Strategic Leadership of Technology: Lessons Learned

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Introduction

Technology is crucial for economic and social development in the 21st century and thus key to human progress. Competition is fierce among the companies involved and there are winners (those that do well) and losers (those that do not do so well). Strategic leadership is a determining factor in this context. Looking at concrete examples in the automobile industry, Honda and Toyota pursued hybrid technology taking risk in so doing but the vision of the eLeaders of these companies proved them right. On the other hand, GM pursued its way down the beaten track; its leaders assumed that the road that led to its success cannot lead it downward but unfortunately it did; ways that have worked in the past may not do so in the future. Ford provides an interesting example of a company that was going down the usual path when it 'woke up' under the leadership of Mulally who turned the company around through strategic steering. Another example of failed leadership is that of Kodak. Successful eLeadership hinges on strategic thinking and action, Besos at Amazon providing a clear example. Apple provides the example of a company that was going down the beaten path (and thus 'losing') and suddenly woke up under the eleadership of Steve Jobs' strategic thinking and planning ('winning'). There are no definitive ways to strategic leadership or set principles but case analysis (in line with the credo of Harvard University) can illustrate what to do and what not to do.

Strategic planning and management: a generic model

The strategic approach has to do with finding that 'smart' way to do things; that 'clever' way. You are able to outsmart the situation and/or your competitors. The game of chess provides a useful analogy. In business, it has to do with coming up with that smart product and /or smart process (use of CAD in developing and testing several designs); think of Apple and the iPod onto to the iPhone.

Different organizations define and apply the needed steps differently. The practice is diverse and so is the literature. However it is possible to conceive of a generic model and the steps there for are outlined below.

Step 1: making a commitment to work together to find and carry out the needed strategy

Step 2: review the mandate of the entity concerned; there may be legal constraints, boundaries and limits or these may not be real)

Step 3: define the mission statement

Step 4: conduct an internal review (strengths, weaknesses to be remedied)

Step 5: conduct an external review (what is going on in the outside world; is it possible to define the state of the art; the competition)

Step 6: define strategic issues

Step 7: define a strategy with a vision translated into a plan with specific targets to be achieved (with results indicators) and the step (tactics) to be followed and the performance indicators; there are timeframe and resource considerations; develop an action plan to translate intention into action

Step 8: proceed to implementation with appropriate tracking/reviewing of performance (monitoring and benchmarking)

Step 9: evaluate results achieved compared to intended results

Step 10: from step 9, perform a feedback loop analysis to all the initial steps to draw lessons learned and derive good practices; this step may lead to revisions to the other preceding steps; the basic idea is to be involved in a process of continuing improvement (cases in point Honda, Toyota)

1Source: www.strategicresearch.info

Strategic Information Systems

A Strategic Information System (SIS) is a system that helps companies change or otherwise alter their business strategy and/or structure. It is typically utilized to streamline and quicken the reaction time to environmental changes and aid it in achieving a competitive advantage.

Key features of the Strategic Information Systems are the following:

1) Decision support systems that enable to develop a strategic approach to align Information Systems (IS) or Information Technologies (IT) with an organization's business strategies

2) Primarily Enterprise resource planning solutions that integrate/link the business processes to meet the enterprise objectives for the optimization of the enterprise resources

3) Database systems with the "data mining" capabilities to make the best use of available corporate information for marketing, production, promotion and innovation. The SIS systems also facilitate identification of the data collection strategies to help optimize database marketing opportunities.

4) The real-time information Systems that intend to maintain a rapid-response and the quality indicators.

2Source: http://it.toolbox.com/wiki/index.php/Strategic_Information_System

Mission and Vision – review of the fundamentals

“Mission and vision statements play three critical roles: (1) communicate the purpose of the organization to stakeholders, (2) inform strategy development, and (3) develop the measurable goals and objectives by which to gauge the success of the organization’s strategy. These interdependent, cascading roles, and the relationships among them, are summarized in the figure.

First, mission and vision provide a vehicle for communicating an organization’s purpose and values to all key stakeholders. Stakeholders are those key parties who have some influence over the organization or stake in its future. You will learn more about stakeholders and stakeholder analysis later in this chapter; however, for now, suffice it to say that some key stakeholders are employees, customers, investors, suppliers, and institutions such as governments. Typically, these statements would be widely circulated and discussed often so that their meaning is widely understood, shared, and internalized. The better employees understand an organization’s purpose, through its mission and vision, the better able they will be to understand the strategy and its implementation.

Second, mission and vision create a target for strategy development. That is, one criterion of a good strategy is how well it helps the firm achieve its mission and vision. To better understand the relationship among mission, vision, and strategy, it is sometimes helpful to visualize them collectively as a funnel. At the broadest part of the funnel, you find the inputs into the mission statement. Toward the narrower part of the funnel, you find the vision statement, which has distilled down the mission in a way that it can guide the development of the strategy. In the narrowest part of the funnel you find the strategy —it is clear and explicit about what the firm will do, and not do, to achieve the vision. Vision statements also provide a bridge between the mission and the strategy. In that sense the best vision statements create a tension and restlessness with regard to the status quo—that is, they should foster a spirit of continuous innovation and improvement. For instance, in the case of Toyota, its “moving forward” vision urges managers to find newer and more environmentally friendly ways of delighting the purchaser of their cars. London Business School professors Gary Hamel and C. K. Prahalad describe this tense relationship between vision and strategy as stretch and ambition. Indeed, in a study of such able competitors as CNN, British Airways, and Sony, they found that these firms displaced competitors with stronger reputations and deeper pockets through their ambition to stretch their organizations in more innovative ways.[9]

Third, mission and vision provide a high-level guide, and the strategy provides a specific guide, to the goals and objectives showing success or failure of the strategy and satisfaction of the larger set of objectives stated in the mission. In the cases of both Starbucks and Toyota, you would expect to see profitability goals, in addition to metrics on customer and employee satisfaction, and social and environmental responsibility.

Mission and vision both relate to an organization's purpose and aspirations, and are typically communicated in some form of brief written statements. A mission statement communicates the organization's reason for being and how it aspires to serve its key stakeholders. The vision statement is a narrower, future-oriented declaration of the organization's purpose and aspirations. Together, mission and vision guide strategy development, help communicate the organization's purpose to stakeholders, and inform the goals and objectives set to determine whether the strategy is on track."

3Source: Principles of Management, v. 1.0 by Mason Carpenter, Talya Bauer, and Berrin Erdogan

Related useful sources:

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[1]Bart, C. K., & Baetz, M. C. (1998). The relationship between mission statements and firm performance: An exploratory study. *Journal of Management Studies*, *35*, 823–853.

[2]Bart, C. K., Bontis, N., & Taggar, S. (2001). A model of the impact of mission statements on firm performance. *Management Decision, 39*(1), 19–35.

[3]Retrieved October 27, 2008, from http://www.starbucks.com/aboutus.

[4]Retrieved October 27, 2008, from http://www.toyota.co.jp/en/vision/philosophy.

[5]Retrieved October 27, 2008, from http://www.starbucks.com/aboutus.

[6]Retrieved October 27, 2008, from http://www.ogilvy.com/o_mather.

[7]Retrieved October 27, 2008, from http://www.toyota.com/about/our_values/index.html.

[8]Retrieved October 27, 2008, from http://www.walmart.com.

[9]Hamel, G., & Prahalad, C. K. (1993, March–April). Strategy as stretch and leverage. *Harvard Business Review*, 75–84.

Strategic leadership

Strategic leadership refers to a manger's potential to express a strategic vision for the organization, or a part of the organization, and to motivate and persuade others to acquire that vision. Strategic leadership can also be defined as utilizing strategy in the management of employees. It is the potential to influence organizational members and to execute organizational change. Strategic leaders create organizational structure, allocate resources and express strategic vision. Strategic leaders work in an ambiguous environment on very difficult issues that influence and are influenced by occasions and organizations external to their own.

The main objective of strategic leadership is strategic productivity. Another aim of strategic leadership is to develop an environment in which employees forecast the organization's needs in context of their own job. Strategic leaders encourage the employees in an organization to follow their own ideas. Strategic leaders make greater use of reward and incentive system for encouraging productive and quality employees to show much better performance for their organization. Functional strategic leadership is about inventiveness, perception, and planning to assist an individual in realizing his objectives and goals.

Strategic leadership requires the potential to foresee and comprehend the work environment. It requires objectivity and potential to look at the broader picture.

A few main **traits / characteristics / features / qualities** of effective strategic leaders that do lead to superior performance are as follows:

- ✓ **Loyalty-** Powerful and effective leaders demonstrate their loyalty to their vision by their words and actions.
- ✓ **Keeping them updated-** Efficient and effective leaders keep themselves updated about what is happening within their organization. They have various formal and informal sources of information in the organization.
- ✓ **Judicious use of power-** Strategic leaders makes a very wise use of their power. They must play the power game skillfully and try to develop consent for their ideas rather than forcing their ideas upon others. They must push their ideas gradually.
- ✓ **Have wider perspective/outlook-** Strategic leaders just don't have skills in their narrow specialty but they have a little knowledge about a lot of things.
- ✓ **Motivation-** Strategic leaders must have a zeal for work that goes beyond money and power and also they should have an inclination to achieve goals with energy and determination.
- ✓ **Compassion-** Strategic leaders must understand the views and feelings of their subordinates, and make decisions after considering them.
- ✓ **Self-control-** Strategic leaders must have the potential to control distracting/disturbing moods and desires, i.e., they must think before acting.
- ✓ **Social skills-** Strategic leaders must be friendly and social.

- **Self-awareness-** Strategic leaders must have the potential to understand their own moods and emotions, as well as their impact on others.
- **Readiness to delegate and authorize-** Effective leaders are proficient at delegation. They are well aware of the fact that delegation will avoid overloading of responsibilities on the leaders. They also recognize the fact that authorizing the subordinates to make decisions will motivate them a lot.
- **Articulacy-** Strong leaders are articulate enough to communicate the vision(vision of where the organization should head) to the organizational members in terms that boost those members.
- **Constancy/ Reliability-** Strategic leaders constantly convey their vision until it becomes a component of organizational culture.

To conclude, Strategic leaders can create vision, express vision, passionately possess vision and persistently drive it to accomplishment.

