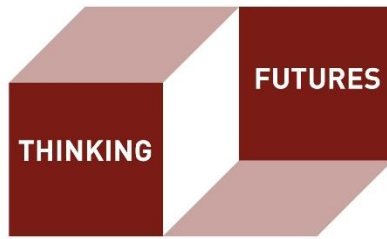# STRATEGIC THINKING

What it is and how to do it…

A step by step guide to understanding the nature of strategic thinking and how to build the capacity to do it

A Strategic Futures Guide from Thinking Futures

Strategic Thinking:

What it is and how to do it…

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Preface

This guide is designed to provide you with enough information to understand the basic concepts underpinning strategic thinking and its critical underpinning of futures work.

Like all Strategic Futures Guides produced by Thinking Futures, the purpose of this Guide is to assist people who want to move to the next level of strategy development – beyond formulaic strategic planning. It is based on what I wished I had known when I was asked to integrate foresight into the planning framework at an Australian university in 1999. I had to look up 'foresight' on google to find out what I was dealing with, and I'm hoping this guide will save you that step in your futures journey!

These guide will help you understand what strategic thinking is and what's needed to build a strategic thinking capacity in your organisation, but this is not the complete story about strategic thinking. While the frameworks detailed here are generic enough to be applied to any organisation, how you use the framework, how they operate in your organisation and in your culture is not replicable. Strategic thinking isn't a product, it's a thinking capacity. So ways to build an organisational strategic thinking capacity have to be tailored to your organisation. In other words, there's no quick fix, no off the shelf 'product' that can help you build individual and organisational thinking capacities.

The Guide has a practical focus, providing enough information to allow you to be comfortable to start setting up systems and processes that support strategic thinking. You can't make people think strategically, so setting up systems and processes to facilitate exposure to strategic thinking approaches is the goal. There are some references included at the end if you want to read more of the detail and the theory behind strategic thinking.

The guide is deliberately not written in a formal or scholarly style, although I do insert a few references throughout the text. As a practitioner, it is important that the steps in this guide do help you to understand the value of strategic thinking in your organisation and how to set up a framework in your organisations. Please let me know if I achieved that aim, and if you have any suggestions for improvement.

Maree Conway

Email: maree.conway@thinkingfutures.net

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Terminology

Like any field, futures and foresight work has its own jargon. There are levels of depth in futures work, and the jargon increases in complexity and abstractness as you increase the depth.

There is also some confusion about the terms 'futures' and 'foresight'; they are often used interchangeably.

Foresight is defined as the capacity to think systematically about the future to inform decision making today. It is a capacity that we need to develop as individuals, as organisations, and as a society. In individuals, it is usually an unconscious capacity and needs to be surfaced and nurtured as a collective capacity to be used to inform strategic decision making.

Futures is a term that can be used to refer to the broad academic and professional field now developing globally, as well as research, methods and tools that are available to us to use to develop a futures capacity.

Some general futures terms you might come across are:

- **Strategic Foresight**: an organisational futures capacity,
- **Futurists**: those who work in futures, as academics, consultants (outside organisations) and as practitioners within organisations, and
- **Futures Approaches**: the tools, methods and thinking styles used to build an organisational foresight capacity, usually interdisciplinary and inclusive rather than restricted to a particular method or philosophy.

Using this Guide

The guide is designed to be read sequentially so that you build up your understanding of strategic thinking which will, in turn, increase your chances of implementing systems and processes that support strategic thinking in your organisation.

You can, of course, dip in an out as you wish, but I would recommend working through the guide from beginning to end the first time you read it.

Part 1 deals with the context for strategic thinking in organisations and introduces the place of strategic thinking in strategy development.

Part 2 deals with thinking strategically, the differences between conventional and strategic thinking and introduces a broad strategic thinking framework.

Part 3 deals with connecting thinking and planning, the differences between strategic thinking and strategic planning and introduces a set of methods/tools.

PART

1

The Context for Strategic Thinking

Introduction

We are confused. We have assumed that 'strategic planning' captures the tasks and processes that need to be undertaken to develop a strategy for an organisation's future. But, strategic planning is about documenting agreed actions to implement strategy, and not about planning strategically. As Mintzberg suggests, 'strategic planning' might well be an oxymoron (Mintzberg 1994:5).

Strategic planning is now a routine part of business, with an accompanying set of beliefs and protocols that underpin day-to-day practice. Its process has changed over time, and the need to plan has spawned thousands of books, countless software systems, and kept many consultants in work. Yet, as Mintzberg (1994:5) indicates, 'planning lacks a clear definition of its own place in organizations'. Indeed, 'while the need for planning has never been greater, the relevance of most of today's planning systems and tools is increasingly marginal' (Fulle 2003:2).

The failure of strategy even after extensive planning, and the inability of many organisations to read signals of change in the external environment, suggests that there is something missing from existing planning models. 'It may well be that the typical strategic planning exercise now conducted on a regular and formal basis and infused with quantitative data misses the essence of the concept of strategy and what is involved in thinking strategically' (Sidorowicz 2000).

To move beyond confusion, we need to recognise that strategic planning is the last step in the strategy development and implementation process. When we talk about planning, we are not talking about deciding how to position the organisation in the future, we are talking about how to take action today. By focusing on the end product – the plan – we risk ignoring and spending time on the missing element - **strategic thinking**, which is the capacity of an organisation to systematically develop and maintain a shared view of the future that can inform its strategic decision making and its planning today.

The development of effective and meaningful strategy involves four stages as shown in Figure 1: environmental scanning, strategic thinking, strategic decision making and strategic planning - that is, *identifying* change occurring in the external environment that is likely to shape an organisation's future, *thinking* about future strategy options, *deciding* on which options to pursue, and *implementing* those options. But, current definitions and practices generally regard 'strategic planning' as subsuming all four stages. The line between the four stages is therefore blurred, as Mintzberg (1994:32) indicates:

'A major assumption of the strategic planning literature ... is that all of these terms necessarily go together. That is, strategy development is a planning process, designed or supported by planners, to plan in order to produce plans.'

