



Leadership Skills for Today's Economy

In this era of change we have found that the leadership skills needed to manage a downsizing or restructuring are very different from those needed by companies in the process of growth and renewal.

To better understand the challenges of managing change, Watson Wyatt examined the factors that distinguish three types of companies: growing, downsizing, and unchanged. Of particular interest are the factors that contribute to job satisfaction and company success.

Wyatt WorkUSA reveals that growing companies dramatically differ from others in several ways. Growing companies appear to be doing a better job of:

- Encouraging open communications
- Implementing effective work processes
- Empowering employees
- Focusing on quality and customer service
- Recognizing and rewarding employees
- Emphasizing learning
- Aligning company goals and employee behavior

Open Communication with Employees

Communication and employee understanding are better at growing firms than at downsized or unchanged firms. More employees at growing firms say they understand the tactics for achieving their companies' overall goals. And more respondents from growing firms say their companies do a good job of explaining the reason behind decisions and financial performance.

Effective Work Processes

Work processes at growing firms are better coordinated, more team-orientated, and more focused on preventing problems according to our respondents. And employees are encouraged to be active participants in the work and challenge the status quo. Growing companies are also better at effectively applying new technology such as new equipment, systems, or processes.

Quality and Customer Service

Quality. Companies that are growing appear more committed to fundamental change in how they do business. Evidence for this is their high involvement in TQM or other continuous improvement programs. Involvement in TQM or similar efforts also reveals another characteristic of growing companies: an external focus on customer value and service.

Meetings – Events – Communications

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Customer Service

Another distinct feature of growing companies is that managers have clearly signaled a deep commitment to quality and customer service to their employees. Managers in these companies are perceived as “walking the talk” of quality and customer service.

Recognizing and Rewarding Employees

Growing companies do a better job of delivering rewards and recognition, communicating rewards criteria, and linking pay with performance.

Encouraging Learning

Employees at growing companies are more likely to say their companies do a good job of “insisting on continuous employee development and growth.” Growing companies also do a better job providing training and opportunities for employees to learn new skills.

Alignment Between Company Goals and Employee Attitudes

Among growing companies, employee support for company values is dramatically higher than in other companies: 69 percent support company values at growing companies compared to half or less in other companies.

Not only do more employees support company values at growing companies, but more also perceive senior management behavior as aligned with those values – 59% at growing companies compared to less than 1/3 in downsized companies.