

## Our Mission

To help individuals, teams and organizations reach their potential through strategic planning, innovative coaching, development of team effectiveness and management consulting.

## Cook & Company Areas of Concentration

Strategy

Coaching

Assessments

Team Building

Consulting

Training

Workshops &  
Retreats

Mergers &  
Acquisitions

Ethical  
Performance

## The Two Most Challenging Questions for Leaders

For my money, the most important and yet the most challenging task for any leader is to answer two deceptively simple questions:

1. What competitive posture do I want my organization to have?
2. How am I going to lead my organization in that direction?

I've spent many years managing and leading organizations, both directly and as a consultant. For most of that time I considered myself to be a "strategist," no matter what my title. But from the time I had my first job at McKinsey & Company (where I proudly announced that I was in the "Strategy Practice"), I realized that there were some missing pieces in the way "strategy" generally was practiced, both in the *development* of strategy, and most particularly in the *execution* of strategy.

I gnawed on this problem through a succession of positions with titles like line manager, VP of Strategy, CEO, business owner, board director, and consultant. The result of all of that churning is my statement above: There are just two questions. But they are not easy to answer. Let us look at each in turn:

### Question #1: What competitive posture do I want my organization to have?

You'll notice right off that I didn't say, "Where do I want my business to *be* eventually?" For a variety of reasons it seems that, rather than ask where an organization should end up, which is a question relating to a *future state*, it is much more useful to ask what competitive posture I want to have – a question

relating to differentiation about *how an organization competes* (think about a tennis player, ready to take serve, and confident in her abilities because she has practiced, played against top flight competition, and knows her strengths and weaknesses). Why is this a better approach?

First, take Toyota as an example. This year it probably will overtake GM as the largest car manufacturer in the world. Yet its Chairman, Katsuaki Watanabe, talks of "being #1," not in units sold, but in being the "the best in the world in terms of quality on a sustained basis" (*Harvard Business Review*, July-August 2007, p. 77).

This perspective is interesting since, despite the recent spate of headlines connecting Toyota's emergence as the leading manufacturer of cars in the United States to its supposed 25-year plan to become the dominant manufacture of cars, automobile manufacture is one of the very few businesses that is as recognizable today as it was 25 years ago. Technology, demographics (as in outsourcing, changes in taste, etc.), and other changes make it virtually impossible to sustain most "core businesses" for that long (for an interesting perspective on this subject, read Chris Zook's article "Finding Your Next Core Business," *Harvard Business Review*, April-May 2007, p. 66). Thus, deciding on some goal may not be nearly as important as deciding on what areas of strength to develop and apply, and conversely, what areas to avoid. Michael Porter is perhaps the most eloquent advocate of this view of strategy.

We're on the Web at  
[www.cookcompany.com](http://www.cookcompany.com)

If you would like to receive these commentaries by e-mail, or if you have a colleague you think might be interested in receiving them, just e-mail your request to:

[contact@  
 cookcompany.com](mailto:contact@cookcompany.com)



170 Marion St., Suite 200  
 Denver, CO 80218  
 Voice (303) 733-7893  
 Fax (303) 698-0364

[contact@cookcompany.com](mailto:contact@cookcompany.com)  
[www.cookcompany.com](http://www.cookcompany.com)

Second, because of the above logic, and also the acceleration of change in our world (including surprise events, from the timing of oil price shocks to 9/11), a number of theorists argue that “goal-based” strategy so limits an organization’s imagination and flexibility that it constrains the ability to adapt quickly enough. Instead, they posit that it is a set of behaviors that are much more important to adopt. For example, identifying and paying attention to weak signals of impending change, so as to anticipate it sufficiently to survive, may be much more important.

This doesn’t mean that strategy itself is unimportant. To return to Toyota, they may not have known exactly when an oil price shock would revisit the world’s economy, but they had seen a number of oil price shocks before, so when the most recent such shock hit in the last couple of years, they already had hybrid cars on the market (in fact, they had the Prius on the market ten years ago), and were able to scale up their production sufficiently to take advantage of the opportunity.

One might argue that this example is a good case of answering “what competitive posture do I want to take?” and then *effectively preparing to achieve that posture*. Further, just deciding that one wants to be able to take advantage of a consumer interest in hybrid cars at some point in the future is obviously not enough – one has to put in place the skills, behaviors, talent, and organization to make it happen. Which leads to our second question.

Question #2: How am I going to lead my organization in that direction?

Anyone who has tried to lead an organization in a new direction, or facilitate such an effort – especially in the absence of a clear goal – knows how difficult this question can be to answer.

The answer seems to lie in some measure in applying all of the following disciplines/skills:

- Leadership
- Senior team and employee ownership
- Coaching
- Team development
- Processes
- Knowledge transfer
- Technology infusion

Each organization and each situation is different. Thus the challenge is one of mixing the requisite “execution cocktail” to move the organization to a state of competitiveness. How does one mix this cocktail? The answer is found in assessing the intersection of:

- An organization’s changing strategic interest (for example, revamping an organization’s strategic position as events unfold around it)
- The magnitude of change required (for example, are you trying to accomplish a large strategic change or merely enhance an existing strategic concept at the margin?)
- The organization’s culture (for example, do your employees live in a directed or a collaborative world?)
- The strengths and weaknesses of leadership and how they can be respectively leveraged and minimized (for example, a charismatic leader may be able to create initial enthusiasm, but may not be able to sustain the effort required to institutionalize a vector change in strategy)

So the next time you find yourself at your desk, on a plane, or in a contemplative moment, ask yourself (perhaps both about your organization AND about yourself), “What competitive posture do I want (my organization) to have,” and “How am I going to get there?”

In our fall issue: How do we combat terrorism effectively? Do insurgents always have the advantage? Do the answers to these questions provide insight to leaders in other, less-challenging circumstances?