



Head & Heart is a collection of ideas, resources and frameworks to support your personal and professional development in leading yourself, others and organizations with head and heart.

Fall 2009

From the Editor

Dear Readers,

Strategic leadership has three functions; articulate the future direction for the business, clarify how resources are committed, and lastly to ensure that public promises and commitments are made and kept by all parties.

In our Fall Issue of Head & Heart, we look at what it means to be strategic, and more importantly, what must go right and what can go wrong for strategic leadership today.

Tools, techniques, maps and scorecards often dominate the strategic conversation and the strategic process is all too often an intellectual (and mechanical) exercise, rather one that engages both the rational AND emotional components of key players who are required to "go strategic."

So, go strategic with your head & heart and enjoy your read!

Dan Norenberg

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Thought Leadership

The Responsibility of a Strategic Leader

"In many companies, leadership has degenerated into orchestrating operational improvements and making deals. But the leader's role is broader and far more important. Its core is strategy."

Michael Porter

A CEO with whom I once worked told me his philosophy: "I want to be the only person in the company without responsibility for any specific task. Because I want the freedom to be able to move in anywhere, any time, to make the important calls."

Corporate governance experts might question this, but from a strategic perspective, I understood his point. He didn't want to be burdened by routine duties if that were to compromise his need to keep an eye on the bigger picture – to spot long-term, external developments, not just today's internal issues; to see broadly across the organization, and how the whole was working together, not just absorbed with the performance of one small part; to spend time on the fundamental factors determining long-term success, not just today's "crises."

Of course, my colleague was being ironic saying he wanted no responsibility. He understood Porter's contention. Everybody else in his company was charged with improving the performance of some specific department or process. But that still left him, the leader, with the greatest responsibility of all, namely ongoing strategy and strategic intervention.

I stress "ongoing" because strategy is often regarded as something that's

"done" every few years and thereafter it's "execution." But strategic threats and opportunities arise all the time, gradually and stealthily, externally and internally.

Internally? Yes, it is the countless minor deviations from strategy that a company itself makes – usually chasing quick profits – which can ultimately compromise a strategic position just as much as external changes. So, as Porter continues: **"One of the leader's jobs is to teach others in the organization about strategy – and to say no."** This takes discipline and no small amount of courage, when others are focused only on this year's bonus.

Strategic leadership also requires particular skills – the ability to spot the meaningful patterns in a mass of detail, to distinguish the strategic trend from the operational blip; conversely, the confidence to operate without hard data, to function effectively under uncertainty and ambiguity, to work with options and contingencies where "the right answer" is impossible to gauge. In these situations, intuition and judgement come to the fore over analysis and logic.

So strategic leadership requires both character and skill. And, to be clear on your responsibilities!

Ken Whitton

Leading Self

It's All About Your Daily Behavior

Strategy is what you do or don't do, everyday.

A sales director recently explained his company's predicament to me. The last year has been a big uphill battle for his company. The challenges are twofold: the nature of its products and markets, and a strategy which looks great on paper but means little in reality.

His company produces specialized software for the financial industry. Having to sell to clients in the financial industry is a tough sell when they are all simultaneously tightening their belts.

The company's strategy compounded the problems. It all made sense on paper, or rather the PowerPoint slides. It was clearly customer-driven: the

sales and marketing people listened to the banks' needs, passed them on to the software developers who designed the appropriate solutions.

But after talking with the sales director for a while, it became clear that the daily reality in the company was totally different. He described a working environment where communication between the sales people and software developers was poor. Feeling isolated from the salespeople, the developers simply focused on technical excellence. They came up with products which were too technically exacting, thus too pricey for customers.

Worse still, the sales director and the development director went to extraordinary lengths to avoid any conflict between them. A brief look at the company's history explains how this

came about. Over the previous decade there had been a string of sales directors, each coming in with different ideas and plans.

Faced with ever-changing approaches to account management and satisfying his own desire to avoid conflict, the development director focused his resources and people on developing technically excellent products. Unsurprisingly, the newest sales director was faced with a wall of indifference from



the developers, who lacked the desire to fully engage and communicate with the salespeople.

