

“Hang tough, stay in touch, show the way...”

Learnings for the new world of 2009

Leadership Management Australasia (LMA)

Overview

New findings from the latest Leadership, Employment and Direction (L.E.A.D) survey reveal how deeply employees in Australian and New Zealand organisations have internalised the difficult current economic circumstances.

However instead of throwing their hands up in horror and fearing the worst, we see a new focus, a renewed sense of purpose and commitment – and importantly a level of trust and engagement not seen for some time.

At the same time, employees haven't hit the panic button. Instead they are hanging tough and prepared to fight through the difficult times, shoulder to shoulder with their bosses:

“We may be in the economic trenches, but the good news is that the Aussie / Kiwi fighting spirit is showing through. We are seeing employees and their bosses showing true resilience ... holding out together and trusting one another”

Grant Sexton, Managing Director, LMA

The latest L.E.A.D. results suggest that organisations and their leaders have a unique opportunity to work with their people to create for a better and more successful future for the organisation. The people are primed and ready, they just need to be shown the way and engaged to embark on the next phase of the organisational journey.

This paper discusses where organisations are at, what leaders need to be aware of in the new climate of 2009 and how they should set about engaging their people to make the most of the opportunities that are currently presenting themselves.

About the Leadership, Employment and Direction (L.E.A.D.) Survey

LMA's L.E.A.D. survey is a **year-round survey** of people working at all levels within organisations in Australia and New Zealand. It focuses on the issues, needs and expectations of employees, frontline managers, supervisors and business leaders and senior managers.

The survey has been conducted, predominantly as an annual survey, since 2000 and provides a sound basis for identifying different perspectives from several key organisational audiences. It is now largely being conducted online to maximise the opportunity for people to be involved over time. Adopting a consistent approach over the last decade, supplemented by strategic evolutions and changes, the survey delivers a **comprehensive data source** and **trend information** that few other surveys can match.

In addition to providing the **most up-to-date picture** of life in today's organisations via responses from the three key audiences (Employees, Frontline Managers / Supervisors, Business Leaders / Senior Managers) it identifies commonalities, differences and major gaps as well as areas for stronger connection and collaboration.

Further, it provides the **ability to predict** where organisations may need to change, evolve or simply consolidate to provide the environment that employees want to be part of into the future.

The audience for the research is drawn from organisations of all **types** (public, private, quasi-government, franchises), **sizes** (micro, small, medium, large), **locations** (metropolitan and regional) and **industries** (20+ sectors).

The diversity and mix of those involved is one of the features of the survey and their response provides the foundation for trend analysis, gap analysis and robust assessments of the current state of play in Australia and New Zealand.

In the latest wave of L.E.A.D. reported in this white paper, the total numbers of participants involved is 4,687 made up of:

- 2,217 Employees
- 1,795 Frontline Managers / Supervisors
- 675 Business Leaders / Senior Managers

Sample sizes of this scale provide highly robust data and present a very accurate picture of the current state of play in organisations overall and within key sub-groupings. The margin of sampling error at a total sample level is less than 4% for employees and frontline managers / supervisors and less than 5% for business leaders / senior managers.

The profile of the overall audience in the latest wave is as follows:

Organisation type

– Government/quasi (19%), Public Company (29%), Private Company (43%), Franchise (2%)

Location

– Metropolitan Australia (58%), Regional Australia (30%), New Zealand (11%)

The profile within the three key audiences in the latest wave is as follows:

Business Leaders & Senior Managers

- Male – 73% / Female – 27%
- Under 35 years – 8%, 35-44 years – 30%, 45-54 years – 40%, 55+ years – 22%

Frontline Managers / Supervisors

- Male – 73% / Female – 27%
- Under 35 years – 20%, 35-44 years – 33%, 45-54 years – 32%, 55+ years – 15%

Employees

- Male – 59% / Female – 41%
- Under 35 years – 35%, 35-44 years – 30%, 45-54 years – 24%, 55+ years – 11%

The survey design and implementation is **overseen by an experienced, independent research practitioner** and the systems and process used to conduct the survey ensure **valid, reliable and representative samples**.

The audience is designed to replicate the structure and nature of organisations at an overall level to create an appropriate representation of the population of people working in organisations across Australia and New Zealand.

Overview – A new climate... a new perspective needed?

