

# STRATEGIC APPROACHES TO OUR LEADERSHIP CHALLENGES

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The former CEO of BP could have done with some help making better choices during the Gulf of Mexico disaster! Choice is at the heart of both Leadership and Strategy. But how can leaders know what the best choices are to deal with any challenge?

A strategic approach to leadership challenges involves not only identifying the core adaptive issues, but also involves framing the challenge in the most appropriate and powerful way. The appropriate framing of the challenge shines a light on where to focus leadership action. One way to think about the appropriate frame and response is in terms of where the challenge lies on the adaptation continuum from surviving to thriving.

The following descriptions are just examples and not intended to be prescriptive because lots of leadership challenges have elements of them all or other elements. They also depend on your perspective - a merger or takeover may appear like a Turn-Around Challenge to the Acquirer, while it seems more like a Developmental Challenge to the folks in the target company. And all leadership challenges have the basic requirement to diagnose the fundamental adaptive issues, and to identify the key value conflicts and hard choices, and to identify who it is that needs to take responsibility for what, or to learn or to change, and to understand our own personal adaptive challenges. I have found that for senior managers the personal dimension, such as how to build a more positive and influential relationship with the Board Chair or the CEO, is often the most puzzling.

However, the advantage of framing our strategic leadership challenges more precisely is that it can help us focus on the priority leadership actions to take and help guide us in sequencing our interventions. My idea for classifying these challenges for business leaders was inspired by the work of Dean Williams in *Real Leadership* where he deals primarily with challenges in the public and social sectors.

(1) ***Crisis or emergency?*** A dramatic example of this is BP's oil leak in the Gulf of Mexico in 2010 which was such a massive financial, regulatory and reputational threat to the company that some speculated that BP itself might not survive the crisis.

***Focus of leadership action?*** Consider that initially you may need to mobilize the forces quickly, be visible and available, communicate a lot, take responsibility for the remedy and the cause where appropriate, and calm people through your own poise and empathy. As the crisis recedes help your organisation and stakeholders address the longer term adaptive challenges or opportunities uncovered by the emergency. For instance a bushfire might highlight the need to make hard choices between greater planning control of residential settlements next to forests or the removal of all native trees near houses.

(2) ***Weather-the-storm challenge?*** The economy slips into recession, or the annual profit and share price slides unexpectedly or the number of foreign students enrolling in courses drops off dramatically because of violent incidents in the city, and your normal operations are under threat temporarily.

***Focus of leadership action?*** Consider that you may need to choose between some tough short term decisions and carrying the losses in order to build internal loyalty and mission

readiness. Either way you will need to keep people focused on core routines and core values. Keep addressing the external dangers and invite the organisation to engage campaign-style in preserving the business. Remember this may be an opportunity for you to gain greater informal authority by being seen as a strong and fair leader.

(3)**Turn-Around challenge?** Business-as-usual is creating a dramatic internal threat. Whether through complacency, self-interest, conflict or avoidance, the business or organisation is in big trouble or heading in the wrong direction and major change is needed.

*Focus of leadership action?* Consider the need to ensure that you have a firm mandate for change from the Board or Executive. Mobilize key stakeholder groups and give the responsibility back to them to reach a common understanding of the challenge, even if a joint commitment to a remedy is not possible. Build a strong group of allies around you. Make the hard decisions and take the unpopular actions while understanding the threat you represent to people and pacing the changes as best as possible in order to manage the anxiety levels in the organisation. Stay relational and accept your lack of popularity and don't become aloof or cold in order to protect yourself from the anger. Remember that this will not work as a permanent leadership style.

(4)**Performance challenge?** Your team or organisation is not working well together and performing at their peak, and other companies are making better decisions, or getting the better recruits, or providing better conditions, or experiencing less staff turnover, or producing better results in less time or at lower costs or with fewer people.

*Focus of leadership action?* Consider that a leadership response may be different from the usual managerial response. The leadership focus may be on group dynamics, teamwork and collaboration as a way of improving overall performance and individual performances. And often it is the executive team where the work needs to start. Genuine dialogue is the leadership tool here and it needs to be used skilfully to address what I call the “secret life of organisations”.

(5) **Developmental challenge?** An exciting opportunity exists and there is time to move your organisation to a higher level of sophistication by building capabilities, or culture or services.

*Focus of leadership action?* Consider that the work is to mobilize the whole organization to build the type of collaboration, capability and culture to achieve the changes required to deliver on the aspirations and goals of the business strategy. Some of the behaviours and norms and values that served the organisation well previously will now need to be let go – the leader’s job is get people to make these necessary choices. Strategy is always about choices – for instance, do we want to expand rapidly and if we do, can we remain a family-type company? The leader needs to engage in an organizational dialogue about purpose and what the new capabilities and values and behaviours will look like.

(6) **Creativity and Innovation challenge?** Your business is very successful and there is a lot of energy invested in maintaining the winning formula. You are like Nokia who dominates the market and you don’t see any advantage in smart phones, or Kodak who is a star at storing customers’ memories on film and spurns its own digital IP. The challenge is to keep being creative and innovative, even if it involves some creative destruction

and internal cannibalism which may result in value conflicts and power conflicts.

*Focus of leadership action?* Consider that you may need to stop the powerful, vested interests from imposing “the” solution, and to reorient the group away from the everyday focus on technical and performance issues. The next priority is to help a group suspend the usual judgements and opinions of each other which are death to creativity, encourage an environment of appreciation and acknowledgement by engaging in it yourself, and keep granting permission for people to have more fun and be more playful. Reward innovation and allow some mistakes.

**(7) Future shock challenge?** The future is arriving suddenly through some significant technological, social, financial, political or environmental change and the challenge is to spot it and ensure your business takes advantage of it rather than being a victim of it.

*Focus of leadership action?* Consider that the need here is to pay attention to the future so that you have some say in shaping your own future. The possibility is to create a plausible and preferred future for your organization by engaging in futures thinking as suggested by my colleague Rob Burke. Creating a preferred future may involve freeing yourselves up from the myths and assumptions that guide your present action so you can invent a whole new story about your purpose and what is possible. Futures thinking can be hard and frustrating work so the leader’s job is to maintain focus and steer people away from comforting distractions such as technical issues or even strategy implementation.