4Source: http://www.managementstudyguide.com/strategic-leadership.htm

A Blueprint for Strategic Leadership

How to build an organization in which executives will flourish.

by Steven Wheeler, Walter McFarland, and Art Kleiner

Illustration by Dan Page

The challenge of leadership is not what it used to be. For the past few decades — at least since the genre-defining book *Leadership* by historian James MacGregor Burns was published in 1978 — writers on business and society have understood that the quality of a leader's character makes all the difference. Burns, for example, wrote that civilization depended on its "transforming" leaders — those who didn't just solve the problems handed to them, but who helped to raise society as a whole to higher levels of motivation and morality. Other business writers picked up the theme: Corporations, as Warren Bennis put it, also needed leaders who could not just "do things right" but also "do the right thing."

But what sorts of leaders could be counted on to do the right thing? Creative, experimental risk takers, like Richard Branson? Charismatic, domineering battlers like Lee Iacocca? Ruthless pursuers of performance like Jack Welch? Dedicated "servant leaders" like Herman Miller's Max De Pree? Quiet stoics like Darwin Smith, the CEO of Kimberly-Clark whom Jim Collins lauded in *Good to Great*? Or simply people whose "leadership secrets" have been collected, like Attila the Hun? Each style has had its advocates and acolytes over the years. But for all the sophistication of the experts, for all the books published on the subject, there is still no definitive consensus on the most effective style of leadership.

Indeed, the quality of individual leadership matters. In case after case, in organizations and in society at large, when the single individual at the top is replaced, everything else changes — either for the better or for the worse. But the effectiveness of leaders depends, more than is generally realized, on the context around them. Over time, the leader's capability is shaped by the top team's quality, and by the capabilities of the full organization. These can either provide invaluable support for the changes a leader wants to make or render those changes impossible. Hence the best leaders pay a great deal of attention to the design of the elements around them: They articulate a lucid sense of purpose, create effective leadership teams, prioritize and sequence their initiatives carefully, redesign organizational structures to make good execution easier, and, most importantly, integrate all these tactics into one coherent strategy.

One prominent example of this approach to leadership is Procter & Gamble under chief executive A.G. Lafley. In 2007, Lafley was singled out for his leadership quality by such management experts as Bennis and Noel Tichy (in their book *Judgment: How Winning Leaders Make Great Calls*); Harvard Business School Professor Joseph L. Bower (in his book *The CEO Within: How Inside-Outsiders Are the Key to Succession Planning*); Ram Charan (who is coauthoring a book with Lafley called *The Game-Changer*, due from Crown in April 2008); and the Academy of Management, the world's preeminent association of business academics, which named Lafley its 2007 Executive of the Year.

As Jeffrey Sonnenfeld, the associate dean for executive programs at the Yale School of Management, notes, Lafley is becoming "almost Jack Welch–like" in influencing the executive style at other companies. No doubt P&G's stock price — which has doubled, from US$30 to $60 per share, since Lafley took office in 2001 — helps explain this CEO's growing mystique. But neither outsiders who write about the company nor Lafley himself attributes P&G's success primarily to a focus on financials. Instead, they single out the combined effect of P&G's sense of purpose, the strength of its top team, and its emphasis on improving both processes and people.

"Our job — and this is particularly true for CEOs," said the soft-spoken CEO in his Academy of Management award acceptance speech, "is to bring together the many businesses, functions, and geographies and to leverage learning, scale, and scope." As the most critical distinctive factors in P&G's success, he named purpose and values, goals, strategies, strengths, organizational structure and systems, innovation, leadership, and culture. He particularly emphasized the "rigorous, intentional way we approach leadership development," including his own direct role in career planning for P&G's top 500 people. "I review their assignment plans, assess their strengths and weaknesses, and determine where I can help them grow."

This comprehensive approach to leadership development is deeply embedded throughout the company. When Lafley became CEO, according to the magazine of his alma mater, Hamilton College, he removed the oak-paneled executive offices on the 11th floor of P&G's Cincinnati headquarters, lending the paintings that hung there to a local museum. He moved the divisional presidents' offices nearer those of their staffs and converted the former executive space to an employee learning center. He did it, Lafley said, "so people understand we're in the business of leading change."

Other chief executives lauded for their leadership in recent years — including Jeffrey Immelt at General Electric, Jim McNerney at Boeing, and New York City Mayor Michael Bloomberg — all share with Lafley an emphasis on building a long-term capability for generating results. To be sure, these accolades aren't always reflected in corporate stock prices; analysts tend to be justifiably skeptical of CEOs' loftier ambitions. But there is some evidence of the financial value of integrated leadership. Consider *Fortune* magazine's list of the "100 Best Companies to Work For," a compendium produced by the Great Place to Work Institute in San Francisco. (Procter & Gamble, which has been on the list five out of the six years since Lafley took office, ranked number 68 in 2007.)

When our own firm, Booz Allen Hamilton, joined the list in 2005, we realized the in-depth attention to organizational design that is needed to make the cut. Companies must provide extensive quantitative and qualitative data on their workforce profiles, programs, and policies. The Institute's researchers survey at least 400 randomly selected employees, and audit such employee-related factors as promotions and training, pay and benefit practices, communications to and from management, celebrations, and fun on the job. The criteria are weighted toward organizational structure (how companies are set up to involve and engage people), strategic direction (how compelling their vision is), and the optimism of the company's culture.

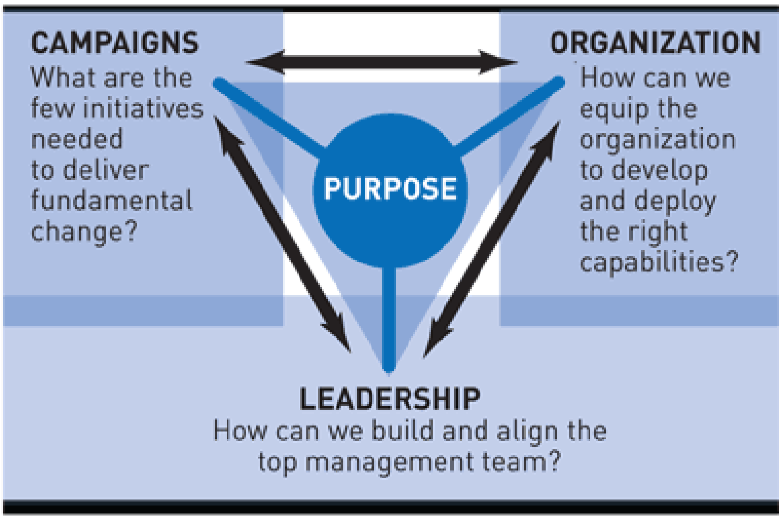
Whether or not you agree with the ranking of any particular "Best Company," the success rate of this group over time suggests that attention to a multifaceted, broad-based context for leadership is consistent with sustainable positive results. According to Gurnek Bains in his book *Meaning, Inc.* (Profile Books, 2007), annual investments in the publicly held "Best Companies" would have yielded, from 1994 to 2006, a return of more than 600 percent. By comparison, an investment in the Standard and Poor's 500 would have yielded 250 percent, and the 18 companies lauded in *Built to Last*, the 1994 bestseller written by Jerry Porras and Jim Collins, would have yielded only 150 percent. (The high returns for the "100 Best Companies" have been confirmed by other research, such as one current study by economist Cullen Goenner.)

Few companies will prosper by copying P&G, or any other member of the "100 Best Companies," directly. Great management practices are not replicable in recipe fashion. But companies can develop a design for strategic leadership. It would draw upon both long-established ideas and recent management research — emerging, for example, from the University of Southern California's Center for Effective Organizations, where faculty members such as James O'Toole, Edward Lawler, Warren Bennis, Jay Galbraith, Chris Worley, Sue Mohrman, and Kathleen Reardon have tracked the relationship between leadership styles and corporate performance for more than 15 years.

A design for strategic leadership is an integrated group of practices that build a company's capacity for change. To develop and maintain this capacity, four critical elements need to be integrated together: the commitment to the company's purpose; the makeup of the top management team; the capabilities and motivation of people throughout the organization; and a sequence of focused, well-chosen strategic initiatives that can take the company forward. (See Exhibit 1.)

Exhibit 1: **Anatomy of Strategic Leadership**

Four components that, when fully integrated, can instill strategic leadership in an organization. The three diagnostic questions provide a starting point for design.



Source: Booz Allen Hamilton

Four Starting Points

Conventional wisdom would have it that a crisis is the most common trigger for change. A company faces bankruptcy, court proceedings, or sudden, fierce, business-destroying competition. Current strategies aren't working. Urgent turnaround is needed. And in fact, the perceived threat of extinction is often a prelude to the dramatic entrance of a turnaround artist from the outside, such as Carlos Ghosn at Nissan in 1999, Robert Stevens "Steve" Miller at Delphi in 2005, and Robert Nardelli at Chrysler in 2007. The fate of the company often depends on how well this new heroic figure can draw upon leadership capabilities: his or her own, those of the senior leadership team, and those of people throughout the company.

In our experience, however, only about 15 percent of the companies that voice a need for change are truly in crisis. A far more common situation — involving as many as 60 percent of those companies — is a state of inconsistency. A leader recognizes that, of the half dozen or so strategic initiatives currently under way, one or more aren't delivering results or living up to expectations. "Why aren't we getting a better multiple?" asks the leader. "How can we improve our poor performers?" This was the condition of General Electric when Jack Welch was appointed CEO in 1981; he famously dealt with it by decreeing that every business unit would have to be number one or number two in market share in its niche; otherwise, he would "fix, sell, or close" divisions. The number-one-or-number-two criterion doesn't apply to every company, but the general challenge is much the same: to find a prescient way to distinguish the value of activities and improve or prune the laggards.

We estimate that another 15 percent of the companies that seek advice on leadership are doing well, at least by their own criteria, but the leaders at the top want to take on new challenges. They worry that the organization will not make the leap with them, if only because the employees are too focused on executing day-to-day business. To combat this complacency, John Barth, CEO of auto components manufacturer Johnson Controls from 2002 through 2007, initiated what he called a “growth culture” at this already profitable company — moving into Asian markets, driving for more competitiveness against other component manufacturers, and expanding Johnson’s air-conditioning and heating systems and battery-manufacturing businesses into green technology enterprises.

