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Heeding Warning Signs

Jet fighters often fly in fours. Within these clusters, one pilot serves as the leader by flying the “No. 1” position. This individual sets the pace and largely influences whether a mission will succeed. Pilots of the second, third, and fourth jets are trained to “fly the leader’s wing,” meaning they must follow closely the No. 1 jet’s maneuvers.

On rare occasions, all four planes will crash. Say the leader flies into a fog bank and rams the side of a mountain. Odds are the other three will do the same.

As James A. Autry writes in *Life and Work* (New York: William Morrow & Co., 1994), leaders must adopt a “think for No. 4” mindset: before they make any move, they must weigh how it’ll affect the other jets behind them.

The same goes with managers. When facing problems, they must consider how their response will influence not only themselves, but everyone around them.

When you face roadblocks at work, a spotlight shines on you, whether you like it or not. Your boss wants to see if you can pass this test of your mettle. Your employees might look to you for guidance. Your colleagues wait and watch how you handle it.

Like the leader of a jet formation, your actions will have a ripple effect. By charting the right course and making smart decisions, you ensure your survival and reassure bystanders that you can withstand whatever obstacles threaten your flight path.

Planning for Worst Case

When you're driving along a highway, you might notice road-side markers proclaiming, "Points of Interest Ahead" or "Historical Site Ahead." These signs are usually positioned about a quarter of a mile before the attraction so that you can slow and stop in time.

If you're driving too fast, these signs can zip by you in a blur. That's no big loss if you didn't care about the historical sites you missed. But if you skip a yellow "Warning" or "Speed Bump" sign and continue racing obliviously down the road, you can wind up losing control of your vehicle and getting into an accident.

Problems at work crop up the same way. There are almost always signs of what's to come. But the question is whether you're observant enough to recognize those signs and take appropriate action while there's still time.

Clues of impending trouble often appear in the behavior of those around you and the topics they bring up. If a normally sunny employee begins to look forlorn and sickly, an attentive manager will inquire and offer to help. If your most prized customer's purchases start to tail off or you find yourself having to send second or third billing notices to a client who previously paid within 30 days, that may signal a dissatisfied or ailing account.

If you're the kind of driver or bus rider who habitually misses your exit, you may also find yourself ignoring early trouble signs. Daydreaming or maintaining tunnel vision can prevent you from noticing trouble afoot.

Many managers detect incipient problems and respond with

Set the Dial

If you miss trouble signs at their earliest point, they can soon balloon into huge hassles. Here's an exercise to get a head start on solving problems. As soon as you notice something's awry, think of three possible explanations:

1. The most innocent, harmless possibility
2. A relatively mild problem that's somewhat easy to manage
3. The worst-case scenario

By identifying the best and worst cases and what falls in between, you create a Richter scale that registers everything from the most minor tremor to the dreaded Big One. This helps you wrap your mind around the potential severity of the problem and forces you to consider the full range of outcomes.

a wait-and-see attitude. That's understandable, but it's risky. A situation that seems seemingly insignificant can, if left untended, fester and intensify. For instance, a vendor who jokes that your organization's bureaucracy "drives me crazy" may not find the matter so funny a few weeks later when more serious foul-ups occur.

By taking trouble signs seriously, you can attempt to bring about a speedy resolution while planning for the worst. That way no matter what happens next, you're covered.

Battling the Three D's

You're on a roll. You're making headway on an important project, you've motivated your team to deliver exceptional results, and you're finalizing negotiations with a key vendor on a service contract. Everything's clicking.

That's precisely when you want to confront conflicts head on and nip them in the bud.

In my management seminars, experienced managers often warn of the dangers of overconfidence. They'll cite instances when they're in the midst of intense work and they "don't want to lose the momentum," so they shove aside evidence of problems and charge ahead. The result: minor obstacles escalate into major crises.

