

CEO PLAYBOOK

Weathering The Storm



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Rough Seas Ahead

Sailors are constantly keeping their eyes on the weather so they can proactively prepare for impending bad weather. CEOs can learn a lot from this approach. The economy has been cruising for the past several years with low unemployment, low interest rates and overall stability. Change is upon us. The stock market has been particularly volatile in recent months, bank failures and solvency issues are creating concern, layoffs are occurring at an increasing rate and inflation is still out of control. Astute CEOs should be paying attention to these warning signs and preparing their businesses for potential rough seas ahead.

Rough seas or, in business terms, a recession, doesn't need to mean treacherous times for a well prepared business. In fact, some businesses can leverage a downturn as an opportunity to win market share, acquire top talent and outpace competitors. What follows are some steps that should be considered with volatility and a potential economic storm brewing on the horizon.

A Perspective from Four Decades of Business

Having worked through the past four decades in industries including investment banking, healthcare, publishing, media, entertainment, manufacturing, high tech and startups I have witnessed the impact of market forces on a variety of companies and in diverse industries. While the situation we are in now is somewhat different than past challenging times, there are several commonalities and the same approaches can be applied to weather the impending storm.

What follows is a playbook for preparing for the worst and seizing the opportunity to turn what could be a real dilemma into an opportunity. Rather than accepting the threats ahead as paralyzing, smart leaders will prepare their companies and use this as a once in a lifetime opportunity to outpace the competition and not only survive but to thrive.

A Lesson from 2008

The last major downturn was back in 2008 known as the GFC (Great Financial Crisis). We have had fourteen years of smooth sailing and good times, despite the pandemic, war in Ukraine and social unrest. Many CEOs and leaders today have never experienced a significant downturn in their tenure as a leader. With experience as the best teacher, I would like to impart some wisdom from my past.

In 2008 I was leading organizational development and post merger integration for Doosan, a Korean Chaebol (Conglomerate) which had purchased Bobcat construction equipment and two other business units from Ingersoll Rand. The company saw the global housing boom and construction growth as the ideal time to enter the US market. Doosan paid \$4.9 Billion for Bobcat and the other assets.

Not long after the deal closed, the housing bubble burst and the global economy went tumbling into a recession. Demand for the Doosan/Bobcat products dwindled, and the organization was thrust into a dire situation. We called an emergency meeting for the Doosan Infracore International leadership team to meet in Chicago to create a playbook to navigate the difficult times ahead. I was tasked with structuring and facilitating the meetings.

Leading an executive team through a crisis meeting is never easy and definitely not fun.

I began with Our Burning Platform: Why are we here?

- **The landscape has shifted**
- **There are problems to solve**
- **The organization is in a crisis**
- **We don't have much time**
- **We must focus our efforts and engage our employees**
- **We must prove the resolve of the organization**
- **There is a call for leadership**



This Team is Being Counted on to Solve these Issues!

The first slide that I shared to kick off the meeting, was the burning platform. It was critical to create a sense of urgency. Next, I outlined the goals for the day:

1. Create an aggressive plan to meet the EBITDA target and inventory reduction targets for 2008/2009
2. Perform a core business strategy re-assessment and realignment. What is core to our future?
3. Develop a rally cry and reward system

“We cannot become what we want to be by remaining what we are.”

-Max DePree, Leadership is an Art

Dive into the Details

We spent that day in Chicago working our plan and planning our work. We focused on those elements of the business within our control and we made some tough choices.

In addition to the detailed work, we defined our core and what we stood for. Below are a few questions that we examined deeply.

What are the core competencies of our organization?

What is our competitive advantage?

What should we Start doing?

What should we Stop doing?

What should we Continue doing?