The remaining 10 percent of the companies that seek help are recovering from a poorly designed full-scale transformation (an effort to change the entire firm’s culture, organizational structures, and leadership practices at once). Typically, the chief executive had called for a bold new direction, and 20 or more initiatives had been started, all overseen by a “turnaround leadership team” of seemingly committed executives. Some shorter-term cost reduction efforts had paid off; bankruptcy or a forced sale may have been averted. But it had soon become clear that it would take a lot more attention and effort to grow the top line than anyone had expected. The company’s leaders had thus “declared victory,” written up the preliminary results as a success, and moved back to business as usual. Comparatively few of those companies reach out for further help — they’re usually too exhausted — but some do.

If you are a leader initiating a major change or a board seeking a leader to oversee change, then those are your starting points: crisis, inconsistency, complacency, or exhaustion. How long do you have to put in place a design for strategic leadership? For an answer, consider the statistics on CEO tenure. Although chief executive terms may last anywhere from one to 20 years in large global corporations, the average tenure for the CEO of a global corporation is just under eight years, according to Booz Allen’s most recent annual study of CEO succession. This is consistent with Joseph Bower’s estimate in *The CEO Within* — that a chief executive has between six and 10 years to make a mark and build a legacy.

And if the company needs to reposition itself or renew its capabilities, then all those years will be needed. Harvard University professors John Kotter and James Heskett report that, in 200 corporate transformation cases they studied, the most common time span from beginning to end was five to seven years. Successful transformations — those that don’t produce a backlash, don’t exhaust the organization, and do produce most of the desired results — generally occur in waves. An overall strategy for change taking place through strategic initiatives with relatively concrete goals, each requiring two to three years, tends to provide maximum impact.

As is the case with most other comprehensive efforts to change a large system, several things need to happen at once. A logical starting point is a set of diagnostic questions for the CEO and other key leaders: How do we build and align the top management team? What few initiatives do we need to deliver fundamental change? And how can we equip the organization to develop and deploy the right capabilities to produce the results we want?

The “Why” Factor

During its high-growth years in the early 1990s, the purpose of the computer company Dell Inc. was clear to its leaders and employees. Dell existed to reshape the personal computer hardware business in its own image through its innovations in supply chain management and real-time customization. One critical enabler of this purpose was a reputation for offering the highestquality customer service and support. When a Dell computer broke, the company's help desk would often say, "Send it back to us, and we'll send you a new one."

Around the time that Michael Dell turned over the CEO role (to then Chief Operating Officer Kevin Rollins) in 2004, the company seemed to change direction. Dell began to focus on cutting costs to beat back Asian competition. Among the casualties was the help desk; customers suddenly began having a much harder time getting their computers fixed, which was intolerable for a business dependent on mail order. In May 2007, New York State Attorney General Andrew Cuomo sued Dell for deceptive business practices and false advertising, mostly related to customer service. By that time, CEO Kevin Rollins had resigned and Michael Dell had returned to the helm.

Why did Dell lose its way? Without a strong corporate purpose, the company did not know how to set priorities. Rather than focusing on those distinctive customer-focused factors that made it the leader of its industry, the company kept cutting prices (in effect, training its customers to wait for discounts) and introducing products, such as large-screen televisions, that required a different business model. Today, Dell is seeking to regain its purpose as a company that once again can reshape and lead the personal computer industry. To accomplish this, its leaders have recognized that they must reach out to individual consumers through more diverse retail channels. And Dell is reportedly rebuilding its customer support as a key component, not just of its value proposition, but of its corporate identity.

That is the power of the "why" factor: a clear, focused explanation of a company's purpose. Articulating "why we do what we do" allows leaders to set priorities and explain the relevance of their decisions (or, as O'Toole and Lawler put it, to "frame the direction of success"). The answer attracts a higher-quality group of employees, drawn not just to making money but also to meaningful work. In their recent book, *The Enthusiastic Employee* (Wharton School Publishing, 2005), David Sirota, Louis A. Mischkind, and Michael Irwin Meltzer sum up the research showing the power of purpose in attracting employees, particularly those between 17 and 30 years old. A well-articulated purpose also motivates employees to go beyond "business as usual," it helps leaders set priorities and balance short-term and long-term measures, and it gives the entire organization a sense of confidence about the future. Most of all, it sets the stage for a focused set of strategic initiatives (also known as campaigns). Not all will be successful, but all will be relevant, in some way, to the company's ultimate success — if only as failures to learn from.

The two most powerful writers we know on the subject of purpose, Gurnek Bains (*Meaning, Inc.*) and Nikos Mourkogiannis (*Purpose*, Palgrave Macmillan, 2006), both make the same basic point: Strategic leaders don't simply invent an organization's purpose in a vacuum. They draw forth a purpose that resonates with the values and capabilities of its people, and with the nature of its existing business. Thus, according to Bains, the Virgin Group succeeds because it exists to continually meet fresh challenges. In 2005, when CEO Sir Richard Branson announced the formation of Virgin Galactic, with plans to offer orbital space flights to paying customers, it let his employees and customers know that they could be part of an audacious, risk-taking, history-making enterprise for the rest of their careers. Similarly, according to Mourkogiannis, BMW has always attracted both customers and employees because it embodies excellence. To be sure, it makes a handsome profit, but first and foremost it makes beautiful cars.

Purposeful Initiatives

Most executives recognize that significant change takes place through action. And the familiar way to achieve this is through strategic initiatives: launching a product, changing a practice, or staking out a market position. Unfortunately, that often seems to mean “the more action, the better,” especially when each potential initiative, product launch, or improvement campaign has its own advocates within the company.

This is the path to exhaustion. All too often, the strategic initiatives lack a clear connection to the organization’s purpose; therefore, their relevance is uncertain and they generate little excitement. People comply in the sense of “checking off a box,” but the desired result is never realized.

A more effective approach to strategic initiatives starts by considering purpose. What is this company here for? To discover new things? To dominate its niche? To serve others? To operate in a globally responsible manner? Once the answer is articulated, leaders can frame a campaign: a sequence of high-priority campaigns that reinforce one another and that people throughout the enterprise feel comfortable with, even if those actions represent a dramatic shift in direction.

When Carlos Ghosn came to Nissan in 1999, the company was moribund. Ranked as the number-three auto manufacturer in its region, it was suffering from $30 billion in debt and was viewed as inefficient and sluggish on product development. Ghosn almost immediately began to articulate a purpose: The combined Nissan–Renault company would become a new kind of automobile company, a “global alliance” (as he put it) that was truly multicultural, and better positioned than any other company to bring automobiles to every part of the world. Neither Nissan nor Renault had the capabilities to achieve this purpose at the time. Ghosn set a three-part program in motion to bring Nissan to the point where it could fulfill its part.

Ghosn began the first phase, a cost-cutting strategic initiative called the Nissan Revival Plan, by announcing a set of audacious goals: Nissan would raise the ratio of operating income to sales margin to 4.5 percent and reduce consolidated debt to less than ¥700 billion (US$6 billion) by 2002. The automaker achieved those aims a year ahead of schedule. The second campaign, which started in 2002 and was called Plan 180, set new five-year goals of zero debt, a million-car sales increase, and 8 percent return on sales; Nissan achieved each within three years. By late 2007, the company had cash reserves of $165 billion, and was midway through its third initiative, christened Value Up, with the goal of achieving 20 percent return on invested capital, in part through renewed emphasis on innovative products. Each campaign has helped build the capabilities needed for the next one. And although Value Up is behind schedule, the complexity of the challenges facing Ghosn’s alliance has increased, and his success is uncertain, the revival remains the only successful automobile company turnaround since the 1980s.

As the Nissan story demonstrates, effective strategic leadership requires whittling down the list of possible strategic initiatives to a manageable set; perhaps three successive waves of activity, with four to six projects at one time, each designed to build the capabilities needed for the next wave. Before engineering a million-car sales increase, for example, Nissan needed not just the cash flow to pay for expansion, but the capabilities that reducing debt and raising operating income had provided. These initiatives are also deliberately experimental. When some of them start to fail (as some inevitably will), the organization and leadership can adjust and learn from their mistakes.

Balanced Top Teams

Most of the executives we know are satisfied with the quality of their top management team; after all, these are generally handpicked colleagues with a great deal of capability. And therein lies the problem, for human judgment about close colleagues is notoriously vulnerable. “No matter how hard-nosed some leaders may appear,” write Tichy and Bennis in *Judgment*, “they have feelings about other people. They become attached to them, or maybe detest them, to degrees that hardly ever apply when they are considering strategic business plans. And it’s these feelings that can keep them from making good, objective calls [about the leadership team].”

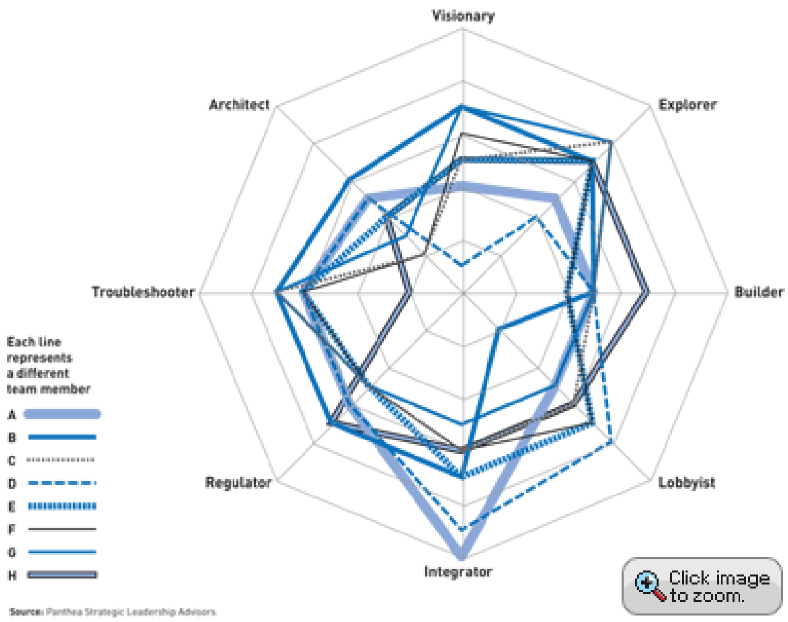
As Max Weston and Andra Brooks of Panthea Strategic Leadership Advisors have noted, many CEOs (consciously or not) handpick people they feel comfortable with to sit on critical leadership teams. They recognize the need for technical and functional expertise; the CIO must know about systems and the CMO must have marketing experience. But CEOs do not typically assemble people who are diverse enough in their personalities and backgrounds to play the complementary roles necessary in a business context. Nor do they invest much in explicitly building the trust and accountability that team members will need to work closely together.

