Entrepreneurship Methods

Strategy & Leadership

José Barata

Strategy

What is Strategy

Fundamental Concepts

Fundamental Concepts

Strategy

Tactics

Plan

Actions

Fundamental Concepts

- Top management focuses on developing **'strategies'** for the businesses usually spanning over **5-10 years**.

- Middle management focuses on developing '**tactical**' plans spreading over **1-3 years**.

- Lower management focuses on developing **action plans** spanning over **quarters or semesters**.

- All these plans, should be integrated to each other in a way that ultimately business strategy should realize.

- Hence, it is clear that different people are involved in planning horizon and there is need of synergy
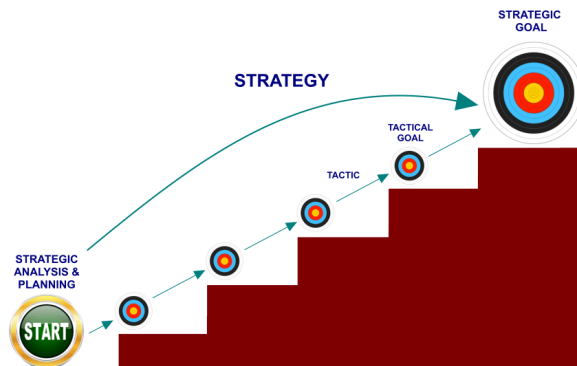
Strategy vs Tactics

"Strategy without tactics is the slowest route to victory. Tactics without strategy is the noise before defeat." — Sun Tzu, The Art of War

Strategy vs Tactics

Simplified definitions of strategy and tactics

Definition of Strategy - *An overall method for achieving a strategic goal.*

Definition of Tactics - *Sub-strategies, maneuvers and techniques used to achieve short-term, tactical goals.*

STRATEGY

Defines your long-term goals and how you're planning to achieve them. In other words, your strategy gives you the path you need toward achieving your organization's mission.

TACTICS

are much more concrete and are often oriented toward smaller steps and shorter timeframes along the way. They involve best practices, specific plans, resources, etc. They're also called "initiatives."

Strategy vs Tactics

Strategy	Tactics
Planning	Doing
Large Scale	Smaller Scale
Why	How
Difficult to Copy	Easy to Copy
Long Time Frame	Short Time Frame

| STRATEGY (WHAT?)		TACTICS (HOW?)
What	**Quick View**	How & Who
Stratos: army, or resources Ago: leading	**Greek Definition**	Taktike: the art of organizing an army, a maneuver
To lead your resources, a plan, method, or series of maneuvers or stratagems for obtaining a specific goal or result	**Greek Definition**	A plan for attaining a particular goal
Stable, democratic Iraq, through the Surge and Clear-Hold-Build	**Example**	Operation Sinbad including the various ways to advance on a city, to clear a house, and to detect mines
Organization-level determiner: Foster the growth of youth to be the strong leaders of tomorrow.	**Organization Example**	Staff-level auctioning: Develop programs that teach civic responsibility and leadership.

Strategy vs Tactics

	Strategy	Tactics
Why?	Build broad goals and general methodology to advance the organization toward its defined vision	Create and schedule sub-goals, methods, and devices to satisfy the strategies of the organization
Who?	Generally speaking leaders and upper level managers who possess the insight and understanding to see how all pieces fit together (or at least they should)	Lower level managers, teams and team leaders, individuals who shoulder the burden to do the work to satisfy the strategy to fulfill the vision
For whom and to whom?	Accountable to owners, stockholders, constituents, and customers for the progress and overall condition of the company	Accountable to immediate supervisors and their own goals for progress made and resources used
Where?	Broad scope and sweeping vistas	Limited objectives reached with designated and portioned resources
When?	Long-range, once in place strategies seldom change and then only after careful consideration	Far more flexible and responsive to immediate conditions
How?	By the time managers reach the level at which strategies are developed they possess significant knowledge and experience, analytical and communication skills	Experience, street smarts, best practices honed by time, success, and failure
What?	Results – clear organizational goals, specific ideas, accurate time and materials estimates, and tempered measurements	Results on a smaller but incremental scale gained by the effective use of resources at hand – human, material, psychological