Traditional planning models tend to focus on processes run by planners to write and implement plans. Those plans are usually quite long, and include numerous actions and performance measures. If not developed well, they can mix up operational tasks with strategic action, and become unwieldy to implement. They look impressive, but often fail to deliver organisational alignment of action or achievement of strategy documented in them.
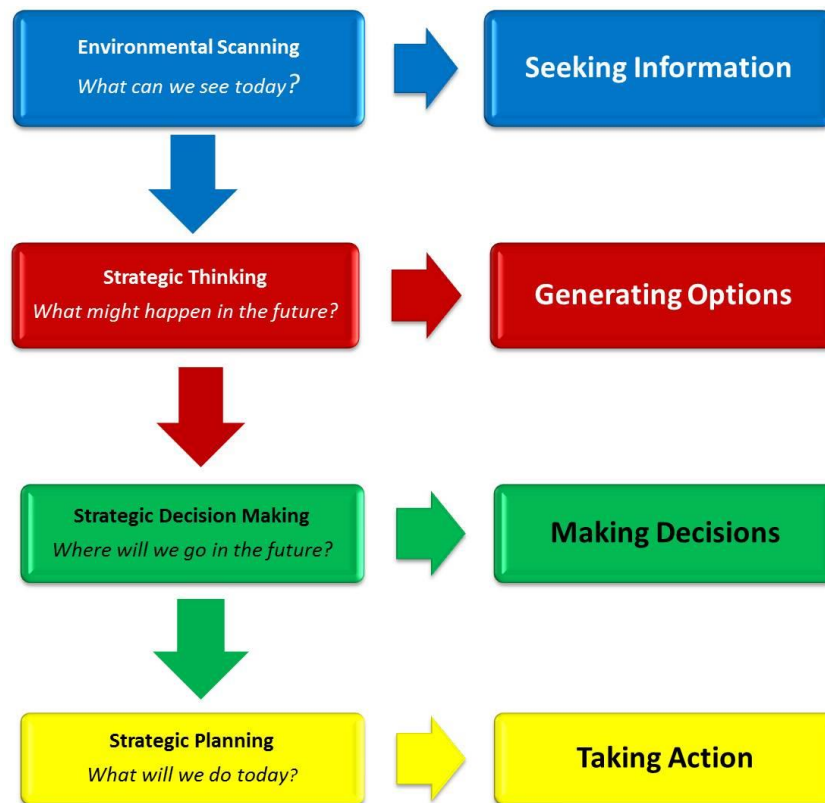
Figure 1: Four Level Strategy Development Framework

There has been a fair amount of academic literature on strategic thinking (see Mintzberg 1994; Leidtka 1998; Heracleous 1998; and Lawrence 1999) but less has been written about how to 'do' strategic thinking. When strategy processes do not include systematic exploration of possible future options, an organisation runs the risk of both ineffective strategy when the world changes (and we know the world will change) but also of undermining organisational longevity. Developing a strategic thinking capacity that facilitates the development of a strategic foresight capacity reduces these risks.

We get caught up with producing glossy plans, and forget to spend time to improve the quality of the thinking that goes into those plans. This guide explores strategic thinking – what it is, and how to set up systems and processes to support its development in order to strengthen strategy processes and improve the effectiveness of strategic plans.

Defining Strategic Thinking

The definition used by Thinking Futures is:

- Strategic thinking is identifying, imagining and understanding possible and plausible alternative futures for your organisation, and using the knowledge gained to strengthen your thinking about your potential options to position your organisation effectively in the external environment in the future, in order to make better informed and more robust decisions about action to take today.

This is a long definition that reflects the fact that strategic thinking is not a simple concept. It's a process of identifying possible futures and using that knowledge in your organisational decision making to make those decisions wiser and futures ready[1]. The key elements are the need to explore possible futures in your strategy process to use your understanding of those futures to identify potential opportunities – and risks that you want to avoid – so that you can develop a robust and sustainable strategy for your organisation.

Other useful definitions are:

- The way in which people in an organization think about, assess, view and create the future for themselves and their associates. It is more than responding to both day-to-day as well as long-term problems, opportunities and new realities; it is creating tomorrow. It is not reactive, but proactive… Strategic thinking always involves change, and often, profound personal change (Kaufman et al 2003:40).

- A cognitive process … that precedes strategic planning or action, whereby an individual contemplates the future development of the organisation whilst considering its attributes, its past and present and the external realities within which it operates (Tavakoli and Lawton 2005:6).

The last two definitions focus on one important thing: the individual thinking about the future. Strategic thinking is a cognitive process; it happens within our brains. For our individual strategic thinking to be useful for strategy development, it needs to be surfaced and built as a collective capacity through the use of overt and formal processes.

Why? Strategic thinking informs the development of strategy. Strategy is about the future. Strategic Thinking is therefore thinking about the future. The short version is that strategic thinking helps you use the future today in your strategy development.

Two other important points that emerge from these definitions.

One, thinking about the future does not discount the past and present, but it does require you to move beyond today's status quo.

And two is the need to remember that the future now always mean change, and that includes changing ourselves individually and collectively and how we approach that future.

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[1] Futures ready strategy is flexible strategy that positions your organisation to respond quickly and effectively to the challenges and uncertainties of the future.

Strategic Thinking in Organisations

There's a spectrum for organisations and how they approach strategic thinking today (Figure 2).

Many use conventional approaches to strategy – putting it bluntly, there is a planning process that is largely formulaic, staff don't get consulted, and the executive team makes all the decisions. Everyone else has to like it or lump it, or leave. This approach is introspective, focusing on the organisation and its history and where one or two people think they know all the answers. They don't.
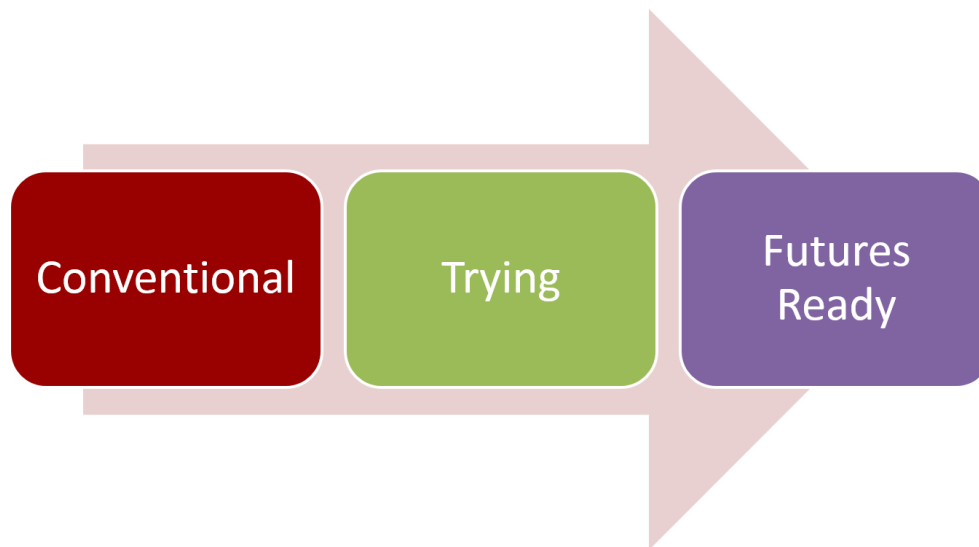

Figure 2: Approaches to Strategic Thinking in Organisations

Some organisations recognise that the world is changing rapidly around them, and are making an effort to change how they develop strategic – they tend to just make tweaks around the edges to existing processes, and nothing really changes. Conventional planning processes still dominate, although there is more staff involvement. These places are starting to look outwards but don't really know how to combine the external with the internal to integrate both into a more holistic and futures focused strategy development process.

