

A close-up photograph of a person's hands tying their running shoes. The shoes are bright blue and orange. The person is wearing black athletic pants. The background is a blurred outdoor setting with warm, golden light, suggesting a sunrise or sunset. The person's legs and feet are visible, and they are standing on a dark, textured surface like asphalt or a trail.

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The Business Athlete
Surviving and Thriving

David Van Dessel and James Conboy-Fischer consider the three strengths of business leaders that can help or hinder a company's survival.

Financial crises can hit at any time, so quick reaction is vital. In 1990, the Irish government introduced emergency business rescue legislation called 'examinership' in response to a specific financial crisis in a large beef processing company. This rapid government reaction was successful in saving that company and many others since, but it has failed to save the vast majority of Irish companies encountering insolvency issues.

In 2015, corporate insolvencies totalled 1,049. The positive news is that this represents a 10% decrease on 2014. The more disappointing news is that, of these cases, just 19 examiners were appointed. This level of examinership take-up is consistent with prior years. In Ireland, 98% of roughly 1,000 companies undergoing a formal insolvency process each year enter liquidation (72%) or receivership (26%). One wonders why there has been such a low take-up of examinership, particularly when one considers that the outcome of a failed examinership is either liquidation or receivership, which is the current starting point for 98% of Irish corporate failures. By contrast, statistics show that one in three business failures in the US are a restructure while our UK neighbours are at one in six. This is in sharp contrast to our dismal one in 50.

Why are we so reluctant to use the Examinership option? Possible reasons range from the overall cost and difficulties in raising necessary investment funds, to difficulties faced in an examinership with significant secured debts. Alongside these issues, there is the 'human factor' and the pivotal importance of the type of leader at the helm when a financial crisis unfolds.

Nowadays, business leaders are often developed using sports excellence models, leading to the concept of the 'Business Athlete'. These leaders try to achieve the ideal performance state just like athletes, to deliver excellent business performance. Some thinkers in this area advise leaders to seek to get into a state of 'flow' where top-rate performance is almost unconscious. To achieve this state, leaders need not only to master their business, but also themselves, paying attention to their physical, emotional, mental and spiritual capability, to become business athletes. At the same time, they guard against falling into common traps and pitfalls which can be strengths, but if overused can become weaknesses.

To investigate this concept further the authors, David Van Dessel, an experienced senior insolvency professional and James Conboy-Fischer - a well-known business psychologist and author, together analysed an internationally recognised library of competencies of successful executives, which was developed at the world-renowned Centre for Creative Leadership. The objective was to identify executive competencies that enhance a company's chance of survival in financial crisis and pinpoint executive competencies that might hinder a company director's endeavours to save their business amid financial crisis. We identified three key competencies, which normally would be strengths in an SME but in a crisis, could be serious weaknesses.



► 1. Dealing with ambiguity

This is regarded as a positive trait in business leaders, whereby the leader is comfortable with the uncertainty inherent in running a business. They are used to juggling cash flows - the delicate balance between debtors and creditors – and they deal with this ambiguity day in, day out. They know that the future of their business depends on their leadership and they take that pressure on willingly. Over time, the ambiguity becomes normal.

Leaders can become overly comfortable in dealing with ambiguity, however. When a financial crisis develops, they may fail to see the early warning signs. They may persist too long in seeing the issues as 'normal' and may react too late, failing to seek outside professional advice in sufficient time to save the company. This is the 'dead man walking' syndrome as, by the time help is sought, it is too late to use examinership to avoid going into liquidation.

Many fine business leaders have exhausted every single penny of their own personal financial resources and sacrificed their own salaries to continue paying staff until there is literally nothing left. Only then do they seek outside assistance. In short, timely action regarding examinership could save some very worthwhile businesses.



► 2. Standing alone

When running a business, leaders must be able to stand alone, think independently and make tough calls. The better they are at standing alone, while keeping the team with them, the more likely they are to lead the business into a bright future.

This ability can be a hindrance in times of trouble, however, as business leaders tend to be more than able to stand alone in difficult times. It is something they are accustomed to. When financial troubles arise, they are slow to seek advice. This reduces their chance of survival when help is finally sought and often, it's a case of too little too late.

There are myriad possible reasons for this - so-called blind spots, fear of failure or appearing weak, seeing any capitulation as a betrayal of those around them, or sheer paralysis from incessant and unrelenting pressure when it's no longer possible to see the wood for the trees.

► 3. Perseverance

The running of a business requires great perseverance. Leaders cannot give up, no matter how tough it gets. Perseverance is also related to stubbornness, however. This can ultimately become a dangerous strategy when a company's future is on a financial knife-edge.

Persevering with the same business lines and services, and simply driving sales to overcome cash shortages may not be a good long-term strategy. Businesses need to evolve over time, otherwise they will become extinct. Perseverance, at its extremes, is an enemy of evolution and needs to be managed. Business leaders therefore need creative destruction, recognition of emerging technologies and trends, and assessment of how to use current "cash cows" to carry them to the new ways of doing business.



► Competency factors

Read any business book today and you will see chapters on how to adapt and survive in the face of unrelenting change. In financial services, for example, 'disintermediation of the customer' is revolutionising the sector while in the news, music and publishing sectors, traditional newspapers, CDs and books are rapidly being replaced by social media, Facebook, Amazon, Google, Twitter and others. All businesses are being affected by these storms of change to some degree. There are three ways to look at these competencies: as a weakness; as a strength or skill; and as an overused skill. It is important to flag the danger of overuse when common sense dictates a different approach. In other words, "When the only tool you have is a hammer, everything can start to look like a nail". The answer is to seek balance and try many things, while keeping what works. So, how would this look? Well, there are six competency factors altogether: strategic skills; operating skills; courage; energy and drive; organisational positioning skills; and personal and interpersonal skills. The three competencies we referred to earlier are part of the following factors:

- Dealing with ambiguity is part of the strategic skills factor. It sits within a cluster relating to creating the new and different along with creativity, innovation management, perspective and strategic agility;
- Standing alone falls under the courage factor. It sits within a cluster that looks at dealing with trouble. It also includes command skills, conflict management, confronting direct reports and managerial courage; and
- Perseverance is part of the energy and drive factor, which is concerned with focusing on the bottom line. It sits within a cluster alongside action orientation and drive for results.

With support and coaching, leaders can learn to deploy additional competencies either alongside, or indeed instead of, the three that may normally be strengths, but can become weaknesses if overused. This can help avoid the pitfall of doing the same thing repeatedly while hoping for a different result. This approach would ultimately result in examinership being used more frequently. If examinership fails, the SME still has the option of liquidation or receivership. The ultimate goal is fewer cases where, at the personal level, SME leaders blindly overuse certain strengths, contributing to ultimate business failure. Instead the leader of tomorrow may show the flexibility and resilience to seek Examinership in a timely fashion. This is a very interesting dynamic with regard to executive leadership abilities and skills, intimately related to the surprising statistics around how few Irish SMEs seek to avail of examinership. All these leadership skills are eminently coachable and can be developed.

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