The Chicago Meeting's Impact

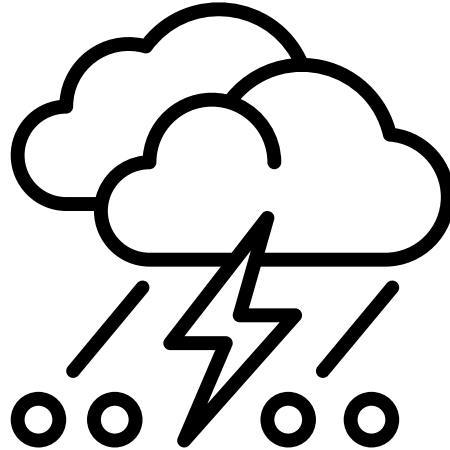
The leadership team left Chicago with a clear plan, a timeline, accountabilities and optimism that we would weather the storm. We built a robust communication plan to keep the entire organization in the loop on the situation and we created a cadence for the team to meet frequently. There were tough decisions that needed to be made, but we were prepared to weather the tough times as a team.

That experience coupled with my experience working through the 2001 dotcom crash informed the playbook and related articles that follow.

“Indeed, harmony—sought by many leaders who wish to offend no one—can be the enemy of truth.”

-Louis V. Gerstner, Jr. [Who Says Elephants Can't Dance](#)

10 Plays to Weather The Storm



Not to say that if you take these ten actions, your organization will sail through the storm without damage, but in my experience these actions will minimize the pain and might even help your organization to thrive through tough times.

These action are based on my experience leading teams, CEOs and organizations through tough times, turnarounds, mergers and acquisitions and difficult market conditions.

Many of the ideas are quite simple, but executing them is the hard part. The key is to get started early and build momentum. They are in a particular order because there is sequencing to many of the actions.

It is my suggestion that you read through the list. Included are some links to further reading from the Groove Management website. If the information shared in this document resonates and makes sense to you and would help your organization, circulate this document to your leadership team. Ask them to read through it . Then schedule a leadership team meeting to discuss the document.

Ask them what would work for your company and what would not fit. Have an authentic conversation about the current situation, the potential best case and worst case scenarios and then plan accordingly.

At the end of this document, I suggest asking for help. That is what Groove Management does. We help individuals and organizations to maximize their performance in all market conditions. We are expert facilitators with a wealth of experience.

Let us help you and your organization navigate the rough waters ahead.



**ACT
NOW**

In order to cross an ocean, you must have the courage to lose sight of shore



1

Take Action Now: The quote above comes from my good friend [Natalia Cohen](#). Natalia was one of four women who set a world record by rowing a small boat across the Pacific Ocean unaided. This quote is an appropriate way to kick off this list as it is action oriented.

Do not wait until the storm hits to batten down the hatches. Prepare your organization and your crew for what might lie ahead. Create a plan based on the potential severity and length of the potential storm ahead. Recognizing the severity of a problem too late can be fatal to an organization. Start with scenario planning. What if sales drop 10%, 20% or 50%? How long can we survive on the cash on hand and available credit? Can we make payroll for the next several months?

Assemble the leadership team and appoint the chief financial officer to map out the various scenarios. It is much better to be overly conservative with estimates and lean towards the worst case scenario when dealing with a crisis. Having a sense of urgency and instilling that urgency in the leadership team is essential. Everyday that you wait to make decisions is lost time.

Make a list of actions that you can take immediately to help the business. In addition to the immediate action list, make two other lists. A list of actions if the situation worsens or lasts for a prolonged period of time, and a survival scenario action list which includes making dire decisions to help the organization survive. The survival scenario plan and wind down plan can serve as motivation for the team to never have to execute against those plans. Having these plans can provide a degree of comfort in knowing how you would handle the worst case scenario.

Most critical to this first action item is the sense of urgency and the mobilization of the entire organization. Everyone must understand that your organization is prepared for the storm ahead and taking action now.



Headcount Freeze vs. Hiring Freeze

2

Headcount Freeze: Too many organizations implement hiring freezes during tough times. There is a big difference between a hiring freeze and a headcount freeze. Freeze your FTEs, not your hiring. Implementing a hiring freeze is a knee jerk reaction to performance issues. Groove Management's work on this topic has been featured by the [Society of Human Resources Management](#), [Fortune](#) and HR Insights. We believe that a "Hiring Freeze" are two words that can cause irreparable damage to an organization.