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Strategy

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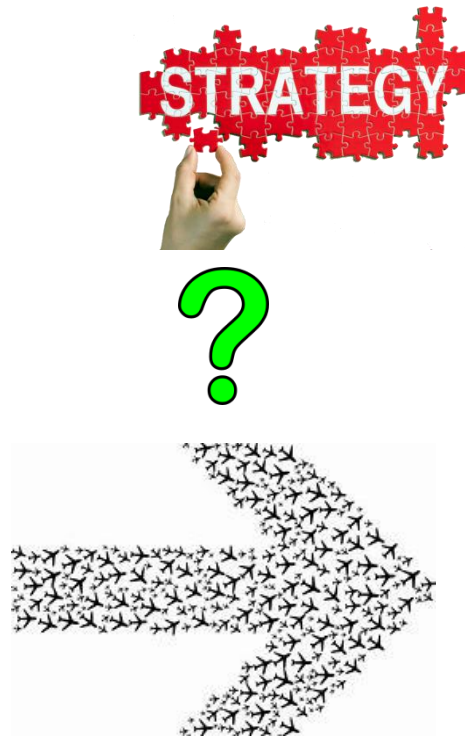
Strategy

- **Strategically significant** decisions are **more important** than decisions of a more **routine nature**

- **Strategy** word is over used and in many contexts

- **Best Word** for expressing attempts to **think about actions in advance**, in the light of our **goals** and **capacities**

Strategy

- It is about maintaining a **balance** between **ends**, **ways**, and **means**;

- About **identifying objectives**; and

- About the **resources** and **methods** available for meeting such objectives

- Not only finding out **how to achieve desired ends** but also **adjusting** ends so that **realistic** ways can be found to meet them by **available means**
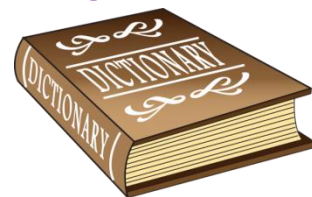
Strategy

- **A Strategy is much more than a plan**

- When the ends are **easily reached**, when **inanimate objects rather than people** are involved, and when **very litle is at stake**, this barely counts as strategy.

- When there is **actual or potential conflict**, when **interests collide** and **forms of resolution** are required -> **Strategy** [Complex and Complexity]

Strategy

- Often expected to start with a description of a desired end state

- But in practice **there is rarely an orderly movement** to goals set in advance [The opponent makes moves that demand you to adapt]

- The strategy is **fluid and flexible**, governed by the starting point and not the end point

Strategy definition

The strategy is a complicated high-level scheme, aiming at achieving "***one or more goals under conditions of uncertainty***".

