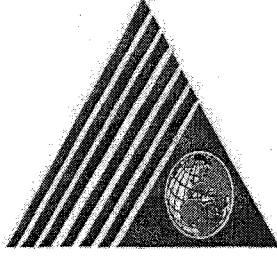


148124



148124

T.C.

**YEDİTEPE UNIVERSITY
GRADUATE INSTITUTE OF SOCIAL SCIENCES**

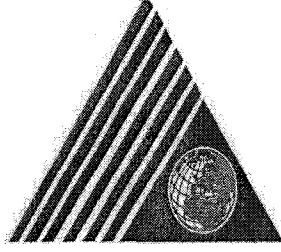
**REINVENTING THE ART OF STRATEGIC LEADERSHIP
AND PLANNING FUTURE**

by

Hüseyin AYDIN

**Submitted to the Graduate Institute of Social Sciences
In partial fulfillment of the requirements for the degree of
Master of
Business Administration**

ISTANBUL, 2004



**T.C.
YEDİTEPE UNIVERSITY
GRADUATE INSTITUTE OF SOCIAL SCIENCES**

**REINVENTING THE ART OF STRATEGIC LEADERSHIP
AND PLANNING FUTURE**

by

Hüseyin AYDIN

**Supervisor
Assoc. Prof. Dr. Mesut Hakkı CAŞIN**

**Submitted to the Graduate Institute of Social Sciences
In partial fulfillment of the requirements for the degree of
Master of
Business Administration**

ISTANBUL, 2004

**REINVENTING THE ART OF STRATEGIC LEADERSHIP
AND
PLANNING FUTURE**

by

Hüseyin AYDIN

Approved by:

Assoc. Prof. Dr. Mesut Hakkı CAŞIN
(Supervisor)

:



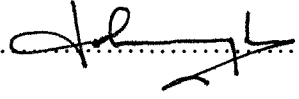
Prof. Dr. E.Abdülgaffar AĞAOĞLU

:



Inst. İsmail Vardar ÇOBANOĞLU

:



Date of Approval by the Administrative Council of the Institute

02./03./2004

TABLE OF CONTENTS

LIST OF ABBREVIATIONS	XIII
LIST OF FIGURES	XV
LIST OF TABLES	XVIII
ACKNOWLEDGEMENTS	XIX
ABSTRACT	XX
ÖZET	XXI
1. INTRODUCTION	1
2. THE SCIENTIFIC MEANING of STRATEGIC LEADERSHIP	4
2.1. A THEORETICAL and OPERATIONAL DEFINITION of STRATEGIC LEADERSHIP	4
2.1.1 Participation	6
2.1.2 Sensitivity	6
2.1.3 Trust Among Stakeholders	6
2.1.4 Openness and Fairness	6
2.2 THE STRATEGIC LEADERSHIP MODEL	6
2.2.1 Knowledge	7
2.2.2 Support Structure	7
2.2.3 Appropriate Training	7
2.2.4 Initiating Activity	7
2.3 PSYCHOLOGICAL BEHAVIOR of LEADERSHIP: PERSON and SOCIETY	8
2.3.1 Leadership in Societies	9
2.3.2 Role Models	10
2.3.3 Communities	10
2.3.4 Psychological Way	11
2.4 AUTHORITY: THE EFFICIENT IMPERATIVE	12
2.4.1 Naked Authority	13
2.4.2 The Genealogy of Established Authority	14
2.5 HISTORY of LEADERSHIP	15

2.5.1 Alparslan	33
2.5.2 Attila	35
2.5.3 Genghis Khan	37
2.5.4 Tamerlane	39
2.5.5 Mustafa Kemal Atatürk	41
2.6 RELATIONSHIP BETWEEN STRATEGY and LEADERSHIP	50
2.6.1 Strategy	51
2.6.2 Strategic Thinking: Art and Discipline	53
2.6.3 Strategy For Survival	54
2.6.4 Strategic Leaders: Going The Distance	57
2.6.5 Avoiding Strategy by Default	59
2.6.6 Making The Commitment	61
2.7 MANAGEMENT IDEAS and STRATEGIC LEADER	61
2.7.1 Ordinary Management and Extraordinary Leadership	64
3. STRATEGIC PLANNING	66
3.1. THE THEORY of STRATEGY	66
3.1.1 Relation to Policy	67
3.1.2 Higher, or Grand Strategy	69
3.1.3 Pure, or Military Strategy	70
3.1.4 Elements and Conditions	71
3.1.5 Aim of Strategy	72
3.1.6 Action of Strategy	73
3.1.7 Basis of Strategy	77
3.1.8 Cutting Communications	78
3.2 STRATEGIC MANAGEMENT and STRATEGIC PLANNING	78
3.2.1 The Managerial Task and Planning	79
3.2.2 Strategic Management, Operational Management, and Strategic Planning	80
3.2.3 Tasks of Top Management	81
3.2.4 Planning Responsibilities of All Managers	82
3.2.5 Intuitive-Anticipatory versus Formal Strategic Planning	85
3.3 STRATEGIC PLANNING PROCESS	88
3.3.1 Formal Strategic Planning Defined	88
3.3.1.1 Futurity of Current Decisions	89

3.3.1.2 Process	89
3.3.1.3 Philosophy	89
3.3.1.4 Structure	90
3.3.2 What Strategic Planning Is Not	90
3.3.3 Conceptual Strategic Planning Models	91
3.3.3.1 Planning Premises	92
3.3.3.2 Formulating Plans	95
3.3.3.3 Implementation and Review	96
3.3.3.4 Information Flows, Decision and Evaluation Rules	96
3.3.3.5 Some Observations About The Model	97
3.3.4 Conceptual and Operational Steps in Strategic Planning	99
3.3.5 Strategic Planning Model with Gap and Market Focus	99
3.3.6 Two Operational Plans	101
3.3.7 Types of Business Plans	101
3.3.8 Strategic Planning Design Configurations	105
3.4 INTELLIGENCE in LEADERSHIP	107
3.4.1 Statement of the Problem	109
3.4.2 Definition of Terms	109
3.4.2.1 Manager	109
3.4.2.2 Emotional Intelligence	109
3.4.2.3 Transactional Leadership	109
3.4.2.4 Transformational Leadership	110
3.4.2.5 Leadership Effectiveness	110
3.4.3 Social Intelligence	110
3.4.4 Leadership, Management and Management Development	111
3.4.5 Emotions and Leadership	113
3.4.6 Leadership	114
3.4.7 Charismatic Leadership	115
3.4.8 Transformational Leadership	117
3.4.9 What is the Relationship Between the Emotional Intelligence of Leaders and Their Transformational Leadership Style?	117
3.4.10 What is the Relationship Between the Emotional Intelligence of Leaders and Their Transactional Leadership Style?	119
3.4.11 What is the Relationship Between the Emotional Intelligence of Leaders and Their Laissez-Faire Leadership Style?	119

3.5 GATHERING ORGANIZATIONAL INTELLIGENCE	120
3.5.1 The Business of Intelligence Gathering	122
3.5.2 A 360° Worldview	123
3.5.3 Trends, Conditions, and Issues	123
3.5.4 Window of Opportunity	125
3.5.4.1 Four Ways to Address the Window of Opportunity	126
3.5.4.1.1 Denial	126
3.5.4.1.2 Ignorance	126
3.5.4.1.3 Purposeful Intervention	127
3.5.4.1.4 Acceptance	128
3.5.5 Seven Major Trends Affecting the World	128
3.5.5.1 Increasing Freedom	129
3.5.5.2 Increased Speed of Transportation	130
3.5.5.3 Progressive World Peace	131
3.5.5.4 Advancing Technology	131
3.5.5.5 Changing Capitalism	132
3.5.5.6 Increasing World Business Trade	132
3.5.5.7 Increasing Understanding of Diversity	133
3.6 LEADERSHIP STRATEGIES	133
4. THE ART of STRATEGIC LEADERSHIP	135
4.1. THE LEADERSHIP ADVANTAGE	135
4.1.1 Generating Intellectual Capital	135
4.1.2 Qualities of a Leader	137
4.1.3 Demands of Followers	138
4.2 EXEMPLARY LEADERSHIP	138
4.2.1 The Anatomy of Character	143
4.3 LEADERSHIP STYLES	144
4.3.1 Explanation of Leadership Styles	146
4.3.2 How Versatile Can One Leader Be?	148
4.4 WHAT IT REALLY TAKES	152
4.4.1 Knowing Your Playing Field: The Enterprise Model	152
4.4.2 Understanding The Strategic Framework	157
4.4.2.1 What Strategy is	157

4.4.2.2 What Strategy is not	159
4.4.2.3 Asking the Right Questions in Constructing the Strategic Framework	160
4.4.3 Choosing A Process for Strategy Engagement	161
4.4.3.1 The Nature of the Process: The Power of Systematic Questioning	161
4.4.3.2 The Roadmap: The Five Phases of Strategy Formulation and Implementation	164
4.4.3.2.1 Phase 1: Strategic Intelligence Gathering and Analysis	165
4.4.3.2.2 Phase 2: Strategy Formulation	165
4.4.3.2.3 Phase 3: Strategic Master Project Planning	165
4.4.3.2.4 Phase 4: Strategy Implementation	166
4.4.3.2.5 Phase 5: Strategy Monitoring, Reviewing, and Updating	166
4.4.3.3 The Iterative Construct	167
4.4.4 Putting the Team in Place	167
4.4.5 Strategic Leadership in Action	170
4.5 TAKING LEADERSHIP to THE NEXT LEVEL	171
4.5.1 Leadership at All Levels	172
4.5.2 Operating at Level 1	173
4.5.2.1 React to Marketplace Conditions	174
4.5.2.2 Favor Hard Skills	174
4.5.2.3 Are Constantly Busy	174
4.5.2.4 Lead in a Fast Operating Mode	175
4.5.2.5 Concentrate on Gathering and Analyzing Information	175
4.5.2.6 Manage Turbulence	175
4.5.2.7 Employ Traditional Methods of Marketing and Communicating	176
4.5.2.8 Regard Workers and Organization as Static and Position Oriented	176
4.5.2.9 Sacrifice Innovation to Pursue Continuous Improvement	176
4.5.3 Moving to Level 2	177
4.5.3.1 Strategizing	177
4.5.3.2 Focusing on the Whole Person	178
4.5.3.3 Becoming Productive	178
4.5.3.4 Leading at Warp Speed	178
4.5.3.5 Gathering Intelligence	179
4.5.3.6 Preempting Chaos	179
4.5.3.7 Operating via Electronic Mode	180

4.5.3.8 Managing People Flow	181
4.5.3.9 Improving Processes through Innovative Ideas, Products, and Services	181
4.5.4 Five Giant Steps to Becoming A Great Leader	182
4.6 THE STRATEGIC LEARNING PROCESS	182
4.6.1 The Four-Step Process	183
4.6.2 Implementing Strategic Learning as a Leadership Process	184
4.6.3 Step One: The Situation Analysis (Learn)	185
4.6.4 Step Two: Strategic Choices and Vision (Focus)	186
4.6.5 Step Three: Align the Organization (Align)	187
4.6.5.1 Measures and Rewards	189
4.6.5.2 Structure and Process	189
4.6.5.3 Culture	189
4.6.5.4 People	190
4.6.6 Step Four: Implement and Experiment (Execute)	190
4.6.6.1 From Bird's-eye Vista to Ground-level View	190
4.7 REINVENTING THE LEADER	192
4.7.1 What's Wrong with the Old Style of Leadership?	192
4.7.2 How Does Someone Become A Leader?	194
4.7.3 Developing the Traits of a Leader	195
4.7.4 What Does It Take to Be A Leader?	195
4.8 THE CHARACTER of STRATEGIC DECISIONS	198
4.8.1 Direct/Indirect Effects	200
4.8.2 Strategic Decision	201
4.8.2.1 Obstacles to Effective Strategic Decision Making	202
4.8.3 Foundations for Strategic Leadership and Decision Making	203
4.8.3.1 Conceptual Complexity Theories	204
4.8.3.1.1 Quinn's Competing Values Model	205
4.8.3.2 Behavioral Complexity Theories	205
4.8.3.3 Strategic Management Theories	206
4.8.3.4 Visionary/Inspirational Leadership Theories	206
4.8.3.5 Stratified Systems Theory	207
4.8.3.5.1 Levels of Organizational Stratification Proposed by Stratified Systems Theory	207
4.8.4 Information Age and Strategic Decision Making	208

4.8.4.1 In This New World	209
4.8.4.2 Technology and the Strategic Leader	211
4.8.4.3 Information Processing	212
4.8.5 Information Processing, Cognition, and Decision Making	213
4.8.6 Strategic Leader Performance Requirements	217
4.8.6.1 Strategic Leadership with Performance	217
4.8.6.1.1 The Major Functions Performed by Increasingly Higher Levels of the Organization are Increasingly Indirect, Complex, and Ill-Defined	219
4.8.6.1.2 The Critical Functions of Higher Levels are Increasingly Conceptual (Abstract) in Nature	220
4.8.6.1.3 The Functions of Higher Levels Require Increasingly Long Time Frames for Their Execution	220
4.8.7 Strategic Performance Requirements	223
4.8.8 Strategic Skills and Abilities	224
4.8.8.1 Technical Skills	224
4.8.8.2 Interpersonal Skills	225
4.8.8.3 Conceptual and Decision Skills	225
4.8.8.3.1 Environmental Scanning	225
4.8.8.3.2 Decision Making	226
4.8.8.3.3 Reducing Complexity	226
4.8.8.3.4 Systems Understanding	227
4.8.8.3.5 Understanding Indirect Effects	227
4.8.8.3.6 Future Focus and Vision	227
4.8.8.3.7 Proactive Reasoning	227
5. THE PICTURE of FUTURES LEADER	229
5.1 STRATEGY FORMULATION	229
5.1.1 The Initial Parameters	229
5.1.1.1 The Strategic Time Frame	231
5.1.1.2 The Role of Basic Beliefs	233
5.1.1.2.1 Where Do Basic Beliefs Come From?	234
5.1.1.2.2 Characteristics of Basic Beliefs	237
5.1.1.2.3 Implementing Basic Beliefs	239
5.1.2 The Power of Driving Force	240
5.1.2.1 Driving Force: Its Purpose and Power	240

5.1.2.2 The Most Common Driving Forces	242
5.1.2.2.1 Products (or Services) Offered	243
5.1.2.2.2 Markets Served	244
5.1.2.2.3 The Return/Profit Driving Force	246
5.1.2.2.4 Other Driving Forces	247
5.1.2.2.4.1 Low-Cost Production	247
5.1.2.2.4.2 Technology	247
5.1.2.2.4.3 Natural Resources	248
5.1.2.2.4.4 Method of Sale (and/or Distribution)	248
5.1.2.2.4.5 Operations Capability	248
5.1.2.2.4.6 Return/Profit	249
5.1.2.2.5 Hallmark International: Avoiding the Obvious	249
5.1.2.3 Choosing The Driving Force	251
5.1.2.3.1 Zeroing In: How One Company Selected a Driving Force	252
5.1.2.4 The Driving Force Rules and Their Application	253
5.1.2.4.1 Respecting Strategic Autonomy	253
5.1.2.4.2 Living with Ambiguity	255
5.1.2.4.3 No Standing Still	256
5.1.2.4.4 Knowing Where You Came From	258
5.1.2.5 Strategic What-If Thinking	258
5.1.2.6 From Competitive Advantage to Key Capabilities	260
5.1.2.7 Looking Back	262
5.1.3 Completing The Roadmap	264
5.1.3.1 From Driving Force to Products and Markets	265
5.1.3.1.1 Describing the Thrust for Growth and New Business	265
5.1.3.1.2 Lessons from the Driving Force	266
5.1.3.2 Unique CEO Role in Strategy Formulation	269
5.2 WHY THINK ABOUT THE FUTURE?	271
5.2.1 Trend Monitoring	272
5.2.1.1 Scanning	272
5.2.1.2 Identifying and Forecasting Key Forces	272
5.2.1.3 Wildcards	273
5.2.2 Scenarios	273
5.2.3 Vision	274

5.2.4 Mission	275
5.2.5 Goals	275
5.2.6 Strategies	275
5.2.7 Putting the Futures Techniques Together	276
5.3 FUTURES EXPLORATIONS	277
5.3.1 Nature and Purpose of Alternative Scenarios and Forecasts for the Planning Period	279
5.3.2 Business Experience with Alternative Scenarios and Forecasts	280
5.3.3 Range of Alternative Scenarios and Forecasts in the Planning Period	280
5.3.4 Trends Toward Very Long-Range Futures Projections	281
5.3.5 Types of Alternative Futures Searches Used in Business	281
5.3.6 Types of Alternative Futures Searches Used in Government	282
5.3.7 Purposes of Alternative Futures Searches	282
5.3.8 Developing Alternative Futures Explorations	283
5.4 LOOKING INTO THE FUTURE	283
5.5 STRATEGY IN THE TWENTY-FIRST CENTURY	284
5.5.1 China: The Emerging Giant	285
5.5.2 The Market of One: Unlimited Opportunities	286
5.5.3 The Strategic Lessons of September 11	288
5.5.4 No Easy Answers	291
5.5.5 Strategy in A Contingent World	292
5.5.5.1 What-If Thinking	293
5.5.5.2 Response and Recovery	294
5.6 THE ROLE OF THE 21 ST CENTURY LEADER	295
5.6.1 Leading the Empowered Organization	295
5.6.1.1 Understand	295
5.6.1.2 Provide for	297
5.6.1.3 Support	299
5.6.2 Leading The Virtual Organization	300
5.6.2.1 Connect with Purpose	300
5.6.2.2 Communicate with Purpose	301
5.6.2.3 Allocate Work with Purpose	301
5.6.3 Leading the Global Organization	302
5.6.3.1 Three Reasons Organizations Choose to Globalize	302

5.6.3.1.1 Globalizing to Expand the Customer Base	302
5.6.3.1.2 Globalizing to Gain Access to the Global Labor Pool	303
5.6.3.1.3 Globalizing for Competitive Advantages through Partnering	304
5.6.3.2 Two Considerations When Going Global	304
5.6.3.2.1 Make Understanding Others A Priority	304
5.6.3.2.2 Adopt A Global Operating Philosophy	305
5.6.4 Leadership Strategies	305
6. CONCLUSIONS AND RECOMMENDATIONS	307
REFERENCES	311
CURRICULUM VITAE OF THE AUTHOR (ÖZGEÇMİŞ)	325



LIST OF ABBREVIATIONS

AOL	America On Line
B.C.	Before Christ
CE	Chemical Engineer
CEO	Chief Executive Officer
CIA	Central Intelligence Agency
CPU	Computer Processing Unit
e.g.	Exempli Gratia (for example)
FVPDS	Fielded Vehicle Performance Data System
GDP	Gross Domestic Product
GE	General Electric
Gen.	General
GHQ	General Headquarters
HC	Human Capital
HP	Hewlett Packard
HRD	Human Resource Development
Ibid.	Ibidem (Aforementioned)
IBM	International Business Machines
Inc.	Incorporated
IQ	Intelligence Quotient
IT&T	Information Technology and Technology
JFK	John Fitzgerald Kennedy
LSI	Leadership Style Inventory
Ltd.	Limited
MBA	Master of Business Administration
MBO	Management by Objective
MSCEIT	Mayer Salovey Caruso Emotional Intelligence Test
NAFTA	North American Free Trade Agreement
PC	Personal Computer
POV	Point of View
PPBES	Planning, Programming, Budgeting and Execution System

R&D	Research and Development
S.A.	Salvation Army
SST	Stratified Systems Theory
TARDEC	Tank-Automotive Research Development and Engineering Center
TRW	Major American Manufacturer (Ohio)
U.K.	United Kingdom
U.S.	United States
VUCA	Volatility, Uncertainty, Complexity, Ambiguity
www	World Wide Web



LIST OF FIGURES

Figure 2.1 Martin Luther King	16
Figure 2.2 Berlin Speech of John F. Kennedy	17
Figure 2.3 Adolf Hitler	18
Figure 2.4 Hitler and Mussolini	19
Figure 2.5 Joseph Stalin	20
Figure 2.6 Nikita Khrushchev	21
Figure 2.7 Mohandas Gandhi	21
Figure 2.8 Winston Churchill	22
Figure 2.9 Mikhail Gorbachev	23
Figure 2.10 Franklin Delano Roosevelt	24
Figure 2.11 Woodrow Wilson	25
Figure 2.12 Emperor Hirohito	25
Figure 2.13 Karl Marx	26
Figure 2.14 A Speech of Lenin	27
Figure 2.15 Leon Trotsky addresses Red Army Soldiers in Moscow in 1918	28
Figure 2.16 Mao Zedong	29
Figure 2.17 Ho Chi Minh	30
Figure 2.18 General Douglas MacArthur	30
Figure 2.19 Alparslan	33
Figure 2.20 Attila	36
Figure 2.21 Genghis Khan	38
Figure 2.22 Tamerlane	40
Figure 2.23 Mustafa Kemal Ataturk	42
Figure 2.24 Mustafa Kemal Ataturk at Osmaneli Station (January 20, 1923)	43
Figure 2.25 Mustafa Kemal Ataturk in Kırklareli (December 20, 1930)	44
Figure 2.26 Mustafa Kemal Ataturk in Bursa (September 11, 1924)	45
Figure 2.27 Mustafa Kemal Ataturk at Assembly (April 24, 1920)	46
Figure 2.28 10 th Year Speech of Mustafa Kemal Ataturk (October 29, 1933)	47
Figure 2.29 Mustafa Kemal Ataturk at Haydarpasa Train Station (June 5, 1928)	49
Figure 2.30 Five-phase Plan	50

Figure 2.31 Critical Aspects	52
Figure 2.32 Strategy Process	52
Figure 2.33 Distinctions between Manager and Leader	62
Figure 3.1 Grand Strategy	69
Figure 3.2 Responsibilities of All Managers	84
Figure 3.3 Structure and Process of Business Company Wide Planning	93
Figure 3.4 Four Conceptual Models for Creating a Strategic Plan for Large, Medium, and Small Companies	98
Figure 3.5 A Strategic Planning Model Centered on Gap Analysis	100
Figure 3.6 A Strategic Planning Model with Market Strength and Attractiveness as the Central Focus	101
Figure 3.7 Rolls-Royce Motors Limited Planning Process	102
Figure 3.8 Strategic Planning in a Small Company	103
Figure 3.9 Types of Business Strategic Planning Systems	104
Figure 3.10 Types of Business Strategic Planning Systems	106
Figure 3.11 Intelligence in Leadership	108
Figure 3.12 Emotional Intelligence	111
Figure 3.13 Pictorial Representation of Hypothesized Relationship of Emotional Intelligence and Leadership Style	120
Figure 3.14 Trends, Conditions, and Issues	123
Figure 3.15 Seven Major Trends	128
Figure 4.1 Exemplary Leader	139
Figure 4.2 Effective Leader	140
Figure 4.3 Models of Leadership	145
Figure 4.4 Framework for Strategic Vision	154
Figure 4.5 The Enterprise Model	155
Figure 4.6 Internal Factors of Strategic Success	156
Figure 4.7 The Five Phases of Formulating and Implementing Strategy	164
Figure 4.8 Management Process	166
Figure 4.9 Level 1	173
Figure 4.10 Five Giant Steps	182
Figure 4.11 The Strategic Learning Cycle	183
Figure 4.12 Strategic Learning: The Leadership Process	184
Figure 4.13 Step Two: The Strategic Choices	186
Figure 4.14 Step Three: Aligning The Organization	188

Figure 4.15 Albert Einstein	191
Figure 4.16 Strategic Decision	202
Figure 4.17 Effective Strategic Decision Making	203
Figure 4.18 Quinn's Competing Values Model	205
Figure 4.19 Mintzberg's Managerial Roles	206
Figure 4.20 Information Process	212
Figure 4.21 Information System Model	214
Figure 4.22 Human Capital	217
Figure 4.23 Strategic Leadership	218
Figure 5.1 Marketing the Highest-quality Products	239
Figure 5.2 Strategic Core	241
Figure 5.3 Lessons from Considering Alternate Driving Forces	256
Figure 5.4 The Nine-Box Matrix	265
Figure 5.5 Thrust for Growth and New Business: The Rubicons	267
Figure 5.6 Future Processes	277
Figure 5.7 Future Explorations	278
Figure 5.8 The Path of Strategic Future	284

LIST OF TABLES

Table 4.1 What Must Leaders Provide?	138
Table 4.2 Leadership Styles (LSI)	146
Table 4.3 Level 1 and 2	177
Table 4.4 Step One: The Situation Analysis	185
Table 4.5 Step Four: Implement and Experiment	190
Table 4.6 VUCA	199
Table 4.7 Information Age	210
Table 4.8 Integrating The Levels of Leadership	220
Table 5.1 Difference between Old and New Leader	297



ACKNOWLEDGEMENTS

I would like to express my deep gratitude to my supervisor **Assoc. Prof. Dr. Mesut Hakkı CAŞIN**, **Prof. Dr. E. Abdülgaffar AĞAOĞLU** and **Instructor İsmail Vardar ÇOBANOĞLU** for their invaluable comments, their advises and help throughout my survey. Their knowledge and guiding insights into strategic studies have provided me a new sound perspective. It was a great honor for me to study with them.

I would thank to **Assoc. Prof. Dr. Abdülkadir VAROĞLU (Colonel, War College)** for giving the opportunity to study in Yeditepe University in the context of institutional framework. (Turkish Armed Forces)

I want to thank **Mr. Bedrettin DALAN**, the founder and the president of the İstanbul Education and Culture Foundation, establishing opportunities in such a marvelous university with its precious academic personnel, contemporary educational system and modern buildings.

I would like to express my best regards to the **Prof. Dr. Doğan ALTUNER**, the Dean of Yeditepe University Graduate School of Social Sciences in 2003, and all academic member of the University, **Prof. Dr. Haluk ÜLMAN** on Introduction to International Relations and Turkish Foreign Policy, **Prof. Dr. Yaşar GÜRBÜZ** on International Law, **Prof. Dr. Ahmet YÜCEKÖK** on National Security Systems, **Ret. Gen. Army Teoman KOMAN** on National Security and Intelligence, Author **Ercan ÇİTLİOĞLU** on International Security Systems, **Dr. Dilara KANDEMİR** on Law of the Sea, Author **Cemil TARHAN** on American Government. **Prof. Dr. Halûk KABAALIOĞLU** on European Union and **Associated Prof. Dr. Mesut Hakkı CAŞIN** on International Defense Industry and Humanitarian Law & Peacekeeping Operations for their endless desire for sharing the knowledge.

Finally, I would like to thank to my family, especially my mother and dear wife **Gülümser**, for their understanding, patience, tolerance and unfailing support during the gestation of this thesis.

February 2004, Hüseyin AYDIN

ABSTRACT

The globalism process dynamics that gain speed in international system raised a new variation that caused the increase of importance and necessity of honest strategic leadership concept. The reinventing of strategic leadership process that have long and fundamental history as much as humanity civilization, must take part as an important aim for contemporary societies, over a firm base for 21st century's changing conditions. As a matter of fact, the analysis of strategy in changing situations will be important for creative and skillful individuals. The success of organization could only occurred by protection of discipline of organizations, being strong of survival and being continuous of ability of rivalry.

The art of strategic leadership takes form with information, education, experience, skill, finance, intelligence and analyzing. There is a necessity for thinking planning with needs of organization together in unexpected future. In this respect, leaders must solve any problems of society in unexpected situations; answer the need of society and individuals. Also must be ready for all innovation and creativities.

It is difficult to see an accurate future. At the developing world leaders always have to be ready at every extraordinary circumstance about their workplace or organization. Discipline too is essential. It enables leaders to ensure that decisions made throughout the organization are consistent with strategy as a magic key.

This academic survey aims to give detailed information about strategic leadership. Also it aims to explain strategy, planning, management and leadership from past to future.

In generally, by examining leadership at today and before, the survey aims to give idea about history of leadership, theory of strategy, military strategy, aim and action of strategy, basis of strategy, relationship between strategic management and strategic planning, models of strategic planning, intelligence with leadership, gathering organizational intelligence, technology and leadership strategies, see and planning future and easily overcome unexpected crisis.

ÖZET

Uluslararası sistemde dinamikleri hızlanan küreselleşme süreci, güvenilir stratejik liderlik kavramının ihtiyaç ve öneminin artmasına neden olan yeni bir değişimi ön plana çıkarmıştır. İnsanlık medeniyeti kadar uzun ve köklü bir geçmişe sahip bulunan stratejik liderlik kavramının, 21. yüzyılın değişen koşulları içerisinde sağlam temeller üzerinde yeniden tanımlanması ve geleceğin planlanmasındaki rekabet koşullarında ön alabilmek; çağdaş toplumların öncelikli hedefleri arasında yer almaktadır. Nitekim, stratejinin değişen koşullar altındaki derinlikte analizi; bireyin yaratıcılığındaki beceri, maharet, ve yenilik hırslarının açığa çıkarılabilmesinde disiplin anlayışının da harmonizasyonunu gerekli kılmaktadır. Kurumsal anlamda işletmelerin başarıları ise, örgütsel disiplinin muhafazası, bekanın güçlenmesi ve rekabet yeteneğinin güçlü ve sürekli hale gelmesini sağlamaktadır.

Liderlik sanatını; bilgi, tecrübe, istihbarat ve analiz, disiplin, eğitim, finans ve yaratıcı düşüncenin bir araya gelmesiyle oluşur. Geleceğin bilinmezliği düşünüldüğünde, planlama ve organizasyonların ihtiyaçlarını birlikte düşünmek gereksinimi doğmaktadır. Bu itibarla, liderin gündelik yaşamın ötesindeki çalkantılı koşullar altındaki zorlu problemlere çözüm getirmesi, toplumun ve fertlerin beklentilerine cevap verebilmesi, yeniliklere açık ve yaratıcı düşünce aksiyonlarını harekete geçirebilmek yeteneği ile doğru orantı içinde olduğu gözlenmektedir.

Geleceği görebilmek oldukça güçtür. Gelişen dünyada gelecekte karşılaşılabilecek olağanüstü durumlar için her zaman hazır olunmalıdır. Disiplin de çok önemli bir faktördür. Liderlerin stratejik kararları doğru ve en iyi şekilde almalarını kolaylaştırır.

Bu akademik çalışmanın amacı, stratejik liderlik hakkındaki bilgilerin analiz edilebilmesini sağlamaktır. Bu maksatla, strateji, planlama, yönetim ve liderlik konularına da yer verilmeye çalışılmıştır.

Bu araştırma, genel olarak, liderliğin geçmişinin ve bugününün incelenmesi dikkate alınarak, liderliğin tarihi, strateji teorisi, askeri yapısı, hedefleri, temelleri, yönetim ve planlama ile olan ilişkileri, stratejik planlama modelleri, organizasyonlara bilgi girişi ve değerlendirilmesi, dünya çapındaki gelişimi, fırsatları, teknoloji, liderlik stratejileri, beklenmedik krizlerle baş edebilme ve de en önemlisi geleceği görebilme ve planlama konularında genel bir fikir verebilmeyi amaç edinmiştir.

1. INTRODUCTION

This survey aims to give detailed information about strategic leadership. Also it aims to explain strategy, planning, management and leadership from past to future. This survey was produced through the examination of hundreds of articles, web sites and tens of books related with strategy and leadership.

The need for honest strategic leadership has never been more important. The twenty-first century demands, as has no other, that corporate leaders create both strategic literacy and a robust process to ensure strategic constancy. In this critical work of setting, implementing, reviewing, and updating strategy, both art and discipline must be applied with passion, skill, and commitment. These strengths ensure at least a fighting chance of survival and make possible the levels of success demanded by all the stakeholders in an organization.

Every corporate leader faces new challenges. Chief Executive Officers (CEOs) and their top teams must quickly develop the ability to fend off traditional competitors who are becoming fiercer, resist unrecognizable and unanticipated forms of new competition, reinvent their organizations in the face of new technologies, and meet shifts in their value chains and new industry paradigms. And they must do so at a tempo that matches the breakneck speed of the many changes to the environment in which every organization operates.

People are constantly searching for great leaders-those special individuals who have ethical character, care about their followers, and have the courage to lead them into a positive future. Yet there are few great leaders in existence today. The world is changing at lightning speed. Those who are good leaders today will not be good enough in the not-too-distant future.

It is difficult to move into the future if you can't see where you're going. However, there are ways to monitor the future and view it with same clarity. In hundreds of companies and all levels of government as well as nonprofit organizations, educational and religious institutions, universities, and health care facilities, great leaders dare to envision the future. They then decide what to do about the future they see. They have the choice of accepting that future or trying to counter the direction in which things seem to be moving. Living life

as a great leader takes an enormous amount of courage, wisdom, and expertise.

At times, it is difficult to see an accurate future. In the late 1960s, everyone was heavily involved in experimenting with computer-assisted instruction for public schools. In speeches and periodicals, they would claim that someday students could learn via self-paced instruction and their own computers. People actually laughed at the idea. Why? Because with the technology of the 1960s and early 1970s, it would have been unlikely that schools could afford computing capacity. At that time, mainframes had to be stored on raised floors in a very cool, temperature-controlled computer room. Those computers were huge. Terminals could be hooked to them, but, even so, computers in the classroom were highly unlikely. Then they dared say that computers would be in homes someday. Based on the same line of thinking, they were told that their ideas “just wouldn’t work.” Where the leaders failed in the 1960s was in the area of vision. All they could see were the mainframe models that existed at the time. They could not foresee the new technology that would make personal computers (PCs) possible and in turn change the course of history.

Organizations are recognizing the value in looking ahead. Scanning the horizon for various internal and external trends, global changes, economic booms and busts, and demographic peaks and valleys is part of the regular routine in many enterprises. Human resources professionals are becoming adept at taking on this responsibility. Currently, a think tank that is peopled with researchers who have surmised that the human resources arena soon will have an additional function: monitoring the organizations future to ensure positioning the enterprise for maximum impact.

One thing we know for certain is that the world will change more rapidly than you have ever experienced. The recent past was merely a dress rehearsal for what is to come.

The survey consists of major four chapters: The Scientific Meaning of Strategic Leadership, Strategic Planning, The Art of Strategic Leadership and The Picture of Futures Leader. Now, I will give a brief summary of information about the chapters.

In chapter one, we aim to explain main academic parameters which is about meaning and history of leadership. It is given some different types of leadership definition related with organization, military and educational. It mentioned about person in society, psychological

way of leader, authority. It is also given some examples of important leaders' lives that lived in history. Also mentioned relationship between strategy and leadership, strategic thinking, difference between a manager and a leader and extraordinary leadership.

In the second chapter, it is given theory of strategy, military strategy, aim and action of strategy, basis of strategy, relationship between strategic management and strategic planning, models of strategic planning, intelligence with leadership, gathering organizational intelligence, 360° worldview, window of opportunity, major trends affecting the world, technology and leadership strategies.

Chapter third is about the art of strategic leadership. In this chapter it is given qualities of leader, exemplary leadership, styles of leadership, what strategy is and not, strategic framework, strategic leadership in action, taking leadership to the next level, steps to becoming a great leader and strategic learning process. It is also given reinventing of strategic leadership: what is wrong with old style leadership, how does someone become a leader. Strategic decision and its theories, strategic decision making in new world, technology with leader, performance of leader, skills and abilities are given, too.

In the last chapter, it is given future of leadership, strategy and planning. First of all, strategy formulation is given. And then, thinking about the future, scenarios, mission, vision, and goals, futures explorations, nature and purpose of alternative scenarios and forecasts for the planning period, developing alternative futures explorations, looking into the future, strategy in 21st century and role of a leader in 21st century is given.

2. THE SCIENTIFIC MEANING of STRATEGIC LEADERSHIP

“If you know the enemy and know yourself, you need not fear the result of a hundred battles. If you know yourself but not the enemy, for every victory gained you will also suffer a defeat. If you know neither the enemy nor yourself, you will succumb in every battle.”¹

Sun Tzu (The Art of War)

In this part of survey, we will see the definition of strategic leadership, the role and importance of person in society and its psychologic side, hictorical background of strategic leadership and lifes of important leaders who lived in past. We will also examine relationship between the strategy and leadership, differences and similarities between a manager and a leader, management idea and strategic leader.

2.1. A THEORETICAL and OPERATIONAL DEFINITION of STRATEGIC LEADERSHIP

Strategic leadership is a style of leadership demonstrated by the individual who possesses skills to create and communicate vision and effect improvement in outcomes in elementary and secondary schools.² A major assumption of strategic leadership is that educators have to be actively involved in designing, implementing, and assessing curriculum programs and effecting reform.³ Additionally, for change to produce desired outcomes, it has to be managed by informed leaders who are able to apply theories to practice. A strategic leader - classroom teacher, support staff, administrator, and supervisor- serve as an agent for positive change in schools and school systems.⁴

The current status of education has reached a crisis point. Reform proposals emphasize the need for restructuring schools and empowering educators (practitioners). This requires that all practitioners assume leadership roles in making decisions relating to educational activities.⁵

¹ Persico, Joseph E., “Roosevelt’s Secret War,” Random House Trade Paperbacks, New York, 2002

² Lewis, A., “Restructuring America’s Schools,” American Association of School Administrators Books, Arlington, 1989

³ Avolio, B. and Bass, B., “Transformational leadership, charisma, and beyond,” Lexington Books, Toronto, 1988

⁴ Goodlad, J., “Teachers for our nation’s schools,” McGraw-Hill, New York, 1990

⁵ Ashbaugh, C., and Keaton, K., “Educational leadership,” Longman, New York, 1991

For programs to be successful in reforming education, a shift must occur from only training administrators for educational management roles to training administrators and other practitioners in a new format for new leadership roles. As these new leaders develop skills in problem solving, decision-making and creative/critical thinking, they become not simply leaders but “strategic leaders”.

The major premise of strategic leadership is that all professionals in education are actively involved in educational change and perform the basic tasks of strategic leadership: creating and communicating vision and influencing outcomes through total quality leadership. Additionally, change which produces desired outcomes must be directed by informed leaders who apply appropriate theoretical knowledge bases to the world of practice. Strategic leadership is demonstrated by individuals in all areas of the educational environment who possess skills to create and communicate vision and effect change through interactive leadership.

For effective change to take place practitioners -counselors, curriculum supervisors, teachers, and other personnel- must provide leadership and assume responsibility for collaborative efforts in curriculum development and revision, improvement of instructional procedures, and implementation of more effective management processes. Practitioners, as strategic leaders skilled in planning and leading educational reform, become effective change agents within the educational environment, relating technology and relevant research findings to curriculum development and instructional revision.

These school-based professionals need to develop strategies of “transformational leadership”.⁶ This concept of “transformational” leadership, “generating collective action that empowers those who participate ... facilitating the redefinition of a people’s mission and vision, renewing their commitment, and restructuring systems for goal accomplishment” provides a foundation for building strategic leadership.⁷

Current practice in educational administration suggests a hierarchical top-down pattern of educational management in which the administrator’s role has been the identified instructional leader. The administrator/manager style of leadership, in which an “administrator” is the catalyst for creating goals and objectives for others to implement, has

⁶ Roberts, N., “Transforming leadership: A process of collective action,” *Human Relations* 38, 1985

⁷ Leithwood, K., “The move toward transformational leadership,” 1992

failed to produce desired results. The result is the location of other significant groups outside, rather than within, the administrative hierarchy.

For effective reform to take place the process must be changed.

Changing leadership from Administrator/Manager to Strategic Leadership maybe conceptualized by focusing, not only on content, but also on process in four key areas:

2.1.1 Participation

While seminars, meetings, in-service activities, and other group style activities seemingly satisfy participation, the involvement more often than not is mere symbolism. Direct, and active participation from practitioners at all levels, with each assuming a dynamic role in shaping events, is needed.

2.1.2 Sensitivity

Active participation by each person involved is crucial for the development of a sense of ownership. In addition to the feeling of ownership, the reflection of sensitivity by the leader, to the roles of community, home, and family, is essential.

2.1.3 Trust Among Stakeholders

A fundamental characteristic necessary for changing and/or reforming education is trust among policy makers, administrators, teachers, and students. Trust implies responsibility, competence, respect, and continual dedication to enhancement.

2.1.4 Openness and Fairness

Education must seek leadership styles and techniques that promote greater feelings of openness and fairness. Strategic leadership creates an atmosphere of accessibility that promotes and nurtures the expression of creative ideas to those served by the school as well as to the personnel involved in providing the service.

2.2 THE STRATEGIC LEADERSHIP MODEL

Strategic leadership, addresses areas through a collaborative focus, dedication to continuous improvement, process/system approach, and commitment to total quality. The

“old way” the administrator managing and assigning must give ground to a “new way”⁸ practitioners collaboratively formulating solutions and sharing responsibility for outcomes.

The strategic leadership model, the “new way” is dependent on:

2.2.1 Knowledge

Comprehensive knowledge about change process leadership characteristics, effective teaching and learning strategies, and successful educational enterprises is a hallmark of the strategic leader.

2.2.2 Support Structure

Bonsting (1992) identifies seven groups with roles as stakeholders’ participants in educational processes: policymakers, school leaders, teachers, students, parents and families, business people, and community members.⁹ These groups must be involved in various leadership roles to form a support structure. Developing a level of consensus that includes defining quality, identifying purposes and goals, assuming roles and responsibilities, and initiating the beginning stages of strategic leadership must become a collaborative effort among these groups.

2.2.3 Appropriate Training

Involvement of all “stakeholders” in activities designed to develop information (knowledge), skills, and attitudes relative to the concepts necessary for strategic leadership is necessary. Active and responsive participation that can transfer to areas of strategic leadership must be emphasized. Change processes and leadership skills, both in relation to the training and for future success in implementing strategic leadership, are important considerations.

2.2.4 Initiating Activity

Creating vision and influencing outcomes is dependent on action. Moving toward realization of goals, identifying immediate and long-range strategies, and benefiting from mistakes should be a deliberate and continuous process. Use of reflective and evaluative activities is crucial if quality is to be assured.

⁸ Dalziel, M., and Schoonover, S., “Changing ways: A practical tool for implementing change within an organization,” Amacom, New York, 1988

⁹ Bonsting, J., “Schools of quality: An introduction to total quality management in education,” Alexandria, New York, 1992

Implementation of strategic leadership means change: change in thinking, change in the way schools are organized, change in management styles, change in distribution of power, change in teacher education programs, and change in roles of all participants. Moving to strategic leadership to improve educational systems is no easy process. Educational programs that emphasize the components necessary for achieving strategic leadership and provide the experiences and resources for educators to become actively involved in these processes are the answer.

2.3 PSYCHOLOGICAL BEHAVIOR of LEADERSHIP: PERSON and SOCIETY

Humans have lived in natural families formed around the union of a male and a female far longer than they have lived in artificial state controlled societies. The family in fact, is and always has been the primary and best form of government, it is much more efficient and just in governing human interactions, it is superior at policing, guiding and instilling personal responsibility as well as educating the young. Since almost every one lives in families, it is most practical to extend the care and justice found in the family to the larger community. In this way communities can do far more than any central government is capable of doing in providing for people's needs, including education, aid to the poor, helping those who can't help themselves and many other services; and all of this is done voluntarily by mutual cooperation based on common needs.¹⁰

While the political state tries to force everyone into an artificial equality of sameness, so that they can more easily be controlled as things to serve the state; the family and it's extended community governs in a way that respects the identity and uniqueness of each person. To have a civilized society where everyone's rights are respected requires, firstly, that a society must respect the family, because it's in the family that a child first learns respect for oneself as a unique human being with special needs and desires and it's where they learn to respect other members of the family as unique human beings with their own needs. In the family children are taught to respect certain boundaries, so as not to violate the rights of other people, to respect other people's property and privacy and they learn to be honest in their dealings with others. Family members learn to get along through mutual cooperation and then extend that to their friendships and community groups. A child is

¹⁰ Mclean, George F., "The International Society For Metaphysics Studies In Metaphysics," University Press of America, 1988. Available on site <http://www.crvp.org/book/ism/master-2.htm>

thought to be responsible for one's self and when the child does something wrong the child is held accountable for it.¹¹

Within the family, as in other social relationships, such as within groups of friends or community groups, people freely govern their interactions mostly through acceptance and ostracism. All people, adults and children, learn that you can't force people into relationships against their will, you certainly can't with adults, and with children, they may be forced for a while but if the parents love their children and want to maintain lifelong close relationships with them, the parents know they have to respect the child's rights and allow the child to grow up to be free to make one's own choices.

All of these social associations are in the end entered into voluntarily and people, with adults anyway, may leave them at any time, the members of these social groups learn that to hold on to relationships they have to respect other people as human beings and they learn that in free communities; service has to be voluntary for the community to function. In these free governments reward is being accepted as a member of the group and receiving its benefits, punishment is ostracism from the group. This works to regulate social behavior to a finer degree than any totalitarian government.

So, the family is absolutely necessary to raising children up as decent civilized human beings who respect each other's rights, if we are to have a civilized society, the protection and maintenance of the family as the primary government and building block of society must be respected.¹²

2.3.1 Leadership in Societies

Social leaders must be those people who are most successful in personal relationships and have the most well functioning families. They must be people who understand others and can solve complex problems. They must be people of high moral values who have the character to live up to them. And they must be able to communicate to large groups of people and set clear examples of role model leadership. What's more, they must work at constantly improving social conditions, at solving problems between different individuals and groups and they must be involved in community service and charity work. And finally,

¹¹ Available on site <https://www.personcentered.org:81/cobalt/personal/index.html>

¹² The King's University College, "PSYC-251 The Person in Society". Available on site <http://www.kingsu.ab.ca/calendar/coursede.scr/>

they must have the personality to inspire the admiration, respect and affection of others who wish to support and emulate them.

In barbarian societies, social leaders have been those who have gained wealth and power through brute force, corruption, mob rule voting or simply accidents of birth, that type of society is inherently dysfunctional and is a breeding ground for many other forms of social pestilence. It is the responsibility of superior societies who are based on higher standards of morality to work to change those corrupts societies through the vision, caring, intelligence and determination of people who have a better understanding of right and wrong.¹³

2.3.2 Role Models

Anyone has the potential to be a good role model. There are many opportunities for social service and children are particularly in need of guidance and people who they can look up to and emulate. For those who try to lead a good life and set a good example and are involved in service to others there are rewards in Valenturium.¹⁴

2.3.3 Communities

Tribal societies have endured and been able to function without a political-state while maintaining government, law and order and providing for the basic needs of its members. Probably the main reason why this is so, is simply that they are small in size. They are able to form close inter-connected relationships between all of its members and they understand and can provide for all of the needs of their members. In this way they are able to govern their daily interactions and maintain order.

One of the many reasons why political-states fail to provide for people's needs is that they segregate human activities. They remove the responsibilities of caring for the children from the parents over to day care workers and teachers; they remove the responsibilities of providing for individual needs from the family and community to institutions and bureaucratic agencies. They teach people to seek their personal satisfaction in their jobs and material wealth instead of the family and respect of the community. They tell people to address their problems to anonymous psychologists who presume to have the answers to all

¹³ Kath, Harshlands. Available on site <http://www.harshlands.net/kath/>

¹⁴ Valenturian civilization is private voluntary network of social organization that recruits and organizes as many people as possible into a global association of member individuals, families, communities, ethnic groups, nations, clubs, businesses and other cultural groups for the purpose of fostering personal freedom and creativity within close community bonds in a society of meaningful roles based on moral values in pursuit of cultural excellence.

human problems or they can figure out there screwed up lives by reading the latest self help book based on the latest fad philosophy instead of addressing their problems to those people who are closest to them and better able to understand and help them.

Poliverian¹⁵ society, and particularly Valenturian society, is the best environment for the family, we offer many programs, opportunities and resources, along with moral leadership, that helps families to remain strong and help individuals to succeed and be the best that they can be.¹⁶

2.3.4 Psychological Way

Acting as the strategic leader, the element of individual psychology is important. The master requires the ability to sense and compensate for his own weaknesses, to understand the strengths and weaknesses of others, and to craft symbiotic relationships among individuals to create an effective team.¹⁷ No strategist is equally skilled in all dimensions of his craft but psychologically aware leaders can overcome this. For example, George Marshall had, in General Shalikashvili's words, "a rare intuition, a nearly flawless inner sense for other men's strengths that allowed him to seek the spark of leadership in others, and when he saw that spark, to place such men into key assignments and then to fully support their efforts."¹⁸

In a more modern vein, the strategic foundation of the Gulf War victory arose from the blending of the diverse talents of George Bush, Dick Cheney, Colin Powell, and Norman Schwarzkopf.¹⁹ The ability to make a penetrating assessment of personal strengths and weaknesses of all the main players is thus a requisite skill for strategic leaders. But that is not all they need. Strategic leaders must have the same ability to inspire great efforts that leaders need at every level. Patton, for instance, "had an innate knack for inspiring soldiers

¹⁵ Poliverium is a civil government subordinate to Librademia, it exists and operates in the lives and on the property of the sovereign individuals who are its civilzens. Poliverium provides many services, including guaranteeing basic needs for all civilzens, e.g., food, shelter, clothing, health care, family aid, an equal opportunity education system, economic regulation offered as a service to consumers, insured money, loans, grants and many other programs and services.

¹⁶ Available on site <http://www.libertocracy.com/poliveriumE-2/>

¹⁷ Metz, Steven, "The Mark of Strategic Genius," Parameters, New York, 1991, p.55

¹⁸ Shalikashvili, John M., "The Three Pillars of Leadership," Defense Issues, Lexington, 1995, Vol.10, No.42, p.2

¹⁹ Çaşın, M. Hakkı, "Stratejik Açıdan Liderlik Sanatının Yeni Ufukları," 21. Yüzyılda Liderlik Sempozyumu, Deniz Harp Okulu, İstanbul, Haziran 1997

to fight beyond all limits of their endurance.”²⁰ Where strategic theorists and teachers must be able to inspire others to think, strategic leaders must be able to inspire others to think and act. Strategic leaders must not only be able to transcend old conceptual limitations themselves, but also encourage and empower others to do the same. Additionally, strategic leaders must be skilled at the fine art of focusing, for this allows them to prioritize, to distinguish the vital from the important, the important from the irrelevant, and the urgent from the routine. Finally, in modern strategy, leaders must be as skilled in peer leadership as in directing subordinates. This is a special talent never mastered by some officers who were outstanding at the tactical level. In strategy, then, there is a time to dictate, order, and demand, but also a time to persuade, cajole, and build consensus. Strategic leaders must understand the difference and know the time for each.

Acting in the capacity as strategic practitioners, the masters must be particularly strong in understanding cause -and- effect relationships and the orderly phasing of activities. They must have an astute grasp of the operational and tactical levels, including the relationship of military and nonmilitary activity in these venues. They must understand not only the application of force, but also other methods of using military power such as psychological operations and nation assistance. And they must have impeccable communication skills. Where strategic leaders and strategic theorists and teachers seek to inspire and thus build their written and spoken communication for hortatory purposes, strategic practitioners translate inspiration into practical plans and attainable goals. Clarity as well as inspiration is the criteria by which they are measured. The master of the strategic art must be able to do it all.

2.4 AUTHORITY: THE EFFICIENT IMPERATIVE

Let us start with a social phenomenon open to our observation at all times and everywhere. An agent A formulates an imperative statement; thereupon the action indicated in the statement is performed by an agent B or a set of Bs. Compliance of the Bs establishes for the observer an empirical relation, namely, that for the complying Bs, A’s statement has proved an efficient imperative. If we find this process regularly repeated between the same agents, we shall feel inclined to say that A has a certain power to move the Bs, or again that he enjoys a certain authority over them: at this stage we need not pick our terms.

²⁰ Shalikashvili, John M., “The Three Pillars of Leadership,” *Defense Issues*, Lexington, 1995, Vol.10, No.42, p.1

This power or authority has three dimensions: it is extensive if the complying Bs are many; it is comprehensive if the variety of actions to which A can move the Bs is considerable; finally it is intensive if the bidding of A can be pushed far without loss of compliance. It seems important to introduce this notion of intensity at an early stage. No power relationship is of unlimited intensity; there is always a point at which compliance breaks down, and it is at different stages for the different Bs.

Bidding and complying fall within the general pattern of human relationships, that is, suggestion and response. But bidding and complying differ from bargaining. In bargaining, A offers to perform a certain action a. This is a proposition, which is either taken up or left alone or over which haggling may occur. However B responds, his response is prepared by a process of weighing in his mind whether the benefit to him of a, the action promised by A, is greater than the inconvenience to him of performing the action b. Therefore in the bargaining relationship, the response of B is mediated through a rational process.²¹

This process is completely different in kind from the immediate response to A's imperative. All too many political authors, and indeed some of the greatest, have sought to make the relation of bidding and complying a special case of the bargaining relationship. Since in the case of the efficient imperative, no quid pro quo is mentioned, these authors have pulled in an imaginary quid: the "social contract" writers, for instance, will have it that B weighs against the inconvenience of complying the advantage to him of the social bond or his once-for-all "contracting-in." This is purely imaginary. Others will have it that B weighs against the inconvenience of the performance demanded of him the retaliation which A can mete out to him in case of refusal. The cases in which this fear intervenes cover but a very small area of the manifestations of the efficient imperative. We shall deal with them. The point to be made now is that bidding and compliance are a phenomenon individual.

2.4.1 Naked Authority

Political authors have concerned themselves almost exclusively with the relations between the sovereign and the subjects in an established commonwealth. Then of course A is in a position to reward compliance and to punish noncompliance. Even though no inducement or threat is contained in A's imperative statement, all Bs know that A has means of

²¹ Friedrich, Carl J., "Authority," New York University Press, New York, 1959

rewarding or punishing, and there is no doubt that this “aura” of possibilities inherent in the sovereign contributes to his being obeyed. It is, however, a major error to regard the phenomenon of compliance as basically rooted in the feeling of fear. This would fail to explain a great many phenomena of compliance and, further, would fail to explain whence the means to threaten originated at the outset of political relations.²²

Let us now consider the great many cases in which we find compliance while A, the formulator of the imperative, has no means to reward or punish. He may, however, bear some outward signs, which impress the Bs. For instance, A sits in a certain place, or bears certain stripes, or wears a certain hat, and the Bs are used to executing imperatives formulated by people thus sitting or thus adorned. Insofar as we shall find that B’s compliance is due to association with these trappings, we shall say that the authority exercised by A is derived authority.

Finally we divest A of these trappings. Not only has he no means of bribing or threatening, but also further, any accessories do not build up his prestige. If then he obtains B’s compliance, we find a pure relation of authority. Such a relation exists by our definition whenever B does A’s bidding without A’s enjoyment of any endowment whereby he may bribe or threaten B or any superadded prestige.²³

Is it important to focus attention upon such a relation? Nothing is more important to our science, that here we come to the fundamental element upon which the whole complex fabric of society is reared.

2.4.2 The Genealogy of Established Authority

Political science has all too long dwelt upon a massive and ancient construction, the state. Why do subjects do the bidding of men whom as individuals they quite often admire or respect? Because civil obedience is second nature? Granted. How did it so become? Because initially subjects feared the punishment meted out by their ruler? Question: whence did the ruler secure the means of punishing insubordination? The formation of the power to punish remains unexplained. Hobbes (English philosopher and writer, 1588-1679), who fostered this view, perceived that the first stage in the process was lacking, and filled in the void by the supposition of an initial agreement to endow the ruler with the

²² Pointon, Marcia R., “Naked Authority: The Body in Western Painting,” Cambridge University Press, Massachusetts, 1990

²³ Friedrich, Carl J., “Authority,” New York University Press, New York, 1959

means to punish.²⁴ But such an agreement is a fiction. The reasoning, which might lead men to make such a covenant, postulates a vision of their long-range interest, which is not a universal feature even of our most advanced commonwealths, as Hume (Scottish historian and philosopher, 1711-1776) pointed out.²⁵

An enormous amount of intellectual effort, and of the highest quality, has been wasted on imagining the prehistory of the state while it is easy to watch the emergence of power relationships in our day and age. The birth of any association displays the building power of pure authority as we defined it.

It is a legal fiction that an association arises out of an encounter of wills. The founding members are assumed to have the same notion at the same time and to have thus met upon common ground and coalesced naturally. But things do not happen that way. There must be an individual who takes the initiative, who calls others together, and prevails upon them (or some of them) to join with him. Thus, at the inception of a body politic of any kind, there is a relationship of pure authority.

The duration, growth, and success of the body generates in its members a loyalty toward it, the historical loyalty lends prestige to the inheritor of his position who thus enjoys derived authority. Finally the means, which are placed at the disposal of the body's ruler, allow him to reward or punish the performance of members. Logically, this comes last and not first.²⁶

2.5 HISTORY of LEADERSHIP

Leadership has same historical process with the human civilization. When passing primitive society to post-modern society, processing management mechanism between person and society brought up different qualities of leadership –only but forever “imperium,” superiority and initiative.

Patti Van Pelt and Gregg Schiller facilitated a workshop on the History of Leadership at the Self Advocacy Leadership Institute at Edenvale.²⁷ Patti and the self advocates came up with names of excellent leaders throughout history who have inspired people with disabilities to speak up and be proud of their lives.

²⁴ “Human Nature,” 1650. Available on site <http://www.student.liu.se/~bjoch509/philosophers/hob.html>

²⁵ “David Hume Life and Writings,” The Internet Encyclopedia of Philosophy. Available on site <http://www.utm.edu/research/iep/>

²⁶ Hale, Dennis and Landy, Marc, “The Nature of Politics,” Schocken Books, New York, 1987

²⁷ Leadership Institute. Available on site <http://www.selfadvocatenet.com/leadership/leader.asp>

Everybody's favorite leader in Canada was former Prime Minister Pierre Trudeau. Trudeau strongly believed in helping everybody else have a better life. He also gave Canada the Charter of Rights and Freedoms that gives people with disabilities equal protection under the laws like every other Canadian citizen.²⁸



Figure 2.1 Martin Luther King

Other great leaders that we admire include Martin Luther King²⁹ because he helped black Americans become free and have equal rights. His famous quotes include: “Let freedom ring”, and “I have a dream...” All great leaders start off with a dream or vision first and then that is developed into a bigger picture to see where you go. All leaders start with a dream.

President John F. Kennedy was also recognized as one of the world's favorite leaders because he took risks and spoke up about the equality of all people.³⁰

John F. Kennedy was president for only 1,000 days, from his 1961 inauguration to his assassination in Dallas, Texas, on November 22, 1963. In naming JFK 1961's Man of the Year (1/5/62), Time wrote, “In his first year as President, John Fitzgerald Kennedy showed qualities that have made him a promising leader ... Those same qualities, if developed further, may make him a great President.”

In 1960, Kennedy narrowly defeated Richard Nixon to become the 35th -and first Roman Catholic- president of the U.S. He led the U.S. through several international crises,

²⁸ Available on site http://www.clevernet.net/pierre_trudeau/bio_pierre_trudeau.html

²⁹ Stanford University. Available on site <http://www.stanford.edu/group/King/>

³⁰ White House. Available on site <http://www.whitehouse.gov/history/presidents/jk35.html>

including the Bay of Pigs and the Cuban Missile Crisis, and he increased the American military commitment to South Vietnam. Domestically, he endorsed major civil rights legislation at the urging of his brother Robert, the attorney general of the U.S., and he signed executive orders ending segregation in federal housing and mandating affirmative action in government agencies. Other domestic initiatives to fight poverty and improve public education and medical care for the elderly were not enacted by the time of his death.

“And so, my fellow Americans, ask not what your country can do for you — ask what you can do for your country.” John F. Kennedy

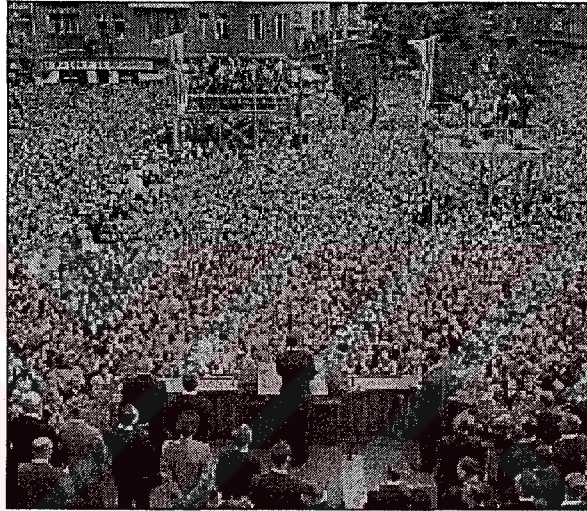


Figure 2.2 Berlin Speech of John F. Kennedy

There is a persistent claim that JFK's famous German phrase, “Ich bin ein Berliner,” was a gaffe that translates as “I am a jelly doughnut.” But when Kennedy made that statement in a West Berlin speech in 1963, his German audience understood exactly what his words meant: “I am a citizen of Berlin.” They also understood that he was saying that he stood by them in their Cold War battle against the Berlin Wall and a divided Germany.

No one laughed at or misunderstood President Kennedy's words spoken in German. In fact, he had been provided help from translators who knew the language well. He wrote out the key phrase phonetically and practiced it before his speech in front of the Schöneberg town hall in Berlin, and his words were warmly received. Yet this German myth has been perpetuated by teachers of German and other people who should know better. Although a “Berliner” is also a type of jelly doughnut, in the context used by JFK it could not have been misunderstood any more than if I told you “I am a Danish” in English. Here is Kennedy's full statement:

All free men, wherever they live, are citizens of Berlin, and, therefore, as a free man, I take pride in the words, “Ich bin ein Berliner.”

Part of the problem here stems from the fact that in statements of nationality or citizenship, German often leaves off the “ein.” But in Kennedy’s statement, the “ein” was correct and expressed that he was “one” of them. Over the years there have been translation or interpreting errors with U.S. public officials abroad, but this isn’t one of them.

All great leaders give of themselves without demanding recognition. It will come because other people will recognize the good work you do because the results will speak for themselves.

“The great masses of the people ... will more easily fall victims to a big lie than to a small one.” Adolf Hitler



Figure 2.3 Adolf Hitler

Hitler became in 1938 the greatest threatening force that the democratic, freedom-loving world faces today.³¹

Hitler’s rise began in 1919, when he joined the German Workers Party, which was renamed the Nazi party. Within two years he was the party’s leader. In 1933, Hitler became

³¹ Time Online Edition. Available on site <http://www.time.com/time/>

chancellor of Germany and soon consolidated his power, banning other parties and establishing totalitarian rule. He put the unemployed to work in public programs, rebuilt the army and sent Jews, communists and others to concentration camps. On September 1, 1939, Hitler began World War II by invading Poland. By 1941, German troops had become bogged down in Russia, and in 1944 the Allies began their advance on Germany. Hitler lived his final months in a Berlin bunker, committing suicide on April 29, 1945.



Figure 2.4 Hitler and Mussolini

Mussolini's rise to power was rapid; his Fascist Party Blackshirts marched into Rome in 1922, a year before Hitler's failed first attempt to seize power, the Munich Beer Hall Putsch, landed the German in prison. By the time Hitler became the Fuehrer (Leader) of Germany, Mussolini had been "IL DUCE" (Leader) of Italy for more than ten years. He had been successful in improving the Italian economy and bringing stability, as it was said, "He made the trains run on time" (by shooting someone if they didn't). His ambition was to regain for Italy the prestige and power.

"A single death is a tragedy, a million deaths is a statistic." Joseph Stalin

On the death of Lenin in 1924, Joseph Stalin took control of the Soviet Union, instituting policies of nationalization and agricultural collectivization that fomented civil war and famine as well as cultivating a cult of personality. I want to describe this public worship: "Joseph Stalin has gone a long way toward deifying himself while alive. No flattery is too

transparent, no compliment too broad for him. He became the fountain of all Socialist wisdom”.



Figure 2.5 Joseph Stalin

Stalin established a reign of terror that included mass arrests, executions and deportations. He also rallied his troops to beat back a German invasion in some of the bloodiest fighting of World War II. At his death on March 1, 1953, there was a mass outpouring of grief; at a 1956 Party Congress, successor Nikita Khrushchev denounced him as a murderer. Stalin was twice Time’s Man of the Year, for 1939 and 1942.

“Politicians are the same all over. They promise to build a bridge even where there is no river.” Nikita Khrushchev

A Soviet loyalist and Stalin’s trusted heir, Khrushchev was also responsible for an opening up of the country and “de-Stalinization.” In 1956, as Soviet premier, he denounced his former patron and set into motion a new freedom. He reorganized Soviet industry, stemmed the tide of desertions from the Western Communist parties, soothed the incipient rebellion in Poland and Hungary, and got from China’s Mao Tse-tung a showpiece pledge of allegiance.



Figure 2.6 Nikita Khrushchev

Time wrote “In 1957’s twelve months, Nikita Khrushchev, peasant’s son and cornfield commissar scorned by the party’s veteran intellectuals, disposed all his serious rivals-at least for the time.” Khrushchev toured the U.S. and met with Eisenhower in 1959. He proposed a period of peaceful coexistence between the two countries. But a growing discord in the Republic and the failure of many of the leader’s ambitious projects caused party leaders to force his retirement in 1964.

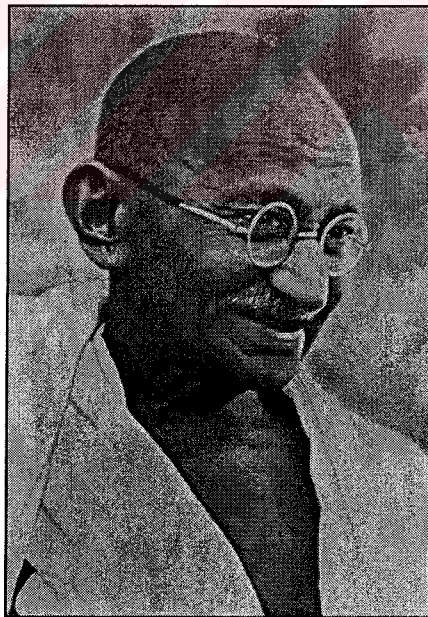


Figure 2.7 Mohandas Gandhi

Reporter: “*Mr. Gandhi, what do you think of Western civilization?*”

Gandhi: “*I think it would be a very good idea.*”

Father of India's independence and advocate of nonviolent resistance, he pioneered a tactic used by the U.S. civil rights movement and proponents of freedom everywhere. Mohandas Gandhi (1869-1948) was also known as Mohandas Karamchand, the Mahatma, and the Great Soul. His legacy as an Indian nationalist, religious leader and moral revolutionary resonates in social and political reform movements to this day. In 1930, TIME wrote, "It was exactly twelve months ago that Mohandas Karamchand Gandhi's Indian National Congress promulgated the Declaration of Indian Independence. It was in March that he marched to the sea to defy Britain's salt tax as some New Englanders once defied a British tea tax. It was in May that Britain jailed Gandhi at Poona. Last week he was still there, and some 30,000 members of his Independence movement were caged elsewhere. The British Empire was still wondering fearfully what to do about them all, the Empire's most staggering problem ... it was in a jail that the year's end found the little half-naked brown man whose 1930 mark on world history will undoubtedly loom largest of all."

"An appeaser is one who feeds a crocodile-hoping it will eat him last."

Winston Churchill

Said Time in naming him its Man of the Year for 1940, "Winston Churchill is described as the 'savior of his country.' He best personified the kind of leadership Britain needed during World War II -a larger-than-life figure who pronounced dreams of victory when all seemed lost.



Figure 2.8 Winston Churchill

As an English statesman, author and prime minister, it would be his masterful speeches that dominate his legacy. Serving as First Lord of the Admiralty from 1939 to 1940, he offered

all of himself in his words ‘blood, toil, tears, and sweat.’” He rallied his countrymen in their resolve against the Nazis by saying, “For a thousand years, men will still say: ‘This was their finest hour.’”

“Sometimes ... when you stand face to face with someone, you cannot see his face.” Mikhail Gorbachev

Twice named Time’s Man of the Year, in 1987 and 1989, Gorbachev was active in Soviet party work for four decades. In naming him Man of the Year for 1987, Time observed that by 1982 Gorbachev was already well positioned for the national leadership role he took over in 1985: “While still in charge of farming, he gathered Soviet academic experts for a series of seminars held sometimes in the Central Committee offices, sometimes in a dacha outside Moscow.



Figure 2.9 Mikhail Gorbachev

The sessions started with problems of agriculture but quickly developed into freewheeling discussions of what was wrong with the economy in general and how it might be fixed ... The rising Kremlin star got a firsthand look at how far the Soviet economy had fallen behind the West’s.”

“The test of our progress is not whether we add to the abundance of those who have much. It is whether we provide enough to those who have little.”

Franklin Delano Roosevelt

Named Time’s Man of the Year for the years 1932, 1934 and 1941, Roosevelt was elected president of the United States four times, inaugurated in 1933 and served until his death in

1945. Despite often having severe difficulty walking due to polio contracted early in his political career, Teddy's cousin won the governorship of New York. He was the first governor to state publicly that government had an obligation to the jobless, a concern that carried over into his presidency.



Figure 2.10 Franklin Delano Roosevelt

Through his New Deal policies, which included establishing Social Security, banking and securities reform, agricultural price supports and minimum wage, placed government at the service of the ordinary American. Roosevelt also led the nation through World War II and helped lay the foundation for the United Nations. Time described the President's signing of the Lend Lease Act and the Declaration of War as "two acts that made the nation and the man pre-eminent."



Figure 2.11 Woodrow Wilson

Like Roosevelt before him, Woodrow Wilson regarded himself as the personal representative of the people. “No one but the President,” he said, “seems to be expected ... to look out for the general interests of the country.” He developed a program of progressive reform and asserted international leadership in building a new world order. In 1917 he proclaimed American entrance into World War I a crusade to make the world “safe for democracy.”

Hirohito, (1901-1989), 124th Emperor of Japan, who succeeded to the throne in 1926 after a period of five years as regent. The Showa era, as his reign is called, witnessed dramatic transformations in Japanese life, including the status of the Emperor himself.



Figure 2.12 Emperor Hirohito

If ever a picture was worth a thousand words, it was the image of General MacArthur and Emperor Hirohito standing side by side during their historic first meeting on September 27, 1945. In it, a casually dressed MacArthur towers over the stiff, formally attired Emperor. “What does it say?” asks historian Carol Gluck. “It says, I’m MacArthur, Supreme Commander of the Allied Powers, and I’m in charge.” For millions of Japanese, it brought home in an entirely new way the notion that they had lost the war.³²

Karl Marx was born and educated in Prussia, where he fell under the influence of Ludwig Feuerbach and other radical Hegelians. Although he shared Hegel’s belief in dialectical structure and historical inevitability, Marx held that the foundations of reality lay in the material base of economics rather than in the abstract thought of idealistic philosophy. He earned a doctorate at Jena in 1841, writing on the materialism and atheism of Greek atomists, and then moved to Köln, where he founded and edited a radical newspaper, *Rheinische Zeitung*. Although he also attempted to earn a living as a journalist in Paris and Brussels, Marx’s participation in unpopular political movements made it difficult to support his growing family. He finally settled in London in 1849, where he lived in poverty while studying and developing his economic and political theories. Above all else, Marx believed that philosophy ought to be employed in practice to change the world.³³

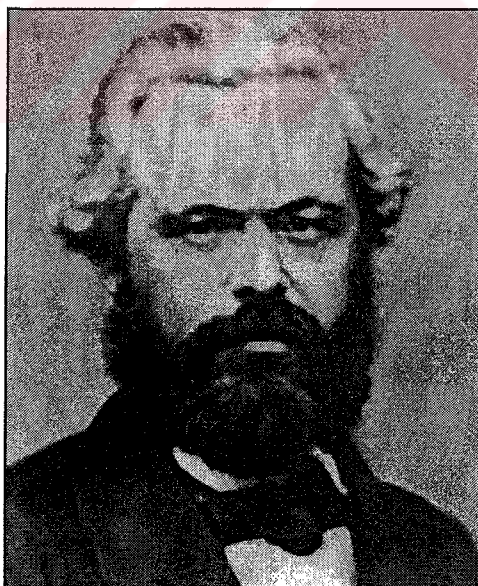


Figure 2.13 Karl Marx

³² All leaders lives and photos until here were compiled from web site of Time Online Edition

³³ Available on site <http://www.philosophypages.com/ph/marx.htm#top>

His life as a political exile was a very hard one, as the correspondence between Marx and Engels (published in 1913) clearly reveals. Poverty weighed heavily on Marx.

Marx wrote in March 1853 after chuckling over Urquhart's book *Turkey and Its Resources*. He enthuses over Islam on the principle, 'if I wasn't a Calvinist, I could only be a Mohammedan'. Turks, particularly those of the Ottoman Empire in its heyday, are the most perfect nation on earth in every possible way. The Turkish language is the most perfect and melodious in the world... If a European is maltreated in Turkey, he has only himself to blame; your Turk hates neither the religion of the Frank, nor his character, but only his narrow trousers. Imitation of Turkish architecture, etiquette, etc. is strongly recommended. The author himself was several times kicked in the bottom by Turks, but subsequently realized that he alone was to blame ... In short, only the Turk is a gentleman and freedom exists only in Turkey.³⁴

Lenin, Vladimir Ilyich, one of the leaders of the Bolshevik party since its formation in 1903. Led the Soviets to power in October, 1917. Elected to the head of the Soviet government until 1922, when he retired due to ill health.



Figure 2.14 A Speech of Lenin

Lenin became an active revolutionist through the spiritual motives that have moved all great reformers-not because he himself was hungry and an outcast, but because he could not stand by unmoved in a world where other men were hungry and outcast. Such characters are predestined internationalists; the very quality that lifts them above

³⁴ Wheen, Francis, "Karl Marx: A Life," Norton, New York, 1999, p.207-213

materialism places them above borders and points of geography; they strive for the universal good. Lenin believes that the only thing worth living for is the next generation. Communism is his formula for saving the next generation from the injustices and inequalities of the present.³⁵

Lev Trotsky (1879-1940) (Lev Davidovich Bronstein). Leader, with V.I. Lenin, of the Russian Revolution. Architect of the Red Army. Soviet Commissar of Foreign Affairs 1917-1918 and Commissar of Military and Naval Affairs 1918-1924. In 1929, expelled from the Communist Party by the Stalinist faction of the Party and then deported from the USSR. In 1938 he helped found the Fourth International, the World Party of Socialist Revolution. In 1940, murdered by a Stalinist assassin at his home in exile, in Mexico.³⁶



Figure 2.15 Leon Trotsky addresses Red Army Soldiers in Moscow in 1918
Mao Zedong; it is important for China to build socialism with its own characteristics.

³⁵ Bryant, Louise, "Mirrors of Moscow" Available on site
<http://www.marxists.org/archive/bryant/works/1923-mom/lenin.htm>

³⁶ Available on site <http://www.marxists.org/archive/trotsky/works/index.htm>

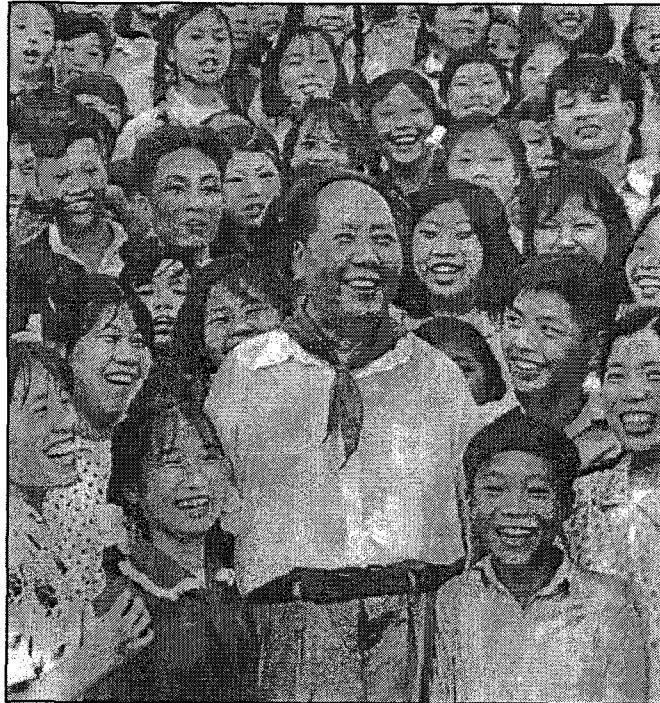


Figure 2.16 Mao Zedong

Mao was both a visionary and a realist. He learned as a youth not only how Shang Yang brought harsh laws to the Chinese people, even when they saw no need for them, but also how Shang Yang's rigors helped lay the foundation in 221 B.C. of the fearsome centralizing state of Qin. Mao knew too that the Qin rulers had been both hated and feared and that their dynasty was soon toppled, despite its monopoly of force and efficient use of terror. But in his final years, Mao seems to have welcomed the association of his own name with these distant Qin precursors. The Qin, after all, had established a united state from a universe in chaos. They represented, like Mao, not the best that China had to offer, but something ruthless yet canny, with the power briefly to impose a single will on the scattered emotions of the errant multitude. It is on that grimly structured foundation that Mao's successors have been able to build, even as they struggle, with obvious nervousness, to contain the social pressures that their own more open policies are generating. Surely Mao's simple words reverberate in their ears: "As long as you are not afraid, you won't sink."

"Nothing is more precious than independence and freedom." Ho Chi Minh

Ho Chi Minh is one of the most well known Vietnamese because of his leading role in the war between North and South Vietnam, commonly known as the Vietnam War (1954-

1975), as well as the eternal spiritual leader of the current Vietnamese Communist regime. Despite his reputation, very few people know hidden details about his life.

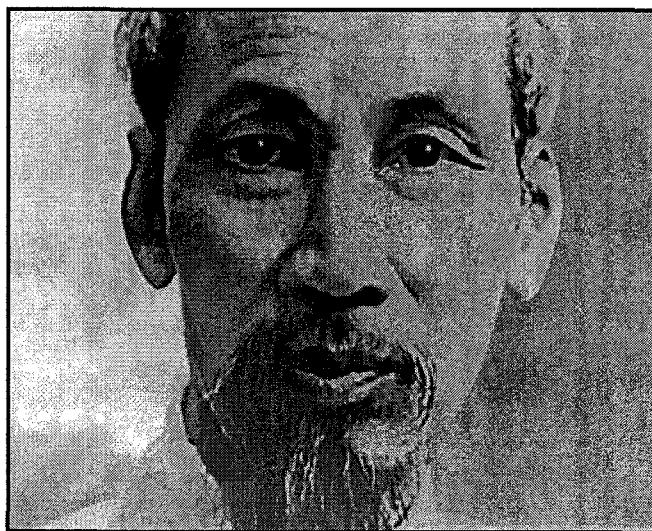


Figure 2.17 Ho Chi Minh

General Douglas MacArthur (1880-1964) lived his entire life, from cradle to grave, in the United States Army.



Figure 2.18 General Douglas MacArthur

His place as a leading figure of the 20th century already secure, MacArthur may have made his greatest contribution to history in the next five and a half years, as Supreme Commander of the Allied Powers in Japan. While initiating some policies and merely implementing others, by force of personality MacArthur became synonymous with the highly successful occupation. His GHQ staff helped a devastated Japan rebuild itself, institute a democratic government, and chart a course that has made it one of the world's

leading industrial powers. Yet by the late 1940s, MacArthur was increasingly bypassed by Washington, and it seemed his remarkable career might be over.

True to his word, the old soldier “faded away” from the public eye, living quietly in New York until his death in 1964. While it’s questionable whether his storied life ever brought him complete satisfaction, one thing is clear: Douglas MacArthur had more than fulfilled his self-imposed destiny of becoming one of history’s great men.