Finally, some organisations understand the need for their strategy to be futures ready, and start externally to understand – in a very deep and considered way – how the environment into which they need to 'fit' or position themselves is changing. They take their lead for strategy from the outside, and then work to adapt the internal parts of the organisation to match. Staff are involved from the beginning, and strategy development is more fluid and flexible. There's no fixed strategic plan but rather a continuing overview of the external environment that drives adjustment to strategy as needed.

Of course, the real situation is much more nuanced than this, the point is clear. Usually, the difference among the three types is the time and resources they commit to strategic thinking. That is, they consider thinking about the future as work too.

The Context for Strategic Thinking: Strategy Development

The context for strategic thinking is strategy development. The word 'strategic' defines the context for this sort of thinking.

Strategy is about positioning your organisation in the future by defining a preferred future. While there is much information about the past and the present, there are no future 'facts', so we need processes that will help us think about what *might* be possible. Because no one can predict the future, we need to create alternative views of the future to consider before we make decisions about actions to take today. This process of thinking about the future of organisations to inform decision making today also contributes to the development of a strategic foresight capacity (Slaughter 1999).

What usually happens in conventional strategy processes is that a 'vision' statement – which should be a statement of a desired future end-state - is produced based on our understanding of the past and the present, without any systematic exploration by the whole organisation of what the future might be. Plans therefore tend to project a linear future, extrapolated from today and with little or no systematic consideration of the impact of current and emerging future trends on how we operate today. Remember that while conventional planning processes might lure us with the promise of a single, certain future, the future is full of possible eventualities just emerging now or yet to emerge.

Building strategy and planning for the future requires strategic thinking. Thinking strategically to understand the complexities and uncertainties of the future is, however, the least understood element of strategy development, and does not usually occur in any systematic way. This guide aims to help increase the level of understanding about the value of strategic thinking in organisations.

PART

2

Thinking Strategically

The Strategic Thinking Process

Figure 3 shows the Generic Foresight Process (Voros 2000) that outlines a strategy development process where foresight is an integral step. The blue foresight box is the home of strategic thinking.
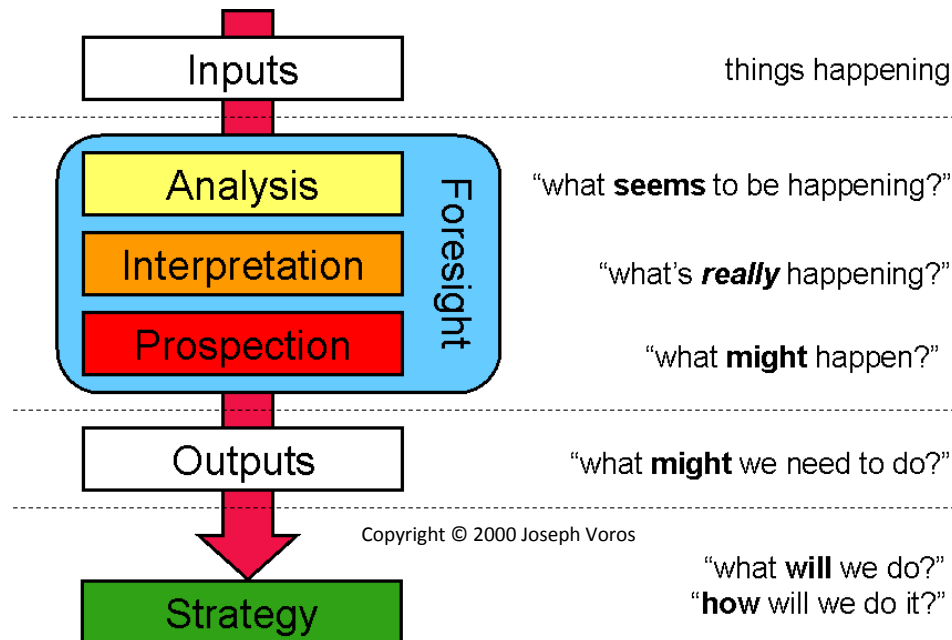

Figure 3: Generic Foresight Process

The **Analysis** step asks what seems to be happening out there that is relevant for us? The **Interpretation** step asks what do those things mean for us and in what ways? What's important and what's not? Finally, the **Prospection** step, the step most organisations miss, asks what are the alternative future outcomes for our organisation that offer us the best chance of success – what might happen?

If you go straight from Interpretation to Outputs, your strategy might work for a few years, but when the world changes around you, your plan will have to be tossed out, and you'll have to start all over again. Not a good use of anyone's time and resources.

The point of this slide is to demonstrate that the strategic thinking process needs to be **structured**, it's not ad hoc and occasional. Rather, it's a continuing process that builds an organisation's strategic thinking capacity.

It's more than just a group of people sitting around a table, talking about the future. It takes not only organisational resources, but people's time and energy, all of which are under constant pressure in our organisations today. We need to get a lot smarter about the process, so that our strategy and our plans are more robust into the future.

Another way of looking at where strategic thinking fits is shown in Figure 4. Conventional approaches to strategy development tend to focus on the processes above the line – scanning for change and strategic planning.
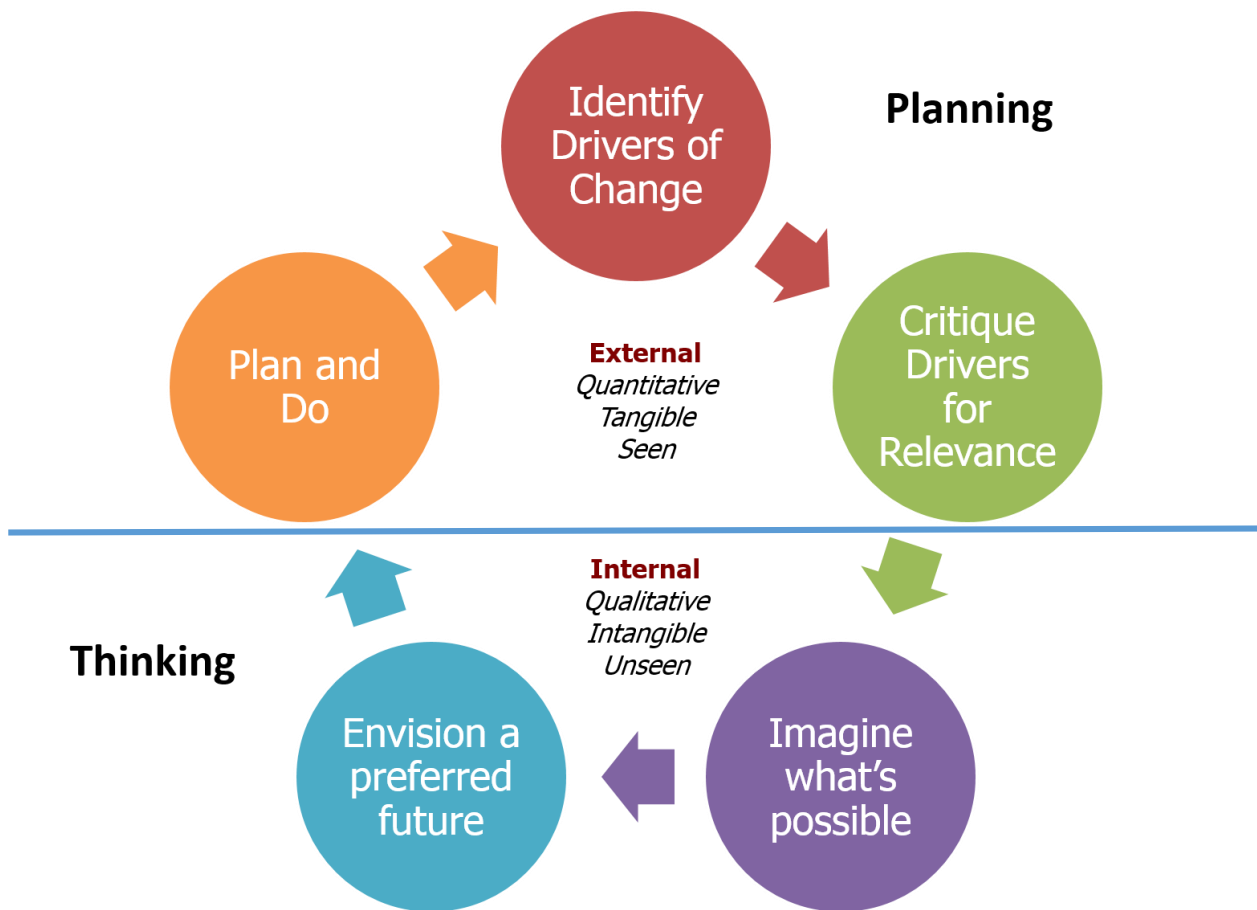
Figure 4 Planning and Thinking Spaces in Strategy Development

