

Position Paper

LEADERSHIP AND STRATEGY

Revisiting the concepts through 21st
century insights

by André John Haddad

October 2009
AJH1009

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Introduction

Imagining possible futures and exploring how a business can re-shape itself are critical conditions for strategy development. Fortunately or not, when the economy recovers, things will not return to normal. A different type of leadership will and is required to deal with the structural changes that are taking place in the market place. Under the heading of leadership lurk five 21st century skills:

- (1) Global fluency
- (2) Predisposition to innovate
- (3) Capability to predict customer needs
- (4) Strategy assembling
- (5) Organizational tuning

21st century skills

Regrettably, because of a number of reasons, most important of which is our reluctance to take the time to think and reflect before writing up a strategy or a plan, our management skills have become weak and ineffective in the 21st century. Looking back at the 20th century and the talents we developed to survive, we have not been willing to adjust in spite of 21st century radical business models, changing rules and practices and diminishing traditions. We refuse to renew mind-sets, revitalize skill sets, restore critical perspectives on the world or re-think what we must become to survive in this century. Mind you, not for the whole 21st century, but for just the next few years.

The list of five skills mentioned above is more about instincts than about knowing this or that. I'm talking about becoming 21st century citizens, like our own digital natives: Two year olds that navigate the I-Pod without fear or instruction. Students in Kindergarten through College who have morphed in an educational system that no longer is able to teach them.

A tear in the fabric of our beliefs is taking place between what we know to be true and what the 21st century is becoming.

What catches my attention most often when dealing with the 35 year olds and up, is their lack of instincts, insight and character to know what they don't know: Leaders who have lost their business compass and, closer to home, those who are barely able to keep up with local competition. There is however a common thread throughout: A resistance to reboot our belief system. We can see this in many obvious ways:

Through an amazing naivety about global competition: A blind spot about how the competition worldwide is evolving, how it's leveraging its strengths into every market, and how many believe they are too far away from Asia for them to pose a threat. Unfortunately that blind spot is a mind set.

Through a predisposition to stay the same and conceal our true nature under a new coat of paint. We know that innovation is an act of introducing new ideas, products, processes, technologies, services, and art form to the world. Unfortunately we don't know what innovation is really about or, how to manage it every day. For most, innovation is still beyond reach: It's a long way from being predisposed to innovate!

Through an irresistible need to understand customers the way they were in the 1980's.

Rather than understand the actual dynamics behind the crashing segmentation we have steadily relied on in the past, managers desperately want to believe they understand their customers, still! Their incapability to predict customer needs has repeatedly been proved by their many failed attempts to market products and services.

Through a belief that a SWOT analysis brings strategic insight. Dare I say more?

Through persistent practices of managing global operations with arms length supervision practices. Big and small organizations going global have failed to seize the opportunity to re-structure their organization, to re-think how they should manage 4,000 miles from home base or to understand the true nature of a networked organization.

Global fluency, Innovation-proneness, Customer focus, Strategy assembling and Organizational tuning are a few of 21st century skills we need to talk about.

Current practices

Currently, senior managers do not always show evidence of these skills or abilities: To conceive change through future scenarios, to produce quantum leaps in service performance and to predict customer behavior. And we also have to ask ourselves if strategic thinking can be developed within our midst without the CEO taking the lead.

In these difficult times, even good leaders would be relieved if the present day economic crisis was simply another rough spell that we needed to get through. Unfortunately, a sense of uncertainty will continue to be the norm well after the crisis ends. Businesses, whether local, national or international will not be able to raise barriers against intensifying global competition from emerging economies, from political volatility, from energy limitations, from climate change, from sustainable development and from incessant technological push and pull.

The immediate crisis merely sets the stage for an unfamiliar landscape for leaders, and asks a vital question about ourselves: What will leaders do for their organizations to succeed and what new skills should they be looking for in the men and women under their tutelage in the next twelve to eighteen months?

The task of leading during a crisis, whether one is the CEO of a major corporation or heading up a small local business, is perilous. Leading during a global crisis has many distinct components.

