

# **GRADUATE SCHOOL OF MANAGEMENT**

Saint Petersburg University

## **'Strategy Lessons from Great Leaders'**

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**Saint Petersburg, 24/11/ 2015**



# Before we start...

What is...

# STRATEGY





Or...

Do you have..

STRATEGY

In your LIFE ?!?!



So again...

What is...

STRATEGY

FOR YOU?!?



Key Question: Is a company's life that different than a human though? Does this mean anything for its strategy?



# Strategy



## Many Definitions – Some Short Ones:

- ✓ The art of war, especially the planning of movements of troops and ships etc into favorable positions; plan of action or policy in business or politics etc – *Oxford Dictionary*
- ✓ Doing different things than your competitors or doing the same things in a different way!
- ✓ Positioning of the company in its environment – *M. Porter*
- ✓ The determination of the long run goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals – *A. Chandler*
- ✓ Without a Strategy an organization is a ship without a rudder [...] like a tramp; it has no place to go – *J. Ross & M. Kami*
- ✓ It is human nature to make decisions based on emotion, rather than fact. But nothing could be more illogical – *Toshiba Corporation*

# Key Issues in Strategy

Simply: **WHERE & HOW**

Some common factors of a strategy conducive to success:

1. Goals that are simple, consistent and long term
2. Profound understanding of the competitive environment
3. Objective appraisal of resources
4. Effective Implementation



**Sun Tzu** (2.500years ago):

“know the other and know yourself:  
triumph without peril

“know nature and know the situation:  
triumph completely.”

# But Strategy...

"Strategy cannot always guarantee success...

...however certainly helps in its achievement!"

Hamel & Prahalad

## So Strategy:

- ✓ Sets Directions
- ✓ Supports Decision Making
- ✓ Coordinates and Focuses Activities on Targets
- ✓ Defines Organization's Position against Competition
- ✓ Reduces Uncertainty
- ✓ Delivers a Sustainable Competitive Advantage



# Analyzing the Concept of Strategy...

- ✓ Deliberate Vs Emergent Strategy (Mintzberg & Waters)  
or Design Vs Process
- ✓ Imposed Strategy

However Strategy IS NOT:

- Planning (its role is to make strategies functional)
- Only Putting Emphasis on Effectiveness
- Only simple Techniques





# At last a definition!



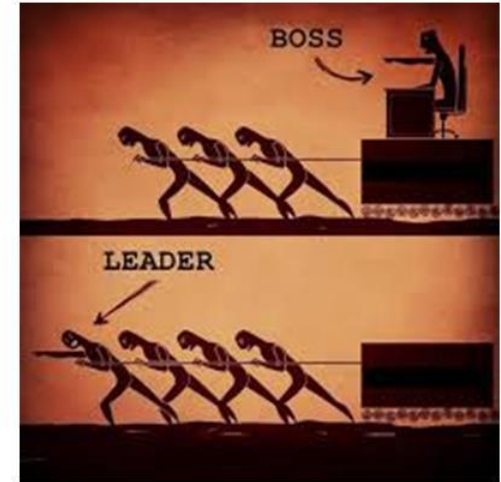
“Strategy is the direction and the scope of an organization’s procedures long-term, that guaranties a sustainable competitive advantage, through the proper use of resources in an evolving environment, aiming to respond to the needs of the market and to satisfy the stakeholders’s aspirations”

Johnson and Scholes

# And what about Leadership..?

## Key Questions:

- ✓ Definition of Leadership ?
- ✓ Leader Vs Manager ?
- ✓ Is a leader born or made?
- ✓ Who is a Great Leader and why is he/she great??
- ✓ Finally, is a Leader a Strategist as well?