This external realm of strategy where the tangible planning processes and products are to be found, is important but it's only part of the process. We can't ignore the internal realm where the images of the future are held by individuals that is an **essential** part. Without moving into the thinking space as well, strategy processes will miss the range of alternative futures that can be produced by participants. We all hold our own views of the future in our heads, and strategic thinking processes should be designed to take them out of your brain to share with other people in your organisation.

If you go straight from looking at drivers to planning, you are creating strategy that has a context based on what we know about the present, rather than a future context, where possible outcomes of those drivers over time has been explored. There is an assumption here that tomorrow will be business as usual because no effort has been made to think about the range of possible futures.

Strategic Thinking and Conventional Business Thinking

Strategic thinking is essentially about changing the way we think about the future of our organisations. It is about moving beyond patterned responses and habitual thinking that no longer works well when uncertainty rather than stability is dominant in our operational environments. It requires re-training our brains to see new things and to make new connections, to be creative. It is about moving our brains from automatic pilot to manual steering and from conventional business thinking to futures focused thinking as described in Table 1.

THINKING STRATEGICALLY

Table 1: Characteristics of Conventional and Strategic Thinking Approaches

Conventional Business Thinking	Strategic Thinking
Immediate term	Depth of vision
Own business focus	Cross-disciplinary
Attention to detail	Broad vision
Techno-economic trends focus	Trends and emerging issues
Problem approach	Systems approach
Less attention to connections	Interactions and cross-impact
Continuity assumption	Wild cards and discontinuities
Bottom line focus	Strategic focus
Undiscussables are never spoken	Speak the unspeakable
Short term focus	Long term orientation
A single future	Alternative futures
Mainstream thinking	Mind changers
Past and present dominate decision making	Future dominates decision making

To make this shift, we need to understand the 'blinders' that prevent us from seeing the signals of change in our environment (Day and Schoemaker 2006) which include:

- **mental filters** – our embedded and patterned responses to things we see in our worlds,
- **overconfidence** – we are far too certain about how the future will develop,
- **perchant for confirming** rather than disconfirming evidence – we do not look for ways to challenge what we believe to be true,
- **dislike for ambiguity** – we want certainty, and we certainly do not get paid for saying 'I don't know what to do', and
- **group think** – the Abilene effect, or members in a group 'going along' with a group decision, and not speaking up to challenge that decision, even though no one in the group agrees with the decision.

These are just a few of the cognitive biases that can affect the quality of our thinking. If you are serious about building a long term context for your strategy, then you need to be aware of your cognitive biases so they don't constrain your strategic thinking.

If we are more open to signals of change, we can be proactive in preparing our organisation for the future. We all seek to be proactive, but we get caught up in dealing with the day-to-day volume of work and remain reactive. When the external environment changes, we then enter crisis mode, rather than implementing alternative plans already considered and put in place as part of the development of organisational strategy.

THINKING STRATEGICALLY

Strategic thinking also enables us to be proactive in approaching the future rather than reactive. Table 2 highlights some questions that demonstrate the difference between proactive and reactive strategy development processes. Reactive strategy asks these questions after the event, while proactive strategy asks these questions in anticipation of change and to identify alternative, or contingency, plans.

Table 2: Proactive and Reactive Strategy Questions

Reactive Strategy: After the Event	Proactive Strategy: Anticipating the Event
What has happened?	What is happening?
What caused it to happen?	What is driving those trends that will influence our future?
	What might our alternative futures be?
How do we respond?	What ought we do today?
	What might be the long term consequences of our actions today?
What will we do?	What will we do?

The gap between reactive and proactive futures is bridged by making time and allocating resources for strategic thinking.

Strategic Thinking in Practice

Liedtka (1998b) makes the point that there is a lot of discussion about strategic thinking as a concept, but less about what it looks like in practice. She suggests we need to understand strategic thinking in as much detail as strategic planning is now understood, and I agree. She identifies five elements that make up strategic thinking:

Systems perspective – the ability to connect the internal organisation with the external environment, to understand the nature of the business ecosystem, making horizontal and vertical linkages across the system from multiple perspectives,

Intent-focused – the focus on the future, the strategic destination that underpins decision making – a view of the future that motivates people in organisations,

Intelligent Opportunism – the ability to leave open the possibility of new strategies emerging (this is critical because the world will continue to change),

Thinking in Time – connecting the past, present and future, using institutional memory and history as a base for thinking about its future, and

Hypothesis-driven – the ability to develop hypotheses and test them in a way that is both creative and critical.

Citing Day (1994) Liedtka (1994:124) writes that, taken together, these five elements 'create a capacity for strategic thinking that meets three fundamental tests for a strategically valuable capability: (1) they create superior value for customers, (2) they are hard for competitors to imitate, and (3) they make the organization more adaptable to change'.

THINKING STRATEGICALLY

Since my work is foresight based, I see strategic thinking as consisting of three main capabilities – the ability to think big, deep and long. Marcus Barber of [Looking Up, Feeling Good](#) calls this Breadth, Depth and Distance and his approach has informed my thinking here. Here's how I define them.

