

The Seven Barriers to Strategic Thinking

WORKBOOK EXCERPT

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ABOUT THE STRATEGY LEARNING CENTER

Standing at the intersection of executive education and strategy consulting, the Strategy Learning Center facilitates and guides clients through the process of designing bold yet actionable strategies. Our dual mission is to help our clients secure competitive advantage as we simultaneously transform tacticians into strategists.

We believe strategic thinking fuels competitive advantage. Given market uncertainties and the growing complexity of competition, everyone in your organization should become a strategist.

We coach our clients through the real work of tackling a meaningful strategic challenge. During this process, two transformations take place. Your strategy becomes a means for your organization to break away from the pack. And your people become strategists, capable of beating the competition at every turn.

Two advantages set our executive education programs apart from others. First, participants walk away not just with actionable skills and knowledge, but with a clear, coherent strategic plan: a real-world business solution to a pressing business challenge, which they can immediately implement.

The second advantage has to do with a key challenge of skill building: translating classroom learning into real-world application. Because our clients grapple with real-world strategic challenges during our programs, participants are not just equipped with our methodology; by the time our programs are finished, they have become experienced strategists. Each participant emerges from the process a stronger, more versatile asset to the organization. This transformation produces a formidable competitive advantage, in and of itself.

We look forward to working with you.

The Strategy Learning Center team

STRATEGIC THINKING

“There’s more importance today on strategy, on picking businesses, than ever before ... In the environment we’re in, good execution and good operations aren’t enough to fix a business with a flawed strategy. So you need to spend time understanding what businesses you think are going to work, what business models seem to make sense. Strategy is more important than ever before.”

- Jeff Immelt, CEO, GE, 2004

The ability to think strategically is the fundamental source or competitive advantage. Every winning strategy begins first with the mind of a person or group and propagates into a set of winning rules that sets its company apart from the competition.

Our research and that of numerous others, have established a clear measurable link between a company’s people – their level of engagement in the company, their ability to think strategically, and their ability to build buy-in for their strategy – and a company’s performance. Our study of long-term competitiveness, for example, established that companies that engage employees will grow 50% faster than their competition over a decade.¹

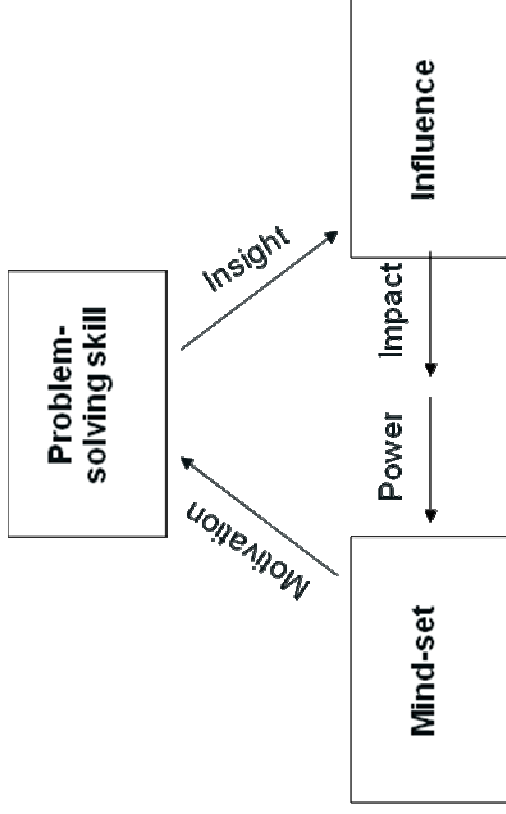
As business model lifetimes shrink, companies fragment, industry boundaries blur, and value continues shifting from tangible activities and products toward intangibles (e.g., from manufacturing to design), a company’s ability to compete increasingly depends on how well it can extract the natural strategic horsepower of its people.

An additional shift is heightening the importance of individual strategic contribution. We are witnessing a shift across many sectors in the nature of competition. Strategic decision-making is moving from the central “home office” toward the front-line. Many of the fastest growing, most profitable companies of the decade – from Whole Foods and Wetherspoon PLC to Infosys Technologies and Cisco Systems – are basing their competitive advantages on making a set of decisions that move critical strategic decisions into the hands of front-line employees.

If the ability to think strategically is growing into a critical source of competitive advantage, then what does it take to think strategically?

There are three specific perspectives that research has shown are important to unlocking the power of strategic thinking.ⁱⁱ There is first your “mind set,” specifically whether you view yourself as a strategic thinker, or as part of the solution. Taking this viewpoint may be challenging because being part of the solution also implies must be part of the problem as well. Second, having chosen to be part of the solution/problem, you must then have the skills to devise a good solution. This entails learning tools to help you improve your creativity and ability to problem-solve. Finally, having devised a solution you must be able to convince others to buy into your solution. This involves securing opportunities to expand your influence.

When all three are in place, when your mind-set, problem-solving ability, and influence are working toward helping you find opportunities, generate solutions, and sell them effectively, you set yourself on the path to becoming a recognized strategic contributor. You trigger a virtuous cycle that builds power and influence.



