Leadership Lessons for a Crisis Economy

There's no arguing that the past few years have been a roller coaster ride for American companies and consumers.

First the residential real estate market crashed, and then the credit markets froze. Foreclosures mounted, banks started to fail, and unemployment soared.

Today, public perception and trust of corporate America is decidedly negative.

So how does one lead in such turbulent times? Are there new rules to follow or new styles that successful leaders of today must adopt?

It's in times like these that the best leaders — those that were leading well even in times of peace and prosperity — earn their stripes, experts say.

“The great leaders are already leading in the style that has been ready and adaptable for today’s turbulence and tomorrow’s complex organizations,” says Dan Novak, an assistant professor of Leadership at South University Online.

Great leaders are adaptable and their skills are timeless. In other words, while the environment in which a leader operates is always changing, the substance of leadership remains the same, says Anita Stadler of Horizon Leadership in Buena Park, California.

When it comes to the “substance of leadership,” good leaders share a great many characteristics that are valued in good times and in bad, experts say.

For example, in their book, The Leadership Challenge James Kouzes and Barry Posner list honesty, forward-looking, competent, and inspiring as the top four characteristics that people look for in a leader.

Good leaders also understand that their job is to provide direction, Novak says. Doing so gives employees clarity, alignment, and a goal to work toward, he says. Setting direction is important in any environment, but particularly so today.

“Direction is huge because that's what people are looking for in times of confusion and stress,” Novak says.

Similarly, strong leaders recognize that their job, at its core, is to influence others.

“The true power of a leader is the power that comes from others, not from a title of a position,” Novak says. “If you walk into the office tomorrow and discover everyone else is gone, you find out you don’t have as much power as you think you did.”

While good leaders may share many characteristics, they also have unique backgrounds and sets of experiences that influence their style in very distinct ways.

“If you look at how leadership has been studied over the past 100 years, researchers have identified the traits that leaders possess, but very few can provide guidance on how leaders develop,” Stadler says.

It’s akin to the age-old question: Are leaders born or are they made?

Someone who is given opportunity after opportunity to move up in the ranks of an organization over time will have a very different style and perspective, for example, than someone who inherits their role as a leader overnight.

And good leaders don’t simply accept that they know all they need to know. Novak likens leadership to marriage — it takes a lot of work.

“People need to think of leadership development as an ongoing mentoring and studying activity that they need to engage in during the life of their career,” he says.
It’s also important to note that such ongoing education can’t be obtained simply by reading a book. Popular books written by successful leaders can be useful, but likely aren’t applicable in other situations, Novak says.

“It worked for one leader in that setting in that company with those people in that economy with a certain product set,” Novak says. “It doesn’t mean it will work for you in your context.”

Instead, leadership development should be viewed as an individualized process.

“As I work one-on-one with executives, I leverage the research on how leaders develop over a lifetime to help leaders see where they are now … how they can harness the value of their past experiences as leaders, how to best respond to their current challenges in ways that will enhance their influence ability, and how they can prepare for upcoming experiences they are likely to encounter,” Stadler says.

Viewing leadership development as an individualized process also allows leaders to clearly define the values and ethics that will be the foundation for the decisions they make.

“Leaders who are clear about their purpose and values can respond more quickly to opportunities and challenges in ways that will maintain their integrity and enhance their influence ability for the long term,” Stadler says.

Those that struggle, she says, are the leaders who have not yet figured out what actions are congruent with their values.

“In the absence of those principles, any action that makes money or saves money may seem attractive, without an awareness of the systemic consequences or moral implications,” she says.

In fact, there are some who might argue that such a lack of moral compass is what led to the financial meltdown in the first place.

Novak says he has students who worked for financial companies during the meltdown who claimed to have raised red flags with their superiors but were silenced because of the pressure to perform.

“A good leader would have said, ‘My values require me to either change it if I am big enough or leave,’ ” Novak says.