Building a Culture That Encourages Strategic Thinking

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Ellen F. Goldman[1] and Andrea Casey[1]

Abstract

The ability to think strategically is critical for leaders and managers at multiple organizational levels. Specific work experiences can contribute to the development of an individual's strategic thinking ability. Culture, among other organizational factors, can either encourage or limit those contributions. Leaders, as culture constructors and transformers, can act to maximize the relationship between organizational culture and the process of learning to think strategically. A cadre of formal training, developmental activities, and self-directed learning initiatives can provide leaders with the skills to enhance the strategic thinking of those they lead.

"Culture eats strategy for lunch." This management truism is linked to examples of how strategy failed, acknowledging that actions attempted were inconsistent with the organization's values, beliefs, and assumptions (Weeks, 2006). The strategy-eating potential of culture has been used as the basis for recommending that leaders initiate large-scale change efforts to align culture with strategy. However, it has long been recognized that culture can also severely restrict the strategy selected to begin with, because of the myopia of shared beliefs among decision makers regarding the organization's goals, competencies, and environment (Lorsch, 1985). Moreover, shared assumptions about the organization's core mission can limit not only the strategy but also the vision (Schein, 2004). Thus, one of the most basic elements in any theory of leadership roles—establishing vision (Sashkin & Sashkin, 2003)—is inhibited unless the thinking used to develop it, strategic thinking (Heracleous, 1998), is encouraged by the organization's culture.

Strategic thinking is recognized as an individual ability (Hanford, 1995; Liedtka, 1998; Mintzberg, 1978), yet we know relatively little about its development. Limited work has been done addressing individual, group, and contextual factors contributing to strategic thinking, although a few frameworks and developmental models have been proposed (Bonn, 2005; Casey & Goldman, 2010). Not considered in depth are the importance of organizational factors and how leaders might influence these factors to cultivate strategic thinking across the organization. This article builds on a dynamic model of how strategic thinking develops. We explore culture and other related organizational factors that influence the process of learning to think strategically. Strategies that leaders can employ to influence these factors are proposed. Approaches for educating new leaders and managers in relation to the application of these approaches are discussed.

Strategic Aspects of Leadership

As an influencing process, leadership is described as being purpose driven and resulting in vision-inspired change (Antonakis, Cianciolo, & Sternberg, 2004). Across theories, vision stands as the most common important element of approaches to transformational leadership (Sashkin & Sashkin, 2003). The Sashkins (2003) noted that various theorists (e.g., Bass; Bennis and Nanus; Conger and Kanungo; House; Jaques; Kotter and Heskett; Kouzes and Posner) indicate that leaders are required to develop a vision, articulate and inspire communication of a vision, and manage followers' attention through vision.

The limitations of focusing on having and communicating a vision (alone) were discussed by strategy theorists Mintzberg, Ahlstrand, and Lampel (1998) in their identification of the "entrepreneurial school" as one of 10 ways of developing organizational strategy. They described the entrepreneurial school as being preoccupied with vision

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development and visionary leadership as an antidote to the failures of strategic planning: "Every self-respecting organization suddenly had to establish a vision" (p. 136). This focus disregards the depth and difficulty of strategic thinking, noted by Mintzberg (1994) as "an immensely complex process, which involves the most sophisticated, subtle, and at times, subconscious elements of human thinking" (p. 111). Research on managers who derail supports Mintzberg's view: Those who fail do so because of personal factors, including their inability to shift from a technical to a strategic focus (Yukl, 2006).

The recent attention to "strategic leadership" reflects the desire to better understand how executives shift not just their own focus but also that of the entire organization and, in so doing, transform the entity (Yukl, 2006). Strategic leadership is described as the thinking, acting, and influence of individuals and teams to advance the competitive advantage of the organization (Hughes & Beatty, 2005). This type of leadership is differentiated from "regular" leadership by being broader in scope—to include the organization and its external relationships—and more pervasive and longer lasting in its impact. Research on strategic leadership is described as limited and has been criticized for focusing on demographic variables over underlying causal ones (Antonakis et al., 2004).

