

STRATEGIC SUCCESS FOR LEADERS

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Effective leadership is about achieving goals. It is true that leaders do more than merely achieve goals – they respond to adaptive challenges, they influence the choice of goals and they mobilize people and resources to achieve all this. Yet, coupling “effective” and “leadership” in my opening sentence was probably unnecessary. I consider that leadership has a beneficial impact or it is not leadership. It is a value-laden activity so it cannot be any old impact – as I discuss in my article “Leadership On Purpose” - but nor can leadership be good intentions with no impact.

To be a strategic leader is to choose and pursue goals for medium and long term success, as well as managing short term performance. Strategy-making lost its way in many organisations in the recent past because it became identified with complex, long term plans which sat on shelves gathering dust and not influencing the important decisions and actions of companies. The primary focus of strategy-making in most organisations today is not on planning but on change and innovation. Strategy Plans today are plans for how organisations can change and innovate in order to survive and succeed in an uncertain environment.

Getting organisations to think and act strategically takes a lot of leadership. Here are examples of three big strategic leadership challenges faced by most leaders and some tools for addressing them. The first challenge is to get people to focus on more than short term survival and performance. The second challenge is to adopt a process for making strategic choices in your organisation which avoids the usual acrimony, unilateralism or lack of genuine creativity. And the third challenge is to maintain a balance in your goals so that the organisation is actually working on realizing its true purpose.

Before we examine a process for making strategic choices, let’s revisit the tension which exists in most organisations between tackling today’s exigencies and preparing for tomorrow’s. It is very understandable why managers and

organisations put so much focus on short term performance and budgets. Fail in this time frame and it can be terminal. But it is not the only important timeframe for leaders. Horizon Two is the three to five year Strategy Horizon where choices are made about where to invest money and time and energy for growth. Horizon Three is the fifteen years plus timeframe where futures thinking, research and experimentation, and major paradigm shifts occur. The temptation is to use a Mothers' Day device for Horizons two and three – we pay lip service to them by holding a day off-site occasionally in a glamorous location where we can indulge ourselves in sentiment and clichés about their importance. Leaders need to ensure that their organisation is paying disciplined attention to all three time horizons concurrently.

The trap, to my mind, is to relate to the future as being in the future. Again this is very understandable – it is in the future isn't it? This is the future which is down the track, unknowable and not urgent. Stuck in this paradigm, our brief adventures with strategic thinking and futures thinking become mere extrapolations of the past or pure fantasy. But the future that strategic leaders are most interested in is the future which exists now and can be influenced now. It is the future which exists in an emergent state as a potentiality or possibility, as a seed or a crack in the wall, as a faint or ignored trend, signal or intuition. Some folks, such as Otto Scharmer from MIT, talk about organisations going forward from this future rather than to the future. This is the future as context and not as a distant destination. A simple tool such as the Futures Triangle developed by my colleagues Sohail Inayatullah and Robert Burke can help leaders begin to access this future. With this tool leaders generate a Preferred and Plausible Future for their organisation by studying the Weights already in existence and the Pushes already underway which will influence and constrain what is possible and probable, while they create compelling images, stories and purposes which can Pull the organisation in a preferred direction. Other more complex tools available from my colleagues include Lifecycle Trend Analysis, Causal Layered Analysis and Backcasting.

“Strategy is Choice” is the title of the first chapter of the book “Playing to Win” by Lafley and Martin, which tells the story of how global megastar Procter and Gamble does its strategic thinking. Here the authors take the issue of choice even further and argue that in order to be more strategic, leaders need firstly

to turn problems and opportunities into mutually exclusive choices. It is this idea which makes their frameworks and strategy processes relevant to leaders working in all sorts of sectors beyond Tide, Olay and even the private sector. Staying with the latter for a moment though, the authors argue that the fundamental choices that businesses need to make are “where to play” and “how to win”. Since Martin comes out of Michael Porter’s Monitor stable it is not surprising that the flow of their strategy logic revolves around the structure and attractiveness of segments in your industry; what your channel and end customers value; how your capabilities and costs stack up against competitors and; how your competitors will react to your chosen course of action. Given how often new CEOs claim to have invented the importance of being customer-centric, I do find the authors’ advice on customer value very refreshing. They argue: “Don’t expect either your channel or the end consumers to tell you what constitutes value; that is your job to figure out”.

Martin and Lafley have developed what they call a “reverse engineered process” for strategic thinking. They argue that there are many problems with how organisations traditionally engage in strategy-making. The core problem in their experience and in my own experience is that it is often not an open, collaborative and creative dialogue between peers. Rather it is a contest which is characterised by turf wars, defensiveness, executive-led shooting galleries, paralysis by analysis, and vanilla solutions. Or it is limp role playing. It requires a smarter process and good leadership to overcome this. The authors suggest a simple question to reverse the traditional adversarial process: What needs to be true for this possibility to be a good choice? This question cuts across the traditional strategy arguments between individual senior managers over what is true and pet ideas worth fighting for, and promotes team work to explore and test ideas while surfacing substantive disagreements in a way that allows them to be resolved and not buried.

The authors propose a seven step process for exploring “what would have to be true” and they demonstrate that process in detail by examining the brave and successful decision by Proctor and Gamble to turn their important but struggling Oil of Olay product into a prestige brand with a prestige price sold through mass market retailers. Their seven steps are: (1) frame the choice; (2) generate strategic possibilities; (3) specify conditions; (4) identify barriers to

choice; (5) design valid tests; (6) conduct tests, and; (7) choose. I consider that there are several broad principles in their process which have general applicability for the strategic thinking undertaken by many leaders. The first principle is that to resolve any issue – whether it is a decline in sales or a technological change in your sector- it needs to be framed as a choice between at least two mutually exclusive options. Once it is framed as a real choice with real consequences, and not just an on-going problem, the leadership team will be engaged both intellectually and emotionally with the issue. The second principle is to allow a genuine and inclusive process to generate possibilities within the parameters of the fundamental choice and to establish which conditions would need to be true for this to be a great possibility.

Next, the sceptics are allowed to identify those areas where they are least confident that some condition holds true, and so the third principle is to undertake deep analysis and research into these few specific conditions (such as whether shoppers in mass retail outlets will also purchase a prestige product). This approach saves you from drowning yourselves in heaps of shallow research and analysis of every conceivable element. Now a real and clear choice is ready to be made by the leadership. This refers to a fourth general principle which I draw from Martin and Lafley’s work and my own experience: it is smart for leaders to use the services of an external party to help you learn and engage in the process of strategic thinking and choice, but be sparing in your use of those expensive external consulting firms who tell you the choice you should make.

Leaders also need to maintain focus in all this strategy-making on the core purpose of your organisation and to take a balanced approach to all the goals and means which you and others value. I find that the classic “Balanced Scorecard” approach is still a useful tool here and it enables leaders to capture the essence of their strategy on one page which can be communicated easily to the whole organisation. This broad business strategy can be cascaded down through different levels of the organisation and in greater detail. It usually identifies the key commitments, projects and measures in four or five major arenas such as Financial, Customer, People, Operations and Environmental. Remember, the answer to “What does success look like?” is also a choice.