

Special Report:

How to Manage Fear, Embrace Change & Lead Employees in an Uncertain Economy

Strategies, ideas and examples for ensuring organizational stability through employee engagement in the midst of uncertain economic conditions.

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Executive Summary

The current U.S. economic crisis has struck fear and uncertainty into minds of executives, managers, supervisors and employees across a wide spectrum of industries. Organizational leaders find themselves unsure how to balance cost cutting measures, potential layoffs, facility closings and other major organizational changes against maintaining employee engagement and increased productivity.

Stress and fear of “the unknown” are major by-products of the economic downturn creating distractions to employee productivity that leaders must understand and learn quickly to manage.

How well organizations survive uncertain economic times has much to do with how their leaders react – from a people perspective – to the ups and downs of the economic environment. Survival depends on maximizing competitive advantage which can only be accomplished through the organization’s human assets.

The leader who quickly learns to manage fear, embrace change and effectively lead employees in uncertain conditions will position themselves and their organization for long-term economic survival.

This special report offers leaders insights for understanding and managing the fear response, strategies for maximizing periods of organizational and personal change as well as specific ideas for improving employee engagement and retention in an economic downturn.

Manage Fear, Embrace Change and Lead Effectively in an Uncertain Economy

Phillip Van Hooser

During the Great Depression, Franklin D. Roosevelt made the statement that's so famous today. He said, '**the only thing we have to fear is fear itself.**'

Some media representatives are saying that times today are just about as bad if not worse than the Great Depression.

Because of the work that I do with organizations, I've spent a lot of time considering the things that serve as obstacles for those organizations. Fear has been identified as one of the primary objectives or obstacles that needs to be overcome.

There are four truths about fear. These points have been proven to be true generation after generation and as a result, we need to understand them clearly, but also understand what they do to us if we don't manage them.

The first point is probably the most obvious and yet it needs very carefully to be understood and not overlooked.

1. We all have fears.

It's interesting; I interact with leaders and managers of all kinds of organizations and some will be very frank and candid about the fears, the anxieties, the troubles, the concerns and the uncertainty that they face.

Then there are others that try to pretend that nothing at all scares them. If only that were true for all of us, but most of us must admit that we have a number of fears.

You may find it interesting; people who study child development tell us that every healthy human baby is born with two fears and only two fears.

- The fear of falling
- The fear of loud noises

These child development experts will also add that these two fears will stay with that child throughout his or her life. So if that child lives to be 70, 80, 90, even 100 years old, they will still be experiencing the fear of falling and the fear of loud noises.

Here's the even more interesting point. Even though we're born with two fears, every other fear that we experience in our lives is developed during our lifetime either with our permission or without that permission and therefore needs to be managed accordingly.

You hear people talk about the fear of high places, speaking in public or the fear of spiders or snakes. What we really ought to be talking about is the fear of job loss, downsizing and lost market share, because those fears are also self-developed along with these others that are probably more pronounced and more often discussed.

With every fear that we allow to creep into our psyche, we can also manage, control and overcome that fear if we focus our efforts and attention accordingly.

It's interesting; people ask -- how do such fears present themselves in the first place? That's kind of a no-brainer, because we're bombarded almost on every turn with all kinds of depressing news and fear producing concepts and ideas whether we're watching the television, listening to conversation or reading the paper.

In the money section of the USA Today newspaper from November 12, 2008, a headline read "Foreclosure Aid Takes Shape." On the surface that would sound like an encouraging word and hopefully it will prove to be encouraging.

However, in the article itself we hear things like "the government is working on a plan to help as many as three million homeowners avert foreclosure."

Another statement in that article reads “foreclosure filings rose 71% in the third quarter from the year earlier.” It goes on to say that home prices continue to fall in many areas and stricter mortgage standards make it harder for homeowners to sell or refinance.

Statements like that alone can strike fear into the heart of individuals. Another article says “The Auto Industry Health Is on the Agenda.” It’s talking about General Motors, Ford, Chrysler and some of the difficulties that American automakers are going through right now.

The article title gives indication of encouragement, but as you get deeper into the article it says the automakers that have been struggling all year went into a tailspin in September and October as the new car market collapsed in credit locked down and falling consumer confidence.