Yukl (2006) suggested that the main behaviors of strategic leadership are monitoring the environment and formulating strategy; others have added communication, organizational alignment, and monitoring of outcomes to the requisite actions (Avolio, 2005; Hughes & Beatty, 2005; Pisapia, 2009). Numerous leadership assessment tools are promoted as measuring individual "strategic" leadership abilities; however, on inspection, they are focused only on communication to inspire a vision and/or having a plan to implement it (Goldman, 2005). Although communications skills will help leaders implement strategy, such skills alone without requisite cognitive abilities are insufficient for crafting the strategy to be implemented.

The behaviors that leadership theorists have identified as required for strategic leaders bear striking resemblance to activities involved in strategic planning and strategic management processes as described in the strategy literature (e.g., Andrews, 1971; Eden & Ackermann, 1998; Steiner, Miner, & Gray, 1982). The past 30+ years of strategy research has explored the nature and practices related to strategy development and the strategic decision-making process, including the influence of power and politics and the role of chance (Bonn, 2005). The strategy literature has focused on singular events versus longitudinal learning and largely concerns detractors from thorough decision making (e.g., perceptual filtering) rather than developers of strategic thinking (Porac & Thomas, 2002).

Thus, what we know about strategic leadership relates to two of its three dimensions—"acting and influence"—as defined by Hughes and Beatty (2005). There is a gap in what we know about "thinking."

Strategic Thinking in Organizations

In addition to the deficit in the literature regarding strategic thinking, there is a gap in practice. Top leaders' absence of strategic thinking has been identified as a major detractor of firm performance in studies across industries and countries (Bonn, 2001; Essery, 2002; Mason, 1986; Zabriskie & Huellmantel, 1991). There is concern that this gap will continue: Bonn (2005) noted that strategic thinking was identified by a panel of experts as one of the 10 most critical areas for future management research. In addition, both leadership and strategy theorists have indicated that strategic thinking is needed at multiple organizational levels. According to Wheatley (2006), the need for information and thinking skills that were once the purview of top leaders is moving deeper into organizations, as everyone needs to be able to interpret complex information and create their own realities. Newer theories of strategy making that focus on organizations' processes and routines also indicate that strategic thinking is useful to those working close to the customer (Floyd & Wooldridge, 2000; Johnson, Melin, & Whittington, 2003).

The strategic thinking gap is due to a lack of understanding of the concept overall (Bonn, 2001; Liedtka, 1998; Mintzberg, 1994) and limited development of it among organizational leaders (Bonn, 2005). Practitioners and theorists wrongly use the terms *strategic thinking*, *strategic planning*, and *strategic management* interchangeably. This has resulted in significant historical confusion in the literature, with the aforementioned terms being used not only as substitutes but also as both nouns and verbs (Steiner et al., 1982).

Strategic thinking has been recognized as an individual activity influenced by the context within which it takes place (Liedtka, 1998). The literature contains no singular definition; based on our review, we define it as conceptual, systems-oriented, directional, and opportunistic thinking (Hanford, 1995; Liedtka, 1998; Mintzberg, 1978) leading to the discovery of novel, imaginative organizational strategies (Heracleous, 1998). The development of an individual's ability to think strategically requires an understanding of what happens during the strategic thinking process as well as the contributing factors. We have suggested a developmental model based on research with practitioners and theories of strategy, expertise development, adult learning, and the "learning school" of strategy making (Mintzberg et al., 1998). The antecedents of our model as well as the model itself have been described in previous publications (Casey & Goldman, 2010; Goldman, 2007, 2008b). A brief overview is provided here; the parts of the model are shown in Figure 1.
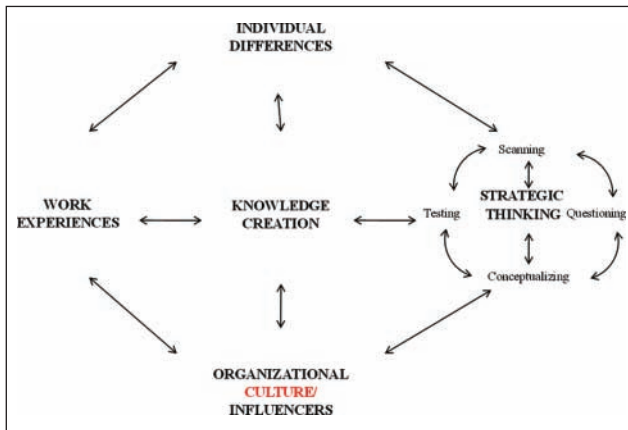
Figure 1. Model of learning to think strategically
NOTE: Reprinted from Casey and Goldman (2010).

