

Becoming a Strategic Thinker on a Daily Basis



Raise Your Strategic IQ for 21st Century Success



By Stephen Haines, Founder and CEO of the Centre for Strategic Management®

Becoming a Strategic Thinker

Seventy-five percent of all strategic change efforts fail to achieve their intended results. In today's dynamic and confusing global environment, the need for leaders of all types to become and remain strategic thinkers on a daily basis is a necessity for successful change and business growth. It is not enough to build a Strategic Plan or have a long-term vision or, conversely, to just give up and muddle through the complexities around us and hope for success. A disciplined way to think, to plan, to act, and to rethink and re-plan all over again on a daily basis is needed to grow your business. It is needed to grow your career as a leader as well.

Planning and Change are the primary jobs of leaders today, and Strategic Thinking is the way to do this.

The lament on many executive's lips these days is to the effect that, "we need more strategic thinking and strategic thinkers." However, just what does this popular phrase mean?

Strategic Thinking Defined

Strategic Thinking is a broader and more innovative way of thinking on a daily basis about the overall goals of your job, team, and organization. It is longer-term oriented with a more systemic and holistic view of your environment.

It is also disciplined thinking with a focus first on the desired outcomes of your entire business as a system. Then it focuses on the relationships between your organizational components, along with constant feedback about results, to find the leverage points that best achieve your desired outcomes.

The parts of an organization don't usually fit and work together well— too many silos and political conflicts.

1. Strategy is about clarifying the direction and vision of the whole, along with its Goals/Key Success Measures.

Backwards Thinking to the Future

"Thinking Backwards" in order to move forward to grow your business is what outstanding Strategic Thinkers do, time after time, day after day.

—Stephen Haines

2. Strategy is about identifying relationships and Core Strategies driving the whole organization towards its vision.
3. Strategy is about identifying leverage points for organizational change on a daily basis.
4. Strategy is a simple, yet structured, way to organize your thoughts about all the complexity in your world today. Strategic Thinking is a serious discipline, yet the simplicity to do it well is within the reach of all executives, managers, and professionals.

Strategic and Systems Thinking

Strategic Thinking is also called systems thinking, critical thinking, solutions thinking, future and forward thinking, longer-term thinking, and high-level thinking. It is actually from the Science of Systems Thinking.

It is not analytic thinking, which is tactical, mechanistic, reductionistic, either/or thinking. It is not parts oriented, or one best way.

This is Strategic Thinking . . . it is also Systems Thinking

WHY SYSTEMS THINKING?

Systems Thinking also focuses on relationships, multiple outcomes, holism and boundaries, the environment, the larger system, and feedback. Systems Thinking has a scientific foundation: the way to think is from the Science of Systems Thinking.

It has many applications, including:

- Strategic Planning—for overall direction.

- Strategic Thinking—daily, based on overall direction, including problem solving, project management, etc.
- Strategic Management—a Yearly Cycle of how to run a business in a strategic way (Strategic Planning + Daily Strategic Thinking + Leadership + Change).

