jockeying for the front, some coasting along in the slipstream of a rider inches ahead. But they mostly stay together. When the going is relatively easy, the peloton speeds along at a predictable pace.

Then comes the severe test of the mountains. Uncertain weather hits. Improbably, even in July the Alps can produce freezing rain and sleet. By contrast, the desert-like Mont Ventoux in the south of France is heatstroke waiting to happen. As the cyclists climb thousands of meters, the peloton strings out. Riders tire and drop away. Teams fall inexorably behind.

It’s in these extreme conditions that the great teams take the lead.

Even in a turnaround, there’s no likelihood of an easy ride—we’ve moved into a world where the measured risks of the past seem tame compared to what we face today.

Great leaders are different. They anchor themselves in principles that are certain and solid, even in an uncertain and fluid environment. They know the world is unpredictable. Still, they get predictable results.

Four Hazards of Unpredictable Times

Like the Tour de France cycling teams, companies trying to navigate in unpredictable times face four key hazards:

- Failure to execute
- Crisis of trust
- Loss of focus
- Pervasive fear
Failure to execute. You’ve thought through the crisis. You have your strategy. Now the question is, can your teams execute? Will they? Some people in your organization are getting it done. Some aren’t and probably never will. Then there’s the great middle—how much more could they contribute if they performed more like those who are getting it done?

Crisis of trust. Levels of trust drop in uncertain times. Securities markets plunge due to crises of confidence. People lose confidence in their own organizations. On an uncertain road full of pitfalls, everyone decelerates: it’s not called a “slowdown” for nothing.

Loss of focus. You have fewer resources, fewer people, more confusion. People try to do two or three jobs at once. A person trying to do two jobs has half the focus of a person doing one job, and half the likelihood of doing either job well.

Pervasive fear. Economic recession causes psychological recession. People fear losing jobs, retirement savings, even their homes. It’s “piling on.” And it costs you. Just when you need people to focus and engage, they lose focus and disengage.

You can dodge the hazards and win if you:

- Execute priorities with excellence.
- Move with the speed of trust.
- Achieve more with less.
- Reduce fear.

Execute priorities with excellence. The winning companies have “simple goals repeatedly revisited, together with clear targets and strong follow-through, including the measurement of results.” As with any great team, all team members know the goals and their roles in carrying them out. And they execute precisely.

Move with the speed of trust. Low trust slows everything down and raises costs. That’s why the economy, your clients, and your cash flow slow down in times of turmoil. But when trust levels rise, everything speeds up and costs go down. The winning organizations are capable of quick action “with the agility to respond ahead of, or at least stay even with, rapid changes in the new economic environment.”

Achieve more with less. Of course, everyone is trying to do more with less, but the real question is “more of what?” Shouldn’t it be more of what your key stakeholders truly value and less of what they don’t want? The winning companies focus totally on value—they are not just cutting back, they are simplifying, reducing complexities that customers and employees don’t value. Instead of having everyone do two or three jobs, they focus on doing the job that key stakeholders really want done.

Reduce fear. The root of psychological recession is the sense that people have no control over what happens to them. Winning organizations help people break through that hopelessness and focus on what they can impact. Much of the fear is caused by unclear direction, by a less-than-compelling purpose. Entrusted with a mission and strategy they can believe in, they channel their anxious energy into results. If there’s one thing that’s certain about life, it’s uncertainty. The great teams, like the great cyclists, perform consistently and with excellence, regardless of the conditions. This small book is about getting predictable results in good times and bad—whether you believe “this time is different” or not. The reason? You can rely on these four principles. They just don’t change. And they will never let you down.
In difficult times, winning performance depends on precise execution.

For the Tour de France, the mountains are the toughest challenge. This is the hardest part of the race where so much gets decided. Here the advantage goes not necessarily to the physically strongest team, but to the team that executes with the greatest precision.

Think about Lance Armstrong’s famous U.S. Postal Service and Discovery Channel teams that won the Tour de France seven times. In the mountains, the team became a “ruthlessly efficient machine.” Day after day they consistently paced themselves at the front of the pack through the punishing Alps and Pyrenées.

