

- RUNNING A BUSINESS
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Managing the Future Workplace? Start Here.

By ALAN MURRAY

The last three years have seen an unprecedented financial crisis leading to the deepest economic downturn since the 1930s. In the process, the very foundations of capitalism have been upended.

Faith in business and in markets has been shaken. As Ian Davis of McKinsey & Co. put it: "We are experiencing not merely another turn of the business cycle, but a restructuring of the economic order."

How should managers behave in this new economic order?

A few trends will clearly impact managers in the years ahead. Trust in business by the public at large is clearly at a low point and is likely to stay there for some time. Government involvement in the economy is clearly on the rise. Financing is likely to be harder to come by in the years ahead, and American consumers, who powered the global economy for decades, will pull in their wallets. Asia will likely continue to rise, and technological change will likely continue to accelerate.



Yet success in the new era won't ultimately require a perfect crystal ball -- none of us has one. Rather, it will require institutions that can survive through uncertainty and thrive amid rapid change, and managers who have the humility to know that they don't have all the answers but do have the confidence and willingness and judgment to lead their team to find them.

"The Wall Street Journal Essential Guide to Management" is our attempt to summarize the lessons of many of the management thinkers of our times, as well as the observations of the Journal's reporters and editors, to provide a guide to best management practices. While there's no silver bullet and no one-minute answers, the following general advice likely will serve you well in the coming years:

Stay flexible. Managers will need a flexible organization, so that it can be repositioned quickly to address new threats and master new challenges. You will have to be prepared to re-evaluate your mission, strategy and goals more frequently than before, in order to adjust to the uncertain and changing environment.

Devour data. Managers will need to have their "ears to the ground" in order to hear changes as they are coming. That means you'll need to seek out fresh sources of information, intelligence and data. You'll need to follow the example of leaders like A.G. Lafley, former CEO of [Procter & Gamble](#), who required his top executives to go out into the field and talk to the ordinary women who use P&G products.

Be (somewhat) humble. Managers will not be able to assume they know the answer -- because more often than not, they won't. You'll need to be willing to hear hard truths from your employees, your customers, your suppliers and anyone else closer to a changing marketplace than you are.

Communicate. The days of keeping your head down as a manager, focusing on operations instead of external communications, are over. More than ever, managers have to become advocates. Critics

will abound, and you'll need to be able to rally the support of your employees, your customers and clients and a whole array of outside stakeholders to survive and thrive.

Plan for contingencies. It's natural for people to focus on what they know, but as a result, Nassim Nicholas Taleb, author of "The Black Swan," says, we "time and time again fail to take into account what we don't know." With rising uncertainty, the advantage goes to those who can imagine the improbable. Keeping cash and other resources on hand for emergencies will also become increasingly important.

Be proactive. If you see a problem coming, don't wait until it hits you...by then it will be too late. You will need to be prepared to react quickly.

Insist on candor. To succeed in an uncertain and rapidly changing environment, it's critical that everyone in an organization be brutally honest. There's no time for dealing with the small lies that people routinely use to burnish their own record or avoid offending others. Everyone needs to know exactly where things stand at all times.

Stay involved. At times like the present, no manager can afford to be seen hiding in his or her office. It's important that you be seen out among your employees, in part to give them confidence, and in part to collect necessary intelligence.

Keep your organization flat. It was a good idea before the new era; it's critical now. You can't afford to have layers of bureaucracy between you and the action. That will guarantee that you are too slow to react.

Cross-train your talent. Good managers have been knocking down silos in their organizations for years. But again, what used to be a good practice is now essential. You need people with multiple skills, who aren't qualified for just one narrow task, and who can be redeployed as the situation demands it.

Assess your team. Few organizations can afford to have people who aren't pulling their weight. You need to be constantly reassessing your team, making sure you encourage and promote the best, and dealing quickly with those who aren't contributing.

And finally...

Use your judgment. No team of Ph.D. students building computer-powered mathematical models will ever be a good substitute for common sense. You didn't have to be a rocket scientist to know it wasn't a good idea to make housing loans to people who put no money down, or to waive rules requiring them to document their income, or to make loans with payments that would balloon in two or three years when they couldn't afford the balloon payments. The bankers who survived this crisis weren't the ones with the most sophisticated risk models, but rather the ones who kept their heads.

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