> " A designed set of intentional activities, undertaken by a logical entity with a certain mindset, and organized within a scheme, which aims at achieving a measurable objective within a given scope of reference and time frame
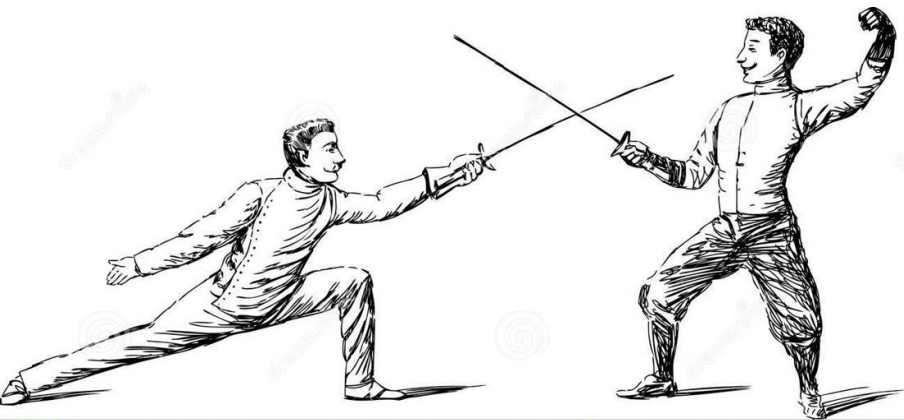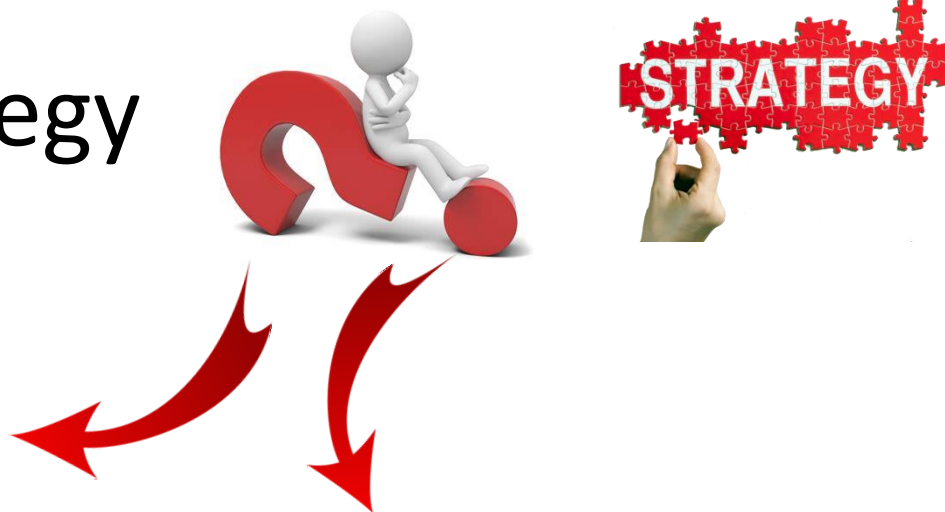
Strategy

- Strategy is important because the resources available to achieve these goals are usually limited.

- Strategy generally involves setting goals, determining actions to achieve the goals, and mobilizing resources to execute the actions[3].

- A strategy describes how the ends (goals) will be achieved by the means (resources).

- Strategy can be intended or can emerge as a pattern of activity as the organization adapts to its environment or competes[4].

- It involves activities such as strategic planning and strategic thinking.

Strategy
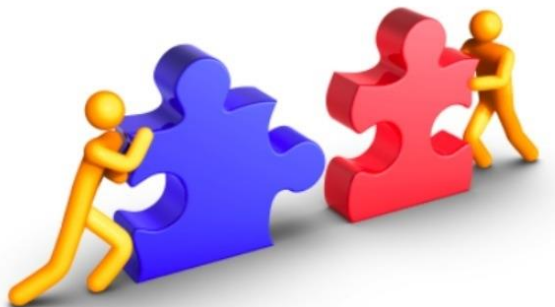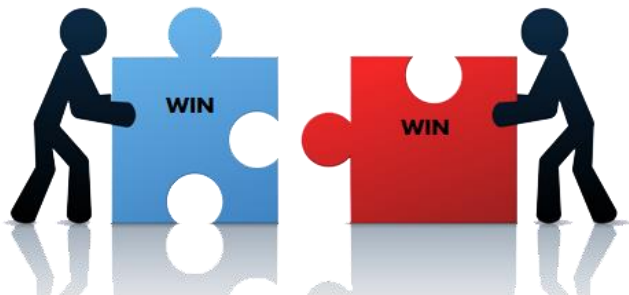

MUCH MORE COMPLEX THAN THIS!

Prisoner's Dilemma

Player A

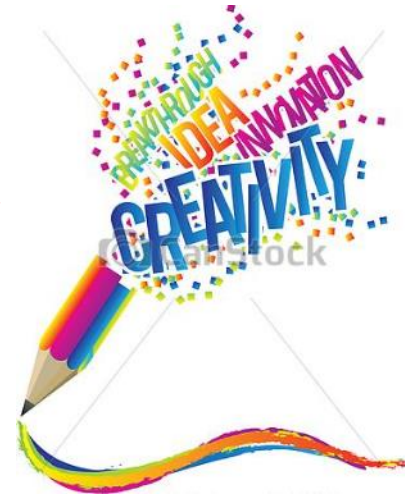|		Cooperate	Defect
Player B	**Cooperate**	3 / 3	5 / 0
	Defect	0 / 5	1 / 1

Strategy

Strategy

- Bargaining
- Persuasion
- Threats
- Pressure
- **Political Art**
- **Creating Power**