One method of measuring success and failure in strategic leadership is to look at history for examples of both. A representative reading list would surely include great theorists (Thucydides, Sun Tzu, Clausewitz), leaders (Marshall, Eisenhower, Churchill), and practitioners (Patton, Rommel, Ridgway). The master of strategic leadership should be a student of history, studying the successful traits that these and other equally talented figures had in common. We must not, however, ignore failures, including some that may seem at first successful, but upon closer examination are not. Napoleon, for example, is often remembered as a master of strategic leadership Martin Van Creveld has called him the most competent human being who ever lived. Examination of Napoleon’s reputation for military genius, however, illuminates the boundaries between operational and strategic leadership. His genius lay primarily in his innovations in operational art-his brilliant campaigns and leadership on the battlefield.

When judging Napoleon’s skills as a master of strategic art, we must keep in mind Clausewitz’s warning “the effects of genius show not so much in novel forms for action as in the ultimate success of the whole.”³⁷ By this standard, which has even greater resonance today, Napoleon was a strategic failure whose legacy included the death of several million Frenchmen, the occupation of his country by three armies, the restoration of the monarchy, a century of British dominance, and his own exile.³⁸ Similarly, German brilliance at the tactical and operational levels on the battlefield in World War II did not prevent the virtual devastation of Germany and occupation by the Allies. In spite of demonstrated operational genius, these are not records that aspiring masters of strategic art would seek to emulate.

For example, people will do good things back on their own because good leaders will inspire others to take positive action. This requires a lot of patience and trust. It is also very

³⁷ Howard, Michael & Paret, Peter, “On War,” Princeton University Press, Princeton, 1976, p.177

³⁸ Walt, Stephen M., “The Search for a Science of Strategy, A Review Essay,” International Security, New York, 1987

important not to make empty promises. If you do not follow through on your word as a leader then people will never trust you again. This could also end any support you need to get people to follow your dream.

Good leaders have:³⁹

- Good people around them
- Do not act alone
- Have lots of skills and roles
- Confidence to delegate their power
- Trust and share power

Leadership is NOT about:⁴⁰

- Yourself
- Control/power
- That you are better than everybody else
- Being a snob, especially to your peers
- Not listening
- Not respecting other peoples' opinions
- Yelling, swearing, being aggressive/physical to prove your point (do not finger point at anyone)
- Excluding people
- Not explaining things to people
- Keeping things to yourself only
- Blaming people
- Stealing money from the accounts

³⁹ Schurr, Amy, "Qualities of Good Leaders and Employees," Network World IT Leadership Newsletter, June 11, 2003. Available on site <http://www.nwfusion.com/newsletters/itlead/2003/1103itlead2.html>

⁴⁰ Ibid.

- Interrupting others
- Gossiping your private information or spreading lies about others
- Your personal gain and rewards

Other great leaders that we brainstormed about after making these lists include Mother Theresa for helping the poorest people on Earth and Mahatma Ghandi for freeing the Indian population from Great Britain. Ghandi also taught us that violence is not the answer when your rights are taken away. Showing a strong front of love and kindness back to the people fighting against you is the strongest weapon of all.⁴¹

From within the religious community there are strong leaders who inspire us. These people include: Moses who led the Israelis out of ancient Egypt, Solomon the wise King, Jesus Christ who healed the blind and sick, Apostle Paul, King David, and Martin Luther. Other well-known religious leaders include Mohammed and Buddha.

Let's see some important Turkish leaders' life from our history:

2.5.1 Alparslan

Alparslan, who was born in 1030, is the son of Çağrı Bey and nephew of Tuğrul Bey. He drew attention in the battle he won a great victory against Gazne Ruler Mevdut in 1044. Çağrı Bey prepared him for governing the state by leaving him in 1058 cities such as Belh, Toharistan, Tirmiz, Kobadiyan, Vahş and Valvalic.



Figure 2.19 Alparslan

⁴¹ Orwell, George, "Reflections on Gandhi," 1949. Available on site <http://www.mkgandhi.org/articles/articleindex.htm>

Alparslan became the ruler of Horasan Seljukian State in 1060 upon death of Çağrı Bey after the agreement with Gazne State in 1059. In 1063, in accordance with the testament of Tuğrul Bey, his nephew and his stepson Vizier Amidülmülk Kündüri enthroned Suleyman. However, Seljukian beys acted in favor of Alparslan. At the same time, upon Kutalmış's attack on capital city Rey, Vizier Kunduri, calling Horasan Seljukian Ruler Alparslan to Rey, assigned the Seljukian throne to Alparslan. Alparslan, in the battle, defeated Kutalmış and entered Rey and was enthroned in 27 April 1064. He appointed Nizamülmülk as the vizier instead of Kündüri. Alparslan, who disciplined disorganized Seljukian beys ordered on 11 May 1064 to the caliph of the day that in all mosques sermons be read in his name. Eastern and Western Seljukians were united under the same authority by sultanate of Alparslan. Alparslan, who conquered territories near Armenia and Georgia, then besieged the soundest border city of Byzantium, Ani. He had wooden towers constructed along the difficult ramparts of Ani and attacked Ani with catapults and archers. After a long-lasting siege, Ani was conquered within 1064.

While Alparslan, conquered territories as far as Tiflis in the East in the same year, his commanders conquered various soils in Anatolia. Especially Afşin Bey became successful in various regions of Anatolia between 1067 and 1068 against Byzantium. Afşin Bey, who defeated Byzantium army in 1067 in Malatya, advanced to Kayseri. Romanus Diogenes, leading Byzantium, set in motion in 1068 to put an end to the Seljukian incursions. However, upon swift maneuvers of Afşin Bey, he had to turn back to Istanbul without reaching a result. Upon lasting Seljukian incursions and upon his commanders' being defeated, Diagonos led his army again in 1069. Years 1069 and 1070 elapsed with stroke and escape movements by Diagonos and Turkish raider beys. This great Turkish invasion intimidated Byzantium. They believed that such invasion should be stopped, repulsed from these territories, made inoffensive and even eliminated.

Turkish army attacked on the enemy on 26 August 1071 with their swords. The Byzantines were waiting backed by the foot of the hills. Alparslan, with an appropriate decision, did not wait to draw the enemies upon him, but marched upon the enemy, who are much more crowded.⁴²

⁴² Available on site <http://www.turksultans.com/sultan/alparslan.htm>

Turkish army had its hardest war in history in Malazgirt plain. The chance of war showed Alparslan in a short period of time. The strong and proud army of Byzantium messed up. Some died, some were taken captives. The giant army was destroyed. The proud and impertinent commander Romanos was among the captives.

Malazgirt victory comprised a victory for the future conquests by Seljukian Turkish Beys in Anatolia, and Sultan Alparslan went back to Rey and Hamedan.

Alparslan started a campaign against the Hana castle near new Buhara to kill Yusuf el-Harezmi, a member of west division. Yusuf, seeing that he was not able to stand more, said he would surrender to Alparslan. Alparslan, admitting Yusuf el-Harezmi before himself, was heavily wounded by a sudden dagger stroke of Yusuf el-Harezmi. The body of Alparslan who died because of the wound four days later on 25 November 1072 when he was 42, was taken to Merv and buried next to his father Çağrı Bey.⁴³

2.5.2 Attila

Great Turk-Hun emperor. He was born in 395. He is the son of Muncuk, one of the founders of Hun State. He ascended the throne in 434 with his brother Bledu. He became the only ruler of the empire extending from Tuna shores to the Great Wall of China. He overcame Galya cities with his army of 750 thousand soldiers. He besieged Orleans. He defeated Northern Italy. He became a conqueror frightening all Europe. He died in 453. Attila, who was full of the passion of ruling the world just like Alexander the Great. Attila could not achieve his great wish completely. However, he became one of the most famous conquerors of history.⁴⁴

He passed his youth in Rome as a hostage for peace, and so examined the weaknesses and characters of Roman culture. He learnt Latin like his native language. After becoming the monarch, he succeeded in using all these information about the Romans in the best possible way. Attila first aimed at Eastern Rome. He marched onto Byzantium. He agreed with the Emperor in return for annual tax. He the emperor pays for it, when he could not pay his taxes, after some time. He conquered the region from Balkans to Mora and as far as gates of Istanbul. The Byzantines increased the tax twofold and saved Istanbul. However,

⁴³ Available on site <http://www.huzuradogru.com/tarih/selcuklu/alparslan.htm>

⁴⁴ Ingram, Scott W., "Attila the Hun (History's Villains)," Blackbirch Marketing, New York, September 2002, p.19-21

Byzantine Emperor sent an assassin to kill Attila, an attempt which came out fruitless. The Emperor tried to clear himself by decapitalizing the assassin and sending his head to Attila.



Figure 2.20 Attila

At the same time, the sister of Valentinianus the third, whom he sentenced to not getting married all of her lifetime, sent an engagement ring to Attila from the monastery she was kept as a nun and said she was ready to marry him. Attila, frightening all Europe, sent even a harsher message to Byzantine Emperor and demanded release of his fiancée from the monastery and half of Western Roman Empire as the dowry for his prospective wife. Valentinianus the 3rd began to brood on this proposal by Great Turk-Hun Emperor. The restlessness caused by this covered all Byzantium. Endless terrifying days and months began in Byzantium.⁴⁵

All what Attila wanted was to prevent Western and Eastern Roman Empires from uniting. He did not want to war in two fronts. After leaving Eastern Rome in this restlessness, he marched toward Western Rome with an immediate decision. He defeated Western Roman Empire easily. At the moment of his entry to Rome, Pope Leon the 3rd went to his Headquarters personally and requested that he does not surpass Rome. He even begged for this. Attila, accepting to stop the invasion because of his begging, agreed on a heavy tax.

Attila, who invaded Europe in a unique manner in eight years, became the only name of fear and terror. Therefore, despite his being a very just ruler, all Europe saw him as a barbarian. This wrong perception was a consequence of the great fear and terror he caused... Attila was not only a great invader and capable commander, but also a perfect

⁴⁵ Available on site http://www.ozturkler.com/data_english/

ruler. History talks about him as the person who put his nation into a civilized order who established the first post organization.⁴⁶

Arıkan was the first wife and head woman of Attila. He had married a few more women apart from Arıkan, who was the mother of his son İlek, who replaced him after his death. In 453, Attila, married a young girl named İlkido in Etzelburg (Attila city in Hungary), the capital city of Turkish-Hun Empire. He was very vigorous and strong despite his being in his fifty eight. In the morning of the wedding night, the conqueror from whom all Europe feared was found dead in his bed. The bed was red in blood from his mouth and nose. It could not be understood why he died, because of a severe nose bleeding, because of a disease, or due to a suicide.

His funeral was a great ceremony held the next day. His body was put in a golden coffin. This coffin was placed into first silver and then an iron case and was so buried. Attila wanted to sleep without being disturbed by anybody. He had bequeathed so.⁴⁷

Therefore, the people who dug his grave and buried him were killed at that place by shooting with arrows. Then the riverbed of a nearby stream was changed. Water was made flow toward another direction, probably on the new bed over the grave. Thus, the final wish of the great conqueror was fulfilled.

Unfortunately, the location of his grave is still not known.

2.5.3 Genghis Khan

Great conqueror, statesman and law executor. He is the ruler who named his rules as law. He was born in 1155. His real name is Temuchin. He is the son of Bahadır (also called Yesukay Batır) Bey. He passed his life in battlefields. He was first entitled as Khan, and then Genghis after he captured Eastern and Western Mongolia in 1202. He passed away when he was 72 in 1127 after a khan period of 25 years. The place of his grave is not known.⁴⁸

When Temuchin reached his adolescence, she left the governance of the clan to him. The clan left from his father to him was neither a strong state nor did it have a strong army. The

⁴⁶ Available on site <http://www.newadvent.org/cathen/>

⁴⁷ Available on site <http://www.boglewood.com/timeline/attila.html>

⁴⁸ The Provincial Museum of Alberta, Available on site <http://www.pma.edmonton.ab.ca/vexhibit/genghis/intro.htm>

first thing Temuchin did was to form a strong army. He spent years to do this and at last he did.



Figure 2.21 Genghis Khan

First he wanted to gather neighboring clans under his command. He made his first wars to do so, and won his first victories. Dominance on Mongolia was in turn. Temuchin, who was a tough warrior and good commander, did it too. He dominated over both East and West Mongolia after many wars. He had to fight until his 47 to do this. After he dominated over all Mongolia in 1202, he was given the title of Khan in the General Assembly held by participation of all Mongol and Tatar khans. Thus, Temuchin ascended the ruler's throne in Karakorum. In the General Assembly held in 1206, a shaman oracle named him "Genghis Khan". This name, believed to have descended from the sky meant "the Leader of Leaders".

Genghis Khan, within the twenty years elapsed after this date, succeeded in establishing one of the biggest states of the world. He started a great invasion movement. First he invaded China and conquered Hanbalık (today Pekin), the center of this great state (1216).

As a result of his great conquests Uygurs, Kalmuks and Karahitays entered into Genghis Khan's service. Then he turned West with his army consisting of 200 thousand Turkish-Mongol soldiers and began to march toward Islamic world. He put an end to Harzemşah East Turkish Country, substituting Great Seljukian Empire in Iran and Turkistan in 1220. Then he ruined all of the small states in Middle Asia and Anatolia with his strong invasion army. Thus he succeeded in extending the borders of his state from Chinese Sea to Black Sea.⁴⁹

⁴⁹ The Legacy of Genghis Khan. Available on site http://www.lacma.org/khan/index_flash.htm

Genghis Khan emerged the biggest Turkish state gathering all separate Turkish clans under one flag by passing through Caucasus to Russia.

Genghis Khan started a military expedition against Hsia state in 1225. This was his last expedition. The great conqueror died in Kansu region before Hsia fell. His corpse was taken to Mongolia. There he was buried somewhere in Burhan-Haldun mountains near Kerülen and Onon springs. His grave was held as a secret according to Turkish-Mongol traditions. His successors were also buried in various points on these mountains. Neither Genghis Khan's nor the others' graves became clear. After his death, his sons took over. They divided the country named Ulus into four, and their succeeding children founded new states. The most famous of all is Altınordu, founded by Batu Khan, one of the sons of Cuci, Kazan and Kirim Khan Countries established by sons of Togay Timur, and Ilhanlilar state established by Hulagu Khan, the son of Tulug.

2.5.4 Tamerlane

Timur, is the founder of great Turkish Empire established with his name. He was born in Keş city of Turkistan on 8 April 1336. The city was in south of Semerkant. His father was the bey of Barlas clan, Turagay (Turgay), and his mother was Tekine Hatun. Since his family's name was Gürgan, he was also called Gurgani. Barlas clan is a Turkish clan from Middle Asia. Barlas clan was under Cagatay Khan in that period. Timur's father died in 1360 and his uncle who replaced him was killed in Haci Barlas in 1361. Timur was 25 years old then. Timur, who was a brave, smart and knowledgeable Turkish aristocrat was going to take advantage of all opportunities to show his political and military genius, ascend in a short time to become a conqueror. He was going to accede to the throne of Eastern Turkish Khan Country and extend its borders from Volga to Ganges, from Tanri mountains to Izmir and Damascus.⁵⁰

Timur arranged 17 expeditions to reach the level of famous conquerors such as Alexander and Sezar, all of which ended in victory. He defeated and forced to obey khans of 27 countries, and became their leader. Tamerlane experienced many struggles before he became the ruler, won many wars and overcame many dangers. Sometimes he had to fight together with a few of his friends and sometimes alone. Two deep injuries one on his foot

⁵⁰ The Silk Road Foundation, Available on site <http://www.silk-road.com/artl/timur.shtml>

and one on his hand left two important disabilities to him as being one-handed and lamed. But that one-handed hand never left victory sword until his death, and that lamed leg ran



Figure 2.22 Tamerlane

over whole Asia. Such personality should be known from his childhood with some of his features. Here is what historians say about Timur: A child mounting horses, wearing sword, shooting the hole of a ring with his arrow a warrior who took part in a war in his twelve; A young idealist who passed his time remaining from wars and war training by reading and learning from great scholars; A unique strategist who defeated an army of ten thousand people with a force of three hundred people;

A leader who was injured on his feet in a war and was called Timurlenk (Tamerlane in English and “Aksak Timur” (Lamed Timur) in Turkish) with the suffix “lenk” meaning lame in Persian language. Interested in world history, especially Turkish-Islam history and protector of religion, science and art.

A ruler who prevented Turkish art and culture from being eliminated under the pressure of Persian culture, and opened the era of its taking precedence and forming a model; Friend of those asking for mercy, nuisance for his enemies, a ruler nearly worshipped by his soldiers and a father for his nation. However, there are people trying to make Timur seem as a man with more sins than his deeds, and persecution more than his justice. They remind that he made towers of knobs, and burned cities. He is blamed for warring Beyazid and making brother armies kill each other. Indeed, Ottoman State faltered for some time after Ankara

War and lived a period of indetermination. However, the same historians write that Timur tried to prevent war and Yildirim tried to start war until the last moment.

Timurlenk, by eliminating Altinordu state, blew the worst strike on Turks in Asia. His second bad action for Turk was to break up Anatolia. Famous historian Hammer mentions about him in his book as follows: His name survives as a persecutor and a murderer who killed many people and demolished many cities in his sultanate of thirty six years leaving behind 36 sons and grandsons and 17 granddaughters.

Timur reigned for 36 years. He passed away on 19 March 1405 when he was 69. They mummified his body and took to Semerkand. He was buried next to his grandchild, Muhammad Sultan, whom he liked much when he was alive. Today, this tomb is worldwide known as an art masterpiece. Although Timur is known as a conqueror demolishing and burning everywhere, this is not completely true. He tried to remove the destruction caused by his armies in order to intimidate the countries he seized, and initiated improvements.

It is certain he oppressed the people under heavy taxes and pressures. Even, a joke of Nasreddin Hodja shows that: One day Timur sent an elephant to Akşehir to be fed. Poor people could not cope with what the animal ate. They wanted Nasrettin Hodja to go speak to Timur. Hodja said to others: "Let's go together". But on the way, his friends slipped away one by one. Hodja, about to enter the tent, saw there was nobody left behind and got surprised. He replied Timur when he asked what he wanted: "Our Ruler, the elephant you bestowed upon Akşehir is bored of loneliness, would you order another female one", and so punished their cowardice.⁵¹

2.5.5 Mustafa Kemal Ataturk

Mustafa Kemal Ataturk, one of the most famous Turkish leaders who shaped the principles modern Republic of Turkey between the members of international community. Since he accomplished to gain Independence War of Turkish Nation and following efforts in contemporary democratic state, has been amended his surname "Ataturk-father of Turks" by the Turkish Nation for remembering his role of leadership.

⁵¹ Temple of Timur The Great. Available on site <http://sangha.net/messengers/Tamerlan.htm>

Mustafa Kemal Atatürk was born in Salonika in 1881. His father is Ali Rıza Effendi, his mother is Zübeyde Hanım.

Little Mustafa went for a period of time to Salonika Civil Service Secondary School after Şemsi Effendi Primary School, but he left this school and applied to Military Secondary school in 1893 with his own decision and carried on his education there.



Figure 2.23 Mustafa Kemal Atatürk

He went to his uncle Huseyin Effendi's farm in summers and stayed there until it is the school time. Mustafa really loved this school. He showed himself among his friends in a short time with his intelligence and superior skills and made his teachers like him.

Captain Mustafa Effendi, working as a mathematics teacher in this school, added the name "Kemal" in the end of his student's name to stress the difference between him and other children bearing the same name in the classroom. Now, the young student was called Mustafa Kemal.⁵²

Mustafa Kemal, after having graduated from Salonika Military Secondary School, entered Manastir Military High School in 1896. He and Ömer Naci became friends there. This person, who was to become famous as an orator played an important role in Mustafa

⁵² Available on site <http://www.ataturk.com/index2.html>

Kemal's love of speech and literature. Ali Fethi (Okyar), who was going to be one of his close friends, was also a student in this school. Young Mustafa Kemal did not neglect his foreign language education besides his military education, and took French lessons when he turned back to Salonika in summers.



Figure 2.24 Mustafa Kemal Ataturk at Osmaneli Station (January 20, 1923)

Young Mustafa Kemal was admitted to Military College on 13 March 1899 in Istanbul, having successfully completed Manastir Military High School too. After a successful Military College education, he graduated from this school as a lieutenant on 10 February 1902 and continued his education in War Academy. He became a first lieutenant in 1903. He graduated from the War Academy as a Staff Captain on 11 January 1905.⁵³

In days after his graduation from War Academy, his thoughts and position against despotism and sultanate regime caused suspicion and he was arrested for a few months in Istanbul, and then he was appointed in Damascus in Syria, on 5 February 1905, as a kind of place of banishment. Within three years he stayed in Damascus, he traveled nearly in all places of Syria and saw disorganization of country government, and lacking points in education and training of the army. Mustafa Kemal founded the secret "Native Land and Freedom Community" with some of his friends he trusted in October 1906. He expanded the community they founded in Beirut, Jaffa and Jerusalem together with his these friends.

⁵³ Mango, Andrew, "Ataturk: The Biography of the Founder of Modern Turkey," Overlook Press, New York, 2002

After several wars, Mustafa Kemal was appointed to 16th Army Corps Command headquartered in Edirne on 27 January 1916. Upon the decision that the same Army Corps be established in Diyarbakır with the same name, he was transferred as the Army Corps commander to Diyarbakır-Bitlis-Muş Front on 11 March 1916. He was promoted as a General on 1 April 1916.

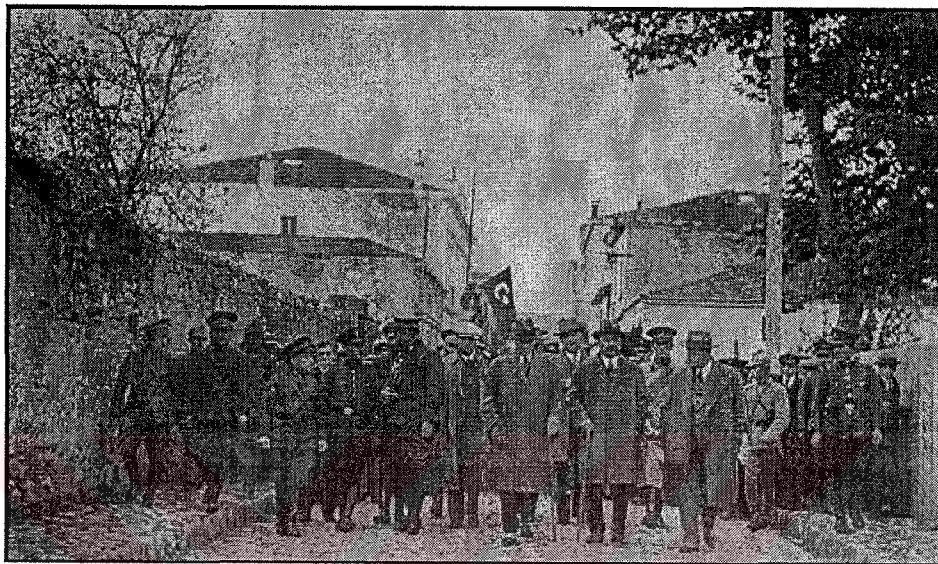


Figure 2.25 Mustafa Kemal Ataturk in Kırklareli (December 20, 1930)

After Erzurum and Sivas Congresses, Mustafa Kemal Pasha went to Istanbul with some of his friends and Delegation of Representatives on 27 December 1919 to Ankara. Now, the national fight was being governed from Ankara and many patriots either civilians or member of the army in Istanbul went to Ankara to take part in the war of independence.

1st İnönü victory resulted in great political developments both within the country and abroad. After this victory, the new established state eliminated hopelessness, the state started to be formed on sound foundations, our first constitution was accepted on 20 January 1921 in the Turkish parliament.

The leaders of National Fight, in particular Ataturk, never lost their belief that the enemy would be defeated at last in spite of all these hardships and provisional withdrawal. Mustafa Kemal Pasha said, “The Greek army will be exhausted in a short time and will become destructible”. However, the most important condition of success was that everybody believed in this result and directed their all material and moral power toward defending the country.

In addition, another point to remember was that our army was going to fight in the place we wished, not they did, and there it would strike the final blow. Therefore, it was not much important to withdraw and leave some places to the enemy as required. It was necessary to do the requirements of military profession without feeling undetermined. Nevertheless, despite the belief of leaders in victory, the depression of having withdrawn to the eastern part of Sakarya led to willy-nilly shocks; and some environments naturally got anxious and restless.



Figure 2.26 Mustafa Kemal Atatürk in Bursa (September 11, 1924)

The results of Sakarya victory revealed in political field. On 13 October 1921, Kars Agreement with Caucasian Republics and on 20 October 1921, Ankara Agreement with France was signed. Greeks, who were defeated by Sakarya Battle, had withdrawn till Afyon-Eskişehir line and was defending themselves by strengthening their positions in this region, and reinforcing important places with barbed wires. The enemy had three army corps on this wide line.

With the War of Independence, these great victories achieved by mobilizing all sources of power, either material or spiritual, of our nation against the terrible and malicious mind trying to take Turkish nation out of Anatolian territories and put an end to Turkish existence in the history, which they had thought to have realized with Mondros Armistice

and Sèvres Agreement, were to only one end expressed by Ataturk: “To establish unconditionally independent new Turkish State”.⁵⁴

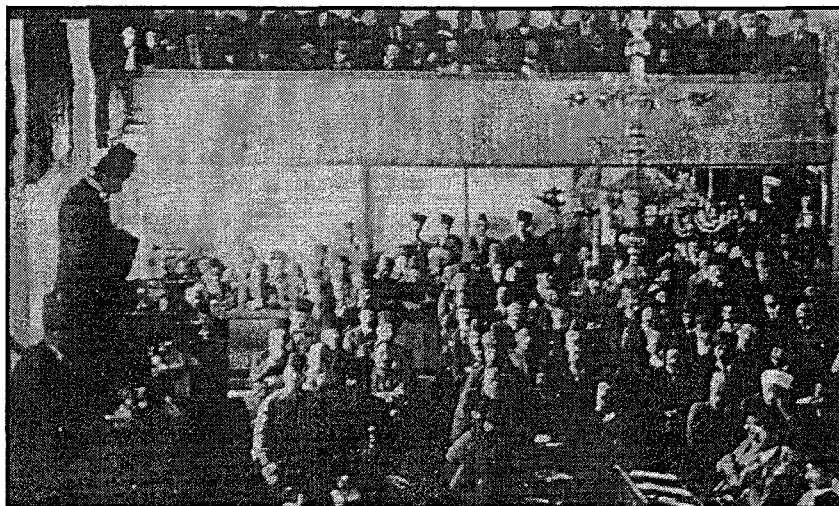


Figure 2.27 Mustafa Kemal Ataturk at Assembly (April 24, 1920)

With Mudanya Armistice signed with States of Entente on 11 October 1922, and the conflicts between Turkish and Greek forces were ended. Greeks also agreed to empty Eastern Thrace including Edirne in accordance with this agreement: Istanbul and straits were left to our government with some provisions. Sultanate and Caliphate were separated with a decision of Turkish Parliament on 1 November 1922, and Sultanate was lifted. Upon such decision by the Parliament, Vahdettin left the country on a British battleship. Now it was the turn of peace talks. Lozan Peace Conference was gathered on 20 November 1922. In the negotiations lasting for months, which become very hard sometimes, Turkish Parliament was represented by Ismet (İnönü), like in Mudanya negotiations. At last, an agreement was signed on 23 July 1923. With this agreement, independence of new Turkish State was certified by the whole world, our national borders were drawn, and previous problems remaining from Ottoman period were cleansed and Imperial capitulations were lifted.⁵⁵

On 13 October 1923, Ankara became the Government Center of Turkish State with a decision of Turkish Parliament. Now, it was necessary to definitely express and proclaim the name of the current government. At last, with an amendment of the Constitution in the evening of 29 October 1923, Republic Regime was proclaimed. Then Presidency elections

⁵⁴ Lewis, Bernard, “Kemal Ataturk: Transforming the Image of a Nation,” Yapı Kredi, İstanbul, 1995, p.92

⁵⁵ Atatürk ve Türkiye Cumhuriyeti. Available on site <http://www.ataturk.net/>

were held. Ankara Deputy Mustafa Kemal Pasha was elected as the first President of Republic of Turkey unilaterally.

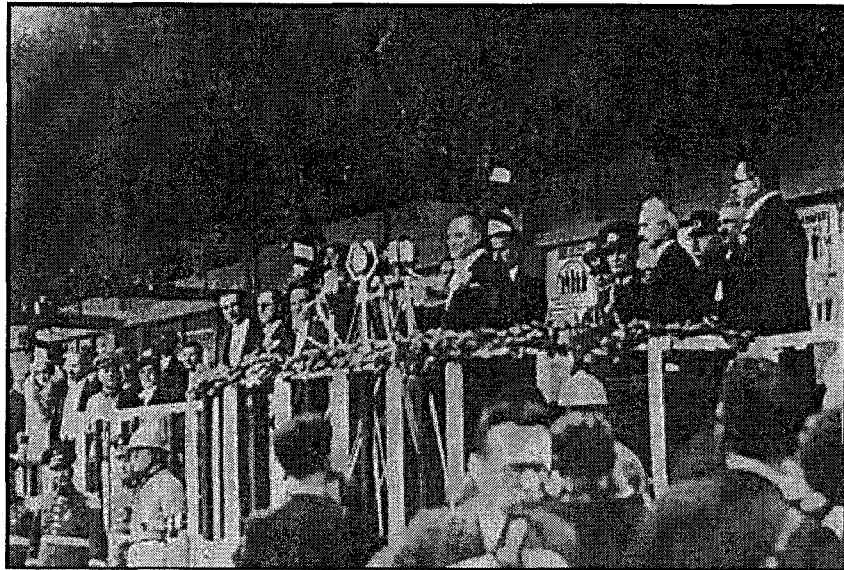


Figure 2.28 10th Year Speech of Mustafa Kemal Ataturk (October 29, 1933)

On 3 March 1924, caliphate was lifted and the Ottoman dynasty was sent abroad together with the last caliph. Hat and clothes revolutions were made during this period. Dervish Lodges and Small Dervish Lodges, tombs were closed; Ministry of Religious Law and Foundations was lifted. Accepting the principle of secular state, religious and state affairs were definitely separated. In law field, Religious Law courts and Mecelle being lifted, many new laws were accepted in addition to new Turkish Civil Code. Scientific and cultural affairs were highly weighed. Turkish History Institution and Turkish Language Institution were established to carry out researches on Turkish history and language.

Religious schools were closed and Republic schools were opened. A national path was followed in education. Letter revolution was made; Arabic letters were left and Turkish alphabet based on Latin letters was formed. The university was changed to have a more modern appearance by a great reform; and various faculties and professorships required were opened. International calendar, hour and numbers were accepted. Turkish women were granted the right of electing and being elected as a result of the reform in Women Law. Economic activities were attached importance. In 1923, gathering a Economy Congress in Turkey for the first time, economic problems of the country were discussed. Agricultural activities were extended; commerce and national industry were developed. Health issues were attached significance. A strong army was established.

In order to make the revolutions become established in the country more rapidly and in a sounder way, Republic People's Party was established to include all Turkish people. The principles of politics in Turkey was regarded as Republicanism, nationalism, populism, secularism and revolutionism.

Mustafa Kemal, having accomplished most of his revolutions, wrote his Great Speech explaining the Turkish independence fight and telling about the establishment of new Turkey. He read this speech in the Party Congress in 1927 for six days with his amazing addressing ability.

In 1934, the Parliament gave the surname "ATATURK", meaning Ancestor of Turks, with a special law. He tried for annexation of Hatay to the motherland with an unending excitement in his last years. His lung failure went worse in time and he elapsed his last days as a sick man.⁵⁶

He passed away in Dolmabahçe Palace at five past nine on Thursday 10 November 1938. His death was heard all over the world and made great effect, and emerged great sorrow. His body was embalmed and put into a special catafalque in the hall of Dolmabahçe Palace. The coffin with Turkish flag wrapped around and by which his war friends stood as watchman, was left for visit of the people for three days. His body was brought to Ankara on 20 November afterwards. On 21 November, he was put into his temporary tomb in Ethnography museum.

All states in the world sent special representatives to his funeral. Foreign generals who fought against him in Dardanelles and other wars drew much attention. His body was transferred to Mausoleum with a magnificent ceremony from the Ethnography museum on 10 November 1953.⁵⁷

Ataturk shaped the destiny of a nation, which was alone and dying. He gave it a new future. Under his progressive nationalist leadership his country broke free from its passive, inward-looking and parochial conservatism, ingrained through long centuries of habit, and from the defeatism and apathy engendered by the inexorable decline of its imperial power. Aiming to replace the image of Turkey as "the Sick Man of Europe" with that of a dynamic and self-renewing non-imperialist country capable of winning the respect of its more

⁵⁶ Yalçın, Cevdet, "Atamız: Atatürk," İlayda Yayıncılık, İstanbul, 1999

⁵⁷ Artuç, İbrahim, "1915 Çanakkale Savaşı," Kastaş Yayınları, İstanbul, 1992

advanced European neighbors, he led his country out of the Middle Ages into the 20th century in a mere couple of decades.



Figure 2.29 Mustafa Kemal Ataturk at Haydarpasa Train Station (June 5,1928)

He achieved this through a coordinated series of sweeping reforms, all directed towards the creation in Turkey of a western-style democracy. These changes were so drastic that it is impossible to conceive that anyone could have brought them about if he had not been, like Mustafa Kemal, a national hero twice over as a result of his leadership at Gallipoli and his single-handed master minding of the Turkish War of Independence, which ended with the departure of all foreign armies from Turkish soil.⁵⁸

Mustafa Kemal Ataturk was one of the most important leaders in our history. Turkish people didn't see such a leader after him. The Republic, which he established, maintains for 80 years. Before, now and later, his leadership will be unique guide for us.

Finally, Ataturk showed us the perfect example of what a great leader should be. In that respect no one even approached him in the history, because no one ever changed and improved the identity of a nation as he did. He taught Turks the way of political legitimacy and democracy. He was such a great leader and so persuasive, that when people followed him as docilely as they did, foreigners mistook it for dictatorship, because they had never had any leader like him.⁵⁹

⁵⁸ Available on site http://www.virtualistanbul.com/virtualistanbul/Mustafa_Kemal_Ataturk.htm

⁵⁹ Tarhan, M. Orhan, "Atatürk, The Leader, The Democrat," Ataturk Society of America, Available on site <http://www.ataturksociety.org/asa/voa/leader.html>

2.6 RELATIONSHIP BETWEEN STRATEGY and LEADERSHIP

Mike Freedman and Benjamin Tregoe draw on their extensive experience with leading consulting firm Kepner-Tregoe.⁶⁰ Along with examples of successfully implemented approaches from Hallmark International, British Airways, Lockheed Martin, the Bank of Ireland, and many others, they outline a five-phase plan you can use to:

- Gather and analyze intelligence, craft a strategic vision, develop implementation plans, take action, and monitor results
- Secure consistency in strategic decision-making throughout your organization
- Dodge the currently popular-but potentially fatal-trend toward strategic short-termism

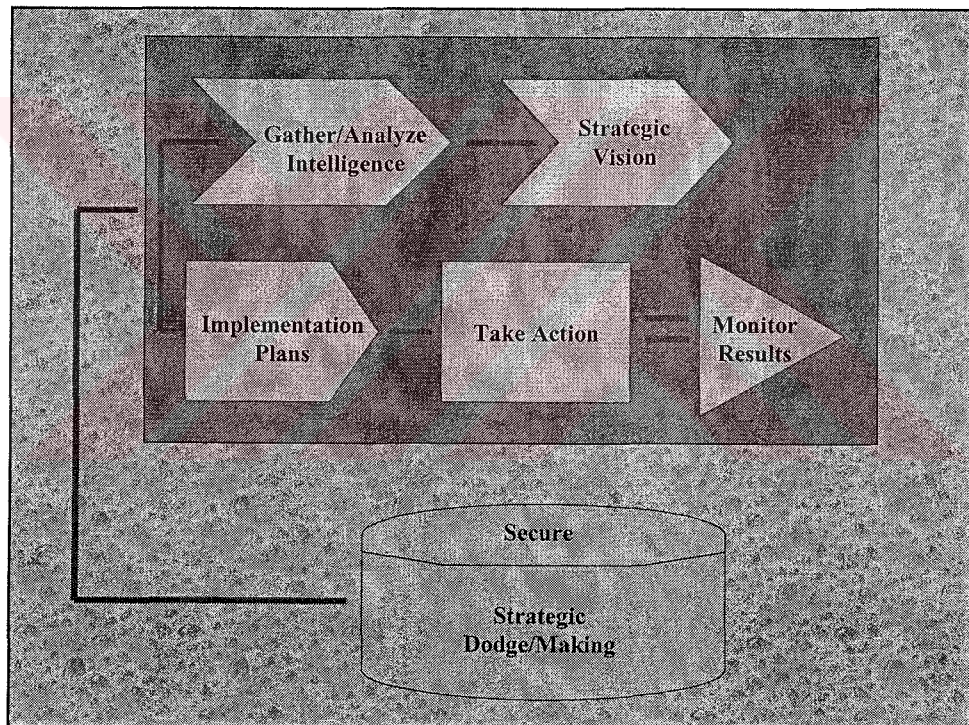


Figure 2.30 Five-phase Plan

As you read these words, your competitors are formulating their own strategies and adopting and adapting your most innovative ideas for their own purposes--to trump your products, steal your customers, and capture your place in the value chain. Your defense? Accept the inevitable obsolescence of your current thinking, formulate and implement a self-renewing strategy, and regain the upper hand in the battle for competitive survival.

⁶⁰ Available on site <http://www.kepner-tregoe.com/clientstories/clientstories-PL-Forum.cfm>

2.6.1 Strategy

Strategy is a two-headed prong. It is creative enough to fashion a vision, while being disciplined enough to drive the vision into reality.

Mike Freedman defines the word as the “framework of choices that determine the nature and direction of an organization.” It is a definition I like. The word “framework” establishes boundaries and scope. “Choices” are about products, services, markets and capabilities. “Nature” describes the character of any organization. “Direction” is the organization’s course determined by choices about future products, services, customers and markets.⁶¹

Notice that a decision is not strategic simply because it is long-term or involves mega dollar expenditures. While these can be made within the strategic framework, only those decisions that change the framework are strategic.

Freedman says there are three critical aspects to a strategy:⁶²

- A strategic vision is based on facts, informed assumptions and critical what-if thinking.
- The vision must be communicated throughout the organization.
- Its implementation must be monitored.

Are the companies in these examples especially careless or even inept when it comes to strategy? No, not really. Most management teams are loyal and hardworking, and they have the best of strategic intentions. But their shortcomings are typical. Each failed in at least one critical aspect of the strategy process:

⁶¹ Overview of Strategic Planning. Available on site <http://members.tripod.com/~ProviderHelper/index-2.html>

⁶² Finel, Bernard, “The Role of Aerospace Power in US Counter proliferation Strategy,” Aerospace Power Journal Winter 1999. Available on site <http://www.airpower.maxwell.af.mil/airchronicles/apj/apj99/win99/finel.pdf>

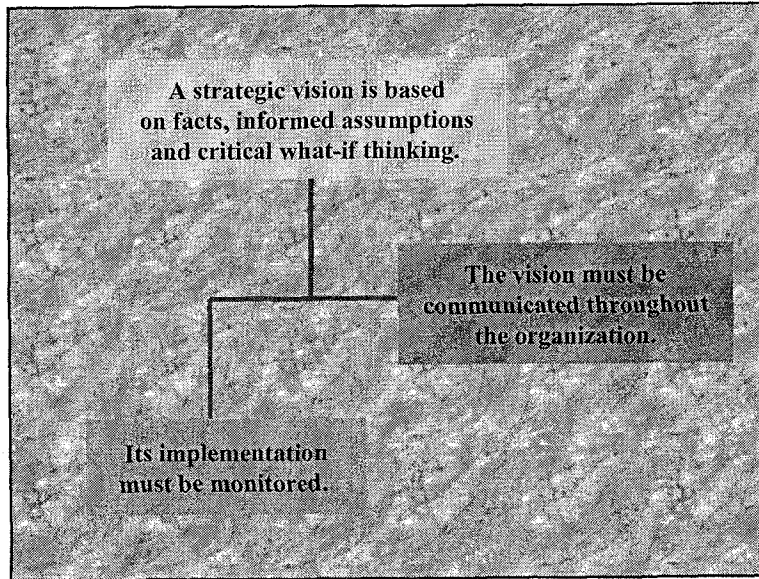


Figure 2.31 Critical Aspects

- In formulating a strategic vision based on facts, informed assumptions, and the best-possible what-if thinking
- In implementing and communicating the vision throughout the organization to clarify and align the role of every strategically critical player and process
- In monitoring and updating the vision to ensure its continued strength, agility, and relevance

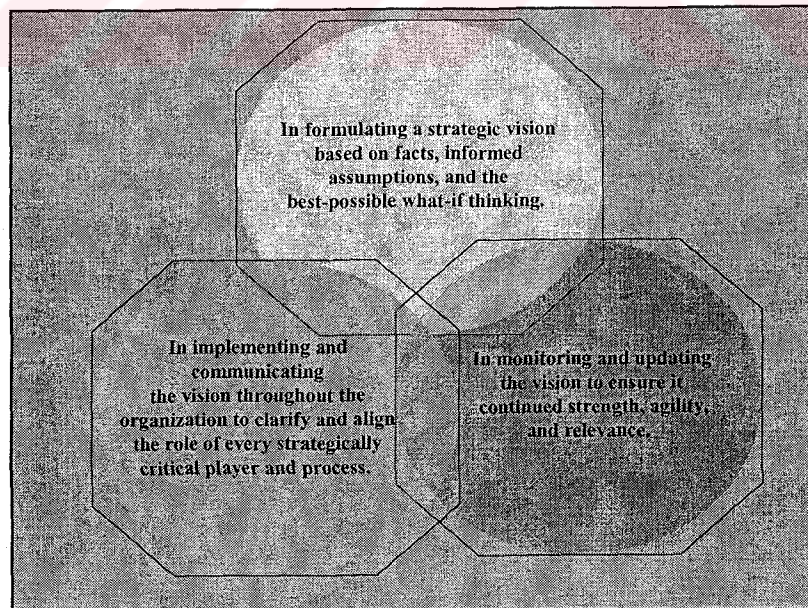


Figure 2.32 Strategy Process

Strategy is one of the most used and abused words in the corporate lexicon. Rarely will you find any two executives, consultants, or academics that agree on its definition. For us, strategy is the framework of choices that determine the nature and direction of an organization. The choices in the framework relate to what products and services will be offered and not offered, what markets will be served and not served, and what capabilities are needed to take products to markets.⁶³

What passes for the perceived potential-and recent disappointments-of dot.com frenzies, e-commerce, and mergers and acquisitions often dominate strategic thinking in today's global economy. Every industry segment has been overwhelmed by the merger mania of the past decade. Too often, strategic thought has been reduced to reactive decision-making, gut feel, "me-too" policies, and short-termism aimed at pacifying shareholders and analysts. Although the longest boom in 100 years in North American and European stock markets helped to cushion the effects of ill-conceived strategies over the last decade, that boom and its decade are over.⁶⁴

In the time since the September 11 attacks, political and economic concerns have thrown a spotlight on strategic vulnerability. A climate of deep uncertainty and rapid change is the norm of the new century. Yet, unlike the pessimists who tour this uncertainty as a reason for abandoning strategic thought altogether, we believe strategy has never been more important.

Those who have announced the demise of strategy blame both external events and the nature of strategy itself. In such a climate, they argue that the very exercise of formulating a corporate strategy is outmoded, even irrelevant.

This work turns that thinking around. Now more than ever, the company that lacks a coherent strategy is vulnerable. But the company that has a clear direction and then squanders it through shoddy implementation is equally at risk.

2.6.2 Strategic Thinking: Art and Discipline

A crucial lesson we have learned over many years of strategy engagements is that strategic leadership requires a combination of art and discipline. By art, we mean thinking that is

⁶³ Freedman, Mike, "The Art and Discipline of Strategic Leadership," McGraw-Hill Books, New York, 2003, p.2

⁶⁴ Trading Systems in European Stock Exchanges. Available on site <http://ideas.repec.org/p/fmg/fmgdps/dp0075.html>

creative, out of the box, and blue sky. Examples include the creation of alternative strategic visions for top team assessment, new product development, the crafting of what-if scenarios, the identification of decision-making criteria, and the design of a new culture that is strategically aligned. Creativity is also required in other activities such as communicating the strategy and supporting ownership of and commitment to it.

The most dramatic and creative example of this kind of thinking we have ever seen came in our work with Hallmark International, the half billion dollar global subsidiary of Kansas City-based Hallmark Cards, Inc. During our discussion of potential new markets and products, a team member conceived of the cell phone greeting category—a quantum leap in its concept of format, delivery, content, and every other attribute of a greeting product. This breakthrough effort has already been launched in its first two markets under the newly formed subsidiary Crown Greetings Ltd.⁶⁵

Despite our focus on creativity, we do not preclude the requirement for other types of thinking such as those that are more rational and analytical. These have their equal place in the strategy process, as we will explore later.

Discipline is essential, both in the thought processes involved in strategy and in its execution. For example, it is not easy to craft and implement a plan that may include hundreds of projects and thousands of subprojects as the prerequisites to strategy implementation. Difficult too are the needs to ensure consistency of decision making throughout the organization; keep focused when so many options are available for consideration; and regularly to monitor, review, and update strategy when operational or financial imperatives are knocking at the door.

Nevertheless, leaders in a number of organizations have reaped rich rewards from the passionate belief in a disciplined approach to setting and implementing strategy.

2.6.3 Strategy For Survival

It's not often that an organization's failure to implement a powerful strategic vision could lead to its extinction in a single day. But in 1994, that's exactly what the Labour Party in the United Kingdom was up against if it failed to win the next general election.

⁶⁵ Hallmark International Management Consultants. Available on site <http://www.hallmark-imc.co.uk/why-quality.html>

Labour had not governed Britain for 15 years, and it had been defeated in four successive general elections. With the next election 3 years away, another defeat might have spelled the party's end. Such a result—the demise of not only a major political party but also the core of the nation's Labour movement—was unthinkable.⁶⁶

Tony Blair, the newly elected party leader, inherited a long-buried landmine. As a whole, the party machine was poorly staffed, badly managed, out of money, low in morale, and lacking respect in its 650 parliamentary districts around the country. Under Blair's three predecessors, it had achieved only marginal, reluctant change. Above all, the machine lacked a coherent vision of its role in both the Labour Party and the Labour movement as a whole.

Quite rightly, Blair was convinced that Labour would remain unelectable without a radical, strategic transformation he dubbed “modernization.” The word meant much more to him than it implies. To support his political vision, nothing less was required than the most efficient, modern, motivated, disciplined, responsive, and proactive electoral organization in the world.

Within days, Blair invited Tom Sawyer to become the party's general secretary, a chief-executive equivalent. With a background in trade unions and a close familiarity with Labour, Sawyer had links to both direct stakeholders (party members, members of Parliament, and the structure nationwide) as well as to unions, cooperative societies, and socialist and social democratic parties in other nations.⁶⁷

Sawyer had mused with the author that “some of that strategy stuff” might make an excellent launching pad for his leadership. As far as possible, he and his top team used the five-phase model for strategy formulation and implementation described throughout this book. Their task - crafting and implementing a strategic vision within a political party machine - was no less difficult than it would be in a multi-billion dollar global enterprise.⁶⁸

At Labour headquarters, Sawyer was forced to think carefully about getting the right team in place. Before formulating strategy, many of those in senior positions, especially with long years of service, had found it tough to think strategically, and even tougher to do so in a team environment. Few had experience in what Sawyer called “modern management

⁶⁶ Freedman, Mike, *Ibid*, p.4

⁶⁷ Albu, Dick, “Is Your Strategy At Risk?,” Available on site <http://www.albuconsulting.com/Articles/>

⁶⁸ Freedman, Mike, *Ibid*, p.3

tools and techniques,” not even in the basics of project management or process improvement. They were in alien territory; some did not survive, while others rose to the occasion. Similarly, newcomers were not easily integrated into an organization with such an inbred culture and style; some rejected the machine, while others were rejected by it.

Over time, the survivors learned to think the unthinkable, dump a lot of baggage, improve their strategic judgment, and accept radical change in the form of a clear strategic vision. They became convinced that they could create the ultimate election machine.

At the core of the vision was the clarification of which the customers of the party machine were. Top management knew the answer to this instinctively, but it had never codified its understanding, nor had it clarified the relative importance of customer groups. The party machine had to understand the needs and expectations of each discrete customer group and then direct its priorities and focus toward developing the services to meet those needs, and the capabilities to deliver those services. The range of customers was diverse. It included party members, elected representatives (including members of Parliament, local councilors, members of the European Parliament), candidates for parliamentary seats held by the opposition, the National Executive Committee, the shadow cabinet, affiliated organizations (trade unions, cooperative societies, and pressure groups), local political agents and voluntary officials, and the media. Most importantly, the electorate was to be treated as a customer in its own right.⁶⁹

The range of services to be offered to these customers was equally large and diverse. It included information, policy research and advice, political education, training for party workers, public and press relations, legal and constitutional services, conference organization, and the production and printing of election materials.

Eventually, top management in the party machine crafted its vision to address these requirements, and it framed the vision within a set of basic beliefs that was used to guide the behavior of the party’s employees.

It was not easy. Staff members throughout the party frequently worked as a “labour of love,” often at considerable personal cost, and they were set in their ways. Accustomed to a cagey culture of internal politicking, they weren’t natural team players, preferring the comfort of their own territory. Even the water-cooler talk centered on past failures; a vision

⁶⁹ Available on site <http://www.labour.org.uk/nec/>

of success was fundamentally foreign. But the top team persisted in modeling a clear strategic mindset, in communicating the strategic importance -or irrelevance- of certain activities, and in operating with common purpose across the whole organization.

Communicating the vision and gaining ownership and commitment to it -from Tony Blair to every party employee- was vital. As a start, the first meeting in living memory was held at which all-regional directors in the field met with all the headquarters staff.

The party's strategic focus and its implementation were made visible, for example, in the establishment of its Key Seats department, targeting 100 marginal parliamentary constituencies and forcing attention away from internal staff matters to party members and voters. Candidates in these constituencies became the highest-priority customer category. If the party were to win each of these seats and retain current ones, Labour would govern again.

Recognizing the strategic importance of communicating Labour's position to the electorate, the party machine created a powerful communication vehicle called the Rebuttal Unit. This unit developed an Internet-based library of information with which to take the initiative in responding swiftly to political events and gaining coverage for the non-ruling party on the day's political news. The party also undertook a massive effort to improve the skills of its employees through the government-sponsored Investors in People program, focusing, for example, on project management and related processes to secure the strategy's successful implementation.

In short, the machine was transformed; the landslide results of the 1997 general election testified to that. This creation of "New Labour" by Blair has been well documented. It succeeded in no small measure because Sawyer and his team formulated a clear vision and met the implementation barriers head on.⁷⁰

2.6.4 Strategic Leaders: Going The Distance

Stories of others who, like Tom (now Lord) Sawyer, set out on the journey with great personal strengths in strategic thinking. It is the chief executive's role to model this commitment to strategic thinking in order to motivate others. A leader's discipline in

⁷⁰ Available on site <http://www.labour.org.uk/nec/>

profound, rational, and creative thinking is what encourages teams to embrace radical change.

Discipline keeps strategic vision from becoming an unmet aspiration; it is key to ensuring implementation so that vision becomes reality.

Over the last several years, the top team at Hallmark International, led by Keith Alm, CEO of this worldwide subsidiary of Hallmark Cards Inc. formulated and implemented strategy. Alm was an experienced strategist and unrelenting in his insistence on a strategy process that would lead to the continuous development of his leadership team. When Alm was asked to join Hallmark to address the slump in international business, he already knew the process should be one of ongoing education.⁷¹

Alm assembled his top team by weeding through those who had been promoted on the basis of operational excellence to find natural-or educable-strategic thinkers. He made a strong commitment to a disciplined framework for strategy, ensuring its results by avoiding shortcuts to the overall process. And implementation began with extensive training in planning, decision-making, project management, and other strategy-related skills for hundreds of employees around the world.

When Alfred Chan was appointed managing director of the Hong Kong and China Gas Company Limited (“Towngas”) in 1997, he too faced an uphill battle. Given Hong Kong’s reintegration into China, a swiftly changing customer base, and a tired, nonentrepreneurial group of employees, Chan didn’t leap to short-term solutions. Instead, he committed to a holistic, iterative strategic process.⁷²

First, he led the way in gathering information about Towngas customers and markets by observing and participating in the day-to-day business even cooking in customers’ kitchens. Having educated himself and his top team, he then led the reframing of the company’s strategic vision. And finally, he set out to transform the underlying culture of the entire change-averse organization. Only after these three goals were accomplished did Chan and his team turn to improving the company’s organization structure and business processes. A-to-Z commitment to strategy helped Chan engineer the Towngas turnaround by 1999.

⁷¹ Available on site <http://www.buox.org/old/local.html>

⁷² Available on site <http://www.transnationale.org/fiche/-129153089.htm#mana>

2.6.5 Avoiding Strategy by Default

The brave efforts required of these successful leaders -Tom Sawyer, Keith Alm, Alfred Chan, and many others we have worked with- are proof that this work is not for the fainthearted. All too often, a senior team shirks its commitment to the time and resources needed to do it right. But without such commitment, the organization will be overwhelmed with a strategy by default.

Whether you know it or not, your organization already has some semblance of direction, just as it already has products, markers, business processes, a corporate culture, an organization structure, and a reward system. The origins of a corporate strategy may be like those of a company's products or markers; it may be inherited, stumbled into, borrowed from a competitor or holding company, or even nearly invisible. In every organization, there are "bottom-up" assumptions about strategy that ultimately guide critical choices in all areas. An ad hoc strategy can expose your company to the following threats:

In today's accelerated time frames, they'll be ahead before you know it. Even in comparatively stable markets, your competitive strengths are a moving target. No competitor will wait patiently until you've reestablished your strategic priorities; they're too busy getting on with their own.

The chances that your competitive advantage will be sustainable for long periods are diminishing rapidly; its shelf life is more dependent than ever on factors beyond your control.⁷³

I examined an electronics company that had developed the first radio pager in the 1960s, then a technological coup. Yet the company eventually became stalled on strategic intent, unable to define where its invention of the radio pager might lead. It didn't take long for companies like Motorola and Sony to grab the technology leadership from this smaller firm and exploit it to their own advantage. The well documented strategic scrambling of Xerox and IBM in the 1970s and 1980s are other examples of companies that have fallen into this trap.⁷⁴

Most of shareholders think, "Short-termism is seductive, yet potentially fatal". It is no secret that some top executives in recent years have either pandered to or been

⁷³ Establishing Open Dates, Available on site <http://www.wws.princeton.edu/cgi-bin/>

⁷⁴ Available on site <http://www.motorola.com/General/anniversary/culture/1960s/moments.html>

overwhelmed by the perceived need for short-term earnings growth, often pursuing such gains in ways that precluded a well conceived strategy. In addition, the stock option incentives awarded to many executives actually compromised their strategic leadership. Gordon Gekko's famous words in the movie Wall Street have been disproved: Greed is not good for you. The recent scandals involving previous stock market stars like Emon, Tyco, WorldCom, and Xerox come to mind as examples of poor and dishonest leadership. In another type of short-termism, mergers and acquisitions have often proved to be disastrous substitutes for strategic thinking in the quest for growth and short-term profits. Examples include Xerox's acquisition of an insurance company, divested some years later, and the multi-billion dollar purchase of Fortis by U.K. giant Marconi, which only months later was forced to write off Fortis's assets to zero.⁷⁵

The real issue? No chief executive is able to take command of the organization without a dear and shared vision of the future.

Most organizations find that short-term gains are no guarantee of future success. The world is not a static place, and today's star products or markers may well be tomorrow's busts. But when assumptions about that world are understood and leveraged strategically, the odds of success are dearly better.

Most of employees driven to "do something," their operational focus may force their hand on answering the "how" without having defined the "what." An operational bias may pervade the organization with quick fixes, compromises, and a lack of cohesion. Or, as a member of the top strategic team of the Savoy Group of Hotels snapped at its first strategy meeting, "Never mind this strategic thinking business. Let's get rid of the nonsense cockroaches!"⁷⁶

This knee-jerk focus is tempting because it addresses how to get things done—seductive in the short term. But, as at the Savoy, executives are often tempted to escalate the cockroach wars without remembering the "what" that forms the very reason for the organization's being. In the Savoy's case, this was the vision of an outstanding hotel and restaurant service for its guests or more broadly, of a strong market position among senior business travelers and high-net-worth individuals.

⁷⁵ Available on site <http://www.cijdelors.pt/news/europeanbusiness.html>

⁷⁶ Available on site <http://www.the-savoy-group.com/savoy-group/careers/>

Just as treacherous is the vacuum that evolves when strategic vision is weak or missing in action. We worked once with a small manufacturer, 40 percent of whose sales were to the behemoth retailer Home Depot. As a company, the manufacturer was unclear about the strategic implications of its supplier role. Consequently, most of its decisions were dictated by Home Depot's needs, even when those decisions were not a good fit for the company's other customers or its future direction.⁷⁷

The strategic vulnerability of such a vacuum is clear. It breeds inaction, indecision, and a state of animated suspension. No central purpose brings employees, functions, or business units together. Resources are spread thin and allocated to squeaky wheels. Initiative fatigue sets in, as operational measures fall fiat. In such a vacuum the organization's future will eventually be held in hostile hands.

2.6.6 Making The Commitment

Top management's task is to choose, implement, and then continuously monitor the correct strategy. Without active engagement in this process, an organization will founder in the wake of external forces that shape its progress. The chief executive and team who refuse to make this ongoing commitment will find themselves at the mercy of the prevailing economic, political, and competitive winds.

A word of caution: Strategy takes time. It takes courage. It would be much easier to delegate the task and have answers delivered on a silver platter. But ask yourself: Is strategic thinking a function I can afford to outsource or delegate? I hope that, I can convince you that commitment from the top is the vital link to a robust, workable, and successful strategy.⁷⁸

2.7 MANAGEMENT IDEAS and STRATEGIC LEADER

It always seemed that a person worked at about 20 percent of capacity when he was working for a manager, and it was largely because he didn't feel free to act; he had to wait for permission or for decisions to be made by others. Or he was afraid to take the chance of making a mistake. When he worked for a leader, he was excited, free, more creative, more energetic, unafraid, and he worked at 80 percent of capacity.

⁷⁷ Available on site http://www.homedepot.com/HDUS/EN_US/corporate/corp_respon/corp_respon.shtml

⁷⁸ Rick, Joyner, "Fulfilling the Goals of Leadership". Available on site <http://www.forerunner.com/forerunner/>

Here's another way to define the difference: *Leaders are people who do the right things and managers are people who do things right.* Leaders are interested in direction, vision, goals, objectives, intention, purpose, and effectiveness, the right things. Managers are interested in efficiency, the how-to, the day-to-day, the short run of doing things right, and not making mistakes. He also works for a manager, while he works with a leader. A manager tends to think of his people in terms of how much they cost and how little he can pay them. A leader tends to think of his people as resources and wonders how much they can earn and how he can help them become heroes.

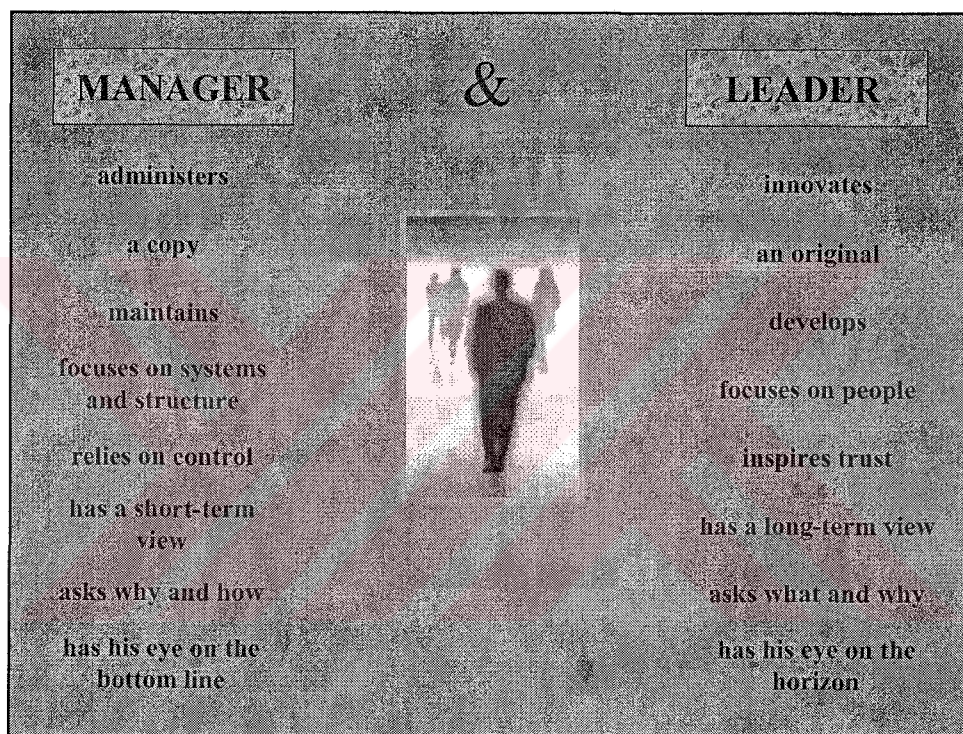


Figure 2.33 Distinctions between Manager and Leader

I created a whole list of distinctions between manager and leader; some of the following might prove helpful.

- The manager administers; the leader innovates.
- The manager is a copy; the leader is an original.
- The manager maintains; the leader develops.
- The manager focuses on systems and structure; the leader focuses on people.
- The manager relies on control; the leader inspires trust.
- The manager has a short-term view; the leader has a long-term view.

- The manager asks why and how; the leader asks what and why.
- The manager has her eye on the bottom line; the leader has her eye on the horizon.

It's very clear that failing organizations almost always fail because they're over managed and they're under led.

We have to make a distinction between being a manager and performing your managerial duties effectively. It's not that leaders don't have anything to do with management. There is no reason why a good leader can't handle the finer aspects of the job, even the more mundane detail work, occasionally.

The very best leaders do care about detail, about the grunge work. The reason, however, I'm emphasizing the distinction is that leaders are the only ones capable of creating a culture where people feel valued, where they're energized, where they're creative, where they love coming to work, where work is "more fun than fun".

How many leaders do you know who have a problem with also being a follower? When we're talking about leaders, we should also mention the importance of being a follower. Good leaders should also be good followers. If you're coming up within an organization, you must be a good follower or you're not going to get very far. Leaders and followers share certain characteristics such as listening, collaborating, and working out competitive issues with peers.

If you want to determine whether you're working for a leader rather than a manager, ask yourself these questions:

- Do you work *with* your boss or *for* your boss?
- Do you have specific targets?
- Do you have enough power and resources to hit your targets?
- Do you get enough feedback on how you're doing?
- Does your boss protect you from useless work, pointless interruptions, ridiculous committees, memoranda, and paperwork?
- Are you coming to work excited, full of energy, free to make mistakes and fail?
- Do you feel "zap-proof," or free from punishment for your mistakes?

- Do you feel significant at work?
- Do you think you do anything important or meaningful?
- Do you feel, in other words, that you're at the center of things rather than on the periphery of things?
- Are you learning anything?
- Is your environment educational, a place where people claim they learn more than in graduate school?
- Do you feel you're part of the community or the group?
- Do you feel you belong?
- Are the rewards you receive based on performance?
- Do you feel pride in your organization?

2.7.1 Ordinary Management and Extraordinary Leadership

An unfortunate corollary of the often completely illogical or apparently perverse 'career planning' that has traditionally been a sequel to initial selection and training in the military is that it has never really allowed for late developers. In wartime or on the battlefield rather the opposite is true, and bright youngsters may find themselves summarily and rapidly promoted to positions of great authority in which they may be lucky or clever enough to shine. In peacetime neither the opportunities nor the challenges have tended to exist in the military for individuals to demonstrate real leadership skills or qualities that are in any way extraordinary. In fact for the most part the military have recognized that much of what goes on from day to day in peacetime requires what they now recognize as management skills and what I have referred to above as 'ordinary management' processes. One of the reasons, however, that the quality of leadership at all ranks and levels in the British Army is, so high, is that the UK has been engaged more or less continuously in small wars and counter-insurgency operations around the globe since World War II. There have always been plenty of opportunities, therefore, in active service operational conditions, for enough soldiers at all levels of seniority to gain real (and for peacetime extraordinary) leadership experience and pass this on through training, and the continuous improvement of processes and

equipment.⁷⁹

This is just as well; because the ability to identify organizational development opportunities or challenges in the form of what both private and public sector organizations might now call 'areas for improvement' was hardly encouraged in junior ranks. The ability to be constructively critical and take the overview was for a very long time actively discouraged, especially in junior officers. They may have been selected in part for the ability to demonstrate initiative to a selection board, but woe betide them if they dared to demonstrate too much of it subsequently, or question the status quo - at least until they were seen to have the authority of a senior officer's rank and position to justify them to do so. The culture and the paradigm discouraged it.

For example, everybody in Turkey took lesson from earthquake of 17th August. It was an extraordinary situation for rescue teams. They were too late for interfering. But in earthquake of Düzce, they learned how to interfere and rescue teams were very fast. So experiments teach how to interfere an earthquake.

⁷⁹ Reed, Peter J., "Extraordinary Leadership," Kogan Page, London, 2003, p.16

3. STRATEGIC PLANNING

“We have to put aside the comfortable ways of thinking and planning, take risks and try new things so that we can prepare our forces to deter and defeat adversaries that have not yet emerged to challenge us.”

*Donald Rumsfeld
U.S. Secretary of Defense⁸⁰*

In this part of survey, we will see the theory of strategy, relationship with military, and aim of strategy. We will also examine strategic management, strategic planning and intelligence about leadership.

3.1. THE THEORY of STRATEGY

Having drawn our conclusions from an analysis of history it seems advantageous to construct on the fresh foundation a new dwelling house for strategic thought.

Let us first be clear as to what is strategy. Clausewitz, in his monumental work, “*On War*”⁸¹, defined it as ‘the art of the employment of battles as a means to gain the object of war. In other words strategy forms the plan of the war, maps out the proposed course of the “different campaigns, which compose the war, and regulates the battles to be fought in each.”

One defect of this definition is that it intrudes on the sphere of policy, or the higher conduct of the war, which must necessarily be the responsibility of the government and not of the military leaders it employs as its agents in the executive control of operations. Another defect is that it narrows the meaning of ‘strategy’ to the pure utilization, of battle, thus conveying the idea that battle is the only means to the strategically end. It was an easy step for Clausewitz’s less profound disciples to confuse the means with the end, and to reach the conclusion, that in war every other consideration should be subordinated to the aim of fighting a decisive battle.

⁸⁰ Krames, Jeffrey A., “The Rumsfeld Way,” McGraw-Hill Books, New York, 2002, p.128

⁸¹ Seng, Goh Teck, “Clausewitz and His Impact on Strategy,” Available on site http://www.mindef.gov.sg/safti/pointer/back/journals/1999/Vol25_1/6.htm

3.1.1 Relation to Policy

To break down the distinction between strategy and policy would not matter much if the two functions were normally combined in the same person, as with a Frederick or a Napoleon. But as such autocratic soldier-rulers have been rare in modern times and became temporarily extinct in the nineteenth century, the effect was insidiously harmful, for it encouraged soldiers to make the preposterous claim that policy should be subservient to their conduct of operations, and, especially in democratic countries, it drew the statesman on to overstep the definite border of his sphere and interfere with his military employees in the actual use of their tools.

Moltke reached a clearer, and wiser, definition in terming strategy 'the practical adaptation of the means placed at a general's disposal to the attainment of the object in view'.⁸²

This definition fixes the responsibility of a military commander to the government by which he is employed. His responsibility is that of applying most profitably to the interest of the higher war policy the force allotted to him within the theatre of operations assigned to him. If he considers that the force allotted is inadequate for the task indicated he is justified in pointing this out, and if his opinion is overruled he can refuse or resign the command; but he exceeds his rightful sphere if he attempts to dictate to the government what measure of force should be placed at his disposal.

On the other hand, the government, which formulates war policy, and has to adapt it to conditions, which often change as a war progresses, can rightly intervene in the strategy of a campaign not merely by replacing a commander in whom it has lost confidence, but by modifying his object according to the needs of its war policy. While it should not interfere with him in the handling of his tools, it should indicate clearly the nature of his task. Thus strategy has not necessarily the simple object of seeking to overthrow the enemy's military power. When a government appreciates that the enemy has the military superiority, either in general or in a particular theatre, it may wisely enjoin a strategy of limited aim.

It may desire to wait until the balance of force can be changed by the intervention of allies or by the transfer of forces from another theatre. It may desire to wait, or even to limit its

military effort permanently, while economic or naval action decides the issue. It may calculate that the overthrow of the enemy's military power is a task definitely beyond its capacity, or not worth the effort-and that the object of its war policy can be assured by seizing territory, which it can either retain or use as bargaining counters when peace is negotiated.

Such a policy has more support from history than military opinion hitherto has recognized, and is less inherently a policy of weakness than some apologists imply. It is, indeed, bound up with the history of the British Empire, and repeatedly proved a life buoy to Britain's allies as well as of permanent benefit to herself. However unconsciously followed, there is ground for inquiry whether this 'conservative' military policy does not deserve to be accorded a place in the theory of the conduct of war.

The more usual reason for adopting a strategy of limited aim is that of awaiting a change in the balance of force-a change often sought and achieved by draining the enemy's force, weakening him by pricks instead of risking blows. The essential condition of such a strategy is that the drain on him should be disproportionately greater than on oneself. The object may be sought by raiding his supplies; by local attacks which annihilate or inflict disproportionate loss on parts of his force; by luring him into unprofitable attacks; by causing an excessively wide distribution of his force; and, no least, by exhausting his moral and physical energy.

This closer definition sheds light on the question, previously raised, of a general's independence in carrying out his own strategy inside his theatre of operations. For if the government has decided upon a limited aim or 'Fabian' grand strategy the general who, even within his strategic sphere, seeks to overthrow the enemy's military power may do more harm than good to the government's war policy. Usually, a war policy of limited aim imposes a strategy of limited aim, and a decisive aim should only be adopted with the approval of the government, which alone can decide whether it is 'worth the candle'.⁸³

⁸² An Overview "The Rise of The German Navy Under The Influence of Tirpitz: 1890-1912," Available on site <http://www.geocities.com/aleph135/NAVY.HTML>

⁸³ De Paoli, Dino, "Lazare Carnot's Grand Strategy For Political Victory," Executive Intelligence Review, September 20, 1996 Available on site http://www.members.tripod.com/american_almanac/carnotdp.htm

We can now arrive at a shorter definition of strategy as- 'the art of distributing and applying military means to fulfill the ends of policy'. For strategy is concerned not merely with the movement of forces-as its role is often defined-but with the effect. When the application of the military instrument merges into actual fighting, the dispositions for and control of such direct action are termed 'tactics'. The two categories, although convenient for discussion, can never be truly divided into separate compartments because each not only influences but merges into the other.

3.1.2 Higher, or Grand Strategy

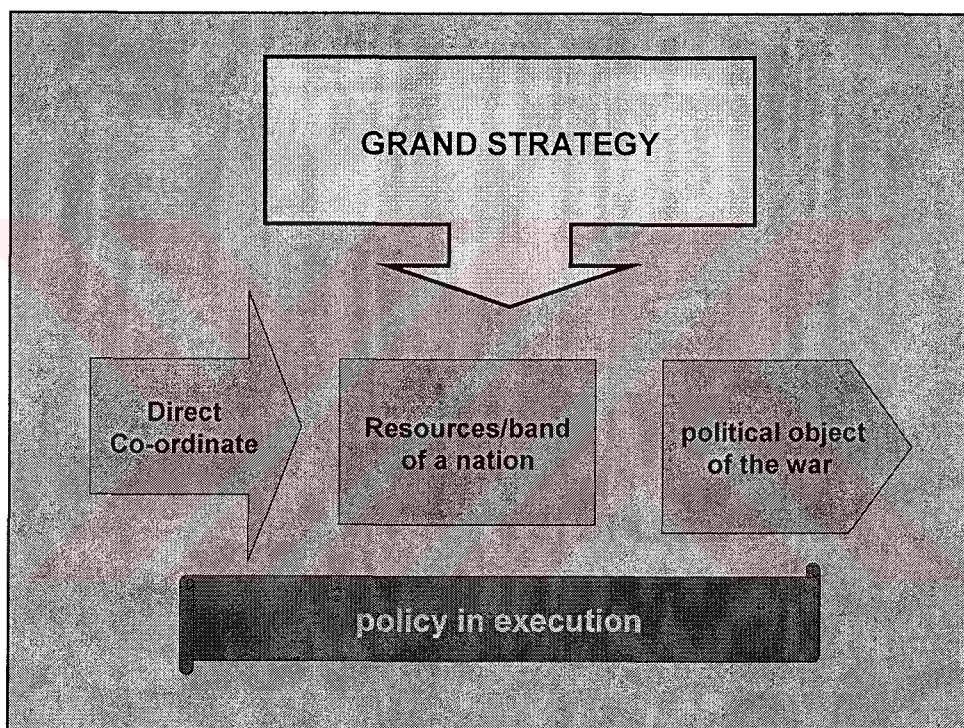


Figure 3.1 Grand Strategy

As tactics is an application of strategy on a lower plane, so strategy is an application on a lower plane of 'grand strategy'. While practically synonymous with the policy, which guides the conduct of war, as distinct from the more fundamental policy, which should govern its object, the term 'grand strategy' serves to bring out the sense of 'policy in execution'. For the role of grand strategy -higher strategy- is to co-ordinate and direct all the resources of a nation, or band of nations, towards the attainment of the political object of the war-the goal defined by fundamental policy.

Grand strategy should both calculate and develop the economic resources and manpower of nations in order to sustain the fighting services. Also the moral resources-for to foster the people's willing spirit is often as important as to possess the more concrete forms of power. Grand strategy, too, should regulate the distribution of power between the several services, and between the services and industry. Moreover, fighting power is but one of the instruments of grand strategy-which should take account of and apply the power of financial pressure, of diplomatic pressure, of commercial pressure, and, not least of ethical pressure, to weaken the opponent's will. A good cause is a sword as well as armour. Likewise, chivalry in war can be a most effective weapon in weakening the opponent's will to resist, as well as augmenting moral strength.

Furthermore, while the horizon of strategy is bounded by the war, grand strategy looks beyond the war to the subsequent peace. It should not only combine the various instruments, but also so regulate their use as to avoid damage to the future state of peace-for its security and prosperity. The sorry state of peace, for both sides, that has followed most wars can be traced to the fact that, unlike strategy, the realm of grand strategy is for the most part *terra incognita*⁸⁴-still awaiting exploration, and understanding.

3.1.3 Pure, or Military Strategy

Having cleared the ground, we can build up our conception of strategy on its proper plane and original basis-that of 'the art of the general'.

Strategy depends for success, first and most, on a sound calculation and co-ordination of the end and the means. The end must be proportioned to the total means, and the means used in gaining each intermediate end which contributes to the ultimate must be proportioned to the value and the needs of that intermediate end-whether it be to gain an objective or to fulfill a contributory purpose. Excess may be as harmful as a deficiency.

A true adjustment would establish a perfect economy of force, in the deeper sense of that oft-distorted military term. But, because of the nature and uncertainty of war, an uncertainty increased by lack of scientific study, even the greatest military ability could not achieve a true adjustment, and success lies in the closest approximation to truth.

⁸⁴ Land which is unknown or undiscovered

This relativity is inherent because, however far our knowledge of the science of war be extended, it will depend on art for its application. Art can not only bring the end nearer to the means, but also by giving a higher value to the means, enable the end to be extended.

This complicates calculation, because no man can exactly calculate the capacity of human genius and stupidity, nor the incapacity of will.

3.1.4 Elements and Conditions

In strategy, however, calculation is simpler and a closer approximation to truth possible than in tactics. For in war the chief incalculable is the human will, which manifests itself in resistance, which in turn lies in the province of tactics. Strategy has not to overcome resistance, except from nature. Its purpose is to diminish the possibility of resistance, and it seeks to fulfill this purpose by exploiting the elements of movement and surprise.

Movement lies in the physical sphere, and depends on a calculation of the conditions of time, topography, and transport capacity. (By transport capacity is meant both the means by which, and the measure in which, force can be moved and maintained.)

Surprise lies in the psychological sphere and depends on a calculation, far more difficult than in the physical sphere, of the manifold conditions, varying in each case, which are likely to affect the will of the opponent.

Although strategy may aim more at exploiting movement than at exploiting surprise, or conversely, the two elements react on each other. Movement generates surprise, and surprise gives impetus to movement. For a movement, which is accelerated, or changes its direction inevitably carries with it a degree of surprise, even though it be unconcealed; while surprise smoothes the path of movement by hindering the enemy's counter-measures and counter-movements.

As regards the relation of strategy to tactics, while in execution the borderline is often shadowy, and it is difficult to decide exactly where a strategically movement ends and a tactical movement begins; yet in conception the two are distinct. Tactics lies in and fills the province of fighting. Strategy not only stops on the frontier, but also has for its purpose the reduction of fighting to the slenderest possible proportions.

3.1.5 Aim of Strategy

This statement may be disputed by those who conceive the destruction of the enemy's armed force as the only sound aim in war, who hold that the only goal of strategy is battle, and who are obsessed with the Clausewitzian saying that 'blood is the price of victory'. Yet if one should concede this point and meet its advocates on their own ground, the statement would remain unshaken. For even if a decisive battle be the goal, the aim of strategy must be to bring about this battle under the most advantageous circumstances. And the more advantageous the circumstances, the less, proportionately, will be the fighting.⁸⁵

The perfection of strategy would be, therefore, to produce a decision without any serious fighting. History, as we have seen, provides examples where strategy, helped by favorable conditions, has virtually produced such a result-among the examples being Caesar's Iberia campaign, Cromwell's Preston campaign, Napoleon's Ulm campaign, Moltke's encirclement of MacMahon's army at Sedan in 1870, and Allenby's 1918 encirclement of the Turks in the hills of Samaria. The most striking and catastrophic of recent examples was the way that, in 1940, the Germans cut off and trapped the Allies' left wing in Belgium, following Guderian's surprise break-through in the center at Sedan, and thereby ensured the general collapse of the Allied armies on the Continent.⁸⁶

While these were cases where the destruction of the enemy's armed forces was economically achieved through their disarming by surrender, such 'destruction' may not be essential for a decision, and for the fulfillment of the war-aim. In the case of a state that is seeking not conquest but the maintenance of its security, the aim is fulfilled if the threat were removed-if the enemy is led to abandon his purpose.

The defeat which Belisarius incurred at Sura through giving rein to his troops' desire for a 'decisive victory'-after the Persians had already given up their attempted invasion of Syria-was a clear example of unnecessary effort and risk. By contrast, the way that he defeated their-more dangerous later invasion and cleared them out of Syria, is perhaps the most striking example on record of achieving a decision-in the real sense, of fulfilling the

⁸⁵ Furst, Alan, "Blood of Victory: A Novel," Random House Trade Paperbacks, New York, 2002, p.154

⁸⁶ Wilkinson, Richard, "Rotary's Global History Fellowship (An Internet Project)," Preserving The History of The Rotary Movement Oliver Cromwell, Available on site <http://historynewsletter.org/library/southafrica1934/cromwell/>

national object-by pure strategy. For in this case, the psychological action was so effective that the enemy surrendered his purpose without any physical action at all being required.⁸⁷

While such bloodless victories have been exceptional, their rarity enhances rather than detracts from their value-as an indication of latent potentialities, in strategy and grand strategy. Despite many centuries' experience of war, we have hardly begun to explore the field of psychological warfare.