# Definition of Leadership



“The Process of Creating a Vision for others and having the power to translate it into a reality and sustain it” (Kotter, 1988)

“A process whereby one individual influences other group members towards the attainment of defined group or organisational goals” (Barron & Greenburg, 1990)

“A process in which leader and followers interact in a way that enables the leader to influence the actions of the followers in a non-coercive way, towards the achievement of certain aims or objectives” (Rollinson, 2002)

# So a Leader seems to...

- ✓ Do things in a different way..
- ✓ Challenge the status quo
- ✓ Influence others...
- ✓ Create a Vision and translate it into reality..
- ✓ Have both fanatic followers and enemies..
- ✓ Be a CHANGE master

And to have plenty of interesting abilities as:

Empathy	Determination
Holistic Perception	Integrity
Amazing communication skills	Sociability Drive
Acting / Implementing	Honesty
Intelligence	Knowledge of business
Self-confidence	Creative
Charismatic	Flexible
Collaborative	Engaging
Hard Working	Efficient
Visible	Respectful
Twice Born Personality	Intuitive
	Resilient

(Furnham, 2012; Northouse, 2004)

# But what about elements like..

- **Anti-social**
  - **Derailed**
  - **Despotic**
  - **Destructive**
  - **Incompetent**
  - **Malignant**
  - **Toxic**
  - **Tyrannical..?**
- (Furnham, 2012)**



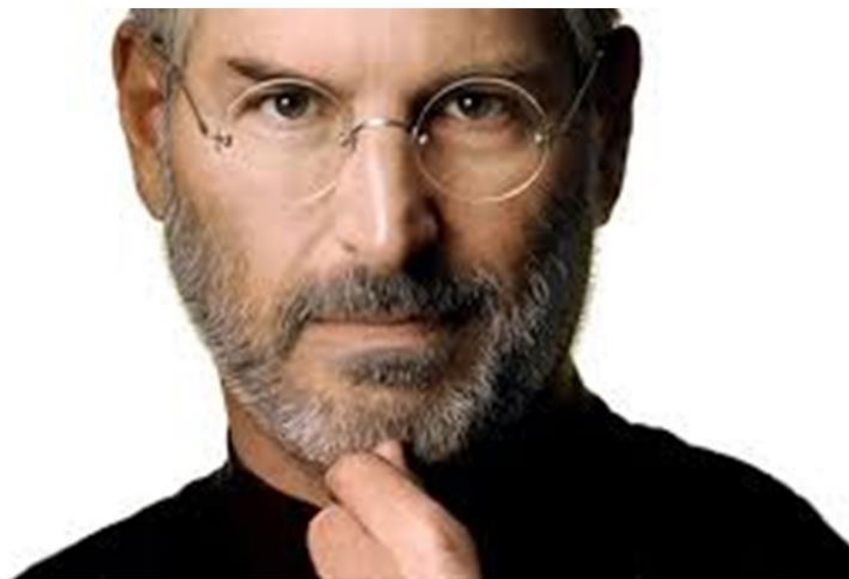




So can you give me examples of those “super-humans”..?









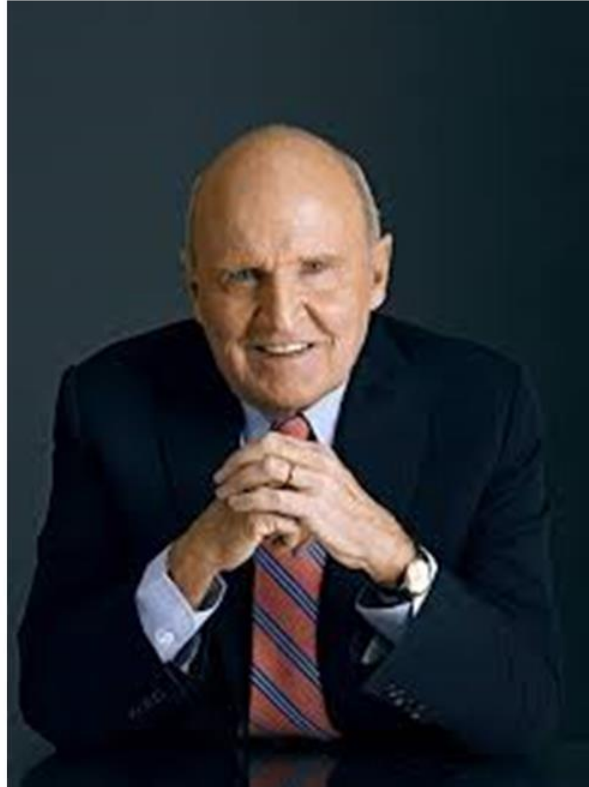


( **Heidi Miller**, President, International, J.P. Morgan)

