



FROM PROBLEM-SOLVER TO AGENDA-SETTER

STEP FIVE IN THE TRANSITION FROM FUNCTIONAL TO BUSINESS LEADERSHIP

By IMD Professor Michael D. Watkins – November 2014

IMD
Chemin de Bellerive 23
PO Box 915,
CH-1001 Lausanne
Switzerland

Tel: +41 21 618 01 11
Fax: +41 21 618 07 07
info@imd.org
www.imd.org

Leaders can rise through the ranks on the strength of their problem-solving skills. But once at the top, a business leader needs to focus less on fixing problems and more on setting the agenda for what the organization should be doing.

When functional leaders are exercising their skills at problem solving, they are mostly reacting to priorities set by business leaders. Organizations, however, can face a legion of problems, and it is up to these business leaders to decide which to focus on and when. The buck stops with them.

This switch from “problem-solver” to “agenda-setter” is the fifth of the seismic shifts experienced in the transition from functional to business leader, which we have been discussing in this series of articles.

Act like a lens

The business leader acts as a focusing lens for the organization, ensuring that attention is trained on the right problems and priorities so that the organization’s energy is deployed in the most effective way.

Setting the agenda for an organization, and mobilizing people to carry it out, is hard work.

First, business leaders must understand what the crucial issues are, meaning the three or four vital things to focus on. This means being deeply in tune with the business and the competitive, regulatory and public environments. Once they are clear in their minds on the right choices—and that is very challenging—they must have the discipline necessary to drive key decisions and line up the organization behind the priorities.

Effective agenda setting involves gauging people's readiness to act on the priorities. It also requires the emotional intelligence to seek the right advice and gather together a good counsel network against which the business leader can test ideas and refine agendas.

An agenda-setter must identify and prioritize challenges and communicate them in ways that the organization can respond to. He or she must be able to initiate change and create an organization that reacts effectively to shifts in the environment and “shapes the game” better than competitors.

On taking over the reins of power, a new business leader typically will need to focus more than previously on the external environment of the company, not just customers and competitors, but also regulators, the media and the public. This is only natural, and it is something the next article on organizational diplomacy will cover in more detail. But it is important not to lose sight of the internal environment. To set clear agendas and priorities and drive change, the new business leader must have a good understanding what is going on both externally and internally.

Situation-specific

How long can a new leader take to set the organization’s priorities? The answer is probably not too long, although it depends on the type of challenges being faced because setting priorities is situation-specific.

If a new leader faces a turnaround environment, then he or she will need to be like a laser beam in figuring out what is wrong. Quick action will be needed, whether it is changing a team or closing down operations that are not working.

But if the situation is one of realignment or sustaining success, then a new leader will be well advised to go more slowly. Like a doctor with a patient, the first requirement is to do no harm. A new leader does not want to rush into anything that could damage a business that is functioning pretty well.

However, no new leader can let too much time go by before setting an agenda. Three months is not a bad benchmark. After that, people in the organization may start to feel that the new boss does not have a clear sense of direction or priorities, and they will start to get nervous.

Michael D. Watkins is Professor of Leadership and Organizational Change at IMD. He co-directs Transition to Business Leadership, a program designed for experienced functional managers who either have recently transitioned or will soon transition into a business leadership position.

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