

## STRATEGIC LEADERSHIP: BEING THERE EVEN WHEN YOU ARE NOT

*Most research on leadership has focused on understanding how leaders influence others to develop their interpersonal skills such as task and people oriented behaviors. These interpersonal skills play a key role in delivering results beyond expectations through people, which is our definition of leadership. However, leaders at the strategic apex of large organizations can rarely personally influence all those who work in their organizations. How can this be achieved? That is, how can they reach all members of their organizations to share their vision and values, engage with them, and persuade them to put forth their best efforts and ideas? How can executives shape their organizations to both deliver products and services that they have identified as important and deliver the products in the way that they want?*

One way is by designing appropriate and motivational strategies, structures and systems. More specifically, this means that leaders need to create the conditions and the environment that allow and encourage people to share their best ideas and efforts. If the leaders do so then the total of the employees' efforts and ideas will almost always surpass what the leaders could have conceived themselves. These issues are not new, however they have received very little attention<sup>1</sup> and led us to edit the book "Being there even when you are not: Leading through strategy, structure and systems."<sup>2</sup>

Our work builds on the distinction that the well-known sociologist Robert Dubin<sup>3</sup> made between the "leadership of" and the "leadership in" organizations. Leadership of refers to the non face-to-face activities emphasized at the top of the organization or what we term "strategic leadership." In contrast, leadership in refers to the interpersonal or face-to-face leadership (often termed "supervisory leadership") emphasized at the lower levels in the hierarchy. Of course, all leaders engage in leadership in organizations. CEOs and their management team and/or immediate subordinates engage in interpersonal, face-to-face leadership. And sometimes, of course, supervisory leadership does use non face-to-face leadership approaches.

Although interpersonal, face-to-face competencies remain important, and perhaps even increase in importance as one moves up the organizational hierarchy, we focus on the leadership OF organizations in our book. In doing so, we explore how the leader uses systems, processes, structures, strategies and vision to leverage his/her personal leadership philosophy and approach.

In our book we focus on six organizational areas<sup>4</sup> where leaders can leverage their personal approach: Developing leadership capacity, knowledge management, managing



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meaning, leadership discretion, cascading leadership and leadership in complex environments.

**Developing leadership capacity** refers to building the structures, systems and processes that support and encourage the advancement of leaders in organizations. A key question with which many senior executives struggle concerns the development of future generations of leaders throughout their organizations. Because these senior leaders realize that they cannot personally groom the next generations of leaders, they have started to explore what conditions will enable the leaders of the future to “emerge.”

One illustration of building leadership capacity is the implementation of Nestlé’s “On the Move” program which aimed to change from its traditional hierarchy to more fully engage its workforce. The company realized that this could not simply be achieved by motivational speeches from the very top. In order to more fully engage their workforce, Nestlé created programs for its managers to become more inspiring leaders, placed more emphasis on life-long learning throughout the company and more emphasis on dynamic compensation. This multi-prong approach served as a way to leverage the leader’s desire to have a more fully engaged workforce.

Another illustration is that of a large service organization in the US. Here the CEO felt strongly about using an empowering leadership style to address some of the most pressing issues facing the company. Together with a famous leadership institute in the US (the Center for Creative Leadership (CCL)) he developed a program that both provided training and opportunities to develop solutions for these pressing issues. Very senior managers were selected to participate in the training. Once in the first module of the training program, they engaged in dialogue with the top management team about the most pressing issues facing the company. Small groups then went to work on these issues, each supported actively by a member of the top management team. They sought out additional resources and brought back suggested solutions to their sponsors and to the second module of

the training. After the second module, they went into active implementation. This way, the CEO leveraged his philosophy about empowerment to solve real issues through a creative cooperation between CCL, his top management team and the senior management.

**Knowledge management** refers to creating a climate in which employees search for, find, exploit and protect new knowledge and ideas. Ideas and knowledge increasingly represent the key assets of companies. Even companies that operate in asset-intensive industries in the more traditional sense of the word are more inclined to see new ideas and knowledge as the key to competitive advantage and success.

An example of this is the electronics manufacturer Sharp Corporation. The key problem it faced was the leakage of proprietary knowledge in LCD technology because they had outsourced production. The leadership of the company addressed this problem by co-locating the R&D for the next generation LCD technology with their production capabilities. So, here they did not send out memos or give speeches about protecting knowledge but sought a structural solution.

**Managing meaning** refers to how leaders, especially CEOs, ensure that their intended meanings are conveyed in their messages. Leaders have to manage meanings for many reasons. One is to justify their actions and the changes that they introduce to the organization. A second is to recruit followers and motivate members of the organization to support their actions. A third reason is to create shared perceptions and interpretations so that the member’s actions are guided by a common definition of the situation. One of the most difficult tasks senior leaders face involves creating a common understanding of the environment in which the organization operates and which actions matter most.

