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The virtuous cycle of strategic leadership

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Ask almost any CEO why their organisation is under-performing, and they'll probably point to many factors, but ultimately blame their people ("They know our strategy, but just don't deliver.") But talk to those people, and they're likely to point to the boss ("What's the strategy?") Breaking this self-destructive cycle is the biggest opportunity in business.

In theory, your strategic planning process should help you do that. So should your vision and mission statements. In practice, these old favourites not only fall far short, but often contribute to making a bad situation worse.

The problem begins with the way strategy is made. It gets worse as firms advance. Neat plans are quickly nullified by real-world messiness, and good intentions are blown away by surprises. The extreme uncertainty of these times, together with the rising pressures of hyper-competition, mean that many established management practices just don't work.

Albert Einstein warned that it was insanity to keep doing the same thing and expect different results. Yet this is precisely what executives do. The question they should ask is: "What decisive action should we take that will let us break out of our current path and radically improve our performance?"

The answer is simpler than they might imagine. It rests virtually 100% in changing their strategic conversation. In reframing their organisations' view of the world, and changing what people talk about. In making sure that everyone understand what "hill" the company is aiming for, and how it intends getting there. And in giving them the space – and the resources – to invent their way to the top.

If this sounds blindingly obvious, consider what actually happens in the world of "best practices."

In most firms, strategy is a task reserved for the most senior managers. They either "do it" themselves or with a small team of specialists. Then they send out the message and hope it gets turned into action. The process is hopelessly flawed, and almost sure to fail them. There are three reasons:

First, things have a nasty habit of changing faster than plans can be produced or altered. Long drawn-out budgeting and planning cycles are suicidal. Generals know that battle plans change when the first shot is fired. It's the same in business. Even the most cunning of strategies seldom pan out as expected.

Second, as Henry Mintzberg and many others have pointed out, strategy mostly emerges from a brew of ideas and actions – and often from unexpected quarters. Head Office is not the best place to create it. People out at the edges of an organisation know first-hand what customers want and will pay for, and what competitors are doing. Production people are best placed to fix quality and boost productivity. Logistics people understand the supply chain. All these voices have immense value, yet too often are not heard.

Third, there is the ever-present plague of poor communication. Critical messages get quickly distorted and snuffed out. Bad stuff gets exaggerated, amplified, and twisted, and spreads like wildfire in the passages. Plans that sound perfectly clear in an Exco meeting come across as gobbledegook a few doors away. And deep down in the trenches, they mean nothing.

Deciding on a strategy is undoubtedly the most important leadership task. But this doesn't mean that the leader must develop the strategy, either single-handedly or with the help of a few others. Instead, what it does mean is that he or she must create a context for thinking and debate, give legitimacy to the choices that are made from whatever options present themselves, and direct an ongoing conversation.

Planning is just one small aspect of the job. Even more important is your ability to *select and frame issues in a way that will unleash the imagination and spirit of your team.*

Complexity is a fact of life. Confusion is normal in organisations, and increases exponentially with size. Every company – and every individual – has too much to do and not enough time, energy or money to do it all. And the “to do” list gets longer all the time. If you don't make choices, you get swamped.

But every person in an organisation cannot possibly make choices for the entire organisation. Everyone cannot have the perspective needed to commit major resources, to position the firm for the future, to sanction new product launches, or to decide which distributors to use. Hard trade-offs and risky choices have to be made. Someone has to make them – and someone has to be held accountable for them. And that someone is the person in charge.

Put simply, you have to make sense of a stream of issues, sift out the few that make the most difference, and focus your team's attention on them. But there's more to it than just setting direction. For the minute you start moving forward, you have to learn from what happens, and adapt accordingly.

Strategy, then, involves framing, living, learning, and changing. It is a human activity, not a mechanical one. The richer the conversation you encourage, the more people you involve in it, and the clearer your messages, the better your chances of success

Strategic management is a never-ending process of turning insights into action. The link is strategic conversation. Fail in it, and you immobilise your organisation. Get it right, and all else falls into place.

Companies do not have to self-destruct. But when the CEO imagines that “everyone knows our strategy” when hardly anyone does, then failure is assured. So take decisive action today. Change the way you talk about the future ... and you will create a different future.

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