We've all been in a similar situation: kidding or convincing ourselves that we are doing strategically vital things, even when deep-down we know we are turning a blind eye to the real strategic challenges. At times like this it helps to remember that "strategy is crafted, step by step, as managers at all levels of a company – be it a small firm or a large multinational – commit resources to policies, programs, people, and facilities." (Bower & Gilbert, Harvard Business Review)

Or to rephrase that, strategy is what you personally do or don't do, everyday. It need to be crafted through individual action.

Strategy is about planning and development, but as this case shows, it is the execution that counts.

Steven Hunt

Point of View

The Implementation Paradox

Let us remind ourselves of what the intrinsic value of strategy is. It is to create an intellectual and emotional framework in which the business can compete and thrive. But there is a paradox here.

The paradox of strategy implementation is that strategy developers can tend to overlook certain well known human behavior realities that can severely block effective execution. Top of the list is the phenomenon that when strategy and culture are at odds, culture always wins! And without an appropriate vehicle to translate strategy into a meaningful dialogue and allow individuals to link strategy to their own assumptions, beliefs and feelings, implementation is a non-starter.

The head and the heart of the organization need to work "as one" from the outset of the strategy creation.

The key test, therefore, for tackling the implementation paradox is to ask:

1. How are people's current values and beliefs connected to the strategy?
2. How does the strategy reflect the desired culture and acknowledge the impact of existing culture on implementation?
3. What leadership behavior will need to change to facilitate successful implementation?

To overcome the implementation paradox, strategic leaders must begin to articulate how their strategies connect to the business culture, leadership and values. They themselves, therefore, must be ready to embrace new beliefs and behaviors and always be prepared to be the first to change.

Ed Norman

Word Watch

Strategic

There are many different interpretations of where the word strategy comes from. The word stratos was the word for army because it meant, literally, "a group of people spread out in layers" (this makes it obvious where the English word "strata" comes from as well). Add to this the ancient Greek word "strategos" which meant general or leader.

So, if we allow ourselves a bit of poetic license, it seems that the word strategy means "the plan by which a leader turned a mob into an army." What held them together and helped them execute their purpose was their strategy.

A modern global organization is no different. It contains groups of people spread out all over the globe operating in multiple layers. Your strategy is one of the few elements that every single member of your organization has in common and that binds them and all of their daily activities together. Right?

What I see a lot of right now is leaders who are busier than ever. Resources are tight, budgets cut and pressure is high – all of which makes it seem critical to be DOING something and being action-oriented. Yet, the thinking needed to continuously refine and communicate the strategy is doing something which is critically important for sustainable success. We ignore this at great risk – of deteriorating into a mob whose actions are not bound together by anything but the need for action itself.

By constantly communicating with your people about your strategy and their part in it, you can help avoid a big dose of another ancient Greek word that you don't want in your organization: chaos.

Michael Couch

Leading Others

Strategic Leadership

"No one has ever seen or touched a strategy."

Henry Mintzberg

There may not be one simple definition of strategy but there is a merging consensus on the nature of strategy. What fascinates me about this consensus is its uncertainty. Each element has its clear positive focus but is accompanied by some serious disadvantages which the strategic leader must bear in mind. For example:

1. Strategy sets direction but this can also serve as a set of blinders to hide potential dangers. The Titanic comes to mind.

2. Strategy focuses effort but "groupthink" will arise when effort is too focused and opportunity gets missed.

3. Strategy defines the organization but to define an organization too sharply may mean to define it too simply, thereby, losing some of its rich complexity and power.

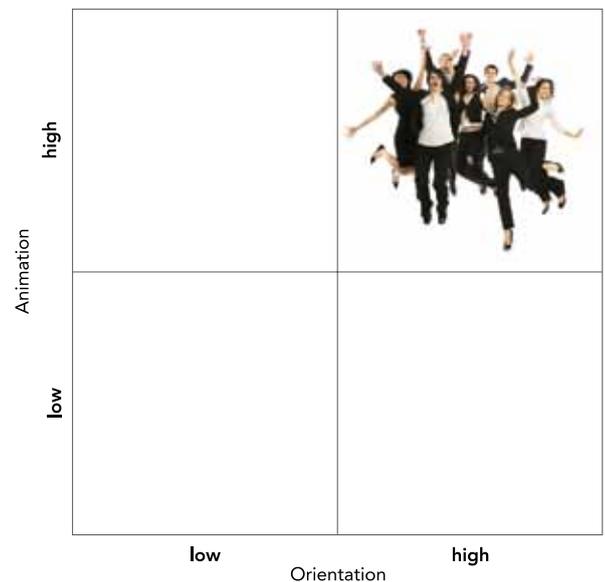
4. Strategy provides consistency but an over reliance on strategy as a set of rules for the world can produce a distortion of reality and loss of creativity.

