

What's Your Strategic Approach?

By Rich Horwath



After twenty years of research it is clear. Mastery of strategy is not an innate skill. Most great CEOs learn how to become better strategic thinkers."

--David Yoffie
Professor, Harvard Business School

Being a senior executive requires you to lead, manage, and monitor many different elements of the business at the same time on a continual basis. Sometimes it can feel like an intellectual version of the arcade game Whac-A-Mole, where issues keep popping up and you're required to see and handle them instantaneously. Where you spend your time,

talent, and attention can be influenced by fire drills, meetings, and other factors that may not necessarily align with your priorities. Damn those moles!

A study of 60,000 leaders by the Management Research Group found that having a strategic approach to the business is ten times more important to the perception of a leader's effectiveness than any other behavior. This strategic approach can be challenging to master as you move up in the organization to broader levels of responsibility. While it's comfortable to continue to flex your functional (e.g., marketing, finance, etc.) or technical (engineering, R&D, etc.) expertise, this may not always be in the company's or your team's best interest.

Becoming an effective senior leader means seeing the big picture and then translating that picture to others through delegation so that they can execute the strategies and tactics. As Harvard Business School professor Boris Groysberg wrote: "For the senior-most executives, functional and technical expertise has become less important than understanding business fundamentals and strategy. One theme that ran through our findings was the requirements for all the C-level jobs have shifted toward business acumen. To thrive as a C-level executive, an individual needs to be a good communicator, a collaborator and a strategic thinker."

That's why it can be helpful to periodically step back, elevate, and apply structure to your view of the business to ensure you're not missing anything important. The Strategic Approach System provides that structure.

Based on 20 years of providing strategic counsel and coaching to executives, I've created this system to help leaders navigate their business and enhance their executive performance. There are four areas of executive fitness that contribute to navigation and development: Strategic, Leadership, Organizational, and Communicational. While simple in structure, each area contains dozens of tools, techniques, and checklists to give you a methodical and comprehensive approach to mastering your business.

Strategic Fitness

"The most important competency of a CEO is the ability to create a strategic vision. The only competency viewed as essential for CEOs, COOs, and CFOs alike was developing an accurate and comprehensive overview of the business."

—Chally Group Worldwide

While there are many skills an executive must be proficient at in order to successfully run a business, research shows that none are as important as their strategic capability. A 25-year study of 750 bankrupt companies found that the number one cause of business failure—80 percent of the time—was bad strategy. How then does an executive ensure that strategy development isn't a weakness that torpedoes their career and their company? By becoming more effective at the skills of strategic thinking and planning.

Strategic thinking is the ability to generate insights on a regular basis that lead to new value for the organization. Strategic planning is the channeling of those insights into an action plan that drives people's activities. The strategic plan should clearly describe where the business is today, where it's going, and how it's going to get there. Inherent in that description: what you choose to do and equally important—what you choose not to do. Great strategy demands trade-offs, and trade-offs come from the ability to make decisions, and cut things off from your time, attention, and resources.

Strategic Fitness refers to your ability to set direction, allocate resources, and make decisions. To help executives strategically navigate the business, the Strategic Approach System covers a number of topics including strategy development, the business model, competitive landscape, reallocation of resources, decision rights, and others. By having this framework as a guide, it instills confidence that key areas are not being missed. It also serves as a checklist to ensure you're covering the strategic ground you need to and provides a platform for your executive development. As Medtronic CEO

Omar Ishrak said, "Business leadership, business acumen, and business strategy development—these three areas of expertise are considered non-negotiable: they are essential for success in any C-Suite position."

To help leaders identify areas of strength and areas for development, they complete an 80-question executive performance assessment. Here are five sample statements from the Strategic Fitness section of the assessment. Please respond with **"Agree"** or **"Disagree"** to each statement:

1. Our team has a consistent definition and understanding of strategy.
2. The strategic plan has been condensed to 1-2 pages to be useful in driving daily activities.
3. The business model is reviewed at least once a year and modified when appropriate.
4. I reallocate resources (e.g., people, time, budget) consistently throughout the year from underperforming areas to ones with greater performance or potential.
5. Decision rights are clear throughout the business—everyone understands who ultimately makes each decision.

How did you score on this mini-assessment of your Strategic Fitness?

Leadership Fitness

"The basic job of a CEO is a leadership job. By leadership, I mean the pursuit of a coherent strategy and the marshaling of all resources to be able to pursue that strategy. A CEO is someone who's good at prioritization, who can handle complex environments. There are lots of different tasks: you need an individual who is capable of strategic thinking."

—Eric Kriss, two-time INC. 500 CEO

A leader is someone who guides and serves others toward a goal. We see leaders excel or falter in all

walks of life, including business, government, sports, academia, military, and the non-profit sector. A leader's impact is powerful, whether it's in a positive or negative manner. A study of two million managers found that what makes the biggest difference in how people feel about their workplace is how their leaders behave. A leader's behavior is shaped by their knowledge, skills, and experience.