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Strategy

- Sensible application of **SUPERIOR** resources tends to be successful but …

- Underdog strategies

Strategy

- If the opponent is
  - Boring
  - Ponderous
  - Muscle bound
  - Half witted
- Great satisfaction by winning through **WIT** rather than Brute Force
- The problem is when the opponent is:
  - Better resourced
  - Alert
  - Brave
  - Clever

Strategy - History

- The word "strategy" is derived from the Greek word "**stratçgos**"; stratus (meaning army) and "**ago**" (meaning leading/moving

- Started to be used in France, Germany and Britain in the late XVIII century, as the **art of war**

- War was seen in the Enlightenment as benefitting from the application of **Reason**

- Warfare had mass armies and long logistic chains

- The employment of force now required **careful preparation** and **theoretical guidance**

- Soon political and business leaders adopted the idea of strategy. Military methaphors are easily taken up, especially the language of command

Strategy - History

- Business Strategy Reference – After 1960s, but really take off on the 1970s.
- It is through the literature on management and business that the use of word has spread
- In the begining Centralisation was the point but it moved to individuals (decentralisation)
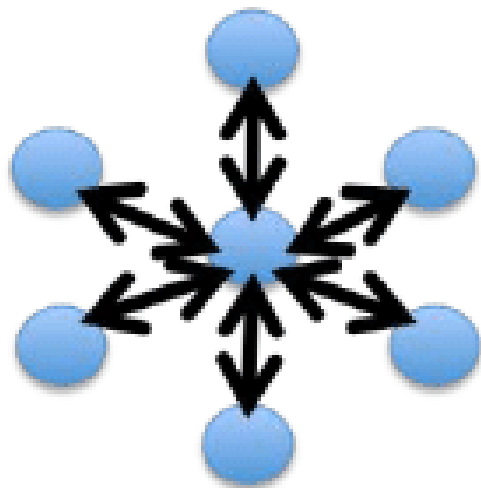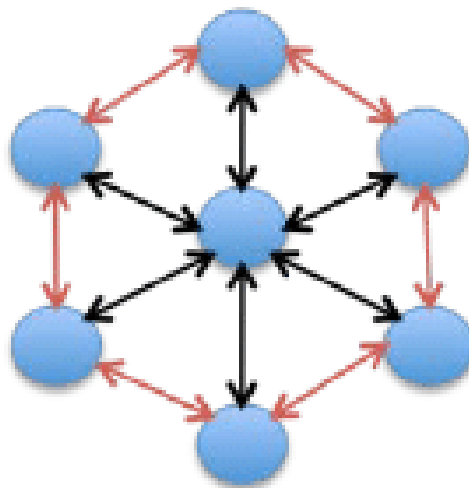- More freedom to individuals

