

## CREATE A RECESSION PROOF CULTURE - PART 1 (SUCCESS IN A RECESSION - PART 2)

Economies cannot grow forever, and that makes recessions a natural part of life. A company that can only succeed during the “good” years isn’t that strong of a company, and it shouldn’t surprise us that those companies collapse. Research from Harvard (Gulati, Nohria, & Wohlgezogen, Harvard Business Review, 2010) shows that 17% of large public companies won’t survive a recession. They will either go bankrupt, be acquired, or become private. Small businesses are even more at risk, as 26% of US small businesses failed due to the 2008 Recession.

No matter the size of your company, a recession can start you on a downward spiral. But that doesn’t mean you can do nothing about it. Companies can create a recession proof strategy (which we wrote about). The research definitively shows that the optimal strategy during a recession is to cut costs through operational efficiency, while at the same time strategically investing back in the business. This dual strategy will not only help your company survive the recession but gives you the best chance at thriving while your competitors are struggling.

While a strategy of operational efficiency and strategic investments might seem like common sense, the majority of companies don’t do it. From my experience, this is often due to the culture of the company. Operational efficiency or a high growth mindset is not something that can be turned on or off like a light switch.

For some people, it is like trying to look left and look right at the same time.

So, it shouldn’t be surprising that this type of high efficiency and high growth culture is rare among companies. But just because it is rare doesn’t make it impossible for your company. There are simple and proven ways that you can create a High-Performance Culture within your company that can not only withstand a recession, but actually thrive in it. Of course, this assumes that you, the leaders, and the employees of your company are willing to put in the effort to evolve your culture.

### What is a High-Performance Culture?

Ask 100 people to define “high-performance” and you might get 100 different answers. But when you boil it all down, there are four common components of a High-Performance Culture:

- 1. Delivering Critical Priorities** - Everyone within a High-Performance Culture needs to be crystal clear on the top three business priorities over the immediate future. That clarity allows for everyone to be aligned and working together to solve those priorities.
- 2. Role Modeling the Right Way of Working** - Once there are clear business priorities, leaders should ensure that everyone is working in a way that is aligned to those priorities. This includes how the organization is structured, how the processes are aligned, and how employees and teams are meant to work together.
- 3. Proactively Building Strategic Capabilities** - A clear way of working together helps leaders understand what type of talented people they need within their organization. Some of them they will need to hire, and some they will be able to grow.
- 4. High Performing Leader** - Finally, clarity on people capabilities will shape what kind of leadership and communication is required in the bank. There is no recipe for the perfect leader, but some types will work better for some cultures than others.

That’s it. If you want your bank to succeed and thrive during a recession, then you need to ensure these four things. And what makes this even better is that these four things are not necessarily that hard or complex to install in your culture. In the rest of this article, we look at the first two components and share with you simple and pragmatic actions that you can complete to create your own High-Performance Culture.

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### **Action 1 - All Hands Goals (Delivering Critical Priorities)**

During a recession (or really at any time for that matter), your company does not have the luxury to waste time and resources on non-critical things. Even among all the important things you must accomplish, there are sure to be a few critical things that you absolutely, 100%, need to be accomplished. Instead of trying to accomplish everything, you need to remember that sometimes less is more. Fewer priorities allow for leaders and employees to achieve a higher level of performance.

That is why we recommend your company should create 1-2 All Hands Goals. Start by asking yourself, “if we could accomplish only one or two things during the next six months, what would they be?” Other things might also be really important (and feel critical), but if you don’t deliver on the All Hands Goals, then you haven’t succeeded. These goals provide clarity to your bank’s leaders and employees and allows them to prioritize what goals they should work on. You don’t want them spending time focused on the color of the drapes or planting a nice garden if the garage is on fire.

We also recommend following four rules when setting your bank’s All Hands Goals:

1. Focused - Don’t try to create a “mega” All Hands Goal where you combine a bunch of goals into one super goal. That will just dilute the focus of your people. Instead, make sure you are focusing on one critical thing.
2. Co-Owned - An All Hands Goal cannot be the responsibility of one or two teams. The goal should be something that the majority of people contribute to or support the people that are working on it.
3. Definable Success - All Hands Goals must have a defined picture of success that people can understand. People need to be able to track progress against the definition of success, and, ideally, they need to know when they have succeeded.
4. Temporary - All Hands Goals should not last forever, nor should they be super quick. The ideal length is four to eight months. By then you should be prepared for the next major mountain that you will rally your bank around.

The final step in creating All Hands Goals is to align the different teams’ goals across your bank. The goal of this step is to identify areas of risk and dependencies. For example, Team A might think that going left is the best way to achieve the All Hands Goal, while Team B is geared up to go right. Or Team A might require a deliverable from Team B to achieve the All Hands Goal, but Team B was planning to delay that deliverable. Too often organizations fail to take this step, and then they act surprised when their teams work in counterproductive ways.

The easiest way to ensure cross-team alignment is to have representatives of each team get together and share their plans. But the key thing that these reps need to remember is that their plans are still open for change. The meeting is not presenting the finished product, but rather discussing how all of the different team goals support the All Hands Goals. If the reps identify areas of risk or misalignment, then it is their responsibility to go back to their teams and revise the teams’ plans to ensure alignment.

