

Smart leaders should use the crisis to get ready for the future

Monday, July 13, 2009, Cristina Muntean

Even though the economic crisis took many emerging countries such as the Czech Republic by surprise, true leaders should have been prepared for rough times and should be now in the position to deploy skills and take advantage of the market resettling.

This is because smart leaders will always learn to swim before getting in a boat rather than after the boat is shipwrecked, according to Karin Genton-L'Epée, managing owner at L'Epée Coaching & Consulting and a Prague-based business coach.

Good leaders are rare, but they are a precious resource, mainly during an economic downturn. In the Czech Republic, business leaders showed their grip mostly during the creation of local companies, which they endowed with vision and a proactive market approach. Genton-L'Epée, who has been living in Prague for the last 15 years and acting as a business coach for the last 11 years, said that this crisis is a time to sit down, think, reflect and prepare for the post-crisis landscape.

Even though the Czech Republic has been less hit than other Western markets, the challenges are still here, and leaders who are ready will always be able to take advantage of the new market conditions and make a difference, she said.

Besides business coaching, Genton-L'Epée is also a speaker at various seminars on personal development and leadership. On June 17, she held a seminar on cooperative communication skills organized by executive search consultancy Williams & Partner in Prague. She is also the organizer of Business Power Lunches, a series of meetings aimed to inspire professionals to move their careers in the right direction.

This interview is the first part of a series of talks that reflect upon changes brought by the ongoing economic crisis in the style of leadership and company management in the Czech Republic. They will try to identify what skills local managers need and how they should get prepared for the moment when the crisis dust settles down and the market will bounce back, in all economic sectors.



Karin Genton-L'Epée, Photo: Jakub Hněvkovský

Q: When you're dealing with Czech-based companies, do you feel that those people handling these companies are rather managers or true business leaders?

A: I do believe there are two types of Czech companies. There are those that managers or leaders set up by themselves—the more entrepreneurial type. This one will definitely have a leadership approach, because to set up a company you have to have a vision. What distinguishes managers from leaders is that a leader usually has a vision, while managers are more the executive side than the visionary side. Czech companies that have been established by Czechs usually have a leadership approach.

The other thing is Czech companies that have been set up, influenced, restructured or bought by other national companies. Of course, I don't know all of them. Yet, it's either the Czech entrepreneur who was building this kind of company to fulfill his vision or a Czech managing a company that has been somehow connected to an international company. There, leadership depends on how much freedom the headquarters will give them. I have a client who was basically given freedom to set up a subsidiary. There yes, his leadership competencies had a chance to develop themselves.

It also depends when we're talking about what happened 20 years ago. When the Western world invested here, many people had free hands to do whatever they thought was right. I think this is also what attracted a lot of expatriates here: the chance to express themselves. Many leaders and managers have some kind of energy and ideas and welcome the chance to make decisions and be independent. They don't mind following the structure and the guidelines. For most of them, it's much more challenging to say: ok, here is the market and here is the product—set it up.

Q: However, when you look overall at the Czech market of decision makers, do we have more task-oriented managers or true inspirational leaders here?

A: I can't answer this question. First of all, I live in Prague and I work with people that are connected to Prague. It would be definitely presumptuous for me to generalize based on the people I meet in Prague. Second, I only work with people who speak English or French. It's a different kind of leadership and managerial skills, and it would be a big risk for me to generalize.

Q: Never for the last 15 years has a crisis of such magnitude hit the Czech Republic. How do you feel this exceptional situation is reflected in the way people are currently managing their companies?

A: My experience with Czech managers and Czechs in general is that, due to the history and other characteristics, they don't look to the long term. It's a very short-term managerial and even life approach. They have difficulties thinking that whatever they do today will have consequences tomorrow and the day after. Yet, I can't generalize based on the people I meet, because they are very specific.