Strategy - History

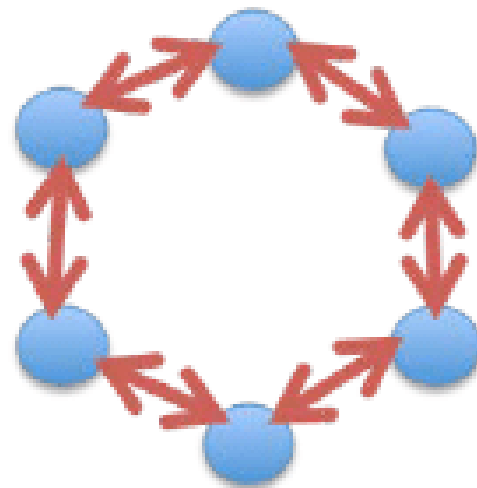Authority Vs Responsibility

Strategy - History

a) Centralized   b) Federated   c) Decentralized
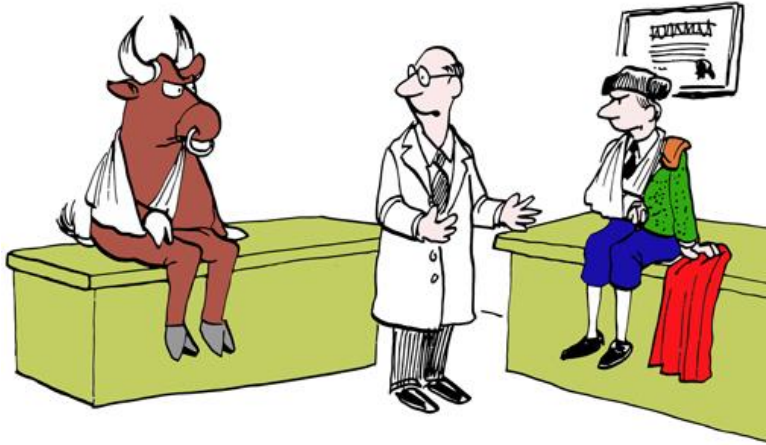
Strategy - Evolution

- There are features that arecoomon accross time and space
  - Deception
  - Coalition formation
  - Instrumental use of violence (different forms)

Strategy - Evolution

- **Conflict Resolution**

"Workplace conflict?"

"I'm glad we settled our conflict this way. War is expensive."

The Functions of Leadership in Organization

- "Leadership is a process of social influence in which one person is able to enlist the aid and support of others in the accomplishment of a common task."

- Key points:
  - Leadership is a group activity.
  - Leadership is based on social influence.
  - Leadership revolves around a common task.

The Functions of Leadership in Organization

- The specification seems simple, but the reality of leadership is complex.
  - Intrapersonal factors (i.e., thoughts and emotions) interact with;
  - Interpersonal processes (i.e., attraction, communication, influence) to have effects on;
  - A dynamic external environment.

Organizational Functions

- Groups and organizations are by nature inefficient.

- If one person could accomplish a job, the creation or assignment of a group would not be warranted.

- Groups require coordination of the efforts of their members.

Organizational Functions

- The time and energy spent in that coordination are diverted from productive activity.
- Organizations, which are groups of groups, demand even greater resources applied to coordination.
- But, most of the productive activities in society cannot be accomplished by individuals.
- Organizations are essential to the realization of the goals of productive endeavor, and leaders are essential to organizational coordination.

WE THINK LEADERSHIP CAN BE FOUND ANYWHERE IN THE COMPANY!
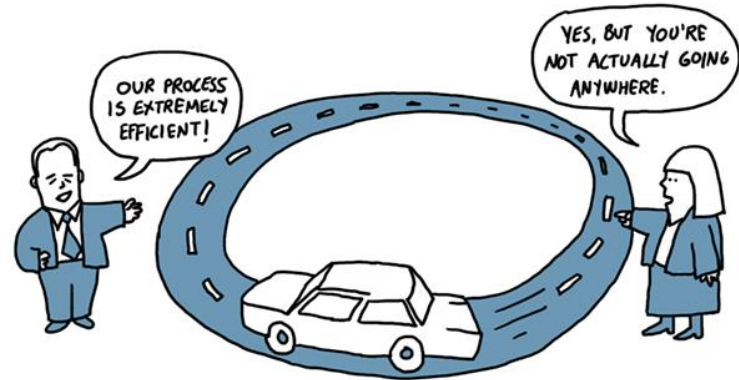
The Organizational Functions of Leadership

Leadership is a process of social influence through which one person is able to enlist the aid of others in reaching a goal.

Let's go guys!

The Organizational Functions of Leadership

- In an orderly, structured, and well-understood environment, the primary responsibilities are guidance and motivation.
  - Assign people to tasks or responsibilities, to outline what is expected, and to facilitate and encourage goal attainment.

The Organizational Functions of Leadership

- In a less orderly environment calling for external adaptability, the crucial functions are problem solving and innovation.
  - The leader must create the kind of atmosphere that encourages sensitivity, flexibility, and creativity.
  - The leader must be a change agent.

Leading for Performance

- Political context, governance arrangements, strategic thinking, culture all impact performance.
- But, in practice, these are parts of the context in which the public sector manager has to operate.
- Performance management begins with leadership.

Leading for Performance

How the hell do I tell them I haven't a clue where we're going?

cordell

Defining leadership

– The job of the leader of any organization is to get people to do things they have not done before, to do things that are not routine, and to take risks for the common good.

– The most basic task of the leader is to create organization out of disorder, to make people more capable as a cohesive group than they are as unorganized individuals.