From deep study of war, Clausewitz was led to the conclusion that-"All military action is permeated by intelligent forces and their effects." Nevertheless, nations at war have always striven, or been driven by their passions, to disregard the implications of such a conclusion. Instead of applying intelligence, they have chosen to batter their heads against the nearest wall.

It rests normally with the government, responsible for the grand strategy of a war, to decide whether strategy should make its contribution by achieving a military decision or otherwise. Just as the military means is only one of the means to the end of grand strategy-one of the instruments in the surgeon's case-so battle is only one of the means to the end of strategy. If the conditions are suitable, it is usually the quickest in effect, but if the conditions are unfavorable it is folly to use it.

Let us assume that a strategist is empowered to seek a military decision. His responsibility is to seek it under the most advantageous circumstances in order to produce the most profitable result. Hence his true aim is not so much to seek battle as to seek a strategic situation so advantageous that if it does not of itself produce the decision, its continuation by a battle is sure to achieve this. In other words, dislocation is the aim of strategy; its sequel may be either the enemy's dissolution or his easier disruption in battle. Dissolution may involve some partial measure of fighting, but this has not the character of a battle.

3.1.6 Action of Strategy

How is the strategic dislocation produced? In the physical, or 'logistical', sphere it is the result of a move which upsets the enemy's dispositions and, by compelling a sudden

⁸⁷ Zechariah of Mitylene, Syriac Chronicle, 1899, Book 10, Available on site <http://www.tertullian.org/fathers/zachariah10.htm>

‘change of front’, dislocates the distribution and organization of his forces; separates his forces; endangers his supplies; menaces the route or routes by which he could re-treat in case of need and re-establish himself in his base or homeland.

A dislocation may be produced by one of these effects, but is more often the consequence of several. Differentiation, indeed, is difficult because a move directed towards the enemy’s rear tends to combine these effects. Their respective influence, however, varies and has varied throughout history according to the size of armies and the complexity of their organization. With armies which ‘live on the country’, drawing their supplies locally by plunder or requisition, the line of communication has negligible importance. Even in a higher stage of military development, the smaller a force the less dependent it is on the line of communication for supplies. The larger an army, and the more complex its organization, the more prompt and serious in effect is a menace to its line of communication.

Where armies have not been so dependent, strategy has been correspondingly handicapped, and the tactical issue of battle has played a greater part. Nevertheless, even thus, handicapped, able strategists have frequently gained a decisive advantage previous to battle by menacing the enemy’s line of retreat, the equilibrium of his dispositions, or his local supplies.

To be effective, such a menace must usually be applied at a point closer, in time and space, to the enemy’s army than a menace, to his communications; and thus in early warfare it is often difficult to distinguish between the strategical and tactical maneuver.

In the psychological sphere, dislocation is the result of the impression on the commander’s mind of the physical effects, which we have listed. The impression is strongly accentuated if his realization of his being at a disadvantage is sudden, and if he feels that he is unable to counter the enemy’s move. Psychological dislocation fundamentally springs from this sense of being trapped.

This is the reason why it has most frequently followed a physical move on to the enemy’s rear. An army, like a man, cannot properly defend its back from a blow without turning round to use its arms in the new direction. ‘Turning’ temporarily unbalances an army as it

does a man, and with the former the period of instability is inevitably much longer. In consequence, the brain is much more sensitive to any menace to its back.

In contrast, to move directly on an opponent consolidates his balance, physical and psychological, and by consolidating it increases his resisting power. For in the case of an army it rolls the enemy back towards their reserves, supplies, and reinforcements, so that as the original front is driven back and worn thin, new layers are added to the back. At the most, it imposes a strain rather than producing a shock.

Thus a move round the enemy's front against his rear has the aim not only of avoiding resistance on its way but in its issue. In the profoundest sense, it takes the line of least resistance. The equivalent in the psychological sphere is the line of least expectation. They are the two faces of the same coin, and to appreciate this is to widen our understanding of strategy. For if we merely take what obviously appears the line of least resistance, its obviousness will appeal to the opponent also; and this line may no longer be that of least resistance.

In studying the physical aspect we must never lose sight of the psychological, and only when both are combined is the strategy truly an indirect approach, calculated to dislocate the opponent's balance. The mere action of marching indirectly towards the enemy and on to the rear of his dispositions does not constitute a strategic indirect approach. Strategic art is not so simple. Such an approach may start by being indirect in relation to the enemy's front, but by the very directness of its progress towards his rear may allow him to change his dispositions, so that it soon becomes a direct approach to his new front.

Because of the risk that the enemy may achieve such a change of front, it is usually necessary for the dislocating move to be preceded by a move, or moves, which can best be defined by the term 'distract' in its literal sense of 'to draw asunder'. The purpose of this 'distraction' is to deprive the enemy of his freedom of action, and it should operate in both the physical and psychological spheres. In the physical, it should cause a distension of his forces or their diversion to unprofitable ends, so that they are too widely distributed, and too committed elsewhere, to have the power of interfering with one's own decisively intended move. In the psychological sphere, the same effect is sought by playing upon the fears of, and by deceiving, the opposing command. 'Stonewall' Jackson aptly expressed

this in his strategical motto-‘Mystify, mislead, and surprise’. For to mystify and mislead constitutes ‘distraction’, while surprise is the essential cause of ‘dislocation’. It is through the ‘distraction’ of the commander’s mind that the distraction of his forces follows. The loss of his freedom of action is the sequel to the loss of his freedom of conception.⁸⁸

A more profound appreciation of how the psychological permeates and dominates the physical sphere has an indirect value. For it warns us of the fallacy and shallowness of attempting to analyze and theorize about strategy in terms of mathematics. To treat it quantitatively, as if, the issue turned merely on a superior concentration of force at a selected place, is as faulty as to treat it geometrically: as a matter of lines and angles.

Even more remote from truth-because in practice it usually leads to a dead end-is the tendency of textbooks to treat war as mainly a matter of concentrating superior force. In his celebrated definition of economy of force Foch termed this-‘The art of pouring out all one’s resources at a given moment on one spot; of making use there of all troops, and, to make such a thing possible, of making those troops permanently communicate with each other, instead of dividing them and attaching to each fraction some fixed and invariable function; its second part, a result having been attained, is the art of again so disposing the troops as to converge upon, and act against, a new single objective.’

It would have been more exact, and more lucid, to say that an army should always be so distributed that its parts can aid each other and combine to produce the maximum possible concentration of force at one place, while the minimum force necessary is used elsewhere to prepare the success of the concentration.

The concentrate all is an unrealizable ideal, and dangerous even as a hyperbole. Moreover, in practice the ‘minimum necessary’ may form a far larger proportion of the total than the ‘maximum possible’. It would even be true to say that the larger the force that is effectively used for distraction of the enemy, the greater is the chance of the concentration succeeding in its aim. For otherwise it may strike an object too solid to be shattered.

Superior weight at the intended decisive point does not suffice unless the opponent cannot reinforce that point in time. It rarely suffices unless that point is not merely weaker

⁸⁸ Smith “With Stonewall Jackson,” Available on site <http://www.aphillcsa.com/smithJackson.html>

numerically but has been weakened morally. Napoleon suffered some of his worst checks because he neglected this guarantee-and the need for distraction has grown with the delaying power of weapons.

3.1.7 Basis of Strategy

A deeper truth to which Foch and other disciples of Clausewitz did not penetrate fully is that in war every problem, and every principle, is a duality. Like a coin, it has two faces. Hence the need for a well-calculated compromise as a means to reconciliation. This is the inevitable consequence of the fact that war is a two-party affair, so imposing the need that while hitting one must guard. Its corollary is that, in order to hit with effect, the enemy must be taken off his guard. Effective concentration can only be obtained when the opposing forces are dispersed; and, usually, in order to ensure this, one's own forces must be widely distributed. Thus, by an outward paradox, true concentration is the product of dispersion.⁸⁹

A further consequence of the two-party condition is that to ensure reaching an objective one should have alternative objectives. Herein lie a vital contrast to the single-minded nineteenth century doctrine of Foch and his fellows-a contrast of the practical to the theoretical. For if the enemy is certain as to your point of aim he has the best possible chance of guarding himself-and blunting your weapon. If, on the other hand, you take a line that threatens alternative objectives, you distract his mind and forces. This, moreover, is the most economic method of distraction, for it allows you to keep the largest proportion of your force available on your real line of operation-thus reconciling the greatest possible concentration with the necessity of dispersion.

To be practical, any plan must take account of the enemy's power to frustrate it; the best chance of overcoming such obstruction is to have a plan that can be easily varied to fit the circumstances met; to keep such adaptability, while still keeping the initiative, the best way is to operate along a line which offers alternative objectives. For thereby you put your opponent on the horns of a dilemma, which goes far to assure the gaining of at least one objective-whichever is least guarded-and may enable you to gain one after the other.

⁸⁹ Bassford, Christopher, "Clausewitz in English: The Reception of Clausewitz in Britain and America, 1815-1945," Oxford University Press, New York, 1994

In the tactical field, where the enemy's dispositions are likely to be based on the nature of the ground, it may be more difficult to find a choice of dilemma-producing objectives than it is in the strategical field, where the enemy will have obvious industrial and railway centers to cover. But you can gain a similar advantage by adapting your line of effort to the degree of resistance that is met, and exploiting any weakness that is found. A plan, like a tree, must have branches-if it is to bear fruit. A plan with a single aim is apt to prove a barren pole.

3.1.8 Cutting Communications

In the planning of any stroke at the enemy's communications, either by maneuver round his flank or by rapid penetration of a breach in his front, the question will arise as to the most effective point of aim-whether it should be directed against the immediate rear of the opposing force, or further back.

When studying this question at the time that experimental mechanized forces were first created, and their strategic use was under consideration, seeking guidance on it by an analysis of cavalry raids carried out in the past, especially in the more recent wars since railways came into use. While such cavalry raids had more limited potentialities than a deep strategic penetration of mechanized forces seemed to me to promise, this difference emphasized rather than detracted from the significance of the evidence, which they provided.

The deductions were confirmed by the experience of the Second World War-above all the catastrophically paralyzing effect, physically and psychologically, that was produced when Guderian's panzer forces, racing far ahead of the main German armies, severed the Allied armies' communications where these crossed the far back line of the Somme, at Amiens and Abbeville.⁹⁰

3.2 STRATEGIC MANAGEMENT and STRATEGIC PLANNING

Strategic planning is inextricably interwoven into the entire fabric of management; it is not something separate and distinct from the process of management. This point is underscored in this chapter. Also discussed is the shifting focus of management from operations to

strategy. Finally, attention is given to the different fundamental approaches to strategic planning that can support management decision-making.

3.2.1 The Managerial Task and Planning

Years ago when my colleagues and I were “selling” what at that time was called long-range planning and what I now call strategic planning, we spoke of it as a valuable new tool for management, a major new technique to help managers. I no longer speak of it this way. Strategic planning is inextricably interwoven into the entire fabric of management.

Several years ago, The Conference Board interviewed intensively fifty chief executives about their roles in planning. The first overarching frame of reference most executives articulated was that “planning cannot be usefully distinguished from the rest of the management process...”

The researchers summarized the view of the executives in this way: planning cannot be disentangled from such management functions as organizing, directing, motivating, and controlling.

Although it is acknowledged that each of these functions or elements can be formally defined and contrasted with one another, in terms of the chief executive’s daily, weekly, even annual routine it is not realistic from his point of view to break up his job into parts and examine each as a discrete phenomenon. For his role as planner is meshed with his role as organizer, director, and so on, in a seamless web of management; for instance, the thought he devotes to what might be termed planning questions, and decisions he makes about them, have implications for his exercise of control; and vice versa. It is the whole of his job that must be looked at, the interaction of the elements of the management process rather than the individual elements.⁹¹

The Conference Board survey was concerned with chief executive officers, but the conclusion is applicable to all managers. I believe that no manager is fully discharging his or her responsibility when strategic planning is neglected. Strategic planning is a function

⁹⁰ Hart, B.H. Liddell, “Strategy,” Penguin Books, New York, 1991, p.332

⁹¹ Egerton, Henry C. And Brown, James K., “Planning and the Chief Executive,” Conference Board, New York, 1972, p.1

and responsibility of all managers at all levels in an organization. It is obvious, however, that the planning responsibilities of managers will vary significantly among types of organizations and different organizational levels.

3.2.2 Strategic Management, Operational Management, and Strategic Planning

To oversimplify, there are two types of management. That which is done at the top of an organizational structure is strategic management. Everything else is operational management.

Strategic planning is a backbone support to strategic management. It is not, of course, the entirety of strategic management but it is a major process in the conduct of strategic management. Everyone recognizes that strategic and operational management are tightly linked. Strategic management provides guidance, direction, and boundaries for operational management. Just as strategic management is vitally concerned with operational management so is strategic, planning concerned with operations. But the focus and emphasis of strategic planning as with strategic management is on strategy more than operations.

Years ago the managerial emphasis in the typical corporation was on operations. A major question for management was how to use efficiently those scarce resources at its disposal in producing goods and services at prices consumers were willing to pay. If this task were done efficiently, it was believed, profits would be maximized. Today, efficient use of scarce resources is still a commanding concern of managements of all organizations, but today, because of a turbulent and rapidly changing environment, the ability of an organization to adapt properly to environment, internal and external, is becoming more critical in survival.

General Robert E. Wood, when chief executive of Sears, Roebuck and Company, succinctly captured this thought when he said: "Business is like a war in one respect, if its grand strategy is correct, any number of tactical errors can be made and yet the enterprise proves successful."⁹² A company may overcome inefficient internal resource use if its basic strategy is brilliant, but it is not likely to overcome the wrong strategies even with

excellent production and distribution performance. The ideal situation, of course, is for an organization to design brilliant strategies and to implement them efficiently and effectively.

In a growing number of companies, particularly the larger organizations, the framework for formulating and implementing strategies is the formal strategic planning system? Strategy can be formulated without a formal system, however, as will be discussed later. But either way, the processes of strategic planning are intertwined with management.

3.2.3 Tasks of Top Management

This part of survey is about strategic planning and not about the tasks of top management. It is useful, however, to comment a bit more on a point already made, namely, that strategic planning is a central concern of strategic management but not the entirety of the top management job.

In a recapitulation of his monumental book on management Peter Drucker summarized the tasks of top management as follows:

First is the formulation and implementation of strategy. Drucker explained this prime task as “the task of thinking through the mission of the business, that is, have asking the question ‘what is our business and what should it be?’ This leads to the setting of objectives, the development of strategies and plans, and the making of today’s decisions for tomorrow’s results. This clearly can be done only by an organ of the business; that can see the entire business; that can make decisions that affect the entire business; that can balance objectives and the needs of today against the needs of tomorrow; and that can allocate resources of men and money to key results.”⁹³

That, of course, is the strategic planning process.

The other tasks of top management according to this eminent observer of management and managers are as follows: standard setting, for example, for the conscience functions;

⁹² Chandler, A. D., “Strategy and Structure: Chapters in the History of the American Industrial Enterprise,” M.I.T. Press, Cambridge, 1962, p.235

⁹³ Drucker, Peter F., “Management: Tasks, Responsibilities, Practices,” Harper & Row, New York, 1974, p.611

building and maintaining the human organization; fulfilling responsibilities concerning relationships that only the people at the top of an organization can establish and maintain, such as with major customers, very important suppliers, or bankers; performing ceremonial, duties, such as at civic events; and being the “standby” organ for major crises.⁹⁴

There is, of course, no idealized or single way for top managers to discharge their responsibilities. For some managers the strategic planning process is a much larger part of the total job than for others. But for all it is of central importance in performing properly the top management function.

3.2.4 Planning Responsibilities of All Managers

Strategic planning is a function of all managers at all levels of an organization. This point has been amplified by Marvin Bower, who for several decades was managing director of McKinsey and Company, a well-known, worldwide management-consulting firm. In a superb book that summarized the lessons of experience of effective managers over a long period of time Bower concluded that there are

“Fourteen basic and well-known management processes make up the components from which a management system for any business can be fashioned... Fashioning these fourteen components into a tailor-made management system is the building job of every chief executive and every general executive. To support, follow, and enforce the system is a vital part of every top manager’s operating job-and of managers and supervisors at every level.”⁹⁵

What are these fourteen processes? They are, Bower says, the following:

1. *Setting objectives*: Deciding on the business or businesses in which the company or division should engage and on other fundamentals that shall guide and characterize the business, such as continuous growth. An objective is typically enduring and timeless.

⁹⁴ Ibid. p.612

⁹⁵ Bower, Marvin, “The Will to Manage: Corporate Success through Programmed Management,” McGraw-Hill, New York, 1966, p.17-18

2. *Planning strategy*: Developing concepts, ideas, and plans for achieving objectives successfully, and for: meeting and beating competition. Strategic planning is part of the total planning process that includes management and operational planning.
3. *Establishing goals*: Deciding on achievement targets shorter in time range or narrower in scope than the objectives, but designed as specific sub-objectives in making operational plans for carrying out strategy.
4. *Developing a company philosophy*: Establishing the beliefs, values, attitudes, and unwritten guidelines that add up to “the way we do things around here.”
5. *Establishing policies*: Deciding on plans of action to guide the performance of all major activities in carrying out strategy in accordance with company philosophy.
6. *Planning the organization structure*: Developing the plan of organization the “harness” that helps people pull together in performing activities in accordance with strategy, philosophy, and policies.
7. *Providing personnel*: Recruiting, selecting, and developing people -including an adequate proportion of high-caliber talent- to fill the positions provided for in the organization plan.
8. *Establishing procedures*: Determining and prescribing how all important and recurrent activities shall be carried out.
9. *Providing facilities*: Providing the plant, equipment, and other physical facilities required to carry on the business.
10. *Providing capital*: Making sure the business has the money and credit needed for physical facilities and working capital.
11. *Setting standards*: Establishing measures of performance that will best enable the business to achieve its long-term objectives successfully.
12. *Establishing management programs and operational plans*: Developing programs and plans governing activities and the use of resources which-when carried out in

accordance with established strategy, policies, procedures, and standards-will enable people to achieve particular goals. These are phases of the total planning process that includes strategic planning.

13. *Providing control information:* Supplying facts and figures to help people follow the strategy, policies, procedures, and programs; to keep alert to forces at work inside and outside the business; and to measure their own performance against established plans and standards.

14. *Activating people:* Commanding and motivating people up and down the line to act in accordance with philosophy, policies, procedures, and standards in carrying out the plans of the company.⁹⁶

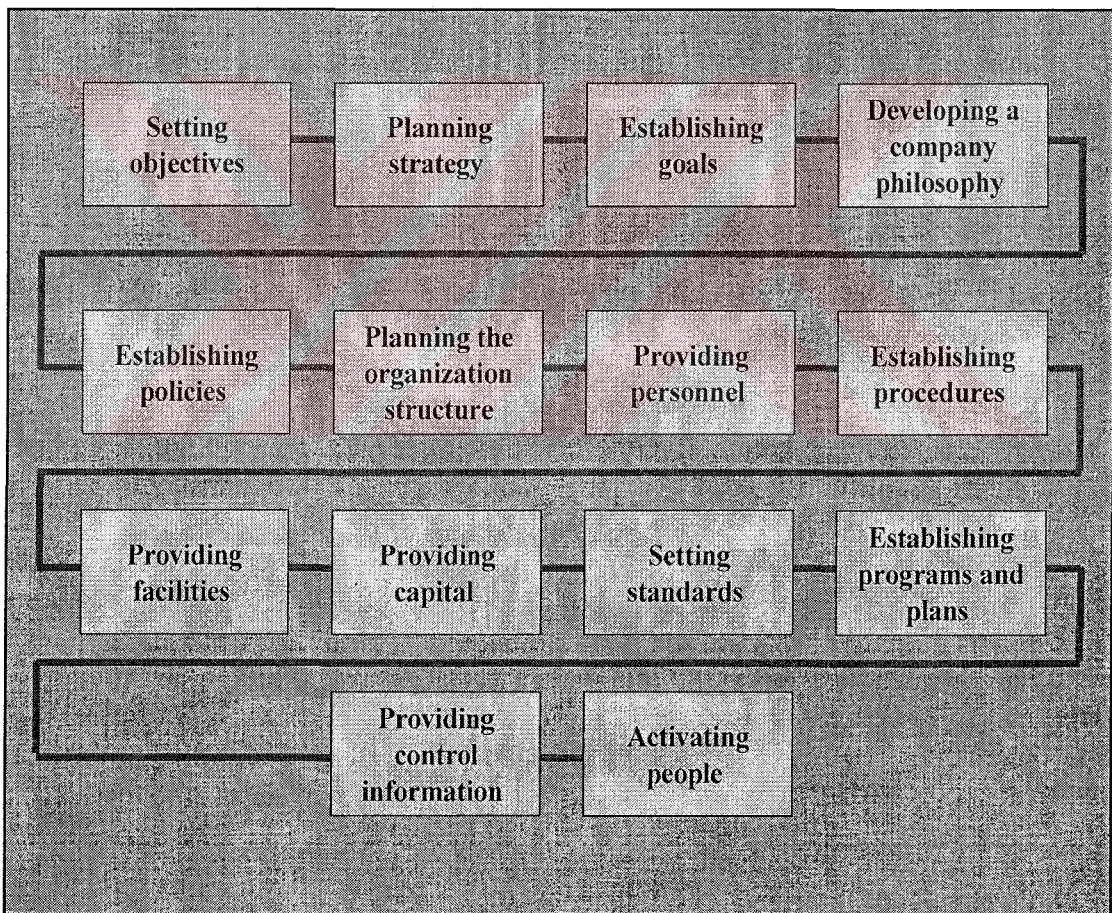


Figure 3.2 Responsibilities of All Managers

⁹⁶ Ibid.

All these processes, without exception, are in one way or another embodied in a comprehensive formal strategic planning process. But again, managerial responsibilities and actions for some of the processes extend beyond the planning process. For instance, activating people is a requirement that is more pervasive than planning. The point of this discussion is that dominant management processes, according to a management observer whose word commands respect, are elements of or rely heavily upon strategic planning.

3.2.5 Intuitive-Anticipatory versus Formal Strategic Planning

There are two fundamentally different ways for a manager to formulate strategic plans for the future. The first is to meet each day as it arrives and make strategic decisions only on that basis. Managers who think much about the future and devise strategies to help them meet the future in ways they want may take one of two alternative approaches.

The first, the intuitive-anticipatory approach, has several major characteristics. Generally it is done in the brain of one person. It may or may not but often does not, result in a written set of plans. It generally has a comparatively short time horizon and reaction time. It is based upon the past experience, the “gut” feel, the judgment, and the reflective thinking of a manager. It is very important and must not be underestimated. Some managers have extraordinary capabilities in intuitively devising brilliant strategies and methods to carry them out.⁹⁷ For instance, in speaking of Will Durant (the man who put together the companies upon which General Motors Corporation was built), Alfred Sloan (whose leadership built General Motors Corporation) said: “He was a man who would proceed on a course of action guided solely, as far as I could tell, by some intuitive, flash of brilliance. He never felt obliged to make an engineering hunt for the facts. Yet at times he was astoundingly correct in his judgment.”⁹⁸

Albert Einstein acknowledged the significance of intuition from a different angle in these words: “I believe in intuition and inspiration... at times I feel certain that I am right while not knowing the reason... Imagination is more important than knowledge. For knowledge

⁹⁷ Steiner, George A., “Top Management Planning,” Macmillan, New York, 1969, p.353-355

⁹⁸ Sloan, Alfred, “Adventures of the White Collar Man,” Doubleday, New York, 1941, p.104

is limited, whereas imagination embraces the entire world, stimulating progress, giving birth to evolution. It is, strictly speaking, a real factor in scientific research.”⁹⁹

If an organization is managed by intuitive geniuses there is no need for formal strategic planning. But how many organizations are so blessed? And, if they are, how many times are intuitive correct in their judgments?

In contrast, the formal planning system is organized and developed on the basis of a set of procedures. It is explicit in the sense that people know what is going on. Frequently, manuals of instruction are prepared to explain who is going to do what and when and what will happen with the information. It is research based. It involves the participation of many people. Support for the decision making in the process is frequently documented and the result of the entire endeavor is a written set of plans.

It is not at all unusual to find in organizations a clash between these two approaches to strategic decision-making. A manager who has been successful with his intuitive judgments is not likely to accept completely or readily the constraints of a formal planning system. Such a manager may be uneasy with some of the new language and methods used by sophisticated staff in a formal planning system. Or, the manager may feel a challenge to his authority as those participating in the system engage in the decision-making process. The thought processes of these managers may conflict with the requirements of formal planning.

For such reasons, and because of cognitive differences between intuitive and systematic thinkers, there are some who argue that with the intuitive thinker there can be no formal planning.¹⁰⁰ This either-or conclusion is not correct. Limited empirical observations will show that the two approaches are indeed meshed in many organizations. There is often conflict, to be sure, but each can be and often is adapted to the requirements of the other. They can and should complement one another. A formal system can and should help managers sharpen their intuitive-anticipatory inputs into the planning process. At the very least, a formal system can and should give managers more time for reflective thinking.

⁹⁹ Raudsepp, Eugene, “Can You Trust Your Hunches?” *Management Review*, April 1960

¹⁰⁰ Mintzberg, Henry, “Planning on the Left Side and Managing on the Right,” *Harvard Business Review*, Illinois, 1976

In a fundamental sense, formal strategic planning is an effort to duplicate what goes on in the mind of a brilliant intuitive planner. But formal planning cannot be really effective unless managers at all levels inject their judgments and intuition into the planning process.

Managers do indeed follow different thought processes in decision-making. The design of a formal planning system must understand and reflect these differences if the system is to function successfully. I shall return to this point in several subsequent chapters.

There are two different types of management. One, which is done at the top of the corporate organization, is called strategic management. Everything else is operational management. Strategic planning is central to helping managers discharge their strategic management responsibilities. The central focus of both is on strategy. But, just as strategic management is concerned with operational management, so strategic planning is interrelated with operational planning. For managers at all levels strategic planning is interrelated with the management process. Strategic planning is not something separate and distinct from management.

Strategic management and strategic planning are vital to the success of corporations today. This is so because the wrong strategy can lead to serious difficulties, no matter how internally efficient a company may be. Conversely, a company may be inefficient internally but successful if it has the right strategies. Good marks in both, of course, are the preferred position.

There are two ways to help top managers discharge their strategic planning responsibilities: intuitive-anticipatory planning and formal systematic planning. Both are important and must not be underestimated. In many corporations there are conflicts between the two approaches because different thought processes are involved in them. However, formal planning cannot be done without management intuition. If the formal planning system is correctly tailored to managerial characteristics it can help managers improve their intuition.

3.3 STRATEGIC PLANNING PROCESS

At the outset it is important to understand that there is no such thing as the strategic planning system, which every organization should adopt. Strategic planning systems must be designed to fit the unique characteristics of each organization. Since each organization differs in some respects from all other organizations, it follows that the planning systems of organizations differ one from another. Nevertheless, there are common characteristics among planning systems of organizations with different characteristics, which will be presented in this and subsequent chapters. Although we have a long way to go before we can prescribe precisely what planning system an organization should have, given its particular characteristics, we do indeed know on the basis of much experience many fundamental planning features that must be employed, or rejected, as the case may be, to assure effective planning. These, too, will be presented.

3.3.1 Formal Strategic Planning Defined

In the 1960s the words long-range planning were used to describe the system that is the subject of this chapter. Other names have subsequently been coined. Long ago, for reasons that I shall develop later, I abandoned the exclusive use of the term long-range planning to describe the system. So have most other writers in the field. Not all would agree with me, however, when I use synonymously comprehensive corporate planning, comprehensive managerial planning, total overall planning, long-range planning, formal planning, comprehensive integrated planning, corporate planning, strategic planning, and other combinations of these words. More and more, however, formal strategic planning is used to describe, what is usually meant when the above phrases are employed.

Most writers in the field have their own pet definitions of the terms listed in the preceding paragraph. They vary greatly in terms of level of abstraction, substance, and general acceptance. Most writers would, I believe, agree that strategic planning should be described from several points of view for deep understanding.¹⁰¹ I define formal strategic planning from four points of view, each of which is needed in understanding it.

¹⁰¹ Fayol, Henri, "General and Industrial Management," Pitman, London, 1949, p.43

3.3.1.1 Futurity of Current Decisions

First, planning deals with the futurity of current decisions. This means that strategic planning looks at the chain of cause and effect consequences over time of an actual or intended decision that a manager is going to make. If the manager does not like what is seen ahead the decision can readily be changed. Strategic planning looks also at the alternative courses of action that are open in the future, and when choices are made among the alternatives they become the basis for making current decisions. The essence of formal strategic planning is the systematic identification of opportunities and threats that lay in the future, which in combination with other relevant data provide a basis for a company's making better current decisions to exploit the opportunities and to avoid the threats. Planning means designing a desired future and identifying ways to bring it about.

3.3.1.2 Process

Second, strategic planning is a process. It is a process that begins with the setting of organizational aims; defines strategies and policies to achieve them, and develops detailed plans to make sure that the strategies are implemented so as to achieve the ends sought. It is a process of deciding in advance what kind of planning effort is to be undertaken, when it is to be done, how it is to be done, who is going to do it, and what will be done with the results. Strategic planning is systematic in the sense that it is organized and conducted on the basis of an understood regularity.

Strategic planning for most organizations results in a set of plans produced after a specified period of time set aside for the development of the plans. However, it should also be conceived as a continuous process, especially with respect to strategy formulation, because changes in the business environment are continuous. The idea here is not that plans should be changed every day but that thought about planning must be continuous and supported by appropriate action when necessary.

3.3.1.3 Philosophy

Third, strategic planning is an attitude, a way of life. Planning necessitates dedication to acting on the basis of contemplation of the future, a determination to plan constantly and systematically as an integral part of management. Strategic planning is more of a thought

process, an intellectual exercise, than a prescribed set of processes, procedures, structures, or techniques. For best results managers and staff in an organization must believe strategic planning is worth doing and must want to do it as well as they can. "Not to do it well is not a sin," says Ackoff, "but to settle for doing it less than well is."¹⁰²

3.3.1.4 Structure

Fourth, a formal strategic planning system links three major types of plans: strategic plans, medium-range programs, and short-range budgets and operating plans. In a company with decentralized divisions there may be this type of linkage in each division's plans and a different linkage between strategic plans made at headquarters and divisional plans. It is through the linkages that top management strategies are translated into current decisions. The concept of a structure of plans is expressed also in this definition: Strategic planning is the systematic and more or less formalized effort of a company to establish basic company purposes, objectives, policies, and strategies and to develop detailed plans to implement policies and strategies to achieve objectives and basic company purposes.

There are, of course, a great many other characteristics of formal strategic planning. These four fundamental characteristics, however, will serve as a basis for the development of the conceptual and operational definitions to be described throughout this chapter. Before proceeding with these matters, however, it is important to comment briefly about what formal strategic planning is not.

3.3.2 What Strategic Planning Is Not

Strategic planning does not attempt to make future decisions. Decisions can be made only in the present. Forward planning requires that choices be made among possible events in the future, but decisions made in their light can be made only in the present. Once made, of course, these decisions may have long-term, irrevocable consequences.

Strategic planning is not forecasting product sales and then determining what should be done to assure the fulfillment of the forecasts with respect to such things as material purchases, facilities, manpower, and so on. Strategic planning goes beyond present

¹⁰² Ackoff, "A Concept of Corporate Planning," p.1

forecasts of current products and markets and asks much more fundamental questions: Are we in the right business? What are our basic objectives? When will our present products become obsolete? Are our markets accelerating or eroding? For most companies there is a wide gap between an objective forecast of present sales and profits and what top management would like sales and profits to be. If so, there is a gap to be filled by strategic planning.

Strategic planning is not an attempt to blueprint the future. It is not the development of a set of plans that are cast in bronze to be used day after day without change into the far distant future. Most companies revise their strategic plans periodically, usually once a year. Strategic planning should be flexible in order to take advantage of knowledge about the changing environment.

Strategic planning is not necessarily the preparation of massive, detailed, and interrelated sets of plans. In some big decentralized companies the system does produce a large volume of detailed plans. But, the basic conceptual nature of strategic planning will accommodate a wide variety of planning systems from the very simple to the highly complex.

Strategic planning is not an effort to replace managerial intuition and judgment. This point was made before but deserves to be underscored.

Strategic planning is not a simple aggregation of functional plans or an extrapolation of current budgets. It is truly a systems approach to maneuvering an enterprise over time through the uncertain waters of its changing environment to achieve prescribed aims.

3.3.3 Conceptual Strategic Planning Models

A conceptual model is one that presents an idea of what a thing in general should be, or an image of a thing formed by generalizing from particulars. An operational model, in contrast, is one actually being used by an enterprise. An insightful conceptual model is a powerful tool because it provides proper guidance for quality performance in practice.

Figure 3.3 shows conceptual model of the structure and process of systematic corporate planning.¹⁰³ It further elaborates the meaning of strategic planning and explains how the process can be carried out. Over a number of years examining planning systems of many companies and concluding that those that do effective comprehensive planning follow this model explicitly or implicitly. Operational flow charts vary with the differences among companies but, underneath, the basic elements of Figure 3.3 are found in the better systems. If one element of the model is missing, either explicitly or implicitly, the system may not operate effectively. Conceptual models of leading authors in the field are quite comparable to this model.¹⁰⁴

So long as a manager is interested in undertaking coordinated formal strategic planning, this conceptual model can be made operational and adapted to most business environments. However, although the model is conceptually deceptively simple, it is also deceptively difficult to translate into a first-rate operational strategic planning system. Intent here is to present as succinctly as possible the major features of the model and to compare it with other conceptual and some operational models.

Figure 3.3 is divided into three major sections: premises, formulating plans, and implementation and review.

3.3.3.1 Planning Premises

Premises mean literally that which goes before, is previously set forth, or is stated as introductory, postulated, or implied. The premises, as shown in Figure 3.3, are divided into two types: the plan-to-plan and substantive information needed in the development and implementation of plans.

¹⁰³ Steiner, George A., "Strategic Planning: What Every Manager Must Know," Free Press Paperbacks, New York, 1997, p.18

¹⁰⁴ Vancil, Richard F. and Lorange, Peter, "Strategic Planning Systems," Prentice-Hall, New York, 1977

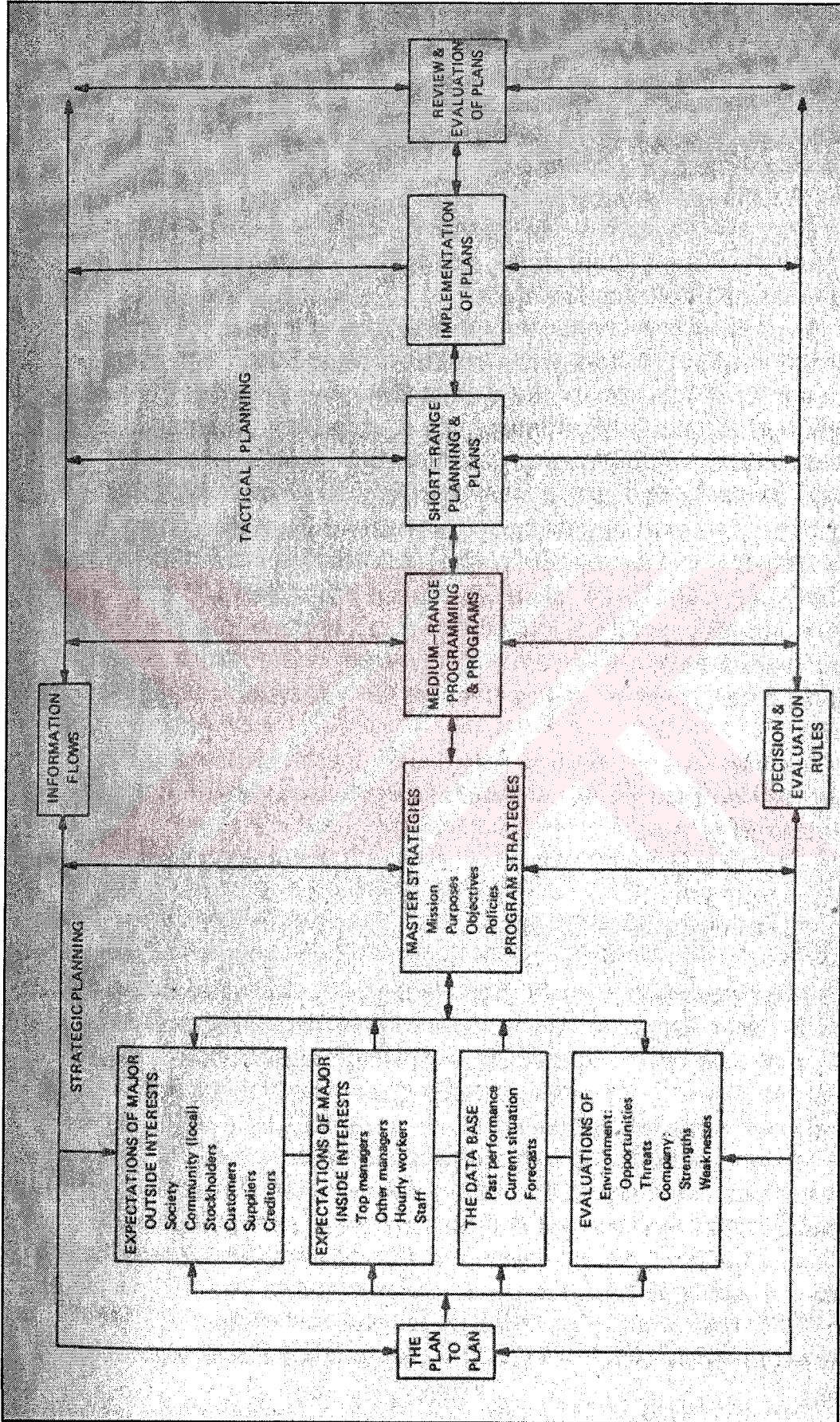


Figure 3.3 Structure and Process of Business Company Wide Planning

Before undertaking a strategic planning program it is important that those involved have a thorough understanding of what top management has in mind and how the system is going to operate. This guidance is incorporated in a plan-to-plan, which may be oral but is usually written for general distribution.

The substantive planning premises are shown in the four-stacked boxes. The information accumulated in these areas is sometimes called the situation audit but other words are also used to classify this part of planning (e.g., corporate appraisal, position audit, assessment of current position, and planning premises).

No organization, no matter how large or profitable, can examine thoroughly all of the elements that conceivably could be included in the situation audit. Each organization therefore must identify those elements -past, present, and future- that are most significant to its growth, prosperity, and well-being and concentrate thought and effort on understanding them. Other elements may be considered in this part of the planning process but they may be estimated without research or taken from published documents.

At the top of the stacked boxes are expectations of major outside interests. For larger corporations it is important, in strategic planning, to have an understanding of what interests major constituents of the enterprise have and how they are expected to change. For a very small corporation the focus can be almost wholly on stockholder interests but for a large corporation other interests must be recognized.

Managers and employees of organizations have interests that also must be appraised and addressed in the planning process. Especially important are those of top executives that derive from their value systems. They are fundamental premises in any strategic planning system.

Included in the database is information about past performance, the current situation, and the future. This information is essential in helping those doing the planning to identify alternative courses of action and to evaluate them properly. Illustrative of types of past information collected are the following: sales, profits, return on investment, market share, employee productivity, public relations, and product development capability. Information about the current situation, in addition, would include such matters as management

capabilities, employee skills, competition, corporate image, social demands on the company, interests of major customers, and product acceptance. Data about the future would, of course, include forecasts of markets, sales, selected economic trends, competition, technology, and other trends of particular concern to the organization (e.g., population, international turbulence, and government regulation).

The last box is sometimes called the WOTS UP analysis, an acronym for weaknesses, opportunities, threats, and strengths underlying planning. Since a cardinal purpose of strategic planning is to discover future opportunities and threats so as to make plans to exploit or avoid them, as the case may be, this is a critical step in the planning process. There is an enormous payoff to the skilled probing of opportunities and threats in a company's future and relating them in an unbiased study of the company's strengths and weaknesses.¹⁰⁵

3.3.3.2 Formulating Plans

Conceptually, on the basis of the foregoing premises, the strategic planning process then proceeds to formulate master and program strategies. As shown in Figure 3.3 the master strategies are defined as basic missions, purposes, objectives, and policies. Program strategies concern the acquisition, use, and disposition of resources for specific projects, such as building a new plant in a foreign country.¹⁰⁶

In this part of planning we are concerned with the most fundamental and important ends sought by a company and the major approaches to achieving them. The subject matter includes every type of significant activity of concern to an enterprise—profits, capital expenditures, market share, organization, pricing, production, marketing, finance, public relations, personnel; technological capabilities, product improvement, research and development, legal matters, management selection and training, political activities, and so on.

In contrast to medium-range programming there is no standard approach to planning in this area. What is done depends upon management desires at any particular time? These in turn are stimulated by conditions facing the company at any particular point in time.

¹⁰⁵ Available on site <http://members.aol.com/adventism/union/uwots.htm>

Medium-range programming is the process whereby specific functional plans are prepared and interrelated to display the details of how strategies are to be carried out to achieve long-range objectives, company missions, and purposes. The typical planning period is five years. There is a tendency for the more technologically advanced companies to plan ahead for seven to ten years. Companies facing a particularly turbulent environment sometimes reduce the planning horizon to four or three years. In most planning systems medium-range programming follows a standard format.

The next step, of course, is to develop short-range plans on the basis of the medium-range plans. In some companies the numbers for the first year of the medium-range plans are the same as those in the short-range yearly operational plans, but in others the linkage is loose. Current operating plans will, of course, be in much greater detail than are the medium-range program plans.

3.3.3.3 Implementation and Review

Once operating plans are developed they should, of course, be implemented. The implementation process covers the entire range of managerial activities including such matters as motivation, compensation, management appraisal, and control processes.

Plans should be reviewed and evaluated. There is nothing that produces better plans on the part of subordinates than for the top managers to show a keen interest in the plans and the results that they bring.

When comprehensive formal planning was first developed in the 1950s there was a tendency for companies to make written plans and not redo them until they became obviously obsolete. Now, the great majority of companies go through an annual cycle of planning in which plans are reviewed and revised. This process should contribute importantly to the improvement of planning in the next cycle.

3.3.3.4 Information Flows, Decision and Evaluation Rules

The box on information flow in Figure 3.3 is shown simply to convey the point that information flows throughout the planning process. This flow will, of course, differ

¹⁰⁶ Rothschild, William E., "Putting It All Together," Amacom, New York, 1976

significantly depending on the part of the planning process that it serves and the subject of the information.

Throughout the planning process it is necessary to apply decision and evaluation rules. For example, in the development of master and program strategies the values of a chief executive officer (CEO) stand as important qualitative decision rules. In the development of current operating plans, at the other extreme, decision rules often become more quantitative (e.g., inventory replacement formulas or return on investment standards).

3.3.3.5 Some Observations About The Model

Several observations about the model should be made here. First, the model does not embody one time dimension but many. People often speak of a three-year plan or a five-year plan but generally strategic planning systems do not have fixed time dimensions. In most companies the basic mission and purpose of the company have an unlimited time dimension and are frequently held without change for a long time. At the other end of this spectrum a decision may be made in the process of hammering out program strategies to divest an unprofitable division tomorrow or to hire a chief scientist as quickly as possible.

Second, there is no such thing as the objective of an enterprise. Every organization has multiple aims that are addressed differently and have different significance in planning and company operations.

Third, the model moves from left to right as a conceptual process. In practice, however, the process is iterative. For example, there is, typically, considerable iteration between the formulation of long-range concrete planning objectives and strategies to achieve them. If a manager establishes an objective and cannot develop credible strategies to achieve it the objective ought to be lowered. On the other hand, in seeking alternatives to achieve a particular objective a planner may discover a credible strategy to do much better. In this event, of course, the objective should be raised.

Fourth, this model is complex. To try to complete it in its entirety the first time an organization introduces a strategic planning process would, for most companies, probably result in failure. As will be shown later, however, the model can be tailored to fit most situations with high probability of success.

A	B	C	D
<ol style="list-style-type: none"> 1. Formulate the task <ul style="list-style-type: none"> • Define scope plan • Define results sought • Determine how plan is to be developed <ul style="list-style-type: none"> • Who does what • Timing • Informational requests 2. Develop inputs <ul style="list-style-type: none"> • Past history • Major environmental trends • Opportunities and threats • Internal strengths and weaknesses • Present product sales forecasts • Values and judgments of managers 3. Evaluate alternative courses of action 4. Define major objectives <ul style="list-style-type: none"> • Sales • Profits • Product development • Manpower • Etc. 5. Define major strategies and policies <ul style="list-style-type: none"> • Markets • Employees • Products • Prices • Finance • Technology • Etc. 6. Develop medium-range detailed plans 7. Determine needed current decisions 8. Monitor performance 9. Recycle annually 	<ol style="list-style-type: none"> 1. Define the kind of company we want 2. Analyze our customers <ul style="list-style-type: none"> • Who are they? • How should they be classified? • Why do they buy our product/service? Will this change? How? • What market segments do we serve? Should this situation be changed? • Etc. 3. Analyze our industry <ul style="list-style-type: none"> • Trends • Pacesetters • Competition • Profit potential • Etc. 4. Ask: What are the opportunities and threats for us? 5. Ask: What are our strengths and weaknesses? 6. Ask: What strategies are identifiable? 7. Evaluate alternative strategies 8. Develop objectives 9. Prepare detailed plans to implement strategies 10. Develop contingency plans 11. Translate plans into budgets 12. Monitor performance 13. Recycle annually 	<ol style="list-style-type: none"> 1. Develop pragmatic understanding of strategic planning in general and for a small company in particular <ul style="list-style-type: none"> • Literature • Management consultant • Professional seminars • Visit other companies doing planning 2. Identification of WOTS UP <ul style="list-style-type: none"> • Weaknesses • Opportunities • Threats • Strengths 3. Identification of strategies to exploit opportunities and avoid threats 4. Evaluation and selection of strategies 5. Implementation plans for priority strategies 6. Formulating major company aims <ul style="list-style-type: none"> • Mission • Purposes and philosophy • Specific long-range objectives <ul style="list-style-type: none"> • sales • profits • market share • other 7. Prepare other associated plans <ul style="list-style-type: none"> • Manpower • Financing • Facilities • Etc., as needed 8. Monitor performance 9. Recycle annually 	<ol style="list-style-type: none"> 1. Where are we? <ul style="list-style-type: none"> • Corporate philosophy, thrust, mission • Financial situation • Competitive situation • Product reliability, acceptability, etc. • Market served • Etc. 2. Where do we want to go? <ul style="list-style-type: none"> • Preliminary redefinition of aims • Strategic alternatives to achieve aims • Evaluation of alternatives in light of strengths, weaknesses, constraints, and current momentum 3. Can we get there? <ul style="list-style-type: none"> • Current momentum • Organizational requirements • People requirements • Facility requirements • Financial requirements • Etc. 4. Which strategies will achieve which aims? <ul style="list-style-type: none"> • Iteration among aims and strategies in light of managerial values and the situation audit • Conclusions concerning aims • Conclusions concerning strategies to achieve aims 5. What decisions must be made now to get there? <ul style="list-style-type: none"> • Short-term budgets • Short-term organizations, personnel, managerial, etc. decisions and actions 6. Monitor performance 7. Recycle annually

Figure 3.4 Four Conceptual Models for Creating a Strategic Plan for Large, Medium, and Small Companies

Fifth, tactical planning is not identified in Figure 3.3. Planning decisions range along a spectrum from strategies at one end to tactics at the other. Tactical planning refers to courses of action used to implement strategic plans. At the extremes there are clear distinctions between the two but as they move closer to one another they may become indistinguishable. What may be a tactic to a chief executive officer may be a strategy to a subordinate.¹⁰⁷

Finally, the semantic problem in this field may again be noted. Strategic planning, according to Figure 3.3, includes elements in the stacked boxes to the left, plus the box of master and program strategies. To make matters more confusing, that are in Figure 3.3 the strategic planning process because it is designed to translate strategies into current actions. Clearly we are in need of new words to define different parts of comprehensive, long-range planning but until we have them, we are faced with nomenclature ambiguities.

3.3.4 Conceptual and Operational Steps in Strategic Planning

Figure 3.4 presents four steps for creating a strategic plan. These are conceptual models in the sense that they present logical steps in doing planning. They are also, however, operational in the sense that companies can and do follow the steps in practice. Each set of steps emphasizes a little differently some elements in the planning process but fundamentally they all are quite comparable. Like Figure 3.3 these steps can be tailored to fit the unique situation of every company. They can result in a comparatively simple planning process or in a very elaborate one, depending upon the detail of the plan to plan.

3.3.5 Strategic Planning Model with Gap and Market Focus

As noted previously it is not necessary for a company to follow the so-called classical planning steps presented previously. In the past most companies focused on the planning gap, shown in Figure 3.5. In recent years more companies are focusing on strategy. As shown in Figure 3.6 the focal point, in the black bordered box, is a matrix that on its horizontal scale shows market attractiveness and on its vertical scale market strength. This approach stands in contrast to setting objectives (filling the planning gap) and then finding strategies to achieve them. Typically the process in setting objectives and formulating

¹⁰⁷ Steiner, George A., "Top Management Planning," p.37-41

strategies is iterative, as noted earlier. It does make a difference, however, which is dealt with first. One emphasizes management by strategy and the other management by objectives. One focuses on what is feasible and the other focuses on what is desired.

In the past many companies followed the model shown in Figure 3.5. Objectives were set and the difference between them and prospective growth of present and follow-on products set the size of the planning gap to be filled. In the turbulent environment of recent years managers became less comfortable with forecasts upon which such plans were based. The idea took hold that if a company could achieve strength in attractive markets it would, register superior performance. Subsequent statistical analysis, as will be shown later, supported this belief.

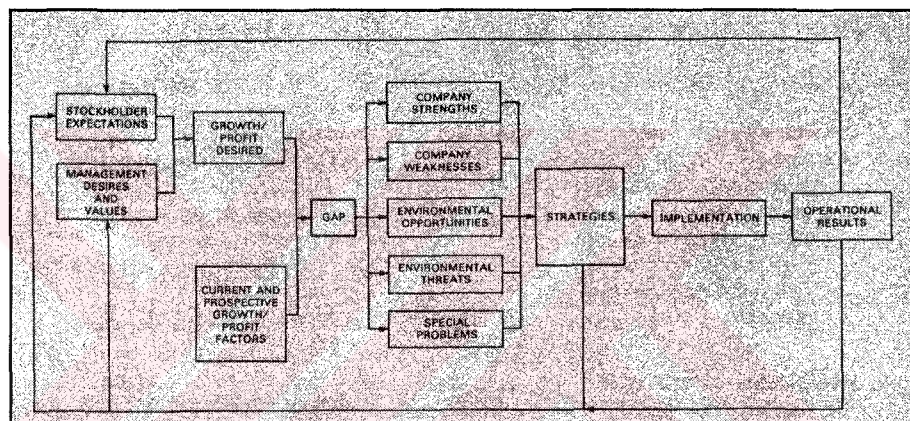


Figure 3.5 A Strategic Planning Model Centered on Gap Analysis

It is not necessary, of course, to begin with the market matrix. Some companies are using the basic approach in Figure 3.6 by asking: What are our present strategies? Are they appropriate for the future? What actions are feasible? What can be done to exploit our strengths and to avoid our weaknesses?

There is another modification of Figure 3.6 being made by some companies today. For some companies, such as public utilities that recently have begun comprehensive, integrated strategic planning, the problems they face in trying to deal with all the major issues confronting them in the strategic planning process are too many and too complex to be dealt with at one time. One way out is to use the strategic planning process to flush up to top management the strategic issues facing the company. From that list the major items with top priority are chosen for detailed strategic planning.

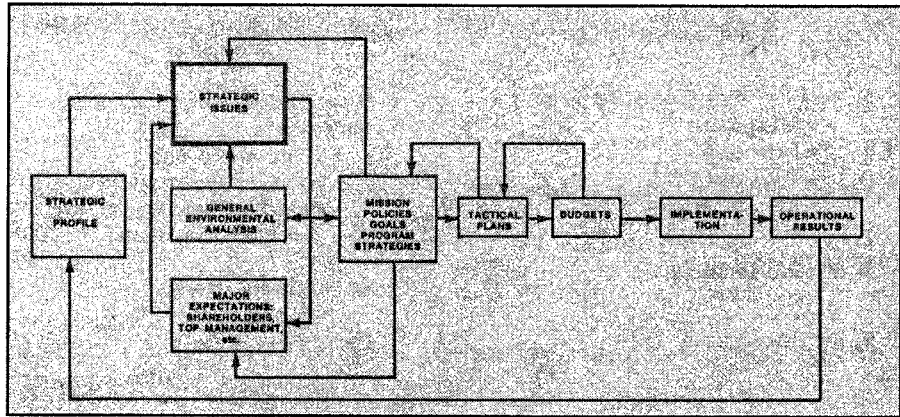


Figure 3.6 A Strategic Planning Model with Market Strength and Attractiveness as the Central Focus

3.3.6 Two Operational Plans

For illustrative purposes there are presented two operational models. Figure 3.7 is the planning system of Rolls-Royce. Figure 3.8 presents the planning system of a very small company. Space does not permit a detailed explanation of these systems. They obviously vary considerably in sequence and procedural details.

3.3.7 Types of Business Plans

Figure 3.9 identifies a number of different types of strategic planning systems. Posture plans concern the specification of basic Company missions, purposes, philosophies, or underlying aims. They are usually formulated by the chief executive officer of a company. A second type of planning done by top management is portfolio planning, which is concerned with resource allocation among major divisions, affiliated companies, or projects. A third type is ad hoc policy/strategy analysis, which is concerned with top management formulation of a major policy or strategy not included in other types of planning. Decentralized planning is done in this company in the sense that the divisions are asked to prepare comprehensive strategic plans covering them. The result is a fifth type of plan, the strategic business unit plan. Such plans, of course, can be patterned after the conceptual models presented above. The divisional plans will have, as noted in the conceptual models, functional plans, such as marketing, facilities, manpower, production, research and development, and finance.

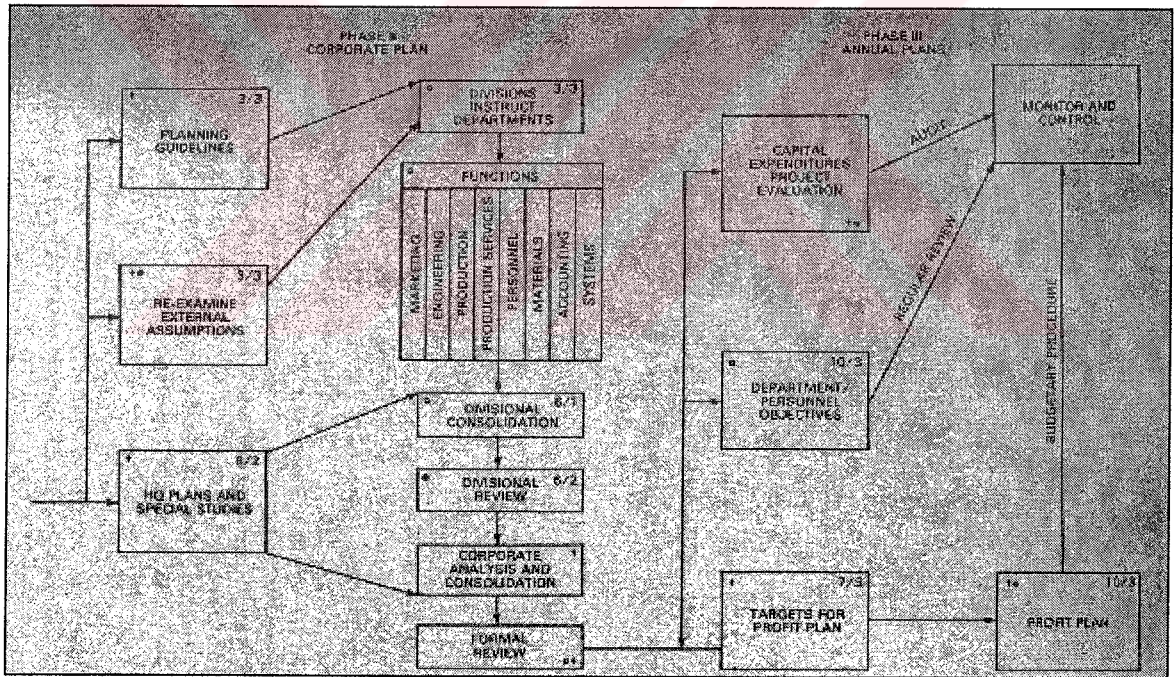
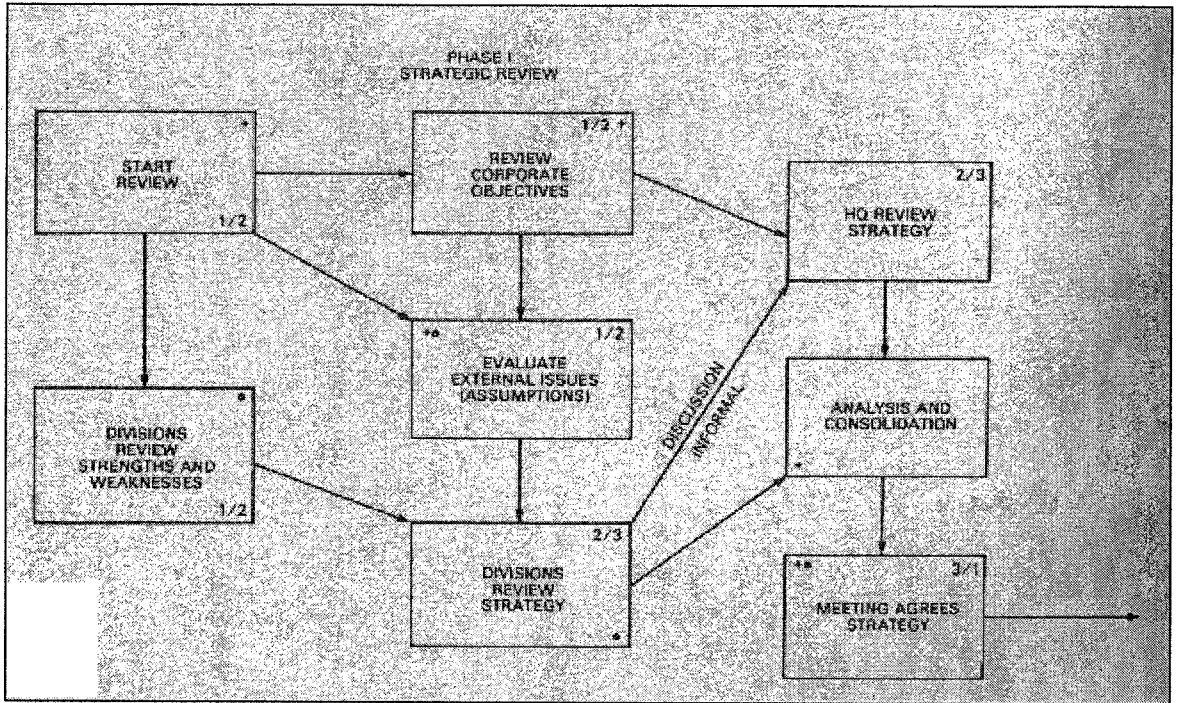


Figure 3.7 Rolls-Royce Motors Limited Planning Process¹⁰⁸

¹⁰⁸ Young, R., "Corporate Planning at Rolls-Royce Motors Limited," Long-Range Planning, April 1977, p.7

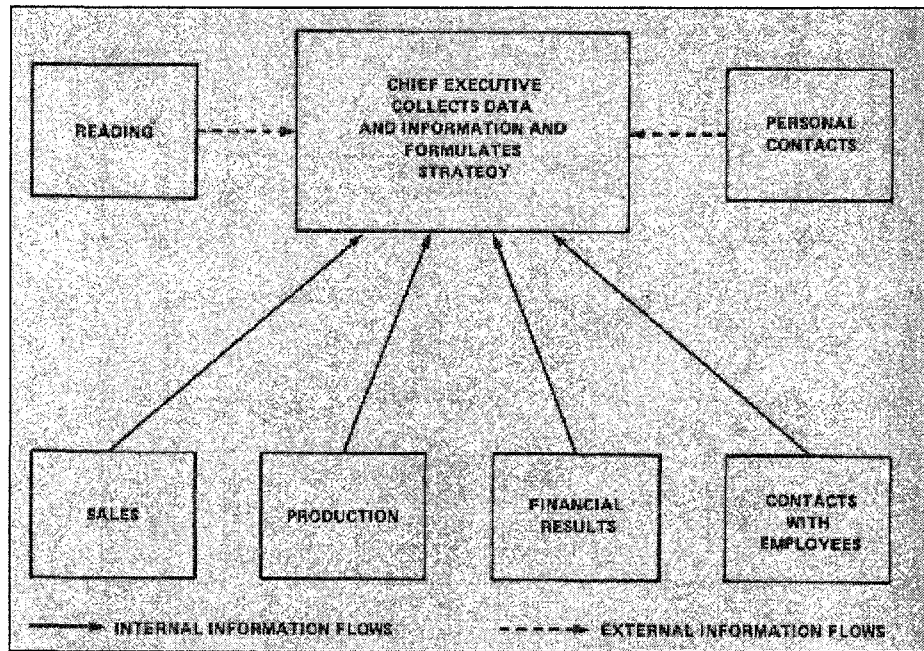


Figure 3.8 Strategic Planning in a Small Company

When the divisions present plans to top management there may be developed a corporate strategic plan. This plan may set forth the basic policies and strategies of the company, including acquisition of other companies or divestment of present divisions or companies, and a resume, usually financial, of the division plans. Planning done within each of the divisions may be centralized so far as the division is concerned. If the division is a single product producer, for instance, it may act like an individual enterprise and have its planning done by line managers working together as a team with staff. This is called *centralized planning*. An eighth type of planning is done by headquarters staff offices. Not all staff offices do strategic planning for their own activity but some do, particularly marketing, research and development, and personnel, which here is included in general administration. The degree to which these plans are meshed in an overall company strategic planning system varies from company to company.

In addition to these plans there are others that should be noted. Here again we face a semantic problem since there is no consensus about the definitions of the plans about to be noted. Profit plans generally are considered to be those that are developed for the next and possibly a second year beyond the current budget and operating plans. These plans are based upon and often are extrapolations of current plans. Such plans commonly are found in companies having no formal strategic plans. If a company has a strategic plan like that

envisioned here I see no reason why it cannot be called a profit plan if managers wish to so use this phrase.

Project plans are usually included in strategic plans. They are detailed plans for specific undertakings such as new facilities, acquisitions, manpower development, product research, and specific distribution programs. The dimensions, time frame, and details of such plans will, of course, differ considerably one from another.

Contingency plans are associated with strategic plans but are not usually an integral part of them. Strategic plans are based upon the most probable events. Contingency plans are based upon hypothetical situations, which have low probabilities of happening but that, if they occur, may have a serious adverse impact on the company. Contingency plans are developed as a precaution to help management meet such crises if and when they occur.

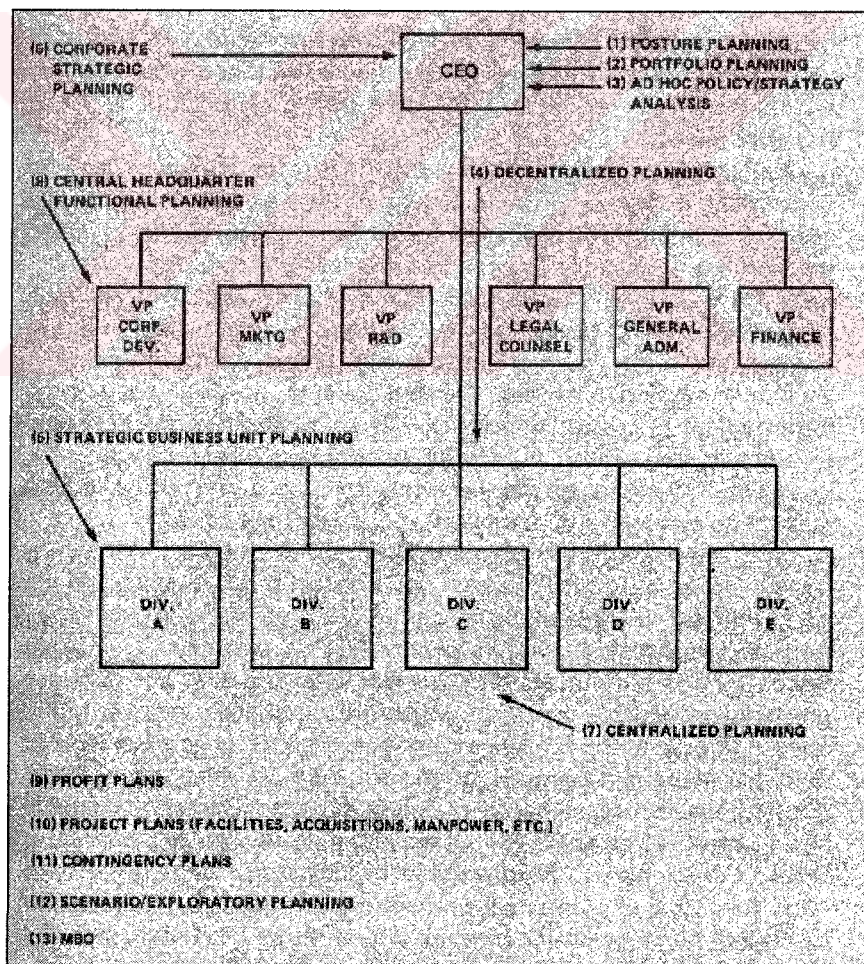


Figure 3.9 Types of Business Strategic Planning Systems

Scenario/exploratory planning (item 12 in Figure 3.9) is concerned with possible future combinations of events. Some scenarios and futures explorations overlap with the typical planning period but there is a tendency to develop them for distant future periods of time, such as the year 2000 and beyond. They are prepared sometimes simply to stimulate top management to think about the future. Some of them are prepared as basic premises for strategic planning. As such, of course, they are more elements of the planning process than a planning system. They are included here, however, because the name planning has been attached to them.¹⁰⁹

A final type of planning system in organization is management by objective. A generic definition is as follows: "Management by objective (MBO) is a process in which members of complex organizations, working in conjunction with one another, identify common goals and coordinate their efforts toward achieving them."¹¹⁰ The spectrum of MBO systems is wide. At one extreme is the simple setting of a few objectives to be sought by a person, which is essentially associated with the individual and not linked directly to overall corporate goals. At the other end of the spectrum is the type of strategic planning systems discussed in this chapter and called management by objective. This is not, however, common usage of these words.

In a number of companies today MBO as it relates to the objectives of individuals is tightly interlinked with the overall strategic planning process.¹¹¹

3.3.8 Strategic Planning Design Configurations

It should not be thought, of course, that every large company has all the types of plans indicated in Figure 3.9. Some companies may have only extended budgeting with major strategies being made intuitively. Some may have both these planning systems plus ad hoc policy analysis of selected issues. Some may have systematic coordinated plans only for key areas such as facilities, manpower, or acquisitions. The variations of strategies for planning are indeed numerous.¹¹²

¹⁰⁹ Simmons, W. W., "1974-75 Exploratory Planning Briefs," Amacom, New York, 1975

¹¹⁰ Tosi, Henry L., Rizzo, John R. and Carroll, Stephen J., "Setting Goals in Management by Objective," California Management Review, California, 1996, p.70

¹¹¹ Raia, Anthony P., "Management by Objective," Foresman, New York, 1999

¹¹² Taylor, Bernard, "Strategies for Planning," Long-Range Planning, 1975

Smaller companies tend to have much simpler and less formalized planning systems than larger companies. When a company first starts formal strategic planning the system design should be comparatively simple. For instance, a company can begin formal, planning by identifying opportunities and threats in the evolving environment and formulating strategies to exploit and/or avoid them, as the case may be, in light of company strengths and weaknesses. This type of planning may be considered at one end of a spectrum. At the other end would be complex, mature, and complete planning systems of very large companies such as IT&T and GE.

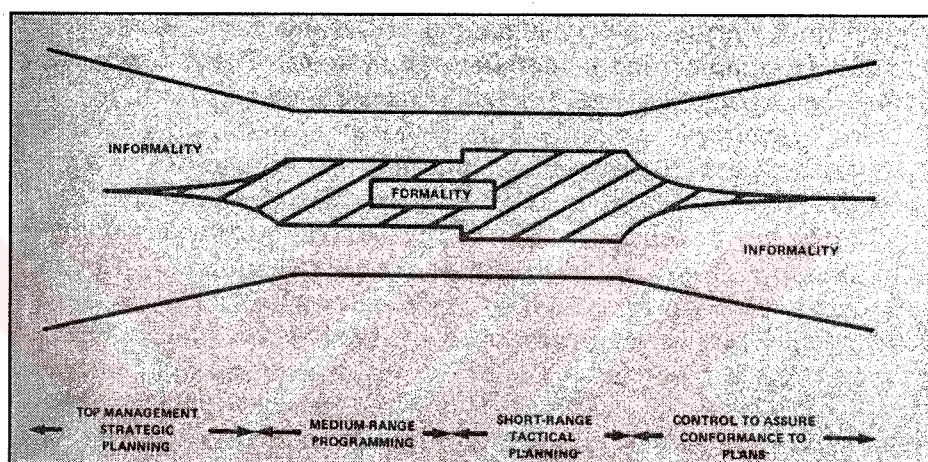


Figure 3.10 Types of Business Strategic Planning Systems

Figure 3.10 is designed to picture relative degrees of formality and informality in a planning system. It can be seen that in the formulation of basic missions and purposes of an enterprise, at the extreme left, there is no formality and complete informality. At the other extreme, in motivating people to implement plans, managerial processes may be employed that involve no formality. In the process of developing medium-range and short-range plans, however, more formality than informality is involved, yet the process is not completely formal. Configurations of actual planning, systems will be different from that of Figure 3.10.

Finally, it should be noted that the actual planning process could begin at many different points. It need not follow the conceptual steps noted previously.

The point was emphasized that there is no single planning model for all organizations. The formal strategic planning system must be designed to fit the unique characteristics of each

company. Formal planning systems can be placed on a spectrum that at one end finds very simple systems and at the other end includes extremely complex and comprehensive systems.

3.4 INTELLIGENCE in LEADERSHIP

Many organizations today need to change rapidly to maintain their competitive edge. Rapid change requires that an organization has employees and leaders, who are adaptive, work effectively, constantly improve systems and processes, are customer focused, and who share the need to make a profit. The continuous environment of turmoil and change has been coined the “permanent white waters” of modern life (Vaill, 1996). Leadership is a key element in driving and managing these “white waters”. One only needs to look at the recent corporate scandals such as Enron and WorldCom and a corporate success such as Dell Computer to see that leadership makes a difference.¹¹³

Effective leaders are those that get results within timeframes that are considered appropriate for their industries and stakeholders. Examples include Chrysler Corporation and their recovery under Lee Iacocca, Gillette under the leadership of Colman Mockler and Kimberly-Clark during the years of Darwin Smith’s tenure (Collins, J., 2001).

Great leaders move us. They ignite our passion and inspire the best in us. When we try to explain why they are so effective, we speak of strategy, vision, or powerful ideas. But the reality is much more primal: Great leadership works through the emotions.

Emotional Intelligence has been identified, through the popular press and some researchers as that critical element needed for effective leadership. Goleman has said that, “the most effective leaders are alike in one crucial way; they all have a high degree of what has come to be known as emotional intelligence.” He goes on to say that emotional intelligence is the “sine qua non” of leadership.¹¹⁴

Others have said, “By now, most executives have accepted that emotional intelligence is as critical as IQ to an individual’s effectiveness” (Druskat & Wolff, 2001, p.81). The

¹¹³ Weinberger, Lisa A., “An Examination Of The Relationship Between Emotional Intelligence, Leadership Style And Perceived Leadership Effectiveness,” Swanson & Associates, St. Paul, December 2003

¹¹⁴ Ibid, p.55

challenge with these statements is twofold, (1) the study of leadership and what makes leaders effective has been found to be much more complicated than a single dimension like emotional intelligence; and (2) organizations have incorporated many of these emotional intelligence beliefs into their work systems and performance expectations without it being shown that it truly can accomplish what proponents are claiming. The study of leadership, its effectiveness and its impact on organizational performance is a key interest to Human Resource Development scholars.



Figure 3.11 Intelligence in Leadership

Human Resource Development (HRD) has been defined multiple ways, but when looking at it through an organizational performance lens, one would define it as “a process of developing and or unleashing human expertise through organization development and personnel training and development for the purpose of improving performance”.

The development or unleashing of expertise is a critical component for HRD. Expertise has been defined as “displayed behavior within a specialized domain and/or related domain in the form of consistently demonstrated actions of an individual that are both optimally efficient in their execution and effective in their results”. Emotional intelligence and its relationship to leadership expertise is an area needing further research in the field of HRD.

3.4.1 Statement of the Problem

The purpose of this part of my survey is to investigate the relationship between emotional intelligence, leadership style and leadership effectiveness. The problem is the recognition that while a significant amount of research on leadership exists, the emotional intelligence research is comparatively thin and the relationship between leadership and emotional intelligence is smaller yet. What is most troubling is the notion is seen by many as critically important for leaders to be emotionally intelligent for organizational success without the scholarly support behind it. The major research questions are briefly stated as follows:

- What is the relationship between the emotional intelligence of leaders and their leadership style?
- What is the relationship between the emotional intelligence of leaders and their leadership effectiveness?

3.4.2 Definition of Terms

3.4.2.1 Manager

In this survey, managers at various levels of the organization are involved. Although within this organization, some managers have no direct reports, managers are defined as those individuals who have direct supervisory responsibility. This ranges from front line supervisors to executive team members.

3.4.2.2 Emotional Intelligence

Emotional intelligence involves the ability to understand emotions in oneself and others, relate to others, and adapt emotionally to a changing environment and changing demands.

3.4.2.3 Transactional Leadership

Transactional leaders apply influence by setting clear goals, clarifying desired outcomes, providing feedback and exchanging rewards for accomplishments. This is the basic, day-to-day leadership.

3.4.2.4 Transformational Leadership

Transformational leaders “exert additional influence by broadening and elevating followers’ goals and providing them with confidence to perform beyond expectations specified in the implicit or explicit exchange agreement”. Transformational leaders exhibit charismatic behaviors, arouse dormant needs in their followers and motivate them to perform beyond baseline expectations.

3.4.2.5 Leadership Effectiveness

With no consistent performance criteria that could be applied to all managers in this survey, the managers’ effectiveness is evaluated through the eyes of the follower with a consistent set of questions.

3.4.3 Social Intelligence

Social intelligence was first defined as “the ability to understand and manage men and women, boys and girls – to act wisely in human relations”.¹¹⁵ A slightly different approach viewed social intelligence within the more general theory of intelligence as “the mental processes and structures used to attain contextual success”. The definition of multiple intelligences however, provided the connection for Salovey and Mayer. Gardner defined the interpersonal and intrapersonal intelligences as: “Interpersonal intelligence is the ability to understand other people: what motivates them, how they work, how to work cooperatively with them... Intrapersonal Intelligence.... is a correlative ability turned inward. It is a capacity to form an accurate, veridical model of one and to be able to use that model to operate effectively in life.

Emotional intelligence is described as involving abilities that may be categorized into five domains: (a) self-awareness, (b) managing emotions, (c) motivating oneself, (d) empathy, and (e) handling relationships. It was this foundation that provided the impetus for the emotional intelligence work throughout the 1990’s.¹¹⁶

¹¹⁵ Thorndike, E.L., “Intelligence and Its Uses,” Harper’s Magazine 140, 1920, p. 228

¹¹⁶ Salovey, P. and Mayer, J.D., “Emotional intelligence: Imagination, Cognition and Personality,” 1990, p.185-211.

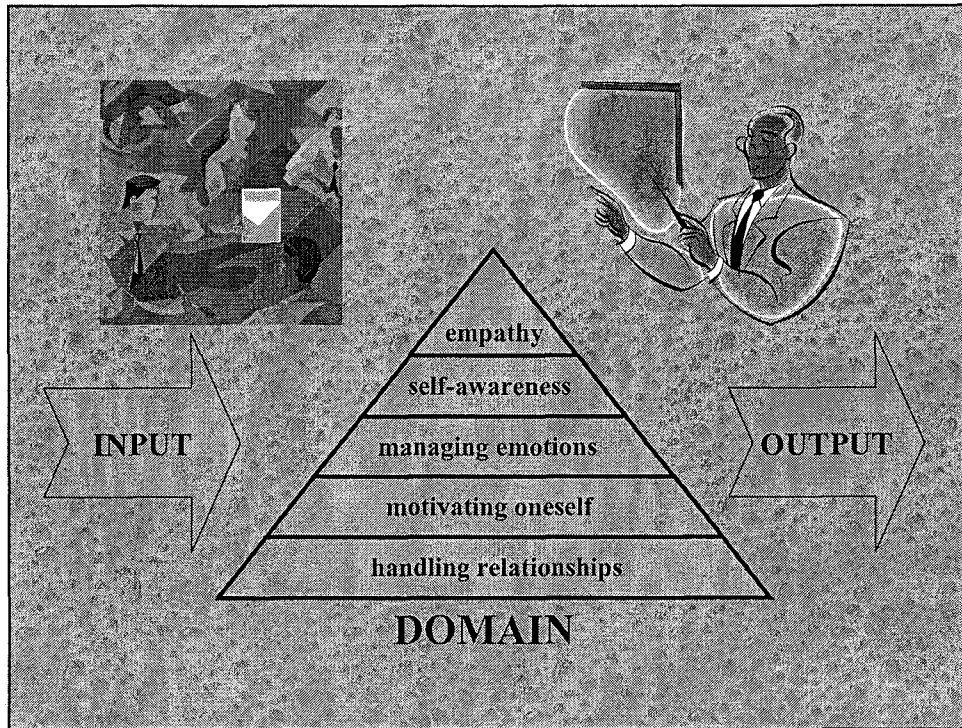


Figure 3.12 Emotional Intelligence

3.4.4 Leadership, Management and Management Development

In addition to evaluating emotional intelligence and its relationships to personality, several researchers were interested in the impact of emotional intelligence on leadership skills, management skills and management development. Johnson and Indvik (1999) argued for the organizational benefits to having emotionally intelligent managers and employees. They point to contemporary business cartoons that highlight situations where emotional intelligence is lacking in organizations. Huy (1999) presented a multilevel theory of emotion and change, which focused on the attributes of emotional intelligence at the individual level. He stated that emotional intelligence facilitates ones ability for adaptation and change, which is helpful through an organizational change effort.¹¹⁷

Other contributions in the area of emotional intelligence and management consist of Langley, who explored the idea of whether emotional intelligence is a useful concept in determining a manager's promotional readiness in global organizations. It was argued that a better understanding and assessment of these emotional intelligence attributes and

¹¹⁷ Langley, A., "Emotional Intelligence – A New Evaluation for Management Development?" Career Development International, New York, 2000

abilities would provide the foundation for their further development and an opportunity to enhance their potential.¹¹⁸

Leadership experiences and how they related to social and emotional intelligence has also been explored. A broader definition of emotional intelligence was used. Asking to complete a questionnaire containing a measure of social intelligence, emotional intelligence and a measure of leadership. Correlation analysis assessed the relationships between the emotional intelligence and social intelligence dimensions. The relationship between each type of intelligence and self-reported leadership experiences was also assessed. Measures of emotional intelligence, social intelligence and leadership were all positively correlated with one another. Two hierarchical regression analyses were completed. In the first, emotional intelligence was entered first and in the second, social intelligence was entered first. In the first analysis, emotional intelligence was found to account for a significant amount of variance in leadership, and social intelligence accounted for an additional 17% of the variance in leadership experiences after controlling for emotional intelligence. In the second hierarchical regression analysis, where social intelligence was entered first, it accounted for 29% of the variance in leadership when entered by it. The addition of emotional intelligence in step two was not significant. Through these analyses, both social and emotional intelligence accounted for the variance in leadership experiences, but emotional intelligence did not add unique variance beyond that of social intelligence. In fact there was significant overlap between these two constructs.¹¹⁹

It was concluded that social intelligence appears to play a primary role in leadership. Found that both emotional and social intelligence were components of leadership experiences. This survey supported the assertion of Salovey and Mayer (1993) that social intelligence is a broader construct that subsumes emotional intelligence. But, since 1993, Salovey and Mayer have refined their original trait conceptualization of emotional intelligence. As shown here, a broader definition of emotional intelligence and social intelligence significantly overlap, and may in some cases measure the same thing. With

¹¹⁸ Rozell, E. J., Pettijohn, C. E., and Parker, R. S., "An Empirical Evaluation of Emotional Intelligence: The Impact On Management Development," *Journal of Management Development*, New York, 2002, p.272-289.