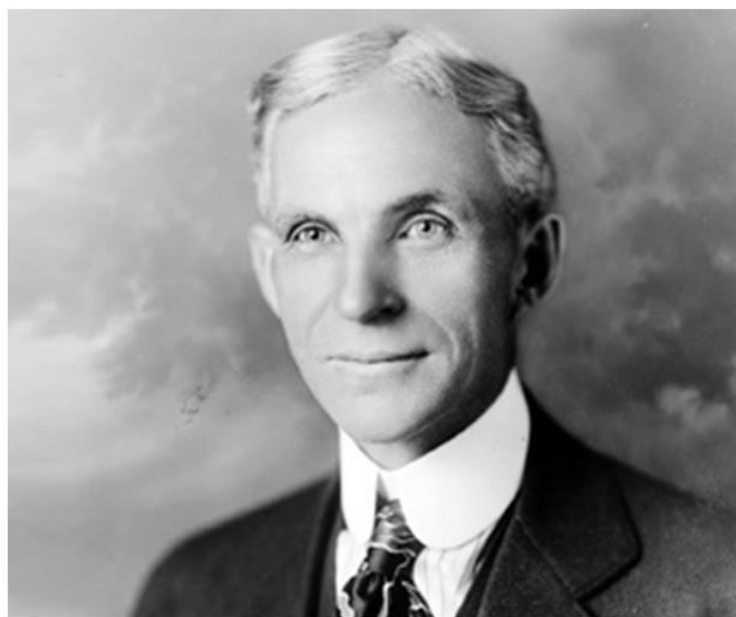








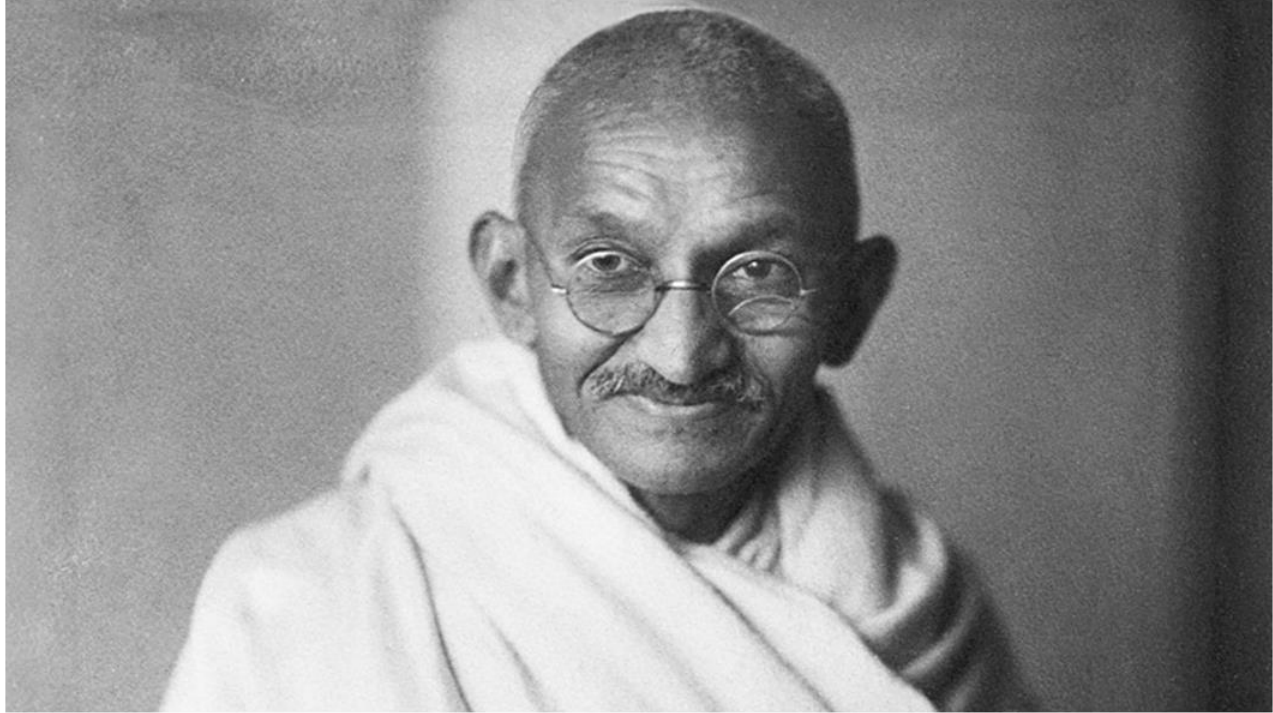








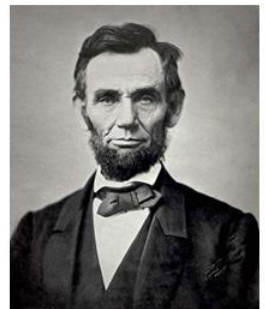




So what great leaders can teach us in terms of strategy?

