MASTERS OF STRATEGY

7 LEADERS SHAPING THE WORLD OF BUSINESS
Whatever their challenges, today’s business leaders need a command of strategy. They must know how to drive their organisations to do new things, to build on what they are already doing, and to react to new opportunities. They must be able to do all these things in ways that make it hard for competitors to keep up or catch up.

The profiles here come from the pages of INTHEBLACK. All have had to think strategically and find ways to do things that competitors could not. These leaders have brought to the task important core beliefs, often learnt early in their business lives. From Alison Watkins’ unshakeable confidence in the possibility of solving problems, to Vincent Lam’s conviction that you must help your partners, their actions are founded on principles.

Read about them here – and let their full stories unfold for you at intheblack.com.
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“Taking control of uncertainty is the fundamental leadership challenge of our time.”
Ram Charan specialises in giving personal, practical advice to CEOs. His 2002 best-selling book, *Execution*, was about “getting things done”. *Fortune* magazine once dubbed him “the most influential consultant alive”.

These days, Charan says you must do more than cope with change – you need “to anticipate changes coming down the track, understand their implications before competitors, and utilise them to improve your market position and profitability”.

**Uncertainty can create opportunity**, he argues. “The more you practise the skills to deal with it – and it should be seen as a set of skills – the more self-confidence you will develop and the better prepared you will be to lead.”

Charan urges leaders to **broaden their perspectives**. He suggests a useful test for executives – ask yourself, at least four times a year: What new developments can I take advantage of to create a new need or give the customer a more compelling experience? What is out there that I need to know about?

One important perspective in the coming years, he believes, is **understanding of mathematical tools** – algorithms, and the software to use them to crunch data and predict patterns and changes. Companies with these capabilities – the companies he calls “maths houses”, like Google and Amazon – can provide customers with better experience and need less management to do it.

Read more about Ram Charan’s strategic approach to business.
“There are no problems you can’t solve.”
For Alison Watkins, every tough new assignment has been an opportunity to bring people together to think their way through a puzzle. Her early career at management consultancy McKinsey led to a strategy role at ANZ Banking Group and then to turnaround CEO roles at juice firm Berri, agribusiness firm GrainCorp and now regional drinks giant Coca-Cola Amatil.

“McKinsey teaches you to understand that there are no problems you can’t solve,” she says. “You can think that you’re in a difficult position strategically, but there is a logical way to go about breaking down problems and engaging your team, and potentially outside help, to figure out what you’re going to do.”

Watkins’ Coca-Cola Amatil strategy seeks to appeal more to younger consumers with options including a smaller 250ml Coke can at an A$2 price, and building new drinks lines such as coconut water.

She’s also keen to drive more innovative thinking, and is planning venture-style business models within the company to let it invest in start-ups, back internal ideas and “turbocharge” innovation. Above all, she wants to experiment: “We need to be able to speed up the rate at which we get things to market, try them, [and] pull them if they’re not working.”

Read more about Alison Watkins’ strategic approach to business.
“Failing is not a bad thing.”
A Facebook veteran, Sunita Kaur leads her Spotify team through one of the world’s fastest-changing markets – digital music streaming. She’s used to tough spots. “Someone once said to me that you have to be comfortable with being uncomfortable. Facebook taught me that.”

At Spotify, Kaur’s strategic challenges included launching a service typically paid for by credit card into the Philippines – a nation where credit card penetration is in the single digits. When she presented her strategy to the board, she recalls, “I had to explain that there was no ‘Asia strategy’. There was a Singapore strategy, a Malaysia strategy, a Hong Kong strategy and a Philippines strategy. Each of those markets had unique challenges.”

Spotify overcame the Philippines issue by partnering with telcos to let people pay for music subscriptions on their phone bills. “With almost anything you do in business it’s important to realise that sometimes you can’t do it alone,” Kaur says.

Kaur believes in rapid, data-driven experimentation: “Get together, make a decision and try it”. But she also believes in patience, which stopped Spotify from rolling out at top speed right across Asian markets. “You need to stop and think about whether that’s the right thing to do. We have seen a lot of companies roll out really quickly without being prepared. It drains a tremendous amount of resources and finances, then you fail. That’s not the kind of ‘fail harder’ that Mark Zuckerberg taught me about.”

