



What's on the radar screen?



Strategic choice, leadership, and succession management

Key Words

achieving and sustaining organisational success; strategic choice and positioning; the role of leadership; leadership as strategic mind-set; business challenges; rethinking succession management

“Think of the change in your environment as a blip on the radar screen. You can’t tell what the blip represents at first but you keep watching radar scan after radar scan, looking to see if the object is approaching, what its speed is and what shape it takes as it moves closer. Even if it lingers on your periphery, you still keep an eye on it because its speed and course may change.”

Andy Grove, Intel

Organisational success, strategic leadership and succession



- organisational success - achieving and sustaining it over time - is difficult.
- the track record of the “business alchemists”- the researchers and gurus of business success formula - is poor. Exemplars of excellence, success and best practice seem to fall by the wayside remarkably quickly.
- there is no “do-this-get-that” formula. But there are two key story lines in business success:
 - **strategic choice and disciplined execution.**
- which require a rethink about leadership and the role of succession management

“Getting to the top is hard. It’s a mix of shrewd strategy, superb execution, and good luck. Staying at the top is even harder.”

Phil Rosenzweig

What leads to high performance? And what sustains it over time?

This is the goal. Pinpointing the cause-effect relationships of organisational success will indicate how to manage the drivers that improve performance. But success - getting to the top and staying there:

- is **difficult**. Statistically, the odds are stacked against continued success over time.
- is **never absolute**. “Success is never full or final.” Success unfolds against the realities of a dynamic environment of unpredictable customers, uncertainty over competitor responses, and changing technology.
- **won't be achieved through “one thing”** or signing up to any success formula.

* The Halo Effect for a comprehensive review of the failing of the “business success research Industry”.

The Business Best Sellers: Where Did It Go Wrong?

- in the beginning there was In Search Of Excellence. Then Built to Last and What Really Works. Good to Great provided a corporate “rags to riches” story, and more recently, Big Winners and Big Losers: prescriptions based on “solid research” to provide “the formula for success”. If you do this (the prescription) then you can expect to achieve that (success).
- the recipe can be summarised briefly as variations of: focus, values, culture, leadership, people, customers and action.
- at first sight, it seems mostly sensible advice, but on closer examination, a major problem emerged: the speed with which exemplar “best practice” organisations became unstuck. Excellent organisations didn’t sustain excellence. And many Built to Last firms didn’t last. Remember Enron; it was best in class for talent management!
- the success formula went wrong because the researchers asked the wrong set of questions. Instead of looking at which factors **predict** long-term business success, they asked currently successful firms what they thought attributed to their previous success, and the research captured the “halo effect”*, stories of what managers **thought accounted for past success**. And the Halo Effect just doesn’t cut the mustard in predicting the future.

The two story lines of success

If the “business success best sellers” stimulate discussion and debate, provide motivation and inspiration to managers, terrific. But if they become “the formula” to copy and replicate, they produce lopsided and flawed thinking.

In fact the alchemists of “business success” make life much more complicated than it needs to be. The success factors are simple to state but difficult to realise. Long-term success stems from:

- **Strategic Choice:** the know-how to make difficult decisions in the face of complexity and uncertainty to keep **repositioning** the organisation to compete successfully in the market-place
- **Disciplined Execution:** marshalling organisational resources to direct time and energy to where it matters, with the **flexibility** to keep shifting course when things change.

“Knowing how to position and reposition a business is among the most demanding requirements of the 21st century leader.” Ram Charan

“Execution is the great unaddressed issue in the business world today. Its absence is the single biggest obstacle to success.” Larry Bossidy

That’s it - in a nutshell! Know what the right thing is, and do it superbly well! Easy!?

This might not amount to a “seven-step” success programme, but it represents the overarching principles that need to be translated into context - the current organisational position within the dynamic of the market-place.

Strategy isn't a mission statement of overall purpose.

A robust and coherent strategy is about being **different** with an insight into how to **keep being different**. A good strategy answers:

- which customers are important to us; and which aren't?
- which products and services will we back; and which will we drop?
- who are and aren't our competitors?
- which markets will we compete in? which will we exit from?
- which activities will we focus on? which will we pass on to our suppliers and partners?