Systems Thinking Reflects the Natural Way the World Works

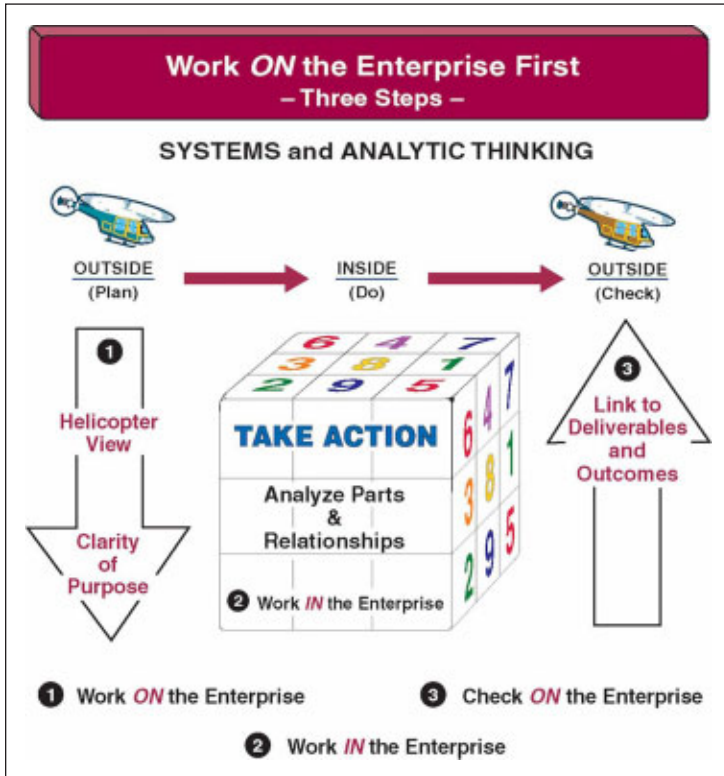
Strategic Thinking is synonymous with Systems Thinking. In essence, Strategic and Systems Thinking view organizations within the context of their environments. As such, an organization does not exist as an island unto itself, but as part of a larger network, web, or matrix of systems that all function more or less independently, yet interdependently.

We, at the Centre for Strategic Management, like to use the analogy of getting a "helicopter view" of the organization as a system. From a height of 5,000 feet (or more) it is much easier to see the bigger picture, allowing a much broader perspective on achieving purposes and results that maximize an organization's presence and success in the marketplace.

Underlying systems are complexities (represented in our studies by the Rubik's Cube) that have at heart, simple, fundamental foundations. By grasping the fundamentals of how an organization works as a system within a set of larger systems, it is possible to work through the complexity and arrive at real, effective solutions to difficult business and organizational problems. In Strategic and Systems Thinking, we see the "simplicity on the far side of complexity." Capture, don't ignore the complexity. Then find its elegant simplicity, structure, and order.

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Strategic and Systems Thinking vs. Daily Analytic Thinking

Being very practical now about Strategic Thinking, it can best be described as an “Outside–Inside–Outside” thinking process.

OUTSIDE FIRST

It is first and foremost about being outside and above the organization with a helicopter’s broader perspective of your organization within its environment. Building clarity of purpose within this dynamic and global environment is the first priority. Steven Covey calls it, “begin with the end in mind,” in his *Seven Habits* book. We call it *Backwards Thinking* from the future to the present in order to move forward strategically. Whether or not you call this a vision, mission, goals, outcomes, objectives, outputs, or clarity of purpose, the point is the same: *Work ON the Enterprise first.*

INSIDE SECOND

Now you are ready to *Work IN the Enterprise.* Analyze the parts of the situation and their relationships to each other in support of your purposes and take action. However, watch out for the Unintended Consequences, as an organization is as complex as a Rubik’s

Cube that has over one trillion moving parts ... most of which are moved incorrectly. The truth is that there is no such thing as *Unintended Consequences.* We use this as an excuse because we do not understand the consequences of our actions. As a result of this natural, normal, and highly predictable systems and strategic problem, our Outside perspective is needed again. Working in the enterprise alone is just analytic, tactical, and piecemeal thinking if we are not careful and strategic on a daily basis.

OUTSIDE THIRD

Thus, the third step of the Outside–Inside–Outside trilogy is crucial. This is to check on the enterprise next. *Did I get the results that I wanted?* Strategic Thinking is not just about thinking, it is about thinking, planning, and acting on a daily basis to get your desired results.

This Outside–Inside–Outside trilogy is not just something to be used in a yearly Strategic Planning process. It is to be used on a daily basis in every meeting, with every problem, and in every decision-making process. It is therefore constantly thinking strategically every day in a planning–change mentality, then planning–change and planning–change all over again. Clarity of purpose first, then flexibility and integration of the parts are key.

