

Position Paper **LEADERSHIP AND STRATEGY**

**Revisiting the concepts through 21st
century insights**

by André John Haddad

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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

Global fluency, innovation-proneness, strategy assembling and organizational tuning

Current 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 so we have to ask ourselves if strategic thinking can be developed within our midst without CEO's 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 and from climate change. 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.

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 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. 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 familiar turns out to be a zigzag of decisions and a leader's only certitude. Still, leaders must continue to lead in a world that has apparently shaken off the limitations of tradition, business agreements and integrity.

Strategy

That is why *Strategy* is 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. 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.

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.

The yearly 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.

Consequently, 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. Not crafting a business's future puts an

organization and its managers into a slow fail mode. It weakens the organization by avoiding to deal with critical issues that will surface: the proverbial elephant in the conference room that no one seems to notice, remains unseen. Thus, managers deny themselves the opportunity to be in control of their possible futures.

And so, rather than facing up to the strategic uncertainties ahead and encouraging innovative thinking, they go through the motions of planning. They plan and they go through an interminable exercise in futility that, not surprisingly, are neither confusing nor difficult, or complicated, but orderly, sequential and logical. They autograph their work 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. 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, strategy is not about schedules, calendars, programs, to-do lists, instructions, timelines, resource allocation or implementation logistics or even logic. A logic that has for so many years guided us to successes and failures. A logic 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 or refuse to. 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 improve or create. Yet events, not in our control, will compel senior managers to adapt, to adjust, to change, to transform and even to reorient strategies.

Zigzag management

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 your 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.

Clarity, precision and simplicity in strategy development and its execution, provide a framework that people will understand, believe in and adopt.

Given these particulars, strategy in the 21st century requires five new rituals in developing and implementing strategies:

Adjusting the course

Managing the uncertainty

Initiating discovery

Crafting the scripts

Harvesting customer stories

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.

AJH

Mr. André J. Haddad is a consultant based in Montreal with clients in Asia, Europe and the US. His consultancy work focuses on strategic planning, marketing, and the development of new business models for client-driven organizations.

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