



Stage 2 - LEADERSHIP FOR STRATEGY

Module 12 – STRATEGIC MANAGEMENT

The Leadership Academy is a learning and action programme for mayors, senior officials and elected representatives of local government.

January 2017



Centre of Expertise
for Local Government Reform



1	MODULE OVERVIEW.....	3
1.1	BACKGROUND.....	3
1.2	LEARNING OBJECTIVES.....	3
1.3	LEARNING OUTCOMES.....	3
1.4	DURATION	3
2	MODULE STRUCTURE	4
2.1	INTERACTIVE INTRODUCTION	4
2.2	GROUP EXERCISE 1 – ORGANISATIONAL WRESTLING COMPETITION	4
2.3	GROUP EXERCISE 2 – PERFORMANCE COMPONENTS AND SYMPTOMS.....	4
2.4	GROUP EXERCISE 3 – ASSESSING STAFF QUALITIES	4
2.5	GROUP EXERCISE 4 – LEADERSHIP ASSESSMENT.....	4
3	WORKING DEFINITIONS.....	5
3.1	STRATEGIC MANAGEMENT	5
4	KEY CONCEPTS.....	6
5	EXERCISES	8
5.1	EXERCISE 1 – GROUP EXERCISE 1 – ORGANISATIONAL WRESTLING	8
5.2	EXERCISE 2 – GROUP EXERCISE 2 – COMPONENTS AND SYMPTOMS OF EFFECTIVE ORGANISATIONAL MANAGEMENT	9
5.3	EXERCISE 3 – GROUP EXERCISE 3 – ASSESSMENT OF STAFF QUALITIES.....	11
5.4	EXERCISE 4 – GROUP EXERCISE 4 – LEADERSHIP ASSESSMENT.....	12
6	REFERENCES	17

1 MODULE OVERVIEW

1.1 BACKGROUND

- In a rapidly changing environment local governments need to have not only clear strategy but need to also have the capacity to react to changes. They need to set clear directions for their activities and, at the same time, they also need to develop the management systems that can adjust to changes. A clear strategy, that is known and understood by stakeholders, is a first step and key to effectiveness. Strategic effectiveness of communities enables coordinated action of staff and external partners.
- This module focuses on the internal strategic management of the organisation. For effective operation, staff need to be aware of the direction determined in the organisation strategy and to understand the purpose behind strategy and decisions, but by the same token, the organisation also needs a process to continuously explore the context and evaluate accomplishments in order to make flexible adjustment of strategy and activities when necessary. This module discusses how direction and flexibility can be established and the role of teams in the strategic management process.
- Strategic management focuses on the activities of the leadership that are connected to guiding the effective operation of the organisation. It involves communication of the direction for the

organisation, specifying objectives, creating and managing structures and communication channels and involving and directing teams and people in the effective implementation of the objectives.

- This module develops an in-depth understanding of the three key domains of strategic management: direction, flexibility and team work. Within this perspective, it is possible to understand the interlinkages of these three domains and the role of leadership in creating effective strategic management for the organisation.

1.2 LEARNING OBJECTIVES

- To present the 3 core domains of strategic management from a leadership perspective and suggest instruments for establishing high level performance.

1.3 LEARNING OUTCOMES

- Participants understand the role of leadership in effective strategic management.
- Participants understand how they can enable staff to deliver excellent performance.

As a result of this learning, participants will be ready to work with staff in a way that encourages them to give their best and use their full potential.

1.4 DURATION

- 180 minutes

2 MODULE STRUCTURE

2.1 INTERACTIVE INTRODUCTION

- Recalling of the connection and difference between leadership and management and the role of strategic planning in the local government;
- After a short plenary discussion, the focus is set on the three key domains of strategic management and the important role staff play in delivering results and outcomes;
- Participants discuss on why staff are an important asset of the organisation and how effective leadership can enable staff to achieve their full potential.

2.2 GROUP EXERCISE 1 – ORGANISATIONAL WRESTLING COMPETITION

- The organisational wrestling competition is introduced to participants;
- Participants play the game in plenary in Fishbowl setting and then discuss the experience.

