

The Top Ten Attributes of Effective Leaders

By Mark B. Hefner, Vice President, Palladium Group, Inc.

A sound strategy management process and visionary leadership: these are the two universal characteristics of the more than 140 organizations that have won a place in the Palladium Balanced Scorecard Hall of Fame for Executing Strategy over the past 10 years. But if leadership is a prerequisite of successful strategy execution, why do so many organizations leave it to chance? Although many leaders are natural born, leadership can be cultivated.

In our many years of experience guiding CEOs and business unit heads, we've identified and honed a list of top ten attributes of visionary and effective leaders based on the traits of those who have successfully steered their organizations through strategic transformation and onward to measurable—and sustainable—breakthrough results.

How do you and your fellow executives measure up? Do your leaders...

1. View strategy execution as their job?

Sure, most CEOs know that strategy is part of their job. But how many limit their involvement to a high-level role in the strategy formulation process and then completely delegate its execution? Effective leaders recognize the importance of a hands-on approach. They are deeply involved not only in developing the strategy but also in executing it. They consider it their job to actively lead and manage throughout every step of strategy execution—day after day, month after month, year after year. To them, it's a daily responsibility.

2. Have a keen understanding of the change process?

No one would disagree that adopting and implementing a new strategy is a change program; but how many leaders view *strategy execution* as a constantly evolving process? Visionary leaders understand that strategy execution, and not only implementation, is fundamentally a change management endeavor. Performance—and assumptions—

are constantly monitored, tested, and revised as needed (as described in the Kaplan/Norton six-stage strategy execution system). Strategy execution inherently involves continuous change. There is no real steady state; it is a dynamic process.

Visionary leaders also understand the human dynamics of change and the importance of considering the variety and complexity of human responses to change. First and foremost, this calls for demonstrating the need for change and creating a sense of urgency. For example, leaders must make a compelling case for change—to everyone in the organization, and not only their direct reports. Visionary leaders are adept at building commitment from the top down. They know how to convey a motivating, shared vision for the future of the organization and are careful to ensure that the strategic intent is clear and clearly understood throughout the organization. They understand how to lead people through difficult transitions, managing how change will affect all stakeholders—not only managers and employees, but also customers, suppliers, shareholders, and the board of directors.

3. Know how—and when—to push the leadership “accelerator”?

Visionary leaders understand (and don't just give lip service to the idea) that executing a transformational change strategy takes substantially more energy on the part of leaders than an

incremental change strategy does. As a result, they push the accelerator—demanding more time, energy, visible support, and hands-on leadership from their team members—to lead execution when the stakes (and the change requirements) are high.

4. Stay the course?

Visionary leaders are unwavering in their focus on and commitment to the strategy. They fully expect to encounter resistance, if not outright opposition, even from members of their own management team or the board. Rather than capitulate or compromise, however, they take proactive steps to engage potential opponents and involve others to win opponents' support. They demonstrate, publicly and privately, by word and by action, that nothing will diminish their commitment to executing the strategy and achieving breakthrough results.

5. Put a premium on communicating to all stakeholders during the transition?

Clearly, all stakeholders need to understand the strategy: what it is, why it needs to be implemented now, and how adopting it will lead the organization toward breakthrough results. They need to recognize that senior management is committed to it. And they need to understand how they can contribute to successful strategy execution. Unfortunately, many leaders are perfunctory about communications. It takes more than a video and an email from the CEO to convince stakeholders of the CEO's commitment. Effective leaders are actively and personally involved in talking to the spectrum of stakeholders, in various media, to gain their buy in. And they rally their team members and organizational resources (not just HR but also the communications group) to help develop and coordinate ongoing communications. They understand the importance of “seven times and seven ways”—of repeating the message in different formats and for different audiences—and of providing interactive, not merely one-way, forums for communicating and discussing strategy.