Read more about Sunita Kaur’s strategic approach to business.
"We create value when we do things that people find valuable."
If you have ever talked about a company’s “stakeholders”, you’re talking Ed Freeman’s language. He invented **stakeholder theory** in his 1984 book *Strategic Management: A Stakeholder Approach*, and the term is standard usage in business today.

The idea behind the term sprang from Freeman’s observation that “the old story”, where business leaders answered only to shareholders and had to simply deliver rising profits, seemed too small. In practice, business leaders responded to a far **wider variety of influences**: not just owners, but employees, customers, suppliers, regulators, industry bodies, trade unions, community groups.

In order to succeed, businesses must **give something** to many different stakeholder groups. “You want to have a successful business, you’ve got to have great products and services for customers, you’ve got to have employees who show up and who are there and want to help make it better. You need suppliers in today’s world who want to make you better because working with you makes them better and vice versa. You need to be a good citizen in the community [or] you’ll get regulated out of existence.”

Does it work? Preliminary research, he says, shows that companies who take the stakeholder approach outperform standard market indicators by about nine to one.

*Read more about R. Edward Freeman’s strategic approach to business.*
To impart intent is critical.
Ben Roberts-Smith is famous as the Australian SAS patrol commander who won a Victoria Cross for his courage in Afghanistan. He takes the SAS motto – “Who Dares Wins” – into his business thinking. “If you attempt it and get it right then you have succeeded; if you get it wrong, then you will learn. But if you don’t attempt it at all, you have failed.”

Successful strategic thinking needs more than just the willingness to have a go. It needs everyone to be clear about their commander’s intent and to have an organisation-wide perspective. “If you are in the field and something changes – say, we get into a gun battle – knowing my commander’s intent means I now have the parameters that I must work between while I change the plan.” This concept of commander’s intent is finding its way into the language of business as a way to respond to dynamic, often chaotic and resource-constrained circumstances.

Roberts-Smith also admits to being driven by the power of fear: “I need to do whatever I have to do to make sure I don’t let down my mates, that I don’t let down the team. That fear brings out the best in people and pushes them to go that little bit harder and further.”

Read more about Ben Roberts-Smith’s strategic approach to business.
“Leave something for others.”
Vincent Lam has sold advertising spaces and ideas for more than two decades, most of them on other people’s property. His business began in 1993 as a railway advertising firm, but the train passengers of that era were the wrong demographic for Western advertisers.

Within two months he shifted his focus to airports, at that time a niche that suited his modest capital. Foreign advertisers embraced the offering as the Chinese market opened up. But Lam had to **build relationships** with airport managers from Guangzhou to Beijing. Years of work paid off in 2007, when he won his first exclusive rights agreement. He’s now building relationships to advertise on China’s metro rail lines.

All that relationship-building has impressed on him the value of partnerships. “I don’t think one should be too calculating as to how many dollars you win or lose,” he says. “I don’t mean ‘don’t count, don’t work hard’, but just **don’t be too calculating**. Instead of squeezing your business partners to the last dollar and cent, leave something for others.”

“‘Optimisation of profits’ … I don’t think this is the way we can do business in a place like China. If you want to be in China for the long haul, it’s more important to **be brothers to your neighbour**.”

**Read more about Vincent Lam’s strategic approach to business.**
“Understand the customer’s needs.”
Intel’s Australian chief, Kate Burleigh, has to understand market research and manage her team, but she aims to spend almost half her time working with customers to find out what Intel needs to give them. “Often this involves watching the customer to find points of frustration rather than asking what they want,” she notes. “They won’t be aware of what’s technically possible.”

“The big, large SIs [systems integrators] or supermarket chains or airlines or the big-end customers – what are their pain points? Speaking to the chief information officers and where they feel their business might be going, and synthesising that. On the consumer side, talking to the retailers, researching into end customers, understanding the trends, doing a lot of work with the telcos.”

Burleigh is also a fan of her company’s “Intel Inside” advertising strategy. “It was quite inspired of the early founders of Intel to say ‘I don’t just want the sale, I also want the credit’.” The high awareness of Intel makes it easier to convince new players that it is the highest quality, brand-preferred option.

Read more about Kate Burleigh’s strategic approach to business.

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