

Strategic Thinking

by John Johnson, Changemaking Systems, LLC

What do the terms "Strategic" and "Strategic Thinking" mean?:

The word "strategic" is used too much these days. It has become a differentiator for status and careers, so now people stick it in as an adjective in front of most every noun, sort of a way of claiming what is strategic, whether or not they actually have it. There is strategic planning, strategic management, strategic issues, strategic positions, strategic actions, strategic alliances, and strategic business partners.

Almost all planning now seems to be called strategic planning, even though very little of it is. There are misguided, but popular views that say that strategic planning is long term and futuristic (but it is just as immediate as it is long term); that it is big picture (but it can also be very focused); that it is done at the top of the organization (but it is hopefully being done throughout the organization, top to bottom); that it is linear, analytical, oriented to control, consistency, order, and predictability (but it is also flexible and imaginative (*)) In Mind of the Strategist, Kenichi Ohmae says: "Strategy is analysis plus intellectual elasticity so that advantageous responses can be made to changing situations."

I believe that "strategy" has to do with intentionally using my assets (like skill or special resources) and neutralizing my vulnerabilities to take advantage of a presented opportunity (often a surprise) to position myself to accomplish a goal (vision) or meet a challenge. "Strategic thinking" is the thought that is put into using assets, neutralizing vulnerabilities, taking advantage of opportunity, and positioning oneself to succeed. "Strategic thinking facilitation" is the role of helping someone or a group or an entire organization or concurrently several organizations think through a strategic agenda. "Strategic planning" is when we put the thoughts and decision regarding strategy into a planning format, so that there is an alignment of understanding among the several people who have to work together to execute the strategy (ies). It is most useful to involve many people at one time in planning, since we want buy-in to the plan.

Examples of Strategic Thinking and Decisions:

As a kid I worked for an entrepreneur in my hometown. I noticed that he didn't work very hard, that he enjoyed himself a lot, and that he made a lot of money. He lay on the couch thinking. Then he would occasionally take action, usually through other people, like me. I only learned much later that he was a strategic thinker.

A baseball pitcher saves his strikeout pitch (maybe a sinking fastball on the corner of the plate) until he needs a strikeout. The judgment as to when to use it is strategic.

You have a tough meeting tomorrow. You lie in bed thinking about it. You decide to cut the agenda in half so that there is more time to help participants process the new proposal that you know will be controversial. Your thinking has been strategic.

When the National Cancer Institute chose to focus its research efforts on neutralizing the enzyme that spreads cancer rather than on curing cancer, it was shifting its strategic target in order to combat this dreadful disease.

When the Human Resources Department decides to identify an account manager for each major internal customer, it has thought through its vulnerabilities of not really tailoring its services to the unique needs of each department and has determined its strategic positioning.

When a software development firm chooses to buck the tide and not offer products and services for the Microsoft environment but provide an alternative to MS in the market place, it is making a courageous (we don't know if it will be successful) strategic decision.

When a company shifts its focus from an operational excellence value discipline to a customer intimacy value discipline, it has been doing strategic thinking (hopefully) about its relative strengths, the changing opportunities in the market place, and its vulnerable situation having to depend upon stable projections of commodity-type margins in a very unstable business environment.

The biblical story of David and Goliath, the underdogs and those less talented must be strategic thinkers.

When Melissa makes herself available to lead the company's new product venture and leave her safe job that she has mastered, Melissa has thought through benefits and risks and has determined that the move is worth the risk if she is to position herself for a later general manager role.

Jack Welch of G.E. quotes Helmuth Von Moltke, Military Advisor to the Ottoman Court: "Strategy is not a lengthy action plan but rather the evolution of a central idea through continually changing circumstances." Each business, each project, each movement, each career, each national initiative has a central idea. Although it is not often consciously known or guided through an organic, evolutionary process.

Miyamoto Musashi in *The Book of Five Rings* (which finally convinced me that strategy was not an adjective to planning) tells a wonderful story about how he survived as a sword fighter for many years. Lessons abound, such as my favorite: "Move in when the opponent's mind stops." In his case strategy was instantaneous with presented opportunities. At most he might quietly reflect on his challenge while riding in the hand-oared boat crossing the lake to the shore where the contest would be held. He thought about his opponent, about his own strengths and vulnerabilities, about the setting and other circumstances of the contest. Then he determined his approach to the challenge, and when he arrived on the far shore, he executed that approach and the opponent.