Obviously, each team member knew his role and carried it out exactly. Make sure everyone buys in to and knows how to contribute to the goal and then “move the middle.”

**Does Everyone Know What to Do?**

Today most business leaders are privately worried about execution. According to a report of the Conference Board, excellence in execution and consistent execution of strategy are now the top two concerns of CEOs. Those issues didn’t even make the list a few years ago.

And CEOs have reason to be concerned.

We have asked about 150,000 workers to name the top goals of their organizations. Only about 15 percent can tell us. Of that 15 percent, only 40 percent know what to do about the goals. About 9 percent feel a high level of commitment.

If yours is like most other organizations, only a small percentage of the people are actively working on the strategy for getting through the mountains. The others don’t understand the strategy, nor do they know how to carry it out, just when it’s more crucial than ever.

Narrowing the focus is critical. The research shows that companies who win in tough times have “simple goals repeatedly revisited, together with clear targets and strong follow-through, including the measurement of results.” If you lead by these same principles, you’ll dramatically raise your chances of getting predictable results, even in radically changing environments.

You might have a good strategy, but without a good execution system, your strategy will fail.
So, what are the elements of a good execution system?

Our extensive research shows us that great performers do four things that lesser performers do not do:

1. **Focus on the top goals.** Great performers establish much higher levels of clarity and commitment among team members about desired outcomes.

2. **Make sure everyone knows the specific job to be done to achieve these goals.** Great performers involve team members in defining how those goals will be achieved.

3. **Keep score.** Great performers track measures that will lead to achievement of the goals and recognize and reward people for meeting those measures.

4. **Set up a regular cycle of follow-through.** Great performers conduct regular, frequent meetings where team members hold each other accountable for achieving the outcomes.

**FOCUS ON THE TOP GOALS**

**Too many goals.** In tough times, you can’t afford to dilute your focus on a host of goals that are anything less than decisive. The “Wildly Important Goals” are the ones you must achieve, or nothing else you achieve really matters very much. In really tough times, your one goal might be to just keep the doors open.

**No defined goals.** Fuzzy, poorly defined goals give people nothing to shoot for. If your success depends on a critical goal, it’s worth defining well. And it isn’t defined well until the measure of success is clear. The best measure is always the answer to this question: “From X to Y by when?” Exactly how much electricity are we using now, and how much do we need to save by the end of the year? How much revenue are we making now from online channels, and how much more do we need to make this quarter? What does it mean to become the “leading provider”? Where are we now in relation to the leader? How big is the gap to be closed? And how much time do we have?

**People get distracted from the goals.** How often does the organization hold a big kickoff meeting to announce an important new goal, only to see the enthusiasm wane as the pressures of the day-to-day take over? How many corporate initiatives are underwater, buried by a high tide called the “day job”?

You must realize, of course, that you’re asking them to do something in addition to the job they already do, which presumably keeps them pretty busy. Your chances of turning everyone into a cash manager are slim unless you regularly emphasize the goal, rethink their jobs, and minimize the distractions.

The first requirement of a good execution system is that everyone must know and buy in to the key goal(s). The leader’s job starts with identifying the goal and communicating it, explaining it, making sure everyone understands it. There should be only one, two, or three well-defined goals—the fewer the better—to sharpen focus on what really matters.
Make sure everyone knows the specific job to be done to achieve these goals

Leaders decide what the goal is, but they don’t decide how to achieve it; that’s where the team comes in. Maersk trusts the people who do the job to figure out how to do it more efficiently and for less cost.

Leaders who hand down goals must give teams the time and opportunity to learn how to achieve them. By definition, every new goal requires people to do things they’ve never done before.

Lance Armstrong did not win the Tour de France seven times by himself. His team members — Hincapie, Landis, Azevedo, and others — executed precisely their roles in achieving the goal. The contribution of each team member counts, especially when you’re in the mountains.