"Without focus, the resources and energy of the organisation will be spread a mile wide and they will be an inch deep. If you are wrong you will die. But most organisations don't die because they are wrong; most die because they don't commit themselves."

Andy Grove, Intel

A good strategy recognises those pivotal moments when choices need to be made to create create new business space, accepting the inherent uncertainties and risks:

- how current and potential **customers** might respond
- which **products and services** will and won't take off: immediate block busters; "slow burn" winners for the future, or "the dog food the dogs won't eat"
- how existing and emerging **competitors** will react
- the impact of **change** and shifting technological, economic and political trends on the market place
- whether the organisation has the **capability** to make it happen



Managing the risks of uncertainty

* Disciplined execution is the topic for a future article. Here we address the importance of strategic choice and leadership

Strategic choice is critical to success. But sustainable success is difficult. Why?

“They prepared a wonderful group of executives for yesterday’s business. By being so good at narrowing the gene pool, they replicated people who would have been good leaders in the past but not the future.”

Ed Lawler analysing the succession problems of AT & T and IBM in the late 1990s, despite their considerable investment in management development

Leadership which “fights past battles”. Organisations find it difficult to sustain success, because leaders operate on the basis that “what got us here will get us there”; that the factors which shaped past success will guarantee future success. They won’t; there is no all-time winning formula. But leaders find it difficult to shift their assumptions to identify the new battlegrounds of the future and how the business environment and dynamics of competition are shifting. Superb customer service, for example, may have been the force that once achieved success, but it won’t sustain that success if the competition are quick to match those levels of service.

Succession management as replacement charting to reinforce the past. Rather than being a driver to keep revitalising the leadership outlook, succession management is often the mechanism to preserve the past, promoting individuals with the skill set and mind-set for old challenges not those well equipped for new business realities. And the criteria for progression and appointment decision making may be more about maintaining the current political dynamic than preparing for the business future.

The Four Cs of Sustainable Leadership Success

Leaders need to be **credible**. This is the first leadership hurdle. If leaders don't have followers, they're not leading. Followers demand credibility. It might be a tough, and at times unfair test (influenced by factors sometimes irrelevant to effectiveness), but that is the nature of organisational life. Leadership also requires **character**: the moral compass and personal qualities to operate with integrity, courage and resilience, and lead as authentic individuals. And to survive and thrive in today's organisational world, leaders need to be effective in **career management**, the self management skills to optimise personal productivity and the insight to navigate the political realities of competition and conflict.

Capability is critical. Above all the know how of strategic thinking and business judgement to recognise the importance of strategic choice and the need to reposition the organisation. This is the leadership capability that knows when to change the "success formula" before competitors and customers force it to.

"We need leaders who know what they doing."

Ram Charan

Leadership capability that knows how to:

- pinpoint the key trends in the external business environment to keep on the "competitive front foot"
- identify how to reposition the organisation to identify future profitability in the market
- spot what is no longer organisationally working and how to develop the capabilities that will be needed in future
- understand the process of execution and the disciplines of change management
- manage the range of external stakeholder expectations to build corporate reputation and create influence

In the late '80s, we became acutely aware of the problems of the “competency enterprise”, that attempt to map out the criteria of leadership effectiveness. It was partly our unease about manuals that sat collecting dust on management shelves. Mainly it was the sense that the language didn't hit the mark in pinpointing the drivers of success at senior levels. Competency frameworks were not creating a dialogue about leadership realities across different business scenarios.

Our starting point was the cliché that every business needs three types of individuals:

- the “dreamer” to get the firm off the ground with an imaginative insight into the future market
- the “salesperson” to take the concept into the market, promote it and “do the deal”
- and the “son-of-the-bitch” who is prepared to tackle and trouble shoot those problems constraining business success.

Martini Management - the leader of all strategic seasons who operates effectively “anytime, anyplace, anywhere” - is in short supply, despite the best efforts of the business education and management training industry.

For us, “**horses for courses**” seemed a better way to think about leadership; that business leadership is contingent, depending on the timings and specifics of the organisational situation.