6. Align, assign, and hold accountable direct reports to fulfill specific strategy execution roles?

Visionary leaders are clear about what they expect of their direct reports—and they do not hesitate to support their expectations with reinforcement, whether positive or negative. They insist that their direct reports do the same with their subordinates so that a clear message about roles, expectations, and strategic intent is cascaded horizontally and vertically throughout the organization. In assigning responsibilities and setting expectations, they also invest in developing the leadership skills of managers at all levels to prepare them for their new roles in strategy execution. They dedicate resources to preparing them for change, fostering teamwork, encouraging fresh thinking, and requiring that they know the desired behaviors and results, which will be measured and rewarded. Effective leaders monitor the performance of their subordinates against expectations and are willing to make tough decisions when, as inevitably happens, some leaders cannot live up to the new requirements.

7. Adhere to a proven strategy execution process?

Most executives know that succeeding at strategy execution is against the odds; more organizations fail at executing strategy than succeed. Visionary leaders understand that shortcuts, while attractive, do not yield competitive advantage or sustainable breakthrough results. To boost their chances of success, these leaders adopt proven processes to execute strategy—and enforce their consistent application throughout the organization. Leaders also clearly understand that strategy execution is not a one-time event but rather an organizational capability that can create competitive advantage. They therefore integrate the strategy execution process and the requisite capabilities into the organizational culture.

8. Understand the true cost of execution and allocate—and protect—the required resources?

Visionary leaders assign the best, most talented people within the organization to serve as change agents in executing strategy. They establish teams of such agents to work with organizational leaders to coordinate, integrate, and facilitate strategy. Some of these change agents are dedicated to this task full time (for example, Office of Strategy Management personnel). Others contribute (in addition to their day jobs), as members of a strategic theme team or as part of an enterprise network (see Case, p. 7).¹ They specifically allocate and guarantee the financial resources required for execution, often establishing a separate *strategic expenditures* (StratEx) line item in their budget and financial reporting. These leaders treat this allocation as an investment with an expected return and not as an operating or capital expense.

9. Make timely, often difficult, decisions based on fact, not on gut instinct or political pressures?

Effective leaders develop a streamlined governance process featuring regular management reviews and objective and candid reporting on strategy performance. They clarify decision rights (who decides what, who should influence decisions, and who should be responsible and accountable) among the organization's leaders and change agents. They invest in developing business intelligence capabilities to provide factual information on key strategic performance indicators. They see to it that leaders and change agents make prompt, often difficult, decisions based on that information. Although collaborative in their own decision-making style, they know that ultimately they are accountable for strategic decisions and expect full support in those decisions, even from dissenting executives.

10. Welcome feedback and show they're willing to change their minds—and their behavior?

Because of their commitment to executing strategy, visionary leaders value feedback on their leadership and are willing to modify it, if necessary. They encourage direct feedback and straight talk among and between all leaders and change agents so that ineffective or dysfunctional leadership behaviors, wherever they show up on the team, get changed. They believe in learning continuously, and constantly hone their leadership skills, as well as those of others in the organization. They lead not only with their intellect but also with their heart.



The list may be daunting, which might explain why more organizations fail at strategy execution than succeed. But these attributes are hardly genetic. They involve establishing a point of view and, perhaps more important, a set of practices that can be learned, honed, and supported with a rigorous strategy execution system. ■



With 28 years of strategy execution experience, Mark B. Hefner helps senior executive clients execute transformational strategies. A member of Palladium's Strategy Execution Leadership team, he works primarily within the financial services, pharmaceuticals, and consumer products industries.

To learn more

See "Leadership Development as the Key to Organizational Change (and Success)," a case study by Marcus Pitt, BSR September–October 2009 (Reprint #B0909D).

Leadership and Change, a BSR Reader (2007), features articles by John Kotter, Jay Conger, and Robert Kaplan and David Norton, along with how-to articles from field practitioners. (Product #1863).

Continue the dialogue

What's your opinion of this top ten list? Weigh in with Mark Hefner and 15 senior executives at www.thepalladiumgroup.com/bsr/HefnerChange.

REPRINT #B1011C

1 Read about yet another approach to such networks in "Beyond the OSM: Strategy Execution Champions Help Foster Strategy Execution Capability," by Marina Mier y Terán Cuevas and María José Ortega Moncada in BSR September–October 2010 (Reprint #B1009C).