There's no denying it – times have been tough lately. In some sectors, it seems the world has gone pear-shaped and the future looks particularly grim. In others, a 'hang tough / stay strong' mentality has been adopted and many are now quietly confident about their futures. In a small number of industries, the downturn has been the tonic for unexpected but very welcome success and growth.

Across the board there is an understandable drop in the number of organisations that believe they are currently growing. The percentage of respondents saying their organisation is growing has declined sharply in the last 18 months...

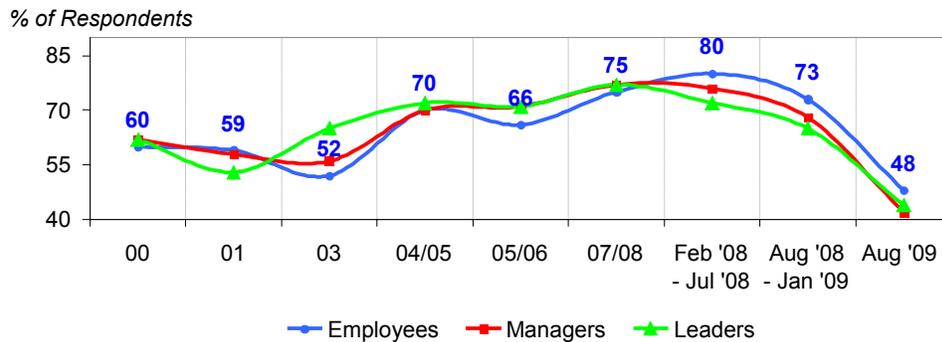


Figure 1: Q. Would you say your organisation is growing, holding steady, shrinking or just surviving?

In response to slowing growth, many organisations have made necessary changes. Consider for a moment the chart below showing the percentage of organisations reviewing budgets, staff levels, costs, and replacement policies as revealed in the L.E.A.D. survey...

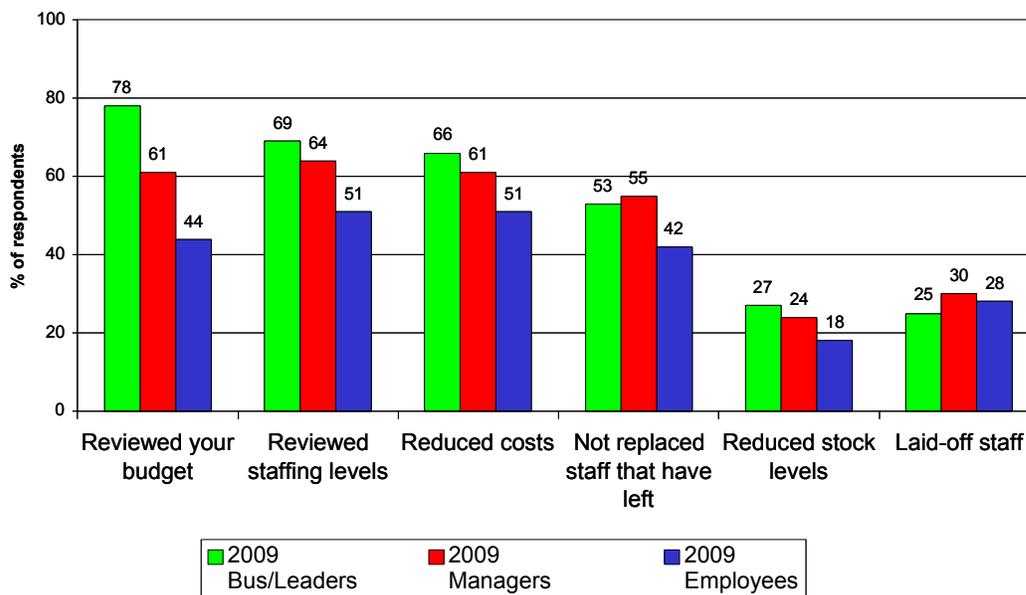


Figure 9: Q. Which, if any, of the following has your organisation done recently?

An 8-year study by **Bain & Company** with more than 2,500 companies concluded that...

“Downturns present strategic opportunities as well as risks, with many more companies recording dramatic gains than in normal times.”

So what’s the secret to capitalising on these opportunities? Is there a secret? Or is it a new perspective that is needed?

