



Performance Capital Services Newsletter

***Organizing Complexity into
Execution!***

September 2007

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Leadership Communications

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Dear Tony,

The objective of our newsletter is to provide strategic news and analysis for financial services and banking leaders regarding current and future market conditions, strategic positioning and execution as it relates to organizational strategies.

The underlying assumption at all times is that the markets continue to become more complex, change faster, and require better thinking and aligned execution for companies to meet their goals.

Sincerely,
Tony Pallante

Leadership Communications

I began writing this month's newsletter on the topic of strategic alignment and points of complexity in execution. I have decided to finish that topic next month, as a more critical, urgent issue for leaders is cascading through the industry.

This subject rises above all others in terms of the overarching complexity and impact to the success of any organization. Unlike the finite feel of financial statements, public filings, management reports, productivity measures and project successes or failures, this discipline consists of more gut level analysis (gathering honest feedback, openness, willingness to listen, experience in filtering information) and the ingredients of human emotion more than any other.

Get it right and morale will be as positive as possible; get it wrong and destroy trust, faith and hope. To this I adjust to get it as right as possible since communications is, by its very nature, imperfect and the more people in the matrix the more imperfection there will be. Within the old axiom "you can't make all the people happy all of the time", there are in fact some people you can't make happy any time; however, as leaders, it is our responsibility to make as many employees as happy ***as possible*** all of the time.

The leadership issue during this troubled time in our industry

or in any other industry comes down to this in varying degrees; it is common for leaders to communicate frequently and to positively motivate their people when times are good and appear to almost shut down when times are bad.

This is a true dichotomy, as in so many issues that differentiate the "professional executive" from the "executive". When business is going well, people feel the momentum of the organization through growth, career and economic success; they need less executive communication to stay motivated. It is still critical to celebrate, recognize and communicate results and direction, however the positive environment has its own higher level of sustainability.

In times of difficulty, fear anxiety and insecurity often take over. People are rightfully concerned about the direction of the organization and whether the business will survive, all of which is linked to their immediate and future security. In the absence of news, even bad news, employees will fill the gaps with rumors and speculation, negatively impacting morale and shifting the communication for leadership to the defensive rather than the offensive.

The following are a few examples of the difficulties facing leaders and the people in their organizations:

Leaders

- Confidentiality issues: Decision making during these periods impact many lives, have legal ramifications and need to be held closely until announced.
- Moral or personal reticence: It is uncomfortable to be asked questions that you do not have the answers to and/or cannot answer to the general population. In addition, delivering bad news or more of the same is uncomfortable.
- Answers are not forthcoming: Business leaders need answers from stakeholders who are not able and/or willing to make decisions within specified timeframes. The situation becomes one of "if I wait one more day, week or month, I'll have the answers I need to deliver a meaningful communication".
- Personal anxiety: Leaders have the same fear, anxieties and insecurities. In the face of difficult challenges,

strategic conversations between business leaders increase in difficulty and intensity. Furthermore, reaching aligned agreement is often strained between the decision makers. When communicating outside the decision circle, leaders run the risk of displaying personal objections publicly, undermining employee confidence even further.

- Celebration: When market conditions require a static or retracting business model, celebrations, recognition and rewards appear to be dismissive of the difficulties facing the organization.

People

- Desires for leadership: People in the organization are there because they believe in their leaders. Even when the unknowns increase for the leadership team, the people want reassurance that leadership is planning or has a plan that is continually recognizing and addressing the issues.
- Frequency: When fear reigns, people go off message at an accelerated pace. Repetition, even in the absence of new news, is reassuring guidance.
- Interactivity: People have an increased need for **interactive** communications. Forums or methods to ask questions receive honest answers and provide their input to possible solutions.
- Honesty: People recognize when situations are serious. They don't expect to hear visions of greatness and will be suspect if they do. While they might like you to have all of the answers, they do not expect you to have all the answers. However when they feel you are being honest, they are more likely to join in the difficult effort.
- Recognition: People are working harder than ever however their effort is different. There is now as much effort put into keeping a positive attitude, trying to spread it among increasingly dismayed colleagues and still getting their jobs done. These "engaged ambassadors" are at the core of assisting in bolstering morale and support for leadership. This is the time to adjust goals and set up small wins to develop

celebration opportunities for them and others.

- **Visibility:** Personal interaction from leadership is always preferred, but written communications, phone calls, video/telecasted "fireside chats" fill the less frequently required gaps *during periods of prosperity*. In-person leadership interaction conveys a feeling of courage and a willingness to engage in difficult times.

In summary, periods of turmoil and economic uncertainty are as difficult on leaders as employees. It is the responsibility of leaders to communicate differently since so many individuals rely upon leadership to keep them engaged, informed and in these difficult periods, reassured ***to the extent possible***.

There is a difference between desire and will, between recognition and action, between caring and resolve. In each the difference is between observation and action, the difference between being a witness and being a participant. This is a time for leaders to take action, and display their will.

PCS Content

The [PCS Economic](#) page now includes daily mortgage rates and industry and national newsclips in addition to our comprehensive interest rate and charting tools. Please stop by when you have an opportunity.

[Performance Capital Services](#)

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Our Strategy-Cycle-Strategy approach recognizes the requirement to set your business strategy, to integrate the plans into daily operations, to forecast the results, to monitor and measure the outcomes and to adjust the plans on a real time basis.

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