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Rare Currency

Decision making under risk and uncertainty is considered a rare currency not all top leaders have.
In nowadays economies, where change is the only constant, leaders facing unprecedent challenges need not only to calm down and look at the big picture but also be able to have the skill of taking proper - right - decision in the most complicated situations.

DECISION MAKING

During Turbulent Economies and Difficult Times

"Life is not about waiting for the storm to pass, it's about learning how to dance in the rain" Vivian Greene

Don't Panic, Just Get Ready

Leaders know that taking good, fast decision is challenging under the best circumstances. However, the trickiest decisions are those that are unfamiliar and of high risk (e.g. Covid-19 pandemic which arrived at an overwhelming speed and huge scale).
Even before Covid-19 pandemic is considered completely contaminated and under full control, leaders started facing new and overwhelming local and global disruptive challenges; oil price surging, Russian-Ukraine conflict, supply-chain disruption, and inflation. When it comes to inflation which is considered of high impact on most - if not all - global economies, governments started taking corrective actions (interest rate increase). Such corrective actions are most of the time painful for economies and sometimes lead to a recession.

Inflation and Recession

Inflation occurs when spending on goods and services outstrips production. Prices can rise because of supply constraints that increase the cost of producing goods and offering services, or because consumers, enjoying the benefits of a booming economy, spend their excess cash faster than producers can increase production. Inflation is often the result of some combination of these two scenarios.
Recession - defined as two consecutive quarters of negative economic growth - can be caused by economic shocks (such as spike in oil prices), financial panics (like the one that preceded the Great Recession), rapid changes in economic expectations (this is what caused the dot-com bubble to burst), or some combination of the three. (Most companies suffer during a recession, mainly because demand falls and uncertainty about the future increases).

What to do?

For leaders to make bold decisions quickly in this uncertain time, these five principles can be followed:

1-Listen More and Verify:

How do you tend to make decisions? Do you rely on your guts and intuition or analysis and data? Leaders have to find their own particular recipe, and in many cases, there is something to be said for listening to the inner voice.

2-Involve More People:

During uncertain times, leaders often feel an urge to limit authority to those on the top meeting behind closed doors. Well, it is better to reject this model that they might be more comfortable with in normal times and instead involve many more stakeholders and encourage different views and debate. Frontliners, as well, should be included and be on the top of the list. Ask for their support and expertise as you decide on the best plan of action.

3-Establish a NERVE Center:

In stressful times, leaders will have to make more big-bet decisions than before and will be worried about their people, these are the strategical decisions. However, tactical decisions come with clear objective, low degree of uncertainty, and relatively clear costs and benefit. Tactical decisions are important - sometimes crucial. Yet, they are better left to those on the edges of an organization who can act effectively without raising issues to higher levels. One way to ensure that the right people will be the ones making tactical decisions is to set up a nerve center. This is a network of cross-functional teams with clear mandates connected by an integration team that sees that decision making occurs thoughtfully and quickly. Each team focuses on a single area or scope; often, the teams are for workforce protection, supply chain, customer engagement, and financial stress testing. There is a central team that keeps everyone coordinated and ensures collaboration and transparency. In a crisis, leaders should set up the nerve center quickly and with the knowledge that it won't be perfect.

4-Make a Plan:

After forming a good team with representatives from the different concerned departments, begin to prepare a plan.Gather key leaders and as much information as you can, recognizing that it will inevitably change, and make a plan for the immediate future.

5-Stay Engaged with Employees:

When the economy is down and your business is also down, you are not the only one who is going to be under stress and pressure. It is crucial to recognize the tremendous amount of stress your employees are under. For this you have to be adaptable and compassionate as you try to stay connected with your team. Try to understand what challenges they are dealing with in their personal and professional lives aiming to create a culture that is open, honest and supportive.

Leaders with the right temperament and character are necessary during time of uncertainty. They stay curious and flexible but can still make the tough calls. In wartime, you want a Winston Churchill (his unique strategic insight, relentless passion, and imperturbable personality), not a Neville Chamberlain (his appeasement approach)

Go Big or Go Home

Unprecedented crises demand unprecedented actions. Lessons from past crises suggest that leaders are more likely to underact. Many would switch to survival mode, making deep .cut and reacting defensively

What should we do at Midas?

Midas, despite continuous optimistic look for the future, had always been preparing for a worst-case scenario. Being proactive is not just a slogan we raise or preach about all the time but is a part of our day-to-day thinking and strategic planning. Our leaders are real risk managers who take all the different challenges into consideration, assess them, and set a plan for dealing with each and every scenario. Finally, our main capital asset in dealing with good booming times as well as with any recession or downturn is a simple - yet hard to prepare - recipe. It is our teams - the Midas Family! we have invested and taken great care of them, and they will as always take care of us.

When you see a problem coming down the road, holler, 'Hello, Problem! Where have you been? I've been training for you all my life **Norman Vincent Peale**