Business Challenges was our map of the “strategic mind-set”, a fresh way of thinking about the range of different leaders, and why:

- some individuals perform extraordinarily well; the fortune of having the right business outlook at the right time
- others perform reasonably effectively, but don't quite that find that organisational niche or strategic moment that produces excellence
- and why others, despite an impressive array of competency skills, fail; the wrong business mind-set to meet the challenges the organisation is facing

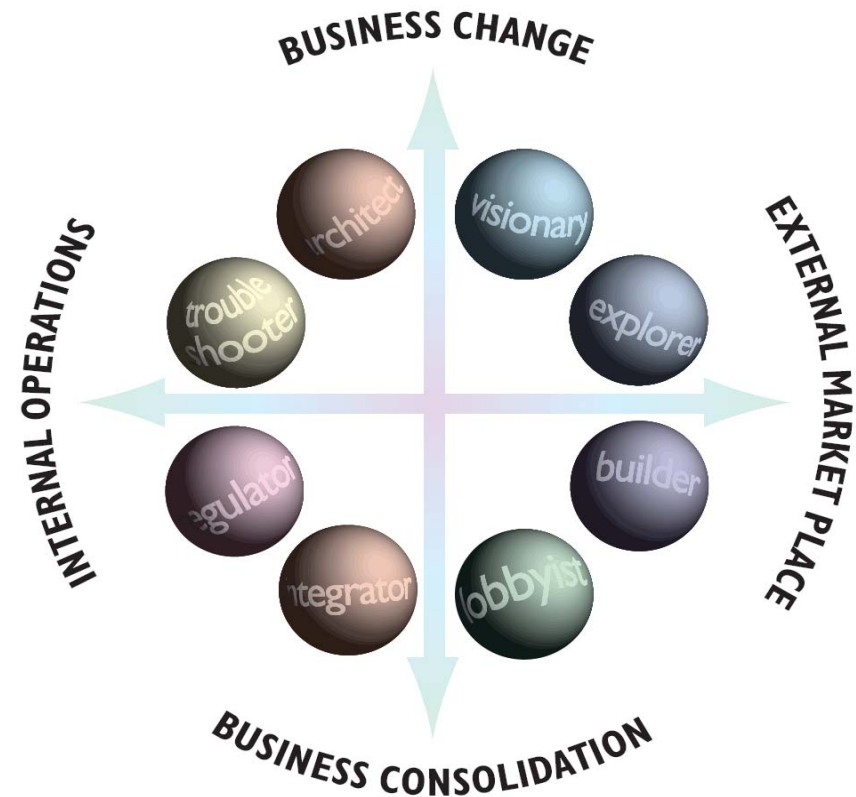
Business Challenges: framework

The Business Challenges framework outlines eight strategic clusters, mapped against the dimensions of:

- a focus on internal operations vs. alertness to the external business environment
- a preference for periods of business change vs. business consolidation

Each of the eight themes incorporate distinctive strengths, focusing on specific strategic issues. These are the challenges that get picked up quickly on the organisational radar screen.

Each theme also possesses its hazards, the potential to see something on the radar screen that isn't there, and to formulate strategy around a personal world-view rather than business realities.



Business Challenges: eight strategic themes

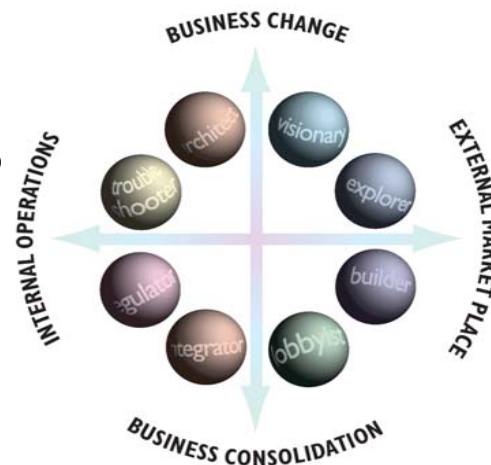


ARCHITECT - redefining the organisation infrastructure to create new operating methods and practices; exploiting technological capability to create new organisational structures, systems and operating styles; conducting a re-appraisal of the organisational infrastructure in the context of improved technological capability

