**Linking Business Strategy and Leadership Strategy for Better Business Outcomes**



We’ve all done it: Sat through a required course in high school or college and quickly forgotten what we learned.

Too often the same thing happens with leadership training. The course may be interesting — even inspiring — but have little impact on our behaviour or effectiveness when we return to work.

Even the best organizations struggle with this problem. Well-designed leadership development experiences get high end-of-program evaluations, but fail to produce changes in individual or organizational performance. Why is this?

Simply put, individual learning doesn’t often translate into organizational change. In order to behave differently, our research shows that leaders need support from their immediate superior to put to use what they have learned. Moreover, to impact organizational performance, both the individual leader and organization need to change.



How to Link Business Strategy and Leadership Development

“Organizational performance is tied to how work gets done; if we don’t change the way work gets done, we will get the same results we have always gotten, regardless of how effective the individual leader might be,” explains William Pasmore, a CCL senior vice president and advisor to CEOs, boards, and senior teams.

“It’s a ‘*both-and*‘ proposition; leaders must change how they lead, *and* the organization must change its work processes,” Pasmore adds. “To reap the full value of leadership development, someone has to be thinking about engaging the entire system, not just sending people away to learn.”

What’s the best way to increase organizational effectiveness?

***Create a leadership strategy that helps leaders learn how to execute business priorities.***

Then you’ll be in a better position to design leadership development experiences with the right content and methods to really move the needle on performance.

Getting Back to Business Strategy and Leadership

“Everyone understands the need for a well-defined business strategy, but few organizations have taken the time to develop a leadership strategy,” says Pasmore. “When organizations define the competencies and behaviours needed from their leadership team, they have a much greater chance of achieving their goals.”

Building a leadership strategy starts with identifying the 3 to 5 business drivers that will determine your success over the long term. For a budget retailer like Walmart, affordability is a priority. High-end restaurants are focused on the customer experience. Most manufacturers would have quality and efficiency on their list.

Deciding on these key drivers will require careful thought and discussions among people who know your business, inside and out. But once you’ve done the work, it will be easier to see the link between the success (or failure) of your business strategy and leadership effectiveness.

Read our white paper [Reset Your Organization for the Post-COVID Future](https://www.ccl.org/articles/white-papers/reset-your-organization-for-post-covid-future/) and learn research-based guidance on steps to take to prosper in the changed world that lies ahead.

A “Future Perfect” Leadership Culture

One helpful tool in developing a leadership strategy is to envision a “future perfect” state [for transforming your organization](https://www.ccl.org/articles/leading-effectively-articles/transforming-your-organization/) and its leadership culture. You do this by asking questions such as:

* What would your leadership culture be like if the business is running at peak efficiency and meeting all of its targets?
* What leader behaviours would you observe?
* What shared beliefs would leaders have that reinforce these behaviours?

You can also assess the leadership culture by listening to the stories people tell about the organization. Do leaders blame others for problems or look for solutions? Are they willing to share talent to benefit the organization overall, or are they more interested in what’s best for their own department?

Along with a culture assessment, the leadership strategy includes specific competencies and behaviours your leaders need to have. Here are a few examples:

* To ensure operating efficiency, leaders would need to support a culture of continuous improvement and be open to training programs such as Six Sigma.
* In a customer-focused organization, leaders would encourage efforts to understand and improve the customer experience.
* Companies that value innovation will need leaders who are comfortable taking risks. (Avoiding risks in favour of a tried-and-true approach can lead to disaster — think Borders or Blockbuster.)

**Discovering the Gaps Between Your Current & Required Leadership Culture**

Now it’s time to do the heavy lifting and identify the gaps between your current and required leadership culture. Using data from a variety of sources — including focus groups, HR reports, employee surveys, and competency assessments — you’ll be able to answer questions like these to build your leadership strategy:

* Do you have enough front-line leaders in place to ensure product quality?
* As more Baby Boomers retire, will you have sufficient bench strength in your leadership ranks?
* Does your workforce have the diversity to help you address the needs of different customer segments?
* Will you need significant changes in leader behaviour, such as shifting to a more participative management style as opposed to top-down in order to take advantage of the ideas talented people have to offer?
* Are your leaders prepared for digital disruption, and if not, what do they need to know and what do they need to be able to do? Are they ready to rethink business models and the way work gets done?

Through our research at CCL we’ve found a fundamental characteristic of executives in superior-performing organizations: They recognized that the ability to successfully execute a coherent business strategy is intrinsically linked to executing a robust leadership strategy. This recognition raised decisions about leadership development to the strategic level.

Like interwoven strands of DNA, business strategy and leadership strategy are intimately linked. The business strategy sets the direction of the organizational journey, and the leadership strategy acts as the human enabler to reach the organization’s full potential.

An organization’s leadership strategy makes its business strategy come alive. A leadership strategy bridges the gap between strategy and performance. It clarifies how many leaders an organization needs, the types of leaders needed, and where they are needed — as well as the types of skills and behaviours required if the organization is to succeed in its performance goals.

Business strategy is the foundation of a leadership strategy. It provides the direction and the motivation for talent development. In turn, it is talent that will allow the business strategy to be realized, refined, and reinvented over the lifetime of the organization.

A Better ROI from Your Business Strategy and Leadership Culture

A leadership strategy is broader than a training and development plan. It combines individual learning with organizational transformation. With your leadership strategy in place, you’re ready to create a development strategy for your entire leadership team that addresses the real issues facing the organization.

In other words, you’ll have a clear line of sight between investments in leadership development and the business outcomes needed for success.

“A carefully designed development strategy will benefit individual leaders as well as the collective leadership across the organization,” Pasmore says. “You won’t find that with off-the-shelf training courses, no matter how good they are.”

**Ready to Take the Next Step?**

***Having business-based strategies for leadership effectiveness and ongoing development is an investment in your future. We can partner with you to*** [***align your leadership strategy to your vision, mission, values and business strategy***](https://www.ccl.org/leadership-solutions/leadership-strategy/) ***to overcome your current challenges and maximize your ability to thrive – now and into the future***

**Ref:**

Centre for Creative Leadership, (30/11/2020) Online article, retrieved from <https://www.ccl.org/articles/leading-effectively-articles/leadership-effectiveness-business-strategy/?utm_source=external-email&utm_medium=email&utm_campaign=emea_marketing_liy-newsletter_11302020%20(1)&utm_content=&spMailingID=69264804&spUserID=NDIyMzA4NTg3NTI1S0&spJobID=2003463864&spReportId=MjAwMzQ2Mzg2NAS2>