### **Action 2 - Increased Collaboration (Role Modeling the Right Way of Working)**

While All Hands Goals are critical to get everyone aligned on the company’s priorities, they are impossible to execute without a high degree of collaboration. This need for collaboration is only increased during a recession. When times are tough, there is not room for an “It’s Not My Problem” mindset. Watching another person or team fail in their goals is like watching your neighbor’s house catch on fire and doing nothing. A High-Performance Culture requires everyone to roll up their sleeves and help each other get the job done.

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Having your people collaborate and effectively work together might seem like common sense, but far too many companies struggle to make collaboration a consistent part of their culture. Leaders end up playing politics. Teams prioritize their goals over helping other teams. Employees form toxic or unhealthy working relationships. In times of a recession, any of these undesirable behaviors could be enough to start a downward spiral towards failure.

In order to increase the amount of collaboration in your company, we recommend focusing on three collaboration behaviors. Ideally you would roll these out through training, integrate these in your people process, and practice them in your day-to-day meetings.

1) Active Understanding - Curiosity might have killed the cat, but it makes for great collaboration. Unfortunately, most people focus more on presenting their ideas, instead of trying to understand the ideas of others. If you really want to be collaborative, then everyone needs to ask three types of Active Understanding questions:

- a) Discovery questions - These types of questions are focused on exploring a key issue or concept that is being discussed. Discovering questions helps everyone better understand the problem that is being discussed. Without asking these types of questions, teams can be misaligned on the real problem, and ultimately work on solutions destined to fail.
- b) Clarifying questions - Often people will say something that needs to be clarified further. What did you mean by that? Would you explain this further? Can you tell me more about X? These kinds of questions ensure you are clear at what they are saying, and help you understand their whole perspective.
- c) Confirming questions - Confirming questions are great at ensuring you have accurately understood the other person's perspective or idea. By asking them to confirm you have understood their perspective, you are letting them know that they have been heard, and you are also giving them a chance to correct any misunderstandings.

2) Drive for Alignment - How many times have you finished a meeting and thought you and everyone else made a clear agreement. Only to find out one week later no one is aligned, and everyone is still doing their own thing. So, what can you do about it? The best approach I have seen so far is the Drive for Alignment framework:

- a) Frame - In order to have an effective meeting, the first critical action you need to take is to make sure everyone is aligned around the purpose of the meeting or conversation.
- b) Build & Credit - In normal meetings, most people are just waiting to share their opinion. But when you are trying to Drive for Alignment, the goal should be to build off the ideas of others, and then to give the person credit for that starting point of your idea.
- c) Align - As the team builds ideas, there will naturally be some areas of alignment. It is critical as a team that you constantly acknowledge what they are aligned on, so the majority of the discussion can focus on the places of disagreement.
- d) Validate - Before a decision can be finalized, it is critical that the team validates the idea. Too often teams forget this final step, and the meeting ends with a decision that will quickly fall apart.

3) Courageous Feedback - Not all feedback is the same. You might want to tell a colleague that their idea is the dumbest thing you have ever heard, but that type of feedback wouldn't help the other person. Courageous feedback starts when you enter the conversation with good intentions and create a comfortable, safe space where you can give open, honest and direct feedback that the other person can apply. Once you have the right mindset, we recommend that you follow these five steps to give honest, direct, and helpful feedback:

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- a) What - The first thing you need to tell them is what exactly happened.
- b) So, What - From there you should share with the person the impact their behavior/action had on you, the team, or even the company as a whole.
- c) Why - In the Why step, you need to ask questions on why the person did what they did. The most important thing to remember is to keep an open mind.
- d) Now What - This is when you ask questions to help the person figure out how to stop doing the negative action (or do more of the positive action).
- e) What's Next - In the end, you both need to come to an agreement on the next steps you both will take. Don't be surprised if you are asked to support the change or do something different yourself.

### **You Will Face Moments of Truth When You Can Create or Kill Your Culture**

Creating a recession-proof culture is not something that you can accomplish in one day or by putting up a bunch of posters on the wall. That culture will be built day by day, through a series of choices that you and everyone else make. Some of these choices will be obvious. Team A is prioritizing their goals instead of the All Hands Goals clearly goes against a High-Performance Culture. But in a lot of situations, building a High-Performance Culture might require some difficult decisions.

For example, imagine one of your top performers also has a reputation of being impossible to work with. Do you keep them around because they continue to deliver, or will you put the welfare of the team ahead of one person's results? We call these difficult decisions Moments of Truth. Will you do what is necessary for your High-Performance Culture, or will you do what is comfortable or safe?

There is no doubt that a recession is incredibly tough for many companies, leaders, and employees. Companies go bankrupt and employees lose their jobs. But there is one type of company that not only survives a recession, but actually thrives because of it. Those recession proof companies have a High-Performance Culture. And if you and your company are willing to do the work, then you can start building your own High- Performance Culture today.

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