Enabling Success, Imperatives for Strategic Leaders

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14. ABSTRACT
Many senior leaders struggle because they do not understand their job at the strategic level. The leadership skills and processes needed to succeed change as rank and responsibility increase. As junior leaders, the focus is on the execution of tasks and is dominated by direct leadership and technical/tactical expertise. As leaders advance to more senior positions, the focus shifts to providing guidance and setting the conditions for others to succeed. Both the Army and industry spend enormous amounts of time and money on technical and tactical improvements such as developing new doctrine, weapon systems, or process improvement programs. Unfortunately, these improvements, while important, do not address the more important aspects of organizational effectiveness and efficiency. This paper will argue that effective strategic leaders must focus on three principle areas: strategic leadership, strategic planning and decision making, and organizational design.
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Many senior leaders struggle because they do not understand their job at the strategic level. The leadership skills and processes needed to succeed change as rank and responsibility increase. As junior leaders, the focus is on the execution of tasks and is dominated by direct leadership and technical/tactical expertise. As leaders advance to more senior positions, the focus shifts to providing guidance and setting the conditions for others to succeed. Both the Army and industry spend enormous amounts of time and money on technical and tactical improvements such as developing new doctrine, weapon systems, or process improvement programs. Unfortunately, these improvements, while important, do not address the more important aspects of organizational effectiveness and efficiency. This paper will argue that effective strategic leaders must focus on three principle areas: strategic leadership, strategic planning and decision making, and organizational design.
Enabling Success, Imperatives for Strategic Leaders

The CEO of General Motors, for example, does not design, build, or sell cars. So what value does the CEO provide? Strategic leaders provide value by effectively leading his/her organization to ensure synchronization and unity of effort in order to maximize long-term effectiveness and profitability.

Unfortunately, many senior leaders struggle because they do not understand their job at the strategic level. The skills and processes needed change as rank and responsibility increase. As junior leaders, the focus is on the execution of tasks, which is predominantly a matter of direct leadership and technical and tactical expertise. As leaders advance to more senior positions, however, the focus shifts to providing guidance and setting the conditions for others to succeed. Both the Army and industry spend enormous amounts of time and money on technical and tactical improvements such as developing new doctrine or procedures, purchasing new equipment, or implementing process improvement programs (such as Lean Six Sigma, which is a quality improvement and waste elimination methodology). Unfortunately, these improvements, while important, do not address the more important aspects of organizational effectiveness and efficiency. This paper will argue that effective strategic leaders must focus on three principal areas: strategic leadership, strategic planning and decision making, and organizational design and development.

The environment of the strategic leader is very different than that faced by front line leaders. As rank and responsibility increase, the percentage of the organization that the senior leader is able to directly influence shrinks. For example, an Army squad leader or an assembly line foreman are able to directly influence (with frequent, face to face contact) everyone s/he is responsible for and can directly supervise the work being
done as well as receive regular, rapid feedback on the results of leader actions (how many tasks were accomplished, how many units were produced, what the reject rate was). Contrast this with the CEO of General Motors or the commanding general of the US Army in Iraq: each is responsible for an organization of over 100,000 people. The senior leader directly influences a relatively small percentage of the work force, such as his staff and key subordinate leaders, is unable to directly supervise the actions of his employees (through distance and/or sheer numbers), and may not see the impact of his actions for an extended period of time (months and sometimes years).¹

The strategic environment is also far more complex and ambiguous than the environment for direct leaders. Strategic leaders are responsible for larger numbers of people, integrating the actions of multiple functions, influence people and organizations outside the leader’s control, and deal with a far broader time horizon. Each factor contributes to the degree of complexity as one rises in leadership levels.²

The strategic environment is dominated by a focus on future operations. For example: the assembly line foreman is concerned himself with daily production and quality targets, where a CEO focuses on the future business climate and market trends to ensure that the organization positions itself to effectively cope with change. These changes develop into new products, new facilities, new systems and procedures, or workforce changes to take advantage of new opportunities and mitigate risks.³

The importance and impact of decisions changes dramatically as leadership levels change. “Strategic leaders’ decisions affect more people, commit more resources, and have wide-ranging consequences in space and time than do decisions of organizational and direct leaders.”⁴ Strategic leader decisions also influence the
decision making of everyone else in the organization. Strategic decision making is thus more complex, as it is difficult to determine the unintended consequences of decisions that ripple through multiple leadership levels and are implemented by a variety of different sub-units in the organization.\textsuperscript{5}

The strategic leadership environment involves influencing a wide variety of people and organizations whose actions can impact the organization as compared to direct leaders. For example, a production foreman’s environment may be directly influenced by the production manager, the quality control and maintenance departments, and the union steward, who are mostly internal to the organization. At the strategic level, the CEO must influence major investors/boards of directors, regulatory agencies, major customers, strategic partners, suppliers, the press, and in the case of senior military leaders, Congress. It is essentially a shift from an internal to an external focus, oriented on shaping the environment within which the organization has to operate.\textsuperscript{6}

