CHOOSING THE RIGHT MANAGER TO FIT THE STRATEGY

Milton Leontiades

Managers make strategy and strategy determines business success or failure. That's why it is so important to select the right managers for your company. The author provides models for managerial selection at the corporate and the SBU levels.

Howard Johnson was a pioneer in the fast-food business, yet McDonald's now dominates the field. Montgomery Ward and Sears were large retailers faced with the same options for growth after World War II, but Sears was the company that capitalized on its opportunities. Similarly, K mart and W.T. Grant saw their futures differently, the former developing a grand strategy based on new store design, innovative merchandising, and quality control while the latter struggled from one unprofitable year to another until its ultimate bankruptcy.

Success or failure often relies on management's perceptions of its opportunities. In the above cases, these perceptions differed sharply. The differences in results couldn't be accounted for by changing environmental circumstances, since the firms were in the same industry faced with similar uncertainties. The results were the consequence of major strategy decisions. And such decisions were the responsibility of the firms' respective top managers.

Just as in the past, current decisions will prove some managements more insightful than others. It is logical, even obvious, to assume that good strategy depends on good managers. Without a manager's perception of a need for a change in strategy, no change will occur. With an incorrect perception, the wrong strategy will be chosen. Despite the dependence of strategy on managements' decisions, surprisingly little work has been done in choosing managers that fit a company's choice of strategy, with few companies apparently concentrating on ways of improving this determinant of future performance.

The objective of this article is to develop a structured approach for coupling strategy and manager selection. A separate model is proposed for matching the long-term strategy of an enterprise with the selection of an appropriate chief executive, with a second model employing the strategies of the strategic business units (SBUs) to aid in the choice of key operational managers. The logic of both the corporate-level and business-level models relies on well-established strategy concepts.

Selecting Corporate Managers

The most important task in manager selection is the choice of the top executive to lead the organization. He or she is the one who will set the overall strategy objectives and provide the leadership for attaining them. By choosing the right overall strategy, a chief executive can compensate for mistakes of those at less strategic levels. To paraphrase Peter Drucker, it is better to do the right thing than to do things right. Viewed from the top down, the requirements for a good manager tend to be spatial more than linear, right side rather than left side, and intuitive rather than predictable. At the top, a chief executive deals at the highest level of abstraction,

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