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# Leadership Excellence

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A portrait of Jim Kouzes, an older man with glasses, wearing a blue V-neck sweater over a white collared shirt. He is smiling and has his arms crossed. The background is a rustic wooden wall.

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## The weapon to win the marketplace wars

 By Todd Ordal

**S**trategy is the most significant differentiator in success. When done well, it produces competitive advantages that generate greater profitability. That's one reason why the importance of strategy cannot be overstated. Not surprisingly, CEOs bear the responsibility for developing and maintaining strategic initiatives for the companies they lead. Savvy leaders know what strategy is, why it's important, and how to establish and implement it in order to win marketplace wars.

### Vision Check

Vision is the prerequisite for strategy. Vision describes the organizational destination; strategy is the roadmap to arrive there. Vision should be a clear, compelling picture of the future around which the organization is aligned. For example, Google wants to "...organize the world's information and make it universally accessible and useful." In addition to vision statements, many companies also have mission statements to define their businesses and value statements to describe how they conduct business. But without a vision statement that answers the question, "Where are we going?" neither mission nor value statements are very helpful in the strategic thinking process. Only after a strong and articulate vision is generated can strategy be developed to address the "how" to get there.

Of course, having a vision is only helpful if it is definitive and clearly communicated throughout the ranks. Here again, this is a mandate that falls squarely on the shoulders of organizational leaders. Whether they set the strategy themselves or inherited it from the previous leader, CEOs are challenged to make sure the vision and strategy are in alignment and used to motivate, instruct and incent the workforce.

If no clear vision exists, or it has become outdated or out of sync with the current market dynamics, wise CEOs will engage their management teams in conversation to recreate the vision by asking questions such as, "If you had a magic wand and could dictate the future of our business in a compelling way that provides tremendous value to our customers, what would you do?" Alternatively, for CEOs who choose to cultivate the vision independently, then they can seek feedback from others and modify it accordingly. With either option, getting buy-in from key stakeholders is essential to produce the desired behavior and outcomes needed to achieve the vision. Remember, commitment is far more valuable than mere compliance. When co-workers feel they have a voice, they're more likely to align themselves to the vision.

### What strategy is and isn't

Many executives errantly believe that execution *is* strategy. While they can't articulate a consistent, cohesive definition of strategy, they insist they "know it when they see it." But strategy is distinct and definable: if vision is *where* the company is going, strategy is *what* the company does to arrive there. Execution of the strategy is vital, but without well-defined, articulated steps, execution is little more than aimless activity.

The global management consulting firm McKinsey & Company defines strategy as an aligned set of actions that allow a firm to successfully compete in its environment. A.G. Lafley, former CEO of Procter and Gamble, suggests that strategy answers two questions: (1) *Where will we play?* And (2) *How will we win?* Note that both

definitions are action-oriented and require decision. Strategic thinking forces a leader to say "yes" to one thing and "no" to many others. Furthermore, strategy is not planning. To execute strategy requires planning, but the two are not synonymous.

### Understand the obstacles

Strategy development is important for a variety of reasons, but the most compelling is that it brings alignment within the team, which results in progress. Industrious people abhor a vacuum. Consequently, when strategy is lacking, they are likely to make their own assumptions about which path to take. The result is people who pull the company in multiple directions, which in turn wastes both time and money. With a clearly defined and articulated strategy, the team works together in a single direction with a unified purpose. This reality is the aim of every effective leader.

