

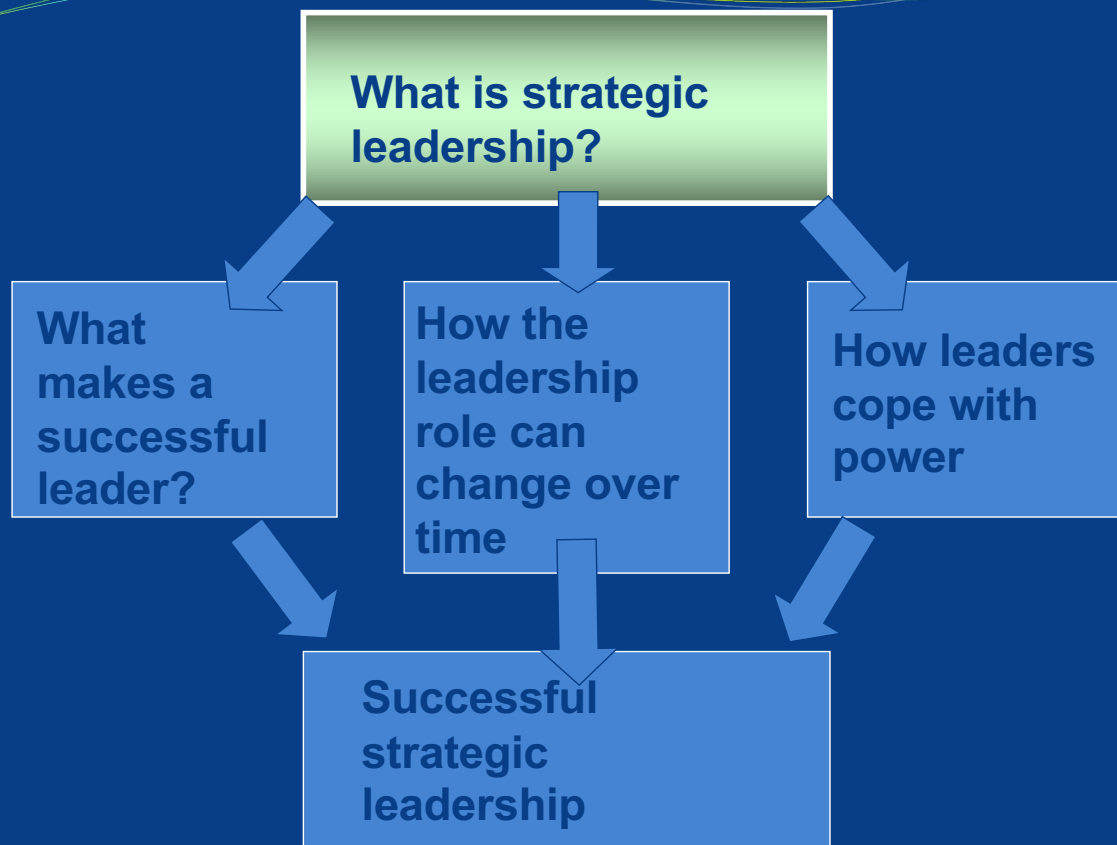
Part 5

Different strategy contexts and business models

Chapter 16

Strategic leadership

What is strategic leadership?



What is strategic leadership?

- Strategic leadership is the ability to shape the organisation's decisions and deliver high value over time, not only personally but also by inspiring and managing others in the organisation.
- Leadership involves not only the Chief Executive but the whole team heading up the organisation
- Leadership involves balancing a number of factors relating to strategy:
 - *outside* influences that impact on the organisation from changes in the economy to increased competition.
 - Inspiring and leading people *inside* the organisation with a clear direction for its future.
- Ultimately, skilled leadership entails identifying and delivering the purpose of the organisation.

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What makes a successful leader? - 1

- *Role of leadership*: “The art or process of influencing people so that they will strive willingly and enthusiastically toward the achievement of the group’s mission.”
- Assess particularly:
 - Need to inspire organisation
 - Need to reflect and support employees
 - Strategic need to take tough decisions, e.g. in failing business
 - Balance between control and entrepreneurial styles
- Leadership style: varies from shared vision to dominant

What makes a successful leader? - 2

No general agreement on successful leadership style but three main theories:

- **Trait theories**: individuals with certain characteristics (traits) can be identified who will provide leadership in virtually any situation – the ‘born’ leader
- **Style theories**: individuals can be identified who possess a general style of leadership that is appropriate to the organisation – the ‘dominant style leader,’ the ‘consultative style’ leader and so on.
- **Contingency theories**: leaders should be promoted or recruited according to the needs of the organisation at a particular point in time. The choice is *contingent* on the strategic issues facing the organisation at that time.

