

# Thriving in the New Business Reality

Organizations around the world are being forced to change the way they do business. Shrinking budgets, downsized workforces, customers who exhibit totally new buying behaviors and expectations, and employees who may be unclear of what's happening next are forcing organizations large and small to innovate and find new ways to save—and make—money while rallying their troops for what lies ahead.

There are key things that organizations and leaders can do to thrive in the new business reality. The first requires a shift in mind-set. The second requires creating a culture that supports the shift. The third is creating the capacity for change. And, fourth, is to cultivate the kind of leadership that can walk the talk of the culture and develop talent to its fullest.

## Evolve from Surviving to Thriving

Balance a sense of urgency about what is going on with a quiet confidence.

- Reevaluate your business model.
- Show action. Make decisions. Step up to the plate.
- Be honest with employees about what you know and what you don't.
- “Over-communication” is even more imperative in times of uncertainty.
- Give people permission to fail. You want people to expand beyond their current levels of performance and give their all, but they have to feel safe in order to make the leap.

## Making the Shift from Survival to Growth

A key to thriving in the new business reality requires making the mind-set shift from survival to growth. But the shift from immediate survival to planning the next steps creates a new set of challenges for leaders.

People have spent months thinking about “What If?” When people are in survival mode, it can be difficult to get them to give their all. Now that organizations have begun to dig their way out of survival mode, they must chart and communicate a new course of action.

During uncertain times, people are hungry for a clear sense of direction. Organizations must provide a plan for moving forward to build confidence and to communicate that leadership is focused, energized, and ready to create results.

When clarity and understanding about what the organization is up against is established, everyone becomes part of making the plan a reality.

Once that important change in mind-set occurs, the numbers will start to inch up a little bit and people will begin feeling better about what's going on. The whole system starts moving in a positive direction again. This provides some breathing room and a chance to reflect on the future. Now leaders can get back to work on things such as “Where do we go next?”

Part of charting a course for the future is to reevaluate your business model, paying specific attention to each component separately and also on the system as a whole. People, processes, services, markets, and economics must be considered and evaluated on their innovation factor. Typically, innovation is primarily about a focus on products and services but it's important to understand and reevaluate how the total components work together.

## KEY ELEMENTS OF CULTURE

### Primary elements:

- Vision/mission (future oriented)
- Purpose (today oriented)
- Values defined in behavioral terms
- Performance expectations
- Accountability for performance and for demonstrating valued behaviors

### Secondary elements:

- Norms
- Strategic Imperatives
- Celebration/praise/encouragement
- Customer experiences
- Innovation/creativity
- Teamwork/cooperation

## Create an Organizational Culture that Supports Growth

A key element to ensuring that your organization shifts from “survive” to “thrive” is the cultivation of culture. Great organizations possess strong cultures that balance an entrepreneurial spirit with a sense of discipline. They encourage employees to forge into uncharted waters and also provide the riverbanks or parameters to guide actions while mitigating risk. Without the drive to try new things and grow in new directions, organizations become rigid, stifling hierarchies.

Without some sense of discipline, organizations can find that systems, processes, and procedures begin to break down as the company grows. And without a process for managing change, many organizations find themselves adrift in a sea of indecision, mired by workforces who can’t understand where the organization must head.

The best companies have both latitude for individual action, as well as a culture of disciplined behavior, and the capacity to embrace change. Leaders must set and communicate the vision in a way that unites energy and action.

Equally important is having the right people with the right mind-set. It’s useless trying to create rules to force the wrong people to behave correctly—it simply won’t work. Instead, organizations need to find people who have an innate sense of self-discipline that comes from within.

### *Is your organization’s culture by design or default?*

Resilient organizations work tirelessly to create the kind of culture they desire and they focus on building strong values, attitudes, beliefs, behaviors, and practices—all core attributes of a winning culture.

According to Chris Edmonds, Senior Consulting Partner with The Ken Blanchard Companies®, all too often culture is created by default. In other words, people aren’t consistently behaving in ways that deliver high quality solutions. The good news is that culture can be changed, but it requires moving away from seeing culture as a soft and fuzzy irrelevant concept to seeing it as vital because of the unspoken and possibly undesirable expectations that get expressed.

First, expectations must be clear and people must be held accountable. This helps people see how culture contributes to making sure that performance gets accomplished.

Second, leaders must become confident in defining and measuring culture, which can be challenging. Often, the notion of culture can feel vague. There are so many different definitions, and so many different elements to pay attention to. What it comes down to is clarifying the behaviors that you want to see from a standpoint of productivity, performance, and values and then holding people accountable to those behaviors and attitudes. Organizations need to be specific and provide examples of what this looks like so everyone will know when they and others are acting in accordance with the expected cultural norms. The more specific and granular the examples are the better. Once the behaviors are clarified, systems must be created to measure the demonstrated behaviors.

