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### The Leadership Role in Strategy

Wilfredo Moran

*CUNY Queensborough Community College*

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The Leadership Role in Strategy  
Prepared by Wilfredo Moran, CPA, ABA,  
MBA  
Queensborough Community College  
Assistant Professor

Bio

Professor Wilfredo Moran is an Assistant Professor in the Business Department at Queensborough Community College of the City University of New York. Prior to his academic appointment at Queensborough, Wilfredo served as contract negotiator for the local 2110 UAW, coordinator of distance learning and assistant director of the learning center at TCI College, assistant professor in the Public Management Department at John Jay College of Criminal Justice, assistant professor in the Facilities Management/Construction management department at Pratt Institute, and business instructor at TCI College. He received a Bachelor of Science in accounting from Everest University and MBA degree with concentration in accounting from Southern New Hampshire University Suma Cum Laude. Prof. Moran is a Certified Public Accountant and an Accredited Business Advisor. Wilfredo serves as a co-Academic Champion of the QCC Blackstone Launchpad Community College Entrepreneurship program. He also serves co-chair in the Committee on Students Activities and as Faculty Advisor of the Stock Market Club. Honors include nominated in 2018 & 2019 for the Distinguished Teaching Prize Award at John Jay College and selected as the outstanding graduate for the Master of Business Administration from Southern New Hampshire University.

## Abstract

This paper offers the crucial role that leaders play in the strategy of an organization. The paper will discuss how to develop a strategic vision and a mission statement that tells the direction the company is taking and why. In addition, the paper will show how to set goals and objectives, craft strategies, evaluate the strategy, and how to evaluate performance. This paper will show that the role of leadership is the most important factor in crafting a winning strategy for the organization.

### **The Leadership Role in Strategy**

In today's fast-paced markets business organizations are required to often change strategies to build and strengthen the company's long-term competitive position and financial performance by competing differently from rivals and gaining a sustainable competitive advantage over them. (Thompson, et al, 2020, p.14) A company's strategy is defined as a set of actions that its managers take to outperform the company's competitors and achieve superior profitability. (Thompson, et al, 2020, p.3) Consequently, leadership is critical to forming and implementing strategy. It is the leadership's job to craft a winning strategy by choosing to be different. The leadership sets the strategic plan which lays out its future direction, performance targets, and strategy.

### **Role of Leadership**

The leadership of the organization must be prepared to find solutions for the rapidly changing competitive conditions in the market. Consequently, leaders must be prepared to make the necessary adjustments/changes in order for the organization to evolve and to sustain the ability

to make a profit. A good leader must be able to lay out a strategic plan that people will grasp and accept out of trust, then gets everyone working from top to bottom to achieve the strategy. In that sense, leadership is critical to forming and implementing strategy, and without it, a good strategy does not happen. (Fuller & Green, 2015) A strategy-focused firm is more likely to be a strong bottom-line performer than one that views strategy as secondary. (Jefferson, 2015) A well-crafted strategy must have clear strategic and financial objectives to ensure long-term success that can support growth and secure the company's future over the long term. (Thompson, et al, 2020, p.27) The leaders set measurable objectives for the organization and make decisions on desired strategies to accomplish goals and achieve competitive advantage. A big part of that management strategy is not so much promoting changes but knowing when to do so. According to Michael Porter, author of Competitive Strategy and creator of the "five forces" model of competition "The essence of strategy is choosing what not to do," (Fuller & Green, 2015)

### **Developing a Strategic Vision and Mission**

Vision is the core of leadership and is at the heart of strategy. Therefore, it is imperative for the company's leadership to have a clear strategic vision of what direction the company is taking and why. (Thompson, et al, 2020, p.20) It is the leader's job to create a vision for the organization in a way that will engage both the imagination and the energies of people. (Fuller & Green, 2015) The vision should serve as the framework for the roadmap that guides every aspect of the organization by describing what the company needs to accomplish in order to continue achieving sustainable quality growth. On the other hand, a mission statement is purely descriptive in nature. To be effective, a mission statement should identify the company's products and /or services, specify the buyer's needs, and give the company its own identity. (Thompson, et al, 2020, p.24) A

good leader must have a clear understanding of the distinction between the vision (describes where the firm is headed), and a mission statement (which articulates “who we are”, “what we do”, and “why we are here”) (Fuller & Green, 2015)

### **Setting Goals and Objectives**

Objectives that can translate into actionable goals are an integral part of business planning. Goals should be tied to the strategic plan which is a written document that articulates an organization’s strategy for achieving its mission and vision. Goals and objectives must be specific, measurable, attainable, and realistic. (Lotich, 2013) The purpose of setting objectives is:

- To convert the vision and mission into specific, measurable, timely performance targets.
- To focus efforts and align actions throughout the organization.
- To serve as yardsticks for tracking a firm’s performance and progress.
- To provide motivation and inspire employees to greater levels of effort. (Thompson, et al, 2020, PPT)

### **Crafting Strategy**

The creative part of developing strategy is finding a balance that aligns the firm’s capabilities with customer needs in a way that competitors cannot match given the changing external context factors such as technology, industry demographics, and regulation. (Collins & Rukstad, 2008) Strategy making addresses a series of strategic how’s, requires choosing among strategic alternatives, and promotes actions to do things differently from competitors rather than

following the same path as competitors, it is a collaborative team effort that involves managers in various positions at all levels of the organization. (Thompson, et al, 2020, PPT)