The time to address problems is when they first arise. That may mean doing something as simple as clarifying a rule with an employee, apologizing for an error, or resending an errant e-mail. Otherwise, you're vulnerable to the three D's of problem mismanagement: downplaying, distorting, or dismissing signs of trouble.

Downplaying. It's tempting to downplay evidence of a problem when you're focusing on other matters. But once you start downplaying signs of trouble, you can rationalize almost any mishap as a "cost of doing business" or a "blip on the radar screen."

Say you're concentrating on internal staffing issues. You're aware of a key supplier's lateness and shoddy product, but it's not at the top of your list of concerns right now so you downplay it by thinking, "It's no big deal. They'll improve." Yet when a supplier's service starts to crumble, it's likely that it will continue on a slippery slope and worsen. Speaking up now and expressing your displeasure can forestall a further erosion of service.

Distorting. Recognizing a conflict for what it is sounds easy. But some managers distort reality and perceive a problem as they see fit. They might exaggerate the importance of good news and view bad news as "a blessing in disguise." While it's often wise to maintain a positive attitude, you can go overboard if you twist genuinely troubling indicators into "good omens."

A marketing manager confessed to me how she distorted the facts about a misguided and ultimately abortive new-product rollout at her company. She orchestrated an ambitious advertising and direct mail campaign. But the early response fell far below her projections. Rather than make adjustments, she admits that she "kept wanting to believe we were on the right track" so she attributed the poor response to "a post-Sept. 11 malaise." Yet her industry's sales were soaring and her competitors were launching wildly successful new products even as hers was fizzling. Her distortion made the disappointment more palatable at the time, but it kept her from grasping the true source of the problem and learning from it.

Dismissing. If you wave away evidence of a problem, you don't have to confront it. Denial can help you cope in the short term. But it spreads. Your fellow managers and employees might follow your lead and dismiss brewing crises right under their noses. Soon you can have an entire organization that shrugs off alarming trends or refuses to listen when outsiders warn or complain of irregularities.

Come On, Out with It!

For Example

Robert Rodin, chief executive of eConnections Inc., defines leadership in part as the ability to sift through the muck in order to uncover the facts that really matter. His employees know he craves the truth and will not shoot the messenger who brings it to him. "I want to know the truth about where we stand, what potential problems we face, and what we can do about them," he told me recently. "An effective leader gets people to disclose what they know—and what concerns they have—while there's still time to do something constructive."

Setting Fair Expectations

When you acknowledge an obstacle in your path and take stock of it with levelheaded clarity, you're already well on your way to conquering it. The next step is setting realistic expectations so that you assign the appropriate significance to the problem.

Here's where your attitude kicks in.

If you're gloomy or fretful by nature, you might expect a problem to intensify or explode in your face any minute now and you probably won't bother to hide your fear. Others will notice you cursing, shaking your head in dismay, or sighing repeatedly. As the minutes turn to hours, you might wince in pain, lament your lot in life, and accost colleagues with "Why me?" bellyaching.

At the other extreme, unrelenting optimists often expect too much. When faced with a barrier that impedes their progress, they may look ahead with false hope that the problem will not only go away, but will never return *and* that tackling it will make them—and everyone around them—stronger as a result. That's a tall order.

If you're more centered and practical, you'll pounce on problems with unflappable ease. You'll collect data, evaluate your options, and choose the best one. You'll leave work expecting to put the problem to bed without fanfare. You know there's nothing to gain by torturing or chastising yourself.

In setting reasonable expectations for problem solving, try comparing the current challenge with ones you've faced in the past. Recall three examples of problems you encountered. Consider how you characterized them at first, what outcomes you expected, and what happened.

Were you on target? Or did your expectations prove off base? What surprised you?

Through this exercise, you can use your experience as a guide when new problems arise. Setting fair expectations keeps you on an even keel emotionally and enables you to process new information in a receptive frame of mind.

