

The Five Best Ways to Develop Organizational Competencies during a Recession

One of the great leadership challenges of any economic downturn is balancing the need to tightly manage expenses with the equally important need to position your company strongly for the inevitable upturn when it occurs.

Today, leaders find themselves under pressure to stop investing in organizational improvements. But we all know that acting rashly causes problems. Morale goes down, and when the economy improves, you've got to start over from scratch.

Here are five ways you can intelligently stretch that development investment during a downturn, and avoid the problems caused by indiscriminate cuts. We'll explore additional strategies in my upcoming interview with Vinnie Zinck, so be sure to keep an eye out for the next issue in two weeks.

First things first: get crystal clear about the competencies your organization needs in order to execute the business strategy. Let's say your organization is shifting from being a profit center to being a cost center in support of bigger business units. This is not an unusual scenario in a downturn, as leaders ask their organizations to line up around the biggest bets instead of experimenting with multiple, smaller, and unproven bets. There's probably a gap between your organization's current ability to collaborate cross-functionally and what is now needed, since they've been encouraged to work independently in the past.

Check to be sure that's true, and if it is, focus your organizational improvement efforts on enablers of cross-functional collaboration such as creating interlocking processes, establishing clear lines of accountability, and honing your leaders' ability to collaborate with other leaders.

Note how modest this line item can turn out to be, if you play it right. You may need a process redesign pro to help with the development of interlocking processes, an OD or HR consultant to help think through how to establish clear lines of accountability in a cross-functional environment, and an OD consultant to hone skills in collaborative leadership. You'll also probably need someone to handle internal communications about the change.

All of these people could work behind the scenes as advisors if your internal people can take the advice and run with it, saving a lot of consulting fees. Maybe you even have one or more of these internal resources available and need no line item at all.

Either way, the return will be huge relative to the investment, because you're focusing very specific and limited resources to address an essential business

need. In this particular situation, we're not even really talking about solving a problem; we're talking about raising the bar and enabling significant change, which is an exciting place to be. Who knew you could actually have exciting organizational development during a recession?

Identify the root causes of any significant problems before settling on a budget number. Do not settle for, "Cut the technical training budget by 20%," which is a silly request because it has no bearing on the business. Figure out if your internal training is solving -- or at least helping to solve -- the most critical problems of the business. If it's not, chuck all of it, not just 20%. Believe me, you'll be the CFO's new best friend and employees who have been stuck in irrelevant training classes will cheer. Then figure out which training, if any, will help address critical business needs, and rebuild your budget from the bottom up. It's never too late to get this right.

Get creative about continuing your business-critical leadership and organizational development investments, with the goal of sustaining essential growth and moving forward until better times allow you to take bigger leaps. For example, it's essential to develop your next generation of top leaders on an ongoing basis, during good times and bad. If your high-potential leaders are in multiple locations, can you substitute more frequent teleconferences for an annual face-to-face pow-wow? If there were ever a year when no one would be de-motivated by this decision, it's this year.

How about focusing on local rotational assignments instead of bigger development "events" that increase opex?

How about utilizing other technologies to develop them? For smaller companies, even something as dirt-cheap as a quarterly book club is a way to keep the process moving forward until better times. You can host it via Webex or a conference call, and ask members to blog and comment on one another's blogs.

Don't compare apples to oranges. The \$25,000 investment to coach a senior leader in a mission-critical role may create more return than a similarly priced generic training program for the masses. It depends on your needs and priorities. Be relentless at evaluating the return you can expect from every organizational development investment.

Where possible and feasible, switch from individuals to groups. Again, in the leadership development realm, professionally facilitated group coaching and masterminding can be quite effective, and costs less than coaching 15 or 20 leaders one-on-one. You won't reap the full benefits of 1:1 coaching, but you'll have the benefit of building relationships between up-and-coming leaders and you'll keep the process moving forward.

Nothing kills credibility like a repeated pattern of excellent development processes that launch with a big bang during good times and then unceremoniously get the ax during bad times. Far better to keep it focused, relevant, timely, and modest than to let it die.

Remember, too, the soft benefits of continuing to develop the organization. Beside the obvious benefit that the organization will be better at doing whatever it is you do, employee loyalty will go through the roof as they see executive commitment to continued improvement and growth even during the most challenging of economic environments.