So, if the above are the "agreed" elements of strategy, how can you tell a good strategy from a bad one (beyond the obvious post hoc financial measures)? Cummings & Wilson say that "the best answer we have to this question is that a **good strategy, whether explicit or implicit, is one that both orients a company and animates it.**"

In diagrammatic form, this pragmatic definition looks like the graphic

in the right column. So, into which quadrant would you put your organization? And what word(s) would you add to describe the strategy you have created?

As strategic leaders, what do we need to focus on when considering "animation" and "orientation?" Noel



Tichy gives us the answer when he says that "good leaders possess a clear teachable point of view" which includes:

1. Ideas of how to win in the marketplace and how the organization should operate.

2. Values that support the business ideas and which everyone acts on.

3. Emotional energy in the leader which creates positive energy in others.

4. Edge in the leader's ability to face reality and champion tough decisions.

Ed Norman

Leading Organizations

The Strategic Learning Organization

"The ability to learn faster than your competitors is the only sustainable advantage."

Arie De Geus wrote these words in 1988. I believe that today, 21 years later, leaders would agree that the speed of organizational learning has only increased in importance. The pace of change in today's world demands that every person in your organization be involved in detecting the changes, helping make sense of them and adapting to them faster than your competitors. This requires learning – a true learning organization. Yet organizations don't learn, individual people do. So what will connect individual learning to add up to a learning organization? Your strategy!



David Kolb has spent a lifetime examining how people learn and created an assessment tool – the Kolb Learning Style Inventory (LSI®), which shows 4 basic learning styles and preferences of adults. These individual learning styles actually fit very neatly into the ongoing and iterative cycle by which strategy is created and implemented.

Learning by **experiencing** – your people are a rich source of "what's going on out there." They have a great number of concrete experiences with the business environment every day. What happens to this information? How much time is spent in your com-

pany in dialog about "what's going on out there?"

Learning by **observing and reflecting** – how do you and your colleagues add up your individual experiences to make collective sense together of what you see? What do our experiences mean? What trends do we see? How is this knowledge combined with other teams and communicated upwards in your company?

Learning by **analysis, thinking and conceptualizing** – based on our experiences and observations, what do we need to change in our approach? How will we continue to be successful in the future? What new opportunities could we pursue? In your company, how is this thinking collected and communicated upwards?

Learning by **doing** – what are we learning in our day to day activities? What is the fit between what I do every day and our strategy? How do my actions support (or not) the implementation of our strategy?

By making strategy the "glue" that connects individual learning with your ongoing and iterative strategy formulation process you will go a long way to realizing de Geus' dream of a learning organization.

Michael Couch

Food for Thought

Strategic leadership requires one other skill. It is a readiness to look personally foolish; a readiness to discuss half-baked ideas; since most fully baked ideas start out in that form; a total honesty, a readiness to admit you got it wrong.

Sir John Hoskyns

Leadership Facts and Figures

Chief Strategy Officers (CSOs) keep their eyes trained on building emerging businesses in the medium term. According to research they spend about 39% of their time on the latter, while they spend 36% of their time on creating viable options for the long term and only 25% of their time on extending and defending the business in the short term.

For more interesting **Leadership Facts and Figures** go to our Leader's Toolkit at http://www.nvision-learning.com/leadersedge_toolkit.php

Challenging Situations?

What challenging situation would you like us to deal with in a future issue of Head & Heart? Get our perspective.

Send us an e-mail at: headandheart@nvision-learning.com

We will of course ensure that your challenging situation remains anonymous.