So how does a headcount freeze differ?

Hiring Freeze

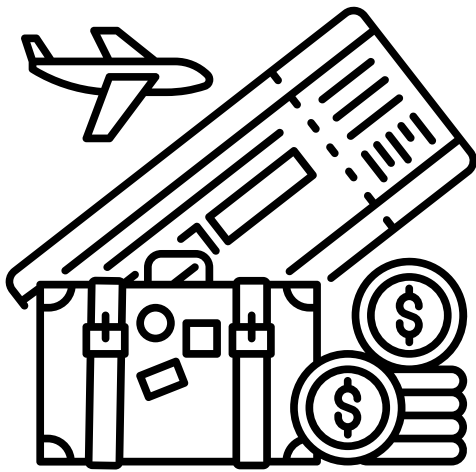
- All open requisitions are on hold
- Posting on job boards are removed
- Managers cannot replace departed employees
- Attendance at job fairs and recruiting events stop
- Interviews are cancelled
- No job offers are to be made
- Poor performers remain in place for fear that a departure will result in an unfillable role
- Organizations employment brand suffers
- Morale is damaged because team is forced to work with the team in place and cannot upgrade talent
- Managers feel that their hands are tied

Headcount Freeze

- Open requisitions can be filled
- Postings on job boards continue
- Managers are encouraged to topgrade
- Recruiting activities continue or increase
- Leaders are encouraged to interview
- Managers can make job offers as long as they are headcount neutral
- Poor performers are dealt with and talent is upgraded. Positions are [forwardfilled](#)
- Organization's employment brand is enhanced. Reputation for being tough place to get a job
- Morale is increased because the organization has banded together and committed to being more selective with talent decisions
- Managers are empowered to take action

Groove Management has more information about headcount freezes on its website at :

[Hiring Freeze: Two Words That Can Cause Irreparable Damage](#)

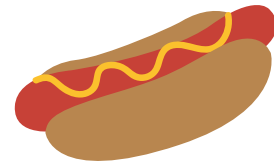


Make Travel Count

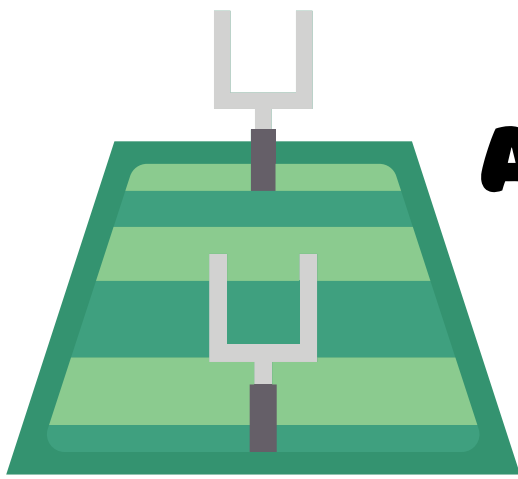
3

Travel Frugally: Forget about travel bans, instead alter your travel policy. Require more notice before booking flights, require everyone to fly economy class, rent smaller cars, stay in more affordable hotels, and create lower per diems for food. With a little bit of focus it is possible for employees to continue to travel, but at a much lower cost.

Revenue generating travel should continue as it is essential to drive sales. The key is to get your sales people to be frugal. People tend to spend company money very differently than they do their own. Skip the valet parking, the porter carrying your bags to your room and the expensive meals. If you are going to take a customer out for a meal, take them somewhere fun rather than fancy. Make the meal experience rather than the food the memorable part. I once took a client to a hotdog stand for a lunch meeting and they still comment to me about the best hotdog they ever had.



With video conferencing and work from home capabilities being ubiquitous, there are many more opportunities to curb travel in favor of video meetings. The key is that the CEO and other leaders must play by the same rules and model the frugality that is expected and required by the rest of the staff.



