

Strategy Driven Leadership

By

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Being the Best isn't Good Enough

Early in my career, I helped run a training program at Exxon called Effective Supervision. The program was based on the premise that leaders don't learn by passively listening to lectures, but by actively engaging in simulated leadership experiences.

The training was also designed to help technical professionals transition to new roles as leaders of the organization. Such changes are monumental, as these people are really beginning a new profession that requires new skills and letting go of old, familiar roles. This week-long program (which was originally designed by my former professor, William Dyer) was built around 20% presentation, 40% experience, 25% feedback (including extensive videotaping and 360 surveys), and another 15% reflection and action planning. The program was taught by the middle level managers and had significant impact on both participants and the Exxon manager instructors.

A few years later, we were able to design and implement programs for higher levels of management, including Leadership III for Exxon U.S.A., Advanced Management Education for the corporation, and Advanced Leadership Training for the senior leadership at Exxon, in partnership with IMD in Lausanne, Switzerland. At the IMD program, the Exxon Chemical's president would fly to Lausanne for one evening's presentation, where he presented the historical context for the business, current objectives and strategies, and the issues he saw going forward. His presentation included an open forum, and he was always peppered with countless questions. (Interestingly, despite the great quality of the university instructors who conducted most of the training, the president always scored the highest on feedback ratings for the program.)

These were incredible experiences, and I saw varying degrees of sustainable impact on individuals and the organization. But I always sensed a missing link in our training, as I found myself asking, "Were these programs delivering the strategy of the company?"

We always made certain that those attending worked on company situations, problems, issues, and leadership behaviors; but I can't say, after being part of the millions of dollars invested on these programs, that we were delivering the *strategies* of the company. In fact, if I were honest, I would have to conclude that we probably weren't, even though we were helping leaders individually and in developing networks of relationships across the organization.

Despite this admission, I also came to see that my colleagues and I weren't alone in missing this key component in leadership development. Through my work with Exxon, I participated in numerous research review panels (International Consortium for Executive Development Research) and in reviewing leading university executive leadership programs. During one of several visits to Harvard, I was approached by the head of the school's executive education program, who told me of plans to celebrate the 50th anniversary of its Advanced Management Program. He told me that our Exxon CEO was a

graduate of that program and asked if I could get him to come to the celebration. When I ran the request up the flagpole, the rather emphatic response was, “Absolutely not! I didn’t learn anything in that program that helped me run an oil company.” I politely replied that the CEO wouldn’t be able to attend, and also filed away the thought that one of the most famous general management programs on the planet was not found to be relevant for what our leader needed.

Of course, Exxon continued to be recognized as one of the most successful major oil companies in the world, and year after year it created a return to shareholders that was the envy of both the industry and Wall Street. We were proud of being part of a great company, and we hoped that in some way our leadership training was contributing to these successes. After all, we were following and implementing the best leadership principles available, but we were still managing to miss the mark.

At about this same time, we were developing our own internal executive training program for Exxon. As part of that, we worked with Noel Tichy, a renowned management consultant and professor at University of Michigan who was one of the architects of the GE program, in developing and delivering a program that was more relevant for the business. We had the likes of Steve Covey, Ram Charan, By Barnes and other recognized leadership development and thought leaders present in our various programs. We had Exxon leaders working in teams to apply their learning on various corporate issues. Still, our efforts didn’t really translate back specifically into what each leader was doing in their own business, behavior, and strategic goals. It felt like we were headed in the right direction, but still something was missing, even though my benchmark indicated we were one of the best at leadership development. But being the best as defined by the outside is not the real measure of success; rather, it is what impact we make on achieving the strategic goals, irrespective of the glossy materials and high-flying gurus that are helicoptered in and out. In other words, it is the hard work of doing the right things *with strategic focus* that gets translated into the day-to-day actions – real leadership.

