

SEMINAR II
Strategic Leadership
By
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Introduction

One of the benefits of considering the military world when thinking of strategy and leadership is that the military world consists of thousands of years of examples and lessons. Many people think that strategic leaders are tactical leaders that play for a larger audience. This, of course, is not true. Strategic leadership is a completely different model of leadership. One of the most enduring lessons from the military world is the observation that a great colonel will not automatically make a great general. As we will see, being a leader ***of*** an organization is fundamentally different than being a leader ***in*** an organization.

Unfortunately, the military world also provides centuries of examples of inept and unqualified strategic leaders, which should give us pause. This situation highlights the challenge that organizations face when trying to identify those who have the potential to be great strategic leaders. The criteria that most organizations use to identify those with strategic potential is their performance as a tactical leader. This flawed logic had led countless armies to grief. Consider the woeful story of John Bell Hood. Hood was a Confederate officer and during the Civil War, he rocketed to fame. Relentlessly aggressive, personally fearless and charismatic on the battlefield, Hood was the ideal subordinate. If you were a division commander, you wanted him commanding one of your regiments. As a result, Hood kept getting promoted. He eventually was given his own army to command and that is when things became unstuck. First, Hood lost Atlanta and then he destroyed his army in a bloody campaign in Tennessee. What is interesting about the Hood example is not that he was defeated in a war. That has happened to innumerable commanders. *What is interesting about the Hood example is that the very qualities that made him a very good tactical leader made him a very bad strategic leader.* Clearly, team leadership and strategic leadership are very different models of leadership.

UNIQUE TASKS OF STRATEGIC LEADERS

If strategic leadership is a specific model of leadership, what makes it unique? What tasks solely belong to leaders of organizations? The rest of the seminar is a discussion of three of these unique tasks. Before plunging in, I always emphasize to the seminar attendees that these tasks are not my idea. For seven years, I taught strategic leadership to cadets at West Point and one of the advantages of teaching at West Point is that you can invite virtually anyone and they are happy to come and talk to cadets. I took advantage of this situation by inviting famous CEOs, prominent government officials and high-ranking Army officers. So,

when I discuss unique tasks of strategic leaders, I am talking about ideas that came from strategic leaders who spoke to cadets in my class.

Task 1: Dealing with the river when it changes course

In his book, "Life on the Mississippi," Mark Twain talks about achieving his boyhood dream of becoming a riverboat pilot. After a long and intensive period of study and work, he memorized the twelve hundred miles of the river from St. Louis to New Orleans. He learned how to identify his location on the river was in all conditions- day, night, clear weather or not. He was very proud of this achievement until one day when his mentor made him realize his education as a pilot was far from over. He told Twain to look at the riverbank they were passing and asked him whether the riverbank was higher or lower than it was last trip. Twain looked at his mentor in astonishment- how was he supposed to know this and, more importantly, why did he need to know? He soon found out that it wasn't enough to know his present location; a competent riverboat pilot was constantly alert to clues that would tell him the state of the river for miles downstream.

Strategic leaders need to be competent riverboat pilots. Leaders should be able to use today's clues to identify tomorrow's trends. Every organization exists within an external environment that is constantly and fundamentally changing. A changing environment can have an enormous impact on an organization's goals, resources and plans. In other words, a changing environment can change every aspect of your strategy. Strategic leaders, like riverboat pilots, have to be keenly aware of their external environment so that they are prepared when their strategic river changes course. Leaders of the cold war U.S. Army had to be prepared for the fall of the Soviet Union. Wal-Mart leaders had to be prepared for the fall of Kmart and the eventual rise of Amazon. A changing environment constantly presents new strategic opportunities and new strategic threats. Organizations must be prepared for both and strategic leaders bear primary responsibility for this task.

By extending the riverboat metaphor, it is plain to see that it is not enough for strategic leaders to simply be good riverboat pilots, they also must be good riverboat captains. Notice that the pilot's attention is on the river and its conditions downstream; but it is not the pilot's responsibility to ensure that the riverboat itself is prepared to handle those changes. The riverboat captain is the one who is focused on the boat's strengths and weaknesses. A 21st century strategic leader must combine the two roles of pilot and captain.

