WHEN THE GOING GETS TOUGH...
Making the most of challenges and growing your leadership skills in times of crisis.

BY STACEY PASSWATERS
Firefighting is the most dramatic form of responding to a crisis, so it’s worth considering what a group of psychological researchers learned when they studied firefighters. They investigated what two groups of firefighters, novices and veterans, actually saw when they looked at a burning building. The novices noticed the height and color of the flames, [and] which parts of the building were involved. But the veterans, looking at the same fires, saw something different. They saw a story. They noticed the clues that told them how and where the fire had started, why it was burning as it was just now, and what it would likely do next. By seeing the fire as a story, not just a collection of traits, they could create a plan for managing it. That’s what made them effective firefighters.¹

This example is provided not to compare contract management to firefighting, but to illustrate that when faced with a crisis, it is possible to use the situation as a vehicle for growth and improvement. Just as it was found that the experienced firefighters’ understanding of the fire was strengthened with each fire they fought, leaders who are prepared to use problem situations as a facilitator of positive change will ultimately emerge stronger than ever.

Crisis is inevitable, and on the heels of the recent economic downturn, one can appreciate how a crisis can forever change the way business is done. There will always be challenging times, but the mark of a true leader is the ability to turn a challenge into an opportunity for growth. The following lessons are intended to strengthen leadership during such times.

Use Change as a Catalyst for Process Improvement and Risk Identification

A problem should be seen as a means of identifying bottlenecks or flaws in your processes. Striving for more efficient processes is often overlooked when everything is running smoothly, but when that process is forced to a halt, it is up to successful leaders to identify and understand what is no longer working before making modifications. As the contract management profession continues to evolve, the fundamental processes must adapt to keep up with the increasingly challenging requirements and end products.

Today, more than ever, buyers require customized integrated solutions to their business challenges. Often these customized solutions require multiple sellers, each with multiple functions, to team up to seamlessly deliver solutions composed of hardware, software, and professional services. All these forces are transforming the marketplace, while posing greater risks to both parties.²

This increasing complexity demands that weak links be identified. If no problems occur, weak links cannot be identified and improvement is not possible. In today’s fast-paced world of business, there is hardly time to take a step back from day-to-day operations to analyze efficiency and risk; therefore, a problem may often serve as that necessary catalyst that allows for examination. The products of this change-driven examination may contribute to efficiency long after the problem has subsided. By analyzing the current means of doing business, leaders are also able to properly evaluate where risk may be more prevalent in their ingrained processes.

Some business managers rely solely on their intuitive reasoning (ability to guess correctly) as their basis for decision-making. But in today’s complex systems environment, an astute business manager understands the importance of using highly skilled project teams to identify both opportunity and risk events, assess the possible effects, and develop appropriate strategies to increase opportunity and reduce risks.³

If the necessary changes are not made in business processes, risk will continue to grow and vulnerabilities will increase. As vulner-
abilities increase, the organization is more likely to experience a fatal flaw. A crisis should be seen as motivation to correct these flaws and make an immediate contribution to progress the future of operations.

**Understand What NOT to Cut**

When a leader is approached with any type of crisis, cost-cutting is often the default action. In an attempt to minimize costs, companies often go through layoffs, dramatic budget cuts, and consolidations. While downsizing may be necessary, the leaders who emerge stronger as a result of the crisis have a good understanding of what they can’t afford to cut. These leaders are able to “trim the fat” from their budgets without damaging the “muscle” of core capabilities.

In every organization there are certain bedrocks which must not be scaled back during a crisis. These should be focused on to ensure prosperity following a crisis.

The most fundamental move is to manage the development and evaluation of people much more actively. This is one of those head-nodders that everyone agrees on, yet it doesn’t happen in most companies because of cultural inertia.

Crises can spur a shift in inertia, allowing a leader to focus his or her efforts to reinvest back in employee development. A focus on the training and development of the internal workforce ensures that an organization is forward-looking and the workforce is capable of making an immediate impact when conditions improve.