Some Czechs don't have any problem with the crisis because it doesn't affect them yet. But I can't blame them because I don't see the rest of Europe making an extraordinary effort either. Some companies, mainly

WHO IS KARIN GENTON-L'EPEÉ

Born: Dec. 31, 1957, Noumea, New Caledonia

Education: 1982, graduated in languages and economy, Paris Dauphine University, Paris; 1989, graduate of the Anthony Robbins Certification Program, trained and certified in neuro linguistic programming (NLP) and neuro associating conditioning (NAC) techniques, in the United States

Work experience: Since September 1998, managing owner of L'Epée Coaching & Consulting and a business coach with L'Epée Coaching & Consulting, of which she is sole owner. She founded L'Epée Consulting in the United States in 1988. Ten years later, she moved her business to the Czech Republic. Her coaching and training programs are aimed primarily at mid- and top-level managers and focus on leadership development, cross-cultural understanding and effective communication in a global business environment. Her skills and range of experience have made her a popular speaker at business conferences and educational institutions. She is also a frequent contributor to business newspapers and magazines. Her work combines NLP and NAC techniques, in-depth management experience, and practical knowledge of international companies doing business in the Czech Republic and Europe. To date, Genton-L'Epée has worked with clients representing more than 40 different nationalities. She works in English and French.

those in the food business, I don't think they are that affected. People still need to eat and that's more dependent on the weather and fashion—what they should eat today because of whatever new trend. These companies, regardless if they are Czech or international, don't necessarily pay attention to the crisis.

The problem is that we don't pay attention to such things unless it's hitting us. That's not just Czechs; that's everywhere. Those who are most touched by this—mainly those who are more connected to the world market such as anybody in the automotive industry or in the construction business, all those guys who have the golden years are touched by this.

However, I also do believe that companies that have a sound business plan and a sound strategy to have a kind of healthy attitude will be more comfortable than those that run heavily into debt.

Q: What does it mean for you 'a healthy business attitude?'

A: I don't want to mention anybody, but it was so easy to get some mortgage and get some loan and simply borrow your whole future. When you read some classical business philosophies, not to mention [billionaire investor] Warren Buffet—he is very famous for never taking risks.

It's interesting enough; last year I went to a coaching conference and I had the privilege to listen to a guy who is an extreme downhill skier. Those are the kinds of sports that don't forgive your mistakes; any mistake means death. People were asking him: what are you learning? 'I never take risks.' I was listening to this and watching him on a screen going down a hill at 60 degrees and I was thinking: 'you don't take risks? Your whole activity is about risks.' But then he also explained: 'it's about preparing yourself, your things and whenever you see that there is a risk, you stop.' People were also asking: 'what do you do when you are running into a problem?' He said: 'it's very simple; I never use more than 70 percent of my capacity, so when I have a problem, I still have 30 percent of my reserves.' I was listening to this and I thought: 'it's a fantastic metaphor for business.'

How many companies do that? Czech companies have one advantage and one disadvantage: they went through 40 years of communism, but they never had any world crisis; they don't know what it is to suffer severe unemployment or lack of products, except from the communist time. So, they are not prepared. They are prepared to be flexible; that's their biggest asset. They are prepared because they are not as overly indebted as the Americans. However, they don't know what it means to really reinvest in yourself, re-evaluate yourself and understand who you are and what you want. They didn't have to face that. They just went from a pretty dreadful communist time to a pretty golden time. Yet, they are very flexible and they can bounce back on their feet much faster than many other people. It's just that some of them might feel a bit of a painful transition.

Q: How can you remain or become a leader during these challenging times?

A: If you are a leader, it's easy to remain one. You don't become a leader by accident. Normally, to be a leader you have to think, anticipate, plan and prepare—and you need to do that in the right order. Now, there are obviously situations when people aren't prepared, and challenge and adversity give them a chance to find their true calling. Adversity is a fantastic teacher, so some people might just wake up and smell the coffee, as some people say.

My experience is that it's pretty hard to learn to swim when you're thrown in the middle of the ocean by one of those shipwrecks. It's better to learn to swim before you go on the boat. You will always have the exceptions, such as the amazing story of that plane [Yemenia Flight 626] that crashed [on June 29] and the girl [Bahia Bakari] who managed to survive even if she couldn't swim. You'll always have the miracle stories.

However, I think it's better learn to swim before you get on a boat. So, it's better to learn how to deal with crisis and issues or at least to prepare yourself for potential adversity before it starts. Is this crisis going to help some people? Is it going to damage some others? Yes. The interesting part of life is that no matter how

many times we go through this, it's always the same story: we have to go back to the square one. We never learn from people's mistakes. I also wonder how often we do learn from our own mistakes.

Q: What tools, mechanisms or systems do leaders have at hand that could help them overcome these challenges?

