





LEADING IN TOUGH TIMES

A difficult business climate calls for different leadership skills, says **Nigel Nicholson**. He offers techniques for helping people to cope with stress and uncertainty and, at the same time, to focus their attention positively on the future.

The Chinese character for “threat” combines the two pictograms for danger and opportunity. Many areas of the business world are in states of turmoil, with employees facing increasing pressures, cost cutting, threats to jobs and a climate of high anxiety. This is amplified by the fact that it is shared – people see the whites of the eyes of uncomfortable bosses or feel the emotions of others who share their position. Some feel they are competing for survival. At such times, the need for leadership is paramount. In fact, this is not just a time of need but a time of opportunity for people to reveal a new and perhaps unseen capability for leadership – people who can act with the wisdom and skill that today’s challenges require.

The history of leadership tells us that leaders emerge to meet the challenges of their times. Over much of the last decade, we had been living in an era when the key attributes necessary were for leaders with the mindset and skills needed to grow a business in a climate of abundance and opportunity. Of course, there are new growth opportunities in the present climate, but they are currently in small pockets. For many people, today’s economic landscape is bleaker; and, for all, it is uncertain. These times require a different kind of leadership from the expansionist ethos to which we had become accustomed. They call for a much

more savvy, psychological style of leadership, one that is emotionally intelligent and visionary in order to lead people beyond their overwhelming immediate concerns.

It is in this spirit that I offer 10 rules for leaders who must step forward and excel in this business climate. These depend upon a correct understanding of the psychology of threat and uncertainty. It’s critical for leaders to comprehend the mindset of followers, especially in turbulent times.

Survival and success

Following are my 10 rules for survival and success in the current climate.

Understand the psychology of pain, fear, threat and anxiety. This is both quite subtle and quite complex. I have summarized key elements of this psychology in the boxed text. The need is for leaders to understand correctly what people typically do and think in response to such feelings. Many people’s reactions will not be what we are used to seeing from them.

Steady emotions. Buffer people, as far as possible, from short-term pressures yet make sure that they have something meaningful to do. If a major part of their role has disappeared, create a project for them around something that needs doing. →

→ **Decentre.** This means asking “smart” questions of individuals that help you gain deep insights into how they think and feel, so that you feel what it might be like to see the world through their eyes. This can be extremely affirming, especially when you follow my suggested process. The process goes as follows:

- Ask an individual how he or she *feels* about a specific event.
- Listen and ask more questions to get closer to what the person is experiencing.
- Paraphrase to them your understanding of their thoughts and feelings. Acknowledge the reality of what people are thinking and feeling but help them to re-frame, to see the situation from other perspectives. Although it feels as if there is no end to uncertainty, the world is changing and a new order will emerge. When it comes, we had better be in a state of readiness. An analogy might be that we have descended into a valley filled with fog. This does not mean we have no direction in which to go, but it might mean that we have to hold hands until we reach sunnier uplands. People need you to tell them that better times are coming, that there cannot be a return to any previous state and that our best hope is in staying close to each other and working together.

Develop a narrative that connects the past, present and future. This does not mean you need to become a soothsayer predicting the future. The future is not waiting to be discovered – it is something to be seized and claimed. It presents an opportunity.

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Knowing that it will not be like the past doesn't mean it is disconnected. You need to be able to elucidate the golden thread that connects past, present and future: it is the identity of the firm and the people in it. Each company has a unique story, history and cultural DNA. Some of that is going to be reborn in the new order that will emerge.

Make the narrative personal. These tough times are also part of your story. Leaders should be unafraid to tell people how they forge meaning, hope and belief out of such times. You have to do so with authenticity – speaking about your own feelings, learnings, foibles, biases and so on in a way that reveals enough of your own fallibility to bring you close to them but not so much as to shake their confidence. The formula is V-I-P: vision, identity and passion. You cannot have a personal vision and express it with passion if it does not connect genuinely with who you are, your identity.

Be close-up and immediate. People need to know the best thing for them to be doing right now. Show them how this connects with deeper and wider goals you continue to have as an organization. Remember, in times of fear and crisis, people need much more communication than normal, and it has to be personal – face-to-face – not a barrage of emails.

