

THE STRATEGIC MINDSET

APPLYING STRATEGIC
THINKING SKILLS FOR
ORGANIZATIONAL
SUCCESS

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STRATEGIC THINKING INSTITUTE
BE STRATEGIC OR BE GONE

Strategy and its consistent application by managers and leaders are keys to long-term organizational success. Strategy is an essential component of strategic thinking, a necessary skill for leaders and one that's highly sought after by employers.¹ Being able to think strategically about the big picture and make reasoned decisions that will drive employees in the organization in a common direction means leaders can contribute to business goals.

Yet many managers are unclear on exactly what is and isn't strategy, and how to explain it to others or know how to apply it to their daily activities. Recently promoted leaders especially might struggle during the transition to their new role, relying on what's worked in the past and focusing on short-term tactics. This may have proven successful in their previous role, but might not be what the organization needs from them now. Organizations may understand the need for strategic thinking, but few have the right tools in place or the necessary skills to leverage strategic thinking into an enterprise-wide capability for competitive advantage.

To gain a better understanding of the current state of strategy skills at organizations, the Human Capital Media Research and Advisory Group — the research arm of *Chief Learning Officer* — partnered with the Strategic Thinking Institute for the CLO *Strategy Skills* survey. We asked survey respondents about the degree to which managers at their organization understand strategy, if they can communicate and apply strategy, and the extent of current measurement of their organization's strategy implementation, application and impact.

DEMOGRAPHICS

For full demographics information, see Appendix.

The CLO *Strategy Skills* survey received 400 responses.

KEY FINDINGS

- Strategic thinking is the most important leadership capability for senior executives (No. 1 response at 63.7 percent).
- Strategy skills are taught at just 24.1 percent of organizations.
- Only 31.9 percent of respondents said they teach their managers how to facilitate strategy conversations.
- Only 44.3 percent of organizations have a universal definition of strategy, while only 46 percent have a common language for strategy.
- 83.4 percent of respondents believe managers at their organizations would benefit from a greater selection of thinking and planning tools and models to help them develop strategy.

¹Weisser, C. (2016). "The 21 Most Valuable Career Skills." *Money*.

STRATEGY: WHAT IS IT?

Before we examine best practices for strategic thinking, we should step back and take a big-picture view. Do organizations have a common definition or understanding of what strategy is?

Not many survey respondents believe so. Having a definition is essential for giving employees an understanding of how strategy differs from the mission, vision, goals, objectives and tactics. Yet less than half of respondents believe their organizations have either a universal definition (44.3 percent) or a common language (46 percent) for strategy. Where then to begin?

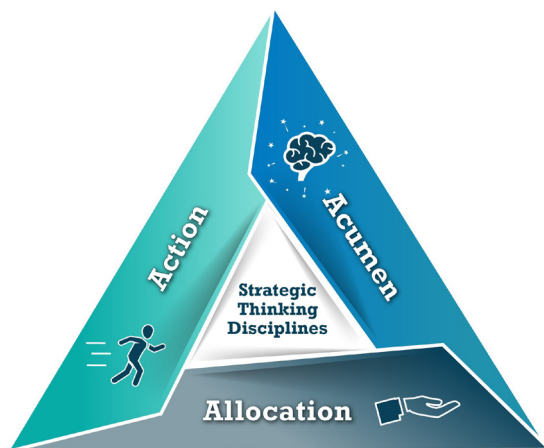
What are the characteristics of strategic thinkers? Among other things, employees who regularly think strategically generate insights on how to create new value, are able to make trade-offs with their resources and effectively prioritize their activities. To create a universal definition, organizations should start with the Strategic Thinking Framework (Figure 1). The framework consists of three A's: acumen, allocation and action. Acumen is where all projects start — the idea that will lead to new value either for the customer or the organization. Having acumen requires strategic insight — being able to identify opportunities or solve problems to create and deliver new value.

Once the idea has been identified, organizations can move on to the second A: allocation. Budget, resources, people and time should all be considered at this stage. Allocation should reflect strategic innovation as leaders identify new ways to allocate resources that will deliver value for their customers. After resource allocation is determined, organizations can then act on the program or initiative. By focusing strategic thinking through the lens of the framework, organizations free their managers up to focus on the important tasks and not get distracted by fire drills.² This last part is key: strategy is not tactics, yet only a third of survey respondents (33.2 percent) are teaching their managers how to recognize the difference between strategy and tactics.