Keep score

When you’re “in the straits,” you can’t afford to pilot blind, nor can you afford to be distracted by a lot of less important flashing lights and buzzing horns. You’ve got to know exactly where you are on a few key measures. That’s why any good execution system includes scorekeeping.

Smart leaders know that there are two kinds of measures to watch: lag measures and lead measures. Lag measures are the ones we usually think of because they tell us what just happened. Sales figures, expense reports, income statements these are examples of lag measures. They are necessary, but you can’t do much about them. They’re history.

Lead measures, on the other hand, are predictive and influenceable. They tell you what is likely to happen. You can control them. For the Tour de France team, lead measures include “hours in the saddle,” hill repeats, aero-dynamics, and diet. Teams weigh every meal and count every calorie. One cyclist even rinses his cottage cheese to control his fat intake.

Effective leadership is a bit like a science experiment, involving a lot of trial and error. The team tries many approaches to influence the lag measures.

Scorekeeping is time-consuming, but the lead measure is so important to the goal, that all the salespeople do it willingly.

Furthermore, the staff is rewarded not just for meeting the lag measure (results), but also for meeting the lead measure (the action needed to achieve results).

In other words, instead of focusing only on backward-looking lag measures, focus on forward-looking lead measures.

Knowing the goal is not the same as knowing what to do to achieve it. It’s not enough to announce the goal and then track the results; leaders must engage the team in figuring out the measures necessary to achieve it and then relentlessly track those measures.
Set up a regular cycle of follow-through

Achieving your team goals requires this same cycle of accountability. The mistake leaders often make is to announce a grand goal and then sit back in luxurious expectation that it will happen. If you never ask about the goal, your team members won’t care about it. They have plenty to do already. If you don’t revisit progress on the goal regularly and frequently, team members will conclude that you didn’t mean it, and they will go do what they normally do.

Great teams meet regularly and frequently—weekly at least, often daily—to review progress on their goals. These meetings are simple. Team members start by looking at the scoreboard to see where they are. They report on commitments made. They discuss lessons learned. They plan what to do next and make new commitments. These are not ordinary “staff meetings”: the tent meetings focus entirely on moving forward the key measures of success. When team members can count on being asked repeatedly about progress, they know their leaders care and they want to contribute.

In summary, to get to the point of excellent execution, a leader has four basic jobs to do:

1. Focus on the top goals.
2. Make sure everyone knows the specific job to be done to achieve these goals.
3. Keep score.
4. Set up a regular cycle of follow-through.
Are You “Moving the Middle”?

It’s a fact of life. Some people and teams perform well, some don’t perform well at all—and then there’s the vast middle. The performance of any group of people anywhere always looks like this:

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| Bottom 20% | Middle 60% | Top 20% |
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See? There’s that big bulge in the middle—these are people who could contribute much more if only they knew how. Now, think of the huge impact if that middle 60 percent performed more like the top 20 percent! What would it mean to your performance if the graph looked more like this?

As a leader, your biggest opportunity might be to move the middle “right and tight” on the performance curve. You don’t want to stay “left and loose”: that means you get strung out in the mountain passes and lose your advantage.

Bringing a team member up even a meter or two from the middle can make a real cumulative difference in the mountains.

For Armstrong’s team, it wasn’t necessary to come up with a big new strategy for the mountains. All they needed was to get each teammate to do the things they already knew had to be done.

The same is likely true for your team when you hit the mountains. You might be asking yourself, “What’s the innovative strategy I need now?” And that’s a good question.

But you should be asking yourself, “How can I get more people to do the things we already know how to do?”
Every organization has some team members, both frontline and management, who already perform with excellence. In our research, we have found that the biggest opportunity for performance improvement lies in moving the middle 60 percent closer to the performance levels achieved by that top 20 percent. Do some quick calculations, and you’ll see the impact of moving that middle 60 percent just one third of the way toward the average performance of that top group.

To “move the middle”—to move your performance “righter and tighter”—you’ll want to do two things:

1. **Identify islands of excellence.** Where in your organization are people already performing in exceptional ways? What can the “right and tight” ones teach the rest of the organization?