Leading for Performance

Defining leadership

– Leadership is the exercise of authority, whether formal or informal, in directing and coordinating the work of others.

– The best leaders use both formal and informal authority.

– Five major bases of power:

- Expert power – knowledge.
- Referent power – identification.
- Reward power – exchange.
- Legitimate power – authority.
- Coercive power – punishment.

Leading for Performance
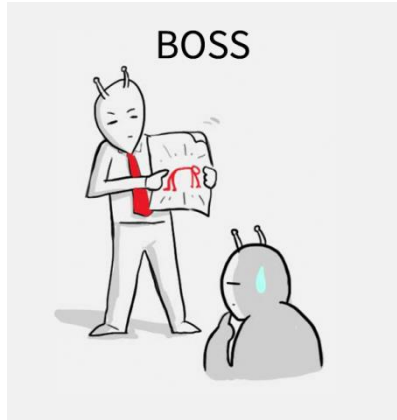
Leadership and management

– Management involves power (usually formal authority) bestowed on the occupant of a position by a higher organizational authority.

- Responsibility and accountability.

– Leadership cannot be bestowed, it can only be demonstrated.

Leading for Performance

BOSS   LEADER

Leadership and management

– Legitimacy arises from position in an organization and most frequently describes managers.

– Charisma arises from personality and most frequently describes leaders.

– The three essential functions of leaders (Chester Barnard).

- To provide a system of communication;

- To promote the securing of essential efforts; and

- To formulate and define the purposes and goals of an organization (Vision).

Leading for Performance

Trait theories

– Assumption: leaders possess traits that are fundamentally different from followers.

– Trait theory has largely fallen out of favor.

– Leadership may be modified by type of interaction and by situation.

– Biggest criticism was the inability to identify the traits of "born" leaders.

CONGRATULATIONS YOU GOT A **LEADER**!

Trait Theory

- Traits of successful leaders.
  - Adaptable to situations
  - Alert to social environment
  - Ambitious and achievement-orientated
  - Assertive
  - Cooperative
  - Decisive
  - Dependable
  - Dominant (desire to influence others)
  - Energetic (high activity level)
  - Persistent
  - Self-confident
  - Tolerant of stress
  - Willing to assume responsibility

Leading for Performance

Trait theory

— Skills of successful leaders.

- Clever (intelligent)
- Conceptually skilled
- Creative
- Diplomatic and tactful
- Fluent in speaking
- Knowledgeable about group task
- Organized (administrative ability)
- Persuasive
- Socially skilled

Leading for Performance

Transactional leadership (Exchange)

- How is leadership established and exerted?
- Transactional leadership occurs when the leaders rewards or disciplines the follower based on the adequacy of the follower's performance (Burns and Bass).
  - Contingent reward.
  - Management-by-exception.

Leading for Performance

Subject	Leader	Manager
Essence	Change	Stability
Focus	Leading people	Managing work
Have	Followers	Subordinates
Seeks	Vision	Objectives
Detail	Sets direction	Plans detail
Power	Personal charisma	Formal authority
Appeal to	Heart	Head
Energy	Passion	Control
Dynamic	Proactive	Reactive
Persuasion	Sell	Tell
Style	Transformational	Transactional
Exchange	Excitement for work	Money for work
Risk	Takes risks	Minimises risks
Rules	Breaks rules	Makes rules
Conflict	Uses conflict	Avoids conflict
Direction	New roads	Existing roads
Blame	Takes blame	Blames others

Leading for Performance

Contingency Theory

– Many factors may influence a leader's style.

- The type, structure, size, and purpose of the organization;

- The external environment in which the organization functions;

- The orientation, values, goals, and expectations of the leader, his superiors, and subordinates; and

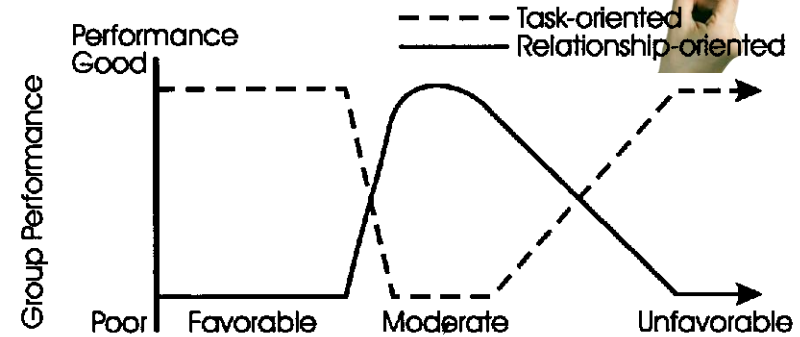- The expert or professional knowledge required for the position.