What makes a successful leader? - 3

- From a strategic perspective, the contingency theory approach holds the most scope for two reasons:
 - Best captures both the leader and the relationship with others in the organisation
 - Best reflects that the strategic context is highly relevant to leadership decision making
- Within the contingency theory context, the **best-fit approach** argues that leaders, subordinates and strategies must reach a compromise if they are to be successful

What makes a successful leader? - 4

- Factors influencing successful leadership style:
 - Personality and skills of leader
 - Size of company
 - Degree of geographical dispersion
 - Stability of organisation's environment
 - Current organisational culture
 - Organisation's current profitability and its desire and need for change

What makes a successful leader? - 5

- Bennis and Nanus argue that successful leaders need to go beyond abstract analytical areas to
 - Generate *trust* in the organisation's processes
 - Draw upon the *intellectual capital* of people in the organisation
 - Demonstrate a *passion and determination* to achieve the purposes of the organisation

What makes a successful leader? - 6

Contingency leadership theory covers the following examples which depend on the strategic context of the organisation:

<i>Descriptor</i>	<i>Command</i>	<i>Symbolic</i>	<i>Rational</i>	<i>Transactive</i>	<i>Generative</i>
<i>Style</i>	Imperial	Cultural	Analytical	Procedural	Organic
<i>Role of top management</i>	Commander – provide direction	Coach – motivate and inspire	Boss – evaluate and control	Facilitator – empower and enable	Sponsor – endorse but then allow freedom
<i>Role of organisational members</i>	Soldier – obey orders	Player – respond to challenge	Sub-ordinate	Participant – learn	Entrepreneur

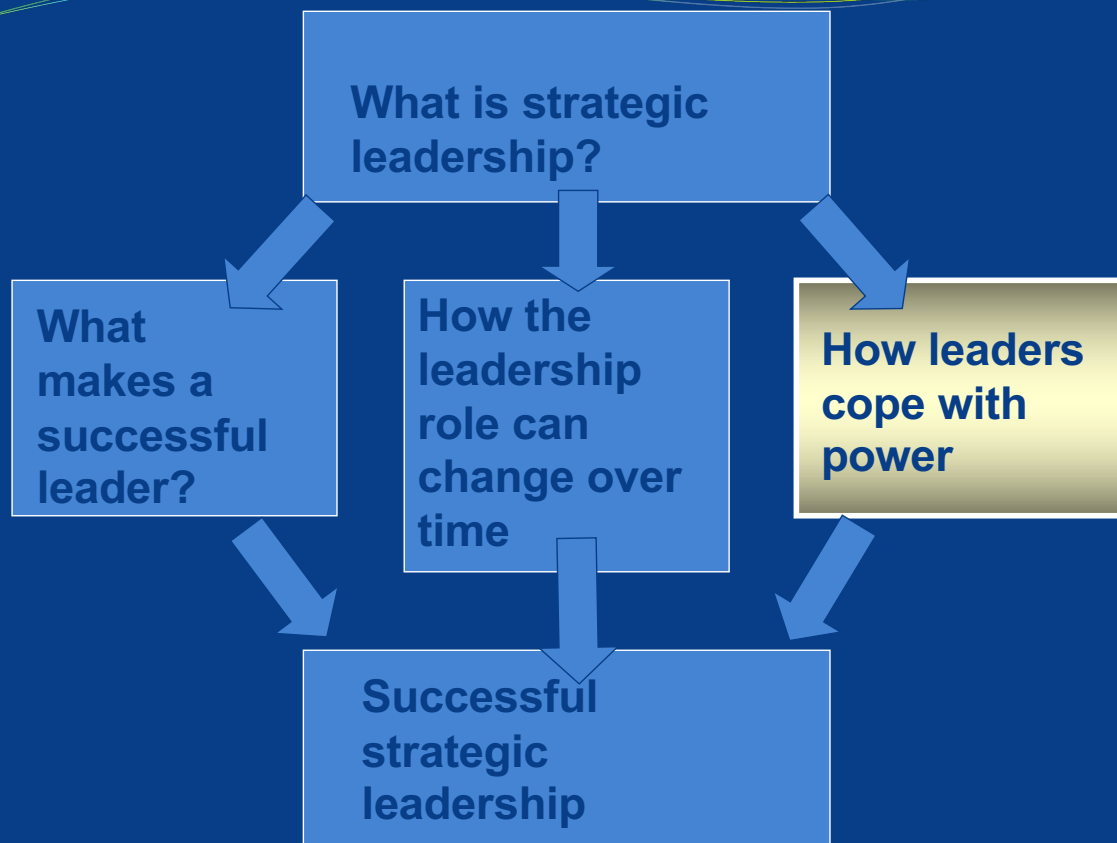


How the leadership role can change over time - 1

- **In the early years**, Chief Executive Officers (CEOs) learn rapidly and are willing to take risks.
- **In the mid-term**, CEOs develop new initiatives and expand their knowledge and skills.
- **Towards the end of their tenure**, CEOs may become risk averse and have difficulty in adapting to external change.

How the leadership role can change over time - 2

- Changing CEO relationships can also be considered in relation to two key stakeholders: employees and customers.
- In the early years, the CEO will listen and learn from both employees and customers.
- Later, CEO relationships with stakeholders become more formalised and comfortable with the possible danger that there will be a disconnect with outside important changes.