ARE YOU READY FOR SOME FUTBOL?

4

Play Futbol: Too many organizations treat tough times like American football. They stop playing offense and only play defense. Play futbol or as it is called in the USA soccer, where you are on offense and defense simultaneously.

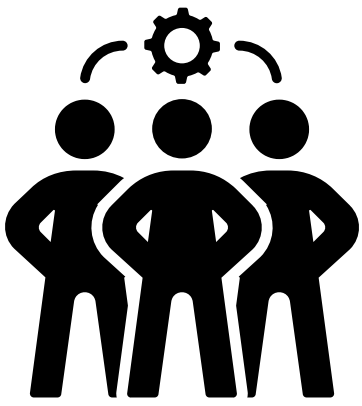
One of the biggest mistakes I have seen organizations make is to become so defensive in tough times that they miss opportunities to grow sales and to generate new business. With cost containment a priority, leadership cannot lose focus on the revenue opportunities. That might require making targeted investments, while cutting costs in other areas at the same time.

This is why the analogy of futbol versus football is so important. One of my favorite quotes that highlights this is:

If all you play is defense, the best you can hope for is a tie at zero



This offense and defense at the same time mindset, must spread across the entire organization. Employees in all departments and in all geographies must feel the urgency and the empowerment to play both offense and defense. Tough times are the right time for innovation and new ideas, and those ideas can come from anywhere within an organization.



The best time to invest in the team is when things are not going well.

5

Invest in your team: [Tough times are the best times to invest in your employees.](#) Businesses create leverage in several ways, but I see leverage simply as a force for impact. Of all the resources and assets a company can employ to create leverage, it is the employees who offer the greatest force for impact. If an organization is struggling financially and hopes to leverage finite resources to improve the situation, they can spend limited financial resources in a number of ways to improve the situation.

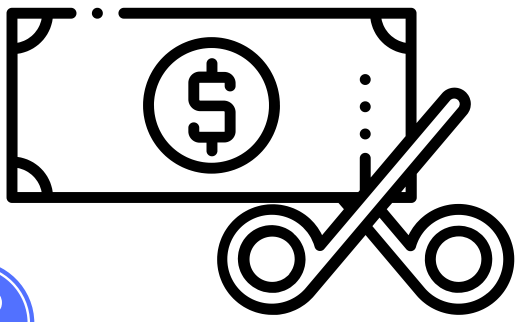
If an organization has \$10,000 to commit to create leverage and to improve results, what is the best use of those funds. \$10,000 in advertising won't generate a lot of leads, \$10,000 is not enough to hire a new sales person, \$10,000 is not enough to build a new product, it is too little investment to have a positive return on investment in most cases. The one place where that money can create the most leverage and have the biggest positive impact is if it is invested in the team.

During past downturns, I have heard the excuse made by several executives:

"When our financial results improve, we will invest in some team building and your offerings look really fun and interesting"

At Groove Management, we refer to our team building events at [The Team Timeout](#). In sport the premise for a timeout is that the team will emerge stronger and more effective than they were prior to calling timeout. In business, leaders rarely ever call timeout. A timeout is a strategic move to engage the team and make everyone fully aware of the situation at hand.

The best time to work on a team is when things are not going well. A team timeout is a small investment in terms of time and money that can pay huge dividends when a turnaround is required and there is a need for a catalyst for improved performance.



Re-evaluate company spend

6

Evaluate Discretionary Spend: Be clear on where you can cut costs without jeopardizing the long term viability of the business. Can you slow down certain spend and re-negotiate contracts? The pandemic changed the way we work. We have digitized most businesses far beyond where they were prior to the pandemic. Now is the time to re-evaluate office spend in particular. Can you cut back on office space? Do you need to be leasing printers and copy machines? How much are you paying for fancy coffee in the office? Is there an outdated PBX phone system that costs a lot, but is barely being utilized? There are probably several changes to the way people work that have not yet been accounted for in the way the company spends on resources.