The strategic environment requires leaders to shift primarily from the use of direct to indirect influence.\textsuperscript{7} This requires strategic leaders to develop new skills because the skills that worked before may no longer be appropriate. Additionally, strategic leaders must be wary of merely continuing or going back to what has worked previously.\textsuperscript{8}

As a final thought on the environment, let us realize that the size of the organization does not necessarily determine the functions of the senior leader. Whether an organization has 200,000 employees or three, strategic leader functions exist. The difference is that in a larger organization, the senior leader is dedicated to strategic
leadership while in a smaller firm the strategic leader function may only be one of many hats that the senior leader has to wear.⁹

Leaders have enormous influence over their organizations. All eyes are on the leader and the organization takes its cues on how to behave based on how it observes the leader. Every decision that strategic leaders make shapes the organization: from strategic business decisions to personnel policy, and even how the organization makes its decisions. As a result, the personality of the strategic leader is of enormous importance.

The entire focus of the strategic leader must shift from the direct accomplishment of tasks to shaping the environment and setting the conditions for others to succeed. To do this, strategic leaders must be able to create an environment where people feel motivated and empowered to act on the strategic leader’s behalf. First, however, the leader must develop a vision and a clear understanding of what s/he needs to accomplish, and then to communicate this vision to the organization. To develop the vision, the strategic leader first gains an understanding of the environment, formulates the problems the organization faces now and in the future, and then develops an operational approach that will address these problems. From here, the strategic leader must build and constantly develop an organization, or a network of people and systems, to execute the vision. Building the organization requires the strategic leader to determine roles and responsibilities, to delegate decision authority, and select the leaders themselves as well as build and develop his staff, which functions as his eyes and ears and assists the strategic leader in everything that s/he does. These are the imperatives for strategic leaders that enable organizational success.
Strategic Leadership

Leadership is the art of influencing others. “Leadership is the process of influencing people by providing purpose, direction, and motivation to accomplish the mission and improve the organization.” Purpose provides the reason to accomplish the task, or the “why”. Direction provides the “what” and often the “how” of the task and motivation generates the will to accomplish the task. At the direct-leader level, leaders can rely on providing detailed direction and supervision to ensure tasks are completed. However, because of the complexity of the environment strategic leaders operate within, we can say that: “Strategic leadership is the process used to affect the achievement of a desirable and clearly understood vision by influencing the organizational culture, allocating resources, directing through policy and directive, and building consensus.” Strategic leadership requires extensive use of indirect leadership in order to facilitate the actions of all people in the organization. In fact, policymaking and the integration of various systems will likely influence more people than will direct face-to-face engagement.

Effective strategic leaders serve three major functions for organizations. First, they are standard bearers, setting the example for what is right and wrong for the organization. Second, they are integrators; aligning and synchronizing the efforts of all elements of the organization into a cohesive, unified effort. Finally, they are developers, constantly looking to improve the organization.

Everything revolves around the vision of the strategic leader, which is the leader’s concept of what the organization needs to be able to do now and in the future. A well-formulated and communicated vision allows everyone in the organization to “see” what needs to be done and provides for unity of effort for the entire organization.
The strategic leader’s vision provides the ultimate sense of purpose, direction, and motivation for everyone in the organization. It is at once the starting point for developing specific goals and plans, a yardstick for measuring what the organization accomplishes, and a check on organizational values.16

The strategic leader’s vision can be incredibly powerful. It allows everyone to see how they fit in the “big picture” and communicates the importance of each element in the organization. It also enables subordinates to seize the initiative when opportunities present themselves because they understand where the organization is going and why.17 However, a poorly developed vision can have a terribly negative effect. Vague or unrealistic goals can undermine an organization’s climate and stifle initiative. Strategic leaders must take the time to develop a positive and clear vision for their organizations to follow.

Strategic leaders are on display all of the time.18 As ethical standard bearers, their personal example serves as the model for acceptable organizational conduct and at the same time, communicates their philosophy.19 Strategic leaders shape the moral and ethical climate of their organization through their actions, which can either build or erode trust. Trust is an essential component of indirect leadership.