Sales in October were the lowest since 1982. Then two paragraphs later it says Tuesday’s sales of both -- General Motors and Ford -- fell to record lows. General Motors closed at \$2.92 a share, down 13% -- a 65 year low.

My point in this whole matter is that exposure to such information can allow fear, almost like some cancer to attach itself to our psyche then begin to grow and eat away at what confidence and what positive nature, what courage that we may have to attack the problems before us.

The first thing we’ve got to do is recognize that fear is real. Fear is something to be attended to. Fear is something to be battled and overcome and that’s the first truth about fear -- we all have them.

There’s a second truth that I think is also very important to note, but it’s not one of those things that gets talked about as often as it should.

2. Unfamiliar experiences are breeding grounds for new fears.

So not only do we have fear, but if we experience something or we struggle with something unfamiliar, that experience is a breeding ground for new fears.

As an example, I was having a conversation with a young woman recently. She made the point that she was from New York City. She was born and raised in Midtown and then later lived in downtown Manhattan.

She lived there during her formative years and into her young married life, but because of some changes she's experienced in her life she relocated to the central part of Ohio.

I asked her, "So how's the move been?" She said, "it scares me to death." I thought that was interesting. I said, "What do you mean it scares you to death?" She said, "There's so much open dark space at night."

I said, "What are you talking about?" She said, "My yard is so dark when the sun goes down and it's so open, I just can't bring myself to go outside."

There are many people that would argue that a front yard in central Ohio even in the darkest of nights is much safer than downtown Manhattan or Times Square, but it's based on her experience and because her experience was one thing, she learned to adapt and adjust to that experience.

By the time that she experienced something new and unfamiliar, it alone produced fear even though there was no foundation for that fear at all.

There are a lot of folks that are going through unfamiliar experiences right now.

With the stock market, financial institution failures, with the uncertainty in the political arena and the business and financial arenas, many are experiencing things they've never experienced before and quite frankly hope they never experience again.

Because these are unfamiliar experiences, that alone is causing us to be fearful, even though we don't know what we fear at this point.

The third truth about fear:

3. Unsuccessful experiences tend to compound our fears.

That makes sense. You know that if we try something and fail at it or it doesn't turn out the way that we'd hoped, then we immediately start to struggle with some issues when we have to do it again.

We don't have to have other people; we don't have to have the news media tell us these things. We start to tell ourselves "I'm bound to fail again, because we tried that one other time and it didn't work. Why would I even be so bold as to imagine, so optimistic as to think that it might be successful if we try it one more time?"

I like to share with sales groups this fact. Studies show that for someone to develop a new sales relationship, to make that first sale with a prospective client or customer, it oftentimes takes, on average, seven contacts before the first sale can be made.

A contact can be a telephone contact, a face-to-face contact, a sales presentation or any number of different things. But it takes a minimum of seven contacts on average to be able to make that first sale. That's interesting enough, but the more depressing statistic is most sales people stop contacting prospective clients after the third unsuccessful contact.

In other words, they just throw up their hands and quit. "Well, I've failed three times, there's no sense in trying that again. I'm just getting my brains beat out; I'm not going to keep trying."

Therefore, they walk away from, statistically speaking at least, wonderful opportunities to grow, advance and be successful in future sales because they're simply not willing to put in that added effort to go and do it again and again.

One thing about unsuccessful experiences -- if you're paying attention, you can't help but learn what not to do in the future. Therefore, we shouldn't be fearful of unsuccessful

experiences; we should just realize that through every unsuccessful experience, if we learn something from it, we are drawn closer to the next successful one.

We all have fears as stated in the first truth. Unfamiliar experiences are a breeding ground for new fears; I think that makes sense to most people. Unsuccessful experiences compound our fears; that's certainly true. We should not retreat into inactivity because of that, but it's true nevertheless. This brings us to the fourth truth.

Here's the fourth and in some ways, the most important truth about fear. Very simply:

4. To grow professionally or personally, one must confront his or her fears.

We can't let fears lay latent and pretend that they don't exist. We have to face them like we face other problems in our life; head on. When we know that there's a problem, we have to create a solution. We have to design an approach that will solve the problem that we're facing.

