Becoming a Strategic Leader
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Becoming a Strategic Leader

Your Role in Your Organization’s Enduring Success

Second Edition

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David L. Dinwoodie
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# Contents

Preface ix  
Acknowledgments xiii  
About the Authors xvii  

Introduction 1  
1. What Is Strategic Leadership? 9  
2. Strategic Thinking 53  
3. Strategic Acting 105  
4. Strategic Influence 145  
5. Strategic Leadership Teams 197  
6. Leadership Strategies for Superior Performance 229  
7. Developing Strategic Leadership 259  

Appendix A: Strategic Driver Paired-Voting Form 283  
Appendix B: STRAT: Strategic Team Review and Action Tool 285  
Appendix C: Using STRAT to Develop Your Strategic Leadership Team 291
## Contents

<table>
<thead>
<tr>
<th>Appendix</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appendix D: STRAT Norm Data</td>
<td>299</td>
</tr>
<tr>
<td>Appendix E: Talent Sustainability Requirements</td>
<td>303</td>
</tr>
<tr>
<td>Appendix F: Leadership Strategy Plan Template</td>
<td>305</td>
</tr>
<tr>
<td>Appendix G: Action Learning Projects Criteria for Project Selection</td>
<td>309</td>
</tr>
<tr>
<td>References</td>
<td>311</td>
</tr>
<tr>
<td>Index</td>
<td>319</td>
</tr>
<tr>
<td>About the Center for Creative Leadership</td>
<td>327</td>
</tr>
</tbody>
</table>
Preface

We’ve worked together for over fifteen years at the Center for Creative Leadership (CCL), and the focus of our work has been developing the strategic leadership of individual executives, their teams, and their organizations at large. During that time, we have worked personally with over two thousand different managers and executives—sometimes with heterogeneous groups from different companies and sometimes with groups from the same organization.

Frequently that work has been in the context of Developing the Strategic Leader, a program that has recently been revised and relaunched as Leading Strategically. We’ve had the opportunity to work with the executives who participate in the program as they’ve struggled to become better strategic leaders. As we’ve weathered this challenge alongside them, we have deepened our own understanding about how to become more strategic. We have also had the opportunity to facilitate customized versions of strategic leadership programs for corporate clients in many parts of the world. From Europe to North America to South America to the Middle East to Asia, we have been in a position to assist leaders as they foster a strategic leadership mind-set throughout their organizations. In a general sense, this book reflects our attempt to put some of the lessons of that program and what we have learned through our work in it into a more explicit and accessible format.

One thing we have gained from this work is greater clarity about the challenges managers and executives face in becoming more effective strategic leaders. Our understanding has come in part from what executives themselves tell us about their
challenges, which typically fall into the following broad categories: spanning organizational boundaries to influence others more effectively, thinking strategically with a broader organizational perspective, achieving a better balance in handling short-term and long-term priorities, and actually leading the formulation and execution of strategic change initiatives across different parts of the organization.

We’ve gained from this work an appreciation of how the nature of strategic leadership in organizations is changing, which is reflected in the people who describe these challenges to us. Managers and executives at many levels and across many functions participate in the Leading Strategically program to improve their effectiveness as strategic leaders. For example, about 14 percent of participants in the program represent the top leadership of their organizations, 42 percent are executives, 35 percent are from upper-middle management, and 5 percent are from middle management.

What does it mean to find such a broad spectrum of managers and executives intent on developing their effectiveness as strategic leaders? We believe it’s more than just preparation for future responsibilities. We believe it reflects something fundamental about how strategic leadership itself is changing: strategic leadership increasingly is the responsibility of many people, not just those at the top. More and more we see that leaders at different levels in the organization are charged with contributing to strategy formulation and leading strategy execution.

The challenges we address are not theoretical; rather they reflect what managers and executives are struggling with now as they prepare their organizations to move toward their desired futures. In that regard, the list presents to us a fairly reasonable outline of what it means to be strategic. True, it is only a rather sparse outline. An important part of what we have learned over the years is how to help managers and executives add depth as well as breadth to this outline, in ways tailored to their unique development needs and circumstances. We’ve also learned a lot about
what facilitates the development of strategic leadership, especially how the understanding and practice of strategic leadership evolve in an environment that plays host to an ongoing interplay of action, observation, and reflection.