The Missing Link

Academics, practitioners, leaders, consultants and Monday morning quarterbacks have, for decades, written, spoken, and published about how to improve leadership. But nothing seems to change. Even the approaches that claim to be connected to a particular business are little more than smoke screens. Because sketchy evidence of sustainable practices is retained in the DNA of most organizational leadership, periodically they will call in a guru to promote and expound on the virtues of great leadership. Managers get their inoculation, intellectual entertainment is enjoyed, high ratings are given, and the illusion of improved leadership can be checked off the list of leadership development objectives for the year.

Major expenditures are made, despite research verifying that teaching by preaching is an ineffective approach in creating real, lasting change. The only redeeming value such seminars might have, besides employees being entertained by a charismatic speaker, is that they may ignite interest in developing something more sustainable.

Real change happens in the trenches of day-to-day activity. The answer seems so obvious. When I learned to play tennis, I took lessons on the court, followed by hundreds of hours of practice—again, on the court! I had an experienced coach who directed me on how to improve my skill, which led to improved performance. I didn’t go to lectures on being a great tennis player. I practiced, practiced, and

practiced some more, based on proven techniques. Then I applied those practices in matches, tennis leagues, and tournaments. The results were measured by my winning matches and—once in a while—a tournament. Why would it be any different for developing and delivering great leadership in an organization?

Companies are in business for one simple reason: to create value for shareholders, customers, employees, and other stakeholders. To maximize that value, leaders must devise a strategy and deliver that strategy. And yet Harvard research indicates that 95% of employees can't make a connection between the work they do and their company's strategies. If the role of leadership is to get everyone on board with delivering the strategy, shouldn't leadership development be explicitly focused on doing that? Why else do such programs exist? This is the point where strategic leadership development needs to be intertwined with delivery—and with the execution of the organization's strategies.

Strategy Leads to Transformational Change

Several years ago, I worked with a utility company in the Middle East on its plans to go public. This was a shadow evaluation, separate from a consulting team conducting the main project. The CEO wanted a second opinion without talking to the consulting group. We made our recommendations and then I went on to another project, not having any involvement in the implementation.

About five years later, I was asked by the original leader of the other consulting team to work with her on an assessment and leadership workshop with this company's senior leadership team. (She wasn't aware of my original role, and we had a good laugh when I connected the dots for her). We proved to be a perfect combination, given that we both had the background knowledge of this company. We were called in because of significant performance gaps in the company, which its board was pressuring management to fix.

We conducted an assessment of company's profitability, customer satisfaction, employee satisfaction, growth capacity, etc. In every category, it had done very poorly, despite the original intent that going public would lead to improvement in each of these areas. It was immediately clear that simply changing to a public company hadn't changed the behaviors, the people, the culture, and, most of all, the leadership (even with the firing of the previous CEO). After a very painful confrontation around its current reality, we created a sense of hope by empowering teams of leaders to develop a systematic change plan for moving forward.

Specifically, we set up a broad-scale transformation program that ranged from changing technical processes (such as preventative maintenance) to changing organizational processes, including governance, development of a growth strategy, and the realignment of parts of the organization with further growth plans. In total, we implemented about 18 different *strategic* initiative transformational projects.

Included in these was leadership development designed to empower leadership to transform the way that its members were performing. We developed a leadership model that was specific to this organization and its growth requirements, we realigned key leadership positions, including the establishment of a COO position to lessen the burden on the president, and we started a comprehensive leadership development program.

The key to this leadership model was uniquely defining the critical few behaviors required of each leader to deliver the leadership agenda and strategic goals unique to their strategic business context. Without this change, results could not be realized; but with it, the organization's potential knew no bounds, although it did require that some leaders reinvent themselves or move over for better-aligned and capable leaders.

Now we were on the path to change.

Great Leadership to Overcome the Odds

More recently I worked with a relatively new oil company, where a few courageous entrepreneurs were able to attract over \$750 million in start-up money from a group of private equity investors. This group had no assets, they had no employees, they had no reserves, they had no acreage, they had no revenues—all they had was a big idea, a clear, focused strategy, and the reputation of its leaders. That was enough for the investors to risk their equity. The company was off to a great start.

