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UK BOSSES ILL-EQUIPPED TO DEAL WITH DOWNTURN

Companies reluctant to communicate full extent of their financial problems

- 81 per cent of business people believe that UK bosses have little or no experience of how to deal with a downturn
- 74 per cent think that many companies are reluctant to communicate the full extent of the financial downturn they are facing
- Yet 88 per cent agree that companies are more likely to recover confidence by disclosing bad news early and in full
- And 69 per cent think that some companies are using the current climate as an excuse to cover up problems caused by management's mistakes

People working in business are becoming increasingly concerned over the ability of their bosses to deal with the worsening economic climate due to a lack of experience, according to research by executive leadership and development consultancy [The Aziz Corporation](#).

The survey of 200 business people found that 81 per cent think that the economy has been booming for so long that senior bosses have little or no experience of how to deal with a major slowdown, with over 60 per cent estimating that less than one in ten of their current management held senior positions at the time of the last recession in the 1990s.

The research also uncovered a widespread perception that business leaders are reluctant to come clean over their financial problems. 83 per cent of managers believe that while businesses are quick to announce good news, they are disinclined to release information that may be bad for their firms unless they are obliged to do so. Almost three quarters (74 per cent) think that many companies are reluctant to communicate the full extent of the financial downturn they are facing.

Business executives appear to recognise the value of full and frank disclosure even when the market may find the news unpalatable. 90 per cent take the view that holding back information that can affect shareholders and other stakeholders is ill-advised and that companies are better off being truthful and transparent. 88 per cent agree that companies are more likely to recover the confidence of the public and of investors when they disclose bad news early and in full.

Professor [Khalid Aziz](#), Chairman of The Aziz Corporation, commented:

“It is perhaps not a matter of chance that the recently-humbled HBOS had the youngest management team in the banking sector, with its youthful Chief Executive having never been through a recession in banking, and is now selling out to a bank with much more experienced leadership.”

“In having to deal with and communicate bad news, a downturn exposes leaders who are muddling through without a plan. In the absence of full information, markets will assume the worst. Companies which refuse to come clean risk a steady and persistent drip of bad news.”

“Businesses in difficulty should disclose their position early and in full. That way they can often allay the worst fears of the market, while demonstrating that they are on top of the problem and have a plan to deal with it.”

“While senior management may be reluctant to communicate bad news, this is in direct contradiction to the wishes of their employees. Nine out of ten respondents agreed that staff would like to know the full extent of any bad news. Two thirds (66 per cent) stated that too many managers regard being positive as more important than being realistic. The research also revealed a concern as to motivation, with 62 per cent believing that staff insecurity in a downturn is likely to reduce effectiveness as some employees concentrate on trying to impress rather than delivering results.”

Professor **Khalid Aziz**, explained:

“Employees are often more aware of the challenges a downturn poses - and therefore far more scared - than their bosses realise. By playing matters close to their chest, senior management may create an impression of ignorance and allow the rumour-mill to go into overdrive. Being frank and forthright demonstrates control, and will enhance motivation in the long run.

“It’s all very well for a seasoned CEO with decades of experience to weather the storm without batting an eyelid, but if they assume that everyone beneath them shares this attitude they will inevitably misjudge their employees’ need for reassurance and information.”

UK bosses lose the human touch

The research also highlighted a new problem brought on by the advent of electronic communication. 85 per cent of executives report that too many managers have become used to using email at the expense of face-to-face meetings with their teams. 95 per cent believe that face-to-face communication is more important at times of economic uncertainty.

Professor **Khalid Aziz**, comments:

“The more important the information to be conveyed, the more important it is that it is done in person. Face to face meetings bring all the tools of communication into play - not just the words themselves but also body language, eye contact, stress and tone. They enable the delivery of the message to be adapted to the reaction of the audience. Even at firms where a general meeting is not feasible, the message can be conveyed by line managers in smaller meetings. There is never an excuse not to look staff squarely in the eye when giving bad news.”

The research also shows that a lack of communication in an economic downturn can generate unwelcome suspicion. Almost 7 out of ten respondents (69 per cent) said that some UK bosses are using the current climate as an excuse to cover up problems in fact caused by management’s own mistakes. However much truth there may be in this perception, it goes to show that any gap in communication is often filled by the assumption that there is something to hide.

- Ends -

Professor **Khalid Aziz** of The Aziz Corporation is available for interview on this story. If you would be interested in speaking with Khalid then please visit our [Contact us page](#).



Notes to Editors

The Aziz Corporation

The Aziz Corporation is the UK's leading independent executive communications consultancy. Its mission is to add value to businesses by ensuring their people are effective communicators. Consultancy services offered by the Aziz Corporation include presentation skills, cross cultural communications, media training, crisis management, image consultancy and voice development.

About the survey

This survey was completed by 205 senior managers and directors of major companies based across the United Kingdom.