Over time, we have also come to appreciate a certain connectedness between the kinds of experiences that facilitate the development of strategic leadership and those that facilitate the ongoing development, implementation, and refinement of organizational strategy itself. Both have everything to do with viewing strategy as a learning process, an idea that is central to this book. Part of becoming an effective strategic leader involves facilitating that process throughout the organization (or one’s part of it).

This book’s title, *Becoming a Strategic Leader*, underscores a central lesson we’ve learned in this work: that strategic leadership is about *becoming*. It’s about a process of never-ending individual, team, and organizational learning. Working at CCL and with the participants of the Leading Strategically program has been a privilege, in particular because of the opportunity we have had to help so many individuals play a more effective role in the strategic leadership of their organizations. We hope our insights from that work, captured here as best we can, will help them continue that process and will reach new audiences as well.

*Colorado Springs, Colorado*

*November 2013*

Richard L. Hughes

Katherine Colarelli Beatty

David L. Dinwoodie
Acknowledgments

This book represents the contributions of many people over many years, and we acknowledge our debt to them here. Even as we began work on the second edition of this book, we continued to be indebted to those within the Center for Creative Leadership (CCL) who played such a significant role at the outset related to the development of our own thinking about strategic leadership.

Our ideas about strategic leadership have been largely formulated in the context of our work in CCL’s Developing the Strategic Leader (DSL) and Leading Strategically programs. We’ve learned much from executives participating in the programs, and we’ve learned equally from our colleagues on the faculty, who have enriched our understanding of the nature of strategic leadership. We are particularly indebted to fellow faculty members Kevin Asbjörnson, Stephanie Trovas, Laura Quinn, Pam Shipp, Ted Grubb, Dennis Lindoerfer, Gary Rhodes, Bruce Byington, Jessica Baltes, Chuck Hinkle, Jamie Gurley, Tom Turney, Paul Stames, Gayle Magee, Cindy McLaughlin, Kristen Kramer, Russ McCallian, and Tasha Eurich for their insight, savvy, generosity, and camaraderie.

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We are particularly indebted to alumni of the program who participated in interviews conducted by Tom Francis to help us ascertain areas to focus on as we updated and revised the chapters: Alan Smart, Beth Jackson, Beth Meyers, Clay McBride, Grace H. Li, Herman Williams, Jan Walstrom, Loan T. Ng, Jeff Palla, Kevin Hart, Paul Goeffy, Paul Testa, Paula Littlewood, Rory Sexton, Stephen Park, and Trevor Dierdorff.

Some of our colleagues contributed in unique ways. John Ryan pushed us to explore the changing nature of strategic leadership challenges and revise our training programs and management publications to reflect today’s organizational realities. Bruce Byington was an indispensable collaborator in helping us formulate and refine our understanding of strategy as a learning process, the framework on which this book is based. Jessica Baltes had many responsibilities in the DSL training programs, including an invaluable role in guiding the early research efforts cited throughout the book. Judith Steed, Dennis Lindoerfer, Laura Quinn, and Cory Stern also contributed significantly in the research efforts.

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Many organizations and many individuals are featured in stories throughout the book, and some in particular gave of their time to assist in providing relevant examples. We are grateful to those organizations for the opportunity to mention them here and to those individuals for sharing their experiences so generously and publicly. The organizations include Torstar, Harlequin, Verizon, Starbucks, Xerox, American Power Conversion (now part of Schneider Electric), Catholic Healthcare Partners, Procter & Gamble Company, Credicorp Group, Banco de Credito de Bolivia, Intermón-Oxfam, Juniper Networks, La Quinta Inn & Suites, Kaiser Permanente, Aegon USA Investment Management, LLC, and The Wendy’s Company. Those individuals include Rob Prichard, Karen Hanna, and Kim Eckel at Torstar; Donna Hayes, Trish Hewitt, and Isabel Swift at Harlequin; Marilyn O’Connell at Verizon; Margaret Wheeler at Starbucks; Tim Conlon and Jim Firestone at Xerox; Andrew Cole at American Power Conversion; Jon Abeles at Catholic Healthcare Partners; Bob McDonald at Procter & Gamble; Walter Bayly and Ursula Alvarez at Credicorp
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About the Authors