Strategic Thinking: The Systems Thinking Approach®

This Strategic Thinking process can sometimes be counter-intuitive to many executives and professionals. We read left to right in English. We also often think about where we are today *before* thinking about our desired future, again from left to right. Thus, while Strategic and Systems Thinking is the natural way the world actually works, it is not the preferred or dominant way of thinking in western society.

Instead, 50 years of research of the Science of Systems Thinking gives you a *new orientation to life*, which we use as our Core Technology at the Centre. It defines the Outside–Inside–Outside trilogy in five even more specific and simple phases of thought. We call this *The ABCs of Strategic and Systems Thinking* in order to emphasize how elegantly simple these five phases are in practice. They even come with their own five Strategic Thinking questions.

The ABCs of Strategic and Systems Thinking

Five Strategic Thinking Questions—Four in Sequence:

- Phase A:** Where do we want to be? (i.e., our ends, outcomes, purposes, goals, holistic vision)—The right side of the system first.
- Phase B:** How will we know when we get there? (i.e., the customers’ needs and wants connected into a quantifiable feedback system.)
- Phase C:** Where are we now? (i.e., today’s issues and problems.)—The left side of a system.
- Phase D:** How do we get there? (i.e., close the gap from C to A in a complete, holistic way.)
- Phase E:** Ongoing: What will/may change in our environment in the future?

Analytic (piecemeal) Thinking in contrast:

- Starts with today (the left) and the current state, issues, and problems.
- Breaks the issues and/or problems into their smallest components (each square of the Rubik’s Cube).
- Solves each component separately (i.e., maximizes the solution for each part of the Rubik’s Cube.)
- Has no far-reaching vision or goal (just the absence of the problem). You cannot solve a Rubik’s Cube by solving one of the six sides first. You must work all six sides together, or you get negative Unintended Consequences—just like organizations who use Analytical Thinking.

Note: In Systems Thinking, the whole is primary and the parts are secondary (not vice-versa).

Learn this simple ABCs Model and the five associated questions and “voila,” you are a Strategic Thinker on a daily basis. However, the real key to Strategic Thinking is even simpler than that. The key is the right side of the systems diagram—the E, A, and B Phases: *Working ON the Organization first*.

PHASE E: Future Environmental Scanning—Start here (remember it’s ongoing) with any issue, problem, or decision you are making on a daily basis. How does the issue look from the helicopter view? What is changing is the environment (both outside and inside your organization)? What and who else is impacted by this issue? Who are all those who have a stake in its success (i.e., your key stakeholders)? What are their views and opinions? What facts might they have that you don’t?

PHASE A: What are your desired outcomes and purposes? Are they clear and specific? Do we all agree before beginning the problem-solving and decision-making?

PHASE B: How will we measure success—to know when we get there? What specific Key Success Measures or metrics should we use to define success? For some executives, this is called Goal Setting. For others this is the Balanced Scorecard. For us, we call it the Key Success Measures: the Quadruple Bottom Line of Financial, Customer, Employee, and Society Success.

NOTE: For those wishing to read even more on E-A-B Phases, please see our companion articles on Reinventing Strategic Planning and The ABCs of Strategic Management FREE on our website www.csmintl.com.

E-A-B Phases Key

Jumping right in first and problem-solving an issue is foolhardy at best, and destructive at worst. First, your problem or issue must be clarified above in the E, A, and B Phases and questions. If not, this is where we become activity oriented, frantically trying this solution or that one, without clear results in mind that fit your desired outcomes. The views and desires of your key stakeholders and dynamic global environment changes are often largely ignored.

This is what we mean by first *Work ON the Organization*.

What About Phases C and D of the Systems Thinking Framework?

PHASE C: Today, where are we now?— is usually the easiest Phase to focus on and answer. And it is important, just not the first phase. Now you can do a Current State Assessment of the issues/strengths and weaknesses (so called SW or SWOT). It leads us to *Working IN the Enterprise*, once Phases E, A, and B are clear.

