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THE BOTTOM LINE: FRIEND OR FOE?

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Gunter was reeling. The unexpected turn of events had caught him totally off-guard. After all, the board of Mastech had brought him in as CEO to move the company forward. He knew he had been selected not only because of his proven business skills, but also his genuine care for people. In fact, Gunter had always regarded his commitment to his employees as one of his greatest strengths as a leader.

Now the board of directors was adamant: “You are just being soft, Gunter. You care about people so much that you are not making the tough decisions. You will never improve the bottom line of this company unless you start swinging the axe – making personnel cuts to reduce costs. Get to it, or…um…the axe may be falling on you!”

This directive hit Gunter right in the gut. It went directly against his instincts, as well as the strategy he had been employing to strengthen the company over the long term.

For a year he had been striving to build a winning, productive team. Now this was his mandate from his board: Do whatever it takes to boost profits! If Gunter did not cut the workforce, his days with Mastech were certainly numbered. But could he continue to build morale among his staff, while slashing personnel at the same time?

QUESTIONS FOR DISCUSSION

1. With the ultimatum he had been given, do you think the employees would be better off with Gunter remaining as their boss, even if he agreed to “swing the axe,” as he was being directed?

2. Do you think Gunter could reduce the workforce in ways that were consistent with his level of care and concern for his people?

3. What might Gunter do to help his board understand why his level of care and commitment to the staff is important, even if it adversely affects profits, at least for the short term?

4. At what point do you think Gunter would have to conclude that he could no longer work for the company? What would be some implications of his leaving?

BEST PRACTICES

One of the common hallmarks of great leaders is that they build productive, results-oriented teams. For them, financial performance helps define reality, helping to shape decisions and direction. It serves as a friend, enabling leaders to optimise team performance.

But they never use the bottom line – pure profits and losses – as a blunt instrument, ignoring the value of people. If financial results make staff reductions necessary and unavoidable, good leaders act creatively, always demonstrating a compassionate approach in dealing with those who would be most affected.

FOR FURTHER CONSIDERATION

CEOs cannot make decisions in isolation or autonomously. They are responsible to boards of directors and shareholders and have a stewardship responsibility for the needs and well-being of their employees. *"For I also am a man under authority, having soldiers under me. And I say to this one, 'Go,' and he goes; and to another, 'Come,' and he comes"* (Matthew 8:9).

Often business decisions are difficult, even when they can be justified by the best interests of the parent organisation. Real people – with real needs, concerns and responsibilities – are greatly affected not only by corporate business decisions, but also the manner in which those decisions are implemented. *"And be kind to one another, tender-hearted, forgiving one another, just as God in Christ forgave you"* (Ephesians 4:32).