

This article first appeared in BA Upfront, May 2003

Paralysis is not a strategy

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Competitive performance is about many things. High on the list are astute questions, creative answers, action, learning, flexibility. Paralysis doesn't feature.

Yet paralysis now threatens companies everywhere.

Customers for many products and services have put buying decisions on hold. When they do put their money down, they want a deal – and discounts are theirs for the asking. So profit margins are under pressure.

After the technology bubble burst two years ago, firms went on a firing binge. Vicious job cuts put hundreds of thousands of people on the streets. Yet consumer confidence held up and economists assured us that soon things would stabilize. Growth would resume and the jobs would come back.

But that's not what happened. Talk of terrorism and war dampened optimism. Slower spending in one industry led to slowdowns elsewhere. That, in turn, led to more retrenchments. Markets kept going south. And by the time the first bombs fell on Baghdad, a downward spiral was well in place.

Now, economic growth rates are slowing in every major trade block. Many pundits say the world is in for a long period of relatively slow economic growth. Some pessimists – or are they the realists? – see a ten- to 20-year bear market ahead. The prevailing mood is glum.

Making things worse is the utter impossibility of knowing with any certainty what specific challenges lie ahead. What fallout will there be from the war in Iraq? When will there be another terror attack – and where?

In this environment, it's easy to do nothing. "Putting your head down" is an appealing idea. But if you think that's the safest thing to do, don't swing into inaction just yet.

The one thing no company can afford is to do nothing. That's not strategy. And it's no way to survive what these times might throw at us.

There's no denying the impact of the external environment on your business results. But it's also a fact that some firms do better than others in bad times. They keep growing their sales and market share, earning more from their service, strengthening their brands and reputations, and churning out cash. Come the good times, they're positioned for a real lift-off.

How do they do it?

For starters, they work from the assumption that whatever the external circumstances, leaders have to keep their people focused on doing the right things. This is particularly so when sales dip and there's "no visibility" as you look forward.

But another task is to manage *attitudes*. To give people the confidence that they can achieve great things, that excellent results are possible, and that better days lie ahead.

To some executives, this means wandering around telling everyone who'll listen that everything's fine, that the world is at peace, and that there's nothing to worry about. Or sending them off to a "motivational" session to lift their spirits, fill them with energy, and encourage them to "live in the moment".

But the dumbest thing any leader can do is try to kid people that things are better than they really are. Or to pretend that everything's under control, when in fact the wheels are coming off.

Telling the truth is always important. People aren't fools, and to imagine that you can pull the wool over their eyes a quick dose of with "happy talk" is stupid in the extreme. They know when customers are being cautious, when the economic news is downbeat, and when uncertainty is in the air.

Another stupid thing you can do is try to hype people up with a stiff shot of good news, a glitzy presentation, a few jokes, and a positive cliché or two.

At best, this is insulting. At worst, it leaves people thinking you have your head in the sand, and convinced you're crazy. Why else would you waste time and money, and fool around when you should be making or selling something?

Effective executives know there's never a perfect time for business. For as long as I can remember, the South African environment has been complicated, dangerous, unpredictable, and so on. There have never been enough skills. The exchange rate has never been just right. Foreign competitors have always poked their noses into our territory. Blah, blah, blah.

For as far as we can see into the future, it's likely to be the same. So how long will you wait to get moving?

Ironically, the very conditions we must deal with provide the inspiration you need to drive change and improvement. But what you have to do is talk about them.

Strategic management is change management. To make change happen, the first requirement is a critical mass of people who are dissatisfied with the status quo. They will then drive change themselves.

Information is key to making this happen. Flood people with facts about the world around you – economic data, customer opinions, insights into what competitors are doing – and you equip them to make up their own minds that things must change.

Then talk to them about the possibilities. "Where are the opportunities? What might we do? How should we do it?"

In no time, the need to "turn on" your team will vanish. They'll do it for themselves. And by letting them implement their ideas, and then celebrating their successes, you can keep the momentum going.

Some companies will emerge from these times in better shape than others. Yours could be one of the success stories. The question is, will you let your people be the winners that they can be? Doing that makes all the difference. Paralysis takes you nowhere.

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