It has been my experience over time as I've studied, explored and practiced these techniques that you have to attack those fears head on.

Here are three quick things that I have found to be helpful to combat fears.

- **First and foremost, be honest with yourself about what frightens you.**

Don't play games; don't try to put on that positive face all the time. I'm not saying you should walk around depressed, wringing your hands saying oh woe is me -- that's not my approach to dealing with fear, but be honest with yourself -- what is it that you fear?

I have a personal philosophy that goes along with that. I've discovered that if something scares me professionally, if I am fearful of something professionally, that usually means I need to do that thing.

I've discovered that the things that cause me to be fearful are the things with which I have the least amount of experience, knowledge and know how.

If that is all that is lacking -- knowledge, experience and know how -- I can go out and get that. That's what I encourage people to do.

Secondly:

- **We need to be courageous and we need to have courage as we take positive steps to lessen those fears.**

When I talk about courage, I oftentimes think of 'The Wizard of Oz' and I think of the lion that was looking for courage. He went on this journey and he was fearful of almost everything.

When he discovered the great Oz, the great wizard told him that he already had courage. Courage is within us. All we have to do is dig a little deeper, look at ourselves a different way and we have to stand a moment longer when in fact many of us like to turn and run.

In these uncertain times a lot of individuals and organizations are finding that it's easier to turn and run, when in fact we need to fight harder and longer and with more courage.

Thirdly, besides being honest and courageous,

- **We need to be bold.**

We need to step out and try some new things. We need to do some things we've never done before.

As depressing as those two articles I referenced from USA Today were, there is one more article on the same page in that particular section of the paper that I want to point out.

The title of the article says “Restaurants Dream Up Way-Out Promotions.” They reference that fast food is the only growing segment of the restaurant business and it is growing exceptionally slow compared to last year.

However, family style, steakhouses and casual dining restaurants sales are falling markedly at this particular time.

All the while, people are choosing to stay at home and spend their discretionary income on other items or other more necessary issues than eating out.

So what do you do? It’s not just the restaurant business; many organizations are struggling right now.

The steak chain known as Ruth’s Chris Steakhouse, one of the premier steakhouses in the country, is mailing out gift certificates in many markets worth \$25.

In other words, they’re giving you \$25 to come have a steak at Ruth’s Chris Steakhouse, but not only do they give you a \$25 gift certificate, they say tough times call for tender steak. They’re addressing it full force, with the idea “we’re in difficult times, so let’s not quit the things we enjoy doing. Let’s just understand that we’re willing to help you go through the experience.”

There is an ice cream chain known as Cold Stone Creamery. Cold Stone Creamery has watched their market share dip and their profits fall accordingly. But recently in some markets, they have co-branded and created a partnership with Rocky Mountain Chocolate Factory. As a result those areas have given over 40% of their space to chocolate and they’ve driven up their sales in this markedly.

What does all this mean?

It means that during difficult times employing the same strategies that we’ve always employed, not only may be unsuccessful, but it can also be foolish.

If it hasn't worked before, why would it work now? Why don't we take bolder steps and be more creative and imaginative? Why don't we create partnerships and alliances in businesses and organizations that may be going through the same pinch that we are but who have the same determination to succeed?

See again, all of these techniques and all of these ideas are directed toward addressing fear where we're at risk, in our hearts and in our minds. Fear is not tangible. It's an intangible concept that we need to replace with other intangible but more positive concepts.

To be more specific, in addition to these four truths about fear that I have offered, let me give you a sequential order of actual fears -- the **four universal fears** that business people tend to experience first hand.

Here are the four fears in rank order. Check as to where you exist on this list of four, which ones you struggle with, do they have a grip on you or have you wrestled them into compliance from a psyche standpoint?

❖ **The fourth greatest fear that business people have to deal with is the fear of failure.**

Most people imagine that the fear of failure would be on the list, but few expect it to be so far down the list.