¹¹⁹ Kobe, L. M., Reiter-Palmon, R., and Rickers, J. D., "Self-Reported Leadership Experiences In Relation to Inventoried Social and Emotional Intelligence. *Current Psychology: Developmental*, 2001

this broader, more trait focused perspective, it becomes more challenging to determine if emotional intelligence adds anything unique to the understanding of leadership and management.¹²⁰

This broadening of the concept of emotional intelligence, to be more trait focused and to include many personality characteristics, has not only put it within a social intelligence umbrella, but has generated the following comment: “Virtually any link between personality and good school outcomes could be attributed to this broad conception of emotional intelligence.... the collection of character attributes now labeled as emotional intelligence was no longer one definable entity...”. But even with this broader definition, there are still measurement tools that have been developed to aid in identifying whether one has a higher or lower emotional intelligence.

3.4.5 Emotions and Leadership

The effect of emotional intelligence as a predictor of leadership success has also been explored. Both a personality-based (trait) measure and an ability-based measure of emotional intelligence were used. It was hypothesized that emotional intelligence would be predictive of leadership success as measured by ratings on multi-rater feedback, position and salary. This primary hypothesis was not supported and there was not a significant role for either the ability or personality (trait) measurement approach to emotional intelligence over and above cognition and personality traits.

Emotional intelligence was also evaluated through nurse leaders and their leadership practices. This was a descriptive exploratory study to examine the self-reported leadership practices of nurse leaders through the Leadership and Practices Inventory, and emotional intelligence as measured by the Mayer Salovey Caruso Emotional Intelligence Test. The nurses who scored above and below one standard deviation on the MSCEIT were further interviewed to identify how they foster the development of their emotional intelligence abilities. A weak relationship between overall emotional intelligence and Enabling Others to Act was found. Additionally, the nurses scoring higher in emotional intelligence were

¹²⁰ Salovey, P., Mayer, J.D., Caruso, D.R. and Lopes, P.N., “Measuring Emotional Intelligence as A Set of Abilities with The MSCEIT,” S.J. Lopez, Washington, DC, 2003

found to use self-help books (90%) and engage in meditative practices (72%) as skills to manage their emotions.¹²¹

3.4.6 Leadership

Leadership theory and research have not adequately considered how leader's moods and emotions influence their effectiveness. A wide diversity of approaches to leadership has been proposed, from analyzing what leaders are like, what they do, how they motivate their followers, how their styles interact with situational conditions and how they can make major changes in their organizations are only a few examples. A great deal of research has been conducted surrounding these many theories and has led to a better understanding of leadership. But understanding how and why leaders have (or fail to have) positive influences on their followers is still a compelling question for researchers. Feelings and moods have been shown to influence the judgments people make, attributions for success and failure and inductive and deductive reasoning. It is likely then, that feelings play an important role in leadership. These emotion/mood capabilities have been addressed by emotional intelligence. Emotional intelligence describes that ability to join emotions and reasoning, using emotions to facilitate reasoning and reasoning intelligently about them. Several researchers have begun to evaluate this role of emotional intelligence and leadership.

Vitello-Cicciu looked at emotional intelligence (from an ability perspective) and its relationship to leadership practices among nursing leaders. Nursing leaders are responsible for managing and coordinating the environment in which healthcare providers deliver the care, and they are expected to attend to the emotional side of leadership, which requires that these nurses possess emotional intelligence. The effects of ability emotional intelligence as a predictor of leadership success were also evaluated. From subordinate ratings, a relationship between ability based emotional intelligence and leadership success was found. This ability based emotional intelligence appears to influence prediction of success through the perceptions of others.¹²²

¹²¹ Kouzes, J.M. and Posner, B.Z., "The Leadership Challenge: How To Get Extraordinary Things Done In Organizations," Jossey-Bass, San Francisco, 1987

¹²² Vitello-Cicciu, J., "Leadership Practices and Emotional Intelligence of Nursing Leaders," The Fielding Institute, Santa Barbara, 2001

The relationships among emotional intelligence, personality, leadership and managerial effectiveness have been another area. A trait-focused perspective of emotional intelligence was used to assess the validity of emotional intelligence in predicting management performance and transformational leadership. Significant relationships and overlap between emotional intelligence, all Big Five personality variables and self-reported transformational leadership and leadership effectiveness were found. Sosik and Megerian (1999) also looked at trait based emotional intelligence of leaders and leaders performance. They examined whether the self-awareness of managers would moderate the relationship between emotional intelligence, transformational leadership behavior and managerial performance. Their results suggested that managers who maintain self-awareness possess more aspects of emotional intelligence and are rated as more effective by both superiors and subordinates than those who are not self-aware. These studies suggest that there is an interest in evaluating the role of emotional intelligence and leadership. Specifically, an area that has not been evaluated is the role of ability based emotional intelligence and transformational leadership.¹²³

3.4.7 Charismatic Leadership

The study of leadership, its outcomes and its effectiveness has ebbed and flowed over the years. Leadership research was typically classified based on its primary focus, commonly on leader traits, leader behavior, power and influence or situational factors. Most definitions of leadership have reflected an assumption around a process where one person exerts influence over another to guide and facilitate relationships in a group or organization. Many differences in how leadership is defined, revolve around how influence is applied, who applies it and the resulting outcomes. For years the definitions of leadership emphasized a rational and cognitive perspective. Many recent conceptions however, emphasize the emotional aspects of influence more than the reason. Common within this view is the perspective that leaders inspire followers to willingly sacrifice their selfish interests for a higher cause.

¹²³ Sosik, J.J. and Megerian, L.E., "Understanding Leader Emotional Intelligence and Performance: The Role of Self-Other Agreement On Transformation Leadership Perceptions," Group and Organization Management, New York, 1999

This new class of “outstanding leadership theories” emerged and centered on the “major effects (that leaders can have) on the emotions, motives, preferences, aspirations, and commitment of followers, as well as on the structure, culture, and performance of complex organizations”. Charismatic and transformational leadership were part of this new class of theories which emphasized “symbolic leader behavior, visionary and inspirational ability, non-verbal communication, appeal to ideological values, and the empowerment of the followers by the leader.... outstanding leaders transform organizations by infusing into them ideological values and moral purpose, thus inducing strong commitment, rather than by affecting the cognitions or the task environment of followers, or by offering material incentives and the threat of punishment.”¹²⁴

The term charisma was used to describe those exceptional qualities in a leader who used their influence based on followers’ perceptions rather than traditional or formal authority. From this foundation of charisma, numerous theories of charismatic leadership have emerged. Someone else described a charismatic leader as one who has profound and unusual effects on followers. These charismatic leaders were: (a) highly self-confident with a strong conviction in their own beliefs and values, (b) likely to set behavioral examples for their followers to imitate, (c) describing the group goals within the shared values, ideals and aspirations of the followers, and (d) likely to communicate high expectations of their follower’s performance.

This theory of charismatic leadership has been expanded to be described in more behavioral components by Conger and Kanungo (1987). These charismatic leaders challenge the status quo and have an idealized vision of the future state; they act in unconventional ways to achieve their vision, pursue their vision through personal risk and high costs, and are confident about their direction. These definitions of charismatic leadership were further refined and incorporated within a transformational leadership construct by Burns (1978).¹²⁵

¹²⁴ House, R.J., and Podsakoff, P.M., “Leadership Effectiveness: Past Perspectives and Future Directions for Research,” Hillsdale, New Jersey, 1994

¹²⁵ Conger, J., and Kanungo, R., “Toward A Behavioral Theory of Charismatic Leadership In Organizational Settings,” *Academy of Management Review*, New York, 1987

3.4.8 Transformational Leadership

Burns (1978) described transformational leadership as a process in which “leaders and followers raise one another to higher levels of morality and motivation”. This process of leadership is “a stream of evolving interrelationships in which leaders are continuously evoking motivational responses from followers and modifying their behavior as they meet responsiveness or resistance, in a ceaseless process of flow and counter flow”. These transformational leaders “seek to raise the consciousness of followers by appealing to higher ideals and moral values such as liberty, justice, equality, peace, not to baser emotions such as fear, greed, jealousy, or hatred”. Transformational leadership was in contrast to transactional leadership, where followers are motivated by their self-interest in exchange for specific rewards for reaching certain goals and accomplishing specific tasks.

This theory of transformational and transactional leadership was further refined and the scope of the constructs expanded by Bass (1985). Transformational leaders were described to motivate followers to perform beyond expectations by intellectually stimulating and inspiring them to transcend their own self-interest for a higher collective purpose. Transactional leaders use a negotiation process, where followers exchange efforts and services for rewards. Transformational leadership was differentiated from charismatic leadership in that, “charisma is a necessary ingredient of transformational leadership, but by itself is not sufficient to account for the transformational process”. These transformational leaders seek to empower and elevate followers and can be found in any organization at any level.

3.4.9 What is the Relationship Between the Emotional Intelligence of Leaders and Their Transformational Leadership Style?

As has been described, emotional intelligence is measured through the ability to perceive emotions accurately, to access or generate feelings when they facilitate thought, to understand emotion and emotional knowledge and to regulate emotions. The relationship between emotion perception, emotion recognition, organizational relationships and leadership has been explored, but through a broader, trait focused perspective of emotional intelligence. This relationship has not yet been explored using an ability-based perspective of emotional intelligence.

Transformational leadership is described as that type of leadership where a leader activates follower motivation and increases their commitment. These leaders are thought to arouse dormant needs in their followers and motivate them to perform beyond baseline expectations. In order to be able to tap into their followers, it is believed that these leaders need to have good emotion perception and recognition skills, hence the first hypothesis:

Hypothesis 1: There is a significant and positive correlation between perceiving emotions, as measured by the Mayer Salovey Caruso Emotional Intelligence Test (MSCEIT) and transformational leadership styles as perceived by subordinates.

Transformational leaders however, would also need to be able to more effectively facilitate thought by focusing on how emotions can be harnessed for more effective problem solving and creative endeavors. Transformational leaders leverage their skills of charisma, intellectual stimulation and individualized consideration to accomplish these tasks.

Hypothesis 2: There is a significant and positive correlation between facilitating thought, as measured by the MSCEIT and transformational leadership styles as perceived by subordinates.

Understanding emotions through recognizing groups of related emotional items and managing those emotions are also critical skills to a transformational leader. Transformational leaders tap into their followers and leverage their performance through a personal connection.

Hypothesis 3: There is a significant and positive correlation between understanding emotions as measured by the MSCEIT and transformational leadership styles as perceived by subordinates.

Hypothesis 4: There is a significant and positive correlation between managing emotions as measured by the MSCEIT and transformational leadership styles as perceived by subordinates.¹²⁶

¹²⁶ Weinberger, Lisa A., "An Examination Of The Relationship Between Emotional Intelligence, Leadership Style And Perceived Leadership Effectiveness," Swanson & Associates, St. Paul, December 2003

3.4.10 What is the Relationship Between the Emotional Intelligence of Leaders and Their Transactional Leadership Style?

Transactional leadership is that type of leadership that occurs day to day. These types of leaders apply influence through clear goal setting, clarified outcomes and providing feedback and rewards for accomplishments. This type of leadership is not emotional in nature.

Hypothesis 5: There is no significant correlation between perceiving emotions as measured by the MSCEIT and transactional leadership style as perceived by subordinates.

Hypothesis 6: There is no significant correlation between facilitating thought as measured by the MSCEIT and transactional leadership style as perceived by subordinates.

Hypothesis 7: There is no significant correlation between understanding emotions as measured by the MSCEIT and transactional style leadership as perceived by subordinates.

Hypothesis 8: There is no significant correlation between managing emotions as measured by the MSCEIT and transactional leadership style as perceived by subordinates.¹²⁷

3.4.11 What is the Relationship Between the Emotional Intelligence of Leaders and Their Laissez-Faire¹²⁸ Leadership Style?

Laissez-faire leadership is the negation of leadership. It is no leadership at all. Laissez-faire leaders are absent and often delay involvement. There is no attempt to motivate followers or to recognize and satisfy their needs.

Hypothesis 9: There is no significant correlation between perceiving emotions as measured by the MSCEIT and laissez-faire leadership style as perceived by subordinates.

Hypothesis 10: There is no significant correlation between facilitating thought as measured by the MSCEIT and laissez-faire leadership style as perceived by subordinates.

¹²⁷ Ibid.

¹²⁸ Government policy of economic non-intervention; personal policy of not interfering with the freedom of others, from French “allow to do”

Hypothesis 11: There is no significant correlation between understanding emotions as measured by the MSCEIT and laissez-faire leadership style as perceived by subordinates.

Hypothesis 12: There is no significant correlation between managing emotions as measured by the MSCEIT and laissez-faire leadership style as perceived by subordinates.

These first sets of hypotheses can be viewed in a model format. See Figure 3.13.

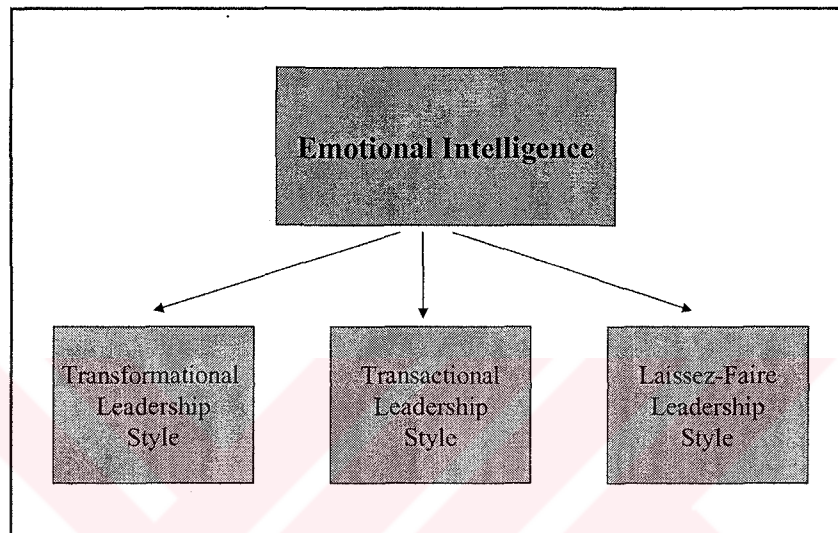


Figure 3.13 Pictorial Representation of Hypothesized Relationship of Emotional Intelligence and Leadership Style

3.5 GATHERING ORGANIZATIONAL INTELLIGENCE

"Growing more restless after sitting on the runway for more than two hours, is this plane ever going to take off? The pilot interrupted my musing with this message, "Ladies and gentlemen, we are going back to the gate to deplane. Our right wing compass is out of order, and in aviation terminology, that is a no go situation." Without direction-finding instruments, the pilot couldn't navigate. Of course, there were the normal mumbles and grumbles, but I think we were all secretly happy that the problem had been detected. The bad news was that we would be late to our destination. The good news was that we had a better chance of reaching it on another plane."¹²⁹

The above episode provides an example of organizations that will not meet competitive challenges in the future. The idea is simple: Some organizations have visionary leadership

¹²⁹ Corbin, Carolyn, "Great Leaders See The Future First," Dearborn, Chicago, 2000, p.20

and some do not. Those who do will be the go organizations five years from now. Those who do not will be the no go enterprises of the future. The organizational leader, who should be the foremost direction finder, must be the visionary. In reviewing the characteristics of great leaders, Corbin found a striking commonality. They all have a relatively clear view of the future. Great leaders see the future first and develop their plans for survival and success around their vision. Some of them see the writing on the wall and devise plans to take full advantage of ensuing circumstances. Others create their own opportunities. And in so doing, they create their future.

Take Bill Gates, for example. His vision of a dominant operating system in PCs has revolutionized the world.¹³⁰ Abraham Lincoln pictured a nation without slavery and worked to realize that vision. The late President John F. Kennedy envisioned a person walking on the moon before the 1960s came to an end. Jeff Bezos anticipated the tremendous potential of e-commerce and founded Amazon.com. The great civil rights leader Martin Luther King, Jr. saw a nation where people related to one another by what was on the inside-not by skin color.¹³¹

Lockheed Martin's former Chairman and CEO Norman R. Augustine states that Lockheed Martin remained successful during a time when markets for the defense industry had shrunk by more than 50 percent because the company's leaders had the wisdom to "read the tea leaves."¹³² Current Chairman and CEO Vance D. Coffman exemplify this by saying, "In truth, the factory of tomorrow can be found between our employees' ears today."¹³³

Although it is not a new skill, the ability to have a clear vision of tomorrow is rapidly becoming a cornerstone of leadership. Tomorrow's explosive opportunities are hinted at today. Those leaders keen enough to perceive the clues have a prime window of opportunity to pilot their organization into a very successful future.

¹³⁰ Gates, Bill, "The Road Ahead," Viking, New York, 1995

¹³¹ Available on web site of Time Online Edition

¹³² Augustine, Norman R., "Reshaping an Industry: Lockheed Martin's Survival Story," Harvard Business Review, Illinois, 1997, p.84-86

¹³³ Coffman, Vance D., "The Imperative of Education for the 21st Century," Bay Area Council 1999 Outlook Conference, San Jose, California, 15 January 1999

Many people would claim that visioning is a game for mystics and crystal ball gazers. However, we at the Center for the 21st Century believe that observing the future is a leadership skill-both an art and a science involving astute reasoning, observational acumen, and connection skills derived from qualitative and quantitative methodologies.

3.5.1 The Business of Intelligence Gathering

Governments and the military have long been engaged in intelligence work. In many cases during the Cold War, intelligence gathering moved beyond ethical boundaries and became espionage. Hollywood producers dramatized espionage in feature films and introduced advanced and exciting technology for use by the hero to bring the plot to a satisfactory conclusion. Most of us have probably gripped the arms of our movie seats as an intriguing spy mystery unfolded. However, many of those scenes may be closer to truth than to fiction as more sophisticated technology is introduced.

Although nations continue to be in the intelligence business, intelligence gathering has also spread into the business arena. In spite of the fact that unethical intelligence practices do result in corporate espionage, I am talking here about the legal and ethical conversion of information into purposeful knowledge to help a business organization compete. Intelligence can be gathered for all sorts of reasons-improving customer services, detecting the competition's new products and services, determining the technology needed to increase productivity, and perhaps assembling a database for housing internal intelligence. The list goes on and on.

As global competition heats up in the first decade of the 21st century, business intelligence could become a \$100 billion industry. New careers will be created to handle the burgeoning field. The first major challenge of intelligence gathering is where to find the dependable data you need. The second major challenge is acquiring the skills necessary to make expedient use of this information. Powerful decisions are made based on the intelligence at hand. Just as accomplished pilots must have the ability to read their instruments accurately when sight is impossible, great leaders must make critical decisions based on intelligence when it is impossible to create a vision any other way.

In this part of survey we will introduce a model for creating your organizational vision and seven areas where intelligence can be gathered continually. This will increase the accuracy of your perception and give you a basis for your decisions.

3.5.2 A 360° Worldview

In the arctic regions of the world, an old tradition for hunters is to make blankets from animal hides and use them as a makeshift trampoline. The blanket is spread onto the ground, and one of the hunters stands on it. Several other hunters grasp the edges, heave the blanket upward, and eject the hunter high into the air to see if any caribou are in the area. The organizational leader must have similar skills. Though not physically thrown into the heavens, the leader must choose to rise above everyday events to view a snapshot of the future from above and get a 360° worldview.

The perspective of the future is divided into three segments-near future, future, and distant future. The near future is from now to 5 years hence, the future is from 5 to 10 years hence, and the distant future may be from 10 to 25 years away. Obviously, the near future is easier to see. If one looks closely enough, one can see the beginning of trends at least 5 years before they become common knowledge. The secret to winning in the competitive marketplace is being at the right place before the right time and then knowing how to take advantage of the information at hand.

3.5.3 Trends, Conditions, and Issues

Three terms are necessary for understanding a 360° worldview. Please consult Figure 3.14 as you read explanations of these terms.

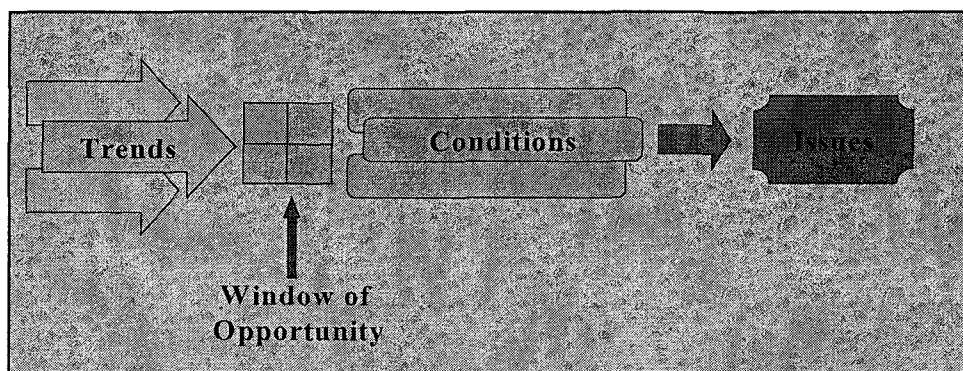


Figure 3.14 Trends, Conditions, and Issues

The first term, *trend*, is a general direction. The second term, *condition*, is when multiple trends come together somewhere in the future. *Issue*, the third term, is an outcome and can be a conflict point when conditions emerge.

Let's take an example. In Texas, spring weather can be quite violent. Most of people often become uneasy when they notice the sky becoming dark, the barometer dropping rapidly, the humidity going up, and the wind becoming still. When these trends come together in just the right combination, they may produce a condition known as a disastrous tornado, with severe damage occurring in seconds. In Texas they have a healthy respect for tornadoes and take precautions when they feel tornadic conditions might occur. If they do have tornado damage, several issues must be dealt with. For example, if someone incurs property damage, he needs to telephone the insurance company, perhaps locate a place to stay while the damage is repaired, buy new furniture to replace the damaged lot, and try to control his stress level. Some of these issues can be points of conflict: The insurance may not pay all that he had hoped; there may be no hotel rooms left in town; his anxiety level may rise to new heights; and he may need medical attention.

Any person who has had experience with tornadoes knows to anticipate the conditions and issues that could arise and prepare in advance. When storm signals begin to fall into place, a window of opportunity to minimize the damage does exist. Individuals can seek shelter, and some property, including automobiles, can be secured. Although damage may still occur, people can do their best to anticipate conditions and take proper actions. A wise person will at least have a good insurance program in place.

The same principles exist in the organization. A good leader is always on the lookout for emerging trends and tries to project ensuing conditions and issues. Just as an airline pilot must spend many hours in the flight simulator reviewing hypothetical situations, an organization's leadership must spend many hours creating scenarios relating to the future and anticipating the possibilities. Leaders picture the window of opportunity and take appropriate action. By creating pictorial images of the future, great leaders are often able to know what seems unknowable and act before a condition emerges.

Through our work at the Center for the 21st Century, we have discovered that organizations can prosper when they anticipate trends up to 5 years in advance and take appropriate

action. Further, if people choose not to counter trends or trends are impossible to counter, they will become part of the culture and may even appear in a standard dictionary within 10 to 14 years.

In the late 1980s, Korn/Ferry International and Columbia University Graduate School of Business, in a joint study, asked 1,500 top executives in 20 countries their perspective on global marketing. Many leaders in the United States felt that domestic markets could support their businesses without the need to enter worldwide markets. Executives from other areas of the world felt that their prosperity hinged on going global.¹³⁴ However, as time passed and markets did indeed become global, the executives in the United States got busy, caught up, and surpassed many companies from other countries. One would wonder how far ahead the United States would be today had leaders recognized globalization earlier. Today, globalization is a given and is considered a part of the mainstream institutional culture.

3.5.4 Window of Opportunity

Between every set of trends and its ensuing conditions is a window of opportunity. Astute leaders understand that people with wisdom anticipate and intervene while human nature waits and reacts. Great leaders exercise wisdom rather than default to human nature.

Let's look at an example from local government. There may be early signs of racial unrest in a city or disagreement about specific issues. Different ethnic groups may disagree over city government policies. Leaders of different groups may appear, and street wars could break out from time to time. For the past two to five years, certain groups may have been asserting that local government officials are ignoring them. While these conditions continue, one of the scenarios that city officials might anticipate would be a riot-a condition based on overt trends.

However, in the early days of observing potentially dangerous trends, civic leaders could find the window of opportunity. Discussion could be started among different groups to find where the seed of agitation lies. Negotiations for improvement in policies for all the groups could take place. Leaders could hold diversity training for all groups; it is important to

consider all issues that are causing conflict and discuss them openly. Make an effort to resolve conflicts before acts of terrorism occur or civil war breaks out. Wise leaders see the warning signals and open the window of opportunity for positive results. When the window of opportunity is ignored, results may be calamitous. In many cases, leaders ignore the window of opportunity in the hope that the trends will go away. Normally, however, trends escalate. Rarely do the danger signals disappear. Wise leaders never operate in ignorance but face potential problems head-on and seek solutions.

3.5.4.1 Four Ways to Address the Window of Opportunity

3.5.4.1.1 Denial

Some people suffer from the ostrich syndrome. They bury their heads in the sand, deny the existence of the circumstances they observe, and ignore the danger signals. For instance, an executive of a small nonprofit organization began to notice a lot of turnover among employees. Performance was low and funds were not being raised as they had been in the past, so he decided to conduct an employee attitude survey. The results showed that the employees were unhappy with him. They felt that he was not supportive, did not share enough of the workload, and was using organizational time for his own personal needs. Instead of using this information to improve his efforts, he became angry and blamed the employees for plotting against him. As a result, the organization faltered and began having great financial difficulty. His denial of the root of the problem cost the organization a competitive edge that it never regained.

3.5.4.1.2 Ignorance

Often, trends present themselves but leaders don't see them and are ignorant of their existence. Good observational skills require that people listen with both eyes and ears. Ironically, one of the reasons that leaders miss trends is "success arrogance." The organization seems to be doing so well that executives fail to see the danger signals. Some mainframe computer manufacturers, for example, were so successful that they failed to see the potential in the PC market and continued to manufacture mainframes while the competition was moving to smaller units. Arrogance can produce ignorance. What we

¹³⁴ "Reinventing the CEO," A Joint Study by Korn/Ferry International and Columbia University Graduate

know (or think we know) determines what we see. What we see determines our destination.

Arrogance is not the only reason we don't see trends. Not knowing how to look for them, or simply missing them, is also a factor. Even today in the educational arena, some universities don't see the need to become involved in virtual learning. The administration feels that education will take place in the future just as it has in the past. Wrong assumption! Those leaders with that attitude will be left behind-and so will the university.

3.5.4.1.3 Purposeful Intervention

A great leader notices that consumers are increasingly using the Internet. With heavy time demands, consumers want to do business around the clock-any time, any place. Astute leaders notice that consumers are shopping differently and determine the feasibility of e-commerce on the Internet. By purposefully intervening and changing the direction of an organization's customer service and product sales, leaders successfully take the company into the future.

A nonprofit client is experiencing unprecedented growth. Funds are being raised faster than the executive director can disperse them. For most nonprofit groups, this would be a dream come true. However, for this organization, growth is frustrating. It seems that there is not enough time to address donor needs. The office staff is improperly trained. The board is in conflict. Had the leaders of this organization created scenarios of success during the window of opportunity and practiced purposeful intervention, the chaos would not be so annoying.

Some people ask, "What about acts of God? Maybe the condition is out of our control-like a weather condition." The answer, "Practice the best purposeful interventions as are possible under the circumstances." For instance, the Oklahoma City tornadoes in May 1999 were some of the most devastating storms of the 20th century.¹³⁵ No human intervention could have prevented these tornadoes. However, the weather service's early warning signals were heard by virtually everyone in the storm's path and people took

School of Business, 1989, p.1-7

shelter. Although some people lost their lives or were seriously injured, many lives were saved because people heeded the warnings and took advantage of the window of opportunity between the time that the storm siren blew and the tornado hit.

3.5.4.1.4 Acceptance

If all trends seem favorable, great leaders choose to accept the circumstances and enjoy the conditions as they happen.

A nonprofit organization is experiencing unprecedented prosperity. It is located in a booming suburban community that has increasing wealth seeded by the high-tech industry. The organization's cause is strong, and money is rolling in every day. The board of trustees and staff of this organization are enjoying the benefits of this robust economy and working hard to be good stewards of the donors' funds.

3.5.5 Seven Major Trends Affecting the World

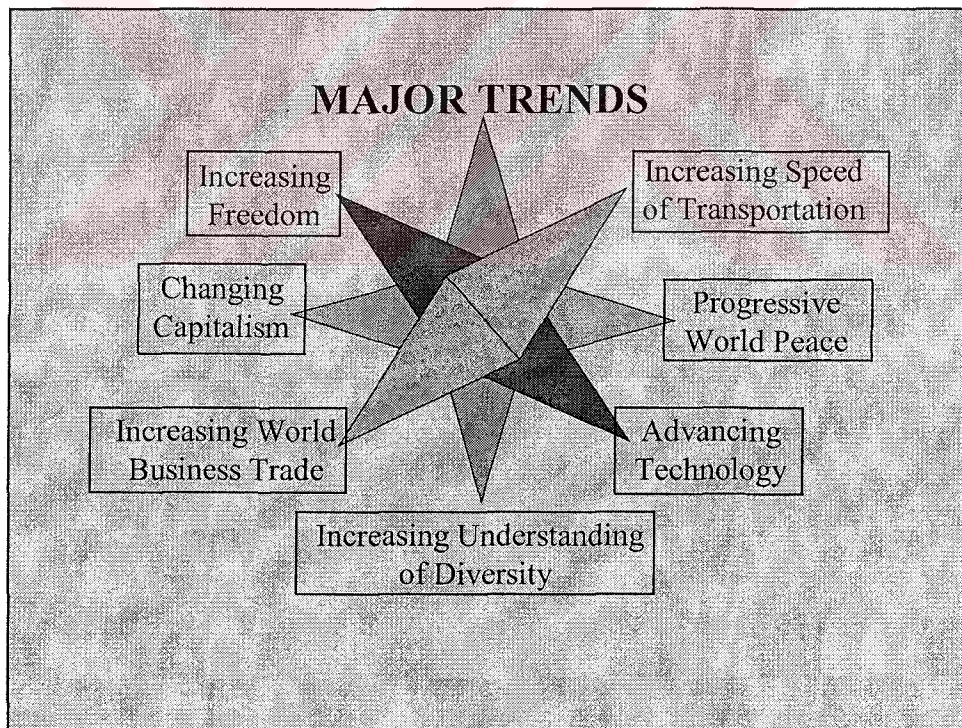


Figure 3.15 Seven Major Trends

¹³⁵ Brooks, Harold E. and Doswell, Charles A., "Deaths in the 3 May 1999 Oklahoma City Tornado from a Historical Perspective," National Severe Storms Laboratory, Norman, Oklahoma, 6 July 2001, Available on site http://www.nssl.noaa.gov/users/brooks/public_html/papers/deathhist.pdf

From a 360° worldview, there are seven major global trends that are changing how we live and work. These trends are culminating in four tidal wavelike conditions that will greatly impact our lives in unprecedented ways. Those leaders who understand the impact of these trends and take advantage of the window of opportunity to find points of success will reap untold rewards in the first quarter of the 21st century. The potential to discover life in real ways has never been better. Not only do we have tremendous possibilities for material gain, but also emerging trends show us that we can climb to heights of spiritual fulfillment and quality. Never in the history of the world have we been at such an exciting point. Astute leaders will observe these trends, then decide how these inclinations will directly affect their organization. So many people spend time generating ideas about the future, but they fail to put plans into action. Prognostication is not enough. Intervention by design must take place.

In some of the Center for the 21st Century's small business client organizations, the leaders have formed think tanks that have been meeting for two years but have yet to design and implement an intervention. The members are having a great time brainstorming-or just being busy-but are not putting actions to their ideas and being productive. What a waste of the organization's time!

In surveying the seven global trends, I have gathered certain information that only skims the surface compared with the information you must gather about each trend to assess its impact on your particular organization.

3.5.5.1 Increasing Freedom

"A man from East Germany walked up to me and placed in my hand a piece of the Berlin Wall. What a poignant moment! It was just a small sliver of shattered stone, but the significance was awesome. That portion of rock had fallen to the ground and the man had picked it up as the Berlin Wall was torn down in 1989. No longer were East and West Germany divided. Many people in East Germany were beginning to experience freedom for the first time in their life."¹³⁶

¹³⁶ "Berlin Wall," From Wikipedia, the free encyclopedia, Available on site http://en.wikipedia.org/wiki/Berlin_Wall

With the fall of the former Soviet Union, a new form of government introduced freedom to people who had never before felt independence. Confusion and chaos often accompany freedom because people who have never been free have no idea how to act when the walls of dependency are torn away. The former USSR is experiencing this chaos even after several years of freedom.

Simultaneously, in the United States there are increasing challenges to the Constitution's First Amendment freedoms. Questions arise: How much freedom do people in America have? Where does my freedom end and yours begin?

It appears that Americans are moving from *freedom from* to *freedom to*. America was founded on freedom from persecution or forced beliefs by the state. Now the country is moving far beyond those tenets to pushing freedom to its limits. The boundaries between freedom from and freedom to are growing thin.

Throughout the world people are experiencing increased freedom. As information reaches the uttermost parts of the globe, people are seeing and hearing about freedom. Those who yearn to be free are rebelling against persecution by totalitarian governments and exerting the energy to become free. The impetus for freedom and democracy is escalating.

This trend is also seen in the workplace. Employers are empowering their employees and independent contractors to exercise more decision-making freedom. When workers are freed from hierarchical controls, they must possess a different set of skills to be successful in the empowered organization. Many of the same skills that are necessary for organizational empowerment are needed for living in a civil democracy. Strangely enough, only a small percentage of workers possess these skills naturally-as small as 10 percent. The others must learn the skills for self-governance.

3.5.5.2 Increased Speed of Transportation

Imagine a hyperplane that can fly three to five times the speed of the Concorde! Traveling around the world will be simple. Making trips between continents will be fast. A globetrotter can leave the United States in the morning for a meeting in London, attend the meeting, and then fly back to the United States that evening in time for a late dinner with his family. The ironic twist to this scenario is that about the time we have very swift

transportation, fewer trips will be needed. Technological interconnectivity will allow most business to be conducted without the participants having to be physically present. However, there will still be a need for fast transportation. And there will be vast numbers of people to take advantage of it.

3.5.5.3 Progressive World Peace

Although explosive terrorist attacks and civil wars seem on the increase in the world, world peace actually is progressing. For the first time in decades, the global superpowers are at peace with one another. Because of economic interdependence, a lot is at stake. Going to war with one of the superpowers would penalize a country's financial position.

The major fear today is not of war among the superpowers but of acts of terrorism by special interest groups and countries that possess nuclear weapons. Many of these acts will take place in the terrorist's native land. A jury has convicted a U.S. citizen for perpetrating one of the most heinous terrorist acts in the United States, the Oklahoma City bombing. School shootings reflect acts of terrorism by young Americans. Smaller countries committing acts of global terrorism are not superpowers. In the future, however, they will possess the power to destroy the world through nuclear weapons or biological warfare.¹³⁷

Progressive world peace means that more countries can enter the competitive financial arena. As third-world countries improve their lot and the people become more educated, their products and services will also be in the marketplace. Military competition is giving way to marketplace competition. Great leaders are prepared to vie for their place in the global financial arena.

3.5.5.4 Advancing Technology

Futurists tell us that the amount of information we have today will be 1 percent of the information available by the year 2050. Since the mid-1990s we have witnessed tremendous advances in the Internet and intranets within organizations. Technology is being miniaturized and appearing in new combinations. Telephones, television, and computers operating as one unit will eventually be in almost every household. The Internet

¹³⁷ Realwc2, Brian, "In Aftermath of Terrorism, We Must Pull Together," Available on site http://www.realwc.org/realwc1/in_aftermath_of_terrorism.htm

has revolutionized the world. Many people believe that this is all there is to the information superhighway. However, Bill Gates indicates in his book *The Road Ahead* that the true information superhighway probably will not be available until at least 2005. Much hard work is left to do.¹³⁸

With the exponential growth in technology throughout the world, the amount of information available and the complex skills that will be necessary to convert available information into practical knowledge will change dramatically.

3.5.5.5 Changing Capitalism

The United States has exercised capitalism in a semi pure state since the 1930s. According to Lester Thurow, capitalism failed in the 1930s, so the United States was forced to add a socialistic element.¹³⁹ As countries become more competitive and adopt a capitalistic approach, capitalism will move toward a purer state excluding the socialistic element. This means that our government and others as well will be less supportive of such ideas as welfare and subsidies. These programs will either be totally eliminated or become the domain of volunteer organizations and religious institutions.

3.5.5.6 Increasing World Business Trade

With increasing freedom and speed of transportation, progressive superpower peace, advancing technology, and a purer state of capitalism, great increases in world business trade can be expected. Trade is increasingly important to the prosperity of the United States. According to the U.S. Department of Commerce, Bureau of Economic Analysis, the United States has an increasing trade surplus in services and an increasing trade deficit in goods.¹⁴⁰ Japan, China, Indonesia, India, and many other countries will continue emerging in world trade activities. Services and products will be traded throughout the world.

¹³⁸ Gates, Bill, "The Road Ahead," Viking, New York, 1995, p.89

¹³⁹ Thurow, Lester C., "The Future of Capitalism," William Morrow, New York, 1996, p.4

¹⁴⁰ U.S. Department of Commerce, Bureau of Economic Analysis, "Table 1 U.S. International Trade in Goods and Services Balance of Payments Basis," GPO, Washington D.C., 1999, p.1

3.5.5.7 Increasing Understanding of Diversity

To open trade barriers, leaders must increase their understanding of diversity. The United States is becoming such a mosaic of minorities that no one group will be a majority by 2050. Only through understanding differences and working to unify citizens at a level surmounting our differences will we be able to relate peacefully in this changing environment. The U.S. paradigm of diversity will be modeled worldwide as the planet shrinks to a global community.

No organization can escape the need to view diversity as a positive influence on its success. The more we learn to live and work together, the more prosperous the world will be.

3.6 LEADERSHIP STRATEGIES

- To gather valid intelligence, identify and locate dependable information sources that you can access repeatedly to monitor emerging trends and conditions. These sources might include trade journals, popular magazines, newspapers, online databases, newsletters, books, professional researchers, and corporate executives in your field of interest, information brokers, accountants, physicians, consultants, attorneys, and economists. Set up a schedule for accessing your intelligence sources so that you can calculate variances in trends. Then follow the schedule you have set up.
- Continually be on the alert for new intelligence resources and make use of them.
- Practice making decisions based on the intelligence you have gathered. Keep records on the results of your decisions to determine the reliability of your resources.
- Create at least three scenarios about your organization's future. Monitor them at least once per quarter to see which scenario plays out. Be ready to implement your plans quickly.
- Constantly watch for trends approaching within the next five years. Look for

recurrences such as two or three lawsuits in the same category that might escalate. Be prepared to handle these situations when they occur.

- Among other scenarios, create storyboards that play out organizational success. Plan your organizational resources that must be in place for the enterprise to expand. Be willing to take calculated risks to grow and prosper.



4. THE ART of STRATEGIC LEADERSHIP

“The job of management is not supervision but leadership... The required transformation of the Western style of management requires that managers be leaders.”

W. Edwards Deming¹⁴¹

In this part of survey, we will see the qualities of a leader, exemplary leadership, leadership styles, strategic framework, what strategy is and not. We will also examine leadership in all levels, steps to becoming a leader, strategic learning process, reinventing the leader, the character of strategic decisions, information age and strategic decision-making.

4.1. THE LEADERSHIP ADVANTAGE

Never has the subject of leadership been of greater interest to managers, or to management writers. Richard Donkins, writing at *The Financial Times* in 1999, describes “a fixation bordering on obsession with the qualities needed for corporate leadership.” It is, he adds, a “contagious” obsession, spreading in scope and intensity throughout our society, and suggesting that Americans have lost their way.¹⁴²

If it is an obsession, it is a useful one for any organization concerned about the future. For all the ink it gets in scholarly, business, and popular journals, leadership remains an elusive concept.

4.1.1 Generating Intellectual Capital

Observations of organizations and leadership lead to two conclusions about what it will take to survive in the tumultuous years ahead:

The key to future competitive advantage will be the organization’s capacity to create the social architecture capable of generating intellectual capital. And leadership is the key to realizing the full potential of intellectual capital.

¹⁴¹ Reed, Peter J., *Ibid*, p.33

¹⁴² “Financial Times,” Available on site <http://news.ft.com/home/europe>

Percy Barnevik, former chairman and one of Europe's most celebrated business leaders, says "organizations ensure that people use only 5 to 10 percent of their abilities at work. Outside of work they engage the other 90 to 95 percent." The challenge for leaders, he adds, is "to learn how to recognize and employ that untapped ability." His assessment is supported by data on both sides of the Atlantic. Nearly two-thirds of companies surveyed by Kepner-Tregoe say they don't use more than half their employees' brainpower. And employees themselves are even less optimistic; only 16 percent said they use more than half their talents at work, according to a recent UK survey.¹⁴³

On the other hand, huge benefits accrue to organizations that, as Barnevik urges, learn to employ their collective brainpower, know-how, ideas, and innovation. A recent study of 3.200 U.S. companies, conducted by Robert Zemsky and Susan Shaman of the University of Pennsylvania, showed that a 10 percent increase in spending for workforce training and development leads to an 8,5 percent increase in productivity; a similar increase in capital expenditures leads to just a 3,8 percent increase in productivity.¹⁴⁴

Such findings explain why General Electric's Jack Welch says he has only three jobs as CEO: selecting the right people, allocating capital resources, and spreading ideas quickly. Welch typically asks the hundreds of GE managers he talks with not only about their ideas but who they've shared their ideas with, and who else has adopted them.¹⁴⁵

It is no accident that both Welch and Barnevik, two of the world's most accomplished business leaders, see their role in similar terms. In a knowledge economy, leaders cannot command employees to work harder, smarter, or faster. Knowledge workers, if they are earning their pay, know more about their work than the CEO does, and are in great demand. Without leaders who can attract and retain talent, manage knowledge, and unblock people's capacity to adapt and innovate, an organization's future is in jeopardy.¹⁴⁶

¹⁴³ "Fortune," Available on site <http://www.fortune.com/fortune/articles/0,15114,373521,00.html>

¹⁴⁴ "The Leadership Mystique," Wharton Leadership Digest, July 2001, Volume 5, Number 10

¹⁴⁵ Slater, Robert, "Jack Welch & The G.E. Way: Management Insights and Leadership Secrets of the Legendary CEO," McGraw-Hill, New York, 31 July 1998, p.255

¹⁴⁶ Ibid, p.121

4.1.2 Qualities of a Leader

Research points to seven attributes essential to leadership. Taken together they provide a framework for leading knowledge workers:

- *Technical competence*: business literacy and grasp of one's field.
- *Conceptual skill*: a facility for abstract or strategic thinking.
- *Track record*: a history of achieving results.
- *People skills*: an ability to communicate, motivate, and delegate.
- *Taste*: an ability to identify and cultivate talent.
- *Judgment*: making difficult decisions in a short time frame with imperfect data.
- *Character*: the qualities that define who we are.¹⁴⁷

Senior executives seldom lack the first three attributes; rarely do they fail because of technical or conceptual incompetence, nor do they reach high levels of responsibility without having a strong track record. All these skills are important, but in tomorrow's world exemplary leaders will be distinguished by their mastery of the softer side: people skills, taste, judgment, and, above all, character.

Character is the key to leadership, an observation confirmed by most people's personal experience. Research at Harvard University indicates that 85 percent of a leader's performance depends on personal character.¹⁴⁸ Likewise, the work of Daniel Goleman makes clear that leadership success or failure is usually due to "qualities of the heart".¹⁴⁹ Although character is less quantifiable than other aspects of leadership, there are many ways to take the measure of an individual.¹⁵⁰

¹⁴⁷ Maxwell, John C., "The 21 Indispensable Qualities of a Leader: Becoming the Person Others Will Want to Follow," Thomas Nelson, Nashville, 1999, p.98

¹⁴⁸ McCall, Morgan W., and Hollenback, George P., "Developing Global Executives: The Lessons of International Experience," Harvard Business School Press, Illinois, 2001, p.26

¹⁴⁹ Scheusner, Heidi, "Emotional Intelligence Among Leaders and Non-Leaders in Campus Organizations," The Emotional Intelligence of Leaders, Fall 1998, Available on site <http://scholar.lib.vt.edu/theses/available/>

¹⁵⁰ Strizver, Ilene, "Emphasis: Anatomy of a Character," Available on site <http://www.itcfonts.com/ulc/article>

4.1.3 Demands of Followers

Power in the knowledge economy resides more with knowledge workers than with owners or managers. Serving the needs of those workers is a new leadership imperative. Research shows not only the characteristics of effective leaders but also the expectations that followers have of their leaders. Whether in a corporation, a Scout troop, a public agency, or an entire nation, constituents seek four things: meaning or direction, trust in and from the leader, a sense of hope and optimism, and results. To serve these constituent needs -and ultimately to unleash an organization’s intellectual capital- leaders can foster four supporting conditions, which in turn can create four respective outcomes.

4.2 EXEMPLARY LEADERSHIP

To satisfy followers’ needs and achieve positive outcomes, leaders must provide four things;¹⁵¹

In Service of Constituent Needs for	Leaders Provide	To Help Create
Meaning and direction	Sense of purpose	Goals and objectives
Trust	Authentic relationships	Reliability and consistency
Hope and optimism	“Hardiness” (confidence that things will work out)	Energy and commitment
Results	Bias toward action, risk, curiosity, and courage	Confidence and creativity

Table 4.1 What Must Leaders Provide?

Providing purpose. Effective leaders bring passion, perspective, and significance to the process of defining organizational purpose.

¹⁵¹ Kouzes, James M., “The Five Practices of Exemplary Leadership,” Jossey-Bass, Indianapolis, April 2003, p.6

Every effective leader is passionate about what he or she is doing. The time and energy devoted to work demand a commitment and conviction bordering on love. Michael Eisner, chairman of the Walt Disney Company, defines that quality as a strong point of view, or in Hollywood parlance, POV. In his company, he says, it is unfailingly the person with conviction who wins the day. “Around here,” adds Eisner, POV is worth at least 80 IQ points.¹⁵²

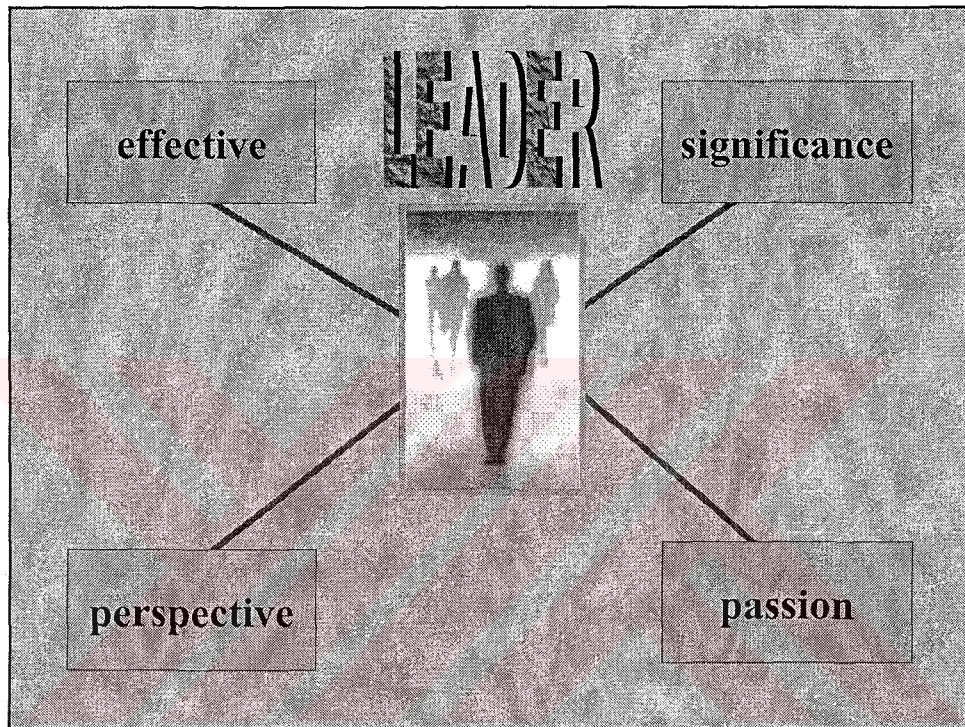


Figure 4.1 Exemplary Leader

One starts with passion; perspective is harder to come by, but is essential in a world of rapid change. For most people in organizations, the question is not only what happens next, but also what happens *after* what happens next. As hockey great Wayne Gretzky explains, “It isn’t where the puck is, it’s where the puck will be”.¹⁵³ Most CEOs put it differently: “If you’re not confused, you don’t know what’s going on.” Because the fog of reality is so pervasive, constituents want not just a vision of where we’re heading but also where they’ve been and where they are now. People want leaders to provide context.

¹⁵² “Academy of Achievement,” Available on site <http://www.achievement.org/autodoc/page/eis0bio-1>

¹⁵³ “Wayne Gretzky – The Official Homepage,” Available on site <http://www.upperdeck.com/athletes/>

Finally, knowledge workers, the best of who have significant choice in the place and terms of their employment, want a sense of significance.

What is the meaning of our work? What difference or larger contribution does it make to others? How do we measure success? And what are the positive outcomes of that success? By making time for such reflection leaders build support for organizational goals and objectives.

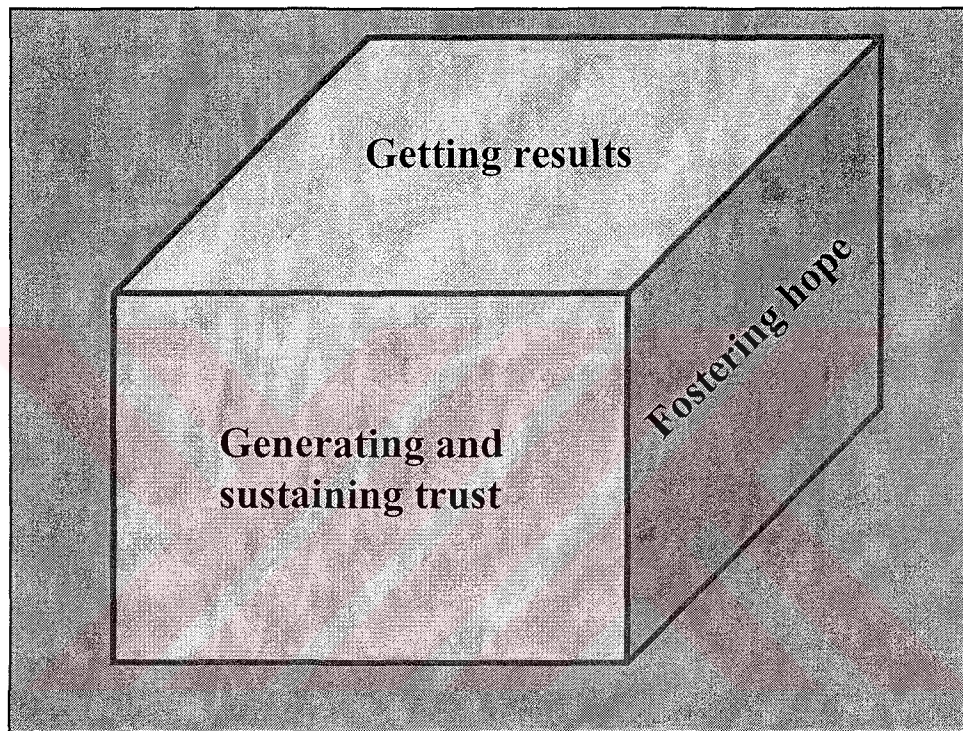


Figure 4.2 Effective Leader

Generating and sustaining trust. Since 1985, 20 percent of the American workforce has been laid off at least once.¹⁵⁴ In a time when the new social contract makes the ties between organizations and their knowledge workers tenuous, trust becomes the emotional glue that can bond people to an organization.

These are the factors that generate trust, at work or in a partnership, a marriage, or a friendship: competence, constancy, caring, candor, and congruity.

¹⁵⁴ "U.S. Department of Labor," Overview of Report on the American Workforce, 2001, Available on site <http://www.bls.gov/opub/rtaw/rtawhome.htm>

Congruity -or authenticity, feeling comfortable with oneself- is a further reflection of character. It is at the heart of any honest relationship. But congruity goes beyond simply knowing you; it is being consistent, presenting the same face at work as at home.

Candor is perhaps the most important component of trust. When we are truthful about our shortcomings, or acknowledge that we do not have all the answers, we earn the understanding and respect of others.

Exemplary leaders create a climate of candor throughout their organizations. They remove the organizational barriers -and the fear- that cause people to keep bad news from the boss. They understand that those closest to customers usually have the solutions but can do little unless a climate of candor allows problems to be discussed. Especially during times of change, exemplary leaders share information about what's going on in the organization, the industry, and the world. They treat candor as one measure of personal and organizational performance, which can be gauged through employees' response to such statements as, "My organization encourages people to take the time to communicate openly, even about difficult questions." Or, "There is little fear of speaking openly about important issues."

Without candor there can be no trust. And by building trust, leaders help create the reliability and consistency customers demand.

Fostering hope. Exemplary leaders seem to expect success; they always anticipate positive outcomes. The glass for them is not simply full but brimming.

Hope combines the determination to achieve one's goals with the ability to generate the means to do so. Hopeful people describe themselves with such statements as:

- I can think of ways to get out of a jam. I energetically pursue my goals.
- My experience has prepared me well for the future.
- There are ways around any problem.

One example of a hopeful leader is Intel Chairman Andrew Grove. He emigrated from Hungary speaking little English, with no money, but his parents imbued in him a sense that he would succeed in whatever he attempted. If he went into science, he felt he could win

the Nobel Prize. That psychological hardiness, the sense that things generally work out well, creates tremendous confidence in oneself and in those around one. And that kind of confidence influences others. It builds energy and commitment, and that in turn influences outcomes.¹⁵⁵ In short, every exemplary leader has what seems to be an unwarranted degree of optimism, and that helps generate the energy and commitment necessary to achieve results.

Getting results. As leaders we can provide meaning, build trust, and foster hope, but all of that counts for little unless an organization produces results.

Most leaders coming into a new position or facing a moment of truth are afforded some time and resources to deliver. That is what makes a collective sense of purpose, trust, and hope so important, they can carry people through what they know will be a difficult time. But these assets will dissipate if leaders do not get results. And of course we deliver results only by taking action.

That does not mean that every action will be successful. Exemplary leaders never forget that they must ultimately take their best shots and create a climate that tolerates missed shots yet demands that everyone continue to take them. Moving from talk to action is imperative, but, especially in the times we live in, it requires commitment, enterprise, curiosity and courage. It requires leadership.

Results-oriented leaders see themselves as catalysts. They expect to achieve a great deal, but know that they can do little without the efforts of others. They bring the zeal, resourcefulness, and risk-tolerance -and discipline- of the entrepreneur to every effort of the organization. Nothing less will get break through the noise, clutter, and competitive pressure of today's marketplace.

To be sure, paying unprecedented attention to the subject of leadership. Also seeing the importance of intellectual capital to strategy, organizational design, leadership development, employee retention, and virtually every business practice that matters. Organizations that don't take such issues seriously, or that fail to make the connection

¹⁵⁵ "Intel," Available on site <http://www.intel.com/pressroom/archive/releases/cn021500a.htm>

between leadership and the quality of their intellectual capital, will probably not be in the phone book in 2005.

One CEO says, “We are making the topic of leadership an issue we have powerful conversations about. We encourage people to talk about it. We reward coaches. We want people to develop ways of getting feedback.”¹⁵⁶ They do so not as an exercise but a way to compete. Exemplary leaders believe they have a responsibility to extend people’s growth and to create an environment where people constantly learn. Those are the surest ways to generate intellectual capital and to use that capital to create new value. In the next century, that will be every leader’s ultimate task.

4.2.1 The Anatomy of Character

There are many definitions of character, but for exemplary leaders character goes beyond ethical behavior although that is essential. The word itself comes from the Greek for engraved or inscribed.¹⁵⁷ For the leaders, character has to do with who we are, with how we organize our experience. The great psychologist William James described it as “The particular mental or moral attitude [that makes one feel] most deeply and intensively active and alive ... a voice inside which speaks and says, ‘this is the real me’.”¹⁵⁸

Effective leaders -and effective people- knows that voice well. They understand that there is no difference between becoming an effective leader and becoming a fully integrated human being.

Many aspects of character -such as our degree of energy or our cognitive skill- are probably determined at birth; others are influenced by our family life, our birth order, and our relationships with parents, teachers and friends.

Yet character develops throughout life, including work life. Leaders can help others become more aware of their innate capacities. For example, by examining the kinds of

¹⁵⁶ Slater, Robert, “Jack Welch & The G.E. Way: Management Insights and Leadership Secrets of the Legendary CEO,” McGraw-Hill, New York, 31 July 1998, p.72

¹⁵⁷ Strizver, Ilene, “Emphasis: Anatomy of a Character,” Available on site

<http://www.itcfonts.com/ulc/article.asp?nCo=AFMTsec=ulc&issue=27.2.1&art=anatomy>

¹⁵⁸ “Emory University,” Available on site <http://www.emory.edu/EDUCATION/mfp/psy.html>

decisions they make and don't make, senior executives and those they manage can develop their own character and cultivate new leadership throughout the organization.

For executive leaders, character is framed by drive, competence, and integrity. Most senior executives have the drive and competence necessary to lead. But too often organizations elevate people who lack the moral compass. Most of people call them "destructive achievers." They are seldom-evil people, but by using resources for no higher purpose than achievement of their own goals, they often diminish the enterprise. Such leaders seldom last, for the simple reason that without all three ingredients -drive, competence, and moral compass- it is difficult to engage others and sustain meaningful results.

4.3 LEADERSHIP STYLES

The key component of successful leadership now and in the next century is proactive and effective responsiveness to change. Experts agree that successful leaders must be flexible and capable of adapting to new conditions, open to novel alternatives, and willing to take greater risks.¹⁵⁹ Too often leaders and managers address technical dimensions of change but fail to consider what it takes at each stage for leaders to actually carry out that change.¹⁶⁰

Leaders who can do these things are referred to as Strategic Leaders.¹⁶¹ Such leaders recognize that most work now involves integration rather than fractionation of diverse interests and skills. Multiple styles of leadership are needed to effectively implement most forms of organizational change. Strategic leaders accept that they cannot have all the answers and they take steps to obtain information that effectively guides their choices. These leaders rely heavily on communication and persuasion with employees to advance their enlightened strategies. When compared to popular models of leaders of the past, strategic leaders are far more inclined to be information seekers than information distributors.

¹⁵⁹ O'Toole, J., "Leading change: The argument for values-based leadership," Jossey-Bass, San Francisco, 1996

¹⁶⁰ Heifetz, R. A. and Laurie, D. L., "Leadership: Mobilizing adaptive work," Leadership Institute Conference, Los Angeles, 30 October 1997

¹⁶¹ Reardon, K. K. and Rowe, A. J., "Identifying strategic leaders," University of Southern California, Marshall School of Business, 1998

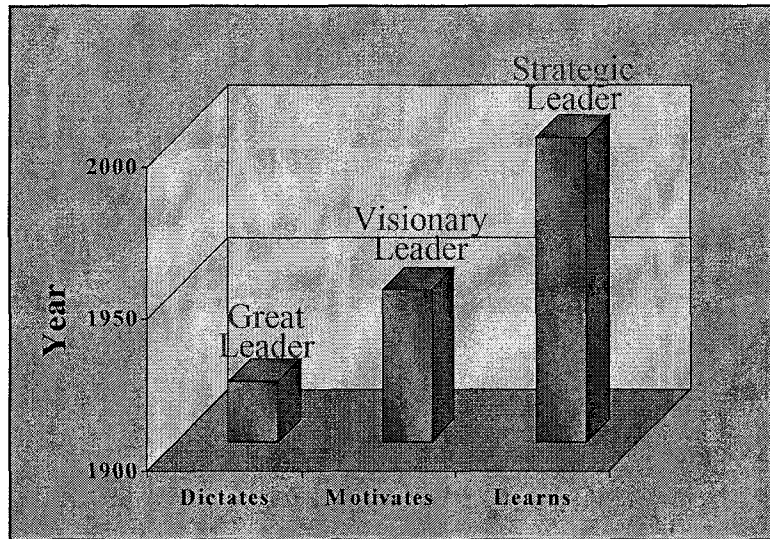


Figure 4.3 Models of Leadership

Figure 4.3 depicts the models of leadership from the early 1900s to today. In the 1900s, leadership was equated with those individuals who did “great” things. These leaders had a “can do” attitude based on experience and determination. They used their authority to “command” others. By the 1950s, attention shifted to determining leader traits and how they fit the situations in which they function. In the early eighties, another change took place. This time the emphasis was on the “visionary” leader. These leaders inspired others with insights and shared authority. Today’s leaders, confronted with explosive change, need to be “strategic leaders”: sufficiently versatile to recognize the need for change, to seek input for developing creative strategies for change, and to inspire others to adopt those strategies.

According to Max DePree, author of *Leadership Is an Art*, leaders are vulnerable in their day-to-day-jobs.¹⁶² This vulnerability of leaders is currently exacerbated by the information superhighway affording access to extraordinary amounts of information. Leaders are confronted with far too many choices, as predicted by Alvin Toffler’s 1980 forecast.¹⁶³ He warned that this would inhibit action, result in greater anxiety and lead to feelings of exhaustion. Today’s leaders also work with employees who are more diverse than those of their predecessors and customers and subsidiaries spread worldwide. Under

¹⁶² DePree, M., “Leadership is an art,” Doubleday, New York, 1989

¹⁶³ Toffler, A., “The third wave,” William Morrow and Company, New York, 1980

such conditions, no single leader can possibly have all the answers or all of the styles required to accomplish the myriad tasks confronting him or her each day.

To effectively respond to the current chaotic environment, leaders must recognize their own strengths and weaknesses. They must understand the extent to which their leadership styles are suited to the demands they face and consider the types of people they need at their side to complement their styles. This is particularly important when organizations undergo radical change. This part of my survey addresses the styles of leadership needed to accomplish organizational change and addresses the question: Can any single leader possess the styles needed to lead at every point in the change process?

4.3.1 Explanation of Leadership Styles

The leadership styles shown in Table 4.2 were derived from work on the Leadership Style Inventory (LSI) developed by Rowe, Reardon, and Bennis.¹⁶⁴ The inventory identifies differences in style used by leaders that are based on the following two questions: How adaptive are leaders when dealing with the issues they face? How do leaders communicate with, persuade, and energize employees in the process of change?

Leader style	Focuses on	Persuades by	Makes changes	Learns by
Commanding	Results	Directing	Rapidly	Doing
Logical	Innovation	Explaining	Carefully	Studying
Inspirational	Opportunities	Creating trust	Radically	Questioning
Supportive	Facilitating work	Involvement	Slowly	Listening

Table 4.2 Leadership Styles (LSI)

The LSI identifies four basic styles: commanding, logical, inspirational, and supportive. One of its major strengths is that it also describes combinations of the basic styles called “patterns.” These patterns help to describe the complexity behind leader behavior and competence for radical change.

¹⁶⁴ Rowe, A. J., Reardon, K. K., and Bennis, W., “The leadership style inventory,” University of Southern California Marshall School of Business, 1995

The *commanding* style focuses on performance and has a short-term goal orientation. Commanders are highly productive and results oriented. They can be very effective when goal achievement is the primary focus. They learn better by their own successes and failures than by input from others.

The *logical* style pertains to leaders who insist on covering all alternatives. They have long-term goals, use analysis and questioning, and learn by reasoning things through. They are particularly effective when the goal is strategy development.

The *inspirational* style is characteristic of those who are able to develop meaningful visions of the future by focusing on radically new ideas; they learn by experimentation. They show a high level of concern for assuring cohesiveness of members of the organization and encouraging others to follow the vision. They are inquisitive, curious, and satisfied by finding radically new solutions.

Those leaders who are more concerned with consensus score high in the *supportive* dimension. They emphasize openness and operate more as facilitators than directors. They learn by observing outcomes and how others react to their decisions.

Most leaders do not possess a single style, but a combination. These combinations indicate which styles leaders are predisposed to use. Inventory scores indicate leader style predispositions. A summary of how each style influences behavior in critical areas of leadership is discussed in Table 4.2.¹⁶⁵

American business executives tend to score high on the commanding style and low on supportive. Research using the LSI provides the following means for American executives: commanding, 86; logical, 80; inspirational, 81; supportive, 53. The means provide an indication of style predispositions. Style patterns, however, are not necessarily static. It is possible, even preferable, for leaders to develop the capacity to adapt their styles to the demands of situations, especially when their organizations are undergoing radical change.

¹⁶⁵ Ibid.

4.3.2 How Versatile Can One Leader Be?

Leaders who are versatile are identified as *strategic leaders*. They recognize the importance of people in the organization and concentrate on ways to challenge people and stretch their imaginations in forming and implementing strategies. They see visions as the product of ongoing conversations between them and the people who carry them out. They focus on and reward creativity and readily accept innovative solutions to problems. They value proactive thinking, avoid “reacting” to situations, and reject autocratic rigidity. Yet, when the path has been determined and people are “on board,” this same leader gives direction and looks for results.

This is a tall order for a single leader. Consider, for example, Pfeffer’s description of leader sensitivity. Pfeffer considers leader power the ability to influence followers. This inevitably calls for being able to understand them. He explains that this sensitivity to people “does not mean that one is necessarily going to act in their interests, in a friendly fashion, or on their behalf,” but it does mean “understanding who they are, their position on the issues, and how best to communicate with and influence them.”¹⁶⁶

Pfeffer argues that sensitivity to others requires “an almost clinical interest in the observation of behavior...not only self-awareness, but more important, awareness of others.”¹⁶⁷ These skills are not taught in most schools. Educators and practitioners focused on what they consider “the hard facts” curse those courses that do exist with the derogatory “touchy-feely” label. So, how do leaders, trained in traditional ways, come to understand themselves and others?

Complicating the issue further is the findings of gender researchers indicating that men are less inclined than women to engage in the sensitivity Pfeffer describes.¹⁶⁸ In fact, their research using the LSI shows that female first-year MBA students are significantly more supportive in their leadership style than their male peers. By the time they graduate, however, these same women have shifted their style in favor of the logical style more consistent with the MBA curriculum.

¹⁶⁶ Pfeffer, J., “Managing with power,” Harvard Business, Boston, 1992, p.172

¹⁶⁷ Ibid, p.173

¹⁶⁸ Kanter, R., “Men and women of the corporation,” Basic Books, New York, 1993

A similar challenge faces leaders who are not inspirational leaders by nature. How do leaders suddenly take on the mind-set and actions of someone whose manner of articulation encourages people to follow their lead? The inspirational style occurs more frequently than any other in the five-stage model of radical change. It's possible to stretch oneself, work on framing and delivering ideas to make them more relevant and attractive to people. But acquiring an inspirational style is not a simple overnight task.

We are left with the conclusion that perhaps few, if any, people are capable of being leaders of every stage in the change process. For those who insist on having their hand in every effort, this can be disconcerting news. But from another vantage point, not leading every stage relieves leaders of having to be all things to all people and gives them the opportunity to step back and observe and consider the change process. Here again, Pfeffer offers an important insight. Rather than consider power to be in the hands of one person in all situations, he proposes that: "An important source of power is the match between style, skill, and capabilities and what is required by the situation."¹⁶⁹ Referring to observations of 304 laboratory research professionals asked to describe the source of influence in their organization, "the principal finding was that the type of person who was influential depended on the nature of the project." In technical service projects, with less task uncertainty, internal communication stars (those with many internal contacts) were most influential, while in applied research units, boundary spanners carried the most weight."

As an example in the military context, it is instructive to consider the leadership style aspects prominently displayed by three famous World War II generals in the U.S. Army. Although each was a consummate leader and undoubtedly capable of fulfilling a variety of roles, they were placed in highly responsible positions in which their individual leadership styles proved especially effective. Gen. George S. Patton, Jr., was a brilliant tactician, a student of military history, and one of the Army's most intellectual officers. His mission assignments often placed him in situations requiring a leadership style that could elicit immediate response to his tactical commands in the midst of grueling tank battles. Although some have argued that the intellectual in Patton might have preferred a "kinder, gentler" approach to motivating the desired results, there is no doubt that he was extremely successful as a *commanding* leader.

¹⁶⁹ Pfeffer, J., Ibid, p.78

By comparison, Gen. Dwight D. Eisenhower was responsible for organizing much of the Allied planning for the invasion of Europe and facilitating cooperation among diplomats and soldiers of many nations. He achieved great success by emphasizing his skills as an inspirational and supportive leader, even though he must have been sorely tempted at times to exercise directly his command authority and the commanding skills he so clearly exhibited during his rise to the top. Fortunately, Eisenhower recognized that persuasion and team building were the keys to success in his position.

A third soldier of great military and leadership skill was Gen. Omar N. Bradley. During a portion of the war effort, he found himself serving as a facilitator in support of Eisenhower, providing the logical explanations of policy matters and directives to other senior officers of U.S. and Allied forces. In that role, he persuaded by explaining the rationale for selected courses of action and was supportive of others as they expressed their concerns and reservations. General Bradley certainly demonstrated in a variety of critical situations during the war his command skills and his personal ability to inspire, but it is instructive to reflect on how he relied on his logical and supportive skills as one of Eisenhower's key facilitators.

For acquisition professionals a useful example of adjusting one's style to the demands of the task is the change effort launched by the U.S. Tank-Automotive Research Development and Engineering Center (TARDEC), the nation's laboratory for advanced military automotive technology. In their effort to achieve global technological superiority in military ground vehicles and providing affordable military systems and the most commercial competitive products, TARDEC's 1988 management team headed by Ken Oscar recognized that commitment and personal involvement would be fundamental. They would need to put customers first. They realized, however, that this would require commitment on the part of their employees (associates). To assure the buy-in of their people, they placed air conditioning in the main building (the number one complaint) even though rules and regulations indicated the arsenal was too far north and the number of cooling days too few (an anticommanding style move). Substantial renovation of 13 buildings was accomplished, costing more than \$35 million. Innovation became a paramount feature in the TARDEC effort (inspirational orientation) as evidenced by a first-

of-its-kind professional development program along with the establishment of TARDEC virtual university.

The phase approach to achieving their vision along with openness to innovative ideas provided the foundation for the TARDEC change effort. It was only after they'd creatively established credibility with their own associates (aligning, enabling, and motivating) that TARDEC leaders were ready to launch their customer focus. They set up a marketing office to coordinate customer requirements, expectations, and feedback, which go to Center scientists and engineers. Their Fielded Vehicle Performance Data System (FVPDS) team of associates developed a sophisticated database which accesses 20 different vehicle logistics and performance tracking systems, enabling TARDEC to anticipate customer needs and provide quick responses.¹⁷⁰

The TARDEC and general examples indicate that leadership is seldom a one-person job. Of course, the buck has to stop somewhere, but in day-to-day change efforts, it's better to share responsibility and learn what needs to be done from the people who get it done. James O'Toole writes "leaders fail when they have an inappropriate attitude and philosophy about the relationship between themselves and their followers."¹⁷¹ One of the most inappropriate attitudes is that the leader knows everything. O'Toole proposes that the best leaders always include people who are affected by change in the process of planning and making that change.

Awareness of one's leadership style is critical to being an effective leader of change. Although changing styles is difficult, awareness provides a basis for focusing on the style that best fits each stage of change. It helps leaders identify whether they are prepared to lead the entire change process or whether they might benefit from allowing others to do so with them.

Research shows that some groups do prefer certain style types. Comparing female and male MBAs was mentioned earlier. In another study, international MBA students scored higher on the supportive style and lower on the commanding style than the typical

¹⁷⁰ Department of Defense, "Total army quality," National Performance Review Internet Web site, 23 May 1997, Available on site <http://www.npr.gov/library/status/sstories//army.htm>

¹⁷¹ O'Toole, J., "Leading change: The argument for values-based leadership," Jossey-Bass, San Francisco, 1996, p.37

executive MBA student from the United States. Asian and Irish MBA students score higher on supportive than comparable U.S. MBAs. A group of presidential fellows at the University of Southern California, who were chosen by their respective schools for their potential as future leaders, had significantly higher scores in both inspirational and supportive styles than the population as a whole.

To stretch their leadership styles, leaders need to be aware of their predispositions. The LSI provides that information. By linking the LSI with the Five-stage Radical Change Model, leaders can see where they're own and their peoples' strengths and challenges lie. Knowing what you're best suited for and what others might more effectively lead is critical to achieving success in today's environment of radical change.

4.4 WHAT IT REALLY TAKES

When an organization is about to take on the work of strategy, the chief executive must be out in front. This part of my work will look at the key questions chief executives should be asking themselves and answering before strategy formulation can begin:

- Where in the organization does strategy unfold? What is the playing field?
- How do I define what strategy is and clarify the process for getting there?
- How will I lead my team? Who will be my key players-and who will serve us better from the sideline?

4.4.1 Knowing Your Playing Field: The Enterprise Model

Leaders know intuitively that strategy impacts every critical area of an organization. Let's define more closely the playing field upon which strategy unfolds.

The Enterprise Model shown in Figure 4.5. This 360° view portrays the critical areas for change and performance improvement in an organization; they are as interdependent as the various organs and systems of a living organism. It also shows the broad ranging impact of

the decisions made and actions taken throughout strategy formulation and implementation.¹⁷²

The work of an organization, the “business of the business,” lies expressly in the position it occupies in a given value chain between its suppliers and other resources (*upstream*) and its customers and other constituencies (*downstream*). Formulating a strategy is the platform from which a company defines its current place in the value chain and carves out the portion of the value chain in which it will participate in the future. This definition ideally distinguishes the organization from its competitors’ role in a similar value chain. In some radical instances, the formulation of strategy may dramatically redefine the value chain itself (for example, the Internet’s impact on delivery of goods and services in the business-to-consumer arena, which may eliminate an intermediary distributor altogether).

In the first phase of strategy formulation, external variables and influences are assessed. They include the following:¹⁷³

- *Environmental variables*: The expectations of governmental and regulatory bodies, the local and global communities where the organization operates, economic and technological trends, threats and opportunities, and trends in society at large.
- *Shareholders and the parent company*: The mutual relationship between the company and those who contribute to its financial strength and profit from its financial gains.
- *Customers and markets*: The mutual relationship between those who have needs that are potentially fulfilled by the organization and the products and services that might meet those needs.
- *Suppliers and resource providers*: The external sources of raw materials and components, as well as technology, people, capital, and even wholly outsourced capabilities.

¹⁷² Brach, Alan, “How Organizations Work: Taking a Holistic Approach to Enterprise Health,” John Wiley & Sons, New York, 2002

¹⁷³ Freedman, Mike, *Ibid.*, p.16

- *Competitors*: Others engaged in creating similar value. Competition occurs both upstream (for suppliers/resources) and downstream (for customers/markets).

The internal variables shown in the Enterprise Model constitute the components of the organization as it creates value. Foremost among these is strategy formulation. Any sound strategic vision will be based on assumptions and implications about the external variables listed above; however, the organization's strategic legacy also has certain implications. An examination of past strategic successes and failures, including the pursuit of product and market opportunities, complements the close examination of existing beliefs and values to contribute to the framework for strategic vision.

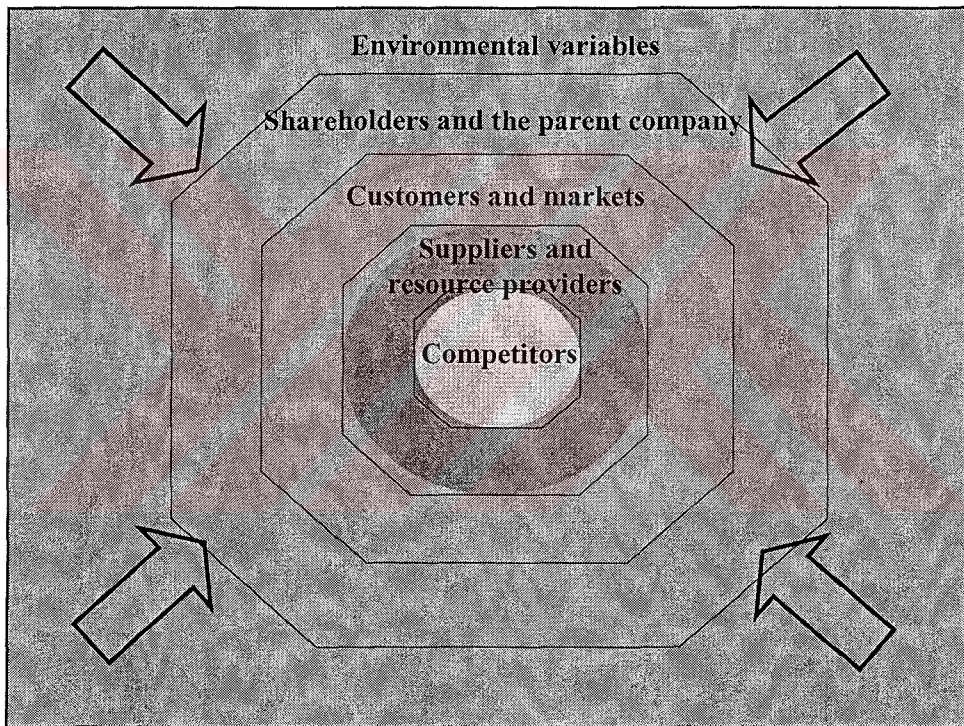


Figure 4.4 Framework for Strategic Vision

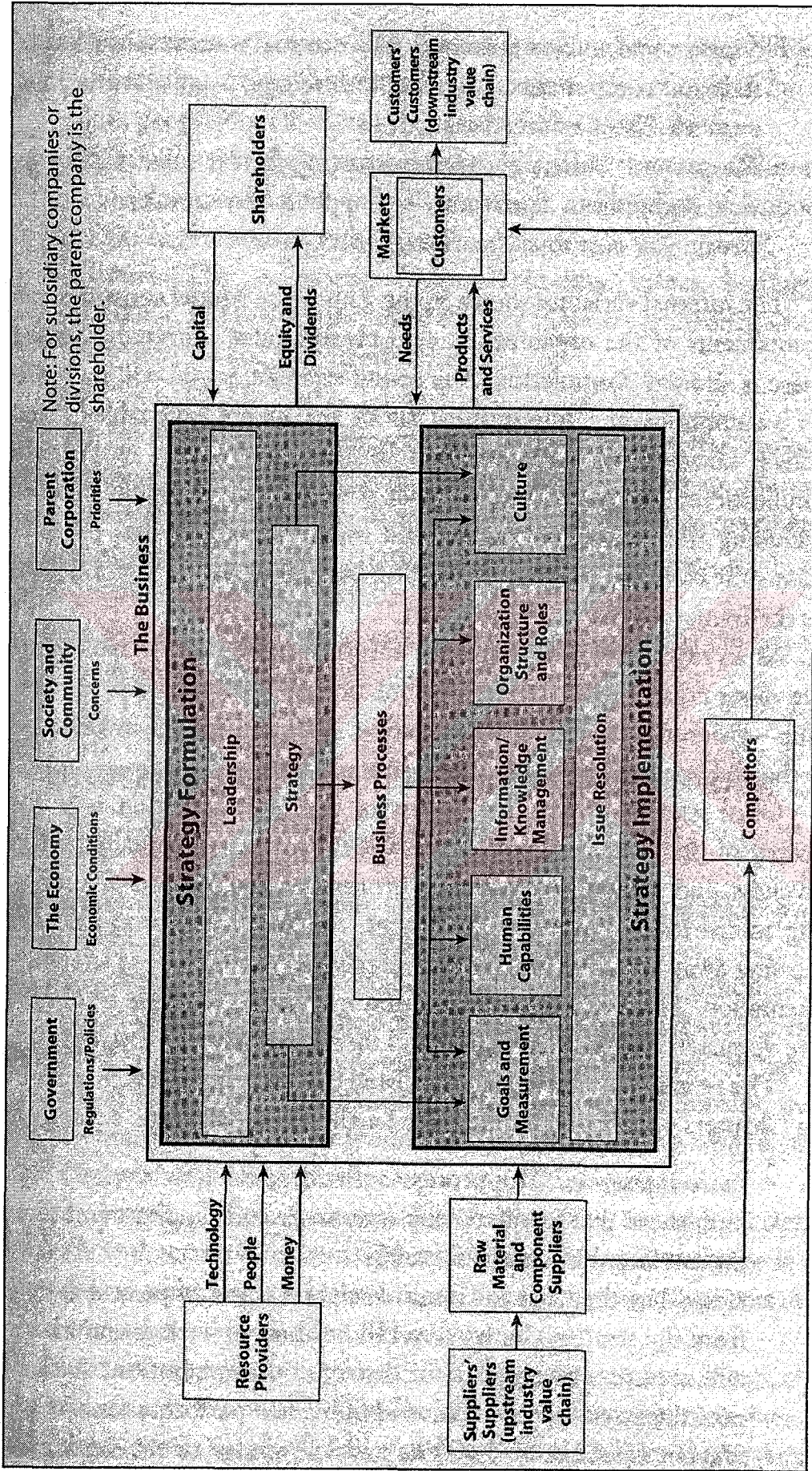


Figure 4.5 The Enterprise Model¹⁷⁴

¹⁷⁴ Ibid. p.13

As an organization prepares for future success, no internal factors are more critical than strategy formulation and its *leadership*. Leadership-visioning, developing, motivating, communicating, involving is the real horsepower of successful strategy formulation.

