

Managing Teams

When Stress Never Seems To End.



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We think of the private economy as operating in three sectors: (1) Bright spots of cyclical growth. But they won't be bright forever. The cycle will inevitably change. Rental apartment construction in certain cities would be an example.

(2) Dark spots of cyclical decline. But they won't be dark forever. Since the decline is tied to an economic cycle and cycles change, business will get better. An example would be the oil sector.

And then there is that third sector.

This third sector suffers from margin compression plus escalation of governmental regulation. The pressure is not tied to the economic cycle. It is tied to demographics.

At Stybel Peabody, this is the situation faced by those who manage health care delivery systems and higher education.

How do you manage a work team under conditions of never-ending stress?

Many of our never-ending stress clients seek to "soldier on" during times of stress and wait for "things to straighten out" in time. As Winston Churchill observed during WWII: "when going through hell, the best thing to do is.....keep going."

Most of our clients' approach the issue with a two-stage plan: (1) cost reduction through termination of some employees and (2) ask the remaining employees to do more work with fewer resources.

Is there a better way? We think there is:

Humane Downsizing, Building Espirit de Corps When People Feel Helpless, and Planning for the Future when the Future Seems Hopeless.

Humane Downsizing

In response to a cash flow crisis, leaders downsize the employee population, tighten collections, centralize functions, and get tough on inventory control. The emergence of a trimmer organization completes the first stage.

A pall of uncertainty always hangs over the surviving employee population. Is the blood bath over?

Joel Brockner and his colleagues at Columbia University have done excellent work on how to maintain employee productivity following corporate layoff. He and his team conducted a field study on the relationship between job insecurity associated with a layoff and the work effort of employees who survived.

They found the relationship took the form of an inverted U.

Work performance was highest under moderate conditions of threat:

Employees understood that there was no job security, but they knew the company would actively help them to land on their feet through generous severance and outplacement programs. Employee productivity was the lowest under conditions of guaranteed job security (no threat).

Employee productivity was lowest under conditions of minimal job security, bare severance arrangement, and limited or no outplacement assistance (high threat). And this is the situation faced by many employees today. (Brockner, 1992).

In an earlier study, Brockner and his colleagues found that post lay off employees had the most negative reactions to management when they identified with layoff victims and perceived that those victims as receiving inadequate severance and outplacement. (1987).

In other words, if you make an error during a layoff, make it on the side of being too generous. Think about the expense as an investment in the morale of remaining employees.

Phase Two: Instilling *Espirit de Corps* When People Feel Helpless

In the wake of Phase One, we found most remaining employees reported at least two of the following three complaints:

- **High Stress Levels.** Employees must perform their regular jobs AND they must also perform the jobs of others who were let go. Performance demands always seem to be increasing while resources continue to diminish.
- **Lack of confidence about the Future.** Employees may be unclear about the wisdom of the company strategy. They often express the belief that top management only has tactical plans to cope with quarterly results. It lacks a compelling vision of the future. They joke about feeling that they are trapped into shoveling coal into the furnace of the Titanic when they should be thinking of jumping ship.
- **Personal Financial Concerns.** Employees point to downward economic mobility for themselves and for their families.

It is simply bad business to focus on day-to-day survival while hoping that poor employee morale doesn't infect other employees or customers. The research is clear: emotions are contagious. (Pugh, 2001).

Leaders need to work hard to manage the negative emotions.

Colonel Potter as a Role Model for the Second Phase

We found that the most effective leaders build *esprit de corps* when the team members feel helpless.

One obvious way that leaders do this is to constantly remind them about the importance of their mission. In health care, it is easy for front line health care professionals to remember that they are in the business of saving lives. Faculty see that they are in the business of helping students move up the ladder of economic success. But the core institutional mission can easily be forgotten by administrative employees shuffling paper in the bowels of a bureaucracy. They need to be constantly reminded about how important they are to the mission.

Colonel Sherman T. Potter was the fictional leader of the Third Army Mobile Army Surgical Hospital (MASH) in the long running television series "M*A*S*H." The action took place during the Korean War. The M*A*S*H physicians meet three criteria:

1. Chronically undermanned and under resourced and yet they had to perform well. Most of them were drafted into the Army and are not there by free choice.
2. Concerned about the future. They do not buy-into the objectives of the war or see that the government has a way out of the war. While the stated text of the show was the Korean Conflict, the real subtext was the Vietnam War.
3. Personal survival concerns. Pain, death, and disability are daily issues.

Colonel Potter (played by Harry Morgan) is the regular Army leader of this stressed-out group. His mission is to insure operational effectiveness while keeping morale up.

What does Colonel Potter do?

With the Troops. Colonel Potter is never accused by his physicians of "not knowing how difficult our conditions are." During times of crisis, he will conduct surgery. He is usually walking around and talking with his troops rather than sitting at his desk writing memos. Indeed, he delegates most of the administrative tasks to his assistant, Radar.

Low Status Image. Beyond the mandatory insignia of rank, Colonel Potter managed to avoid images suggesting that he is better off than his

fellow soldiers. When Colonel Potter speaks about recreation he speaks about simple things like fishing. The message is “we are all in this together.”

Encourage Celebrations. The M*A*S*H unit was always looking for an excuse to party and Colonel Potter would be there to celebrate. Celebration of small success is critical during these times. People need frequent, concrete reminders that their team is moving in a positive direction even if the Friday celebration is to note that we survived the week!

Readily Expresses Appreciation. “I Really Appreciate What You Did” is a phrase Colonel Morgan constantly utters. Employees always need personalized, positive reinforcement. But the need is never more required than during times of seemingly unending stress.

Team Based Compensation:

We recommend using team-based compensation for jobs well done. When financial conditions are difficult, we recommend rewarding the team with movie tickets for employees and their families.

This is a small luxury that employees easily eliminate when cutting personal expenses. The use of team-based positive incentives helps reinforce “We are in this together.”

Individually-focused incentives only serve to isolate individuals from their peers on the team.

Rediscover Your Empathy:

As the speed of an automobile increases, driver peripheral vision decreases. And this creates vulnerability to side collisions. As stress in the work place increases, empathy decreases. This creates vulnerability to more stress within and between teams.

Helen Reiss, M.D. is Harvard Medical School researcher and a psychiatrist at Massachusetts General Hospital. Dr. Reiss has an excellent TED talk about her research on empathy plus practical suggestion for recovering it under conditions of high stress (2013). She also has done controlled studies showing how people can recover lost empathic skills. (2014).

Plan When the Future Seems Hopeless

Stybel Peabody's most successful client companies put together task forces to develop scenarios that would allow the company to seize opportunities when conditions finally stabilize or become positive. This is difficult to do when the stress is not based on cyclical economic downturn.

Key team questions: (1) Other than revenue, what are the leading indicators that allow us to determine that better times are ahead? (2) What plans need to be implemented immediately to help the unit rebuild? (3) How can we act now to fill the talent pipeline we will need in the future. (4) How can we do a better job of keeping in touch with our customers/clients?

Conclusion:

All sectors of the economy experience downturns. Some downturns are cyclical. Downturns caused by the economic cycle will recover when the cycle inevitably turns up.

Some downturns are caused by long term demographic changes, increased government regulation, and no light at the end of a long tunnel.

Health care delivery and higher education for competitive schools and below are two sectors going through never-ending stress.

Leadership is a performance art that includes getting stakeholders excited about a reality that does not yet exist.

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