2. **Ask the team how to improve performance.** No one knows better than the team members what could be done better, faster, and at less cost.

**IDENTIFY ISLANDS OF EXCELLENCE**

“When large variations in performance exist among similar operations, relentless efforts to benchmark and implement what works can lift performance substantially.”

Ironically, there are people and units in most organizations who are already superb performers. Your task as a leader is to move those who can and will change in the direction of those superb performers. You will find yourself building your organization around what works instead of worrying about what doesn’t.

**ASK THE TEAM HOW TO IMPROVE PERFORMANCE**

If you want to improve the performance of a team, how hard is it to ask them about their successes? You might be surprised at the eagerness of the responses and the insights they bring. Ask them to tell their success stories instead of focusing so much on failures. A culture built around success stories is likely to create more exceptional performance.

As you involve the team more and more in opportunities for improvement, you will not only move the middle in terms of performance, but also help them move out of the “middling mindset.” There might be exceptions—and if so, you might rethink their employment—but few people really want to be mediocre. Most of your team members want to make a valued contribution—to find purpose in their work.
Move With the Speed of Trust

“Widespread distrust in a society...imposes a kind of tax on all forms of economic activity, a tax that high-trust societies do not have to pay.”
–Francis Fukuyama, Economist

Trust always affects two measurable outcomes: speed and cost. When trust goes down, speed goes down and costs go up. Distrust slows everything. Sales decelerate, customers grow cold, and team members get discouraged or drop out entirely. Distrust has hard costs. If you’re distrusted, people will actively refuse to do business with you, your pipeline of revenue freezes, and in extreme cases you shut down.

Trust Taxes and Trust Dividends

Think about the hard economic dividends that flow to a high trust team or organization. They sell more because their products and services are valued for consistent quality. Cash flow is excellent because delighted customers more willingly and promptly pay their bills. Costs are lower because suppliers prefer to do business with them. Customers are loyal because they know they’re going to be delighted with what they get.

Now think about the hidden taxes paid by a low-trust team or organization. Sales are slow for products or services of uneven quality. Cash flow is hampered by customer complaints, delays, and downright refusal to pay. Costs rise because suppliers lack confidence. Customers defect.

Here are some examples of where you might be paying Trust Taxes or earning Trust Dividends:

<table>
<thead>
<tr>
<th>Tax</th>
<th>Dividend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Retention</td>
<td>Repeat business is a high percentage of your revenues.</td>
</tr>
<tr>
<td>You have an unusually high employee churn rate.</td>
<td>People clamor to work for you and stay once they join.</td>
</tr>
<tr>
<td>You experience long delays in providing services or getting products out the door.</td>
<td>Services are delivered quickly, and the delivery is timely and getting better all the time.</td>
</tr>
<tr>
<td>There’s a lot of positioning and politicking. People feel the need to “protect” themselves.</td>
<td>Meetings are open and transparent. People feel safe in expressing themselves.</td>
</tr>
<tr>
<td>Slow, protracted by hesitation, long negotiations, and carefully constructed legalism.</td>
<td>Streamlined and simple—buyers are open and confident with you.</td>
</tr>
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The most trusted companies are the ones that have the competitive advantage in the marketplace. They earn big trust dividends. Is trust a competitive advantage for you?

Trust is not a soft issue at all—it’s the hard, bottom-line issue of speed and cost. It can be measured and moved in the right direction.

It’s possible to build trust fast and earn the resulting dividends. The solution is to carry out a deliberate campaign of trust building.

Building trust requires high levels of both character and competence. In a crisis, you need your best performers around you and they need your trust.

Three Trust-Building Behaviors

Asked what companies should do in difficult times to build trust, Stephen M. R. Covey suggests three trust-building behaviors: (1) create transparency, (2) keep your commitments, and (3) extend trust to your team—exactly the behaviors that helped Ferrari climb out of a death spiral.