How leaders cope with power - 1

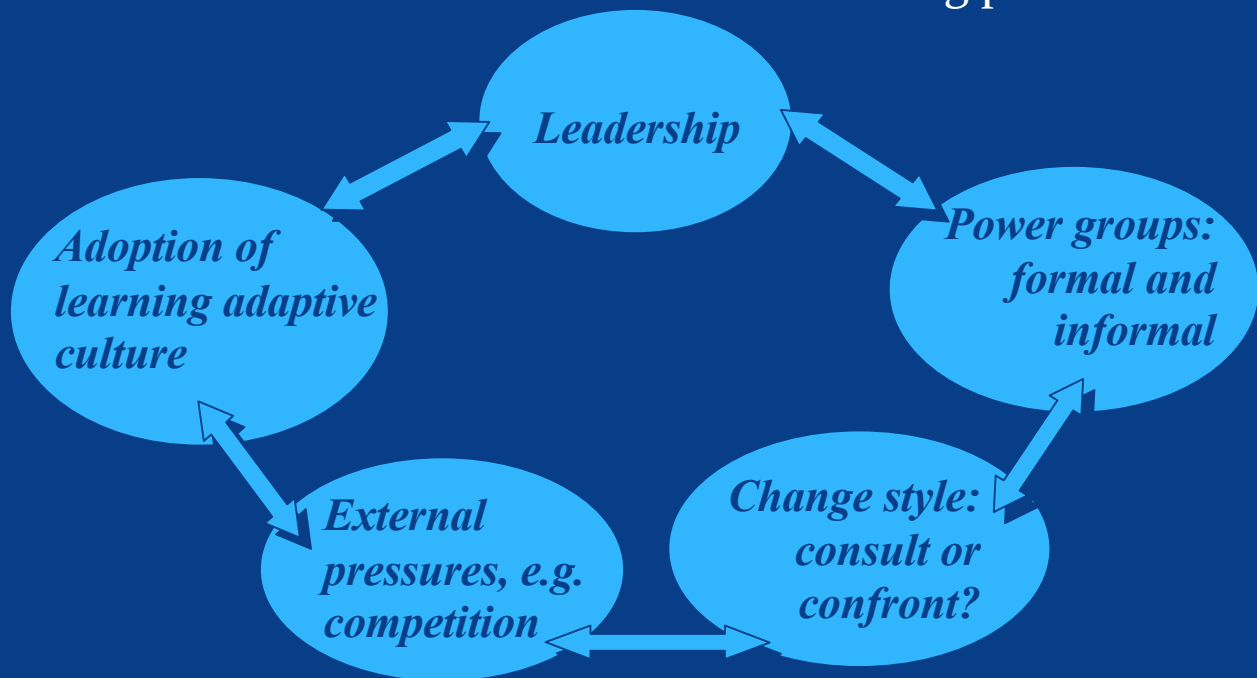
- Power is concerned with the exercise of authority, leadership and management in organisations
- Leadership power can usefully be directed towards encouraging a positive attitude to strategic change inside the organisation, coupled with learning and persuasion
- Competition is healthy in organisations, because it can stretch performance and build cohesion
- However, competition can be taken too far and degenerate into unhealthy conflict and political manoeuvring

How leaders cope with power - 2

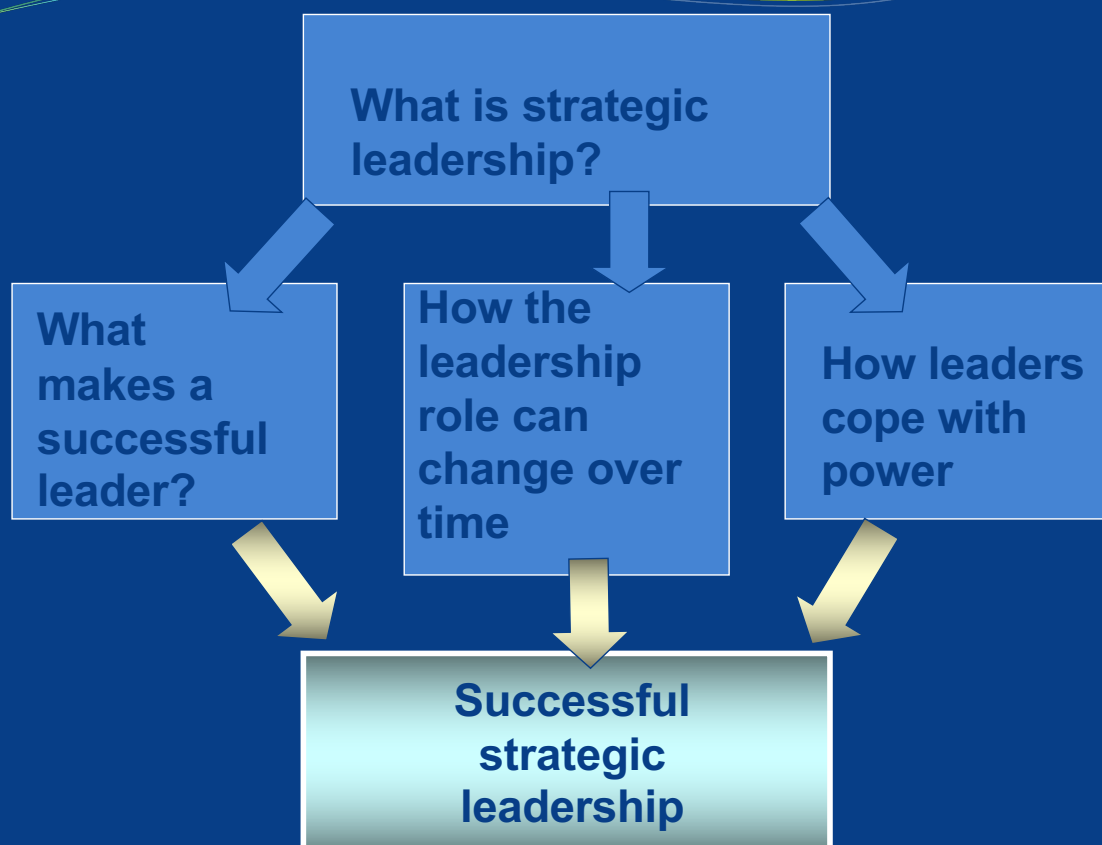
- Leaders need to distinguish between what is *desirable* to change and what is *possible* to change because of the following limitations:
 - Insufficient resources – e.g. new people
 - Timing – e.g. weak economic climate
 - Organisational culture – e.g. bureaucratic style may take years to alter
 - Stakeholder pressures – e.g. desire for short-term profits
- May be other limitations in practice

