

## Leadership

### 4 Elements of Strategically-Aligned Leadership Strategies

*To successfully align business and leadership strategies, CEOs must take into account four organizational elements essential for superior performance.*

June 12 2014 by Dr. David Dinwoodie



When I asked Walter Bayly, CEO of Banco de Credito and COO of Credicorp Group, in December of 2010 how he planned to build leadership throughout the organization in support of a new business strategy calling for rapid expansion across the Americas he said:

*“... we invest in our leaders to meet our business goals. Our leaders drive our business performance, and so we must understand what drives our leadership capability. Our challenge now becomes creating a leadership strategy which is just as robust as our business strategy.”*

Like Bayly, CEOs increasingly view the formulation of a leadership strategy—the human enabler of business strategy—as indispensable to building an organization’s competitive edge.

To successfully align business and leadership strategies, CEOs must take into account four organizational elements essential for superior performance:



- 1. Identify the leadership drivers of business strategy.** What drives the business? What capabilities do leaders need to release an organization's inherent performance potential? While these will vary from business to business depending on strategic priorities, superior performing organizations ascertain three or four drivers that are critical to success and strategically invest in building leadership capabilities around them. This was artfully illustrated when Fortune declared Netflix the comeback story of 2012, as CEO Reed Hastings took the bold step to split Netflix into two businesses—DVD and streaming—and reap the upside of business models with fundamentally different strategic drivers.
- 2. Shape the leadership culture.** Consciously or unconsciously, leaders create the business culture. And superior-performing organizations shape their culture in parallel with changes in strategy execution. What degrees of dependence, independence and/or interdependence are required across an organization's leadership strata? What communication patterns, decision-making processes, information flows and knowledge-sharing mechanisms will trigger the behaviors that leaders are expected to exhibit? What will organizational success look like? How will conflict be dealt with? How will risk taking, mistake-making and failure be treated? These are all elements of leadership culture and they must be intentionally crafted with strategy formulation and execution in mind. We don't need to look further than Amazon's Jeff Bezos to find an example of consciously shaping culture, which rallies leaders throughout an organization around the strategic execution. Named by Fortune as businessperson of the year in 2012 and ranked the second best CEO in the world by Harvard Business Review in 2013, Bezos built a "culture of metrics" that drove people to obsess over the customer.
- 3. Develop a sustainable talent system.** It is essential that the talent systems within an organization effectively attract, develop, promote and retain talented men and women to execute today's strategy and formulate tomorrow's. A solid leadership strategy must be forward thinking and match talent requirements with the organization's strategic priorities. To succeed in attaining these priorities, leadership strategy should clarify the number and type of leaders an organization needs and where they are needed, as well as the skills and behaviors required for those jobs. In March 2013, the Credicorp Group was recognized by Euromoney magazine as the best-managed company in the banking and finance sector, and the best company for shareholder value in Latin America. One important factor of Credicorp's success is the organization's commitment to high-caliber talent.
- 4. Design your organizational structure to support strategy.** People often feel they are slaves to the organizational structure; however, structure should serve strategy, not vice versa. Organizational design is a means to a strategic end and should evolve in unison with strategic priorities. Leadership strategy must ensure that the internal systems which drive leader behavior—reward, communication, learning, social networking and managerial control systems—align to support strategy execution.

Netflix, Amazon and Credicorp are contemporary examples of forging hand-in-hand leadership and business strategies with the aim of converting strategic intent into organizational practice, which drives superior performance.

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