A: There shouldn't be tools, there should be approaches. The problem with tools is that it's a typical left brain, rational thinking: let's fix it. You don't fix it; you don't build a network the day you need it. That's another thing: you build the network way before you need it. I watch a lot of people helping each other because they know each other. When everyone is in a crisis, basically people come to ask you for favors if you look like you're ok. If you're drowning, of course they won't call you, but if you're in the water and you know to swim a little bit better, all will come to you for comfort and ideas.

And guess what? From all the people whom you will have requests, which one are you going to answer? The one that you already have a connection with; that's the most probable approach you're going to have. As I said, you don't learn to swim the day you're on the boat and the day you have to jump; you have to think about it in advance. That's called preparation. Your network is an important [approach].

Learning can be acquired; most people learn by doing things. It's more about being able to learn from what is happening and to be pretty pro-active. This is more an approach rather than a specific tool. If it was an easy tool, people could buy it and you don't buy common sense. With common sense it's not so difficult: you just watch crises going after crises, and the ones who have the most disciplined approach, consistent and constant, will win. You have to set up a goal and stick to it; it doesn't mean you can't adapt it—you can't just keep changing ideas and plans every two days.

Q: What kind of mistakes should leaders avoid making these days?

A: The first is to acknowledge the fear; to acknowledge that this is a scary time. The second thing is to take time to reflect. If you haven't done it before, anyway you have no choice. You still have time to sit down and think and do your homework. It's always about doing your homework and looking at either what's happening right now—if you have some time, look at what happened in the previous decade because we had a different crisis, but most people [should look] out in the world because of [the problems with] the stability of the market and the banking system haven't hit Europe the way it's hitting America. That is where our social system is definitely helping and rules and regulations are also helping.

After complaining that we don't have enough of a liberal market, now we're happy to have more of a French-type of market. I think it's time to really take stock and follow what works and what doesn't in general. For every industry that's different. What works for the oil industry doesn't work for the food industry; people eat food every day, but they don't need gas every day, at least not to drive. It's time to identify what works and what doesn't and then think and have some kind of understanding of how to weather the storm—go [through] the crisis without too much damage, anticipate the rebound and be prepared. Years ago, I was reading a book about IBM (International Business Machines Corporation). I might be wrong on the date, but the son of one of the IBM founders was saying that during the recession in 1929, his father was hiring salesmen when everybody else was laying off people. People were asking him if he was crazy, but he said: no, I'm going to train them, so when the economy gets better, they will be ready.

The principle is there: the worst mistake is to lay off everybody just to cut costs. I have a client who basically asked everyone to work four days a week. As long as everyone gets the same regime, people will understand because in case they aren't completely ignorant and blind, they will see that even though they are working four days, they can still pay their bills rather than to get unemployed and not get any job when that finishes. So, I think a lot of it has to do with sitting down, thinking, reflecting and preparing yourself.

Q: Do you feel this crisis will bring some structural changes in the way Czech-based managers think and act?

A: Czechs will be dependent on the rest of the world; they won't make those changes on their own in the same way the French won't ever do such changes on their own unless they are shaken really hard. Thank God, this country hasn't been shaken that bad. I know that there are areas in the Czech Republic that are more touched than others, but overall I think the country has been so far protected. It doesn't mean they won't get hit more; [but] I still believe the economy itself might become fine.

I do believe that there is a whole generation of young people, unless they are offered the opportunity to re-evaluate the employment market might suffer because companies don't have time to train them. They will only train those whom they want to hire. And, of course, it's cheaper to hire young great potential than to keep an older manager. I don't think companies will stop hiring young potential, but they will be even more selective.

So, what is going to happen to all these guys who are good, but not just that good, and who won't be able to find a job because most of them are unprepared for real life; they're prepared for this golden era when it's easy to find a job when the economy is booming. They don't know what it is to re-evaluate themselves; learn to just write a CV because even if a company isn't working at an international level, everyone today has to be connected with the international markets.

Most of these young Czech employees have to learn a foreign language even when they work in a factory; each of them should have a CV describing their skills and work experience, even if that means saying: I can drive a truck. The ones that will look the best, sound the best and express themselves the best will get the job. There is a whole market trend to completely re-evaluate the needs of employers. It used to be an employee market, now it's becoming an employer market. I don't think that many Czechs have understood that yet. This is the benefit of having been spoiled for so many years. But they are smart and usually they bounce back faster than other people, so they will get it.