

# 5 Ways Your Leadership Will Fail in 2020

How Leadership Strategy Drives Business Results

WHITE PAPER

**Sam Palazzolo, Principal Officer**

Email [sp@javelininstitute.org](mailto:sp@javelininstitute.org)

Cell 702-970-8847



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## *If our Leadership is so good... Why are our results so bad?*

I've asked this question at least one-thousand times as I strategically partnered with organizations going through either Mergers & Acquisitions, Sales/Business Development, or Turnaround Management situations. As the leaders I work with look to expand their operations (expansion across increased revenues/sales, new market exploration, etc.), they are in search of answers that will drive results. Sound familiar? It was in the face of these *leadership challenges* that I began to look closely at the differences between low-performing, and high-performing organizations as they all attempted to turn leadership intent into desired business results.

One of the foundational characteristics of C-Suite leaders in high-performing organizations is their recognition that the ability to successfully formulate and execute a coherent business strategic plan is more than likely strategically linked to similar formulating and executing a robust leadership strategic plan. This recognition that business equals leadership raised the decision level about leadership development to that of the strategic planning level.

The businesses strategic plan and ensuing leadership strategic plan are therefore intimately linked. The businesses strategic plan sets the direction for the organizational journey, while the leadership strategic plan acts as the people-enabler necessary to reach an organization's *full peak performance potential*.

As most of the C-Suite leaders that I work with recognize the importance of developing leadership talent, there leadership development efforts within the organizations are often not connected to their strategic planning process. This disconnect between effort and planning often prevents organizations from identifying and enacting the proper strategy. Business strategic planning often does not address an organization's ability to implement those leadership strategies. A leadership strategy is needed to bring out the best in the potential of the individuals and groups throughout the organization if all are to achieve success.

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*Management is doing things right; leadership is doing the right things.*

*– Peter Drucker*

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In this white paper, I provided an overview of the five elements that you'll need to have in order to offset failure in 2020, but before we get to that let's review the elements needed for an effective leadership strategy. From my perspective, it's with this information in hand as you begin the journey to bridge the strategy/performance gap in front of you. A gap that so many leaders and organizations face and need to bridge in order to set a course for superior high performance. First, let's examine the strategic role of leadership in high performing organizations.

## **The Role of Leadership in High Performing Organizations**

Leading strategically requires the C-Suite team to identify and focus on the most pressing leadership challenges. I find that the challenges leaders face when growing their businesses in addressing strategic related issues to fall into four (4) broad categories:

1. **LEADING CHANGE** - The organization that engages in business model change successfully has leaders that foresee changes to the business environment that will bring about complexity and new tensions to overcome.
2. **SHAPING CULTURE** - Organizational leaders develop cultures that elicit strong identification ties in the sense of belonging on the part of the individuals that work there.
3. **LEVERAGING POLARITIES** - Leaders not only understand but leverage organizational priorities that may appear to be opposites, avoiding the either/or approach finding both/and solutions.
4. **SPANNING ORGANIZATIONAL BOUNDARIES** - Leaders that implement tactics to span organizational boundaries facilitate collaboration as well as independent decision-making by stakeholders.

Successful leaders think strategically about these four (4) types of challenges, taking action to address them within the organizational context and help influence/shape stakeholders to drive the institution toward their desired performance outcomes and goals.

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*Studies conducted by companies evaluating their own executives have proven that the top 10% of performers displayed superior competencies in emotional intelligence, rather than in purely cognitive thinking. Capabilities like self-confidence and initiative; bouncing back from setbacks and staying cool under stress; empathy and powerful communication, collaboration; and teamwork all make for better business results.*

*- Daniel Goleman, Psychologist & World's foremost expert on Emotional Intelligence*

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## Four Components of Leadership Strategy

Four (4) components of leadership strategy are needed to transform strategic intent into practice throughout the organization on a consistent, ongoing basis. Leadership in high-performing organizations will set a leadership development strategy that:

1. Identifies the *Key Performance Indicators (KPI's)* of the organization that result in success.
2. Provides a *Culture* whereby individuals can perform at their best levels.
3. Creates a *Talent Pipeline* that is strong (A+ talent) and sustainable.
4. Supports an *Organization Design* for execution of the overarching business strategy.

### Component 1 | KPI's for Leadership

*In order to successfully execute its business strategy, what is absolutely essential for business leaders of the organization to accomplish together?*

The starting point for a business' leadership strategy is to review the business strategic plan and identify those leadership competencies that are needed to implement them. These are the leadership drivers that require strategic investment in order to pave the foundation of and during organizational success.