THE SEVEN BARRIERS TO STRATEGIC THINKING

While almost all of us are born with the ingredients needed to be strategists, few of us practice or develop our strategic thinking skills. Classes and courses tend to focus on industry or role-specific learning. But strategic thinking is a foundation that can apply in any industry or role. You can even approach day-to-day tasks, like going to the grocery store, strategically.

In working with executives across industries and continents to build their strategic thinking skills, we have found most people struggle with seven barriers to effective strategic thinking.

1. Asking the wrong question
2. Overlooking the critical issue
3. Jumping to the obvious answer
4. Resisting making hypotheses
5. Failing to answer the “five whys”
6. Convincing the wrong person
7. Telling an unmemorable story

After we briefly cover what each of these barriers mean, this manual will dive deeper into a few of the areas we will be covering in your program.

Barrier 1: Asking the wrong question

It is not uncommon for someone to invest considerable effort and time – staying late in the office, coming in on weekends – to work on an idea only to find out later that the idea is something their boss or company does not care about. By understanding what your company cares about and seeking opportunities, ideas, solutions that align with what is important you can have a greater impact with less effort.

To ask the right question, what we call the “ultimate question,” requires you to take the “top management perspective:” to regularly come up to your boss’ boss’ boss’ viewpoint

and assesses what is important to the company. There are several tools and practices to help you do this.

Barrier 2: Overlooking the critical issue

When you give a baby a hammer, everything looks like a nail. Similarly we all tend to focus on the elements of the problem about which we are familiar. If profits are down, for example, marketers tend to focus on the marketing causes (e.g., marketing spend effectiveness) while operations people might focus on logistical issues (e.g., inability to fill orders quickly enough). They might both overlook the real root cause (e.g., the finance department needs to speed up accounts receivable collections).

If you are able to spot issues outside of your area of expertise and do so more quickly, you can significantly enhance your strategic thinking skills. By focusing on “pivotal issues” and using a “mutually exclusive, collectively exhaustive” logic, you can avoid falling into your blind spots and more rapidly identify what matters.

Barrier 3: Jumping to the obvious answer

If you study history’s most successful military strategists you will see that one thing they shared in common is an ability to see a strategic option their adversaries missed. Few of us share this innate ability but we can all learn how to simulate it. The key is to abandon logic, at least temporarily, and instead use “patterns” that help us see “four options.”

Barrier 4: Resisting making hypotheses

Effective strategic thinkers tend to spend more time discussing possible solutions than they do discussing problems. While more novice strategists will hold conversations willed with comments like “what is wrong with our shipping time,” experienced strategists move more quickly to comments like “maybe we should outsource shipping.”

There are two reasons for this. First, strategists are able to more quickly diagnose the problem’s roots (see “Barrier 2” above). Secondly, they feel more comfortable shifting

the strategic dialogue toward hypotheses early. This does not mean that they arrive at the right solution more quickly but rather that they willing to share and debate possible solutions even if they are not yet confident the solutions are good ones.

By structuring their debate and analysis around hypotheses rather than issues they derive final answers far more quickly than those who work with issues and questions. By following the same “mutually exclusive, collectively exhaustive” principle introduced in “Barrier 2 above, they also avoid the trap of proving a false hypothesis. You can find and manipulate data to prove any hypothesis. For example there is plenty of data to support the hypothesis that the world is flat. But “mutually exclusive, collectively exhaustive” logic helps prevent you from proving falsehoods.

Barrier 5: Failing to answer the “five whys”

There is a saying in the U.S. military that you know you are prepared to debrief your superior when you can answer the “seven whys.” This means that you have gathered sufficient information that your superior can ask you why seven times, each time drilling deeper into your data pack, and you will have an answer each time.

In business we have found five whys to be sufficient. By structuring your analysis in anticipation of being asked “why” up to five levels down, and seeking out fact-based support for each node of your analysis tree, you are ready for almost any inquiry.

Barrier 6: Convincing the wrong person

Once you have your answer supported with five levels of data (i.e., you are ready to answer the five whys) you must decide who to sell your idea to. This decision can be critical to your idea’s fate. Many great, well-supported ideas have failed simply because they were sold to the wrong person.

By understanding the interests and dynamics between key stakeholders in your organization – who might resist your idea versus who would support it – you can more effectively guide your idea toward realization. This requires analyzing internal stakeholders. While many people seem born with a natural sensitivity to managing inside

an organization, a few tools and habits can significantly enhance your ability in this critical area.

Barrier 7: Telling an unmemorable story

Having worked through your political strategy and identified the people you must sell your idea to first, you take your fact-based, proven idea in hand and try to sell it. But if you cannot wrap your idea in a sufficiently compelling story, you will not be able to trigger its adoption. It will die, as too many good ideas do, because their conceiver lacked the required influence.

As with other barriers, your ability to influence others can be enhanced with tools and practice. Your expertise and personal relationships offer a good starting point, but you can significantly improve your ability to influence others by focusing on other pieces of the “influence formula.” How you hold yourself when you walk in a room, how you model others’ speaking and body language, and the size of your influencing repertoire have all proven to have a surprisingly big impact on the extent to which people listen to you.

ⁱ See “Being Good is Good” by Kaihan Krippendorff, 2008

ⁱⁱ For more background see “Strategic Thinking: Why, What, and How?” by Christophe Torset, Université Paris Dauphine, July 5-7, 2001