

Leading by example

Roy Nield-Dumper and Donnie MacNicol suggest 10 questions that leaders should ask in a downturn

With the current economic crisis, senior management needs to exercise leadership rather than mere management. Leadership requires decisions to be made that others would neither like to, or often be capable of, making. Decisions may range from revising the organisational strategy to directing resources and energy.

Priorities in the short term should be ensuring the *survival* of the business, potentially through cost reduction. This should then be followed by actions to protect the business (likely to be around strengthening existing and pursuing new client relationships), ultimately leading to measures that position the organisation to be able to *thrive*. Relationship and strategic skills, required to influence colleagues and stakeholders, will be key attributes of a leader at this time*.

As each organisation is unique, so are their leaders' priorities. Below are 10 potential actions leaders should consider in a downturn:

- 1. Ensure everyone buys into the vision.** A vision identifies where the organisation is going, helps motivate staff and ensures that challenges are put into context. For example, if the vision is to be number one for a particular service, short-term commercial problems and decisions can be considered against their impact on the vision
- 2. Challenge, and if need be revise and re-enforce your strategy.** As your strategy is the means by which you achieve your vision, an economic downturn may require pragmatism from the leader, e.g. the challenges of continuing to expand the business in a stagnant or declining market may require smaller, less profitable projects to be undertaken. The leader must also ensure that limited resources (typically colleagues' time) must be deployed as per the agreed strategy
- 3. Identify, secure and nurture key accounts*.** Developing opportunities with existing customers is far more profitable than finding new ones, so keep and develop these relationships. Identify what and where you can add value, e.g. providing free advice, insights into your industry, etc
- 4. Ensure you focus sufficiently on the sales funnel.** Metrics can be used to see how many leads turn into opportunities, then assignments and ultimately key accounts. Set future targets and review the effectiveness of all promotion and marketing efforts against these. Remember that previous strategies such as informal networking may no longer be sufficient
- 5. Identify and manage risks to the organisation.** It is critical that there is sufficient focus not only on project but also organisational risks, such as increasing operational costs or the impact of key personnel leaving
- 6. Start making operational changes and savings before they are needed*.** Don't start with the biscuits, generate savings that make a genuine difference, demonstrating the seriousness of the situation. Check all expenditure, both time and money, back to the strategy
- 7. Organise an external viewpoint.** This can provide fresh insight and ideas when the leader is so focused, quite rightly, on the organisation. This can be provided by a respected peer, mentor or increasingly through engaging a non-executive director

- 8. Strengthen your organisational governance and reporting*.** You cannot afford to have unforeseen difficulties with existing projects either from a commercial or reputation point of view, otherwise the leader will be distracted from strategic issues
- 9. Stop rumours before they begin – communicate.** Remember that if more than one person knows something, everyone will find out. The faster bad news or difficult decisions are aired and discussed the better. Demonstrate strong leadership through open dialogue
- 10. Consider the opportunities that may appear.** Look out for talent coming on the market from your competitors, clients seeking new suppliers or acquisition/merger opportunities. Also, challenging times may offer the opportunity to make organisational changes that may otherwise be difficult, e.g. introducing more efficient ways of working*.

But what's your view? What do you think are the priorities for leaders and the actions that are important for success? Please email Les Pickford, editor of the *Construction Journal*, on lpickford@rics.org and we will provide a summary of the feedback in a future edition.

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*Previous *Construction Journal* articles by Donnie MacNicol on these subjects can be found on www.rics.org/journals



The Growing Business Handbook, 10th edition by Adam Jolly is available from www.ricsbooks.com