Once strategy is set, the success of its implementation is at the mercy of the organization's *issue resolution systems*. The quality, effectiveness, and speed of these shared processes and structures for applying information, gaining commitment, exploiting opportunities, and turning away threats will move the organization from vision to implementation.¹⁷⁵

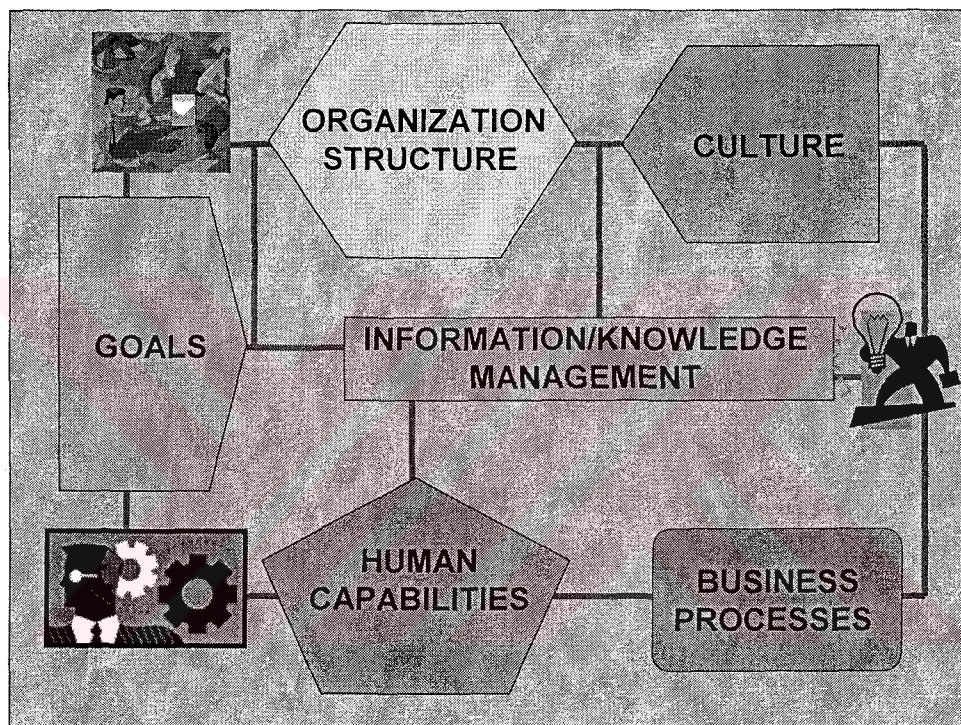


Figure 4.6 Internal Factors of Strategic Success

The remaining internal factors must also be aligned for strategic success:

- *Business processes*: The processes that describe how work is done, both those that interface with customers and suppliers and those that are more internally focused.
- *Goals*: The financial and nonfinancial measures of success derived from the strategy, both as overall business objectives and as specific measures cascaded down through the organization, that support the assessment of team and individual performance.

¹⁷⁵ Sinneck, Mike (Corporate Vice President, Microsoft Services), "Take Your Organization's Support to the Next Level" Available on site <http://support.microsoft.com/directory/factsheets/>

- *Human capabilities*: The skills and knowledge of the workforce, which may be of a process, content, or technical nature.
- *Organization structure*: The formal grouping of responsibilities and the reporting hierarchy, most often designed around function, geography, customers, products, or processes.
- *Information/knowledge management*: The data that are collected and subsequently analyzed, disseminated, and applied in support of the organization's value creation.
- *Culture*: The combined effect of behaviors, values, heritage, thinking, and relationships and the way these are embedded in an organization and its performance.

Each of these variables impacts, and is impacted by, the choices made during strategy formulation. The tasks undertaken to address each area constitute the strategy's implementation. When an organization embarks on the path to strategic change, the alignment of these variables with its strategy is critical.

The next step for any chief executive setting out on this journey is to understand the strategic task more precisely.

4.4.2 Understanding The Strategic Framework

4.4.2.1 What Strategy is

As noted before, strategy is the *framework of choices that determine the nature and direction of an organization*.

The *framework* as a whole establishes the boundaries or parameters that define the scope of business activity-in short, an organization's domain. The screens, or criteria, that determine what's "in" or "out" are derived from a variety of sources, such as the current domain, the organization's overriding beliefs and values, the competitive advantages identified, and shareholder and parent company interests.¹⁷⁶

¹⁷⁶ Bakeer, Karel De, "Risk Management Planning: How Much Is Goog Enough?," Available on site <http://www.risksig.com/articles/euro2002/1289.pdf>

For example, a privately owned Swiss trading firm, Gerad S.A., does not trade with terrorist regimes or their supporters; they also choose not to trade in weapons, tobacco, or alcohol. These activities would contradict the core beliefs of its devout Hindu owners.¹⁷⁷

Choices are made in three dimensions of the organization: the products and services that it will offer, the markets (customers, consumers, and geographies) that it will serve, and the key capabilities that it must deploy in order to take its products and services to its markets.

The criteria that guide these choices vary. We know of several global firms, for example, that have chosen to limit their entry into certain geographic markets based on the prevalence of an acceptable business climate characterized by a solid banking structure, minimal corruption, a minimum per capita gross domestic product (GDP), and an overall Western legal and business orientation.

The *nature* of an organization is what exemplifies it, describes its character, and makes its shape recognizable. For example, McDonald's is now the epitome of a "fast-food chain." Around the world, Intel means "chips," and Disney is synonymous with "family entertainment." The nature of an organization lends strategic coherence to its decision-making and communication.¹⁷⁸

Of course, a strategy also has much to say about the future. *Direction* is our term for the organization's future course. It encompasses the choices that will be made about future products and services, future customers and markets. For example, McDonald's could once have been described as a "hamburger chain," but that no longer applies. Through ongoing strategic choices about its direction, its nature has been redefined. Ford and other automobile companies have metamorphosed to encompass both products (agricultural equipment, even airplanes) and services (insurance, financing, and rental/leasing) that redefine their nature. Is BMW now a "transport company"? Is Daimler-Chrysler a "conglomerate"?

Every organization has a direction; it is headed somewhere. Unfortunately, in many organizations, that direction is not the result of a conscious choice. Chief executives who

¹⁷⁷ Lane, Neal (Assistant to the President for Science and Technology Policy), "Economic Perspectives-Biotechnology: Food Security And Safety," An Electronic Journal of the U.S. Department of State, October 1999, Available on site <http://usinfo.state.gov/journals/>

¹⁷⁸ Global Self-Organization, "The systemic structural challenge of the exchange of meaning, dramatized by the Asian financial crash," Available on site <http://laetusinpraesens.org/>

have the insight and the discipline to ensure that the use of an effective process leads the organization in a clearly defined direction lead the best organizations.

In a sense, organizations continually reinvent themselves as they make strategic choices. New markets may be pursued as certain criteria are relaxed, tightened, or revised; older products may be abandoned as the overall framework shifts based on new technological assumptions. This constant evaluation of what is in and what is out is a reflection of a shift in a dynamic strategy. Whether these changes are transformational or incremental, they arise as a result of the organization's strategic framework.

4.4.2.2 What Strategy Is Not

Many senior executives hold the erroneous view that, if an issue is long term, it is strategic: if short term, it is tactical or operational. They confuse duration with strategic importance. Long-range planning, for example, is primarily a financially oriented exercise in most organizations; its focus reflects and anticipates the results to be achieved through strategic choices but does not constitute the strategy itself.

Similarly, if a decision is large, involving, for example, a multimillion-dollar expenditure, it may not be strategic. Even the acquisition of a rival to pursue additional products, markets, or capabilities may not be considered strategic if the essential framework remains unchanged.

This is not to say, of course, that planning and other operational issues are not closely linked to strategy or are unimportant. Indeed, their strategic alignment is crucial. But the questions they address are of a quite different nature. Strategy is concerned with what an organization aims to be, and why. Operations constitute the how of getting there.

Organizations that have a clearly defined strategy but are weak operationally will need to determine whether their strategy is indeed correct, or whether a quantum leap in operational effectiveness is required. Those that attain short-term operational excellence without a coherent strategic vision run the risk of arriving-at the wrong destination-more quickly than expected.¹⁷⁹

¹⁷⁹ Keizer, Herman, "The National Security Strategy" Available on site http://www.crcjustice.org/crjs_art/crjs_peace_securitystrategy.doc

A chief executive's understanding of the distinction between strategy and operations will bring into clear focus the difficult tasks of his or her formulation and implementation teams. Effective strategy setting does not lend itself to magic-bullet thinking. No single concept will take the place of answering these nine central questions that form the core of a strategic vision.

4.4.2.3 Asking the Right Questions in Constructing the Strategic Framework

In order to create a clear strategy, the best strategic leaders will consciously seek answers to these nine questions:¹⁸⁰

1. What are the assumptions about various aspects of the external environment (demographic, economic, political, competitive) and internal environment that will guide our strategic decision-making? What are the implications for our organization of each of these?
2. What are the fundamental beliefs and values that guide how we do business?
3. Which products and/or services will we offer, and not offer?
4. Which customer and/or end-user groups will we serve, and not serve?
5. Which geographic markets will we serve, and not serve?
6. Which products and markets represent the greatest potential for growth? Which require the most significant investment?
7. Which competitive advantage(s) will enable us to succeed?
8. Which key capabilities must we have to take our products to our markets and support our competitive advantage(s)?
9. What financial and nonfinancial results do we aim to achieve?

These questions are few in number but powerful in application. Their answers constitute the framework for developing the vision, implementing it, and guiding its ongoing renewal.

¹⁸⁰ Freedman, Mike, Ibid, p.20

4.4.3 Choosing A Process for Strategy Engagement

Finally, a chief executive must choose the most effective strategy setting process for his or her organization. In today's volatile world, having a robust process to guide strategy formulation and implementation is nearly as important as the content of the strategy itself.

Two criteria should influence the CEO in making this critical choice of strategic process: the fundamental nature of the process itself and the specific steps suggested for moving an organization through the process. Any sound strategy process should be based on a systematic questioning approach; it should also include, in some form, the five steps of analysis, formulation, planning, implementation, and review.¹⁸¹

4.4.3.1 The Nature of the Process: The Power of Systematic Questioning

As described above, the task of strategy formulation is to seek answers to the nine key questions about the nature and direction of the business. Let's consider here what might best characterize that search.

*Strategy is built around the answers to a vital few questions, rather than masses of data. Typically, consultants from a traditional strategy boutique might pose a hypothesis -for example; about growth or product leadership- and then undertakes massive studies to prove its validity. There is an unfortunate assumption implicit in this approach that the top executives of an organization know less than their consultants do. This just doesn't square with our experience. The vast majority of top teams we've encountered know their industry, their markets, and their value chain more intimately than outsiders ever could.*¹⁸²

If there are significant gaps in the strategic intelligence and knowledge of an organization, and most specifically among the members of its top team, there may be a need to fill these, either internally under guided facilitation, or through the use of external sources to provide the information-but *not* to set the strategy.

Although factual research can be helpful in assessing external variables, there is plenty of room for common sense and judgment. If details about a particular market are required to make critical decisions, we promote the gathering of that data and the analysis needed to

¹⁸¹ Sherer, Susan A., "The Role of Strategic Vision and IT Governance" Available on site <http://csdl.computer.org/comp/proceedings/hicss/>

¹⁸² NASA, "1990 update to Strategy for exploration," National Academy Press, Washington, 1990

make good strategic judgments. Most often, however, members of the top team are perfectly well informed about the particular trends and quandaries of their businesses.

It may not even be the content experts who have the most to offer. In the early 1990s, Jim Breisinger was the financial controller for consumable industrial tooling giant Kennametal Inc.; he was called to Europe to bring operations there under a single umbrella. Clearly, it wasn't content expertise that defined his leadership. There, as he led his team through setting strategy, he quickly acknowledged, "the people who were in these European businesses obviously knew more about them than I did. At that point, it was process questioning that could bring people together very quickly and very efficiently in charting a future course and forming a cohesive business unit."¹⁸³

We believe it is more effective to set the top team to work on the vital few strategic questions than to have them mull over detailed data or the hypotheses of their consultants. Soon enough, this focus on a set of systematic questions will reveal any data gaps that must be filled in order for the team to reach sound conclusions. And when leaders insist that the team focus on these questions, they nurture the development of strategic thinking skills in the organization.

Solid process questions will yield greater strategic dividends than narrowly focused, content-driven questions. We believe that exploring some types of questions yields far greater dividends than exploring others. Consider this example: A strategy team, contemplating expansion of its African markets, might pose these content questions:

- When should we enter the sub-Saharan marketplace?
- Which countries in that marketplace should we go into first?¹⁸⁴

Now consider these process questions about the same decision:

- Should we pursue growth through entering new geographic markets in Africa?
- What are the criteria we should use for selecting new markets?
- Which alternative markets should be considered?
- Does the sub-Saharan market meet our criteria better than other alternatives?

¹⁸³ Available on site <http://www.kennametal.com/en/>

¹⁸⁴ Bennis, Warren, "Reinventing Leadership: Strategies to Empower The Organization," William Morrow & Company Inc., New York, 1995

- Which factors have influenced the success of our previous market forays?
- What potential problems might we encounter?¹⁸⁵

These questions are much more powerful and useful than those that are content oriented. A process approach to identifying and resolving issues involves a logical sequence of steps to gather, organize, and analyze information. We call this *rational process*.¹⁸⁶ It has the advantage of being universal since it is independent of the context in which it is applied. It allows for analytical and creative thinking. Properly applied, the questions that stem from it leave no place for executives to hide. Adopting such a common approach throughout the strategy process enhances the probability of success not least because there is a shared understanding of the logic behind the strategic thought process and the resulting conclusions. As Keith Alm says, “It is the mix of rational analysis and creative juices that makes the process so powerful. Our facilitators asked tough questions and stimulated out-of-the-box thinking.”¹⁸⁷

Strategy implementation, as well as formulation, will be enhanced by the use of rational processes for making decisions, solving problems, and analyzing potential problems and opportunities. These processes also form the cornerstone of the issue resolution component of the Enterprise Model.

The success of strategy formulation and implementation depends on the skill and commitment of the top team. We do not arrive with a predetermined preference for a strategic alternative. Our role is to assist clients in crafting their strategy in response to the key questions. In that very difficult task, top teams find that a systematic, rational process not only improves the quality of their strategic vision but also helps to cement the commitment needed to carry it through.

Rational process provides the team with a common vocabulary to cut through the semantics of words-and politics-that may drive them apart. Within the framework of a common language, participants can make their best personal contributions. With a sequence of powerful questions, participants are able to disengage from the hidden agendas and power plays that plague many senior teams.

¹⁸⁵ Ibid.

¹⁸⁶ Kepner, Charles H. & Tregoe, Benjamin B., “The New National Manager,” Princeton Research Paper, New Jersey, 1981

¹⁸⁷ Available on site <http://www.buox.org/old/local.html>

Most importantly, this level of participation in frank, focused debate on the toughest questions brings a team tremendous pride and ownership in the common vision they forge. And that ownership is the foundation for the unwavering commitment that will be required of them to succeed in implementation.

The importance of this strategic cohesion cannot be underestimated. In 1996, when the Bank of Ireland acquired Bristol and West Bank, it was in large part the strength of the Bristol and West's top-to-bottom commitment to their recently crafted strategy that distinguished them from other candidates, impressed their buyers, and sealed the deal.

4.4.3.2 The Roadmap: The Five Phases of Strategy Formulation and Implementation¹⁸⁸

At this point, the challenge becomes: What are the critical steps for setting and implementing strategy? How will we get from where we are today to where we'd like to be in the future? Figure 4.7 outlines the five phases of work for addressing the strategic dimension of an enterprise.

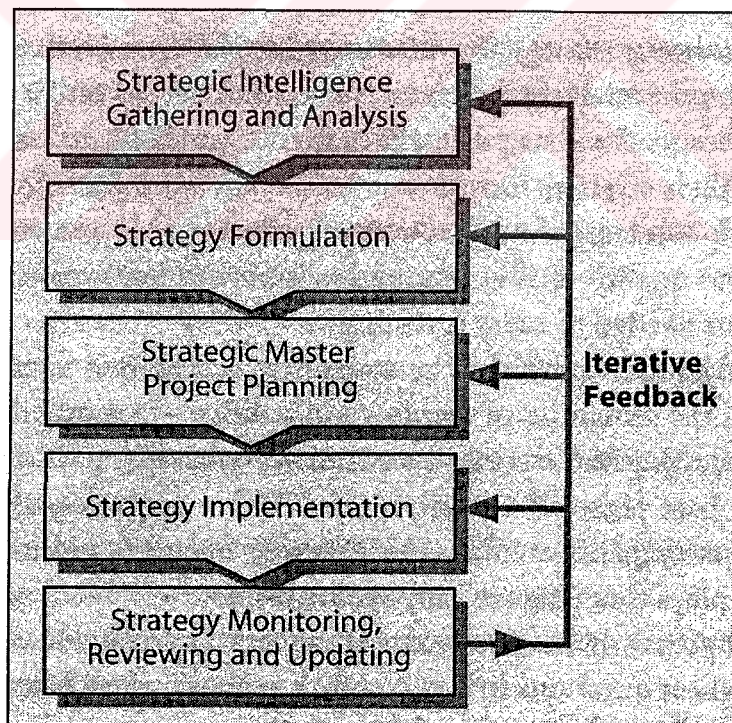


Figure 4.7 The Five Phases of Formulating and Implementing Strategy

¹⁸⁸ Freedman, Mike, Ibid, p.26

4.4.3.2.1 Phase 1: Strategic Intelligence Gathering and Analysis

In Phase 1 an organization's executives assess the present and likely future trends in markets, competition, technology, regulations, and economic conditions. They also examine certain internal variables: the organization's values, capabilities, product and market results, and past strategic endeavors. The strength of the assessment depends on the depth and breadth of the information examined, as well as the ability of the top team to draw valid conclusions. The team develops a set of assumptions about the future, the resulting implications for the organization, and a profile of the environment in which strategic decisions will be made.

4.4.3.2.2 Phase 2: Strategy Formulation

Based on the Phase 1 outputs, the top team examines alternative futures and then selects and creates the strategic profile or vision, addressing the nine key questions of strategy formulation mentioned earlier. The quality of the formulation depends on the strength of the process through which the team makes these decisions, as well as the strategic capabilities of the team's members.

4.4.3.2.3 Phase 3: Strategic Master Project Planning

Based on the strategic vision, a significant number of projects emerge, often several hundred; these are the tasks that must be completed to ensure successful strategy implementation. Using sophisticated project management methods, a plan for how these projects will be clarified, prioritized, sequenced, scheduled, resourced, executed, and monitored is created. Projects that will have the most significant impact may be identified in an optimal project portfolio. Overall, the strength of implementation planning depends on the relevance of the actions chosen to convert strategic decisions to operational reality and on the quality of the project management process.

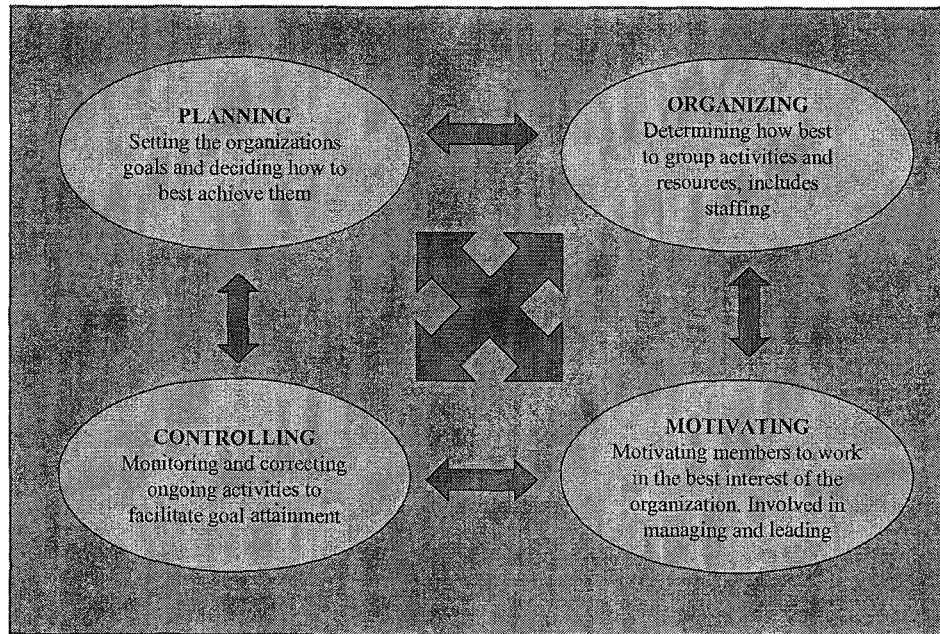


Figure 4.8 Management Process

Such projects will span diverse activities. A new product launch may require, for example, information technology support, amended performance expectations for product developers, even a shift in the organization's structure to foster collaboration. To fill a capability gap, a project to identify an outsourcing solution or an acquisition may be needed.

4.4.3.2.4 Phase 4: Strategy Implementation

With a well-crafted plan in hand, implementation begins. Several elements affect its success. Foremost, of course, is the quality of project execution. Every plan also requires a major communications effort and broad employee involvement; many will include significant training in issue resolution skills. Throughout, the progress of each project is systematically reviewed, and modifications are made as necessary.

4.4.3.2.5 Phase 5: Strategy Monitoring, Reviewing, and Updating

To ensure its continuing efficacy, the strategy must be monitored regularly. Phase 5 includes the review of both internal indicators -progress against strategic goals and measures, and progress on implementation projects- as well as of external indicators, that is, the continuing validity of basic assumptions upon which the vision was created.

Feedback comes from many sources: long-range planning and budgeting activities; ongoing operational projects that compete for key resources; communication with employees, customers, and suppliers; and the progress made on implementation projects.

At Hallmark International, the top team understands the importance of securing strategic continuity. “Very few people understand,” says Alm, “the commitment made by our senior leadership to ensure that the strategic process doesn’t have a start or finish. We do a complete review once or twice a year, but it’s not a one-time activity.”¹⁸⁹

4.4.3.3 The Iterative Construct

Strategy is never a linear, one-time effort. At any point in the five phases, new information will enable the team to ensure the strategy’s continuous renewal. Key decision points are revisited. A strategy must never be isolated from the outside world or from internal activities vital to an organization’s success.

From the description of these phases, it is clear how much time and attention must be devoted to strategic activities-and not just by the top team. As an iterative process, it broadens the strategic dimension of the jobs of most management and executive employees-something we find is needed in most companies.

4.4.4 Putting the Team in Place

Finally, the chief executive must assemble his or her team, optimally made up of 8 to 12 members. Though many criteria play a role in the choice of team members, the following are some of the most important:¹⁹⁰

- *The appropriate people:* Are your prospective members working at the highest levels, with significant responsibility? Will their leadership inspire a large segment of the organization? Do they have the right distribution of expertise? Have you included those who “should” be involved, while making room for the unexpected but creative contributor?
- *Good judgment:* Have you identified team members who are able to move beyond systematic, fact-based analysis to act on their best instincts and judgment? As the chief executive, do you trust their judgment? Doug Todd, managing director of

¹⁸⁹ “Facts About Hallmark International,” Available on site http://pressroom.hallmark.com/hmk_international_facts.html

¹⁹⁰ Freedman, Robert, “Creating Global Leaders,” Available on site <http://www.chiefexecutive.net/depts/>

Crown Greetings (a Hallmark subsidiary), admits that he requires detailed analyses from managers whose judgment he finds shaky or knows too little about. Yet, if he knows that an individual has subjected information to rational thinking processes, Todd may be willing to act without knowing all of the details. Strategy formulation puts a premium on visionaries who also have a firm grip on reality.¹⁹¹

- *Passion and courage:* These qualities distinguish those who lead from those who manage. Later in the process, financial planners and operational managers will have their day. But in formulating strategy, team members must accept assumptions that are rapidly shifting, overcome time frames that are impossibly brief, and prepare for the worst. You want team members who thrive on these challenges.
- *Collaboration:* Team members will need to balance their passion to persuade with the grace to compromise. At the end of the day, they must be willing to accept the outcome of a rational process and their collective wisdom, put politics aside, and commit to the solidarity of the team.
- *And above all, strategic thinking ability:* Along with most senior leaders, we believe there are mental attributes that predispose individuals toward this intellectual work. Those best suited to the task have the following:
 - *Conceptual strength:* The ability to think incisively and systematically about abstract matters.
 - *A holistic perspective:* The ability to see the whole picture without being constrained or misled by its various parts.
 - *Creativity:* The ability to think out of the box, to come up with radically new ideas, and to move beyond existing constructs.
 - *Expressiveness:* The ability to translate abstract thinking about the organization into clear words and pictures that are understood by others.
 - *Tolerance for ambiguity:* The ability to analyze effectively even when the information available is incomplete or conflicting, or when there is great pressure to adopt a particular solution.

¹⁹¹ Available on site <http://treasurer.maricopa.gov/todd.html>

- *A sense of stewardship for the future:* The willingness to consider options that may sacrifice short-term gain to protect the organization's resources over time.

The alternative, of course, is to hire a strategy consultant to do the team's thinking for it. That was an option Keith Alm of Hallmark International never considered.

Says Alm, "I had no desire for a band of consultants from New York, New Jersey, and the United Kingdom to come in and solve my problems for me. I wanted my managing directors to find the solutions 'within,' so that they really owned them. And to do that, they had to start thinking strategically."¹⁹²

Putting together the strategy team was no easy task for Alm. Hired from outside Hallmark, he took on responsibility for every non-U.S. Hallmark operation. Alm himself was an experienced strategist, but the potential team was a different story.

Alm reviewed his existing leadership constituency; most were the managing directors of their operations. Several new people who came on board through recent acquisitions had to be included as well. Over the next 3 months, he met with this "first-cut" team to begin walking through the strategy process.

Alm says: "The process gave me a chance to observe who was embracing [strategic thinking], who wanted to take it forward, who was rejecting it, and who was getting lost in it. We were able to determine who could be brought up to speed, whose participation was not productive, and whose role would be deferred until the long-range planning process. We turned over roughly a third of those we started with, and we brought new members in. Our single point of focus was that everyone at the table had to be a leader. The only other criterion was that they not be engaged in managing a crisis or critical project whose failure would really damage us."¹⁹³

Among the qualities Alm found lacking in those who couldn't think strategically were these: no generation of new ideas, no forethought regarding dynamics in their own markets, no relationship to the consumer, and a penchant for adapting North American practices to the local marketplace through intuition alone.

¹⁹² Available on site <http://www.buox.org/old/local.html>

¹⁹³ Combes, Melissa, "Alm finds compatible corporate culture, success at helm of Hallmark International," Available on site <http://www.mba.wfu.edu/alumni/mags01p1.html>

The chief executive is instrumental in the team's success. Often, he or she is the one who can suggest which individuals might work well together or how a newcomer's observations or skills can inform the process. Most importantly, he or she role models the art and discipline required by demonstrating tolerance for creativity and insisting on a disciplined approach to inform the team's collective judgment.

4.4.5 Strategic Leadership in Action

Keith Alm's will for strategic action fits the profile of other successful chief executives with whom we have worked. He was relatively new to his job at Hallmark International, took the helm when the international business had been eroding for a number of years, and had an urgent need to "understand what my resource structure was like and the capabilities of my people."¹⁹⁴

Like other smart chief executives, Alm understood that embarking on strategy formulation would give his team a chance to reflect on their overall nature and direction, to assess their potential for strategic leadership, and to unite behind a clear process and a coherent vision. It's no surprise that nearly half our engagements are done with top executives who have been in their positions for less than a year.

Alm also moved quickly from stemming the operational hemorrhage to the strategic reinvention of his business. Victor Rice, who served as CEO of the agricultural equipment giant Massey-Ferguson (and its successor companies, Varity and Lucas Varity) in the 1980s and 1990s, faced a similar challenge. There, in a situation that could have resulted in Canada's largest-ever bankruptcy, top management gave their absolute commitment to the time and resources required for strategic renewal. At times when the payroll was barely met, the senior team worked tirelessly to balance their day-to-day operational imperatives with the work of strategy formulation.¹⁹⁵

That team embodied the leadership required. So can yours. But first, it will need your commitment to these critical tasks: clearly understanding the organization's internal and external drivers; agreeing to a common definition of strategy and the key questions it will answer; selecting a comprehensive process that ensures the strategic vision will not gather

¹⁹⁴ Alm, Keith, "Moderated Business Panel: Trade & Investment," International Trade Club of Greater Kansas City, Inc., Available on site <http://www.itckc.org/WTW/>

¹⁹⁵ "Reuters Business Report: Lucas Varity CEO not joining TRW," Available on site <http://static.elibrary.com/r/reutersbusinessreport/april211999/>

dust in a drawer; and assembling a team that will be diligent in pursuing excellence in strategic thinking.

4.5 TAKING LEADERSHIP to THE NEXT LEVEL

Leaders determine whether an organization succeeds or fails. Carolyn Corbin have come to this conclusion after exploring workplace changes over the past 15 years and writing two other books on socioeconomic subjects. His first book, *Strategies 2000*, resulted from an IBM leader's astute assessment of the future. While he was on a consulting assignment with IBM, the leader approached him about conducting research and presenting a seminar to IBM employees about what would happen between 1985 and the year 2000. The leader told him that he perceived that as competition became stiffer, IBM would eventually be forced to do something that they had never done before-downsize significant numbers of people. He wanted the people in the group he managed to envision the future so they could plan ahead.¹⁹⁶

In conducting the research, he became so fascinated with the information that he used the original idea to conduct detailed research in 1986 that reached beyond the initial IBM assignment. From this research he formulated the observations that eventually became *Strategies 2000*, a book in which he made some bold claims. At the time, Japanese business was a real threat to U.S. manufacturers. Oil prices had dropped to approximately \$9 per barrel. Hundreds of thousands of people were losing their jobs. The future seemed frightening. Yet in the book he claimed that by the year 2000, the United States would be experiencing prosperity. He also warned the workforce, including leaders, that it would be wise to become career self-reliant. He coined a word to describe this independent free agent who is capable of working within and without an organizational structure.¹⁹⁷

As founder and president of the Center for the 21st Century, a think tank based in Dallas, Texas, he work with organizations of all types and sizes from the Fortune 500 to small entrepreneurial shops. His associates and he help organizational leaders formulate a vision of their organization's future and aid them in implementing plans to reach their long-term goals. The Center for the 21st Century assists leaders in defining and accomplishing their desired futures.

¹⁹⁶ Corbin, Carolyn, "Great Leaders See The Future First," Dearborn, Chicago, 2000, p.3

¹⁹⁷ Ibid. p. 4

4.5.1 Leadership at All Levels

At the Center for the 21st Century, they are noticing that leadership is increasingly required throughout the organization-not just at executive levels. The numbers of knowledge workers -workers who earn their living by analyzing, managing, and making judgments based on knowledge extracted from information- are growing exponentially. These types of workers will be called on to exhibit leadership skills at one time or another. Thus, in increasing numbers of cases, leaders are also considered to be workers. The line between leaders and workers is blurring. The only difference may lie in the type of work or function that each category performs. Leadership and management will be used synonymously. I feel strongly that managers must be leaders and that leaders must have at least a general knowledge of management techniques. In the 21st century, being good is not enough. Instead, leaders must operate at the next level-they must be great. Great leaders understand that they must see the future first, decide how to go there, and know what to do before they arrive.

I agree with Peter Drucker's observation that 90 percent of all organizations are led in similar ways.¹⁹⁸ Leadership is not confined solely to the large and small business domain but is equally important in government, nonprofits, religious organizations, health care, educational institutions, and in the family structure. In this work, I concentrate on the similarities of leaders in all organizations.

Many of today's leaders exist at a level on which they have been operating successfully for the past two decades. I call this Level 1. Rather than moving beyond Level 1, leaders are seeking to mature at the present level. The question is, should leaders do more of the same better, or should they move to an advanced operating level? Leaders must learn to function at the next level, or Level 2. Continuing to exist on Level 1 will soon render a leader obsolete.

Beginning in the early 1970s, business became highly competitive. During the 1980s and 1990s, organizations were forced to streamline operations and reduce overhead to compensate forever-decreasing profit margins. By the late 1990s, many organizations had become highly productive and were taking part in the American economic boom. As the calendar rolled over into the 21st century, organizations found themselves wanting to do

¹⁹⁸ Drucker, Peter F., "Management's New Paradigms," *Forbes*, New York, 1998, p.156

even better. To maintain the high level of productivity in an even more competitive global marketplace, leaders must think and operate quite differently in the future.

Let's discuss Level 1 and Level 2 so you can determine what you need to do to move to the second level, unless your scores indicate that you are already operating on Level 2.

4.5.2 Operating at Level 1

Nine indicators reveal that leaders are operating at Level 1 when they do the following:

1. React to marketplace conditions
2. Favor hard skills
3. Are constantly busy
4. Lead in a fast operating mode
5. Concentrate on gathering and analyzing information
6. Manage turbulence
7. Employ traditional methods of marketing and communicating
8. Regard workers and organization as static and position oriented
9. Sacrifice innovation to pursue continuous improvement

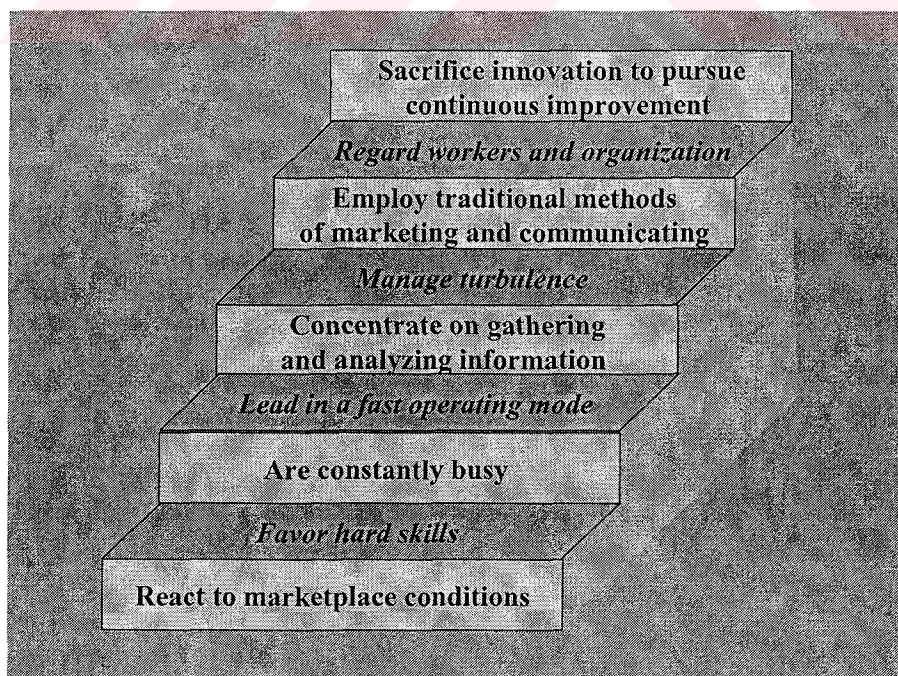


Figure 4.9 Level 1

4.5.2.1 React to Marketplace Conditions

Flexibility is at a premium, and leaders must move at warp speed so their organization's revenue will not be adversely affected. For example, the airline industry suffers from employee strikes. Leaders are caught reacting to severe customer inconveniences. The rapid introduction of e-commerce companies on the Internet is causing traditional companies to scramble to create e-commerce departments solely for the purpose of offering their products and services for sale on the Internet. Not being on the Internet can be devastating to an organization. Because many institutions never anticipated the impact of the Internet, they are forced into a reactionary mode.

4.5.2.2 Favor Hard Skills

During the industrial revolution, bottom-line hard numbers began to drive corporations. In most cases, the bottom line continues to be the primary measurement of an organization's success. Being able to measure the bottom -line numbers is important- extremely important. However, are hard numbers always the endgame in determining organizational success? Are membership numbers entirely indicative of a church's achievement? Are profits the sole determinant of a corporation's attainment? Change agents who approach organizational transition in a mechanistic way are hitting a brick wall. For example, downsizing that results in overworking the survivors is demoralizing. Commitment is lost. Mistrust prevails. The price for efficiency is being paid with the cost of effectiveness.

4.5.2.3 Are Constantly Busy

Many leaders, especially those in a no business entity, are content to remain busy. But busy does not always mean productive. As change happens rapidly, organizations find themselves stricken by analysis paralysis, and leaders of these organizations feel that being busy justifies their existence.

Carolyn Corbin was recently called into a nonprofit organization to assess its operating environment and recommend ways to increase productivity. He refers to the organization as the CE Corporation, although that is not its real name. He immediately observed the seemingly incessant meetings that the leaders were attending. Every time he met executives in the hallway, they were charging forward to attend yet another meeting. The senior managers were always tired and seemingly overworked. They constantly complained about not having enough hours in the workday.

Then he attended one of CE Corporation's all-day meetings and discovered a major problem. The president ran the meeting on an unfocused, loose agenda with a lot of debate but without reaching consensus. The meeting was adjourned only to set a time for another session to rehash the last meeting. Busy, yes! Productive, absolutely not! Valuable time, energy, and money were being wasted.¹⁹⁹

4.5.2.4 Lead in a Fast Operating Mode

The organizational environment today is fast. Change happens so rapidly that executives must run just to keep up with the status quo. In fact, a very successful business magazine is appropriately entitled *Fast Company*.²⁰⁰ Shortly, however, the current speed defining fast will not be fast enough. The economic climate is such that organizations are experiencing tremendous prosperity. What will happen when global competition increases? Is the present level of speed adequate?

4.5.2.5 Concentrate on Gathering and Analyzing Information

One of the hallmarks of a leader is to make good, quick decisions based on adequate information. The present level of information gathering for decision-making is rapidly becoming obsolete. It is not enough to identify mission, assess strengths and weaknesses, identify target markets, know the competition, and formulate a rather short-term, stop-gap game plan based solely on knowledge and information gleaned from an isolated executive team. Successful decision-making requires more.

4.5.2.6 Manage Turbulence

For the past two decades, leaders have been asked to manage their organization in the midst of turmoil. It is now a given assumption that organizations are complex systems and that chaos will abound a majority of the time. Leaders assume the only thing that can be done with chaos is to live in it and manage it to the best of their ability. Even mathematicians believe that most chaos is unpredictable, thus catapulting the people leading these organizations into an eternal reactionary mode.

¹⁹⁹ Corbin, Carolyn, "Strategies 2000," Dearborn, Chicago, 2002, p.8

²⁰⁰ Webber, Alan M., "Learning for a Change," *Fast Company*, May 1999, p.178-188

4.5.2.7 Employ Traditional Methods of Marketing and Communicating

Surprisingly, continuing to see organizations trying to reach their customers in the same ways they have used for several years. They employ media advertising, direct mail, and telephone solicitation without considering electronic online media. Many suppliers continue to sell strictly through retail walk-in establishments. Religious and educational institutions invest heavily in facilities that indicate the institutions' assumption that their customers will continue to come to them as in the past. They proliferate the *talking head* approach. Lengthy newsletters doubling as marketing tools arrive in the mail, only to be glanced at and thrown away.

Approaching the arenas of marketing and communicating as they have always done is causing many organizations to miss innovative and lucrative opportunities.

4.5.2.8 Regard Workers and Organization as Static and Position Oriented

Other than rightsizings and natural attrition, companies have assumed that the people in organizations are relatively static. There continues to be an unwritten understanding that the majority of employees are hired to be permanent and occupy a specific position within the organizational structure.

One major corporate executive has commented to me that he hopes the relationship with everyone he hires will be permanent. "Like a marriage," he indicated, "not all employer-employee relationships work out. Our organization hires workers. If our needs change, we downsize. It's less expensive to have permanent workers on our payroll than to work with great numbers of temporary labor in order to avert layoffs."²⁰¹

Questioning that it is less expensive-all compensation and other costs considered-to hire permanent employees rather than outsource certain work or contract project workers.

4.5.2.9 Sacrifice Innovation to Pursue Continuous Improvement

Although change seems to be constant, leaders feel that one of their major goals is to do what they are now doing even better. Continuous improvement is understood to be an avenue to progress and greater quality of customer satisfaction. Although constantly refreshing present products and services is commendable, it is not enough. Customers bore easily. The competition will be introducing newer products and services. By concentrating

²⁰¹ Corbin, Carolyn, "Great Leaders See The Future First," Dearborn, Chicago, 2000, p.9

solely on continuous improvement of existing products and services, organizations will eventually render themselves obsolete.

The nine characteristics discussed above describe leadership on today’s level-Level 1. To rise to the challenges of the near future, however, leaders must move up to Level 2, the level of great leadership during the first decade of the 21st century.

4.5.3 Moving to Level 2

By the year 2010, great leaders must be on Level 2 or they will be ineffective. When leaders climb from Level 1 to Level 2, they will make nine transitional movements:

LEVEL 1	LEVEL 2
Reacting	Strategizing
Emphasizing hard skills	Focusing on the whole person
Being busy	Becoming productive
Leading in a fast environment	Leading at warp speed
Gathering information	Gathering intelligence
Managing turbulence	Preempting chaos
Employing traditional methods	Operating via electronic mode
Managing positions	Managing people flow
Doing the same things better	Improving processes through innovative ideas, products, and services

Table 4.3 Level 1 and 2

4.5.3.1 Strategizing

Instead of merely being flexible and reacting to rapid change, great leaders will adapt and use proactive strategy. A new form of strategic planning is emerging that involves a ten-year, big-picture, flexible plan. Even though the future seems to be a moving target, it is necessary to plan for it. Although strategic planning has been around for a long time, two new pieces have been added. The first piece involves projecting things that might occur and mustering the resources necessary for such contingencies. In the past, planners would strategize what *will be*. Now they must strategize what *might be*, assess the probability of occurrence, and be ready for each event that is highly probable.

Another piece of today’s strategic plan is that it is now formulated by the whole company and no longer just by the leaders. Often, workers see trends and sense necessary

competitive moves before executives detect them. Although strategic thinking can be taught, some workers are more naturally gifted in that area. Identifying those people and honing their specific skills adds to organizational effectiveness.

4.5.3.2 Focusing on the Whole Person

Hard skills are not all there is to organizational success. More than ever before, soft skills help to determine an entity's destiny. A person comes to work, lives in a community, may volunteer at a local charity, and may have a particular religious affiliation. The quality of home life affects all other aspects of a person's existence. Conversely, the quality of all other aspects of one's reality affects the individual's home life.

Traditional male domains are slowly feminizing. Women generally offer such soft skills as nurturing, emotional intelligence, and relationship cultivation. As more women have joined the workforce, typically hard masculine skills of bottom-line orientation and numeric measurement are being combined with traditionally soft feminine skills to form an androgynous organization—a place that addresses the needs of the whole person.

4.5.3.3 Becoming Productive

Being busy is no longer enough. Becoming measurably productive is important. The measurement of productivity requires that an organization have a strategy stating what the organization has set out to achieve. In a given period, actual achievements are measured against mutually agreed-on targets. In the industrial world, productivity can be defined as output-per-person-hour. In the arena of the knowledge worker, productivity is defined differently. Successful outcomes within a specific period most nearly equate to knowledge worker productivity. Both quantity and quality must be taken into consideration. The end user's feedback is also very important in rating productivity in this information age.

Because time is a key variable in the productivity equation, nonessential busy tasks must be eliminated. The idea is to accomplish as much as possible within budget and time constraints while pleasing the end user.

4.5.3.4 Leading at Warp Speed

Fast will become faster. As Europe, Asia, and more third-world countries become greater contenders in the global economy, the speed with which products and services will be introduced into the marketplace will increase. Stiffer competition will breed the need for

faster transactions and more innovation. Rapid reaction to marketplace change is not enough. Executives must think at the rate of warp speed.

Warp speed is redefining the whole global power and economic structure. This revolutionary, earthquake like shift is rumbling through every organization. The message is *keep up* or *step aside*. Those people who can lead the organization at this unprecedented rate of speed will be compensated well both monetarily and psychologically.

For this to happen, great leaders must be totally committed to the organization's mission. A major challenge will be workers' stress tolerance. At some point, pressure becomes so great that morale and commitment break down. To avert this disaster, workers will be forced, through self-defense, to find creative ways to cope. Work must be structured to balance the stress load. Teamwork must be promoted. The work environment must be designed for stress reduction.

4.5.3.5 Gathering Intelligence

Decision-making based on random single source data gathered by subordinates or independent agencies falls short of expectations of dynamic leadership. Leaders will drive the intelligence gathering that takes place in their organization.

Whole units will be responsible for gathering, housing, analyzing, synthesizing, reporting, and managing information to convert it into practical, useful knowledge. This systematic process of converting information to knowledge is known as gathering intelligence-or intelligence gathering. Knowledge workers will specialize in specific areas of intelligence gathering. For example, competitive intelligence, which is knowledge about the organization's competitive market, has become so popular that an association -the Society of Competitive Intelligence Professionals- caters to people engaged in the field.²⁰²

4.5.3.6 Preempting Chaos

Because turmoil is destructive, leaders will learn to preempt chaos rather than manage in spite of it. Knowing that chaos is a predictable phase of change, leaders can learn ways to reduce the consequences of the transition process. By anticipating factors that might arise, great leaders introduce interventions as preemptive strikes against organizational

²⁰² "Journal of Competitive Intelligence and Management," Society of Competitive Intelligence Professionals, Available on site <http://www.scip.org/news/jcim/>

turbulence. Survivors of chaos are always different after the period of turmoil than they were before the turbulence was introduced. If the chaos is severe, the people in power before the turmoil in many cases are not the same people who rise to prominence in the renewed organization. The classic illustration of this concept is the demise of the big, powerful dinosaur after a sudden shift in the planetary environment. The mammal became the dominant species when the dinosaur could no longer survive.

4.5.3.7 Operating via Electronic Mode

Online organizational business is moving forward much faster than most leaders expected. Carolyn call the transition a movement from *t-mode* to *e-mode*, or traditional to electronic mode. Retailing will never be the same again. Buying and selling by electronic means will replace much of the traditional walk-in, phone-in, and mail order business. Stocks and bonds, books, banking services, automobiles, travel, toys, and toothpaste-all can be bought through the Internet.²⁰³

Almost everything possible is being distributed online. The middleperson is becoming extinct. This phenomenon of combining business with technology has become so universal that it now has a name -e-business or e-commerce- and universities are scrambling to offer degrees in the new discipline.

The letter e for electronic will proceed, and already is preceding, many industry categories; for example, e-publishing, e-tailing, and e-medicine. The Internet will become the number-one medium for organizational business-to-business transactions.

Consumer spending online is at least doubling each year, a phenomenon that equates and even exceeds the initial growth of the telephone, automobile, or television. Great leaders must grasp this organizational medium or face extinction. Obviously, dot.com companies generate most, if not all, of their business online. Such large companies as IBM, Ford, and General Motors could have 25 to 50 percent of revenue generated through e-commerce by 2005.²⁰⁴

²⁰³ Corbin, Carolyn, Ibid, p. 9

²⁰⁴ Porretto, John, "Linux finding niche in automotive industry," The Mercury News, November 25, 2002, Available on site <http://www.mercurynews.com/mld/mercurynews/>

4.5.3.8 Managing People Flow

With stiff competition and reduced profit margins staring all organizations in the face, great leaders will become adept at managing people flow. No longer will organizations consider a majority of their employees as permanent. In the estimation of the Center for the 21st Century, between 2015 and 2025, at least 70 percent of the workforce will be nonpermanent. The organization will allocate most workers to projects, keeping them only for the duration of a project and then moving them to other projects or releasing them from the organization. The management of this flux of people will be an important skill.

Professionals will establish specialized careers in allocating people to projects and then swiftly moving them onward or outward. Organizations of the future will not be able to keep people on the payroll if workers' time is not directly chargeable to a revenue-producing source or if their time has not been prebudgeted, as in the case of knowledge workers who are conducting research and development.

This flux of workers will breed what I call an *elastic employee*—a worker capable of moving within an organization or from organization to organization on project work. When specialists are recruiting such workers, they will look for distinct qualities of independence coupled with an ability to work on ad hoc teams. This special breed of worker will thrive on self-governance and excel at cooperative relational skills. Recruiters don't search for persons seeking long-term work in the organization but merely those who want a contractual commitment to the immediate project.

4.5.3.9 Improving Processes through Innovative Ideas, Products, and Services

Innovation will be as important as continuous improvement. Innovators will win the competition game in the future. To rival your competition or even *become* the competition, it will be necessary to revolutionize your industry. Timing is everything. Innovations must be introduced simultaneously with consumer acceptance. If the timing is off for either introduction of the innovation or consumer acceptance, the mission will fail. Such timing requires detailed intelligence gathering, accurate vision, and precise market timing.²⁰⁵

²⁰⁵ "Product Innovation Charter," Available on site <http://www.wajsbrem.com/smwaj/businessplanning/>

The world of innovation is no place for faint-of-heart leaders. The stakes are high. The game is risky. Only the best will survive. Yet without innovation, strategy, and execution, no organization will last in the vicious marketplace.

Among other necessary skills, workers must be recruited for their creative-thinking abilities. Training programs and work itself will require creativity of everyone involved. Doing the same things the same way for three years or more will eventually kill an organization.

4.5.4 Five Giant Steps to Becoming A Great Leader

Very few leaders today are operating totally on Level 2. However, it is possible to step up to Level 2 quickly by taking five giant steps:²⁰⁶

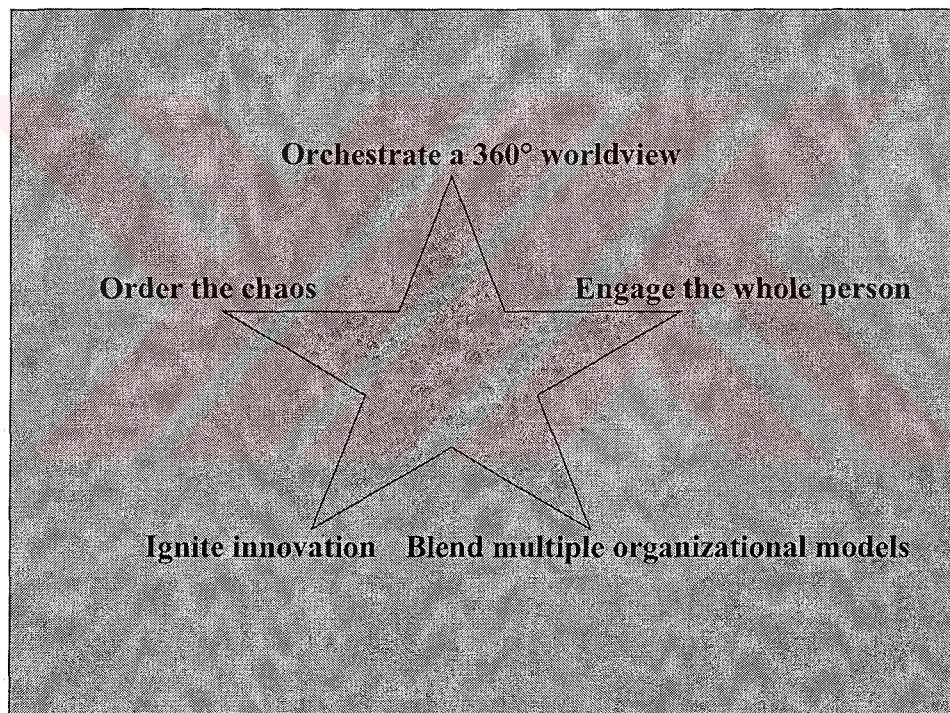


Figure 4.10 Five Giant Steps

4.6 THE STRATEGIC LEARNING PROCESS

Strategic Learning is built on the proposition that the ability to build and lead an adaptive enterprise is the only sustainable competitive advantage in today's complex marketplace. Merely saying this is not enough, however. Executives need a practical method for generating innovative strategic ideas and then turning them into effective actions.

²⁰⁶ Harari, Oren, "5 Giant Steps to Becoming a Market Leader," Leapfrogging the Competition, Available on site <http://www.trendscope.net/>

The increasing pace of change means that the A-to-B approach²⁰⁷ of traditional strategy no longer works. To succeed, companies must generate insights, create focus, achieve alignment, and motivate change continuously, in a dynamic cycle of renewal. This cycle is the essence of Strategic Learning.²⁰⁸

4.6.1 The Four-Step Process

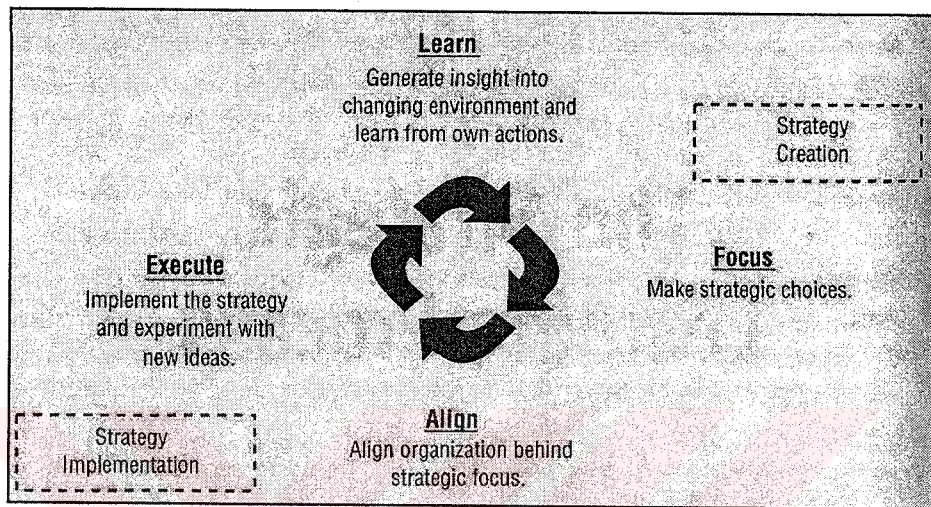


Figure 4.11 The Strategic Learning Cycle

As shown in Figure 4.11, the Strategic Learning process has four linked action steps—learn, focus, align, and execute—which build on one another and are repeated (as the fifth step, if you will) in a continuous cycle of learning and renewal.

The first two steps form the basis of a firm’s strategy creation. The third and fourth steps are the foundations of strategy implementation. Thus, strategy creation and implementation are integrated in a mutually reinforcing process.²⁰⁹

The key is to think cycle—not straight line. Simply following the process once is not enough. The challenge is to repeat it over and over, so that your organization continuously learns from its own actions and from scanning the environment, and then modifies its strategies accordingly. The more often an organization repeats this cycle, the better it will become at doing it, thus enhancing its adaptive capacity. The result is the kind of process of ongoing renewal that characterizes the truly adaptive organization.

²⁰⁷ Nadler, David & Tushman, Michael, “Change Leadership: Getting from A to B,” Oxford University Press, New York, 1997

²⁰⁸ Pietersen, Willie, “Reinventing Strategy,” John Wiley & Sons Inc., New York, 2002, p.57

²⁰⁹ Porter, Michael, “What Is Strategy?,” Harvard Business Review, Illinois, November-December 1996

4.6.2 Implementing Strategic Learning as a Leadership Process²¹⁰

How can organizations make the Strategic Learning cycle operational so that it becomes integrated into the way they function? When aiming to achieve something vitally important, the key to success is to create a process that will take you there. The challenge of ongoing renewal is too important to be treated as a side issue or relegated to random actions and ad hoc initiatives. Just as companies employ systematic research and development to generate technical innovation, so too they need a deliberate, systematic process to drive strategic innovation. In essence, Strategic Learning amounts to a new way to lead companies in a world of unpredictable change.

Figure 4.12 illustrates how the four-step cycle is converted into a practical leadership process for creating and implementing breakthrough strategies.

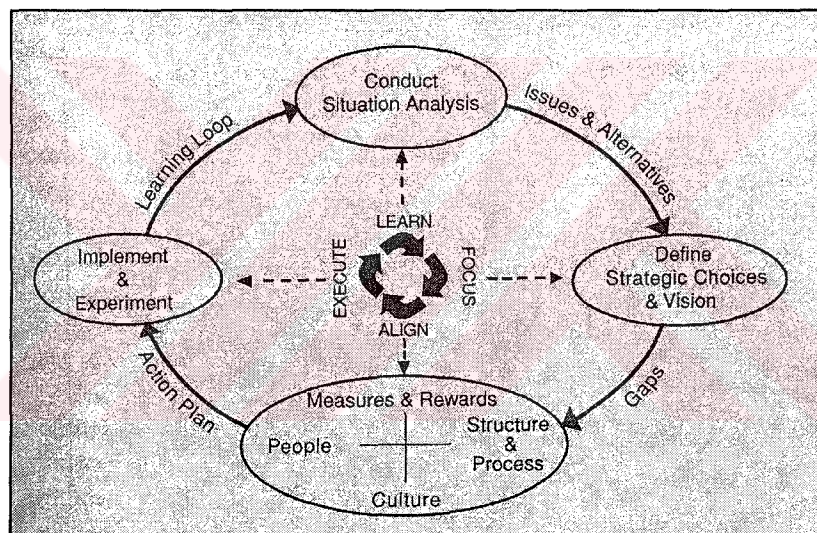


Figure 4.12 Strategic Learning: The Leadership Process

The remainder of this chapter will briefly outline the leadership process and its key outputs, giving you a bird's-eye view of the entire cycle. It's a prelude to the much more detailed examination of the process that you'll find in the subsequent chapters.

One important caveat: Although, for clarity's sake, I'll describe the steps of the Strategic Learning process sequentially, reality is a bit messier. Thus it is often necessary to repeat a stage or loop back in an iterative process. For example, you may find yourself immersed in the second step making your strategic choices-when a fresh insight into the changing marketplace is uncovered that suggests an important shift in your strategic focus. If that's a

²¹⁰ Pietersen, Willie, "Reinventing Strategy," John Wiley & Sons Inc., New York, 2002, p.59

problem, it's the kind of happy problem any business leader would hope to encounter. Accommodate the new insight and move on. In business, as in life, learning, adaptation, and renewal should be a continual, organic voyage of discovery. Being responsive to the learning is more important than completing the process in a neat sequence.

With that said, here, in broad-brush strokes, is what's involved in each step of the Strategic Learning cycle.

4.6.3 Step One: The Situation Analysis (*Learn*)

Strategic Learning always begins with a situation analysis. It's a systematic way for an organization to develop a set of superior insights that will form the basis of its strategic choices (see Table 4.4).

<u>Objective:</u>	Win the battle for superior insights.
<u>Technique:</u>	Ask and answer the right questions.
<u>Focus of Inquiry:</u>	<ul style="list-style-type: none"> * Customers. * Competitors. * Own realities. * Industry dynamics. * Broader environment.

Table 4.4 Step One: The Situation Analysis

What is an insight? A later chapter will discuss this question in detail, but for now you can think of an insight as a truth about customers, the marketplace, the competition, or your company that you understand earlier or better than your competitors. In today's business world, superior insights are a key source of competitive advantage. In fact, the battle for unique insights is increasingly where the competition really begins.

The key to conducting a good situation analysis is to ask and answer penetrating questions that provoke meaningful insights. While each company must come up with the right questions depending on its own circumstances, every company needs to cover the following areas: *its customers, its competitors, the firm's own realities, industry dynamics, and the broader environment.*

A major defect in traditional strategic planning is that there is often no divergent thinking—no process to challenge existing assumptions and explore alternatives. Instead, strategic planning typically involves ritualized analyses that tend to reinforce existing mental

models of how the world, and your business, works. By contrast, the situation analysis is deliberately designed as an exercise in divergent learning—a crucial stimulus to creativity. It is a process of discovery that aims to shake off outmoded mental straitjackets and examine the world afresh.

In conducting a situation analysis, you'll use a combination of analysis and creative brainstorming to scan and interpret your company's environment and its internal realities. Your goal is to challenge existing assumptions and produce new ways of thinking. An effective situation analysis will combine market research, analysis, critical thinking, and creative brainstorming, drawing on the talents of cross-functional teams that include people from many levels of the organization. This helps to create a sense of ownership of the new ideas that will emerge.

The insights you discover through this process will be crystallized into concise diagnostic statements that can readily be understood by everyone in the firm. Simplicity and clarity are crucial virtues, since these insights will be the basis for the strategic choices that the entire company will soon be charged with implementing.

4.6.4 Step Two: Strategic Choices and Vision (*Focus*)

Strategy is about making choices. The situation analysis (step one) is designed to ensure that you make the most intelligent choices possible, based on hard-won insights rather than guesswork, assumptions, or a vision that's untethered to reality. The next step is to translate these insights into the key strategic choices of your firm. Figure 4.13 provides a framework for making these strategic choices.



Figure 4.13 Step Two: The Strategic Choices

There are three critical elements here. The first, *customer focus*, defines which customers the firm will serve (as well as those it will *not* serve), what their hierarchy of needs is, and what products or services it will offer them. The second, *the winning proposition*, answers the question, “What will we do differently or better than our competitors to achieve greater value for our customers and superior profits for our firm?” The third, *five key priorities*, is a list of the most important steps the company must take to turn its winning proposition into a reality.²¹¹

As we’ll discuss, the second step of the Strategic Learning process also includes the formulation of a compelling *vision statement*. It’s a concise word picture of what your organization aspires to be in the future and provides a clear sense of direction that everyone in the organization can understand and act upon in the present. A good vision is simple, motivating, and realistic, and it should involve stretch. The desired response from the people you lead should be: “Yes, *that’s* where we want to go-but we can’t get there by doing what we’re doing today.” A great vision inspires transformation, not incrementalism.

Finally, you’ll need to translate your strategic priorities into operational tasks defining what must be done to make your strategy successful. To do this, look at each of your strategic priorities and ask, “What performance gaps must we close in order to achieve this priority?” The resulting series of *gap statements* defines the difference between the current reality and the desired future state for each of your priorities.²¹²

4.6.5 Step Three: Align the Organization (*Align*)

Once the strategic choices and the gaps to be bridged have been clearly defined, you’re ready to tackle the issue of strategy implementation.

The first challenge is *effective project management*.²¹³ The right disciplines, measurements, and accountabilities must be applied to closing the gaps. If your service quality needs to be improved, or your research and development (R&D) efforts need to be more sharply focused, or your financial management system needs to be modernized, then people with the necessary talents must be assigned the task and given the resources needed to accomplish it.

²¹¹ Saveri, Andrea, “The Work of Global Interconnection: Strategy, Experience and Meaning,” Institute for the Future Outlook Project, June 1999

²¹² Goleman, Daniel, “Emotional Intelligence,” Bantam Books, New York, 1995

²¹³ Available on site <http://www.project-management-training-online.com/>

Even more important, however -and far too often ignored- is the fact that for implementation to be successful, it is essential that all the key supporting elements of your business system be aligned behind the chosen strategy.

Think of an organization as an ecosystem - a rain forest, perhaps, or an oasis in the desert. An ecosystem functions successfully only when its interdependent elements support one another. When an element does not play its supporting role, or when elements work against each other, then the system will fail. The key elements in any business system are similarly interdependent. Thus, success comes not from a single action such as changing the organization structure. Instead, it comes from orchestrating the right *interactions* so that all the key elements of the business system are working together synergistically to support the new strategy.

Is it always necessary to examine the entire business system when making a change in your company strategy? In a word, yes. After all, your existing alignment was established over time to support your old strategy; if you don't change it, how can you expect to get anything more than business as usual? If you want to move to a new strategy, it's crucial to consider the implications for the whole organization.

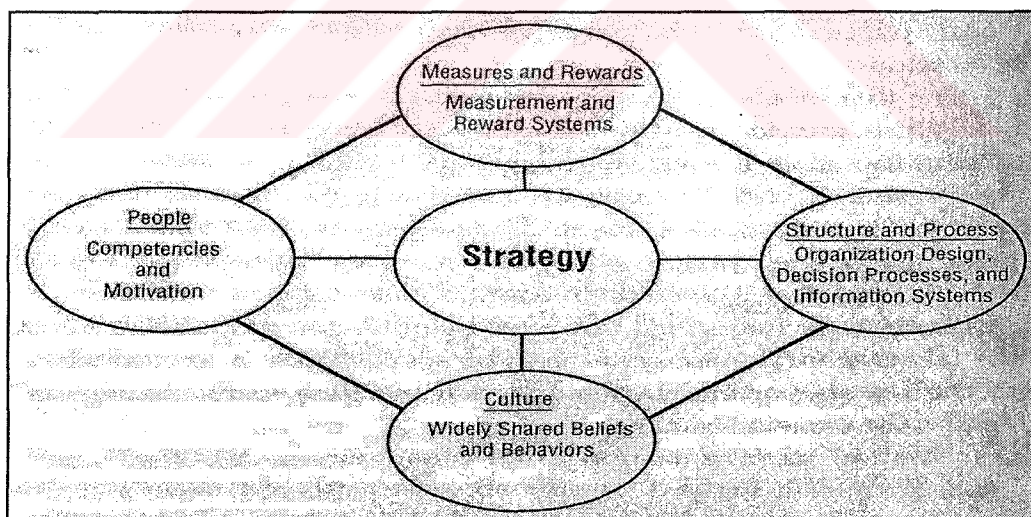


Figure 4.14 Step Three: Aligning The Organization

The task is to understand the key supporting elements of a firm's business system that must be aligned. Various frameworks for doing this have been suggested by, among others, Jay R. Galbraith, David Nadler, and Michael Tushman. The model proposed here (and shown in Figure 4.14) comprises the following supporting elements, which must work in unison:

*measures and rewards, structure and process, culture, and people.*²¹⁴ Let's briefly consider each.

4.6.5.1 Measures and Rewards

Whenever you measure an activity within your company, you are inevitably doing two things: You are gauging its performance, and you are sending the message, "This is important" Conversely, failure to measure something sends the opposite message: "This is *not* important." It's crucial that your measurement and reward system acts in unison with the other elements of your business system in support of your new strategy. You cannot hope to achieve your new strategy if you continue to measure and reward the old one.

4.6.5.2 Structure and Process

A new strategy often requires important changes in the way a firm is organized and how its decisions get made. Therefore, it's necessary to ask such questions as: *Should the firm be organized by product line, customer grouping, function, geography, or some other principle? What should be the level of centralization or decentralization for each activity in the value chain?* As your strategy changes, it's likely that your answers to these questions will change, too.

4.6.5.3 Culture

Corporate culture is probably the most misunderstood and mismanaged aspect of the business ecosystem, and yet it is arguably the most important success factor of all. The poor management of culture usually stems from a number of misconceptions. One of these is that culture is a vague and mysterious thing. In fact, as we'll see, culture always expresses itself through specific values and observable, measurable behaviors. Another misconception is that culture is an end in itself and somehow separates from the rest of the business. The truth is that corporate culture is a means to an end. If it does not support the business strategy, that strategy will almost certainly fail. The effective business leader not only can but also *must* make an impact on the culture of the firm if he or she hopes to achieve the desired strategy.²¹⁵

²¹⁴ Nadler, David & Tushman, Michael, "Change Leadership: Getting from A to B," Oxford University Press, New York, 1997

²¹⁵ Schein, Edgar H., "The Corporate Culture Survival Guide," Jossey-Bass, San Francisco, 1999, p.16

4.6.5.4 People

An organization is not a machine: It will achieve success only if its people are focused, skilled, and motivated. So the first order of business is to make certain that your people have the right competencies to carry out the new strategy. Motivation is an equally pivotal factor, especially in times of transformational change. Human beings by nature resist change. It is important to overcome this natural tendency and inspire active support for the new strategy. As we'll discuss, this is perhaps the most difficult of all leadership challenges.²¹⁶

Effective alignment of *measures and rewards, structure and process, culture, and people* ensures that your firm's key organizational resources and the energies of your people are concentrated behind the new strategy.

4.6.6 Step Four: Implement and Experiment (*Execute*)

The final step, implementing your strategy, should include a deliberate set of experiments to produce further learning (see Table 4.5). You'll never know for sure what is going to work, so it is important to try alternative solutions. Like nature, you'll maximize your chances of finding favorable variations through continuous experimentation; like a scientist, you'll learn as much from your failures as from your successes.

- | |
|--|
| <ul style="list-style-type: none">• Implement the strategy.• Conduct experiments to explore alternatives and fuel new learning. |
|--|

Table 4.5 Step Four: Implement and Experiment

Step four then loops back to step one, the situation analysis, at the top of the cycle. Your firm updates its insights, learning by examining its own actions and by rescanning the environment, and keeps modifying its strategies accordingly. The process of Strategic Learning never stops.

4.6.6.1 From Bird's-Eye Vista to Ground-level View²¹⁷

This, then, is a brief description of Strategic Learning. It has probably triggered many questions in your mind, including: *How, in concrete terms, are the four steps carried out?*

²¹⁶ Goleman, Daniel, "What Makes a Leader?," Harvard Business Review, Illinois, 1998, p.94

²¹⁷ Porter, Michael, "What Is Strategy?," Harvard Business Review, Illinois, November-December 1996

What kinds of resources -in time, energy, and talent- are needed to perform them? What, exactly, should the desired outputs look like? How can we know if our organization is performing the process correctly?

The next several chapters will be devoted to answering these and many similar questions so as to clarify the process and how it can work. However, before we embark on a more thorough exploration of Strategic Learning, it is necessary to stress a crucially important point - perhaps the most important point of all.

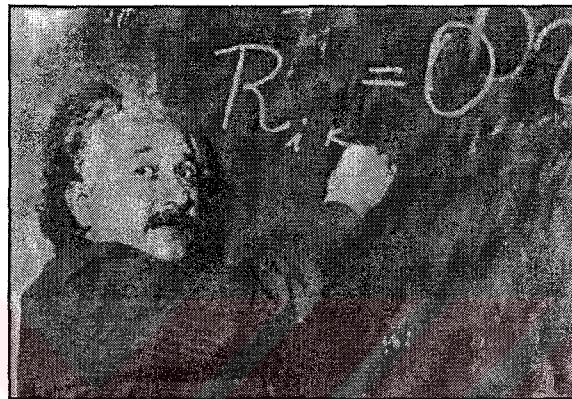


Figure 4.15 Albert Einstein

Einstein once said that, if given an hour to solve a challenging problem, he would devote 45 minutes to thinking about how to solve the problem and just 15 minutes to actually solving it. His point was that developing the proper *approach* to a problem is the key to solving it.²¹⁸

The problem we're addressing here is how to create and sustain an adaptive organization - one capable of ongoing learning and strategic innovation. In tackling this problem, my approach has been to start with the *outputs* that an adaptive organization must be capable of producing on a systematic basis. The outputs are *insight, focus, alignment, execution, and renewal*. I would argue that without the ability to systematically generate these outputs, no organization could hope to be truly adaptive.

The significance of the Strategic Learning process is that it is a *means* for creating these vital outputs, not an end in itself. Therefore, the key is to concentrate always on the quality of the outputs. These outputs are what matter-not the steps of the process in themselves.

²¹⁸ Available on site <http://www-gap.dcs.st-and.ac.uk/~history/Mathematicians/Einstein.html>

Therefore, in applying Strategic Learning it is important to see it as a new way of leading organizations, not as a business ritual to be mechanically followed.²¹⁹ The key to success is to think of it as a holistic, emergent process and to mobilize the underlying principles creatively, in a discovery - driven, flexible way. Only companies that approach Strategic Learning in this spirit will be able to realize its full benefits.

4.7 REINVENTING THE LEADER

Who personifies the leader of today? Being in charge doesn't necessarily have the same connotations of "absolute power" that it used to have. In fact, today's leaders find themselves benefiting from a more collaborative approach to management. By checking their egos at the door, so to speak, leaders will find that they can tap into endless sources of potential from the people they lead.

Today's business climate calls for a new definition of what it takes to make an organization run. With rapidly changing technology, a downsized work force, and an emphasis on acquiring a broad range of skills, leaders today have to be more flexible than ever in their roles. Taking risks in their approach to management is the only choice left for those who want to have an impact on an increasingly global work force.

I have regarding the changing role of leadership in today's environment. Understanding some of the initial, broad-based principles every good leader should apply might illuminate for you some of the major mistakes made in the corporation today. As we delve more deeply into the techniques and strategies that constitute effective leadership, you'll begin to get a clearer picture of why leadership must always be a complex blend of art and science.

4.7.1 What's Wrong with the Old Style of Leadership?

Let me state a basic old form of leadership. This anachronism is the person who in effect says to his organization, "I order all of you insignificant little people to come to work excited, energetic, and creative and to accomplish impossible tasks, so that I may become rich and famous and live a luxurious life traveling around the world and building a home on the Istanbul and playing football with other important people like myself. By the way, I want you to park in the outer lot and slog through the snow past the empty parking space

²¹⁹ Pietersen, Willie, "Reinventing Strategy," John Wiley & Sons Inc., New York, 2002, p.71

with my name on it, and I also want you to pay for your coffee while I get mine free, served on fine china.”

That was the old model, and it worked. Some great companies were built, and they prospered with that kind of leader. But now we’re a long way past that.

You have to wonder why it worked, when it worked, and why it doesn’t work today. In a marvelous old movie called *Twelve O’clock High*, Gregory Peck taking over this demoralized battalion and revitalizing it represents the command-and-control model of leadership. It’s a continuation of the myth of the great man.²²⁰

But we’ve got to go from macho to maestro, from someone who thinks he has all the answers and gets all the perks to someone who can conduct his staff to find its own answers. The old style is just not going to work anymore. It probably worked for a little while because it embodies bureaucracy and one-person control. That notion of bureaucracy was perfect for an environment that was predictable and orderly. The reason leaders of this type succeeded was because they could forecast what was going to happen in two years.

Calling people “staff” isn’t much better than calling them subordinates or employees. By now we ought to be better at thinking of people as associates or colleagues or partners, and calling them that. But why don’t you think command-and-control will work to day? Because today we live in an environment in which technology is changing the way we think. Today, demography is destiny and the world gives us vertigo everyday as we read the newspaper. With globalization and a whole new world order, I don’t see how the old type of leadership could work today.

The key to competitive advantage in the 1990s and beyond. Will be the capacity of leadership to create a social architecture capable of generating intellectual capital. The key words in that dense sentence are the last two. Intellectual capital means ideas, know-how, innovation, knowledge, and expertise. That’s what’s going to make the difference. Restructuring and reengineering can take you only so far; you cannot restructure or reengineer your company into prosperity. That takes ideas and reinvention. And reinvention takes, brains and ideas and knowledge. You’re not going to attract or retain a work force like that under silly and obsolete forms of bureaucratic, command-and-control leadership. You can’t release the brainpower of any organization by using whips and

²²⁰ Available on site <http://politicalgraveyard.com/bio/peckham-peisner.html>

chains. You get the best out of people by empowering them, by supporting them, by getting out of their way. As author Max De Pree said, you've got to abandon your ego to the talents of others. That's why.²²¹

Great leaders are like great presidents. I think a great president, like any other great leader, has to have at least three things. First, a strong set of convictions. Second, a devoted constituency. Third, the capacity to use his position as a bully pulpit to muster broad support for his goals. These criteria are what leaders need at the national level, and this vision is what organizations need at the local level.

Bureaucracies, on the other hand, really don't encourage leadership. The best institutions are those that grow leaders, and that requires a totally different view of what organizations should be like.

The first quality a president needs is character. Then experience, intelligence, and energy are necessary. From those comes the strong set of convictions. Don't worry, the bully pulpit and the devoted constituency will follow?

4.7.2 How Does Someone Become A Leader?

If I were reading this and I were a middle manager, I'd think of my opportunity this way: I'm not going to make any speeches or write any memos, but I'm just going to start acting like a leader and see what happens. If people who work with me become excited and energetic and creative, I'm going to become a hero as a result of their efforts. As long as I remember to thank them, I'm going to be on my way.

This strategy could work, but there are environments in which you can't behave this way, then you have to take chances or even leave. You should realize that organizations don't always realize they're blocking leadership behaviors. I hear many executives asking, "Why don't these people [employees] take the initiative? We've unlocked the doors for them. They just have to open them up." The point is that not only employees but also executives have to adjust to a new leadership environment. Executives must be the social architects and reward the behaviors we've discussed.

²²¹ Zook, Chris, "Profit From the Core: Growth Strategy in an Era of Turbulence," Harvard Business School Press, Illinois, 2001, p.103

But don't wait, if you're a middle manager. Don't wait for someone to say, "Go ahead, be a leader." If this stuff makes sense to you, take the first step, take the risk.

Just make up your mind about what you're going to do and do it. Take risks, make mistakes, and take the blame. Identify the goal of your part of the organization, what you want to become compared to what you are. Then fight to make sure your people get rewarded and they make changes that achieve the goal. Keep your head down and have fun. If you're careful that your people receive the credit for what you've done or what they've accomplished under your guidance, you'll receive a tap on the shoulder someday and somebody will say, "Hey, we have a problem over in this area. Would you like to take it over?" You'll have several people ready to step into your shoes, because your behavior has helped grow new leaders.