The Importance of Perspective

Clearly many organisations have HAD to respond to the new climate. They’ve needed to take a very **organisation-focused perspective** to ensure their future. But have they missed something important? Have they overlooked the **perspective of employees** towards the organisation and its future?

Some organisations, in battening down the hatches have perhaps lost perspective in the process. Yet all organisations have the potential to adjust, modify their strategies and prepare for a brighter future. It’s all about developing a wider perspective – one that includes the views of employees and those further down the organisation.

Perspective is the key ingredient when considering how to respond to the current economic challenge and indeed other challenges. How do you know you’re doing the right things? The most important things? The things that are going to make the difference?

Quite simply – you don’t! But within the adversity of these difficult economic times lies opportunity. A clearer perspective will enable leaders to understand and deal with the future and bring their people with them.

Whilst there has been a great deal of **organisation** focus it would seem leaders need to be observing the **individuals** in their teams more closely and listening to what they have to say about the future. A closer look at how employees are feeling and reacting, as shown in L.E.A.D. suggests enormous opportunities are waiting in the wings. Leaders need to gain perspective – at both an organisational and an individual level.

So let’s get a better perspective...

Let’s seek to better understand today’s reality through a closer look at the L.E.A.D. survey results. In this paper, in addition to presenting some key findings from L.E.A.D. we suggest a 3-step approach based on the information from the current survey:

- Understand the current situation – the challenges and opportunities
- Develop and communicate the plan for the future
- Engage your people and capitalise on the current levels of trust

The survey highlights that the majority of employees are prepared to commit to the challenges being faced currently and work together with management to achieve a more stable future.

Further, it suggests that right now, organisations need leaders with plans – plans that can be effectively executed to engage employees. So how can business leaders engage and capitalise on this willingness and desire to work together to get through to better times?

Let’s look at each of these areas in turn...

1. Understand your employees’ current situation

Most employees show a **resolve** and a **commitment** to their organisations and genuinely want to see them succeed – especially those working in smaller organisations where loyalty and focus have been the cornerstones of longevity. They are seeking reassurance about their future, with job security becoming a major motivator for employees to improve performance in the workplace.

This highlights an **enormous opportunity** to invest time in letting them know about the future for the organisation and for them personally.

They are already primed for action and reasonably familiar with the goals of the organisation:

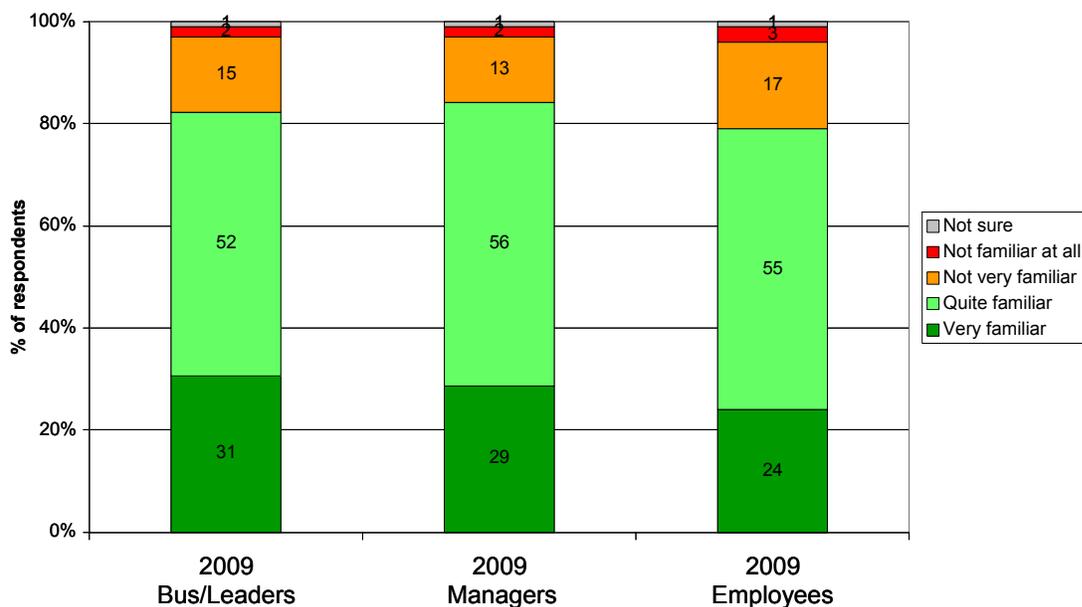


Figure 4: Q. How familiar are you with your organisation’s goals and strategies for the future?