However, as this group pursued their dreams, everything that possibly could go wrong did. The price of crude cratered, and the world faced the biggest economic disaster since the Great Depression. On top of that, the largest oil spill in the Gulf of Mexico froze all opportunities for drilling, even as oil companies' employees were held hostage on drilling rigs contracts that cost hundreds of thousands a day. Costs skyrocketed, raising capital became more difficult, and it appeared several times these entrepreneurs were headed over the cliff to a dismal failure. Yet, somehow, they worked through every problem, raised the capital, and influenced government legislation that, in its original form, would have been devastating to an independent oil company operating in the Gulf of Mexico. They rose above it all, achieving nine successful discoveries by 2014.

How did they do this? In short, this group marshaled the commitment and fortitude of every employee and leader around a clearly defined strategy. Through great leadership, they overcame all odds and built a successful enterprise. Every time a company conquers one set of challenges and momentarily catches its breath, it finds a new set on the horizon. For this company, the next wave of huge challenges is to achieve the next step of development in its value chain and to raise the capital to do so. Despite remarkable results, it still has no revenues. Oil exploration and development involves a lengthy cycle before the financial rewards are realized. These entrepreneurs aren't out of the woods yet, but they are well down the path. The CEO knows that the next set of goals that were committed to by the Board will require the commitment, perseverance, and targeted contributions from everyone in the organization. This could not be accomplished through business as usual, but requires extraordinary effort driven by extraordinary leadership. They have overcome the odds before, but it was hard fought, sometimes ugly, often unsystematic, and not based on any common belief or practice of what great leadership looks like. What has saved them is knowing their strategy and sticking to it.

Leaders Drive the Levers of Success—Through Strategy!

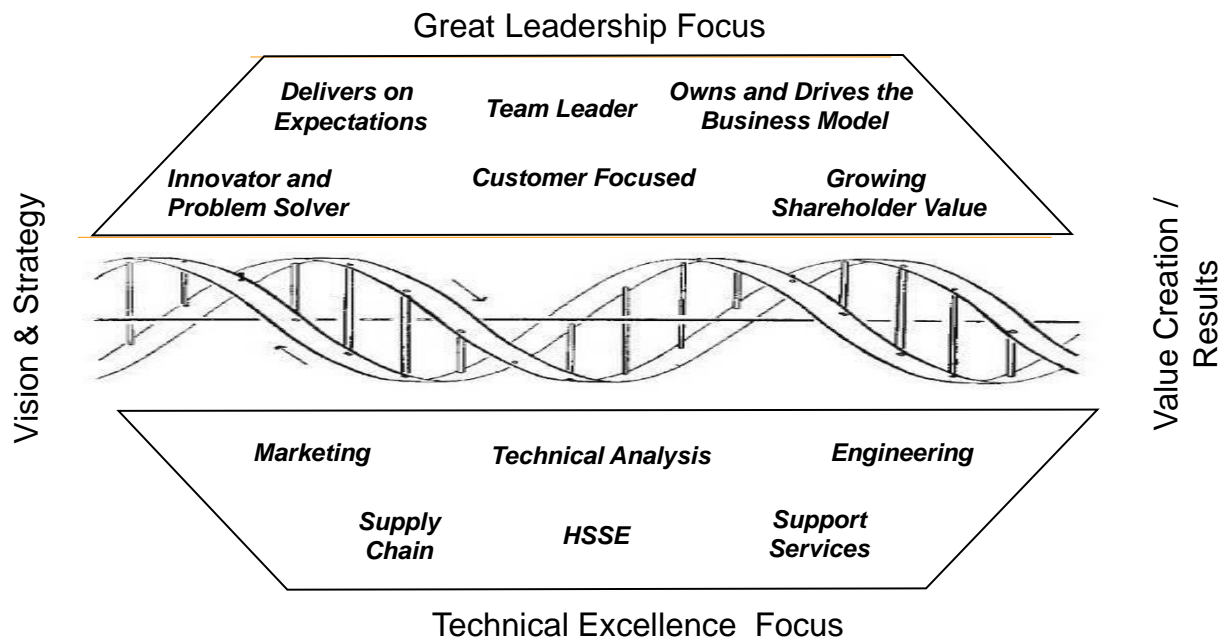
There are many levers a leader can use to improve the execution of performance, including developing a clear strategy, designing a clear operating and organization model, developing the right capabilities with effective processes and systems, providing technology-enabled infrastructure, raising capital, having a performance-based culture, implementing governance and management processes, and innovating new

