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Discussion Paper 0203

## **Do Your Leaders Have the Right “DNA” to Handle the Coming Upturn?**

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Today’s leaders face the complex task of helping their organizations to maintain performance in a challenging economy and at the same time evolve in order to maintain relevance in a dynamic competitive environment. Unfortunately, it seems that a short-term focus on performance has business leaders in major corporations preoccupied with maintaining focus and driving performance at the expense of long-term thinking.

My concern, after gathering nearly 3,000 responses to a survey of upper-level leaders at major corporations, is whether the performance mindset is becoming so engrained that it could block recognition of major opportunities for growth as the economy swings upward. The fact is that the current "DNA" of business leaders in established organizations, shaped largely by the current pressures of the economic environment, may not be the right "DNA" for an evolving economic recovery.

Respondents to the survey described their companies as highly deliberate and analytical, labeling them ‘follower-perfecters’ in their approach to business strategy. Respondents didn’t sense a real openness to new ideas or new ways of operating from their “action-oriented” bosses who by and large worked either independently or in isolation.

The respondents to the survey also portrayed their organization’s current primary focus as one of “prospecting for opportunities to generate improvements in order to extract as much return as possible from the company’s current asset base.” Metaphorically, it’s as if they see their organizations tunneling like crazy. Yet as the economy turns, companies better hope that they are tunneling in the right direction and have leaders ‘above ground’ who can redirect effort in time to take advantage of new upward momentum.

But the real zinger may be that more than a quarter of the respondents expressed feelings of “estrangement” from their company—a sense that the company’s reward system was not tied to performance and that there was little certainty about pathways for advancement.

So respondents saw their companies as highly analytical and deliberate. They saw their bosses working too much in isolation. They saw their leaders as so performance driven that there was no reason to look to the future. And as a result, they didn’t feel a sense of the future.

Resolving this situation demands that organizations step back and take a good hard look at their culture now, before they miss the opportunities of the coming upturn. To do that:

- Get a feel for your organization's DNA--the attitudes and mindsets that guide the way people in your organization think and behave.
- Capitalize on the strengths of your organizational DNA. If you're like the majority of the companies in the survey, your people still feel a sense of passion and commitment. Leverage that. Keep them engaged and involved. Communicate strategies and directions. Ask for suggestions. Tell people they're doing a good job, that you appreciate them.
- Work on your weaknesses. If you share the "genes" that lead to feelings of control and estrangement on the part of your people, help those people to see that you care about them. We may have evolved beyond the days of a single career with a single company, but people need to feel that their organization is making an investment in them as future contributors. Without a sense of future, people become cynical, frustrated, and estranged.
- Pay special attention to your high potentials. If they're caught up in feelings of short-term focus, control, and estrangement, you're not likely to keep them. Engage them, let them know they are your leaders of the future.
- Keep the DNA metaphor in mind. No matter how bad things may be in your organization, if you step back and assess your genetic code you may find that a little tweak here and a little tweak there could change the entire character of your organization for the better.

To effectively prepare for the future, leaders need to not only ensure short-term performance, they also must establish a common sense of focus and purpose that drives commitment, cooperation, and long-term success. Developing this type of focused intensity demands that we understand the personality of our organization—how and why people think the way they do, how their thinking impacts motivation and achievement, and how to get them focused on the right balance of issues, opportunities, and processes.

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