

Third Opinion

## Strategy On The Front Line

Saj-nicole Joni 04.09.08, 5:10 PM ET



Recent news—from the resignation of Gov. Eliot Spitzer to the sudden demise of the 85-year-old financial institution Bear Stearns—reinforces what’s frequently on the minds of leaders everywhere today: What does strategy even mean when the once relatively ordered march of business events has given way to a highly contingent, less predictable world?

How does one formulate and execute strategy when, as the philosophers put it, the past is dead, the present is chaotic and the future is unknowable?

Paul Laudicina, CEO of management consulting company A.T. Kearney, says, “Strategy is less about the destination and more about the journey,” reflecting his organization’s sense of contingency.

“After I stepped up to lead the firm,” he continues, “we undertook an extensive external review of the competitive environment our clients were facing and asked how we could best position ourselves to help them.”

A.T. Kearney adopted a global strategy, which the company’s leadership boiled down to six words: *connect globally, lead everywhere, and sustain people.*

“Then we aligned our promise with our practice,” says Laudicina. “We committed to a principled strategic stand: becoming carbon-neutral in two years time. The difference between strategy that is inert and strategy that changes an organization is passion.”

That’s great, but is it enough?

“Strategy that matters is strategy that you can actually do. Too many corporate strategies end up like the thinking of a fat smoker: you know you should stop smoking and start exercising, but you keep putting off the day because it’s hard to forgo current pleasures for future gains,” says David Maister, author of *Strategy and the Fat Smoker*, published last month. “Strategy is all about taking potentially difficult steps now to achieve a positive future result. Carrying this out requires great rigor on the part of leadership.”

Paul Laudicina agrees. “We had become atomized,” he says, “and we had to shift what had drifted toward a ‘warlord culture’ back to our historical ‘one-firm firm’ orientation.”

Translated, that means A. T. Kearney had to find ways to curb a tendency to follow individual passion at the expense of company-wide goals.

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The goal of carbon neutrality reflects the passion of people at all levels of the company. "It's not enough to talk about it," says Laudicina. "To make this transformation, starting at the top, we are putting in place a transparent set of metrics for every senior leader. Everyone will be able to see them, and we will rigorously hold ourselves accountable to these metrics."

Maister agrees on the importance of a top-down example. "If you have an organization headed by a man or a woman who has a clear ideology, and everyone else can see that he or she is just not prepared to compromise, it is a lot easier for that organization to decentralize decisions because everyone knows certain rules will not be broken."

David Gensler, executive director of Gensler, one of the world's largest architectural and design companies, says that his company's strategy is focused around innovation.

"It's all based on unleashing the power of design, which is based on the unique characteristics of our firm. Our fundamental premise is that nothing happens unless someone is passionate about making it happen. The diversity of our practice areas combined with our dynamic global organization produces differentiated innovation for our clients."

Sounds ideal, but getting it to work can be another matter altogether. And the leadership at Gensler spends a great deal of time and effort doing just that. "There is always a desire for a kind of clarity," says Gensler, "but we need to allow for ambiguity. What's the right thing for one client relationship or office, place or time might not be what's right for another situation."

"What you constantly get in an organization of our size is a desire on people's part for us to create a policy or make a decision that makes it easier for them. And the fact is that we are dealing in a world that isn't easy. We haven't tried to oversimplify either the challenges in our professional space or our strategies. Instead, we spend a lot of time talking to each other".

Once again, just talking isn't enough. A large part of making strategy real is the design of some action or new system that visibly, inescapably and irreversibly commits top management to the strategy.

In 2005, Gensler did just that. "When the time came for our founder, Art Gensler [David's father], to step down from day-to-day leadership, we went from a single leader to three executive directors, including myself, Diane Hoskins and Andy Cohen," says David.

"A lot of people told us, 'That's a disaster, you guys are chickening out and that'll never work, an organization needs a single leader.' But we each have different backgrounds and perspectives that model behaviors within the firm."

"We really believe that diversity of practice, thought and passion are at the core of our design and innovation. Our leadership structure signals an incontrovertible commitment to our collaborative culture and willingness to deal with the difficulties of collaboration rather than top down direction. And so far, it's working."

Of course, strategy needs to reflect the point at which your core competencies, the marketplace and the customer coincide. It needs to reflect outside-in thinking and your commitment to delight your customers to earn their loyalty. It also requires the rigorous practice of saying no—even to things that are shiny and satisfying in the short term.

When you lead, don't forget to regularly look in the mirror and ask, "Does the passion in my eyes reflect commitment to things I won't do, entitlements I will give up and new parts of myself I may need to develop as much as the desire for the new world I want to create?"

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