Those companies that explicitly balance talents and temperaments tend to use a variety of methods. The Myers-Briggs personality inventory is the best-known; some companies that use this test assign people to teams so that strong and weak characteristics are balanced. Panthea’s TIME model of leadership skills (which suggests that different leaders are better at either thinking, inspiring, mobilizing, or empowering) borrows from the Andrews Munro “business challenges” framework, which identifies eight management styles: the visionary, explorer, builder, lobbyist, integrator, regulator, troubleshooter, and architect. Organizational systems consultant David Kantor proposes another set of categories, in which, for example, some people are better at moving (initiating new actions), and others prefer the roles of opposer, follower, and bystander. To Kantor, a team is truly healthy when people can easily move among these roles, raising challenges one day as an opposer, being an enthusiastic follower or mover the next day, and stepping back to offer detached commentary as a bystander the following week.

Whatever the details and categories may be, some explicit design for team composition can help prevent teams from being either stuck in recurring conflicts or prone to groupthink. At Panthea, this design includes a diagnostic of team members (see Exhibit 2) and an effort to add people who can fill in the personality gaps.

Exhibit 2: **The Case of an Unbalanced Team**

This diagram shows the mix of personalities and capabilities in a pooly balanced team at a financial-services enterprise. Each patterned line depicts the strengths and weaknesses of a different individual (as scored on the Andrews Munro challenges scale). Because this team lacks any high-scoring "regulators" or "builders," the analysis suggested it might have difficulties following through after its deals.



Source: Panthea Strategic Leadership Advisors

With the requisite diversity of thinking in place, the ability to plan and act together requires in-depth rehearsal, over time, often with experts from outside companies who can help provide perspective. That's why effective leadership teams are often proficient at strategic exercises, where they role-play or conduct wargames involving typical business problems, experimenting with various strategies in a fictional environment before trying them in the real world. Meanwhile, the CEO should be planning his or her succession, using the senior team as a crucible for developing others who will be capable of filling the top position in the future.

Is it worth the trouble? One organization famous for this kind of practice is India's Tata Group, a global conglomerate made up of 100 companies, 300 subsidiaries, and 40 diverse business units. Tata's broad range of business lines includes automobile manufacturing, chemicals, insurance, electric power generation, publishing, tea, and engineering services, which all fit together (as Gurnek Bains notes) in achieving the common core purpose of building "what India needs next." Chairman and CEO Ratan Tata is known for selecting and fostering internal boards for the group's many subsidiaries. The boards are not caretakers; they are expected to make strategic decisions, and their leaders coalesce to coordinate major decisions for the Tata Group as a whole. The boards are also expected to create managerial bonds among Tata's businesses while maintaining their independence.

Organizational Capabilities

Through their actions, leaders have a great deal of influence over an organization's culture, but very little of that influence is direct. They can't make a team more skilled or committed through directives alone; requirements mean very little if they cannot be translated into specific behavior changes. We've learned this at Booz Allen through our own work on building organizational capabilities for change, and in particular through the body of practice known as organizational DNA. By changing the reporting relationships and structures, the networks through which people exchange information, the motivators and incentives, and the decision rights in an organization, organizations can shift their capabilities and motivate people to act in sync with the organization's purpose.

These four "building blocks" (as organizational DNA theorists Gary Neilson and Bruce Pasternack call them) are not the only factors that leaders can use to influence organizations. Indeed, management literature is rife with levers for change, ranging from new information technology to new human resources practices. They all have one thing in common: Unless they are explicitly aligned with the purpose and strategy of a company, they will tend to forestall and undermine the desired strategic direction.

Consider the short time frame of executive assignments in many American and European companies. Brand managers in consumer products and pharmaceutical companies, for example, are accustomed to rotating positions every 18 to 24 months. This means they often escape dealing with the consequences of their decisions, and they are unwilling to make investments (such as in developing innovative new products) that will outlast their tenure. But companies that try to counter this by making assignments last longer, as Japanese companies do, risk losing talented people who assume, "I'm a high-potential person, and therefore I should be moving."

To deal with this dilemma, a series of interventions may be needed, depending on the purpose of the company and the nature of its industry. For example, if the company is focused on what Nikos Mourkogiannis calls "discovery" (the continual search for new ways to do business and learn about the world), it may be possible to keep a brand manager in place by building the capacity for continual invention. This might mean using informal networks — arranging regular calls and meetings, for example, between marketing and R&D. It might mean giving people more opportunities to take courses or collaborate with others outside the company. A company interested in altruistic goals, like service, could offer very different incentives (such as a more flexible schedule that allowed employees more control over their time) or more formal links between marketing and customer service.

The Right Questions

An immense body of literature already exists on each of the four areas highlighted in this article: purpose, the top management team, organizational capabilities, and strategic initiatives. But research in the strategic leadership field is so fragmented, unreliable, and obscure that many designers of strategic leadership initiatives base their approach on only a small fraction of the knowledge that exists.

That's a shame, because the broader your awareness of work in the field, the more effective your design can be. It's helpful to know, for example, that (as David Sirota and his colleagues report from their research on *The Enthusiastic Employee*) deliberate efforts to accentuate fairness, camaraderie, and recognition lead to improved workplace productivity. Or that (as organizational researcher Elliott Jaques proposed) organizational hierarchies work well when structured to fit with employees' cognitive capacity. Or that (as neuroscientist Jeffrey Schwartz and executive coach David Rock have written) successful organizational change initiatives require day-to-day practices that focus people's attention in a habitual manner.

Because every organization is different, diagnosing your situation and culture is critical. The questions will vary with your company's situation. (See Exhibit 3.) The process will involve your most talented and committed senior executives. And it may take several months of concerted effort before you all understand each other and feel comfortable with the company's purpose and in defining the right set of initiatives to pursue. But sometimes you have to go slow to go fast. Extra time and care in bringing people to a common understanding at the beginning means far less time lost in false starts and retrenchment later.

Exhibit 3: **Starting a Strategic Leadership Initiative**

When undertaking a strategic leadership initiative, the best way to apply the diagnostic questions (first column) from Exhibit 1 depends on the current challenge facing your organization (across the top).

	CRISIS	INCONSISTENCY	COMPLACENCY	EXHAUSTION
How can we build and align the top management team?	Is the top team ready for the challenge of change? Which members of the next generation need to be involved in solving the most urgent problems?	How aligned with purpose are the faltering initiatives? Have the faltering initiatives been supported with the right resources and leadership team?	Is the existing purpose right for the future of this organization? Is the top team aligned? Is it motivating the next generation to lead change?	Is the top team aligned and working toward common objectives? Is there true commitment to purpose?
What are the few initiatives needed to deliver fundamental change?	What sequence of initiatives during the next five to seven years can halt the crisis, and then build long-term sustainable advantage?	Are the faltering initiatives critical? How have these initiatives been structured?	What campaigns or initiatives can build a capability for ongoing change?	Which initiatives should be placed on hold?
How can we equip the organization to develop and deploy the right capabilities?	What cultural and structural factors are getting in the way of effective response to the crisis?	Are clear decision rights and incentives in place for the success of all campaigns?	What motivators and structural changes should be put in place to allow ideas to bubble up through the organization?	What motivators should be introduced and structural changes made to reinvigorate the workforce?

Source: Booz Allen Hamilton

Click image to zoom.

This approach to designing strategic leadership will not appeal to every executive. Indeed, as companies experience increasingly intensive pressure from institutional investors, regulators, private equity firms, and hedge funds, it sometimes feels as though the well-developed long-term leader is an endangered species. ("Just get a CEO who can put a strategy in place, push people to execute it, and fire those who don't!") But a growing group of CEOs, and their boards, recognize that the purely utilitarian approach is not sustainable. It won't retain talent, it won't build competitive advantage, and, in the end, it will create only acquisition targets.

A design for strategic leadership is the alternative. It is not a new approach; it is simply the practiced, considered strategy for change that the best and most long-lived companies have always used. There is no real mystery to it, but it takes the kind of commitment, dedication, and respect that truly makes a company a greatplace to work.

Jeffrey Immelt's Three-Part Story Line
by Noel Tichy and Warren Bennis

When Jack Welch handed over the reins of General Electric to Jeffrey Immelt in September 2001, Immelt knew that he would soon be making some changes. During Welch's 20-year run as CEO, GE had dramatically outperformed the economy, creating over US$400 billion of new market value. Still, Immelt knew that if he limited himself to tinkering around the edges and making GE's current business model run better, the company would not retain its preeminence for long.

Immelt officially became the chairman and CEO of General Electric on September 7, 2001. Four days later, terrorists attacked the United States. In only a few hours, just about every aspect of, and every assumption about, the future direction of the world's economies and of geopolitical life was called into question.

At such times, a leader's capacity for laying out the future story of his or her organization is vitally important. It provides a platform for making the key people, strategy, and crisis judgments. To be effective, a leader's "story line" (as we call it) has to answer three questions about the organization and its potential: Where are we now? Where are we going? How will we get there?

To Immelt, the world in which GE had to operate after 2001 would be marked by slower growth and more volatility. "There's not going to be a rising tide to lift all ships universally," he said. "There are going to be businesses that win, and businesses that lose; countries that win and countries that lose." To attract and motivate good people in this environment, Immelt believed, GE needed to become more humane. In fact, society and government would demand better corporate behavior. "Just being great isn't enough any more. Companies and people have to be both great and good to be successful in the future."

Based on this story line, Immelt made judgments about what businesses GE should be in and how it would conduct those businesses. Those judgments included making sure that his own pay package was moderate compared to that of other CEOs and that all his incentives were tied to GE performance.

The next element in his story line was to figure out how GE could operate most successfully in this changed world. The answer he arrived at was that GE could best generate organic growth by using its strong research and technology base to develop new markets. Some of the markets offering huge opportunities would be developing countries that needed to build infrastructure for power, water, energy, and transportation. In the more advanced economies, the best opportunities would be in unserved or underserved markets: health care, energy saving and production, and environmentally friendly products. This assessment informed strategic decisions that included buying
Amersham, a leading company in the diagnostic imaging and life sciences markets, and increasing investment in wind-generation and advanced technology for the oil and gas industry.