Richard L. Hughes recently retired from his position as Transformation Chair at the US Air Force Academy. In that role, he worked with senior leaders across the academy to help guide organizational transformation of the academy in ways to ensure it is meeting its mission of producing leaders of character. He served previously on the academy faculty as full professor and head of the Department of Behavioral Sciences and Leadership. From 1995 until 2007, he worked at the Center for Creative Leadership in various management, research, and teaching capacities. His work at CCL focused on senior executive leadership, and he helped create CCL’s practice in organizational leadership development. He is senior author of the textbook Leadership: Enhancing the Lessons of Experience, now in its eighth edition. He received his BS from the US Air Force Academy, his MA from the University of Texas, and his PhD in clinical psychology from the University of Wyoming. He holds the rank of brigadier general, USAF (ret.).

Katherine Colarelli Beatty is the managing director for the Colorado Springs campus of the Center for Creative Leadership, where she is responsible for all operations to meet the needs of the clients served from this campus. Previously she was the director of global portfolio management for CCL, responsible for ensuring a high-quality, relevant, and scalable portfolio to meet the demands of clients across the globe. She has a long history with
CCL’s organization leadership practice, of which strategic leadership is one component. Her expertise in strategic leadership is reflected in her many research, writing, public speaking, and training activities. She joined CCL in 1996. Formerly she was a consultant to organizations in the areas of change leadership and team development. She also worked for Anheuser-Busch in its efforts to develop future company leaders and was a member of a leadership training program for engineers at GE Medical Systems. She earned her BS in electrical engineering from the University of Illinois. She holds MS and PhD degrees in organizational psychology from Saint Louis University.

David L. Dinwoodie is the regional director of Latin America for the Center for Creative Leadership. He coordinates the design of leadership solutions and faculty development for CCL’s activities in the Spanish- and Portuguese-speaking Americas. As a senior faculty at CCL, he serves as lead trainer for the Leading Strategically program, as well as delivering custom leadership development solutions for corporate clients. He is a member of CCL’s organizational leadership practice team and a research associate on the CCL research project Leadership Across Differences. Before joining CCL, he lived and worked throughout Europe and North and South America. He held senior positions with pan-European and global responsibilities in Ernst & Young, BICC General Cable, Planeta de Agostini, and Bristol-Myers Squibb. In the field of executive education, he held the post of general manager of EADA Business School in Barcelona. He studied political science at the University of Colorado, holds a master of international management from the Thunderbird School of Global Management, and earned an MBA from ESADE Business School in Barcelona. His doctoral degree is from Aston University (UK) in the area of work group and organizational psychology.
Becoming a Strategic Leader
Introduction

What if you could turn your organization into an engine of maximum performance potential, with the agility to weather uncertainty and success with equal measure? What if you could transform your personal and technical skills into a leadership practice with the power to build an organization capable of ever-deepening insight and high performance? What if you could have adaptive, effective strategic leadership throughout all levels, functions, and regions of your organization? This book is your guide.

The Changing Nature of Strategic Leadership

Have you noticed how it seems more challenging to get work done in organizations today? Garnering resources for a project, for example, now often requires conversations and coordination among people and groups inside and outside your organization who did not have to interact before. In general, work has become more complex and more interdependent in most organizations.

Consider the evidence. CEO turnover happens at a more rapid rate than before, organizations develop new products faster, new competitors spring up from unexpected quarters, and governments continue to set and change regulatory requirements. In addition, organizations and their leaders are increasingly interdependent. Prior to the global financial crises of 2008, some leaders we talked to doubted the need to truly lead and work interdependently. These days, however, we find that most leaders, if not all, fully
resonate with a desire to develop leadership for a truly interdepen-
dent world.

Change has become so fast and so pervasive that it has an impact on virtually every organization everywhere, and everyone in them. And appropriate to our times, an acronym has been given to this condition: VUCA. As imagined by the US Army War College and popularized by Bob Johansen in Leaders Make the Future (2012), VUCA describes a world that is volatile, uncertain, complex, and ambiguous. Correspondingly, today’s strategic leaders must be able think, act, and influence in that environment.