2.3 GROUP EXERCISE 2 – PERFORMANCE COMPONENTS AND SYMPTOMS

- In groups of 3 and later in a facilitated plenary discussion, participants examine

the table Performance components and symptoms.

- In a plenary discussion, participants consider the prevalence of these components and symptoms in a typical Local Authority and identify the evidence of strengths and weaknesses.

2.4 GROUP EXERCISE 3 – ASSESSING STAFF QUALITIES

- In the same groups, participants assess the staff qualities in one of their organisations.

2.5 GROUP EXERCISE 4 – LEADERSHIP ASSESSMENT

- In the same groups, participants perform leadership assessment;
- Participants reflect on the way that the organisation's managers typically drive its key strategies by completing the leadership assessment exercise and by scoring the organisation against the given criteria;
- Each group focuses on one assessment domain and then present results in a plenary discussion.

3 WORKING DEFINITIONS

3.1 STRATEGIC MANAGEMENT

Strategic management encompasses the activities of the leadership that are connected to guiding the effective operation of the organisation. It involves

communication of the direction for the organisation, specifying objectives, creating and managing structures and communication channels and involving and directing teams and people in the effective implementation of the objectives.

4 KEY CONCEPTS

Effective management of the organisation is key to deliver good services. It is the duty of leaders to provide direction and establish effective operation of the organisation of the local government. This involves communication of the direction towards the members of the organisation, building commitment and motivation, specifying objectives, creating and managing structures, teams and their communication.

In this process leaders need to be aware of the role of people who work for local government. Earlier management initiatives sought to get organisations to work more efficiently by focusing on techniques for improving processes (e.g. 'management by objectives'). Such initiatives often created change without better outcomes. The forgotten element were people. It is staff who deliver performance; they determine the health of an organisation.

A modern organisation depends more than ever before on staff exercising judgement, collaboration, innovation and learning. Just obeying orders will never deliver excellence. New approaches have to be found as Mayors and their colleagues seek to deliver good local governance.

Excellent performance does not come out of job descriptions; it is not found in particular positions. Rather, it comes from a perception of staff that they are complete persons, that their work must capture not just their minds but also their emotions, attitudes and values, that they will give their best when their work is driven by intelligence, responsibility and passion.

The way staff are recruited, trained and enabled to deliver their organisation's strategy makes big difference. Staff management is discussed in several modules and it is also a key component of the Leadership Benchmark introduced in Stage 1.

Effective strategic management is not just a matter of training managers to manage their staff better; the way the Mayor and managers set directions and harness the energies and expertise

of staff to deliver high levels of performance is just as important. This is a matter of leadership.

The 3 key domains of effective organisational management are - Direction, Team-Working, Flexibility. The following three questions reflect staff perceptions in these domains:

Direction:	Do I know where we are going and why?
Team-working:	Am I committed to working with the team to get there?
Flexibility:	Am I willing to try different ways to get there and seek to overcome obstacles as they arise?

Components, Symptoms and Evidence of effective organisations

DIRECTION	<p>Symptoms:</p> <ul style="list-style-type: none"> • Leaders aligned and committed • Time to review progress • Teams capture and communicate lessons • Staff get training <p>Evidence:</p> <ul style="list-style-type: none"> • 2-way communication – vertical and horizontal - rather than announcements and repetition • Attention not just about destination but also on navigating the road • Vision widely shared
TEAM-WORKING	<p>Symptoms:</p> <ul style="list-style-type: none"> • Leadership aligned and committed • Staff ready to switch responsibilities to make things easier for each other • Staff talk about problems and disagreements • Management systems coherent and support overall objectives <p>Evidence:</p> <ul style="list-style-type: none"> • Sense of unity reaching out to all stakeholders • Cross-boundary cooperation • Staff aware of leadership's priorities

FLEXIBILITY	Symptoms:
	<ul style="list-style-type: none"> • Flexibility in switching responsibilities to manage changing circumstances and new challenges • New ideas, technologies and methods explored • Innovative approaches introduced • Staff get training
	Evidence:
	<ul style="list-style-type: none"> • Wider awareness • Strong sense of purpose • High degree of teamwork • Readiness to adapt in pursuit of goals

When direction, team-working and flexibility come together throughout staff, they facilitate good performance. Such a combination implies awareness of the priorities, strategies and process of the organisation and the nature of its wider environment.

