

Strategic Management for Competitive Advantage
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Lecture 33
Strategic Leadership - I

Welcome to the course Strategic Management for Competitive Advantage. Today we will start a new module. This is about Strategy Implementation and Leadership.

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So, in the first lecture, we will be talking about the following concepts what is the role of leadership in an organization, what is leadership, and what are the definitions of leadership, we will deliberate on this. Then what are the processes of leadership? We will also talk about this. Thereafter in the next session, we will be covering the functions of leadership and interdependent leadership activities. Then why are good leaders scarce in society? We will talk about that. Then we will also discuss the learning organizations.

Then thereafter, in the other sessions, we will talk about the universal inner structure of effective leadership. We will also discuss handling people and leadership styles. And lastly, we will be talking about narcissistic leaders, how they are important and what are they are equally destructive. So, we will talk about all these things in future sessions. But today that first session we will be covering the role of leadership and other things.

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10. Strategic Leadership

- **Role of Leadership**
 - In Search of Excellence, Stanford Research Institute study
 - MDI study
 - Approach to improve leadership

Handwritten notes:
"12% of effective management is knowledge and 88% is dealing appropriately with people" (handling)

- **What is Leadership?**
 - Definition
 - Leadership → knowing what to do (Capability) + getting things done (Effectiveness)

Handwritten notes:
"is the capacity to frame a plan that will succeed and the faculty to persuade others so to carry it out even in face of difficulties" (handling people)

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So, to start with this role of leadership. You remember, in the 1980s Japanese companies ruled the entire world. If you name any companies, they beat those Japanese companies (say) Mitsubishi, Toyota, Nippon telephone, Hitachi, Sakura Fuji, Sony, you name any companies they were the global leaders, and they beat every aspect of enterprise management, the big companies in the USA and European companies.

But Japan did not have any business school, what is its name to mention? So, even then. the business schools were in where USA top ranked top-ranked business schools were in the USA and Europe. So, it raised a very serious question in the minds of industrialists in the minds of the business world what the role of MBAs is?

They cannot combat this Japanese, all these big companies, so the utilities of MBA were in question. Thereafter soon, that book Tom Peter's that best-selling management book 'In Search of Excellence' has come out. In that, the author has concluded. One of the conclusions was there, was that if you see the excellent companies over the years, those companies have one thing in common. What was that?

That was, it had leaders of leader one or two who shaped the organization's culture. So, that is the role of the leader. So, one or two leaders shape the organization's culture. So, then soon after there was a big study was carried out by Stanford Research Institute. In that study, they found an interesting revelation. What were that revelations?

They found that in 12 per cent of strategic management, effective strategic management is knowledge and the rest 88 per cent is appropriately dealing with the people. So, I will just write it down. So, what was the study result? The study result was this. 12 per cent of effective management is knowledge, and 88 per cent is dealing appropriately with people.

Now, you see that 12 per cent of effective management is knowledge and 88 per cent is dealing appropriately with people. What is this? This is handling people. So, you can see that this is an interesting revelation then if you look at our home. MDI Gurgaon they were developing some national program on leadership. For that, they conducted a survey.

This survey was for them, they interviewed the CEOs of large public and private enterprises, the large number of CEOs they interviewed and they came to two conclusions. Those CEOs feel the conclusion one was there is that the Indian industry's productivity can increase by 30 to 40 per cent if the quality or leadership quality of these organizations can be improved without investing a single penny with the existing resources if we just can improve the leadership quality.

Another one is that leadership programs and the education that are given in business schools are not good enough. It should be more effective if they are given job training that will be more helpful. Anyway, these conclusions are again debatable. So, we will not go to those aspects, we just take it as a face value.

Now, we will be talking about an approach to improve leadership. In the rest of the sessions, we will be talking about it that how to improve leadership qualities. So, we are not answering it just now. Then we will talk about what leadership is. What is it, can you tell me the definitions of leadership?