Johansen describes several forces that are contributing to the VUCA nature of our world. Underpinning these forces are some fundamental trends, such as the widening rich-poor gap. For example, in 2012, the richest 1 percent of the population worldwide earned as much as the bottom 57 percent of the population. And while there has always been some degree of a rich-poor gap, Johansen argues it will widen further and increasingly be a source of conflict in the world (especially over food production and distribution).

Climate change and ecosystems in general signify another trend of a VUCA world. Decisions that leaders make today will have an impact on the future of ecosystems ten or more years from now. Are contemporary leaders skilled (or even rewarded) for attending to factors that are measured on such a long time frame? People may sense that their actions will affect generations to come, but can leaders adapt mind-sets and practices that attend to long-term impacts? Climate and ecosystem changes can affect food production and distribution, which can make it more difficult for some populations to feed themselves. This will exacerbate the rich-poor divide. What will be the effect?

Neither can leaders ignore another trend: the move toward cloud computing and mobile device access that fuels the ability of social networking to significantly influence local, regional, and global events, as evidenced by the 2011 overturn of Egyptian president Hosni Mubarak. As individuals are connected to others through
global communications, they have a huge potential to extend their reach and impact. To the extent that we think of leaders as nodes in a variety of social networks, how might those nodes work together to create collective intention for something that is of broader benefit to the globe? How might leaders organize and harness this trend? Or will they be in a state only to react when others do?

Johansen points out that society used to look to government, science, and large companies to think about the future. People trusted those in positions of authority to shape the future for them. This allowed a level of perceived control regarding the impact the future might have. But now, with the power of social media and connectivity, the potential to shape the future belongs to us all, and with that comes a sense of unpredictability. Johansen notes that in the year 2012, everyone under the age of twenty-five came of age in the era of social media and are digital natives. Their power, amplified by new technologies, will be quite different from anything we’ve experienced in the past. According to Johansen, “Economies of scale give way to economies of organization—you are what you organize” (p. 19).

All of these forces and changes create a new competitive environment that has led to more complex and interdependent work in organizations and requires them to be more agile and resilient. But being both agile and resilient at the same time is not easy. As a result, organizations may strive to meet competing sets of external and internal demands by trying to be all things to all people. As the tension between internal needs and external needs increases, it becomes increasingly difficult for leaders to create direction, alignment, and commitment throughout the organization.

This situation calls for more people, not fewer, in organizations to be engaged in strategic leadership. To be sure, certain individuals have greater opportunity and responsibility to affect their organization than others. But more and more, people at all organizational levels and in all organizational functions are seeing opportunities to work in ways that affect the direction and momentum of the whole organization.
The best way for organizations to thrive in the face of this new reality is to become continual learning engines. In practical terms, that means that organizational strategy—the vision, the directions, and the tactics adopted to move toward success—ought to be held in an ongoing state of formulation, implementation, reassessment, and revision.

What kind of leadership is needed to transform organizations into continual learning engines that maximize performance potential? It is the kind that makes decisions and takes action not just to boost the organization’s current performance but also to strengthen the organization’s future effectiveness and competitiveness. It’s not the kind of leadership that can be explained and practiced with a simple set of procedures, such as strategic planning, and managing change, for example (although those are critical activities). Instead, strategic leaders propel their organizations through successive iterations of a learning process with strategic thinking, strategic acting, and strategic influencing skills. These skills are needed in every element of the learning process, and leaders at every level in the organization can practice them. These skills create the fuel to drive the organization’s learning process and link it to the organization’s evolving strategic intent for creating and sustaining competitive advantage. Taken together, they constitute strategic leadership.

In this book, we show you how to develop and practice leadership skills with strategic intent. We show you how to form a nucleus of vision and action and how to spread that energy to others so that it multiplies and intensifies. In the process, you and others in your organization will gain the capacity to transform your organization into a learning engine that is adaptable, flexible, and resilient.

**The Contents of This Book**

Our book uses a comprehensive conceptual framework to help you understand this view of strategic leadership. It also presents practical suggestions about how to develop such leadership.

In chapter 1 we address the unique nature of strategic leadership and what makes it so difficult and challenging. We examine
in some depth the idea of organizational strategy as a learning process and conclude by looking at the implications of adopting that view.