It's a new world, that's the essence of it. To quote favorite management philosopher, Yogi Berra, "The future isn't what it used to be."²²² We expect new kinds of behaviors and values from our leaders if they want to make it in the twenty-first century. Changes in technology, demographic diversity, and globalization win require our leaders to be more articulating, energetic, and empowering than ever before. The things that made them successful ten years ago are not the things that win make them successful today and tomorrow.

4.7.3 Developing the Traits of a Leader

Now I'll define some of the paradoxical characteristics and attitudes that combine to form the personality of an effective leader. I'll also talk about some of the techniques everyone can use to empower and develop their employees. These are essentially people skills, and they probably possess most of them, to some degree. Think about your leadership setting and how growing in these areas might help your personal transformation as a leader.

4.7.4 What Does It Take to Be A Leader?

There are a number of characteristics that a good leader must possess. I guess the first on my list would be the notion of personal ambition under control. And yet, I don't see it on anybody else's list. I'm sure that directors don't consider that when they're selecting the new CEO.

²²² Available on site <http://www.yogi-berra.com/about.html>

I think George Shultz's testimony before a Senate committee during the Iran-Contra scandal brilliantly sums it up, because he was honest and simple and because he distinguished himself. He was one of the few people who didn't get their hands dirtied in that situation. At the very end of his testimony, Senator Daniel Inouye, the chairman of the committee, said to him, "Look, we thank you for being here and sharing your views with us. Do you have any advice for the American public?" And he said, "Yes, just remember one thing, Senator. Don't give power to people who can't live without it."²²³

The second characteristic is intelligence and the third is the ability to be articulate. I don't think they necessarily go together and I don't even mean that either one has to be extraordinary. But certainly, a leader must be adequately intelligent and adequately articulate.

The more I think about what institutions require, the more I think that good-enough intelligence and a superb ability to be articulate are critical. I don't know how we get intelligence, but I think we can learn how to improve our communicating ability, which is part of what you're talking about.

I want to give three very specific examples of the importance of communication. During the Tylenol scandal and disaster in 1982, when some lunatic put cyanide into Tylenol capsules, Jim Burke at Johnson and Johnson was actually able to improve the market share of Tylenol. He was able to articulate the problem to the public and was very open and candid about it. Without his capacity to really be a spokesman for that company, I think it would have been a total disaster.²²⁴

Second, Jack Welch, Jr., at General Electric is really transforming that organization. He is spending an enormous amount of time in workout groups throughout the country. And, in his own words, he spends his time eyeball-to-eyeball, working not through video, not through pronouncements, but traveling to different offices relentlessly. To the point where I don't know how much longer he can keep up the pace.²²⁵

²²³ Web Site of "University of Hawai'i," Available on site <http://www.hawaii.edu/ur/speeches/>

²²⁴ Burke, Jim, "The Teacher's Daybook: Time to Teach, Time to Learn, Time to Live," Heinemann, Portsmouth, July 2002, p.112.

²²⁵ Slater, Robert, "Jack Welch & The G.E. Way: Management Insights and Leadership Secrets of the Legendary CEO," McGraw-Hill Trade, New York, 31 July 1998, p.58.

Or look at Max Depree, innovative former CEO of the furniture company Herman Miller, Inc., and author of the books *Leadership Jazz* and *Leadership Is an Art*. He is also an example of a man who is capable of putting words to goals, of actually articulating his mission. I can't exaggerate the significance of being able to communicate well, although you rarely see it on a list of criteria when people select new leaders.²²⁶ Given the blurry world we live in, given its ambiguities, it's really important for the leader to be able to speak dearly, simply, and articulately.

The next point I want to make about a good leader is that he must be a servant to his people. The overly ambitious, power-craving, insensitive types don't make good leaders because they don't understand this role. But as Max Depree says, most of the time he's a servant to his people, making sure that they don't have any reason to fail, that their wants are fulfilled, and that they have every resource they need to achieve their targets.

I think the people who want it too much also want the trappings. They want the limousines, the private jets, the entourages; they want all the perks, the props of power. As Max De free put it, "The first task of a leader is to define reality. The last task is to say 'thank you,' and in between he's a servant." I think that's a tough thing to do.

The servant role is not a continuous one. If, for instance; the CEO is the principal new-business getter of an organization, then when he is working on getting a new contract or a new client, he needs to act like an emperor. Everybody on his staff has to support him and bring him cups of coffee and whatever else he needs to get that job done. But once that job is achieved and nailed down, he goes back to his servant role. I would expand the servant concept to say that there is also an emperor role, as well as cheerleader, coach, and whatever other roles you want to give, played by the leader.

The next characteristic a leader must possess is objectivity. He must be someone who is constantly referring back to his mission when problems come up. Someone who makes all his decisions based not on what he had for breakfast or how he feels or whether he likes the person he's dealing with, but on whether it gets him closer to this vision or backs him off. That's what I mean by objectivity. I think purpose is a better word. The thing I found out about most good leaders is that they do have a positive self-regard and often not too big an ego.

²²⁶ Depree, Max, "Leadership Is an Art," DTP, August 1990, p.108.

4.8 THE CHARACTER of STRATEGIC DECISIONS

Strategic decisions are far-reaching and consequential for the organization and typically involve the commitment of vast resources. They play out over long time frames and have significant opportunity costs. Strategic decisions should be made within the context of a long-term view or vision, of both the desired end-state and potentially undesired end-states brought about by the contemplated course of action. The intended and unintended second- and third-order effects of a strategic decision can differentiate the desired end-state and potentially undesired end-state.²²⁷

Strategic decisions often must be made under conditions of substantial uncertainty, particularly when complex policy objectives must be reformulated in the face of a dynamic, sometimes volatile strategic environment. Initial assumptions about the environment and other players may be incorrect or incomplete. The complexity of policy decision making within large, bureaucratic systems is evident in national policy debates about taxes, entitlements, and budget deficits. While most wish for a balanced budget, there is-in an era of increasing competition for resources- strident position-taking with regard to how to do it. The range of factors relevant to these decisions is seldom fully known, at least to any one player in the decision process. And the total range of possible effects-direct, second-, and third-order-of a given policy decision may be so complex that even the most exacting search misses something.

Added to the problems of volatility, uncertainty, and complexity is the difficulty of determining the validity of inputs to the decision process. Many key events are ambiguous, especially when dealing cross-culturally, leading to differences in interpretation and contextual meaning. Such conditions foster ideological biases, special interests, and tensions between organizational subcultures. Thus, a strategic leader must know how to identify sound inputs embedded in a swamp of biased arguments. This task is made more difficult when inputs come from a wide variety of disciplines beyond the scope of any single executive. And, many strategic decisions must be made in crisis situations or under other stressful conditions.²²⁸

²²⁷ Industrial College of the Armed Forces, Available on site <http://www.ndu.edu/ica/>

²²⁸ Lewis, P. M., "In Strategic Leadership: A Multiorganizational Perspective," Quorum Books, Westport, 1992

V	VOLATILITY
U	UNCERTAINTY
C	COMPLEXITY
A	AMBIGUITY

Table 4.6 VUCA²²⁹

Strategic decisions often emerge from arenas of strong partisan competition for resources. The national political arena is intended to foster debate about the allocation of resources for the national good. Partisan competition for resources reflects the advocacy positions of the major parties as they represent their constituencies, and their positions are represented in an adversarial manner.²³⁰ The hard bargaining often takes the form of positional negotiating, rather than in a process searching for common goals and pathways acceptable to all constituencies.

The decision making process must ensure that all competing views are heard and that priorities among them are sorted out. More importantly, the process must ensure some reasonable level of agreement or consensus about the intended end-state and a commitment to the course of action. Without agreement on goals, there can be little hope of collective effort.²³¹

There also is the dilemma of assumptions. Some assumptions taken as incontrovertible may in fact be questionable. In the decision making process, these assumptions are often not questioned, to the chagrin of the decision maker. A good example is the “Domino Theory” that guided many policy decisions in the 1960s and 1970s. It was assumed that containment of communism required a band of non-Communist states encircling the Communist powers be maintained. The insurgent challenge to the Republic of Viet Nam

²²⁹ Knowlton, B., and McGee, M., “Strategic Leadership and Personality: Making the MBTI Relevant,” National Defense University, Washington, DC, 1994

²³⁰ Mumford, M. D. and M. S., Connelly, “Leaders As Creators: Leader Performance and Problem-Solving,” Leadership Quarterly, 1991

²³¹ Hedrick, Smith, “The Power Game,” Ballantine Books, New York, 1988

thus was construed as a challenge to global security and to U.S. objectives. McNamara²³² asserts this assumption was fundamentally flawed because it ignored a thousand years of history in Indo-China and intense Vietnamese nationalism. An unbiased study of that history would have revealed the flawed assumptions.

4.8.1 Direct/Indirect Effects

Some decision effects are indirect, often unforeseen, and therefore unintended. A given policy decision may set into motion a string of cause-and-effect events that play out over a number of years. Some of these second, third and even fourth-order effects may be unanticipated, and undesired. Effective strategic decision-making requires planned responses to second- and third-order effects; it is more like chess than checkers.²³³ There are more options, the game is not linear, and the plethora of potential outcome often is unanticipated.

The contrast between the peace agreements of the two World Wars is illustrative. Following World War I, peace agreements were traditional within the context of a thousand years of European existence. The agreements severely punished the aggressor. By contrast, the strategic vision of Marshall and other Western political leaders after World War II established the necessary conditions for re-emergence of former aggressor nations as respectable members of the world community. The narrow and foreshortened vision of the 1917 decision makers reflected a lack of understanding of the indirect effects of their policies, and of the complex, dynamic system of cause and effect associated with their decisions.

Other effects are hard to gauge and may be badly estimated. This is particularly true when the system involved is complex, incompletely understood, or when the policy impacts across cultural boundaries. The economy is an example of a system that is incompletely understood. In balancing the budget, some argue for cutting capital gains taxes, citing higher total revenues obtained when lower capital gains tax rates have been applied. Others

²³² "Robert McNamara's War Reflections," The MacNeil/Lehrer News Hour, April 17, 1995, Available on site <http://www.pbs.org/newshour/bb/asia/vietnam/>

²³³ Nanus, Burt, "Visionary Leadership: Creating a Compelling Sense of Direction For Your Organization," Jossey-Bass, San Francisco, 1992

ask the question, “How can that be?” The answer lies in the dynamics of the system and the assumptions one makes about how the capitalist system works.²³⁴

Assumptions about direct and indirect effects of different monetary policies are also different, reflecting incomplete understanding of the economic system, including its dynamic interrelationships with other systems. (For example, the emphasis on education, on the one hand, and tax reduction, on the other hand, reflect different assumptions not only about direct and indirect effects, but also about the interrelations between economic and non-economic factors important to the nation’s global competitiveness.) Finally, the two opposing U.S. political parties reflect two different subcultures. Culture, broadly speaking, is the collection of beliefs, values, assumptions, and expectations held by members enabling them to understand the actions of others. This understanding gives meaning to their work, and tells them how to behave in harmony with others. To the extent major differences between the parties remain unresolved, so will the debates remain unresolved and a unifying vision of shared national goals and objectives will remain obscured.

4.8.2 Strategic Decision

The decision making process at the national level is similar to that at lower levels, but there are important differences. First, most decisions are shaped and made by small groups involving diverse personalities, ideologies, and organizations. Second, because of the small-group process, negotiation and compromise are the norm. Third, decisions are rarely final; rather, the dynamic environment requires continuous reassessment.

Fourth, the large amount of relevant data from diverse disciplines at the national level necessitates the use of sophisticated techniques to integrate quantitative and qualitative factors in a manner not found in lower levels of decision making.²³⁵

²³⁴ O’Toole, J., “Leading Change,” Jossey-Bass, San Francisco, 1995

²³⁵ Mumford, M. D. and M. S., Connelly, “Leaders As Creators: Leader Performance and Problem-Solving,” *Leadership Quarterly*, 1991, p.286

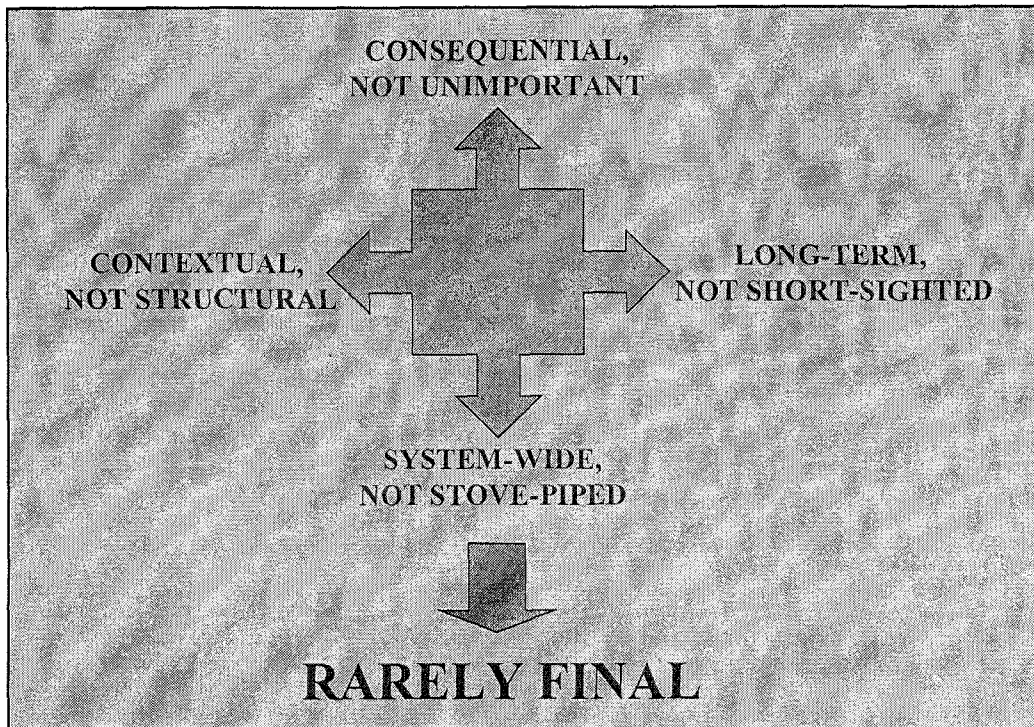


Figure 4.16 Strategic Decision

4.8.2.1 Obstacles to Effective Strategic Decision Making

The decision making process just described has inherent problems. It often is slow and frustrating to executives accustomed to making firm decisions based on professional judgment. Negotiation and compromise can lead to the least common-denominator solution, especially if the decision-making process is poorly managed. Groups and organizations tend to develop official “definitions of situations” that discourage diverse views and can fall into a malaise described as “groupthink”²³⁶. And, bureaucratic ploys and strategies lead to power struggles, confrontation, and adversarial relationships. These contaminating variables distort the process, and lead to less than rational decisions.²³⁷

²³⁶ Janis, A., “Simultaneity and Conventionality,” Dordrecht, Boston, 1983, p.101-110

²³⁷ Albrecht, K., “Brain Power: Learning to Improve Your Thinking Skills,” Simon and Schuster, New York, 1980



Figure 4.17 Effective Strategic Decision Making

Strategic decision making is the ability to think insightfully about consequential events over time, to understand what causes long-range effects in and on complex and dynamic systems, and to bring partisan, competing interests together under shared goals. Within the context of decision-making, “strategic” implies consequential, long-term, complex, system-wide and, at times, poorly understood, ambiguous, and uncertain characteristics. Increasingly, the worldwide environmental context of strategic decision-making is also fast changing and volatile.

Some of the skills effective for decision making at the operational level are, of course, appropriate at strategic policy-making levels. Sound judgment, analytical abilities, and a systematic approach to problem solving are critical skills at all levels. Other skills may, however, not be transferable, and can even be obstacles to problem solving at more senior levels. Thus, the transition from operational decision making and problem solving at lower levels to performance at the strategic level is essential.

4.8.3 Foundations for Strategic Leadership and Decision Making

This leaves open the nagging question of how best to prepare for effective performance in the arena of national security decision-making. The complexity of the strategic process argues against standardized formats. Rather, it is more appropriate to develop an executive

skill referred to as perspective taking.²³⁸ This skill—one not always easily or equally well-provides a base for national security decision-making.

The existing literature on executive leadership has been categorized into four bodies of major theories: conceptual complexity, behavioral complexity, strategic management, and visionary/inspirational leadership. While the four bodies are distinct in many aspects, there are some common views about what it takes for executives to be successful.

4.8.3.1 Conceptual Complexity Theories

The basic premise of conceptual complexity theories and models is that executives operate within increasingly complex environments, characterized by greater information processing demands, and by the need to solve more ill-defined, novel, and complex organizational problems. To survive and thrive, executives require significant conceptual abilities to make sense of, and successfully navigate within, these complex environments.

Stratified Systems Theory (SST)²³⁹ posits seven naturally occurring levels in large organizations. Each level has an associated level of complexity. The key personality variable in Stratified Systems Theory is conceptual capacity, defined as the generalized set of abilities that help an individual to cope in task environments characterized by volatility, complexity, ambiguity, and uncertainty. As an individual rises through the hierarchy of an organization, higher levels of conceptual capacity convey competitive advantage to that individual and to the individual's organization.

²³⁸ Bass, B. M., "Leadership and Performance Beyond Expectation," Free Press, New York, 1985

²³⁹ Barrick, M. R. and Mount, M.K., "The Big Five Personality Dimensions and Job Performance: A Meta-Analysis," *Personnel Psychology*, 1991, p.26

4.8.3.1.1 Quinn's Competing Values Model

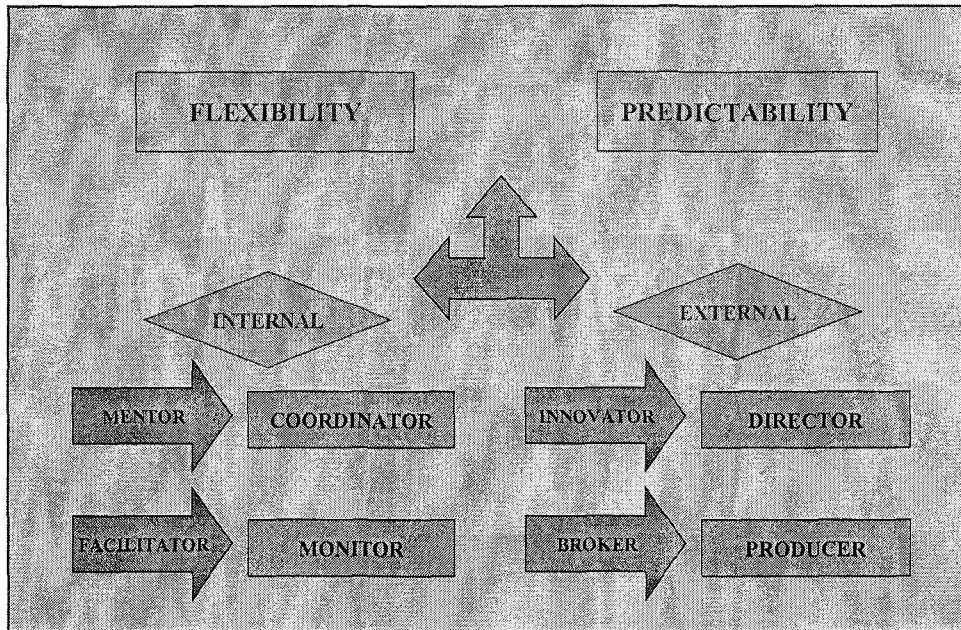


Figure 4.18 Quinn's Competing Values Model²⁴⁰

4.8.3.2 Behavioral Complexity Theories

Emphasis in behavioral complexity theories and models is on multiple roles and behavioral patterns required of executive leaders. Major theories include Mintzberg's²⁴¹ classification of managerial roles, Tsui's²⁴² multiple constituency frameworks, and Quinn's competing values framework.²⁴³

Executives deal with multiple constituencies that make differing demands. These constituencies can be internal to the organization (e.g., superiors, peers, subordinates) or external to the organization (e.g., competitors, investors, the media). Executives must display differing behaviors to be effective because these constituencies have differing values. What the media values is very different from what Congress values.

²⁴⁰ Zaccaro, S. J., "Models and Theories of Executive Leadership: A Conceptual/Empirical Review and Integration," U.S. Army Research Institute for the Behavioral and Social Sciences, Alexandria, VA, 1996

²⁴¹ Mintzberg, H., "The Nature of Managerial Work," Harper & Row, New York, 1973

²⁴² Hunt, J. G., and Hosking, D., "Leaders and Managers: International Perspectives on Managerial Behavior and Leadership," Pergamon Press, New York, 1984

²⁴³ Quinn, R. E., "Beyond Rational Management: Mastering Paradoxes and Competing Demands of High Performance," Jossey Bass, San Francisco, 1988

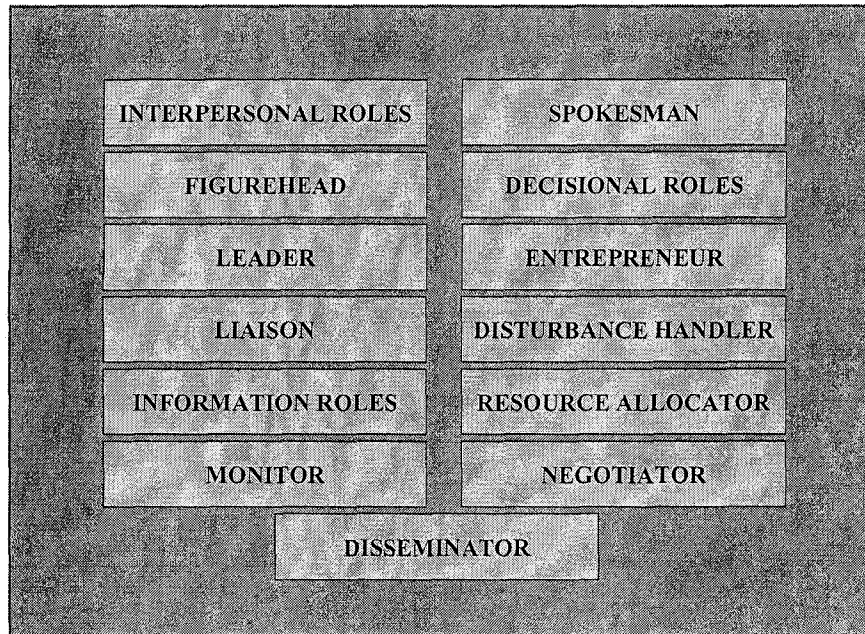


Figure 4.19 Mintzberg's Managerial Roles²⁴⁴

4.8.3.3 Strategic Management Theories

Strategic management theories and models argue that executive effectiveness emerges from an appropriate fit between the organization and its environment. The role of the executive is analysis, creation, and management of this fit. Executives scan and analyze the environment, formulate appropriate coping policies and strategies, implement these policies and strategies, and evaluate consequences given subsequent organizational conditions.

Empirical support for strategic management theories and models focuses on executive characteristics of strategic leadership and decision-making, with demographic and personality variables receiving the most empirical support.²⁴⁵

4.8.3.4 Visionary/Inspirational Leadership Theories

Visionary/inspirational leadership theories and models include theories of charismatic and transformational leadership. The common theme is that leaders develop and use their vision to structure and to motivate collective action. Considerable emphasis is placed on empowerment and development of human resources, especially subordinates. These models of leadership offer a number of characteristics that enhance a leader's ability to

²⁴⁴ Mintzberg, H., "The Manager's Job: Folklore and Fact," Harvard Business Review, 1975, p.49-61

²⁴⁵ Zaccaro, S. J., "Models and Theories of Executive Leadership: A Conceptual/Empirical Review and Integration," U.S. Army Research Institute for the Behavioral and Social Sciences, Alexandria, VA, 1996

lead, including cognitive abilities (e.g., creativity, reasoning skills, intelligence, verbal ability, cognitive complexity), self-confidence, motivation, propensity for risk, and social skills.

4.8.3.5 Stratified Systems Theory (SST)

A key notion in the development of executive-level leaders is the changing nature of performance requirements as a function of organizational level. What we need is a tool for understanding the nature of those differing performance requirements.

Stratified Systems Theory is a body of theory that asserts leadership tasks at the top of large-scale organizations is quite different from those at the lower levels. This is because the nature of work changes as an individual moves up through the hierarchy of an organization.²⁴⁶

4.8.3.5.1 Levels of Organizational Stratification Proposed by Stratified Systems Theory

There are three broadly defined strata to most large-scale organizations: the top levels (strategic), the midlevels (organizational), and the bottom levels (production or action-oriented). Relatively inexperienced leaders-ensigns, lieutenants, and captains-at the lower levels are responsible for getting things done, so they are action-oriented. They have little latitude in the decisions they make, procedures they use, and the degree of innovation they can employ. They may improvise but rarely can they innovate because, at their level of leadership, consistency of action is important.

The midlevels are responsible for setting midterm goals and directions and developing the plans, procedures, and processes used by the lower levels. Plans, procedures, and specified processes are major tools for coordinating effort, particularly in large-scale organizations with many independent parts that must act in a coordinated way. The midlevels are also responsible for prioritizing missions and allocating resources to tailor capability at the lower levels. This includes supervising resource allocation plans that implement concepts developed at higher levels, as in the Department of Defense's Planning, Programming, Budgeting, and Execution Systems.

²⁴⁶ Barrick, M. R. and Mount, M.K., "The Big Five Personality Dimensions and Job Performance: A Meta-Analysis," *Personnel Psychology*, 1991, p.29

Top-level leaders-three and four stars-are responsible for the strategic direction of their total organization within the broad context of the strategic environment-increasingly global. By its very nature, the term “strategic” implies broad scale and scope, a mode of forward vision extending over very long time spans-in some cases out to fifty years or more.²⁴⁷ So, strategic leadership and decision making is a process by which those responsible for large scale organizations set long-term directions and obtain, through consensus building, the support of constituencies necessary for the commitment of resources.

4.8.4 Information Age and Strategic Decision Making

“The one thing we can be sure of is that the world that will emerge from the present rearrangement of values, beliefs, social and economic structures, of political concepts and systems, indeed, of world views, will be different from anything today imagines.”²⁴⁸

Peter Drucker “Post Capitalist Society”

As the future is uncertain, the only thing relatively clear is that much of what we will experience in the future will be different from the past. We must understand it is not information or even technology that will produce this unprecedented change, but the impact of technology on all aspects of human life; not computers or even bits and bytes, but the ability to apply and integrate rapid technological change. The focus must not be on the World Wide Web, but instead on how the Web influences values, beliefs, social and economic structures, politics, our view of the world and the way we think and behave.

Futurist John L. Peterson forewarns that, “We are living in a period of time that will produce more change for humanity than any previous era in history.” Peterson and many others believe that wholesale change is and will continue to take place in every segment of the world and that the pace of that change will continue at an unprecedented rate, gaining momentum with time. If this futurist is correct, the coming decades will have staggering implications for the environment and present both hazard and opportunity for the strategic leader. In fact, Moore’s law suggests that memory capacity will continue to double every

²⁴⁷ Bedke, Curtis M. 1993. Strategic decisionmaking in a multinational ad hoc coalition ad astra per aspera. Unpublished ICAF course paper, 17 December: 9.

²⁴⁸ Drucker, P.E. 1974. Management: Tasks, Responsibilities, Practices. New York: Harper and Row : 466-467.

18 months. If senior leaders want to take advantage of this fast paced, changing world and avoid the pitfalls associated with it, Peterson believes they must understand at least three things.²⁴⁹

Have a broad understanding of what this new environment is all about. Understand the major forces that are driving this monumental change. Understand how they can think and see the world differently than they have before.

4.8.4.1 In This New World

- Will leaders focus on shaping a fast changing environment to their organization or will they focus on creating an adaptive organization that will adjust to meet the fast changing environment?
- What will be the new demands and pressures placed on senior leaders of the future?
- How can leaders hope to cope with this “permanent white water” environment?
- How can leaders absorb and use the vast amounts of information needed for the complex, fast moving, decision-making environment?
- Can leaders be found that already have the requisite cognitive skills required to process massive amounts of information quickly and efficiently for competent decision making in the strategic environment?
- Crucial question: “Is the leader of the future going to control technology or is the technology going to control the leader?”²⁵⁰

Alvin and Heidi Toffler have been writing about the emergence of a “new civilization” where humanity advances a quantum leap forward to a future fraught with deep social upheaval and massive restructuring. The Tofflers call this new civilization the “Third Wave.”²⁵¹

Think about a wave in a large body of water and you will begin to see Toffler’s model of change. Multiple waves may exist at the same time, one following another, building momentum and crashing into the shore across many fronts. Often one wave will crash into others creating a violent and chaotic milieu. The global environment also can be turbulent,

²⁴⁹ Forsythe, G. B., “The Preparation of Strategic Leaders,” *Parameters*, New York, 1992, p.38-49

²⁵⁰ Nixon, R. M., “Leaders,” Warner Books, New York, 1982

²⁵¹ Industrial College of the Armed Forces, Available on site <http://www.ndu.edu/ica/>

full of currents, eddies, and maelstroms which conceal deeper, historic waves. Conversely, a wave may cancel out another. In the real world, crests and crosscurrents created by waves of change exist in work, family life, attitudes and even morality. The human race has already undergone two great waves of change, the Agricultural and Industrial Ages. The third, Information Age, wave suggests a new civilization, new ways of working, living, and competing. It will produce new economic structures, new politics, new security issues and new ways of thinking and decision-making.²⁵²

It is important to understand the impact of not only just information and technology on industry or the economy, but about change in all aspects of human life. This “New World” will have its own distinctive outlook, its own way of dealing with time, space, logic, and causality.

WAVE	PERIOD	ACTIVITIES	TIME SPAN (years)
****	Hunter/Gatherer	Nut/berries/game	Tens of Thousands
First Wave	Agriculture Age	Farming	Thousands
Second Wave	Industrial Age	Mass production	Hundreds
Third Wave	Information Age	Specification/info	Decades

Table 4.7 Information Age

Alvin and Heidi Toffler see this as a revolutionary period of change. Moreover, they assume that the coming decades will be filled with turbulence, upheaval, and violence. They also believe that the third wave world will not destroy itself but instead transform the way people all over the globe live, work, play, and think. The old ways of doing things simply will not work any longer in this new environment.

²⁵² O'Reilly, Charles, “Corporations, Culture, and Commitment: Motivation and Social Control in Organizations,” California Management Review, California, 1989

4.8.4.2 Technology and the Strategic Leader

One of the most important functions of any strategic leader is to think and communicate ideas effectively. A leader must understand the basis of today's information systems and the relevance of technology to today's strategic environment.²⁵³

The basic nature of most organizations is to resist change. Many have not yet recognized that the explosion of technology is forcing a tidal wave of change that is profoundly affecting both organizations and leaders. The national security environment is no exception, and may be feeling the effects of this change sooner than the rest of society as a whole.²⁵⁴

Looking at the strategic environment in the information age, we recognize the information age flood of technology has made it possible to provide more complete, accurate, and timely information to the decision maker. Information technologies are being used more frequently as the cost of processing information improves. Many tasks are enhanced by application of computers, communications, and information management systems; yet, random unskilled application of these tools can lead to disaster for leaders and their organizations.²⁵⁵ Many senior leaders have not yet realized the full implication, both positive and negative, of the evolving technology in the global information age:

- Computers are too complex and I'm too old to learn about them now.
- I tried it once and computers don't like me!
- Don't fix it if it isn't broken and besides I've gotten along without a computer for years.

Even though some senior leaders initially feel this way, experience shows that when new information technologies are introduced, executives realize the systems indeed help with even the most difficult decision making tasks and issues.²⁵⁶ Today, computers and

²⁵³ McGee, M. L., "MBTI Correlates of Strategic Leader Potential: Initial Support for A Misunderstood Theory," In Proceedings of the Second Annual International Research Conference on Leadership and the Myers-Briggs Type Indicator, Wyndom Bristol Hotel, Washington DC., April 2-4, 1997

²⁵⁴ Martin, J., and Siehl, C., "Organizational Culture and Counterculture: An Uneasy Symbiosis," *Organizational Dynamics*, 1983, p.64

²⁵⁵ McCrae, R. R., and Costa, P. T., "Validation of The Five-Factor Model of Personality Across Instruments and Observers," *Journal of Personality and Social Psychology*, 1987

²⁵⁶ Lucas, K. W., and J. Markessini. 1993. Senior leadership in a changing world order: Requisite skills for U. S. Army one- and two-star generals. ARI Technical Report No. 976. Alexandria, VA: U. S. Army Research Institute for the Behavioral and Social Sciences.

information systems are necessary to all aspects of the strategic environment and senior leader work.

4.8.4.3 Information Processing

As the Army moved into the late 1980s, a major technical report was released to the Chief of Staff of the Army. It was a long-term research program that studied information, and systems theory in large organizations.

Like most leaders then and now the Army was searching for factors or sets of factors that make up the elusive shortfall between “what is” (where we actually are) and “what could be” (the potential of the organization, “Be all you can be”).

But what was the factor or factors? They knew it had something to do with “organizational performance.” They knew it was also based on how an organization was run, and how its processes were coordinated, integrated, and controlled. It was not just management, leadership, and organizational development. It was all of these factors and more.

They also knew X had to be related to the fact that the organization must work through people. X was the conceptual binder, the thing that provided the synergy, the thing that brought powerful notions together.

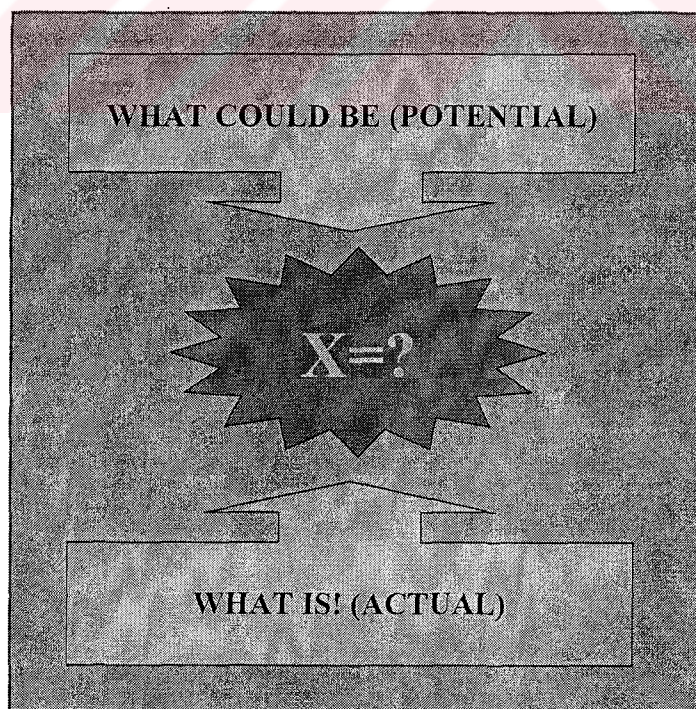


Figure 4.20 Information Process

The end result of all of their research and work was that the unknown factor was “H,” and H was INFORMATION! Information made the difference. It was nothing more than the concept of MATTER and ENERGY, ORGANIZED BY INFORMATION. The task is to increase the efficiency and effectiveness of how we use information in our organizations.

257

The X=H research compared over 150 organizational events that clearly demonstrated a direct link between efficiency of information flow and the effectiveness of the organization. Some argued that difference of information flow is no more than good leadership and that good leadership is nothing more than turning information into action. If this is true, then information management should answer the common sense notions of how to run an organization, as it is the conceptual binder pulling all of these ideas of leadership, organizational development, resource management, command and control and communications together.²⁵⁸

However, information as we have described it so far seems to be a specific thing. Bits and bytes. Measure this and measure that. If the clear, precise, and factual cognitive dimension was the only one, then putting H to work to solve for X would be simple and we could use information management alone to get the job done.

4.8.5 Information Processing, Cognition, and Decision Making

Since senior leader and executive worth is measured by what they know and the success of the decisions they make, a look at how information technology can enhance cognitive capacity and decision making is imperative.

Using systems theory, we'll relate this process to a systems model (INPUT - PROCESS - OUTPUT)²⁵⁹ Thinking or cognition can be described as a process of gathering data and information (Input), sorting and relating it (Process), and creatively and critically viewing it to induce or deduce new ideas (Output). Don't forget feedback is an essential part of any system to grow and learn.

²⁵⁷ Kotter, J. P. 1995. Leading change: Why transformation efforts fail. Harvard Business Review (March-April): 67.

²⁵⁸ Larwood, L., C.M. Falbe, M.P. Kroger, and P. Miesing. 1995. Structure and meaning of organizational vision. Academy of Management Journal 38(3): 769.

²⁵⁹ Fairhurst, Gail T., and Sarr, Robert A., “The Art of Framing: Managing the Language of Leadership,” Jossey-Bass, San Francisco, 1989

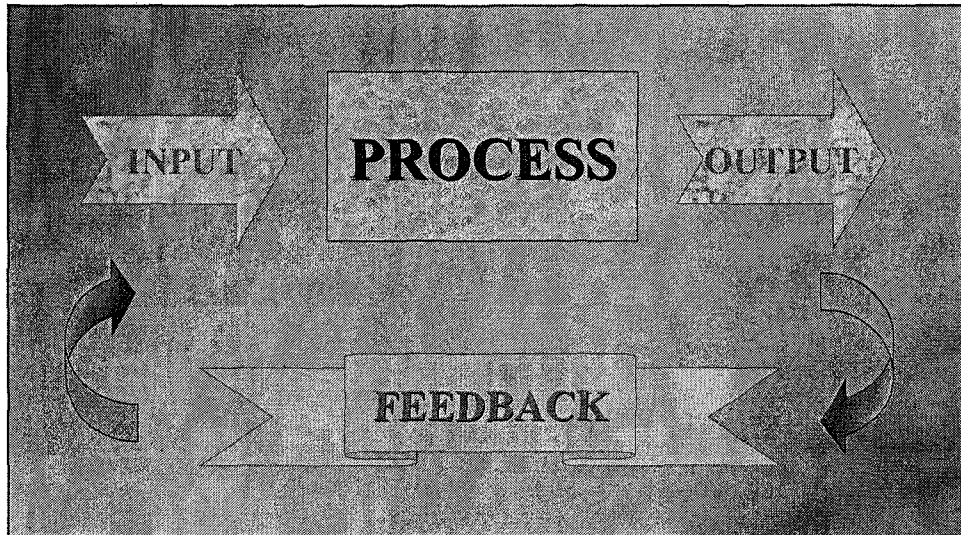


Figure 4.21 Information System Model

Computer and information systems work the same way. They are systems. Input devices bring information into the computer system. The input devices would be the keyboard, the scanner, or various types of drives. The processor (CPU - computer processing unit) is the computer itself. The output (devices like the monitor/screen or printer) rounds out the system. All computer systems must have these components (like the human decision process). It is the speed and accuracy of the computer executing this process that has promoted its success.

Like the computer, human processing of information is limited by the capacity of the machine. Human processing is biologically limited by two major factors: First, the capacity of long-term memory (a constraint of how much information we can accumulate without the help of aids such as writing), and second, short-term memory (how long we retain information). The mind is like a mental “scratch pad” that can hold only a limited number (usually 7 to 12 clusters) of thoughts at a time. These constraints of our memory can limit our ability to distill, relate, and view ideas. As we improve our ability to structure and organize symbols (such as language) outside our heads, we expand our ability to think. This ability to manipulate information has far reaching implications for advances in human cognition and decision-making. With the help of information technology as a lever we are preparing for the next leap in the evolution of human cognition.

What can compute and information management offer the strategic leader?

It gives immediate, direct and focused access to millions of ideas, publications, and documents from around the world. (www has >160,000 servers or networks around the world).

It allows almost unlimited capacity to store everything known and access it at will. Storage capacity has grown at an unbelievable rate.

It allows communication with local, organization-wide, and global networks.

It allows exploration of ideas in a variety of forms and the free manipulation of those ideas. (E-mail forums, chat rooms, bulletin boards, and powerful search engines on the web freely expose ideas from all around the globe.)

With the advent of expert systems, the computer can now interact as a peer or instructor would, distributing more creative, effective, efficient, and thoughtful ideas and solutions to problems. (“Wizards” and decision support systems influence all aspects of our lives.)²⁶⁰

As computers began to do more resource intensive processing of data, they allow time for people to process more complex issues and thoughts. And, as computers provide a higher knowledge and comprehension level of information, there also is more time for leaders to concentrate on senior level tasks requiring social interaction and complex information processing.

Computers have dramatically extended our memory capability, and memory and cognitive capacity are the two elements that form the basis of our thinking process. Computers are supplements to this process and, although they will not take the place of strategic leaders, they can become a powerful tool to help senior leaders become more efficient and effective. The correct use of information tools can certainly leverage strategic leadership and decision-making when properly applied.

The only hope for successfully dealing with the complex “third wave” global environment is to outsmart it. Intelligence is the best bet for surviving in the complex strategic environment; therefore, leveraging intellect with technology is a must. Similarly, the organizations we construct can no longer depend on size to be successful. Today, small organizations tend to be as efficient and productive as large ones. Small organizations are

²⁶⁰ Jacobs, T. O., “A Guide to the Strategic Leader Development Inventories,” National Defense University, Washington, D C, 1996

inherently more flexible and better able to respond to the complex environment. Companies are quickly moving away from mass production toward specialty products, and custom military units like special operations units and cross-attached units for specific purposes are all part of the fast moving “third wave” world. Strategic leaders will encounter an environment that has less bureaucracy, smaller staffs and a faster moving and changing world to operate in.

In the information age, organizations must find ways of increasing intelligence and learning and use various systems of feedback loops to adjust the decision process of the organization. Computer information systems are ideally suited to assist with all phases of the decision making process: input, processing, output and enhancing the feedback of the system.

A primary question a leader must ask is: How do we make our organizations “smarter”? Part of that answer has to be: How do we make our leaders smarter? How do we build on the “Human Capital” that our leaders and experts in our organizations possess? Senior leaders’ knowledge depends not only on the power of the leaders’ mind, but also on their ability to leverage that knowledge with proven tools and methods during the decision making process.

In this post-industrial era, the success of organizations seems to lie in human capital (HC) and systems capabilities of the organization rather than in actual physical assets. The capacity to manage human knowledge -and to convert it into useful products and services- is fast becoming the “critical” leader skill of the age. Despite the growing importance of expertise, few systematic answers to even basic questions are available:

- What is senior executive knowledge?
- How can it be developed?
- How can we better leverage it?
- What role do computer and information systems have to play in this leveraging process? What tools are available to leverage these valuable assets?

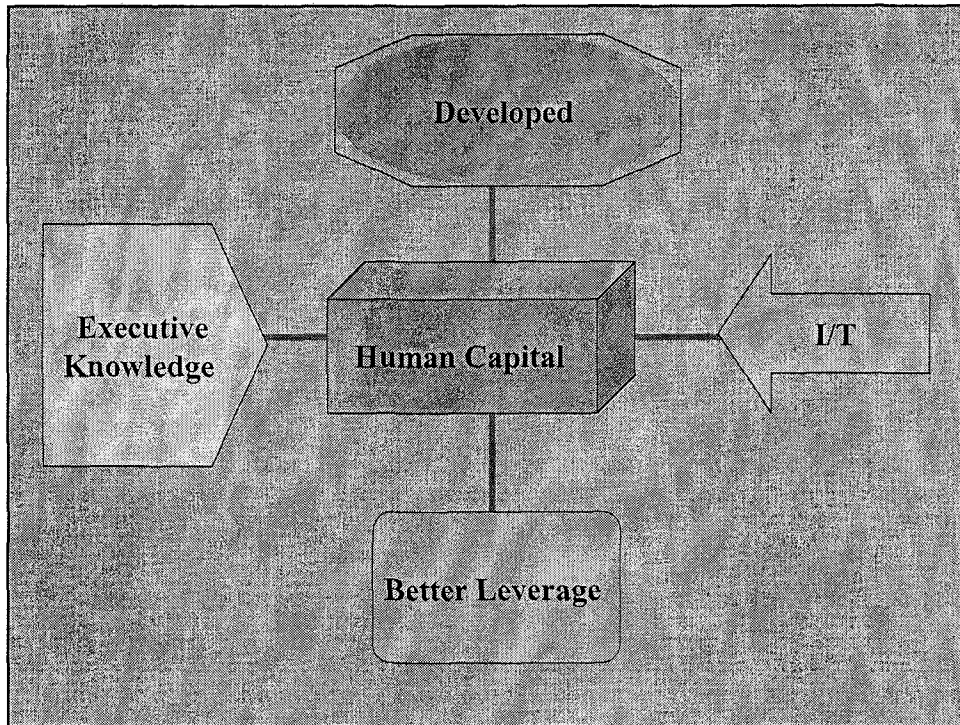


Figure 4.22 Human Capital

4.8.6 Strategic Leader Performance Requirements

Among performance requirements at the strategic level, there is a critical requirement for strategic vision. Most of what we know about strategic leadership performance requirements comes from three sources: Stratified Systems Theory (SST), outlining how complexity-handling skills requirements must grow with organizational level; a 10-year research program on senior officer leadership conducted by the U.S. Army Research Institute; and general literature on executive leadership.²⁶¹

4.8.6.1 Strategic Leadership with Performance

Leadership is an interactive process; the collective energy of a group, organization, or nation is focused on the attainment of a common objective or goal. Through leadership, clarity of purpose, direction, and means is achieved. There is also a perception of shared commitment by members. However, leadership tasks at the top of a large-scale organization are different from those at lower levels because the nature of work changes as an individual moves up through the hierarchy of an organization.

²⁶¹ Jaques, E., "The Development of Intellectual Capability: A Discussion of Stratified Systems Theory," *Journal of Applied Behavioral Science*, Volume 22, 1986

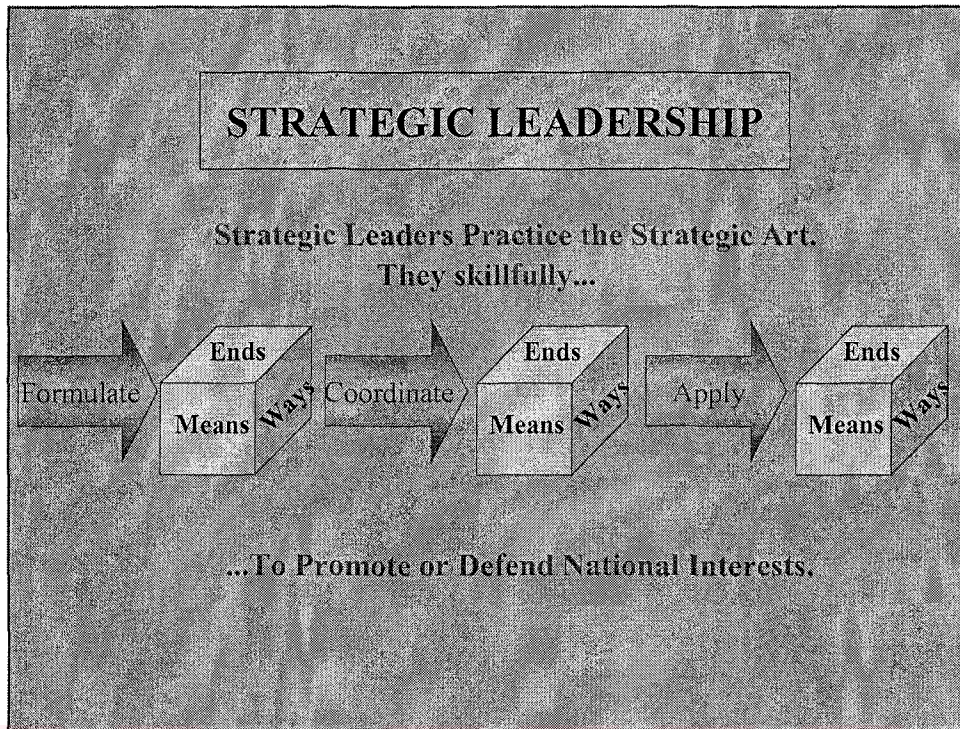


Figure 4.23 Strategic Leadership²⁶²

Most large-scale organizations have three broadly defined parts: the top levels (“strategic”), the middle levels (“organizational”) and the bottom levels (“production” or action-oriented).²⁶³

Leaders at the lower levels are responsible for getting things done; they are action-oriented. Compared with leaders at topmost levels, they have little discretion about the decisions they make, the procedures they use, and the degree of innovation they may implement. They may improvise but they rarely invent, because, at their level, consistency of action is important.

The midlevels are responsible for setting near- and mid-term goals and directions, and for developing the plans, procedures and processes used by the lower levels. (Plans, procedures, and processes are major tools for coordinating effort, particularly in large-scale organizations with many interdependent parts that must act in a coordinated way.) The midlevels are also responsible for prioritizing missions and allocating major resources to tailor capability at the lower levels. This includes formulating intermediate-range resources

²⁶² Chilcoat, Richard A., “Strategic Art: The New Discipline for 21st Century Leaders,” 1995, p.7

²⁶³ Jacobs, T.O., “A Guide to the Strategic Leader Development Inventory,” Industrial College of the Armed Forces, National Defense University, Washington, DC, 1996

allocation plans that implement concepts developed at higher levels, as in the Planning, Programming, Budgeting and Execution System (PPBES).

Top-level leaders are responsible for the strategic direction of their organization within the context of the strategic environment-now increasingly global. The term “strategic” implies broad scale and scope. It requires forward vision extending over long time spans-in some cases 50 years or more. So strategic leadership is a process wherein those responsible for large-scale organizations set long-term directions and obtain, through consensus building, the energetic support of key constituencies necessary for the commitment of resources.²⁶⁴

4.8.6.1.1 The Major Functions Performed by Increasingly Higher Levels of the Organization are Increasingly Indirect, Complex, and Ill-Defined

The lower levels deal with well- understood procedures. The resource requirements are modest, and expectations of performance are clear. Leadership is “direct”; leaders are expected to influence the course of events by their own actions.²⁶⁵

At higher levels, requirements are less clear, problems are less defined, and there are situations where developed procedures or precedents do not exist. Leaders at higher levels must be creative in problem solving, more innovative in their thinking. They must also be more proactive, in the sense of looking further forward more perceptively to set directions that play out over long periods.

FUNCTION	STRATEGIC LEADERSHIP	ORGANIZATIONAL LEADERSHIP	DIRECT LEADERSHIP
VISION	Create The Vision	Create The Plans	Execute The Plans
TEAMWORK	Integrate Structure/Purpose	Design Inter-Dependencies	Forge Teamwork

²⁶⁴ Katzenbach, Jon R., and Smith, Douglas K., “The Discipline of Teams,” Harvard Business Review, March-April 1993

²⁶⁵ Weick, Karl E., “Sense Making in Organizations,” Foundations for Organizational Science, Sage Publications, Thousand Oaks, CA, 1995

VALUES	Articulate Cultural Imperatives and Values	Set Command Climate	Model and Reinforce Values
INFORMATION	Establish Concept Base for Information Systems	Engineer Information Systems	Generate/Apply Information

Table 4.8 Integrating The Levels of Leadership

4.8.6.1.2 The Critical Functions of Higher Levels are Increasingly Conceptual (Abstract) in Nature

The lower levels are more concerned with hands-on operations. Tanks are maneuvered. Ships are driven. Aircraft are flown. There are rules and procedures that make tasks clear and unambiguous.

The midlevel of the organization is where procedures and practices used by the lower levels are generated. Leaders no longer deal “hands-on” with weapons systems; they deal indirectly with organizational systems, and thus must deal conceptually, using analytic procedures, because they are allocating finite resources to competing demands. Their thinking skills must be rational, critical, and discerning.

At the topmost levels, there are more conceptual requirements. Analytic skills alone are not enough because of long-time horizons and the massive scope and scale of resources being committed. To build long-term vision of where an organization must move over the next 15 to 30 years, leaders must be creative (e.g., exercise creative thinking skills). Creative thinking is very different from critical thinking. The creative process demands synthesis skills, a willingness to take moderate risks, and a degree of personal comfort and confidence in decision making when exploring the uncertain and unknown.

4.8.6.1.3 The Functions of Higher Levels Require Increasingly Long Time Frames for Their Execution

There are three reasons why this is so. The first is that the resources committed by consequential decisions are much greater. All organizations have “sunk” costs. They exist in research and development, equipment, training, and operational procedures. The cost of

an aircraft carrier, for example, must be amortized throughout a life-cycle covering decades; the concepts giving rise to this type of system must have arisen out of strategic vision extending over 35 to 40 years or more. A second reason is that the uncertainties of implementing strategic vision are very great. Research and development on a new system may extend more than a decade. For example, the F-22 will have been in development for perhaps a dozen years when the first aircraft flies. Will it be needed? If so, in what quantity? Finally, every organization has both a culture and a well-established set of operating practices and functional roles. They are based on extended training of organization members and long periods of operational experience, incurring both human and dollar costs. Any change in practices and procedures, if necessary, not only creates resistance from members who, by nature, do not like change, but also increases the financial cost of both re-training and subsequent operations.

The effectiveness of long-term vision is crucial to the long-term health of any organization. At all levels, leaders must make trade-off decisions, generally with the use of resources. Critical trade-offs reflect a choice between current effectiveness and projected future effectiveness, whether to do more research and development on a future, qualitatively superior weapons system, or to buy more of the available system; whether to make the investment in current technology or wait for the next quantum step. Each decision is surrounded by risk, imposed by cost and the uncertainty of future developments. Strategic leadership is a balancing act, a thin line between maximizing present effectiveness, and maximizing future effectiveness, decisions that, to some extent, are mutually exclusive. Resources expended today in the wrong direction become a loss. This is why strategic vision is crucially important to organizations and to the national interest.²⁶⁶

Strategic leadership is a risky business. Strategic decisions are rarely clear-cut. There will always be uncertainties and often ambiguities. Contributing to the uncertainty is the fact that decisions must be made with some set of presumably valid assumptions in mind. However, strategic decisions may play out over long time spans: 10, 15, 20 years-or more. It is almost certain that very long time frames will see change in some or many of the assumptions on which such decisions were based. The decisions themselves may thus become flawed over time- overtaken by events through no fault of the original decision

²⁶⁶ Knowlton, B., and McGee, M., "Strategic Leadership and Personality: Making the MBTI Relevant," National Defense University, Washington, DC, 1994

maker. Another uncertainty is that the support of constituencies for the decision may change with changing circumstances. And the risk is compounded by the fact that strategic decisions almost always call for major commitment of scarce resources. "Opportunity cost" is created when commitment of resources to one option precludes the exercise of other options. Consequential strategic decisions- those committing very large resources to very long term courses of action-may also prevent reconsideration of other options. A risky business indeed.

An additional source of strategic risk is that top-level decisions will almost always have both direct and indirect effects. Where decisions impact globally, even the direct effects may be uncertain. The probable actions of competitors/adversaries may not be understood when prediction must take into account other cultures, they understood only dimly. And there may be missing information. In the Cuban missile crisis during the Kennedy administration, the Executive Committee members were quite uncertain what the response of the Russians would be to the various options discussed. It is now known the Soviets had over 150 nuclear warheads in Cuba, including tactical nuclear weapons that might have been triggered by any direct assault on the island. However, direct uncertainties may be minimal compared to indirect outcomes of decisions that involve long-term, irretrievable commitment of mammoth resources. An indirect effect occurs when a decision creates a direct effect that produces additional ripple effects. In complex systems, second-, third-, fourth-order effects are common. And the further removed they are, the harder they are to anticipate.

Two examples illustrating this are the North American Free Trade Agreement (NAFTA) and the impending decisions about medical care in the United States.²⁶⁷ The results of these system changes will play out over a 20- to 50-year time frame, intermixed with changes resulting from other decisions. Not only are indirect effects hard to anticipate, but also in some cases it may not be clear what actually did/will cause them.

For all these reasons, strategic decisions need to be systematic, rational (to the extent possible), based on well-understood and articulated assumptions, and broadly supported by those involved in their implementation. Consensus team decision-making is a process that can produce decisions of this nature; however, not all decisions at the top require this

²⁶⁷ Available on site "Official Website of North American Free Trade Agreement"

process. First, not all decisions are resource intensive. Those, by their very nature, are less risky because they do not create “opportunity costs.” Second, not all decisions deal with long time horizons. Some of what is in a flag rank officer’s in-box is due out within hours or days, so effects can be examined and “mistakes” quickly rectified. (However, if the leader is adding value to the organization, even short-term decisions will be considered within the context of strategic objectives.) And, finally, not all top-level decisions are complex. The time and resource costs of consensus-team decision-making may not be warranted.

4.8.7 Strategic Performance Requirements

The systems led by strategic leaders are ponderous and complex; they change slowly and only with great expenditure of energy.²⁶⁸ Within this protracted time horizon, strategic performance requirements include:

- Envisioning the roles the military can and should play in furthering national policy objectives both in the near (3-5 years) and far (20 or more years) term.
- Envisioning the future operational capability required to discharge responsibilities inherent in projected roles.
- Envisioning program efforts necessary to gain future capability, within the constraints of available resources and tolerable risk, while protecting a capability to perform defined roles.
- Building consensus within the organization, and with appropriate federal and international agencies, as necessary, to gain support for program efforts to enhance future capability.
- Achieving the commitment of the organization, federal agencies and the Congress to provide continued support for program efforts, and working to maintain that level of commitment.
- Initiating programs with far-distant completion dates that must be approved, funded, and institutionalized to be achieved.

²⁶⁸ Bourgeois, L. J., “Strategic Management and Determinism,” *Academy of Management Review* 9, 1985

4.8.8 Strategic Skills and Abilities

Leaders at all levels require skills and abilities in three broad areas:

- Technical knowledge and skills required in the position, especially about executive information systems.
- Interpersonal/communication knowledge and skills.
- Conceptual skills, which allow the strategic leader to make decisions and cope with the level of complexity, associated with a particular position.

Specific leadership tasks to be performed differ from level to level in organizations. More importantly, the balance between technical, interpersonal/communication, and conceptual changes across levels.²⁶⁹

4.8.8.1 Technical Skills

Technical skills are required at all levels. However, at the lower levels, technical skills consist of using or operating a system; at upper levels, technical skills are more about employing systems within systems in order to create synergy. For example, at the lower levels, automation-technical skills might consist of what is required to install and maintain a network of computer systems. At the strategic level, they might be what are required to achieve the integration of an extensive automation system.

At the direct level, technical focus is on solving well-defined problems, and performing specific tasks and missions. At the strategic level, the focus is on solving ill-defined problems dealing with intangibles and indirect effects that can impact on the organization. Many of the technical decisions facing these senior leaders require the assessment of organizational capabilities and an understanding of the intricacies of resourcing the total organization.

Structuring and re-structuring includes responsibility to develop new kinds of systems and organizations to provide future operational capability. These strategic decisions require major resource commitments that cannot easily be reversed (e.g., the decision to build an aircraft carrier). They also require calculation of the tradeoffs between opportunity and

²⁶⁹ Philips, R. L., and Hunt, J. G., "In Strategic Leadership: A Multiorganizational Perspective," Quorum Books, Westport, 1992

risk, with the knowledge that if decisions are wrong, the defense posture may be weakened.

New organizations may be developed in response to changing threat capabilities, technological enhancements, or resource changes. Within the Air Force, the development of composite wings is an excellent example. Within the Army, the creation of light divisions is another. Light divisions were formed to deal with a part of the spectrum of war that was not sufficiently covered, as well as to increase flexibility and mobility. However, such decisions carry substantial opportunity costs. In this case, the light divisions cost some heavy divisions.

4.8.8.2 Interpersonal Skills

Because the relationships at the strategic level are much more lateral and without clear subordination than at lower levels, the interpersonal skills involved in persuasion, negotiation, and collaboration are more crucial. These processes operate on a base of effective reasoning and logic. Strategic leaders -especially when consequential decisions are being made- must be able to build the perception that their ideas are rational and deserve support. This demands that a consensus be built among contemporaries of equal rank and tenure, who might have competing interests and ideas of their own. To a very great extent, the capacity to build consensus depends as much on interpersonal skills as on political and conceptual skills.

The Coe must be able to lead subordinates who disagree with each other, and with him, while he retains his own convictions about the desirable direction for the corporation. This conviction may be tested over several years by the skepticism and dissent of other senior officers. But if the Coe and those who agree with his ideas for new direction are persistent, and if they are correct in their decisions so that improved results become apparent to others, then gradually they can rebuild a consensus about the “rightness” of the new ideas, and these will be incorporated into management’s beliefs.

4.8.8.3 Conceptual and Decision Skills

4.8.8.3.1 Environmental Scanning

Scanning is purposeful search in the environment for relevant information. The skill lies in knowing what may be important, where to look, who to ask, and what to ask, to obtain

needed information. Strategic leaders do not all environmental scanning. In today's environment, the task has such enormous scope that whole departments, branches, or organizations maintain environmental scans. For example, environmental scanning is one of the most central missions of the CIA.

In any organization the leader's unique capacity to commit the resources of his/her organization, opens many doors.²⁷⁰ One way a leader may add value is by using this "source mobility" to scan, interpret, and understand what is going on elsewhere that may have future relevance to his/her organization. Because many strategic courses of action require huge investments, they may unfold over substantial time frames. Therefore, to the extent early sensing of important events might allow timely action to gain a competitive advantage, the value of strategic scanning may be enormous.

4.8.8.3.2 Decision Making

In most strategic decision-making where options are consequential, situations may not have clear cause-and-effect outcomes. Also, plausible courses of action may not yet have been developed or identified. In such cases, decision makers must isolate and identify key issues, visualize and predict potential problems, and formulate least-risk solutions. Additionally, at the strategic level, some problems may be so poorly structured that even one clearly workable course of action is not apparent. The complexity may be too great, and the consequences of possible courses of action too uncertain.²⁷¹ For these complex and ill-structured problems, most organizations make use of an executive team, composed of the leader and his/her advisors. The assembled wisdom of the team members enables a broader scope to be considered, and permits a more careful analysis of the information relevant to the issue.

4.8.8.3.3 Reducing Complexity

The complexity and uncertainty of the strategic environment exceeds that which can be tolerated at the lower levels. Decision makers at this levels- nominally the mid-levels- develop concrete plans for allocating resources to operations. The strategic role is to comprehend the complexity and uncertainty in the strategic environment, and then to set

²⁷⁰ O'Toole, J., "Leading Change," Jossey-Bass Publishers, San Francisco, 1995

²⁷¹ Bedke, Curtis M., "Strategic Decision Making In A Multinational Ad Hoc Coalition Ad Astra Per Aspera," Unpublished ICAF Course Paper, 17 December 1993

understandable azimuths for the mid-levels of the organization that can be used as a rational basis for resource allocation to operational units.

4.8.8.3.4 Systems Understanding

This is a capacity to visualize the interactive dynamics of large systems, including interdependencies, so that decisions taken in one area will not have adverse impact in another. Strategic decisions must balance conflicting expectations, requirements and values, over time. Systems-by virtues of strategic leadership-must deal with current requirements, conceive future requirements, and balance these requirements with current and future resources.

4.8.8.3.5 Understanding Indirect Effects

A strategic leader's frame of reference and vision must be broad enough to predict the indirect-second-, third-, and fourth-order effects of decisions. Without this capacity, changes in policy, regulation, or action may produce effects neither anticipated nor desired.

4.8.8.3.6 Future Focus and Vision

Strategic leaders must not only be future oriented, but must have a "sense of time" to envision long-term system-wide programs and schedules for their implementation. Time horizons from 12 years (for the Extended Planning Annex) to 20 years (for programs requiring major capital resources, such as the force modernization programs of the various services) are common in peacetime. The importance of vision at this level is that it provides the umbrella for defining specific and detailed programs at the organizational.

4.8.8.3.7 Proactive Reasoning

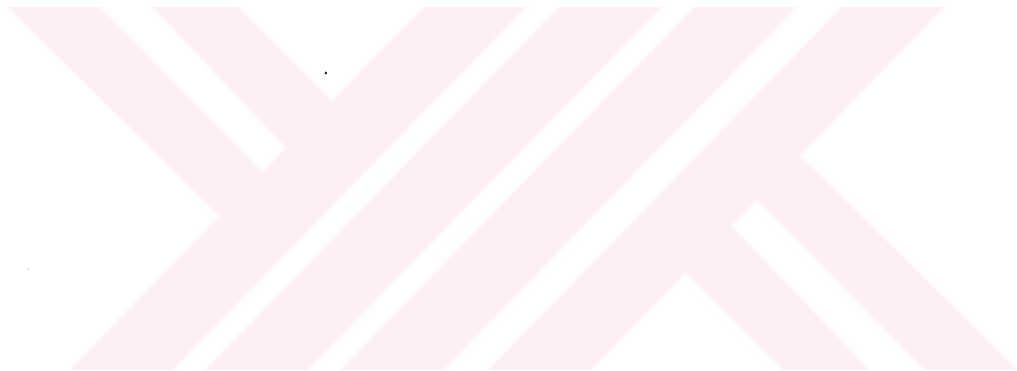
Although strategic leaders must react to immediate, near-term events, they reduce the surprise factor by maintaining a "proactive stance." Being proactive is more than just seeing the future relevance of present-day events. In this proactive process, strategic leaders use their frames of reference as a tool to:

- Assess current position.
- Envision desired future capabilities.
- Determine the difference and define steps to close the difference.
- Initiate the future program.

- Monitor progress.

The Army's force modernization program is an example of executive action that illustrates this five-step process. To accomplish this task, senior leaders had to understand how to initiate and institutionalize a desired set of objectives so their successors would continue toward attainment as a natural course of events. Its prime initiator said it would not be fully complete "within the service lives" of the graduates, predictably an additional 10 to 15 years. His time horizon was a minimum of 20 to 25 years at the time the program was institutionalized.

This program was not formulated in response to a requirement. Rather, it was envisioned as a necessary step to create a force that could deal with future contingencies. It was a proactive effort requiring consensus for initiation, and a program for creating the critical mass of resources to get it started.



5. THE PICTURE of FUTURES LEADER

“Leadership is a combination of strategy and character. If you must be without one, be without the strategy.”

General H. Norman Schwarzkopf²⁷²

In this part of survey, we will see the formulation of strategy, thinking about the future and future explorations. We will also examine looking into the future, strategy in the 21st century, role of 21st century leader and lessons for strategic leaders.

5.1 STRATEGY FORMULATION

5.1.1 The Initial Parameters

At a leading financial services company in the United Kingdom, many team members suggested that their strategic time frame should be 5 to 6 years. Their CEO challenged them to reduce that to 4 years. His rationale was that the organization’s internal clock was simply too slow and that its traditional approach to setting goals allowed for too leisurely a pace. External factors now demanded a speedier response.²⁷³

When this team examined its basic beliefs, it identified a general slowness and resistance to innovation as a problem area. Since then, the team has formulated a basic belief that says the company will “set the pace in our marketplace to stay ahead of our competitors, especially in product innovation and addressing consumer trends.”

This example highlights the two initial parameters -the strategic time frame and the organizations basic beliefs- that make up the starting point for strategy formulation, the second phase of our model. This part of my work focuses on these parameters within which the strategic vision will be developed.

The core issue throughout the strategy formulation phase is whether a company’s existing emphasis and mix of products, markets, and capabilities form a winning combination for the future. The challenge lies in responding to these questions: Why are you in the business you are in and not another? Why do you offer the products you do and serve the markets you are in, and not others? What exactly is your organization about?

²⁷² Reed, Peter J., Ibid, p.11

²⁷³ Zurich Financial Services, “Sun Builds Java Technology Architecture For Complex, Risk Transfer System,” Available on site <http://www.sun.com/service/>

The answers to these questions help a team draw the line between what's in and what's out, and they provide guidance for handling the gray areas in between. They also help a strategy team unravel these remaining issues:²⁷⁴

- What are the basic beliefs and values that guide our organization?
- What is our major source of competitive advantage? How will we strengthen and develop that advantage?
- What key capabilities do we need to take our products to market?
- How will we allocate scarce resources effectively, based on a rational portfolio of priorities?
- What will be our direction and scope for growth and new business? From which incompatible, noncore, or unprofitable products, services, and markets should we retreat?
- What are our underlying expectations for return and profit?

When the strategic vision is complete, it is the roadmap for strategy implementation, helping to:²⁷⁵

- Provide input on organization structure and staffing decisions.
- Give a common theme to internal communications and their clarity.
- Provide direction for external marketing, advertising, and public relations
- Provide guidance for operational and day-to-day decision making.
- Create a unity of purpose and common culture in the organization.
- Create a human performance system that incorporates rewards and consequences to support strategic behaviors.
- Act as a source of guidelines for business planning.

²⁷⁴ Freedman, Mike, Ibid, p.44

²⁷⁵ Bennis, Warren, Ibid.

5.1.1.1 The Strategic Time Frame

The most basic parameter of a strategic vision is its time frame. Like any other goal or project, a strategic profile must describe an endpoint. Otherwise, there is no sense of urgency or constraint associated with strategy implementation. Progress will either be slower than expected or driven artificially by calendar months or planning and budgeting cycles. A defined time frame, no matter how long, focuses the development of environmental assumptions. Later, it is the foundation for sequencing and coordinating implementation across divisions, functions, and geographical areas. More importantly, it is the axis for measurement of organizational and employee performance against strategic objectives.

The strategic time frame varies dramatically among organizations. Its length reflects the value chain in which an organization participates, its unique internal characteristics, and the external variables that impact its domain.²⁷⁶

If the time frame is too short, it will not allow for the full realization of strategic ambitions. If it is too long, the team may struggle to make its vision concrete and actionable.

Ask yourself about the forces that affect your own company's sense of strategic time. How do shifts in the world at large -the rate of macroeconomic change, the amount and accessibility of information, emerging legal and regulatory constraints- affect your enterprise? What is the overall rate of change in your industry? What is the impact of relevant market trends, technological developments, and shifts in demographic patterns, and emerging competitive threats? Within your company, what is the receptivity to change? What general pace has characterized your best efforts? How long is the typical product development cycle? Are there large operational projects that will affect your timing in implementing strategy? The answers to these questions confirm that any company's strategic time frame is uniquely its own.²⁷⁷

A strategic time frame is emphatically *not* the same as the time period for long-range planning activities. Typically, long-range planning reflects specified intervals to comply with accounting and shareholder expectations. Planning horizons are often arbitrary. At Hertz Rent A Car in the early 1970s, thinking about the future was dominated by the need

²⁷⁶ Gray, Colin S., "Modern Strategy," Oxford University Press, New York, 1999, p.121

²⁷⁷ Freedman, Mike, Ibid, p.47

to do annual budgets and 3-year long-range plans; there was no logic to the 3-year time frame.²⁷⁸

At Xerox, planning was the consuming passion; there were 1-year budgets, product plans, market plans, and financial plans, and all were complements to a 7-year long-range plan. But sadly, the obsession with planning minutiae obscured the strategic big picture. Xerox did not look beyond its various planning cycles to strategic time, and it therefore failed to act on intelligence about Japanese competition. The rest is history.²⁷⁹

The only correct strategic time frame is the one that works for your company. The Consumer Products Division of Courtaulds Textiles, which designed and manufactured clothing for retailers, adopted a strategic time frame of 1 to 2 years. Rapid shifts in both fashions and fabrics would have made any longer-ranging assumptions invalid. In contrast, the Bord Na Mona in Ireland (the state peat bog board) set a 20-year strategic horizon. This parameter reflected the time required to change land-use patterns; this was necessary as the peat was depleted and new farming and recreation uses were planned.²⁸⁰

An even more dramatic example is that of a half-billion-dollar privately held U.S. conglomerate. This company is owned by family trusts that control its equity and dividend distributions and make all decisions on investments, acquisitions, and disposals. Because these trusts exist to assure not only the interests of the current generation but those of their children as well, they have appropriately established a 30-year strategic time frame.²⁸¹

We need to be realistic about the usefulness of the strategic time frame in practice. The world around us does not respect artificial time boundaries, nor does it necessarily march forward at a single pace. As the preceding examples demonstrate, organizations must adopt a time frame that is in step with its industry's dynamics.

Business leaders have long observed, particularly when undergoing major change, that progress is measured in two steps forward, one-step back. No matter how carefully we plan or anticipate, progress is never linear; inevitably, there are unanticipated factors that interrupt our forward motion. Think of the results of the current genome project: It has

²⁷⁸ Walsh, Mary Williams, "Car Sharing Holds the Road in Germany," 1998, Available on site <http://www.sustainable-city.org/articles/>

²⁷⁹ "Marketing Strategy Services Demand Revenue," Available on site <http://www.demandrevenue.com/pages/939746/>

²⁸⁰ "Sara Lee," Available on site <http://www.saralee.com/ourcompany/>

²⁸¹ Black Enterprise, "Feature," Available on site <http://www.blackenterprise.com/>

revolutionized the entire biotechnology industry. Then there is the Internet. Nearly every industry has been affected by the connectivity the Internet affords and the e-business opportunities it has created. Anticipated time frames have simply collapsed with electronic speed. Our observations tell us what our intellects find hard to accept: The theoretical physicists are right, and time is indeed relative.

Let's say we're in the pharmaceutical industry, in a company that prides itself on being first to market with innovative products. We've found the cure for the common cold, and according to our internal project management clock, we'll take it to market right on schedule. But the world around us does not respect our time lines. If a competitor beats us to market, our product will hit the shelves as an alternative, not a breakthrough. Our company's position is always relative, and our sense of being out in front may be out of tune with others' reality.

Pragmatically, we insist that the strategy team establish a time frame when it begins the strategy formulation phase. Most teams should bear in mind that today's strategic ambitions would need to be informed by the acceleration of time frames in the years and decades to come.

Naturally, the time frame itself is subject to review and modification as the process goes forward. Its primary purpose is to provide a parameter for strategic deliberations and a reference point for measuring implementation progress. Every top team will also work with tools intended to compensate for the discontinuity between their internal clocks and external reality: analysis of potential problems and opportunities, sophisticated project management frameworks, what-if models, and techniques for forecasting and scenario building.

Best-practice imperatives demand that strategy be kept "evergreen." When a robust approach to monitoring, reviewing, and updating the strategy is in place, its formulation and implementation must be a never-ending and dynamic process. But, for example, a time frame indicating, "by the year 2005, we will have..." helps teams make their visioning concrete.

5.1.1.2 The Role of Basic Beliefs

Today's corporations face increasing pressure to examine and act on a set of values and beliefs. The continuing demonstrations against the World Trade Organization and the

International Monetary Fund are part of a mindset that asks companies to rebalance their priorities. So too are the horrified reactions of millions of employees and investors to the accounting scandals exposed in mid-2002.²⁸²

We define a basic belief as a deeply held tenet, creed, conviction, or persuasion. It is one that speaks to the intrinsic and/or tangible value of a human or material condition. Basic beliefs provide the social cohesion of organizations. They give to an organization a sense of meaning that transcends the sell-more-spend-less creed that defines almost all business transactions.

However, many organizations have basic beliefs or value statements that are little more than corporate pieties. In other organizations, basic beliefs and values are not explicitly stated. They remain a hidden influence and are never put on the table for discussion, evaluation, or change. Without closely examining these “invisible” beliefs-clarifying, recrafting (when needed), or even casting them out-organizations run the risk of having such beliefs adversely affect decision making and behaviors.

What’s more, basic beliefs are an important aspect of strategy implementation. They set boundaries for day-to-day decision-making, provide a sense of cohesion that reinforces strategic unity, and support desired performance by setting a standard for accountability. Clearly formulated basic beliefs that are visible to all stakeholders in an organization, relevant to decision making, and useful in guiding and testing behaviors are an immensely powerful tool.

That’s why we insist that a strategy team must discuss and codify its basic beliefs right up front. They are first considered during the strategic intelligence phase, and they become an important touchstone throughout as the team formulates and audits the remaining components of its vision.

5.1.1.2.1 Where Do Basic Beliefs Come From?

Most executives instinctively understand the nature of basic beliefs and probably can articulate the beliefs they and their companies currently hold (either by choice or default). Less obvious is the origin of those beliefs and their alignment with the other components

²⁸² “Declaration on the Relationship of the World Trade Organization with the International Monetary Fund,” Available on site <http://www.sunsonline.org/trade/>

of strategic intent. In articulating the basic beliefs of your strategy, consider the following questions:

What were the basic beliefs of the founders of our company? How have they been articulated and demonstrated? In many instances, beliefs and values stem from the founders of an organization. At Kepner-Tregoe's firm, this is certainly the case. Three of their basic beliefs have been with them since the company began more than 40 years ago.²⁸³

The first of these expresses a commitment to the power of process in managing organizations. It states that they will "build upon their worldwide leadership in *process* facilitation, consulting, and skill development." Kepner-Tregoe will never be a firm of content consultants, and this is what their founders intended.

Second, they state that they will "*transfer* our ideas to clients, enabling them to do for themselves rather than having us do for them." It expresses the old Chinese proverb that "it is better to teach a man to fish so that he may feed himself for life than to give him a fish so he can eat for a day."²⁸⁴

Third, they will "produce practical, useful *results* for their clients." They stand or fall by the true value added that they provide. These three basic beliefs are so ingrained into the Kepner-Tregoe culture that the code words *process*, *transfer*, and *results* are immediately recognized by employees and clients alike, and they govern our daily activities.

What other beliefs have evolved in the organization and been accepted over time? How have they been implemented and accepted, formally or informally? How do they govern our decision-making, people management, and day-to-day behavior? Recognizing the beliefs and values that have emerged in the company is vital to predicting those that will shape its future. Of course, this cuts both ways. It is just as important to recognize-and jettison-beliefs that are irrelevant, perhaps damaging, or not aligned with the strategic intent. Indeed, some beliefs may be held only by certain groups, which is often a source of conflict.

²⁸³ "A Guide to Investing in Mexico," Available on site
http://www.internationalreports.com/theamericas/01/Mexico/trade_investment_mexico/

²⁸⁴ Greenberg, Rhonda, "Before you take pills, try biofeedback," Available on site
<http://www.futurehealth.org/>

In a classic case of the need to “deprogram” certain beliefs, there was the young CEO who had inherited the reins of a \$700 million privately held firm upon the death of his father. Three years later, the son still found himself asking “what would my father do” at every turn. To make way for a new strategic vision, he had to closely examine -and give up- several of his father’s long-held but restricting beliefs in order to define beliefs of his own. For example, he now believes that his father’s autocratic style of management is no longer appropriate and that a more participatory leadership style will yield better results.²⁸⁵

In which areas of the organization -our processes, our products, our performance, our marketplace, our capabilities- do we aspire to leadership? How do we express these things to others (internally and externally)? What differentiates our company in the minds of all our stakeholders? Basic beliefs are at the heart of a strategy. At Kepner-Tregoe, for example, leadership in process-oriented services and their application through facilitation is at the core of our being.

One firm states that it will offer only products that are “in demonstrable, proven, profitable, niche technologies that we understand.” One of the company’s niches is metal tubing with highly specialized technical requirements. Every one of its products in this category whether made for medical equipment, aircraft, or oil refineries-ranks first, second, or third in market share. This and several other niches are what management understands, and they reject ventures into other product areas, no matter how attractive.

What qualities in our people are central to exploiting our key capabilities? Ideally, what is the relationship between our company and our employees? What intangible qualities do we promote when recruiting new people for the organization? At their best, how do our people behave with each other? Another of basic beliefs says that “work for the greater good of the firm family worldwide while valuing individual needs.” This firm is global in scope, with everyone frequently on the move and often working in small teams. This basic belief gives them a steady compass point for employee relationships, strengthening our overall cohesion as a company.²⁸⁶

What is the nature of our relationship with our stakeholders (for example, with our board, parent, subsidiaries, shareholders, partners, and local communities)? What expectations

²⁸⁵ Freedman, Mike, Ibid, p.50

²⁸⁶ “Australian Business Limited – Careers’ Responsibilities,” Discrimination Workshop, 20 February 2001, Available on site http://www.eowa.gov.au/Resource_Centre/Directors_Speeches/

do they have for our behavior? There are many firms whose ethical and moral beliefs about business practices constrain them from marketing to, sourcing from, or cooperating with countries whose customs and practices do not conform to their own. Similarly, other companies are at long last under both internal and external pressure to review certain practices-in relation to child labor, the export of produce that does not conform to European Union standards, and potential violation of international environmental treaties.