TROUBLE-SHOOTER - identifying and removing unproductive and inefficient business function; tackling those business activities which are no longer contributing to corporate performance; divesting unprofitable activities which are failing to support corporate priorities and objectives

REGULATOR - focusing attention on the efficiency and consistency of all internal processes; monitoring work flow for opportunities to standardise organisational activity; applying financial discipline and administrative control over organisational activity to gain improved levels of efficiency

INTEGRATOR - raising the overall skill level of the work-force through focusing resources on training, development, recognition and reward; raising levels of staff capability and motivation to improve organisational loyalty and pride; breaking down functional differences and resolving complex views to unite the efforts of different groups



VISIONARY - planning next generation products and services to formulate an innovative business strategy; developing new business concepts which redefine the rules of business success; addressing the impact of emerging trends and developments in the market-place for the organisation's long-term strategic position

EXPLORER - investigating opportunities to break into new markets in pursuit of a diversification strategy; developing relationships with other key players in the industry to explore scope for alliances and joint ventures; identifying opportunities for the future growth and expansion of the business

BUILDER - translating business strategy into sales and marketing priorities; reviewing the customer service delivery process for areas of improvement; exploiting the organisation's customer-base through attention to sales and marketing activity

LOBBYIST - representing the organisation's interests across the wider business community to improve corporate image; planning a programme of corporate communication which gains greater influence and freedom of manoeuvre for the organisation; building relationships with key players throughout the industry to improve the company's standing in the market-place

Business Challenges provides a framework to help leaders make decisions, to bet on the future through strategic choice. Leaders need to keep looking inside at what is and isn't working, and outside at the shifting business landscape to identify where and how the organisation needs to reposition itself for the future.

Over the past 15 years, the Business Challenges framework and supporting assessments have been utilised in a wide range of applications across different organisations*, in search and selection, assessment, executive coaching, team development, leadership programmes and talent management.

- a **strategic thinking tool**, to facilitate strategic planning around those capabilities which are strategic assets or liabilities, and as a framework to conduct competitor intelligence exercises
- in **leadership assessment and audits** to assess the breadth and depth of business leadership available to the organisation in facing up to its future challenges
- **executive coaching** to work with senior managers to take stock of their experience, capability and operating priorities and explore their personal “radar screen.” What is shaping their business world-view?
- **succession management** to go beyond replacement charting based on organisational roles and structures (which keep changing and make formal succession plans redundant) to a flexible approach based on strategic choice and the key challenges which will determine the future destiny of the business.

* There is also a modified version available for use within the public sector.

It was Michael Porter, the strategic guru, who said that “strategy needs to factor in the set of management assumptions”. Strategy is driven largely by the senior team and their experiences of what has and hasn’t worked for them in the past. Strategies do not pop out of a black box of market research, competitor intelligence and capability analysis. The agenda is influenced in large part by the mind-set of the top team and what is and isn’t registering on its strategic radar screen.

Team development processes to improve interpersonal effectiveness within the work group can be valuable. However in our experience, personality clashes, conflict and politicking, are typically the **symptom** not the cause of team under-performance.

In most instances, the issue of team dysfunctionality is the lack of strategic clarity and purpose. And in this vacuum, team members begin to focus on their personal ambitions, interpersonal sensitivities and the trivia of organisational life rather than the needs of the future business.

The Executive team. Which Business Challenges:

- are the **focus** of the executive team; the issues that are reviewed continually? If what gets measured, gets managed, what are the organisation’s priorities? Customer service metrics; sales figures; product development times; productivity improvements; profit margins, employee engagement; media coverage?
- are on the **periphery**, discussed, but only briefly, and without any serious interest and conviction? A debate that goes through the motions but with little prospect of strategic choice.
- aren’t even **registering** on the corporate radar screen? These are the issues that either are outside the business horizons of the executive team or the difficult issues that might open up political conflict.

What is it that makes the difference between effective and highly effective leaders? It isn't adding to the broad portfolio of competency, neither is it charisma. And Emotional Intelligence isn't the factor. *"To date, despite the efforts of a multitude of credible research scientists, not one published study has shown EQ to predict performance above and beyond what could already be explained by other commonly applied and long established measures."**

What makes the difference is leadership wisdom: the strategic insight to recognise what is becoming more or less important, the judgement to review options objectively, and clarity of decision making to turn promising concepts into practical action.