How leaders cope with power - 3

- The political network of an organisation: the leader's considerations when it comes to exercising power

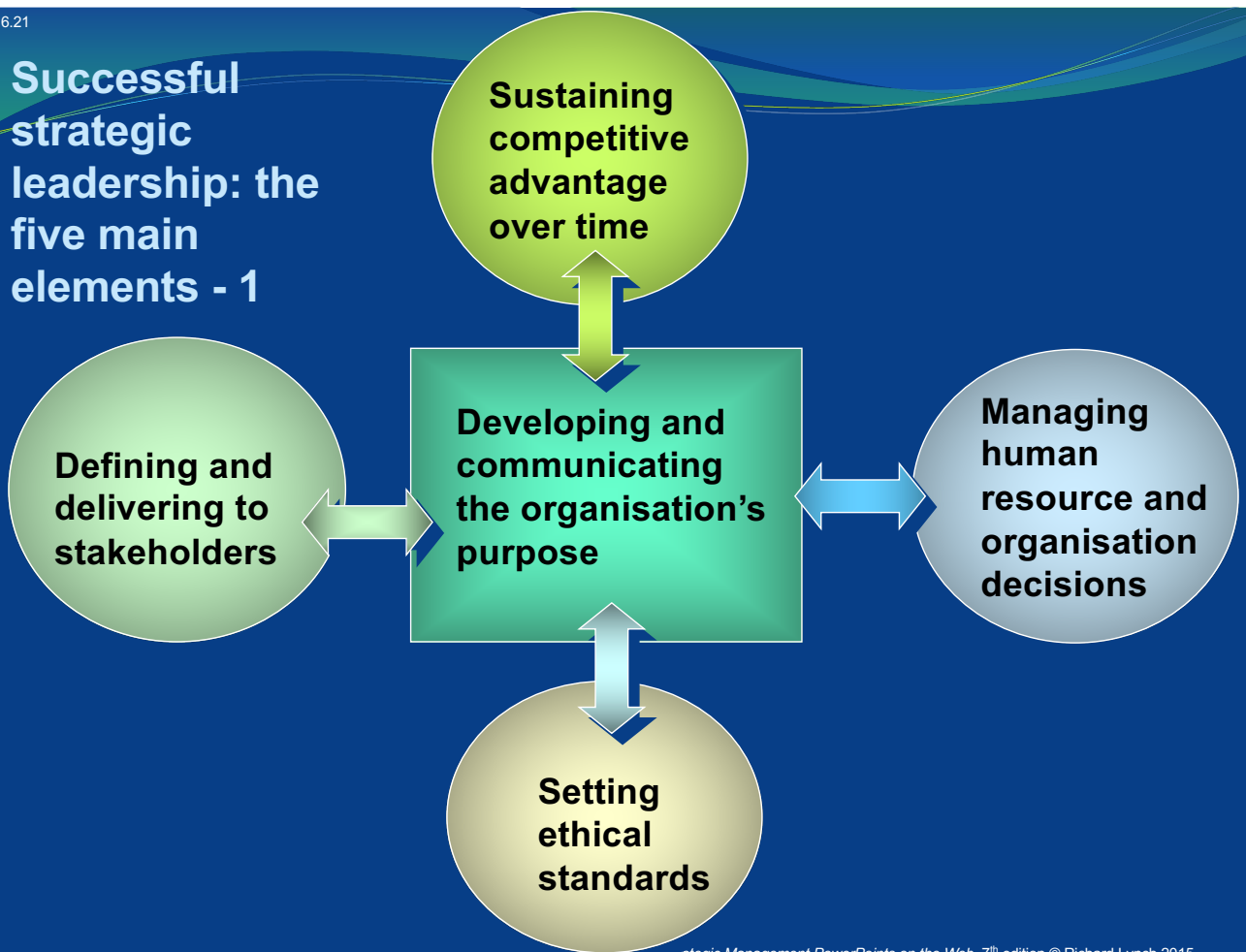


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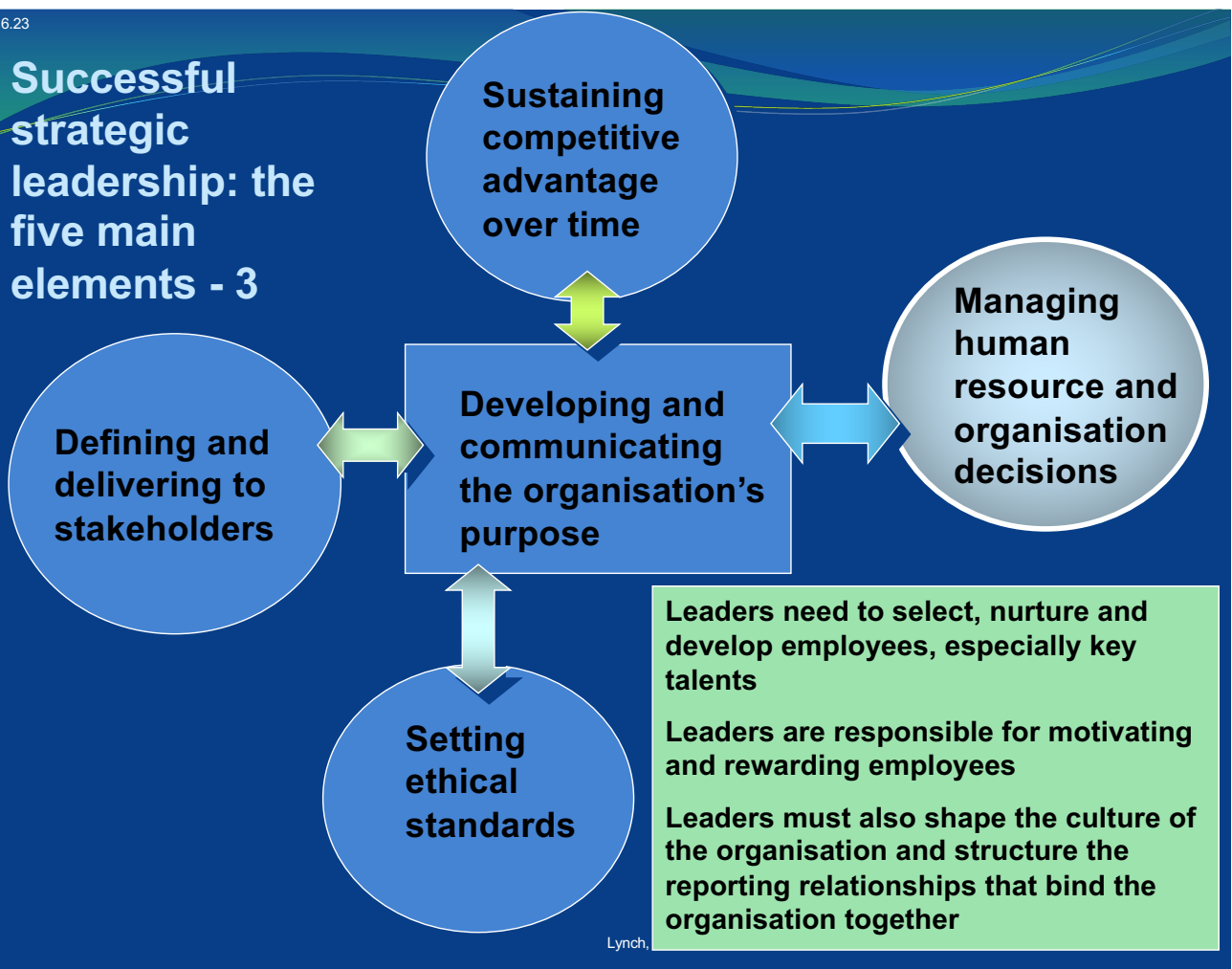
Successful strategic leadership: the five main elements - 1



