

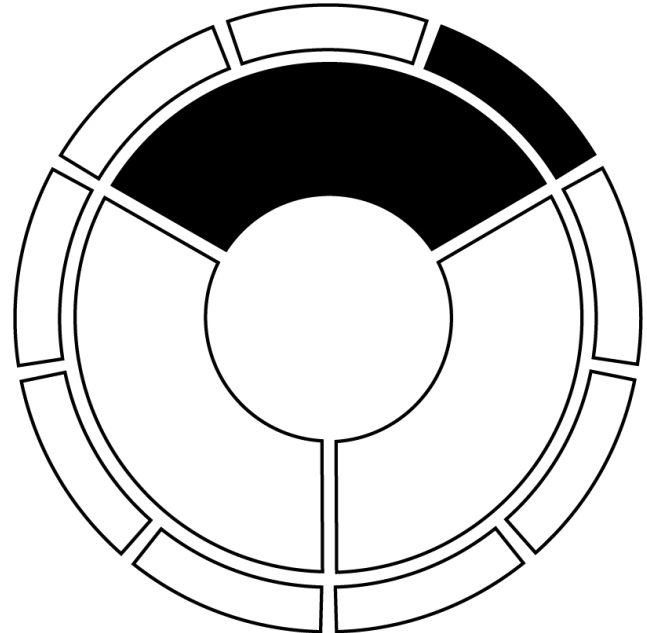
STRATEGIC THINKING

STRATEGIC THINKING AND PLANNING

In this part of the training, we are taking a deep dive into strategic thinking and planning for executives.

Definition

This skill set concerns your ability to develop winning strategies, create annual and quarterly goals for your department and team, and select the highest leverage annual initiatives and quarterly projects that efficiently implement the strategy so that the organization can consistently hit its objectives.

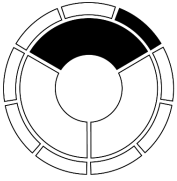


Different management and leadership experts may use different terms to refer to this skill set. Some of these different terms include: direction-setting, goal-setting, strategic thinking, strategic planning, annual planning, quarterly planning, course correction, prioritization, “getting leverage” and “dynamic steering.” All of these terms point to a similar set of activities and skills that fall under the umbrella topic that we are going to refer to broadly as strategic thinking and planning.

This leadership skill set answers the leadership question, “How will we develop our organizational goals, strategies, and plans to prioritize high-leverage initiatives and communicate them effectively?”

Departments run by leaders who are effective at strategic thinking and planning decide on annual objectives and select key high-leverage initiatives in which they will invest their time and energy, and perhaps a portion of their budget, each calendar year. These leaders also have quarterly milestones and regularly scheduled initiative and project team meetings, either monthly or perhaps biweekly) to make sure that these efforts are making progress and will hit their quarterly or monthly milestones.





STRATEGIC THINKING

While some organizations leave it up to the mid-level managers to figure out the best way to achieve the annual and quarterly objectives, and quarterly and monthly milestones, it is best to use some common frameworks and common tools so that all managers in the organization become familiar with the best practices and approaches being used to support ongoing strategic planning efforts (as well as the follow-up and implementation of those plans).

Strategic Thinking is Different From Strategic Planning

Strategic thinking is not strategic planning. As strategy author Henry Mintzberg points out, one is synthesis; the other is analysis.

“Strategic planning is not strategic thinking. Indeed, strategic planning often spoils strategic thinking, causing managers to confuse real vision with the manipulation of numbers.”

– Henry Mintzberg

Strategic thinking abilities are among the most in-demand management skills.

Why? Because employees who can think critically, logically, and strategically can have a huge positive impact on a company’s trajectory.

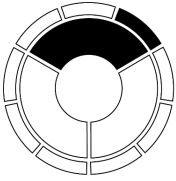
Managers are expected to collect, analyze, and combine data to create a strategy and narrative. This narrative is used to guide the company in the future over a specified time period.

The leaders then plan and choose the actions required to achieve these strategic initiatives. Managers who are seen as “strategic leaders” lift their heads above day-to-day work and view the organization with a big-picture perspective. They ask questions and challenge assumptions about the organization and the environment in which it operates. They gather data and interpret it. They use analysis tools and processes to evaluate options and make better choices that are more likely to lead to desired organizational outcomes.

Here are some questions to help you reflect on how this relates to your position and your situation.

Do you do these things? How often? Consistently?