## KEY REASONS CHANGE EFFORTS FAIL

- Concerns are not surfaced and/or addressed
- Not involving enough people
- Lack of urgency or business case
- Lack of compelling vision that communicates the end state
- Systems aren't aligned with the change.
- Leaders lose focus
- Those leading the change aren't credible
- Progress is not measured
- Lack of accountability

Leaders must have a clear idea of what behavioral expectations they want to have as good corporate citizens, define those in observable behavioral terms, and then create systems by which to measure how well people are demonstrating those behaviors.

By taking the same approach to defining and measuring cultural expectations that most organizations take with role clarity and goal accountability, organizations can make values as tangible and as measurable as those goals.

It can require a leap of faith on the part of managers who may have had only vague views of what culture was in the past. But by identifying desired behaviors and then creating a system to measure the desired behaviors, organizations can track whether managers, supervisors, and frontline staff are behaving in ways that begin to pay off.

While culture may seem soft and mushy, and while culture change takes time and effort, the long-term results can be amazing—both from a performance standpoint and a cost-savings standpoint. By taking proactive steps to intentionally create a culture that allows the organization to differentiate itself from competitors, to really live its values, and to really deliver on the promises it makes for products and service, organizations can create an engaged workforce that is proud of the work they do.

## Building Organizational Capacity for Change

Constant adaptation is a key for thriving in the new business reality. Building tolerance for ongoing innovation is even more critical. The challenge for organizations—especially large ones that have enjoyed success over time—is staying open to change, innovative, and forward thinking.

How can you tell if your organization is in danger of losing its capacity to change? According to Pat Zigarmi, Founding Associate of The Ken Blanchard Companies, companies need to adapt the following mind-set.

When organizations ignore the numbers on their balance sheet, or in their employee turnover or customer satisfaction numbers, they are in a sense putting on corporate blinders and tend to treat bad numbers like a blip on the screen rather than as a trend over time. Constant focus and attention to the numbers on your organization's dashboard can allow an organization to course correct to subtle nuances via refinements rather than herculean improvement efforts.

Pay attention to customers' expectations and competitors' innovations. Organizations that aren't relentlessly focused on collecting and listening to competitive surveillance and insist on protecting the way that they have always done things, risk being leapfrogged by the competition. These organizations need to focus less on defending their decisions and more on their approach to exploring new ideas.

Encourage new players and new voices within the company. Some organizations have a tendency to believe that "the next generation doesn't really understand the situation" or that some people with strong opinions based on experience elsewhere "haven't been here long enough to really have a voice at the table." This is a sure way to stay stagnant. Organizations must embrace new and divergent ways of thinking to breathe new life into old practices and generate innovative new ideas that will carry them forward successfully.

Employ a high involvement strategy. “At the core of creating change is having leaders increase involvement and influence,” says Zigarmi. They have to look for good ideas everywhere. They have to look for ideas from people who are informal leaders in the organization in addition to people who are formal leaders. They have to look to resisters as well as adopters of change. And they have to involve everyone in the process.

Getting people talking to others with divergent points of view increases the odds that the organization will be more responsive and therefore more resilient and adaptive in the face of change. This means looking to people who are new, as well as people with tenure to provide fresh ideas, as well as seasoned, tried-and-true best practices.

Organizations must be relentless in their search for good ideas and trust that synergistic decisions are what will help the organization be responsive and resilient and seek this out at all levels of the organization. While it may seem that increasing involvement will slow the change process and delay results, the opposite is true. Challenges and concerns are surfaced faster with high involvement, bringing obstacles and pitfalls to the surface.

Today, more than ever, organizations need everyone to be involved and responsive to provide the quick, nimble, and adaptive response that allows your organization to adjust to constantly changing conditions. By sharing power and expanding influence, leaders can create an organization with a strong overall capacity to change and succeed.

### **Setting a Leadership Point of View for Leaders and Your Organization**

As leaders look toward implementing new strategies in the future, it is important to remind people of the organization’s overall purpose and vision for the future. Thriving in the new business reality means that leaders need to paint a picture for their people of where the organization is heading, why this is important, and how everyone will get there together. People need to know what vision they’re executing against. Equally important, they must know, to the core, who their leader is.

#### **What’s Your Leadership Point of View?**

- What do you believe about leading and motivating people?
- What can people expect from you?
- What do you expect from your people?
- How will you set an example?

The process of creating and articulating a clear plan for moving forward must be seen as something more than just a word game. Although a clear vision can create an enduring picture of the future that drives business results, employees can sometimes be skeptical about its value.

Leaders start by answering some basic questions: *What are we trying to do? How will we make a difference?* Second, there must be a focus on the customer, both internal and external. Begin by identifying customers’ needs. *What do they want from doing business with you? What do you hope that they get out of it?*

At Southwest Airlines, for example, they believe that they’re in the customer service business—and that they just happen to fly airplanes.

In addition to the role they play in the setting of vision, leaders must “walk the talk” when it comes to living the values. Nothing will kill a new initiative faster than senior leaders who behave in ways that are inconsistent with the organization’s stated values.

