

MOTIVATING & FOCUSING EMPLOYEES IN TIMES OF ECONOMIC CRISIS

“To See What is in Front of One’s Nose Needs A Constant Struggle.”

-- George Orwell

In the midst of one of the most acute financial crises of the last century, what might your organization have lost sight of that is, quite literally, right before your eyes?

Our experience and recent work suggests that the simple answer here may be your own employees. Before elaborating, we hasten to add that the financial headwinds have been such that CEOs have had little choice but to allocate their time and energy *externally* – on lenders, shareholders, customers and suppliers. This focus was – and continues to be – a business imperative driven by extraordinary economic circumstances.

As we enter 2009, however, companies need to consider whether this disproportionate focus on external stakeholders – coupled with a daily drumbeat of distressing news concerning layoffs and corporate restructurings – has come at a cost. In an age of instantaneously available news, blogs, and general information overload, employees struggle with the generalized fear and anxiety of an uncertain economy. A recent survey by Menlo Park, Calif.-based Accountemps, for example, cited a lack of open, honest communication as having the most negative impact on employee morale.

In this environment, senior leadership should ask the question: who is minding the store and performing the essential work if employees are preoccupied? Anxious about their future and the future of their employers, workers need to be engaged, reassured, and focused. In pursuit of this goal, corporate leaders might consider undertaking the following:

Self-Evaluate. As a preliminary step, corporate leadership should consider performing an informal ‘audit’ to help define the issues that may merit emphasis with employees:

- ✓ Is your industry particularly vulnerable to the economic downturn, or has it already been adversely impacted? How educated are employees concerning the factors at play and, on a related note, how sophisticated about financial considerations are they?
- ✓ Do you anticipate a significant restructuring or, at a minimum, plan to change key aspects of your business to help ensure steady performance in a down economy? If so, there may be value in educating employees more directly concerning the logic and impact of any such changes.
- ✓ Third, is your industry or Company uniquely impacted by what will surely be an altered regulatory environment?
- ✓ Is your organization contemplating changes to benefits, compensation, schedules, perks, etc. as part of a response to the recession?

- ✓ How intertwined is your Company with the local community? Will changes in your business inevitably impact the community in which you operate and, if so, how can you best equip employees to continue to serve as positive ambassadors in the community?

Action Plan. Your answers to the informal audit proposed above should help set the stage for a targeted, thoughtful employee communications plan for 2009. Key considerations underlying such a plan may include:

- ✓ **Knowledge is Power.** Equip your team with a clear understanding of where the organization stands financially, along with contextual information about the larger economic environment.
- ✓ **Regular updates minimize uncertainty, insecurity and confusion.** Updates can transparently address risks and opportunities that the company faces, though the level of detail should be proportionate to the audience's level of sophistication. Additional education about opaque fiscal concepts and market complexities may be required.
- ✓ **Manage the Echo Chamber.** Share information with business partners, customers, suppliers and local community officials and regularly seek feedback from them. Maintaining a dialogue with these busy constituents serves two important purposes: (1) fostering openness in these relationships avoids surprises, engenders good will and encourages mutually beneficial problem solving activity, and (2) it helps ensure commonality of purposes with employees who, after all, are in contact with segments of these constituents on a near-constant basis.
- ✓ **Define the Path Ahead.** Even in good times, employees benefit from clear identification of priorities and objectives concerning how best to achieve corporate (and personal) goals. This imperative grows exponentially when times are tough, as stress and uncertainty can have a paralyzing impact. More generally, of course, employees should not have to speculate concerning what the leadership team is focused on in the year ahead. Management should – in concert with employees – take extra care to define priorities and collaboratively set the path to achieving them.
- ✓ **Be Present.** Finally (and without resorting to cliché), it is difficult to overstate the importance of maintaining both a physical and emotional presence with employees in this challenging environment. While specific tactics in pursuit of this goal should be tailored to an organization's specific culture, do not doubt the beneficial impact of engagement in general.

At Perry Street, we embrace Orwell's "constant struggle." We guide our clients in complex business challenges to focus their communications strategies and tactics on the most critical audiences: investors, suppliers, customers, media or their own employees. We would be happy to discuss our expertise in these areas and assist you in any way. More generally, we will continue to share our thinking on timely issues with you in the future.