Values such as integrity, loyalty, and candor are essential to the success of strategic leaders. Subordinates and superiors, as well as other organizational stakeholders must have the confidence that the strategic leader will do the right thing all of the time. These values are essential for the development and maintenance of trust.20 Strategic leaders have enormous power and influence with a great degree of latitude (remember the old saying “rank has its privileges”) and strategic leaders must guard against allowing this to compromise his/her values.
Strategic leaders not only have to set the example by their personal behavior, they must beware of the perceptions of their behavior by their subordinates. Strategic leaders must be sensitive to how stakeholders perceive their actions in order to ensure that the intended message is conveyed.\textsuperscript{21} Every action by the senior leader, even the routine, can impact senior leader credibility and needs to be considered.\textsuperscript{22} Strategic leaders have to guard against the trap of creating double-standards as this destroys trust and confidence and sends a signal to others in the organization that unethical behavior is acceptable.\textsuperscript{23}

Strategic leaders should strive for transparency in how they live and work. “Transparency – an authentic openness to others about one’s feelings, beliefs, and actions – allows integrity. Such leaders openly admit mistakes or faults, and confront unethical behavior in others rather than turn a blind eye.”\textsuperscript{24} Being transparent is not easy, but is an important element of creating and maintaining an ethical environment.

Strategic leaders must constantly promote ethical development. Every interaction is an opportunity to teach subordinates about how to consider situations from an ethical perspective and to be sensitive to the ethical implications of the situation. This has the additional benefit of allowing the senior leader to help shape the decision making processes of the organization.\textsuperscript{25}

Strategic leaders are also responsible for the organization’s ethical climate. “Most trust and confidence problems in organizations can be traced to ethical climate”.\textsuperscript{26} To build the climate, strategic leaders should be sensitive to ethical questions, reward ethical behavior, be supportive of employees, promote trust, take action against unethical behavior, and finally, and most importantly, lead by example.\textsuperscript{27}
The bottom line is that the character of all leaders, but especially strategic leaders, matters big time.

Unethical behavior quickly destroys organizational morale and cohesion—it undermines the trust and confidence essential to teamwork and mission accomplishment. Consistently doing the right thing forges strong character in individuals and expands to create a culture of trust throughout the organization.

A leader’s emotional state has a powerful impact on the organization because “group members generally see the leader’s emotional reaction as the most valid response, and so model their own on it.” When people are enthusiastic, performance goes way up, and if they are anxious or angry, performance plummets, therefore it is critical for strategic leaders to understand their own attitudes and consider its effects on others. Ultimately, the leader’s attitude shapes the emotional reactions of others and affects how people view their jobs and how they contribute to the organization’s efforts.

The moods and emotions of leaders directly impact organizational results. Prolonged senior leader anxiety can damage negatively affects work performance while a positive attitude and laughter enhances mental abilities and improves performance. “Negative emotions – especially chronic anger, anxiety, or a sense of futility – powerfully disrupt work, hijacking attention from the task at hand.” Poor interaction with leaders can cause more distress in employees than other stressors on the job. Emotional distress reduces the mental abilities of people but also reduces their ability to effectively interact with others. Ultimately: “leaders who spread bad moods are simply bad for business – and those who pass along good moods help drive a business’s success.”

“Because of the visibility of senior leaders and commanders, their inconsistencies, idiosyncrasies, and shortcomings are quickly noticed and analyzed,
dissected, and discussed for their implications.”

Like it or not, strategic leaders are on display all of the time. Therefore, all leaders, and especially strategic leaders, must adhere to the leadership principle: “Know yourself and seek self-improvement”. Knowing yourself requires the ability for the strategic leader to be self-aware. Self-awareness is being able to accurately identify one’s strengths and weaknesses as well as understand how their own behaviors and attitudes affect others. Leaders who are not self-aware are often perceived as arrogant or disconnected and this can prevent the establishment of a positive climate. Finally, self-aware leaders who understand their organizations usually produce high quality results.

Strategic leaders need to have well-developed perspectives in order to understand events and put them into their proper context. First, leaders need to develop a historical perspective. Although technology and techniques may change over time, core principles remain the same and an understanding of history can provide insights on how to face current problems. Second, strategic leaders need to maintain a healthy operational perspective. This is the understanding of current technology, business trends, and current business methods and systems as well as their capabilities and limitations. It also includes understanding the customer and current and potential competitors because changes in the tactical environment can have a dramatic impact on strategic decision making. Third, senior leaders must have an organizational awareness. “Any effective organizational capability flows from a familiarity with the human condition and a sound grasp for how it must be carefully formed through wise, farsighted leadership to sustain cohesive, winning teams.” Not only do leaders need to
understand people, but good strategic leaders also understand organizational dynamics:

A leader with a keen social awareness can be politically astute, able to detect crucial social networks and read key power relationships. Such leaders can understand the political forces at work in an organization, as well as the guiding values and unspoken rules that operate among people there.46

Finally, strategic leaders must be sensitive to the cultures that exist within their organizations, as well as the culture of their customers, partners and other stakeholders. For strategic leaders, the learning never stops as they continue to develop their perspectives throughout their careers through study and experience.47

Reflection is an important activity for strategic leaders.48

If I always appear prepared, it is because before entering on an undertaking, I have meditated for long and have foreseen what may occur. It is not genius which reveals to me suddenly and secretly what I should do in circumstances unexpected by others; it is thought and meditation – Napoleon49