Key Performance Indicators are the levers that, when pulled, catapult the business strategically forward. They are areas to prioritize and invest in to ensure that the organization's capability to execute the strategic plan is realized. With dedicated time, energy, and funds, KPI's are the essential factors that determine success.

Identifying KPI's also clarifies what is not essential. By not focusing on irrelevant areas of the business, this eliminates doubts about what matters most and prevents strategic distraction.

Consider an example of a business services organization that I worked with as their leaders sought to aggressively grow the business. Their business strategic plan called for expansion into a variety of different untapped markets, heretofore, extending the portfolio of their offerings, acquiring new businesses as needed, and centralizing some work-functions to gain efficiency. In order to gain traction on the strategic initiatives, we identified those leadership capabilities that would be essential for the organization to develop throughout the entire organization in order to execute on these business strategic plans.

Since leadership components were considered key to achieving business success, the organization invested in an extensive development plan to strengthen leadership competencies associated with the Key Performance Indicators. The process of discovering KPI's and aligning leadership strategy with the business strategic plan was an iterative ongoing process that required accurate analysis and above all honest dialogue among the organizations leaders.

Keep in mind, the leadership competencies for your organization must align with your business strategic plan; trying out to base your competencies on another organization story or current buzzwords in the business media or a KPI list you created years ago will not be sufficient. As the business strategic plan evolves to meet the challenges of the competitive *new economy*, the leadership KPI's must evolve in unison.

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*Becoming a leader is synonymous with becoming yourself. It is precisely that simple and it is also that difficult.*

*– Warren Bennis*

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## Component 2 | Leadership Culture

*In order to foster organizational success, what type of culture is necessary for leaders to create?*

The self-reinforcing structure of individual and collective beliefs, practices, behaviors, and patterns in an organization typically shape the leadership culture. The way in which leaders interact, make decisions, and influence others in their efforts to create direction, alignment, and commitment are often the foundational elements of the leadership culture. Having a direct impact on the organization's ability to achieve the business strategies set is the leadership culture.

Leadership cultures can be understood in terms of three (3) essential types:

1. A **DEPENDENT** leadership culture operates with the belief that people in authority are responsible for leadership.

2. **INDEPENDENT** leadership cultures operate with the belief that leadership emerges out of the individual expertise and the actions therein.
3. **INTERDEPENDENT** leadership cultures operate with the belief that leadership is a collective activity for the benefit of the organization as a whole.

A leader's own conscious and unconscious beliefs drive their decisions and behaviors, and repeated behaviors become part of their leadership practice. Eventually it is these leadership practices that become the patterns of the leadership culture within an organization. While one leadership culture may dominate, other subcultures may be operating in different divisions, functions, or groups within the organization.

My research and work with organizations demonstrates that when the leadership culture contributes to creating *Direction, Alignment, and Commitment (DAC)* across the organization, the probability of attaining superior performance is quite high. The key question appears to be the following:

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*Just how do leaders go about creating a shared direction, coordinate the work process, and maintain commitment levels to the organization as a whole?*

- Sam Palazzolo, *The Javelin Institute*

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The process of creating DAC's may vary greatly depending on the predominant leadership culture currently in place.

When you determine how stakeholders *decide on a shared direction, coordinate work, and maintain commitment* you have a much better sense of the organization's leadership culture present. From this point, one may need to determine if they have the culture that best supports the strategic business plan execution.

The leadership strategy process helps leaders with their analysis of their culture. It also allows them to see and articulate the formal and informal elements of culture within their organization that act to either support or prevent the success of the business strategic plan.

### Component 3 | Talent Systems

*Are desired organization competencies and leadership culture in alignment with the current talents systems and leadership architecture?*

Conduct conversation with most leaders, and they will say that managing talent is one of the most complex and frequent challenges that they face. Related to managing talent, gaps in the leadership pipeline are the number one challenge of organizations I work with.

A leadership strategy must address the need to *attract, retain, and develop* the talent needed throughout the organization and its stakeholders throughout the organization who are critical to meeting the organizations goals. The leadership strategy looks beyond the current business needs and sets in motion a plan for future talent sustainability.

Specifically, talent sustainability involves a much more holistic look at talent systems, processes, and metrics including:

- Executive commitment and engagement
- Critical talent identification, development, and secession planning
- Learning and development
- Competency model development and deployment
- Knowledge networks
- Performance network
- Performance management through rewards and recognition
- Sourcing and recruiting

Talent systems, typically originating and owned in most organization's human resource departments, serve as talent accelerators throughout the organization. They provide critical links between talent components and overarching leadership strategy when viewed with the overarching business strategic plan in mind. However, leaders at every level and in every department have a role to play and creating a sustainable talent pipeline.