This awareness will enable staff to understand what is and is not important, to remain focused on priorities, to make best use of resources, avoid duplication, understand the environment necessary for success, share a sense of direction and achieve high standards.

However, these staff skills are not enough for good performance in themselves. The relationship between the manager and his/her team is critical for good performance. In the more effective organisations, this should be based on 2-way trust. This makes delegation and upward management possible, coupled with a coaching style of leadership.

Key questions that leaders need to face are:

- How should staff be supported so that they can strengthen and make best use of these skills?
- What kind of leadership should their managers be providing?

There are 4 leadership practices that experience suggests play a critical role in making best use of staff and maximising their contribution to organisation performance:

- 1) Driving strategies;
- 2) Supporting initiatives;
- 3) Managing climate;
- 4) Making use of experience.

The table below identifies ways in which these practices can strengthen the components of performance.

HOW LEADERSHIP PRACTICES IMPROVE PERFORMANCE

LEADERSHIP PRACTICES	COMPONENTS OF EXCELLENT PERFORMANCE		
	DIRECTION	TEAM-WORKING	FLEXIBILITY
1. Driving strategies	Ensuring staff understand strategic direction and their role in supporting it	Emphasising importance of each person's buy-in and contribution	Increasing staff awareness of external and internal conditions and their implications for strategic decisions
2. Supporting initiatives	Defining specific objectives, roles, action plans	Ensuring all staff know exactly how their job and behaviour contribute to the success of the organisation	Keeping hands on the 'steering wheel' so adjustments can be made as necessary
3. Managing climate	Giving opportunities for open dialogue about goals and objectives	Setting stage for cross-organisation collaboration and teamwork	Encouraging ownership, flexibility and confidence in making decisions and pursuing objectives
4. Making use of experience	Allowing time to formulate and discuss goals and reflect on progress towards meeting them	Expecting each staff member to have a perspective, offer insights and contribute to team learning	Enabling staff to learn from experience and best practice, applying lessons quickly to emerging problems

5 EXERCISES

5.1 EXERCISE 1 – GROUP EXERCISE 1 – ORGANISATIONAL WRESTLING

The trainer will demonstrate organisational wrestling with a participant of similar size:

After demonstration, participants in groups are tested with building up a team for a national organisational wrestling competition.

Training chart

Key qualities needed:	<ul style="list-style-type: none"> • ... • ... • ... • ...
Training steps/stages	<ul style="list-style-type: none"> • ... • ... • ... • ...
Drive performance:	<ul style="list-style-type: none"> • ... • ... • ... • ...

Discussion will develop around the two following questions:

- a) What are the key qualities to win an organisational wrestling match? (e.g. balance, flexibility...)
- b) How will you train them? (e.g. dance, walking on a slim timber, practice...)

The sessions will help participants identify the key components for high level staff performance (vision, team-working, flexibility). The role of the leadership is to ensure that staff are trained and supported in these qualities through the right leadership practices (affirming strategies, supporting initiatives, managing climate, using experience).

5.2 EXERCISE 2 – GROUP EXERCISE 2 – COMPONENTS AND SYMPTOMS OF EFFECTIVE ORGANISATIONAL MANAGEMENT

5.2.1 Components and Symptoms of Effective Organisations

	Less effective organisations	More effective organisations	Symptom of Direction, teamwork or flexibility?
1	Initiatives succeed despite lack of unanimous senior support	Leadership closely aligned and committed	
2	Staff remain focused on own responsibilities to get things done	Staff flexible about sharing and switching responsibilities	
3	Staff keep information to themselves as best way to get ahead	Staff comfortable about discussing problems and disagreements	
4	There is no time for reflection among teams	Despite workload, operational teams find time to review progress	
5	After initiative, teams move on without debrief	Teams capture and communicate lessons learned	
6	Organisation focuses on ability to improve quality and lower costs	Organisation focuses on ability to explore new methods / technologies	
7	Organisation fine-tunes existing products to keep customers happy	Organisation creates innovative products / services	
8	Staff often work at cross-purposes because main systems give competing objectives	Main systems work coherently to support overall objectives	
9	Leadership puts forward tried and tested ideas	Leadership puts forward creative / innovative ideas	
10	There is no time for training staff for new initiatives	Experienced staff get training for new initiatives	

Reflect on the following questions:

- What encourages / impedes this symptom in the organisation?
- What is the consequence of this symptom in the organisation?