The fear of failure can be so paralyzing that we end up doing nothing. Frankly, that's what I expect relative to some businesses during these uncertain, difficult and unpredictable times -- I fear that they will do nothing.

By association, doing nothing during times that are already challenging can actually produce the failure that we're hoping to avoid. In other words, if you are doing nothing, you have already started the process of failure.

Certainly that's not what we want individually, collectively or corporately. So what's the third greatest fear?

❖ **The third greatest fear is success.**

That may sound strange, but there are many people who fear success more than failure.

It can also be applied to many different circumstances and situations. Someone will resist doing something, but rather from fear of succeeding at it.

You'll hear them say things like "who can know what would happen next? Who knows what people will say? How do we know what will be required of us after the fact? Who knows what they will expect of me personally if I succeed in this area?"

Here's the deal; we fear succeeding because no one has told us exactly what the new world of success will look like for us.

We are really comfortable in the present. We've got to come to grips with and get excited about the future and the opportunities that are there.

That brings us to the second greatest fear

❖ **The fear of the unknown.**

Maybe a better word would be the fear of uncertainty, of not knowing what will happen next. We immediately go back to the earlier truth about fear -- unfamiliar experiences are breeding grounds for fear.

If we're unfamiliar, if we're uncertain, if there are unknowns, we immediately find ourselves in the grip of fear and we cannot always explain why that scares us.

I want to add that I don't believe that people fear change. I believe they fear the unknowns associated with change.

If the second greatest fear is the fear of the unknown, then the single most important thing that leaders can do during difficult and uncertain times is to make other people's unknowns known.

Don't cop out and say, "but I don't even know what's going on." You may not know all that is going on, but you know more that's going on than possibly people lower in the organization.

Therefore, your responsibility is to make their unknowns known. In so doing, you send the message that we're on top of this. We may not have every answer just yet, but we're doing what we need to do to manage this problem, to manage this situation, to get through these uncertain times so we can feel more confident and more certain and more deliberate in what we're doing and why we're doing it.

The way you do that is constant communication.

The single greatest fear that people have to wrestle with in their professional lives is

❖ **The fear of rejection – separation and isolation – being alone.**

Human beings are communal beings. We like to live together. We like to work together. We like to travel together. We like to eat together, worship together and sleep together; but we also like to grow, advance and be together during difficult times.

No one wants to be rejected and therefore you as a business leader have to make sure that the distance between you and your customers, you and your prospects, you and your stakeholders, you and your employees is less during this period, not greater.

You cannot allow distance to grow between these entities. The more distance between them, the more isolated they feel.

Therefore, they assume they've been rejected, that you're paying more attention to other things, be it market conditions if you will, than you are to the people who are important,

who are going to make a difference in your professional life -- your employees, your partners, your suppliers and certainly your customers.

If we recognize these four fears that people experience and grapple with constantly, then we as leaders are in a position, a unique position to be able to create a strategy that will help them overcome those fears.

Here is my strategy. If we're going to talk about fear, then we've got to talk about what induces that fear. In this period in time, as we lead through uncertain, unstable and unknown economic conditions, we need to realize that there are some truths that also impact change.

The first truth relative to change is very simply this:

❖ **By the time the need for change is obvious to all, it is too late.**

Too often by the time the need for change is obvious to everyone, the opportunity has been missed; the circumstance has been turned to one that is irrevocable or irretrievable.

We've got to act now and we've got to act in a positive way. Things are changing now. I think that any industry or any organization and every individual can look in their life, their work and their career and they can see that change is among them.

Don't turn a blind eye to that and therefore fall victim to it. Simply say to yourself, things are changing and therefore I must change too.

I not only must change, I will change. I will do what is necessary to prepare myself, educate myself, expose myself and place myself in situations where I can learn from the changes that are going on right now.

❖ **The second truth relative to change -- ultimately most change occurs as a result of force, not choice.**

As much as we may claim to be change agents, the reality is that most of us are forced into those changes based on market conditions or changes in the relationships that you have at work or at home or any number of things.

We change reluctantly, we change almost kicking and screaming as we're dragged into some sort of change.

It is better for us to recognize the inevitability and change voluntarily. I'm not saying throw off all that is familiar and comfortable to you and throw yourself into a world of total uncertainty and change.