While strategy is of vital importance to the organization, many CEOs run from the topic, falsely believing it will present more challenges than they're equipped to meet. That's due to four fundamental problems leaders struggle with when attempting to craft strategy. They are:

1. *Strategy is messy.* There is no single, right strategy, and it's not a straight-line process. Most leaders prefer the most direct path to a solution—a great trait! However, crafting strategy requires exploring multiple trails before finding the best path to the desired destination.
2. *Strategy development requires a process.* There are many processes available to develop strategy, Michael Porter's "5 Forces Model", the Discipline of Market Leaders model by Treacy and Wiersema, Blue Ocean Strategy from Kim and Mauborgne, and the "Driving Force" model from Tregoe and Zimmerman to name a few. Having a process is what facilitates the strategy development. Select one and work the process.
3. *Strategy requires a backbone.* Leaders are required to make educated guesses about the future in the face of many unknowns. Adhering to the chosen strategic path is both imperative and difficult when so much uncertainty exists. Once a strategy is chosen, the CEO must be the lead advocate, salesperson, and—when required—traffic cop in matters pertaining to strategy.
4. *Strategy takes adjustments.* Staying on the chosen path is a leadership mandate. Yet that path will occasionally require minor (and sometimes major) course corrections to navigate unanticipated obstacles. Vigilance coupled with flexibility ensures the strategy is effective in achieving the ultimate goal.

When leaders are unwilling to face the daunting challenges of strategy development, the company may accidentally experience success and growth in small battles, but they will never win the war. Developing a strategy to guide the business toward its vision is a difficult but important task that shouldn't be avoided or ignored. When the organization is equipped with a clear strategic roadmap, the odds of winning in the marketplace increase dramatically.

### The strategic roadmap

Recognizing the necessity of having a well-designed, clear strategy, leaders must be willing to dig into the difficult task of developing it. A simple but effective method of strategy development identifies key





business components such as products, services, relationships, and distribution. These are the areas in which the organization competes. Each is ranked according to their strategic importance. By evaluating the strength of those components, and how differentiated they are from those of the competitors, a path to success often becomes more clear. Observe the strategy of major competitors and calibrate which components can best be exploited for advantage against theirs. By realizing which components can be leveraged for competition—and which cannot—leaders can plot an effective strategy for their organizations. Navigate the process using these three steps:

1. *Evaluate.* Identify the business components, and rank them according to their strategic importance. Then assess how well-differentiated those strengths are as compared to competitors. Be brutally honest. Demand proof of the assessments from staff or other stakeholders. Armed with that information, evaluate whether the strategy needs to be re-crafted or is sufficient.

2. *Innovate.* Identify areas in which innovation could take the organization from a competitive position to one of distinction or marketplace breakthrough. More often than not, however, becoming truly unique won't be possible in more than one of the key business components. In fact, trying to do so may be ill-advised. Yet, a focus on innovation and an eye for the future is the single most powerful component companies have when developing a strategic advantage.

3. *Reinvigorate.* Charting a new course usually brings about change and its partner: stress. Team members readily perceive the coming battles in this war. A leader needs to inspire the troops before heading into battle and continue to encourage them throughout the campaign. The mantra, “communicate, communicate, communicate” reminds

leaders to articulate the vision and the strategy they have for getting there. When repeated clearly and often, an excited workforce will reinvigorate the business and support necessary innovations.

While there's no “one-size-fits-all” approach to developing strategy, these tasks comprise the foundation of any such effort. By assessing the strengths and strategic importance of business components, seeing which battle to fight is readily evident. Taking the time to evaluate the best path, innovate to capitalize on strengths, and then reinvigorate the troops will poise the organization for success on the battlefield.

#### **Achieving victory**

Many leaders shrink from the challenging task of developing a clear strategy for their organization despite recognizing its vital role in success. Knowing what strategy is and using a process to develop it removes a large portion of the ambiguity that stands in the way of crafting a winning strategy. Whether the staff is large or small, it's incumbent upon the leader to cast the vision that ensures employees' efforts move the organization toward a common goal. By not only sharing that vision, but also delineating the path to achieve it, all parties are poised for sustained success. **LE**



**Todd Ordal** is a Boulder-based Certified Management Consultant and Certified Professional Coach. Prior to founding Applied Strategy, he served as a CEO in multiple industries. In his coaching and consulting practice, Todd helps leaders profit more and lead better. Visit [www.toddordal.com](http://www.toddordal.com) Connect [Todd Ordal](https://www.linkedin.com/in/toddordal) Follow [@toddordal](https://twitter.com/toddordal)

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