STRATEGIC THINKING

Do your employees see you doing these things? Does your boss see you doing these things?

“Strategy without tactics is the slowest route to victory. Tactics without strategy is the noise before defeat.”

– Sun Tzu, The Art of War

Why is Strategic Thinking Essential for Executives

Every company is affected by the changing competitive landscape. Strategic thinking skills allow executives to be more prepared for these kinds of changes. Leadership teams frequently report that their executives and their managers running teams, projects and divisions do not think strategically enough. It is one of the biggest complaints we hear from senior executives. It is also a skill that is sometimes underdeveloped on the leadership team in mid-size companies. A common objective of managers’ development plans is to learn to “think more strategically.” However it is often the case that it is unclear what that actually looks like and how to learn to improve this skill.

What Does Strategic Thinking Look Like in Action?

Consider the last time you attended a project or planning meeting for your team or department.

Do you recall what you said during that meeting?

Did you have compelling ideas and a plan of action, or did you struggle to think strategically or put forth a strong solution?

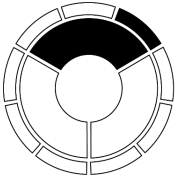
Did you have a good idea but find it difficult to articulate it in a compelling way?

Were you an active participant in the discussion, or did others take the lead?

Leaders who are viewed as strategic thinkers exhibit some specific observable behaviors.

These include the following “eight observable behaviors.”





STRATEGIC THINKING

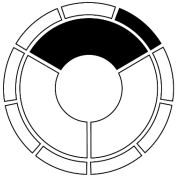
Do your colleagues view you as a strategic thinker?

We invite you to reflect on these behaviors and conduct an honest self-assessment. And we also encourage you to discuss these eight observable behaviors with your peers and especially your boss, who is likely looking for you to be exhibiting some of these behaviors even if they have not explicitly told you so. Please consider how often you are observed (by your peers and employees) exhibiting these behaviors.

The Eight Observable Behaviors of Strategic Thinkers

1. They ask insightful and provocative questions and challenge assumptions.
2. They maintain awareness and appreciation of the overall business strategy.
3. They focus on the future.
4. They identify key issues and driving forces that positively or negatively impact the organization.
5. They maintain an open mind and actively seek out and hear alternative and opposing assumptions and views.
6. They demonstrate the ability to grasp abstract ideas and put the pieces together to form a coherent picture.
7. They are able to generate a wide range of options and visualize new possibilities.
8. They understand the cause-and-effect links between different elements of the system and how those come together to impact the team or organizational results.





STRATEGIC THINKING

Further Clarifying Strategy and Strategic Thinking

A strategy is a set of actions in a specific sequence designed to achieve a desired outcome with minimum effort and cost, maximum benefit, and the highest probability of success.

We can describe strategic thinking as “the process by which the leadership of an organization envisions the organization’s future and defines the critical assumptions, factors, and business philosophies necessary to achieve it.”

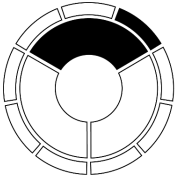
To add some additional nuance, we can say that strategic thinking considers all the factors that can affect the success or failure of a company, department, or team.

Strategic thinking involves the deliberate and careful anticipation of, and examination of vulnerabilities, threats, and opportunities.

You are already familiar with the simple SWOT analysis. As you know, S.W.O.T. is an acronym for Strengths, Weaknesses, Opportunities, and Threats. It’s a basic yet certainly useful tool. It is one of the first tools many leaders use to begin to practice their strategic thinking skills. Many organizations have adopted a tool referred to as a PESTLE analysis to get a more granular view of the circumstances a business is facing, including the broader industry and macroeconomic environment. Another acronym, of course, is PESTLE, which stands for Political, Economic, Social, Technological, Legal, and Environmental factors. You might say that strategic thinkers who are elevating their skills often graduate from using SWOT to using PESTLE. The analyzing and strategizing inherent in what we are calling strategic thinking ultimately results in new ideas, goals, and plans that will help the organization thrive in a competitive environment.

As we will see in this training, strategic thinking requires creativity, analysis, problem-solving, and communication skills. Strategic thinking skills include any skills that enable you to use critical thinking to solve complex problems and plan for the future.





STRATEGIC THINKING

Contrasting Strategic Thinking with Strategic Planning

Strategic planning focuses on analysis: breaking down a goal into steps and then formalizing those steps into plans that can be articulated, delegated, and executed. Strategic thinking produces strategic insights. It is creative and inductive in nature.