Key to Facilitating Strategic Thought:

A primary mode for facilitating strategic thinking is that of working one-on-one with an individual, not just about that individual's role in leading an organization's strategic decision making. It also relates to an individual's own decision-making about self, for example, regarding career decisions. An individual needs to think strategically about how to use personal skills in order to neutralize vulnerabilities and take advantage of opportunities in order to achieve something desired. The agenda of strategic questions is pretty much the same for an individual and for a company, even though the individual has a smaller scope and less complexity.

Facilitation of strategic thought happens at the level of one-on-one coaching, small group meetings, the joining of two small groups (as in the case of building strategic alliances, for example), or in the venue of a large gathering of people, which is becoming increasingly popular. Good coaching skills, good group process techniques (including in the large conference setting), and good planning tools and processes go a long way in each case. But fundamental to the facilitator's success in any of these settings knows the content of strategic thinking, not just the process. I would advise against trusting a facilitator of strategic thinking whom him or she is not very strategic.

When you are asked to provide facilitation help and you determine it is for strategic thinking (it is hardly ever asked for directly), how will you go about trying to be helpful?

Models are useful; if one fits the situation you are entering. But they hardly ever fit directly without significant modification. Working at the coaching level, for example, there are few models for working through a strategic thinking process. So the starting point ought to be: What are the key strategic questions for this client (person or system) at this point in his, her, their, or its development?

This is where knowing the content of strategic thinking comes into play. What are possible areas of strategic questions for any group, organization, or individual? The strategic thinking guide leads a tour of one or more of several arenas (I sometimes refer to them as caves and cave exploring):

What will we choose to do? Should we make a shift in our scope of services or products? Why? In what ways are our services strong? Vulnerable? What are the opportunities for us regarding the products we offer? And on an individual level, what kind of work do I really want to do? What kind of service or product do I want to provide?

For whom? Should we make a shift in market definition, positioning? Are their emerging client needs to which we should respond? Are there new opportunities for us to serve the client? New clients? In comparison with the competition, what are our advantages and disadvantages regarding our market segments? For whom do I really want to do work? How? What are / should be our core capabilities? In research and development? In relating to the client? In product zing? In production or operations? In marketing, sales, and distribution? Should we invest in developing another area of capability? Are we effectively leveraging our areas of core capability? Where are we strong, and where are we vulnerable regarding our current / future core capabilities? What are my strongest capabilities? How can I best use them to my career advantage? In what areas do I have the greatest need for learning? For what results? How big do we want to get, how fast? What kind of return on investment do we want? How do we compare with others in this area? Should we adjust our expected results? How much do I want to be paid for what I do?

What critical issues must be addressed and resolved before we can succeed with our strategies? What are the more significant barriers for me to overcome if I am to succeed with my plans? What factors exist that are likely impact enough on my achieving my goal that if I could modify them, leverage them, I would significantly improve my chances of success with the goal?

Then which of the above areas of questioning, when compared with each of the other areas, is most important to the overall decision making for this organization or for this person? In which are we most certain about what our answers would be? This area then becomes the drive force (#) or foundation of our thinking, the central idea that evolves through continually changing circumstances, and we build on this driving force platform with the answers in the other areas of questioning. For example, if the market we serve and its emerging needs become most important to us and are also the areas about which we know the

most, then answers relating to the market serve as a platform and guide to answering the other questions. The services or products we provide, the way we provide them, support them, and sell them, the pace with which we grow, and all of this builds on the driving force platform. The result of answering the battery of questions is the construction of a strategic framework, which will then enable us to make daily resource decisions and execute with some sense and coherence, again at any level, individually, as a work team, or organizationally. (#) In The Discipline of Market Leaders, Tracy and Wiersema refer to this same phenomenon as the value discipline of the organization.