At Towngas, the strategy team examined the specific outcomes it wanted to achieve with each of its identified stakeholder groups: customers, shareholders, employees, and the community in which it operates. As it moves into new locations in China, for example, natural gas will not be made available to households with substandard delivery systems until the systems are upgraded. The Towngas basic belief regarding customer safety will not permit a compromise on this count.²⁸⁷

An even simpler example: The Bristol and West Bank has been headquartered in Bristol since its inception. Despite the many benefits that might accrue with a move to the United Kingdom's financial center in London, its relationship with the Bristol community is such that remaining there, it believes, is in the best interests of all its constituents.²⁸⁸

Stakeholders may influence not only the content of an organization's beliefs and values but their implementation as well. At a major airline, a framework of beliefs about employees and work practices was developed in cooperation with its many trade unions-a process that helped to turn a hostile and adversarial relationship into one that was both positive and instrumental in implementing those beliefs.

5.1.1.2.2 Characteristics of Basic Beliefs

Basic beliefs are about stuff, not fluff. Statements like "We value our employees," or "The customer is king," or "Quality is Job 1" may make decent advertising copy, but they don't have the strategic depth that makes a difference.

To be strategically useful, an organization's basic beliefs must be:²⁸⁹

²⁸⁷ Client Results, "Moving Cultural Mountains," Available on site <http://www.kepner-tregoe.com/sea/clientsea/>

²⁸⁸ Stocks and Shares ISAs of Bristol and West Bank, Available on site <http://www.bristol-west.co.uk/savings/isaproductdetails.asp>

²⁸⁹ Bennis, Warren, *Ibid*, p.47

- *Universal:* Basic beliefs apply to every level of the organization, to every employee, every function, and every location, with no exceptions. Where appropriate, they apply to external constituencies as well.
- *Realistic:* Although no organization is perfect, its basic beliefs should express attainable goals for continuous implementation.
- *Clearly stated and easily understood:* If a basic belief is ambiguous or couched in jargon, it is meaningless. Every employee should be able to grasp the intent of each basic belief, as should any other constituent to whom it is relevant.
- *Measurable:* A basic belief should identify distinctly the kinds of observable behaviors and standards that will be used to assess how well employees and the organization as a whole measure up.
- *Demonstrable:* Everyone should be able to see the basic beliefs “in action.” Role modeling by top managers is especially crucial; without it they will rightly be accused of producing a package that *is* all pomp and no circumstance.
- *Consequential:* Quite simply, if a company’s basic beliefs have no impact on its decision-making, they are irrelevant. Basic beliefs are a powerful strategic unifier only when they are owned and implemented throughout the organization.

Most companies settle on a relatively few basic beliefs. They frequently have strategic, operational, and human dimensions.

The J.M.Smucker Company’s basic beliefs were focused on five key words: *quality, ethics, independence, growth, and people*. This family-owned American icon in the jams and jellies category exemplifies the power of basic beliefs in strategic thinking. Consider their statement on quality; it addresses both strategic and operational issues, speaks to the relationship with employees, customers, and stakeholders, and codifies values that establish what the company will and will not pursue.²⁹⁰

“Quality is the key word and shall apply to our people, our products, our manufacturing methods, and our marketing efforts. We will market the highest-quality products offered in our respective markets:

²⁹⁰ The J. M. Smucker Company, “Policy On Ethics And Conduct,” Available on site http://media.corporate-ir.net/media_files/nys/sjm/gov/

- Consistent high quality is required.
- The company's growth and success have been built on quality.
- Quality comes first; then earnings and sales growth will follow. We will only produce and sell products that enhance the quality of life and well being."



Figure 5.1 Marketing the Highest-quality Products

5.1.1.2.3 Implementing Basic Beliefs

Tacking a basic beliefs plaque up on the wall will not suffice. The firms must work hard to communicate their beliefs, recognizing and rewarding those individuals who exemplify them. Adherence to basic beliefs is among the selection criteria for partnership and election to the board; as a criterion in annual performance appraisals; for disciplinary purposes; and, in assessing the quality of our client relationships and assignments through their customer surveys.²⁹¹

The beliefs are featured on posters and wallet-size cards at nearly every desk. A basic beliefs committee is selected and chaired by the company's founder. This group evaluates nominations for quarterly and annual recognition. The process is keenly followed, and

²⁹¹ Concordia Journal, January 2002, Available on site <http://www.csl.edu/>

those employees who are singled out have their success celebrated throughout the company.

Their basic beliefs are meaningless unless they result in behaviors that support their strategy. They encourage client strategy teams, at an early stage in the engagement, to consider how their basic beliefs will be implemented and how success in achieving each belief will be measured. For example, an organization aspiring to technological leadership might examine and measure the number of patents registered each year relevant to its core products.

Nature abhors a vacuum, and without a set of commonly held basic beliefs, individuals will establish their own sense of purpose and values. The beliefs they choose may have certain validity, but they will not be necessarily aligned with the strategy. However well intended, individuals may be working at cross-purposes, and this will eventually drain resources and erode strategic unity.

Basic beliefs are not a nice-to-have; rather, they explain how an organization goes about its business. They are crucial to successful strategy implementation, aligning the organization's communications, culture, and practices with its strategic vision.

First, however, basic beliefs act as an important parameter for the remaining work of crafting the vision. The strategy team will use both these beliefs and the strategic time frame as fundamental stakes in the ground as they formulate their strategy.²⁹²

5.1.2 The Power of Driving Force

5.1.2.1 Driving Force: Its Purpose and Power

The phrase *Driving Force* has become common parlance over the last 20 years; however, it was first coined as a pivotal strategy concept by Kepner-Tregoe in the 1970s. It provides the means of getting to the heart of any organization's strategic profile.

Driving Force is defined as "the *primary* determinant of the products and services an organization will and will not offer and the markets (customers, consumers, and geographies) it will and will not serve."²⁹³ Over the past two decades, this definition has

²⁹² Eisenhardt, Kathleen M., "Strategy as strategic decision making," 1999, Available on site <http://www.findarticles.com/>

²⁹³ Tregoe, Benjamin B. & Zimmerman, John W., "Top Management Strategy: What It Is and How to Make It Work," Simon & Schuster, New York, 1981

stood the test of time. It speaks concisely to the nature and direction of an organization, expressing the essence of “what our business is about.”

Once an organization has established its basic beliefs and set its time frame, it is ready to create a set of alternative strategic visions for consideration. This is the crux of the strategy formulation process, and the Driving Force concept is the key.

The Driving Force provides focus, the basis for competitive advantage, guidance on the scope of products and markets, an indicator of “must-have” key capabilities, a communications vehicle, a means of unifying an organization, a source of decision-making criteria, and a means of evaluating competitors’ strategies. The Driving Force also acts as a filter for new growth opportunities that appear and a guide for the phasing out of products and markets. It is a powerful tool for determining the fit of possible acquisitions, joint ventures, and alliances, as well as for guiding decision making when a predator proposes a takeover.

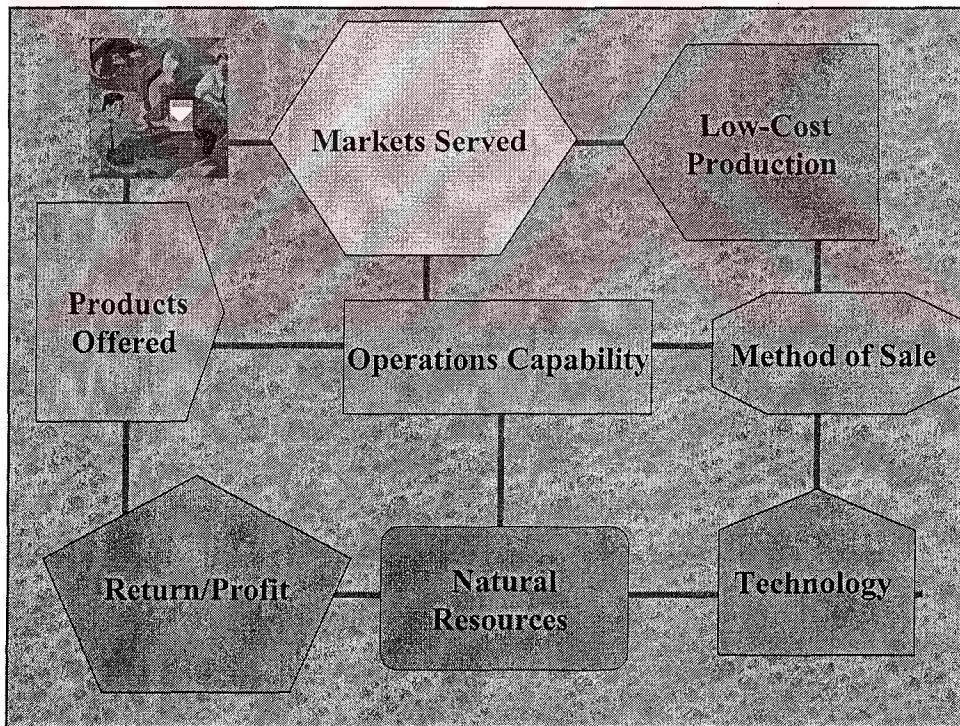


Figure 5.2 Strategic Core

Every organization has at its strategic core one of the following eight Driving Forces:²⁹⁴

- Products (or Services) Offered

²⁹⁴ Freedman, Mike, Ibid

- Markets Served
- Low-Cost Production
- Operations Capability
- Method of Sale (and/or Distribution)
- Technology
- Natural Resources
- Return/Profit

Every organization has found its Driving Force in one of these eight constructs despite the occasional attempt by a client to invent a new Driving Force or redefine an existing one.

In some organizations, the current Driving Force is a forever concept. It remains the core of an organization's product and market choices. For example, it is quite likely that the U.S. Forest Service will continue to have a Natural Resources Driving Force.²⁹⁵ Bill Gates may claim that a Technology Driving Force will always guide Microsoft though others could take issue with that view.²⁹⁶ And General Electric, the quintessential conglomerate, probably has the Return/Profit Driving Force at its core.²⁹⁷

The comprehensive nature of the eight Driving Forces -and their easily distinguished implications for an organization's future- reflects the universality of the Driving Force construct. I have seen them applied in every conceivable type of concern, from governments to religious orders, in public- and private sector firms, from single-plant manufacturers to multi-billion-dollar holding companies, across national boundaries and in widely disparate industries.

5.1.2.2 The Most Common Driving Forces

Many of the organizations, perhaps as many as half, select the Products (or Services) Offered Driving Force. The Markets Served Driving Force is also a more common choice

²⁹⁵ Romero, Frankie, "Forest Service proposes fuel reduction for Huts," Newsroom - Local News, 20 February 2004, Available on site <http://www.fs.fed.us/r2/whiteriver/>

²⁹⁶ "A Candid Conversation with The Sultan of Software About Outsmarting His Rivals," The Bill Gates Interview, Available on site <http://ei.cs.vt.edu/~history/Bill.Gates.html>

²⁹⁷ General Electric – Corporate Profile, Available on site http://www.polarisinstitute.org/corp_profiles/

than the remaining six alternatives. Since a mix of products and markets are at the heart of every company's strategy, it is only logical that these two are the most common.

The Return/Profit Driving Force has its own distinctive role in firms driven solely by financial parameters. Other Driving Forces, for example, Technology or Method of Distribution, focus an organization on the third element of the strategic equation the organization's key capabilities for taking products to markets. The Driving Forces vary in character; therefore, they lead to entirely different portfolios of products and markets and sources of competitive advantage.

In some instances, to describe each of these, we give examples of well-known organizations that are not our clients. These are included for illustrative purposes only, and the reader should form his or her own judgment about the fit between these organizations and a given Driving Force.

I want to begin here with the two most common.

5.1.2.2.1 Products (or Services) Offered

A Products Offered organization meets a basic and enduring need in the marketplace by offering a limited range of products. The organization's core products will have significant synergy in meeting the basic need (for an automobile manufacturer that addresses the need for personal transport: cars, station wagons, and sports vehicles, for example).

Ancillary products and services are offered if, and only if, they further the sales of the core range (automobile manufacturers that provide loan financing, insurance, even clothing to promote the sale of their cars).

One of the most common dilemmas an organization faces is the choice between a narrowly focused and a more broadly focused Products Offered alternative. In a sense, these are different strategies. For example, a Products Offered *automobile* company might choose to venture into trucks, buses, and motorcycles. These vehicles serve a similar basic need - transportation- but more broadly defined. The company may remain Products Offered, but it is now in the business of *road transport*, not automobiles. Should trains, boats, and planes be added to the mix, it will become a *transport* company. Such evolutions are common; nevertheless, they must be undertaken with considerable strategic forethought.

A Products Offered organization will not include in its portfolio any products or services that has radically different end-use characteristics, or that meet completely new types of needs. If it does, it will need to alter the scope of its Products Offered Driving Force, or select a different Driving Force. In the next chapter, we examine more fully the relationship between the Driving Force concept and the thrust for new business.

Customers and end users of a Products Offered organization perceive its products or services as superior to (or unavailable from) its competitors. This differentiation is based on one or more characteristics: uniqueness, price, value, packaging, quality, or supporting benefits (such as warranties or service). As a result, the company will continually undertake product improvements, modifications, upgrades, and extensions of its product line. It will not venture into entirely new products that meet a very different need.

A Products Offered organization seeks to penetrate current demographic, geographic, or industrial markets as fully as possible before pursuing growth through the extension of markets or the creation of entirely new markets. For this reason, it needs to be fully attuned to its customers' buying motives.

The competitive advantage of a Products Offered firm is derived from its product differentiation, which lies in both the real benefits delivered and in end-user perceptions. The company's product differentiation must be both distinctive and superior to its competitors in order to maintain or increase market share.

The key capabilities a Products Offered organization exploits to sustain competitive advantage are most often related to product research, product development, sales, and distribution, as well as research on its customers and the marketplace.

Examples of Products Offered companies include Rolex, Toys R' Us, and Mavi Jeans.²⁹⁸ Each has a narrow product range that meets an enduring, well-defined need. Though these companies produce and sell hundreds of items, they are distinguished by what they offer: watches, toys, and paints.

5.1.2.2.2 Markets Served

While a Products Offered organization provides a limited range of products to an unlimited marketplace, a Markets Served organization does just the opposite. These companies build

²⁹⁸ Information Page of Nike and Rolex, Available on site <http://www.instyleshoes.com/information.htm>

a powerful relationship, or franchise, with a clearly defined and often narrow group of customers or consumers who have common characteristics. This type of enterprise will produce (or acquire) products that meet a variety of its market's basic needs, since its synergy lies in its consumer base and its characteristics.

A Markets Served company pursues growth and new business through offering an ever-increasing number of products to its chosen marketplace. It will not venture into entirely new marketplaces that have characteristics that differ from the core market. It understands and supports its customers' buying patterns, psychology, range of needs, and sense of loyalty.

The competitive advantage that a Markets Served enterprise enjoys is achieved through sustaining a superior relationship with its chosen market and fulfilling its needs better than its rivals. When it succeeds, it generates fierce customer loyalty, and company and brand identification. Image and reputation for such a company are vital. The customer's perception of the organization is as important as the products themselves or their price/value relationship.

Such franchises are hard to come by, yet extremely compelling. Just try convincing a teenager (or an adult, for that matter) to change from Nike shoes and clothing to Reebok.²⁹⁹ The key capabilities of a Markets Served company focus on creating and maintaining this loyal customer base. Such a company actively assesses customers' needs through market research, and it seeks to match these ever-increasing needs with a wide range of products. Industry sectors where we often see Markets Served companies include luxury goods (e.g., Dunhill) and street fashions (e.g., Nike).

The United Kingdom-based retail giant Marks & Spencer is one firm that traditionally capitalized on the huge consumer loyalty of a chosen socioeconomic group. The chain subsequently diversified from clothing into food and flowers, and eventually into products ranging from greeting cards to financial services. Its subsequent purchase of the United States-based Brooks Brothers was less successful. Brooks Brothers' "preppy" customers had quite different characteristics from the well-established middle-class Marks & Spencer demographic. During the 1990s, Marks & Spencer began to lose touch with its traditional

²⁹⁹ Ibid.

customers, failing to understand their shifting expectations. By the end of the decade, the company nearly folded-an awesome example of how to lose one's strategic way.³⁰⁰

To summarize, a Markets Served organization offers a wider range of products to meet the expanding needs of its market franchise or customer group; its competitive advantage is rooted in the hold it has on the loyalties of its customers.

A Products Offered company seeks new business by moving into new marketplaces; a Markets Served organization looks first to new products for growth.

Because every company has products and markets, most will consider at least the Products Offered and Markets Served Driving Forces in their selection of a Driving Force. Each of the remaining six Driving Forces has its own distinctive traits that suggest a unique source of competitive advantage, the key capabilities required, a product/market scope, and a thrust for pursuing new business.

5.1.2.2.3 The Return/Profit Driving Force

Early on and without fail, often before we have been engaged by an organization, the chief executive or a top team member will fix on the Return/Profit Driving Force. At first blush, his or her point is obvious; without financial performance, all other choices are meaningless. Meeting the financial goals of an organization-revenue and profit growth, improving margins and return on investment, a healthy balance sheet, and an ample cash flow-are the *result* of its strategic vision, rather than its primary *raison d'etre* (purpose in life). For a Return/Profit-driven company, projected financial returns are the sole arbiters for choosing the product/market scope of a firm; in other firms, they take their place alongside other, more important criteria. Without this important distinction, every company might ultimately pursue an unbounded product/market portfolio, chasing every financial opportunity.

One top team tried to resolve its struggle with this by answering the following question: If your Driving Force were Return/Profit-with product and market decisions driven by maximizing financial gain which product areas would you pursue? On the list generated, the team proposed exchanging its existing products for some very creative high margin alternatives-computers, ice cream, and brothels among them. One participant finally failed

³⁰⁰ Marks and Spencer UK, Available on site <http://www.navigator6.com/>

to contain himself: “We can’t get into brothels and ice cream!” he said. “We don’t know anything about ice cream!”³⁰¹

With that remark, he had unwittingly made the point. If his had been a Return/Profit organization, the team wouldn’t need to understand anything about ice cream or any other product area. The only salient factor would be performance on financial objectives. A true Return/Profit Company would simply buy its way into any additional capabilities it needed.

Automobile industry icon Robert Lutz, now chairman of General Motors North America, has become known for his challenging “immutable laws of business.” One of these is that “the primary purpose of business is not to make money.”³⁰² Lutz says that focusing solely on the financials confuses the strategy of the business with the reward for achieving it. Under the pressure for short-term profits driven by analysts and stock markets, many companies have sacrificed strategic coherence for short-term expediency.

Following are brief descriptions of the six remaining Driving Forces.

5.1.2.2.4 Other Driving Forces³⁰³

5.1.2.2.4.1 Low-Cost Production

This type of organization offers a limited range of products; its superiority lies in offering a strong price/value relationship. Its focus is on the ability to produce goods more cheaply than its competitors. It derives competitive advantage from price as it passes on cost advantages to its customers. All its key capabilities are related to production processes, skills, and investment in equipment and related services. Examples of Low-Cost Production organizations include commodity companies and many firms in the steel industry.

5.1.2.2.4.2 Technology

A company pursuing this Driving Force builds its vision around a body of knowledge and/or a set of capabilities that enable it to develop new technologies or enhance existing ones. Its key capabilities are research and development. It supports innovation to satisfy

³⁰¹ Jones, James, “The Ice Cream Headache,” Akashic Books, New York, November 2002

³⁰² Lutz, Robert A., “Guts: The Seven Laws of Business That Made Chrysler the World’s Hottest Car Company,” John Wiley & Sons, New York, 1998

³⁰³ Freedman, Mike, Ibid

existing and emerging needs or to create completely new needs. Its competitive advantage lies in the development, acquisition, and management of unique and superior technological expertise and its application to leading edge products. It will seek as wide a range of markets for these as possible. Many young IT companies find that they set out with a Technology Driving Force. Examples of Technology driven may include Cisco and Gore-Tex. Today's startup biotechnology companies are also likely to be Technology driven.³⁰⁴

5.1.2.2.4.3 Natural Resources

This organization will own or control one or more of the world's significant natural resources. It may make usable products for direct sale to consumers, or it may sell its resources to intermediaries for use as raw materials. These companies' competitive advantage lies in the quality, quantity, location, form, and/or cost of exploitation of the natural resources themselves. Companies in the oil, natural gas, and forestry product sectors often have a Natural Resources Driving Force.

5.1.2.2.4.4 Method of Sale (and/or Distribution)

These similar Driving Forces act on their logistical, distribution, and sales capabilities, as well as the human and systems resources needed to exploit them fully. They provide a varying range of products and services within chosen marketplaces, and their sales or distribution channels may handle others' compatible products. Typical examples include express mail deliverers (Method of Distribution) and telemarketing or in-home sales organizations (Method of Sale).

5.1.2.2.4.5 Operations Capability

An organization pursuing an Operations Capability Driving Force has a set of capabilities—human and physical resources, systems, processes, flexibility, service levels, and a reputation for “getting things done” that, used in a variety of combinations, produces a wide range of products or services. Such companies' competitive advantage lies in their superiority within a certain domain (for example, printing, metal fabricating, or trading). They offer a 24/7/365 one-stop solution on any scale, from a single customized piece to high-volume runs. Many companies that offer a turnkey solution for outsourcing IT

³⁰⁴ Mears, Jennifer, “Caching shake-up at Inktomi,” Network World, 2002, Available on site <http://www.nwfusion.com/news/>

capabilities, for example, may have an Operations Capability Driving Force. Copy shop chains and franchises come to mind in the copy and printing industry.

5.1.2.2.4.6 Return/Profit

As stated earlier, the Return/Profit-driven organization determines the scope of its portfolio based on specific levels of financial return and profit. An organization that seeks to improve its financial results and yet stay within its current product and market scope is not Return/ Profit-driven. Rather, this Driving Force demands that financial targets determine its product and market choices. These are constrained only by the need to produce a minimum level of return and meet other financial hurdle rates related to cash and the cost of capital. Examples may include General Electric, Tyco, and Hanson.³⁰⁵

5.1.2.2.5 Hallmark International: Avoiding the Obvious

At Hallmark International, Keith Alm's core leadership team dug deeper than most into the two most common alternatives, Products Offered and Markets Served. Confronted by several years of declining revenues, Alm and his team had no choice but to get clarity immediately. As they struggled to find a framework for cohesion among 18 business units around the globe, they also examined their U.S. counterpart more closely.³⁰⁶

At face value, thought Alm, Hallmark's companies in the United States had to be Products Offered. Yet the team observed that, although the core line of cards and related products met the enduring need people have to express their thoughts and emotions, Hallmark's product lines in the United States had expanded dramatically to meet a much broader range of needs. The Hallmark Hall of Fame television broadcasts began in the 1950s, and Hallmark Entertainment is now the world's leading producer and distributor of miniseries and movies made for television. Hallmark owns Binney & Smith and their ubiquitous Crayola crayon product. In 1999 it acquired the Picture People, nationwide portrait studios housed primarily in shopping malls. Plush toys, ceramic collectibles, inspirational posters, home decor, and a plethora of other items populate its retail stores.³⁰⁷

³⁰⁵ Corona, Jose Paul, "Hanson investigation continues: City manager may not have reported personal income," The Desert Sun, July 26th, 2003, Available on site <http://www.thedesertsun.com/news/stories2003/>

³⁰⁶ Facts About Hallmark International, Available on site http://pressroom.hallmark.com/hmk_international_facts.html

³⁰⁷ Ibid

Alm's team saw that Hallmark in the United States had many characteristics of a Markets Served organization. Its clientele-overwhelmingly female, middle aged, middle income, middle of the road, with mainstream midwestern values of family and personal connection was discrete and clearly recognizable. In fact, it offered a broad array of products to meet the needs of consumers with these shared characteristics. In other words, its unstated Driving Force could easily fit the profile of a Markets Served company.

In the global arena of Hallmark International, however, there were already telling signs that a similar strategy would not succeed. The Plush category had never shown a profit, and the international market share in greeting cards had never matched that of the United States. Nowhere was there such a strong franchise. Only the United Kingdom had the scale potentially to support a diverse range of products, and the strain was showing there as well as in smaller markets, like those in Singapore and Hong Kong.

Hallmark International had repeatedly gravitated back to the North American norm-and it was killing them. A key factor, Alm believed, was that consumers in the international markets were poorly understood and that they simply didn't share the attributes of their U.S. counterparts. Cultural behaviors and norms, holidays, religious observances, and relationships among family and friends all varied widely.

The team considered a Products Offered Driving Force. Hallmark International's strength (at least by default) lay in greeting cards and closely related products; it expected to meet the enduring needs of its customers for greetings, expressing care, and building relationships. Thus it decided to offer greeting products designed according to the consumer needs to be discovered through research rather than force fitting products that were successful in North America.

The team also considered the Method of Distribution Driving Force, based on the success of Hallmark's U.S. distribution network. But, this strength would have been difficult for Hallmark International to replicate. The Operations Capability Driving Force also seemed a possibility, with its emphasis on creative product development and outstanding production capabilities.

After deliberating long and hard and receiving the initial results of market research, Hallmark International settled on the Products Offered Driving Force. It played to the entity's strengths.

The lessons learned by this team were instructive for many organizations. It managed to avoid the easy assumptions about Driving Force alternatives—the need for alignment with the U.S. parent and an aversion to ambiguity that are made by many teams. The team saw the value of championing alternative strategic visions; it practiced the art of blue-sky thinking as well as the discipline of making tough choices in a rational way. It also grew in stature as intellectual rigor replaced the initial skepticism about the process. The valuable lessons learned from unchosen Driving Forces were to remain a source of inspiration throughout the rest of the process.

5.1.2.3 Choosing The Driving Force

Selecting the optimum Driving Force is one of the most important and powerful decisions made by a leadership team. It demands an equally powerful process for making that choice.

Indeed, the application of a logical, visible, and rational sequence of steps in decision making helps a team avoid bias and the temptation to force fit a set of objectives against alternative scenarios, while allowing it to harness creativity to generate a variety of possible strategic profiles. This sequence is one of the key areas in the strategy process where art and discipline meld. Following is a brief description of how this works.

Effective strategic decision-making begins with the creation of a set of objectives drawn from an organization's strategic intelligence. These are ranked by degrees of relative importance since they will not all be of equal weight. Next, a number of alternative future strategic visions, based on, perhaps, three or four different Driving Forces, are developed by members of the top team, championed, tested as far as possible, and further refined. When the alternative visions have been clearly articulated, they are communicated to the full group, and its understanding of each of them is tested. The team then evaluates each alternative rigorously against the criteria. If the superiority of a single alternative is not immediately clear, the two that have scored best are subjected to a disciplined risk assessment process before the final choice is made.³⁰⁸

The decision analysis for choosing a Driving Force often requires several days' work by the top team, as well as some off-site testing of the alternative visions. There is a

³⁰⁸ Kepner, Charles H. & Tregoe, Benjamin B., "The New Rational Manager," Princeton Research Press, New Jersey, 1981

considerable amount of both art and discipline required at this crucial stage of the strategy formulation process.

5.1.2.3.1 Zeroing In: How One Company Selected a Driving Force

Working with a financial services organization demonstrates this decision process at work. This European banking institution had decided some years earlier to grow by diversifying beyond its historic savings-and-loan services. It had launched major forays into real estate, offshore banking, insurance, investment banking, and financial planning. The resulting lack of focus, inadequate investment available for building each product line, drain on executive time, and unclear operational priorities had caused it to drop from the top to the bottom quartile in industry rankings and to provide below-average returns to its investors. The company neglected its core business, dramatically increased its costs, and installed systems that were too convoluted for mere mortals to use.³⁰⁹

The firm set out to reevaluate its strategy and to choose a Driving Force from the four that seemed most likely: Low-Cost Production Capability, Return/Profit, and Products Offered, both narrowly and broadly defined.

At this point, the team took a preliminary vote to prioritize the Driving Forces under consideration; the Low-Cost Production Capability alternative was dropped. Small teams then developed strategic visions based on the remaining three alternatives.

Early on in the evaluation process, team members saw that the Return/Profit alternative was not viable. However, a few were not convinced, and they reserved their right to ask that the alternative be more fully developed and reconsidered later in the process.

The risk assessment showed that a narrower focus might reduce the company's ability to meet enduring customer needs, creating a loss in revenue. A broader focus indicated that employees would need to acquire new skills and that executives would need to manage product creation and differentiation, something they had been weak at in the past. The broader focus also resembled their current strategy, which had demonstrably failed.

With all the information in hand and after intense debate, the top team formulated a narrow Products Offered framework based on the notion of "Mortgages, savings, and investments.

³⁰⁹ Stark, Jürgen, "The emerging face of European banking," Available on site <http://www.bis.org/review/>

That's all. Nothing else.” (Of course, this description was properly fleshed out, but this phrase captures its essence.)

The focus that the Driving Force concept gave to the firm and its successful implementation enabled the company to thrive financially, to be sold at an impressive premium, and to continue to prosper autonomously after it was acquired. This bold move was in sharp contrast to the myriad financial firms that, during the same period, remained diversified beyond recognition and ultimately paid the price.

In another example, Sir Christopher Hogg, when he was chairman of the U.K. conglomerate Courtaulds, provided three strategic “Must” criteria to be considered alongside a range of other objectives for his Fabrics group of companies.³¹⁰ Two were financial measures. The third was a constraint on products: For any strategic alternative, the division's products had to remain within the general category of fabrics. The development of nonfabric products, no matter how strategically related or profitable, was not to be considered. This team settled on a course that enabled it to pursue a variety of products-fabrics for apparel, home furnishings, even industrial fabrics-but the parent company's Musts were respected.

5.1.2.4 The Driving Force Rules and Their Application

The original Driving Force concept endures, but a more flexible application has served many organizations well. It is worth noting here the ways in which those central principles have evolved over the years.

5.1.2.4.1 Respecting Strategic Autonomy

Encouraging the setting of strategy at the divisional, business unit, or even functional levels of an organization. Yet for teams at these levels, choosing a Driving Force can pose a management minefield if done without the umbrella of a corporate strategy.

The best practice, of course, is for a parent to set its strategy and then ensure that its subsidiaries have a certain degree of autonomy to set their own strategy as necessary, although within the parental scope. The mandate to consider strategy for a business unit or division often arises as a project stemming from the parent company's strategy

³¹⁰ Courtaulds Textiles Plc, Available on site
http://www.business.com/directory/retail_and_consumer_services/

implementation plan. Knowledge about the parent's deliberations and chosen strategic course is essential to the alignment of the dependent unit.

The Driving Force of a subsidiary, division, or business unit must either be compatible with that of its parent, or the parent must have a Return/Profit strategy. A general rule is that subordinate strategies are incompatible if they do not generate synergy with the parent's Driving Force and the conclusions derived from it (namely, product/market scope, the thrust for growth and new business, and the capabilities needed to execute the strategy).

The territory is less murky when the parent's Driving Force is Return/Profit. A Return/Profit holding company (for example, Hanson Trust based equally in the United Kingdom and United States) might provide the umbrella for a Products Offered tobacco company, a brick manufacturer driven by Natural Resources, and an electricity supplier excelling in Method of Distribution. As long as the parent's financial expectations are met, the two strategies need not be compatible.³¹¹

However, there are very few unfettered Return/Profit organizations. We suspect that even General Electric has certain house rules, for example, its much-publicized objective to be number 1 or number 2 in any sector it chooses to pursue. One company we know had three such guidelines: no international expansion, no high-tech companies, and "no product areas we don't truly understand."³¹²

Some organizations that are not Return/Profit driven have such a unity of purpose that all their dependent units will share the same Driving Force: McDonald's, perhaps, or the retailer Benetton. In any location, the product design, look, and feel are the same. One imagines that no regional manager would set strategy differently, for every location offers a "single" product array in a consistent manner to a clearly defined and homogenous market.

Other companies have more difficulty in being strategically cohesive, and some combinations are quite unlikely. In a Products Offered company, a divisional Driving Force of Return/Profit, Technology, or Method of Distribution would be completely at odds with the overall strategy. The division might choose to pursue unrelated products or

³¹¹ Coburn, Tom A. and Hart, John, "Breach of Trust: How Washington Turns Outsiders into Insiders," WND Books; New York, September 11, 2003, p.132

³¹² Political Donors Profiteering in the Name of Economic Stimulus, Available on site <http://www.commoncause.org/news/>

markets, develop resources and key capabilities that can't be leveraged, or muddy market positioning with contradictory messages. It's a recipe for strategic incoherence and executive conflict.

Similarly, a subsidiary of a Products Offered company cannot have a Markets Served strategy. A company driven by Method of Distribution is very unlikely to have a Technology-driven subsidiary. Quite simply, no organization can afford to go in two directions at the same time.

Least fortunate of all are those subsidiaries or divisions whose parent has no strategy. Depending on the organizational structure, they may set strategy without a contextual umbrella and suffer the potential consequences.

5.1.2.4.2 Living with Ambiguity

Another of our original assertions is that there is only one Driving Force for each autonomous organization. Because the Driving Force is defined as the primary determinant of future product and market scope, this is only logical. No matter how close together strategic alternatives score on the decision analysis, the team must make a single choice.

However, the choice of a single Driving Force need not exclude relevant and congruent enhancements based on alternatives that were considered. Strategy teams often gain a fresh perspective when they evaluate other, unchosen Driving Forces. There is no sense in abandoning these lessons learned.

Some organizations tell, they are “80 percent X Driving Force” and “20 percent a combination of Y and Z Driving Forces.” This perception is easily understood. For example, we know that any organization seeks a degree of product and brand loyalty from its customers. Every company intends to serve customers as effectively as possible. Yet not every company should base its strategy on the Markets Served Driving Force. Instead, these goals will be met within the framework of the Driving Force that offers the strongest, most robust source of competitive advantage.

At Hallmark International, the team spent several days considering four Driving Force alternatives: Products Offered, Markets Served, Operations Capability, and Method of Distribution. Although Products Offered was the clear and final choice, the team would have been foolish to cast aside the learning and implications derived from considering

other alternatives. Through developing four distinct Driving Force scenarios, the team examined its organizational capabilities more closely. Lessons from the Operations Capability alternative revealed the strength of the operational (in this case, creative) capabilities; an effort to boost the leverage of these resources was built into the strategy. Similarly, in thinking through the Method of Distribution alternative, the team identified areas where adopting new distribution methods would be important.³¹³

Incorporating these important sources of insight and support for the strategy did not violate the key thrusts of the organization’s Products Offered Driving Force; rather, it resulted in a stronger competitive advantage for the company’s future. Today’s organizations are not simple. The diagram in Figure 5.3 reflects this reality.

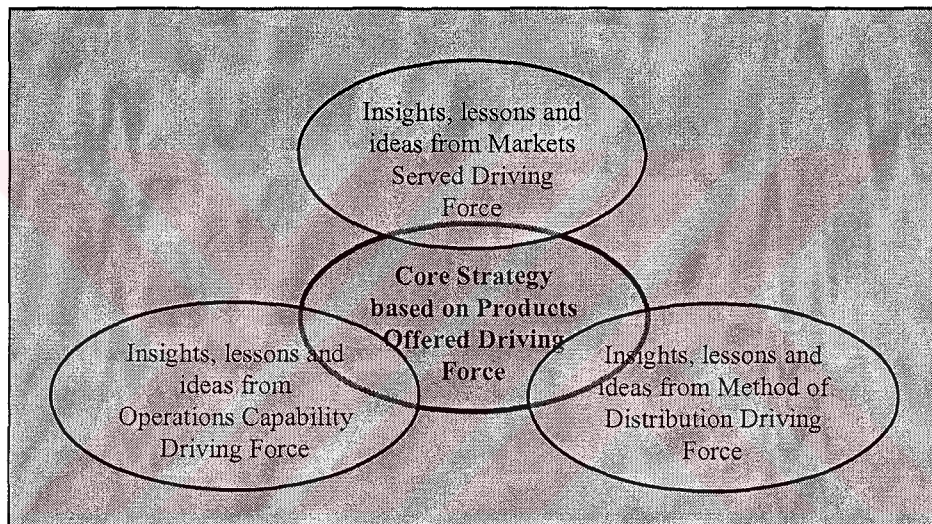


Figure 5.3 Lessons from Considering Alternate Driving Forces

5.1.2.4.3 No Standing Still

A member of the opposition once asked former British Prime Minister Harold Macmillan a parliamentary question: Why was the government making a U-turn in its strategy? “Events, dear boy,” Macmillan replied. “Events.”³¹⁴ In response to external or internal events, a company’s strategy will evolve over time, necessitating constant review of its Driving Force. The reality is that strategic shifts are rarely scheduled. All organizations evolve over time and may move from one Driving Force to another.

³¹³ Facts About Hallmark International, Available on site
http://pressroom.hallmark.com/hmk_international_facts.html

³¹⁴ 1st Earl Of Stockton, Viscount Macmillan of Ovenden, Available on site
<http://www.mdlg05075.pwp.blueyonder.co.uk/macmillan.htm>

A dramatic evolution occurred at the agricultural equipment company Massey-Ferguson. It was following a Products Offered strategy -the products being agricultural equipment and related components, including diesel engines- when it transformed itself into Varsity Corporation through a series of acquisitions, divestments, and consolidations. Varsity became an industrial holding company with a wide portfolio of products for the agricultural equipment, automotive, and related industries. It was managed strategically according to what Victor Rice called a “modified” Return/Profit Driving Force that is, primarily but not exclusively driven by financial criteria. Eventually, Varsity sold the agricultural equipment business; it simply did not meet the financial criteria inherent in the new strategy. Varsity later merged with Lucas Aerospace to become Lucas Varsity, a further evolution of its Return/Profit vision. In 1999, Lucas Varsity was bought by TRW, one of the best examples of a Return/Profit conglomerate.³¹⁵

Another example is Playboy Enterprises, Inc. The Playboy organization had been a one-product company since it’s founding; its “gentleman’s” magazine was known worldwide. Then, as growth slowed and competitive pressure from *Penthouse*, *Hustler*, and similar magazines intensified, it made an apparent shift from Products Offered to Markets Served.³¹⁶

One can imagine that Playboy executives saw the potential in their loyal following as prospects for revenue growth from the magazine declined. Playboy consumers made up a very desirable market niche: They were well-educated, city-dwelling 25 to 55-year-old males with significant disposable income. Many were travelers and businessmen. They were also image conscious, seduced by the Playboy “ethos.” They constituted a consumer base whose characteristics showed real synergy-and suggested potential interest in a diverse array of products.

Over a short period of time, Playboy began to offer clubs, casinos, souvenirs, videos, vacation packages, and a variety of other products to these loyal customers. In short, Playboy’s synergy had shifted from products to consumers. Its products no longer had anything in common other than their ultimate consumer and the Playboy brand. (Incidentally, whether Playboy actually defined its future in this way is moot. But this

³¹⁵ STAT-USA Market Research Reports, Available on site <http://commercecan.ic.gc.ca/scdt/bizmap/>

³¹⁶ Grant guidelines for the Playboy Foundation, Available on site <http://www.playboyenterprises.com/home/>

scenario, which in our view is entirely plausible, serves as a good example of strategic evolution.)

5.1.2.4.4 Knowing Where You Came From

Whether you know it or not, your organization already has a direction. It is already headed somewhere, consciously or not.

When top teams undertake the deliberations, they also identify their present Driving Force and factor it into their considerations. Interestingly, teams are rarely unanimous in identifying the current Driving Force. Some split sharply between alternatives, while others assert that the organization currently follows multiple Driving Forces.

While strategic history can be a useful starting point, teams should not become stuck on this issue. Quite simply, there is frequently insufficient insight to identify correctly the current Driving Force, or the company's strategy (and Driving Force with it) may be in a state of evolution. If this is the case, the team should move on and look to the future.

5.1.2.5 Strategic What-If Thinking

For many executive teams, the thinking that is required to select a Driving Force is intense and frustrating, yet rewarding. It is the most intellectually challenging of the strategy process tasks. There is an art to it. It occurs at a conceptual level, and the "right" answers are literally unknowable. The concepts that distinguish Driving Force scenarios are simply that -concepts-and the ultimate test of their efficacy will come only during implementation.

Certain executives on the strategy team will flourish during the work of this phase. Very creative thinkers will welcome the opportunity to develop visionary, even blue-sky scenarios as a way of ensuring that every outside-the-box alternative has been explored. They find the iterative approach -reevaluating, reconsidering at every step- stimulating.

Other executives may find that their strengths lie in the more analytical tasks. They often ensure that strategic objectives are appropriately weighted and alternatives ranked as objectively as possible. In forecasting and analyzing potential risks and opportunities, they contribute enormously to the overall process.

We always find ourselves hoping that there is at least one exceptional writer on the team. The clarity in articulating the conclusions reached is worth its weight in gold. The written

articulation (typically a page or two) of the organization's Driving Force is the groundwork for communicating the strategy to others.

Of course, the chief executive is instrumental in the team's success. Often he or she can suggest which individuals might work well together, or how a newcomer's observations or skills might inform the process. Most importantly, he or she role models the art and discipline required by demonstrating tolerance for creativity and insisting on a disciplined approach to capture the team's collective judgment.

More often than not, thinking about Driving Forces produces significant breakthroughs. We worked with a company that made pharmaceutical products for humans, animals, and agricultural crops-and also made medical devices. Discussing the Products Offered Driving Force prompted one team member to question a formerly taboo area. How on earth, he asked, did medical devices-despite their place in the business mix for over 50 years-fit into this otherwise focused organization? Resources and expertise could not be leveraged from the pharmaceutical areas; in fact, the division required entirely separate sales, manufacturing, and logistical capabilities. Rather than arising from product synergy, the division was simply historical baggage. What's more, the organization's ability to sustain its performance against larger competitors was highly questionable. In a courageous move, the company exited the entire medical devices line.³¹⁷

Years ago, the team at Massey-Ferguson made a similar breakthrough. Its plants manufactured tractors and related equipment within each geographic market, that is, the French made tractors for French farmers, the British for U.K. farmers. The top team realized (under heavy questioning) that all wheat farmers had more in common with each other around the globe than did all farmers within the United Kingdom, or within France. This led to a major reconsideration of product development, the alignment of manufacturing plants, the go-to-market approach, the organization structure, and many other aspects of the strategy.³¹⁸

³¹⁷ Freedman, Mike, *Ibid*, p.87

³¹⁸ History of the Massey Ferguson Farm Tractors, Available on site http://www.ssbtractor.com/features/Massey_Ferguson_tractors.html

A Belgian company in the chemical industry needed to determine whether a merger with a competitor made sense.³¹⁹ Together, top management from both firms formed a virtual strategy team of six executives from each to develop a strategic profile for the proposed joint company. This exercise in what-if thinking showed to both parties that a merger was not such a good idea; it brought no incremental competitive advantage to either firm. Both therefore remained independent.

This is strategic thinking at its best. It is creative, often painfully so, yet it takes place within the discipline of a shared, rational process. The result is a powerful organizational unity on the foundation for the strategic vision. The fleshing out of that vision is already well underway.

No matter how strong the team, we find that its most effective work is done when we act as independent facilitators. Without facilitation, this task is nearly impossible. Every participant benefits from the requests for further clarification, speculation, or demonstration that only a trusted observer's provocative questions can stimulate.

5.1.2.6 From Competitive Advantage to Key Capabilities

By its very definition, the Driving Force gets at the heart of a company's strategy, its product and market domain, and the overall scope and relative emphasis of those products and markets.

The Driving Force decision answers two additional seminal questions: What is the organization's competitive advantage, and which key capabilities will be required to capitalize on it? These components will help make the company's strategic vision a reality as it is translated into action through carefully aligned implementation.

The Driving Forces denote eight unique sources of competitive advantage; each may be interpreted and applied at a corporate level, in a subsidiary, a division, or a function. If the source of competitive advantage shifts over the strategic time frame, the Driving Force is a powerful descriptor of the nature of this evolution. The shift will also require rethinking

³¹⁹ Business Opportunities – Pharmaceuticals, Available on site http://www.globaltechnoscan.com/Bizop/biz_pharma.htm

the organization's key capabilities—that is, the capital resources, skills, information, systems, and processes required to support and exploit the chosen Driving Force.³²⁰

The electronics firm I mentioned before was a prime example of this shift in competitive advantage and the implications for its key capabilities. When it was founded, this small international manufacturer of radio-based electronic products was Technology driven. Its competitive advantage lay in its breakthrough radio technology, and its key capabilities were the research and development required to create products based on that technology.

When this firm became a client, several decades after its inception, the team insisted it was still Technology driven. Prominent among the basic beliefs was the statement that the firm would be “first in the realm of technology.”

At first tentatively, then more forcefully, these assertions were challenged. Electronics giants like Sony, Motorola, and Philips had consistently overtaken this company's breakthroughs in technology, market share, and products. The firm's products enjoyed only a short shelf life before being superseded, its research cycle was too long, and it had tried to spend its way out of trouble, with draining investments in R&D. Yet it was turning out very few breakthrough products.³²¹

The team needed a strategy that would reunify and invigorate the company. After a painful series of discussions, it finally agreed to settle for a key basic belief: “It is better to be *best* than *first*.” The Technology Driving Force was then ruled out because in the Driving Force discussion, it implied being “first,” which was no longer a tenable position.

The implications for shifting the company's resources were clear. In a Technology-driven company, for example, hiring the best and the brightest innovators is a key capability. For this electronics firm, that intent was no longer realistic.

The team settled on a Products Offered Driving Force. That choice, along with other strategic parameters, committed the team to pursuing “best-in-class” products, and overall product quality was identified as the primary competitive advantage.

³²⁰ A Guide For Thinking About The Future, “The Future Belongs to Those Who...” Institute for Alternative Futures, Available on site <http://www.altfutures.com/>

³²¹ Bajpai, Nirupam and Dasgupta, Nandita, “Multinational Companies and Foreign Direct Investment in China and India,” Available on site <http://www.earthinstitute.columbia.edu/cgsd/documents/>

When Keith Alm's team settled on a Products Offered Driving Force, it identified two components of its competitive advantage: understanding current and prospective consumer needs better than any competitor, and meeting those needs through the efforts of the world's best creative resources.

Hallmark International's key capabilities then were self-evident: outstanding market research to understand its consumers' needs and attracting best-of-the-best creative and editorial staff. Although it could also draw on best-practice manufacturing resources, this capability was less important. In fact, the outsourcing of production has become increasingly common throughout Hallmark.³²²

The Driving Force helps companies identify a locus for its competitive advantage that is, for a Products Offered company, the competitive advantage will pertain to characteristics of the products themselves. Teams then ask, "What is unique about our company vis-à-vis³²³ our products? What are our sources of uniqueness and product differentiation?" These questions provide clues that help to further clarify the competitive advantage. Similarly, a Technology-driven company is sure to find its locus of competitive advantage in its technologies and their applications.

Like the team at Hallmark, most organizations find that they have no more than two or three key capabilities that are absolutely essential to the success of their strategy, and it is to these that their resources are directed. Other capabilities are of secondary importance and in many companies are outsourced.

5.1.2.7 Looking Back

Clearly, no organization can duck these central questions about its nature and direction:³²⁴

- What, exactly, is our organization about? What is its unifying force? What drives our forward impetus? How do we describe the central focus of our business activities? What will ensure that the efforts of our organization as a whole are aligned with our purpose?
- What is the primary basis for determining the scope of our products and markets?

³²² Facts About Hallmark International, Available on site
http://pressroom.hallmark.com/hmk_international_facts.html

³²³ Face to Face.

³²⁴ Buckingham, Marcus and Coffman, Curt, "First, Break All the Rules: What the World's Greatest Managers Do Differently," Simon & Schuster, New York, 1999

- What is our major source of competitive advantage?
- Which must-have capabilities are key to our strategic success?
- What will guide our crucial decisions on which areas should be pursued to provide growth and opportunities for new business?
- How will we make the tough decisions on allocating and deploying our valuable yet inevitably limited resources? On what basis will we make day-to-day decisions, balancing operational imperatives with our strategic focus and sense of purpose?
- In what ways should our corporate culture reflect the strategic imperatives we follow? How will we describe, monitor, and reward human performance in light of those imperatives? What are the fundamental messages that should be communicated internally and externally to make strategy implementation possible?
- How will our various subsidiaries and/or functional areas chart their own course for the future?
- What is the strategic intent of our competitors? Which Driving Force might they have adopted, and what does this say about their basis for competitive advantage? What proactive countermeasures might we take in light of this understanding?
- What framework will support the evolution of our strategy over the strategic time frame? How will we continually renew our strategy, reexamining and confirming the alternatives we have chosen?

The Driving Force concept addresses these questions and establishes the foundation for action.

Challenging you to consider the eight Driving Forces as they relate to your own organization. Consider the primary drivers of decision making in your company now: What might they indicate about your current Driving Force? When you envision your company's evolution over the next several years, what shifts are likely to be most compelling and rewarding? What are the implications for your selection of a Driving Force for the future? Which Driving Force describes the locus for competitive advantage that you anticipate will carry the organization forward?

The steps leading to the selection of a Driving Force have called for the toughest thinking a strategy team will do that of creating alternative futures. The next tasks are to spell out the relative emphasis of product and market combinations, determine their financial mix, and set priorities for growth and new business. This is followed by an assessment of the growth and return expectations required by the top team, to include revenue, profit, return on investment, cash generation, and also market-related metrics such as volume and share.³²⁵

5.1.3 Completing The Roadmap

In the previous part, I explored the power of the Driving Force concept in helping an organization establish unity and purpose, articulate its competitive advantage, and identify key capabilities. Now I turn to the remaining considerations for completing a strategic profile. For each of these components, the Driving Force serves as the starting point for determining a common direction. The statement of Driving Force largely determines the organization's product and market momentum, and thus it has significant implications for the thrust for growth and new business, optimum segmentation of products and markets, and their relative emphasis. The Driving Force also plays a key part in the decisions made about financial expectations.

In turn, these components enrich and inform the considerations that have gone before. For example, we have seen teams establish their strategic time frame -say, 3 or 4 years- but when they delineate specific product and market efforts, they see that either the time frame must be extended or their strategic ambitions curbed. Similarly, the statement of Driving Force is often clarified as the team completes its product and market deliberations.

Again, the task of formulating strategy is rarely linear; most teams spend considerable effort in reviewing and revisiting each component until they are satisfied.

Many of the examples are based on companies that remain unnamed. These more explicit areas of strategy -specific priorities for new growth, product/market segmentation, and financial benchmarks- are closely guarded in most organizations, and we respect their privacy. Nonetheless, the examples accurately represent our experiences.

³²⁵ Kesler, Gregory, "Four Steps to Building an HR Agenda for Growth: HR Strategy Revisited," Available on site http://www.chrs.net/images/CHRS%20papers/HR_strat.pdf

5.1.3.1 From Driving Force to Products and Markets

To move from the statement of Driving Force to an actionable plan, every strategy team must envision its future business on several different levels. First, it must establish the organization's thrust and priorities for growth and new business. Second, it must outline the specific product categories to be offered and markets to be served. This includes determining their part in the relative emphasis and financial mix of the business and how each will contribute to the success of the strategy.

5.1.3.1.1 Describing the Thrust for Growth and New Business

		Products/Services		
		Current	Modified	Entirely New
Markets	Current			
	Extended			
	Entirely New			

	Products/Services	Markets
Current	Products with shared characteristics, meeting the same enduring need, now being sold/delivered	Markets (geographies, customers, end users) with shared characteristics, now being served
Modified/Extended	Engineered/developed/improved products with similar characteristics	Different markets with essentially similar characteristics
Entirely New (for this company)	Products with significantly different characteristics meeting entirely different needs	Markets with significantly different characteristics, e.g., demographics, geographies, buying patterns

Figure 5.4 The Nine-Box Matrix

The nine-box matrix works in three ways. First, it describes the boundaries between the nature of products and markets that will be strategically “in” and “out” to limit the future

playing field. Second, it is directional; the priority ranking of each cell portrays the overall thrust for growth and new business and relative priority of certain areas. Finally, the matrix helps to clarify which areas will be pursued first and which later over the strategic time period.³²⁶

5.1.3.1.2 Lessons from the Driving Force

One of the toughest questions a top team faces is how it will move out of its comfort zone of current products and markets. The team must turn for guidance to its choice of Driving Force, for each of the eight we discussed in the previous chapter has specific implications for an organization's thrust for growth and new business.

Though any company might welcome opportunities to pursue both new products and new markets immediately, only one that has no conflicting demands on capital investment and other resources and which has no specific direction suggested by its Driving Force can do so. Very few of these exist, and they are always Return/Profit driven. Just as the choice of a Driving Force helps the team to focus its strategic attention, this matrix helps it take the next step in defining that focus.

There are certain Rubicons that are suggested by the matrix, the boundaries of which are indicated by an organization's Driving Force. It is unlikely that any organization will cross more than one of these, unless it is Return/Profit driven. These Rubicons are illustrated in Figure 5.5. Interestingly, too many organizations ignore the opportunity to fully exploit and penetrate the current products/current markets cell first, preferring the risk of placing first priority in fields where new business opportunities seem more attractive.

³²⁶ Woodward, Ian, "The Concept of the Nine-Box Matrix," 2001, Available on site <http://www.highgrowthstock.com/MemberArea/>

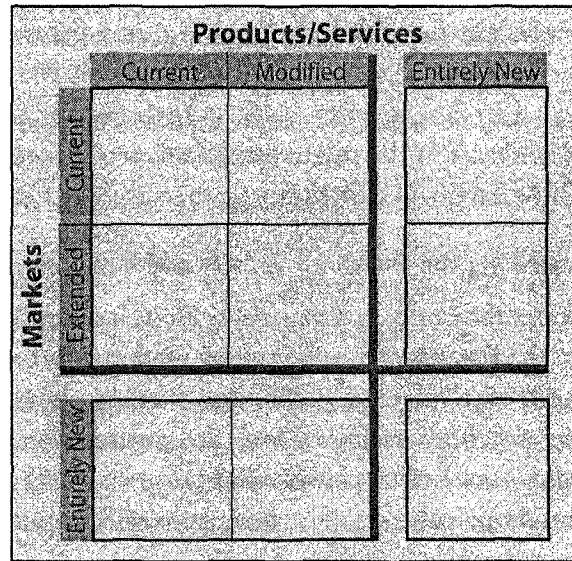


Figure 5.5 Thrust for Growth and New Business: The Rubicons

Thus a Products Offered organization, for example, draws its strength from the synergy generated among its current and future products, which are offered to meet a common, enduring customer need. A typical Products Offered organization may have these priorities:³²⁷

- Exploit current products and current markets.
- Offer current products to extended markets.
- Offer modified products to current markets.
- Offer modified products to extended markets.
- Offer current products to new markets.

A Products Offered company is unlikely to cross the Rubicon into entirely new products that meet a different need.

Imagine yourself a fly on the wall at a Products Offered automobile manufacturer. When its top management team talks of the existing family car or sedan model, its year-to-year upgrade, and perhaps even a station wagon version, they are addressing the “current” product line. The products may be slightly different, but they meet the same fundamental need. A foray into sports utility vehicles or lightweight pickup trucks might represent the pursuit of “modified” products. But if the talk turns to manufacturing motorcycles, or

³²⁷ Ibid.

tractors, or even a wide variety of automobile components-seat fabrics, tires, and CD players, for example-the “new-product Rubicon” will have been crossed. Such pursuits will indicate that the company’s Driving Force has changed or should be significantly reframed.

The story is different for a Markets Served firm. To return to our example from the last chapter; the Playboy organization would be very unlikely to offer its current products to an entirely new consumer market, as it would have little in common with the current market. Therefore, don’t expect to see Playboy taking its products to new socioeconomic groups, and certainly not to new demographic groups (to children, for example-demographically new, but unethical and implausible). More likely would be an offering targeted to a similar but new consumer group in existing geographic markets; for example, the company has targeted women with the same socioeconomic characteristics as their male counterparts by offering them *Playboy*-type magazines.

The new-product and new-market Rubicons of the growth and new-business matrix do not just apply to companies with a Driving Force of Markets Served or Products Offered, however.

Think of the U.S. Forest Service, quite probably a Natural Resource-driven organization. It has a broad range of current products and services, from wood to wood pulp and paper products. Yet, because its Driving Force relates directly to the source of its products, it is not likely to cross the new-products Rubicon. The Forest Service is not likely to venture into product areas based on electronic media, for example.³²⁸

However, it might exploit its resources more fully and venture into products and services new to the organization. Thus, it may offer recreational services, meeting an entirely different need, yet founded on its command of large tracts of land.

The capabilities-based Driving Forces show similar parallels. In the early 1970s Xerox Corporation showed characteristics of a Technology Driving Force. For 2 decades, Xerox did not cross the new-products Rubicon since its competitive advantage lay in a body of knowledge and research around xerographic products. When its patents began to expire, competitive pressures forced Xerox into nonxerographic products (e.g., fax machines,

³²⁸ The Official Website of the United States Department of Agriculture (USDA) Forest Service, Available on site <http://www.fs.fed.us/>

office supplies)-a move that in our view changed its Driving Force to Products Offered, with its domain located in a wide variety of office products.

Avon, which may have a Method of Sale Driving Force, would be unlikely to cross a new-markets Rubicon. Marketing to a customer group with entirely new characteristics-high-net-worth individuals, for example-would require a shift away from the closely networked, in-home approach that defines its strength. Avon is much more likely to develop new business through offering new products to meet the changing needs of its core customer base.

The Return/Profit organization is the exception here. If its only constraints are financial ones, there is no prohibition against entering a new product area and/or new markets. Return/Profit organizations pursue new business in any area they please, provided that they meet their financial hurdle rates. The Rubicons do not apply.

5.1.3.2 Unique CEO Role in Strategy Formulation

By the time a team has begun formulating strategy, the CEO will have already made two key decisions: choosing the members of the strategy team, and choosing a sound process for completing the five phases of strategy.

Although a CEO's insights and expertise in content-related areas will be valuable, his or her responsibility to the team and the process as a whole will significantly impact the outcome. Inevitably, the CEO must carefully address the following questions:

Which members of the team have emerged as its real thought leaders? Are they in roles that utilize the best of their strategic thinking? What is the overall quality of their strategic thinking? Are we missing any contributors who would improve the outcome? Keith Alm at Hallmark International let the makeup of his strategy team evolve over time, as he monitored the capabilities of his people and their contribution to the team's thinking. When the idea of cell phone greetings was conceived, he immediately added the individual who had been identified as the person to undertake exploratory work in that area.

One team struggled with a participant who was a content expert but found it tough to work in a group environment. He was brilliant but a rather opinionated loner. Eventually, he was asked to leave, although he and his colleagues were consulted on content as needed. This move gave the remaining team the breathing room it needed to move forward.

What are the forces at work beyond the scope of my top team? Have I had “grandfather chats” at the next level in the hierarchy, for example with the board chairman, to illuminate larger issues that impact our work, or have I asked our facilitators to do so?

The Royal Mail reformulated its strategy at an extraordinary time. It was during and after the 1992 general election, and there was considerable debate as to whether the Conservative government, if reelected, would privatize the Post Office, the Royal Mail’s parent. Though our project was with the chief executive and his team, I agreed to meet every month with the chairman (who reported to the secretary of state), one on one. Given the chief executive’s position in the spotlight, and the landmines behind the scenes, it was important to have another channel for testing the strategy’s validity in light of these outside political pressures.³²⁹

As CEO, have I done everything possible to support breakthrough thinking and creativity? Have we reached a level of strategic thinking that is beyond the ordinary and the rational? Have I ensured that we are visionaries, not planners? As many have noted, the greatest strategies are those that are not anticipated by the competition. The element of surprise may not be reached through rational analysis alone. The fostering of an open, breakthrough environment increases the chance that this will happen. The CEO also helps ensure that the team’s work does not devolve into the realms of projections, financial analysis, and long-range planning. A strong leader will help his or her team stays focused on vision.

If the team is struggling, do I have the courage to exercise my own leadership prerogative? Do I recognize that, as primus inter pares (first among equals), the buck stops here? The chief executive of a pharmaceutical company, which is now owned by Rhone Poulenc eventually, reached the limit of his endurance. Over several days, his team had worked through alternative strategic visions based on three or four Driving Forces. After much heated but well-informed debate, it had narrowed the choice to two. And the team members were absolutely deadlocked.

At the end of one afternoon, this distraught executive literally backed me up against a wall. “What am I supposed to do?” he roared.

After a bit of calming, he headed home for a sleepless night, finally understanding that it was time for him to make the final decision. The next morning we helped him test his

³²⁹ Royal Mail (Grimsby Delivery Office), Available on site <http://home.freeuk.net/s-parrott/postoffice.htm>

rationale and craft a few words to help him present his decision to the team, yet we offered no definitive answer on the correct Driving Force. This team needed to see that its leader was willing and able to make the tough call himself. It accepted his judgment because each member had his day in court. Ultimately, the team's commitment became one of its most powerful strategic assets.

The difficult work of the strategy formulation phase results in a vision that describes an organization's destination and the routes and means for getting there. Tough as it is, it is still only a prelude to the journey itself and the genius required to complete it.

5.2 WHY THINK ABOUT THE FUTURE?

The future is fundamentally uncertain, yet there are discernable directions, even if signs point to conflicting and multiple outcomes. For some, uncertainty justifies not thinking about the future, while for others the uncertainty is a source of opportunity. Without a concerted effort to be future-focused, organizations run grave risks of diminished importance or even oblivion in the fluctuating world of the early 21st century. Thinking about the future increases the likelihood of success in the long run.

All of our experience is with the past, but all of our decisions are about the future. Many people have assumed that their past experience is a fairly reliable guide to the future—the future will simply be a bigger and better version of the world with which they are familiar. However, the pace of change now makes it clear to thoughtful people that continuity can no longer be taken for granted. In area after area today, we are confronted by *true uncertainty*: we really do not know what will happen, but we know it is going to happen more quickly.³³⁰

The future cannot be predicted. The word “futures” in futures studies is plural because there is no one preordained future that is fated to occur. Rather, there are many different possible alternative futures. Instead of predicting what the future will be, futurists use a wide range of methodologies to engage in structured and thoughtful speculation about future possibilities. This helps people prepare for whatever future comes, and positions them to be more able to create the future they prefer. Some of the methods futurists use to help organizations think about the future follow.

³³⁰ “Methods,” Institute For Alternative Futures, Available on site <http://www.altfutures.com/methods.asp>

5.2.1 Trend Monitoring

The first step in thinking about the future involves exploring trends that are already underway. A trend is a pattern of change over time in things of importance to the observer. The degree of uncertainty about the future is, of course, much smaller in some areas than in others. For instance, one can predict fairly accurately how many people there will be in most countries in the year 2010 or 2020. Yet the values these people will hold and the state of their health are much less certain. Those trends that are less certain should be monitored more closely.

A trend can be said to have become an issue when it receives increased attention in the mass media and elsewhere and, as a rule, is the subject of action. The earlier a trend is detected, the greater is the flexibility of organizations responding to it. Trends often become issues or even crises before measures are taken. At the crisis stage the range of options is narrowed. By attempting to look into the future we can be alerted to threats and opportunities when there are more options available for effective action.

By identifying existing trends and emerging developments, we set the stage for thinking about the future possibilities that result from the unfolding of these trends. Below are techniques for monitoring trends:

5.2.1.1 Scanning

Scanning involves searching through a variety of information sources to identify trends and emerging developments. Trend scanning can be as informal as a group exercise or as formal as a well-funded trend monitoring system with an ongoing network of people, a wide range of information resources, and regular publications. Scanning efforts are best done on a continuing basis to provide futures radar that constantly functions to identify emerging threats and opportunities.

5.2.1.2 Identifying and Forecasting Key Forces

Key forces are the most important trends and developments shaping the aspects of the future that you want to consider. Prioritizing key forces lays the groundwork for developing multiple forecasts to describe a plausible range of outcomes. When a set of key

forces has been identified, the interaction between trends becomes an important means for forecasting different developments, which can be explored systematically in scenarios.³³¹

5.2.1.3 Wildcards

Wildcards are high impact, low probability events that are worth considering. These events include momentous but unlikely developments such as the discovery of a new energy source or a near-term breakthrough to molecular nanotechnology. While wildcard events appear far-fetched, history shows they occasionally occur and have enormous impacts. The 9-11 terrorist attacks serve as the most recent reminder of the importance of considering wildcards.³³²

5.2.2 Scenarios

Scenarios are alternative descriptions or stories of how the future might unfold. They compile information about divergent trends and possibilities into internally consistent images of plausible alternative futures. Scenarios are designed to systematically explore future challenges and opportunities and aid in strategy development. In the process, they often provoke the imagination, raise fundamental questions, make explicit our deeply held values, and stretch our worldviews.

Scenarios are not predictions of the future. Rather, they encourage people to think about how to navigate successfully across the different circumstances that might be encountered. Scenarios can expand our 'field of view' and help people to see possible threats and opportunities that would otherwise have remained hidden.

Scenarios are an investment in learning. A set of several significantly different scenarios helps "bound the uncertainty" of the future so that organizations can systematically plan for future contingencies and clarify their vision of the future they prefer. Scenario thinking is real and useful, but it happens only when you actively use the scenarios. The scenarios are not the end product, but merely a powerful tool.

To foster creative thinking, scenarios should examine a truly broad range of possibilities, not just minor variations. A good set of scenarios will typically contain at least one or

³³¹ Vanston, John H., "Planning Tools for Informed Decisions: Technical Trend Extrapolation," Available on site <http://www.tfi.com/pubs/ntq/articles/view/>

³³² "9/11/01: One year after," The Official Website of The Olympian, Available on site <http://www.theolympian.com/home/>

more “negative” images as well as a “structurally different” future that challenges current assumptions about what a successful future would be like.

Scenarios need not be elaborate or highly quantitative to be valuable. In fact, they are often used as an antidote to highly quantitative approaches to strategic planning that sometimes lose in imagination and adaptability what they gain in precision. What is more valuable about scenarios is that they change the way people who use them think about the future.

5.2.3 Vision

We think about what might happen so we can better shape what we want to happen—the plausible preferred future. Most organizations lack a fully developed coherent vision of what their preferred future would be. Therefore, the first step toward achieving a preferred future is to clearly articulate a vision of the future you want to create.

A vision is guided by the opportunities and threats of the external environment, best summarized in scenarios, and also by the internal strengths and weaknesses of the organization or community concerned and its competitive position. A vision’s importance lies in what it does—its power to motivate and align efforts—rather than in what it says. It is perfectly possible for a group or organization to go through a shallow “visioning exercise” which results in eloquent language on a piece of paper that everyone subsequently ignores. It is equally possible for a group to be aligned around a powerful vision without ever writing it down. Visions motivate high achievement, because when people are really committed to a vision, they will stretch themselves and their organizations to make it happen. Visions raise people’s personal aspirations and provide a focus for collective activity. They create a ‘big picture’ of ‘where we are going’ that makes day-to-day activity more meaningful. Within organizations, shared vision allows management to decentralize. People can be given more freedom to act independently and creatively when they have a clear sense of direction and know the importance of their ‘piece’ in the realization of the vision.³³³

Once a vision has emerged, integrated sets of actions or strategies are needed at a high level so that it can be realized. Strategic planning often includes an analysis of an organization’s strengths and weaknesses and of the opportunities and threats presented by the external environment. However, effective strategies can be developed to go in several

³³³ “Visioning Exercise,” 10 July 2002, Available on site <http://www.aylesburyvale.net/business/>

directions. The vision identifies the compelling and inspiring destination towards which the organization is heading.

5.2.4 Mission

A mission statement structures efforts to achieve the vision, defining major areas of responsibility in clear, objective language. A clear mission statement defines an organization's role by listing the general types of activities that the organization will undertake to achieve its vision.

A good mission statement should answer several questions: What is the organization's role in the achievement of its vision? What will be its settings for action? What are the organization's key capabilities and areas of expertise?

5.2.5 Goals

Goals establish specific measures of success when they are effectively aligned with mission and vision. Goals need to be achievable within a designated period of time, and they must be well defined. When achieved, the goals provide positive feedback, affirming the vision, mission and strategies of an organization. When not achieved, the goals provide negative feedback that signals problems in need of attention.

The most powerful goals are bold and audacious. These goals are placed out farther in time so that they are closer to aspirations than to current reality. These goals force people to stretch, to take the threat of failure seriously and to take their commitment to a vision even more seriously.

Most organizations are familiar with setting goals, but it is extremely important to set goals that align with the mission and vision. This is a difficult task, but if done correctly, the future can be married to the present. And this is the goal—to extend our conception of the present to include the future.

5.2.6 Strategies

Strategies are the most important coordinated sets of actions needed to reach goals, fulfill a mission and realize a vision. Strategies should shape resource allocation and guide priorities in a budgeting process. While current circumstances will demand much of an organization's budget, strategy should determine the amount of change in a budget each year.

Strategies are best designed after a set of scenarios has been generated and an organization has clarified its vision, mission and goals. We recommend a four-step process to developing and evaluating strategies:

- Identify the key strategies that are currently being used by your organization.
- Discuss how effective these strategies would be in each of the 4 scenarios—are some current strategies highly “robust” in the sense that they would work well in most or all of the future circumstances portrayed by the scenarios?
- Develop additional potential strategies for achieving the vision or the major goals derived from the vision. An approach for enhancing creativity is to enter into each scenario and generate strategies that make sense in the conditions posed by the scenario. After using the vision and each of the scenarios as a framework for generating strategy ideas, evaluate the resulting ideas for their robustness across a variety of future conditions.
- Develop priority strategy areas, and develop an action plan for your organization and partners (new and old), which can help you gain broad stakeholder support. Create a timeline for your action plan with clearly defined targets and measurements to assess if you have been successful.³³⁴

5.2.7 Putting the Futures Techniques Together

Trends, scenarios, visions and strategies are an integral part, at least implicitly, of most decision-making in the field. Their power to make decision-making wise comes when they are made explicit and consciously shared to provoke thought, stimulate imagination, clarify options, relate values to long-term developments, and move people to take action.

The graphic displays the interconnections between these futures techniques. The techniques dealing with likely and alternative futures combine with the preferred futures techniques by jointly leading to strategy development and evaluation.

On the left column of the graphic, scanning for trends generates insights that lead to the identification of key forces. These key forces then become the major variables in the different scenarios that are then developed around four archetypal images of the future.

³³⁴ “The Future Belongs To Those Who: A Guide For Thinking About The Future,” Institute For Alternative Futures, Available on site <http://www.altfutures.com/>

Posing several alternative sets of conditions those strategies can test against scenarios aid in the evaluation of strategies by posing several alternative sets of conditions those strategies. Each strategy is evaluated to assess whether it is robust enough to work in most or all of the scenarios.

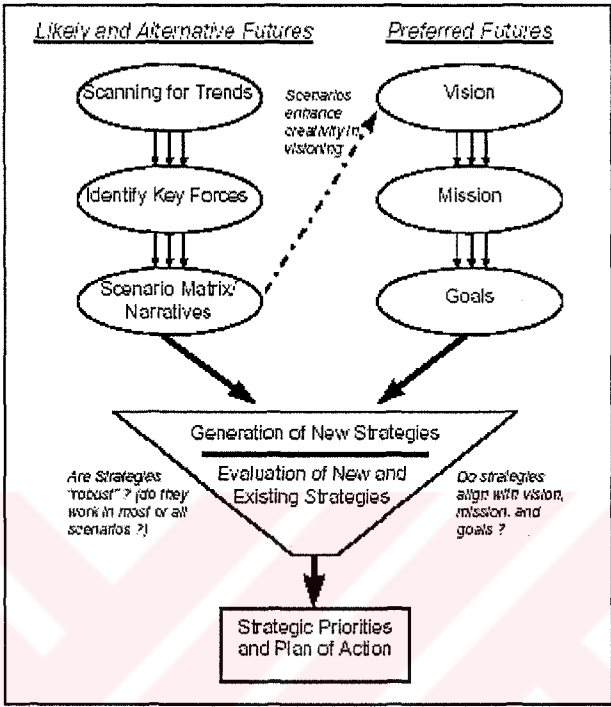


Figure 5.6 Future Processes

On the right column of the graphic, vision, mission, and goals are linked together. The first and most fundamental step is the creation of an inspiring, ambitious vision. Following from the vision, a well-detailed mission clearly sets out the organization’s role in achieving the vision. Lastly, concrete goals that can be completed in a specified time frame are needed to provide the framework for a tangible, practical plan of action.

Techniques for dealing with likely and alternative futures, and with preferred futures, both lead to the generation of new strategies. A set of scenarios that includes “structurally different” images of the future can stretch the range of possibilities that people are willing to consider, and can lead to more creative visioning. At a later stage, scenarios can be used again to test strategies that have been generated to implement the vision.

5.3 FUTURES EXPLORATIONS

Managers today are asking for a variety of environmental searches for use in the regular strategic planning process and for speculation about events beyond that time period. These

searches, analyses, research studies, or projections, I lump together and call futures explorations.

The nomenclature in this area of planning is very loose and definitions vary greatly among different writers. I present Figure 5.7 to clarify the words used in this discussion.

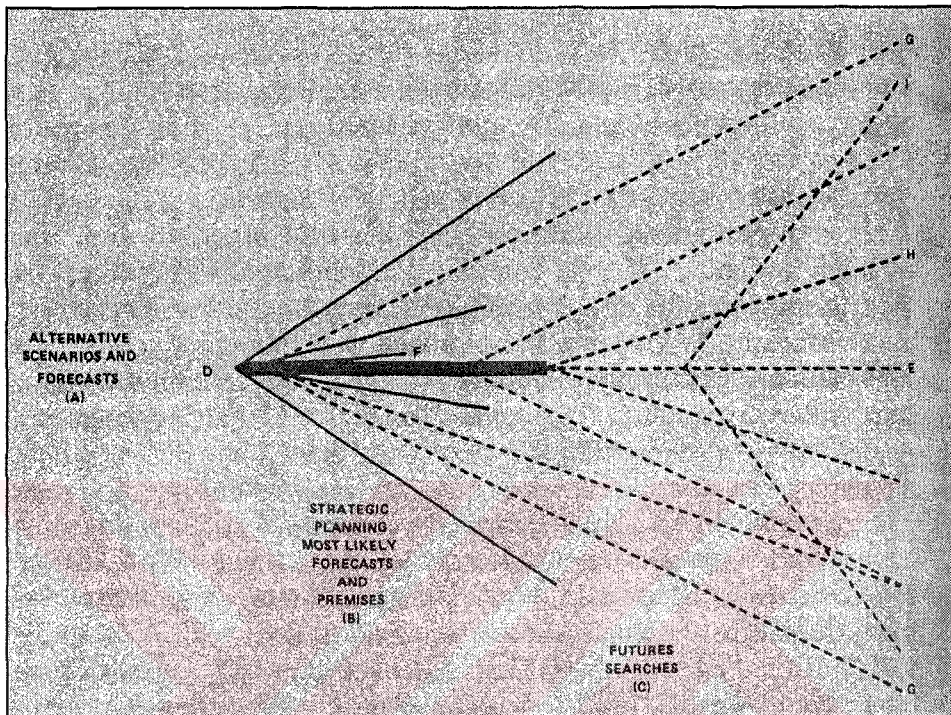


Figure 5.7 Future Explorations

In recent years managers in many companies have felt the need to have, projections other than the single case forecasts typically used in the formal planning process.³³⁵ These (area A) are divided into two categories as shown in Figure 5.7, namely, those done for periods of time within the regular planning time horizon (area D bar line) and those done for periods extending beyond the regular planning horizon (area C in Figure 5.7).

The distance of lines on the chart from line DE is meant to indicate scope of the projection. A short distance (F) illustrates narrow scope, such as a forecast of interest rates. A great distance (G) illustrates a broad survey, such as scenarios of the future characteristics of the U.S. economy. Figure 5.7 says, therefore, that broader futures explorations are generally found in studies of the distant future. Sometimes the time period covered by long-range studies of the future overlap with the standard planning horizon, as indicated by line G. Sometimes they extend beyond the planning horizon in a continuous line (H) and

³³⁵ MacNulty, Christine, "Scenario Development for Corporate Planning," *Futures*, 1977

sometimes there is a discontinuity (I). Lines above DE are meant to indicate optimistic projections, or projections better than the most likely ones used in the regular planning process. Lines below are meant to indicate more pessimistic projections than used in the regular planning process.

5.3.1 Nature and Purpose of Alternative Scenarios and Forecasts for the Planning Period

The word scenario first became popular as an approach to making projections with the publication of Kahn and Wiener's book *The Year 2000*.³³⁶ This book defined scenarios as "hypothetical sequences of events constructed for the purpose of focusing attention on causal processes and decision-points. They answer two kinds of questions: (1) Precisely how might some, hypothetical situation come about, step by step? And (2) what alternatives exist, for each actor, at each step, for preventing, diverting or facilitating the process?"³³⁷ As amply demonstrated in the book the scenarios are narratives, descriptions or word pictures of future potential societies.

The word scenario continues to mean what Kahn and Wiener said it did but it has been stretched to include much narrower alternatives such as circumstances that might produce sales above or below a probable forecast. Thus, at one end of the definition are broad, societal hypothetical conditions at some future time; at the other end are comparatively short-range hypothetical projections of narrow phenomena.

Although the development of alternative scenarios and forecasts is not new in corporate planning (some companies used this methodology in the 1950s) there has been renewed interest in making these projections. One reason is that in the turbulent environments of recent years managers have been increasingly confronted with unforeseen events. In addition; they have found that forecasting is not an exact art; many forecasts have turned out to be wrong. Contingency plans have been prepared to deal with such uncertainties. Managers also have asked for alternative projections to help them understand and deal with uncertainties in the environment.

Alternative scenarios and forecasts will give managers a wider range of possibilities against which they can test policies and strategies. Managers are given a broader vision of

³³⁶ Kahn, Herman, and Wiener, Anthony J., "The Year 2000: A Framework for Speculation on the Next Thirty-Three Years," Macmillan, New York, 1967

³³⁷ Ibid, p.6

alternative events, which may in turn help them to see better the things to be avoided or facilitated, as the case may be. The awareness of managers is raised; their outlook is broadened.

Alternative scenarios and forecasts also provide fertile ground for identifying events that might become the subject of a contingency plan.

Alternative scenarios and forecasts also serve to stretch the imagination of managers and staff. They force staff and managers to deal with details and interactions of forces that might be missed in single case projections. Their preparation and contemplation stimulate thinking about future environments and the possibilities in them for finding, new opportunities and identifying hitherto unforeseen threats.

Studying scenarios should improve the ability of managers to conceptualize, to see broad patterns, generalizations, and interrelationships of systems. This is in contrast to concentrating on day-to-day details of a narrow scope. The higher in an organization a manager rises the greater a conceptualizer, generally, he must be. Thus, managerial participation in scenario building and/or study of the results of futures explorations can be considered a managerial training program.

5.3.2 Business Experience with Alternative Scenarios and Forecasts

Unfortunately there is no comprehensive survey of what industry is doing to this area. The available data seem to show increasing reliance on alternative scenarios and forecasts as an aid to business planning.³³⁸

5.3.3 Range of Alternative Scenarios and Forecasts in the Planning Period

Probably the most common type of projection is the high-low scenario or forecast, alternative projections of the most likely cases used in the formal planning process; they concern such trends as sales, profits, market share, and inventories. For instance, a company may ask: "What circumstances might cause a sales level 15 to 20 percent below the most likely forecast?" "What forces may bring about a level 15 to 20 percent above the most likely case?" Or, "Develop a scenario of the best possible environmental future and

³³⁸ Simmons, W. W., "Exploratory Planning: Brief of Practices," Planning Executives Institute, Oxford, Oh., 1977

the worst possible situation for our company five years from now.” This request may be narrowed to focus on the best and the worst with respect to sales, profits, or market share.