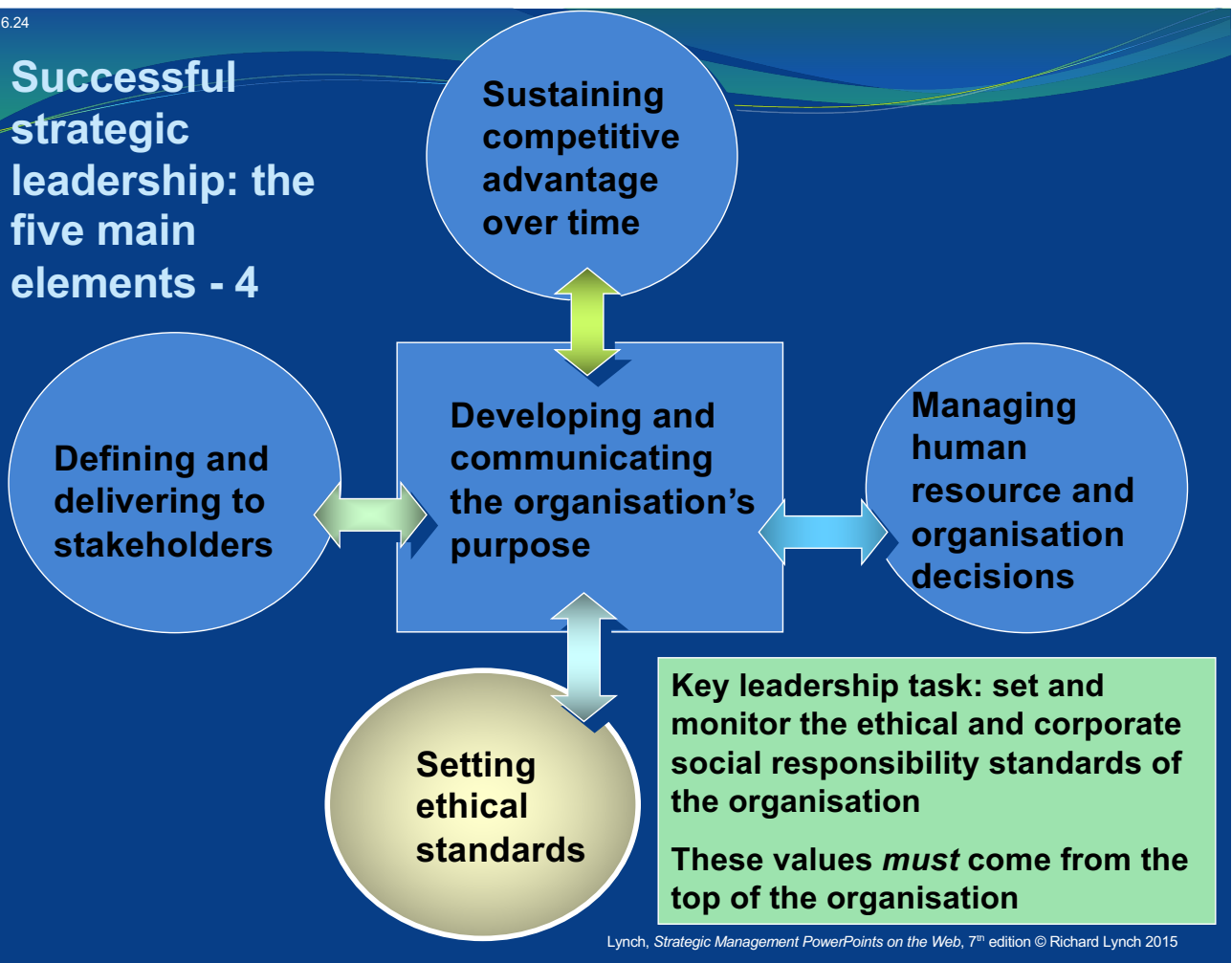
Successful strategic leadership: the five main elements - 2



