

# Managing Through **MELTDOWN**

## 12 Things You Must Do to Exploit Tough Times

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*We thought things were better than they were. We were sure things would be better than they are. But here we are—  
in meltdown—due to tough times.*

Meltdowns come in a variety of nasty ways. Your organization—from a department or division to a business unit or entire organization—can be turning sour before your eyes (or nose). And the whole economy can implode, collapsing in a soggy and discouraging mess.

Success in one or even two areas can be impacted by meltdown in a third. A beautiful business strategy in a reviving or booming economy can be wiped out by inhabiting a fading industry. An industry can be sent into disarray by market leaders with bad bets on the wrong horses. A strong economy can be brought to its knees by businesses that forget the value of cost control in good times—and earnings at *all* times.

Sometimes meltdown, like bad news, comes in threes—you look around and see that your organization *and* your industry *and* the economy are all wilting like a drooping candle on a sweltering day.

In response, you need to change. You need to create. You need to build. You need to do the things discussed here. You need to exploit those dangerous meltdowns, however they're packaged.

ILLUSTRATION: DEREK BRIGHAM



We're going into the heart of meltdown management. This is a no-baloney, hands-on, take-no-prisoners guide. Being tough is part of the equation, but you have to know how to be tough. With the right tools—and toughness—you can turn potential disaster into real wealth.

## 12 KEY ACTIONS

There's no magic to managing meltdown. It always requires hard thinking and hard work. To *exploit* tough times, you must lead with apparent contradictions. The untrained mind works to reject these and pick easy extremes—but meltdown leaders *embrace* apparent contradictions.

Take these twelve key actions, and go from victim to victor:

**Spread optimism and spread the ugly truth.** Meltdown needs a positive framework. People will conquer mountains—if they believe they can and that there's a point to the battle. But with the hope, they need the unadulterated truth. Cheerleading won't get the job done if it's based on wishful thinking rather than hard-core reality. Be a pragmatic idealist. Lead with faith, but mix optimism and ugly truth in equal amounts.

**Broaden the vision and narrow the focus.** Meltdown is no time to have too much of your future tied to too much past vision. Broaden it. What else are we passionate about? Where can we make a unique contribution, given the new rules of the game? What are our non-customers up to right now? At the same time, resources are scarce, and we'd better spend them on the best shots we have. No distractions. If we wandered into areas where we're strangers in a strange land, let's exit. Fast.

## *What do great leaders do when there's a meltdown?*

*They don't think about merely surviving or even just thriving. They think about, they focus on, how to exploit those tough times.*

**Nurture customers and fire customers.** It is always the time to love your customers, but now's the time to *really* love the ones with cash and orders, who currently have more options. Assign interim champions to make sure nothing is taken for granted. Find ways to help customers through their own meltdowns. Become even more indispensable. But purge the bad customers—the ones who bring high levels of demand and complaint and low levels of profit and partnership. You have no time now for these marginal operations. Clean out the Rolodex.

**Invite people in and send people home.** Bring in people who aren't limited by past golden ideas, or flashy successes or recent failures. Who do you send home? People who hunker down, turn sour, self-protect. You rid yourself of people who are problems rather than problem-solvers, who hang onto the past rather than inventing new ways to add and create value, serve customers and conceive the future. Present meltdown as a challenge to be great. Sort by how they respond.

**Increase freedom and clarify boundaries.** The shackles need to go. You won't exploit meltdown with policies, procedures, accepted practices, rules or regulations. You desperately need good judgment. Give great latitude to anyone who displays it for even a minute. But there's no time or resources available for people to duplicate or overlap efforts. Give more freedom to do what no one else is doing—unless someone else can do it much better.

**Expand creativity and eliminate ideas.** Leaders always claim to value innovation, but few encourage or measure it outside the R&D department. You need 100 percent of your staff thinking CEO stuff. Create forums for ideas and liberty to implement them fast. But you'll need to eliminate a high percentage of these ideas very quickly. Create incubator teams that can kill thoughts—without killing thinking.

**Take more risks and eliminate risk.** You've got to get everyone out on the edge. Push people to do scary stuff. Ask people every day what risky thing they have on their agendas. But also clearly delineate what no one can do without clearance until meltdown is over. We may have cash for fewer tries, so we'd better try fewer but more radical things.

**Execute better and make more mistakes.** There's no time for sloppy execution, mindless bureaucracy or dumb mistakes. Weed out all waste, no matter how small. Do it to free up resources to make *more* mistakes. Try goofy ideas that could never pass muster in boom times. Meltdown is a time for fresh initiative out on the cutting edge, and some of it just won't work. Encourage lots of well-executed mistakes—and celebrate every one.

**Move faster and take more time.** Set tighter deadlines. Settle for 80 percent of what you need to make decisions. Push, and then push some more. But give everyone the right to say, "Slow

