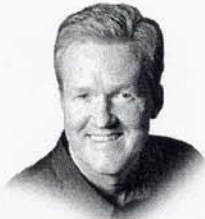


Managing your way through a downturn

The job of a CEO is a tough one.

You have numerous constituents to satisfy: shareholders, customers, employees, suppliers and sometimes an angry public stock market. You must be strategic, expansive, visionary, and at the same time be detailed, financially savvy and have intimate knowledge of the inner workings of your business. You even need to know how to manage the press and financial analysts. It's extremely stressful, and the buck stops on your desk. The board can throw you out in a public lynching any old day. Frankly, there are many reasons that CEOs are well compensated. And they should be.

But now times are even tougher for CEOs, because we're in a challenging economic down cycle. And the fact is that managing in bad times is a lot harder and requires a different approach than managing in good times. When companies are growing and stock prices are going up, a lot of seemingly smaller issues go by the wayside. We're optimistic and bullish and charging ahead. People can be pushed



Equity Line

RICK RICKERTSEN

hard and managers can be callous because folks are making money. But in tough times, managers need to adjust their styles to fit the mood. If they don't adjust, morale will decline and good people will be lost.

In the kind of brutal down cycle we're in now, people are worried. They're worried about their families and paying off credit card debt and making mortgage payments. Their stock options are way under water and their portfolios are down. They've lost money and don't see a big upside on the horizon. In this environment, managing is not about boosting economic incentives, it's about boosting morale and making people feel better about the company for which they're working. It's the tone you set as a leader that's important. So which factors impact leadership in a downturn?

■ **Listening.** In an environment where times are tough, you've got to listen carefully to your employees. Give them an outlet to voice their opinions. Hold employee meetings. Start a suggestion box. Do a lot more managing by walking around. Ask them what's on their mind. How is the family? Sit with the employees. Take more time, demonstrate calm and show you care. This will pay enormous dividends. You don't have the financial

flexibility to pay them more in a monetary sense; pay them with care.

■ **Symbolism matters.** Small, symbolic acts matter a lot more in a downturn. If you're a CEO, arrive earlier and leave later. Smile. Leave your BMW 750 at home and drive your truck to the office. Leave the Armani suits in the closet. Don't spend the company's money frivolously on lavish events. You want your employees to save money, so you should lead by example. Walk the walk.

■ **Empathy pays dividends.** This is a corollary to listening, but it's important. If you are empathetic and understand the nature of the shoes all of your constituents are walking in, you'll be able to provide stronger leadership and you'll engender maximum respect from your troops.

Times are hard and people are worried. This downturn has been abrupt and painful. As a CEO, despite any wealth you've created, you need to lead in a different way. Let your employees and stakeholders know you understand their state of mind, and they are much more likely to follow you, for less money.

■ **RICK RICKERTSEN** IS CHIEF OPERATING OFFICER OF THAYER CAPITAL PARTNERS AND AUTHOR OF "BUYOUT: THE INSIDER'S GUIDE TO BUYING YOUR OWN COMPANY."