The leader's job

An important component is about managing the emergencies, the disasters, the errors... The leader's job is all about stabilizing the business, buy enough time to be there when business picks up, ensure to keep as many customers from abandoning the ship and stay ahead of the competition.

Another component is about adapting to the ever changing business environment. That's when leaders tackle the primary causes of poor performance and their related problems in their organization and, build the capacity to succeed. However this component is especially difficult to handle given employees' (people in general) reluctance to change. But as leaders request their people to alter the bad habits and the inefficiencies, they must also make the necessary but unpleasant changes in attitudes, behaviors and the way employees actually work out problems every day.

To say that people will try to stop leaders from achieving their goals is an understatement. Leaders will find employees more and more reluctant to make adjustments. And although employees will complain about what's wrong and ask for new direction, they will inevitably complain, again, when corrections are applied and followed through. All the while, leaders will be faced with a way forward that isn't at all that obvious. Twists and turns about what works and what doesn't, blur into confusion, while the answers turn out to be the result of a zigzag of decisions. This zigzag or experimentation will eventually become a leader's only certitude and secret weapon. There is so much we don't know about customers that we need to accept that experimentation, the back and forth, is a legitimate management practice. Quick failures and attempts to better understand customer behavior will forge within our workforce a skill to predict customer behavior.

In spite of everything we have said so far, leaders will still need to lead in a world that has apparently shaken off the limitations of tradition, of what they know.

And in the end, in spite of everything we have said so far, leaders will need to work in a world that has seemingly lost its sense of integrity, of what they believe in.

Strategy

That is why *Strategy* is so important and why it is different from what we have become accustomed to: It must be done quite differently because the business standards, here and abroad, have been re-wired to fit an untidy business environment.

And because managers probably understand the nature (and role) of strategy incorrectly, it seems logical for us to review the concept.

The concept

We have all been there: We link strategy to planning, planning to tactics, tactics to roll-out. Sometimes we do this for lack of knowing better or experience. At other times, we do it deliberately: The strategic process is interfered with intentionally because the process generates changes that may not be in people's personal interests. As it happens, others are comfortable with the planning process but, will not engage the future because of its serious implications: Changes and more changes!

For most however, the term *strategic planning* indicates a time when managers gather round, for days and weeks at a time, only to repeat the same corporate storylines about what will we do next year, how much will we sell, how much will we spend, and what each one of us is responsible to do.

This annual exercise commonly amounts to little more than an arena where managers present reheated updates of last year's presentations. There's no thinking required and there's no re-reading the markets for better insights into customers' needs. Because confusion in the strategy making process is not allowed (nor is dissent tolerated), the process takes over, on cruise control. Taking as few risks as possible, managers fail to bring new ideas about their organization or different customer insights to the table. That would create a disturbance in the force!

And so they strive to avoid embarrassment and confrontation with their peers and bosses. Managers sidestep key critical issues facing their organizations and stay as invisible as

possible from the big guns, safe under the radar.

Is that done consciously? I would like to believe it is not, but then again we are dealing with adults, and adults know better. Is it fear of the unknown that prevails here?

Possibly. But when all is said and done, most managers secretly feel they have failed to meet the real challenge of being a leader. That's because we all know about leadership. We read about it. Every so often we observe it on the big screen. Leadership is not about re-wording old plans, arguing about where budgets cuts will be done or doing another SWOT exercise based on the current understanding of the organization's nature.

It's more about crafting a future: What we want to become and how we will use our resources to make that future happen. It's also about the customers: What information do we have about them today and what we do with it. The confusion around the data we are getting from *surveyists*, number crunchers and customer delight consultants will not, ever, replace our own eyes. Predicting customer needs cannot be delegated. The skill has to be developed within the organization. Who better to deal with the information!

