



For Immediate Release

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With bad economy testing managers, Forum Corp. finds 10 steps they can take to lead more effectively

Boston, MA, July 9, 2008 – As the economy continues to decline, organizational leaders and managers are facing tough questions and difficult choices: How deeply can you cut costs without creating unintended negative consequences? What about layoffs? How do you get workers energized despite looming economic threats? How do you discourage defensive internal politics? And how do you lead now so that your organization emerges from the downturn poised for success?

Past recessions hold some lessons, according to The Forum Corp., a leader in helping organizations, including some of the world's most recognizable brands, execute strategy through people. Forum reviewed its own research and the research of others and identified 10 actions that successful leaders take in three areas during economic downturns to settle the organization, keep it headed in the right direction, and emerge on top.

“Some of the actions are unique to tough economic conditions, while others are simply good management practices that take on added importance in a down economy,” said Ed Boswell, CEO of The Forum Corp. “As business leaders struggle to figure out what to do, knowing these steps could be the difference between success and failure.”

Here are the 10 actions:

Financials

- 1) **Move quickly to reduce costs** and control spending by narrowing focus. Winners in a downturn focus on a few critical priorities where they can develop a clear lead, and they walk away from bad business. Losers chase unprofitable sales in an attempt to hold their top line.
- 2) **Refrain from across-the-board cutbacks**, being sure to preserve areas that customers value most. Businesses that uniformly cut costs often find that they end up damaging their



ability to sell and deliver their products and services. How do you find out what customers value most? Ask them.

- 3) **Consider alternatives to layoffs.** Downsizing tends to bolster the bottom line and stock price in the short term, but often creates long-term negative repercussions. Alternative strategies include cutting management bonuses, freezing salaries, and reducing compensation options. It's critical to clearly communicate the rationale and impact to employees.
- 4) **Invest in opportunity.** A bad economy can present bargains, both in new assets and in new talent. Good areas to invest in are R&D, marketing, and customer-perceived quality. By contrast, investing in working capital, manufacturing, and administration doesn't pay off as well.

People

- 5) **Retain and develop top talent.** High-impact workers are often more susceptible to being poached by a competitor in a downturn. Organizations that provide development experiences and rotational assignments have better employee retention rates.
- 6) **Make sure everyone's on the same page.** When alignment on key goals is absent, performance suffers, according to studies on strategy execution. Top leaders frame an agenda and meet with key stakeholders to gain support and build commitment to overarching goals and values. Ineffective leaders let interoffice politics fester and hidden agendas dominate.
- 7) **Encourage questions and new ideas** by making it safe for employees to raise them. Leaders who admit they don't have all the answers and ask for input empower their people to contribute their best ideas.

Climate

- 8) **Manage the heat.** Leaders are often tempted in difficult times to relieve the organization's stress by making unilateral, tough decisions. That's often a mistake. Leadership by dictate often doesn't take because it lacks a broad base of support, and it often eliminates constructive conflicts that challenge the status quo and fuel good decision making.
- 9) **Communicate authentically.** Strong leaders acknowledge the challenges they struggle with and, by doing so, build trust among followers. Rather than being a sign of weakness, it's a sign of strength.
- 10) **Create a positive vision and attitude** that acknowledges reality. Businesses at the top of their markets often fall while "sleeper" companies sometimes jump to the top in a tough economy. When leaders exercise discipline and focus by mobilizing employees to respond to customers' interests and values, they increase the chance that, when the downturn ends, they'll come out on top.



Additional insights on this topic are available in Forum's point-of-view paper entitled ["Leading in a Recession."](#)

For more information about Forum and its capabilities, or to obtain a copy of its leadership for growth research report entitled "One Size Doesn't Fit All," visit www.forum.com.

About The Forum Corp.

Forum is a world leader in helping organizations execute strategies through people. For 35 years, its work has helped clients increase profitability, market share, revenue growth, and customer and employee loyalty. Forum combines experience and research-based insights in learning design, consulting, and facilitation to bring about changes in attitudes, beliefs, and behaviors that enable employees to achieve and exceed the desired benefits of a strategic change, to reduce time to improved performance, and to sustain the change over the long term.