"Tomorrow's leaders won't be able to lead by charisma. They will need to think through the fundamentals."

Peter Drucker

The assessment of leadership know how requires greater attention to strategic thinking, business judgement and leadership wisdom.

Aptitude tests of verbal and numerical reasoning may be powerful predictors of work performance. But at senior levels, they don't do the job. *Strategic decision making in the real world isn't a multiple choice test.* They are also highly unpopular.

And the standard competency based interview is little more a game of "show and tell", an exercise more in impression management than an insight into thinking skills.

The Business Challenges assessment, supported by scenario based interviewing, provides important clues into the leadership mind-set to improve selection and career decision making.

* Executive Intelligence, Justin Menkes, 2005

Most coaching is largely focused around behavioural skills. In our consultancy assignments we are also seeing the growing importance of the issues of strategic thinking and decision making, and that grey area between coaching and mentoring.

Executive difficulties in managing strategic choice are creating the leadership problems that are the typical agenda for coaching: poor prioritisation that sends out ambiguous messages to the team; hold ups and delays in implementation and delivery; the mismanagement of organisational politics and interpersonal sensitivities.

If leaders aren't articulating a clear leadership purpose, they will run into other leadership hazards. And a coaching programme based on the symptoms not the causes, is a coaching programme that is frustrating and won't improve leadership effectiveness.

Coaching and the “radar screen”:

- what is going on in your business world? what are the key challenges you are facing?
- what is at the top of your organisational agenda? why?
- what is shifting in the world of your customers? which customers are becoming more or which less important?
- what is the competitor dynamic? who are your obvious competitors? what are they going to do/not do? who might represent the unexpected competitors?
- what right now is on your personal “radar screen”, the issues that you're spending time and energy on?
- what isn't? which issues aren't being picked up? does this matter?
- what are the big strategic choices you need to make right now?
- what for you are the challenges you face for the longer term?

A worldly wise observer* of organisational life summarised the status of succession management as:

- “succession planning is critically important to the future well-being of organisations
- done properly, succession planning can provide strategic advantage and competitive edge
- despite all of this nobody seems to give a toss about succession planning
- and most of those who do it are completely useless at it anyway”

A cynical analysis no doubt, but one that captures more than a grain of truth about the realities of succession management. Succession has the potential to sustain organisational success, but somehow seems extremely difficult in the implementation.

There are complex factors at work**. But it is also clear that succession, based on replacement charting around current structures and roles, is largely a futile exercise. (Although business risk assessment to nominate back up successors for mission critical roles is an important organisational discipline).

“the schism between succession planning and business strategy is one of the primary reasons that succession plans fail.”

L Eastman

- succession needs to move away from the paper shuffle that typically disappears into a corporate “black hole” and become a business dialogue about how key resourcing decisions - who to appoint, promote and remove - are helping the organisation to keep repositioning itself.
- succession succession management is best thought of as “clusters” and “pools”, clusters of roles and pools of leadership talent. Charts built on “high potentials” will be out of date by the time they have been reviewed.
- Business Challenges provides a vocabulary to connect strategic choice - where the organisation needs to reprioritise and refocus its resources, with the roles that are becoming more or less important for the future, to leadership, and the breadth and depth of talent to support the shift in capability.

* Receiving the Secret Pat Noon, Coventry University

** Practical Succession Management Andrew Munro

AM Azure Consulting Ltd works with a broad portfolio of clients in the design and implementation of on line services in recruitment and selection; management assessment, development and career management; performance management; and talent and succession management.

If you are interested in Business Challenges, the assessment and its applications, call us on

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- **we design but we also implement.** Our content, design and technology can build cost effective solutions quickly. Over-engineered consultancy solutions don't interest us, and they are bad for organisations. Our consultancy experience of "real world" implementation will move things forward from initial concept to results rapidly.
- **we start things to build momentum but we also follow through.** Results come from the discipline of "making it stick", of evaluation, learning and continual improvement. And we maintain ongoing relationships with our clients to keep achieving positive outcomes.