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## **POLITICALLY & ECONOMICALLY CHARGED ENVIRONMENTS**

**ARE DESTROYING COMPANY CULTURES & BRANDS**

**Leadership must evolve  
to stop the bleeding**

**M**any businesses are on a fast track to make up for time and revenue lost during the pandemic, while others are working hard to re-find or rebuild their footing in a new world. In my work as a business and management consultant, my purpose and passion are to help companies grow and succeed. I don't need to tell you that most organizations are struggling anew in today's deeply polarized society. Everyone knows it.

**These are extremely complex times.**

To be honest, what I'm witnessing from companies large and small, globally, is disturbing and hostile to growth and success. And I'm not alone. Due to all the high-visibility cases of corporate blunder, you don't have to be a business or management consultant to see errors in judgment. I mean, on what planet could some of these companies' decisions and actions possibly be good for business? It's mind-boggling.

The hopeful part of me wants to think erratic moves are either sincere attempts to do the right thing, or just aberrations in company character. But the disciplined part of me knows why they are happening, which I'll get to in a minute. Regardless of how or why, pain is being felt and course correction will take introspection and time for those able to overcome their mistakes.

So, I'm doing this. I'm using my platform to share observations with the hope that they will serve as a sanity check in helping good companies steer clear of some ill-fated cliffs. After all, this is the start of the New Year, a time to pivot or transform for the sake of the company and its stakeholders.

*David*

# What is happening and why?

Potent kisses of death are eating away at company cultures, and in many cases, destroying the companies themselves. Long-held perceptions of and loyalty to major brands are crashing at an alarming rate, internally and externally, and the bleeding isn't isolated at the top. Small and mid-sized businesses are experiencing the same trends and many will not survive through 2023.

The reason, which is plain but not simple, is poor leadership. We see it often, how leaders are making unilateral or misguided moves that are not in the best interests of the company, its employees and customers, or society. Some leaders are narcissists and even bullies who are too in love with their own ideas, who thrive on power and attention and refuse to admit when they're wrong. In today's chaotic environment, they (and even well-meaning leaders) are forgetting or neglecting the golden rules and time-honored paths to success. And way too many are failing to understand and embrace the expectations of today's workforce.

Corporate America is filled with leaders who don't know how or choose not to do the right things for their people and organizations, and so they do what is most comfortable for them, things they already know and how to execute them. (The Peter Principle applies to leaders, too!) Others guess, punt and hope for the best. Without intervention, none of this is ever going to work, and as a result, leaders are the single point of failure in allowing their cultures and companies to deteriorate.

## What is the answer?

Leaders must lead or get out of the way so that others can. The same leaders wreaking havoc are also

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responsible for changing course, fixing damage and righting the ship. It can be done, but it means leaders must stop surrounding themselves with yes-people who don't speak up or challenge them, are not assertive in getting things done, and are often bullies themselves. It means leaders must hire people and consultants who know more than they do and listen to them and adopt their strategies



– or simply recognize when it's time to hand the reins to someone else, which is increasingly not by choice. I'm finding that yes-people in corporate America are no longer safe from termination, either. I'm encouraged by it.

It's important to remember that the best leaders engage others to help guide decisions. This allows innovation to flourish and fosters growth, advancement and prosperity for all stakeholders. This method of leadership is not happening enough.

Instead, we're seeing leaders become more controlling because they don't want to be at risk of becoming irrelevant or losing their jobs. Over the past few years, I've seen more knock-down, drag-out arguments between executives than I saw in the 30 years prior. They don't care if they're right or wrong; they just want to be seen as right. This kind of winning leads in all sorts of wrong directions!

Inflexibility is a huge problem. I remember a meeting with eight people, including the president and seven other executives and division heads. The president kept disagreeing with everyone's ideas so I stopped the meeting and asked the president, "What do you want, because you're saying no to everything." He was initially offended, but then he said, "Here's what I want to happen." It was a wasted hour and a half and a wasted opportunity to do more and do better as a company. Control and shutting out voices are killing cultures and healthy outcomes.

# Below are three of the most common death wishes spreading unchecked in today's companies.

## **1** Allowing partisan issues to dominate a company's story line and brand image

There was a time when we could look around and see products and services from companies we know, like, trust – and even love. Today, rather than seeing and feeling what a company and their offerings do for us, what we often see and feel instead are a company's ideologies, how they align or differ on issues we deem important, and for many of us, their disdain for our beliefs and values.

Times have certainly changed. Consumers clearly want businesses to have a voice in political and social issues, and according to Harvard Business Review, 53% of employees want their leaders to take a stand on societal issues they care about. Smart companies are learning how to wield their voices and actions in the best possible ways. Careless companies are not, and this won't bode well in 2023.