Why does a strategic leader need an internal focus as well as an external focus? One primary reason is that organizational change does not happen by itself. A changing environment requires an organization to change its strategy and organizations don't usually like strategic change. Consider the FBI. For most of the 20th century, the FBI built a

reputation by catching criminals. If you robbed a bank, the FBI would come after you. But September 11th was a sure sign that the strategic river had changed for the FBI. No one ever expected the FBI to catch bank robbers *before* they robbed a bank. But that is exactly what we expect of the FBI concerning terrorists. Terrorists need to be caught before they act and this simple fact required the FBI to undergo enormous change. For one thing, intelligence-collecting analysts became as important as crime-busting agents. A law enforcement agency that had spent almost a century being reactive was now suddenly required to be proactive. Riverboat pilots recognize the warning signs of change that exist over the strategic horizon. Riverboat captains make internal changes that enable their organizations to change course as their environment changes. The challenge of strategic change is that many people resist change and their performance suffers when faced with the prospect of having to change. This is where great leadership fits in.

At this point in the seminar, I introduce some of the ideas of Carl von Clausewitz. Clausewitz is best known for his philosophy of war but he was also interested in human behavior in conditions of risk and uncertainty (in other words, behavior on a battlefield). Based on his experience, he came up with a concept he called “friction” to explain what happens to people in these circumstances. According to Clausewitz, *“Everything in war is very simple, but the simplest thing is difficult.”* I once heard a young infantry lieutenant describe his first tour in Afghanistan to a group of cadets and he said, “The first time I was shot at, I felt like I was ten seconds slower than everyone else.” Friction indeed.

Whether in the military or the corporate world, requiring people to operate in conditions of risk and uncertainty causes friction. When people find out that their old way of doing business is obsolete and they must adapt to a new set of skills - friction ensues. This discussion is relevant to our seminar because great leadership is one of the most effective tools for overcoming the pernicious effects of friction. We know that people trust great leaders more than they trust bad leaders and trust is a valuable resource that can be put to good use. If people trust their leader, they are more likely to trust the leader’s plan. With trust, friction dies down and strategic change progresses much more smoothly.

Task 2: Strategic leaders are symbolic leaders

One of the most valuable resources that an organization can possess is a strong organizational culture and set of values. These resources can help organizations survive and thrive in a complex and competitive world. But culture and values don’t come about by accident, oftentimes they are the deliberate results of actions taken by strategic leaders.

If you ever find yourself driving north on Walton Boulevard in Bentonville, Arkansas, make sure that you take a right turn at the intersection with 8th Street. After you turn, take a quick look over your left shoulder. You will see a completely forgettable looking building

that would not be out of place in any generic industrial park. You are looking at the main entrance of the corporate headquarters of the largest company on Earth (Walmart) and it is completely underwhelming. When I show a picture of this building, I tell seminar attendees they are not looking at a building- they are looking at a message. Sam Walton knew very well that one of the keys to successful discount retailing is the ability to manage expenses more efficiently than the competition. That is why Wal-Mart learned to make each square foot of retail space twice as productive as their competition and that is why Wal-Mart certainly didn't build a fifty-story skyscraper in a high rent urban location as their corporate headquarters. The nondescript nature of their Bentonville headquarters was the equivalent of Walton sitting down with every associate and saying- Don't even think about being extravagant.

Everywhere you look, you can see strategic leaders engaged in symbolic behavior. I once saw one thousand cadets in PT gear going for a five-mile run. When I looked closely at the head of the formation, I saw something unusual. West Point doesn't have balding cadets in their early fifties. Actually, the runner I had spotted was the three-star general who was the Superintendent of West Point and he was going for a run with the cadets. Although completing the run was important, his primary goal was to have a non-verbal conversation with each of the cadets in the formation. By his behavior, he was making two very emphatic points about Army culture and values. First, his behavior told the cadets that physical fitness was a vital part of Army culture and second, the cadets learned that physical fitness is required of Army officers as long as they stay on active duty (even if they are generals).

Sometimes, the actions of strategic leaders transmit symbolic messages they had no intention of sending. At the turn of the millennium, Boeing was engaged in a wrenching culture change. In 1916, Boeing was founded in Seattle and that is where Boeing corporate headquarters remained for the rest of the 20th century. After eighty-five years in Seattle, Boeing leadership made the decision to move its headquarters to Chicago. The new CEO, Harry Stonecipher was very blunt about his objectives- he wanted to change Boeing's culture so that it was "run like a business rather than a great engineering firm." He wanted Wall Street and shareholders to see that Boeing was a diversified, global Fortune 500 company instead of an engineering firm that built airplanes. He was focused on cost cutting and profitability. In the years after this move, many industry analysts would blame this culture change for disasters like the 737-Max which, for many, seemed to be caused by a lack of attention to engineering and an unwillingness to engage in costly testing procedures.