> TRICKS OF THE TRADE
>
> ### *Flip Pages in Your Calendar*
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> To gauge your expectations, glance at your day planner or desk blotter. Flip a month or two ahead. Ask yourself, "To what extent will this problem exist one week, one month, two months from now?" Also ask, "To what extent will this problem affect me one week, one month, two months from now?" The answers should provide perspective and help you size up the situation accurately.

Setting realistic expectations largely depends on your understanding of probability. In the early stages of a problem, it helps if you can weigh a full range of outcomes—from highly likely to highly unlikely. That requires a dispassionate analysis of what variables are at play.

If you sense that a new employee has an aversion to using high-tech tools that are critical to his job, you might say to yourself, "I expect that with proper training and encouragement, he'll do fine." But his peers have lost faith in his abilities and he shows no interest in learning how these gizmos work. He also insists that he doesn't need them.

These factors should deflate your expectations, because they make it less likely he'll respond well to training and support. Rather than blithely expect that he'll do fine, you'd manage this situation more effectively if you said, "It's *highly likely* he'll continue avoiding these high-tech tools as long as he can. It's *possible* that he'll be more willing to use them as he gets more comfortable working here and gets properly trained. It's *highly unlikely* that no matter what we do, he'll never use them the way they're supposed to be used."

The Fake Problem/Real Problem Divide

The sooner you notice signs of problems developing, the sooner you can assess what exactly you're up against. The trick is distinguishing between illusory problems—that either don't really exist or evaporate quickly on their own—and actual ones that merit your attention.

What may appear to you as a seemingly intractable mess can prove a nonevent. This can happen when you impute false motives to others, feel undue embarrassment, or blow trivial inconveniences out of proportion.

The most common cause of "pretend problems" is reading too much into others' behavior. Say Peter, a peer who corrects your grammar a few times, annoys you at first, then starts really getting on your nerves. Soon you think, "Peter wants to knock me down a peg or two. I better fight back." So you subtly undermine Peter's efforts and lambaste him when you're chatting with influential higher-ups. You don't know that Peter has been tutoring his daughter on grammar so he's especially attuned to proper and improper usage. He means no harm.

Don't jump to conclusions about why others act the way they do. Pause and withhold judgment. Give them a chance to redeem themselves. Diplomatically point out what they're doing and see how they respond. If you playfully say to Peter, "You're quite the grammar maven these days, aren't you?" he'll probably tell you it's all because he's helping his daughter with her homework. Then you'll know he's not trying to make you look stupid! That solves that.

> **Projection** Grafting onto others your own anxieties or insecurities, often leading you to see these individuals in a less flattering light. For example, you may project your doubt over your ability to understand complex technical processes by presuming that technically proficient coworkers don't know what they're talking about. As a result, you disregard their advice and complain that you work among know-nothing blowhards. Projection leads you to manufacture a problem that doesn't exist.

If you're embarrassed, you might also inflame a situation to the point where you create a problem for yourself. Consider what can happen if you're delivering a presentation to your board of directors and you lose your place, show a slide upside down, or mispronounce the name of a visiting dignitary in the audience. As soon as you realize your mistake, your mind races. You think, "Now they really see me as an impostor" or "Now I've turned them against me."

In truth, however, most audiences are forgiving. Rebound from a minor blunder with aplomb and you can impress bigwigs. The only problem is in your head. Mentally berate yourself and you'll slip into a downward spiral.

Another type of fake problem occurs if you transform a minor inconvenience into a major crisis. Short-tempered or impatient managers who curse when put on hold not only induce needless stress, but they risk carrying their anger into the conversation. That in turn can trigger an entirely preventable conflict. A pseudo-problem can thus mutate into a real one if you lose your cool.

