Managing in Uncertain Times, Part V: Six Key Steps
By L. Douglas Mault

Speed Up and Improve the Flow of Information

By developing and sharing timely and accurate information, you become more able to respond quickly and effectively when problems arise. Which of your services and/or products are truly meeting customer needs, and which are not? Professor J. L. Bower of Harvard Business School says, “You really have to understand where you are making money and losing money, literally by product (service) and customer.” What you don’t know can and will hurt you.

Keep Your Best People Without Overpaying

According to Marion McGovern, CEO of M2, the key to retaining professionals is enabling them to build and maintain their intellectual capital by offering a diverse set of tasks, opportunities and challenges. The key to retaining non-professionals can be as simple as setting up family-friendly arrangements such as flex-time. Anything that humanizes the workplace will likely result in decreased turnover. Today’s workplace is different from that of only 20 years ago, and it will continue to evolve. Companies must recognize and adapt to this.

Control Fixed Costs

Refocus some of your energies and thoughts not on the grand plan and vision but on the mundane and everyday. Lease instead of buy; use temps or contract workers; outsource. Allow me to give you Mault’s Maxim of Money Management: “Austerity in Times of Prosperity” It is easy to spend when times are good, and it should be easy to cut back when times are bad. The best approach is to keep a focus on controlling costs at all times.

Train and Re-Train Your Employees

Peter Drucker stipulates that the companies with the best trained work forces will ultimately prevail in uncertain times. Focus on hands-on product and process training but, perhaps more importantly, on human interaction and inter-personal behavioral training. We tend to promote people into management and supervisory positions without providing any training. We tell them that management/supervision is just common sense. The problem with that approach was captured by Winston Churchill who said, “The problem with common sense is that it’s not all that common.” Managers and supervisors are not born, they are made by training.

Build Financial Awareness

One resource is the December 1998 issue of Harvard Management Updates, “Painless Financial Literacy for Your Team (and You).” Do your key employees know how their department or unit contributes to the company’s performance? Do they understand the marketplace and the competition? Can they read a P&L? When people are more financially literate and understand the big picture, they are more likely to do what’s necessary.

Write and Keep Contingency Plans

The environment might seem certain, but remember that Murphy is an optimist. What are you doing to prepare for the unexpected? You cannot plan for every eventuality, but you can set some triggers. For example, if revenues decline for three quarters, reduce staff if gross margins decline for four successive months, renegotiate key vendor contracts, etc. Don’t let yourself get caught by surprise.

About the Author
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