Thinking Big: do you understand how your organisation connects and intersects with other organisations and the external environment? Do you take a systems perspective?

Thinking Deep: how deeply are you questioning your assumptions? Do you operate from your interpretation of the past, or your anticipation of the future? Will your assumptions today be valid into the future?

Thinking Long: how far into the future are you looking? Do you understand the shape of alternative futures for your organisations? Or, do you expect tomorrow will be largely more of today?

Thinking Big: Systems Thinking

What is a system? 'A system is a set of things – people, cells, molecules or whatever – interconnected in such a way that they produce their own pattern of behaviour over time'(Meadows 2008:3). Systems are designed to achieve outcomes, and some can survive the impact of changes in the external environment and keep achieving those outcomes. Other systems may not fare so well, and will need to adapt quite radically. Systems never exist in isolation and need to take account of interconnections to continue to exist.

If strategy is developed without taking account of systemic interconnections, without considering how shifts in the external environment might change the organisation, then that strategy is myopic. Leaders in organisations need to learn to see this large ecosystem of which their organisation is a part, and to focus not on building their piece at the expense of other elements, but to focus on building shared understanding and a common vision (Senge 2003).

The value of systems thinking applies at all levels of an organisation, from individual jobs to departments to the organisation itself and to the sector beyond. This value emerges as a result of thinking about aligning internal capacity with the reality of a constantly changing external environment, and on identifying strategy that will ensure organisational viability into the future.

Thinking Deep: Worldview and Mental Models

Worldviews can be defined as the network of ideas, beliefs, biases, prejudices, social and cultural embedded-ness, and taken-for-granted assumptions through which you interpret and interact with the world, other people and yourself. Worldviews both constrain what you see in the world, and how you interpret the way the world is organised and operates, and shape the way in which you see the world and what you notice, and the way the world is organised and operates (Erhard and Jenson 2010). Because you accept what you are seeing, you don't investigate further or challenge your assumptions, leading to superficial interpretations.

Each of us a particular worldview – our way of 'seeing' the world in which we live. We all filter information to make meaning of what we see every day. We use our worldview to create mental models by making judgements about which information is valuable, and which can be dismissed as not relevant. We make these judgements based on assumptions and thinking habits which are deep seated, and often difficult to identify. These assumptions, however,

have the effect of trapping us in the past, and preventing us from being open to exploring information about changing trends and emerging issues that will affect our futures.

Our assumptions are often masked in the rhetoric of 'data driven' or 'evidence based' decision making today. Somehow, we think that as long as we have enough data, we will make good decisions. But, as Snowden (2003:1) suggests, the influence of human agency in strategy development is often, despite appearances and an abundance of data, not rational:

'Humans do not make rational, logical decisions based on information input, instead they pattern match with either their own experience, or collective experience expressed as stories. It isn't even a best fit pattern match, but a first fit pattern match ... The human brain is also subject to habituation, things that we do frequently create habitual patterns which both enable rapid decision making, but also entrain behaviour in such a manner that we literally do not see things that fail to match the patterns of our expectations'.

Strategic thinking requires us to be aware of our worldviews and mental models and know where our blind spots are – the information we just do not see. It requires us to constantly challenge the assumptions underpinning our thinking and our decisions to ensure that the strategy created is going to be relevant and robust into the future.

Building futures ready strategy is not about being certain, but rather about being comfortable with uncertainty, ambiguity and complexity. Being certain is not an asset when you are developing strategy.

Thinking Long: Environmental Scanning

Environmental scanning is the input phase of strategic thinking – it provides you with the information about change that you need to understand, analyse and interpret for relevance and meaning.

Environmental scanning is the art of *systematically* exploring the external environment to better understand the nature and pace of change in that environment, and to identify potential opportunities, challenges and likely future developments relevant to your organisation. Environmental scanning is what Choo (1998) calls formal searching, using formal methodologies for obtaining information for a specific purpose. It is the core of high quality strategic thinking.

For strategy purposes, environmental scanning needs to be formal, systematic and continuing, and focused around a particular issue or critical decision being faced by the organisation. It is much more than reading newspapers or industry journals, or checking the latest statistics about your market. It is about exploring both present certainty and future uncertainty beyond your organisation and industry, and moving beyond what we accept as valid ways of working today.

The aim of environmental scanning is to identify relevant information for your organisation, both trends and weak signals of change appearing on the horizon, in order to broaden and deepen thinking about strategic options. It is about ensuring that there are no surprises in the future operating environment for your organisation – that is, avoiding organisational myopia.

I won't talk about scanning in any more detail – you can download my Strategic Futures Guide on *Environmental Scanning: what it is and how to do it* from the Thinking Futures website if you'd like to know more.

Characteristics of Strategic Thinkers

Strategic thinkers need to have a range of characteristics that allow them to be open and willing to embrace uncertainty. Table 3 describes some of these characteristics. The list is not exhaustive and is intended to demonstrate the type of thinking that are required in strategy development processes that are futures focused.

Table 3: Characteristics of Strategic Thinkers

Characteristic	Description
Open minds	they are open to new ideas, information and to challenging their own assumptions about how the world works
Curious	they seek to understand why things have developed as they have, integrating understanding the past and present with exploring possible alternative futures,
Systems Thinkers	they strive to understand the whole, the big picture, rather than just their silo
Accept Diversity	they recognise that differences of opinion, culture and practice are neither right nor wrong, but just 'are'
Think outside the box	they seek to move beyond mainstream, exploring the periphery to identify emerging issues and trends
Think outrageously	they recognise that what seems outrageous and unreasonable today will not be outrageous in the future; they explore what might be possible
Challenge assumptions	theirs and mine, recognising that our beliefs about how we do things now need to be continuously tested as the external environment changes over time
Aware of own worldview	they understand where their blind spots are
Generous	they give away their knowledge freely, support others and participate to strengthen our understanding of the future
Compassionate	they seek to understand, not to judge
Seek and foster collective wisdom	they have moved beyond ego, and understand the power of collective activity in exploring the future
Optimistic	…about creating positive futures

No one person is likely to exhibit all these characteristics, so the aim should be to ensure that people involved in strategic thinking processes in your organisation collectively display these characteristics.

PART

3

Connecting the Thinking with the Doing

Strategic Thinking and Strategic Planning

Before talking about how to set up strategic thinking systems and processes, it is worth spending a little more time reflecting upon the differences between strategic thinking and strategic planning – this is necessary to allow you to connect the thinking with the doing.

If your view of strategy development remains fixed on conventional approaches and you do not see any reason to change the assumptions underpinning that stance, then you may not like what follows. If you are open to shifting the paradigm within which your plans are ultimately produced to one that is more futures focused, then you will get value from this section.

To write plans that are based on robust strategic thinking requires a re-conceptualisation of the conventional planning model to see it as the four stage process shown in Figure 1 in Section 1.