We suggest that the development of an individual's ability to think strategically is a dynamic, interactive, and iterative experiential learning process (Casey & Goldman, 2010). Consistent with Mintzberg et al.'s (1998) "learning school," strategy emerges as it is developed through a "messy process of informal learning" (Mintzberg, 1994, p. 108). An individual is thinking strategically (to develop strategy) while completing the strategy development activities of scanning, questioning, conceptualizing, and testing (Casey & Goldman, 2010). The four activities are conducted on a continuous basis, in no particular order. Thinking strategically (as a verb) is both part of the development process and enhanced by it (a noun).

In addition, specific individual differences, work experiences, and organizational factors interact with the knowledge individuals already have regarding the process of strategic thinking, the industry they are in, and their own strategic thinking ability to further develop the ability to think strategically (Casey & Goldman, 2010). The individual factors include learning styles and personal habits and practices related to how strategic issues are approached. The work experiences incorporate nine categories of activities, each with requisite characteristics for enhancing the ability to think strategically. Examples include working in a variety of work settings, having a mentor early in one's career, participating in focused strategic planning sessions, and being responsible for a major organizational growth initiative. The organizational factors that interact to enhance the ability to think strategically include a number of both group- and organizational-level practices regarding the way people work together and adapt to the environment. Examples include the nature and frequency of environmental monitoring, the depth of questioning of new ideas, the handling of failures, and the encouragement of diverse points of view. The behaviors related to these practices are easily observable; the practice being honed over time through interactions and shaped

by leaders to become part of what we consider organizational culture (Schein, 2004).

Culture That Encourages Strategic Thinking

The creation and transformation of organizational culture is one of the most significant functions of leadership (Antonakis et al., 2004; Sashkin & Sashkin, 2003; Wheatley, 2006; Yukl, 2006). Schein's (2004) well-known definition of culture describes it as

> a pattern of shared basic assumptions that was learned by a group as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems. (p. 17)

Schein considered culture to be *the* leader's job, and the distinguishing responsibility from managers, noting that leaders will be victims of culture if they do not deal with it.

The impact of culture has been considered in relation to organizational strategy: Beliefs about an organization's competencies, vision, goals, markets, competition, differentiation, and product performance can cause leaders to limit strategy (through myopia) or to overextend it (through rose-colored glasses; Lorsch, 1985; Schein, 2004). As noted earlier, the literature on strategy describes these issues but provides little in the way of prescription (Porac & Thomas, 2002). The challenge facing leaders is to diminish the negative impact of culture on strategy, or said differently, to encourage the strategic thinking of individuals developing strategy at all organizational levels.

Our model of how strategic thinking is learned has several implications for how this may be accomplished. First, leaders can help others understand their own habits and practices that relate to developing the ability to think strategically. For example, Kolb's (1984) experiential learning theory has been tied to the activities of strategic thinking (scanning, questioning, conceptualizing, and testing), and administration of his Learning Style Inventory may provide individuals with insights into their own strategic thinking proclivities (Casey & Goldman, 2010). Second, leaders can include the work experiences shown to develop strategic thinking (Goldman, 2007) in the development plans of their direct reports. Third, leaders can maximize the potential of benchmarking and strategic planning sessions by ensuring that these processes incorporate certain characteristics that enhance their contribution to strategic thinking (Goldman, 2008b).

