

Strategic Thinking & Its Importance

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Thinking is such a natural process that people do not often give much thought to it. However the importance of strategic thinking is critical for business success and this article aims to shed some light on the topic. In order to better understand strategic thinking a logical starting point would be to define "Thinking":

"Thinking may be described as the mental process of forming models in our mind. These models become frameworks around which perceptions are formed of current situations and drive further consideration of a wide range of challenges, questions, objectives and choices."

Businesses and their leaders are challenged to perform in a crowded and competitive global environment. Remaining competitive requires organizations to keep their strategic management process dynamic, continuously learning and adaptable, taking advantage of emerging opportunities while managing risk. Strategic thinking thus becomes a key competency for leaders and managers responsible for the design and deployment of business and functional strategies.

Strategic thinking needs to be at the centre of the entire strategic management process, constantly re-evaluating, re-visiting and re-defining mental models of the business. Strategic mental models of a business whether formally defined or not, frame a business and limit creative thought based on assumptions about:

- How the business is organized and manages the deployment of its resources to compete, generate revenue and deliver value in the market;
- How competitors behave, react and are likely to evolve in the market;
- How suppliers and complementary business partners can and should support the business;
- How customers respond, what they value and needs and wants are met.

A process to systematically drive strategic thinking is required within any organization. A simple three step process that may be used at an individual or group level for improved strategic thinking is to:

1. Define the strategic business mental models and its underlying assumptions relating to the four bullet points above;
2. Seek information to challenge these assumptions while identifying alternative business value drivers and emerging trends;
3. Identify new opportunities as a result of these new business value drivers and trend
4. Make choices and think through high level actions that would be required to leverage these new opportunities and manage likely challenges.

Strategic thinking needs to both appreciate the current business situation and simultaneously challenge the status quo keeping a focus on the future. The ability of leaders and managers to think strategically is a key competence that promotes integrative efforts through a focus on the big picture when making decision, working across function and locations.