

# Strategic management essay sample

[Business](#), [Management](#)



## 1. Introduction

USQ MGT8039 Strategic Leadership S2, 2005 Study Book (p 1. 11), sighted that Hoskisson, Hitt and Ireland (2004, p. 37) defined strategic leadership as “ the ability to anticipate, envision, maintain flexibility and empower others to create strategic change as necessary... managing through others, managing an entire enterprise rather than a functional subunit”.

## 2. Critical Analysis

Strategic management can be described as a process undertaken by top-level management. Thomson et al (2002, pp. 3-15) elaborate that strategic management is a process about defining the purpose of existence of an organization, formulating a long term strategy to fit the organization's external and internal situation, build sustainable advantage and improve organization performance. In contrast, strategic leadership is a function that drives the strategic management process in the organization. In view of this, the author would like to adopt a stand that strategic leadership is different from strategic management but both intertwined and co-exist to complement each other. Strategic management will not exist without strategic leadership.

The scope of top level management in this respect shall encompass the Board of Directors, CEO and top management and the strategic leadership which, they exercise would be in-conjunction or individually.

Emergence of globalization whilst giving new opportunities for organization to new markets, also exposes organization to new challenges for competitions and rapid changes of competitive environment. The strategic

management undertaken by organization to address these challenges required strategic leadership to drive the task of crafting and executing the organization strategy. According to Richardson (1994), modern strategic management needs to be met by a multi-skilled strategic leadership response and not adopt a stand of “this by and large, is the only way to do strategic leadership”. Nicholls (1994) proposed that in order to counter the fast-changing business environment, organization through the role strategic leadership must adopt the fundamental changes in the way they think and behave with respect to both people and customers.

In the process of strategic management, decisions making would have to take place to determine the direction of the strategy and according to Harrison & Pelletier (1997) strategic decisions constitute the essence of strategic leadership. Nicholls (1994) also added that strategic leadership of an organization requires equal attention to both paths finding and culture building. He further explained that in “performing this strategic role, strategy formulation and strategy implementation are no longer sequential and separate but are subsumed in the complementary leaderships of path finding and culture building”. Strategic thinking (Bonn, 2001), decision making (Harrison & Pelletier, 1997) and culture building (Nicholls, 1994) which are associated with human cognitive capability and behavior, required strategic leadership approach in developing and capitalizing these aspects of human resource to support and ensure the success strategic management process.

Even though the above observations were made to support the author stance, it would be presumptuous to conclude that the practice of strategic leadership would ensure the success of strategic management. Richardson (1994) in his “strategic configuration” model, explained that the domain of strategic management consists of many components, which includes, decisional processes, environmental circumstances, critical problems, political situation and leadership style. These components according to him, are multi-facet and interactive and the effectiveness of the “strategic configuration” are dependent upon the deployment of all of the components.

### 3. Conclusion

By definition, strategic leadership is different with strategic management but by being strategic in “nature” and by the definition of this course module, both have common association, which is the top-level management of organization. In view of this, strategic leadership needs to be analyzed and discussed in the context of strategic management.

### 4. Reference

Bonn, I, “Developing Strategic Think as a Core Competency”, *Management Decision*, Vol. 39/1, 2001, pp 63-70.

Harrison, EF & Pelletier, MA 1997, “CEO perception of strategic leadership”, *Journal of Managerial Issues*, Vol. IX, no. 3, pp. 299-317

Nicholls, J 1994, “The strategic leadership star: a guiding in delivering value to the customer”, *Management Decision*, vol. 21, no. 8, pp. 21-6 (1994)

Richardson, B 1994, “ Comprehensive approach to strategic management: leading across the strategic management domain”, *Management Decision*, Vol. 32, No. 8, pp27-41.

Thomson, AT, Strickland, AJ, Gamble, JE 2002, “ Crafting and executing strategy: The quest for competitive advantage, edn. 14th, McGraw-Hill, New York,

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## 5. Annexure – Author Background

The author is currently holding a position of a Sales Manager, in an Australian owned, company, PolyPacific Polymers Sdn Bhd located in Malaysia. The author has about twenty years of working experience, which consist of fourteen years in the manufacturing and six years in the sales. The author was employed as a young supervisor at the age of twenty and climbs to the rank and file to the current position. In term of leadership experience, the author has nine years of working experience in supervisory capacity and eleven years of working experience in managerial capacity.