Environmental scanning is the first step. It provides information about change in the external environment that provides the input into strategic thinking. Let's move on to the other three stages (see Section 2 for more information, or download my Strategic Futures Guide on *Environmental Scanning: what it is and how to do it* from the Thinking Futures website).

Mintzberg (1994a) indicates that strategic thinking is about synthesis. Liedtka (1998) suggests that such thinking is intuitive, experimental and necessarily disruptive, and attempts to explore areas beyond logical thinking, in order to develop a vision of an organisation's future. Because information about potential futures is always incomplete, the thinking required for success in this activity needs to be 'synthetical' and inductive, rather than analytical and deductive:

 … strategic thinking…is meant to open up an expanded range of perceptions of the strategic options available, so that strategy making is potential wiser. Strategic thinking is concerned with exploration, often based on limited and patchy information and options, not the steps needed for implementation of actions, which is the realm of strategic planning (Conway and Voros, 2002).

Strategic decision making is the interface between strategic thinking and planning, where directions are set. At this stage, options are assessed, choices examined, decisions made, a future destination selected and goals established.

 Mintzberg (1994a) writes that *strategic planning* is about taking those articulated goals and turning them into formal, documented action steps that can be implemented to achieve agreed results. This sort of activity requires thinking which is analytical, logical, pragmatic and deductive to make sure that actions are implemented, monitored and reported.

Environmental scanning then is about identifying change in the external environment, *strategic thinking* then is about exploring possibilities and options, *strategic decision making* is about setting directions, and *strategic planning* is about implementing actions. Successful strategy needs all four stages. As Wilson (2004) writes, 'there is little to be gained from developing a plan per se. There is everything to be gained from the thinking that lies behind the plan - and the action that follows it'.

If we are to develop effective strategy, our strategy processes must recognise that each of these four steps needs to be undertaken, and that each step has its own methods and approaches. Once information about change in the external environment is gathered, the

next step in strategy development is *strategic thinking*, not strategic planning, and we must commit to spending time in this space before we make decisions and write plans.

This last paragraph is important, because the assumptions underpinning strategic thinking and strategic planning are different, as shown in Table 1.

Table 4: The Difference between Strategic Thinking and Strategic Planning (Liedtka, 1998)

Strategic Thinking	Strategic Planning
Only the shape of the future can be predicted	The future is predictable and specifiable in detail
Relies on self-reference – a sense of strategic intent and purpose embedded in the minds of managers that guides their choices	Asserts control through measurement
Requires that managers have an understanding of the larger system	Assumes that the manager below need only to know his or her own role well
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	Assumes that the challenge of setting strategic direction is primarily analytic
Sees the planning process itself as a critical value-adding element	Focus on the creation of the plan as the ultimate object

In addition, the purpose and thought processes of strategic thinking and strategic planning are different as shown in Table 2.

Table 5 Purpose and Thought Processes of Strategic Thinking and Strategic Planning (Heracleous, 1998)

Activity	Purpose	Thought Process
Strategic Thinking	Discover novel, imaginative strategies that can re-write the rules of the competitive game; and to envision potential futures; significantly different from the present.	Synthetic Divergent Creative Beyond linear
Strategic Planning	Operationalise strategies developed through strategic thinking, and to support the strategic thinking process.	Analytical Convergent Conventional Pragmatic

You need both to develop and implement strategy, but they are not the same thing.

Heracleous (1998) points out strategic planning is single loop learning (when plans and outcomes match, or when mismatches are corrected by changing action, rather than examining the underpinning variables and assumptions of that action) and strategic thinking

to double-loop learning (where variables and assumptions are challenged before an action is change (Figure 5). We need to aim for double-loop learning.
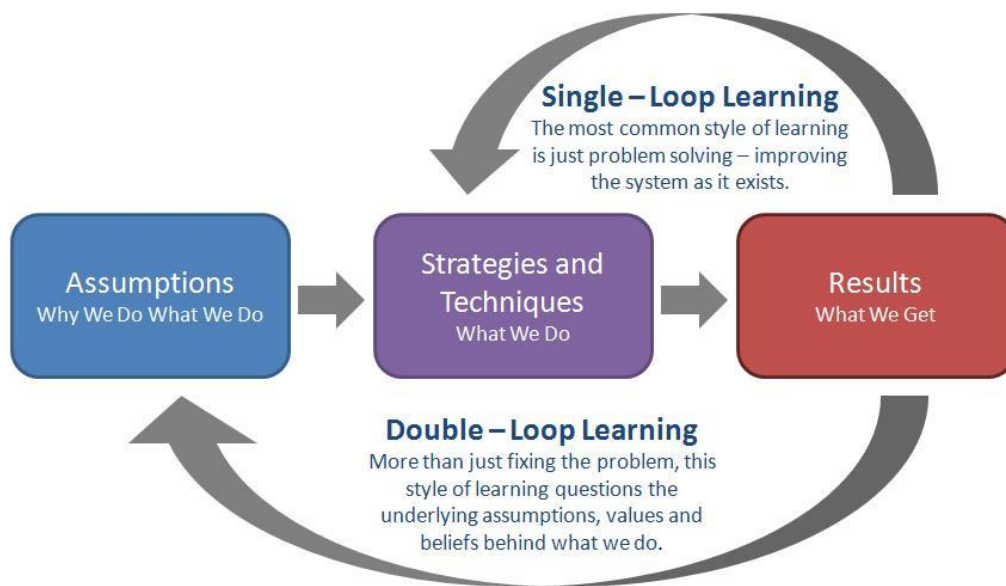

Figure 5: Single-Loop and Double-Loop Learning in Strategy Development

Strategic thinking is first a divergent process. It seeks a wide and diverse range of perspectives about strategic issues. Nothing is ignored much like a brainstorming process. It also looks for emergence by challenging assumptions to identify factors and trends not previously seen or missed because of cognitive biases. Convergence via the strategic planning process uses the output from strategic thinking to identify responses you can take today.

Getting Started

Setting up systems and processes to support strategic thinking is like any project – it requires some planning before you 'go live' to ensure that the process is accepted internally and that you get the outcomes you need.

Consider the following points as you work to integrate strategic thinking with your strategy development processes.

Organisational commitment is important. Does your manger and the CEO understand the value of strategic thinking is a futures sense? Do they get it? Can they see the value of using the future in your strategy development today? You need to seek this support – at least in principle – before you begin.[2]

But, so is coalition building. When I introduced foresight at Swinburne University in the late 1990s and early years of this century, I underestimated how powerful organisational politics were at the time and didn't pay enough attention. I realised later, after I'd left, that no matter what we did at the time, foresight was never going to be accepted. I needed to spend more time with the executive team building their understanding of what I was doing,

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[2] Contact Thinking Futures for assistance here about the types of approaches that might appeal to different audiences. A simple question is always: what's in it for them?

instead of naively assuming that because I had strong CEO support, it would all be okay. The lesson learned was that coalitions are important when you are attempting to introduce a new process that will inevitably disrupt existing planning and strategy processes.