Other economic alternative scenario and forecast subjects are the gross national product, inflation, interest rates, energy, raw material supplies, competition, housing starts, and foreign imports of steel. Each of these factors could be the subject of an alternative survey, or a research study might include different combinations of them.

There are other subjects, of course, covering technology, changing social values, government regulation, potential legislation, labor union activities, the outcome of presidential elections, weather, foreign political and social changes in specific nations, and demographic changes, to name but a few.

Ideally, it would seem desirable for a manager to design strategies that fitted all three types of scenarios and forecasts-high, low, and probable.³³⁹ In practice, however, this is possible in only a few instances.

5.3.4 Trends Toward Very Long-Range Futures Projections

In the 1970s there has been an enormous increase in futures explorations extending out ten, twenty, thirty, or more years.³⁴⁰ Interest in the distant future has been centered more in universities and service organizations than in business; however, interest is developing rapidly in the business world.

5.3.5 Types of Alternative Futures Searches Used in Business

Futures analyses beyond the planning period can cover topics similar to those noted earlier for the planning period. Generally, however, they are considerably broader. General Electric, for example, has an ongoing project for evaluating changing social values that might affect the company in the 1980s and beyond. Mobil Oil Corporation has a long-term project concerned with the supply and demand of energy in general and hydrocarbons in particular in the year 2000 and beyond. Another company has one staff person assigned to the task of identifying pitfalls and possibilities for the company in the year 2000.

³³⁹ Linneman, Robert E., “Shirt-Sleeve Approach to Long-Range Plans,” *Harvard Business Review*, Illinois, 1977

³⁴⁰ McHale, John, “An Assessment of Futures Studies Worldwide,” *Futures*, 1976

Though some studies cover only specific topics most of them are very broad. They ask open-ended questions such as: “What’s out there (in a ten-, twenty-, or thirty-year period) that may affect our company that we should know about?”

5.3.6 Types of Alternative Futures Searches Used in Government

Government agencies have made much wider use of futures research than has business. Many of these studies have been very broad, extending to the year 2000 and beyond. The state of Hawaii, for instance, established a Commission on the Year 2000 to study choices open in the distant future, to make people aware of them, and to make legislative recommendations.

The Environmental Protection Agency commissioned the Stanford Research Institute to prepare alternative futures for the period 1975-2000 that would be useful in developing environmental policy planning. The result was a comprehensive report setting forth a number of alternative futures for our society.³⁴¹

5.3.7 Purposes of Alternative Futures Searches

The purposes of alternative futures searches in both industry and government are comparable. They are mind-stretching exercises for executives and their staffs. They make people more aware of possible events in the future that may influence management decisions. They should serve to ease the anxieties of executives about the future. The known is less frightening than the unknown. By taking a longer view managers in business may be able to make better decisions in a shorter planning time horizon, such as three or five years. Both legislators and administrators in government should be able to make, better current decisions the more they know about future possibilities. This may be more of a hope than a reality but it is a possibility that ought not be ignored. Other purposes and benefits to managers and staff in developing alternative scenarios and forecasts covering the regular planning period also are applicable here.

³⁴¹ Schwartz, Peter, “Alternative Futures for Environmental Policy Planning,” U.S. Government Printing Office, Washington, D.C., 1997

5.3.8 Developing Alternative Futures Explorations

To begin with it must be noted that alternative futures explorations can be too expensive for a small company to develop itself. However, for a small company there is a vast literature that may serve to stimulate futures thinking in executives.³⁴²

Many of the futures exploratory studies used in business are made in corporate planning departments. But a number of companies have appointed staff specialists to do this. Some have created separate departments to make these studies.³⁴³ Many companies, at both headquarters and in the divisions, set up ad hoc committees, teams, or task forces to make futures studies. These groups are often organized with interdisciplinary and interdepartmental representation. Many companies like to have their managers involved in these groups. Some companies appoint “environmental watchers” to keep track of the changing environment.³⁴⁴ Many consulting firms specialize in futures studies.

I would guess that for sweeping alternative scenarios the most frequently used method is interdisciplinary analysis of forces and the development of estimates of how they may intertwine at some future point of time. This is library research that is done on the basis of interdisciplinary knowledge, guided by judgment and intuition. The Delphi technique, also widely used, is a method to probe expert minds in a series of interviews from which some consensus is sought. Those participating in the experiment usually do not know who else is involved.³⁴⁵

5.4 LOOKING INTO THE FUTURE

“Where do I want to be in the future?” This is the second step in planning your life journey: envisioning the future. Shift your attention to tomorrow. Look to the future, and ask yourself, “Where do I want to be in 5 years? In 10 years? In 20 years?” Remember Sheehy’s conceptualization of the Second Adulthood as extending from age 45 to 85+.³⁴⁶ What do you want to do in your second adulthood? Essential to the successful passage into second adulthood is viewing the passage as opening up possibilities and choices, not limiting opportunities and restricting choices. Increasing longevity has given us

³⁴² Ibid.

³⁴³ Simmons, W. W., “Exploratory Planning: Brief of Practices,” Planning Executives Institute, Oxford, Oh., 1977

³⁴⁴ O’connor, Thomas, “Planning under Uncertainty” Conference Board, New York, 1978, p.29

³⁴⁵ Linstone, Harold A., “The Delphi Method: Techniques and Application,” Addison-Wesley, 1975

³⁴⁶ Available on site “Official Web Site of CIA”

opportunities that our parents never had: the time to build an entire second productive adult life. This provides tremendous opportunities for growth, if we can only avail ourselves of those opportunities. Determine where you could be in five or ten years, or where you would like to be.

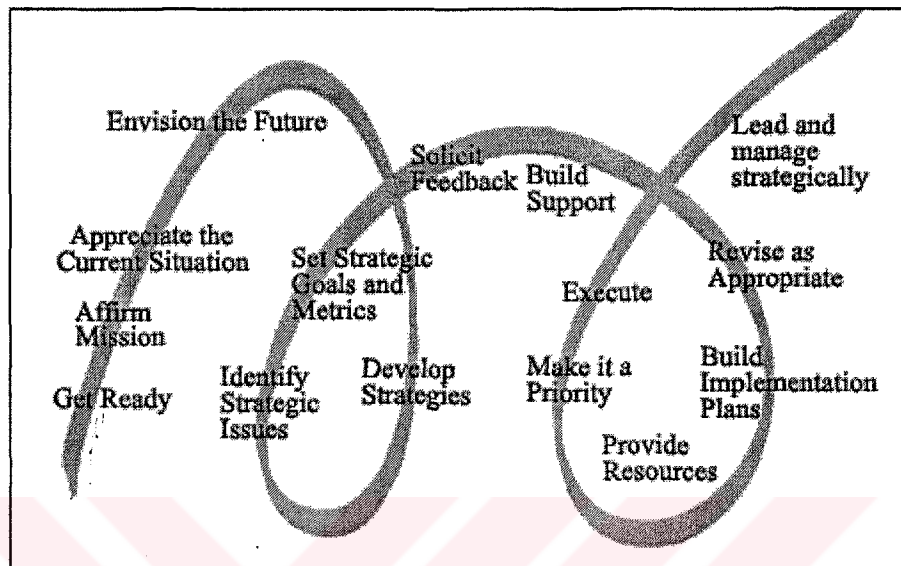


Figure 5.8 The Path of Strategic Future³⁴⁷

Skeptics are saying, “Why envision a future that you can’t achieve?” If envisioning the future is dreaming about unachievable outcomes, then it is a waste of time. But if you look more closely at those who achieve their dreams, you will find that they didn’t stop with dreaming about where they’d like to be in the future. They asked themselves, “What can I do to get there and reach my goals?” They then developed and implemented a plan to achieve what they wanted to accomplish.

5.5 STRATEGY IN THE TWENTY-FIRST CENTURY

Today, not even the most casual observer could ignore the uncertainty pervading our planet. Airplanes fly into skyscrapers with calculated purpose. Hot new dot.coms disintegrate seemingly overnight. Nine Supreme Court justices decide a U.S. presidential election. Nine European nations have adopted a single currency, and Japan continues on the edge of economic disaster. The crisis is long forgotten, the global stock market boom is

³⁴⁷ Available on site <http://www.fda.gov/cdrh/strategic/strategic-future.html>

bust, and the threat of devastating warfare looms again in the Middle East and South Asia. The cloning of humans is possible.³⁴⁸

The corporate landscape is just as unpredictable. Half of the world's largest 50 economies are now corporations rather than nations. Unlikely alliances and unforeseeable failures have given the most levelheaded of leaders reason to hesitate. Who could have predicted the current state of affairs at Daimler-Chrysler, HP-Compaq, AOL/Time Warner, Enron, Arthur Andersen, Marconi, Railtrack, or Vivendi, even just 2 or 3 years ago?

What of strategy in the midst of this turmoil? Is strategic thinking still relevant? Is it even possible to rely on a cohesive strategic construct in these times?

Let's look back to the beginning of this strategic journey. The starting point for every team is the assessment of the external environment in the political, socioeconomic, technological, and competitive arenas. What are the significant trends in these areas in these opening years of the new century?

We have been struck by three of the many startling trends that have emerged. First, the immediate devastation of the September 11 attacks has been followed by political and economic shockwaves whose effects will likely shape the next several years, if not decades. Technological developments have also transformed the way companies of every size and scale think about their means of influencing consumers, taking products to market, and forming alliances with suppliers. And on the horizon looms the not-so-silent Chinese giant—perhaps poised to dominate trade with the West for the first time in many centuries.

These are diverse yet representative examples of the magnitude of change leaders can (and sometimes cannot) anticipate. The next years will be more unpredictable than those of the last decade, perhaps wildly so. These examples underscore the importance of a sound, clear vision, coupled with the power and flexibility inherent in best-practice strategic process.

5.5.1 China: The Emerging Giant

Is China a threat or an opportunity? For most of us, the jury is still out and will be for some time. One thing is clear: This economic behemoth cannot be ignored.

³⁴⁸ "Middle East And South Asia," U.S. Department Of State Office of the Spokesman, June 12, 1998, Available on site <http://www.fas.org/irp/world/para/>

In 2001, China experienced not only ongoing and impressive organic growth; it also attracted more foreign direct investment than South Korea, Thailand, Malaysia, Indonesia, Singapore, and Vietnam *combined*. Japan is still in the doldrums, unlikely to recover for many years, and the Asian Tigers of the 1990s are rapidly being eclipsed by their gigantic neighbor. Surely it is only a matter of time—10 years, 15 perhaps—until *chugoku shoku* (“China shock,” as they say in Japan) is the most prominent feature of the global economic landscape.³⁴⁹

Both nations and corporations must have a clear and robust strategy to both anticipate and respond to this new reality. Each must consider the potential impact of China’s ascent. Will your company see China as a market opportunity, a competitive threat, a source of raw materials, a potential source of joint venture partnering, or a new manufacturing location? Are you ready to respond to these potential threats or opportunities? Have you considered these strategic questions:

- Is it likely that the relative importance of the Chinese market will change for your industry or value chain? What implications would this have for your strategic focus and product/market emphasis?
- Would doing business in China compromise your company’s beliefs and values?
- What capabilities would be required to enter the Chinese marketplace?
- How might your competitors’ decisions to move production facilities to China create a cost disadvantage for your firm?
- Will China do to you what Japan did to businesses in the late twentieth century? What lessons were learned then that applies now?

Whatever the answers for your organization, assumptions about the economic map of the twenty-first century will be heavily influenced by what happens in China.

5.5.2 The Market of One: Unlimited Opportunities

Not every unknown is a problem. Companies must also think proactively about how they will exploit an unpredictable but foreseeable windfall.

³⁴⁹ Powell, Bill, “It’s All Made in China Now,” *China Shock*, *Fortune*, Monday, March 4, 2002, <http://www.sdtelecom.org/>

One example: In 3 to 5 years, technology will have moved to a level of extraordinary personalization. Each of us will have a single handheld device, no larger than today's cellular telephones, with access to information, entertainment, communication, and commerce. After a long day at the office-or more likely not at the office-we'll use such a device to make a dinner reservation, get real-time verbal and visual directions via satellite tracking, sit down to our preordered favorite cocktails and fresh flowers, leave messages for our elderly parents and teenage children, and automatically debit our e-bank account when the bill is presented. In short, we will be connected to every aspect of business-to-business, business-to-consumer, and personal activity.

Such capabilities are not in the least farfetched. Their power can lead to the creation of a market of one, a possibility that entire industries (like document distribution) are well on their way to making a reality. Already, sophisticated monitoring of individual buying habits and consumer demographics is accomplished on a massive scale. Consumers may soon designate preferred vendors to respond to, or even anticipate, their needs for food, travel, entertainment, gifts, clothing, and so on based on a profile of individual preferences. Junk mail and 12-page advertising flyers will give way to targeted electronic communications-under the cover of a well-built firewall to protect privacy. Business-to-business marketing will surely be transformed by similar opportunities.

Internet commerce makes the concept of a supplier of one equally possible. Single Web sites offer replacement parts for every possible appliance manufacturer, and eBay alone offers a range of products beyond the wildest dreams of bricks-and-mortar warehousing.

The net effect of these shifts is to place enormous power in the hands of the individual consumer or corporate customer. Buyers are no longer passive recipients, and suppliers bypass traditional channels of distribution and industry limitations.

On the product side, organizations face a difficult paradox. The demand for highly customized product offerings-say, the implantable chip containing an individual's health history, medication program, and plan for preventive care-will take its place alongside the drive toward commoditization-perhaps an over-the-counter cure for the common cold. The demand for new products will create new forms of competition.

As part of your strategy reviews, questions like these should be raised:

- Do we understand how to balance the requirements of mass markets with the opportunities of the market of one and the capabilities needed?
- Are we confident that efforts to address markets of one will provide an appropriate return on our investments?
- What product development and market research would we need to do, and what information systems would we need to have, to identify, capture, and retain markets of one?
- How long will the market of one concept be around? Is it a fad? . What are competitors doing to capitalize on these opportunities?

On the other hand, top teams will need to ensure they are not buying into certain fallacies:

- Doing more is not necessarily doing better. Any increase in the number of products and consumers will create additional complexity and may put the organization at risk for diluting its strategic intent.
- The unique competitive advantage of an organization does not automatically carry over into new product and market areas.
- Technology is an enabler, not a panacea. The potential return on opportunities must be balanced with an awareness of the capabilities and resources that will be required.

5.5.3 The Strategic Lessons of September 11

The assumptions made by Western leaders about military and economic warfare have their roots in the campaigns of past military leaders: Alexander the Great, Napoleon, Wellington, and Patton. There were common elements in these conflicts; the enemy and its location were known or could be identified, the enemy's goals were clearly stated, its weapons were understood, and the rules of engagement for battle were generally agreed upon.³⁵⁰

Not so the attacks of September 11. This "asymmetric warfare" was characterized by:

- An enemy that was initially unknown and hidden from view

³⁵⁰ "Time Online Edition," Available on site <http://www.time.com/time/>

- The element of surprise
- Its scale, audacity, and spectacular nature
- The willingness of the enemy to make sacrifices, even of their own lives
- The out-of-the-box thinking used to plan the attacks
- The lack of concern for the innocent and other “collateral” damage
- Near-flawless planning and execution
- New forms of weaponry (the aircraft themselves)
- Its intent to psychologically devastate and break morale
- The far-reaching economic, political, and social repercussions it created

This kind of combat has no pattern, balance, proportion, consistency, or coherence. It is entirely new and little understood. Similarly, responses to such an attack have been unlike any we have seen before. A vast array of overt and covert actions was launched on the military, diplomatic, political, financial, and psychological fronts. The military response alone encompassed conventional and guerilla warfare, Special Forces, assassination squads, and the overthrow of governments. The time frame of such efforts, as well as the rate of progress and the tactics required, is utterly different from traditional combat.

The extraordinary disruption of the rules of the game between people and nations that occurred on September 11 is the most dramatic sign of the uncertainty of our decade.

It will also be a source of insight for our boardrooms. Your assault on the marketplace and counterattacks from your competitors are now likely to incorporate “asymmetrical” characteristics. As you formulate and implement your strategy, you should be asking:³⁵¹

- How can we build an element of surprise into both our vision and its execution?
- What sacrifices are we prepared to make in order to achieve our goals?
- What opportunities are there for us to disrupt and destabilize our competition and the industry structure in order to gain advantage?

³⁵¹ Liotta, P. H., “Chaos as Strategy,” *Parameters*, 2002, p.47-56

- How can we develop significantly different technological and product breakthroughs?
- Once we have made our moves, how can we make ourselves invulnerable to direct competitive attack?
- How audacious can we be in terms of new thinking, scale, and risk taking?
- How can we have an impact on all our competitors in a single strike?
- How can we win huge advantage with relatively little cost?
- How can we keep the competition guessing about our next moves?
- How can we lie low while planning our efforts in order to ensure the element of surprise?
- How can we implement our strategy speedily?

When your organization sets strategy, it must continually ask the unconventional questions if it is to stay in a competitive game characterized by asymmetric attacks.

There is another side of the coin here. Consider the actions of various governments and their agencies both before and after September 11:

- How well did international intelligence agencies gather, analyze, and share information and coordinate plans to act on that intelligence?
- Had any scenarios been developed that conceived of such an attack?
- If so, what plans were in place to prevent them?
- How were resources being allocated between conventional warfare and fighting international terrorism? Were investments made in new skills, new weaponry, different intellectual capital, and innovative logistics?
- How did the political, military, and intelligence communities plan to coordinate their efforts during such a crisis?

Lulled by a false sense of security, the U.S. government was clearly caught with its defenses down. Its leaders knew that an asymmetric assault could come any time, anywhere. But they did not act decisively. We hope that they and other governments

around the world have learned that a large percentage of their resources must be devoted to identifying such potential problems and making concrete plans for dealing with them.

Even with the benefit of hindsight, the events of September 11 are difficult to understand. The next big attack, whether on the political or corporate front, is again likely to be asymmetrical in its scope, its surprise, and its potential devastation. The only chance of responding effectively will be based on a rigorous and creative approach to describing, preventing, and mitigating potential disasters.

Corporations, under threat of asymmetric assaults from competitors, will be challenged to do the same. Many must become asymmetric thinkers and players themselves. Creative thinking at the extremes of (legitimate) corporate behavior will serve them well in such an unpredictable world.

5.5.4 No Easy Answers

In times of discontinuity, an organization is always in danger of grasping at silver-bullet solutions. Alan Greenspan has described the lengthy stock market boom of the 1990s as a time of “irrational exuberance.” In such a period, executives are tempted to believe they can defer strategic thinking indefinitely. But when a period of “irrational depression” follows, it is too late to shift gears.³⁵²

During the past several years, no trend has been more compelling than the technology fix. But there is little difference between a technological miracle cure and other management fads executives turn to in the hot pursuit of excellence. Such initiatives must be adopted only if they are relevant and pursued within a robust strategic framework.

Most companies undertook a number of diverse initiatives in the last years of the twentieth century: enterprise resource planning, e-business, knowledge management, the learning organization, business process re-engineering, and so on. They invested literally billions in such efforts. If your firm was among these, ask yourself: Was it worth it?

The next time a fad or the latest initiative comes your way, beware when you hear...

- “This is the answer.”

³⁵² Fed Chairman Alan Greenspan, “Irrational Exuberance Speech,” At the Annual Dinner and Francis Boyer Lecture of The American Enterprise Institute for Public Policy Research, Washington, D.C., December 5, 1996, Available on site <http://www.geocities.com/ecocorner/intelarea/ag1.html>

- “If it’s good enough for the best-performing companies, it’s good enough for us.”
- “This will help us expand our customer base”-or-“enable us to open up global markets”-or-“secures our positioning.”
- “Our business processes are fine; we can handle this.”
- “We’ll just delegate implementation of this to functional specialists or an outside consultant.”
- “We’ll be up and running with this by the end of next quarter.”
- “This is our number 1 priority.”

Expect the range of management fads to grow in coming years-and avoid the pressure to jump on each new bandwagon to temper the effects of external change. Be cautious when snake-oil remedies are touted as a substitute for strategy-or threatens to dilute the focus on strategic objectives.

Top executives will do well to keep one eye on the latest management trends, and both hands firmly on the strategic tiller. The vision and its implementation are what will ultimately drive the organization’s competitive power.

5.5.5 Strategy in A Contingent World

Clear strategic thinking is not only possible in an age of discontinuity; it is an absolute requirement. Strategy is inherently flexible. It bears little resemblance to those long-range plans that were unwieldy exercises in corporate endurance: Change one number in the plan, and everything else had to change.

Strategy is about the top team’s vision-and will. It is about forward thinking, rather than financial projections and trend lines into the unknown. It is about direction, not time. Strategy deals with what an organization *wants* to become.³⁵³

In the last several years, the strategy process has evolved in response to change. We now challenge our clients to consider the “strategy beyond the strategy.” We ask them to consider whether, as they continually review and update their current strategy, it will also provide a strong platform for what may follow.

³⁵³ “Learning Together with Clients: Private Sector Development Training and Consulting in Economies in Transition,” The International Bank for Reconstruction and Development/The World Bank, Washington, D.C., 2002, Available on site <http://www.worldbank.org/wbi/>

Effective strategic thinking has become less linear than in more stable times. In particular, the constant examination of previously unheard of threats and opportunities-out-of-the-box thinking-has become increasingly important. The creativity applied in such thinking will be one of the most powerful weapons of an unpredictable, even arbitrary era.

5.5.5.1 What-If Thinking

The challenge is twofold-first, how to anticipate, and then how to respond, recover, and adapt.

To anticipate, top teams must be looking for thorough and creative answers to these questions:

- What could go wrong, and why?
- How can we prevent that? If our preventive actions fail, what contingency plans can we make to minimize the damage?
- What will be the impact on our strategy and its implementation? What modifications must we make?
- What opportunities might occur? What might go better than expected, and why?
- How could we make this happen and exploit such an opportunity?
- Is the exploitation of this opportunity aligned with our strategy? How will we test its viability in real-world practice? Again, how must we modify our strategy or its implementation?

We know of companies that excel at pushing their people to speculate, to dream, to imagine, to forecast, and to explore. Some forge alliances with world-renowned leaders on the technological front. Top teams travel every year to sit at the feet of management guru Peter Drucker and learn from his futuristic insights. Prime Minister Tony Blair has established a “blue-sky unit” for the express purpose of thinking outside the box.³⁵⁴

Such thinking must be woven through the entire strategy process. It begins when top teams create assumptions about social, political, economic, technological, and competitive trends and elicits the implications of those for their organization. The crafting of alternative

³⁵⁴ “British Prime Minister Tony Blair and US President George W Bush are not flinching on the war against terrorism,” ABC News Online, Available on site <http://www.abc.net.au/news/newsitems/s993972.htm>

visions allows the top team to frame possible responses to the what-if contingencies that could reshape an industry, yield a breakthrough technology or material, or ravage geographic markets.

Strategic Master Project Planning moves strategy from the boardroom to the marketplace; its implementation is in the hands of those closest to the action. And what-if thinking is the foundation for the iterative monitoring and reviewing of assumptions that keep strategic vision fresh and the organization nimble.³⁵⁵

A robust, coherent strategy is the basis for making the difficult, fundamental choices that lie ahead. But a proven reliable process for dealing with “the slings and arrows of outrageous fortune” is just as important.

5.5.5.2 Response and Recovery

We’re certain that even those companies most adversely affected by the events of September 11 are more likely to recover and move forward if they have been implementing, monitoring, and reviewing a clear strategy. They need to re-examine their strategic intelligence or bolster their approach to monitoring external trends. They need to take the Strategic Master Project Plan back to the drawing board and reallocate resources to 9/11 disaster recovery. But it is unlikely that their strategy as such will change.³⁵⁶

The tools for adaptation and response must be built into the strategy process. An objective-driven approach to decision-making, the analysis of potential problems and opportunities, and plans to meet them head on these are powerful weapons in the twenty-first-century arena. They are backed by the strength of every component of the strategic profile. A company’s Driving Force and competitive advantage, if established correctly in the first place, will remain sound. Implementation may be delayed, but strategy will remain the corporate anchor.

We live in remarkable times. For every unanticipated threat, there is an unforeseen opportunity. A disaster for one firm or industry often presents huge growth opportunities for others. Think of the worldwide boom in the security industry since September 11! The team that relentlessly pursues what-if thinking will be challenged, stretched, frustrated, and yet ultimately rewarded. The team that remains focused on its central strategic precepts in

³⁵⁵ Corbin, Carolyn, “Great Leaders See The Future First,” Dearborn, Chicago, 2000, p.101

³⁵⁶ Ibid. p.108

the face of twenty-first-century mayhem will keep its vision viable and its organization ahead.

But every team needs a leader. While strategy permeates the organization at every level, it must also be driven from the top. In the final chapter, we examine the leadership characteristics required of every chief executive and those who will someday follow in his or her footsteps.

5.6 THE ROLE OF THE 21ST CENTURY LEADER

Because the 21st century organization is dynamic and characterized by empowerment, virtuality, and globalization, 21st century leaders will play by a whole new rulebook. In order to make the transition from the 20th century static, command-and-control, reality-based, domestic organization, new millennium leaders must have a totally different mindset. Let's look at some concrete ideas for effective new century leadership.

5.6.1 Leading the Empowered Organization

To create an empowered organization, leaders must understand, provide for, and support those they lead.

5.6.1.1 Understand

Great leaders must understand individual motivation, group dynamics, power distribution, and convergent leadership.

It is important to know how people feel and to understand what builds self-esteem. In the past, it was uncommon to tune into people's feelings. Psychologists are realizing that intelligence about our own as well as others' feelings is a cornerstone in peak performance. Feelings are temporary and momentary, so the leader must be astute enough to pick up changes in personality during interpersonal transactions.

People need to feel valued in the workplace. Sometimes they need to lead, at other times to follow depending on the work assignment. People like to win; they like choices and the ability to reach their potential. Great leaders work with people to see that their desires are satisfied. Work assignments can be structured so that individuals' needs are met.

Group dynamics is a science in and of itself. Because effective and efficient teams are the avenues through which organizations become competitive, the study of groups is an

important element in understanding leadership. Every group has at least one emergent leader who will determine group behavior. Some in the group will be influenced by the group's collective behavior, which is why social movements seek out key individuals to advocate their cause. Others in the group will be influenced by what the leader thinks.³⁵⁷

Power distribution exists on a continuum. If the leader makes the decision, then the leader is in control. If the workers make the decision, then the workers are in control. Most decisions are made somewhere between the two extremes. Together the leader and workers define boundaries for decision-making, and then make judgments accordingly. In some cases, leaders ask for suggestions and make a decision based on those recommendations. In other situations, leaders ask the workers to make a team decision and the leader approves it. In an empowered environment, leaders defer most decisions to the people actually working on the tasks. Power is distributed according to the situation.

Convergent leadership is a term used at the Center for the 21st Century to describe the simultaneous management of crisis and development.³⁵⁸ Before the 1980s, most growth was gradual and developmental. Crises were handled, and then leaders went back to the business at hand. In the present organizational environment, leaders must forge ahead with a convergent model in mind.

Historically, leaders have specialized either in crisis management or in growing and developing organizations. Depending on organizational needs, leaders were hired for their expertise in one or the other area. Now leaders must be skilled in both areas to meet the demands of dynamic organizations. The list below shows the contrasting qualities of the old millennium unilateral leader and the new millennium convergent leader. (Table 5.1) But it is important that in some situations some characteristic of leader will be important then the other ones. For example, in World War II, General Patton was too nervous and hard-hearted, because there is no discipline in his army. In reality Patton was a good leader but he had some behaviors like old and also new leader.

Morality and ethic are more important for our history. After 1980s, ethic became most important characteristic of Turkish Nation. Republic of Turkey is living for 80 years in hence of ethic of Turks.

³⁵⁷ Art and Science, "Group Dynamics: Learning & Caring," Available on site <http://www.antiochschool.org/>

³⁵⁸ "Boston Research Center for the 21st Century," Available on site <http://www.brc21.org/home.html>

Qualities of leader are different in any circumstances. In some conditions, he will be boss, but in other condition, he will be friend. It is obvious that leaders are always a person in society. He always persuades his team even if they will die.

Old Millennium Unilateral Leader	Leader (In any condition)	New Millennium Convergent Leader
<ul style="list-style-type: none"> • HAVE ETHIC • Boss • Power conscious • Authoritarian • Security oriented • Works in hierarchy • Isolated from workers • Expects worker loyalty • Conservative • Dignified • Tough • Analytical • Interested in employee skills • Delegate's communication • Avoids media • Informs 	<ul style="list-style-type: none"> • HAVE ETHIC • Human • Authoritarian • Flexible, participating • In some cases teacher, in some cases boss. • Always persuaded 	<ul style="list-style-type: none"> • HAVE ETHIC • Coach, mentor, teacher • Worker conscious • Flexible, participating • Risk oriented • Works in networks/teams • Almost zero managerial distance • Earns worker commitment • Enthusiastic, open, inspiring • Energetic, spontaneous • Tough and tender • Analytical and intuitive • Interested in the whole worker • Communicates directly • Courts media

Table 5.1 Difference between Old and New Leader

5.6.1.2 Provide for

For workers to perform with excellence, leaders are expected to provide necessary physical resources, including a decent budget for accomplishing necessary tasks. In addition, the following are needed for effective empowerment: common mission/ message, perceived stability/consistency, state-of-the-art work assignments, trust, and an atmosphere conducive to intimacy/bonding.

Leaders are responsible for communicating the organizational mission, or purpose, to all workers. The mission should be able to be explained in ten key words or less, preferably five key words or less-almost like a sound bite. In new organizations, leaders develop the mission with the workers, but most people are hired after the organization has been inaugurated. Thus, the mission is communicated rather than developed. But mission

statements are altered from time to time, so workers should be involved when statements are changed.

The leader is also responsible for providing a message that communicates common organizational values. Leadership behavior must be consistent with the message. If the message embodying the corporate culture proclaims that all workers are important, then the leader must live up to that message by making people feel significant. If the resounding message is that positive ethical character counts, then the leader must exemplify integrity.

Although organizations might be going through turbulent changes, great leaders create an aura of stability. How can this be done with chaos occurring all around? It's a perception-not a reality. Great leaders inspire stability because they seem secure in their decisions and choices. Stability and consistency are contagious. It's not that the organization is stable but that the leader is stable; the workers then feel more secure and hopeful, which promotes better performance.

State-of-the-art work assignments provide employees with increased expertise. Knowledge workers realize that their position is temporary at best. They use their work as a training ground for their next work assignment. For example, high-tech individuals want to work in companies that have the newest technology, so they are always preparing for the next position or the next company. Understanding that it is their responsibility to remain employable, they seek organizations that provide training and development that will increase their performance capabilities. The development of worker expertise is an effective retention tool.

Great leaders are expected to provide an atmosphere of trust. During change, trust is often the first to go. People begin to build invisible walls around their turf and refuse to share valuable information. This often leads to the demise of a successful organization. Knowledge cannot be managed if there is little trust, and leaders foster trust by being trustworthy. Then workers emulate the message. Great leaders never do or say anything that casts doubt on their trustworthiness.

A challenge for leaders is to create a milieu in which there is emotional intimacy and bonding. This is difficult to do with constant people flow, but intimacy and bonding can be achieved by communicating as openly and as honestly as possible. Take time to visit personally with as many workers as possible to find out what they care about-their

families, their hopes and dreams. Listen. Really listen. Then, at what you consider the proper time, show an interest in those things they have shared with you.

5.6.1.3 Support

In an empowered organization, leaders support workers but do not rescue them. Resources are made available to help workers reach their goals. The speaking platform at Indiana University with Paul H. O'Neill, chairman and CEO of Aluminum Company of America (Alcoa), which *Fortune* repeatedly names the most admired company in the metals industry. O'Neill told the audience that he travels untold miles every year all over the world visiting Alcoa's workers and listening to them. One question he always asks is, "What can I do to help you?"³⁵⁹ Then he acts on their requests.

Further support is expressed when leaders work with people to mutually determine performance criteria and reward systems. When workers have input into their performance measurements and the manner in which rewards are distributed, they become stakeholders in their own destiny.

Supportive leaders allow the free exchange of ideas. In fact, they foster brainstorming sessions in which no ideas are blocked, where there is total freedom of expression. Workers are urged to make decisions and carry them out. They are also allowed to experience the consequences of their decisions-both negative and positive. Of course, errors will be made, but rather than punishing the worker responsible, the situation is considered a learning experience.

The Center for the 21st Century often works with new entrepreneurial organizations. We have determined that the first year is one of learning and training with inevitable trial and error. In the second year, company trends start to be revealed, and then entrepreneurs can better determine what works and what doesn't. In the third year, a decision usually is made to continue growing the company or abandon the whole idea.³⁶⁰

These same principles also apply to self-governing workers. The timeline may be different, but there is always a learning curve involved in entrepreneurial activity among workers as

³⁵⁹ O'Neill, Paul H., "Treasury Officials," Available on site <http://www.ustreas.gov/organization/bios/oneill-e.html>

³⁶⁰ "Center for the 21st Century," Available on site <http://www.c21c.com/Resources/strategies2000.htm>

well as leaders. Leaders realize that this learning curve exists and allow errors to become learning experiences.

Worker autonomy is important in an empowered organization. Flexibility in scheduling, prioritizing tasks, and organizing and allocating resources create a sense of ownership. Workers enjoy working in an organization that allows them to participate in making the rules.

5.6.2 Leading The Virtual Organization

With virtuality, leadership takes on a new twist. Great leaders must operate with greater purpose. In the traditional world, organizational qualities that we take for granted are no longer there. The physical organization that automatically created a sense of physical community won't exist in a virtual organization. Workers will be isolated and segmented unless strategic policies are in place to bring the community together. People need and want to belong to a community, but many report that the virtual office creates in them a feeling of being disconnected. Astute leaders recognize the existence of this feeling and create a system where unity and a sense of the corporate culture are felt. Leaders must also stay focused on the organizational mission and see to it that members of the network do the same.

Here are some suggestions for leadership in a virtual world.

5.6.2.1 Connect with Purpose

- All parties involved should be connected with systems that can communicate seamlessly with each other. Recommend standard software packages. Everyone should have access to the Internet.
- If your organization does not have an intranet, explore creating an intranet that privately serves each worker.
- Make certain that workers are connected by cell phones, faxes, pagers, and voice mail.
- Consider setting up extranets with vendors to facilitate mutual data flow.

5.6.2.2 Communicate with Purpose

- Provide each worker with e-mail and Web page addresses, telephone, fax, pager, and other necessary numbers for all other workers in the network.
- Send e-mail messages regularly to each person in the organizational network.
- Make certain that all workers know the capabilities of all others in the network so all can draw on others' expertise.
- Set up a central online information source so that all network members will have access to the same data.
- Standardize all necessary forms and modes of communication.
- Establish a standard manner in which learning experiences, including errors, are entered into the central system so that others may access the information.
- Encourage open expression of conflict in chat rooms. Mediate network conflict with resolution as a common goal.
- Set up regular teleconferences and conference calls, and schedule chat room times to provide regular group interchange.
- Occasionally schedule retreats, if economically feasible, so that people can interact in person.
- Endeavor to emulate informal coffee break communication by implementing deliberate break-time conversations via chat rooms.
- Continually communicate organizational culture through case studies in e-mail messages or a standard company online newsletter.

5.6.2.3 Allocate Work with Purpose

- Create a database, after securing worker permission, detailing each person's competencies, values, personality traits, and preferences so that work can be assigned accordingly.
- Match team members through similar and complementary traits to maximize team chemistry.

- Devise ways, such as online retreats and reporting sessions, to keep workers focused on the organizational mission-especially when workers are assigned to a virtual corporation involving other companies.
- Resolve turf wars and polarization issues that often occur when separate cultures are combined.

5.6.3 Leading the Global Organization

Globalization is so pervasive that it has become a stand-alone organizational quality that cannot-and must not-be ignored. Even if you lead a small domestic organization, you are affected by globalization. What is happening in other countries influences your products and services whether or not you acknowledge the fact. Globalization is two-way. It involves both the expansion of your organization to other countries and the invitation for other organizations to operate in your country.

5.6.3.1 Three Reasons Organizations Choose to Globalize

5.6.3.1.1 Globalizing to Expand the Customer Base

On the consumption side of the equation, it is hoped there will be a growing middle-class market emerging in other countries. As third-world countries become more prosperous, their citizens will spend more money on everything from better foods to makeup and soft drinks. These consumers provide a ready market for many products and services that the United States has had for many years. With the market for such items maturing here, organizations are extending to untapped areas.

More countries will be receptive to imports as democracy spreads. Such countries as India, Taiwan, and China will collectively become gigantic consumer markets as they prosper from their trade with the remainder of the world, especially the United States.

Other than an increase in consumer profits, organizations wish to go global to spread their risks. When an economic downturn occurs in the United States, European or Asian/Pacific economies may be expanding. The majority of U.S. profits would then come from other countries. When the situation shifts, these companies are flexible enough to garner profits

from more prosperous countries. Global diversification can prevent a company from suffering a total economic downturn. That's smart business.³⁶¹

5.6.3.1.2 Globalizing to Gain Access to the Global Labor Pool

On the production side of the equation, there is pressure to increase productivity. For the last two decades, American companies have been moving their manufacturing operations to other countries to cut labor costs. Approximately 30 percent of U.S. manufacturing takes place outside the United States.³⁶² If all other factors remain constant, a decrease in labor costs brings an increase in profit margins.

This transference of manufacturing has reduced production costs mostly at the factory level. In the near future, there will be transference of higher-level knowledge workers to a global labor pool. Because of the paucity of such talent in the United States, compensation is very high, even for new college graduates. At this point, the United States is leading the economic boom in telecommunications and computer technology. However, as other countries grow more competitive, the United States must find a way to reduce labor costs, which is why it will turn to the global labor pool readily available via the Internet.

An increasing number of people from other countries are being educated as engineers, scientists, and professionals in every field. They can work from their own countries in a virtual way via the Internet for a lower relative compensation (holding inflation constant for means of comparison) than is being paid today. For competitive reasons, U.S. companies increasingly will turn to other countries for its knowledge workers.

The global labor pool can also lend valuable and unique expertise. A large percentage of the scientists and engineers being educated in the United States are from other countries and may return to their homeland to practice their professions. Nations such as Singapore are promoting online work options for their labor force and, in turn, wish to connect to the labor pool in the United States.

In many cases, and for whatever reason, workers from other countries are more productive than American workers. However, there can be a marked increase in productivity from recruiting internationally. Robert Gilliam, assistant superintendent of School District U46

³⁶¹ Edge, Ken, "Exchange Rates," NSW HSC Online, Available on site
<http://hsc.csu.edu.au/economics/place/rates/Tutorial4ExchangeRatesmeas.html>

³⁶² Solomon, Charlene Marmer, "Brace for Change," Global Workforce, California, 1999, p.7

in Elgin, Illinois, recruits teachers from Spain, Puerto Rico, and Mexico to work in the multicultural environment of the district. He reports outstanding results considering that 64 different languages are spoken in the Elgin schools and notes an increase in overall productivity as a result of his international recruiting.

5.6.3.1.3 Globalizing for Competitive Advantages through Partnering

This reason for going global pertains more to governments than to other types of organizations, but everyone benefits. National, state, and local governments promote economic development to enhance specific economies. Even small towns are organized in such a way as to promote their community in other countries. Sometimes specific tax incentives are offered to companies to entice them to locate a plant or other business in a town, which creates jobs and expands the economy of the community. In effect, governments and international businesses create a partnership.

In turn, economic development entities from other countries court U.S. businesses to create jobs that strengthen their economies. The byproducts of this global interchange greatly affect all entities, whether they have attempted globalization or not. For example, if a large Toyota plant locates in a small town, an opportunity to build new schools and supermarkets is provided. The housing industry will grow, thus providing more construction jobs. Local government services will by necessity expand. Nonprofit organizations in the town will, it is hoped, receive more donations. Obviously, the benefits are numerous.

5.6.3.2 Two Considerations When Going Global

5.6.3.2.1 Make Understanding Others A Priority

Whether you lead an organization that employs people from other nations or your organization has an office in other countries, it is important to understand other cultures. People's values and beliefs differ. Habits and values may even be tribalistic. And work values may differ from those promoted by your corporate culture. It is difficult to impose one culture onto another and expect full cooperation.

It is also imperative to understand the monetary policies of the country in which you locate a company. Such things as tax and exchange rates, trade policy, welfare programs, pension and legal systems, and health care administration all affect compensation packages-and

profits.

5.6.3.2.2 Adopt A Global Operating Philosophy

Leaders must ask questions such as these:

- Who will lead the organization in other countries?
- How do we intend to expand the organization?
- Will we manage the organization with a holistic or segmented approach?

Some organizations prefer to station their own leaders in other countries when their organization expands. Others encourage positioning leadership from the same cultural background. The decision seems to be based more on organizational philosophy than on a global rule.

Numerous organizations expand through partnerships within the country in which the organization is doing business. Training companies in the United States often seek a partner in a target country, which provides a quick introduction to the culture and specific business operating requirements, and the partners share the profits. Other organizations prefer to expand through mergers and acquisitions; a good example is the merger of DaimlerChrysler.³⁶³

How the global economic schizophrenia experienced by most organizations is handled becomes part of the organizational philosophy. Some organizations prefer to segment the company into regions and let each region rise or fall on its own. Others prefer the cohesiveness of a holistic approach. When one area of the world is weak, the profits from more successful areas are used to bolster the trouble spots until the economy experiences an upturn in that region.

5.6.4 Leadership Strategies

If you have not already done so, enroll in a personality dynamics course so that you can better understand people's motives and behaviors.

Appoint a task force to keep abreast of state-of-the-art technology. Implement that technology for better recruiting, retention, and productivity.

³⁶³ "The Merger of Daimler-Benz and Chrysler," Available on site <http://www.daimlerchrysler.com/>

Make certain that you are operating as a new millennium convergent leader. If you have any characteristics of an old millennium unilateral leader, devise a plan to change them.

Begin to phase in a virtual workplace. Lead it with some of the suggestions in this part of survey.

If you lead a global workforce, make certain you understand different cultures and incorporate those cultural differences into your training of workers who must interface internationally.



6. CONCLUSIONS AND RECOMMENDATIONS

This survey aims to give detailed information about strategic leadership. Also it aims to explain strategy, planning, management and leadership from past to future.

At the end of this survey, I want to point out some important outcomes about leadership.

Leadership encompasses both art and discipline. It is certainly an art, since strategy formulation by definition deals with the unknowable future. Envisioning the future and painting pictures of your organization's response to it require great creativity. Even as you make the tough choices required to implement your vision and link strategy to operations, the art of creative thinking and developing new paradigms remains critical.

Discipline too is essential. A systematic thinking process moves a top team from formulating environmental assumptions and implications to selecting a Driving Force and developing the product/market matrix. During implementation, disciplined commitment is needed to keep everyone focused on strategic priorities in the face of competing-and legitimate-operational imperatives. And saying no to opportunities that are attractive but off strategy is tough. Again, discipline enables leaders to ensure that decisions made throughout the organization are consistent with strategy.

Strategic leadership draws deeply on the inner reserves of the CEO. Qualities such as decisiveness, drive, toughness, passion, integrity, a balance of optimism and realism, a willingness to delegate appropriately, and an ability to motivate the top team and every employee are prerequisites.

The notion of leadership has rightfully come under closer scrutiny in recent years. Chief executives are often encouraged to adopt one or another fashionable leadership model -the servant-leader, or the coach, or the team player- to unleash the potential of their people.

If only it were that simple. Every great chief executive we know has wrestled long and hard with two primary issues: how to set and implement strategy, and how to develop, motivate, and unite the top team in their commitment to it. *The most successful leaders-those who have been able to craft their strategic visions and bring them to life-take personal responsibility for strategy.* They also know it cannot be done alone.

The reins of top management responsibility must continuously be passed on to future generations of strategic leaders. The young tigers in our companies risk being seduced by

the proliferation of specialized knowledge, the attraction of technological solutions, and the mandate for speedy action arising from external change. Firm and reliable anchors are few and far between. Perhaps the biggest challenge for the new breed of leaders will be to avoid the trap of diluting the requirement for focus.

Process is an anchor in setting and implementing strategy. No matter how tough the tasks of strategy may be, it is systematic process that enables senior teams to think clearly and incisively about strategy and achieve breakthroughs for the future.

What makes process so powerful? The answer is as old as the Socratic dialogue. It is the strength of disciplined, systematic questioning. This discipline cuts through the clutter and complexity to organize data, test answers, and make reasoned judgments.

Many other lessons we have learned are worth remembering. Just as a clear strategy shows what to do, as well as what not to do, so leaders should note both the pitfalls to avoid as well as best practice from which to learn.

The most seductive pitfalls are these:

- Losing focus
- Shortchanging the time devoted to quality thinking
- Being distracted by both operational and financial minutiae
- Lacking a clear and robust process for setting and implementing strategy
- Allowing a weak leadership team to perpetuate the status quo
- Avoiding legitimate, strong challenges from others
- Insisting on micromanaging the details of implementation
- Being averse to taking strategic risks for fear of failure
- Failing to develop the strategic capabilities of key managers and executives
- Taking for granted-the collective and committed ownership of a vision, and leaving to chance the actions needed from every stakeholder to implement it

- Being inconsistent and paying lip service only to the strategy and its implementation, without behaving as others are expected to do (do as I say, not as I do)
- Ducking the role of prime motivator
- Delegating the responsibility for setting strategy to management consultants

On the other hand, best-practice strategic leadership is achieved when CEOs:

- Model, stimulate, foster, support, and reward strategic thinking
- Prepare high-potential executives for their strategic leadership roles before they reach the top
- Own the integrity of the entire strategic process: not just the intellectual stimulation and glamour in formulation but also the genius required for implementation and the toughness of character needed to keep strategy monitored, reviewed, and updated
- Make the tough choices
- Communicate early and often. Be honest and clear; avoid ambiguity and dissembling
- Serve as a cultural role model
- Create and sustain a performance system that ensures recognition and reward for strategic performance
- Take charge. When the going gets tough, the tough get going. Do not be dissuaded. Stand fast and demonstrate courage

Great leaders are judged as much by what they leave behind as by what they achieve during their tenure. A vibrant, vital organization that is fiercely competitive and driven to excel is, of course, an important legacy for any leader.³⁶⁴ This means having in place a high-performing leadership team, a thinking organization, and managers and employees at all levels passionately committed to getting things done.

But a CEO is the ultimate custodian of strategic well-being. The most enduring contribution to the organization and its stakeholders -and the hallmark of a great leader- is

³⁶⁴ Freedman, Mike, Ibid, p.204

the legacy of a clear, exciting, and robust strategy, paired with a deep reservoir of talent ready to assume the responsibilities for the art and discipline of strategic leadership.

Good leaders must know how to behave to their teams in any circumstances. According to situation, they will be anxious, or they will be very kind to their team.

Ataturk was a great leader in our history. He had qualities of new and old type of leader. He always balanced his behavior according to situations. He had ethics, it is important.

- You will have all qualities of a leader, but it is important how you will use them.
- You never forget morality and ethic when managing a community.
- In order to make right decisions, you must gather information, analyze them carefully, and planning future.
- You must experience in every situation in order to make right decision in extraordinary circumstances. The way of overcoming crisis is exercise in stress. So you will make decision rightly, you and your team never suffer harm.
- To have confidence, you have to work. It mustn't be forgotten that "Turk, Praise, Work, Confidence." M. Kemal Ataturk

I hope this survey may give leaders and managers some ideas about reinventing of strategic leadership. In many areas –military, organization and education- leadership is most important and will be in future. The behavior of a leader in extraordinary circumstances is very important today, he must see the future and overcome probable crisis. Thank you.

REFERENCES

1st Earl of Stockton, Viscount Macmillan of Ovenden, Available on site
<http://www.mdlg05075.pwp.blueyonder.co.uk/macmillan.htm>

9/11/01: One year after, The Official Website of The Olympian, Available on site
<http://www.theolympian.com/home/specialsections/Oneyearafter/>

A Candid Conversation with The Sultan of Software About Outsmarting His Rivals, The Bill Gates Interview, Available on site <http://ei.cs.vt.edu/~history/Bill.Gates.html>

A Guide For Thinking About The Future, "The Future Belongs to Those Who..." Institute for Alternative Futures, Available on site
<http://www.altfutures.com/FuturesTechniques.pdf>

A Guide to Investing in Mexico, Available on site
http://www.internationalreports.com/theamericas/01/Mexico/trade_investment_mexico/

Academy of Achievement, Available on site <http://www.achievement.org/autodoc/page/>

Ackoff, "A Concept of Corporate Planning," p.1

Albrecht, K., "Brain Power: Learning to Improve Your Thinking Skills," Simon and Schuster, New York, 1980

Albu, Dick, "Is Your Strategy At Risk?," Available on site
http://www.albuconsulting.com/Articles/Articles_3/articles_3.html

Alm, Keith, "Moderated Business Panel: Trade & Investment," International Trade Club of Greater Kansas City, Inc., Available on site
<http://www.itkc.org/WTW/speakers.html#KeithAlm>

An Overview "The Rise of The German Navy Under The Influence of Tirpitz: 1890-1912," Available on site <http://www.geocities.com/aleph135/NAVY.HTML>

Art and Science, "Group Dynamics: Learning & Caring," Available on site
<http://www.antiochschool.org/Groups.htm#Academics>

Artuç, İbrahim, "1915 Çanakkale Savaşı," Kastaş Yayınları, İstanbul, 1992

Ashbaugh, C., and Keaton, K., "Educational leadership," Longman, New York, 1991

Atatürk ve Türkiye Cumhuriyeti. Available on site <http://www.ataturk.net/>

Augustine, Norman R., "Reshaping an Industry: Lockheed Martin's Survival Story," Harvard Business Review, Illinois, 1997

Australian Business Limited – Careers’ Responsibilities, Discrimination Workshop, 20 February 2001, Available on site http://www.eowa.gov.au/Resource_Centre/Directors_Speeches/

Avolio, B. and Bass, B., “Transformational leadership, charisma, and beyond,” Lexington Books, Toronto, 1988

Bajpai, Nirupam and Dasgupta, Nandita, “Multinational Companies and Foreign Direct Investment in China and India,” Available on site http://www.earthinstitute.columbia.edu/cgsd/documents/bajpai_mncs_china_india_000.pdf

Bakeer, Karel De, “Risk Management Planning: How Much Is Goog Enough?,” Available on site <http://www.risksig.com/articles/euro2002/>

Barrick, M. R. and Mount, M.K., “The Big Five Personality Dimensions and Job Performance: A Meta-Analysis,” *Personnel Psychology*, 1991

Bass, B. M., “Leadership and Performance Beyond Expectation,” Free Press, New York, 1985

Bassford, Christopher, “Clausewitz in English: The Reception of Clausewitz in Britain and America, 1815-1945,” Oxford University Press, New York, 1994

Bedke, Curtis M., “Strategic Decision Making In A Multinational Ad Hoc Coalition Ad Astra Per Aspera,” Unpublished ICAF Course Paper, 17 December 1993

Bennis, Warren, “Reinventing Leadership: Strategies to Empower The Organization,” William Morrow & Company Inc., New York, 1995

Berlin Wall, From Wikipedia, the free encyclopedia, Available on site http://en.wikipedia.org/wiki/Berlin_Wall

Black Enterprise, “Feature,” Available on site <http://www.blackenterprise.com/>

Bonsting, J., “Schools of quality: An introduction to total quality management in education,” Alexandria, New York, 1992

Boston Research Center for the 21st Century, Available on site <http://www.brc21.org/home.html>

Bourgeois, L. J., “Strategic Management and Determinism,” *Academy of Management Review* 9, 1985

Bower, Marvin, “The Will to Manage: Corporate Success through Programmed Management,” McGraw-Hill, New York, 1966

Brach, Alan, “How Organizations Work: Taking a Holistic Approach to Enterprise Health,” John Wiley & Sons, New York, 2002

British Prime Minister Tony Blair and US President George W Bush are not flinching on the war against terrorism, ABC News Online, Available on site <http://www.abc.net.au/news/newsitems/>

Brooks, Harold E. and Doswell, Charles A., "Deaths in the 3 May 1999 Oklahoma City Tornado from a Historical Perspective," National Severe Storms Laboratory, Norman, Oklahoma, 6 July 2001, Available on site http://www.nssl.noaa.gov/users/brooks/public_html/papers/deathhist.pdf

Bryant, Louise, "Mirrors of Moscow" Available on site <http://www.marxists.org/archive/bryant/works/1923-mom/lenin.htm>

Buckingham, Marcus and Coffman, Curt, "First, Break All the Rules: What the World's Greatest Managers Do Differently," Simon & Schuster, New York, 1999

Burke, Jim, "The Teacher's Daybook: Time to Teach, Time to Learn, Time to Live," Heinemann, Portsmouth, July 2002

Business Opportunities – Pharmaceuticals, Available on site http://www.globaltechnoscan.com/Bizop/biz_pharma.htm

Çaşın, M. Hakkı, "Stratejik Açıdan Liderlik Sanatının Yeni Ufukları," 21. Yüzyılda Liderlik Sempozyumu, Deniz Harp Okulu, İstanbul, Haziran 1997

Center for the 21st Century, Available on site <http://www.c21c.com/Resources/strategies2000.htm>

Chandler, A. D., "Strategy and Structure: Chapters in the History of the American Industrial Enterprise," M.I.T. Press, Cambridge, 1962

Chilcoat, Richard A., "Strategic Art: The New Discipline for 21st Century Leaders," 1995

Client Results, "Moving Cultural Mountains," Available on site <http://www.kepner-tregoe.com/sea/clientsea/clientSEA-towngas.cfm>

Coburn, Tom A. and Hart, John, "Breach of Trust: How Washington Turns Outsiders into Insiders," WND Books; New York, September 11, 2003

Coffman, Vance D., "The Imperative of Education for the 21st Century," Bay Area Council 1999 Outlook Conference, San Jose, California, 15 January 1999

Combes, Melissa, "Alm finds compatible corporate culture, success at helm of Hallmark International," Available on site <http://www.mba.wfu.edu/alumni/>

Concordia Journal, January 2002, Available on site <http://www.csl.edu/>

Conger, J., and Kanungo, R., "Toward A Behavioral Theory of Charismatic Leadership In Organizational Settings," Academy of Management Review, New York, 1987

Corbin, Carolyn, "Great Leaders See The Future First," Dearborn, Chicago, 2000

Corbin, Carolyn, "Strategies 2000," Dearborn, Chicago, 2002

Corona, Jose Paul, "Hanson investigation continues: City manager may not have reported personal income," The Desert Sun, July 26th, 2003, Available on site <http://www.thedesertsun.com/news/>

Courtaulds Textiles Plc, Available on site http://www.business.com/directory/retail_and_consumer_services/apparel_and_accessories/courtaulds_textiles_plc/

Dalziel, M., and Schoonover, S., "Changing ways: A practical tool for implementing change within an organization," Amacom, New York, 1988

David Hume Life and Writings, The Internet Encyclopedia of Philosophy. Available on site <http://www.utm.edu/research/iep/h/humelife.htm>

De Paoli, Dino, "Lazare Carnot's Grand Strategy For Political Victory," Executive Intelligence Review, September 20, 1996 Available on site http://www.members.tripod.com/american_almanac/carnotdp.htm

Department of Defense, "Total army quality," National Performance Review Internet Web site, 23 May 1997, Available on site <http://www.npr.gov/library/status/sstories//army.htm>

DePree, Max, "Leadership is an art," Doubleday, New York, 1989

Drucker, Peter F., "Management: Tasks, Responsibilities, Practices," Harper & Row, New York, 1974

Drucker, Peter F., "Management's New Paradigms," Forbes, New York, 1998

Edge, Ken, "Exchange Rates," NSW HSC Online, Available on site <http://hsc.csu.edu.au/economics/place/rates/Tutorial4ExchangeRatesmeas.html>

Egerton, Henry C. And Brown, James K., "Planning and the Chief Executive," Conference Board, New York, 1972

Eisenhardt, Kathleen M., "Strategy as strategic decision making," 1999, Available on site <http://www.findarticles.com/>

Emory University, Available on site <http://www.emory.edu/EDUCATION/mfp/psy.html>

Facts About Hallmark International, Available on site http://pressroom.hallmark.com/hmk_international_facts.html

Fairhurst, Gail T., and Sarr, Robert A., "The Art of Framing: Managing the Language of Leadership," Jossey-Bass, San Francisco, 1989

Fayol, Henri, "General and Industrial Management," Pitman, London, 1949, p.43

Fed Chairman Alan Greenspan, "Irrational Exuberance Speech," At the Annual Dinner and Francis Boyer Lecture of The American Enterprise Institute for Public Policy Research, Washington, D.C., December 5, 1996, Available on site
<http://www.geocities.com/ecocorner/intelarea/ag1.html>

Financial Times, Available on site <http://news.ft.com/home/europe>

Finel, Bernard, "The Role of Aerospace Power in US Counter proliferation Strategy," Aerospace Power Journal Winter 1999. Available on site
<http://www.airpower.maxwell.af.mil/airchronicles/apj/apj99/win99/finel.pdf>

Forsythe, G. B., "The Preparation of Strategic Leaders," Parameters, New York, 1992

Fortune, Available on site <http://www.fortune.com/fortune/articles/>

Freedman, Mike, "The Art and Discipline of Strategic Leadership," McGraw-Hill Books, New York, 2003

Freedman, Robert, "Creating Global Leaders," Available on site
<http://www.chiefexecutive.net/depts/thoughtleader/189.htm>

Friedrich, Carl J., "Authority," New York University Press, New York, 1959

Furst, Alan, "Blood of Victory: A Novel," Random House Trade Paperbacks, New York, 2002

Gates, Bill, "The Road Ahead," Viking, New York, 1995

General Electric – Corporate Profile, Available on site
http://www.polarisinstitute.org/corp_profiles/

Global Self-Organization, "The systemic structural challenge of the exchange of meaning, dramatized by the Asian financial crash," Available on site
<http://laetusinpraesens.org/docs/finance.php>

Goleman, Daniel, "Emotional Intelligence," Bantam Books, New York, 1995

Goleman, Daniel, "What Makes a Leader?," Harvard Business Review, Illinois, 1998

Goodlad, J., "Teachers for our nation's schools," McGraw-Hill, New York, 1990

Grant guidelines for the Playboy Foundation, Available on site
<http://www.playboyenterprises.com/home/>

Gray, Colin S., "Modern Strategy," Oxford University Press, New York, 1999

Greenberg, Rhonda, "Before you take pills, try biofeedback," Available on site
<http://www.futurehealth.org/>

Hale, Dennis and Landy, Marc, "The Nature of Politics," Schocken Books, New York, 1987

Hallmark International Management Consultants. Available on site <http://www.hallmark-imc.co.uk/why-quality.html>

Harari, Oren, "5 Giant Steps to Becoming a Market Leader," Leapfrogging the Competition, Available on site <http://www.trendscope.net/>

Hart, B.H. Liddell, "Strategy," Penguin Books, New York, 1991

Hedrick, Smith, "The Power Game," Ballantine Books, New York, 1988

Heifetz, R. A. and Laurie, D. L., "Leadership: Mobilizing adaptive work," Leadership Institute Conference, Los Angeles, 30 October 1997

History of the Massey Ferguson Farm Tractors, Available on site http://www.ssbractor.com/features/Massey_Ferguson_tractors.html

House, R.J., and Podsakoff, P.M., "Leadership Effectiveness: Past Perspectives and Future Directions for Research," Hillsdale, New Jersey, 1994

Howard, Michael & Paret, Peter, "On War," Princeton University Press, Princeton, 1976, p.177

Human Nature, 1650, Available on site <http://www.student.liu.se/>

Hunt, J. G., and Hosking, D., "Leaders and Managers: International Perspectives on Managerial Behavior and Leadership," Pergammon Press, New York, 1984

Industrial College of the Armed Forces, Available on site <http://www.ndu.edu/icafe/>

Intel, Available on site <http://www.intel.com/pressroom/archive/>

International Monetary Fund," Available on site <http://www.sunsonline.org/trade/>

Jacobs, T.O., "A Guide to the Strategic Leader Development Inventory," Industrial College of the Armed Forces, National Defense University, Washington, DC, 1996

Janis, A., "Simultaneity and Conventionality," Dordrecht, Boston, 1983

Jaques, E., "The Development of Intellectual Capability: A Discussion of Stratified Systems Theory," Journal of Applied Behavioral Science, Volume 22, 1986

Jones, James, "The Ice Cream Headache," Akashic Books, New York, November 2002

Journal of Competitive Intelligence and Management, Society of Competitive Intelligence Professionals, Available on site <http://www.scip.org/news/jcim/>

Kahn, Herman, and Wiener, Anthony J., "The Year 2000: A Framework for Speculation on the Next Thirty-Three Years," Macmillan, New York, 1967

Kanter, R., "Men and women of the corporation," Basic Books, New York, 1993

Kath, Harshlands. Available on site <http://www.harshlands.net/kath/societyoverview.htm>

Katzenbach, Jon R., and Smith, Douglas K., "The Discipline of Teams," *Harvard Business Review*, March-April 1993

Keizer, Herman, "The National Security Strategy" Available on site http://www.crcjustice.org/crjs_art/crjs_peace_securitystrategy.doc

Kepner, Charles H. & Tregoe, Benjamin B., "The New National Manager," Princeton Research Paper, New Jersey, 1981

Kesler, Gregory, "Four Steps to Building an HR Agenda for Growth: HR Strategy Revisited," Available on site <http://www.chrs.net/images/>

Knowlton, B., and McGee, M., "Strategic Leadership and Personality: Making the MBTI Relevant," National Defense University, Washington, DC, 1994

Kobe, L. M., Reiter-Palmon, R., and Rickers, J. D., "Self-Reported Leadership Experiences In Relation to Inventoried Social and Emotional Intelligence. *Current Psychology: Developmental*, 2001

Kotter, J. P. 1995. *Leading change: Why transformation efforts fail.* *Harvard Business Review* (March-April): 67.

Kouzes, J.M. and Posner, B.Z., "The Leadership Challenge: How To Get Extraordinary Things Done In Organizations," Jossey-Bass, San Francisco, 1987

Kouzes, James M., "The Five Practices of Exemplary Leadership," Jossey-Bass, Indianapolis, April 2003

Krames, Jeffrey A., "The Rumsfeld Way," McGraw-Hill Books, New York, 2002

Lane, Neal (Assistant to the President for Science and Technology Policy), "Economic Perspectives-Biotechnology: Food Security And Safety," *An Electronic Journal of the U.S. Department of State*, October 1999, Available on site <http://usinfo.state.gov/journals/ites/>

Langley, A., "Emotional Intelligence – A New Evaluation for Management Development?" *Career Development International*, New York, 2000

Larwood, L., C.M. Falbe, M.P. Kroger, and P. Miesing. 1995. Structure and meaning of organizational vision. *Academy of Management Journal* 38(3)

Leadership Institute. Available on site <http://www.selfadvocatenet.com/leadership/leader.asp>

Learning Together with Clients: Private Sector Development Training and Consulting in Economies in Transition, The International Bank for Reconstruction and Development/The World Bank, Washington, D.C., 2002, Available on site <http://www.worldbank.org/wbi/>

Leithwood, K., "The move toward transformational leadership," 1992

- Lewis, A., "Restructuring America's Schools," American Association of School Administrators Books, Arlington, 1989
- Lewis, Bernard, "Kemal Ataturk: Transforming the Image of a Nation," Yapı Kredi, İstanbul, 1995
- Lewis, P. M., "In Strategic Leadership: A Multiorganizational Perspective," Quorum Books, Westport, 1992
- Linneman, Robert E., "Shirt-Sleeve Approach to Long-Range Plans," Harvard Business Review, Illinois, 1977
- Linstone, Harold A., "The Delphi Method: Techniques and Application," Addison-Wesley, 1975
- Liotta, P. H., "Chaos as Strategy," Parameters, 2002
- Lucas, K. W., and J. Markessini. 1993. Senior leadership in a changing world order: Requisite skills for U. S. Army one- and two-star generals. ARI Technical Report No. 976. Alexandria, VA: U. S. Army Research Institute for the Behavioral and Social Sciences.
- Lutz, Robert A., "Guts: The Seven Laws of Business That Made Chrysler the World's Hottest Car Company," John Wiley & Sons, New York, 1998
- MacNulty, Christine, "Scenario Development for Corporate Planning," Futures, 1977
- Mango, Andrew, "Ataturk: The Biography of the Founder of Modern Turkey," Overlook Press, New York, 2002
- Marketing Strategy Services Demand Revenue, Available on site <http://www.demandrevenue.com/>
- Marks and Spencer UK, Available on site <http://www.navigator6.com/>
- Martin, J., and Siehl, C., "Organizational Culture and Counterculture: An Uneasy Symbiosis," Organizational Dynamics, 1983
- Maxwell, John C., "The 21 Indispensable Qualities of a Leader: Becoming the Person Others Will Want to Follow," Thomas Nelson, Nashville, 1999
- McCall, Morgan W., and Hollenback, George P., "Developing Global Executives: The Lessons of International Experience," Harvard Business School Press, Illinois, 2001
- McCrae, R. R., and Costa, P. T., "Validation of The Five-Factor Model of Personality Across Instruments and Observers," Journal of Personality and Social Psychology, 1987
- McGee, M. L., "MBTI Correlates of Strategic Leader Potential: Initial Support for A Misunderstood Theory," In Proceedings of the Second Annual International Research Conference on Leadership and the Myers-Briggs Type Indicator, Wyndom Bristol Hotel, Washington DC., April 2-4, 1997

- McHale, John, "An Assessment of Futures Studies Worldwide," *Futures*, 1976
- Mclean, George F., "The International Society For Metaphysics Studies In Metaphysics," University Press of America, 1988. Available on site <http://www.crvp.org/book/ism/master-2.htm>
- Mears, Jennifer, "Caching shake-up at Inktomi," *Network World*, 2002, Available on site <http://www.nwfusion.com/news/>
- Methods, Institute For Alternative Futures, Available on site <http://www.altfutures.com/methods.asp>
- Metz, Steven, "The Mark of Strategic Genius," *Parameters*, New York, 1991
- Middle East And South Asia, U.S. Department Of State Office of the Spokesman, June 12, 1998, Available on site http://www.fas.org/irp/world/para/docs/mideast_announce.html
- Mintzberg, H., "The Manager's Job: Folklore and Fact," *Harvard Business Review*, 1975
- Mintzberg, H., "The Nature of Managerial Work," Harper & Row, New York, 1973
- Mintzberg, Henry, "Planning on the Left Side and Managing on the Right," *Harvard Business Review*, Illinois, 1976
- Mumford, M. D. and M. S., Connelly, "Leaders As Creators: Leader Performance and Problem-Solving," *Leadership Quarterly*, 1991
- Nadler, David & Tushman, Michael, "Change Leadership: Getting from A to B," Oxford University Press, New York, 1997
- Nanus, Burt, "Visionary Leadership: Creating a Compelling Sense of Direction For Your Organization," Jossey-Bass, San Francisco, 1992
- NASA, "1990 update to Strategy for exploration," National Academy Press, Washington, 1990
- Nixon, R. M., "Leaders," Warner Books, New York, 1982
- O'connor, Thomas, "Planning under Uncertainty" Conference Board, New York, 1978
- O'Toole, J., "Leading Change: The argument for values-based leadership," Jossey-Bass Publishers, San Francisco, 1996
- O'Neill, Paul H., "Treasury Officials," Available on site <http://www.ustreas.gov/organization/bios/oneill-e.html>
- O'Reilly, Charles, "Corporations, Culture, and Commitment: Motivation and Social Control in Organizations," *California Management Review*, California, 1989
- Orwell, George, "Reflections on Gandhi," 1949. Available on site <http://www.mkgandhi.org/articles/articleindex.htm>

Overview of Strategic Planning. Available on site
<http://members.tripod.com/~ProviderHelper/index-2.html>

Persico, Joseph E., "Roosevelt's Secret War," Random House Trade Paperbacks, New York, 2002

Pfeffer, J., "Managing with power," Harvard Business, Boston, 1992

Philips, R. L., and Hunt, J. G., "In Strategic Leadership: A Multiorganizational Perspective," Quorum Books, Westport, 1992

Pietersen, Willie, "Reinventing Strategy," John Wiley & Sons Inc., New York, 2002

Pointon, Marcia R., "Naked Authority: The Body in Western Painting," Cambridge University Press, Massachusetts, 1990

Political Donors Profiteering in the Name of Economic Stimulus, Available on site
<http://www.commoncause.org/news/>

Porretto, John, "Linux finding niche in automotive industry," The Mercury News, November 25, 2002, Available on site <http://www.mercurynews.com/mld/mercurynews/>

Porter, Michael, "What Is Strategy?," Harvard Business Review, Illinois, November-December 1996

Powell, Bill, "It's All Made in China Now," China Shock, Fortune, Monday, March 4, 2002, http://www.sdtelecom.org/_doc/entity/ACF9C.pdf

Quinn, R. E., "Beyond Rational Management: Mastering Paradoxes and Competing Demands of High Performance," Jossey Bass, San Francisco, 1988

Raia, Anthony P., "Management by Objective," Foresman, New York, 1999

Raudsepp, Eugene, "Can You Trust Your Hunches?" Management Review, April 1960

Realwc2, Brian, "In Aftermath of Terrorism, We Must Pull Together," Available on site
http://www.realwc.org/realwc1/in_aftermath_of_terrorism.htm

Reardon, K. K. and Rowe, A. J., "Identifying strategic leaders," University of Southern California, Marshall School of Business, 1998

Reed, Peter J., "Extraordinary Leadership: Creating Strategies for Change," Kogan Page, London, 2003

Reinventing the CEO, A Joint Study by Korn/Ferry International and Columbia University Graduate School of Business, 1989

Reuters Business Report: Lucas Varsity CEO not joining TRW, Available on site
<http://static.elibrary.com/r/reutersbusinessreport/april211999/>

Rick, Joyner, "Fulfilling the Goals of Leadership". Available on site <http://www.forerunner.com/forerunner/>

Roberts, N., "Transforming leadership: A process of collective action," *Human Relations* 38, 1985

Romero, Frankie, "Forest Service proposes fuel reduction for Huts," *Newsroom - Local News*, 20 February 2004, Available on site <http://www.fs.fed.us/r2/whiteriver/>

Rothschild, William E., "Putting It All Together," Amacom, New York, 1976

Rowe, A. J., Reardon, K. K., and Bennis, W., "The leadership style inventory," University of Southern California Marshall School of Business, 1995

Rozell, E. J., Pettijohn, C. E., and Parker, R. S., "An Empirical Evaluation of Emotional Intelligence: The Impact On Management Development," *Journal of Management Development*, New York, 2002

Salovey, P. and Mayer, J.D., "Emotional intelligence: Imagination, Cognition and Personality," 1990

Salovey, P., Mayer, J.D., Caruso, D.R. and Lopes, P.N., "Measuring Emotional Intelligence as A Set of Abilities with The MSCEIT," S.J. Lopez, Washington, DC, 2003

Sara Lee, Available on site http://www.saralee.com/ourcompany/history_timeline.aspx

Saveri, Andrea, "The Work of Global Interconnection: Strategy, Experience and Meaning," Institute for the Future Outlook Project, June 1999

Schein, Edgar H., "The Corporate Culture Survival Guide," Jossey-Bass, San Francisco, 1999

Scheusner, Heidi, "Emotional Intelligence Among Leaders and Non-Leaders in Campus Organizations," *The Emotional Intelligence of Leaders*, Fall 1998, Available on site <http://scholar.lib.vt.edu/theses/available/>

Schurr, Amy, "Qualities of Good Leaders and Employees," *Network World IT Leadership Newsletter*, June 11, 2003. Available on site <http://www.nwfusion.com/newsletters/>

Schwartz, Peter, "Alternative Futures for Environmental Policy Planning," U.S. Government Printing Office, Washington, D.C., 1997

Seng, Goh Teck, "Clausewitz and His Impact on Strategy," Available on site <http://www.minddef.gov.sg/safti/pointer/back/journals/>

Shalikashvili, John M., "The Three Pillars of Leadership," *Defense Issues*, Lexington, 1995, Vol.10, No.42

Simmons, W. W., "1974-75 Exploratory Planning Briefs," Amacom, New York, 1975

Simmons, W. W., "Exploratory Planning: Brief of Practices," Planning Executives Institute, Oxford, Oh., 1977

Sinneck, Mike (Corporate Vice President, Microsoft Services), "Take Your Organization's Support to the Next Level" Available on site
<http://support.microsoft.com/directory/factsheets/>

Slater, Robert, "Jack Welch & The G.E. Way: Management Insights and Leadership Secrets of the Legendary CEO," McGraw-Hill Trade, New York, 31 July 1998

Sloan, Alfred, "Adventures of the White Collar Man," Doubleday, New York, 1941

Smith "With Stonewall Jackson," Available on site
<http://www.aphillcsa.com/smithJackson.html>

Solomon, Charlene Marmer, "Brace for Change," Global Workforce, California, 1999

Sosik, J.J. and Megerian, L.E., "Understanding Leader Emotional Intelligence and Performance: The Role of Self-Other Agreement On Transformation Leadership Perceptions," Group and Organization Management, New York, 1999

Stanford University. Available on site <http://www.stanford.edu/group/King/>

Stark, Jürgen, "The emerging face of European banking," Available on site
<http://www.bis.org/review/>

STAT-USA Market Research Reports, Available on site
<http://commercecan.ic.gc.ca/scdt/bizmap/>

Steiner, George A., "Strategic Planning: What Every Manager Must Know," Free Press Paperbacks, New York, 1997

Steiner, George A., "Top Management Planning," Macmillan, New York, 1969

Stocks and Shares ISAs of Bristol and West Bank, Available on site <http://www.bristol-west.co.uk/savings/isaproductdetails.asp>

Strizver, Ilene, "Emphasis: Anatomy of a Character," Available on site
<http://www.itcfonts.com/ulc/>

Tarhan, M. Orhan, "Atatürk, The Leader, The Democrat," Ataturk Society of America, Available on site <http://www.ataturksociety.org/asa/voa/leader.html>

Taylor, Bernard, "Strategies for Planning," Long-Range Planning, 1975

Temple of Timur The Great. Available on site <http://sangha.net/>

The Future Belongs To Those Who: A Guide For Thinking About The Future, Institute For Alternative Futures, Available on site <http://www.altfutures.com/>

The King's University College, "PSYC-251 The Person in Society". Available on site
<http://www.kingsu.ab.ca/calendar/coursede.scr/psyc251.htm>

The Leadership Mystique, Wharton Leadership Digest, July 2001, Volume 5, Number 10

The Legacy of Genghis Khan. Available on site
http://www.lacma.org/khan/index_flash.htm

The Merger of Daimler-Benz and Chrysler, Available on site
<http://www.daimlerchrysler.com/>

The Official Website of the United States Department of Agriculture (USDA) Forest Service, Available on site <http://www.fs.fed.us/>

The Provincial Museum of Alberta, Available on site
<http://www.pma.edmonton.ab.ca/vexhibit/genghis/intro.htm>

The Silk Road Foundation, Available on site <http://www.silk-road.com/artl/timur.shtml>

Thurow, Lester C., "The Future of Capitalism," William Morrow, New York, 1996

Time Online Edition, Available on site <http://www.time.com/time/>

Toffler, A., "The third wave," William Morrow and Company, New York, 1980

Tosi, Henry L., Rizzo, John R. and Carroll, Stephen J., "Setting Goals in Management by Objective," California Management Review, California, 1996

Trading Systems in European Stock Exchanges. Available on site
<http://ideas.repec.org/p/fmg/fmgdps/dp0075.html>

Tregoe, Benjamin B. & Zimmerman, John W., "Top Management Strategy: What It Is and How to Make It Work," Simon & Schuster, New York, 1981

U.S. Department of Commerce, Bureau of Economic Analysis, "Table 1 U.S. International Trade in Goods and Services Balance of Payments Basis," GPO, Washington D.C., 1999

U.S. Department of Labor, Overview of Report on the American Workforce, 2001, Available on site <http://www.bls.gov/opub/rtaw/rtawhome.htm>

Vancil, Richard F. and Lorange, Peter, "Strategic Planning Systems," Prentice-Hall, New York, 1977

Vanston, John H., "Planning Tools for Informed Decisions: Technical Trend Extrapolation," Available on site <http://www.tfi.com/pubs/ntq/>

Vitello-Cicciu, J., "Leadership Practices and Emotional Intelligence of Nursing Leaders," The Fielding Institute, Santa Barbara, 2001

Walsh, Mary Williams, "Car Sharing Holds the Road in Germany," 1998, Available on site
<http://www.sustainable-city.org/articles/sharing.htm>

Walt, Stephen M., "The Search for a Science of Strategy, A Review Essay," International Security, New York, 1987

Wayne Gretzky – The Official Homepage, Available on site <http://www.upperdeck.com/athletes/waynegretzky/default.aspx>

Web Site of "University of Hawai'i," Available on site <http://www.hawaii.edu/ur/speeches/>

Webber, Alan M., "Learning for a Change," Fast Company, May 1999

Weick, Karl E., "Sense Making in Organizations," Foundations for Organizational Science, Sage Publications, Thousand Oaks, CA, 1995

Weinberger, Lisa A., "An Examination Of The Relationship Between Emotional Intelligence, Leadership Style And Perceived Leadership Effectiveness," Swanson & Associates, St. Paul, December 2003

When, Francis, "Karl Marx: A Life," Norton, New York, 1999

White House. Available on site <http://www.whitehouse.gov/history/presidents/jk35.html>

Wilkinson, Richard, "Rotary's Global History Fellowship (An Internet Project)," Preserving The History of The Rotary Movement Oliver Cromwell, Available on site <http://historynewsletter.org/library/southafrica1934/cromwell/>

Woodward, Ian, "The Concept of the Nine-Box Matrix," 2001, Available on site <http://www.highgrowthstock.com/MemberArea/LearningCenter/ninebox.html>

Yalçın, Cevdet, "Atamız: Atatürk," İlayda Yayıncılık, İstanbul, 1999

Young, R., "Corporate Planning at Rolls-Royce Motors Limited," Long-Range Planning, April 1977

Zaccaro, S. J., "Models and Theories of Executive Leadership: A Conceptual/Empirical Review and Integration," U.S. Army Research Institute for the Behavioral and Social Sciences, Alexandria, VA, 1996

Zaccaro, S. J., "Models and Theories of Executive Leadership: A Conceptual/Empirical Review and Integration," U.S. Army Research Institute for the Behavioral and Social Sciences, Alexandria, VA, 1996

Zechariah of Mitylene, Syriac Chronicle, 1899, Book 10, Available on site <http://www.tertullian.org/fathers/zachariah10.htm>

Zook, Chris, "Profit From the Core: Growth Strategy in an Era of Turbulence," Harvard Business School Press, Illinois, 2001

Zurich Financial Services, "Sun Builds Java Technology Architecture For Complex, Risk Transfer System," Available on site <http://www.sun.com/service/about/success/>

CURRICULUM VITAE OF THE AUTHOR (ÖZGEÇMİŞ)

Hüseyin AYDIN

Kişisel Bilgiler :

Doğum Tarihi : 21.11.1973

Doğum Yeri : Karşıyaka / İZMİR

Medeni Durumu : Evli

Eğitim :

Lise 1988-1992 Maltepe Askeri Lisesi

Lisans 1992-1996 Kara Harp Okulu Sistem Mühendisliği

Yüksek Lisans 2002-2004 Yeditepe Üniversitesi Sosyal Bilimler Enstitüsü

Çalıştığı Birlikler :

1996-1997 Tuzla Piyade Okulu K.lığı Tuzla/İSTANBUL

1997-2000 10ncu P.Tug.K.lığı Erciş/VAN

2000- 1nci P.Er Eğt.Tug.K.lığı MANİSA