L.E.A.D. also tells us that employees are **highly resilient** – even in the current climate, 94% believe they cope well with change (Very well 28%, Quite well 66%). Quite clearly, employees feel they themselves are coping with change more effectively than their managers and business leaders feel is the case.

When asked how well they felt employees were coping with change, a clear gap emerged:

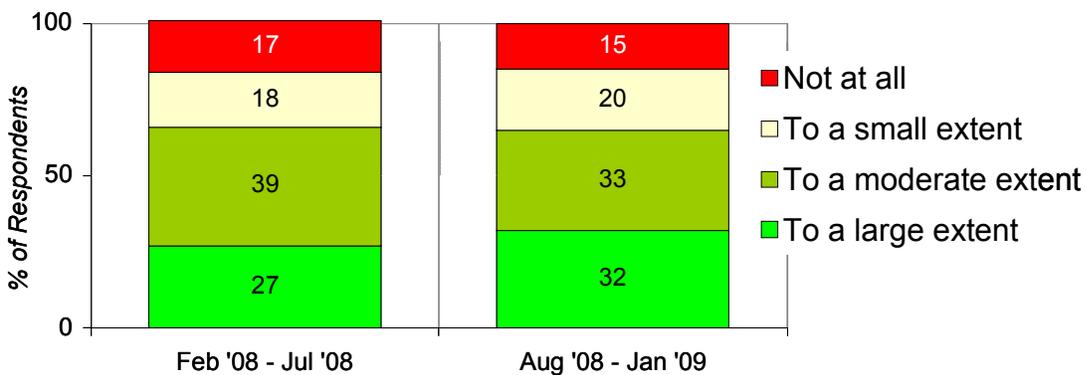
	Very Well	Quite Well	Total
	%	%	%
Business Leaders	13	75	88
Managers	9	70	79
Employees	28	66	94

Obviously, a gap exists between what employees feel and what leaders and managers see.

Many of your employees are **already on-board and ready to work with you** as you tackle the future. Consider that 87% of employees want to continue to develop their careers with their current employer, although only 64% still believe this is possible.

Why the discrepancy in percentages?

Because over **30% don't know what the future holds for them!** When asked if they had been reassured about their future with the organisation, only 32% had received great assurance, 33% moderate assurance and 35% little or no assurance about their futures.



These two issues could create an environment where employees may not feel they are involved in the future of the organisation or trusted to be a part of changes and new strategies going forward. This could mean they fail to connect and engage. The reality is they seem resilient and ready to take on the challenges faced by all – they simply need to be asked and they need to be reassured about their own future (especially given the prominence of job security as an influencer of workplace performance).

Employees have also shown they believe in and trust in their leaders and the leader's strategies. Almost 80% say they are "Quite familiar" or "Very familiar" with the organisation's goals and strategies for the future.

Further, when tested, around 73 – 78 per cent believed that **strategies are in place to:**

- Deal with difficult economic times
- Make the most of opportunities
- Grow when others in the same industry are holding steady or shrinking
- Maintain momentum when faced with uncertainty

