Strategic Leadership: Concepts and Experiences

Overview of the book

Prologue

From the dawn of civilization, leadership was evident in every aspect of human development and progress. Manu or Moses, Ashoka or Alexander are all illustrations to this; epics of all civilizations have innumerable examples of leadership to cite. Man, from the days he could think and analyse, has been looking at the phenomenon of leadership with awe and for inspiration. Leadership has its own contextual element: it varies from time to time, from culture to culture and from civilization to civilization. The leadership that was prevalent in the feudal societies had certain unique characteristics; leadership styles observed in tribal communities had certain other unique characteristics; leadership styles observed in the same society at different times are bound to be different. Leadership styles have definitely been impacted upon by societal values, technological resources available to the society and the structure of the organisations. Leadership in the context of organisations, in their pursuit for organisational success and achievement of organisational goals is the concern of strategic leadership. In the second half of the twentieth century studying managerial situations, analysing the strategies employed by the organisations at different situations and developing theories of strategy as well as leadership have come into vogue in a big way. Today we have many theories on leadership and many on strategy followed by organisations. As we probe deeper into the success factors of organisations, we tend to realise the inevitable and natural inter-relationship between strategy and leadership. This has given rise to the concept of strategic leadership. This book is an attempt to bring together the current thoughts on this subject through a collection of articles, book-summaries and cases.

The book is divided into three parts. The first part deals with the basic concepts of strategic leadership: it explores the basic definitions, the role of leadership in the organisational context, some of the essential characteristics of strategic leadership, strategic leader's contribution to organisation success, the challenges of leadership etc. The second part deals with nurturing strategic leadership. It looks at how various organisations have been nurturing strategic leadership over the years to sustain their growth and success. The third part deals with the experiences of companies in the context of strategic leadership captured in the form of cases.

Part – I: Basic Concepts

Strategy deals with the top of the organisational pyramid, across departments, divisions and functions. It is concerned with the long-term perspective of the organisation. It, generally, has far reaching implications to the organisation. It is the game plan that connects ends to means through the ways. Leadership is about carrying the organisation

from one state to another state; it is about bringing about a transformation of the organisation, its people, its culture into a new future. Leadership is the link between the ends and means. In the organisational context ends refer to the objectives and goals; means refer to the instruments of transformation like strategies and ways refer to the alternatives available to the leader. Strategic leadership is about determining the ends, about choosing the best ways to reach the ends and about applying the most effective means. Michael Guillot in his article *Strategic Leadership: defining the Challenge* articulates this theme eloquently. In another article *Portfolio of Strategic Leaders*, William Rothschild postulates that neither strategy nor leadership is designed to last forever. In any success story there are three key elements: a strategy, a leader and a winning team. The secret of success consists of choosing the right strategy, identifying the right leader and letting him assemble the right team. If there is any mismatch among these key elements, then success is unlikely to be there. The stage in the life-cycle of the business in which the firm is in, decides the type of leader the firm needs at that point of time. This should specify the choice of the leader for the firm at that point of time.

The article, *The Functions and Contributions of CEOs to Success in modern business practice,* the authors contend that the main function of the leader is to empower others in the organisation. To empower people, the leader has to touch the positive side of the people's emotional energy. To achieve this he needs to be clear about the mission of the organisation and he must be willing to allow the development of other people around him. Through this process of human capital development, the leader unleashes tremendous amount of energy into the organisation, which automatically achieves much more than actually intended by the leader. The leader's job is to nurture and unleash the positive energy among the people around him; achieving the goals will be done by the people around him. The article, *Managing for Value-Creation: The Role of Strategic Leadership*, the author explores the context of the emerging competitive environment, defines the concept of strategic leadership, lists some of the key practices of strategic leadership and finally contours the relevance of strategic leadership to an organisation in the current context.