“Strategic thinking unleashes the power of managers to solve problems, overcome challenges and creatively take the business from where it is to where it needs to go.”

— Rich Horwath, CEO,
Strategic Thinking Institute

FIGURE 1: STRATEGIC THINKING FRAMEWORK



² Horwath, R. “The Strategic Thinking Manifesto.” Strategic Thinking Institute.

PUTTING STRATEGY IN THE CORPORATE CLASSROOM

For organizations to be able to realize the benefits of strategic thinking, they'll need to include strategy skills in their leadership development programs. There is plenty of room for improvement in this area, as less than a quarter of all organizations (24.1 percent) answer *Yes* on if their organization teaches strategy skills (Figure 2).

Organizations looking to develop a strategy skills program can look to what others are doing for inspiration. Who benefits most from strategy skills training? Organizations mostly teach strategy skills to middle- and upper-level managers. Strategy skills are often taught to managers (40.6 percent), directors (42.9 percent) and vice president-level senior leaders (41.4 percent). Common elements in leadership development include how to think strategically, articulate the organizational strategy and apply it to teamwork (Figure 3).

"My company does not have strategic thinking and planning tools in place. Any tools are 'learned' on the job according to whom and what the director's leadership style is."

— Survey respondent, *CLO Strategy Skills* survey, open comments

FIGURE 2: ARE STRATEGY SKILLS TAUGHT AT YOUR ORGANIZATION?

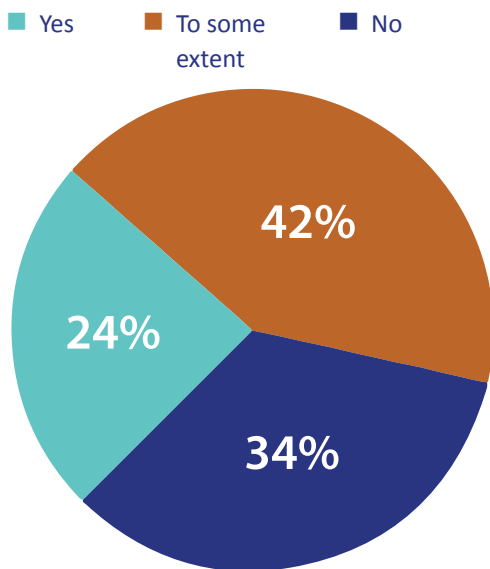
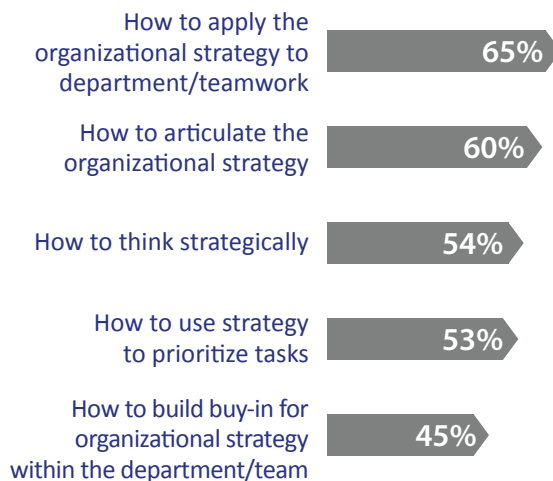


FIGURE 3: ELEMENTS INCLUDED IN STRATEGY EDUCATION



PROVIDING THE RIGHT TOOLS

There's overwhelming support for managers benefitting from a greater selection of thinking and planning tools and models to help them develop strategy. More than 8 in 10 survey respondents (83.4 percent) agree with this statement (Figure 4).

One of the greatest tools for strategic thinking is deceptively simple: time. Strategy development takes time to focus on new, unproven areas that will bring value to the business. Leaders need uninterrupted time to both develop their necessary skills and concentrate on strategic tasks.