The third element of Immelt's story line ("How will we get there?") describes how GE will go about succeeding in these markets. Because he saw that global warming and the need for sustainable energy were serious concerns, Immelt made the judgment that GE would come up with a strong response. In 2005, GE launched its Ecomagination initiative, a multidisciplinary campaign to apply GE technology to drive energy efficiency and improve environmental performance. He also provided much greater transparency to the investor community than GE had in the past. He proactively set standards for other companies in the post-Enron, post-Tyco, Sarbanes-Oxley world. He is continuously pushing the boundaries of how transparent GE can become without giving away too much information to its competitors.

Immelt also created a growth process for GE. This included, for example, hosting "customer dreaming sessions" to drive innovation. These are one- to two-day sessions held at the company's John F. Welch Leadership Development Center at Crotonville, N.Y., with the CEOs and key leaders from the GE businesses. His job as a leader is to create the platform for other GE leaders to make good strategic judgments.

Jeff Immelt works closely with the CEOs of the GE businesses on their strategy, budgets, and succession planning, and on their involvement in corporate initiatives such as lean Six Sigma quality programs, growth platforms, leadership development, and technology transfer. He personally teaches at Crotonville every few weeks. He visits GE's Global Research Center as often as four or five times a year. He gathers the heads of the business together with key corporate staff four times a year for multiday workshops at Crotonville. Immelt also goes out to each business unit to do succession planning reviews, all-day strategy reviews, and operating plan reviews. Even though, as CEO, Immelt makes the final call on the big items, judgment at GE is a team sport.

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Warren Bennis (editors@strategy-business.com) is distinguished professor of business administration at the University of Southern California, and the author of *Reinventing Leadership: Strategies to Empower the Organization* (with Robert Townsend, William Morrow, 1995) and many other business bestsellers.

This article is adapted from *Judgment: How Winning Leaders Make Great Calls*, by Noel Tichy and Warren Bennis (Portfolio, 2007).

Reprint No. 07405

5Source: A Blueprint for Strategic Leadership How to build an organization in which executives will

http://www.strategy-business.com/article/07405?pg=all

Disruptive technology: How Kodak missed the digital photography revolution

The purpose of this paper is to analyze how a firm responds to a challenge from a transformational technology that poses a threat to its historical business model. We extend Christensen's theory of disruptive technologies to undertake this analysis. The paper makes two contributions: the first is to extend theory and the second is to learn from the example of Kodak's response to digital photography. Our extensions to existing theory include considerations of organizational change, and the culture of the organization. Information technology has the potential to transform industries through the creation of new digital products and services. Kodak's middle managers, culture and rigid, bureaucratic structure hindered a fast response to new technology which dramatically changed the process of capturing and sharing images. Film is a physical, chemical product, and despite a succession of new CEOs, Kodak's middle managers were unable to make a transition to think digitally. Kodak has experienced a nearly 80% decline in its workforce, loss of market share, a tumbling stock price, and significant internal turmoil as a result of its failure to take advantage of this new technology.

6Source: The Journal of Strategic Information Systems, Vol 18, Issue 1, March 2009, pages 46-55

Eastman Kodak Files for Bankruptcy

By MICHAEL J. DE LA MERCED

Eastman Kodak, the 131-year-old film pioneer that has been struggling for years to adapt to an increasingly digital world, filed for bankruptcy protection early on Thursday.

The American legend had tried a number of turnaround strategies and cost-cutting efforts in recent years, but the company -- which since 2004 has reported only one full year of profit -- ran short of cash.

"Since 2008, despite Kodak's best efforts, restructuring costs and recessionary forces have continued to negatively impact the company's liquidity position, " Kodak's chief financial officer, Antoinette P. McCorvey, said in a court filing on Thursday.

Citigroup is providing Kodak with $950 million in financing to allow the company to keep going. Kodak plans to continue operating normally during bankruptcy.

The company will also seek to continue selling a portfolio of 1,100 digital imaging patents to raise cash for its loss-making operations.

Kodak has become the latest giant to falter in the face of advancing technology. The Borders Group liquidated last year after having failed to gain a toehold in e-books, while Blockbuster sold itself to Dish Network last year as its retail outlets lost ground to online competitors like Netflix.

Founded in 1880 by George Eastman, Kodak became one of America's most notable companies, helping establish the market for camera film and then dominating the field. But it has suffered from a variety of problems over the last four decades.

First came foreign competitors, notably Fujifilm of Japan, which undercut Kodak's prices. Then the onset of digital photography eroded demand for traditional film, squeezing Kodak's business so much that in 2003 the company said that it would halt investing in its longtime product.

The Chapter 11 filing was made in United States Bankruptcy Court in Lower Manhattan. Kodak said that its non-American subsidiaries were not part of the filing.

The company said that it had about $5.1 billion in assets and nearly $6.8 billion in debts. Its biggest group of unsecured creditors are bondholders represented by the Bank of New York Mellon who are owed $658 million.

"Kodak is taking a significant step toward enabling our enterprise to complete its transformation," Antonio M. Perez, the company's chief executive, said in a news release. "At the same time as we have created our digital business, we have also already effectively exited certain traditional operations, closing 13 manufacturing plants and 130 processing labs, and reducing our workforce by 47,000 since 2003. Now we must complete the transformation by further addressing our cost structure and effectively monetizing non-core I.P. assets."

Under Mr. Perez, who joined Kodak from Hewlett-Packard in 2003, the company has bet on inkjet printers. That strategy has yet to bear fruit, however.

It has also turned to patent lawsuits to generate revenue, winning settlements from the likes of LG of South Korea.

Nonetheless, the company has burned through its cash reserves, stoking concerns that it may run out of money. As of Sept. 30, Kodak reported having $900 million in cash and short-term investments.

As a last-ditch effort to raise cash, Kodak announced last July that it had hired Lazard to sell its digital imaging patents, hoping to cash in on a frenzy for intellectual property that drove Google's $12.5 billion takeover of Motorola Mobility. But the company had failed to garner enough interest among potential buyers, driven in part by fears of Kodak's deteriorating financial health.

But by the fall, it became apparent that Kodak was also preparing for a potential Chapter 11 filing, hiring advisers who could help with a court-supervised restructuring. As reports swirled about Kodak's preparations for bankruptcy, some of the company's vendors stopped providing services or demanding quicker payments, the company said in a court filing on Thursday.

Besides potentially aiding in the patent sale, bankruptcy protection could also allow Kodak to shed hundreds of millions of dollars in pension obligations. Kodak said in a filing that it contributed about $245 million to its United States pension obligations last year, and that it has been unable to shrink those liabilities to a more manageable level.

Earlier this month, Kodak announced a corporate overhaul that split its businesses into consumer and commercial segments, which some analysts said could aid in the sale of parts of the business.

The company has also filed new patent infringement suits against a number of competitors, including Fujifilm and Apple Inc., an effort to shore up the value of the patents it hopes to sell.

In a court filing, Kodak argued that Apple, the BlackBerry device maker Research in Motion and HTC of Taiwan all owed the company "substantial royalties" for the use of its patents in their smartphones. Reaching licensing agreements with these companies, as Kodak has done with Motorola and LG, could reap Kodak substantial fees.

Kodak is being advised by Lazard, FTI Consulting and the law firm Sullivan & Cromwell. The company said that Dominic DiNapoli, vice chairman of FTI Consulting, would serve as chief restructuring officer during Chapter 11.

Eastman Kodak's Chapter 11 petition

Kodak C.F.O.'s declaration

7Source: http://dealbook.nytimes.com/2012/01/19/eastman-kodak-files-for-bankruptcy/?pagewanted=print

Decline of Kodak offers lessons for U.S. business

8Source: http://www.marketplace.org/topics/business/economy-40/decline-kodak-offers-lessons-us-business

How Kodak Failed

There are few corporate blunders as staggering as Kodak’s missed opportunities in digital photography, a technology that it invented. This strategic failure was the direct cause of Kodak’s decades-long decline as digital photography destroyed its film-based business model.

A new book by my Devil’s Advocate Group colleague, Vince Barabba, a former Kodak executive, offers insight on the choices that set Kodak on the path to bankruptcy. Barabba’s book, “The Decision Loom: A Design for Interactive Decision-Making in Organizations,” also offers sage advice for how other organizations grappling with disruptive technologies might avoid their own Kodak moments.

Steve Sasson, the Kodak engineer who invented the first digital camera in 1975, characterized the initial corporate response to his invention this way:

But it was filmless photography, so management’s reaction was, ‘that’s cute—but don’t tell anyone about it.’ via The New York Times (5/2/2008)

Kodak management’s inability to see digital photography as a disruptive technology, even as its researchers extended the boundaries of the technology, would continue for decades. As late as

2007, a Kodak marketing video felt the need to trumpet that “Kodak is back “ and that Kodak “wasn’t going to play grab ass anymore” with digital.

To understand how Kodak could stay in denial for so long, let me go back to a story that Vince Barabba recounts from 1981, when he was Kodak’s head of market intelligence. Around the time that Sony introduced the first electronic camera, one of Kodak’s largest retailer photo finishers asked him whether they should be concerned about digital photography. With the support of Kodak’s CEO, Barabba conducted a very extensive research effort that looked at the core technologies and likely adoption curves around silver halide film versus digital photography.

The results of the study produced both “bad” and “good” news. The “bad” news was that digital photography had the potential capability to replace Kodak’s established film based business. The “good” news was that it would take some time for that to occur and that Kodak had roughly ten years to prepare for the transition.

The study’s projections were based on numerous factors, including: the cost of digital photography equipment; the quality of images and prints; and the interoperability of various components, such as cameras, displays, and printers. All pointed to the conclusion that adoption of digital photography would be minimal and non-threatening for a time. History proved the study’s conclusions to be remarkably accurate, both in the short and long term.

The problem is that, during its 10-year window of opportunity, Kodak did little to prepare for the later disruption. In fact, Kodak made exactly the mistake that George Eastman, its founder, avoided twice before, when he gave up a profitable dry-plate business to move to film and when he invested in color film even though it was demonstrably inferior to black and white film (which Kodak dominated).

