

What is Strategic Thinking?¹

Strategic thinking is a synthesizing process that includes **intuition** and **creativity**, whose outcome is an **integrated perspective**. It involves thinking and acting within a certain set of assumptions and potential action alternatives as well as challenging existing assumptions and action alternatives, potentially leading to new and more appropriate ones.

1. The first element of strategic thinking is a **systems perspective**. Strategic thinkers have a mental model of the complete system from beginning to end and understand the interdependencies within the chain – surfacing, testing, and improving internal pictures of how the world works. They understand the external system in which a firm operates and appreciate the inter-relationships among the individual internal parts. Most of an organization's problems are not unique errors but systemic issues. Strategic thinkers see the linkages in the system from multiple perspectives and understand the relationship among the corporate, business, and functional levels of strategies to the external context, as well as to the personal daily choices they make. They also understand the connections across departments and functions, and between suppliers and buyers.
2. Second, strategic thinking is **intent-focused and intent-driven**. Strategic intent implies a competitively unique point of view about the future – a sense of direction. It holds out to employees the promise of exploring new competitive territory – a sense of discovery. It is a goal employees perceive as inherently worthwhile – a sense of destiny. These attributes marshal and leverage the energy of individuals within an organization to focus attention, resist distraction, and concentrate for as long as it takes to achieve the strategic vision.
3. The third element of strategic thinking is **intelligent opportunism**, openness to alternative strategies that may emerge as more relevant to a rapidly changing business environment. Intelligent opportunism fosters an emergent strategy, one that evolves and changes as necessary to achieve the strategic vision. In a healthy strategy system there's a tremendous amount of communication and interaction around ideas and possibilities – from the ground, from middle management, from senior management – weaving back and forth, in and out, and not stopped by the dead hand of bureaucracy or orthodoxy.
4. The fourth element of strategic thinking is **thinking in time**. Strategy is not solely driven by the future, but by the gap between current reality and the intent for the future. Strategic intent implies a stretch for an organization – current capabilities and resources will not suffice. This forces the organization to be more inventive, to make the most of limited resources. The past has predictive value but what matters for the future are departure from the past and an almost constant oscillation from the present to future to past and back. The real question: having seen the future you want to create, what must you keep from the past, lose from the past, and create in the present to get there?
5. Strategic thinking is **hypothesis-driven**. It embraces hypothesis generation and testing as core activities in an environment of ever-increasing information availability and decreasing time to think. Strategic thinking accommodates creative and analytical thinking sequentially through cycles of experimentation. Hypothesis generation poses the creative question, "What if . . .?" Hypothesis testing follows up with the critical question, "If . . . then." and evaluates the data relevant to the analysis. The effect is an organization that transcends simplistic notions of cause and effect and pursues life-long learning.

In summary, strategic thinkers remain open to emerging opportunities, both in service to the defined intent and also in questioning the continuing appropriateness of that intent.

¹ Based on a discussion paper by Eton Lawrence, Personnel Development and Resourcing Group

Is Strategic Thinking Compatible With Strategic Planning?

Strategic planning takes an agreed-upon strategic direction and determines how the organization is to be configured and resources allocated to realize that direction. One of the most common critiques of strategic planning is that it is overly concerned with extrapolation of the present and the past as opposed to focusing on how to reinvent the future. By being focused on analysis and extrapolation rather than creativity and invention, strategic planning tends to create the illusion of certainty in a world where certainty is anything but guaranteed. Strategic planning is normally used to denote a programmatic, analytical thought process carried out within the parameters of what is to be achieved, that does not explicitly question those parameters.

Strategic thinking, by contrast, is a creative, divergent thought process. It is a mode of strategy-making associated with reinventing the future. A significant deviation from strategic planning, strategic thinking questions the strategic parameters themselves. Discovering and committing to novel strategies necessitates relaxing or suspending at least some conventional wisdom and assumptions about the industry and industry recipes as well as one's psychological frames in which these recipes are represented, envisioning a number of possible futures, and challenging the existing operating assumptions in which current strategies are built.

Strategic Thinking: The purpose of strategic thinking is to discover novel, imaginative strategies that can re-write the rules of the competitive game, to envision potential futures significantly different from the present. Thought process:

- o Synthetic
- o Divergent
- o Creative

Strategic Planning: The purpose of strategic planning is to operationalize the strategies developed through strategic thinking, to support the strategic thinking process. Thought process:

- o Analytical
- o Convergent
- o Conventional

Both strategic thinking and strategic planning are required in any thoughtful strategy-management process. Thinking about the future is important and processes have to be put in place so managers can attend to strategic issues amidst day-to-day crises. Planning is vital and it won't produce unique strategies that challenge and redefine boundaries unless it stimulates the creative mind-set.

Appropriate strategy management incorporates strategic thinking and strategic planning as related activities, each valuable in its own right. Outstanding leaders and strategists are able to see both the big picture and the operational implications. They continually examine the tension between the alignment necessary to support efficiency and effectiveness and the disruption of alignment necessary to foster change and adaptability.

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