Strategic leaders are constantly developing as they never “arrive”. Because the environment is constantly changing, they must continually consider how they are impacting their environment and how to grow. This requires strategic leaders to take the time to reflect on what they are doing and where they and their organizations need to improve.50 Reflective thinking allows strategic leaders to think about problems and produces better decision making.51

“Good communications skills enhance public support and organizational performance, morale, teamwork, and unity.”52 Strategic leaders are constantly communicating in order to influence their organizations and therefore, well-developed communication skills are absolutely essential. Strategic leaders must be comfortable communicating in a wide variety of environments from informal conversations around
the water cooler with employees on the factory floor to formal speeches to stock holders. They must also master written communication skills, since a great deal of strategic communication is accomplished through writing from formal documents to short emails. An individual’s intelligence and competence are often judged by the quality of one’s communication skills so it is imperative to develop this ability.53

Effective strategic leaders have strong persuasion skills; to include negotiation and conflict resolution. Indirect leadership requires having subordinates act on the strategic leader’s behalf and therefore persuasion is often far more effective than directing someone to do something.54 Strong persuasion skills are essential for building consensus and overcoming resistance among organizational stakeholders.55 These skills are critical in managing the variety of peer and near-peer relationships and egos that often exist at the strategic level which can be a difficult task where subordinate leaders and key staff officers are usually established high-performing individuals. Effectively strategic leaders must be able to manage the inevitable conflicts in order to maximize organizational performance and maintain unity of effort and cohesiveness.56 In the end, “strategic leaders must master ‘the art of persuasion’”57

Strategic leader actions focus primarily on influencing others and establishing the conditions that the organization operates within. These actions have a broad impact, affecting larger numbers of people over long periods of time.58 “Strategic leaders, as well as leaders at all levels, are responsible for creating a positive environment in which to work and where individuals can thrive and be most productive. As an outcome, strategic leaders want groups to align towards a common purpose.”59
This environment, or climate, is defined as how team members feel about the organization. An organization’s climate has a significant impact on the performance of the organization, as a positive environment has proven to produce better organizational performance. The climate of an organization is most affected by its leader. How the leader communicates, treats others, makes decisions, and the values s/he demonstrates all impact the organization’s climate. “A positive climate facilitates team building, encourages initiative, and fosters collaboration, dialogue, mutual trust, and shared understanding.”

Establishing an environment that encourages learning and initiative is enabled by a positive environment. “An upbeat climate encourages individuals to recognize the need for organizational change and supports a willing attitude of learning to work with change.” Learning organizations encourage the adoption of better ways to do things and eliminating methods that no longer add value. Learning organizations drive out “zero-defect” thinking, because effective leaders use mistakes as learning opportunities. Since strategic leaders rely on others to implement their vision, they must develop and encourage initiative by their subordinates. Effective senior leaders not only delegate responsibilities, but also fully empower their subordinates to act as they deem necessary, within the leader’s intent. “Climate largely determines the degree to which initiative and input is encouraged. Leaders can set the conditions for initiative by guiding others in thinking through problems for themselves.”

Creating and maintaining a positive climate over time shapes the organization’s culture. “Culture is a longer lasting, more complex set of shared expectations than climate. While climate is how people feel about their organization right now, culture
consists of the shared attitudes, values, goals, and practices that characterize the larger institution.”

“A healthy culture is a powerful leadership tool strategic leaders use to help them guide their large diverse organizations. Strategic leaders seek to shape the culture to support their vision, accomplish the mission, and improve the organization.”

In the long-term, shaping culture is how strategic leaders influence their organizations the most.

All leaders work to build trust in their organizations because “trust builds influence.” The higher the level of trust in an organization, the more willing and accepting people accept influence. Trust once earned has to be maintained because “broken trust often creates suspicion, doubt, and distrust.” In the end, building trust generates commitment among subordinates, which is a very powerful element of indirect leadership and improves organizational performance.

Successful strategic leaders extend their influence beyond their organizations in order to influence stakeholders over whom they do not have formal authority. These stakeholders could include stockholders, potential investors, boards of directors, banks, investment firms, customers, suppliers, business partners, regulatory agencies, and even other elements of the organization (different business units or major departments to include their higher headquarters). Strategic leaders work to extend their influence in order to positively shape the environment in which their organization operates. Strategic leaders extend their influence by proactively building relationships, reaching consensus, and building coalitions.

Strategic leaders are constantly assessing organizational performance. They seek to improve their organization’s effectiveness not only for the current environment,
but to also better position the organization for future success. Strategic leaders develop people, improve systems, and lead change.