Be clear about where strategic thinking fits into your strategy development processes. The assumption here in this guide is that strategic thinking is about the future. Integrating the future into an existing process is rather a fraught process because it challenges conventional wisdom about planning and it challenges individual assumptions about the future. Inserting a process into an accepted planning routine needs to be done sensitively and with clear communication about why it is being introduced and its expected value for your strategy.

Understand for whom you are doing this. This is important because it's easy to take on the role of strategic thinking evangelist. A degree of this is needed of course, but ultimately what you are trying to do is build and embed this capacity in people in the organisation. The process is important but the aim is to involve people in the process so that they can see the value.

Identify the strategic issues/problems/decisions your organisation is facing now. Use them as a pilot study to introduce the new strategic thinking approach to the organisation.

Keep the future manageable. Futures work requires a 10 year time period is people are going to feel comfortable letting go of assumptions that underpin their views about how the organisation and the world operate today. Ten years is usually enough to demonstrate that while some things will stay the same, a lot more will change in radical ways and today's way of viewing the world just won't help then. At the same time, you know your organisation – you might need to start at five years if you don't think your organisation is ready for the 10 year leap. But aim to get them to 10 years as soon as possible.

Strategic Thinking Tools/Methods

This section uses the Generic Foresight Model (Figure 3) as a framing structure. A brief summary of each method is provided here. There are two excellent references that you can use to learn more about specific methods:

- Thinking About the Future: Guidelines for Strategic Foresight by Andy Hines and Peter Bishop (published by Social Technologies, 2006), and
- Shaping Tomorrow's free online practical foresight guide.

The tools and methods here are those you can integrate into your strategy processes to help people build new ways of understanding and interpreting change, ways that have a clear focus on the future and the exploration of uncertainty. What is covered here is not inclusive and should be viewed as a taster of the range of methods to use when you are thinking about the future.

More information and links are available on the Thinking Futures website.

Inputs

Methods at this stage help you gather information about the external environment about the scope and depth of change confronting your organisation. Environmental scanning (sometimes called horizon scanning as well) is a major method, and Delphi is a well-known and used method for gathering and validating expert opinion, and is moving from a process taking several months to complete to an online, real time method.

A newer approach is Open Foresight (Miemis, Smart and Brigis 2012) – 'an updated model for harvesting collective insight, generating scenarios, and creating strategic and digestible roadmaps into the future' (p 92). Using the increasing power of the internet and communications technology to connect people across the way, this participative approach is characterised by a participative structure, open access/online/input diverse, and incentives to participate. It broadens out the range of perspectives that can be brought into the discussion which, in the realm of uncertainties and complexities that characterise the future, can only be a good thing.

Analysis

Analysis is the process of preparing information for use in your organisation. It's a preliminary step rather than a stand-alone technique. Trend Analysis is a well-known method, usually applied in one area such as consumer behaviour. There are many companies which have this as their core business (Trendwatching is a big one). Forecasting is another variant which seeks to project possible future scenarios for particular trends. Unless the process used is sophisticated, the biggest problem is that forecasting tends to use one or two trends in isolation from the much more complex and interdependent trend ecosystem.

Emerging Issues Analysis is a process to identify what is sometimes called the seeds of the future in the present. This is the change that is happening on the periphery that might develop and require an organisational response in the future. They are found in the realm of the weird and the whacky that we usually quickly dismiss because it is very unlike our experience of the world today (hence the need to recognise when you are dismissing the relevance of something you are seeing too early).

Interpretation

Interpretation seeks more in depth understanding to look for deeper structure and insights underpinning the strategic issue being explored.

Systems thinking aims to focus on the whole system, and not study smaller and smaller parts, usually in an effort to reduce uncertainty. System maps are a useful tool when trying to understand the complexity of a particular system and understand how different elements influence each other.

Futures Wheels were developed by Jerome Glenn in 1971 at the Antioch Graduate School of Education. They are a tool to explore possible impacts of trends now and into the future. It projects possible cause and effect relationships between a trend/issue and the changes that could ripple out of from it.

Cross Impact Analysis explores interactions between a set of forecasts or trends that were produced in isolation. It produces a cross impact matrix that shows interdependencies and that can then be used to consider the potential impact on an organisation over time.

Causal Layered Analysis (CLA) was developed by Sohail Inayatullah in the 1990s. CLA is based on the assumptions that reality is layered and that there are different ways of knowing (Inayatullah 2004). Surfacing worldviews and increasing understanding 'opens up space for the articulation of constitutive discourses which can then be shaped as scenarios' (Inayatullah 2004:815).The four layers are:

- **Litany**: the official public description of the issue, unquestioned and unchallenged,
- **Systemic Causes**: the drivers of change shaping the Litany, questioned within the dominant paradigm,
- **Worldview**: the deep assumptions and discourse underpinning the issue - ideological, stakeholder, civilizational and epistemological, including questions such as whose voice is dominant, and who is 'othered', and
- **Metaphor/Myth**: the deep stories, often emotive dimensions of the issue, operating at the cultural level.

CLA deepens understanding of the connection between the taken for granted Litany response to perceived reality and the deeper structures underpinning those responses. It allows for alternative solutions to issues and problems to emerge that do not replicate the present.

Prospection

Prospection is the creation of forward views, images of the future, plausible futures worlds.

Scenario planning has a number of well-defined processes for creating alternative futures that has been described and developed by a wide range of academics and practitioners since the 1960s. There are a range of approaches but at its core is the generation of a range of alternative futures scenarios for an organisation, usually focused around particular strategic issues. The scenarios are a tool not the end product and designed to stretch thinking about what might happen in the future rather than assume the future will be more of today.

Visioning is a method for constructing a shared view of a future for any organisation. The process has been formularised to an extent but it can be a collaborative and participative way to generate an agreed strategic destination. Done well, visions can be powerful instruments to 'pull' people and an organisation into the future.

Backcasting is usually done in conjunction with scenario planning. It starts with a preferred future and then works backwards to understand the sorts of events and decision points occurred to create that future. Forecasting projects out from the present to the future while backcasting projects backwards to the present. This process ensures that thinking is informed by the future. Once complete, the backcast can be reversed and provides a roadmap to the desired future.

When to Use a Method/Tool

Foresight Maturity Model

The choice of method depends on a number of factors such as experience in using the method and resources available. The most important factor is the readiness of an organisation to use futures tools to inform strategic thinking. The Foresight Maturity Model (FMM) (Grim 2009) is a way 'to establish a baseline and plan for developing powerful internal foresight capacities' by measuring your organisation's foresight status in relation to a set of best practices for the foresight field. The model assesses a number of practices across several areas of activity. The five outcome levels used are:

- **Ad hoc** – the organisation is not or only marginally aware of processes,
- **Aware** – the organisation aware that there are best practices in the field and is learning,
- **Capable** – the organisation has reached a level where it has a consistent approach for a practice across the organisation,
- **Mature** – the organisation has developed expertise and advanced processes, and
- **World-Class** – the organisation is considered a leader in this area, often developing new methods

Assessing your organisation using the FMM is a good place to start to decide which method is most appropriate at any given time. For example, if an organisation is at ad hoc stage across a range of areas, easily understood methods would need to be used such as environmental scanning. A mature organisation could use more complex methods such as Causal Layered Analysis. The choice of method ultimately depends on why you want to use foresight methods and what outcome is best suited to your organisation at any given time.