Three Clues That Trouble's Brewing

Problems rarely pop up overnight. A gradual accumulation of signs usually precedes the full-blown outbreak of a crisis. Those indicators can range from almost imperceptible changes in how others behave to more obvious red flags, such as lost sales or high employee turnover. The clues of impending problems can vary, but they normally fall into three categories:

- Changes in communication
- Pattern disruption
- New rules

Changes in Communication

Spend enough time around your peers, bosses, and employees and you'll grow accustomed to the way they speak and listen. You may fall into comfortable habits of finishing each other's sentences, reading nonverbal cues, and using certain acronyms as shorthand.

If you notice the tone or rhythm of your conversations starts to change for the worse, that can signify a problem lurking under the surface. Examples:

- An employee who used to express admiration for upper management at your firm now seems strangely reticent and hesitant to compliment anyone.
- A boss who used to look you in the eyes when giving updates on the company's financial health now fidgets and looks away when you ask, "How are our numbers doing?"
- A customer who used to exchange pleasantries with you before getting down to business now exhibits an uncharacteristically curt demeanor and rushes to get off the phone.

Such changes in communication style do not in themselves spell trouble ahead. But when you detect a loss of camaraderie or openness from someone who previously radiated warmth and good cheer, it's quite possibly an indication that something's amiss. It may have nothing to do with you and may in no way affect your job. Nevertheless, by making a mental note of when and where a person starts communicating differently, you can gain information that might expose fault lines worth examining.

Pattern Disruption

You may bemoan the predictable routines of your daily work life, but the status quo brings with it a certain steadiness and familiarity. The boring office rituals—like spending a few minutes on Monday morning with colleagues listening to them dissect the performance of their favorite professional sports teams—offer reassurance that everything's chugging along just fine.

> **Keep a Log**
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> When you first notice a distinct change in a coworker's communication style, write the day, time, and a sentence or two about the circumstances in a private journal. Keep recording your observations as further incidents arise. You may find that a typically social, high-energy, jocular employee speaks in a more reserved, withdrawn tone in the hour after the weekly management meeting—a possible sign that something's happening in those meetings to demoralize this person.

When patterns get disrupted, it may mean trouble. Maybe a normally responsive supplier starts returning your calls a few days later rather than a few hours later or a once-reliable contract worker turns in assignments after the deadline.

A manager in one of my seminars described how he used to devote the first hour of the day (7:00 to 8:00 a.m.) to "heavy concentration work." That worked well for a while until he started getting interrupted by jittery employees coming in early to discuss job-security issues.

"That's when I sensed we might have a morale problem," he said. "Sure enough, after a few months of having my mornings shot to hell, I found out our company was going to be acquired and that would lead to layoffs."

New Rules

When restrictive rules get imposed unilaterally in your organization, it could mean something's wrong and needs fixing. And there's no guarantee a new rule will solve it.

Whether your CEO announces new quality-control compliance measures or a regulatory agency requires your company to adopt more rigid financial reporting, look beyond the immediate action to the underlying situation. What do the new rules attempt to address? What problem could result otherwise? And will the rules really prevent this problem?

The need for new rules may underscore a more serious failing in your organization. Read between the lines to determine what's at stake.

When the Ethical Line Blurs

The most respected managers skip the ambiguities and rationalizations when it comes to principled behavior. They set a high bar for their ethics—and this commitment positively influences those around them. They know that ethical compromises lead to more compromises, so they operate well within the boundaries of what's right.

If you start seeing signs of unethical or ethically questionable behavior among your bosses and colleagues, it almost guarantees real problems ahead. Watch for the following omens.

Jumbled priorities. When the interests of your employees, customers, and the general public take a back seat to the narrow interests of individuals within your company, that's a combustible mix. Example: other managers start bragging to you about how they pad their expense reports—and encourage you to do the same.

Misguided incentives. Executives who reward dubious behavior will soon find themselves managing in an ethical sinkhole. Dangling bonuses or other perks for employees who cut corners to meet production goals may produce short-term gains at a steep long-term cost. Example: sales managers at some life insurance companies pressure their agents to convert customers from one cash-value policy to another. When this practice began to spread in the early 1990s, only a handful of managers spoke out. Within a few years, however, some of the nation's largest insurers were admitting massive fraud and negotiating huge settlements with state regulators.