solutions to new challenges. Each requires vision and transformational change. While each of these topics could be a separate focus, the underlying basis for success for any and all of them comes back to leadership, to those who hold these levers. Leadership is not a spectator sport; rather, it requires that leaders get off the bleachers and into the trenches with their people, as they jointly solve the problems of today and create sustainable solutions for the future. Leaders don't achieve results by driving over people, but by engaging them in the process, the solutions, and the implementation. The leadership question then becomes not what you need to achieve, but what do you need to do as leaders to achieve it. This is the "how" of leadership. In short, how do you create Strategy-Driven Leadership?

Organizations are, by nature, driven by technical expertise. Individuals gravitate toward opportunities to contribute and find fulfillment based on their technical discipline, whether it is engineering, legal, accounting, HR, or a very specific scientific area like catalysis. People are good at focusing on their strengths, which comes instinctively and naturally. Most of us find it harder to focus on those areas where we lack familiarity.

The result is that when technical professionals are promoted into the ranks of management and become responsible for leading people, they have crossed the threshold to a new profession. Therefore, it takes a more concerted effort to generate the same level of energy, attention, and focus to be a great leader than to be a great technical professional. However, the value of combining great leadership with great technical abilities has a multiplying effect, and if it permeates an organization, its destiny can be unstoppable.

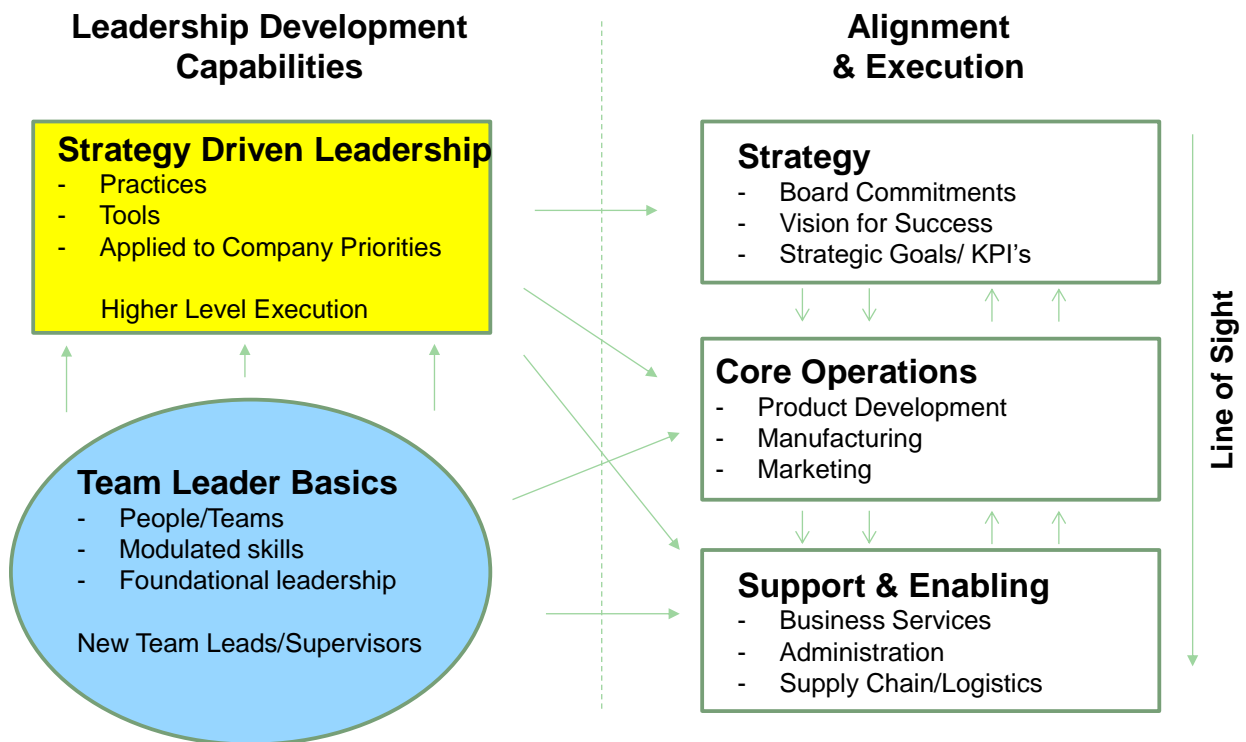
The model below illustrates the dual role of technical excellence with exceptional leadership to deliver the strategy and results of a company. It is through the DNA that the common approach and way of executive leadership becomes the norm by which success is driven.



