

THE LEADING EDGE

A NEWSLETTER ON LEADERSHIP STRATEGY FOR A NEW CENTURY

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LEADING STRATEGIC ORGANIZATIONS

WE WORK WITH MANY ORGANIZATIONS throughout the U. S. to improve their strategic leadership and their organizational practices. They demonstrate that there is no magic to the process of leading organizations strategically. Yet, strategic organizations tend to have two major qualities which distinguish them from their competitors and their peers. First, they create a culture of commitment where stakeholders accept their role in building the organizational future. Second, they have a defined strategy to position themselves toward the future by making day-to-day decisions which have long-term impact for their desired relationship to their customers, clients, and to the changing norms of society and business.

There are four skills which strategic organizations and their leaders master to implement these qualities. The critical skills for building a strategic organization are to:

- **DEVELOP A STRATEGIC PLAN**
- **FOCUS ON CONTINUOUS IMPROVEMENT**
- **DEVELOP LEADERS AT ALL LEVELS**
- **EMPHASIZE STAKEHOLDER CONTRIBUTIONS**

DEVELOP A STRATEGIC PLAN

Many client organizations with whom we work are often tentative about spending the time, money, and energy on developing a strategic plan. They express this sentiment: "Society is changing, businesses change, people in our organization often change; why should we develop a strategic plan when everything else is in flux?" It is precisely the changing conditions and environments in which many organizations find themselves that requires a strategic focus for the future as a critical element of

organizational success. We also find that there is much confusion about what a strategic plan really entails. A strategic plan is more than the "vinyl binder" or the words on a page which complete a strategic planning exercise. True strategic planning is "motivating the majority of your stakeholders to think in the same direction, at the same time, about the same priorities." This "living binder" is a far more difficult task. The success of the strategic plan is not the presentable written document at the end of the planning exercise. It is the underlying commitment to the vision, strategy, and execution which that plan represents. All effective strategic plans operate on three levels. *First, they provide a vision for the organization. Secondly, they articulate a major strategy for the organization to move into its future. Lastly, they identify the actions and the decisions, the timetable and the responsible champions to move those activities forward. We call this final phase "execution."*

MYTH: Planning is a formal activity for top leaders to set direction and policy.

FACT: Planning establishes a shared vision and alignment of roles and strategy throughout the organization.

FOCUS ON CONTINUOUS IMPROVEMENT

The second major skill that strategic organizations and their leaders demonstrate is an ability to focus on continuous improvement. In the total quality movement, focusing on continuous improvement has become a popular slogan. We find that in strategically-led organizations, their continuous improvement efforts include common elements. *They involve employees in major*

decisions of organizational strategy. They simplify the process. They identify performance indicators, or benchmarks, to correspond to their major priorities for the future.

Employee involvement is an important strategy for organizations adapting to the information age. Most of our management systems were derived from a "scientific management" model. This view was heavily driven by manufacturing technologies whose goal was to increase production while reducing costs. However, "scientific management" assumed that it was not necessary for people at all levels of the organization to have information regarding the end point of their productivity. As technology has led us into the field of "scientific management," it has also led us beyond it. With the change of our economic base from manufacturing to service and information industries, we realize that the knowledge and involvement of employees in the ultimate results of their efforts is critical to organizational success. Organizations with whom we work often develop "continuous strategy teams" or "project-related strategy teams" to demonstrate their commitment to employee involvement. We find that these teams are an essential element to building effective motivation, creative leadership, and a strong emphasis on quality.

MYTH: Quality is a program to "add value" to products and services.

FACT: Quality is constantly reshaping work processes and creating innovation to improve strategy and results.

Organizations which focus on continuous improvement are also able to simplify the process. This means moving critical decisions to the person or work team closest to the desired result. This process of "letting go and delegating" in an organizational environment can be a painful one. However, reducing layers of bureaucracy and decision making in an organization is an important dimension of simplifying the process. Reducing the time lag between the arrival of new information and taking action on it in an organization often provides the critical advantage to its success. This serves

clients and customers more effectively because their goals are more immediate to our work practices.

