



25 June 2010

## 7 ways to cultivate strategic leadership

1. Ensure that your organisation's strategy is clear and well communicated. This will mean people are in a position to act strategically when the opportunity arises.
2. Where possible, involve people in the development and refinement of your strategy. Nothing affects buy-in like ownership!
3. Strategy is what the business is doing. To enhance effectiveness, organisational culture should be shaped to support the strategy.
4. The ultimate test of any learning is doing. Encourage your people to develop their strategic skills through practise. They won't always get it right first time (who does?), so be prepared for some shortcomings.
5. It's helpful to develop a set of tools and processes that support strategic leadership in action. A shared framework and language can give your strategic alignment a huge boost. [Beware though of over-bureaucratising!]
6. Recognise the value of intelligence from the coal-face (often the periphery). Create a process for timely capture and response to this mission-critical information.
7. Involve people from all levels and across functions in strategic projects. This will show you truly believe that everyone can exercise strategic leadership.

## STRATEGY TO THE MAX: STRATEGIC LEADERSHIP TOP DOWN AND BOTTOM UP

*How do we restore pre-GFC performance?*

Many organisations are asking the same question: "How can we return to pre-GFC levels of profitability (performance)?" Market conditions are improving, but for many, recovery is not coming quickly enough.

Executives would argue that during the past year they have acted very strategically, ensuring that their organisations survived the down-turn. In many cases, this meant bunkering down and adopting an extremely defensive strategy. This crisis leadership was appropriately on-the-fly and top-down.

*Heroes at the helm*

The hero-leader style is still pervasive at the top levels of many organisations. Truth be told, the latest crisis legitimised a command and control, hierarchical approach which many prefer.

Results from the recent UGM Survey on Middle Managers in Australia tell us that many middle managers are extremely frustrated at their inability to influence strategic direction.

If these more senior managers feel like this, what about those in the lower echelons of the organisation? It would be safe bet that, in these organisations, the rank and file are either frustrated or, worse still, aren't interested in thinking or acting strategically. Perhaps that's why another key management frustration is poor execution.

*At the helm in complex seas*

The 2010 IBM study, *Capitalizing Complexity*, reveals that 8 out of 10 CEOs believe that the unprecedented levels of complexity we are currently experiencing are likely to increase. They acknowledge that they have never before faced such a steep learning curve. IBM reflects that the 'complexity gap' issue is bigger than any other challenge they've measured in their 8 years of CEO research.

In these profoundly changed conditions, organisations need to harness every last ounce of capability to generate competitive advantage. The standouts which embrace the complexity of turbulence behave in an extremely strategic manner. They embody creative leadership to execute in new, even revolutionary ways. They are continuously reinventing customer relationships. And they cultivate operational dexterity, which means they're faster, more flexible and able to harness complexity as a competitive lever.

The IBM report also commented that 'most CEOs seriously doubt their ability to cope with rapidly escalating complexity'. Alone, this may be true. But, how might it be if they looked wider and deeper?

*Strategy, leadership and strategic leadership*

Fordham University Professor of Management Systems, Dr Milan Zeleny, reminds us of the simple but powerful fact that "strategy is what a company does, and what a company does is its strategy". The key question, Zeleny argues, should centre on effectiveness. Not surprisingly, we noted at the start of our article that CEOs are indeed asking variations of this question.

Next, let's establish clearly that leadership matters (a topic we covered in March 2010). Despite its shortcomings, many research studies have shown that leadership definitely makes a difference.

However, though vital, not all leadership is strategic. Initially, you may need to help people make the distinction. A study published recently in the highly respected Leadership Quarterly journal demonstrated that strategic leadership was most effective when it was exercised at multiple levels in the organisation. It is not enough for senior management alone to think, act and influence strategically. Strategy to the max means that people at all levels in the organisation behave strategically when the opportunity presents itself.

Milan Zeleny also points out that many organisations are hampered by a strategic Cloud Line. Above the Cloud Line, where the strategy is developed, they're blissfully unaware of operational realities below. Below the Cloud Line, they just get on with the practicalities of doing, often failing to understand the strategic implications of what is being asked of them. Sticking with the cloud metaphor, we might say that organisations which find themselves in this (common) situation are 'in the clouds' - not a place you'd like to be in turbulent times!

If we are still in need of persuading to see value in strategic competency as an organisation-wide pursuit, we might consider the following comment by Andy Grove of Intel: "When spring comes, snow melts first at the periphery, because that's where it is most exposed".

*A strategy for strategy to the max*

So what can organisations do to achieve strategy to the max? Simply, involve everyone.

If you're a senior leader, you'll need to acknowledge that you are primarily responsible for ensuring that the organisation is sufficiently strategic. But, while the buck ultimately stops with you, it doesn't mean that being strategic is the sole preserve of senior management. Give people the capability and opportunity, and then hold them accountable for acting strategically.

Strategic leadership does make a difference. How wide and deep does it run in your organisation?