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JOURNAL

Strategic Thinking: Providing the Competitive Edge

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Journal Article | Feb 11 2012 - 8:11am

Editor's Note: *In this essay, Dan McCauley states, "Given today's dynamic and information-laden strategic environment, senior leaders cannot possibly possess the depth and breadth of information essential for informed decision making. Leaders depend upon their staffs to provide analysis, assessments, and insights into the operating environment." When considering his discussion of strategic thinking, ask yourself, "Do our staff structures truly provide the commander what he needs to facilitate strategic thinking and strategic planning?" Staffs have grown significantly to take in the complexity of the strategic environment and the complexity of our grandiose ends, however do these structures provide for any coherent "big picture" thinking? Or only a lot of small picture details and tasks that, when aggregated, mean nothing?*

In his book "The Black Swan: The Impact of the Highly Improbable," Nassim Taleb states that "the human mind suffers from three ailments as it comes into contact with history" (2007, 8). The first is the "illusion of understanding" in which most people believe that they know far more than they do about our complicated world. The second is "retrospective distortion," or how people tend to view things with 20/20 hindsight after the fact, which gives the perception of a linear and causal history. The third is that of "the overvaluation of factual information and the handicap of authoritative and learned people." This ailment pertains to the overlap between sources of information and the idea that the more information one is given, the less information one actually receives (Mintzberg, Ahlstrand, & Lampel, 1998). This overload of the same information induces confirmation bias and makes the world seem definitive when, in fact, it is "fuzzy" at best (Taleb, 2007).

Cognitive ailments such as these are difficult to overcome and often times lead to myopic courses of action. To bring a more balanced and holistic perspective to any strategic planning endeavor in today's volatile and chaotic environment, practitioners must apply strategic thinking. Senior leaders use strategic thinking to create an organizational long-term vision that maintains flexibility (de Kluyver & Pearce, 2009). Given today's dynamic and information-laden strategic environment, senior leaders cannot possibly possess the depth and breadth of information essential for informed decision making. Leaders depend upon their staffs to provide analysis, assessments, and insights into the operating environment. As such, subordinates and staffs must develop strategic thinking competencies "to help an organization identify, respond to, and influences changes in the environment" (Sanders, 1998, 146).

Sanders (1998) defines strategic thinking as the precursor to the development of a strategy or plan.

Strategic thinking is an examination of the environment and is an intuitive and creative process that results in the fusion of issues, patterns, interrelationships, and opportunities. Insight and foresight are the

two major components of strategic thinking. Insight involves “seeing inside” and is closely related to intuition. Intuition is the ability to see beyond the facts and understand the deeper meaning of the whole (Mintzberg, Ahlstrand, & Lampel, 1998). Foresight is the ability to comprehend the larger context of a specific situation and the ability to recognize emerging conditions and associated trends along with their implications (Sanders, 1998). Canton (2006) calls this “predictive awareness” (8) while Einhorn and Hogarth (1982) call it “forward/predictive thinking” (23). In any case, the ultimate goal of foresight is to provide guidance for decision makers to take action (Einhorn & Hogarth, 1982).

Strategic thinking is intent-driven and uses intuition to facilitate and inform decision-making and the development of strategies (Waters, 2011). Strategic thinking is “the most important step in any planning effort” and “begins by stepping back and observing the environment as it really is...” (Sanders, 1998, 138). Today’s environment consists of linear and non-linear variables (Hughes & Beatty, 2005) and potential solutions may require the development of options that transcend traditional approaches. Some of these options may seem “far-fetched” or impossible at first glance, but through analysis and dialogue they may provide the perspective that creates understanding (Senge, 2006). Using supporting analysis, strategic planning is a process that communicates and implements a strategy or plan. Strategic planning is a framework that prioritizes strategic issues, negotiates trade-offs, and focuses attention on key problems and opportunities (de Kluyver & Pearce, 2009).

Joint operation planning plays a fundamental role in securing the nation’s interests in a continuously changing and competitive environment. To assist the President in the pursuit of national strategic interests, joint staff officers and planners develop strategies and plans as a means for providing military advice and requirements. Strategies are developed or changed because something fundamental in the environment has changed (Mintzberg, 1994). Strategy is a synthetic and creative process that centers on the individual strategist and is an attempt to proactively shape future events. More pointedly, strategy is a problem-solving process with the purpose of managing the organization through the turbulent environment. Strategy is about dealing with problems as they arise and about making changes to make the organization more responsive and effective (Sorenson, 2006). Therefore, strategy is a guide or path (course of action) that will steer an organization into the future and is an attempt at controlling, or more appropriately giving the illusion of control, of future events through proactive measures (Mintzberg, 1994).

Strategic planning is linear, cause-and-effect-oriented, structure-based, quantitative and rules-oriented, and predominantly analytic (Sanders, 1998). Planning is a management practice that involves core (headquarters) leadership to maintain some semblance of performance and budgetary controls (Mintzberg, Ahlstrand, & Lampel, 1998). Planning is the activity that incorporates strategic thinking to best position assets, personnel, and resources to react to emerging environmental variables (Mintzberg, 1994).