All leaders should seek every opportunity to develop subordinate leaders and staff members because the more capable these team members are the better the organization performs. This is particularly important for strategic leaders because they must rely on others to achieve organizational objectives. Strategic leaders must actively develop their subordinates through effective coaching, teaching, and mentoring.\textsuperscript{76}

Taking the time to develop others can have powerful organizational effects. It develops trust, encourages initiative, and facilitates organizational communication.\textsuperscript{77} It also provides the strategic leader additional opportunities to directly shape the organization’s decision making processes and communicate the strategic leader’s vision and intent.

The volatility and pace of the strategic environment requires the building of capable, flexible, and cohesive teams.\textsuperscript{78} Strategic leaders are always looking at how to improve the effectiveness and efficiency of their organizations through the improvement of organizations, processes, and systems. They not only improve individual systems, but consider how various systems integrate together in order to maximize their collective effects on the organization.

Leaders drive change and cannot simply pass the responsibility onto project managers or “black belts”. Coping with the ever-changing strategic environment requires that organizations be able to change and strategic leaders lead and inspire these efforts.\textsuperscript{79} Organizations are constantly changing to include: changes in personnel, technologies, systems, and products. Strategic leaders are proactive in identifying needed change and lead the organization through it.\textsuperscript{80} They must be out front,
Communicating to the organization the “why” of change and how it fits into the leader’s vision of the future.

Strategic leadership is all about indirect leadership and enabling others to succeed. This requires strategic leaders to provide a clear vision of the future for their organizations, establish and maintain a positive and ethical environment, integrate efforts of the organization, and continually develop the organization. Finally, leaders must constantly seek to improve themselves to better cope with the demands of the strategic environment.

**Strategic Planning and Decision Making**

Strategic leader decisions have an enormous impact on their organizations. Their decisions establish the framework within which the entire organization operates. Strategic leaders are constantly looking to the future, identifying changes in the environment and guiding the organizational change needed to effectively adapt to the new environment.

Strategic leaders work to understand the environment, develop a vision of where the organization needs to go, and finally, lay out a broad concept on how to achieve the vision. To do this, leaders must plan. “Planning is the art and science of understanding a situation, envisioning a desired future, and laying out effective ways of bringing that future about.” At the strategic level, planning is oriented on developing broad concepts that provide the basis for future, detailed planning that is conducted throughout the organization.

The planning process is extremely valuable. Planning helps leaders and their organizations better understand their environment, the problems they face, and anticipate changes in the environment. Effective planning provides a forecast of what
may occur in the future and helps identify future decisions. Being able to anticipate change allows strategic leaders the opportunity to act in ways to shape the external environment or by initiating changes within his/her own organization in order to adapt to anticipated shifts in the environment. Planning also creates shared understanding which is a foundation of enabling indirect leadership and facilitates subordinate initiative.

Strategic leaders typically have long planning horizons, often developing plans that could take years to complete in an uncertain environment. This creates a tension between the desire to develop detailed plans and the painful recognition that the longer the range of the plan, the greater the risk the plan will become irrelevant. At the strategic level, leaders seek to develop broad strategies, policies, and operating philosophies that provide a framework within which the organization operates that allows it to adapt to changes in the environment, yet still remain aligned with the strategic leader’s intent.

Strategic planning is a challenging enterprise. Strategic leaders have to balance competing demands across their organizations as well as deal with the increased complexity of large organizations in terms of the number of stakeholders and a variety of groups, functions, and sub-cultures. This requires strategic leaders to be keenly aware of the potential unintended impacts of their decisions on their organizations. Strategic leaders require the mental flexibility to cope with this complexity and be able to predict the 2nd and 3rd order effects of their decisions. They must be masters at critical and creative thinking in order to think through problems and develop innovative solutions.
Strategic leaders are constantly assessing both the internal condition of their organizations as well as the external environment and its impacts. One technique is the SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis, where leaders develop an understanding of their organization’s strengths and weaknesses, opportunities that may develop that their organizations can take advantage of and threats that could adversely affect the organization. This analysis helps the strategic leader develop an understanding of how the organization must change in order remain viable.

Developing an understanding of the environment is the foundation of all planning and decision making. First, strategic leaders develop an understanding of the current state of the organization. Second, they develop a vision of the desired, future state. Only then can they develop an understanding of the problem, which are the obstacles that prevent the organization from achieving the identified end state. A critical element of understanding the problem is identifying the actual problem, instead of focusing on just symptoms. All too often, organizations waste time and effort working vigorously to solve the wrong problem because they failed to understand that the real problem was.

Strategic decision making is important because it typically involves significant commitment of resources that are extremely difficult or expensive to reverse. These decisions have a broad impact on future decisions and shape the actions of the entire organization.

