

Maintaining Employee Morale During Setbacks

When business is booming, employee morale usually soars. It seems like everyone's getting bonuses, hiring assistants and basking in the company's success.

But when bad news rolls in, the collective mood of your employees can plummet. This can happen when the firm loses a big account, suffers a severe downturn or experiences regulatory or legal setbacks. Your workers will look to you for guidance and reassurance. During trying times, you become more than the business owner. You must lead employees by setting an inspiring example. When you exhibit strength in the face of adversity, you reassure the troops that you're able to steer the company through a rough patch and prevent it from sustaining lasting damage.

Solution

You must delegate freely to manage a fast-growth business. But boosting employees' morale during tough times is one job you can't pass off. They must see that you are in charge and that you care about their welfare even as you ask them to sacrifice for the greater good.

Make yourself visible when setbacks occur. Start attending staff meetings you normally skip. Help your clerks do filing, answer the phones alongside your customer service representatives or relieve exhausted workers on the assembly line or loading dock. By pitching in with a positive attitude, you'll lift everyone's spirits. There's no single best way to build morale in the midst of organizational setbacks. While some employees will shoulder crises without much complaint, many others will react negatively. You can customize your behavior to address those employees' personalities. For example:

Malcontents will say "I told you so" and take every opportunity to lambaste your leadership. They may have technical expertise, but they lack resilience and crumble when confronting obstacles. During setbacks, they pin the blame on you — the leader — and mutter, "If I ran this place, this wouldn't have happened." Boosting a malcontent's morale takes patience. It's often worth it, however, because they're influence-agents. Change their tune, and they'll affect how their co-workers perform.

Show malcontents that they're accepted members of your team. Don't ostracize them; seek them out and listen to their input. Let them vent. If you agree with their criticism, say so; if you don't, offer support rather than bickering with them.

Pessimists perceive even mild or temporary setbacks as debilitating. They may repeatedly warn that "We're all doomed" or "This company won't survive." Their tone is more resigned than forceful; they seem sure the worst is yet to come. Your job is to improve their outlook. Fire them up by challenging them to acknowledge what's right with the company and list the assets it still possesses. Rather than try to muzzle them, tolerate their musings with good cheer. Pepper them with what-if scenarios and get their input on any practical, solution-oriented steps you're weighing.

Loners cope with setbacks by closing themselves off from everyone else and keeping quiet. They are the walking wounded. Boost their morale by placing them in situations in which they can lighten up, laugh good-naturedly and enjoy their colleagues' company. For instance, you might host an ice-cream social or a comedy night when you and your executive team perform fun skits for the staff. Loners need social acceptance, so put them in nonthreatening situations in which they can establish bonds with co-workers.

Here's one morale booster that'll work for all employees: Seek out their advice and act on it. By soliciting their suggestions

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and implementing as many of them as possible, you make them feel like problem solvers who can exert at least some control over an unpredictable situation. Example: If a county zoning board imposes a steep fine on your business, ask employees for ideas on how to cut costs. Approve even modest proposals to save office supplies; this will help your team take ownership of the crisis and work together to outlast it.

Real-life Example

When the Asian economic crisis hit Yarde Metals Corp. in 1998, the Bristol, Conn., metal distributor lost \$4 million in 90 days. Because all 425 employees participate in profit sharing, the downturn stung their pocketbooks.

"They were really demoralized," recalls Craig Yarde, founder and president. "Everyone knew the problems our business was facing, and people were really worried and upset." That's when Yarde called a sales meeting with 40 of his employees. He dressed as George Washington, led the group in marching songs, gave out dog tags and promised to "win the battle." Then the team hammered out a plan of attack: They would move high-priced inventory and boost volume by 35%. Yarde says the key to maintaining morale during the firm's six-month bout with the "Asian flu" was communicating with employees every step of the way. Yarde explained the cyclical nature of the business and encouraged everyone to take a long-term outlook.

The result: The company hit its goal of increasing volume by 35% within 3 months after the big sales meeting. While employees didn't earn a bonus because there were no profits during this grim period, the company recovered and earned a 4% profit over the next six months. To solidify morale, Yarde gave employees an extra bonus at that time.

"Normally, the company takes the first 2% of after-tax profit and distributes the rest among employees," Yarde explains. "But in this case, I took only 1%, not 2%, and gave out even more to employees. I figured they deserved it after making it through such a tough time."

Do It

Use positive analogies to characterize setbacks. For example, compare a business downturn to a storm system that will eventually move on. Throw a "storm party" to revive spirits and emphasize the setback's short-term nature. In a memo to employees, list lessons you've learned during the setback. Admit errors forthrightly, if appropriate. Workers will feel better and follow your lead if you focus on applying lessons to future action plans.

Celebrate holidays. Even if budgets are tight and morale is low, hold festive gatherings to pump up the team. To celebrate Father's Day, for example, you might encourage employees to bring in their dads. Avoid fatalistic comments, such as "There's nothing we can do about it" or "That's the way it is." Instead, stay positive. Say, "Let's focus on what we can control" or "Let's rise above adversity and stay excited despite what we've been through." Complain about setbacks only in private, ideally with people outside your company.

Put setbacks in perspective by drawing a timeline. Place the demoralizing event at one point; then go further down the line and describe how your company will bounce back in the future. Encourage employees to predict triumphs and include their entries on the timeline.

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