I am sure all of you know the definitions because these are very contextual and there is not only there is not that there is only one definition. In fact, there are several hundreds of definitions of leadership that depend on the different authors define it in different ways, different experts have defined it, different that management consultants have different ways in their contexts, these are contextual.

So, you can find a large number of definitions of leadership. The one I will be describing to you that is more pragmatic and very very result-oriented that I will be talking about and this

definition was given by a British medical physician Lord Moran, and what is it I will talk about the definition first then I will talk about Lord Moran.

So, this (say)s that leadership is defined as the capacity to frame a plan that will succeed and the faculty to pursue others to carry it out even in the face of all difficulties. So, I will write it down for you. So, this definition is leadership is the capacity to frame a plan that will likely to succeed that will succeed and the faculty to persuade others to carry it out even in the face of difficulties.

So, here you see. It is the capacity to frame a plan. Means, what is it? It is the knowledge part of the leader. So, 12 per cent of effective management is knowledge. It is the knowledge part of the leader that will likely succeed and the faculty to pursue others to carry it out even in the face of all difficulties. This means this is the handling part of the leaders, the handling of people by the leaders.

So, this is in fact, it one part is the knowledge, another part is handling people. This is carrying it out that is handling people. This part. This pursued others. This part. So, this is the definition of leadership and Lord Moran who has involved in world war I and World War II. And he has seen in both these wars how the city, the army or the leaders motivate the people to give their life, they are going for the fight and they do not even think they are giving their life.

So, he had closely looked at it and came up with these definitions. Lord Moran in the second world war, rose to the rank of the head of the medical unit of the combined forces and he was the personal physician of Winston Churchill, the then-prime minister of Britain. So, we can also (say) that leadership is knowing what to do and getting things. What to do means is the capability part of it. That is capability. And getting things done means is the effectiveness part of it. So, we can (say) that leadership is nothing but the capability and the effectiveness of handling people.

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The slide is titled "10. Strategic Leadership" and has a sub-header "Leadership and Management". Below this, it asks for the "Relation between 'Leadership and Management'". A table compares leadership and management activities. Leadership activities include dealing with change, developing a vision, formulating strategy, aligning stakeholders, motivating employees, and recognizing success. Management activities include coping with complexity, planning and budgeting, implementing strategy, organizing and staffing, and controlling behavior. The slide also features a small video inset of a man in a suit and logos for IIT Kharagpur and NPTEL at the bottom.

Leadership activities	Management activities
Dealing with change	Coping with organizational complexity
Developing a vision and setting a direction for the organization	Planning and budgeting
Formulating strategy	Implementing strategy
Aligning stakeholders with the organization's vision	Organizing and staffing to achieve strategy
Motivating and inspiring employees	Controlling behaviour and problem-solving to ensure strategy is implemented
Recognizing and rewarding success	

Now, I will ask you a question. What are the relations between leadership and management? What is the difference? Can you (say)? Anyway, I get some conflicting, usually, views. The leadership we can (say), management is a tool of leadership. It is a means of leadership. So, do you agree with that? I will cite an example. What is leadership?

Leadership is creating a shared vision and setting a direction for the organizations where they want to go and framing a strategic plan and dealing with the changes to bring out those objectives and the plan objectives to achieve. And the management in contrast is coping with complexities to bring out an orderly and consistent result. That is the difference.