Strategic-level decision making takes many forms, such as determining what markets to enter, products to develop, or operating strategies. These strategies could include: sales and marketing strategies (sell through distributors, develop an internal
sales force, adopt the Mary Kay/Amway model, etc.), financing strategies (percentages of debt or equity), manufacturing strategies (internal or outsourced, low-volume, made to order or high-volume, distribute from stock), pricing strategies, and even personnel policy and organizational decisions (structure, roles and responsibilities, and selection of key leaders). The key for strategic leaders is to ensure synergy between the different sub-strategies for the organization that maximizes organizational performance.99

Strategic leader decisions are not only about providing a vision and a framework, but are frequently about establishing priorities and allocating resources. Strategic leaders make decisions about what types of equipment, facilities, technology, and training to invest in and which parts of the organization receive these investments. Strategic leader decisions may include: should the organization buy a new manufacturing facility, expand the current facility, or increase production through overtime; invest in new technology or add more employees; hire more salespeople or pay the current salesforce bonuses for increased sales?100 Strategic leaders must also make sure that all elements of the organization receive the minimum amount of resources to operate effectively.101 This ensures that each sub-organization is able to effectively support the organization while maximizing the use of available resources on priority efforts. Strategic leader’s balance the demands between short-term and long-term results in order to achieve today’s requirements as well as ensuring the organization is able to support long-term needs.102

Strategic leaders must have a well-developed understanding of the different organizational subsystems and how they interact with each other and how these systems are potentially affected by the environment.103 For example, developing a
manufacturing and distribution system that is designed to build products to order with low finished goods inventories may be a poor strategy in an environment where customers are not willing to wait for the factory to produce them. When philosophies are not integrated, trouble happens, as illustrated in the following example:

A major appliance manufacturer converted a factory to a new product line designed to minimize work in process, allow for very short production runs, frequent process changeovers, and minimal capital investment by planning on running the factory three shifts/24-hours per day. After the completion of the conversion, the plant manager decided he wanted to run all production on one, eight-hour shift (essentially tripling the hourly production rates) and use long production runs. This resulted in the construction of multiple additional storage areas for vastly increased work in process at considerable, unplanned extra cost as well as a sub-optimized facility. The manufacturing systems purchased (such as robot welding machines and flexible processing “modules”) were designed to support the original manufacturing philosophy and were optimized for rapid changeover from one type of product to another and were relatively slow in terms of processing speed. If the engineers were aware of how the plant manager intended to operate earlier in the decision making process, an entirely different set of equipment would have been purchased for less money than initially spent and would have also avoided the additional costs of making changes after the initial conversion was completed.104

This is an example of how conflicting philosophies can create embedded organizational inefficiencies that all of the process improvement programs in the world will never be able to completely overcome.

The combination of the environment and strategy also has a significant impact on an organization. An excellent example is the difference between the Israeli and US armies. The US Army is an expeditionary force and must be prepared to fight in a wide variety of environments. Vehicle size and weight are very important because of the need to transport the Army around the globe as well as the need to operate in environments (such as Western Europe) where vehicles will have to cross bridges without collapsing them. The US Army must also have an extensive, global sustainment
system to support the Army wherever it fights. The Israeli military doesn’t worry much about bridges because there are so few they need to cross. They also know that they will rarely operate very far from their sustainment base and therefore do not need to build the capability and capacity for world-wide sustainment operations. These conditions shape organizational priorities and effect doctrine, equipment, and organizational structure decisions.

Bottom line: The environment matters, strategy matters, and philosophy matters. No strategy is right or wrong in of itself. However, once you develop a strategy, all subsequent planning and decision making must be designed to support it otherwise problems are inevitable. Buying equipment for a flexible factory to be used in an inflexible environment is like buying a Porsche 911 to pull your sailboat. There is nothing wrong with a Porsche, but it’s probably not the right choice for pulling anything.

Strategic leaders make the tough decisions that can make or break an organization. These decisions provide the framework that everyone in the organization will have to work within for a long time. These decisions are best made by strategic leaders who have a well-developed understanding of the environment and understand the potential cascading impacts to the organization of their decisions. When done right, strategic leaders make the “right” decisions for their organizations that enable success.

Organizational Design

Strategic leaders are responsible for building and improving their organizations because it is only through these organizations that their vision can be realized. Organizations spend enormous amounts of time and energy driving waste and cost out of internal processes, but since strategic leadership relies on indirect leadership, it is imperative that strategic leaders focus on the design and structure of their
organizations, which shapes virtually all organizational actions. There are no perfect organizational structures as there are advantages and disadvantages for every course of action. The key for strategic leaders is to understand the impact of their organizational decisions in order to choose the best option for their organization.

