

Leadership and Branding in the New “FUD” Economy

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The recent events that have rocked the country, and the world; the economic recession, the 9/11 disasters, the continued bio-terrorist activity and threats, declining consumer confidence, job layoffs, the stock market decline, corporate governance issues, the commercial real estate market slump, et al, have formed what many in the tech business refer to as the "*Perfect Storm*." We believe that while this is a visually intriguing reference, it is limiting in that these events do not represent a given "moment in time" but rather an ongoing, open-ended change to the way we live and work within this country and indeed the world from this point forward. We believe a more appropriate and telling reference is the notion that we have just experienced a "*Cultural Volcano*," one of seismic proportions and one that has changed the global landscape and indeed our lives forever. If we consider the numerous roles we each assume during the course of our day there is not one that has not been affected by recent events; that of parent, husband, wife, U.S. citizen, local citizen, corporate citizen, small business owner, employee, manager, customer, partner, etc. The permanence of the impact on each of these roles will vary, as will the degree of severity.

As part of our thought process, we have begun to think of the changes wrought on our personal and corporate lives as a result of these recent events. We have developed a list of comparatives that we believe are revealing and quite demonstrative. They provide an interesting perspective on how individuals and businesses have changed, and most importantly, a clear indication that life as we knew it has also changed. Who would have been comfortable with soldiers in camouflage gear and M-16's walking around America's airports prior to 9/11? Today, that same visual is quite reassuring. How many of us would have been as patient with the long lines we're experiencing at airline check-in gates today vs. prior to 9/11? We have indeed entered into what we refer to as an "Israeli State-of-Mind"...not as severe, but certainly more in that direction than not. Our New Economy success has turned into the "FUD Economy", one of Fear, Uncertainty and Doubt. While some aspects of this feeling will subside over time, there are many aspects of it that have become a part of our collective DNA and as such will be with us for quite a long time.

One outcome of recent events is that businesses will need to recognize that their relationships with their customers, partners, competitors and employees have changed. The changes will vary in terms of degree and length. Customers' values and references have been turned upside down. Employees' perspectives, needs, values and stress levels have changed just as dramatically. (The Bureau of Labor Statistics states that the annual cost of stress to American business is \$10,000 per employee. The annual overall impact of stress on the American economy is \$300 billion.) The role of CEO has changed, as has the role of corporate and political leadership. The attributes that made for a successful and highly qualified leader and leadership team have changed since 9/11 and in light of the recent wave of corporate misdeeds and questionable, at best, governance. To what degree and for how long we're not sure. We believe the reference points for these unsolicited but inescapable changes are demonstrated by the transition from pre-9/11 references to post 9/11 references. A few examples are listed here:

Was (Pre 9/11/01)

Focus on Self

Hidden nationalism

Materialism/Subordinated spirituality

Build fast

Celebrity as hero

Will be (Post 9/11/01)

Focus on Family, Community

Nationalism as badge of honor (within a global context)

Open spirituality

Re-invent

Common man as hero (police, firemen, passengers)

Media Sensationalism:
Previous news of the day:
Gary Conet (?) Levy case
Michael Jordan returns to NBA

Elevation of the mundane:
(mail, flying, BART/Metro, ballgames,
events, cropdusters, crossing bridges, etc.)

Pre 9/11 (cont.)

Post 9/11 (cont.)

Security, Stability

FUD as norm (fear, uncertainty & doubt)
FUD2 = Employee + Citizen (double hit)

New Economy

FUD Economy

Virtue of Youth

Virtue of Experience ("old ain't bad")
Experience has value

Pockets of Discrimination

Focused Discrimination (discrimination redefined)

Liberalism

Conservatism

Get rich quick

Life balance, reprioritization of what's important

Retire early

Deferred retirement (Work 'til I'm 70)

Generational separation

Generational *bonding* (1st major event of this
proportion shared across all living generations)

Integration/Evolutionary decentralization

Accelerated Decentralization (clusters of innovation)

"Token" Customer Intelligence

Serious, Ongoing, consistent and continuous
customer intelligence.

Corporation as vehicle/tool

Corporation as "motherlode"/"lifetime" employment –
or at least to "weather the storm".

Confidence (to a point of arrogance)

Apprehension, Self-doubt, Vulnerability

Expansion

Cocooning

As another perspective, we offer a comparative of business-directed references grouped as those "in the late 90's" vs. "the 'aughts' ('01 - ?)":

Late 90's
Bigger

Aught's
Smarter

Faster

Survival (move products)

Revenue-driven

Profit-driven

Growth

Profitable growth

Maximize growth

Generate Cash Flow

Long term Solutions

Short term sales

Partnerships/Long term potential	Partnerships to drive short term sales
Create markets	Create sales
Innovate	Re-invent
Find employees	Cut costs
Invest in what's new	Focus on products
Exploration	Short-term success Survive the storm Become smarter, nimbler
Future view	Immediacy

It is important to note that the changes across the above variables will vary. Many of the changes that we will see will fall in the collective "gray area" between the extremes referenced above, different but not an inversion. **From a brand standpoint**, It will become critical to understand what has changed and to what degree, and what remains the same.

Implications

Brand implications within this new "FUD Economy" will be:

- Employing brand vs. worshipping it;
- Understanding and leveraging Brand Value shifts;
- Brand as tool vs. goal;
- Brand as 'signal' as well as 'symbol';
- Brand as organizing principle/symbol.

Process

So what are the implications for business as a result of these events and the changes they have wrought? The primary focus is that you *need to reconnect to your customers, employees, and partners now* to begin to understand how these changes have affected them and, as a result, how it has and how it will affect their relationship with your company and your brand. Understanding that organizations are not machines but living systems/organisms will drive the need to continuously update our understanding of our employees, customers and partners, especially in these difficult times. The skills needed to repair a broken machine are different from those needed to help an organization evolve. Companies need to begin the process immediately to:

- Determine what's broken and what's working;
- Determine where your employees are:
 - o Commitment to the organization
 - o Belief system
 - o State of Mind
- Customer and Employee Values/Perception shifts
- Competition (reconfirmation of old and determination of new)
- Strategic Partners (old and new)

Role of CEO and Corporate Leadership

Additionally, and equally important, the role of CEO is changing and will change further. Identifying the dynamics of this change and its implications in setting the standards and criteria for corporate leadership in the post new economy (or FUD Economy) will be critical to the success of the new CEO and their leadership teams. Qualifications and experience that helped to define success in the past may change or be reordered. How significant these changes will be one can only guess. But there will

be indicators and examples that we can learn from as we all progress through healing and recovery from these recent events. To this end, we are also initiating an exploration of these changes from the CEO's point of view. Our research will include interviews with numerous CEO's representing companies of varying geographies, industries and size. Results of this research will be shared initially with the participating CEO's and then to a wider audience through selected media.

A Collaboration between Dennis Flynn, Founder of The Sonar Group, and Wayne Cerullo, Founder of Insighting Ideas.