According to Forrester's 2023 predictions, trust will be at the forefront of organizations' business operations in the year ahead as business and technology leaders focus on prioritizing long-term growth. Current factors, including economic and financial instability, geopolitical uncertainty, company scandals, and climate change, are undermining consumers' trust in organizations – and nearly 40% of U.S. consumers will stop doing business with a brand following a damaging headline.





As shared by Boston Consulting Group (BCG) a year into the pandemic, "Polarization is a complex issue that can create severe ramifications for businesses. However, with a better understanding of the mechanisms behind polarization, CEOs will be better able to both recognize the changes occurring in their societies and understand their options going forward – options that go beyond the simple choice of taking a stand or not."

BCG notes how debates around social and political issues are increasingly unavoidable, especially as social media platforms allow people to make their views public. This has increased both the pressure on business leaders to weigh in and the opportunity for them to do so. BCG stresses that managing polarization requires taking actions, and not merely taking a stand, and that by doing so, CEOs can help mitigate the negative consequences of polarization and reduce the level of harm that it can inflict within their broader societies and within their companies.

These are their recommendations:

#### **REDUCE the distance between group positions**

- CEOs can introduce individuals to diverse perspectives to help broaden their thinking (forums for cross-group engagement, such as a speaker series for employees or moderated discussions on social media).
- CEOs can develop diverse employee teams and encourage cross-group collaboration. The workplace plays an important role in fostering collaboration across society.

#### **REDUCE intergroup misperceptions**

- The lack of cross-group interactions and the development of extreme views promote the spread of misinformation about other groups' members.
- CEOs should not fall into the trap of 'both-sides-ism,' but they can provide balanced, evidenced information and contribute to building trust in facts.
- For example, CEOs can deny verbal and financial support to groups or individuals that spread misinformation or conspiracy theories, or they can promote the use of fact-based research and data-based analytics to inform decisions and public communications.

#### **REDUCE intergroup antagonism**

- CEOs can help to create a shared sense of community and purpose that spans the boundaries of traditional group identities.
- For example, CEOs can use inclusive branding techniques that promote an apolitical shared identity, or they can identify and eliminate the company's use of language, euphemisms or social processes that inadvertently target certain groups and drive further division.

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# Polarization is here to stay.

- CEOs can highlight inclusiveness as a key company value to emphasize the importance of cooperating with dissimilar others and develop internal and external forums to address intergroup antagonisms.



- Once a brand develops a reputation for openness, honesty and inclusivity, customers will be more likely to trust it, and a trustworthy brand will be better equipped to withstand the potential dangers of increasing polarization.

Polarization is here to stay. Every day it deepens on issues ranging from voting rights to climate change, social justice, economic opportunity, privacy, gun control, reproductive rights, gender identity, education and so many

more. Companies are facing such increased pressure to answer questions about where they stand that we have seen the emergence of what is called corporate political responsibility, a new variation of corporate social responsibility, describing the ideal ways in which businesses should engage with the key systems of society. How apropos is it that the acronym is CPR?

“Frankly, a lot of CEOs and boards would like to be able to diminish the degree that they’re called upon to engage on these questions,” says Aron Cramer, chief executive of BSR, a corporate social responsibility advisory group. “But the world is not cooperating with that wish.”

Careful consideration can help leaders determine whether and when to take a stand, and diplomacy will always help them better control their company’s narrative in the process, both internally and externally.

Since there can be consequences whether leadership takes a stand or stays silent, as noted above, there are more considered ways to plan and use a company’s voice. As we have seen in highly publicized corporate missteps, it’s just not good business to project a voice that is flatly perceived by employees and customers as friend or foe.

## 2 Prioritizing profits over people

One of the biggest errors in judgment, and in practice, is valuing the cost of the employee more than the loyalty of the employee. Maybe it was the pandemic that made leaders shift into overdrive in concentrating all their assets on generating higher profits. It’s conceivable,

given how COVID-19 upended the entire fabric of our society and forced businesses to change how they operate to survive. Unfortunately, this predominant, singularly focused crusade to protect and grow revenue is coming at the expense of loyalty from employees, and consequently, from customers.

**A highly publicized example:** Former U.S. Secretary of Labor Robert Reich had this to say after Elon Musk took over Twitter: “Here’s what Elon Musk fails to understand: Much of a corporation’s value lies in their workers – their knowledge, skills, and ideas. When he fired half of Twitter’s workforce and drove off even more, he wasn’t ‘cutting costs.’ He was actively destroying what he bought.”

Victoria Maitland, CI&T’s head of People, North America, says, “Of course, every decision has a financial impact, but fixating on revenue over employee wellbeing is a dependably short-sighted approach...a classic blunder.”