How organizations are structured: roles, missions, and functions; the formal chain of command; and internal controls; has a dramatic impact on organizational performance. An organization’s structure establishes relationships and guides the interactions between the different sub-groups and individuals within the organization.\textsuperscript{105} Organizational structure also affects how information flows throughout the organization as well as how the leader assesses the execution of his/her decisions.\textsuperscript{106}

Organizations routinely analyze the tasks performed by their employees. In a factory setting, we carefully identify the different tasks that operators perform (install components, measure something, or perform some other discreet, easily identifiable task) and then, based on how long these tasks take to complete and how many of these tasks are to be accomplished in a given day, we can easily determine how many employees are needed. Unfortunately, leader functions are often nebulous and poorly understood. However, we can apply the same engineering principles used for calculating how many shop employees are needed by understanding the different tasks leaders perform and how frequently they do them. Leaders at all levels provide guidance, direction and feedback to their employees; they make decisions, establish priorities, integrate resources, and conduct planning; they improve their organizations by developing their employees and improving processes, and report information to critical stakeholders. These tasks make up the core of the work that leaders and their
staffs are responsible for. Combining this with the frequency of the particular task allows us to determine the overall workload on a given leader or headquarters.

The senior leader of an organization is ultimately responsible for every action that the organization does and any activity that occurs that is not within the intent of the leader is a waste of time, money, or other resources. Therefore, the overarching responsibility of all leaders is to integrate the efforts of a wide variety of people, organizations, and systems in order to synergize organizational activity and align it with their vision. Leaders integrate organizational activity by assembling teams, assigning roles and responsibilities, allocating resources, and establishing priorities and boundaries in order to optimize long-term organizational performance. Leaders constantly look for gaps in the organization to ensure that all organizational responsibilities are addressed. Leaders also focus on managing the seams (where the work of one team or person stops and another team or person begins) to ensure tasks don’t get dropped as well as ensuring coordination between sub-groups to reduce redundant efforts. Leaders also work to establish relationships with external organizations to improve cooperation and integrate activities. Leaders establish priorities of work and shift resources as appropriate to maximize the performance of the organization as well as resolve conflicting roles and requirements as they develop.

Leaders establish a variety of control measures in order to effectively integrate their organizations. Control allows leaders to understand the environment, monitor organizational performance, and regulate the use of resources. Leaders use control measures to synchronize the efforts of their organizations and to minimize conflict. “Good control measures foster freedom of action, decision making, and individual
Control measures include: establishment of the chain of command, roles and responsibilities, decision authority, organizational boundaries, policies, quality control systems, budgets and spending limits, leader guidance, information reporting requirements, or other rules that allow or restrict certain activity. The chain of command is an essential element of organizational structure because it establishes the degree of authority and responsibilities for each level within the organization and enables subordinates to act on the leader’s behalf. Establishing the chain of command requires determining the span of control for a particular leader or headquarters. Span of control is the number of direct subordinates (or subordinate groups) a leader can effectively lead. Too little span of control creates an organization with many layers that slows down information flow and reduces organizational agility and responsiveness. Too much span of control (or “flattening”) can result in overloaded leaders becoming unable to provide effective leadership as these leaders tend to see subordinates as a single mass as opposed to individuals. Additionally, leaders and their staffs can only focus on so many critical issues at a time and excessive spans of control can damage the quality and timeliness of decision making. The experience of the leaders (both senior and subordinate), the complexity of the operation, degree of control needed, physical location of organizational elements, the quality and experience of the workforce, workload on the leader (and headquarters), and the organization’s culture are all factors that must be considered when establishing organizational structures. Strategic leaders consider these factors when designing organizations and make adjustments when the current structure is no longer adequate to support the organization effectively. Effective organizational structure with reasonable
spans of control establishes an environment that facilitates effective leadership and decision making.\textsuperscript{119}

An essential element of control is delegating decision making authority throughout the organization. Decisions are made constantly and range from decisions about introducing new products to ordering pens and paper. The strategic leader cannot possibly make or even be involved in every decision and must therefore delegate authority to others in order to focus on the activities that are the most important at his/her level.\textsuperscript{120}

Delegating authority shouldn’t be taken lightly: delegate too much and the leader’s influence is diminished; don’t delegate enough and the leader becomes overwhelmed with decisions, resulting in delayed or poor decisions and impedes subordinate leaders from exercising initiative in order to effectively respond to changes in the environment.\textsuperscript{121} The strategic leader is ultimately responsible for all decisions made within the organization and therefore must be involved in determining who makes what decision. Delegating decision making authority depends of a variety of factors. These factors include: who has the appropriate knowledge and experience to make the decision, what is the impact of a given decision on the organization,\textsuperscript{122} how time sensitive are the decisions, and how many decisions needs to be made. Implied in decision making authority is the requirement to conduct planning and decision making processes, which can place enormous demands on a leader’s time. Ultimately, the more decisions and responsibility that can be delegated allows senior leaders to focus on more important decisions, reduces the amount of information that must travel back and forth between levels, and reduces the time needed to make decisions.\textsuperscript{123} In the long run,
it also encourages initiative and builds trust, as well as develops subordinates for future assignments.¹²⁴

Control is also facilitated through the development of processes and procedures. Leaders establish processes and procedures to organize activities, standardize operations, and improve the efficiency, quality, and effectiveness of the organization, resulting in increased organizational competence.¹²⁵ Leaders “own” the processes within their organizations and ensure they remain relevant and effective. Well-developed systems and procedures provide a means for leaders to effectively manage the gaps and seams within the organization as well as provide the standards needed for training and organizational predictability which enable effective forecasting.

