The Who, What and How Of Strategic Leadership

Leading strategically involves discovering the few key things an organization needs to do well and can do well, and creating the conditions needed to act collectively on the implications of that discovery.

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What if you could turn your organization into an engine of sustained competitive advantage, with the agility to weather uncertainty and success with equal measure? What if you could develop leadership in your organization capable of ever-deepening insight and high performance? The key, we believe, is better strategic leadership. Strategic leadership is about transforming an organization to an enhanced state of vitality. It means enhancing your organization’s sustainable competitive advantage through its vision and values, culture and climate, and structure and systems, as well as through its strategy.

Strategic leadership is often viewed as distinctive from operational leadership. Strong operational leaders are known for their specific focus and marshalling of resources to “get the job done.” Most senior executives have progressed in their organizations because they have strong operational skills, but effective strategic leadership requires a distinct set of skills. Strategic leadership requires different skills than operational leadership because it is:

- **Broad in scope** — The strategic leader sees the organization as interdependent and interconnected so that actions and decisions in one part of the organization are taken mindful of their impact on other parts.
- **Future focused** — The strategic leader operates with a far-reaching timetable, integrating short-term results and a long-term focus.
- **Change oriented** — The strategic leader is often a driver of organizational change. The impact of his or her work cascades or ripples throughout the organization.

Overcoming the challenges established by lack of strategic clarity and focus, poorly aligned tactics and limited perspective is no easy task. However, by breaking down strategic leadership into what it involves, who does it and how it takes place, managers and executives can establish greater clarity, make stronger connections and expand their leadership repertoire – and contribute to their organization’s enduring success.

The WHAT of Strategic Leadership

Leading strategically involves discovering the few key things an organization needs to do well and can do well, and creating the conditions needed to act collectively on the implications of that discovery.

For that to happen, organizations need to become continual learning engines. In many organizations, strategy tends to be set in long meetings and off-site retreats. The outcome is a weighty strategic plan setting out goals and objectives. But what happens between these off-site meetings? Is the strategy actually implemented? How do you know it is a sound strategy? Is the strategy creating differentiation, clarity and focus? If strategy creation is thought to occur in off-site meetings, organizations and their executives may miss critical information and opportunities that happen between these meetings. A better frame requires strategic leaders to continually develop and discover strategy, holding it in an ongoing state of formulation, implementation,
reassessment and revision. This means that making and implementing strategy is best thought of as a learning process, and it is strategic leadership that drives that process. Making strategy a learning process has five primary elements (see Figure 1):

- **Assessing where we are** — Strategic leadership requires a clear understanding of the competitive situation facing the organization. This involves collecting and interpreting information about an organization’s external environment: markets and competitors; the nature of industry; and governmental, economic and social influences. It also involves collecting and interpreting information about the organization’s internal environment such as its capacity to deliver appropriate goods or services; its market position and customer relations; its systems, processes and structures; and its leadership and culture.

- **Understanding who we are and where we want to go** — Strategic leaders need to understand the spoken and unspoken culture of the organization and its leadership. They should consider vision, mission and values and imagine the company 10 or 20 years in the future. These factors represent a key lens through which different aspects of the competitive situation are filtered, and key organizational priorities established.

- **Learning how to get there** — This is the nuts and bolts of strategic leadership – drawing on insight, information and vision to determine priorities and formulate the strategy. One of the most important challenges of this element involves identifying what we call key strategic drivers. Strategic drivers are the relatively few but critical determinants of long-term success for a particular organization in a particular industry. Business strategy should be developed based on an understanding of the organization’s key strategic drivers. Southwest Airlines, for example, has succeeded with a new model in the airline industry based on speedy and frequent travel between midsize cities at relatively low cost. It’s also important to develop a leadership strategy for addressing the human and organizational capabilities essential to implementing the business strategy effectively.

- **Making the journey** — How does strategy translate into action? What tactics should be taken to implement strategy? How does strategy seep into the lifeblood of the organization?