I am saying that we need to find parts of our lives that we realize we need to be better at, we realize we need to explore more, we realize we need to be more available to and start there with the change, before it is ultimately forced upon us.

How about going to your boss and saying I realize these are some difficult times that we're in the midst of. What would you have me do that I haven't been involved in? What can I do to help? Where do you need me to serve?

If you go to your bosses and ask such questions, then you as a leader are in a better position to go and ask other people and possibly even use yourself as an example. Here are some things that I have to change right now. Will you change with me?

❖ The third truth relative to change is that change is the most challenging for those who are most comfortable.

Change is the most challenging for those of us who have become very comfortable. Don't let yourself get sucked into this comfort zone abyss. So many times we say things like, I've been doing it this way for the last 13 years and it has worked fine so far so I don't intend to change anything.

Those could be famous last words in times such as these. It's a good thing to be comfortable. Everybody likes to be comfortable, but comfort can also lull us into a false sense of security assuming that nothing will every change.

Well, things are changing around us and therefore we have to make ourselves a bit uncomfortable. If we initiate the discomfort as opposed to waiting for the market or for our customers or for the government to make us uncomfortable then quite frankly we are not at their mercy -- instead, we are leading the change that we hope to see.

Don't allow yourself to become too comfortable during these very difficult times.

- ❖ **The fourth truth relative to change is that initial changes are always the most difficult.**

Getting started in the process of changing, especially something that you've been comfortable with for an extended period of time is going to be difficult initially.

As you do it the first time and then the second time and then the third and then the fourth and so on, the difficulty lessens remarkably.

I've found in my own experience that often times the things that I dread the most, once I take the first step, the rest of the steps that follow are not that painful.

The first one may be, because I have to overcome my own mental obstacles to get there. But if I'm willing to step out, if I'm willing to exert myself, if I'm willing to be courageous, bold and honest with myself, then frankly the journey becomes easier, because I have made a mental decision to succeed and not be a victim of the fears that have anchored in me. Yes, the first step, the first changes are going to be a little bit difficult, but things get easier.

- ❖ **The last truth relative to change is that when change does occur, there will always be new problems – but also – there will be new opportunities created.**

Yes, there are some problems we're facing right now. Some are wondering about long term security and retirement accounts. Some are worrying about what business is going

to look like and about being downsized or right sized or out sized. Some are wondering about new responsibilities as the new reality of business takes hold.

As leaders we are the only ones that have an opportunity to positively impact the long term effect. As a result we also become the benefactor of the lessons that are learned through this experience.

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Additional Resources

Reference Websites

[Transformational Leadership & Service Blog](#)

[Transformational Leadership & Service Newsletter & Podcast](#)

[Williesway.com](#)

Books & Articles

["Willie's Way: 6 Secrets for Wooing, Wowing & Winning Customers & Their Loyalty,"](#)

Wiley, 2005

["The Leadership Journey: Practical Skills for Leadership Development,"](#) *Ulberg Group, LLC, 2001*

Biography

Phillip Van Hooser

Since 1988, Phillip Van Hooser has spoken, written and consulted on leadership development and customer service excellence worldwide. His best-selling book, "[Willie's Way: 6 Secrets for Wooing, Wowing and Winning Customers and Their Loyalty](#)," and his management training system, "[The Leadership Journey](#)," have been used by corporations across the U.S. and beyond to lower turnover rates, raise productivity, improve management/employee relations and manage change effectively.

His experience in FORTUNE 500 heavy manufacturing and consumer products companies plus his work with over 700 clients have afforded him a diverse array of leadership and customer service case studies from which to learn. Van Hooser wraps this multi-layer experience into customized keynote presentations, training courses and personalized coaching sessions for his clients which include P&G Pharmaceuticals, BlueCross BlueShield, Lockheed Martin, KPMG, Verizon and Wells Fargo.

A long time member of the National Speakers Association, Phil has earned the Certified Speaking Professional designation. He currently serves as President-elect of NSA and is a member of the *Speaker Hall of Fame*. Phil resides in Princeton, Kentucky.

