



# THE 3 DISCIPLINES OF STRATEGIC THINKING

## Becoming an even better leader

BY RICH HORWATH

How often have you overheard a group talking about a leader and saying that she or he just doesn't get it? Do they say that about you?

The first thing to determine about yourself is whether you are tactical or strategic. Does it even matter? A survey conducted with 400 talent management leaders found that the number one most valued skill in leaders today is strategic thinking. Unfortunately, research with 154 companies found that only three out of every 10 managers are strategic.

We can agree that the ability to think strategically is essential. The real question is how can you continually hone your strategic thinking skills in order to thrive in today's ever-changing business landscape? The fact is most managers are now required to be more successful with fewer resources. All managers have resources (time, talent and capital) to varying degrees within their organizations. So, technically, all managers are strategists. However, the reality is that not all managers are good strategists. Herein lies the pearl of great opportunity: the deeper you can dive into the business and resurface with strategic insights, the more valuable you'll become to your organization.





## Thinking vs. Planning

Strategic thinking is defined as the generation of business insights on a continual basis to achieve competitive advantage. It is important to recognize that this is different from strategic planning, which is the channeling of business insights into an action plan to achieve goals and objectives. A key distinction between strategic thinking and strategic planning is that the former occurs on a regular basis (as part of our daily activities), while the latter occurs periodically (quarterly, semi-annually or annually). Strategic thinking is using a new lens to view the business. It's not about adding more work. It's about enhancing the view of the work and improving one's ability to perform it.

To maximize your resources and profitably grow the business on a consistent basis, there are three disciplines of strategic thinking you can develop to continually ground your business in solid strategy:

1. **ACUMEN:** generating key business insights.
2. **ALLOCATION:** focusing resources through trade-offs.
3. **ACTION:** executing strategy to achieve goals.

### Discipline #1: Acumen

One of the interesting paradoxes of strategy is that in order to elevate one's thinking to see "the big picture," one must first dive below the surface of the issues to uncover insight. A strategic insight is an idea that combines two or more pieces of information to create new value.

One of the reasons most people don't enjoy strategic planning is because the plans don't contain any new thinking. They are repeating Albert Einstein's definition of insanity by doing the same things over and over again and expecting different results. A key premise in business is that new growth comes from new thinking. Carve out time for you and your team to sit down and strategically think about the business, using the group's insights to identify new approaches to the business.

**Acumen Question:** *What are the key insights you've learned about the business and how are you using those to achieve your goals?*

### Discipline #2: Allocation

While it's one thing to have a neatly written strategy on paper, the truth is the actual or realized strategy of an organization is a result of the resource allocation decisions made by managers each day. Therefore, it is critical to have a firm understanding of resource allocation and how to maximize its potential for your organization. With multi-billion dollar companies going through bankruptcy on a regular basis, it's obvious in today's market that having the most resources guarantees nothing. It's how we allocate resources that truly matters.

The definition of strategy begins with "the intelligent allocation of resources." Resource allocation is at the core of strategy. Discussions of strategy boil down to how to allocate limited resources to maximize business potential. Where are you currently investing your resources—time, talent, budget—and are they focused on your goals and strategies? While everyone has a to-do list, only the best managers also have a not-to-do list. Remember that great strategy is as much about what you choose not to do as it is about what you choose to do.

**Allocation Question:** *What trade-offs will I make to focus resources?*

### Discipline #3: Action

How often has your team invested time in developing a plan for the year, only to see that plan slip by the wayside once the fire drills begin? Fire drills come in the form of customer complaints, competitor activity and internal issues that are urgent, but not important. The key is to let these fire drills flame out and stay committed to the plan you've developed by focusing on your priorities, not the flavor-of-the-month tactics.

**Action Question:** *What are my top three priorities and am I focused on them or fire drills?*

## In Summary

The most important level of strategy is not corporate, business unit or functional group—it's you. The individual level is where strategy is actually created. Unfortunately, 90 percent of directors and vice presidents have never had any learning and development opportunities on strategic thinking. The good news is that by developing the three disciplines of strategic thinking, you can elevate yourself from tactical to strategic. The better news is that in doing so, not only will you become more valuable to your organization, you'll separate yourself and your business from the competition. 🚀



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