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# Banking Turmoil, Cost Cuts, Layoffs and More: How to Manage Through the Current Gloom and Doom

By Dev Patnaik

*Economic uncertainty calls for strategic action, not just contraction measures. This article outlines how senior leaders can keep their organizations future-focused and invested in the right growth initiatives.*

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A senior executive texted me a couple hours before writing this article and encapsulated the present angst in corporate America.

“How do I resist going to the dark side during these cost-cutting convos?” she asked. It seemed like it had only been a matter of months since her company pivoted from ambitious long-term goals to short-term contraction.

Leaders aren’t alone in feeling more than a little disoriented. After an optimistic start to the year, economic headwinds are building once more as inflation remains stubborn at about 6.4%, higher than the 3.3% long-term average. And that doesn’t even consider what’s happening with banks. The turbulence is prompting CEOs to cut jobs and clamp down on other spending.

Given the atmosphere, it's easy to get the wrong message and overcorrect. Yet, the medium-term market outlook still looks good and many CEOs view current business streamlining as necessary to better prepare to move forward with new growth initiatives.

Sure, Microsoft announced 10,000 job cuts in January, but that follows 75,000 hires in the last three years. And the new layoffs come at the same time the company is boosting its OpenAI investment to \$10 billion. There's a similar situation at Disney, where layoffs are happening at the same time as investment.

Savvy leaders shouldn't confuse near-term cost-cutting with a major retrenchment. Instead, you need to focus on streamlining your present business while still building for the future. That's true for CEOs as well as everyone up and down the org chart.

Here's how to do it: Every company has three to five priorities that start at the board and the CEO, and cascade through the organization. If you're working on those initiatives, you're helping. If you're working on something else, you're distracting.

And if you don't even know what those priorities are, you're like most people in big organizations.

It's not always your fault: Too many leaders do a poor job of communicating strategic priorities clearly and simply. They bury them in long PowerPoint presentations and the message is further diluted as it's passed along through the company.

But that's no excuse to not take action. The onus is on you to understand what matters. For example, most employees don't bother to listen to their own companies' quarterly analyst calls. That's a shame, because these calls can be a great way to get inside the boss's head.

Take a look at company-wide emails and what gets emphasized in all-hands meetings. Or just look at where the company is investing.

Once you have a clear idea of what leadership wants, you'll need to do three things to build for the future:

**1. *Re-evaluate what you're doing to support those goals.***

Being asked to cut costs is a near inevitability in this environment as companies seek to trim the flab they've put on in recent years. Rather than get despondent, use it as an opportunity to focus on the big initiatives that matter, and cut out work that distracts from those goals or zombie projects that were left over from previous strategies.

Conversely, you may already have a project under way that fits the big goals, making it a perfect project to elevate with more spending and focus.

**2. *Recast to better dovetail with the top priorities.***

Other projects may need creative recasts to better dovetail with the top priorities. A few years ago, I worked with an insights manager at a consumer electronics company who lacked support for a project to study how young people listened to music on their phones.

During a quarterly analyst call, she heard her CEO underscore the importance of understanding how the business could leverage streaming apps like Spotify and

Pandora. This manager quickly recast her project to be about the future of streaming, emphasizing how Spotify users were listening to music on their phones. Her project now seemed like a core initiative, rather than a tangential fishing expedition. Not only was the project quickly funded, but the resulting recommendations were presented to the executive leadership team.

### **3. Refocus your team on new projects to better align with the top goals.**

If recasting isn't an option, you may need to refocus your team on new projects to better align with the top goals. For example, when the pandemic hit, Microsoft pivoted its Teams product away from being a Slack competitor, to instead become a Zoom alternative.

It's dispiriting to oversee cost cuts and the demise of carefully laid plans. But one thing executives should never do is try to justify what they're doing if it's distracting from the core goals. You'll only be seen as an obstacle to progress.

The fact that CEOs' big messages are often vague and fuzzy can actually be empowering for business leaders. It gives you broad scope to take the initiative through recasting and refocusing, while enabling you to write your own specific metrics for what success in your team will look like in the coming years.

One big caveat: not everything should go out of the window in service to top priorities. Executives should fight to keep projects that are future-focused, aimed at paying off on a five to 10 year horizon rather than the one to two-year horizon that leadership might be focused on. The other exception worth making is keeping your budget for training and development. Don't stop investing in yourself and your team.

Right now, it's as hard to be a leader as it's ever been. And it's difficult to keep your head up in the midst of cost cutting. Staying focused on what's important will help. In the meantime, I replied to my friend's text with one of my favorite lines from the great Welsh poet Dylan Thomas: "Do not go gentle into that good night ... Rage, rage against the dying of the light."

### **About Dev**

I'm the CEO of Jump Associates, the leading firm for future-focused strategy. My focus is on the important reframes and insights that lead to game-changing results across growth strategy, executive leadership, and organizational culture. I enjoy sharing my knowledge as a keynote speaker and as a writer for national U.S. publications. I'm also the author of "Wired to Care", which Malcolm Gladwell said is "just what we need for the lean years ahead."

When I'm not at Jump, I'm an Adjunct Professor at Stanford University. I love teaching the next generation of leaders - MBAs and design students - to uncover the insights that will have the most impact. *Follow me on [Twitter](#) or [LinkedIn](#).*

### **About Jump**

Jump Associates is the world's leading independent strategy and innovation firm. We work with the world's most admired companies to solve their most pressing growth challenges. Over the last twenty-five years, Jump has partnered with companies like Google, Nike, Samsung, Target, and Virgin. In a world that's mired in yesterday's data, we use a future-focused approach to help these organizations grow in times of dramatic change.

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