A prominent CEO was once talking to the cadets in my class and she told the following story. One day, as she walked in the front entrance of her headquarters, the security guard stopped her and asked, "What's the matter?" She looked surprised because she thought it

was a normal day. The guard amplified, “We have noticed that lately you walk in like the weight of the world is on your shoulders and we are worried something is wrong.” The lesson for strategic leaders? Everything that you say and do is full of meaning and sometimes people are assigning meaning to actions of yours that you had no intention of sending. Great strategic leaders are good at verbal communication but they are also good at symbolic communication.

Task #3: Growing the next generation of leaders

In their book “Built to Last,” the famed management author Jim Collins and his co-author Jerry Porras are interested in what they call “visionary” companies- those that are premier in their industry, impactful and widely admired. They make a startling assertion – *“visionary companies were six times more likely to promote insiders to chief executive than (their competitors).”* This is a contentious assertion because that is not how many companies think about leadership. Many companies look at great leaders in the same way that baseball general managers look at home run hitters. If you can hit home runs in one ballpark, you can hit them in any ballpark. If you are a great strategic leader in one company, then you can be a great strategic leader in any company- or can you? Collins and Porras don’t think so and I think they have a point. We saw in our first leadership seminar that perceptions of great leadership are highly dependent of the context of an organization. In other words, someone who is considered a great leader in the Army might not be considered equally great if they went to work for Google.

Aside from the intrinsic value of home-grown leadership, there is another reason why strategic leaders should always be thinking about the next crop of leaders. It is a simple fact that a company can build facilities much faster than they can “build” people who are capable of leading the workforce in those facilities. Let’s say that Walmart can build a 160,000 sq. ft. Supercenter from the ground up in twelve months. How long does it take Walmart to “build” a general manager capable of running that facility in an effective manner? Consider that general managers have to be adept at merchandising, marketing, community relations, human resource management, leadership, logistics... and the list goes on. It is pretty obvious that facilities can be built much quicker than leaders. If the strategic leaders of a company are not constantly thinking about the next generation of leaders, all they are doing is creating bottlenecks for future growth.

One way that strategic leaders build the next generation of leaders is by shaping their organizations in ways that make it easier for leaders to develop. Strategic leaders should shape their organizations to be conducive to the development of leaders. For example, if you want leaders who are self-reflective and good at using feedback, then make sure that your organization engages in reflection and feedback. Here is a pop quiz. If you are a retailer that has just gone through the “back to school” part of your calendar, do you a)

pause and reflect on what you learned from “back to school” this year or b) forget about back to school and immediately start stressing about the upcoming holiday season.

We should also be interested in the habits and values of organizations that are relevant to leader development. So, at a very basic level, does your organization value great leadership? Don’t just automatically say yes. Does your organization give leadership responsibility and reward screamers who routinely demean and bully people? Remember the aliens in “Independence Day”? They land on a planet, quickly consume all the resources and then move on to another planet. That is what some managers do. They land on a team, achieve short-term financial results and move on- and they are never held accountable for the human cost. Does your organization only concern itself with short-term financial results with no regard for the long-term human consequences? Some organizations don’t even have the capability of identifying the human cost of such behavior. Organizations in which this regularly occurs are sending a clear signal that they do not value great leadership. If terrible leaders who achieve short-term results are tolerated, a clear message is being sent that leadership is not valued. If these conditions routinely occur, why would young managers go out of their way to develop themselves as great leaders?

CONCLUSION

It is not up to me to summarize the main points of the seminar. That task belongs to the attendees. We conclude by forming small teams who work on the following tasks. First, everyone writes down three lessons from today’s seminar that they are going to apply in their professional life. Second, they share these thoughts with the other members of the team. Finally, they receive feedback from the others on their ideas. This exercise has several purposes. At the surface level, it enables the attendees to recall what we have discussed over the course of the seminar. At a deeper level, it causes them to think about how they will apply these lessons to their professional life. Reflection is a useful habit for people who are developing themselves as leaders. After a period of self-reflection, attendees share their thoughts with others and get immediate feedback. Learning how to receive and accept feedback is another useful habit for developing leaders.

I always finish by sharing something that I heard a famous and highly decorated Army combat commander tell a roomful of cadets. *“Always follow your first instincts on the battlefield- but spend a lifetime developing those instincts.”* The same is true for developing yourself as a leader. You can’t prepare for strategic leadership after you become a strategic leader. Start preparing now.