LEADERSHIP:
Theory, Application, Skill Development

2d Edition
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Chapter 11

Strategic Leadership and Managing Crises and Change

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Chapter 11
Learning Outcomes

- **Role of leadership in strategic management process**
- **Relevance of internal and external environment**
- **Importance of a vision and mission statement**
- **Relationship between corporate objectives and strategies**
- **Importance of strategy evaluation**
- **5-step process to crisis risk assessment**
- **3 phases of the change process**
- **Major reasons for resisting change**
- **People and task-oriented techniques for overcoming resistance to change**

STRATEGIC LEADERSHIP

- The process of providing the direction and inspiration necessary to create and implement a vision, mission, and strategies to achieve and sustain organizational objectives

- The purpose of strategic leadership is to effectively implement and guide the process of strategic management

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STRATEGIC MANAGEMENT

The set of decisions and actions used to formulate and implement specific strategies that
    will achieve a competitively superior fit between the organization and its environment so as to achieve organizational goals

The Strategic Leadership/ Management Process

- Analyze the environment
  - Internal (Why?)
  - External (For What?)
- Develop a strategic vision
  - An ambitious view of the future that everyone in the organization can believe in, that is reasonably attainable, and which offers a future that is better in important ways than what now exists

The Strategic Leadership/ Management Process

- Write a meaningful mission statement
  - Defines the core purpose and reasons for organizational existence
  - Should be both broad and precise
  - Not easy
    - Can take months and years
  - Must change as organization changes

The Strategic Leadership/ Management Process

- Create Corporate Level Objectives
  - Desired outcomes that an organization seeks to achieve for stakeholders
  - Include both financial and strategic objectives
  - Help everyone to focus in same direction
  - Targets against which performance is compared

The Strategic Leadership/ Management Process

SMART Corporate Level Objectives

- **S**pecific
- **M**easurable
- **A**chievable
- **R**elevant
- **T**imely

The Strategic Leadership/ Management Process

Formulate Strategy

Strategy is the general plan of action that describes resource allocation and other activities for exploiting environmental opportunities and helping the organization attain its goals

The Strategic Leadership/ Management Process

- Formulate Strategy that:
  - Enhances value to customers
    - Ratio of benefits to cost
  - Creates synergistic opportunities
    - Whole is greater than the sum of the parts
  - Builds on company core competencies
    - Performs extremely well in comparison to competitors

5 Elements of Good Strategy Development

- Arena: Where the organization will focus its resources

- Vehicles: How the organization will get there

- Differentiators: How the organization will stand out in the market place

- Staging: What will be the speed and sequence of moves

- Economic logic: How the organization will obtain its returns

The Strategic Leadership/ MGMT Implementation

- **Most difficult part of strategic management**
  - Also the most important
- Without appropriate implementation, the best of strategies can fail
  - Must be integrated and coordinated
  - Must overcome resistance to change

Strategy Evaluation

- To determine the effectiveness of strategic choices

- 3 fundamental activities:
  - Review internal and external factors
  - Measure performance against objectives
  - Corrective action

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Crisis Leadership

- Leaders need skills and competence to lead during crises
  - Like the U.S. and NYC on 9/11/01
  - To provide stability, reassurance, confidence, and a sense of control
- "...tough times won't create leaders, ... they show you what kind of leaders you already have." *Larry Barton*

Preparing for Crisis

- We cannot foresee future crises, but we can prepare in a general manner
  - Pre-Crisis Planning
    - Do not want to start from zero when crisis occurs
  - Crisis Team
    - Good mix of organizational skill sets
  - Crisis Leader
    - Requires logs
    - Monitors complaints and behaviors
    - Identifies patterns or trends
    - Coordinates team activities

Risk Assessment
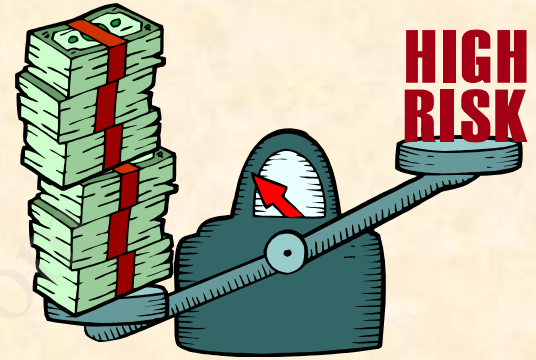
- Used to anticipate crises
  - What could happen?
- Tries to identify weaknesses and threats
  - Where are we vulnerable?
- Common tool in crisis planning
  - What is the worst-case scenario?

