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EQUIPMENT Leasing & Finance

THE MAGAZINE FOR INDUSTRY EXECUTIVES



EXECUTIVE PERSPECTIVE

Leadership in Times of Crisis

by David DePamphilis

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AS A BUSINESS LEADER, how do you react in a time of crisis? Do you overreact, panic and show great emotion? Are you buying a 10-year supply of toilet paper and hoarding hand sanitizers? In times of crisis, your employees need a leader who is measured, thoughtful and communicates with clear and concise direction on a regular basis.

As of this date, March 22, 2020, the impact of the COVID-19 pandemic has changed our way of life almost overnight. Many of us went from enjoying the daily collaboration in an office environment to being confined to a home office, trying to collaborate remotely. The change in the working environment, along with the real concerns of becoming



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sick, has created a tremendous amount of fear and angst.

The impact to business has been significant across most industries. Approximately 18% of American households are reporting at least one member of their household losing their job in the month of March, creating a level of anxiety for Americans not seen since the 2008 financial crisis.

It is important to find the balance of being compassionate toward your employees while also keeping the business functioning during these unprecedented times.

In a crisis, a natural reaction may be to withdraw and become fixated on the news. There are charts and metrics published daily regarding the global spread of COVID-19 and the impact to your local community. The Dow Jones Industrial Average is down 30% from its historic highs in February of 2020, and there are concerns regarding the depletion of personal wealth that exacerbate the fear and angst of those you work with, including your customers and business partners.

Equipment lenders are facing a deluge in customer defaults and payment deferral requests, putting a tremendous strain on resources and on cashflow as you try to accommodate each customer.

Whether you are dealing with a national emergency, an industry-related crisis or a crisis within your own individual company, there are certain important actions that a strong leader should employ to calm your employees and keep the business functioning.

“Everything can be taken from a man but one thing: the last of the human freedoms—to choose one’s attitude in any given set of circumstances, to choose one’s own way.”

Viktor Frankl

Provide Open and Honest Communication with Compassion

We are emotional beings working and collaborating with other emotional beings. If you are only focused on business metrics and the bottom line with no consideration of the welfare of your employees, you should not be in a leadership position. Yes, we have a tremendous responsibility to the financial wellbeing of our company’s profitability, but our people are the most important assets of our business and should be treated as such.

In a time of crisis, your conversation with employees, partners and customers should always begin with your stated concern for their wellbeing and that of their families. Take the time to address questions and concerns in a thoughtful manner and be as honest as possible without creating additional anxiety. If you do not know the answer to a question, be honest about it.

Increase the cadence of communication with your employees. Large gaps between communications lead to speculation, rumors and lack of direction. Touch base with each direct report daily even if the strategy and direction hasn’t changed. This will increase the level of confidence of your employees. The cadence of communication is even more important when transitioning to a remote working environment. Your employees do not want to feel as though they are operating on their own isolated island.

Lead from the Front

Now is not the time to delegate just because you can. Roll up your sleeves and get into the trenches with your employees. Your employees will become even more motivated seeing their leaders working hard to get through the crisis, which will build loyalty within the ranks.

Set the tone with a positive mental attitude even when you are under a tremendous amount of stress.

Have a Solid Plan During a Fluid Situation

Your typical day-to-day operations and strategy will change and adjust in a crisis. Adjust the focus, set a plan and communicate that plan quickly.

In the equipment leasing and finance industry, we are seeing a high level of defaults and requests for payment deferrals and forbearance agreements. This is normally a function of one particular group. In this situation, make adjustments in the business and shift resources to work through the high volume of defaults and requests for assistance.

At NFS Leasing, Inc. we quickly assembled a team dedicated to customer requests for deferred payments and created a process and policy to address these requests quickly. From a sales perspective, we readjusted strategies and focus. We provided direction to prioritize equipment leasing for healthcare providers and laboratories offering testing for COVID-19.

“Every adversity, every failure, every heartache carries with it the seed of an equal or greater benefit.”

Napoleon Hill

Present a Unified Front from All Department Heads

There is always natural conflict between each business unit of a leasing company. Credit, Sales, Finance and Operations can be at odds at times as they follow their own protocol of checks and balances. If you booked every deal that Sales wanted booked, your portfolio would have a much higher default rate, and if you let Credit manage the Sales business, your originations would fall significantly.

In a time of crisis, you need to unite all department leaders and eliminate any dysfunctional conflict. Check your egos at the door and strive to have a solid plan that will require everyone giving a little bit more. People must understand that each individual will be asked to take on a task that may not be in their normal job description.

Many of you reading this article most likely have experienced national crises, including the dot-com bust, 9/11, the 2008 financial crisis and recessions of the past. We have gotten through these past crises with many lessons learned. Today, we are banding together as a country, as a local community and in our individual businesses. There are many stories of the acts of kindness and compassion during this time.

Thoughtful leadership with compassion is of paramount importance during a crisis and can mean the difference between surviving and thriving, and avoiding a scenario of dysfunction, chaos and failure.

We will get through this crisis. Our mettle as Americans and business leaders will be tested but we are strong and we are determined get through this surreal adversity. We will emerge

from this stronger than before.

I am hopeful that by the time you are reading this article, we are getting through the back end of this national emergency, emerging stronger and hopeful of a successful rebuild of our economy. My wish for all leaders and all of you reading this is for you to have good health, wealth, peace and prosperity.

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