

5 Better Ways

to Think About Your Company's Strategy

Formulating strategy is one of the most important activities that an executive will engage in and a major part of the value they contribute to their organization. Leading your organization into its bright future is both a great responsibility and an incredible privilege. However, we have found that, despite the important role senior leaders play in strategy making, they are unlikely to improve their ability to think strategically in any meaningful way once they've reached higher levels of leadership.

The reason for this is that improving strategic thinking requires an executive to not only have a strong motivation to improve, but also enough of a runway (i.e. time left in a career) that will allow the executive to implement practices and gain experiences that elevate their strategic thinking ability to the level needed. You may be thinking "Well, I'm not a very good strategic thinker. What can I do?" There is still hope. Since strategic thinking is both an innate ability and a learned skill it can be worked on even when a leader doesn't naturally think about the big picture for his/her business.



If you've recently stepped into a role that requires you to be more strategic or find that there are gaps in your strategic thinking, there are things you can do to build your strategy muscle.

HERE ARE FIVE WAYS YOU CAN THINK MORE STRATEGICALLY ABOUT YOUR COMPANY'S BUSINESS:

1) ▼ Plan your company's overall strategy for one-year out and for its long-term direction. The pace of business means that 3-5 year strategic plans may quickly become obsolete as industry dynamics and the face of competition rapidly change. **By establishing flexible one-year strategic plans that are reviewed monthly and/or quarterly and adjusted in real-time, you will be able to adapt to changing market dynamics (or pandemics) with speed and agility.** Ensure that these short-term plans are aligned with your long-term strategic vision and direction. And make sure you plan for both cyclical and secular business patterns. Does your business rise and fall with the economy (cyclical) or does it tend to perform well in both economic upturns and downturns (secular)?

2) ▼ Use strategic frameworks and models to help bring discipline to your strategic thinking. Most senior leaders think about their business through the lens of the current state of their industry without giving enough thought to how that current state is evolving into the future and what that future will look like. **Their planning takes a 'from where I'm sitting' inside-out approach to understanding their business instead of also incorporating movements in the industry and how it's changing over time. Using strategic frameworks and models can help leaders view their business through different lenses that can then be integrated into an overall perspective.** This can also help them avoid overly relying on intuition and 'gut feel,' as well as challenge the reality they've constructed by being so familiar with their industry and business.

3) ▼ Remember that complex business challenges must be met with equally complex thinking. It was Albert Einstein that famously said, "We can't solve problems by using the same kind of thinking we used when we created them." When it comes to complex business challenges we would modify that statement to be "We can't solve complex problems by using thinking that is too simple to address the complexity of the problem." **When leaders use overly simplistic mental models and dogmatic thinking to address business challenges with multiple layers of complexity, they fall woefully short of the type of strategic thinking that is required to drive fast-moving, global enterprises.** By possessing a range of the mental models mentioned above, an executive can take a more complete (i.e. appropriately complex) approach to understanding their business and industry.

4) ▼ Humble yourself. We all think our products and services are best-in-class, even world-class. Of course we do. They're ours. But apart from giving us a sense of pride and satisfaction, thinking your product or service is so special or unique often means you've (at least at that moment) stopped learning. **And if you've stopped learning you're immediately falling behind. Don't let your competitive juices turn into arrogance.** Competition stops for no one and humility helps us keep the edge we need to learn and innovate, as well as earn the right to compete, and ultimately, win.

5) ▼ **Think deeply about where your industry is going over time.** It is tempting to think that industry dynamics stay constant over time and that it will be enough to increase revenue, lower costs, and improve branding. This may work in industries with largely unchanging or slow-moving competitive dynamics but will not be adequate for industries where the value and relevance of company assets and ways of doing business can become obsolete over time. Here it is helpful to think of your industry in terms of 'pictures' and 'reels.' Pictures are a snapshot in time, which are helpful to understand the current state of your industry, but less helpful in making sense of where the industry is going over time. Conversely, reels are the movie of your industry, how the industry story is unfolding over the passage of time and the implications for both the industry and its key players. **The life of a company should be thought about in terms of a reel, an ongoing story that goes beyond simply a focus on monthly, quarterly and yearly profits.**



WHAT ARE THE STAKES FOR NOT BUILDING YOUR STRATEGIC THINKING EARLY?

You may default to overly focusing on day-to-day operations and tactics, while failing to align those operational activities to a long-term vision for the business. Expertise in your function and industry may also not be enough as expertise has a heavy bias towards the past and what is already known. Expertise welcomes being exploited and used, but is much less comfortable when it comes to exploring uncharted territory. Strategy is about working towards a more certain future in a constantly changing, uncertain world.

The inability to think strategically can also be a barrier to further advancement in your organization. Generally speaking, director-level positions are the final point of departure where it's still acceptable for executives to hold largely tactical views of their business. Beyond director roles, executives are expected to bring an increasingly strategic point of view, holding more complex views of the business that include competition, industry trends, economic and political climates, as well as the rapid change of technology. Those leaders who are able to meet their organization's need for strong people and strategic leadership will be highly valued, as they are able to both set a course for their business and galvanize employees to align with that new strategic direction.

By using the approaches above you can grow your ability to think strategically over time. Incorporate and steadily apply the approaches into your planning for and reflection on the business. Becoming a strong strategic thinker takes time and concentrated effort, but it is well worth the investment to position both yourself and your organization well for a bright future. And it's simply a good strategy.