When a new leader assumes office in an organisation, he is under watchful gaze of a lot of on-lookers. If he is able to create a favourable first impression, the chances of his success are better; if he dithers in making decisions and falters in creating a favourable impression, the prospects of his making a success out of the assignment recedes due to *pygmalion effect*. The new leader could be taking over a firm or a country, the situation is the same. This is the theme of the article, *Assuming Leadership: The First 100 days*. It is essential that the new leader plans his actions well to create a perceptible difference in the early phase of his assuming office. The authors have some useful hints in this direction.

The emerging competitive environment expects a lot from the corporate entities. The age-old principle of share-holder wealth maximisation is good; but not good enough. If the firm need to establish long-term sustainability it needs to establish itself as a good corporate citizen in addition to share-holder wealth maximisation. One way to achieve this credential is to function ethically, and assume a lot of social responsibility. The principles of ethical behaviour, corporate social responsibility etc must be built into the

strategy of the firm. This is the essence of the article, *The New Rules: Ethics, Social Responsibility and Strategy.*

Part – II: Nurturing Strategic Leadership

Since strategic leadership is increasingly becoming a necessity for corporate success, the question is how do we inculcate it in every organisation. The way to becoming big, they say, is to think big. Thinking strategically is the first step in the direction of acquiring strategic capabilities. Searching for benchmarks outside the organisation and looking from outside-in are two aspects of the strategic thinking process which enables unshackling of the existing mindset and creating a vision for the organisation. A true leader initiates the strategic thinking process, creates a vision for himself, shares the vision with others, enables them create their own visions, empowers them to pursue their visions and in the process carry them all to their dream destinations. *Developing Strategic Competencies: Starting Point* explores some of these aspects.

Col. Michael Flowers' article, *Improving Strategic Leadership,* gives a glimpse of the of the military perception of the competitive operational environment, the relevance of strategic leadership in military situations, the process of nurturing strategic leadership among the military officers and the emerging military challenges. In fact it lends scope for a fascinating comparison with the emerging market environment; the challenges and threats are significantly similar. The army talks about three levels of leadership: strategic, tactical and operational. One of their prime concerns is how to develop effective strategic leaders out of the available tactical leaders. The army does not have the option of hiring competent leaders from outside. The author feels that the existing scheme of grooming officers through careful assignments and other methods is too conventional and based on a paradigm of war that has become history; Like his counterparts in the theatre of market-economy, Col. Flowers too, would like to have the grooming process base on a paradigm of future warfare.

Noel Tichy, seasoned by the GE and the Crotonville experience, argues that long-term sustenance of a firm depends on its ability to nurture leaders from within, continuously. In his book, *Leadership Engine*, he captures the "big picture" of leadership best practices and goes into tactical level details of implementation to achieve the goals. There are six key elements in the Leadership Engine: Teaching, Learning, Ideas, Values, Energy and Edge. As observed by many other experts, he also states that the best leaders are enablers rather than doers. They work through others and they are great at empowering the people around them. A true leader, according to him, prepares the firm to win in the short-term and to be stronger in the long-term.

Another book summary included in this book is "The Individualized Corporation" by Sumantra Ghoshal and Christopher Bartlett. The book heralds the paradigm shift from the organization-man to a new management philosophy that has the individual as the key driver of value-creation in the firm. The existing management philosophy, based on Taylorism, gives little significance to the individual; the book explores the contours of an

organisation to be built around the individual. Some of the key characteristics of the firm being addressed to are [i] ability to inspire creativity and initiative in its people [ii] ability to link and leverage nuclei of individual expertise into a system of organisational learning and [iii] ability to continuously renew itself. The managerial implications of this new philosophy is a transformation from the traditional approach of strategy-structure-system to a new approach of purpose–process-people. The firm would be perceived not just as an economic entity but a significant social institution creating new values for all its constituencies. The roles of the top management and the CEO are redefined in this context.