### Leaders must create an employee value proposition (EVP):

One year ago, Gartner went on record with the edict that “our assumptions as employers must change” around people and work. “The era of the employment contract, when a worker provided services purely in exchange for monetary compensation, is over,” they said, adding that “Employees want a more human employment value proposition: They want employers to recognize their value and provide value to them on a human level. Monetary compensation is important for surviving, but deeper relationships, a strong sense of community and purpose-driven work are essential to thriving. This is the value that employees expect their employers to provide.”

For proof behind Gartner’s stand, look no further than The Great Resignation. As recently as December, data emerged from a new report that says it’s not over. One in four employees don’t feel secure in their positions and almost half plan to explore new job options in 2023.

### Culture is reflected at the bottom line:

I focus a lot on internal culture because it is the lynchpin to all good business outcomes. Great employee experiences lead to great customer experiences, and customer experiences lead to business success – or failure. The order cannot be changed, and the outcomes are wholly predictable.

Leaders must start by solidifying fundamental truths about their companies...

1. What is the company’s mission (the foundation on which culture is built)?
2. What are the company’s values?
3. What are the company’s goals?
4. What is the company’s brand promise?
5. In what ways does the company excel?
6. What is the company’s commitment to people, processes and community?

With those truths defined, leaders must find powerful ways to communicate and instill them across their organizations. Here’s how one company defines the ways leaders make this happen:

- Keep employees engaged and informed.



**“...every decision has a financial impact, but fixating on revenue over employee wellbeing is a dependably short-sighted approach...”**

**Victoria Maitland**

- Be accessible and earn employee respect.
- Increase empathy.
- Improve business processes.
- Enable and empower employees to become culture carriers.
- Listen to employees and welcome ideas – always stay open-minded.
- Reward success.

As mentioned earlier, misguided leaders place value on employees who do not resist – and their companies stagnate, falter and fail. Stability can only grow and thrive when leaders place the greatest value on their greatest assets – their people. And a people-first culture starts at the top!

### **3 Making decisions based on irrelevant data or faulty perceptions**

Due to recent economic upheavals, market unpredictability, changing financial forecasts and other factors, all industries are engulfed in intensive disruption, with dynamics shaking up the status quo of companies, products and services in all sectors.

This is not the time for firms to lose their grip on the importance of business strategy, but it’s happening. A lot. It’s so prevalent that you would think the word ‘strategy’ equals profanity, but the real violation is what happens to companies that don’t have one. In chaotic times, it’s common to gravitate to safer waters, and once moored and steady, there is reticence to shove back out into the open waters. The reticence



is usually the result of not having clear direction, but leaders do it, anyway, relying only on old data, assumptions, perceptions and plain old gut instinct. There are two big problems here. One is that trying to operate from comfort zones with outdated intelligence is sinking good businesses right and left. The other issue is moving out with plans that are based on what worked in the past. Both are fatal flaws in our new business environment.

**The takeaway here is two-fold:**

Leadership must keep moving and eliminate the possibility of getting too comfortable – and solutions for future issues and opportunities are not found in past scenarios!

**Leaders need a plan and actionable information to make good decisions:** As companies struggle to find new footing and remain profitable in these turbulent times, it's no longer enough to simply respond to change. Success means creating change, to confidently transform while staying ahead of employee and customer needs, and the competition.

Charting a successful course can only be achieved with a bold strategy built on current and solid data. This means exploring the current state of the company and the market and uncovering unique and accurate insights through data-driven analytics that leaders can use to guide their companies forward.

**In no specific order, here's a short list of must-haves for building a strategy based on factual data:**

- Gain a current and accurate understanding of your customers and prospects.

- Identify profitable and emerging trends and projections in your industry and market.
- Acquire facts and forecasts on shifting consumer behaviors.
- Get clarity on both the strengths and inefficiencies in your business processes.
- Measure and analyze internal processes and employee performance.
- Gather evidence of where your business development and marketing efforts are succeeding and failing.

**With the above information in hand, leaders can use it to build strategy:**

- Establish realistic brand and business unit initiatives.
- Uncover opportunities for organic and procured growth.
- Identify smarter and more efficient allocation of resources and spending.
- Create and integrate innovative processes that are scalable and measurable.
- Mitigate risks and reduce exposure to competitive and other developing threats.
- Create and maintain a solid portfolio management process.



# My advice? Stay focused!

From my vantage point, I wholeheartedly agree with Forrester's predictions that in 2023, fortune will favor bold and focused companies, and that to thrive, organizations will make employee and consumer trust their business imperative.

Leaders are encouraged to become more intentional and inclusive. Embrace resilience by learning from past mistakes. Work hard to transform and move forward with solid, data-driven intelligence. Think before you speak. Learn to listen and show empathy. And above all else, keep an open mind. Diverse ideas are how companies grow!

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