

Developing strategic management and leadership skills

[Technology](#), [Development](#)



Organizations like PepsiCo with global presence should be able to compete with local competition. An efficient leader should be able to keep an open mind to listen to all the decisions from team members. PepsiCo has been instrumental in developing and evaluating the leadership qualities of its employees by using various methods. These methods have been discussed in this report. This report also focuses on various theories leadership styles relevant for PepsiCo and the need for adaptability of these leadership styles with the changing internal and external environments.

Strategic management involves setting up of objectives for the organization and laying out an appropriate plan to achieve these objectives with the help of relevant policies. Effective strategic management helps the organization to adapt to the ever-changing business needs. Strategic management proposes the future direction for the organization. Strategic management is also responsible for the SWOT analysis of the organization to provide a competitive edge and for procuring all the resources, including human resources, required in achieving the set goals and objectives (Dealer, 1998).

Strategic leadership, however, differs from strategic management in some key aspects. Strategic leadership is more process-centric and involves various stages of achieving the above said objectives. Strategic leadership is also associated with the communication of the objectives within the organization and increase awareness of the core strategy among the employees. Strategic leadership also involves the use of all the resources available and ensure the objectives are achieved in the given timeshare.

An effective leadership should have the ability to nurture outstanding skills of a set of people towards achieving the goals and objectives of the organization. The leadership skills should keep changing with the volatile internal and external environments in the current competitive world. Recent studies have shown that organizations are increasingly being concerned about the fact that the strategic leaders with conventional skills may not be able to tackle the ever-changing situations in a global level (Winnetka, 2007).

In a highly inter-connected world, it is essential to equip the strategy management of an organization with efficient leadership skills with a global perspective to take the company to newer heights. Indri Annoy joined PepsiCo in 1994 as the Senior Vice President of Corporate Strategy and development. She rose in ranks to become the Chief Executive Officer in 2006 and then the Chairman of PepsiCo a year later in 2007 (TIME, 2008). Ms Indri has been credited for her strategic capabilities in restructuring, diversification and expansion of the company, including acquisitions of various brands like Tropical and Quaker Oats.

PepsiCo has turned in impressive profits during the years under the leadership of Ms Indri, by increasing the productivity and introducing various products within a short period of time (Morris, 2008). 1. 2 Impact of management and leadership styles on strategic decisions Leadership styles are of various types and they have an impending effect on the future of the organization. Various leadership styles are autocratic, bureaucratic, democratic and Laissez-faire (Turner & Mueller, 2005). Autocratic leadership

involves more powers to the managers and no role of lower tier employees in decision-making.

Although this type of leadership has been widely criticized, it has also been proven to be fruitful, especially when no other leadership style has been effective. Bureaucratic leadership style involves a procedural system with set policies and was found to be more effective in monitoring daily routine tasks. This type of leadership works when there is a need for the staff to comply with safety standards. However, with this leadership style, there is a danger of risking Job satisfaction of the staff.

Democratic or participative leadership style is more inclusive where most of the employees are involved in the decision-making processes. The employees are well informed about the consequences of their Job responsibilities. Democratic leadership acknowledges and motivates the personal and professional development of the employees in the process of achieving the strategic goals of the organization. Democratic leadership as found to be more effective with more experienced staff. However, with staff safety a critical concern in many sectors, this type of leadership has found no goals, take decisions.

This style of leadership is more effective if the employees are highly skilled and trustworthy. The manager should be able to provide feedback for the work done thereby increasing the confidence in the workforce (Vera, 2004).

1. 3 Leadership styles adapting to different situations From the above, it is clearly evident that there is no one leadership style that satisfies all the

requirements in achieving the strategic goals of the organization. The primary requirement of an efficient leader is to react quickly to the risks and opportunities.

The strategic managers should be able to adapt to various leadership styles. Every leadership style has its own disadvantages. Hence, there is a need to analyse the current situation and adapt according to the demands of the situation by picking the appropriate leadership style. Unpredicted internal and external circumstances have unfavorable effects on the effectiveness of the leadership. Broom and Yet in 1973 have postulated a model to evaluate the relationship between the managerial level and other employees.

The model demonstrates that an efficient leadership style depends on variable circumstances like leadership skills, nature and modality of the task given and the co-operation of the staff (Broom and Yet, 1973). The behavioral consistency in various critical situations is necessary for effective leadership. Patterns of inconsistency as a leader in achieving the goals affect the morale of the staff and produce poor results. Indri P Annoy was influenced by Socrates in mastering the art of increasing communication within the staff and explores the need to have an open mind to enhance debate.

Any ideas from the staff in various critical situations are entertained and accepted, if applicable or feasible. Ms Indri opines that effective leaders should be adaptive to changing internal and external environments and also should adapt to these changes swiftly. Learning Outcome 2.2. Apply

management and leadership theory to support organizational direction 2. 1
Impact of management and leadership theories on strategy Various
management and leadership theories have been postulated over the years.
Two important theories of leadership, namely, Transactional and
Transformational leadership styles are issued below.

These two leadership styles were found to be more relevant to the rise of
Indri P Annoy as an influential leader in Pepsi Co. Transactional leadership
involves providing rewards or benefits for the staff depending on their work
staff and a continuous monitoring procedure for the achievement of these
goals (MacDonald, 2007). In addition to this, the leadership should be able to
adapt to the changing economic situations and adapt accordingly. For this,
the transformational theory of leadership is necessary. James MacGregor
Burns has introduced the concept of transformational leadership (Burns,
1978).

Transformational leadership involves the transformation of the employees to
achieve the goals and objectives of the organization by inspiration and
motivation. Transformational leaders encourage the staff to pursue creative
ways of doing their job and also provide the required opportunities for the
same. Effective communication is also important to this type of leadership to
inspire confidence within the staff. Effective communication also helps in
propagating the core strategy of the organization to each and every member
of staff involved.