Table 1. Leadership Practices That Establish a Culture of Strategic Thinking

Schein's Primary Culture-Embedding Mechanisms	Examples of Leaders' Behaviors That Encourage Strategic Thinking
What is focused on and measured	A strategic direction to be something materially different and the tracking of outcomes against that vision
	The impact of that direction on society
	5 to 10+ years operating and financial performance targets
	Continuous review and discussion of external changes that will affect the organization 5 to 10+ years hence
The basis for resource allocations	Products, services, ideas, and approaches that will prepare the organization for success 5 to 10+ years hence
	External education/assistance with issues coming 5 to 10+ years down the road
	Developing contingency plans before rolling out new initiatives
The basis for hiring, promotion, and firing	Asking job candidates questions to gauge their ability to think strategically
	Having employees who reflect a mix of those new to and those long tenured in the organization
	Identifying specific annual personal development plans/education to enhance strategic thinking
	Making clear when promotions are based on strategic thinking ability
What is modeled and coached	Behaviors related to scanning the environment and identifying patterns affecting the future
	Behaviors related to questioning to gain different perspectives
	Behaviors related to conceptualizing different possibilities
	Behaviors related to testing the impact of changes on performance
The basis for rewards and status	Rotating leadership of projects/activities that require strategic thinking
	Including an assessment of strategic thinking ability in annual performance evaluations
	Financially rewarding individual and team strategic thinking
	Publicly recognizing individual and team strategic thinking
Reactions to crises and events	Openly discussing what occurred, involving different points of view and open-ended questioning
	Considering how organizational policies and procedures have contributed to crises

SOURCE: Adapted from Schein (2004); examples provided by the authors

These three actions may alter the experiences individuals have and the way some organizational processes operate, but they alone are not likely to materially enhance the strategic thinking that is taking place in the organization if the culture is not encouraging. Culture has long been noted as difficult to disrupt (Kilmann, Saxton, & Serpa, 1985). It has also long been recognized that one of the most effective ways of changing the culture—the beliefs, values, and assumptions that underlie the way things are done—is for leaders to change their behaviors (Sathe, 1985).

Schein (2004) identified six behaviorally related mechanisms leaders have at their disposal to embed culture. These mechanisms concern the focus of leaders' attention, leaders' role modeling and reactions, and the criteria leaders use for making decisions about organizational roles and resources. Schein discussed these mechanisms as they apply generally to daily life in organizations. In Table 1, we provide applications of these mechanisms to strategic thinking. The leadership behaviors identified in Table 1 as encouraging strategic thinking emanated from discussions with top executives at training sessions one of the authors conducts on strategic thinking and were solidified based on dialogue with colleagues. Schein noted that managers can use these mechanisms when they want to encourage new ways of thinking, but they must use all the six mechanisms

and do so in a consistent manner. Encouraging a culture of strategic thinking, then, requires leaders to keep the organization focused on a future direction that is monitored, fund the development of future-oriented ideas, hire and promote those who think strategically, role model their own strategic thinking behaviors and encourage them in others, reward strategic thinking, and take a strategic approach in dealing with organizational mishaps. The primary culture-embedding mechanisms have been discussed by Schein as ways leaders establish an initial culture (Schein, 2004). However, Schein also noted that "when a manager decides to change the assumptions of a working group by using all of these mechanisms, that manager is becoming a leader" (p. 271).

Other aspects specific to leading working groups are consistent with the culture-embedding mechanisms encouraging strategic thinking. Who is selected to be in a working group (the basis for status, per Schein's mechanisms) can encourage a culture of strategic thinking. Diversity of age, gender, education, experience, organizational tenure, knowledge, and skills enhances work group creativity, judgmental quality, and overall outcomes (Levi, 2007). Specifically related to the activities of strategic thinking, such diversity amplifies the information network used to gather factual, procedural, and conceptual information and expands the perspectives used to consider situations. Supportive of

Schein's (2004) admonition that the mechanisms must be used in a consistent manner, work groups benefit from diversity only if power is shared (the basis for decision making regarding resources, people, etc., per Schein's mechanisms). Leaders who want to encourage strategic thinking should pay close attention to the composition of work groups and the way in which they make decisions.

Finally, the substance of the work conducted by leaders themselves speaks volumes in terms of building strategic thinking in the organization (what leaders focus on, monitor, and measure per Schein's mechanisms). Miles and Snow (2003) identified four typologies that represent patterns of organizational adaptation to environmental change. These patterns are based on leaders' assumptions about organizational roles and risk taking and are honed over time to become part of the operating culture. The typologies include "prospectors" that constantly scan the environment and encourage the development of new concepts and approaches, widely using outside expertise; "defenders" of a narrow range of products and services, focusing attention internally on efficiency and reliability and using a plethora of tools to achieve precision in planning and cost estimation; "analyzers" that are a hybrid, following prospectors' innovative successes but defending stable areas; and "reactors" that are not at all focused. The typologies are indicative of different emphases and amounts of the activities we have identified in relation to strategic thinking: scanning, questioning, conceptualizing, and testing. Prospectors (a few in each industry) scan and test more than other typologies, analyzers (the majority of organizations) question external perspectives more, defenders question internally. Reactors' patterns related to strategy are inconsistent and ineffective.