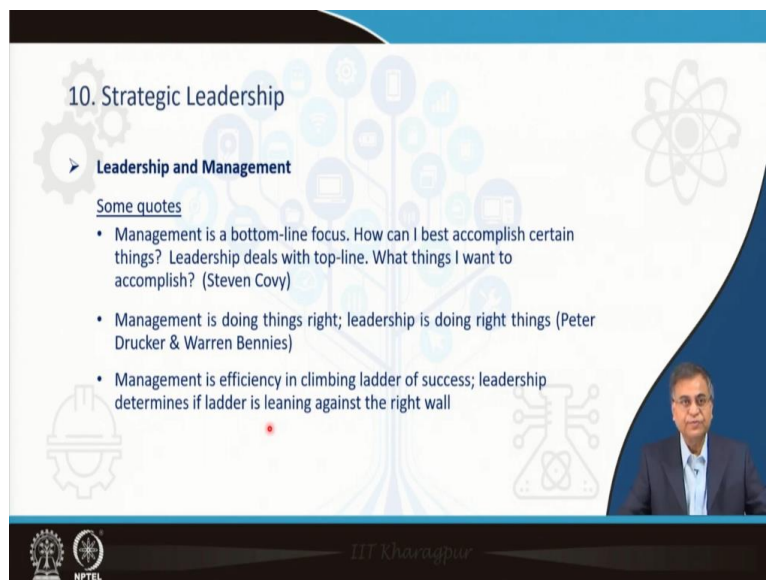
Now, I will further elaborate on it. If you see this table here, you can find that this leadership as I told you, is developing a shared vision and setting a direction for the organization for the future and it formulates a plan for that, it formulates the strategy to achieve those set directions.

And it is also dealing with change. Another main important work of leadership it is dealing with change and aligning the stakeholders with the organization's vision and motivating and inspiring the employees to carry out those changes, to carry out, to achieve objectives and also recognizing and rewarding the successful, those who have done, contributed to the success of the plan. So, these are the leadership activities. Whereas what are the management activities?

Management activities are coping with organizational complexities to bring out an orderly and consistent result. Like it has to do with implementing the strategy, in the formulation of strategy by the leadership and management here is implementing the strategy, planning, budgeting that is the resource allocations, works.

Organizing and staffing to achieve the strategy, controlling behaviour and problem-solving to ensure the strategy is implemented. This is the difference between leadership and management activities. I hope it's clear. Now, further, I will go. I will give you some examples of the difference between management and leadership.

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10. Strategic Leadership

➤ Leadership and Management

Some quotes

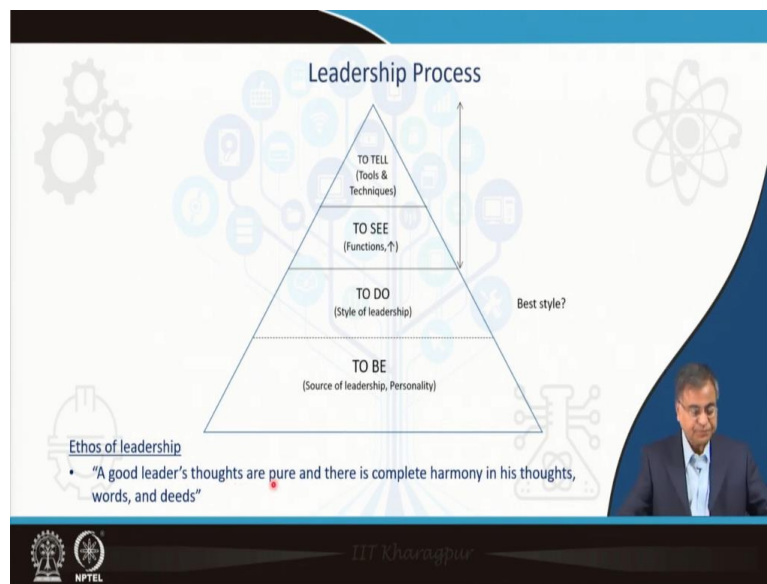
- Management is a bottom-line focus. How can I best accomplish certain things? Leadership deals with top-line. What things I want to accomplish? (Steven Covey)
- Management is doing things right; leadership is doing right things (Peter Drucker & Warren Bennis)
- Management is efficiency in climbing ladder of success; leadership determines if ladder is leaning against the right wall

The slide features a background with various icons including gears, a lightbulb, a tree, and a person. A small video inset in the bottom right corner shows a man in a suit. The bottom of the slide has logos for IIT Kharagpur and NPTEL.

So, there are some quotes. What does Steven Covey say? Steven Covey says “management is a bottom-line focus. How can I best accomplish certain things?” It is a profit-oriented focus. Leadership deal with the top line. So, it is dealing with the (say) the giving the people, what is the what things I wanted to accomplish. So, higher visions, higher visions they deal with. This is the Stephen Covey.

