

ORGANIZATIONAL DEVELOPMENT SOLUTIONS

The Benefits of Downturns, Corrections and, Yes, Even Recessions

by Kelly Graves and Liz Bilinsky with Tony Aeilts



During difficult times, why do some firms grow and prosper while others decline and die out?

We believe the answer lays in the ability to manage change. Some people see threats and change as what they have to give up. Others see them as opportunities. These “opportunists” see change as a time when things are stirred up causing an abundance of possibilities. These opportunists take proactive steps, push past the fear of the unknown, calculate the prudent risks and *take action* instead of bemoaning the pressures or trying to avoid them.

One important consideration in this opportunity-focused process is to “take off your blinders” and clearly define your desired end results despite current conditions. With those clear goals in mind, imagine all possibilities that might lead to that outcome. What do your internal and external customers need to achieve this goal? Suspend disbelief and don’t limit your thinking.

A great example of this kind of courage and innovation can be seen in the work of Malcolm P. McLean of North Carolina during the depression of the 1930s. McLean, a truck driver with a vision, saw a need in the shipping industry and consequently invented containerized shipping boxes. Still used today, he created a technology that modernized the shipping industry. Before those big shipping containers were standard, it would take *up to two weeks* to unload a ship. With shipping containers, the time to unload was reduced to *24 hours!* McLean focused on filling a need through innovation despite current fiscal conditions.

Another important consideration is this: stop trying to solve problems. Yes, you read that correctly—don’t try to solve problems. Problem solving is reactionary. Moreover, problem solvers tend to search for problems. In this way, they tend to focus on what does not work, which leads to blame, finger-pointing and scapegoating. Look instead toward innovations and successes. Given a clearly defined long-term goal and an awareness

of how best to succeed at each step of the way, work backward from the desired end result. In this way you will frame each necessary step needed to achieve your goals by way of successes, not problems. Yes. This will require some change and some people may not necessarily like that. But, change, whether good or bad, at some point will be inevitable. You might as well embrace it and use it to your advantage.

Top consultant Alan Weiss wrote in 2004 about innovation and how a leader can help turn a challenge into a gift. These exercises take energy, time and dedication, but the riches gained from the work will greatly benefit leaders and organizations facing economic challenges:

- 1. Explore your unexpected past successes.** What happened? Find out how and why that experience became a success. Then, refocus on what worked.
- 2. Explore your unexpected failures.** If you have the guts and fortitude to look past the pain, the lessons that come from failures will be great gifts.
- 3. Analyze unexpected events in your professional life.** As leaders it is your job to *take the time* to look at unexpected events in the world and in your industry and glean from them the nuggets that lay just under the surface.
- 4. Process through what you perceive as weakness.** Find the weak link or missing link in your process, your skills or your organization.
- 5. Stay up with changes in industry and/or notice changes in market structure.** Vacuum tubes were replaced by transistors and then by micro chips. Those companies who didn’t look at and invest in the new technology were left behind. CEO’s who kept their noses to the grindstone and just redoubled their efforts to improve on the vacuum tube were also left behind. Stay ahead of the curve. Embrace and learn to leverage the changes that are coming. “Familiar” or “tried and true” aren’t always the best indicators of success.
- 6. Stay alert of high-growth business areas.** This one seems obvious, but most people jump on the bandwagon

too late because they were working hard instead of working smart. Great business people are often 180 degrees off from what everyone else is doing. When most people were buying real estate a few years ago, the smart people were selling off their inventories. Now their coffers are full and these wise individuals are waiting to buy back many of those same properties for 40 and 60 cents on the dollar. Is that luck or just anticipating change and leveraging it?

- 7. Converge complementary technologies.** Individual technologies may not represent opportunity by themselves, but when taken together they may represent substantial opportunity for those willing to look for it. Computers were cool toys for a select few until the right software came along to make them a mainstay of our world.
- 8. Be aware of demographic changes.** This can mean people moving into an area or industry or out of an area or industry. This can refer to age, education, race, income distribution, buying habits, etc. For an example, think of the recent increase in the piercing or tattoo industries.
- 9. Give unbiased consideration to changes in perception.** Changes in perception are not changes in the facts themselves but rather are changes in the way people choose to interpret the facts. Perception is reality.

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loan package more aggressively.

Hagstrom is optimistic that the housing market will rebound; historically that’s what should happen.

“The wild card is what happens to interest rates,” he said. Now rates are relatively favorable and the housing inventory is high. “Today, it’s a buyers’ market.”

He pointed out that while there’s been a lot of attention paid to the 2.5 to 3 percent foreclosure rate (compared to 1 percent historically), and the fact that most variable-rate loans have yet to reset, that means 97 percent of homeowners are “doing what’s responsible.” Government bailouts will only solve the problem for about 3 percent of borrowers, crowding out the market for potential new homeowners in the process, Hagstrom said.

“This is a very controversial topic,” he said. “I think there’s a lot of blame to be shared by most components of the financial system.”

Peter Drucker, a world renowned business consultant, university professor and economics guru said, “The best way to predict the future is to create it.” We at Internal Business Solutions, Inc. agree. Difficult times can make us better at what we do. Yes, we may grouse, fret and complain, but when we rise to the occasion facing tough times with innovation and courage, we will survive and even flourish. No one wants to endure or be given a difficult project, life altering challenge or tough economic business condition. However, it is these very difficulties which may be the impetus to awaken our greatest insights, resourcefulness and creativity. It is the difficult times which will truly define each of us.

- 10. Gather new knowledge.** What trends and information are out there regarding your industry, specific business, departments and processes within your business? Look out to the world as well as inside your business for these answers.

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