Planning, on the other hand, is more deductive. It is about breaking a goal down into smaller chunks and creating an action plan or project plan to “execute” the plan successfully. This kind of planning benefits from a disciplined, linear, predictable, and repeatable methodology.

Strategic thinking results in a more comprehensive, complex, and integrated perspective on an organization and the challenges and obstacles it faces.

First used in a military context, the word strategy comes from the Greek word for “office of the general.” Historically, this occurred whenever a small army defeated a larger, better-resourced enemy.

In essence, strategy is about cleverly leveraging limited resources that result in non-linear performance gains. The concept we call *strategy* has many connotations, such as deciding how to deploy large-scale operations, using clever and resourceful methods in business, games, or war, and being a maneuver designed to outsmart a competitor.

Put even more succinctly, strategy involves finding and using leverage.

Like any other complex skill, strategic thinking is best learned through practice, but many leaders do not have the opportunity or make the time to think strategically and accumulate the practice needed to develop this cognitive skill to its full potential.

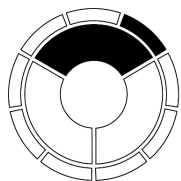
Strategic Thinking Skills for Managers

You are expected to think strategically as an executive.

Every week you make decisions that help or, in some cases, hinder your team and your organization’s ability to achieve its objectives.

Each decision you make has numerous implications as a manager. You have to work with the constraint that the information you have is limited and is often not comprehensive or





STRATEGIC THINKING

complete, as well as the fact that many of the strategic decisions you need to make involve numerous variables.

Much of your success in your role rests on your ability to think strategically.

In this training, we will cover some of the fundamentals of strategic thinking so that you can evaluate your proficiency in this essential ability, refine your understanding of the critical components and steps in the process, and discover ways that you can engage in strategic thinking as a practice. This leads to your improvement in this essential skill quarter after quarter, year after year in your role as a senior executive.

One of the challenges of executive leadership is that there is a limited amount of information about the numerous internal and external forces influencing your organization. Strategic thinking helps you evaluate options and develop effective strategies, which we can also call approaches, despite limited information about key variables.

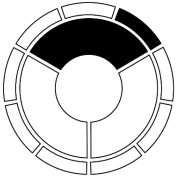
In its most basic sense, strategic thinking is about analyzing opportunities and problems from a broad perspective and identifying ways to achieve greater leverage, which is defined as less effort or resources and more positive outcomes. When you and the other leaders you work with think strategically, you can benefit the organization in several important ways.

Your choices and direction are more likely to align with your overall business strategy. You are able to find and implement more leverage, which improves your organizational performance and business results. And you foster a culture that questions assumptions and encourages innovative thinking.

Strategic thinking skills are any set of skills that enable you to solve complex problems and plan for the future using critical thinking. These include your sensemaking skills, your problem-solving skills, and your communication skills.

Strategic planning is frequently used to solve problems or address challenges, such as missed financial targets, inefficient workflows, or facing an emerging competitor. To implement a strategy addressing your primary challenge, you must first understand the problem and potential solutions. You can then devise a strategy to solve the problem. In order to develop a





STRATEGIC THINKING

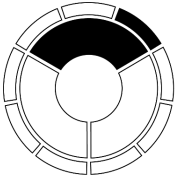
strategy that will help your organization achieve its goals, you must be able to analyze a wide range of inputs, including financial statements and key performance indicators (KPIs), market conditions, emerging business trends, and internal resource allocation. This preliminary sensemaking is critical for developing a strategy that is in line with your organization's current reality. Developing a strategy for your functional area, department, or team, regardless of size, necessitates strong communication skills. Strategic thinking requires the ability to communicate complex ideas, collaborate with internal and external stakeholders, build consensus, and ensure everyone is aligned and working toward common goals. It is useful to regard strategic thinking as a process that includes several specific, discrete cognitive activities.

When you engage in this activity, you identify and analyze:

- vulnerabilities and threats
- opportunity costs associated with each move you are considering
- feasibility of each idea
- risks associated with the actions you are considering taking
- the likelihood that various tactics will be effective
- the methods of aligning objectives with the overall plan
- how your intended plans may be affected by the actions of customers, competitors, suppliers, or customers

As mentioned previously, an essential aspect of strategic thinking is to anticipate potential threats or problems so that you can mitigate or avoid them.





