



FROM THE DESK OF BOB WILSON

Maximizing Profits Through People
A CEO to CEO Quarterly Newsletter -- 8-15-00

PI In A Downturn

Dear fellow CEO:

It's been more than 10 years since the last blip in our economy. And that blip was mild and short term. Many of today's managers, and likely a good many of you reading this letter, have never seen a recession. Some seem to think, with the new economy, there will be no more recessions.

I hope they're right. I hope that Greenspan has both tamed inflation and engineered the ultimate soft landing. I hope we're in for another 10+ years of prosperity. But, what if the economy turns sour? And more germane to this letter, how can you use Predictive Index to gain a step on your competition if we do have a recession - either broadly or in your specific industry? I hope to answer that question in the next few paragraphs.

Predictive Index is a tool that you can (and likely, do) use on a daily basis. But, should an economic downturn occur, Predictive Index (PI®) becomes even more vital to your success. Why? Because so much of what is debilitating to business productivity during bad times is psychological. PI® helps you understand how your people will respond during a downturn and thus, gives you better insight into how you could / should act to mitigate the negative psychology and thus, maintain productivity. Likely, there are three strategies of PI® utilization to be particularly aware of during difficult times:

1. Communication
2. Motivation and
3. Diagnostics

When things turn bad - in a specific business, an industry or an entire economy - the biggest inhibitor to productivity is **fear**. Fear occurs in everyone, but is most destructive to High C's and High D's. High A's and High B's by their very nature are more optimistic and / or more risk oriented, so they tend to be more resilient to change and difficulty. Because High C's and D's need the security provided by a known work environment, familiar structure and process, a downturn has particularly negative implications. Fear raises questions about all that was known and what it could change to become and, as a result, can leave these employees spending **more time worrying than working**. As you've likely noticed, even positive change can be debilitating to High C's and D's - because change itself causes fear and loss of confidence. It upsets the familiar. As PI® has taught us, productivity comes from self-confidence, and when self-confidence is shaken - for anybody - productivity suffers.

While the productivity of High C's and D's is impeded during times of uncertainty, High A's and B's present challenges too, but from a different perspective. Because they are more optimistic and more risk oriented, they are typically the first to leave an organization if they sense trouble. And, in some cases, they may be the people you can least afford to lose during difficult times - because you will need their proactivity to lead the fight against whatever is making your situation challenging

What's a leader to do to combat fear and what results from it in a difficult environment? Start with communication. The most likely tactic to keep the troops motivated and dedicated to work while generating the best effort at dispelling fear is to communicate. And then communicate some more. Try, as much as possible to put a positive spin on whatever events are taking place (keeping in mind that difficult truth is better than pleasant lies). Why is this necessary? Because when bad things are happening, if you say nothing, the troops will spread rumors that are worse than the reality in every case. Tell the truth, when you know it to be true, be as positive as possible, and communicate it over and over and over. To paraphrase what Max Dupree said in "Leadership Jazz", "If at the end of every single day, you are not sick and tired of communicating, obviously, you have not communicated enough". This is especially true during difficult times.

Bob Wilson & Associates, Inc.

P.O. Box 3039
Carmel, IN 46082

PI
Management
RESOURCES™

Phone: 317-574-1550
Fax: 317-844-6267
www.bobwilsonconsulting.com

For example, let's assume a group of people will need to be laid off. The business is no longer profitable, or the market has changed drastically, or there is a severe recession. Whatever the reason, you must lay some people off. As soon as a layoff is imminent, and employees know it, productivity declines severely – for everyone who perceives they may be involved. If management says nothing, waiting until the fateful pink slip day to communicate with action, productivity of the whole organization virtually stops until the axe drops. Then, the troops wait for the next bloodletting. I believe we're best served letting those people who are affected know what's being done and why as soon as what's to be done is clear. Bad news hurts, but let's get it out early, explain why what has to be done is being done and why, while reassuring those who are unaffected. This clearly defined, decisive action gives you the best opportunity to maximize productivity and minimize unwanted turnover.

I've heard many times in the last several years that, "This change we're going through is really painful. The only redeeming aspect is that it's because we're growing so rapidly." What happens when we ask people to adjust when business is shrinking? How will they cope?

Communication, as outlined above, is step one. Everybody needs to know as much as they can about what's going on. It's a whole lot easier for an employee to like working in a difficult environment when they feel part of the team. And if an employee likes their work, they are more likely to try harder. What's the message for you? Work to keep everyone in the loop. Communicate about both good news and bad. (Remember, if you don't communicate about bad news, what is rumored will almost always be worse than whatever bad news you could have communicated.)

Step two is to keep in mind the basics of motivation you learned from PI®. Difficult times lay the additional burden of uncertainty upon your employees' shoulders; thus, it is even more critical that your people have as many of their needs met as possible. Do your best to see that high A's have freedom, independence, incentives, and an opportunity to get ahead. Give high B's an opportunity to bask in the spotlight, public recognition, and an environment where they can have fun and burnish their perception to others. Give high C's a process that is as consistent as possible (even during difficult times), training when the process changes, and a sense of family when they come into work. Give high D's clear expectations, performance feedback, and rules that are consistent and enforced. Satisfying people's needs assures them that you care and will increase the likelihood that their productivity is maximized.

When facing difficult decisions, don't overlook the value of PI® as a diagnostic tool. Many times, when an organization looks to reduce headcount, the choice is made to keep workers who were successful doing jobs that will no longer exist when re-engineering occurs. This makes intuitive sense but overlooks one important fact: **when more work is going to have to be done by fewer workers, the work usually changes.** Typically, in the case of headcount reduction, the work becomes higher A and lower C (it requires more independent action and increased ability to multi-task). This is where PI® can be a terrific diagnostic aid and provide unique advantages in decision making. If faced with this situation, get with your managers and see that a PRO form is created to benchmark the revised jobs. That way, you can assure that the people you keep will be best able to do the type of work that will left to be done. If you don't follow this process, and you're not cognizant of the PI® implications of the transition, you're faced with not only the paroxysms of an initial downsizing, but the debilitating situation of having to get rid of the people you planned on keeping – because the people you've kept aren't capable of doing the jobs left to be done.

Let's hope that Greenspan has pulled off the ultimate economic miracle and made recession disappear from our business lives. Let's hope that all of our businesses see nothing but good times ahead. But let's also keep in mind the Boy Scout Motto: Be Prepared. If things turn sour, it's not the time to rush ahead without thinking about, "How will our people react?" PI® is a tool you should use every day. Good times and bad.

Thanks for your attention.

Sincerely,



Bob Wilson, President