Risk Assessment Model

1 **Risk Identification (Risk Chart)**

2 Risk Assessment & Ranking

3 Risk Reduction Strategies

4 Crisis Prevention Simulations

5 Crisis Management

S W O T

Crisis Management
Rapid response is vital

Leadership's Role

- Stay engaged
- Lead from the front
- Focus on the big picture
- Communicate the vision
- Work with crisis management team

Effective Crisis Communication

- Can make or break company reputation
- Spokesperson determined in pre-crisis planning
- Failure can extend crisis

Effective Crisis Communications

- First 24 hours crucial
  - Media's need to know
  - Tell company's story
    - Press releases
    - Press kits

Effective Crisis Communication & Management

- Be there
- Tell the truth
- Tell what your are doing to fix crisis
- Handle those affected with utmost sensitivity
- Avoid presenting conflicting messages
- Show a plan on how you plan to avoid a repeat in the future

Effective Crisis Communication & Management

- Don't lie or cover for the boss or the corporation
- Go the extra mile
  - Beyond requirements of the situation
- When things are going well, take credit
  - Without being self-absorbed
- Remember that the media is your link to the public
  - Be honest & straightforward with them

Leading Change

- Organizational Change
  - Activities associated with planning, designing, implementing, and internalizing tools, procedures, routines, processes, or systems that will require people to perform their jobs differently

- Organizations spend millions on change efforts

- Organizational change is any transition that requires change in human performance

Need for Change

- Environment changing rapidly
  - New technology
  - Globalize economy
  - Changing market requirements
  - Intense domestic and international competition
  - New opportunities and threats for leadership

Response to Pace of Change

- Flatter, more agile organizational structures

- More empowering, team-oriented cultures

- Leaders must lead the responses

LEADING CHANGE

- Not every leader can successfully implement change
  - Role of the leader is to facilitate change that results in better performance
- Change-oriented leaders are responding by initiating strategies that match the requirements of the turbulent environments in which organizations exist

Stages In The Change Process
The Force Field Model

Unfreezing

Changing

Refreezing
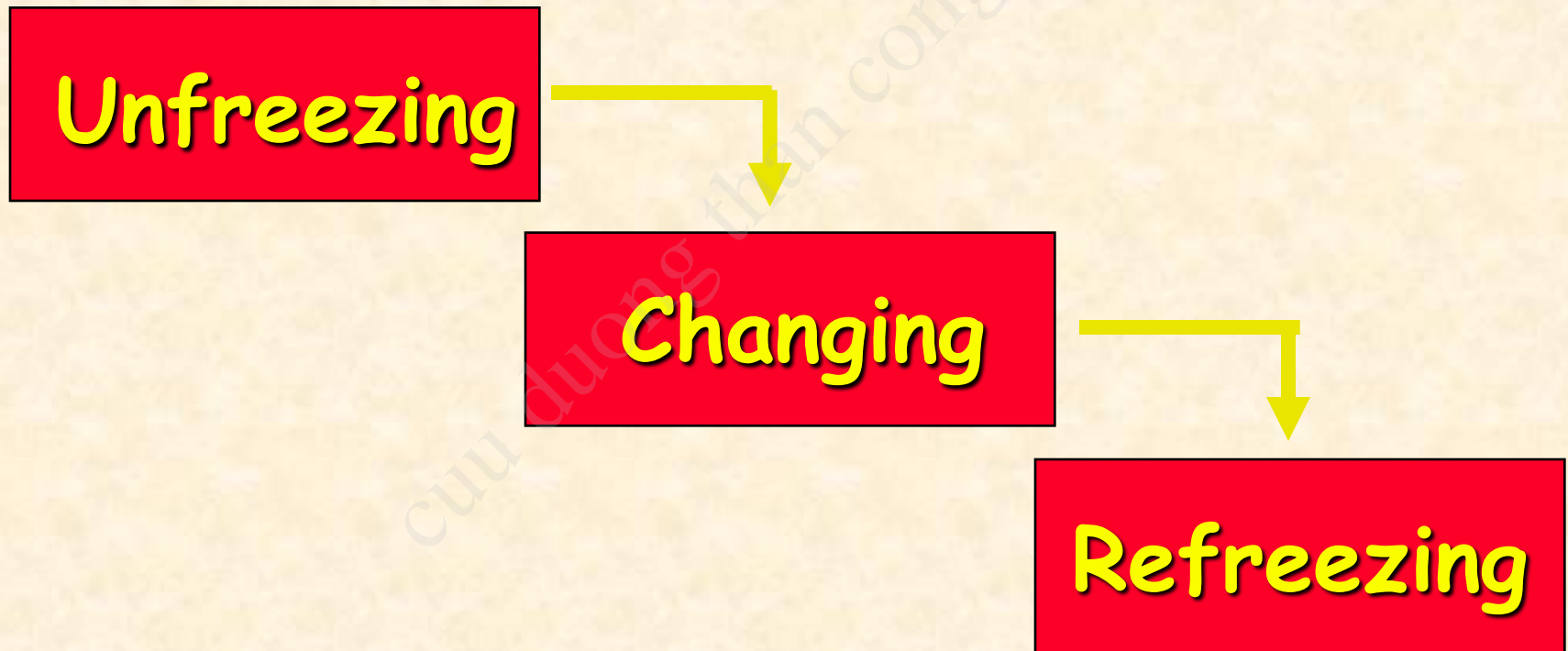
THE EIGHT STAGE MODEL OF THE CHANGE PROCESS