Yet finding time is a challenge for many, with 65.9 percent of survey respondents saying the lack of time to engage in strategic skills development is a top challenge to increasing strategy skills. Other challenges include a lack of training on strategy skills and lack of a framework for creating strategic thinking habits (Figure 5).

"[At our organization, the] emphasis is on short-term results, which is reinforced through behaviors and practices of senior leadership. Long-term work is not viewed as a manager's role."

— Survey respondent, CLO
Strategy Skills survey, open comments

FIGURE 4: MANAGERS AT OUR ORGANIZATION...

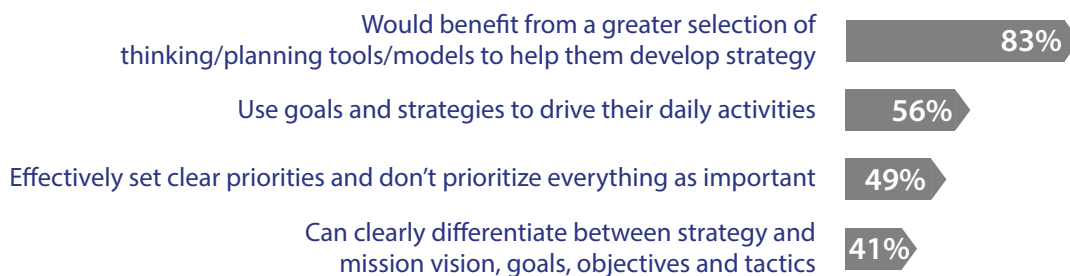
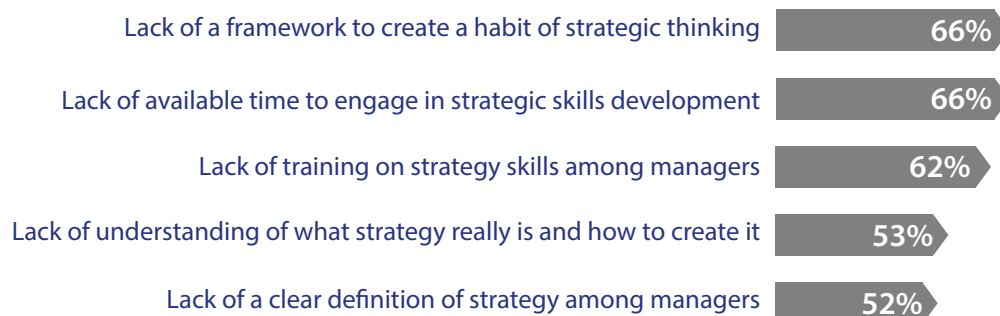


FIGURE 5: TOP ROADBLOCKS TO INCREASING STRATEGY SKILLS AMONG MANAGERS



COMMUNICATION IS KEY

For strategic insight to contribute to organizational success, leaders need to embrace and facilitate strategy conversations, which help them solve their key business challenges. Yet there is much room for improvement in this area; only 31.9 percent of respondents said they teach their managers how to facilitate strategy conversations. The potential value of strategic thinking and planning are dramatically reduced when managers are not able to effectively communicate their strategic insights with one another (Figure 6).

How should managers communicate to be more strategic? Including overarching themes in both written and verbal communications helps the audience connect with the upper-level message. Strategy conversations should be focused on higher-level priorities, not bogged down in tactical details.

Q: *What is one action you'd like to see your organization take in the next year to improve strategy for managers and leaders?*

A: Cascade strategic capability and thinking to middle and lower management levels.

A: Set up a common language and framework that is consistent across our functional areas.

A: Make this part of the leadership training culture at ALL levels.