Case Study: Restoring Trust in a Crisis

When Anne Mulcahy became CEO of Xerox in 2001, the realities were brutal:

- Enormous debt ($17.1 billion).
- Declining sales and high materials costs.
- An embarrassing accounting scandal that was destroying trust in the financial markets.
- A fall in share price in one year from $64 to $4.

Hardly anyone trusted Xerox anymore. Customers and shareholders fled. Mulcahy was expected to act as a caretaker until the firm went into bankruptcy. The most anyone thought she could do was to preside over the orderly death of the struggling giant.

But Anne Mulcahy refused to let Xerox die and embarked on a deliberate campaign to rebuild trust.

Within a few weeks, she traveled 100,000 miles, holding meetings with Xerox clients and employees, giving straight and honest answers to questions about the company’s future. As she explains, “If you schmooze and spin your communications, it comes back to bite you in your ability to establish credibility with people.” Gradually, she managed to increase trust levels by giving workers a reason to be hopeful and committed to the company.
Mulcahy made the tough calls:

- Restructured the company to cut annual expenses by $1.7 billion.
- Reduced debt by nearly $10 billion through shedding unprofitable businesses and activities.
- Paid a $10 million fine and opened the books on five years of Xerox’s revenues to quiet the accounting scandal. (Authorities had charged Xerox with “spinning” financial results to meet Wall Street’s expectations.)
- Put $1 billion into new product development based on careful analysis of customer needs.

Within two years, share price increased fivefold. So how did Anne Mulcahy turn Xerox around? Essentially, she created transparency, kept her commitments, and extended trust to her worldwide team to restore the company.

Create Transparency. She was completely open about the realities, facing up to and righting wrongs. “I think transparency is important, and companies have to be into the role of clear and full disclosure,” she says. “We live in a world today where transparency or credibility or authenticity — there are lots of words for it — but there has to be a sense of trust that needs to be apparent to the people you’re asking to follow. And I think that’s something that’s become a lot more important recently than it was in the past.”

Keep Your Commitments. She made certain key commitments for the future and focused on keeping them. “She had the guts to stick with her commitment to invest in R&D when it seemed everyone on the outside was calling for her to sacrifice it to save the company,” says board member Bob Ulrich. “It turned out she and her team knew better.” Recognizing that the old Xerox business model was broken, Mulcahy made the staggering commitment to transform Xerox fundamentally. “Gone are the standalone copiers. Graphics communications, digital imaging, new productivity services, and new hardware and software technologies represent the company’s new offerings and sources of revenue.”

Extend Trust. She extended trust instead of arrogating all decisions to herself and micromanaging her team. “If you run a big company, individuals don’t really get anything accomplished. Teams get things accomplished. So the ability to build good teams, and have good teams that build good teams, is really the path to success in a big company.”

After six years at the helm, Mulcahy was named Chief Executive of the Year by Chief Executive magazine. Now that’s a “Trust Dividend.”

A Trusted Character

These and other trust-building behaviors—such as demonstrating respect, listening, continuously improving your operations—are essential when you’re facing a crisis of trust. But even more fundamental to your trustworthiness is your own character. Your capabilities might even fail you from time to time, but good character never fails. There are times when you might not know what to do, but you will still know what is right.

No one leads without followers, and just as your team trusts your competence, they must also be able to trust your character—or they won’t follow. It might take a while, but eventually, they will abandon you.

Moral authority comes from two commitments: to act with unshakable integrity and honorable intent. People simply will not trust leaders whose integrity is questionable or whose motives come down to “what’s in it for me.”
Companies that do well in tough times exhibit real character as well as strong capabilities.

Our own research indicates that at least one in five work teams has serious trust issues. One in five workers suffers from very low or nonexistent trust levels: “Defensiveness, hidden agendas, political camps, excessive employee turnover, management-labor disputes, customer churn, dissatisfied stakeholders”—these are some of the symptoms. Some 47 percent of work teams—nearly half—are paying exorbitant Trust Taxes.

If you recognize any of these symptoms, you’ll want to start a deliberate campaign of trust building. The following Trust Action Plan will help you stop paying Trust Taxes and start reaping Trust Dividends.