Then further, this is Peter Drucker says “management is doing things right and leadership is doing right things”. Further “Management is efficiency in climbing the ladder of success, whereas leadership determines if the ladder is leaning against the right wall or not. So, these are very cryptic and very precise and very insightful.

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Next, we move forward. So, now, we will be talking about the leadership processes and how the leadership processes go. You look at this diagram. I will explain it to you. The leadership processes actually can be summed up in four processes like it is to be, to do, to see and to tell. What are these, to be, to do, to see and to tell?

‘To be is the source of leadership. It is the aggregate of a leader’s values, knowledge, distinctive identities, attitudes and everything, sum together is ‘to be’. What are these qualities? As I told these are nothing but the personality of the leader. Because we know that personality is the sum of knowledge, attitudes, behaviour, then value systems, identities, and competence, everything is summed up here. So, this is the source of leadership that determines how the leaders will be.

So, and there is, next is that ‘to do. ‘To do’ is called the style of leadership. What is a style? What style of leadership will follow? Style is the reflection of the personality, usually that it comes up with the. What is the substance of a person that substance makes what should be the style of the individual?

So, it just comes from within the person individual. It does not, the individual or leader does not go to refer a situation to books. It automatically comes to him that ‘to do. You can see there is a perforated line between these whereas the others it is continuous, it is a thick line. What is this perforated line means?

This means the style of leadership comes from the personality of the leader. So, that is why it comes automatically, it is in it. So, it is a perforated line. Now, what is the best style of leadership? Can you tell? The best style of leadership is supposed to be leading by example. If you lead by example, you do not have to talk much about leadership, and people will follow you. It is also called silent persuasion.

It is called silent persuasion because a boss, leader, or CEO works for 12 to 14 hours in the office. He does not have to tell the others, the others will at least will spend 10 hours in the office, these are silent persuasions. (say) Kapil Dev or Virat Kohli do not have just to tell the people. They will act, their action is their persuasion. Like if they do good, the other players will just follow, he or she, the leader, does not have to speak much.

So, this is a very potent way of leading people. The other two are 'to see' and 'to tell'. These are called functions, tools and techniques of leadership. What is 'to see'? 'To see, as a result, you should take decisions or your actions should be based on ground realities, based on informed sources of information.

If you do not have, if you cannot see the ground reality, if you take any decisions that may not succeed, and if you make a plan without checking the ground reality for yourself, it will not be a successful plan. So, that is why you will see that you must have heard those stories. In the olden days, the kings used to roam in the kingdom, on the streets in the villages, in disguise.

So as to know the pulse of the people and how the kingdom is running. Whether people are happy or they are resentful that is to know the ground reality. So, when you go up that CEOs leadership and CEOs, they are surrounded by cameras and information goes to them in a filtered way.

So, in such cases, your decisions may go wrong. So, you should see for yourself the informed sources of information you should have, and you should take your decisions accordingly. That is 'to see. And 'to tell'? 'To tell' means communicating with others. It is nowadays you will find there are many lip services.

Most of the leaders go for lip service. And people do not believe in most leaders but good communications, if you see great leaders, people blindly follow them. Why do they follow

them? If whatever they (say) from the heart. If you (say) from the heart and lead by example, people will follow you.

And you can see the religious leaders, they were not good orators, Ram Krishna Paramhans, they Kabir, Nanak, if you name many others, they were simple village folks, they were not that articulate, or not that educated, but they could influence millions of people because they talked through heart because for that people believed them.

So, it is not necessarily that you have to be very good orators. Oratory definitely is a plus point but should your thoughts will be pure then only people will believe you. These are the leadership processes. So, the ethos of leadership should be true. A good leader's thoughts are pure, and there is complete harmony in his thoughts, words and deeds. So, then only people will follow you. These are the essential ethos for a good leader.

