

Strategic thinking

Strategic thinking is defined as a mental or thinking process applied by an individual in the context of achieving success in a game or other endeavor. As a cognitive activity, it produces thought.

When applied in an organizational strategic management process, strategic thinking involves the generation and application of unique business insights and opportunities intended to create competitive advantage for a firm or organisation.^{[1][1][1]} It can be done individually, as well as collaboratively among key people who can positively alter an organisation's future. Group strategic thinking may create more value by enabling a proactive and creative dialogue, where individuals gain other people's perspectives on critical and complex issues. This is regarded as a benefit in highly competitive and fast-changing business landscapes.^{[1][1][1]}

Overview

Dr David R Stevens is generally regarded as one of the pioneers in strategic thinking. His book *Strategic Thinking: Success Secrets of Big Business Projects*, McGraw Hill, 1997 (available as an eBook) put forward various definitions of strategic thinking such as: strategic thinking is promoting unorthodox perspectives; challenging the obvious; and fostering divergent thinking and creative solutions (refer to Chapter 3 of the eBook).

Strategic thinking includes finding and developing a strategic foresight capacity for an organization, by exploring all possible organizational futures, and challenging conventional thinking to foster decision making today.^{[1][1]} Recent strategic thought points ever more clearly towards the conclusion that the critical strategic question is not the conventional "What?",^[2] but "Why?" or "How?".^[2] The work of Henry Mintzberg^{[1][1]} and other authors,^{[1][3][4]} further support the conclusion; and also draw a clear distinction between strategic thinking and strategic planning, another important strategic management thought process.^{[1][1]}

While there is no generally accepted definition for strategic thinking, no common agreement as to its role or importance, and no standardised list of key competencies of strategic thinkers;^[1] most agree that traditional models of strategy making, which are primarily based on strategic planning, are not working.^{[1][1][1]} Strategy in today's competitive business landscape is moving away from the basic 'strategic planning' to more of 'strategic thinking' in order to remain competitive.^[1] However, both thought processes must work hand-in-hand in order to reap maximum benefit.^[1] It has been argued that the real heart of strategy is the 'strategist'; and for a better strategy execution requires a strategic thinker who can discover novel, imaginative strategies which can re-write the rules of the competitive game; and set in motion the chain of events that will that will shape and "define the future".^{[1][1]}

Strategic thinking vs. strategic planning

In the view of F. Graetz, strategic thinking and planning are "distinct, but interrelated and complementary thought processes" that must sustain and support one another for effective strategic management. Graetz's model holds that the role of strategic thinking is "to seek innovation and imagine new and very different futures that may lead the company to redefine its core strategies and even its industry". Strategic planning's role is "to realise and to support strategies developed through the strategic thinking process and to integrate these back into the business".^[3]

According to J. M. Liedtka, strategic thinking differs from strategic planning along the following dimensions of strategic management:^[4]

	Strategic Thinking	Strategic Planning
Vision of the Future	Only the shape of the future can be predicted.	A future that is predictable and specifiable in detail.
Strategic Formulation and Implementation	Formulation and implementation are interactive rather than sequential and discrete.	The roles of formulation and implementation can be neatly divided.
Managerial Role in Strategy Making	Lower-level managers have a voice in strategy-making, as well as greater latitude to respond opportunistically to developing conditions.	Senior executives obtain the needed information from lower-level managers, and then use it to create a plan which is, in turn, disseminated to managers for implementation.
Control	Relies on self-reference – a sense of strategic intent and purpose embedded in the minds of managers throughout the organisation that guides their choices on a daily basis in a process that is often difficult to measure and monitor from above.	Asserts control through measurement systems, assuming that organisations can measure and monitor important variables both accurately and quickly.
Managerial Role in Implementation	All managers understand the larger system, the connection between their roles and the functioning of that system, as well as the interdependence between the various roles that comprise the system.	Lower-level managers need only know his or her own role well and can be expected to defend only his or her own turf.
Strategy Making	Sees strategy and change as inescapably linked and assumes that finding new strategic options and implementing them successfully is harder and more important than evaluating them.	The challenge of setting strategic direction is primarily analytic.
Process and Outcome	Sees the planning process itself as a critical value-adding element.	Focus is on the creation of the plan as the ultimate objective.

Strategic thinking competencies

Liedtka observed five “major attributes of strategic thinking in practice” that resemble competencies.^[4]

The first competency, a *systems perspective*, refers to being able to understand implications of strategic actions. "A strategic thinker has a mental model of the complete end-to-end system of value creation, his or her role within it, and an understanding of the competencies it contains."^[4]

A second competency underlying strategic thinking is *intent focused* which means more determined and less distractible than rivals in the marketplace. Crediting Hamel and Prahalad with popularising the concept, Liedtka describes strategic intent as "the focus that allows individuals within an organisation to marshal and leverage their energy, to focus attention, to resist distraction, and to concentrate for as long as it takes to achieve a goal."^[4]

Thinking in time means being able to hold past, present and future in mind at the same time to create better decision making and speed implementation. "Strategy is not driven by future intent alone. It is the gap between today's reality and intent for the future that is critical."^[4] Scenario planning is a practical application for incorporating "thinking in time" into strategy making.^[1]

A fourth strategic thinking competency is being *hypothesis driven*, ensuring that both creative and critical thinking are incorporated into strategy making. This competency explicitly incorporates the scientific method into strategic thinking.^[citation needed]

The final strategic thinking competency is *intelligent opportunism*, which means being responsive to good opportunities. "The dilemma involved in using a well-articulated strategy to channel organisational efforts effectively and efficiently must always be balanced against the risks of losing sight of alternative strategies better suited to a changing environment."^[4]

References

- [1] by Manu Amitabh, Fellow Scholar, M.D.I Gurgaon and Arun Sahay, Professor and Area Chairman, Strategy Management, M.D.I Gurgaon
- [2] Michael D. Taylor Systems Thinking in Project Management (<http://www.pmhut.com/systems-thinking-in-project-management>)
- [3] Fiona Graetz, (2002), " Strategic Thinking versus Strategic Planning: Towards Understanding the Complementarities (<http://www.emeraldinsight.com/journals.htm?articleid=865315>)", Management Decision, 40(5/6), 456-462.
- [4] Jeanne Liedtka,(1998), " Linking Strategic Thinking with Strategic Planning (<http://thinkingfutures.net/services/thinking/>)", Strategy and Leadership, 26(4), 30-35.

External links

- What is strategic thinking? (http://ww3.harvardbusiness.org/corporate/demos/hmm10/strategic_thinking/what_is_strategic_thinking.html), harvardbusiness.org
 - 6 Habits of True Strategic Thinkers (<http://www.inc.com/paul-schoemaker/6-habits-of-strategic-thinkers.html>) by Paul J. H. Schoemaker, Inc.com
 - For Great Leadership, Clear Your Head (http://blogs.hbr.org/cs/2011/09/for_great_leadership_clear_you.html) by Joshua Ehrlich, Harvard Business Review
 - How to Think Strategically (http://blogs.hbr.org/watkins/2007/04/how_to_think_strategically_1.html) by Michael Watkins, Harvard Business Review
 - Strategic Thinking: Success Secrets of Big Business Projects (<http://www.profstevens.com/books/default.html>) Dr David Stevens, McGraw Hill, 1997
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