Leading for Performance

Contingency theory

– Different leadership styles will differ in their effects in different situations.

– The situation, not traits or styles, determines whether a particular leaders or style will be effective.

– The debate is over whether you change the leader or the situation.

Leading for Performance

FIG. 3.1.   Relationship between LPC score and group performance for 8 levels of situational favorableness (from Fiedler, 1978).

Leading for Performance

Transformational leadership

– A transformational leader is one with the ability to change an imbedded organizational culture by creating a new vision for the organization and marshalling the appropriate support to make that vision the new reality.

– George Patton (General), Lee Iacocca (CEO), Edward G. Rendell (Mayor)

Leading for Performance
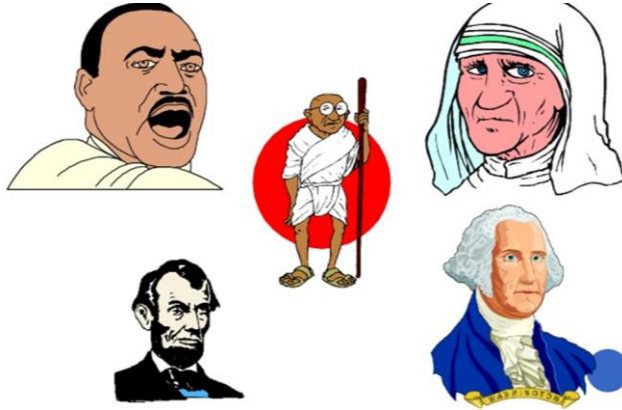
Transformational leadership

- Characteristics (Bass).
  - Charismatic leadership.
  - Inspirational motivation.
  - Intellectual stimulation.
  - Individualized consideration.
- Ironically, a lot like trait theories.

Too Much Leadership

"I am **too** ready for more leadership responsibilities!"

- Structural rigidity often causes managers to overmanage – to lead too much.
- "Micromanage" is the pejorative term for supervising too closely.

Too Much Leadership

- Any manager may be guilty of micromanagement for refusing to allow subordinates to have any real authority or responsibility.

- Managers then have no time to develop long-term strategy or overall vision.

- Legislators are particularly guilty of micromanagement.

ANDERSON

"We prefer to call it micro-management."

Too Much Leadership

- **Micromanagement** will not make a competent employee more competent; it only makes things worse by wasting time, damaging interpersonal relationships, by demonstrating the incompetence of the supervisors, and by distracting managers from activities to improve efficiency.

- Too many managers for the nature of the organization or the task can lead to micromanagement.

"My wife sends me to work with one set of sticky notes and my boss sends me home with another set."

Moral Leadership

———

- "If the leader is just an expediter of what other people want, a resource for their use, the people are not being led but service" – Garry Wills.

- Moving people in new directions – taking them places where they did not know they wanted or needed to go – that is the essence of leadership.

Moral Leadership

The Bully Pulpit

– Great presidents have traditionally used their bully pulpit as "leaders of thought at time times when certain historic ideas in the life of the nation had to be clarified." – FDR.

Rhetorical leadership

– Today's presidents use speech-making to exhort the public to support policies to move public opinion.

Moral Leadership

The Execucrats

– Career executives/ bureaucrats who are neither elected nor appointed to office.

– Essential element in the policy process.

- Technical expertise is greater.

- Managers who must implement.

– Because of inherent disinterestedness, nonpartisanship, and technical authority, they often have more moral authority than elected or appointed officials.

Moral Leadership

The Execucrats

- A function of their political and leadership skills interacting with a specific situation that their technical expertise and personality can influence.

"He's a little 'old school,' but he's got great leadership qualities."