5.3 EXERCISE 3 – GROUP EXERCISE 3 – ASSESSMENT OF STAFF QUALITIES

How well do staff in the organisation embrace direction, team-working and flexibility? Score your organisations against the following criteria. Be prepared to provide feedback and discuss the evidence behind the assessment.

Direction		1	2	3	4	5
1	Staff have a shared understanding of strategy at detailed level					
2	Staff focus their efforts on the critical priorities					
3	Strategy is translated into concrete, achievable goals					
TOTAL						

Direction		1	2	3	4	5
4	We have commitment at all levels to the success of the strategy					
5	We assign capable, dedicated staff to strategic initiatives					
6	The spirit of teamwork and cross-boundary cooperation is evident throughout the organisation					
TOTAL						

Direction		1	2	3	4	5
7	Staff stay open and flexible in the way goals are met					
8	Staff maintain a bias for action while adjusting for circumstances as needed					
9	Staff capture and communicate what they learn from their work					
TOTAL						

1 = low; 5 = high

5.4 EXERCISE 4 – GROUP EXERCISE 4 – LEADERSHIP ASSESSMENT

There are 4 leadership practices that experience suggests play a critical role in making best use of staff and maximising their contribution to organisational performance:

- 1) *Driving strategies*
- 2) *Supporting initiatives*
- 3) *Managing climate*
- 4) *Making use of experience*

The background reference for the next exercise in the Table “How Leadership Practices Improve Performance”, in Section 4.

5.4.1 Leadership Action 1: Driving Strategies

Staff work individually and in their teams to deliver components of the organisation’s strategies. Driving strategies (note the word ‘driving’) is a key leadership practice that will strengthen the contribution of staff to organisational performance.

- This increases Direction through a growing awareness of the components of the strategy.
- This increases team-working by ensuring that teams are aligned within an overall goal and alert to both the external environment and internal capacity.
- This increases flexibility by helping others to buy into the strategy and making all staff aware of the wider goals.

LEADERSHIP ASSESSMENT – DRIVING STRATEGIES

1. We make sure our strategy responds to the 5 questions: Who? What? When? How? Where?	1 2 3 4 5
2. We make sure staff are clear about the reasons for our priorities and for any changes.	1 2 3 4 5
3. We invite discussion on the case for change in order to build commitment.	1 2 3 4 5
4. We introduce new strategies in a way that is personal, so that staff know how they are affected.	1 2 3 4 5
5. We identify and remove impediments to staff making the necessary changes in their work and behaviour.	1 2 3 4 5
6. We involve the staff in creating the plan rather than doing it myself.	1 2 3 4 5
7. We use the same care in selecting operational teams for specific initiatives as I do in hiring new staff.	1 2 3 4 5

1 = low; 5 = high

Add ratings and divide by 7.

Score: <3 – development needed; >4 – strong

5.4.2 Leadership Action 2: Supporting Initiatives

Supporting initiatives is a key leadership practice that will strengthen the contribution of staff to organisational performance.

- This increases Direction by identifying and structuring the initiative in a way that drives the overall strategy forward.
- This increases team-working by assigning the right staff to an initiative (not just those available) and building up capable, dedicated teams.
- This increases flexibility by actively supporting and coaching teams, holding them accountable and assessing / mitigating any risks.

Any organisation will be taking initiatives alongside the routine work to improve services, to reach out to a wider group of citizens, to support local businesses etc. Where such initiatives are successful, they bring credit and visibility to the organisation, influence the way things are done and open up new ways of thinking.

Task:

Reflect on the way that the organisation’s managers support initiatives. Complete the exercise below by scoring the organisation against the given criteria.