This type of leadership acts as good role model for the followers and also increases their morale in achieving the strategic goals. While transactional leadership skills make the staff to perform ordinary task with more awareness and motivation, transformational leadership skills make the staff to do extraordinary things with more allegiance and creativity (Agle et al. , 2003). Both these leadership styles are effective in organizations with a democratic leadership culture. Indri Annoy was effective in using these two leadership styles in transforming PepsiCo as a global brand. . 2 Creating a leadership strategy to support organizational direction Leadership treated involves a quantitative and qualitative evaluation of the leaders available, equipped with all the necessary skills and the ability to develop a good culture within the employees of the organization to facilitate a smooth and effective achievement of the strategic goals of the organization. The quantitative analysis is necessary to evaluate and extrapolate the number of strategic managers required for the organization in current and future scenarios respectively.

The qualitative analysis of leadership strategy is associated with the demographical nature of the organization. Hence, the age, race, culture, education and experience should be taken into consideration while recruiting strategic managers. Strategic leaders should possess all the necessary skills and abilities in addition to proper product knowledge to adapt to the ever-changing marketing conditions. Other crucial requirements include problem-solving capabilities, include subordinates in decision-making, transparency,

effective communication and delegation, encouraging innovation and thereby inspiring confidence.

In addition to the above, a good leadership culture should be cultivated in the organization. An appropriate leadership style should be adopted depending on the prevailing situation to achieve the strategic goals of the organization. Although the type of leadership style employed by various organizations differs from one another, the main aim of a leadership style should be to adapt to the changing circumstances. Formulation of a leadership strategy supports the organizational direction. Key driving factors and their implications in formulating a leadership strategy should be considered (William, 2009).

Key drivers vary depending on the organization of interest and these factors can be either customer-oriented or management-oriented. Consequences of leadership strategy Figure 1 . A schematic representation of leadership strategy development with various key-driving factors included. Learning Outcome 3 3. Assess leadership requirements 3. 1 Appropriate methods to review current leadership requirements The ever- changing internal and external environments dictate the current leadership requirements of an organization.

Appropriate methods to review the leadership qualities required have to be employed depending on the location of the organization. In PepsiCo, there is an increasing need to continuously monitor the adhering requirements to transform their employees into future leaders. Some of the methods to

review current leadership requirements are discussed below. Mentoring helps to build a sense of trust and value among the employees, which significantly influences their willingness to go the extra mile in achieving the organization's strategic goals.

Senior management or professional coaches can act as mentors in nurturing the employees to become future leaders (Oracle, 2012). Mentoring is a mutually benefiting method, as it not only helps the employees' professional development, but also to achieve the strategic goals and objectives of the organization. Engaging is another method to increase the morale and leadership qualities of an individual working for PepsiCo. Involving employees in the relevant decision making processes inspires confidence and helps them raise their confidence levels.

Although this method helps in the personal development of the employee, disadvantages like the inability to cater to all decisions that come up in the meetings cannot be ignored as this causes a sense of failure in the employees. Personal and interpersonal leadership skills also have to be reviewed periodically to satisfy the requirement of the current economic scenario. Two internal awards have been created to recognize the employees with outstanding leadership skills at PepsiCo. The Harvey C Russell Inclusion Award represents the diligence, leadership skills and obligation to continuous development (PepsiCo Awards, hemispheric. Mom). The Global Steve Reminded Diversity and Inclusion Leadership Legacy Award is another internal award normally offered to senior management for their outstanding leadership skills and commitment to diversity & inclusion. Only 2

employees were honored with this award in the year 2012 (PepsiCo Awards, wry. PepsiCo. Com). 3. 2 Plan for development of future situations requiring leadership It is essential for an organization to ensure that the strategic managers are equipped with the necessary leadership qualities.

Ideal leadership requirements keep changing in line with the volatile internal and external environments. PepsiCo is a multinational brand with presence in almost all countries and territories in the world. The major leadership requirement for brands like PepsiCo is the diversity and the inclusive approach. In the I-J, PepsiCo has launched a strategy called Success Women's Program, for the diversification in terms of gender equality in 2012 (Diversity & Inclusion, wry. PepsiCo. Com). This program has helped the organization to identify Arabia.

PepsiCo has always strives for the professional development of its staff by setting up a PepsiCo University. The PepsiCo University helps the development of leadership qualities relating to Finance (Investor & stock relations, Supply chain, Tax and Treasury), Professional and personal skills development (e-learning courses), Customer management (Sales marketing techniques), Research & Development and Human resources management (hemispheric. Mom). Commitment and trust towards an organization is a significant factor that drives a leader to achieve the strategic goals of an organization.

PepsiCo has employed a method to evaluate the Job satisfaction of the employees in the organization. PepsiCo conducts Organizational Health

Survey (JOSH) every two years to boost the work ethic in the organization. The JOSH covers various issues like benefits, working conditions, compensation and other initiatives for career progression (Talent Sustainability, hemispheric. Com). JOSH helps in scrutinizing the work ethic standards in the organization, particularly strategic managers. Results JOSH conducted in 2011 indicate that over 68% of employees had selected PepsiCo as the best place to work.

Organizational Health Survey (JOSH) plays an important role in designing an appropriate plan for the development of future situations requiring leadership. Conclusion Strategic management and leadership are two different entities, which are mutually interconnected. Leadership achieves the goals set by the strategic management. However, to achieve these goals, various leadership skills are necessary. Organizations like PepsiCo have a worldwide presence and therefore these adhering skills are essential for its survival in the current scenario.