

## **GOOD ECONOMIC NEWS CAN BE BAD NEWS FOR MANY BUSINESSES**

by Brent Filson

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WILLIAMSTOWN, Massachusetts— November 19, 2003 – Good economies make bad leaders and bad economies make good leaders. Running scared in bad times has made many an average leader great — while basking in good times has made many a great leader simply pretty good, or worse.

It's happening now as our national economy starts to turn around. Seeing that the light at the end of the tunnel isn't a search party looking for survivors but a way out of these bad times, leaders are developing and beginning to execute business strategies intended to ride the lightning of the alleged coming boom.

Yet if the past strategies of companies I have witnessed during my 19 years of my working with literally thousands of leaders worldwide are an indication of today's strategies, these strategies will be either outright wrong or relatively ineffective.

That's because most business leaders neglect a vital dynamic when developing a strategy. I call it a "leadership strategy." Without a concomitant leadership strategy, a business strategy seldom measures up.

Clearly, strategies are essential to focus resources and action. The roots of the word "strategy" come from two German words, the first meaning an encamped or spread out army and then second word meaning "to drive." In other words, a strategy gives direction, organization and force to an otherwise scattered organization.

Most business leaders are good at developing business strategies. They're taught how at business schools. But I'll bet that nine out of ten leaders don't know what a leadership strategy is, let alone how it fits in with a business strategy.

They sure don't teach leadership strategies at business schools. They can't. That's because leadership strategies find their meaning not in abstract formulations or case studies but in what can't be taught but must be experienced, process and relationship.

Here's what a leadership strategy is: Whereas a business strategy seeks to marshal a company's functions around central, organizing concepts, a leadership strategy seeks to obtain and organize the heartfelt commitment of the people who must carry out the strategy. The business strategy is the rudder, the leadership strategy the drive shaft.

Here are two ways to institute a leadership strategy in your organization. 1. Recognize and communicate. 2. Develop, implement and track.

1. Recognize and communicate. Communication doesn't happen unless the other person gets the

point. It's not enough for the authors of the strategy to be motivated by it. After all, it's their strategy. If they're not motivated by it, they're in the wrong jobs. The issue isn't their motivation. The issue is the motivation (or lack thereof) of the people who must execute the strategy. The authors must not only recognize this but communicate such recognition to the people. The people must do more than simply get the point; they must embrace the point. They must passionately embrace it and commit themselves wholeheartedly to carrying it out. Otherwise, they can kill it. Not in an outright way but in subtle ways that small unit leaders and middle managers know so well.

This is exemplified by what a mid-level manager said to me, "When management wants us to do new things we don't want to do, we never, never confront them directly. Instead, we agree with them. We might even agree enthusiastically. Then we give it the lowest priority without drawing attention to ourselves. Later, in bits and pieces, we'll put it aside. Eventually, over time, it dies a natural death. Time is always on our side."

2. Develop, implement and track. A leadership strategy is just that, an actual strategy. Which means that, like a business strategy, it must have central, organizing concepts guiding action. Since the function of the strategy is to obtain the heartfelt commitment of people to carry out the business strategy, the choice of being committed is not the authors' but the peoples'. The authors can't motivate them to do anything. The authors communicate, the people themselves do the motivating. They motivate themselves. So the authors must establish an environment conducive to people making the choice to be motivated. There are a number of mechanisms to do this: "town meetings"; feedback systems, meet-the-president forums.

I have found that most companies simply use such mechanisms in scattershot ways. They don't fashion them into a coherent, comprehensive leadership strategy.

One way to do that is through the systematic establishment of precisely targeted action plans, plans whose purpose is not only to get increases in results but also to engender broad and deep commitment to carry out the business plan.

Because of the latter, the process of establishing the plans is key. Not only must each action plan be linked to the results called for by the business plan but the authors of the action plans must be none other than the very people who execute the business plan. Bringing the people into developing and implementing the action plan helps bring commitment, focus and power to the leadership plan.

We may be in a rising economic climate, but for businesses to best take advantage of it, they must focus not only on their business strategies but leadership strategies. In that way, good economies can make good leaders too.

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