When an organization cuts its training budget as a result of tough times, it has almost guaranteed that it will be unable to pull itself above water and to a strong recovery. However, a leader can be more strategic about opportunities to learn. If the external training budget must be reduced, an effective leader may be able to compensate by focusing on bringing instructors in-house and developing programs where employees learn from each other’s experiences through cross training within the divisions of the company. It is possible for any organization to advance its employees’ development without paying a high price tag. When the crisis subsides, this training will allow employees to not only have an advantage over the competition, but to be loyal to the leaders who prioritized their development through difficult times.

**Use Scrutiny as a Mouthpiece**

Problems often mean increased exposure. Information surrounding industry practices seems to move at an incredible pace. “The world of the Internet [has] democratized information and dramatically increased its velocity of transmission. As a leader, you need to find ways to use it to your benefit rather than bemoan its downsides.”

While one may initially fear the increased exposure, the successful leader should strive to use the attention as an opportunity to increase awareness.

---

**What is a Webinar?**

NCMA’s Webinars are live, 90-minute online educational events combining real-time presentation with telephone conferencing. Each month, NCMA presents timely topics drawn from both the government and commercial contracting arenas given by subject-matter experts. Instructors use prepared presentation slides that are available for viewing during the live session. The typical format of the program includes 60 minutes of instructor presentation followed by a 30-minute Q&A period.

To access the live session, held from noon to 1:30 p.m. EST on a designated workday, you will need a touch-tone phone, preferably with speaker-phone accessibility, and a computer with Internet connectivity. **Participants will earn 1.5 CPEs.**

**What is the Cost?**

For one low fee, there is no limit to the number of people that can listen in at each site. Everyone can participate by registering as a live-participation site. For those who cannot participate live, Webinars on Demand (digital downloads) are available for purchase.

For more information, visit [www.ncmahq.org/learn/webinars](http://www.ncmahq.org/learn/webinars) or call 800-344-8096.
Currently, there has been an abundance of government focus on the acquisition profession, as evidenced in the “President’s Memorandum on Government Contracting,” issued March 4, 2009, and the Office of Management and Budget’s July 29, 2009, “Memorandum on Improving Government Acquisition.” It is clear that government officials have a need to bolster their understanding of the contract management profession.

Legislators are increasingly concerned with the decisions of the contracting professional, as demonstrated by the constant stream of probing questions about topics ranging from the definition of inherently governmental functions to contract incentives, and an ever-growing debate over the types of contracts used. The questions asked by government officials should be viewed as golden opportunities for leaders to communicate their messages on a larger scale. By facing the exposure head-on and using the open forum to explain their decisions, leaders will emerge stronger than ever. For example, the recent attention devoted to understanding the role of the contracts professional should be used as a means to attract those talented candidates who are unsure what the acquisition profession has to offer them. The government scrutiny should be viewed as a spring-board to attract new, bright candidates into contracting, both for government and industry. As a large number of employees in the contracting profession are nearing retirement, government focus on our profession should be applauded and manipulated as a means to recruit new professionals.

It has also become evident that there is a vast distrust of those who are driven by profit, based on increased scrutiny related to sole-source procurements. Rather than fear the spotlight of perceived scrutiny, industry leaders should embrace the focus as a way to educate. Industry experts will agree that those on the “other side” could benefit from a better understanding of the true cost of doing business. Increased focus on industry leaders should be viewed as the perfect chance to educate others on the costs and risks associated with holding government contracts. It is extremely important to be cognizant of the attention that an organization is receiving if leaders want the opportunity to play a role in the development of the message. In trying times where external pressures come from the attention, it is possible to manipulate the additional attention as a mouthpiece to communicate the message that leaders would like to be conveyed.