# EI and Leadership: Art or Science..?

- ✓ Lincoln shared responsibility for others' mistakes, and so people became very loyal to him → emotional intelligence.
- ✓ He was able to acknowledge his errors and learn from his mistakes to a remarkable degree / put past hurts behind him and never allowed wounds to fester.
- ✓ Every leader has flaws. Lincoln's greatest flaw came out of his strength, which was generally liking people and not wanting to hurt them.
- ✓ There was no TV or cable news or BlackBerrys. Leaders weren't that multitasking; they had time to reflect.
- ✓ He was also a great story teller! → value of narratives
  - Emotional Intelligence is a key to understanding the company and the environment around.





# The Five Components of Emotional Intelligence at Work

	Definition	Hallmarks
Self-Awareness	the ability to recognize and understand your moods, emotions, and drives, as well as their effect on others	self-confidence realistic self-assessment self-deprecating sense of humor
Self-Regulation	the ability to control or redirect disruptive impulses and moods the propensity to suspend judgment—to think before acting	trustworthiness and integrity comfort with ambiguity openness to change
Motivation	a passion to work for reasons that go beyond money or status a propensity to pursue goals with energy and persistence	strong drive to achieve optimism, even in the face of failure organizational commitment
Empathy	the ability to understand the emotional makeup of other people skill in treating people according to their emotional reactions	expertise in building and retaining talent cross-cultural sensitivity service to clients and customers
Social Skill	proficiency in managing relationships and building networks an ability to find common ground and build rapport	effectiveness in leading change persuasiveness expertise in building and leading teams

# Vision

“Where” are we going towards to and “how”!

F.D. Klerk suggests three key steps :

- 1) **Accept the need for change/to move.**
- 2) Having accepted the need to change, the next challenge is to **avoid the temptation of *pretending* to change.**
- 3) Once you have accepted the need to change you must articulate a **clear and achievable vision** of where you want to go!



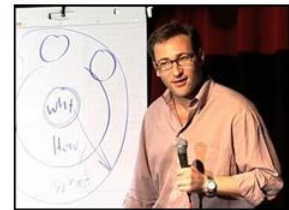
But then you need amazing communication skills to inspire action..

Simon Sinek (TED talk) suggests this way: Why? – How? – What?

Everybody knows “what”

Some know “how”

Very few know “why” but everybody can feel it! – Example of Apple and M. L. King – “I have a dream” – the “why” is the strategic element.



# Blow things up ! By “Neutron” Jack

In terms of Mission (“how”) Jack Welsh has adopted a radical approach in GE:

“Fix it” or “Sell it” or “Close it” !!

“Be on the winning team – nobody likes losers!”

His advice:

- ✓ Lead – don’t manage (energize, excite and inspire rather than enervate, depress and control)
- ✓ Get real – stop assuming.
- ✓ Get less formal and blow up bureaucracy.
- ✓ Simplify things
- ✓ Embrace Change and take risks
- ✓ Put value(s) first and then money
- ✓ Manage less but avoid being a micro leader (adopt a holistic perspective)





# "Stay Hungry - Stay Foolish"

"Focus" he said to L. Page – "Figure out what Google wants to become when it grows up. Find 10 things that you need to do next."

- ✓ Simplify and take responsibility (to become the best).
- ✓ When behind, leapfrog (strategic bets).
- ✓ Bend reality (convinced St. Wozniak to create the Breakout game within 4 days when he insisted it would take 4 months).
- ✓ Put products before profits (although apple didn't seem to "like" its customers a lot!).
- ✓ Tolerate only "A" players .
- ✓ Push for perfection.
- ✓ Engage Face to Face.
- ✓ Know both the big picture and the details.



