

## Podcast Transcription

### **Leaders Without Sealegs**

Interviewer: Rachel Moody  
Thought leader: Ann Howard, Chief Scientist, DDI

Pre-recorded opening: Welcome. You're listening to the DDI Podcast series, heard around the world by people who propel their organization's talent strategies. Turn to DDI to close the gap between today's talent capability and the people you need for tomorrow's business strategy.

Rachel: Thank you for joining today. I'm Rachel Moody, your host for today's Podcast. I'm joined by DDI's Chief Scientist, Dr. Ann Howard, and today we'll be taking a closer look at leadership in the face of the current economy, a topic addressed in DDI's two new White Papers, Leaders Without Sealegs and Surviving and Thriving in Today's Economic Environment. Ann, thank you so much for sitting down with us today.

Ann: Well thank you, I'm happy to be here.

Rachel: Ann, in Leaders Without Sealegs you explained that what makes for a successful leader in times of growth may not necessarily be the same criteria for success in down times. Can you tell our listeners a little bit more about this

Ann: Yes, you know in times of growth organizations are thinking about experimenting and taking bold risks and that sort of thing. But in a downturn, you really have to be more careful, you have to keep a watchful eye on your business and the people who are working with you. So to be more specific we see two types of challenges in a downturn, one has to do with management really, and you have to manage with discipline, manage with focus. You have to take operational control. You have to think about being efficient and cutting costs because you see your revenues aren't coming in like they used to. You have to monitor, because things are likely to change quickly, and you have to adjust, you have to make decisions with each little thing that comes along you have to decide what to do. And you do need to promote some innovation, though, you can't neglect that because that will help you pick up full speed when things come around later. So that's kind of the management aspect of it. Then there's the leadership aspect, dealing with your people and we say you need to lead with equanimity. You know a crisis creates fear, it creates panic,

there's a lot of emotional stuff going on that a leader has to deal with. So it's important to stay cool. You need to calm the troops. You need to help people feel like everything's under control. You need to communicate hope because morale is likely to be sagging, you need to restore that. You need to be open and transparent but you can do that and still be hopeful. And then you need to engage and empower people because you need to draw on that talent and you really do need them to create and implement the solutions that you have, so you have to be willing to let go that way.

Rachel: Well it sounds like that could be a very tall order to fill. So how do you know if your leaders are ready or as you say, if they have their sealegs?

Ann: Well you need to know the characteristics of your leaders relative to the challenges of a crisis, so you may not have thought about them that way before, but you have to think about what skills and competencies do they have. And of course you can know that best by putting them through something like an assessment center where they go through simulations and demonstrate their competencies. You also need to know something about their personality because in personality structure can be some threat of things that could derail people in a crisis. You know people are able to hold a lot of things that are not too pleasant under control under ordinary circumstances but then when stress comes in, pressure comes in they're liable to let loose with something. So you need to know what are the possibilities of that sort of thing happening. To be more specific, things that I would look for would be skill in driving execution. You would want a personality pattern that was more pragmatic, not a hit or miss kind of a personality. You want to have independent decision makers because they have to make decisions in a hurry, you don't want wishy-washy people or that's going to be trouble. You need to have leaders who know how to lead change and innovation, people who can plan and accept the idea of change, not people who are dug in. You need people who are pretty calm and even-tempered, loose cannons can really disrupt things in a crisis. You need people who are open, trustworthy, who can express confidence, be upbeat. Downbeat people can just sink morale. And then of course you need leaders who know how to, and are willing to, empower others who are sensitive to other people and aren't going to run roughshod over others.

Rachel: Now if you discover that your leaders you currently have in place maybe they don't exhibit all of these behaviors or maybe they're at

risk of some of these derailers that you mentioned earlier, are they a lost cause or are there ways to sort of shore up their leadership skills to meet these new challenges?

Ann: No, I don't think they're a lost cause but I think that most people need some kind of training so that they know how to manage their derailing characteristics. So you can do that by talking about the impact, what could happen, like if you come across as an arrogant know-it-all then you're other people aren't going to contribute to ideas and then you're not going to get to the right solution. Of course you need to make them aware of what their derailing characteristics are and then create a plan to do something about it and I would put a time limit on it like 100 days. So when you've got that timeframe you have a coach to help people know what to do and you take some kind of measure to make sure that they're making progress. Now to make that work, you do need to have an open environment because people are going to need feedback and so you have to make sure that your leaders are able to give feedback and be supportive while still giving good advice about something unpleasant that might be showing up and doing some damage. And then of course you need to implement some stronger governance processes just to make sure that those derailers aren't getting in the way. So if there's a lot of risk from undisciplined people and you just want to have checks in place to make sure that that's not running away with them and that they really are doing what they're supposed to do.

Rachel: Several times during this conversation you've mentioned the word innovation and I find it very interesting that we're still putting a lot of weight on the importance of innovation even in a down economy because so often you associate innovation with growth and research and development and kind of boom times. How does innovation differ in lean times and why is it so important?

Ann: Well, you need innovation in boom times to stimulate growth, so that's when you're going to go out and you're going to make big investments and take risks and so on and that's probably not a very good idea in uncertain times. The payoff is not likely to be there. But why you still need some innovation is you have to, for a couple of reasons really, one is one of your main objectives is going to be efficiency because times are lean. So you need innovation in processes, in particular, so that you can get that under control and it's a good time to focus on those kinds of things and growth when everything is racing around and happening really, really fast then you don't pay too much attention to that. So you need some innovation to make sure that you're efficient as

you can be. And then you also need to be thinking about how are we going to differentiate ourselves from the competition when this crisis is over. So if you can be developing new approaches or thinking through things that you haven't had time to think through before then you'll be on the upswing. Now some organizations have actually created market-changing products during past recessions. For example, you may not know that the Apple iPod was created during the recession so that was certainly a way to success for Apple.

Rachel: Absolutely. Well, Ann, thank you so much for sharing your insights with us today. If you'd like to learn more, please visit [www.ddiworld.com](http://www.ddiworld.com) to download the White Papers, Leaders Without Sealegs and Surviving and Thriving in Today's Economic Environment.

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