

## THE NEW AMERICAN MANAGER OF THE POST-2008 RECESSION

### What the world is:

Our country is going through a fundamental change in the way we do business. Gone are the days of lavish corporate benefits and the pursuit of half-thought-out ideas.

In most ecosystems throughout nature, animals who cannot adapt their way of living by evolving their skills sets to the new ecosystem will perish. The business ecosystem is no different.

Throughout this decade, buzzwords such as branding, strategic relationship, and strategic thinking have become ingrained in our corporate culture. These concepts are of great importance to an organization but have lost their context due to overuse. Many can claim to be strategic thinkers; however, strategic planning can only occur through mastery of the tactical.

The word “tactical” has traditionally been looked upon by most managerial circles as existing only in lower levels of the organization hierarchy. Once one rises to the management level, a more strategic vision should set in. This traditional view is a very accurate representation of how many organizations have viewed strategic and tactical leaderships within the United States until the mid 1990s.

Over the years, professional service firms’ management structures have flattened. Middle management, which was a training ground before moving into executive management, now has been virtually eliminated. In addition, the new Gen Y workforce is entering the market with new workforce expectations. One expectation is to rise quickly to the top, spending little time at the entry-level plateau of an organization.

Strategic thinking has become highly prized within all levels of companies in the U.S. Because of this, many tactical leaning experiences have been bypassed. Leaders within a professional services firm who are responsible for formulating corporate direction do not possess many “grass roots” insights or skill sets which are critical for success in today’s professional services environment. An example could be an experienced marketing director who hasn’t conducted primary research surveys. Another may be an experienced

financial analyst who can’t operate the bank reconciliation function in QuickBooks.

Today, many have little to no tactical experiences learned at lower levels of the organizational hierarchy to grasp the consequences of their proposed strategy. There are many analogies which can describe this situation but one that comes to mind is “Never go to war with the general that doesn’t know how to clean or shoot his own gun.” The day of strategic, broad-range thinking without having tactical context has come to an end in the U.S.

### What the world will become:

In 2008, the world entered into a recession. This recession was the cause of the many “subprime” mortgages being issued by large financial institutions to high-risk home owners. Later, these loans were then repackaged and sold to other countries. Once they began to default on the loans, the housing bubble burst, sending the world into financial turmoil. Looking back, this crisis could have easily been avoided. Unlike many industries, banks traditionally have used many time-tested financial ratios in loan evaluations. The crisis could have been avoided if many of these tactical principles were followed. However, the recession would have simply come later. As a result, many firms have quickly downsized at all levels of the organization in order to reduce costs. Many leadership positions have become obsolete at the upper management level. Despite negativity amongst the business community, this recession was not only necessary but healthy for the U.S. economy in the long term. Losing one’s job is never an easy thing.

This crisis has taught the business community and especially the professional services community a valuable lesson. It is important for firm leaders to take tactical viewpoint of their environment into account before setting the overall strategic direction. The new manager will not just be able to craft a plan but to execute it as well. Skill sets will take a more active role in the hiring and promotion process. Since organizations will be more streamlined, fewer leadership positions will be available. These individuals must not only have their trade’s skills but knowledge of other areas of the firm. Marketing personnel must learn the basics of financial

management in order to ensure their place at the leadership table. Grass-roots intelligence will be engrained more in senior leadership. Strategy will be accompanied by tactical specific action steps.

Tactical knowledge must exist in all levels of the organization. When looking for new leadership in your organization, here are some traits to look for and some avoid in individuals.

What to look for	What to avoid
Brings examples of work to an interview, i.e., brochures, proposals, etc	Tells what he or she has done but doesn't bring any proof.
Asks for grass-roots level intelligence often.	Unwilling to incorporate ground level tactics into business plan.
Constantly training on new techniques and technologies. Wants both primary and secondary information before placing judgment.	Relies solely on established relationships for information on new technique and technologies. No first-hand investigative skills because of a "We have seen this before" mentality.
Goals are broad-based but grass root steps are incorporated showing how to get there.	Goals are broad in nature. Tactics will be outsourced to accomplish. Marketing goals are established internally but the marketing plan will be written by outside agency or consultant.
Coaches others on both broad and tactical skills and demonstrates their interdependency.	Often gives advice but not solutions. Doesn't concern themselves with details. States "I'm a strategic thinker" with no understanding of the steps to accomplish their strategy.

Individuals who exhibit these skills listed in the "what to look for" column will be the next leadership in the new economic ecosystem. History has taught us that cultures or species perish if they do not evolve their skill sets to new environments. Leaders with the professional service environment cannot rely on personal relations alone to bring business to their firms as they have done in the past. Relationships between professionals will be based on skill sets and ability, not merely connections as in prior generations. This new

relationship of skills will be much like that of a football or basketball player within a team. More people will be hired and work for organizations based on ability not just by their contact portfolio. Having a tactical understanding along with your strategic viewpoint of your profession will ensure your place in this post-recession ecosystem.

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## BENCHMARK REPORT QUESTIONNAIRE COMING SOON

Be watching your e-mail – the 2010 *PSMJ Business Development Benchmark Report* questionnaire will be e-mailed out for participants in just a few days!

PSMJ needs your help to accumulate the information on current conditions in this vital area of importance, not only to firms, but to your clients.

We have made this survey as easy as possible for you to complete— *Excel* spreadsheet input, e-mail your response, interactive instructions, and on-screen editing to help you provide correct information.

When you participate, you will receive the exclusive 2010 *PSMJ Business Development Benchmark Tool* that will benchmark your firm to other firms by your choice of criteria, size, type, or client type. Your data will be preloaded and the tool will be ready to provide your firm's key management with both charts, and graphs on how your firm compares.

Don't forget to watch your e-mail for this important survey and the opportunity to receive information on how you stack up against the market.