PHASE D: How do we get from here (today) to there (the desired future)? This is true *gap analysis*—where the gap is usually much different because we started with the future and used Backwards Thinking. Starting from today (the inside) as the first phase leads to MOS (More of the Same). Starting from the future and right side of the systems diagram (outside first) leads to a qualitative different set of strategies and actions—because you have become a Strategic Thinker!

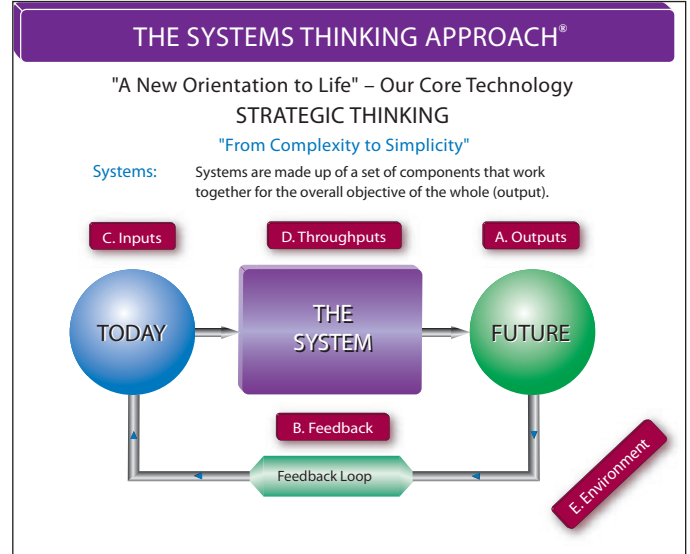
But wait, that is not fully true. There is a right way (strategic) and a wrong way (analytic and tactical) to Work IN the Organization. In a word:

Relationships

Remember our Rubik’s Cube of an organization and our Unintended Consequences? Well, organizations tend to be structured into functional areas, leading to silos, turf battles, and fragmented functions. Try these:

The Top 10 Failures of Fragmented Functions (vs. An Organization as a Living System)

1. Fragmented Information System.
2. Fragmented Training and Development.
3. Fragmented Department Goal Setting.
4. Fragmented Business Unit Plans.
5. Fragmented Measurements of Success.
6. Fragmented Priorities and Perspectives.
7. Fragmented Performance Appraisals.
8. Fragmented Reward System.
9. Fragmented Projects/Consultants.
10. Fragmented Leadership Development.



In sum: Are we “micro smart” and “macro dumb” about organizations?

The Business Glue: Core Strategies

Strategic Thinkers think, plan, and work across these silos and fragmented functions. They look at the relationship and fit of the parts, people, and processes involved in the problem (the Rubik’s Cube effect). They clarify and design solutions to achieve the overall goals and purposes of the issue. In short, the core of this whole article is the word “strategic”—and this gap between today’s reality and the desired future leads to a set of Core Strategies as the primary means (Phase D) to the desired ends/results (Phase A).

Hence, Strategic Thinkers use the organization’s *Core Strategies as the organizing principles* for all their meetings, problems, projects, issues, and decisions. While every silo function has its specific expertise, every function exists for one and only one reason to support the Core Strategies that are the organization’s primary means, approaches, and methods to achieving its vision.

Strategic Thinkers use the Core Strategies every day in every way during Phase D (the daily work of the organization as a system). The Core Strategies are the overall practical guides and business glue that hold it together.

This is how to be a Strategic Thinker on a daily basis.

The Social Glue: Core Values

Lastly, if Core Strategies from the Strategic Plan are the business glue, what is the social glue of an organization that binds the employees together? It is your Core Values, the Guiding Principles—the guides to daily behavior and the criteria for all your decision-making.

More could be said about your Core Values in another article as they create your culture—and when culture and strategy collide, which wins out every time? Culture, of course!

