

Business Performance Improvement: the New Normal

It's official we are in a recession – what a surprise!

- Don't wait for a recovery, this might just be the new normal
- Endure, change, build muscle and emerge stronger
- Beware the emergence of new stronger competitors
- Beware growing big without growing strong
- Strengthen management and leadership capabilities
- Invest in training and developing your people

What is that official definition? Oh yes, I know “two consecutive quarters of negative growth” – that always sounds like an oxymoron to me. So we have been negatively growing for at least two quarters and probably at least one or two months before that and of course the events which have created what we call the recession have been accumulating for the past 15 months and in reality for much longer.

So, the official announcement that we are in recession is rather old news to most of us. Many individuals and businesses have been feeling some form of financial pain for quite a long time so the formal announcement that we are in recession has very little meaning. The announcement has triggered a wide range of comments and all agree that we will continue to be in financial trouble for the rest of 2009, most think some of 2010 will be difficult and some even think it will go into 2011.

So, we are about half way through a very nasty three year period when many aspects of our financial lives have been and will continue to be difficult. It might seem like a sensible option to keep quiet, don't rock the boat and wait for the problems to resolve themselves and once the upturn appears (the green shoots) we can get back to normal. This is a dangerous strategy as such a long period of financial difficulty will change many things for ever so we will be waking from a long sleep ill prepared for what will be a new and different world.

I think the only sensible strategy is to adopt the stance that what you see and feel now is the “new normal” – there is no point waiting for things to recover because they won't be the same and you will have wasted a lot of time stuck in an old model. Most of us have

Business Performance Improvement: the New Normal

little choice but to endure what is happening around us but this does not stop us changing, building muscle and hence emerging stronger.

If your existing business model has put you in a position where the current economic environment has led you into difficulties then you had better change it *tout de suite*. It is estimated that less than 5% of companies will go out of business as a result of the recession however it is also estimated that anything up to a further 80% will, to varying degrees, be damaged by the current situation and will struggle once the upturn arrives. So, only 15% of companies will emerge stronger. Finally, one other factor that cannot be ignored is that many new companies will start during this period and at least some will be fleet of foot, flexible organisations ready to eat your lunch.

To me, it seems very simple we all need a more robust business model to weather the rest of the storm and to leave us fitter for whatever comes next. We talked in the previous article about improving your selling capability but there is another equally important area of the business and that is the depth and breadth of your leadership and management capability.

The development of leaders and managers is often neglected as there is an unspoken belief that by the time to get to be a manager, you know all you need to know. If that manager has come from a well disciplined environment where there has been an ongoing investment in personal development then they as an individual will probably be quite good. However, if that one good manager is expected to operate in an environment where others have not had the same level of development then their individual performance will be just that, an individual performance. We all need a strong and effective management team to help drive the business forward. There are a number of surveys that have looked at the correlation between investment in training and development through a recession and the relative health of the companies that do it. The evidence is stark; those that continue to invest in leadership and management development regardless of the economic climate always emerge stronger.

As my friends at MC-Cubed (www.mc-cubed.co.uk) say; “*Many forward-thinking organisations already recognise that investing in leadership development and leadership*

Business Performance Improvement: the New Normal

training is the key to delivering sustainable improvements in competitiveness and business performance.”

One of the key words here is “sustainable”. We all need to have sustainable levels of performance that will endure regardless of what is happening around us. If we do not invest in our people and in particular in our leaders and managers, we run the risk that we will become passengers in, rather than the drivers of, our own destiny.

I think the situation is quite stark and I see four main scenarios:

- You have never had a leadership and management develop programme in place
- You have cancelled the one you had because it was not working
- You have cancelled the one you had in place because of the economic position
- You have one in place and you continue to invest regardless of the economic situation.

If you have never had such a programme in place I cannot comment, as I do not know what led you to this decision. If the programme you have in place is not working, of course you should cancel it but don't throw the baby out with the bath water – get a better programme. If you have cancelled it because of the economy, this is really the same as number two – if it had been delivering value you would not have cancelled it – so, same again, get a better programme.

Of the four options, only number four makes any sense. The evidence is there; those companies that invest in developing their people regardless of the economic environment will always outperform their competitors and will therefore be more likely to survive a downturn and will emerge from it stronger.

Having come out of some 15 years of spectacular economic growth, many companies have grown big without growing strong. The danger for a business which grows big without growing up is that it is exposed and vulnerable when difficult times appear, and they do always appear eventually.

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It is never too late to start attending to this issue. We would be pleased to arrange a free consultation to see what can be done to improve the leadership and management within your business.

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