Slow fail strategies

Not crafting a business's future puts an organization and its managers into a slow fail mode: It takes too long for a project to fail. By the time we realize we are mistaken, it's too late. We have sunk a lot of money into a product or service, and our only way out is to put even more money into the project. This slow fail approach weakens the organization by making sure it avoids to deal quickly with critical issues that surface. The proverbial elephant in the conference room that no one wants to see, remains unseen. Thus, managers deny themselves the opportunity to be in control of their possible futures.

And so, managers autograph the work done with the term strategy, and just like magic, they are done! The boss is happy and so are the consultants.

This year however, the need to see clearly has never been more important! The financial crisis is not simply another rough spell that we need to get through, but a crisis that has set the stage for the restructuring of the global economy and the emergence of a global competition from unexpected regions of the world.

Strategy and the competition

No one, whether local or national, will be safe from the competition that will come. That is not a prediction but a description of what is happening all around us. Signs of new forces gathering are emerging and the overall picture is one of an altered business landscape that will not look like anything we have seen before: Confusion, and competition at every turn of the road. A combination of urgencies and uncertainty will most likely be the norm, and business integrity from senior managers will be put to the test.

That's why we should understand that crafting a strategy is basically a way to generate a clear vision and a roadmap for a business' future. Doing so will help leaders build capacity and capability. Doing without real strategy, allows other futures to happen, those possibilities the competition will most likely control.

Strategy is not about logic

As we said earlier in this document, strategy is not about schedules, SWOT analysis or

even logic: A logic that has for so many years, made us feel secure.

That logic is essentially based on our own company-centric focus. Granted, the strategic process will bring our logic into play, but that's not the point. Strategy is about talking about what we don't know. Strategy is about a conversation about what we are not ready to do. Strategy is about a discussion about what we refuse to do. Strategy is about going where we feel weak and vulnerable.

Many consultants will make the mistake of asking their clients what they know to form the basis of their strategy. This traditional process will inevitably put them in a cycle that will repeat what they did in the past with only a few cosmetic changes. To do anything else would require seasoned professionals that are comfortable with uncertainty and doubt.

21st century strategy is about deciding what path companies will follow, what choices they will make in the market place, and what competitive advantages they will need to improve or create. Yet events, not in our control, will compel senior managers to adapt, to adjust, to change, to transform, to reorient strategies and to zigzag.

Zigzag management: leadership on steroids

Managers will need to run several *experiments* to identify the winning strategies from those who fail. That's because logic may not be enough to understand the way the world works, the way our customers think and the way they will react to our commercial proposals. To be right in the 21st century, we will have to accept that we will be wrong, more often than not. Although some or many attempts will fail, moving ahead will necessitate constant midcourse adjustments.

That zigzagging, back and forth, in the development of products, services, features, pricing, distribution, branding, color, smell... indicates that a company is in a permanent process of learning and discovery... to better sell its products and services and to keep its customers.

There will be tension between the need for clarity in our strategy and the need for our strategies to be flexible. Clarity, precision and simplicity in strategy development and its execution should provide a framework that people understand, believe in and adopt. Strategy, however should never be understood as a steady step by step plan.

Given these particulars, strategy in the 21st century requires five rituals, each one is attached to one of the five skills proposed in this document :

Global fluency: **Craft growth scripts**

Predisposition to innovate: **Initiate discovery**

Capability to predict customer needs: **Initiate quick fail processes**

Strategy assembling: **Adjust the course**

Organizational tuning: **Manage the uncertainty**

Leaders come away from a true strategic exercise with a sharp understanding of their business's possible futures, what they still have to discover and the growth options that are available to them. Another outcome from this approach is the ability to accelerate decision

making. With a razor sharp eye for recognizing issues and decisions that might otherwise have been missed or dismissed as unrealistic, leaders can make decisions with choices they have developed for themselves well in advance.

The strategy method proposed in this paper is typically executed with the participation of a few managers, carefully chosen for their unusual skills of insight, sincerity and customer awareness. Plans are set within a 2 to 3 year perspective with the proviso that they are assessed and modified on an on-going basis.

Go zigzag, go slalom, go out there and find out, quickly, what works and what doesn't. It's legal.

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