1. Establish a sense of urgency
2. Form a powerful guiding coalition
3. Develop a compelling vision
4. Communicate the vision widely
5. Empower employees to act on the vision
6. Generate short-term wins
7. Consolidate gains, create greater change
8. Institutional changes in the organizational culture

Why Do People Resist Change?
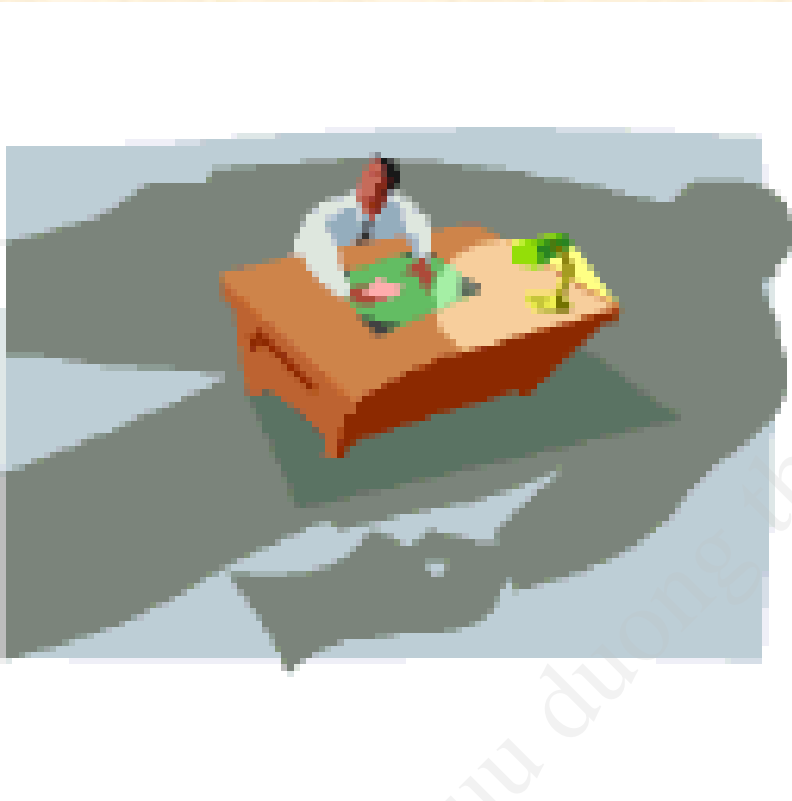
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- Threat to self interest
- Uncertainty & loss of comfort zone
- Lack of faith in the change
  - That it is necessary
  - That it will succeed
- Distrust of leadership

Why Do People Resist Change?

- **Threat to values**
  - Personal
  - Organizational

Why Do People Resist Change?

- Threat to values
  - Personal
  - Organizational
- Fear
  - Of the unknown
  - Of being manipulated

How Can a Leader Reduce Resistance to People-Oriented Change?