Barabba left Kodak in 1985 but remained close to its senior management. Thus he got a close look at the fact that, rather than prepare for the time when digital photography would replace film, as Eastman had with prior disruptive technologies, Kodak choose to use digital to improve the quality of film.

This strategy continued even though, in 1986, Kodak’s research labs developed the first mega-pixel camera, one of the milestones that Barabba’s study had forecasted as a tipping point in terms of the viability of standalone digital photography.

The choice to use digital as a prop for the film business culminated in the 1996 introduction of the Advantix Preview film and camera system, which Kodak spent more than $500M to develop and launch. One of the key features of the Advantix system was that it allowed users to preview their shots and indicate how many prints they wanted. The Advantix Preview could do that because it was a digital camera. Yet it still used film and emphasized print because Kodak was in the photo film, chemical and paper business. Advantix flopped. Why buy a digital camera and still pay for film and prints? Kodak wrote off almost the entire cost of development.

As Paul Carroll and I describe in "Billion-Dollar Lessons: What You Can Learn From The Most Inexcusable Business Failures of the Last 25 Years," Kodak also suffered several other significant, self-inflicted wounds in those pivotal years:

In 1988, Kodak bought Sterling Drug for $5.1B, deciding that it was really a chemical business, with a part of that business being a photography company. Kodak soon learned that chemically treated photo paper isn't really all that similar to hormonal agents and cardiovascular drugs, and it sold Sterling in pieces, for about half of the original purchase price.

In 1989, the Kodak board of directors had a chance to take make a course change when Colby Chandler, the CEO, retired. The choices came down to Phil Samper and Kay R. Whitmore. Whitmore represented the traditional film business, where he had moved up the rank for three decades. Samper had a deep appreciation for digital technology. The board chose Whitmore. As the New York Times reported at the time,

Mr. Whitmore said he would make sure Kodak stayed closer to its core businesses in film and photographic chemicals. via The New York Times (12/9/1989)

Samper resigned and would demonstrate his grasp of the digital world in later roles as president of Sun Microsystems and then CEO of Cray Research. Whitmore lasted a little more than three years, before the board fired him in 1993.

For more than another decade, a series of new Kodak CEOs would bemoan his predecessor's failure to transform the organization to digital, declare his own intention to do so, and proceed to fail at the transition, as well. George Fisher, who was lured from his position as CEO of Motorola to succeed Whitmore in 1993, captured the core issue when he told the New York Times that Kodak

regarded digital photography as the enemy, an evil juggernaut that would kill the chemical-based film and paper business that fueled Kodak's sales and profits for decades. via The New York Times (12/25/1999)

Fisher oversaw the flop of Advantix and was gone by 1999. As the 2007 Kodak video acknowledges, the story did not change for another decade. Kodak now has a market value of $140m and teeters on bankruptcy. Its prospects seem reduced to suing Apple, HTC, and others for infringing on patents that it was never able to turn into winning products.

Addressing strategic decision-making quandaries such as those faced by Kodak is one of the prime questions addressed in Vince Barabba's book, "The Decision Loom." Kodak management not only presided over the creation technological breakthroughs but was also presented with an accurate market assessment about the risks and opportunities of such capabilities. Yet Kodak failed in making the right strategic choices.

This isn't an academic question for Vince Barabba but rather the culmination of his life's work. He has spent much of his career delivering market intelligence to senior management. In addition to his experiences at Kodak, his career includes being director of the U.S. Census Bureau (twice), head of market research at Xerox, head of strategy at General Motors (during some of its best recent years), and inclusion in the market research hall of fame.

"The Decision Loom" explores how to ensure that management uses market intelligence properly. The book encapsulates Barabba's prescription of how senior management might turn all the data, information and knowledge that market researchers deliver to them into the wisdom to make the right decisions. It is a prescription well worth considering.

Barabba argues that four interrelated capabilities are necessary to enable effective enterprise-wide decision-making—none of which were particularly well-represented during pivotal decisions at Kodak:

1. Having an enterprise mindset that is open to change. Unless those at the top are sufficiently open and willing to consider all options, the decision-making process soon gets distorted. Unlike its founder, George Eastman, who twice adopted disruptive photographic technology, Kodak's management in the 80's and 90's were unwilling to consider digital as a replacement for film. This limited them to a fundamentally flawed path.

2. Thinking and acting holistically. Separating out and then optimizing different functions usually reduces the effectiveness of the whole. In Kodak's case, management did a reasonable job of understanding how the parts of the enterprise (including its photo finishing partners) interacted within the framework of the existing technology. There was, however, little appreciation for the effort being conducted in the Kodak Research Labs with digital technology.

3. Being able to adapt the business design to changing conditions. Barabba offers three different business designs along a mechanistic to organismic continuum—make-and-sell, sense-and-respond and anticipate-and-lead. The right design depends on the predictability of the market. Kodak's unwillingness to change its large and highly efficient ability to make-and-sell film in the face of developing digital technologies lost it the chance to adopt an anticipate-and-lead design that could have secured the it a leading position in digital image processing.

4. Making decisions interactively using a variety of methods. This refers to the ability to incorporate a range of sophisticated decision support tools when tackling complex business problems. Kodak had a very effect decision support process in place but failed to use that information effectively.

While "The Decision Loom" goes a long way to explaining Kodak's slow reaction to digital photography, its real value is as a guidepost for today's managers dealing with ever-more disruptive changes. Given that there are few industries not grappling with disruptive change, it is a valuable book for any senior (or aspiring) manager to read.

Innovation through Strategic Partnership: How Honda reaches out

It starts out as an idea on a napkin, a daydream on the way to work, or a wish as you're working. You have an innovative idea that could change the world. Honda would like to hear your idea and work with you to make your dreams reality, Honda R&D works with global innovators through a variety of collaborative research and development programs.

Technology Interests
Honda is seeking game-changing innovations in the following categories.

Mobile IT: Smart phones are rapidly changing our information life style. Honda is interested in apps, web technologies/services and communication technologies for future connected vehicles.

HMI (Human Machine Interface)/Robotics: Honda is interested in advanced HMI and robotics that serve to further our products' intelligence such as displays, sensors, actuators and speech/image processing technologies.

Clean Energy: Honda is seeking novel technology that would improve energy ecosystems from energy generation to consumption such as advanced energy storage, novel power plants and fuel cells.

Advanced Materials: Great technology breakthroughs often come from material innovation. Honda is looking for advanced material technologies such as nano-material, functional material and structural material.

Besides these technology areas, Honda is always open to any new ideas to address the evolving future market needs and improve our product performance.

Selection Criteria
Honda is interested in the proposal that meets the following criteria:

Technology Uniqueness:
Honda is looking for unique and innovative approaches to solve big problems.

Proven Principle:
Honda prefers to see a working demo/prototype that shows an idea works.

Protected Intellectual Properties:
The foundation of an idea should have proper protection prior to its submission to Honda.

10Source: http://corporate.honda.com/innovation/strategic-partnership.aspx

Academic Outreach Initiatives

Honda offers academic initiatives to both university faculty and students designed to enhance collaboration, foster innovation, and partner with academic institutions across the US and Canada.

Please visit www.hondagrant.com for more information on these exciting collaborative opportunities.

Inside Honda R&D

Honda's American research and development operations are the creative heart and soul of its efforts to meet the needs of its customers.

Honda's R&D Centers are responsible for the development of a variety of innovative models. Its stylists and engineers listen to Honda's customers and dealers in unprecedented ways to create products for an increasingly diverse range of needs and interests.

As long as there is a need for innovation in the areas of environmental protection, performance and safety, Honda will actively and tirelessly push research and development to the foreground.

Honda believes in better people through technology, and better technology through people.

11aSource: Visit Honda R&D Americas, Inc.

How to create leaders like IBM

The most successful organizations know that developing talent is the key to continual success. Each year Fortune ranks the organizations that do it best, and for the past few years IBM has consistently been identified as a global leader in Leadership Development. This article will look in depth at the keys to developing leaders, and outline how your organization can create leaders like IBM.

So what sets great leadership programs apart?

- Business skill needs and matched competencies
- Substantial data on potential leaders
- Exclusive selection process for top developmental programs
- Strong developmental program

Competencies matched to Business Needs

In 2002 IBM's new CEO Sam Palmisano unveiled a plan to transform IBM. In a hyperconnected world, IBM's clients needed to become "on-demand" companies, their every business process exquisitely calibrated to respond instantly to whatever got thrown at them. To help them, IBM would have to do exactly the same thing. When she heard about the new strategy, Donna Riley, IBM's vice president of global talent, remembers wondering whether the company had the right managers for its new direction. "If leadership is stuck in the past, and the business has changed, we have a problem."- Fast Company

So, with the help of a global consulting firm, IBM identified 11 competencies that their leaders needed to possess to effectively implement this strategy. An important message to HR professionals is being able to ask the CEO a tough question – does she really think they have the organizational talent required to carry out the new strategy? Below are two leadership competency frameworks from successful companies:

IBM (source)

Innovation that matters — for our company and for the world

- Thinking horizontally: Leverages IBM's enterprise capability to address client or market opportunities in new ways.
- Informed judgment: Synthesizes disparate sources of information to make an informed judgment regarding a strategic decision with both immediate and long-term implications.
- Strategic risk-taking: Innovates to create exponential growth, using multiple resources from around IBM.

Dedication to every client's success

- Building client partnerships: Builds ongoing, collegial relationships with key clients based on mutual strategic interests.
- Collaborative influence: Creates interdependence, building genuine commitment across organizational boundaries to a common purpose.
- Embracing challenge: Proactively builds in others the belief that they can innovate and grow the

CISCO (source)

C-LEAD defines what Cisco expects from its leaders and what they should expect from each other. It has five interdependent themes: Collaborate, Learn, Execute, Accelerate, and Disrupt. Each theme encompasses leadership expectations or competencies that together constitute the skill set of an effective leader.

- **Collaborate**: Working across boundaries, building teams, managing conflict, earning trust, and recognizing good performance
- **Learn**: Developing personal skills and coaching others
- **Execute**: Solving problems, making decisions, delegating, giving feedback, and demonstrating passion for the work
- **Accelerate**: Communicating goals and building capabilities
- **Disrupt**: Envisioning opportunities, innovating, taking risks, and leading change

business.

