

Managing in wild times

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Less than a year ago, South African business leaders were high on optimism. Sure, crime was going through the roof, Zimbabwe was falling apart, HIV/Aids was killing a lot of people, and our roads were full of potholes. There was some concern about Jacob Zuma's presidential ambitions, and hints that Thabo Mbeki might try to dig in for a third term. But the Rand was strong and commodity exports, car sales, property prices and tourist numbers were through the roof. Shopping malls were packed. New golf estates were popping up all over the place. Infrastructure spending was exploding. And, of course, there was much more good news to come, with 2010 just ahead.

Economists assured us that having hit 5% GDP growth, we were set to keep soaring. Unemployment was edging down. Inflation was edging up, but would soon be back under control. The "fundamentals" were sound. Share prices kept hitting new highs. Executive pay shot to crazy levels, justified by the worldwide shortage of top talent.

All this was happening on the back of a strong world economy. Financial gurus forecast good times as far ahead as the eye could see. A few bears warned that economic cycles were not dead, but nobody wanted to hear the message.

Then the wheels came off. For SA, the ANC's Polokwane conference was the first crack in a political earthquake. Eskom plunged us into darkness. The global credit crunch – which everyone knew was never going to affect us – suddenly did. The global "long boom" gave way to the biggest economic bust in 60 years.

Now, everyone's in a panic. An unprecedented confluence of events has made a joke of growth plans and forced firms into survival mode. And there's a lot more drama ahead. Recession is spreading rapidly across the world, and it looks like being a long one. The impact on SA will be worse than most executives imagine.

So how should they act? What's the best strategy for these turbulent times?

There are six essentials:

1. **Take a hard look at your assumptions about the outlook.** The views that underpinned your strategy six months ago are doubtless obsolete. Strategy should be based on hard facts, not just gut feel or guesswork. "Experience" might blind you to new realities. So gather new information about your environment. Scan a wide horizon. Ask customers how they see things. Use your people as your company's eyes and ears. Read the business press, tune in to business programmes on TV and radio, talk to economists, trawl the internet for news and insights. Keep asking, "What does this mean to our organization?" Keep updating your views and challenging assumptions.
2. **Frame conversations in your company to emphasise growth and success, not crisis.** Napoleon once said, "A leader is a dealer in hope." It's an important message, for if you

don't give your people hope they won't follow you anywhere. They're probably worried and under pressure, and their spirits need to be lifted. So talk them up, not down. Focus them on the actions that will lead to a brighter future. Get them discussing new opportunities and new ways of doing things. Raise their sights and stretch their thinking. And give them lots of positive feedback.

3. **Make sure your current business is performing as well it can.** Get back to the basics. Rethink who your "right customer" really is. Review your offering – does it really make a difference that matters to customers? Rethink your business model, and if necessary, fine-tune it to deliver the value your customers expect. Turn your promises into solid, visible performance.
4. **Deal with problems fast.** Get them off the table. They're sticky, and likely to gum up your agenda. Shorten your "to do" list, and make sure it mostly contains opportunities. Talk about them in every meeting. Direct your resources where they'll create the future, not just fix what went wrong in the past.
5. **Make decisions at the right time.** Don't be pressured into acting before you don't need to. A lot of apparently critical stuff goes away by itself if you let it. It's smart to be proactive, but often even smarter to be patient. A wait-and-see approach often trumps gung-ho action. In a week or a month, you'll know more than you do now. So keep watching, listening, and thinking. Do your homework. Be ready to move fast when it makes the best sense.
6. **Clarify and communicate your strategy.** Now, more than ever, everyone on your team needs to know exactly where you're aiming, what your priorities are, and what they must do. The feedback I get from clients and business school classes tells me this is usually not the case. Too many people are flying blind. In turbulent times, that's a recipe for disaster. Make your strategy simple. Spell it out. Repeat yourself – and keep doing it.

This is a deliberately unsexy list. You may be disappointed that there are no silver bullets, no mention of "out of the box" thinking. My work with hundreds of companies over more than 20 years tells me it's best to get your feet on the ground before you reach for the sky. An awful lot of businesses disappoint their customers because their people are demotivated and unfocused. Their products don't work, their quality stinks, and their service is shoddy. They make promises they can't keep, and lose business because they don't do quite ordinary things properly. No amount of radical new ideas will save them.

Few managers saw this trouble coming. Many had fooled themselves that they were invincible and their strategies were bulletproof. They believed their firms were doing well because of their own extraordinary brilliance, rather than because they were being driven along by a powerful economic tailwind. Now, the game is on.

The competitive temperature is rising fast. There will be lots of casualties. But with common sense, calm, and focused, determined action, there's no reason to be one of them.

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