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- **Show relentless support & unquestionable commitment to the change process**

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- Show relentless support & unquestionable commitment to the change process

- Communicate an urgent about the need for the change

- **Continually communicate regarding the progress of the change**

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How Can a Leader Reduce Resistance to People-Oriented Change?

- **Avoid micromanaging**

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- **Help people deal with the trauma of the change**

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How Can a Leader Reduce Resistance to People-Oriented Change?

- Avoid micromanaging
- Empower people to implement the change
- Help people deal with the trauma of the change
- **Prepare people for necessary adjustment**
  - Career counseling
  - Retraining

How Can a Leader Reduce Resistance to *Task*-Oriented Change?

- **Assemble a coalition of supporters**

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- Align organizational structure with new strategy for consistency

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How Can a Leader Reduce Resistance to *Task*-Oriented Change?

- Assemble a coalition of supporters

- Align organizational structure with new strategy for consistency

- Survey the organizational landscape for likely supporters and opponents

How Can a Leader Reduce Resistance to *Task*-Oriented Change?

- Recruit and fill key positions with competent and committed supporters

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- Recruit and fill key positions with competent and committed supporters

- Know when and how to use ad-hoc committees or task forces to shape implementation activities

- Know when a full-scale approach to implementation is needed

Discussion Question #1

Discuss how an organization's objectives may affect its search for opportunities.
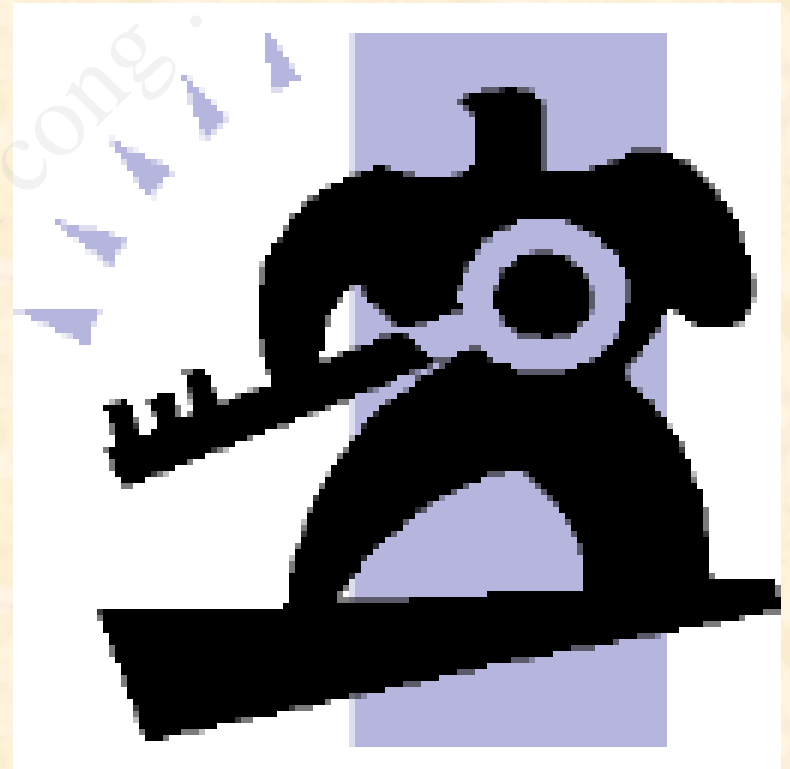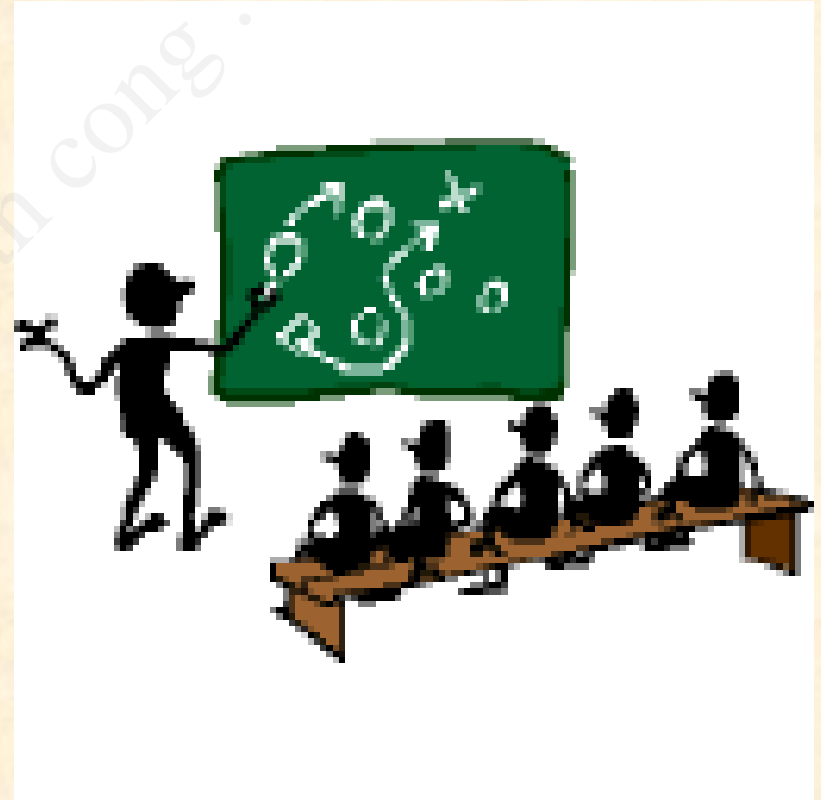
Discussion Question #2
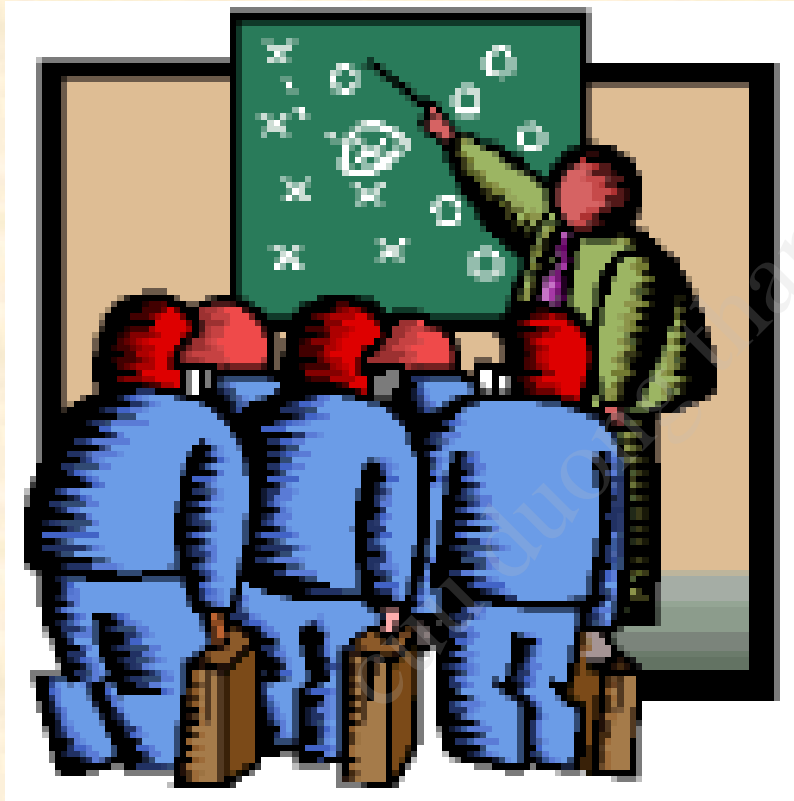
What are the key elements of the strategic management process?
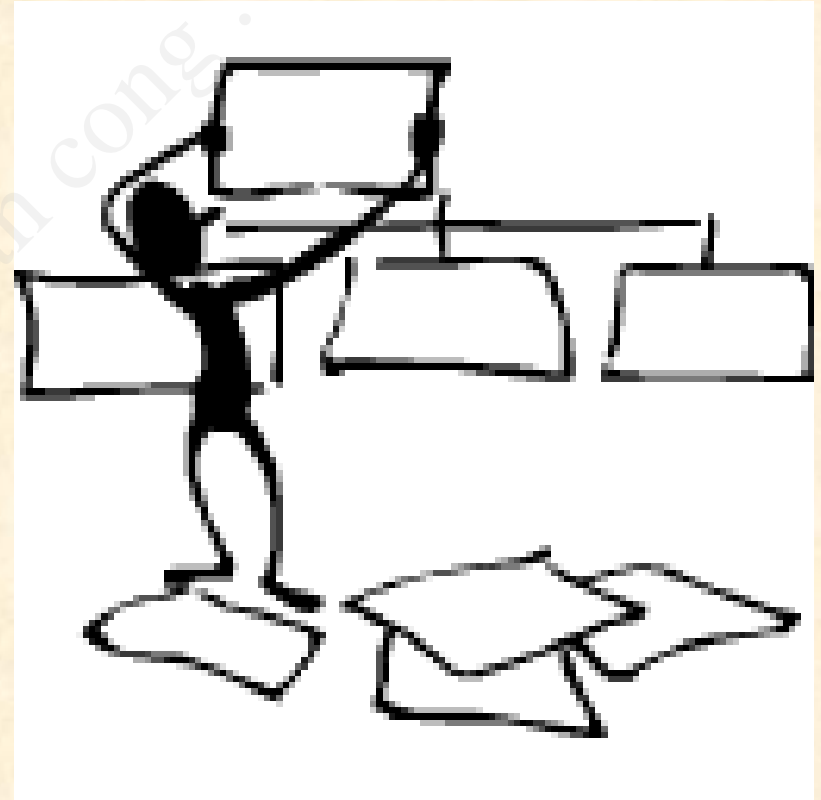
Discussion Question #3