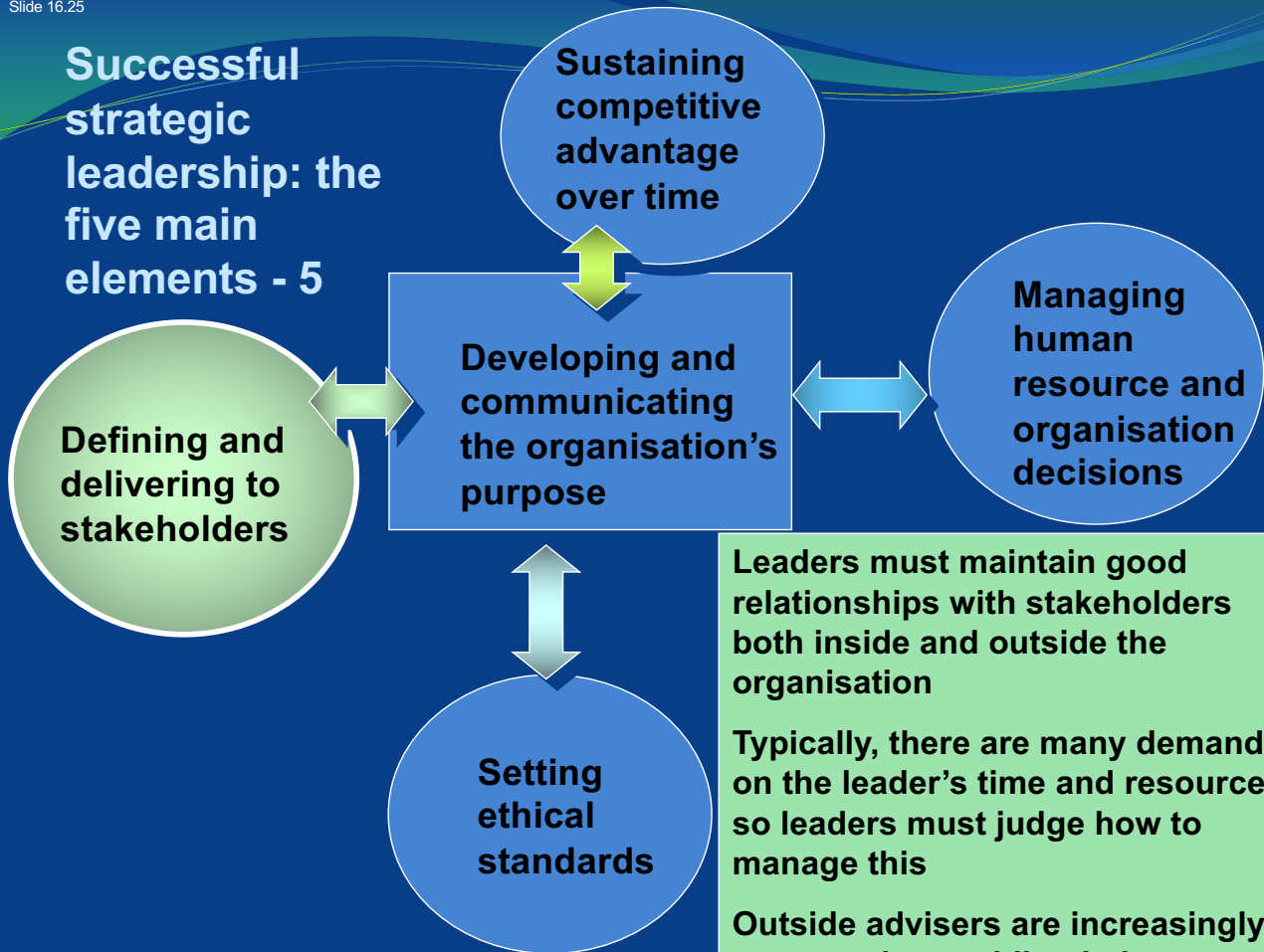
Successful strategic leadership: the five main elements - 3