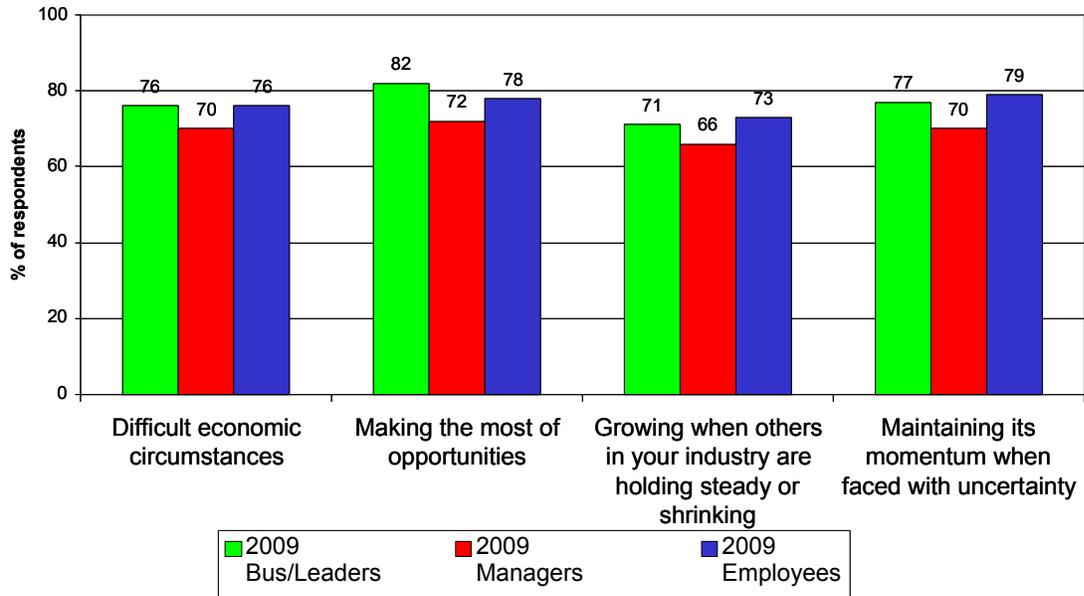


Figure 5: Q. To what extent do you believe your organisation has strategies in place to deal with...?

Even more encouraging from a management perspective is that around seven in ten employees and frontline managers are **confident the planned strategies will work:**

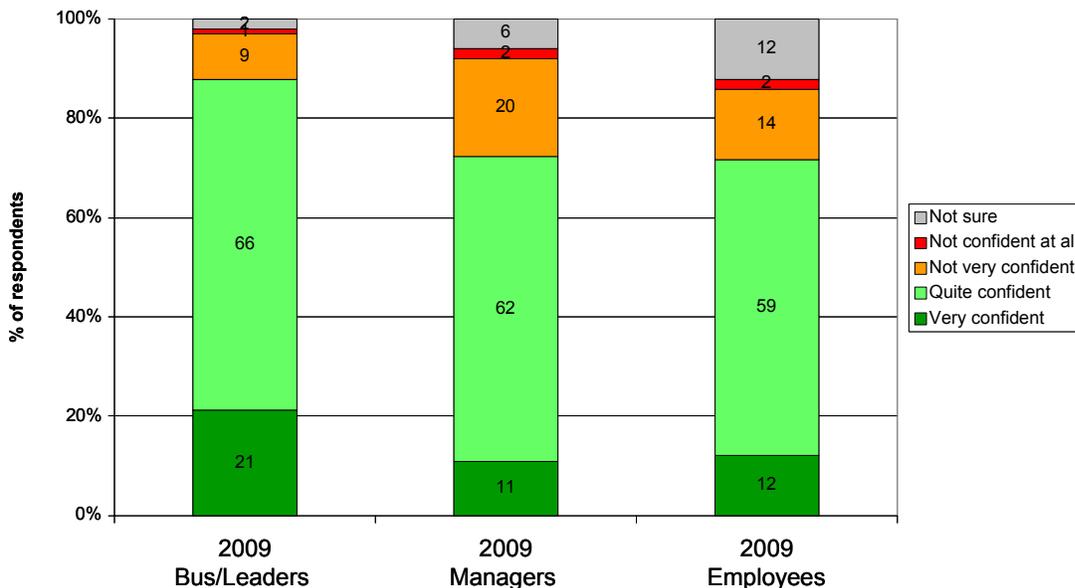


Figure 6: Q. How confident are you that these goals and strategies will work?

And most importantly, three-quarters or more of employees and frontline managers **trust their leaders to achieve the organisation's goals and deliver them through tough times:**