During the course of working, the author has received training on basic leadership skills. The author has not exposed to strategic leadership or strategic management as the strategic management process in the company was undertook by the CEO in conjunction with the Board of Directors of the company. The author has not completed MGT8002 and his limited knowledge of strategic management was acquired through reading during the course of his MBA studies. The reason the author chose to do MGT8039 was mainly

due to his special interest in leadership studies and intends to major in leadership and hoping to learn and be a better leader. Apart from having a profession as a Sales Manager, the author also involves in social work, training and teaching young people in the area of leadership. This also has been the motivating factor for the author to embark on the specialization of leadership in his MBA studies.

Part B – Word Count -1042 words

### 1. Introduction

For those who have not read any great leaders biographies and their accomplishments, the book provides good introduction of all the seven exceptional corporate leaders and their signature strategies. The books should be able to stir reader interest for more serious reading and learning on other more in-depth leadership books.

### 2. Strengths

Krames's rigorous analysis of each of the CEO and their strategies, provide reader an understanding of what are their strategies and how the strategies implemented and why they were implemented. The book not only discusses the framework of each of their strategies but also entails some of the example of the leaders' relevant experience. Through these leaders, the book portrays proven business insights, ideas and innovations of practiced by these world-class organizations. The inclusion of thoughts provoking case studies and self-test "Assessing Your CEO Quotient" at each of the chapters provide interactive learning experience.

### 3. Weaknesses

The book could have provided experience from wider spectrum of leaders from other non-profit organization, corporate leaders from emerging economies and corporate leaders from Asia.

The definition of successful leaders in this book is narrow in the sense its only from the perspective of immediate financial wealth creation.

### 4. General Learning Benefit

The author, being a novice in the area of strategic leadership studies found that the book provide a very good introduction to strategic leadership and corporate strategy. The books open the author mind on the dynamism of strategic and critical thinking of addressing corporate problems. The author found that the “ More Lesson From CEO” sections at the end of each chapter were practical and applicable to the author current profession.

### 5. Ranking of Learning Benefit of Each CEO

Out of all the CEOs the author has learned the most is from Andy Grove. Turning from negative situation to positive though it took resourcefulness to achieved, without real strong courage and determination, many leaders would not succeed. These strong qualities possessed by Grove no doubts would have developed through his early days hardship and this had earned Grove the respect of being a leader. Through his ability see the condition Intel from the perspective of an outsider enable him to prepare Intel for

drastic change and turn into a multi-billion dollars business. The author admired Grove leadership style based on truth telling.

Ranking second after Grove is Herb Kelleher. The author learned the importance of building performance-based culture in business. Kelleher's down-to-earth leadership style, by putting customer and employee, putting aside title and protocol caught the attention of the author especially when it came from the leader from big organization like Southwest. Kelleher lean management structure that made him accessible by his front lines supervisor plus his flamboyant and people treatment breed loyalty and commitment from his staff.

Ranking third is Sam Walton. Walton continuous endeavor to be better by learning from his competitors, and remain faithful to his vision to provide lowest cost impressed the author. Normally when organization became big, they will not adopt lowest cost strategy. Lesson that the author draws from Walton leadership style was to lead by example in the aspect of learning from others.

Ranking fourth is Bill Gates. Bill Gates leadership approach to knowledge management was definitely a lesson that the author have learned. Gates ability to see the future label him as visionary leader.

Ranking fifth is Jack Welch. Jack Welch was good corporate strategies. Though through learning organization make GE a great company, his "number one or number two" strategy was mean and neglected the human aspect which the author believe negate the overall leadership pursuit. This



strategy though might work with big corporation like GE, might not work on the smaller organization. People commitment to their job could be due to job security.

Ranking sixth is Lou Gerstner. Gerstner approach to put IBM under the scrutiny of its customer and use the market feedback to transform IBM would be expected of him. His previous experience in Nabisco naturally would give IBM a fresh perspective of how to business would be directed. No doubt his leadership abilities would have contributed to his success transforming IBM.

Ranking seventh is Michael Dell. Dell approach to build DELL business model surround the customer and his strategy of mass customization would be the natural things to do for highly competitive industry like computers. Whereas other failed, Dell succeeded to harness the power of Information Technology to build DELL supply chain. Probably other computer makers would have recognized the important of bringing the business closer to the customer but they fail to know how.