This is a great opportunity to shift spend and cut spend. Some of the tools will not be missed and in other cases, there is a cheaper alternative. Challenge each department head to rethink the way they spend and what services they pay for, but rarely use. In most businesses there is low hanging fruit and opportunities to cut spend with little to no impact.

The key is to take cost out without impacting culture and productivity. I worked in an office where there were free drinks and free gourmet coffee. The leader was frustrated with the entitled sentiment of the employees, so he cut the free drinks and made everyone pay for the coffee. While not received well by the employees at first, they came to understand that this was being done to send a message about cost control.



**Small Beans
For Your
Daily Perk**

The fine print: We have no intention of sending the wrong message through this communication. Coffee is good brain food, and we encourage you to drink it. If we told you what we spend each month on coffee, we are certain you would understand the .25 surcharge. Buy a colleague a cup today and keep enjoying the perk!



We promise no layoffs

7

Be Careful Making Promises You cannot Keep: Don't promise no layoffs when you don't know how severe the situation might get. Be honest and transparent, but be realistic in the promises you make. This is a mistake too many well intentioned leaders make. They want to do right by their employees and instill a sense of calm, but there is nothing worse than making a promise and then having to reverse course.

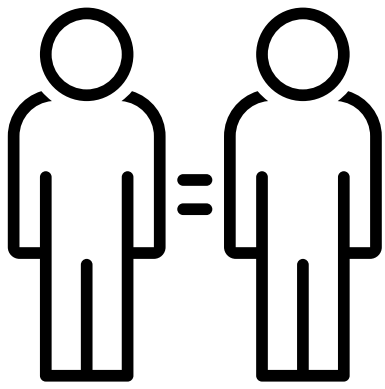
As CEO rely on your communications and HR leaders for their expertise. Choose your words wisely and be deliberate in what you share with the broader organization and the media.

While working at The Motley Fool in 2001, we were forced to do a layoff. Through some bad advise by an investor and board member we approached the layoff all wrong. We had security on site and conducted the layoff in a heartless way that did not align with the company values. The impact on the survivors was felt immediately and we committed to never listening to outside advise again for something so personal. We did not make the mistake of saying no more layoffs.

When the business continued to soften, we had to do another round. This time, we approached it the "Foolish" transparent way. All employees were invited to a meeting where Tom and Dave Gardner, the founders and brothers, addressed the company. They shed tears and admitted that the company had made some mistakes with growth and predictions. They explained that they would be letting more people go. During the meeting it was explained to all employees what would happen if you were being let go and what would happen if you were staying. This approach fit with the transparent company culture and allowed all employees to support one another. Those departing were told by their managers when they returned to their desks and the office was closed for the remainder of the day. Most of the employees went to an Irish tavern to commiserate together. The Washington Post sent a reporter hoping to get a negative quote, but instead what they heard was:

"They cared," says Crist of her bosses. "They were very emotional about it."
[*A Wake for the Motley Fool*](#)

There is a good lesson in making certain that you lead your organization through a tough time in a style that aligns with the culture.



Get your leaders on the same page



Align your Senior Team: The team leading your organization must present a unified front. Get that team together in person to set clear expectations and then create a meeting cadence to keep the team updated on how the market and the business is evolving.

To instill a sense of urgency and get the team aligned, it is recommended that you bring the team together in person as quickly as possible. Choose a frugal location, required people to fly coach and get them to recognize that this meeting will be a working session to tackle the challenges at hand and ahead. No golf outings and fancy dinners should be included in this offsite.

This meeting is about sending the right signals to the rest of the organization. The goal is to come out of it with the mentality that "We got this!" The organization must believe in the leaders and the leadership team must show unity.

Included in this meeting should be a decision making model. How will you align around key decisions as it relates to where to cut, where to focus activity, and how to position the changes with the key stakeholders. That includes employees, customers, prospects, job candidates, and partners.