Developing Strategy Driven Leadership

Developing leadership capability begins with the basics of effective supervision. This requires effective training, coaching, and mentoring to build this important foundation. This level of training is not the focus of this paper, but it is important to note that these foundational leadership skills are essential to long-term effectiveness and success. Organizations need to develop an integrated leadership development approach that addresses this need.

With the basics of leadership skills in place, the exercise of leadership to drive the strategic agenda can be provided. These acts of leadership form the basis for Strategy-Driven Leadership. This requires less training, assuming the basics are in place, but takes those skills and applies them as practices with specific tools to deliver the strategic agenda. This requires a clear line of sight from the strategy to operational execution to all the support and enabling functions, where the light sometimes starts to become fairly dim.



The steps below form the basis for a systematic approach that needs to be adapted to the specific needs of the organization through Strategy Driven Leadership.

Step I: Take the clearly defined strategic goals or senior leadership agenda (5-7 items) as the focus for Strategy-Driven Leadership. These goals need to be ironclad commitments that the entire organization is aware of and is willing to rally around. They often include directives and commitments from the board. For large organizations, they may start a layer down at a division or department level. It is useful

to have white papers written on each of these agenda items for clarity in communicating understanding and background to these strategic commitments.

Step 2: Develop a leadership model with 5–6 key practice areas that describes the key expectations of leaders and what they need to do as acts of leadership. This becomes the centerpiece for what leaders are expected to do to deliver the strategic agenda. It provides continuity and a shared mindset, as well as language for exercising leadership across the enterprise. Examples of these leadership practices are: Delivering on Expectations, Innovating for the Customer, Driving the Business Model, Transformational Change, and Creating Sustainable Results. The practice needs to be based on what the company expects its leaders to emulate through day-to-day behaviors.

Step 3: Define the principles and exemplary practices for each of these leadership focus areas that form the leadership model. Make them practical and tangible—something everyone can do and practice, even though some can do it better than others. This is not about a leadership style but about acts of leadership for every leader. Identify and develop the specific tools that can be applied, learned, and re-applied.

Step 4: Develop and conduct a series of leadership workshops – ideally once a month over an extended lunch or 3-hour session—that combine the learning of these specific leadership practice with a common tool. Develop common materials that can be a reference for each of the leaders to refer to, not only during these workshops, but applied to all new future goals. Create a leadership reference handbook. The materials need to be prepared in way that internal managers can easily present it in the workshops. It is also helpful to develop a web site that can be a repository for videos, tool templates, a leadership blog, and new executive messages.