This commitment and engagement of senior leadership may be *the single most critical factor* for bridging the gap between strategy and performance. Senior leadership across an organization needs to not only understand but embrace the importance of talent management as a strategic and critical component of organizational success. Senior leadership is vital to the leadership strategy process and should be directly involved in executing the talent sustainability work as well.

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*Before you are a leader, success is all about growing yourself. When you become a leader, success is all about growing others.*

*– Jack Welch*

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#### Component 4 | Organizational Design

*To evolve in the supported business strategies, do the organization structures, systems, and processes strengthen the ability for culture and leadership?*

The ability of leadership to enact change, transform the organization therein, and achieve successful enduring performance potential maybe strengthened or inhibited by the organizational design. A service strategy design ("*We are here to serve*") is important for organizational structures, systems, and processes - not the other way around.

**STRUCTURES** - Does your organization's strategic orientation fit with its structure? For example, if the business strategic plan is oriented around brand dominance, a functional structure with key areas (such as marketing, finance, etc.) reporting directly to the CEO are a good strategic fit. However, if business strategies are growth-oriented by geographic region where different lines of businesses required different autonomy, a business-unit structure may make more sense. Of course, in this example I oversimplify the process, but the idea is that there is no ready-made, off-

the-shelf, perfect for every organizational design and/or leadership team in place to make intentional choices about what works and why.

**SYSTEMS AND PROCESSES** - Affecting the way that people behave in the organization are the inherent organizational systems. Systems and related processes should act to promote behaviors that support the business' strategic plan, rather than tear it down. Existing in most organizations are five (5) systems - *Reward, Communication, Learning, Social Networks, and Control Systems* - that should be evaluated as part of any leadership strategic plan.

For example, consider an organization that is changing its strategic focus and seeks to grow through the popular topic of product innovation. In order to foster imagination, listen to customer focus groups and working across stakeholder boundaries are three (3) critical leadership drivers. A culture of interdependence - where innovation stems from collaboration – may be seen as essential as top executives must build their individual, as well as team capacity to work and lead in new ways. However, for an interdependent culture to take hold and be sustained, the structure and ensuing systems that previously supported independence and autonomy may need to be dismantled and replaced with something new. Matrix structures, project-based teams, and a focus on shared outcomes may pave the path forward in that the inherent talent must be given both the learning opportunities and reinforcement for them to be successful contributors within the new organizational context.

When leaders examine the organization's current design and context from that of *strategic drivers, culture, and talent development needs*, they can begin to change structures, systems and processes required to be in alignment with the business strategy. Leaders begin to form a tighter link between strategy and execution, boost performance and increase their odds of success.

### Where Actuals Outperform Potential

Business strategy is the foundation of leadership strategy whereby it provides the direction and the motivation for talent development. In turn, it is the talent's ability to execute which will allow the business strategy to be realized, refined, and reinvented over the lifetime of the organization.

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*By explicitly stating the leadership drivers, the culture, the systems, and the organizational design, an organization begins to unlock performance potential from within the organization.*

*– Sam Palazzolo, The Javelin Institute*

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Of course, setting the proper business strategy is not a one-off process, and neither is creating a leadership strategy to go with it. I often view leadership strategy as a multilevel process, spiraling down and around the entire organization. The tactics of one level become the Standard Operating Procedure (SOP) for the next. The strategic challenges cascade from level-to-level and spread across the organization. The organization's teams therefore become a life-line to accomplish the business's strategy and goals, all courtesy of the leadership strategy previously adopted.

## 5 Ways Your Leadership Will Fail in 2020

In order to lead effectively in this *New Economy*, you'll need to seize the opportunity to change "*business as usual*" habits. While the leadership strategic plan may be exceptional, it may not be singular in mission or purpose. I've been conducting original research for the past decade (10-years). Jim Kouzes and Barry Posner, authors of *The Leadership Challenge*, have been conducting global research for more than 30-years. Together we've discovered that such a leadership strategic plan upon execution allows for a transformation achievement that is actually commonplace. When Jim and Barry would ask people to tell them their personal best leadership experiences - *experiences in which they believe they are at their individual standards of excellence* - ensuing success stories can be found in for-profit and nonprofit organizations, from agriculture to mining, manufacturing to utilities, banking to healthcare, government to education, the arts to the community services, and a whole lot more. These successful leaders are employees and volunteers, their ages range from young to old, and their gender consists of both women and men. You see, leadership knows no racial nor religious bounds, no ethnic nor cultural borders exist. Leaders reside in every community, every city and every country. They perform in every function and within every organization out there. Simply put, you can find an exemplary leadership-style everywhere you look!