Miles and Snow (2003) suggested that leaders need to first identify their organization's typology and then take the necessary steps to modify it. The steps are described as administrative changes, including organizational structure, personnel, controls, and rewards, and alterations in resource allocations, systems, and procedures. We have already discussed personnel, monitoring, and rewards in relation to Schein's (2004) mechanisms and provided examples of how these contribute to strategic thinking in Table 1. Schein considered organizational structure and processes as secondary culture-embedding mechanisms, reflecting and reinforcing assumptions about tasks, people, and their relationships—what is most important is how to accomplish it, the nature of people, and how they best interrelate. In more mature organizations, secondary mechanisms such as organizational structure can perpetuate assumptions leaders are trying to change through their behaviors (the primary mechanisms). In these cases, Schein advocated recognition and promotion from organizational subcultures with the desired characteristics, bringing in outsiders, and introducing new technologies. Applied to building strategic thinking

abilities, actions leaders can employ include awarding "idea-generation" types of operational responsibilities, using external experts as strategic thinking coaches and mentors, and making available the use of Web technologies for scanning, cognitive mapping technologies for developing concepts, and simulations to "test" the impact of strategic thoughts. These tools not only reinforce leaders' behaviors associated with strategic thinking but also provide managers at multiple organizational levels resources to further develop their own abilities.

Exhibiting behaviors consistent with strategic thinking and providing tools to help develop it are necessary but not sufficient to build a culture that encourages strategic thinking in organizations. Leadership complexity theorists concur that culture is a set of recurring patterns of behaviors but add that relationships are key determinants of what happens in organizations (Wheatley, 2006). What occurs between people, rather than just by a person (a leader), regulates social and emotional behavior. This concept is supported by current research in neuroscience, indicating the impact of relationships among people on motivation, trust, identity, group work, and learning (Karp & Helgo, 2008).

Applying leadership complexity theory to the development of strategic thinking in organizations, individual responses and reactions to leaders' use of the aforementioned strategic thinking tools and methods cannot be known in advance but emerge during the interaction. Karp and Helgo (2008) noted that leadership theorists have historically addressed the importance of relationships in advocating for the importance of vision establishment and communications to develop common motivation, values, and team building. The implications for building a culture that encourages strategic thinking are several. First, interactions with others, in and of themselves, become important behaviors: The interactive processes of developing focus, making decisions on resource allocations, and handling crises (Schein's mechanisms) are as important in establishing culture as the actions themselves. Second, secondary culture-embedding mechanisms such as storytelling, rites, and rituals (Schein, 2004) may be more important than previously thought, as these are vehicles for relationship building (Karp & Helgo, 2008). Finally, the gap in approaches to strategic aspects of leadership between the leadership and strategy literatures may become a moot point for those concerned with building a culture that encourages strategic thinking: Both are needed. Per leadership theory, the development, articulation, communication, and inspiration of vision builds relationships and therefore leadership. Per theory related to strategy, vision is not enough; the activities of strategic thinking are complex and must be developed at multiple organizational levels. Leaders' behaviors must first embody and then help the organization build a culture that encourages strategic thinking.

Implications for Management Development

In the preceding sections, we have identified numerous actions managers and leaders can take to encourage a culture of strategic thinking in the organization. The following 10 actions can be taken:

1. Understanding themselves as a strategic thinker and their strengths and weaknesses across the components of strategic thinking (scanning, questioning, conceptualizing, and testing)
2. Helping others understand their habits and practices that relate to strategic thinking
3. Including work experiences that contribute to the development of the ability to think strategically in subordinates' personal development plans
4. Maximizing the value of organizational processes such as benchmarking and strategic planning by ensuring they exhibit features that encourage strategic thinking
5. Changing their own behaviors related to Schein's (2004) six primary mechanisms to embed culture:
   a. Focusing on the future
   b. Modeling scanning, questioning, conceptualizing, and testing behaviors
   c. Hiring and promoting strategic thinkers
   d. Rewarding strategic thinking
   e. Funding strategic ideas and resources for strategic thinking
   f. Reacting to crises in a manner that projects a strategic orientation
6. Promoting group diversity and power sharing
7. Using organizational structures and processes to modify characteristics of organizational typology that limit strategic thinking
8. Attending to interpersonal relationships and personal reactions in conducting the above actions
9. Using organizational rites and rituals (Schein's secondary embedding mechanisms) to reinforce all the above
10. Tying vision to all the above

Based on the identified actions, building a culture of strategic thinking in organizations requires certain competencies of organizational managers and leaders. The requisite knowledge, skills, and abilities fall into the following four major categories:

1. *A sophisticated knowledge of strategic thinking:* What it is and is not, how to recognize it, how it is used and how it develops, and its relation-ship to organizational culture, strategy making, benchmarking, and strategic planning.
2. *Skill in organizational diagnosis related to strategic thinking:* Recognition of individual behaviors and organizational structure and processes that encourage or constrain strategic thinking.
3. *The ability to critically self-reflect on one's own strategic thinking behaviors:* How does one, as an individual, think strategically, express vision, value diversity and power sharing, and encourage others to do so? How do one's behaviors contribute to the culture? How does one interface with others to build relationships that encourage strategic thinking?
4. *Skill in planning and implementing self and organizational change to enhance strategic thinking:* Selecting the best means of changing one's own behaviors to encourage strategic thinking and related changes critical to organizational processes, structures, and so on, and implementing those changes in the organization in a manner that results in support, adaptation, and continuous improvement to encourage strategic thinking.

Overview of Developmental Approaches

For each of the four competencies, various developmental approaches are possible. Yukl (2006) classified leadership development activities into three categories: formal training and development programs, developmental activities embedded in the learner's current work, and self-help or self-directed activities.

Formal training and development programs are usually offered away from the workplace and may involve single seminars or multiple sessions via company- or industry-sponsored leadership development institutes or university-based education. These sessions frequently include behavioral role modeling, case studies, and simulations completed individually or in teams. This type of training is appropriate for both content- and skills-based knowledge and is most effective when there is time for application, integration, feedback, and reflection, especially when the sessions are conducted over a period of time. Formal training programs offer the opportunity to learn new content, test new behaviors, make mistakes, and practice alternative actions.

Developmental activities take place on site, fostering learning from actual experience, and include training strategies such as special assignments to learn specific skills, job rotations, and participation in formal or informal mentoring programs. This type of development is most useful for applying knowledge and skills learned in formal programs and for building relationships among coworkers. Feedback

and reflection are also integral elements to learning from developmental activities.

Self-help or self-directed activities such as reading journals and books, watching videos, and listening to tapes are usually directed toward specific topics driven by the learner's interests.

Yukl (2006) noted that the three types of leadership development approaches can be integrated and that, for maximum impact, learning experiences need to include an element of challenge, provide feedback, and allow the learner to reflect on the experience and identify learning from it. The overall effectiveness of the training will vary with individual factors (e.g., motivation and learning orientation) and organizational conditions that facilitate learning (e.g., boss's support, available resources, rewards). To aid the selection of developmental approaches for specific leaders and managers, we offer some considerations related to each of the four competencies based on the unique characteristics of strategic thinking as described in this article.

Competency Category 1: A Sophisticated Knowledge of Strategic Thinking

Given the confusion in both the literature and practice regarding the term *strategic thinking* and its interchangeable use with *strategic planning* and *strategic management* (Steiner et al., 1982), the basic vocabulary and theories related to the topic need to be understood before experiential activities are undertaken. Whetten and Clark (1996) advised that without such a grounding, experiential approaches to development will result in little more than a "pooling of ignorance" (p. 155). The need for basic vocabulary was also argued by Kayes (2002), who noted that language provides the coherence and structure to learning experiences. Kayes further specified the use of writing and discussion as common threads across developmental activities to help learners make connections.