Step 5: Select more senior leaders to conduct working sessions to teach these workshops. Leaders teaching leaders. These sessions need to provide a forum for rich dialogue and learning around the selected strategic goal for each session, with practice sessions for teams to apply the leadership tools. Each session provides time for follow-up and accountability from the prior sessions on the job application. New leadership principles and practices are introduced and discussed. A tool is provided for teams to address strategic goals and issues in teams. Finally, an on-the-job action plan is developed.

Step 6: Follow-up sessions need to be held with teams to continue their working on the exercise started in the workshop as part of their on-the-job application. Leaders need to define for themselves what they need to do to help deliver the strategic goals using the leadership tools. Teams can also be coached in the application of the tools in follow-up sessions. Senior leaders assigned lead responsibility for a given goal may want to attend the follow-up discussions to provide context and to get fresh ideas.

Step 7: At the beginning of each subsequent session, leaders report back what they have done personally to further the accomplishment of the specific goal by applying the leadership practices. Then the process starts over with the next Strategy Driven Leadership topic and strategic goal focus.

The Goal – Delivery of Strategic Goals through Great Leadership

Strategic goals are fraught with many challenges and need effective responses from their leaders. This approach serves the dual purpose of learning relevant tools and key practices while applying them directly to the challenges inherent in strategic goals and initiatives. It is hands-on learning with “real”

challenges and problems. Leaders become adept at knowing when to exercise the various dimensions of leadership, based on the company's specific goals and challenges.

Leadership teams are composed of a mix of talents, capabilities, and personal styles. Some leaders are the initiators of ideas, others are better at building processes and systems, while still others are better in engaging all employees. Some are very structured while others are more responsive to real-time flow and changing demands. Each has his or her own unique leadership approach. The key is not to clone leaders; rather, it is to give them common tools and practices that pull them together. It forms a common language and way of entering into dialogue to pinpoint their own unique gifts and talents that can then be passed on to the whole.

Great companies are driven by great leaders. They provide the leadership required across each stage of the lifecycle of a company to successfully move from start-up to mature, respected and esteemed enterprises. Success is not about the leader, but about all the leaders working with their employees to carry out the strategic goals and agenda of the organization.

Great leadership is not something that just happens. It evolves and is acquired as a result of exercising effective practices and tools with a razor-sharp focus on the right things that matter – the strategic priorities of the organization. It is developed through effective teamwork and coordinated applications of proven techniques. Leadership style and charisma may be useful but are overrated. It is the hard work of leaders in the trenches of everyday challenges, obstacles, and opportunities that make the world turn. Most of all it is a commitment to success and to being actively engaged in what's really important. The challenges will always emerge, taking on different forms and risks often in unanticipated and unexpected ways. The mantra of leadership, much like the charge given to the scientists in Apollo 13 when air and power were depleting in the famous failed NASA mission, is that "Failure is not an option." The only option is Strategic-Driven Leadership that delivers real results that matter.

About the Author

After earning a Master's degree in Organizational Communications and Business at Brigham Young University and pursuing doctoral studies at Rutgers, Curt J. Howes worked for eighteen years at Exxon, where his responsibilities included leadership development and advanced management education. He then went to Accenture for eight years and was Associate Partner for the Organization Change Strategy practice in the Resources Sector.

He is currently the founder and President of Organization Performance Strategies. Curt has consulted with numerous international organizations, including Cobalt International Energy (Houston, Texas), Mecca Municipality (Saudi Arabia), Orascom (Egypt), Protection of Women and Children (Saudi Arabia), and the Royal Commission for Jubail and Yanbu (Saudi Arabia), Tosco (Phoenix, Arizona), BP Angola (London & Angola), TNK-BP (Moscow) BG (Brisbane, Australia), Exxon affiliates I (U.S.A.), TXU(Dallas, Texas), Aramco (Saudi Arabia), PDVSA (Venezuela), ADNOC (Abu Dhabi), Ministry of Water and Electricity (Saudi Arabia) to name a few.

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