STRATEGIC THINKING

As you uncover potential obstacles during the strategic thinking process, you will address them by:

- Gathering relevant information about the problem
- Clearly defining the threat or problem from a strategic point of view
- Brainstorming possible solutions
- Delegating assignments to key teams or members
- Considering further downstream challenges those teams may need to confront and how to mitigate, avoid, or overcome them.

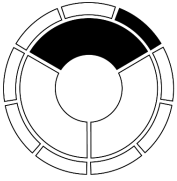
Strategic Thinking Process

In the most simple terms, strategic thinking and/or planning consists of identifying and clarifying where we are now, where we want to be; and how we will get there. Naturally, we can break that into any number of steps, and different strategic thinking books and frameworks have different names for these phases or steps. The idea is to get better at each aspect of strategic thinking. In later lessons in this course, we will unpack each of these and offer additional techniques and tools that enhance your ability to engage in these activities in your leadership role.

Six Straightforward “Steps” to Guide Your Strategic Thinking

1. **Zoom Out** – Zoom out to see the big picture
2. **Objectives** – Make objectives explicit
3. **Drivers** – Identify key drivers
4. **Alternatives** – Generate alternatives or options for consideration
5. **Prioritize** – Clarify the priorities and the tradeoffs you intend to make
6. **Socialize** – Articulate your strategy and “socialize” it so that other stakeholders can support it. (or give you needed input as to why they are not in support)





STRATEGIC THINKING

Six Ways to Improve Your Strategic Thinking Skills

Following are specific things you can do to improve your strategic thinking skills over time:

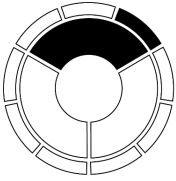
1. **Reflection** – Set aside time to reflect and plan for the future, identify trends, prioritize tasks, and determine where to allocate resources
2. **Biases** – Uncover your own biases so you can think more clearly about strategy
3. **Better Data** – Listen to your organization’s subject matter experts and opinion leaders to obtain higher-quality information that you can use in your strategic thinking. Interview leaders from other functional areas (such IT, HR, R&D, marketing, or sales) to hear and understand different perspectives on the business.
4. **Questions** – Learn to ask great questions to uncover better options and plans. Examples of good questions include “Is this idea from a credible source?” and “Is this idea logical?” “Will this work in our specific circumstances?”
5. **Consequences** – Explore the downstream consequences of different strategies and directions. Playing devil’s advocate with your ideas can allow you to preemptively identify weaknesses in your argument and equip you to defend your strategy when others ask questions.
6. **Practice** – As with any skill, you’ll improve at strategic thinking the more you practice it and the more experience you gain.

It’s definitely worth the time and effort. In truth, strategic thinking is one of the main things that distinguishes mediocre executives from outstanding executives.

Communicating Your Strategic Plans

It should be obvious that it is important that you clearly communicate your plans not only to your boss and your direct reports but, in many cases, also to your peers who may be impacted by your project or initiative or who may be asked to cooperate or support in some way. This is not difficult, but many executives are not in the habit of doing so perhaps because they haven’t had as much experience using this skill.





STRATEGIC THINKING

Your strategic plan may be in the form of an “Executive Brief,” a PowerPoint deck, or even a detailed email. At minimum, a written strategic plan will need to include the following:

1. **VISION** – The vision for the project or initiative (the end destination or final result) and the specific objectives. These are not stepping stones or steps, rather they are the “outcomes” that your department will have at the end of the effort. You can also think of them as “deliverables.”
2. **STRATEGIES** – You will need to explain the “how”. That is the strategies, tactics, or methods you will use to achieve the outcomes. Sometimes these are thought of as workstreams. Obviously, these strategies and tactics, the how, should be well thought through and be “strategic” or high-leverage.
3. **MILESTONES** – You will also want to include the major milestones, a couple of milestones per quarter, or even one milestone a month. A milestone is a target with a date. These milestones keep the project on track so it doesn’t fall behind.
4. **TASK LIST** – This is the list of activities and tasks that will need to be completed. If the initiative is large you can have a separate task list for each workstream or tactic. The task list should indicate who is responsible, to whom the task is delegated, and the approximate target due date.

Conclusion

In this handout, we defined strategy and strategic thinking and described the eight observable behaviors of executives who are thinking strategically. We offered a six-step process for strategic thinking, and we offered six specific ways you can increase your strategic thinking skills.