In the example at the beginning of this playbook, I spoke about the Doosan Chicago meeting. We left that meeting clear on the burning platform, clear on each of our responsibilities, and confident that this team could handle the crisis at hand.



MATCH THE REQUIRED PERSPIRATION WITH THE RIGHT AMOUNT OF INSPIRATION

9

Invest in Inspiration: To match the perspiration required to weather the storm, leverage your Chief People Officer and culture team to find ways to motivate and inspire the team. Intrinsic rewards like simple hand written thank you cards go a long way in tough times. They show appreciation and that can keep employees stay engaged and dedicated.

Ted Lasso has infiltrated corporate cultures around the world with his mantra

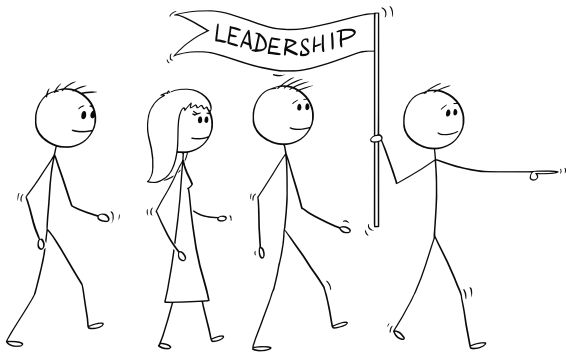
believe →

Employees need something to latch on to. They are going to be asked to do more with less. There has to be a WIFM (What's in it for me) that goes beyond job preservation.

One of the best ways to do this is to celebrate small victories. Shout-outs to teams and individuals, who are modeling the appropriate behaviors, send positive reinforcement. Just because times are tough doesn't mean there isn't room for humor and fun. Crank up the volume on some levity and having some fun. The goal is to take the work seriously, while not taking oneself too seriously.

As an example, if there is a storm ahead, ask everyone to dress in foul weather gear for the all hands meetings. This injects some fun while also sending a message that the company is preparing for what lies ahead.

The culture work should not rest with one person; it is the job of all leaders within the company. Lean on the leaders to inspire their teams and the entire organization.



An organization is only as resilient as the person leading it

10

Lead from the Front: An organization is only as resilient as those leading it.

Therefore, the leaders must be out front and over-communicating. As the CEO your presence must be seen, heard and felt. You must rise up to the challenge and be fully present. That means no hiding. Be in the office daily, be on video for all video calls, and be there for your team.

Leading from the front means being a servant leader. Your job is to lift everyone else up. You have to ask: what can I do to help you succeed? What barriers can I remove, what hurdles can I help you overcome, what can I do to help you and the company thrive through these challenging times?

If the leader hides or shows despair that will be evident to the other leaders and most likely to other employees as well. To combat this trap, it is important to take care of yourself physically and mentally. In order to be on your "A" game at work, you must take care of yourself outside of work.

Taking care of yourself means, finding the support of your loved ones, using them and friends for support so as not to expose your concerns at work. If you are a CEO and don't have an [executive coach](#), a coach can be an incredibly valuable resource during trying times. Your coach will serve as a confidant, a sounding board and a fresh perspective provider.

Lastly, navigating tough times is a team sport. I often ask CEOs, [what keeps you up at night?](#) The more important question is the follow up question. Does what keeps you up at night, keep your direct reports up too? You need to leverage your entire team to address the challenges ahead.

Asking for help is not a sign of weakness, it is actually a sign of strength. Groove Management is here to provide the help you may need.

Final Thoughts



The business world is much like a sailing race. Not only are you up against other racers, but you are also racing against nature and finally against yourself. The landscape like the ocean and weather is constantly shifting. That can both enable and inhibit progress. The key is to maximize your performance in the conditions at hand. If you can outpace your competitors even if everyone is drifting in the wrong direction, you will emerge from the challenging times.

It is the trying times that define true leaders and you have an opportunity ahead to do right by your organization by keeping a steady hand on the helm, scanning the horizon and keeping the team focused on those elements within your control.



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