

Four Management Missteps in Difficult Times

BY GREG SCHINKEL

During pilot training I had to practice instrument flying. The most difficult part of flying while only looking at your instruments is that your brain plays tricks on you. It makes you think you are in a banked turn even though you are level. If you follow your instincts, you are tempted to bank the plane in the opposite direction which ultimately could lead to a spiral dive into the ground. The message is clear – trust your instruments. The same problem can happen to managers who make the wrong corrections during tough economic times. Here are five mistakes managers make and how to avoid them.

Mistake #1: Thinking that Fear Keeps Employees Motivated

Some managers may be breathing a sigh of relief, thinking that the fear of job loss will keep employees productive during tough times. While fear is a powerful motivator, it rarely brings out the best in terms of performance. Prolonged fear causes employees to disengage and productivity drops.

Take Action: Take a hard look at workload and determine if your existing staffing levels are excessive. Make cuts sooner rather than later. Re-establish stability by keeping remaining staff focused on looking after customers, maximizing revenues and optimizing costs. Update employees on situations as they develop.



“...If something changes in your routine at work, your conscious mind has to become more involved with the activity.”

Mistake #2: Cutting Costs that Harm the Customer Experience

Often companies will cut costs in areas that cause customers frustration. If service times increase or if it becomes more difficult to buy from your company, you are opening the door for customers to try out a competitor. That lost revenue may cause an irreversible profit slide that far outweighs the cost cutting.

Take Action: Reengineer operations to improve the customer experience. Look for efficiencies in back-room operations that are less likely to impact the customer. Find ways to reduce the frustrations customers have when doing business with you. Make things easier and more convenient.

Mistake #3: Not Keeping the Long Term Talent Crunch in Mind

Remember all the talk about a shortage of good employees? Despite current economic

challenges, there will be fewer employees available to fill the vacancies caused by retirements. Many existing policies and management styles worked in an era where there were lots of boomers chasing scarce jobs.

Take Action: Make sure your organization and your managers can attract and retain talented employees. Train leaders to improve their communication and performance management skills. Investigate turnover to make sure talented staff are not

leaving based on the way they are treated by their manager or the organizational culture.

Mistake #4: Not Investing in People

It is easy for organizations to cut training expenditures when times get tough, especially if it means they can hold onto staff. It may be better to reduce staffing and invest in those who remain to improve sales, customer service and productivity.

Take Action: Approve training that is designed to improve efficiency and effectiveness. Find economical ways to get compliance training done at a lower cost. Ask trainers to link application of new skills to projects in the company that create pay-back.



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