

Montgomery, Cynthia A. – The Strategist, Be the Leader Your Business Needs

HarperCollins Publishers, 2012, [Business] Grade ★★★★★

Cynthia Montgomery is a Professor, and former Head of the Strategy Unit at Harvard Business School, where she has taught for more than 20 years. She is currently teaching strategy in the School's executive program for entrepreneurs and owners of private companies. This book is basically a brief summary of the course she teaches there. It is well worth reading. As always, when someone really understands their subject, they manage to explain complex issues in a rather simple and straightforward way. Montgomery does it far better than most, even though a dedicated student of strategy will not be surprised by the messages, nor by most of the cases like Apple, IKEA and Gucci. But Montgomery's passion is unusual – she truly believes it is *“time to approach strategy in a different way and time to transform the process from a mechanical, analytical activity to something deeper, more meaningful and far more rewarding for the leader”*.

Montgomery reminds me of two important issues I had almost forgotten. It's strange because it ought to be obvious to all of us. The first issue is that strategy has evolved a lot since Professor Porter's first writings. Nowadays, it is an industry with hordes of specialists and consultants advising. But strategy is not a destination - it's a journey. *“Strategy – the system of value creation that underlies a company's competitive position and uniqueness – has to be embraced as something open, not something closed. It is a system that evolves, moves and changes”*

So, who is the true strategist? Many separate strategy from leadership, implying that you are either a doer or a thinker. Montgomery's message is that only the leader can be the strategist, primary because strategy is more than just diagnosis and policy; it's also about continuous adjustments of coordinated actions. The leader doesn't necessarily need to create the strategy formulation himself – often it's positive to involve the management team and consultants, but in the end it's about living with a strategy over time and *“the richness of judgment, the continuity of purpose, the will to commit an organization to a particular path”*. If more leaders got this insight

and realized they need to be the strategists – to also have a view from the balcony instead of just being firefighters – most companies would be better managed.

The second issue is equally interesting. Montgomery begins her course by asking these entrepreneurs: *“Does your company matter? If you closed its doors today, would your customers suffer any real loss? How long would it take, and how difficult would it be, for them to find another firm that could meet those needs as well as you did?”* These questions surprise most entrepreneurs, and few are able to answer them directly. *“Accustomed to describing their business by the industries they're in or the products they make, they can't articulate the specific needs their business fills, or the unique points that distinguish them from competitors on anything beyond a superficial level.”* Leaders are so focused on competition that they have forgotten the company's purpose. Why does it exist? If the leaders aren't clear about this themselves, imagine the confusion in their businesses three levels down...

I believe the one thing really successful companies have in common, is that every stakeholder has a genuine understanding of the company's purpose. Montgomery puts purpose in the center of the strategy wheel. A genuine purpose is ennobling, puts a stake in the ground, sets you apart and sets the stage for value creation and capture. But a great purpose is not a great strategy. *“A great strategy is more than an inspiration, more than a dream: It's a system of value creation, a set of mutually reinforcing parts. Anchored by a compelling purpose, it tells you where a company will play, how it will play, and what it will accomplish.”*

There are plenty of interesting and well-supported opinions from Montgomery in this handbook for “operational strategists”, e.g. on the myth of the super-manager, the industry effect, and on the Value Creation Wedge. To summarize, this book is a refreshing read for most managers and investors. It's difficult to be passionate without a “purpose”.

Michael Persson, December 15, 2012