"You need to find what you love"

# Alexander and Aristotle



- ✓ **There is no perfect solution – train your mind into finding new solutions**
- ✓ **Practice and learn/evolve** (similarly Lao Tse in the other side of the globe at the same time was saying that “If you say it to me I will listen, if you show me I will see, but if you let me experience it then I will learn”).
- ✓ **Quick decision making based in facts and important info, identifying the most crucial linkages and patterns. Thus..**
- ✓ **Ask the right questions, practice listening and constructive criticism**  
(without any criticism we are led to destructive uniformity – “Yes” men)
- ✓ **Chose “where”, “when” (for H. Mintzberg this is more important than “what”) and “how”.**

# Alexander and Aristotle



Full-front attack is over – apply various strategies.

Clear job description and transparency

Minimize uncertainty and show quickly your style of leadership and vision  
(example of IBM's way – Gestner in 1993)

Sense of urgency – not panic

Create a legend around you.

Respect your opponents (N.Mandela said "there is no one more dangerous  
than the one who is humiliated")

Autocratic Style according to Aristotle: "To get angry with the right  
person, with the right way, at the right moment for the right cause"

Never forget that values might be personal but actions of a leader are  
always public.



# But can we do all of these???

## And how???

Remember the definition of strategy by “Johnson and Scholes”??

Let see it again and relate it to what we have seen before:

“Strategy is the direction and the scope of an organization’s procedures long-term, that guaranties a sustainable competitive advantage, through the proper use of resources in an evolving environment, aiming to respond to the needs of the market and to satisfy the stakeholders’s aspirations””

# Five Strategy Lessons from: Grove - Gates - Jobs



Different people but similar approaches:

- ✓ Strategic Clarity and Disciplined Execution as core values for all 3 of them  
Word "Learn" is essential
- ✓ The mastery of strategy is not an innate skill
- ✓ Most great managers/directors *learn how to become* better strategic thinkers and organisation leaders.
- ✓ Dedication to learn
- ✓ Commitment to reflect on triumphs and mistakes

(Yoffie and Cusumano, 2015)

## Five Strategy Lessons from Grove - Gates – Jobs (2)

### ✓ Look Forward but Reason Back

Determine where your company want to be in the future – “reason back” to determine the moves to get there.



### ✓ Make Big Bets, Without Betting the Company

Strategic bets that lead performance and not financial bets

### ✓ Build Platforms and Ecosystems

Leaders help in the creation of platforms enabling ecosystems of complementary products/services → increasing value

### ✓ Exploit Leverage and Power

Judo Strategy-making your opponents strength into weakness and vice versa

### ✓ Shape your company around Your Personal Anchor

Gate's understanding of software, Grove's devotion to process discipline, Jobs' obsession with design

(Yoffie and Cusumano, 2015)



Moreover in today's fast changing world new developments help out even more..

- ✓ Strategy as a Structured Chaos: rhythm and transitions, a delicate balance between order and chaos, a holistic perspective of our world are key elements of success (Eisendhardt and Brown, 1998).
- ✓ Leadership is changing for the above reasons:
  - Middle managers become strategists and leaders of their departments (SBUs) and,
  - CEOs become philosophers and those who match values and opportunities to processes and products/services ("patchers")
- ✓ Now we start to "feel" that concepts like adaptation, experimentation, regeneration, improvisation seem to be key elements of business development and leadership!

# The Knowledge-Doing Gap

Turning knowledge into action is not easy:

- Because, knowing what to do is not enough
- When talk substitutes for action
- When memory is a substitute for thinking
- When fear prevents acting on knowledge
- When measurement obstructs good judgement
- When internal competition turns friends into enemies

(Sutton and Pfeffer, 2000)

# How to be a great leader & a strategist

**Again, one of the great teachers, Aristotle, suggests three key concepts:**

Ethos (Credibility) or in other words, ethical appeal.

Pathos (Emotional) means persuading by appealing to the listener's emotion – to feel what the other feels / empathy and passion (power of the message).

Logos (Logical) means persuading by the use of reasoning. It refers to the internal consistency of the message--the clarity of the claim, the logic of its reasons, and the effectiveness of its supporting evidence.

And never forget that “Excellence is not a single act, it is matter of habit, as we are what do every day”!



Thank you very much for your attention 😊

Questions – Discussion