How does a business leader create an organisation that can stand up to the dynamic situations of the competitive world? This is the theme of the article *"Business Leadership: Challenges and Opportunities."* The authors prescribe three essential aspects. The vision of the firm must be aligned with the activities of the people. Mis-alignments have to be identified and corrected; new alignments have to be created. The second aspect is empowerment of the people. People have to be perceived not as assets of the firm but as fountainheads of potential growth. Third aspect is developing a culture of learning across all levels of the organisation. This again is a reflection of what Noel M Tichy has prescribed in the Leadership Engine.

How does a leader bring a firm out of a trough? In preparing the firm for recovery the CEO's first task is to create a genuinely compelling vision for the firm. The second task is to communicate this vision to every body in the firm. This vision must be rock-solid and also very convincing to all in the firm. This is the toughest task because at this time none in the firm has a mindset to believe about an upswing or recovery; it is only the convincing power of the CEO that can make the difference. The third task is to pay attention to the best performers. They are the nuclei around which critical mass gathers for the transformation. To sustain the uptrend, the leader must identify and ensure that the best performers begin the process of nucleation. The article *Accelerating out of Downturn* touches upon these aspects in detail.

Jim Collins, author of *God to Great*, talks about five levels of leadership. Level-1 leader is a capable individual; Level-2 leader is a contributing team member; Level-3 leader is a competent manager; Level-4 leader is an effective leader and Level-5 leader is one who transforms an organisation into a great institution. Level-5 leader places the organisation above himself; he would not let his ego come in the way of the organisation's growth and prosperity. SamWalton of Walmart is cited as a classic example. Level-4 leader, on the contrary, does not care what happens to the organisation after him. An example is Lee Iacocca who was more concerned about his status and prestige than the future of the organisation. Level-5 leader is ruthless in ensuring superb results: he would inspire and create superior standards of performance. At the same time he is extremely humble: he would praise others for the organisations achievements and would not hesitate to accept the blame for the failures of the organisation. A Level-5 leader achieves results through chosen people; most often than not he would have mentored and coached those chosen people. The article by Sanjib Dutta and Anil Kumar Kartham, brings in a glimpse of the characteristics and operating style of the Level-5 leader.

Suhayl Abdi, in his article, "Why Leaders have to be Learners", profiles the nurturing of a leader through his own experiences. He looks back into Indian history to cite how Babar continuously learned from his personal experiences while his son, Humayun, learned little from his personal experiences.

Part-III: Company Experiences

This section attempts to capture the experiences of companies wherein leadership has been instrumental in making the vital difference. When Sam Palmisano took over as the CEO of IBM in 2002, he found the market was in a slump and the company's PC business was loosing money. How he steered the company to prosperity is discussed in the case by B Karunakar. Another case is about how Lee Iacocca achieved a turnaround of the Chrysler Corporation from near bankruptcy to one of the automobile giants of the world. The case brings to focus the significant characteristics of the leader. In yet another case we see how Carlos Ghosn brought about a remarkable turnaround of Nissan in a fiercely competitive environment. In fact Carlos Ghosn was deputed to Nissan by Renault who had taken over the ailing company. The Nissan story is one of the most brilliant turnaround stories of all time and the credit goes singularly to Carlos Ghosn. Jack Welch, synonymous with GE, offers the classic example of a strategic leader who transformed an ageing second-wave manufacturing company into a highly profitable, knowledge-based, wealth-churner, third-wave service-sector company.

Such case-histories abound in all of the leadership books of recent times. The authors of these books, Noel Tichy, Eli Cohen, Ram Charan, Sumantra Ghoshal, Christopher Bartlett etc., have based their findings on large number of company experiences; these are there to see in their books. Most frequently quoted companies seem to be GE, ABB, 3M, Compaq, Intel, Ameritech, Citicorp etc.

Epilogue

The emerging environment is characterised by information, knowledge, ambiguity, speed, uncertainty and competition. Managing a business in such an environment is going to be extremely complex. The ways of making the means and ends meet in the emerging scenario is going to be quite distinct and different from those we have experienced in the past. The leadership challenges are complex and manifold. This book is an attempt to capture the current thinking on the evolving subject of leadership relevant to taking the current organisations into future with sustainable basis for existence and growth.

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