

Make a Difference

How you can become the person who revolutionizes where your organization goes in the future.



by Rich Horwath

Do you *get it?* Translation: Are you strategic? How often have you overheard a group talking about a leader and saying, "She/he just doesn't get it?"

Do they say that about you?

The first step to uncovering what type of leader you are is to ask (and answer honestly) this question: Are you a tactical or strategic leader? In your mind, does it even matter?

Here's what a study of corporate human resources and leadership development executives (conducted by the *Wall Street Journal*) recently found. The study identified these top five executive skills sought by organizations:

1. Strategic thinking
2. Ability to work across functions
3. Ability to drive results
4. General leadership
5. Core financial understanding

With strategic thinking topping the list, we see that yes, it does matter. The real question is how can we continually hone our strategic thinking skills to thrive in today's turbulent economic times? The fact is, most of us are now required to be more successful with fewer resources. And that is the heart of strategic thinking: generating and applying business insights on a continual basis to achieve competitive advantage.

Unfortunately, about 90 percent of chief executives have never experienced the benefits of learning or development opportunities on strategic thinking.

Here are four strategic "thinking themes" to elevate you from the tactical to the strategic realm.

Theme #1: Understand the 'Why'

Strategic leaders start with identifying the 'why' and then work to ensure everyone else understands the 'why.' One expression of 'why' comes in the form of mission, vision, and values. Unfortunately, these are usually such watered down, consensus-driven yawns that they don't guide, much less inspire action. If your mission and vision statements don't bump up your pulse a few beats, then rework them or find a new company that actually has a worthwhile purpose.

Five questions to get to 'why':

1. *Why* do we do what we do?
2. *Why* do we make money?
3. *Why* do our best members/customers stay with us?
4. *Why* do we lose members/customers?
5. *Why* would a prospective member/customer choose us over our competition (for-profit or non-profit)?

Theme #2: Do Things Differently

How many of you have been to both Barnes and Noble and Borders stores? Can you tell the difference? Me neither. Here's a quote from someone who has been to both: "I was thinking back on stores I'd been to and I thought to myself, 'Was that a Borders or Barnes and Noble? There's an opportunity to have a good experience at both, but they're not differentiated enough.'" This isn't surprising except for who said it: George Jones, the CEO of Borders. If the CEO can't tell the difference between his stores and the competitor's, you can bet the customers can't either.

Strategy is inherently about doing different things than the competition or doing the same things in different ways than the competition.

It's not about being better; it's about being different. Why? Because "better" is often subjective. Is blueberry pie better than lemon meringue? It depends—but it's definitely different—and I can sell you on those differences.

Sam Palmisano, CEO of IBM, sums it up nicely: "The holy grail of strategic thinking is: How do you come up with a business model that differentiates you and that creates value for your customers and by doing that, puts you in a unique position in your industry?" Five questions to get to differentiation:

1. What are the different activities we perform versus the competition?
2. What are the similar activities we perform in a different way than the competition?
3. What are the differences in our offering that are highly relevant to members/customers?
4. What is the difference in value our offering provides to members/customers?
5. What else can we do to feed our positive differentiation?

Theme #3: See the System

Our lives are filled with systems. From the biological systems that make our bodies function to the weather systems that create Michigan's ridiculous stretches of frigid temperatures. (Hey Al, can we have the Nobel for global warming back?)

But when it comes to our business, many of the challenges we face come from the complex systems of multiple functions involving vendors, suppliers, changing member/customer demands, etc. If we don't have practical tools for mapping these systems out, we're likely to make comments like this one, which demonstrates the predisposition for being reactive versus being proactive:

"There's no way we could have predicted this economic downturn that's affecting revenue. But we've got to react to it." Local Politician (name

withheld to protect the ignorant).

When it comes to understanding your system of strategy, a tool such as the Activity System Map can be of great value. The Activity System Map enables you to visualize your entire business, including both strategic themes and tactics, on one page. Just as important, it shows the relation-

ships (or lack of relationships) between your strategies and tactics. Five questions to visualize the system:

1. Who are all of the players in this system?
2. What are the relationships in this system?
3. What are the strategic themes in our strategy system?

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4. What are the tactics we use to support those strategic themes?
5. What tactics can we prune from the system to stimulate new growth in other areas?

Theme #4: Discipline to Trade-off

The Latin word for decision is *decidere*, which means “to cut off.” Problem is some managers don’t have the stomach for risk these days. Worse yet, many companies directly or indirectly punish good people for making trade-offs that don’t pan out.

The great companies realize the value and power of making trade-offs to focus resources. Apple COO Tim Cook says, “One traditional management philosophy that’s taught in many business schools is diversification. Well, that’s not us.” Apple focuses its resources on a handful of products that blow their competition out of the water.

An example of their resource allocation discipline and making trade-offs: Apple eliminated its most popular iPod (Mini) the day it brought out the Nano. How many of us would have the guts to eliminate our most popular product the day we launched a new unproven entry? Five questions to know how/when make trade-offs:

1. What member/customer groups are we not going to serve?
2. What facets of our product/service are we not going to offer?
3. What tactics can we eliminate that are no longer adding differentiated value for members/customers?
4. What paperwork can I, as chief executive, eliminate for my managers to allow them to focus on generating greater value to internal or external members/customers?
5. What are the top five entries on my “Don’t Do” list?

The Most Important Strategy

Most books and training programs only address the first three levels of strategy: corporate, business unit, and functional group. In reality, these are all subsets of the most important level of strategy: *You*.

The individual level is where strategy is actually created. Unfortunately, 90 percent of chief executives have never experienced the benefits of learning or development opportunities on strategic thinking. The good news: You will have the opportunity to receive this training at ORGPRO 2009. During the sessions, you can elevate yourself from a tactical to a strategic leader. The better news is that in doing so, not only will you become more valuable to your organization, but you’ll separate yourself and your business from the competition.

Do you get it? ♦

Rich Horwath is the president of the Strategic Thinking Institute, a professor of strategy at the graduate level, and a former chief strategy officer. Rich is the author of the new book, Deep Dive and creator of the Strategy Vault, a popular online strategy resource center.



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