3

ACHIEVE MORE WITH LESS

_We need to ask ourselves whether times like these require getting the most things done, or a sharp focus on getting the most important thing done._

— Vineet Nayar, IT Executive

“In the mountains,” it’s not enough to do more with less—you need to do more of what matters.

Everyone knows that in a crisis, you have to do more with less. We all have to “pack light.” But the important thing is to pack strategically. And the more challenging the times, the more “strategic and focused” we need to be.

A turn in the economy can hurt you, but your own decisions can hurt you even more. In a downturn, most organizations go right to work jettisoning people, turning assets into cash, shutting down capital projects. They roll up like armadillos and wait for the bad stuff to pass.

The organizations that succeed in the crisis do many of these same things, but more effectively. They differ in two significant ways:

1. Successful organizations tighten focus on building customer and employee loyalty.
2. Then they push the “reset” button to align the organization around those priorities.

Mulcahy stressed the importance of focus on customer value: “Make customers the priority throughout the company by asking the question again and again: Would the customer pay for this?” She emphasized maintaining customer loyalty while other key leaders grappled with the business issues. “We ‘fenced off’ and insured that our customer communications were flawless, that our customers didn’t feel the impact of the crisis. It became everyone’s responsibility. I think people ‘got it.’”

Cutting people might be the right thing to do, but don’t forget that only knowledgeable people can create the solutions you need to succeed in a crisis. Xerox did have to lay some people off, but far fewer than expected because of their ingenious productivity solutions.
A crisis tempts us to take the focus off customers and employees and onto the finances. Getting buried in budgets and balance sheets can lead to mindless cutting rather than focusing on value. For example, one large home-center retailer cut costs by firing most of their experienced full-time staff and replacing them with part-timers. This looked good temporarily on the cash-flow statement, but drastically hurt both employees and customers. Customers had long depended on staff consultants, many of whom were formerly carpenters, plumbers, and electricians. Losing those people meant losing customers as well. By cutting in the wrong places, the big retailer badly undermined itself.

**Focusing on customers.** By contrast, companies that succeed in unpredictable times focus totally on value. They don’t just cut fat; they simplify and reduce complexities that customers don’t value or even understand. Typically, a breakthrough company has a robust, deliberate campaign of customer retention.

They do this by focusing narrowly on the job real customers want them to do.

There’s a difference between customer satisfaction and customer loyalty. Merely satisfied customers find no reason to complain. Loyal customers, on the other hand, are emotionally connected to you. They represent the biggest share of your business because they repurchase. They would miss you if you were gone.

In most cases, simplification reduces uncertainty. You can get more predictable results if you focus on simple, high-value offerings for the customer.

Too many old measures of success live past their usefulness, such as having more products or more stores or more distribution channels than the competition. “The answer is less. Do less than your competitors to beat them. Instead of one-upping, try one-downing. Instead of outdoing, try underdoing.” In other words, do more of what customers really care about and less of what they don’t.

**Focusing on employees.** Of course, companies that put the emphasis on the customer enjoy higher levels of customer loyalty. Intriguingly, they also enjoy higher levels of employee loyalty. When times are bad, employees will stay with you, but this doesn’t mean they want to. The research shows that when companies “align the customer experience with the employee experience, they create employees who are passionate about what the company stands for. Passion and engagement go hand in hand.”

The leader’s task in a crisis is to create a “contribution-focused” workplace. Tell prospective new hires, “Don’t ask me for a job—bring me a solution.” When staff cuts threaten, be up-front with people: “We’re going to be underwater soon unless we can help more customers in ways they will pay for. What big customer problem are we the answer to? What can we contribute?”
Pushing the “Reset” Button: Aligning the Organization to Customer Value

Doing more with less does not mean saying yes to more things. It means saying no to more things and yes to only the most important things.

Unfortunately, many companies simply cut people and resources without rethinking the job to be done. According to Watson-Wyatt research, a weak economy “forces companies to do more with less. Supervisors and managers often turn to their top performers, pressuring them to carry more of the productivity burden. The additional stress can cause burnout, disillusionment, and disengagement.”