Trust and personal responsibility in all relationships

- Earning trust: Does what is right for the long-term good of relationships inside and outside of IBM.
- Enabling growth: Changes systems or processes that impede growth and performance.
- Passion for IBM's future: Gets others energized to realize IBM's unique potential.
- Developing IBM people and community: Takes accountability for investing in the future leadership of IBM.

Both organizations spent a significant amount of time, and money, identifying the competencies required of their leaders to support their strategic direction. This is a great example of how human resources can be part of the strategic process.

In addition, a great example of collaboration is IBM's "Global Innovation Jams" found here. It shows the willingness of IBM's leadership to demonstrate the competencies that make their organization successful.

Substantial data on potential leaders

IBM has significant profiles on 60,000 employees who are either currently leadership, or considered high potential candidates for leadership. Of a
400,000 employee global workforce that is a significant undertaking, and demonstrates the value of leadership to the organization. IBM is not alone in this regard, other organizations well known for leadership development utilize the same practice – including GE and P&G.

These databases provide a great resource for comparing leaders, tracking their development, and understanding when they will be available. As well, they can also help identify blockages in the leadership pipeline, as occurred at (I believe) Bank of America. BoA was able to identify an upcoming CEO candidate, and to ensure the future leader didn't leave their organization, made the difficult decision to terminate a well performing C-level executive in order to open a position for this employee. That identified leader did in fact end up taking over the CEO position at BoA.

To make the difficult decision BoA did, they needed to have comfort with the evidence. Start building a strong framework for tracking employee competencies and development over time is essential for ensuring the long-term success of your leadership development. Consider both technical skills, competencies, and business results over time.

Exclusive selection process for top developmental programs

For John Tolva, IBM's Chicago-based director of citizenship and technology, the value of his four-week assignment to Ghana last year really hit him during a game of Scrabble by candlelight. He and teammates from India, Germany, Brazil, and other countries had agreed on an unorthodox rule: You could use any language you knew.

"That's when I understood what a globally integrated enterprise looks like," he says. He and the others were forced to ask "what connects us," since it obviously wasn't language or culture. The real connection, I Tolva says, is "the values that IBM has instilled in us. It's a professional code that isn't written down—but it's there." (Fortune, 2009)

Developmental assignments like this are among the most important tools that great companies use to build leaders, and that average companies rarely use at all. But this level of opportunity comes at a cost. IBM's program is more difficult than Harvard to get into. Therein lies some of the allure, recently Strategy+Business highlighted the value of "elite magnetism" for recruitment and retention of high performers.

Not only do the high potential employees receive an opportunity to develop their skills and improve their network, opportunities like this also increase their engagement and connection to the organization. In addition, the rigorous training, and performance requirements to this point help ensure only the best candidates undertake these costly, but effect, opportunities.

Even if your organization isn't a global enterprise, you can still create developmental opportunities with job rotations, secondments, and partnerships with non-profit organizations.

Where the average company might offer several hundred employees an international opportunity for two or three years, IBM gives "mobility assignments" to thousands for three to six months. "It's an investment," says Ted Hoff, vice president with the company's Center for Learning and Development. "We want all IBM leaders to have cross-geographic experience." (Fortune)

While this is in a way part of the developmental program for your leaders, it is important enough in the modern global economy to warrant it's own section. Developing global relationships and skills are essential to any top leader.

Strong developmental program

Lastly, is the most common part of most leadership programs, the formal training and support offered to managers through executives. The best way of organizing this was by EPCOR, who won an award for their leadership program. EPCOR used a basic approach to organizing their skills:

- **Management Skills:** Immediately upon attaining supervising authority. This covers conflict management, performance management, financial intelligence, delegation, basic emotional intelligence training, and a number of other skills required by front line managers in their day to day work. These modules are generally a combination of traditional classroom training, exercises, and case studies. Often facilitated by human resources.
- **Leadership Behaviours:** This is for managers of managers. It begins to align leadership behaviours with the competencies. In particular this area includes a continuous

improvement project that must be completed to graduate the course. This course is a combination of case studies, self-evaluation/monitoring, and project work. Often with a senior executive as either a co-facilitator or as an advisor for the continuous improvement project. This improves the visibility of the potential leaders, as well as gets them accustomed to working with executives, and as a team across boundaries. Financial investment and publication company The Motley Fool has modules taught by the various C-suite executives during a similar phase of training within their organization.

- **Strategic Leadership:** The final phase is best done in small grounds, and as open discussions between current executives and future executives focusing on Strategy Development, and Strategy Execution (this part being where many organizations fall off). Executives need an understanding of how the organization creates value, and how they can create business models for their areas of the organization, as well as what is strategy. They also need to understand how to execute on strategy – how to transform it from strategy to business performance. This involves the various processes already in place in most organizations (360 feedback, performance management, KPI's and annual operational plans), as well as how to eliminate bottlenecks in processes (often around unclear responsibilities and accountability). Reviewing current business areas, and issues are essential. In one organization these teams would develop solutions using this skills to current business problems, and present them to the C-suite. After input, they would then go and implement these projects within the organization, developing the experience necessary to be effective executives.

So, there you have it – the formula for creating great leaders. This is by no means comprehensive, so let me know how your organization is creating the next generation of leaders.

Tyler Totman

"The views here do not necessarily reflect the views or opinions of PwC."

10aSource: http://hr-central.ca/?p=343

Strategic leadership of Mullaly at Ford

At the end of 2008, Ford Motor Company was just months away from running out of cash. With the auto industry careening toward ruin, Congress offered all three Detroit automakers a bailout. General Motors and Chrysler grabbed the taxpayer lifeline, but Ford decided to save itself. Under the leadership of charismatic CEO Alan Mulally, Ford had already put together a bold plan to unify its divided global operations, transform its lackluster product lineup, and overcome a dys-functional culture of infighting, backstabbing, and excuses. It was an extraordinary risk, but it was the only way the Ford family—America's last great industrial dynasty—could hold on to their company. Mulally and his team pulled off one of the great-est comebacks in business history. As the rest of Detroit collapsed, Ford went from the brink of bankruptcy to being the most profitable automaker in the world.

11Source: American Icon: Alan Mulally and the Fight to Save Ford Motor Company [Hardcover] Bryce G. Hoffman

Engineering a Comeback

Ford Motor Company CEO Alan Mulally has a one-track mind, and the single-mindedness has served him well. Under Mulally, a spectacularly successful transplant from Boeing, Ford avoided bankruptcy in 2009—unlike General Motors and Chrysler, which required billions of dollars in taxpayer bailout money.

Mulally's simple business plan—too simple, critics said—is called "One Ford." Given half a chance, he can and will corral a visiting reporter with an exhaustive, and exhausting, micro-explanation of the plan, why it works, and how it saved Ford. "You know me, I like to talk about this stuff," he told us in a mile-a-minute interview in Las Vegas earlier this year. "Let me know if I've thrown too much at you and I'll slow down and let you catch up."

It's hard to catch up with Alan Mulally. Seen from a distance, introducing a new model at an auto show perhaps, he comes across as an earnest, can-do Midwestern engineer. And he certainly is that, having grown up in Lawrence, Kan., where he was so inspired by John F. Kennedy's 1962 "we choose to go to the moon" speech that he jumped up, said "I'm ready," and followed that path all the way through to flight training and an aeronautical engineering degree at the University of Kansas.

Mulally is friendly and folksy, but the impression of an affable crew-cut character who'd be great leading the team that designs fenders for Tauruses fades when you meet him in person. There's a focused intensity there that helps explain how Mulally remade Ford's disparate and undisciplined management into an effective team that, starting in 2006, rebuilt what was then a fleet of gas guzzlers into an all-new product line of right-sized cars and trucks slotted just right for a competitive world market. Ford is profitable again, and Mulally walks on water in Detroit.

Midwestern-bred executives can come off as aloof—General Motors' Rick Wagoner and Fritz Henderson come to mind—but Mulally is something new in Detroit. He's touchy-feely, grabbing onto people to make sure they have his attention, and posing for pictures with his arm around your shoulder, even if you didn't ask. It's a bit of an act—the young Mulally sat up close in church to watch how the preacher worked the crowd—but because of the inherent sincerity it doesn't come across as slick.

Asked a simple question about the range of the new Ford Focus electric car, Mulally clasped a reporter firmly on the shoulders and gradually pulled him closer until they were eye to eye. "One… hundred… miles," he said slowly, then abruptly released the dazed scribe and strode off, calling back over his shoulder, "But our new C-MAX plug-in hybrid has 500 miles of range. Buy a Ford!" (In this video, Ford executives reach out to dozens of influential bloggers, inviting them to the 2012 Ford Focus test drive event in Spain.)

Perhaps because he didn't come up through the stratified ranks at Ford, but instead spent 37 years making airplanes at Boeing, Mulally wasn't held back by traditional Big Three roadblocks. Nobody told him he couldn't build cost-effective "world cars," or that battery vehicles were for display only. And nobody stopped him when he radically simplified the way Henry Ford's company works and thinks.

The strategy, simple or not, definitely works: In 2006, Ford lost $12.7 billion, its worst performance ever. In 2010, the company had net income of $6.6 billion, its biggest profit in a decade. A stock price so low ($1.25 a share) that it prompted "you want fries with that?" jokes in 2008 has now rebounded into the $12 to $14 range. It's no wonder that Ford showered Mulally with stock bonuses worth $56.5 million, and gets nervous when it thinks of what will happen when the 66-year-old executive retires.

One World, One Plan

"One Ford" covers the whole global enterprise, from product quality and fuel efficiency to manufacturing plants, corporate culture and the company balance sheet. Mulally has been preaching and promoting the plan as Job One since the day he arrived as something less than the first choice of then-Ford CEO and family scion Bill Ford.

In many ways, "One Ford" is simply Mulally's Boeing strategy transferred to a related transportation industry. When Boeing was reeling from a $2.6 billion annual loss in 1997, Mulally pinpointed the problem as inefficiencies in production, bad relationships with suppliers, unrealistic delivery dates—and management that deflected blame. That's a classic parallel to what led Detroit to its nadir in 2008, and the solution Mulally applied corralled and focused management in very much the same way as his tough medicine at Ford.

Mulally tends to make it all look easy, and his self-effacing manner is part of his charm. "We haven't had to change a thing, that's the real easy part," he told us, reaching into his pocket and handing over a "One Ford" business card—it was even autographed. The card handoff is a ritual with everyone Mulally meets, because the plan is at heart so simple that its essence fits on a tiny square of cardboard—and it has his name on it.

