

Don't Let a Good Challenge Go to Waste

By German Herrera



Thomson Reuters recently reported that in the first three weeks of October, 165 American companies cited the slowing global economy in their earnings and revenue outlooks—an increase from the 108 that did so in the same period in 2014 and 97 in the same period in 2013. This is just one sign pointing to a pullback in capital spending that could reverberate throughout the industrial sector.

In my career advising industrial boards and CEOs on developing and selecting leaders for their organizations, it has been my consistent observation that when the headwinds kick in, the best companies double down on their commitment to leadership development and creating a culture of collaboration and open exchange of ideas. There are two reasons for this. First, challenging times are exactly when your people matter the most—it's leaders, not assets, who chart the path through uncertainty. And they do so by coming up with the innovations and the solutions that are only really possible to create in an environment where there is a culture of collective responsibility and support for diversity of perspectives.

The second reason to invest in your leadership pipeline when times are tough only becomes evident once the turbulence has calmed and people naturally take stock of what they've been through. Someone who weathered the storm at a company that survived by working harder but not smarter is likely to decide that the next downturn should be spent at a more enlightened organization. As a result, there is a redistribution of talent toward companies that take the long-term view.

Predicting who will rise to the challenge

The fact is that turbulent periods are excellent leadership training grounds. New hiring is usually curtailed, which means that there is not only the opportunity but the need to assign people to “stretch roles” for which they might not normally be considered. The key for the leader making these assignments is to mitigate the risks that naturally come with such moves. How can one know in advance what someone's potential is for high performance in an unfamiliar environment?

Based on our firm's work assessing tens of thousands of senior executives around the world and across all sectors, we have been able to identify specific characteristics shared by individuals who have the potential to thrive amidst uncertainty. Those qualities turn out not to involve a particular skill set or previous experience in a certain role, but rather four fundamental personality traits: the curiosity to seek out new experiences, knowledge and candid feedback; the insight to gather and analyze new information to suggest new possibilities; the engagement with others that comes from using both emotion and logic to communicate a persuasive vision and the determination to bounce back from adversity and fight for difficult goals in the face of challenges.