Research shows that high-engagement employees rate “unclear job definition” as their top stressor.

Finding clarity in the chaos becomes more important than ever. We see organizations with fewer people, fewer resources, more confusion, and more noise—people are simply expected to do as much or more with far fewer resources.

When your good people are overloaded, you need to do the same thing you would do with a crashing computer: clean out the clutter and reboot.

In the organization, a smart focus on key priorities has to come down to the level of each team and individual worker. No one can afford to carry responsibilities that are not core to the team’s purpose. This means there must be absolute alignment across the organization as to what is core and what isn’t.

A crisis is an opportunity to push the reset button and start doing more of those things that really matter.

4

REDUCE FEAR

Our world is dominated by the extreme, the unknown, and the very improbable.
–Nassim Nicholas Taleb

“In the mountains,” fear is the great enemy.

What Does the Psychological Recession Cost You?

The costs of fear are heavy. Even in normal times, “distractions consume as much as 28 percent of the average U.S. worker’s day…and sap productivity to the tune of $650 billion a year.”69 In these confusing times, people are more mentally sidetracked than ever. When their homes, their families, their jobs, and their health are threatened, it’s just plain harder for people to focus.
Is Your Organization Fatally Distracted by Fear? Are People Paralyzed by Uncertainty?

Olivier Blanchard, chief economist of the International Monetary Fund, advises leaders to give absolutely clear direction. “First and foremost, reduce uncertainty…. Above all, adopt clear policies and act decisively.”

In crisis time, “communication carries more significance and requires greater transparency.”

Be transparent and simply tell the story.

Talk about what’s next.

Clarity reduces fear, even if what is made clear isn’t very positive. A first guideline for leaders is to talk straight and listen with empathy to the concerns of the team.

Have You Figured Out How to Redirect All This Anxiety Into Productive Energy?

You successfully uproot debilitating fear by changing the paradigms that produce fear. You don’t do it by exhorting people to get over it or to walk straight into the storm. It will crush them—privately, silently perhaps, but inevitably. If you really want to help people, you don’t work on their behavior, you work on their paradigms.

The Root of Fear

The paradigm at the root of the psychological recession is the widespread belief that people have no control over what happens to them. The forces of change are so crushing that people simply wilt.

Your task as a leader is to help people uproot this mindset, and the only way to do that is to replace it with another mindset.

Work within your Circle of Influence, not your Circle of Concern

Everybody has worries ranging all over the place—job, family, the national debt, the possibility of a comet hitting the earth. We call this range of worries the “Circle of Concern.” Typically, we separate immediate concerns from remote concerns. But in a frighteningly unpredictable world, remote concerns become immediate. We see institutions we counted on coming down around us. We feel caught up in a global economic tailspin.

If our mindset is to focus all our energies on the Circle of Concern, we become passive, reactive, unable to respond except as victims. But there are some things over which we have no real control and others that we can do something about. We could identify those concerns in the latter group by circumscribing them within a smaller Circle of Influence.
So the trick is to shift your mindset from the Circle of Concern to the Circle of Influence. By doing so, you become proactive—taking charge of your own future, exercising your own resourcefulness and initiative. Within the Circle of Influence are those measures you can take to tame unpredictability. By focusing your time and energy on the Circle of Influence, your power to control your future increases.

By concentrating on your Circle of Influence, you automatically buck the unpredictability factor. You focus on what is predictable. Anytime we think the problem is “out there,” that very thought is the problem. We empower what’s out there to control us. The paradigm is “outside in”—what’s out there has to change before we can change.

But the proactive approach is to change from the inside out: we can be more resourceful, we can be more diligent, we can be more creative, we can be more cooperative.