Reporting information is a significant element of control, because it is by gathering information that senior leaders are able to understand the environment and make decisions. Leaders determine the information they need to make decisions, but must balance their desire for information with the demands on a subordinate organization’s time to collect and report the information, which may be better spent leading their own organizations. Excessive demands for information can also erode trust, which is essential for effective strategic leadership.¹²⁶

Strategic leaders seek to balance their need to control operations with the need to delegate authority and encourage initiative throughout the organization. They must also guard against control measures becoming an inhibitor to organizational success instead of enhancing organizational performance. Every control measure, process, or procedure must be regularly challenged to determine if it is still required and if so, what needs to change to fit the current environment. This attitude of challenging “what we’ve
always done” is absolutely essential for organizations to remain flexible enough to change to meet the ever-changing demands of the strategic environment. Strategic leaders should also consider the impact on the organization’s culture when developing structures and assigning decision authority. The more centralized decision authority is, the less subordinates grow and can eventually lead to stifling initiative and negatively affecting the organization’s climate.\textsuperscript{127}

The final component of organizational development is the building and utilization of a leader’s staff. The roles and responsibilities of strategic leaders are so vast that they often require a staff to assist them. Without them, the strategic leader would be unable to understand the environment and implement his/her vision. “A world strategic environment in constant flux has increased the importance of building agile, honest, and competent staffs and command teams.”\textsuperscript{128}

Strategic leaders cannot effectively lead their organizations alone.\textsuperscript{129} The staff exists to support the leader in everything s/he does and act as an extension of the leader.\textsuperscript{130} The leader and staff must be able to form a unified team in order to provide the organization quality strategic leadership.

The complexity and speed of the strategic environment requires strategic leaders to have staffs that are able to “acquire and filter huge amounts of information, monitor vital resources, synchronize systems, and assess operational progress and success”,\textsuperscript{131} forecast potential 2\textsuperscript{nd} and 3\textsuperscript{rd} order consequences of events;\textsuperscript{132} anticipate future leader decisions, and develop potential courses of action to support such decisions.\textsuperscript{133} This requires that the staff understands the leader’s vision, is able to think critically and creatively, and willing to take the initiative.\textsuperscript{134}
Strategic leaders build their staffs by selecting the best people. Strategic leaders must clearly understand their own weaknesses and build a staff that is able to compensate. Effective staff officers must be highly competent, creative, and possess high levels of initiative as well as solid judgment with the ability to discern the “truth.” They must also not be “yes men”, but people with honesty and integrity that have the moral courage to tell the boss things that s/he doesn’t want to hear, but must, especially if they see the leader veering off in an unethical direction.

Strategic leaders need to invest the time and effort to train and develop their staff teams. In order for the staff to effectively support the strategic leader, the leader and staff need to maintain a continuous dialog in order to develop a shared understanding of the environment and what the leader is trying to achieve. The staff must understand the problems at the strategic level so they can supply the leader with needed, relevant information as well as develop appropriate courses of action because the staff largely determines what information a leader sees and performs the bulk of the analysis and planning activities for the leader. Strategic leaders encourage the staff to offer alternative viewpoints; to think critically and creatively; and empower their staffs to challenge assumptions and help prevent groupthink and other problems. “Strategic leaders make wide-ranging and interrelated decisions so they must be able to rely on imaginative staff and subordinate leaders who comprehend the environment, foresee consequences of many courses of action, and identify key information.” Without a capable staff to support them, strategic leaders are unable to effectively lead their organizations. An effective staff enables strategic leaders to do their jobs.
Ultimately, organizations implement the vision of strategic leaders. An organization’s structure has an enormous impact on organizational performance. Because the organization is so critical for strategic leaders to be successful, they must put as much care and effort in building their organizations as they do in developing business plans and improving processes.

Conclusion

Senior-level leadership is the art of direct and indirect influence and the skill of creating the conditions for sustained organizational success to achieve the desired result. But, above all, it is the art of taking a vision of what must be done, communicating it in a way that the intent is clearly understood, and then being tough enough to ensure its execution.144

Effective strategic leaders create a vision for the future, establish an environment that motivates and inspires people to act on the strategic leader’s behalf, develop a framework for how the organization is to achieve the vision, build the organization that will achieve the vision, and develop an effective staff that enables strategic leadership. By performing these imperatives, strategic leaders enable the success of their organizations.

Endnotes

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