Some Additional Facilitation Hints:

As a facilitator of strategic thinking, it is imperative to help individuals involved in the process to improve in their own strategic thinking abilities. One way to accomplish this one-on-one is to help the individual focus on questions like: What does that mean to you? What are the implications of doing that? What was the core of the message that you heard? Cutting through all the information, what is of central importance? If you had to put all your money on one horse, which would it be? Why? What intuitively would seem to be the smart thing to do? Why? What is the worst thing that could happen? How does that decision relate to the other systems here? What would you anticipate the consequences to be? For acting? For not acting? Whose help do you need? How do you best influence him? What does the competitor think of you? What is the competitor planning to do? Where is the customer on all of this? Are you sure that you know? What are the probabilities (see Thinking Strategically, Dixit and Nalebuff)? What could you do to change the rules? What really has worked for you over time? Why? What advantage do you have? How are you at a disadvantage? What is a possibility for you to create an equal playing field? If you could climb out of this pattern, what things might you see? What would be an analogy to what you are now faced with?

When working with a work team, a department, or a function, that is not a strategic unit of the organization, per se, what can you do as a facilitator to provoke better strategic thinking? Ask the group to reflect on: Fundamentally, what is the business (or mission, if not a business) that you are in? How does it work when successful? What has to happen for it to work? Now? In the future? What does the company's or total organization's strategic plan say about you, about what is expected of you? (It won't say it directly of course. So how does it say it indirectly?) What are the implications from the broader plan for you and your targets and priorities? What are the givens or assumptions with which you have to work? What is unacceptable in what you have been given? Conditions in which you cannot succeed? And which must change, if you are to succeed? How can you influence the content of the broader strategic plan, the decision making above you? What risk are you willing to take, either by remaining quiet or by speaking up? What advantages or strengths do you have at your disposal to leverage with the broader organization or within other arenas of the total organization? Who are your primary customers? What do you know about them and their real needs? How might you manage your relationship with them better? Which of your services or products do they respect the most? How can you leverage that? What are or must you develop as your core capabilities? Rather than a whole laundry list of tasks, what are the critical issues that must be addressed if you are to succeed?

When you are facilitating the strategic thinking of the entire organization, whether you are working with the top management group, a diagonal slice of the organization across levels and units, or virtually the entire organization (If the group is large, a small steering group is essential to serve as a strategic thinking partner in iterations with the larger group; see Robert Jacobs' Real Time Strategic Change), take seriously the challenge of pushing the client to pay attention to what is outside of itself: the market place, the political and regulatory environment, the business environment, technology, the competition (which companies seem to train themselves to dismiss, demean, or ignore), and the real needs of the customers. Not only to identify these external factors, but to strategize on the basis of them. What should you do about the competition encroaching on your product territory? What are some advantages that you have that can serve you to counter the encroachment?

Facilitation of strategic thinking is more than helping a client group do envisioning of the preferred future or helping them write mission or values statements or leading them in future search conference, large group processes. It is helping the client, as a system and as individuals, to think through the strategic agenda effectively. I believe that the strategic thinking process boils down to seeing, reconfiguring, and targeting. Seeing includes both understanding the reality of the current situation, the givens, without denial, and anticipating the future, the benefits and consequences, and the intuition for where trends are likely to go. Reconfiguring is being able to intellectually rearrange what you see into patterns that don't exist yet, new paradigms, if you will (hardly linear thinking!). Targeting is deciding where to focus, where to invest, where to prioritize, where to make changes or take action to optimize results from efforts expended (there's little worse than doing the wrong thing better and better). Process-wise strategic thinking embraces all three: seeing (both understanding and anticipating), reconfiguring, and targeting. The facilitator's opportunity is to teach and guide the seeing, reconfiguring, and focusing. And compared to other processes, such as continuous improvement for example, the facilitator of strategic thinking is leading people in preparation to go into battle rather than to go on a diet.

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His formal learning has come through Gustavus Adolphus College, Northwestern Lutheran Theological Seminary, the Preparing Educational Trainers and Consultants study and laboratory series at the Northwest Regional Educational Laboratory and the University of Michigan School of Social Research, as well as many days of workshops, seminars, labs, practicums, and tutorials on the various dimensions of organizational, personal and management development, including those of the National Training Laboratory.

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