Foresight Diamond

Another way of looking at the range of methods available and choosing the most appropriate one for your organisation is to look at the Foresight Diamond. Developed by Rafael Popper, the Foresight Diamond includes a wide range of possible methods, categorised in four ways:

Creativity based methods: require original and imaginative thinking, based largely on expertise and intuition,
Expertise based methods: based on the skill and knowledge of experts in a particular subject area,
Interaction based methods: uses collaborative expertise and allows participation by a wide range of people, and
Evidence based methods: largely quantitative in nature, seek explanation based on documented evidence and data.

Consideration of what broad type of method your organisation is ready for is another key factor in your choice. If your organisation is data driven in its decision making for example, then it probably isn't ready for an interaction based method. However, using methods from more than one category is also useful but again, choice depends upon your organisation's context at the present time. The link in this section takes you to a site where you can see ways in which the Foresight Diamond can be used to select methods.

A Challenge

Busyness Syndrome: Finding the Time to Think Strategically

The biggest challenge you will face when you decide to integrate overt strategic thinking processes into your strategy framework is finding the time to think, and to obtain organisational commitment to scheduling that time.

Strategic thinking requires overt and collective processes to be put in place in organisations, but taking time out from day-to-day operations is usually not welcomed. So we tend to lose strategic focus and become totally immersed in the here and now. Yet, if we take time out and commit to strategic thinking processes, the result is a much stronger sense of what is important and what is not, what will help achieve strategy today and what is actually busy work.

The busyness syndrome (Johnson 2007) has taken over our work lives today. While we complain about how busy we are, how much work we have to do, how many emails we received before lunch, and how stressful it all is, we continue to deny ourselves the time to re-think the paradigm that has generated the stress in the first place. We are all too busy to think and therefore remain unable to envision and create a more sustainable future for our organisations.

When I work with people to introduce strategic thinking in a formal way to their work, the starting point I recommend is to carve out 15 minutes on one day a week, and don't let anything or any meeting stop you from having your thinking time. During this time, you can explore an issue or a challenge you are facing by doing one or more of the following.

- Ask questions such as 'what issues are causing me to wake up at 4am in the morning?', 'what do I need to know about them?'. Do some scanning and explore those things you need to know more about. Or go to a scanning site like [Shaping Tomorrow](#) and see what others are saying about your issue.
- When you have some information available, just sit and think about what it all might mean, looking for patterns in what you are reading – are people saying the same or different things about your issue? Is there a trend emerging here?
- If you think there is a trend, try using a tool like the Futures Wheel to explore the implications of the trend for your issue.
- Have a conversation with someone you know will challenge your thinking about what you are finding and what you think the implications are for your issue.
- If you find yourself thinking 'that's rubbish' as you read something, you have hit an assumption wall – there's a deep seated assumption constraining your view of what is possible. What you are looking at may turn out to be impossible, but until the future has happened, you won't know that.

Remember that strategic thinking is about the future, about building a long term context for your decision making today. What seems reasonable today probably won't be reasonable in the future, so you don't want your thinking to lock you into a decision today that loses its validity and usefulness when the world changes. The value of strategic thinking is that it allows you to develop an anticipatory capacity over time – to understand the major factors influencing your issue, or your organisation's future performance, in ways that help you make wiser and more robust decisions today.

A Final Comment

The aim of strategic thinking is to understand – as best we can – the long term context of our decisions today, so that we can ensure those decisions are as wise and as robust as possible.

To do this, we need to set up systems and processes in our organisations that support strategic thinking and integrate them into strategy development processes. Most likely, those strategy development processes will need to be re-built from the bottom up, or at least extensively re-designed to make the outcome futures ready strategy and not a glossy plan.

Most importantly, we as individuals and collectively in our organisations need to be open to recognising that our worldview and our assumptions about the future might be blinkered, that we may not know what is 'right' or 'best'. We need to accept that we might need to move beyond our focus on the present as the core of strategy and engage with the future if we are to develop effective and sustainable strategy today.

Good luck and keep in touch.

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Need Help? Questions? Contact Thinking Futures

Maree Conway

Thinking Futures

PO Box 2118, Hotham Hill, 3051, Australia

Tel: +61 3 9016 9506

Email: maree.conway@thinkingfutures.net

About Thinking Futures

Thinking Futures works with people in organisations to enhance their long term thinking capacity and to use that thinking to build stronger strategy. I work with organisations to build strategic foresight capacity by:

- building and enhancing environmental scanning to identify information and ideas needed for strategic decision making – I help you bring the outside into your organisation,

- running strategic thinking processes that start with a focus on the long term view rather than short term urgency – I use scenario learning to help you understand the shape of preferred futures, potential risks and opportunities and your emerging strategic options so that your strategy today is robust and futures ready, and

- using new approaches to develop strategic plans that inform decision making today – I work with your people to make your plans meaningful 'on the ground' in your organisation, with knowledge transfer the key here to embedding this new approach into your processes.
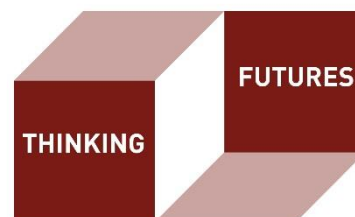
The three activities – scanning, thinking and planning – all contribute to building a strategic foresight capacity, for both you as an individual, and for your organisation. The more people in your organisation who understand the need for these three strategic capabilities, the stronger and more successful your strategy and its implementation will be.

About Maree Conway

Thinking Futures is run by Maree Conway. Maree works primarily with people in organisations ready to move beyond business-as-usual thinking to build robust and sustainable strategy for the future. Her expertise is focused around strategy development and implementation, and the use of futures approaches to strengthen strategic thinking. Maree helps people challenge their current thinking paradigms and see beyond the constraints of today to build strong futures for themselves and their organisations.

Before establishing Thinking Futures, Maree had a successful career as a tertiary education manager for almost 30 years, working in policy, planning and strategy roles in both faculties and university contexts. She has a Bachelor of Arts from Griffith University, a Masters in Educational Administration (Honours) from the University of New England, and a Graduate Diploma in Strategic Foresight from Swinburne University of Technology. She's currently enrolled in her PhD by Practice Based Research at Swinburne on the topic of the future of university management. Since 1999, Maree has facilitated and managed strategy projects and workshops at Swinburne University of Technology and Victoria University, and has facilitated workshops with Australian government departments and with business organisations. Maree is a regular presenter on changing the way we think about the future at conferences in Australia and internationally.