Strategic thinking, the subject of chapter 2, refers to the cognitive dimension of strategic leadership. This aspect might include, for example, discerning environmental trends that have strategic significance for your organization. It might also include the ability to sift through waves of information to identify the most strategically significant facts or issues. Other aspects include seeing things from an enterprise perspective, appreciating how all the different functions and departments in the organization contribute to an integrated whole and looking at things in new and different ways.

Chapter 3 takes up the mantle of strategic acting, the behavioral dimension of strategic leadership. The importance of acting with strategic intent can’t be overstated. Great vision and detailed plans amount to nothing if they aren’t carried out with purpose. Not even the sharpest insight has value unless it leads to decisions that commit resources toward certain activities rather than others.

Strategic influencing is the subject of chapter 4. It refers to the ways in which leaders influence others and the ways they open themselves up to influence from others. Influence is the channel through which thought and action flow throughout the organization. It’s critical to maintaining positive traction along the organization’s strategic path.

Because organizations depend not just on individual effort but on the effort of individuals working together—often on teams—we use chapter 5 to examine the nature and effectiveness of collaborative strategic leadership. We draw heavily on research that we have conducted on teams in the context of the Center for Creative Leadership’s Leading Strategically program.

Individuals and teams enact strategic leadership when they create the direction, alignment, and commitment needed to achieve the enduring performance potential of the organization. But what kinds of conditions in organizations are most likely to
encourage individuals and teams to develop and practice leadership in this way? Chapter 6 describes that kind of environment by looking more closely at leadership strategy. This chapter examines the aspects of organizational culture, structure, and systems most likely to produce and support the kind of leadership that will keep organizations moving forward along a path of continual learning.

In chapter 7 we conclude the book with practical suggestions about how readers can best develop their own strategic leader capabilities as well as how they can help advance the strategic capabilities of their entire organization.

Throughout the book our intent is to convey the changing nature of strategic leadership in a way that is both accessible and applicable while also doing justice to the increasingly complex and interdependent nature of work in our VUCA world. Every chapter provides examples to illustrate the interactive nature of strategic leadership at the individual, team, and organizational levels, and we provide useful exhibits and suggestions for individual, team, and organizational development in every chapter. And while that same spirit and intent characterized the first edition of this book, this new edition benefits from almost another decade’s advances in our understanding and tools for developing strategic leadership in organizations. This is particularly true of advances in CCL’s cutting-edge work in the areas of leadership culture and leadership strategy.

The Audience for This Book

Our premise is that strategic leadership is a process, not a position, and increasing numbers of individuals share in the responsibility of its development and practice in organizations. That shared responsibility extends to certain aspects of creating strategy and is not limited to just executing a strategy passed down from above. Furthermore, certain teams as well as individuals exert strategic leadership in their organizations, reflecting the increasingly collaborative nature of strategy as a learning process. More than any
other organizational activity, strategy represents the confluence of ideas and action, and we often say that strategic leadership exists largely in the white spaces on organizational charts. No single functional area or group has the breadth of information and perspective necessary to effectively guide an organization through the learning process that brings sustained competitive advantage.

With that view in mind, we believe that this book offers somewhat distinctive benefits to three different groups: younger or junior managers, middle managers, and executives.

For younger or junior managers, the book is an introduction to the basic concepts of strategy and strategic leadership. It demystifies and makes relevant concepts that otherwise may sound confusing or irrelevant to one’s role in the organization.

The book will also be helpful for middle managers. By definition they link levels above and below them, so they are critical to ensuring that strategy is both a top-down and a bottom-up process. Increasingly, we find, strategic leadership also has a “middle-out” dimension to it. The book suggests many ways of influencing the whole organization from positions other than the top.

Executives may have the best vantage point from which to affect the quality of strategic leadership throughout the whole organization. They have responsibility for bringing information into the organization and for making the furthest-reaching decisions, and they have the opportunity to create the necessary momentum among their peers, direct reports, and even their bosses. It’s that energy that can transform an organization by bringing it full awareness of its circumstances and challenges, and that enables it to remain flexible, creative, adaptive, forward-looking, and strategic in its intent. Those are the qualities of sustained competitive advantage, the goal of every strategic leader. The parts of the book dealing with how to create organizational conditions that encourage effective strategic leadership by individuals and teams will be especially useful to executives.