



P.O. Box 67, Annapolis, MD 21404; ph: 443-994-1151; fax: 443-782-0426
www.leadsgimm.com

Finding the Hole in The Boat: Strategic Thinking vs. Strategic Planning

Is your organization spending too much time seemingly rearranging deck chairs on the Titanic? Are the senior decision makers consistently voicing the need to make substantial change in the face of a complex and dynamic environment yet no real change takes place? Is the organization spending a great deal of time planning strategically but the answers to the questions keep coming out the same? Perhaps the problem is not with the answers, but with the questions. Perhaps strategic planning, a management process, is inappropriate for finding the path to change. Instead what is required is a leadership process, such as strategic thinking, that calls into question all the questions being asked. This article outlines the basic differences between strategic planning and strategic thinking.

Looking for the Right Answers

When I speak about the differences between strategic thinking and strategic planning, I show a picture of one of the propellers of the Titanic taken by a remotely piloted underwater vehicle as the great ship lies in its watery grave 12,500 ft below the ocean surface. The point: if an organization does not do strategic thinking before it does strategic planning, it is the same as rearranging those deck chairs. Why? Because in the end no one really cares where the deck chairs are positioned on the lounge deck if there is a great big hole in the boat, i.e., the big hole in the boat presents a much more pressing problem.

Strategic thinking is gaining in prominence but remains a process not as widely acknowledged or used as strategic planning. Yet strategic thinking and strategic planning are complementary processes that work to solve two distinct planning issues. Simply put, strategic planning is about finding the right "answers" to questions. In strategic planning the questions already exist, they have been decided.

Here is an example. Let's say that XYZ corporation has a few questions about next years performance based on financial and human resource goals. Those questions are: How can we increase profit by an additional 15%? (By the way these questions are usually set out in statements such as-increase profit by 15%, but let us continue with the questions). What steps must we take to reduce turnover by 10%? What must we do from a cost perspective to reduce both fixed and variable costs by a total of 12%? I think you get the idea, the questions are set in stone, so to speak, and again all that is needed is to find the right answers. But there could be a real problem here. What if the senior decision makers at XYZ are not asking themselves the right questions? And what if those questions are unintentionally steering us away from the "hole in the boat?" Isn't it more important to understand and deal with the most pressing problems, those that can jeopardize the organization's journey? Enter strategic thinking.

Searching for the Right Questions and Industry Foresight

Strategic thinking is an imaginative process designed to assure that key decision makers are asking themselves the right questions. Strategic thinking does not start with a set of questions. It starts with the proverbial clean sheet of paper. Decision makers form no preconceived questions, disregard any ideas of



P.O. Box 67, Annapolis, MD 21404; ph: 443-994-1151; fax: 443-782-0426
www.leadstimm.com

what works and what does not making no assumptions about the organization. Optimally, the process includes a healthy vertical and horizontal cross section of the organization. Why? Because you never know where the most valuable information might come from. Figuratively speaking, the person who works in engineering on the ship and has seen the hole in the boat first hand can speak with knowledge about the potential danger of sinking.

But more than that, strategic thinking is an effort to develop industry foresight. As Gary Hamel and CK Prahalad write in their book *Competing for the Future*, industry foresight often starts with what could be, and then works back to what must happen for that future to come about. Questions are the root of all knowledge, and crafting the right questions provides senior decision makers the ability to imagine the future in the context of present and future risks and threats. Every risk has a why and in working to understand the why, senior decision makers must delve deeply into the elements of foresight described by Hamel and Prahalad as trends, lifestyles, technology, demographics and geopolitics of their industry.

So what stands in the way of a greater acceptance of strategic thinking in organizations? Most likely there are a number of reasons for this but from my perspective, two stand out as noteworthy. First, it is frightening for anyone to say or imply that the senior decision makers in any organization missed the boat or made an incorrect assumption in deciding the questions even when that input is welcomed, sought or needed. This is true even if the assumptions used to create the questions will lead to dire consequences. Fear is an amazing motivator and for many it comes down to the difference between keeping one's job and doing one's job. Let me assure you, I get it. I understand and accept the reason for hoping things will work out, that in the end the "bullet" will miss you. However, our continuing economic stress diminishes much of that hope because it seems that eventually the truth will be known, the unaddressed fear will be realized and the organization as a whole will suffer in some way. The second reason is that corporate decision makers may very well be unaware of what a strategic thinking process offers and how it differs from strategic planning.

An Overview of a Strategic Thinking Process

Strategic thinking and strategic planning use two different processes. Strategic planning typically uses the SWOT approach in developing answers to questions. SWOT (Strengths, weaknesses, opportunities and threats) is a standard method among strategic planners. Since planners already have the questions before them, the process is used to develop group collaboration in assembling the answers. I will not go into great detail here about SWOT since it is a much used and accepted method and detailed explanations can be found with an Internet search. On the other hand, the strategic thinking process uses a different approach called TSWG. TSWG (Threats or risks, strengths, weaknesses and gaps) form the basic methodology and are explained below.

Threats or Risks start with that clean sheet of paper. The process begins with assessing the threats or risks, both internal and external, to the organization. Said another way, it is vital for the senior decision makers to know the internal and external forces impacting their future. Emerging trends in technology, new competitors,



P.O. Box 67, Annapolis, MD 21404; ph: 443-994-1151; fax: 443-782-0426
www.leadstimm.com

customer service, and succession planning could all pose different types of risks or threats. The idea is to get everything on the table so that it is in full view of the decision makers.

Strengths-R&D investment, financial structure, timely distribution, active web and Blog presence and developing people may very well be strengths of the organization. Also certain strengths may be in areas where the organization dominates their industry and can be used to leverage other strengths or buffer weaknesses. For example, the organization may have a robust web and Blog presence on the Internet having cultivated a large loyal fan base. These relationships are a substantial strength that can be used to assess and develop new products and services.

Weaknesses-What is it that the organization is not doing so well, that needs improvement or is having a negative systemic effect on the rest of the organizations operations or administration? Seeking weaknesses is not an exercise in seeking blame. To quote that age-old adage, it is what it is! It is important to take a snapshot of the issues that represent hindrances and real weaknesses to the organization's place in its industry. Inappropriate organization structure, human capital retention, lack of leadership development programs may well be some of the issues that can emerge as weaknesses.

Gaps Identifying the gaps between the strengths and weaknesses as they relate to the real and perceived risks become the grist for the strategic planning mill. At this point, the organization has worked to identify the gaps between the strengths and weaknesses that require some type of response. Now strategic and tactical strategies can be created, resources and assets assigned and prioritized and the day-to-day job of creating the future and closing the gaps is turned from imagination into reality.

Conclusion

Strategic thinking is a reassessment process, it is not something done once and then discarded. It must be done on regular intervals whether those intervals are each year or every two years. In our rapidly changing, complex world filled with more information than one might have imagined just a few years ago, sorting through the facts, the hype and emerging issues and challenges drives the need to continually rework the organization's collective foresight. To do otherwise, may result in a small leak turning into a big hole leaving the crew and passengers scampering for the lifeboats saying to themselves, "But I thought we were unsinkable!"