LEADERSHIP ASSESSMENT – SUPPORTING INITIATIVES

1. We stay involved in driving initiatives forward, not just announcing and moving on.	1 2 3 4 5
2. We communicate a vivid picture of specific changes staff need to make.	1 2 3 4 5
3. We treat strategic initiatives like projects, with team leaders, teams, objectives, budgets etc.	1 2 3 4 5
4. We ensure project teams devote a good proportion of their time to any initiative.	1 2 3 4 5
5. We identify and remove impediments to staff needing to make the necessary behavioural changes.	1 2 3 4 5
6. We involve the whole operational team in creating the plan rather than do it myself.	1 2 3 4 5
7. We use the same care in selecting operational team members for an initiative as in hiring new staff.	1 2 3 4 5

1 = low; 5 = high

Add ratings and divide by 7.

Score: <3 – development needed; >4 – strong

5.4.3 Leadership Action 3: Managing the Climate

Managing the climate (a component of organisation culture) is a key leadership practice that will strengthen the contribution of staff to organisational performance.

- It increases Direction by creating opportunities for dialogue.
- It increases team-working by setting the stage for collaboration and honesty.
- It increases flexibility by encouraging confidence.

The climate of a organisation is very tangible. Staff and citizens can easily see it. Climate is about such questions as: How ready are staff ready to respond to queries or problems? How well do they listen to the views of service users? How much are they willing to cooperate with each other?

Experience suggests that a good climate can make a 30% difference to performance. It affects staff motivation as much as the organisation's reputation. All managers have a key role to play in promoting a good climate.

All factors of climate are important, but in some organisations, greater emphasis is put on specific ones (e.g. the military tends to be high on clarity and teamwork, NGOs on teamwork and responsibility).

Task:

Reflect on the way that the organisation's managers encourage a supportive climate. Complete the exercise below by scoring the organisation against the given criteria.

LEADERSHP ASSESSMENT: MANAGING CLIMATE

1. We focus not just on data but on climate dimensions.	1 2 3 4 5
2. We conduct regular checks to ensure a supportive climate.	1 2 3 4 5
3. We have defined the kind of climate that best supports our objectives.	1 2 3 4 5
4. We have informal discussions on climate with managers and peers.	1 2 3 4 5
5. We seek to learn how staff view my management practices.	1 2 3 4 5
6. We have objectives and action plans for improving the climate.	1 2 3 4 5
7. We convey the importance of climate to the wider leadership and explain how it drives performance.	1 2 3 4 5

1 = low; 5 = high

Add ratings and divide by 7.

Score: <3 – development needed; >4 – strong

5.4.4 Leadership Action 4: Making Use of Experience

Making use of experience is a key leadership practice that will strengthen the contribution of staff to organisational performance.

- It increases Direction by giving time to discuss objectives and reflect on progress.
- It increases team-working by expecting each member of staff to have a view, offer insights and contribute to team learning.
- It increases flexibility by facilitating learning and applying lessons to emerging problems.

Learning from experience is the best way of learning. Over 70% of workplace learning happens on the job. We can learn from the experience of colleagues; managers can help teams learn from their collective experience. But if staff are to learn from experience and managers harness experience:

- ✓ *There must be open communications.*
- ✓ *Staff must have strategic awareness, so that they know where experience can be best used.*
- ✓ *Staff must be open to dialogue and not be afraid of taking initiatives.*

Task:

Reflect on the way that the organisation’s managers cultivate experience. Complete the exercise below by scoring the organisation against the given criteria.

LEADERSHP ASSESSMENT: MAKING USE OF EXPERIENCE

1. We foster staff growth by encouraging them in their learning.	1 2 3 4 5
2. We allow staff to practise the behaviour changes they need to make.	1 2 3 4 5
3. We seek to turn pressure, feedback, conflict into facilitated learning.	1 2 3 4 5
4. We have established ways of reflecting regularly.	1 2 3 4 5
5. We have instituted practices (eg post-action reviews) to foster team reflection.	1 2 3 4 5
6. We treat projects as opportunities to experiment and learn.	1 2 3 4 5
7. We help to capture and share learning during projects rather than waiting till the end.	1 2 3 4 5

1 = low; 5 = high

Add ratings and divide by 7.

Score: <3 – development needed; >4 – strong

6 REFERENCES

Rohlin, L., et al. (1998). Strategic Leadership in a Learning Society. Mil Publisher