— Survey respondents, *CLO Strategy Skills* survey, open comments

FIGURE 6: STRATEGIC COMMUNICATION AT OUR ORGANIZATION



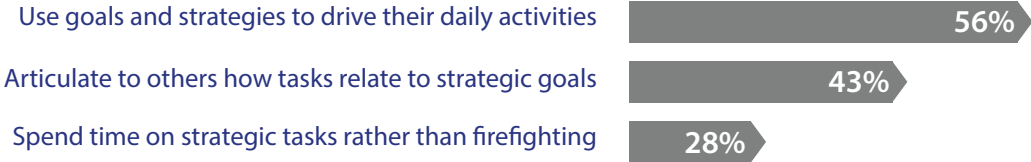
THE MOST IMPORTANT LEADERSHIP CAPABILITY

Organizations looking to reinforce strategy skills should build strategic thinking into their leadership development programs, to ensure that current and future leaders have the tools they need to develop and execute strategic plans. Strategic thinking is especially crucial for new managers, who may not be ready to give up their old tactical duties. Half of all organizations (49.9 percent) agree that managers who aren't strategic enough — focusing instead too much on the tactical — aren't likely to advance their careers. In addition, most organizations (63.7 percent) believe the ability to think strategically and set direction is the most important leadership capability for senior executives. Thus, developing leaders' strategic capabilities demonstrates commitment to employee development. By giving leaders the tools and direction they need, managers will spend less time firefighting (reacting to every issue the minute it crosses their desk) and more time using goals and strategies to drive their daily activities (Figure 7).

"Make strategy skills mission critical for the organization by engaging senior leaders as champions and using L&D to drive strategy skills learning programs across the organization."

— Survey respondent, CLO Strategy Skills survey, open comments

FIGURE 7: MANAGERS AT OUR ORGANIZATION...



CONCLUSION

Good strategy can move organizations in new directions and open them up to new markets and possibilities. The opposite is also true: bad strategy can sink a business. Organizations should ensure their managers, directors and senior leaders have the same definition of strategy, know what the strategic direction is for their organization and are able to apply strategic thinking to their department or teamwork. The Strategic Thinking Framework is a good place to start when deciding on a common approach to strategy.

Once there is a consistent definition of strategy enterprise-wide, organizations should include strategy skills into their leadership development programs. Survey respondents agree: leaders would benefit from more tools and models to help them develop strategy. Strategy should be communicated throughout the organization by teaching leaders how to facilitate strategy conversations and clearly translate strategy to their teams. Finally, leaders should recognize that strategy — more so than tactics — will advance both their career and organizational goals. By making strategic trade-offs and focusing on only a few priorities, leaders will envision the big picture and be better equipped to handle change and challenges as they arise.

“When you think about the pace of change in most industries and the increasing level of competition due to digital factors and changing business models, strategic thinking is no longer a nice to have, it’s a must-have.”

— Rich Horwath, CEO,
Strategic Thinking
Institute

APPENDIX

Glossary

Strategic innovation

Insight-based resource allocation that will create value for target customer segments.

Strategic insight

A new idea combining two or more pieces of information that will positively affect business success and provide competitive advantage.

Strategic planning

Channeling insights into an action plan to achieve goals and objectives.

Strategic thinking

The generation of insights to achieve advantage.

ABOUT

Strategic Thinking Institute

The Strategic Thinking Institute is dedicated to helping managers at all levels develop their strategic thinking and planning capabilities to grow profits and create competitive advantage. Founded by *New York Times* bestselling author on strategy Rich Horwath, STI has worked with world-class companies in the U.S., Europe and Asia-Pacific to build enterprise-wide strategic capabilities, facilitate strategy conversations and set strategic direction. Horwath’s two most recent books are *Deep Dive: The Proven Method for Building Strategy* and *Elevate: The Three Disciplines of Advanced Strategic Thinking*. Visit www.StrategySkills.com for resources on strategic thinking and planning, including white papers, videos, podcasts, infographics and to sign up for the free monthly newsletter *Strategic Thinker*.

For inquiries, contact Rich Horwath, CEO: Rich@StrategySkills.com.

Chief Learning Officer

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DEMOGRAPHICS

Figures may not total 100 percent due to rounding

Survey dates

September-November 2017

Respondents

400

Organizational level of respondents

43.5 percent of respondents are at or above director level

Organization size

< 100: 20.3 percent
100-499: 15.5 percent
500-999: 8.1 percent
1,000-4,999: 20.6 percent
5,000-9,999: 9.1 percent
10,000-24,999: 13.2 percent
> 25,000: 13.2 percent

Geographic distribution

One country, one location: 30.6 percent
One country, multiple locations: 36.4 percent
One country, some global distribution: 13.1 percent
Highly distributed: 19.9 percent

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