Set mileposts. The future may be cloudy, but that doesn't mean we don't have medium-term goals. Tell people what these are, but don't tell them how to reach them. It builds confidence for people to feel empowered to work together to solve problems about how to achieve specific goals.

Sacrifice and celebrate. Show that you are just as much a stakeholder as they are. By doing without certain things, you can show symbolically that your life is not business-as-usual either. Spend much more time than usual telling people when they do something right and celebrating achievements collectively to reinforce the sense that you are a community with a common purpose.

Look after yourself. Don't be a poor role model by letting yourself succumb to stress, overwork and loss of balance. Show people that it is healthy to go home at 5:30 occasionally in order to take your partner out for dinner or a movie. Indeed, tell them that some days you will work a half day from

home to get some serious thinking or project work done, rather than appearing to be continually chasing work in ever-decreasing circles. Finally, here's a little exercise you can do to accentuate the positive. First, write down all the negatives that you are witnessing during the downturn. Then write down all the positives. You will be surprised. These times are like forest fires – even as they destroy, they create the conditions for new growth. We can see, for example, how all the old inflated discretionary payment systems were a poor one-club golfer's solution to the challenge of staff motivation. Now we are free to create the kinds of recognition and rewards that will really unite and motivate people toward building tomorrow's capabilities. It is the leader's job to connect with people and to help them fulfil their goals and those of the business. The present climate offers great prizes to those who can do this. ■

The psychology of pain, fear, threat and anxiety

People are loss averse. They hate to lose more than they love to win. This leads to people taking extreme risks or doing quite irrational things in order to avoid further loss — or taking big risks to recover losses. A leader has to refocus people on the upside and help reduce the psychological burden of the downside.

When people are afraid, they do one of two things. On one hand, they run away as fast as they can. This is directionless panic; it is running that can take them in any direction, including into further danger. On the other hand, they can freeze: ceasing to do anything meaningful in terms of work or activity, losing sight of their wider purposes. A leader has to help people to find constructive responses for dealing with their emotions and problem solving.

People will often protect themselves by going into denial. Paying close attention, the leader may hear people saying (or acting as if), “This isn’t really happening; the bad times won’t last ... things will be back to normal soon — I’m just going to carry on as if they will.” What is needed — which leaders can help them with — is to realize that they need to do new and different things to adapt to the current situation.

Rumour loves an information vacuum. When such a vacuum exists, it is normal for people to improvise “news”. Leaders cannot control or outlaw gossip, but they can outflank it. They need to fill the vacuum with their own messages about what’s known, what’s not known and what will soon be known. Resist the temptation to reduce anxiety by empty, soothing words. People know it’s bull and it just reduces a leader’s credibility. Tell the truth to counter the dangerous untruths

people are liable to tell about the things they are most afraid of. Companies and their leaders in times of threat and uncertainty are apt to do the wrong thing: communicate less rather than more.

Groups can help or hinder. Teams can be great for buffering stress and for creative problem solving, so leaders should make extensive use of them as mechanisms for support and problem solving. However, in times of crisis and anxiety, there is a danger when groups develop a collective defensive strategy, a false mythology about what is happening or generating tendencies to undermine the positive attempts of others. This is potentially dangerous, and a leader will need to break up or recondition such groups.

People’s stress reactions differ. Leaders need to be good psychologists — to know their followers as individuals and to appreciate that their reactions to stress can differ enormously. Some people externalize: they let everyone know they are hurting. Others withdraw and hide themselves away. Some put on a brave face and “fake” it; others just start making errors. Do not assume that what you see on the surface is what is going on in everyone’s hearts and minds.

People also differ in their response to uncertainty. Some need their leader to be a loving parent, to comfort them in one way or another. Others thrive on chaos and are not looking to their leader for comfort; for these, a turbulent world is a time of opportunity and a playground. When crisis comes, these are some of the people who will most help you lead the organization through it. But, at the same time, leaders need to watch out for thrill-seekers and chancers; at all times, leaders need steady people of sound judgement.

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