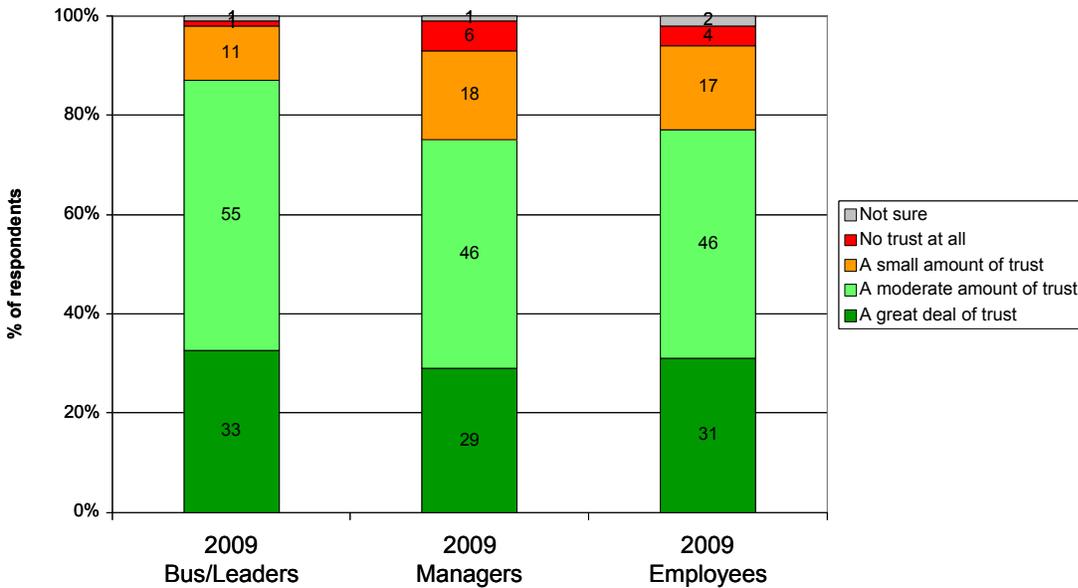


Figure 7: Q. Thinking about the people leading your organisation, how much trust do you have in their ability to achieve the organisation's goals?

What should managers do?

The message is clear for managers:

- ✓ Get to grips with the perspective of your employees and understand their view of the organisation and their role in it
- ✓ Accept their perspective and their willingness to work with you and the whole organisation in addressing the current and future issues facing the organisation
- ✓ Realise that your employees accept change, are capable of adapting and the majority want grow with you
- ✓ Invest time in reassuring them that you see them as a part of the future (job security)
- ✓ Respond to the perspective and capitalise on the current levels of trust that exist

2. Have you developed and communicated the plan?

So having gained an understanding of the individual's perspective, the next step is to **develop a plan** – a plan that makes sense, is easily and clearly articulated and which can provide all levels in an organisation with confidence about the organisation's future and the roles of teams and individuals within it. Right now, **only around seven in ten employees and even fewer frontline managers / supervisors believe they have heard about the future of their organisations.**

Whilst Business Leaders believe they have communicated – 43% to a great extent and 46% to a moderate extent – only 23% of employees and 20% of frontline managers/supervisors feel they have received communication to a great extent. This gap in communicating about the future shows a lack of understanding of the employees' perspective – a need to know about the future – and presents both a major challenge and a great opportunity to leaders.

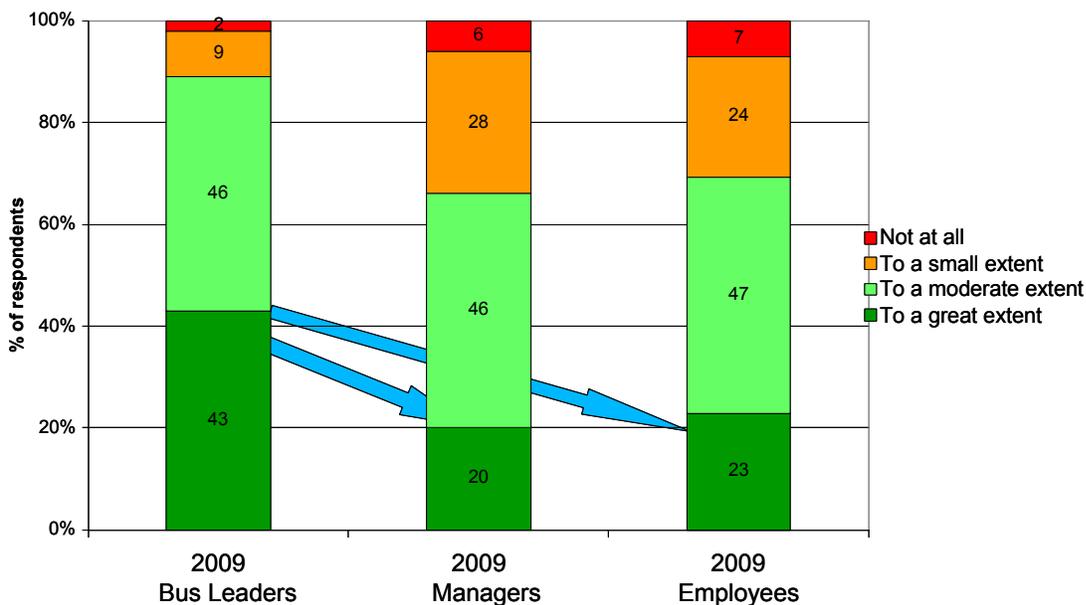


Figure 3: Q. To what extent have your business leaders and senior managers communicated with you about the immediate future of the organisation?