Successful strategic leadership: the five main elements - 4

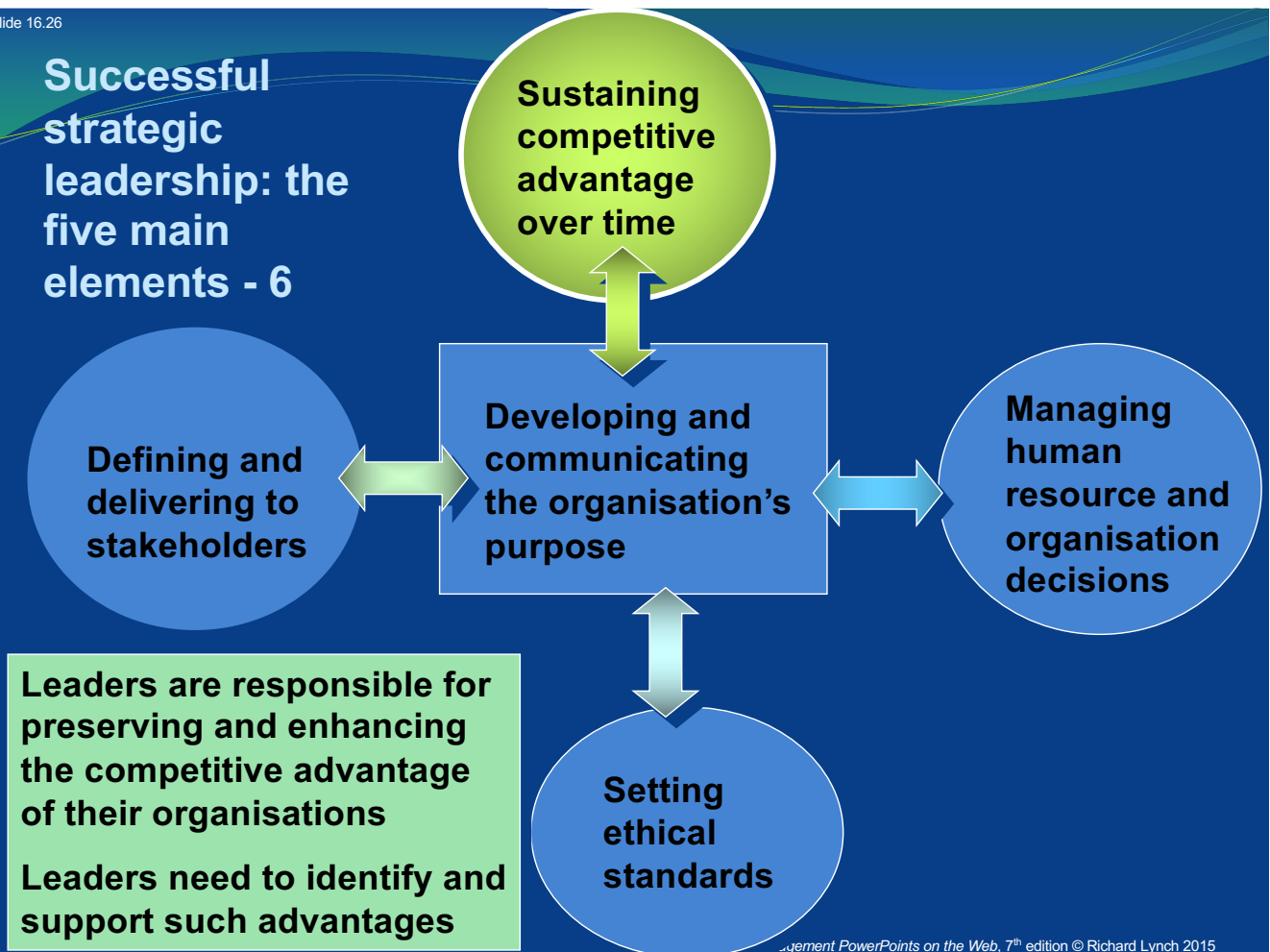


Successful strategic leadership: the five main elements - 5

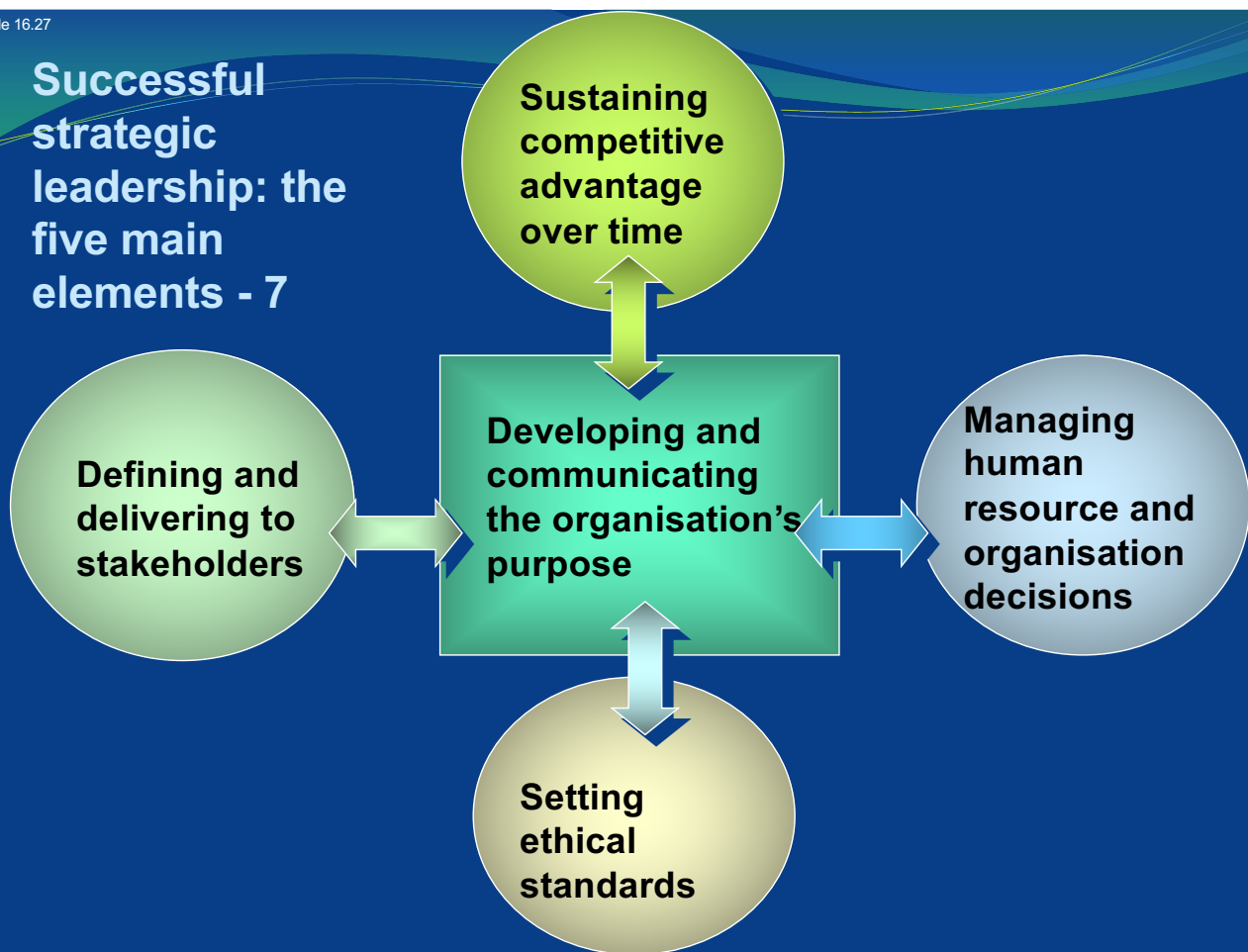


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Successful strategic leadership: the five main elements - 6



Successful strategic leadership: the five main elements - 7



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What is strategic leadership?

Some additional overheads

How leaders recognise and deal with 'political' pressures - 1

- Prioritise power groups, then consider resistance.....
- Resistance to change may be the primary problem of strategy development
- Why do people resist change?
 - Anxiety
 - Pessimism
 - Irritation
 - Lack of interest
 - Opposition to strategy proposals
 - Different personal ambitions

How to overcome resistance?

- Involvement in change process
- Support networks
- Communicate
- Managerial authority
- Assistance and incentives
- Symbols, etc.

How leaders recognise and deal with 'political' pressures - 2

<i>Objective</i>	<i>Activities undertaken to achieve objective</i>	<i>Reaction by superiors or rivals to the activities</i>
Resist change or resist authority	■ Sabotage ■ Rebellion	■ Fight back ■ Institute new rules and regulations
Build power	■ Flaunt or feign expertise ■ Attach oneself to superior ■ Build alliances with colleagues ■ Collect subordinates – empire build ■ Control resources	■ Call the bluff of rivals ■ Find heir or successor ■ Reorganise department ■ Reclaim control of resources

How leaders recognise and deal with 'political' pressures...continued - 3

<i>Objective</i>	<i>Activities undertaken to achieve objective</i>	<i>Reaction by superiors or rivals to the activities</i>
Defeat rival	■ Battles between units ■ Battles between staff and line ■ Expose mistakes – we all make them	■ Good leadership should provide balance
Achieve fundamental change in strategy, authority and leadership	■ Form power group of key executives ■ Combine with other areas above ■ Inform on opponent ■ Leak damaging material to public media	■ Intelligence essential ■ Recognise and cultivate those who are particularly influential ■ Seek out rival power groups ■ Respond with own leaks

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Strategic change: culture, style and leadership

Four areas of competence for leaders: from Bennis and Nanus:

- Vision
- Communications
- Trust
- Self-knowledge

Two other possible areas of competence:

- Responsiveness to the situation
- Creativity

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