One example was the leader of a large Swiss-based company who used weekly emails to keep his employees informed of what was going on. What was especially interesting about

this case is that in the beginning he used factual messages to describe the grim situation in which the organization found itself. Only after about 50 weeks did he start conveying a message of possible growth. In other words, he used the emails to ensure that the employees clearly understood his view of the business environment and then used the information to frame their own actions.

**Leadership discretion** refers to how much leeway a manager is allowed by an organization's structures, systems and processes. Leaders high up in an organization typically have a large amount of discretion which can be used for the good of the company – in which case it is a positive force. Alternatively, this discretion can be used more for personal rather than organizational gain – in which case it is detrimental to the organization.

Another case concerns the president of the University of Michigan. She came to the university from another university and just as she started her job the university was in the middle of an on-going lawsuit regarding its affirmative action practices. The authors describe how the university president, Mary Sue Coleman, used her own lifetime of experiences with diversity as well as her long career in university administration to shape the meaning of diversity and affirmative action at the university. In doing so she had to deal with fervent voices on both sides of the affirmative action debate both within and outside the university. By both using her personal experiences and views and carefully listening to the diversity of voices, she was able stimulate a positive debate about affirmative action at the University of Michigan.

This topic is especially relevant given today's governance discussions. One of the cases in the book highlights how light oversight can allow leaders to make healthy organizations sick. This specific case focuses on the leader of an international sports organization who abuses his power to acquire all kinds of personal perks and in the process drives competent people out. However, as the organization outwardly looks healthy, no one intervenes.

**Cascading leadership** means the way in which leadership rolls down their changes throughout the organization's structures, systems and processes. These steps must be thought out carefully since, as appealing as the changes may be, if they are resisted by those further down in the organization then they are not going to be successful. Strategic leaders must create:

- a dialogue around the key issues the organization needs to resolve in order to attain the vision;
- top management commitment to these issues;
- serious follow-up on their execution.

An example of successful cascading leadership includes Carlsberg Breweries top leadership's dissemination of their must-win battles through all of its major regions in the world. They did this by first sharing the views of the top management with each of the key regions separately. This was then followed by active dialogues with the regional leadership. It ended with the regional leadership adjusting the must-win battles to their situation and committing the resources and energy to make them work.

Another example concerns a school environment in the Netherlands. We see here how an outsider, Luc Verburgh, was charged with radically changing the learning model and operations of a large secondary education school system. Using a combination of changes in the reporting structure and in communication with external stakeholders, he was able to simultaneously create more local ownership, greater involvement of businesses in terms of internships and company visits and a change in philosophy from teaching to learning.

**Leadership in complex environments** explores further what can be achieved by interacting effectively within a complex interplay of environmental and organizational forces to allow for fit environments and adaptive organizations. In such cases, strategic leaders must pay attention to their organizations and

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competitors and/or other relevant organizations in their fields of operation. Furthermore, it means both developing adaptive leadership capacity further down in the organization and having the willingness to support leaders who do emerge.

### Conclusion

In order to engage people to deliver results beyond expectations, leaders at the top of organizations need to seriously consider how they exercise both their leadership IN organizations as well as their leadership OF organizations. While most understand the importance of the interpersonal side of leadership, we encourage them to pay equal if not more attention to their leadership OF organizations. The focus on the

leadership OF organizations forces executives to ask themselves how then can ensure that their leadership philosophy about engagement of employees, clients, suppliers, distributors and other stakeholders truly takes hold in all parts of their organization. This means that executives need to start asking themselves two basic questions: (1) What do our strategies, systems and structures motivate people to do?; and (2) What should our strategies, systems and structures motivate people to do?

Once executives start to answer these two basic questions they will start to see many more ways to unleash all of the available human potential in their organizations.

<sup>1</sup> One notable exception is the work of Jay Galbraith, especially his book "Designing Organizations."

<sup>2</sup> Hooijberg et al (2007)...

<sup>3</sup> Dubin, R. (1979). Metaphors of leadership: An overview. In J. G. Hunt and L. L. Larson (Eds.) *Crosscurrents in leadership*. Carbondale, Ill.: Southern Illinois University Press: 225-238.

<sup>4</sup> The content areas of course do not represent all important areas. In the concluding chapter we highlight other important areas.

*This article is based on a chapter from the book "Being there even when you are not: Leading through strategy, structure and systems."*

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The *Financial Times* (2007) ranked IMD's executive education programs 1st outside the USA and 3rd worldwide. IMD's MBA was ranked 1st worldwide in the 2007 FT «Ranking of Rankings,» the combined global annual MBA rankings from *Business Week*, *The Economist*, *Financial Times*, *Forbes* and the *Wall Street Journal*.