



Analysis

Uncertain Times Call for Top Quality Business Leadership

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Biography

Nick Hood is the Senior Business Adviser at the Opus Business Advisory Group (<https://www.opusllp.com>), the largest independent advisory, restructuring and insolvency firm in the UK.

Nick was a licensed Insolvency Practitioner, working in the business rescue market for 25 years. He is a committed internationalist, having created the largest global network of independent business rescue firms and having also worked overseas in Canada, Milan and Bahrain.

In his earlier career and after qualifying as a Chartered Accountant in 1970, Nick held senior executive positions in major companies in the construction, engineering and media sectors, as well as working for a boutique investment bank.

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Abstract

There are innumerable theories about what good business leadership looks like. In good times, the momentum of strong revenues, solid profit margins, positive cash generation and thoughtful investment strategies for the future can hide a multitude of management flaws. In this article, the author looks at how leaders are far more exposed when the going gets tough, and what core principles they must display if they are to steer their business through to better times.

“Without the element of uncertainty, the bringing off of even the greatest business triumph would be dull, routine, and eminently unsatisfying.” [J. Paul Getty]

If business leaders do indeed thrive on uncertainty, the past decade had brought British entrepreneurs more than their fair share. Brexit, the first global pandemic for a century, war in Europe, a major Middle East crisis, climate change and the runaway advance of artificial intelligence (AI) have generated unprecedented commercial challenges and caused deeply disruptive economic turbulence. This begs the question: what makes a truly effective and inspirational business leader in such difficult times?



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Defining what a business is for

Typically, companies are seen by their owners and management as a means to generate profits and create wealth for themselves. There are reputational drivers too, stemming mainly from a desire to be seen to be successful. Other stakeholders must be dealt with, but only in so far as their interests are aligned with the overriding objectives. Wider public considerations tend to be secondary, or not considered at all.

In recent years, other ways of judging the success of businesses have emerged. The environmental, sustainability and governance movement (ESG) has certainly had a major impact on the way companies report their activities and to some extent on the way they behave. Similarly, diversity and inclusion (D&I) have become sticks with which to beat what some consider to be management that has not moved with the times.

Can business leaders look at a bigger picture and see their activities as more than just a way of getting rich, but instead as a vehicle to make a positive impact on the world and its population as well? A prime example is the dilemma facing energy companies in the context of climate change. What generates the most profits now may compromise the longer-term prospects if investment in a different future is unduly restricted to maximize short term shareholder returns.

This is about leaders having the awareness to look outside their business bubble to ask things like: what do they care about? How can their businesses have a role in



impacting those things in a positive way? The world is calling out leaders, companies and governments to serve something greater than themselves. Local communities are doing the same, but on a more micro basis. Those who choose to ignore these voices risk learning hard lessons about the power of social media to force their hand.

Of course, leaders can't ignore their fiduciary duties to shareholders and the requirement to deliver profitable and sustainable growth, which will always be essential business aims. Even so, it's also important to recognize that their overall footprint – their impact on people and society – is far greater than that. It means wise leaders making sure their organizations have a focus: why does this company exist and who does it exist for?



Making communication a two-way street

Social media has transformed both external and internal business communications. In the past it was strictly one way and top-down, with the C-suite telling staff what to do and stakeholders what was happening. These days WhatsApp, Facebook, TikTok and many other messaging apps have hijacked the chat, which is now much more bottom-up and side-to-side. One obvious casualty is the secrecy of internal communications, which can rapidly become very much a public rather than a private discussion. Good leaders need to have their 'receive' mode switched on much more nowadays than 'transmit'.

Customers are no longer relevant just because of what they spend and what they buy, but also for their opinions and their ability to influence other actual or potential customers with a single viral post on X (formerly Twitter). Staff are no longer important just because of the jobs they do, now it's as much about how they can influence a whole range of stakeholders and for the ideas they can share.



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It's always good to be heard and understood by other people and learn from how they can change our behaviour. It can help neutralize anger and frustration, enabling us to start seeing things differently and usually, more positively and constructively. When employees are being listened to by management, it can surely only improve how an organization performs. When customers realize that their views are taken into account, it strengthens those relationships.

Admitting your own fallibilities

The pace of change and the degree of disruption in the commercial world over the past few years has been extraordinary. Stable operating models are hard to find, so businesses must continually adapt and evolve; as must their leaders. Claiming 'fount of all knowledge' status just because your job title is 'CEO' will cut little ice with harassed staff involved in the everyday turmoil.

It is more acceptable now for a leader to say: "I don't know" or "I'm not sure". This may be difficult at first because so many of them will have risen through their ranks of their organizations into leadership roles. They are alphas – and alphas always have answers, or reasons why others' answers are wrong. Demonstrating that they need and will accept input from others, means leaders can prepare for challenging conversations and work out how they are going to lead people through tough times in a more holistic way.



Talk solutions, not problems

In these chaotic times, leaders need a shift in mindset so that they use the challenges of today to find solutions for tomorrow. This involves taking problems and instead of applying the blinkered and fixed thinking patterns associated with them, reinterpreting the issues as opportunities to move forward in a positive way.

By way of an example, could the high disposal costs of the non-biodegradable waste a business produces be transformed from an expenditure anxiety into a new



recycling, re-manufacturing and re-use project to produce environmental and perhaps community benefits? Leaders who come up with initiatives like this are likely to win plaudits from a wide audience, not least their staff and other stakeholders.



Empowering staff

In tough times, there is a natural tendency for leaders to protect power structures by strengthening control mechanisms and limiting decision-making discretion for fear that they will be held accountable for or brought down by the mistakes of others. The alternative approach of delegating authority and sharing responsibility can be so much more productive. Staff who feel a sense of ownership of the outcome of their efforts are more use in a crisis than demotivated wage slaves working by rote to 'ivory tower' instructions.

Recognizing and encouraging talent

This approach should always be a basic driver for senior management's engagement with its workforce. Ignoring the development potential of staff makes it all too easy for those with ambition and the skills to match to move on to other jobs where they feel more appreciated. Not only does this allow the talent pool to drain away, but recruiting replacements is an expensive distraction. There is also the risk that these high-flying leavers end up at competitors, with all the downsides that can bring.



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If losing the best employees is a poor outcome in normal times, it's unforgivable when a business is facing major challenges. These are just the sort of staff who will show under pressure what they are capable of achieving and will deliver real benefits.



Mentoring groups

Leadership can be brutally lonely. More and more business leaders are seeing the positives in joining or creating mutual mentoring organizations with their peers, so that fears, vulnerabilities and coping strategies can be shared for each other's benefit. Mentoring is not for wimps, it's for those with the common sense to know when they need help to grow and improve and to do something about having access to experience and knowledge.

The takeaways

Most of these principles of better leadership revolve around burden sharing and welcoming constructive input with open arms, whether it comes from inside the business, from external stakeholders or from public opinion. This means leaders must identify their own limitations, accept them and be willing to work with those who can help them. This is far from easy, but it is essential for achieving success in difficult times.