Never Underestimate the Importance of Your Reputation

People most often look to their leadership to provide them with information, ease their fears, or confirm their doubts during turbulent times. However, the pressures of being a leader can often be exacerbated when all eyes are on you. While it is essential as a leader to make decisions, individuals are highly attentive to the manner in which you make those decisions. Open lines of communication are essential for progress and must be maintained to deliver a clear, honest message. Any attempts to conceal information or to misrepresent the situation are sure to have ramifications that live beyond the crisis.

During a crisis, the spotlight on leaders is turned up to maximum intensity. People are so nervous and hungry for information that they hang on every word from their leaders, trying to glean clues from their body language, facial expressions, and even the color of their ties and dresses. In the glare of the lights, your ability to stay true to your values is put to the test. You can make or break your reputation in an instant.
Great leaders are able to make good decisions during stressful times while also employing a strong communication plan, which grants them credibility. The abilities of leaders will strengthen as they gain more credibility throughout the workforce. This will foster an environment of trust, where your leadership actions are more openly embraced. “Many people believe actions speak louder than words. However, speaking the words and then following up with consistent actions speaks the loudest.”

The current economic downturn may last a while, but it will end, and when it does, everyone will remember how you behaved at the time. It may be that the best employees are in no position to go elsewhere right now. However, they will not forget the leadership skills exhibited by management when the chips are down, and if they don’t like it, they’ll be the first ones to bolt when the upturn arrives. A leader who is mindful of the preservation of his or her reputation throughout the issuance of decisions will gain respect and loyalty from employees.

Change is almost always disruptive and, at times, traumatic. Because of this, many people avoid it if they can. Nevertheless, change is part of organizational life and essential for progress. It’s also unavoidable in times of crisis. Those who know how to anticipate it, catalyze it, and manage it will make their careers, and their companies, more satisfying and successful.

To return to our opening analogy, we are often caught dwelling on the height and color of the flames, instead of trying to understand the source of the fire. The difference between good leaders and great leaders is the ability to instinctively see the full story behind the situation and make quality decisions—whether you’re fighting fires or managing contracts. It is possible to use a challenging situation as a facilitator for process improvement and overall efficiency.

In *The Prince*, Italian Philosopher Nicolo Machiavelli advised his followers, “Never waste the opportunities offered by a good crisis.” Although it is hard to recognize at the time, a crisis provides a unique opportunity to create transformative changes in your organization.
A crisis should be seen as a golden opportunity to make changes within your organization and to probe deeper into the rationale behind existing processes.

The shift in inertia caused by the crisis should be seen as a chance to examine flaws and identify risks. While cutbacks may be necessary in tough times, a true leader is mindful of the future and clearly identifies which areas should be safeguarded. Continued investments in the internal workforce during challenging times send an important message to staff that their development is too important to be sacrificed, thereby increasing a leader’s credibility.

It is possible to develop positive attributes in times of crisis by using the problem as an opportunity for exposure. When there is external attention highlighting an issue, this attention should be perceived as a chance to spread a leader’s desired message. It is true that there is no such thing as bad press and an increase in awareness will provide a leader with an opportunity to communicate to a larger audience.

Lastly, it is important to note that the lessons discussed in this article may be applied even if there is not currently a crisis. Undoubtedly, by the time a crisis does develop, it is most often too late to develop a plan. The time to do so is when things are going smoothly.11 CM

ABOUT THE AUTHOR

STACEY PASSWATERS served as a contracting officer for the U.S. Environmental Protection Agency before transitioning to her role in the Office of Contracts for RTI International. She is a graduate of the 2009–2010 Contract Management Leadership Development Program and is a member of the Research Triangle Park Chapter of NCMA.

Send comments about this article to cm@ncmahq.org.

ENDNOTES

4. Colvin, see note 1, at 45.
6. Ibid., at 90.
7. Garrett and Pursch, see note 2, at 75.
8. Colvin, see note 1, at 48.
10. George, see note 5, at 75.
11. Ibid., at 38.