Top 11 Clues to Analytic Thinking

Instead of being a Strategic Thinker, you are in the presence of Analytical Thinking if any of the following are occurring:

1. A lack of *clear purposes or outcomes* is missing from the discussions.
2. People are asking or debating “*artificial either/or*” questions.
3. Discussions are about the “*one best way*” to do something without asking those closest to the issue for their solutions (“*People support what they help create*”).
4. Discussions are focused on a direct “*cause and effect*” without considering circular A-B-C-D-E causality or environmental factors.
5. *Simplistic knee-jerk solutions and quick fixes that fail* are being suggested without digging for the multiple root causes.
6. Issues and projects are being separated into silo discussions instead of *looking for the relatedness, the impact, and the integration* of them with other people and parts of the organization.
7. Discussions are activity-oriented without *Clarity of Purpose*.
8. An *early project activity is an assessment* of the situation (SWOT?) instead of first starting with a Future Environmental Scan and Desired Outcomes.
9. Decisions are being made without first exploring their *Unintended Consequences*.
10. *Feedback and openness are being sacrificed* in the name of politeness and fragile egos—“*Skeptics are my best friends*” is ignored, despite its obvious value to preventing Unintended Consequences.
11. The complexity of the discussions, terminology, and solutions are such that they will die of their own weight.

Simplicity and Systems Thinking Wins the Game Every Time!

IN SUMMARY:

- We are governed by the natural laws of life as open/living systems on earth, so:
- A successful participant must learn the new A-B-C-D-E rules.
- Analytical Thinking is old Industrial Revolution thinking.

Some Key Last Words on Relationships in Strategic Thinking

“*People support what they help create.*” This is a basic truism in today’s world. Thus, being strategic means thinking and paying attention to your key stakeholders and their buy-in to the desired changes resulting from your Strategic Thinking. Becoming skilled in the group dynamics of strategic decision-making entails skills such as:

- Appreciative inquiry and dialogue—“*Skeptics are my best friends.*”
- Consensus decision-making (“*actively supporting*” the decision).
- Listening and questioning (skills in short supply for many executives).
- Engaging others in strategic conversations (we often facilitate what we call One-Agenda, Strategic Thinking, day-long meetings/retreats).
- Developing *stay-in* over time as well as initial *buy-in*.
- Involvement and participation processes to get feedback and *understand the consequences* (such as our *Parallel Involvement Process*). A free article on this is available on www.csmintl.com.

The author recommends these six areas as skill building in furthering Strategic Thinking.

A Summary

Strategic Thinking is a new and better way to think: it is also Backwards Thinking. Start thinking more about:

1. The Environment—Phase E (and opportunities).
2. The Outcomes—Phase A (and results).
3. The Future—Phase A (and direction).
4. The Feedback—Phase B (and learning).
5. The Goals—Phase B (and measures).

6. The Whole Organization—Phase D (and helicopters at 5,000 feet).
7. The Relationships—Phase D (and patterns/leverage points and the Rubik’s Cube).
8. The Fit—Phase D (integration and synergy of multiple change projects at once).

Think less about Phase C so much:

1. Today’s Issues and Problems.
2. Parts and Events/Separateness.
3. Boxes/Silos/Defensiveness.
4. Single Activities of Change.
5. Inputs and Resources.
6. Maximizing Pieces.

How we think ... is how we act ... is how we are! Stop using “*analytic approaches to systems problems.*”

Remember, in Systems Thinking, the whole is primary and the parts are secondary, versus Analytical Thinking, where the parts are primary and the whole is secondary.

Strategic Thinking Defined Again

Strategic Thinking is a broader and more innovative way of thinking on a daily basis about the overall goals of your job, team, and organization. It is longer-term oriented with a more systematic view of your environment.

It is also disciplined thinking with a focus first on the helicopter view of the desired outcomes of your entire business as a system. Then, it focuses on the Rubik’s Cube relationships between your organizational components. It includes constant feedback on the desired results (Phase B) to find the leverage points that best achieve your desired outcomes (Phase A).

Another in the
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Series.

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