Accordingly, we suggest that developmental activity related to building a culture that encourages strategic thinking commence with formal training on strategy concepts, aimed at achieving learner clarity regarding what strategy (as the desired outcome of strategic thinking) is and how capability in scanning, questioning, conceptualizing, and testing is gained and helps identify, develop, and modify strategy. Case examples, self-tests, group discussion, and written reflection on current practices are key teaching strategies we have found valuable in helping executives understand and improve their practice of the four components of strategic thinking. These strategies are consistent with Yukl's (2006) identification of challenge, feedback, and reflection as requirements for leadership development activities to have maximum impact.

One activity we have found particularly helpful in developing practicing managers' knowledge of strategic thinking concepts is having them identify the strategies vs. tactics of competitor organizations in their industry. This provides real-world application of the vocabulary and helps raise managers' thinking above the trees to a forest level. This exercise can be expanded to postulating the nature of the scanning, questioning, conceptualizing and testing that may have been used to develop strategy. One can then complete the same activity for their own organization, identifying gaps in current strategic thinking.

Given that the individuals receiving this formal training are likely to have had significant work and life experiences, educators and educational methods that maximize the use of these experiences should be sought. Further specifics regarding how to integrate experience into teaching were delineated by Goldman (2008a). Self-directed learning activities, such as reading, can supplement formal training by providing ongoing development of individually targeted areas.

Competency Category 2: Skill in Organizational Diagnosis Related to Strategic Thinking

We earlier identified detractors to strategic thinking among organizational managers and leaders, such as group perceptual filtering, that limit the scanning taking place in organizations and the resultant strategy selection (Porac & Thomas, 2002). Strategy practitioners have identified a number of other shortcomings in organizations' analytical processes that also constrain strategy selection, such as limited customer segmentation and competitor analyses and unsubstantiated differentiation (Wootton & Horne, 2001). Practitioners can work to counter these limiting behaviors by working "backwards" from strategy to scanning. This would involve considering all possible generic business strategies (i.e., market expansion, new products and services, horizontal and vertical integration, and diversification) and identifying what environmental factors support them.

Based on our experience, several aspects of organizational decision-making processes also thwart strategic thinking, including group think, tunnel vision, extended timeframes for analyses, and a requirement for 100% decision agreement. The formal training discussed in Competency Category 1 should provide leaders with the knowledge to identify these procedural detractors to strategic thinking in their organizations.

Recognizing the individual behaviors that detract from strategic thinking, however, will require additional formal training. Knowledge of theories and models of organizational culture, such as Schein's (2004) framework and the Miles and Snow (2003) typologies, is required for leaders

to be able to identify group behavioral norms and diagnose other specific aspects of culture that need to be changed. We have found group discussion with reflection using Schein's mechanisms to yield powerful benefits for leaders in identifying cultural constraints to strategic thinking in their own organizations and possible approaches to altering those mechanisms to encourage strategic thinking. Given the complexity of culture, its steadfastness, and the need for consistency in applying the mechanisms as noted by Schein, developmental approaches should follow formal training. Specifically valuable is individual mentoring by qualified consultants through developmental relationships that guide leaders in how to analyze culture and help the organization develop consistent strategies for change. Self-directed readings of successful cultural change can augment the mentoring relationship. Again, these suggested development strategies follow Yukl's (2006) requirements for maximum impact: They include in their design the concepts of challenge, feedback, and reflection.

Competency Category 3: The Ability to Critically Self-Reflect on One's Own Strategic Thinking Behaviors

This ability has two separate aspects: How one behaves as a strategic thinker and the behaviors one engages in to encourage others in the organization to think strategically. As noted earlier, no tool can be used to measure individuals' strategic thinking; existing resources that purport to assess strategic thinking are focused on one or a few aspects of it. This leaves managers and leaders to their own discretion to self-assess their strategic thinking ability or rely on the opinions of others (who may not fully understand the concept). Individuals can, however, receive feedback from colleagues and consultants who work with them regarding particular strategic thinking activities, such as the depth and breadth of their scanning or the effectiveness of their questioning in a particular situation. Practitioners can use checklists of scanning categories (i.e., technological advances and trends, changes in the industry and competitors, political/regulatory initiatives, social trends, economic trends and indicators) to help assess scanning breadth. They can also role play the voices of various constituencies to help assess their consideration of different perspective and points of view.