In order to excel at this wonderful opportunity, an executive must develop a solid leadership foundation. Leadership Fitness is built on an individual's values, leadership identity, emotional intelligence and all the elements that contribute to their personal performance. Some of these elements are often described as a leader's philosophy, or approach to the role. Have you identified your leadership philosophy in terms of how you specifically intend to use your personal values combined with your strengths to guide and serve others? Leaders who take the time to clarify the core of their leadership report being 25 percent more engaged in their work. Additionally, when an executive has a defined leader core, employees report being 40 percent more engaged than those who work for a leader that has not clarified what they stand for.

Research by Gallup over the past thirty years has found that 70 percent of the variance in team engagement is determined solely by the manager. Therefore, the success or failure of a team is predetermined by the quality and quantity of preparation the leader has put into their collective development. An executive's development must extend beyond their functional expertise and hard skills into some of the more transformational elements found in effective leaders.

One of these elements is emotional intelligence, which has been described as "the ability to recognize and understand emotions in yourself and others and your ability to use this awareness to manage your behavior and relationships." (Bradberry). Ironically, a lack of emotional intelligence—not financial performance—has been the downfall of a number of high profile CEOs in recent years.

These instances include inappropriate relationships with subordinates, inability to build relationships with the board of directors, and failure to treat employees with empathy and respect. Research in this field shows that 90 percent of high performing leaders are also high in emotional intelligence.

Here are five sample statements from the Leadership Fitness section of the Strategic Approach assessment. Please respond with **“Agree”** or **“Disagree”** to each statement:

1. I’ve created a leadership identity statement that describes how I use my values and strengths to serve others.
2. There is a professional development plan in place in which I actively identify knowledge, skills, and other areas for my improvement.
3. I exercise at least three times most weeks to maintain physical fitness.
4. I do not multitask (e.g., check phone) when engaged with others in meetings.
5. I practice social awareness by assessing other’s emotions in order to be empathetic to their point of view.

How did you score on this mini-assessment of your Leadership Fitness?

Organizational Fitness

“Only three things happen naturally in organizations: friction, confusion and underperformance. Everything else requires leadership.”

—Peter Drucker,
Author and Professor of Management

As I’ve worked with functional area leaders who are promoted to a senior leadership role that spans the business, one of the biggest transitions is from a single-business focus to an enterprise-wide perspective. It’s no longer just about what’s best for “your people”—it’s about what’s best for the

organization as a whole. Occasionally, that means giving head count, budget, or responsibilities to other leaders who are in a position to more effectively leverage them.

This more expansive view of the business requires a vision for what is today and what could be in the future. The current report card on this ability shows it needs work. Gallup research has found that 59 percent of employees don’t know what their organization stands for and what makes it different from competitors. Does your organization’s strategic direction, purpose, and culture align?

Organizational Fitness involves developing your culture, talent, and structure to drive innovation throughout the business. Culture can be described as the net effect of shared behaviors. When you consider your organization’s culture, what are the 3-5 shared behaviors that shape it? If the leadership team has not proactively identified these behaviors and worked diligently to instill, foster, and nurture them, then the culture may be like an undertow pulling you further away from your ideal state of performance.

Perhaps nothing has as a greater effect on an executive’s performance as the talent they have chosen for the difference-maker positions in the organization. Take time to identify those positions that add a disproportionate amount of value to the business, using criteria such as revenue generation, role in the value chain, creation of intellectual property, etc. Ensure that these positions are filled with people that excel in both the qualities and behaviors necessary for breakthrough success. When evaluating higher-level leaders, it’s helpful to assess role fit, business acumen, and emotional intelligence as baseline criteria.

If your responsibilities don’t include product development, it’s common to overlook innovation as a key lever for your team. Innovation can be defined as creating new value for customers. Customers may be internal colleagues within the organization and/or external partners. When you

view innovation as creating new value, it becomes easy to see how every member of your team should be accountable for generating new value. As Apple CEO Tim Cook said, "Everybody in our company is responsible to be innovative, whether they're doing operational work or product work or customer service work."

Innovation begins with insight. An insight is a learning that leads to new value. Insights can come from customer observation, competitor activities, market trends, and many other sources. The important thing is to train your team on how to generate, record, and share insights to enhance the business. A study of 5,560 executives at high-performing companies found that the most important managerial trait was the ability to come up with insights. Are your team members accountable for generating and sharing at least 3-5 insights each month or quarter with the team? If not, you're missing a huge opportunity to harness the power of your group's thinking.

