

## SPS INTERVIEW

# Doug Ross

Doug Ross, managing director of consultancy, Square Peg, underlines the importance of high-quality leadership and explains how a commitment to strategic thinking and planning for worst-case scenarios can bring rewards.



## How important is leadership to strategy?

Strategy and leadership are two sides of the same coin. Success is not a case of just having a great strategic plan or of having great leaders. Without a clear direction, the leadership is ineffective and without leaders, strategy can go over a cliff. We need really good leaders to make really good decisions.

## How easy is it to find strategic leadership in the workplace?

Individual leaders and collective teams just aren't rated as being that good. In a survey by Square Peg, around 50% of executives said that they could neither effectively plan for, nor successfully execute a strategy. About 25% believed their leaders were devoid of leadership talent and ineffective at making things happen. Only 20% were highly capable strategic leaders, so we need to drive more from our leadership talent.

In some organisations, leaders have been trained to be risk averse and are overly reliant on corporate processes that can become barriers to risk taking. Some leaders tend to hide behind these processes or blame them for poor decisions. Some use them to protect themselves from being fired.

The speed of change over the past decade is another factor. More change at the top often means more fatigued and demoralised managers and a greater likelihood that there will be a new strategy deployed, with each executive trying to make their own mark. In addition, high turnover typically means the focus is on short-term results.

## How do we improve leaders?

We need to make them think. Strategic leaders need to be thinking about strategy every day, not just at annual planning time. You often have teams who go through sophisticated planning processes, only to put the plan on the shelf and go back to their day jobs. Strategy and planning have to be a rolling cycle. The pace of change is only going to pick up, so strategy needs to be real-time and ongoing.

We also need to make them anxious. A significant factor for success is forcing leaders to court disaster and plan for failure, thus improving their chances of strategic success. The whole idea is trying to find out what could possibly go wrong,

rather than just focusing on the upside. We supported Birds Eye Iglo Group for a year as it prepared to become independent from its parent, Unilever. A significant part of that work involved preparing for the worst. Then over the course of a weekend, the organisation across Europe abandoned its existing business systems and replatformed to a new entity. Because the business had rigorously prepared for the worst, the whole process was able to run smoothly.

Finally, make them prepare for chance. If leaders are looking beyond their current organisations and constantly preparing for potential scenarios, they will be prepared to take advantage of opportunities. One client of mine is a biotech pharmaceuticals company. It had a fantastic product but didn't know how to commercialise it. The company followed a strategy of preparing for production and constantly reviewing opportunities. When avian flu hit, it provided a commercial application and

within 24 hours the company was manufacturing. It was a true example of 'chance favouring the prepared mind'.

## What other trends are you seeing at the moment?

Over the past 20 years, companies have been streamlining strategy departments or getting rid of them altogether and, as a consequence, the concept has grown up that everyone in an organisation needs to be part of strategy. So strategy has migrated back to the line position.

To a certain extent this is valid; the line managers do need to be part of the strategy. But in the past six months, two clients have realised that line people don't have the skills to put together a major strategy rethink, such as a huge upscale in selling. The clients are now establishing strategy departments. We are starting to go back to where we were in the 1980s, although I'm not sure if this is a major shift, or just a blip. ■

## CURRICULUM VITAE

- Currently: managing director of Square Peg and visiting fellow at the faculty of Business and Law at Kingston University. Square Peg was recently named Practice of the Year (under 30 employees) and Best International Project for its work with Birds Eye Iglo Group, at the IB Consulting Awards.
- Previously global chairman of the Strategic Leadership Forum.
- Formerly partner in the Human Capital Group at Watson Wyatt.

## Building anxiety to ensure successful strategic execution

One of the things we do is try to raise the level of anxiety when looking at strategy. A lot of leaders think they are in an anxious state when they are complacent. We need to push them into anxiety, but not too far – we don't want to push them into panicking, where they start to become paralysed.

A good example to consider is the opening of Terminal 5 at Heathrow in 2009. When everything started to go wrong there was a high state of anxiety. If the company could have had that anxiety two months earlier, then that

implementation would have been different. We need to induce a state of anxiety to encourage strategic thinking.

In the past, we have worked around scenario planning and other tools. You also need a sense of urgency driven by real fear. There are a number of ways of doing this. You can take a real-world approach, where you put an anchor in the ground and get people to deliver around it.

We have been working with a client on a 20-year strategy. We gave them two months and then, just like the *X Factor*, on 9 and 10 December the business units

had to deliver their strategy to a panel of judges. If they didn't get it right they would be sent back to fix it before they were allowed to go away for the Christmas holidays. This approach changed the culture and drove delivery.

At the beginning of the process we didn't allow people to do their own research. We put together a straw man of what we thought people would come up with and we presented it to them. They flipped out and disagreed, and we were able to pick the areas of disagreement and focus on them.