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Feature article: Time to Step Up - During periods of recession, the leadership of entrepreneurs is crucial

Robert Rudy has a tough job even during good times.

The company he heads, AHF Aerated Home Furnishings, makes and markets pillows, comforters and other bedding products. Retail customers often regard those products as commodities, making them especially sensitive to price in an economic downturn. As a result, providing strong leadership at this large manufacturer and distributor through Canada's current downturn is more important than ever. Experts agree that leadership provided by entrepreneurs — always important to a company's success — is even more crucial during tough times.

"My biggest priority is keeping employees on board," Rudy says. "They know that our industry is going through some bumps and that customers are increasingly demanding. So the first step we took was to be straightforward with them."

AHF Aerated Home Furnishings is better poised than many to navigate the downturn. The company has been around for more than 30 years and has lived through the recessions of the early 1980s and the early 1990s. Even better, Rudy, its current leader, has clear ideas about where he wants to take AHF. One important move Rudy has made is to identify new trends and find ways that AHF can adapt. For example, he was quick to notice that many interest groups were lobbying for locally produced products over imports.

"Almost everyone was behind these 'buy local' movements, which are now springing up all over the world, as a way of reducing the energy consumption caused by excessive transportation." Rudy decided to take advantage of the trend. With about 20 employees, he launched discussion groups, spoke to clients and even helped to produce an internal video about the advantages of buying Canadian-made products. "I realize this is just one initiative," Rudy says. "But it does provide a common goal that we can all work towards."

Jean-René Halde, BDC President and CEO, says building leadership capacity in companies is essential to helping them successfully ride out today's difficult economy. Halde points to the importance of entrepreneurs communicating effectively with employees about where the company stands and providing a clear vision of where it's heading.

"Your role is to be a positive and motivating influencer," Halde says. "You want to get people excited and behind your goals."

Entrepreneurs also need to know their own strengths and weaknesses. They have to effectively delegate to make the most of employees' abilities and develop their own leadership skills. Entrepreneurs should also look to bolster leadership through training and may want to fill skills gaps by hiring an external consultant. "Leadership is not about winning a popularity contest," Halde says. "Your goal is to be respected but not feared. You have to show that you are fair in your dealings, competent and a good coach." Eileen Fischer, a professor of entrepreneurship and family enterprise at York University's Schulich School of Business, agrees that guidance in small businesses needs to come right from the top.

"Unlike in bigger companies, in which leadership is often transmitted indirectly through many levels, in smaller companies an entrepreneur's influence on employees is often immediate and direct," Fischer says. "That means their actions, particularly during times of stress, are crucial." Entrepreneurs need to balance their need to keep employees informed about the challenges they face with the need to stay optimistic and motivate high performance. This is particularly important if employees are being asked to endure sacrifices such as temporary layoffs or reduced work hours.

"Small companies are often, to a large degree, extensions of the owner or the president. So if that person can provide good leadership, they are off to a very good start" Fisher says.

By all indications, Rudy at AHF Aerated Home Furnishings is doing just that. "One of the most important things that I have learned is to never let tough times get you down," Rudy says. "Those rough stretches never last forever and there is no reason to treat them like they will. "