In addition, it is essential that leaders recognize what activities of strategic thinking—scanning, questioning, conceptualizing, and testing—are favored by their specific learning style and how their habits of thinking or approaches to problem solving relate to the way they practice these activities. Learning style can be accessed via the Kolb (2007) Learning Style Inventory and related to the activities of strategic thinking (Casey & Goldman, 2010).

Similarly, managers and leaders can receive feedback and mentoring regarding their use of the embedding mechanisms to encourage a culture of strategic thinking as described in Table 1. In our experience, executives rate themselves much lower on their use of these mechanisms than do their colleagues. Regardless of specific ratings, central to the assessment process and consistent with Yukl's suggestions is that leaders obtain feedback on their behaviors that encourage strategic thinking versus those that do not and that leaders themselves identify learning from that feedback.

To promote the depth of reflection described, formal training programs frequently include multiple sessions over many months, offering participants multiple opportunities to practice skills on the job, receive feedback, reflect, and repeat the cycle. In addition to formal training, managers and leaders may be observed on the job as they engage in new behaviors. Informal mentoring through developmental relationships offer opportunities for managers' and leaders' ideas and reasoning to be challenged in a safe environment (Kram, 1996).

Competency Category 4: Skill in Planning and Implementing Self and Organizational Change to Enhance Strategic Thinking

Knowledge of strategic thinking, skill in organizational diagnosis related to strategic thinking, and the ability to critically reflect on one's own strategic thinking behaviors are prerequisites to planning and implementing individual and organizational changes to enhance strategic thinking. Practitioners can and should include individual developmental initiatives to enhance their own strategic thinking in their annual goal setting activities, establishing a "plan for improving their strategic thinking."

In terms of organizational changes, once the "what" to be changed is understood, the "how" to go about it can be developed through integrated approaches that offer managers and leaders content knowledge in organizational change theories, models, and research and practice in how to implement change through these models. In our experience, one of the best strategies for learning about organizational change related to strategic thinking is to become a member of another organization's board. Not only does this provide a high-level view of an organization as it evolves, but watching another CEO in action as he or she tackles change issues is instructional.

Formal training and self-directed reading may be required in specific areas such as appraisal and reward systems targeted for change to encourage strategic thinking. Less concrete changes, such as those related to the questioning of new ideas, the handling of failures, and the use of scanning techniques, are likely to require participative approaches facilitated by external parties to be effective and

lasting. Thus, an important skill for managers and leaders is the ability to distinguish between culture changes they themselves can enact and those requiring outside assistance. Prior experience, review of case studies, and dialogue with trusted others can inform this decision.

The suggestions in this article regarding practitioner activities that build a culture that encourages strategic thinking are built of theory about strategic thinking, learning, management development, organizational culture and leadership; we have taken theory and meddled it with our experiences helping develop leaders. To complete the theory to practice cycle, research is needed to better understand the experiences and impact of the suggested activities. A few examples of such research could be pre- and posttest studies of leadership development activities and organizational culture; qualitative inquiries that consider the culture-building experience from the perspectives of leaders as well as followers, and comparative case studies of leadership practices across different organizational typologies (Miles & Snow, 2003).

Conclusion

We have described and discussed strategic thinking as an individual leadership ability required at multiple organizational levels. We have noted the absence of strategic thinking to be a major detractor of organizational performance. Based on our model of how strategic thinking develops, we have identified organizational culture as a prime contributor to the level of strategic thinking practiced by individuals in organizations. Specific actions managers and leaders can engage in to encourage a culture of strategic thinking have been suggested using Schein's (2004) framework of embedding mechanisms, Miles and Snow's (2003) organizational typologies, and complexity theory's focus on relationships (Karp & Helgo, 2008). Effective implementation of these actions requires competencies in strategic thinking, organizational diagnosis, self-reflection, and personal and organizational change. For each set of competencies, leadership development strategies and their order of occurrence have been suggested, including formal training on a number of topics, developmental activities, and self-directed learning. The specific mix of leadership development strategies will vary with the individual and organizational support; however, key features of challenge, feedback, and reflection are essential for maximum impact. From all this, it is clear that building a culture that supports strategic thinking is a significant endeavor requiring personal, interpersonal, and organizational resources. Failure to build it leaves culture in control of destiny.

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