At its most basic level, "One Ford" is shorthand for reining in Ford's global operations and getting them all working on the same agenda. Before Mulally, Ford's overseas subsidiaries were semi-independent kingdoms that frequently duplicated effort. For example, Ford of Europe and Ford North America traditionally developed separate versions of the compact Ford Focus—aimed at similar customer needs and wants, but with almost no common components.

The North American version of the Focus was routinely built from scratch for a market that bumped along at around 220,000 cars annually. Until Mulally took over, the Focus was an afterthought for a domestic operation fixated on profitable SUVs and trucks. But the new 2012 Focus is based on a global platform with more than 2 million units worldwide.

Today, 10 different Ford models ride on the same platform, sharing about 80 percent common parts, often in areas customers never see. The cars and trucks are visually different, but can be built on the same assembly line—a strategy that generates huge economies of scale.

The basic concept isn't original. Rival GM is doing many of the same things, for instance with the "world car" compact Cruze, and Toyota's rapid rise was enabled by its skill in building multiple models off the same global platform. And Mulally's version of platform sharing isn't exactly a secret sauce—he insists on sharing it with the world.

Maybe the plan isn't novel—in fact, it's been adapted even by electric car companies like Tesla Motors, which is building a Model X crossover on the platform of its forthcoming Model S sedan—but the way it was communicated is revolutionary. Many worthy plans have failed because they weren't well executed, but Mulally made sure his simple vision was made into a priority and driven home relentlessly and consistently to everyone at the company.

Mulally traveled to New York in early June for meetings with Wall Street investors, and he told them what he's been saying since he arrived at Ford. "The plan that got us here is exactly the same plan that's going to take us forward," he said. "We haven't changed a word of this for nearly five years." After fixing the fundamentals, the plan through 2016, he said, is to deliver profitable growth.

Mulally says Ford will grow by 50 percent in the next five years, and the company wants to sell more than 8 million vehicles worldwide by 2016—with a special focus on largely untapped Asian markets. Ford is also hiring—its plans include 7,000 new people for U.S. operations alone by 2013.

Avoiding the Bailout

If there's a knock on Ford under Mulally, it's the fact—somewhat ironic—that Chrysler and GM got a competitive leg up through bankruptcy and restructuring. Not only did Chrysler and GM get a government bailout, bankruptcy also allowed them to shuck off billions of dollars in debt.

But Mulally will definitely be remembered for the forward thinking that saved Ford from the ignominy of government ownership. The company didn't run out of money, but it well could have. One of Mulally's first acts as CEO in 2006 was borrowing $23 billion, backing the timely loan with everything the company owned, up to and including, it was said at the time, the famous blue-oval badge.

Once the U.S. recession and credit freeze hit in 2008, GM and Chrysler couldn't get access to easy money, and Ford's pre-recession borrowing looked much more like a stroke of genius than a desperation move.

Mulally, whose pre-emptive move probably reduced the bailout bottom line by $30 billion, is now facing questions about that heavy borrowing. But he says most of the debt has or will be repaid, and having cash on hand allowed Ford to keep investing in new products while its rivals had to cut back. But he admits that the double whammy of high gas prices and the U.S. financial meltdown was a calamity that even he didn't foresee in 2006.

"But we stuck with the plan, we stayed on the plan, and we're very pleased that today we have a foundation now," Mulally said in New York. "Not only have we fixed the fundamentals of the business, but we kept investing in the product."

What Mulally Has Wrought

Mulally has electrified Ford in more ways than one. The “One Ford” strategy included his plan for electric, hybrid and plug-in hybrid cars, also shrunk down to fit on a business card. The vanguard vehicle, an electric Transit Connect van, rolled out in 2010, followed by an electric version of the Focus this year and both hybrid and “Energi” plug-in hybrid versions of the C-MAX multi-purpose vehicle (MPV) in 2012.

The plan was clear but the execution has been a bit muddy. The Transit Connect, which should be tapping into a ready-made audience for zero-emission commercial vehicles in corporate fleets, has instead trickled out. (Big federal sales are on the wish list.) And Ford is decidedly low-key about the prospects for the electric Focus, predicting that production will total just 5,000 to 10,000 globally for the first few years.

In a strategy whose very concept would have rolled heads at Ford just a few years ago, the company canceled plans to sell a seven-passenger version of the C-MAX in the United States, while keeping it on the market in small-car-dominated Europe. As part of that move, Ford said it would triple electrified-vehicle production in the United States from 35,000 now to more than 100,000 annually by 2013.

Tellingly, the company said that most of the new production would be on versions of the C-MAX; it’s obvious that Ford is still a little wary of all-electric cars. Maybe Henry Ford’s failure to achieve liftoff with an EV to be built with his friend Thomas Edison is still in the memory banks. “The electric automobile will be the family carriage of the future,” Ford said in 1914, before going back to producing gasoline cars.

From Trucks to Cars

Ford was ahead of the pack in anticipating the impact of $4 a gallon gas, shifting production from trucks and SUVs back to the kind of fuel-efficient mid-sized and compact cars that Detroit has always said it can’t sell profitably. The company also brought back the iconic Taurus sedan, which had been starved of development funds. And not only did Ford hit 41 mpg on the highway with its hybrid version of the popular Fusion, it got to 40 with the non-hybrid Fiesta subcompact. And Ford is also playing how-low-can-you-go with a new line of turbocharged three-cylinder engines (probably intended for the Fiesta) that should reach 50 mpg on the interstates.

These cars have hit the sweet spot in a market that’s swiftly moving away from the big SUVs that once brought in the bulk of Ford’s profits—when it had them. Ford was moving away from a bigger-is-better philosophy even before Mulally came on board (the huge Excursion, the last word in SUV excess, was last produced in 2005) but the new CEO dramatically ramped up the pace.

Indeed, Ford publicly chanted the green mantra long before Mulally was onboard. After all, the company was headed as president and CEO (from 2001 to 2006) by William Clay “Bill” Ford Jr., the great-grandson of founder Henry Ford. And Bill Ford is the greenest auto executive Detroit has ever seen.

Ford was in the company driver's seat, but not in the way Alan Mulally is now. He was an effective spokesman on environmental issues for Ford, but not the commanding executive who could singlehandedly retire the received wisdom and plug in the product line. Mulally isn't likely to speak at a Greenpeace business conference, as Bill Ford did in 2000, but he's carried out his predecessor's vision for a cleaner, greener company.

That strategy has in any case moved to the mainstream. Bill Ford has been calling for increasing the gas tax for a decade to increase the market for fuel-efficient cars, but now that particular banner is also being carried by Dan Akerson, General Motors' CEO (he wants to add as much as a $1 a gallon).

In Detroit recently, Bill Ford, now executive chairman, told us that his company has "made a big bet" on electric vehicles, and is hoping to see a national energy policy that "defines what we need to do as a country." He seemed to be exulting in the fact that Ford, dealing with a new president and a healthy bottom line, is now part of the ongoing energy dialogue. "A few years ago, we were not part of the discussion," he said. "We have the credibility now."

And it was plain who gets the credit for that turnaround. "Alan Mulally is a terrific CEO," Ford said. "At—what is he, 65, 66?—he has more energy than most 30-year-olds. When he hits 98 or 99, we can talk about retirement. Because of Alan, all the members of our management team are working closely together—they used to be in different worlds."

The prospect of a Mulally retirement makes Ford, both the man and the company, very nervous. Traditionally, auto CEOs hand over the reins at 65, and some Ford leaders clung to their jobs when new blood was needed. But nobody at Ford wants Mulally to leave.

But part of Alan Mulally's message is "be prepared," so some succession planning is inevitable. Bill Ford said he'd be "surprised" if the company didn't pick its next CEO internally, and fortunately the company has a deep bench of executives trained in the Mulally Way. These include Mark Fields, the youthful head of North American sales, Jim Farley, the company's marketing guru, and the highly regarded international product chief Derrick Kuzak. Chief Financial Officer Lewis Booth could be an interim replacement.

If Mulally does go, it won't be for more money—in fact, he may not defect to another company, but instead to the ill-paid precinct of government work. He's been touted as a possible treasury secretary. There's a precedent for that, because Ford's savior in the 1950s, Robert McNamara, went on to become JFK's secretary of defense. That would be a gamble, of course, because many capable executives have seen their reputations crumble after stints in Washington.

For now at least, Mulally seems content to stay where he is, firmly in the driver's seat at the Ford Motor Company.

12Source: http://www.success.com/articles/1479-engineering-a-comeback

Latest at Ford

Ford Motor Co. diffused months of speculation by industry insiders over who would replace the popular CEO Alan Mulally by stating that Mulally will remain at Ford through 2014.

The ever-cheerful Mulally is credited with reviving the Blue Oval and navigating the carmaker through troubled times and avoiding bankruptcy as well as dramatically changing the company's corporate culture.

Bill Ford, the company's chairman said Thursday that Mulally will remain at Ford through 2014, though his role will now include creating a long-term strategic strategy for the company. Bill Ford and Mulally also left the door open that Mulally's direct involvement at Ford could extend beyond 2014. One scenario suggested by insiders and analysts is sharing the chairman's office with Bill Ford, and/or staying on as a member of the board of directors.

Bill Ford also announced a series of executive promotions clearly lining up the succession of Mulally.

"Today marks an important next step in the profitable growth of the Ford Motor Company and the appointment of key leaders who will help us continue to make progress on our One Ford plan," Ford said. "The strength of our people and stability of our team are competitive advantages for Ford. We are fortunate to have Alan's continued leadership as well as talented senior leaders throughout our company who are developing and working together and delivering on our plan."

Mark Fields, the former President of the Americas at Ford, was appointed chief operating officer and will oversee all of the daily business at Ford. Long considered a front runner for the CEO spot, this promotion makes Fields the obvious heir apparent.

"Mark Fields is the natural choice for the COO post at for Ford as he is an excellent strategist with a deep understanding of all facets of the company," said Jesse Toprak, Senior Analyst at TrueCar.com. "His international experience will be an added bonus for Ford as the bulk of their growth is expected to come from outside of the North American market in the next decade. European market can particularly benefit from Field's carefully calculated progressive management style."

13Source: http://autos.aol.com/article/ford-alan-mulally-mark-fields/

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