Communication is consistently viewed as one of the major characteristics of a good manager. As organisations move forward retention of people is essential and ineffective planning and management can be a driver of people leaving organisations. Recent studies by the Gallup organisation show that more than two-thirds of people who leave their jobs resign because of an ineffective or incompetent manager. And L.E.A.D. tells us that **in the last 6 months:**

- 4 in 10 of employees have **considered** looking for a new job
- 2 in 10 have **actively looked** for new jobs
- 1 in 9 have **applied** for a new job outside the organisation

...despite 87% wanting to develop with their current organisation.

Understand what is influencing employee performance in the current climate (see below). There have been radical changes in their priorities and the factors that positively influence their performance in the workplace. It is worth noting the prominence of job security – reassurance on this front is paramount. Coupled with clarity around what opportunities exist, the message is clear for employers in relation to communicating about the future.

Changes in the Top 5 Influences on Employee Performance (from a list of 21 – see Appendix for full list)

<i>Ranking</i>		<i>Ranking</i>	
<i>August 2008</i>		<i>August 2009</i>	
4		1	Reasonable salary/pay
11		2	Job security
6		3	Interesting/challenging work
2		4	Being entrusted with responsibility
7		5	Flexible work arrangements/hours

It is also important to reflect on what it is that is keeping people in organisations currently...

Top 5 Factors in Staying with an Organisation (from a list of 10 – see Appendix for full list)

- 1 Salary increases
- 2 Opportunities for career development
- 3 Opportunities for training and development
- 4 Flexible work hours
- 5 Special arrangements to suit their lifestyle

Central to both lists is the absolutely VITAL need for leaders to involve their people in the development of plans (both organisational and personal) and then communicate widely and consistently about those plans across the organisation. This creates engagement, ownership, commitment and connection – individually and organisationally...

“The essential ingredient in dealing with chaotic times is a leader who can develop, communicate and engage people with a shared vision – a vision that breeds confidence and clear direction”

Grant Sexton, Managing Director, LMA

What should managers do?

In seeking to engage people to 'lock-in' behind a plan, it is critical that there be empathy and understanding for their needs. But it is also **vital** that there be clear and **consistent communication & reassurance**:

- ✓ Communicate with your people and ask for their input, suggestions and help on the best ways to move forward to achieve the organisational goals and strategies
- ✓ Set new strategies to capitalise on the current economic situation and emerge with momentum when condition turn
- ✓ Share and discuss the vision, goals and strategy regularly and enthusiastically with everyone – not just those at the top
- ✓ Show your commitment to their future personal and professional growth and career development

“For more than 30 years, we have seen so much energy and effort being devoted to management activity when the real focus ought to have been leadership. Change flows most naturally from leadership, not management. It’s time to renew focus on things that will deliver the change needed”

Grant Sexton, Managing Director, LMA

3. Strive to fulfil your employees’ needs and expectations whilst continuing to build trust at all levels

Interestingly, organisations that are investing in developing and executing strategies to deal with changing times (including limiting or delaying lay-offs through alternative employment conditions) are the same organisations that are growing in the face of economic downturn – they are defying the trends by connecting with their people and providing clarity for their collective futures. They are communicating and **building on the underlying trust their people are placing in them**.

This recipe for dealing with circumstances was recently discussed in the Wall Street Journal...

“Despite layoffs and recession-starved budgets, many employers are investing in leadership development programs, hoping not to be caught short of strong managers when the economy recovers.”

Wall Street Journal

It is apparent that organisations that 'bite the bullet' when it comes to decision-making, press on and involve their people in setting course are those likely to succeed in the face of others' failures.