Walking the talk means ensuring that your leader’s beliefs match up with the beliefs and culture of your organization. The key success factor for all leaders is creating a level of transparency with others in the organization.

When leaders share a little bit about themselves it gives employees insight, confidence,

and connection with a leader that builds trust. It also lets people know where the leader stands and what they can expect from him or her.

By sharing a little bit of themselves, leaders can provide employees with a glimpse into what they believe and what drives them. For leaders and employees, it can be emotional sometimes.

Leaders who share a piece of themselves build trust among employees. When leaders don't share, people respond by holding back as well. Today, organizations need a deeper level of trust and collaboration. When leaders share their leadership point of view, it opens up the lines of communication and people realize that they can share too.

"Organizations that don't have a corporate vision in place for the coming year, must get started right away deciding where you want to go and what you want to do," Zigarmi says. "Creating a compelling vision explains who you are, where you are going, and what will guide your behaviors. Leaders can encourage the process by following a couple of key steps including identifying and sharing their own personal vision. It's a 'leading by example' strategy that will get everyone moving in the right direction."

### Building Trust

Trust is core to how people work together, listen to one another, and build effective relationships. In fact, a key factor affecting employee turnover and morale is whether they have a trusting relationship with their leader. This is even more true in the new business reality.

Before people can bring their discretionary energy and creativity to work, they need to trust that their efforts will be recognized and rewarded, and that the organization will appreciate their contributions. But in many organizations there are too many brains and not enough trust, which leads to conflict, infighting, silo mentalities, and stagnant cross-functional communication. When this happens, the organization's sense of community and shared purpose flounders.

"People need to feel a high level of trust in order to bring their best ideas forward," says Scott Blanchard, VP of Client Delivery at The Ken Blanchard Companies.

"Trust is essential to harnessing the energy and passion of people, and it is at the root of exceptional performance."

Since trust depends on behavior, how you behave can meaningfully change how willing people are to trust you, and in turn, how effective you are as a leader. Trust is especially essential in teams where getting things done depends upon trust among team members.

In order to build trust, people must have both awareness and sensitivity about the behaviors known to erode trust and the behaviors known to build and sustain trust. There are four key elements of trust—ability, believability, a sense of connection to the individual, and a track record of dependable behavior. Ability equates to demonstrated competence. Believability requires that leaders and individuals act with integrity. It also requires that individuals are connected and care about one another. Dependability is determined by the ability to be dependable and reliable with their results and actions with a consistency that is built over time.

### The Four Ingredients of Trust

**Able**—Demonstrate Competence

**Believable**—Act with Integrity

**Connected**—Care about Others

**Dependable**—Maintain Reliability

## Altruism and Performance Productivity—Do Your Leaders Have What It Takes?

Leadership is the key to managing people's energy. Great leaders empower their people to reach the heights of their performance capacity.

In order to maximize employee performance, leaders must assist employees in moving quickly through the development levels to peak performance by diagnosing the development level of their people and providing the of appropriate leadership styles. According to Blanchard® research, most leaders are not able to flexibly use the appropriate leadership style to match the situation. Instead leaders must work on knowing their people, diagnosing their development level and needs, then meeting them where they are; these are the core skills of the type of leadership that can help your leaders and your people thrive in the new business reality.

But equally important is the development of leaders who come from an altruistic or servant perspective. Leaders who approach each leadership interaction with a win-win mentality, who think beyond simply achieving results and think beyond their own needs, and who consider the needs of their people will inspire far more loyalty and performance than those who don't.

“Leadership is something you do **with** people, not **to** them,” maintains Ken Blanchard, Chief Spiritual Officer of The Ken Blanchard Companies. “Great leaders use different strokes for different folks, and different strokes for the same folks, meaning they have flexibility in their leadership approach and leadership style.”

Leadership has been defined as an influence process. In recent years, Blanchard has shifted this definition to “the capacity to influence others by unleashing their power and potential to impact the greater good.”

When leaders focus only on goal accomplishment, their relationship becomes focused on results, which creates only short-term results for the organization. True leadership is focused on the greater good or the best for all involved.

Leadership, both at the individual and organizational level, should have a higher purpose, beyond just results or generating revenue. It should be about creating a compelling vision and a sense of purpose and payoff for all. Leaders can be successful in the short run by emphasizing goal achievement, but what tends to fall by the wayside is the condition of the human organization.

Leading at a higher level requires polarity management because it is a “both-and” proposition. It is about people and performance. It is a process of achieving worthwhile results while acting with respect, care, and fairness for the well-being of all involved. And, as a result, it creates long-term employee passion and customer devotion.

The new business reality demands that organizations find new ways to address old problems. It demands that organizations create both leaders and cultures that tend to the needs of their people and their customers. It demands that organizations expand beyond their current limitations, and beyond their current plight and into a mind-set of contributing to the greater good. When organizations and leaders adopt the mind-set that they are bigger than their own problems, they can see each challenge, and each adversity, as an opportunity to grow and to help others do the same.

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