#### 6. Other Prominent Leader.

Another leader that the author regards to be prominent is Fujio Cho, the president of the Toyota Motor Corporation. Fortune reported that Toyota's worldwide sales leapt 10%, to 7.5 million vehicles, posting strong growth in all regions. Toyota's profits for fiscal year 2003 exceeded those of GM, Ford, DaimlerChrysler, and Volkswagen combined. (Annex A)

Cho portray his leadership style particularly dedicates his time through interaction with the working group on the production floor, congratulating

them of their best achievement. Cho leading by example has earned him admiration and respect from his employees. (Annex B)

Cho none compromising stand on environmental issue evident went he lambasted his own company saying “ The sense of crisis we feel, despite increasing sales and profits, stems from our fear that we have not kept up. Particularly fears that we have not kept up with environmental issues...” (Annex C)

To be globally competitive today, according to Cho, a company must be agile, able to make rapid decisions and respond quickly to changing business environments (Annex D) and this factor has brought Toyota to the current level.

Cho leadership exemplifies the quest for organization for continuous improvement. Lesson that can be drawn by the author from his leadership and strategy are, his treatment for his employee, passion for quality and meeting customer expectation and respect for the environment.

## 7. Conclusion

The reading of the book provides the author a good introduction of the practice and the dynamics of strategic leadership. Based on experiences of these CEOs, the author realized that the application strategic leadership varies depending on the personality of the leadership and the circumstances and type of the organization they are in.

## 8. Annexure

## Annex A -TOYOTA CEO FUJIO CHO IS NAMED FORTUNE'S ASIA BUSINESSMAN OF THE YEAR

Source: [http://www.fortune.com/fortune/information/Presscenter/0,,20050207H\\_Cho.html](http://www.fortune.com/fortune/information/Presscenter/0,,20050207H_Cho.html)

Cho is driving Toyota to new heights-and straight past the competition

Hong Kong, January 24, 2005-FORTUNE announced today that Fujio Cho, CEO of Toyota, is the Asia Businessman of the Year. Cho leads a company whose model lineup features some of the U. S. market's most popular vehicles. Smart products and a sterling reputation for quality have lifted Toyota's share of the U. S. market to 12%, and many industry analysts predict it will soon pass DaimlerChrysler to join the ranks of the U. S. Big Three. Cho earns FORTUNE's nomination for his near flawless execution of Toyota's plan for global expansion. The story, " Full Speed Ahead," appears in the February 7 issue of FORTUNE, on newsstands January 31 and at [www.fortune.com](http://www.fortune.com).

" By nearly every measure, Toyota is the world's best auto manufacturer," says FORTUNE writer Clay Chandler. " It may be the world's best manufacturer, period. Consider: Last year, Toyota's worldwide sales leapt 10%, to 7. 5 million vehicles, posting strong growth in all regions. But Toyota has long since kicked the Japanese habit of chasing sales and market share at the expense of profit." Toyota's profits for fiscal year 2003 exceeded those of GM, Ford, DaimlerChrysler, and Volkswagen combined.

Toyota has embarked on an ambitious international expansion plan, though Cho is struggling with the complexities of transplanting Toyota's vaunted

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production methods to foreign soil. For Cho, running Toyota is like “ trying to pull a handcart up a steep hill-there’s always tremendous danger if we relax, even for a moment, we could lose momentum and be thrown to the bottom.” Cho downplays-but does not disavow-the objective widely reported in the Japanese press of capturing a 15% share of global vehicle sales by the end of the decade. But the multi-front blitzkrieg launched to reach that target has put unprecedented strain on the production process once hailed as the “ machine that changed the world.”

The dilemma, says Chandler, is how to maintain the pace without diluting what Toyota executives call their corporate DNA-a principle called kaizen, the notion that engineers, managers, and line workers collaborate continually to systematize production tasks and identify incremental changes to make work go more smoothly. Cho not only has to make this approach work in Toyota’s U. S. factories-where feedback from workers has made him change some of Toyota’s long-held approaches-but also in China, the world’s fastest growing auto market, where Toyota has forged a partnership with First Autoworks in Changchun. One of Toyota’s gambles has been the Prius, a hybrid car that critics claim has yet to be profitable. There is high demand in the U. S., and China is pressing for access to the technology. Getting an early grip on this market may turn out to have been a shrewd move on Cho’s part, says Chandler.

Many expect Cho to step down in June and take the more ceremonial role of chairman. “ Whether Cho stays on,” concludes Chandler, “ expect Toyota to

keep pulling its handcart uphill-and to rush to the next mountain the moment it gains the summit.”