*When it comes to the best organizations, everyone therein regardless of title or position is encouraged to think and act like a leader.* The reason for this is because that in these high-performing organizations, individuals don't just believe that everyone can make a difference; they actually act in ways to develop and grow peoples talents, including their leadership capabilities, so that they know/feel/see that they do make a difference. I've been known to say the following:

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*Working to build an organization and a culture where everyone feels and acts like a leader, regardless of what function they perform, and appreciates what each one of us does, has an even greater impact down the organizational-line. This actually becomes a legacy leaving moment for all involved whereby the organizational mission is willed towards execution by the business strategic plan as well as the leadership strategic plan.*

– Sam Palazzolo, *The Javelin Institute*

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I found myself asking the same question that Jim and Barry asked back in the early 1980s, that question being "*Tell us what you do when you are at your personal best in leading others.*" After analyzing thousands of these leadership experiences (bordering on over +1 Million now) we've discovered that regardless of the times or setting, people who guide others along pioneering-journeys follow surprisingly similar paths. Although each individual has their own unique individuality or expression, there are clearly identifiable behaviors and actions that make a difference in leading when making extraordinary things happen. In highly-performing organizations, leaders engage in what Jim and Barry call *The Five Practices* of exemplary leadership. It is within these five practices that you very well may fail in 2020 as a leader. What are The Five Practices of exemplary leadership? They are:

- **MODEL THE WAY**
- **INSPIRE SHARED VISION**
- **CHALLENGE THE PROCESS**
- **ENABLE OTHERS TO ACT**
- **ENCOURAGE THE HEART**

The practices of leaders are not the private property of only the people that have been studied. Nor do they belong to a few select elite leaders. You see, leadership is not about who you are; it's about what you do (or the behaviors you exhibit). The Five Practices are available to anyone (and everyone) who accepts the leadership challenge - *The challenge of taking people and organizations to places they have never been before, in doing something that has never been done before, and is moving beyond the ordinary to the extraordinary.*

Although the *context of leadership* has changed tremendously since first beginning this research nearly 40-years ago, the *content of leadership* has not changed much at all. The Five Practices framework passes the test of time. Research tells us that the fundamental behaviors and actions of leaders have remained essentially the same and are as relevant today as they were back in the 1980s.

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*Anyone with a sphere of influence is a "Leader," whether or not they have that explicit job description. In that sense every manager is a leader already (or should be!)*

*- Daniel Goleman, Psychologist & World's foremost expert on Emotional Intelligence*

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## 2020 - So What Do You Have to Gain (or Lose!)

Leaders who use The Five Practices more frequently than their counterparts, elicit the following outcomes or results:

- Create higher performing teams
- Generate increased sales and customer satisfaction levels
- Foster renewed loyalty and greater organizational commitment
- Enhance motivation and the willingness to work hard
- More successfully represent their units to upper management
- Facilitate high patient satisfaction scores and more efficiently meet family member needs
- Promote high degrees of involvement and engagement
- Enlarge the size of their organizations through growth
- Increase fundraising results and expanded gift-giving levels
- Extend the range of their organization services
- Increase employee retention, reducing absenteeism and turnover costs
- Positively influence recruitment rates

So, which of The Five Practices will you fail at in 2020? Which of The Five Practices can you afford to fail at? What are the ensuing costs if success is not achieved? To find out how to avoid failure in 2020 and architect a plan for success, schedule a [Complimentary Consultation Session](#) with me and begin your success journey today. Here's the link where you can schedule a complementary 30-minute session today:

[CLICK HERE](#)

or enter the following URL into your browser:  
<https://calendly.com/spalazzolo/30min>

## About the Author



Sam Palazzolo is Managing Director of Tip of the Spear Ventures ([tipofthespearventures.com](http://tipofthespearventures.com)) and Principal Officer at The Javelin Institute ([javelininstitute.org](http://javelininstitute.org)), both based in Las Vegas, Nevada USA. Tip of the Spear is a global Private Equity | Venture Capital and Business Advisory Services (M&A | Sales/Business Development | Turnaround) firm.

The Javelin Institute is a 501(c)(3) nonprofit focused on assisting those that face family hardship (Death, Disease, Divorce, Drugs, etc.) serving corporate donors through Leadership Development (Strategy | Innovation | Change | Execution) and Executive Coaching.

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