- **Checking our progress** — Strategic leadership requires a continuing assessment of the organization’s effectiveness. This involves looking at indicators of current performance relative to expected performance and assessing whether adequate investments are being made now to assure the organization’s sustainable competitive advantage in the future.

**The WHO of Strategic Leadership**

Strategy involves an ongoing discovery process having both top-down and bottom-up elements. Consequently, many people play an important role in their organizations’ strategic leadership. True, the CEO is ultimately responsible for deciding upon a path for the organization. Yes, the senior management team is usually involved. But this does not mean that these people are the only – or the best – strategic leaders within an organization.

Individuals whose decisions have an impact beyond their own functional areas have many opportunities to act as strategic leaders. For example, a purchasing manager can anticipate the impact on engineering and manufacturing of switching a supplier. Or a human resource director can develop systems to encourage cooperation across business units. Even those who are on the front line, interacting with the customer, are in a unique position to scan the environment and make sense of that information.

In addition, strategic leadership is not just for individuals; often it is a collaborative, team activity. Strategic leadership teams (SLTs) are those whose collective work has strategic implications for a particular business unit, product line, service area, functional area, division or company. Recently we polled readers of the Center for Creative Leadership’s electronic newsletter and asked them to tell us about the SLTs they serve on. It was an unscientific sample, but the findings were interesting nonetheless. While more than half of the respondents indicated they are below the senior management level, 97 percent indicated they had served on at least one SLT in the last five years. Strategic leadership is indeed alive and well in teams throughout organizations.

**The HOW of Strategic Leadership**

At some point in their careers, many managers hear that they need to “become more strategic.”
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Understanding the challenges and opportunities before it. It involves scanning the internal and external environments for trends, patterns and factors that may influence the business both now and in the future. And strategic leaders need to be adept in systems thinking, which allows them to discern the interrelationships among the many numerous variables that potentially contribute to organizational success (see Figure 2).

Strategic acting is the coordinated effort required for an organization to implement insights and understanding derived from effective strategic thinking. Often, however, there’s limited time for deep or prolonged strategic thinking before an action is required, so strategic thinking and strategic acting go hand in hand – each one informing the other to improve the overall outcome. Another important aspect of strategic acting involves creating conditions for others in the organization to act strategically too. One of the most important ways of doing this is by setting clear priorities to facilitate coordinated action across the enterprise and provide a basis for acting decisively with the short term and the long term in mind.

Strategic influencing is about creating conditions of clarity, commitment and synergy throughout the organization. Again, it’s important to appreciate the dynamic way that strategic thinking, acting and influencing interact with each other. For example, strategic leaders often need to draw upon a group of diverse stakeholders to address a complex organizational challenge. That involves making sense together, not just within one leader’s own head; it involves thinking and influencing simultaneously. It involves creating in a collaborative way a common and shared understanding among different individuals having different perspectives.

Two strategic influence skills pertain to the challenge of championing change in organizations: investing in relationships and navigating organizational politics. Few things can negatively impact a leader’s credibility in the organization more than clumsily trying to influence others without first building the necessary foundations of relationships. We often say that strategic leadership happens in the “white space” on the organizational chart; strategic leadership involves working on issues that cross organizational boundaries. For that very reason, it helps to have invested time in building what we call “unnatural” relationships, or relationships that do not naturally form due to the organizational structure or nature of the work itself.

Politics become an almost inevitable aspect of strategic leadership since shifts in strategy often equate to shifts in power within organizations. Yet political behavior can easily be perceived as self-serving and damaging to one’s credibility and potential influence. Therefore good strategic leaders need to develop skill in navigating the political landscape of their own organization while maintaining – maybe even enhancing – their own credibility as individuals.

Conclusion

The skills of strategic thinking, acting and influencing are what “drive” strategy as a learning process in organizations. Individuals and teams (the who) enact strategic leadership when they think, act and influence others (the how) in ways that enhance the organization’s sustainable competitive advantage (the what). When CEOs and top executives understand the who, the what and the how of strategic leadership and build that same capacity in others, they contribute to their organization’s chances for enduring success.

Figure 2  Strategic leadership is a process, not a position.