In crafting the strategy, the leadership should secure the support of internal stakeholders. The leadership must take into consideration the difficulties that employees encounter as a result of organizational change. One reason for this difficulty is that employees' conceptions of the organization's identity do not always correspond with managers' desired images for the future of the organization. Thus, many employees view new organizational endeavors as having little legitimacy. (Bridwell-Mitchell & Mezias, 2012) The leadership must recognize that adopting a new model will require a gradual and steady process of transformation. However, in the end, it is the leader's job to define the company's strategic position and make the trade-offs. According to Mike Ruskstad, there are three critical components of a good strategy statement – objective, scope, and advantage – and rightly believed that executives should be forced to be crystal clear about them. (Collins & Ruskstad, 2008) Taking a strategic position that delivers value and communicating that value inside and out are core leadership tasks in crafting a strategy. (Fuller & Green, 2015)

A brief statement that reflects the three elements of an effective strategy should be the end result. In addition, it should be accompanied by detailed explanations that clarify the strategy's nuances (to prevent any possible misreading) and spell out its implications. (Collins & Ruskstad, 2008) In other words, there should be left no room for misinterpretation.

### **Executing the Strategy**

Executing a strategy is just as tough as crafting the right strategy. The leadership of the organization must recognize that executing a strategy is extremely difficult and must not

underestimate the challenges. Robin Speculand recommends that before a business starts to implement the strategy the leadership should take the time to learn from what has happened before in the organization. For instance, make sure the entity knows why previous strategies have failed; examine what happened in both the planning and the implementation of the strategy; identify lessons that can be shared; understand what works and what doesn't in the company's culture; identify the critical success factors for moving forward, and constantly review the implementation to ensure the organization is not repeating previous mistakes. (Speculand, 2011)

The strategy is deciding what to do, however, execution is all about making it happen. It is the follow-through. The main requirements for successful execution are, 1) clear goals for everyone in the organization, that are supportive of the overall strategy; 2) a means of measuring progress toward those goals regularly, and 3) clear accountability for that progress. (Murray, 2015) Leadership must find a systematic way for the steady implementation of the strategy and must make sure that everyone is following through with the direction of the strategy.

Converting strategic plans into action requires the leadership to direct the organizational plan, motivate stakeholders, create a nurturing strategy-supportive work climate, and meet or exceed performance targets. A detail that leaders must keep in mind is that strategy cannot be implemented if it cannot be explained. Thus, when the strategy statement is circulated throughout the company, a detailed explanation of each strategy with an assigned priority, a timeframe, who is responsible, and measurable performance indicators should be attached. Implementing the strategy is a multilevel process that spirals down and around the entire organization. As the strategic challenges cascade from level to level and spread across the organization, teams become aligned to accomplish the business's strategic goals. (Dinwoodie, et al, 2014)



## **Evaluating performance**

As previously stated, the strategic plan document should specify who is responsible for the overall implementation of the plan, and who is responsible for achieving each measurable performance indicator. In addition to that, the document should also specify who is responsible for monitoring the implementation of the plan and evaluating performance. (McNamara, 2015)

The overall goal of evaluating a strategic plan is to determine how well it has been implemented (including, who, what, when, where, and how activities were accomplished). The monitoring of the strategic plan should be on an ongoing basis to identify trends that may be impacting the progress, or lack of progress, toward goals. This will include identifying individual goals and objectives that are progressing well according to the plan, and those that are falling short, and suggesting any actions or adjustments that may be needed for the plan to succeed. (Strategic Plan Evaluation Steps, 2012)

Furthermore, the strategy must be evaluated to see if a winning strategy has been crafted and it is passing all three tests: 1) The Fit Test: How well does the strategy fit the company's situation?; 2) the Competitive Test: Is the strategy helping the company achieve a sustainable competitive advantage?; and 3) The Performance Test: Is the strategy producing food company performance?. (Thompson, et al, 2020, p.12)

## **Conclusion**

The role of leadership is the most important factor in crafting a winning strategy for the organization. Leaders of the organization should be able to guide others by providing a vision and motivation to ensure long-term success that can support growth. Clear strategic and financial goals

and objectives must be communicated in the strategy. It all starts with the ability of the leadership to craft a vision and mission statement.

The vision should be the framework for the roadmap to be followed and it must set a clear path on where the organization is going. The mission should describe “who we are”, “what we do”, and “why we are here.” In crafting the strategy, the leaders must find a way to create a balance that aligns the organization's capabilities with the customers’ needs taking into consideration all the stakeholders of the organization. At the time of executing the strategy, the leadership should recognize that executing a strategy is difficult and must never underestimate the challenge. The last step for the leadership in crafting a winning strategy is the overall evaluation of the strategic plan. How well the strategy is progressing according to the plan must be carefully evaluated. Any lack of progress toward goals and objectives must be carefully assessed to determine actions or adjustments that may be needed for the plan to succeed.

The evaluation must satisfy three tests to see if a winning strategy has been crafted: (1) The Fit Test, (2) The Competitive Test, and (3) The Performance Test. The leadership job is crucial in the survival of a company and the success is determined by how well the leadership can craft a winning strategy.

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