A theater strategy is an expression of the commander’s long-term vision for the area of operation (DoD, JP 5-0, 2011). Because there is no way of accurately predicting which events or situations will require the professional skills of the American military, the strategist must think through the full range of anticipated operations (Gray, 2009). Hence the need for flexibility in thinking and action, and why strategy should be thought of as a pattern of thinking consistent over time (Mintzberg, Ahlstrand, & Lampel, 1998) versus a specific detailed roadmap.

Just as strategy is a vision on how to shape the future, planning is an explicit statement of how one intends specifically to implement a strategy or portion(s) thereof. To “plan” simply means to take the future into account (Mintzberg, 1994) and “joint operation planning turns strategic direction into products that plan for the mobilization, deployment, employment, sustainment, redeployment, and mobilization of joint forces” (DoD, JP-5-0, 2011, I-1). A plan is an attempt to gain insight into the environment to coordinate

activities, prepare for the inevitable, preempt the undesirable, and control the controllable so that rational decisions are made with respect to anticipated resources and personnel (Mintzberg, 2004). It is through constant assessment or a continuous sensitivity to current operations (Weick & Sutcliffe, 2007) that commanders and staffs validate or verify forecasts to shape current or future planning and operations (DoD, JP 5-0, 2011). As long-range forecasting is notoriously inaccurate (Ramo, 2009) plans should contain multiple options that acknowledge changing conditions and the dynamicity of environmental variables (Schoemaker, 1995).

Today's planning environment is described as dynamic and emergent, and strategic thinking helps identify, respond to, and influence changes in the environment (Sanders, 1998). Given the nonlinear nature of today's environment and the global effects that resonates from any US military operation, subordinates and staffs must be able to think strategically to support commanders and other senior leaders properly. Driven by intent, strategic thinking facilitates sound judgment and reasoning to inform decision-makers (Waters, 2011).

Strategic thinking is a cognitive process that drives strategic learning, and involves collective or group understanding in addition to individual understanding. To understand and consider all aspects of the strategic environment—local, regional, and international—diverse perspectives are needed to influence and deepen group understanding. Multiple perspectives facilitate additional insights into underlying interactions and connections that might otherwise be missed. In addition, a greater understanding of the interrelated nature of the environment and the dynamic patterns that may emerge (Sanders, 1998) as a result of action or inaction enhances foresight.

Along with understanding multiple perspectives, staffs must possess the ability of synthetic thinking. Synthesis refers to the ability to combine disparate elements into a new complex whole. Creativity and critical thinking are necessary components of synthesis. Staffs must be able to differentiate between linear and nonlinear and possess the ability to think in both constructs simultaneously. Linear thinking involves deterministic cause-and-effect relationships—unfortunately nonlinear variables, whole or in part, comprise most of today's operations and activities (Hughes & Beatty, 2005). Non-linear problems are not easily solved. Thinking is time-consuming and difficult, and staffs must not rely solely on external expertise to do their thinking for them (Taleb, 2007). Staffs must recognize those linear and non-linear aspects of military operations and portray them in a manner that facilitates understanding and supports the commander's decision-making process. For example, staffs typically present the commander with linear thinking, deterministic "most likely" or most "dangerous" options underpinned by assumptions that will most likely not come to fruition in execution. Instead, staffs must present the commander with a range of possible outcomes, to include the assessment of most likely and most dangerous. By presenting a range of possibilities, the staff provides the commander with a more comprehensive perspective and accounts for non-linear variables within the environment.

Strategic thinking is highly visual and staffs must be able to portray abstract concepts while linking known information with new and unique variables (Sanders, 1998). Working in intentionally diverse teams develops and maintains a common understanding of the problems posed by a complex and dynamic global environment. Organizations, teams, and individuals use cognitive or mental models, such as a mind map, to understand their environment through the development of knowledge structures. For individuals, internal mental models are representations of their perception of the environment, the relationships, and interactions within that environment. Teams and organizations must develop external visual models that present a common conceptual outline for describing and depicting the current environment, and which enables an understanding of potential future system states (Van den Bossche, Gijsselaers, Segers, Woltjer, & Kirschner, 2011). Using visual models facilitates shared understanding and research shows that it is

only through external visualization that true learning and synthesis can occur (Jonassen, 2011). Insight and foresight rely upon visual thinking to stimulate the powers of intuition and intellect (Sanders, 2008).

Inherent within strategic thinking is the ability to think implicitly as well as explicitly. Explicit thinking is far more common and leaders tend to rely upon this type of thinking as it is formal and objective and usually stored in easily accessible books, reports, and other databases. Explicit knowledge relies upon external validation and data typically through official analysis and codified in formal language (Mintzberg, Ahlstrand, & Lampel, 1998). Implicit or tacit knowledge relies upon judgment (Hughes & Beatty, 2005), is informal and subjective (de Kluyver & Pearson, 2009), and context-specific. Implicit knowledge is personal (Mintzberg, Ahlstrand, & Lampel, 1998), gained through experience, and hard to formalize so is communicated through personal interaction (de Kluyver & Pearson, 2009). Confronted by novel, ambiguous, and complex situations, senior leaders cannot make decisions entirely derived from data. Decision makers need the best information available (Hughes & Beatty, 2005) from explicit knowledge, but must combine it with implicit knowledge and incorporate it into plans and activities (Mintzberg, Ahlstrand, & Lampel, 1998).