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10. Strategic Leadership

➤ Process of Leadership

- Are leadership qualities required in managing different type/size of businesses similar?
- Whether military or spiritual leadership has any correlation with leadership in other fields?

12% effective management is knowledge
88% is dealing appropriately with people

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So, I will ask you these two questions, and you answer. Are leadership qualities required in managing different types and sizes of businesses similar? This is one. The next question is whether military or spiritual leadership has any correlation with leadership in other fields. You think about it and answer. Yeah. I generally get a conflicting reply on this. So, to set it right, leadership quality is required for managing different types of businesses similar?

Yes, it is similar. And I will explain why. And similarly, whether military or spiritual leadership has any correlations with the leadership of other fields? Here also I will (say) yes, there is a correlation. What are those? We have discussed before what leadership is.

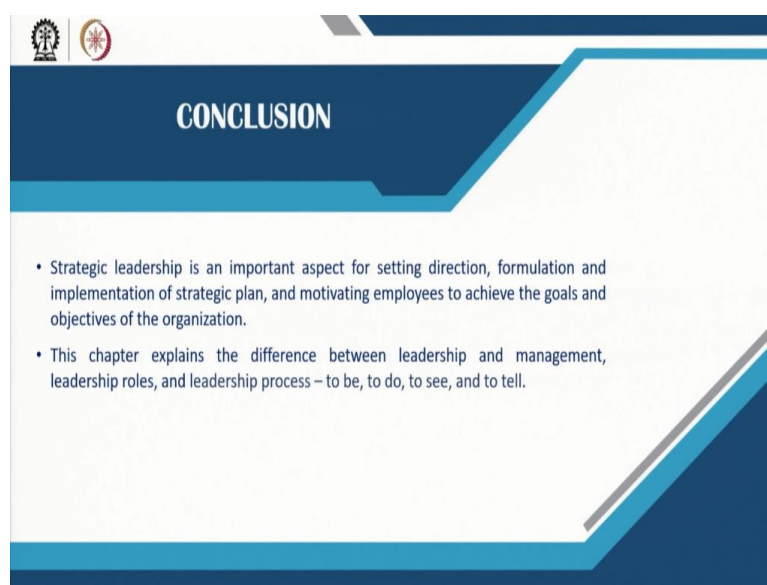
Leadership is the capacity to frame a plan that will succeed. That is the knowledge part of the leader.

Another is handling people appropriately to carry out your plans and objectives. That is the handling of people that is part of the leadership. So, as per the Stanford research study that what did we find? We found that 12 per cents of effective management is knowledge and 88 per cents is dealing appropriately with people. This is handling people.

So, you can see this in any organizations, whether it is a different type of organization or the sizes are different, that knowledge part is less but the handling of people that is large, that is the main part of the leadership. So, as far as these are concerned so, for different domains, for (say) different types of industries, different domains of or the fields in the leadership, so, this knowledge part is less, but the majority part is the dealing with people, handling people.

That is more that is why you will find the IAS officer, that administrative officer, they become very successful in engineering organizations, they become successful in many other organizations also because that handling the people, that knowledge. And you will find a leader, the good leader, effective leaders, who are equally adept in many types of organizations in various fields also they are also successful because the majority of this is handled appropriately with people. Then similarly, for military and spiritual leadership, the knowledge part is less, and handling people are more. So, I think this clears those answers.

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CONCLUSION

- Strategic leadership is an important aspect for setting direction, formulation and implementation of strategic plan, and motivating employees to achieve the goals and objectives of the organization.
- This chapter explains the difference between leadership and management, leadership roles, and leadership process – to be, to do, to see, and to tell.

Now, I will conclude today's session by summarizing what we learnt. We learnt that strategic leadership is an important aspect of setting direction, formulation and implementation of the strategic plan and motivating employees to achieve the goals and objectives of the organization. Then further, in this chapter, we have explained the difference between leadership and management. Leadership roles and leadership processes that 'to be, 'to do, 'to see', and to tell. So, we have covered all these in this session.

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These are some of the references that books you can go through and further enlarge your knowledge. Thank you very much for attending.