Abuse of power. If the head of your division takes kickbacks from vendors, you may shrug and figure that's "just the way it is." And in many industries, there's a high tolerance for what managers rationalize as "customary" payments. But what

Test 1: Ethical Quiz

Setting a high ethical standard in the office seems simple, but gray areas abound. Answer these questions to identify potential trouble spots:

Yes	No	Have I discovered my peers or bosses doing something that's ethically questionable?
Yes	No	Over the last year, have my peers or bosses instructed me not to tell anyone about something that they did?
Yes	No	Am I doing anything to others that I wouldn't want them to do to me?
Yes	No	If my beloved grandparents could watch me at work for a week, would they object to any ethical lapses of mine? Would they object to the ethical behavior of others?
Yes	No	If a reporter followed me around with a video camera all week, would I be ashamed of anything in the footage? Would others be ashamed?
Yes	No	Do I have a queasy feeling that there's something ethically questionable going on behind my back?
Yes	No	If I led youngsters on a tour of my workplace, would they see anything that I wouldn't be proud for them to see?

seems harmless and justifiable today can blossom into a front-page news story tomorrow.

It's easier to rid yourself of ethical dilemmas by anticipating the kind of issues you and your colleagues will face—and taking a proactive approach to address them. If your organization has a comprehensive, written code of conduct, an ethics officer (or ombudsman), or a formal ethics training program in place, you're ahead of the game. But most companies, especially small and mid-size businesses, do not codify their ethical practices formally.

If your organization lacks ethical training or published guidelines, think of potential conflicts of interest and initiate dialogues with your colleagues on how to deal with them. Consider these four hot spots.

Protecting proprietary information. No one associated with your organization (including suppliers, customers, and consultants) should disclose proprietary information without proper authorization. All such materials and documents should be protected and secure.

Gifts, meals, entertainment. Employees should not accept freebies of any kind if it adversely affects their decision-making or taints their ability to be objective.

Company assets. Employees should safeguard their employer's assets—funds, property, information, databases, customer lists, records, etc. As a rule, employees should not profit from these assets for personal benefit unless such assets have been approved for general, public use.

Outside activities. As flexible work arrangements gain popularity, many full-time employees moonlight in other businesses. This can raise a problem if any of them spend less time and pay less attention to their primary jobs. You may want to require employees to get your written consent to engage in outside jobs or activities that pose a possible conflict of interest or divert resources from their full-time employment.

> TRICKS OF THE TRADE
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> ***Listen for Warning Bells***
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> Trouble's on the horizon if you hear anyone at work use such phrases as these:
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> - "Oh, no one will ever know…."
> - "Stop! I don't want to know any more. Just get it done."
> - "It's fine. Everyone does it."
> - "It's easy to hide."
> - "No one's getting hurt, right?"
> - "We didn't have this conversation."

Manager's Checklist for Chapter 1

❏ Be alert for the early signs of trouble so that you can take appropriate action to nip a budding problem.

❏ Analyze problems on their own terms. Avoid downplaying, distorting, or dismissing warning signs.

❏ Set realistic expectations for solving problems. Maintain a fair, balanced perspective so you avoid extreme optimism or pessimism.

- ❑ When evaluating a problem in its infancy, assess the odds of various outcomes. Predict what's highly likely, possible, and unlikely to occur.
- ❑ Ask yourself to what extent a brewing problem merits your attention or whether it'll go away without any action.
- ❑ Note three types of indications of trouble: abrupt changes in the way people communicate, sudden disruption of predictable patterns, and the hasty imposition of new, restrictive rules.
- ❑ Resist ethical lapses and insist on the same principled behavior from others. This lowers the odds that ethically questionable actions will lead to serious problems.