Strategic thinking is a learning process and must be developed and exercised. Senior leaders can facilitate strategic thinking in subordinates and staffs by developing the following competencies.

1. *Systems thinking.* An understanding of the environment is necessary for the commander and staff to understand the tactical, operational, and strategic contexts (DoD, JP 5-0, 2011) properly. In systems analysis, it is critical to consider the relationship between all of the aspects of the system, to include a political, military, economic, social, information, and infrastructure (PMESII). This analytical framework seeks to analyze the operational environment and determine relevant and critical relationships between the various actors and aspects of the environment. Most important to this analysis is describing the relevant relationships within and between the various systems that directly or indirectly affect the problem at hand (DoD, JP 5-0, 2011). The purpose of systems thinking is not the accumulation of knowledge but rather the creation of mental maps that guide and shape our ongoing perception and action. The whole organizes the parts rather than trying to pull the parts into a whole (Bohm, 1965) or alignment (Senge, 2006). Senior leaders can enhance this competency by practicing the discipline of systems thinking (Hughes & Beatty, 2005).
2. *Visioning.* Tomorrow's future is being shaped today (Sanders, 1998). The ability to influence positively the dynamic variables that are "in play" is incumbent upon the leader's ability to create a vision for a realistic future and is shared continuously within the organization. Visioning enables leaders to make a paradigm shift when necessary to incorporate new ideas, to understand change, and to exploit opportunities as they emerge. Visioning develops an organizational future state that is "clear and powerful enough to sustain actions necessary for the vision to become a reality" (Mylon, 2002, 18). Senior leaders can enhance this competency by engaging subordinates and staff in the vision-setting process to share personal organizational aspirations, inform personnel, and to obtain as many perspectives as possible (Hughes & Beatty, 2005).
3. *Scanning the environment.* Good strategic thinkers constantly assess their environment for trends or ideas that may affect the organization or its activities. Strategic thinkers are sensitive to the operational environment and update their situational awareness continuously, identifying inherent tracks and trends that will lead to change (Weick & Sutcliffe, 2007). Strategic thinkers look outside of their normal knowledge domain to incorporate as many diverse perspectives as possible to gain insight into the dynamic nature of the interrelated strategic environment (Canton, 2006). Senior leaders can enhance this competency by encouraging a multidisciplinary approach to learning, seeking out diverse perspectives, and challenging assumptions and self-imposed constraints (Hughes & Beatty, 2005).
4. *Scenario planning.* Leaders who can imagine a wider range of possible futures will be in a better position to exploit unexpected opportunities as they emerge (Schoemaker, 1995). Scenario planning

is a technique used to construct plausible alternative futures and to analyze the effects of various uncontrollable variables (de Kluyver & Pearce, 2009). "Scenario planning attempts to capture the richness and range of possibilities, stimulating decision makers to consider changes they would otherwise ignore (Schoemaker, 1995, 27). Scenario planning helps to overcome the greatest planning bias of confirming evidence (Schoemaker, 1995). Senior leaders can enhance this competency by requiring subordinates and staffs to consider the range of possibilities when proposing recommendations versus the "school solution" most likely scenario.

Strategic thinking is nothing new. As early as 2,500 years ago, noted Chinese strategist Sun Tzu discussed the concept of strategic thinking: "Warfare is the greatest affair of state....It must be thoroughly pondered and analyzed" (Sun Tzu, 1994, 167). Sun Tzu further clarified this thinking to include the evaluation of comparative estimations and the need to seek out the true nature of the war (Sun Tzu, 1994). Given the interconnected nature of today's environment rife with unpredictable events, senior leaders and staffs must be capable of strategic thinking. The relationship between leader and staff is symbiotic, and supporting staffs must think strategically to provide the appropriate support to their senior leaders (Waters, 2011).

Strategy development and planning rely upon foresight and are rational attempts to control the future through coordinating activities, positioning assets, and apportioning limited resources (Mintzberg, 1994). Strategic thinking brings a more balanced and holistic perspective to any strategic planning effort. Strategic thinking requires the ability to incorporate multiple perspectives, synthesize the new and unique with the previously known, the visualization, and the ability to apply implicit knowledge or judgment. Senior leaders can develop their subordinate's and staff's strategic thinking skills by emphasizing the competencies of scanning, visioning, systems thinking, and scenario planning.

Engaging in strategic thinking does not guarantee the perfect strategy or plan. It will, however, provide insights into potential courses of action that can preserve the competitive edge necessary in today's dynamic and uncertain world.

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