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Minding Your Business

In uncertain economy, communication is key to keeping employees, clients at ease

Even if you don't have answers, tell them what you do and don't know, experts say.

By Ann Meyer

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It would have been easy for Chicago financial planners Cicily and Michelle Maton to clam up last fall as their clients' portfolios took one hit after another.

Instead, the mother-daughter partners of Aequus Wealth Management Resources took the opposite tack. They invited communication with clients and held town hall meetings, where clients asked questions and commiserated about the economy and their financial losses.

"The idea is to give people the opportunity to share their experiences and vent, if that's how they're feeling," said Cicily Maton, who plans to continue holding the town hall meetings for as long as the interest remains.

As counterintuitive as it may seem to many business owners, communicating openly and regularly is more important than ever during times of uncertainty, experts said.

"There can be a huge positive result in trust and credibility," said David Grossman, president and founder of DG&A, a leadership and communications consulting firm in Chicago.

While the Matons focused their efforts on communicating with customers, other business owners might benefit from candid talks with employees, Grossman said.

"Employees just want to know what we know," he said. If you don't have all the answers, it's OK to say so. "Tell them, 'Here's what we know and here's what we don't know,'" he said.

But don't fall into the trap of saying nothing at all. Employees and clients will fill in the void with their own perceptions, which aren't always accurate, Grossman said.

Even if companies don't have anything to announce, they need to be available to listen to their workers, said Jenny Schade, president of JRS Consulting. Now is a good time to set up listening posts or employee forums where workers can express their opinions, she said.

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"Uncertainty fuels fear and panic. That's especially when you need to communicate," Schade said. "People don't want to hear about reorganization and the future of the company from colleagues. They want to hear about it from their leadership."

Once rumors start, they can get blown out of proportion quickly, Schade said. "It impacts productivity. I hear again and again, 'Nothing is getting done.' "

Quashing the rumor mill is something Glenn Trout and Dan Ciancio emphasize as Chicago software provider MSDSONline strives to keep communication open and honest at all times.

"When bad information gets out, we try to be on top of it," said Trout, president and chief executive.

But most of the time, the company's communications are timely, so they prevent rumors from cropping up. In an e-mail each month to the company's 110 employees, Trout updates employees on the company's financial performance, including revenue, expenses, goals and customer retention.

MSDSONline improved its employee communications after an employee survey four years ago indicated the company needed to do so.

Based on the survey results, the company started holding company meetings six times a year, introduced monthly podcasts on various company topics and created a "culture club." The club is charged with coming up with ways to improve the workplace and celebrate the company's successes, such as recently crossing the 5,000-customer mark.

Trout is convinced the improvements pay for themselves in increased productivity and employee retention. Despite the recession, the 10-year-old company, with annual revenue of more than \$10 million, will likely see sales climb 20 percent to 25 percent this year, Trout said.

Still, that's down from its planned 50 percent increase, he said.

While the company has made adjustments to compensate for lower-than-expected sales, it hasn't cut back on communicating. It has launched an employee blog on its intranet site, where workers pose such questions as: Will there be layoffs? Will our 401(k) match be affected by the recession?

"I think it's critical to hit these questions right between the eyes and deal with them upfront," said Trout. "If people are sitting up there wondering, they aren't working."

Plenty of Aequis' clients have been up at night worried about their portfolios. That's why the company brought financial psychologist Marty Martin, who is also an associate professor at DePaul University's College of Commerce, to its town hall meetings.

Cicily Maton opens the meetings with a factual overview of where the economy is.

"I don't try to sugarcoat anything," she said. "People don't want pie-in-the-sky platitudes. They just want trust."

Then, Martin discusses the emotions that accompany losing money and introduces coping strategies, such as recognizing that feelings of loss and anxiety are normal; trimming your budget to feel more in control; and the importance of "perspective taking," or looking back at other difficult times and recognizing that you got through them.

Turning to a social network for support also can be helpful, he said.

The town hall meetings have provided a forum for connecting with others. Just being able to talk openly with people in a similar situation can make you feel better, Martin said.

Maton said clients have told her they appreciated the discussion of the emotional and psychological side of money.

"They were in denial about what was going on. By us bringing it out and talking about it, we helped them deal with the situation more effectively," she said.

Creating a dialogue with customers also can lead to new opportunities. MSDSONline has a customer advisory board, where it encourages customers to provide feedback on new products or new marketing approaches and also share their needs.

"We ask them what their greatest pain points are at work, and what a company like ours could help them with," Trout said. The feedback often spurs new product ideas, he said.

In addition, the company regularly surveys its 5,000 customers online, soliciting ideas for improvement, and sends newsletters with new information about the company and its products, said Ciancio, vice president of marketing.

"You have to be upfront, even if it's bad news. And you have to do it often," Trout said. "If you don't, your employees will assume the worst, and productivity will wane."

mindinyourbiz@gmail.com

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