What is the difference between a strategic vision and a mission statement?

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Discussion Question #4

The essence of the strategic management process is adapting to change. **Discuss**.

11-53

Discussion Question #5

What are the current factors or trends that make pre-crisis planning an important aspect of strategic leadership?

Discussion Question #6

What are the three main components of a pre-crisis plan?

3

Discussion Question #7

Describe the responsibilities of a crisis leader.
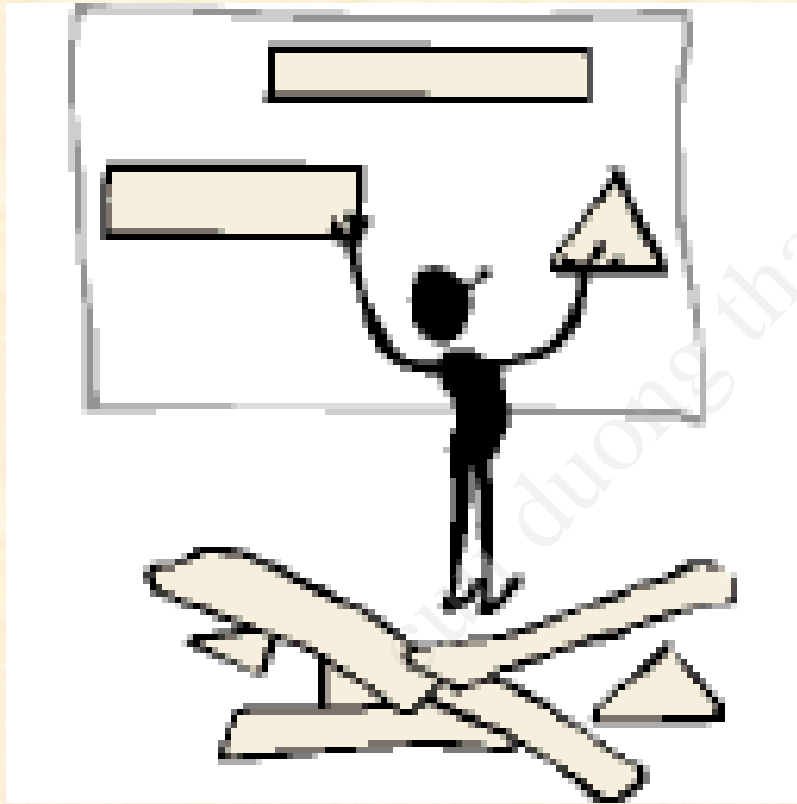
Discussion Question #8

What is the appropriate role of organization's top leadership during a crisis?

Discussion Question #9

What are the phases of the eight-stage model of planned change?

1. ?
2. ??
3. ???
4. ????
5. ?????
6. ??????
7. ???????
8. ????????

Discussion Question #10

What is the difference between people-oriented and task-oriented approaches to overcoming resistance to change?