**ADOPT A “KNOWLEDGE AGE” PARADIGM OF LEADERSHIP**

In a sense, the Industrial Age was about getting predictable results—the same car, tool, teacup, or toaster—every time. The irony? In the quest to banish unpredictability, leaders ended up driving out what is most essential in unpredictable times: the ability to adapt. The rigid control mindset of the Industrial Age led to the death of the initiative and resourcefulness an organization needs to survive in a world dominated by the extreme, the unknown, and the very improbable. And we have seen the consequences, as Industrial Age company after company slides into history.

In the Knowledge Age, people are valued for their unique contribution—their ability to learn, to adapt, to innovate, to capture opportunities entrepreneurially. They are no longer just machines to be switched on and off and discarded on schedule. To lead in the Knowledge Age, you need a paradigm of releasing, unleashing, valuing the different (even disruptive) viewpoint. You motivate people with zeal for the mission.

What is even more startling about this level of teamwork is the selflessness involved.

Trust is the highest form of human motivation. Mississippi Power trusted people to do what the job required without being told what to do.

- They had moved from an Industrial Age paradigm of control to a Knowledge Age paradigm of release.
- They had moved from a paradigm that people are interchangeable and easily replaced, to a paradigm that people have unique talent and ingenuity that the firm had never tapped before.
- They had moved from a focus on methods to a focus on results. Instead of telling people how to do the job, leaders trusted them to think for themselves. No more intimidating supervisors; leaders became resources to the people on the front line whose task was to get the job done.

The key is to replace fear-based management with leadership that unleashes people to make their own contribution, changing the nature of the relationship. The worker becomes his or her own boss, governed by a conscience that contains the commitment to agreed-upon desired results. But it also releases the worker’s creative energies toward doing whatever is necessary in harmony with correct principles to achieve those desired results.
People are treated as things, as so many interchangeable parts, as simply an unavoidable cost on the balance sheet. Their minds and hearts are not respected as sources of solutions and commitment. They live in fear of losing their future if they don’t “toe the line” and do what they’re told. The danger: in a crisis, leaders are tempted to lapse even further back into the Industrial Age control paradigm and intensify the atmosphere of fear.

If the mission is significant enough, you won’t have fearful people working at it. Ironically, the more rigid the controls, the more fear you generate and the less likely you are to achieve your mission. It’s almost counterintuitive, but true, that when talented, energetic, ingenious people are unleashed to achieve a high mission, they will find the way to achieve it. You can trust them. You don’t need to worry about them.

And that’s predictable.

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<tr>
<th></th>
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<th>Y</th>
<th>N</th>
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<tbody>
<tr>
<td>Does every team member know exactly what the team goals are?</td>
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<tr>
<td>Does every team member know what his/her role is in achieving those goals?</td>
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<tr>
<td>Does every team member know the score? In other words, does everybody know what the measures of success are and where the team is in relation to those measures?</td>
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<tr>
<td>Do team members meet regularly and frequently (at least weekly) to account to each other for progress on team goals?</td>
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<td>Are you actively “moving the middle”-helping everyone move toward the performance levels of your best performers?</td>
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<td>Is repeat business a high percentage of your revenues?</td>
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<td>Do you have a low employee-turnover rate for your industry?</td>
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<td>Are you confident you’re doing the job your customers really want you to do for them?</td>
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<td>Do your customers have a simple, streamlined experience with you?</td>
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<tr>
<td>Are team members so energized by the mission that they are undeterred by fear and anxiety?</td>
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Total Yes/No

TOTAL SCORE = # of Yeses

Ask yourself the following thought questions about the team or work group you belong to. Put a check mark in the box that applies.

<table>
<thead>
<tr>
<th>SCORE</th>
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<tbody>
<tr>
<td>9 to 10</td>
<td>You’re well positioned to get predictable results, regardless of the times.</td>
</tr>
<tr>
<td>7 to 8</td>
<td>You’re going to get uneven results in tough times.</td>
</tr>
<tr>
<td>5 to 6</td>
<td>Your team will have a bumpy ride through turbulent times.</td>
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<tr>
<td>3 to 4</td>
<td>Your survival is seriously in doubt.</td>
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<tr>
<td>0 to 2</td>
<td>Remember to turn off the lights and close the door on your way out.</td>
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