FORTUNE, part of Time Inc., is the global leader in business, known for its unrivalled access to industry leaders and decision-makers throughout the world. FORTUNE’s Asia edition, based in Hong Kong, is dedicated to covering Asian business from a trademark global perspective. With an Asian circulation of 85, 000 and a worldwide circulation of 1, 020, 000, FORTUNE is one of the fastest growing magazines in the world. Founded in 1930, FORTUNE has grown to a worldwide circulation of over one million and a readership in excess of five million.

Annexure B -An authentic Leader...

By Enrique Mora

Source: [http://www. tpmonline. com/mgmtldshp/authenticleader. htm](http://www.tpmonline.com/mgmtldshp/authenticleader.htm)

Fujio Cho, President of the Toyota Motor Company, is an exemplary leader. In Japan the company has about a dozen plants, producing 3. 5 million vehicles every year. Seldom is Cho found in his office. He dedicates most of his time on the floor of the plants, congratulating the working groups with the best achievements. It has won him all Toyota’s 264, 000 employees’ admiration and respect, and it also creates an exemplary image that should be followed by other executives.

Fujio Cho

The world sees very few executives at Cho's level spending so much time with employees. Is it that companies have to be at the level of Toyota to have these leaders? Or maybe Toyota is at that level because of the practices of these leaders?

Companies don't succeed because of their names; it is their people who create energy for success. The success of a company is a direct result of attitudes of the leaders who comprise it. We can all "make the difference."

Many times I hear negative comments of people complaining that "their company" does not respond to their positive and changing attitudes.

Error: We can All influence the results of the company. And, if by chance, the company doesn't have the appropriate atmosphere and vision to capture and take advantage of that positive energy, there is no problem. Get ready for a better opportunity, because you will surely find it.

The example of Fujio Cho is impacting. Managers from all over the world should follow it if they want to meet the demands in the evolution process called "World Class." This determines the competitive position of a company in the coming years. This opportunity is in our hands, and we should not waste it.

Here is a few questions to ask yourself:

1. – How well do you know your people? Do you know their names? Do they know your face? Do they come and talk to you?

2. – How do you show appreciation for the efforts of the people on your team? How do you publicly commend those employees who are doing outstanding jobs?

3. – Would you say that the atmosphere of your company is one of empowerment? Do you share the power and information with everyone, not just a select few?

A leader's success depends on the honest answers to these questions, since they determine:

1. – How will your company do in the short and medium term?

2. – What is the level of collaboration you will have from your labor force?

The trend of the automotive industry has clearly defined the economy in the last 60 years and it will continue to do so. The arrogance of “ the three big ones” of America has blinded them. They don't seem to be willing to change, and they continue to lose market share and prestige. The Japanese industry, on the other hand, shares its “ secrets” with everybody.

Determine today what example you want to follow: that of the winners or that of the losers. The industries of the world need Leaders, people who give authentic support instead of orders; who model the behavior they want to see from others; who encourage ideas and new ways of improving processes and products; who “ grow” new leaders for the future.

I wish you a day of change and success, followed by another and another.....

Annex C -Toyota experiences extreme self disappointment, somebody cry  
me a river

Posted Aug 9, 2004, 10: 48 AM ET by Christopher Diken

Related entries: Hybrids/Alternative, Trends

Source: [http://www. autoblog. com/entry/6449113922489878/](http://www.autoblog.com/entry/6449113922489878/)

Despite raking in \$10 billion in earnings last year and looking like it will surpass that mark this year, Toyota is not happy. Chairman Fujio Cho lambasted his own company last week, saying “ The sense of crisis we feel, despite increasing sales and profits, stems from our fear that we have not kept up. Particularly fears that we have not kept up with environmental issues...” Ok, Fujio, I know it’s noble to be hard on yourself, as that’s how Toyota got to this point in the first place, but what about the unbridled success of the Prius and the manifold hybrid concepts like the Volta and Lexus’ pending RX hybrid SUV?

It’s still not even close to enough, apparently, as Chairman Cho revealed plans to get 300, 000 hybrids on tarmac by the end of next year. But, wait, this isn’t really about environmentally-responsible transport, is it? No, I didn’t think so: Toyota has long been forced to compete only with itself as far as quality and reliability were concerned; this year, however, the untarnishable reputation pitted slightly around the edges as Hyundai passed Toyota in J. D. Power’s Initial Quality Study.