“Gone are the days of managing simply to exert control. Today’s successful leaders have a passion bordering on obsession. A passion that sees them focussing on bringing out the best in people to build highly adaptive organisations”

Grant Sexton, Managing Director, LMA

The essential ingredient in being able to successfully bringing out the best in people is **TRUST**:

- Trust in the leaders that they have a plan (**certainty**)
- Trust in the plan (**familiarity**)
- Trust that the plan will work to protect the interests of the organisation and its people (**confidence and empathy**)
- Trust that people are being told the full story in such a way that they can recognise their role and play their part (**communication and responsibility-sharing**)
- Trust that the people they are working to have their best interests at heart (**loyalty**)

In organisations generally, but especially in smaller organisations, employees and frontline managers have a **high degree of trust in their leaders** – they truly believe they will be led out of the darkness towards the light – that the leaders will help by showing the way that all have helped to identify and create.

When asked about trust of various forms...

- 97% of employees felt **trust in leaders** was very or quite important **in engaging them to adopt strategies for the future**
- 77% of employees had a great or moderate degree of **trust in their leaders to deliver on strategies for the future**
- 70% of employees had a great or moderate degree of **trust in the communication they receive from their organisation**
- 79% of employees had a great or moderate degree of **trust in their immediate manager or supervisor**

The new paradigm for the new world climate to build on this trust is therefore **inclusion** – sharing the load, weathering the storm – **TOGETHER**. Gone are the days when board and senior management meet behind closed doors to plot the future of the organisation and then issue the communiqué to the minions to execute.

“The development of key people may be the single greatest determinant of an organisation’s ability to deal with uncertainty and succeed. Central to development is a leader’s ability to engage people and align the needs of individuals with those of the organisation to deliver a united and cohesive front.”

Grant Sexton, Managing Director, LMA

Organisations will only succeed by fulfilling the needs of their people and rewarding the trust shown through difficult times.

What should managers do?

- ✓ Get in touch with the needs of the people in the organisation – understand what motivates and engages them
- ✓ Increase and maintain communication with the people
 - Stay in tune with their expectations
 - Identify how you can adapt the organisation to support them
- ✓ Assess the foundations of relationships in the organisation – the parameters of trust
- ✓ Articulate what motivates each individual and explore how best they can play a role in the organisation's future
- ✓ Engage each individual with their personal plan and seek their commitment to execute at an individual, team and organisation level.

Summary

The latest findings from L.E.A.D. remind us that organisations need to develop a wider perspective, have a clear plan for the future, consistently communicate and seek input and involvement from all levels (not just those at the top). Importantly, organisational perspective needs to be balanced with individual perspective and leaders have to be aware of the needs and expectations of the team – to reassure them and fulfil their needs – to succeed collectively.

Organisations that are reporting growth have embraced the goodwill of their people, rewarded the trust placed in the leadership by those being led and are investing in their development and their future with the organisation. They have embraced perspective and are working to make the most of the opportunities that it has created...

“Intelligent employers will realise time spent reassuring their people about the future (their roles, the organisation’s goals and strategies and why they should hang tough in tough times) is now the most potent force to influence performance and retain quality employees”

Grant Sexton, Managing Director, LMA

Invest time and energy to develop, maintain and use perspective to maximise the impact of:

- Your plans and strategies
- Your people AND
- Yourself...

This investment represents the best use way to secure longevity and position the organisation for the light at the end of the tunnel.

Appendix

List of 21 Influences on Workplace Performance

- A good working relationship with the boss
- A leader who cares
- Being entrusted with responsibility/independence
- Training and new skill development
- Flexible work arrangements/hours/family friendly
- Receiving good feedback & communication
- Good fringe benefits
- Having the resources to do the job
- Good relationships with other staff
- Having competent leaders
- Interesting/challenging work
- A sense of doing something worthwhile
- Job security
- Potential for advancement in the company
- Reasonable salary/pay
- Financial rewards for individual results
- Financial rewards for company results
- Having clear objectives/goals set
- Support in adjusting to change
- Up-to-date machines/equipment/tools
- Non-monetary rewards

List of 10 Factors that Encourage People to Stay in Organisations

- Salary increases
- Opportunities for career development
- Opportunities for training and development
- Flexible work hours
- Special arrangements to suit their lifestyle
- Flexible leave arrangements
- Opportunities to travel
- Salary sacrifice options
- Provision of personal days
- Performance incentives/bonuses