Here are five sample statements from the Organizational Fitness section of the assessment. Please respond with **"Agree"** or **"Disagree"** to each statement:

1. We do not allow fire drills (urgent but unimportant issues) to distract us from our priorities.
2. We take time after projects to evaluate their success or failure and document the learnings.
3. There is a disciplined process in place for dealing with underperformers that includes coaching them up or out in a timely manner.
4. Innovation workshops are held to stimulate thinking around ways to create new value for the organization and customers.
5. I carve out time in my calendar for strategic thinking.

How did you score on this mini-assessment of your Organizational Fitness?

Communicational Fitness

"Conversations are the way workers discover what they know, share it with their colleagues, and in the process, create new knowledge for the organization. In the new economy, conversations are the most important form of work."

—Alan Webber, co-founder, *Fast Company Magazine*

To communicate is to interchange ideas and information with others to develop shared meaning. To be an effective communicator, a leader must continuously assess the audience they're communicating with, the intent, message structure, and most appropriate channel. While decisions on audience, intent, and message structure are typically made on the fly, the channel of communication is often determined once and simply repeated automatically in the future.

For example, an executive's one-to-one meetings with direct reports are initially designed to be a quick check-in on hot topics but can morph into time-consuming fire drill updates on urgent but unimportant topics. The monthly staff meeting can become a stale rehash of the same topics over and over again with little progress being made. The point is that a leader should periodically assess the channels they use to communicate and re-evaluate them to see if any can be modified or even eliminated to make better use of time.

The most time-consuming channel is meetings. Today's leader spends approximately 60 percent of their time in meetings with half of executives rating their meetings as "ineffective." That's a lot of valuable time being wasted. One of the exercises I work with leaders on is a Meetings Audit. The Meetings Audit assesses the types of meetings, purpose, frequency, length and any topic redundancies.

Once meetings have been reviewed, modified, combined and eliminated, the focus then turns to making the remaining meetings more productive. There are several checklists leaders can use to

employ best practices and eliminate mistakes prior to, during, and following meetings. The Strategic Meetings Framework also provides executives with a formula for ensuring that their meetings and teleconferences are adding value to the business and not killing morale.

In addition to enhancing communication with internal staff, a senior leader's success often depends on their ability to effectively engage external stakeholders. External stakeholders may include the board of directors, key clients or customers, large shareholders, media, and community leaders. For these groups, it's helpful to develop strategic communication plans that outline past interactions, talking points, key issues, and the forum of engagement.

Dr. Robert Lengel writes, "As the new business landscape continues to emerge, and new forms of organization take shape, our ability to lead will be dependent upon our ability to host and convene quality conversations."

Here are five sample statements from the Communicational Fitness section of the assessment. Please respond with "**Agree**" or "**Disagree**" to each statement:

1. My direct reports provide a concise written update on their business to me on a consistent basis.
2. We do not work in silos—we share relevant information across groups effectively.

3. We have conducted a Meeting's Audit in the past year to assess each type of meeting, and whether it should be continued, modified, or eliminated.
4. For strategy off-site meetings, we use an external strategy expert to facilitate in order to avoid biases, internal politics, and challenge our thinking.
5. Meetings with external stakeholders (e.g., board of directors, shareholders, etc.) are effective and efficient.

How did you score on this mini-assessment of your Communicational Fitness?

The Corporate Board of Directors Survey concluded that the number one trait of active CEOs is strategic expertise. Indra Nooyi, the former CEO of PepsiCo, agrees when she says, "To me, the single most important skill needed for any CEO today is strategic acuity."

In a world where market shifts, evolving customer preferences, and new competitors are emerging faster than ever, it's important to have a guide to keep you on the right path. The Strategic Approach System can help you navigate the business and enhance your executive performance through four types of fitness: Strategic, Leadership, Organizational, and Communicational. Or there's option B: you can bet the fate of your company and your career on the Whac-A-Mole strategy—just don't stop swinging.



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Be Strategic or Be Gone.

*Rich Horwath is the founder and CEO of the Strategic Thinking Institute where he facilitates strategy sessions for executive leadership teams, coaches individual leaders to reach their strategic potential, and has helped more than 100,000 managers develop their strategic thinking skills through live workshops and virtual training. He is a **New York Times** and **Wall Street Journal** bestselling author on strategic thinking, including the new groundbreaking strategy graphic novel, **StrategyMan vs. The Anti-Strategy Squad: Using Strategic Thinking to Defeat Bad Strategy and Save Your Plan**, which was awarded “Best strategy book of 2018.” Rich is a former Chief Strategy Officer and professor of strategy and has appeared on **ABC, NBC, CBS,** and **FOX TV**. His work has been featured in publications including **Fast Company, Forbes,** and the **Harvard Business Review**. To view more than 200 resources on strategic thinking and planning and sign up for the free Strategic Thinker newsletter, visit www.StrategySkills.com*