Organizations which place a high emphasis on continuous improvement also develop performance indicators or benchmarks for individual employees and work teams. This is usually an interactive process where an individual employee or work team is able to define and track the major activities, outputs, and variables they must manage in order to contribute to the overall success of their organization. Once these benchmarks or performance indicators are identified, effective organizations allow their work teams and employees to monitor these standards which will help them reach goals. Individual or team-developed benchmarks often exceed pre-established management expectations for organizational quality and productivity.

EMPHASIZE STAKEHOLDER CONTRIBUTION

One of the slogans in our customer-driven environment is the importance of "focusing on the customer." However, once we get past the motivational techniques of staying close to the customer, it becomes difficult to translate into practice what it means to really focus on customer or client needs. This is a far more complicated process than simply providing an effective product or service in a timely manner. We refer to this larger skill of strategic organizations as emphasizing stakeholder contribution. Robert Berlon of Organizational Development Resources in Atlanta has developed a model for understanding an organization's contribution to stakeholders. Of course, an organization must know who their stakeholders are. This includes employees, board members, owners, customers, clients, vendors, and suppliers, as well as the local community. In Robert Berlon's model, the successful strategic organization is capable of intensifying its impact on all of these stakeholders. *The organization is able to identify the reliability and effectiveness of its product and service. The organization is able to identify the quality it provides by delivering that product or service in a timely, efficient, cooperative, and supportive manner. The organization is able to identify how its product and service contributes to the operational, or organizational, effectiveness of its client or customer.* This means that in producing or providing a product or service, we understand how

the customer or client uses our product or service to succeed in their own arena.

The effective strategic organization understands how their product or service contributes to the mission of their client organization in serving its own customers and stakeholders. Once we begin to re-design our own services or products to enhance the desired mission and effectiveness of our client or customer, then we are truly focused on contribution as the bottom line. Rather than focusing exclusively on limited goals, such as sales or volume, emphasizing the contribution to our stakeholders will add lasting value to our leadership practices.

MYTH: *Customer focused organizations provide the right products and services to meet customer and client needs.*

FACT: *Successful organizations contribute to the effectiveness and mission of their stakeholders through products and services.*

DEVELOP LEADERSHIP AT ALL LEVELS

Strategic organizations understand and invest in the process of developing leaders. The future of innovation and quality have much to do with our ability to rely on people throughout our entire organization for our future success. One of the consulting questions we often ask management in evaluating the effectiveness their work teams is, "Would you bet your life on their success?" If the answer is no, the task is to develop their leadership abilities. Strategic organizations and their leaders recognize the development of leadership as an investment in the future. This investment has a few elements that are critical. First, leadership begins from the inside out, in the words of Steven Covey, noted author and organizational consultant. *This "inside-out process" of leadership means that we must pay attention to the personal and relational dimensions of leadership within the lives of our employees and stakeholders.* We cannot simply rely on training people in "how-to's" which approach

effectiveness as a disengaged element from the person's own goals, aspirations, and priorities in life.

Secondly, when we develop leadership in employees, we must also emphasize their role in representing our organization in the public square. Consequently, their community investment and the various roles they play, such as church leader, family member, neighbor, coach, friend, spouse, teacher, and scout leader, are also important dimensions of the leadership development process. *Finally, organizations attentive to their strategic future contribute to the development of their employee's career and vocation.* Vocational development is a critical part of the leadership process. Most employees will have five to six major career changes over the course of their lifetime. It is incumbent upon organizations to assist in this career transition and development process both within our organizations and beyond them. When we contribute to these life transitions and assist employees to expand their skills and abilities, we truly reduce the ultimate cost to business and organizations in general of caring for unemployed or under-employed people. While the upfront cost of leadership development often looks prohibitive to many organizations, the gains in loyalty, employee satisfaction, and productivity will usually return the investment by 10-to-1.

Building a strategic organization for the future is not a complicated task. It requires discipline, diversity, and balance. But most of all, it includes focusing on the following priorities. *First, develop a strategic plan. Second, focus on continuous improvement. Third, emphasize stakeholder contribution. And lastly, develop leadership at all levels in your system.* These are the keys to truly developing and leading a strategic organization. §
