Strategic thinking versus strategic planning: towards understanding the complementarities

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Abstract
In an environment characterised by flux and uncertainty, a capacity for innovative, divergent strategic thinking rather than conservative, convergent strategic planning is seen as central to creating and sustaining competitive advantage. As the case study of Communications Co. illustrates, scenario planning is one tool that many organisations, committed to redesigning their strategic planning processes, are using with some success. However, scenario planning requires both left- and right-brain thinking styles. The elements of left-brain thinking reflect the planning side of strategy making, while right-brain thinking mirrors the thinking component of strategy making. The relationship between the factors that enable strategic thinking and the level of "emotional intelligence" of business leaders is also considered. The Communications Co. case findings appear to support the view that while strategic thinking capabilities can be nurtured and diffused through an organisation, it will need business leaders with a high degree of emotional intelligence to lead the way.

Introduction

Mintzberg (1987a) puts forward five formal definitions of strategy: plan; ploy; pattern; position; and perspective. For most people, strategy is generally perceived as a plan, a consciously intended course of action that is premeditated and deliberate. Planned strategies can be general or specific. Strategy can also be viewed as a pattern "in a stream of actions" taken by members of an organisation. If strategy as plan refers to deliberate, intended strategy that may or may not be realised, then strategy as pattern suggests unplanned, emergent strategy—patterns or consistencies that are realised despite, or in the absence, of intentions (Mintzberg and Waters, 1985).

The key concepts of deliberate, intended strategy (as plan and position) and emergent, unplanned strategy (as a pattern in a stream of decisions) lie at each end of the continuum of strategy formation. The rational, planning approach views strategic decision making as a precise, step-by-step process. The problem is that although the rational model offers a clear, understandable, systematic approach to strategic planning, it contains many assumptions that in reality are unsustainable (Johnson, 1987, p. 17). It implies that the strategic management process is always "deliberate," that strategies are realised as intended (Mintzberg, 1987b, p. 14). The reality is that while an organisation may begin with a rational plan, what evolves may be something quite different to the actual intention. The successful or "realised" strategies are often "emergent" strategies that have evolved as part of a "pattern in a stream of actions", as opposed to a preconceived plan (Mintzberg, 1987b, pp. 12-13).

This view of strategy making as a creative, dynamic, responsive, and often intuitive, process within the framework of a largely unpredictable environment fits more closely with the concept of strategic thinking. Mintzberg argues that strategic planning and thinking involve two distinct thought processes: planning concerns analysis – establishing and formalising systems and procedures; thinking involves synthesis – encouraging intuitive, innovative and creative thinking at all levels of the organisation (Mintzberg, 1994; Heracleous, 1998). Similarly, Eisenhardt and Brown (1998) argue that while, traditionally, strategy was "about building long-term defensible positions or sustainable competitive advantage", today strategy must focus on continuous adaptation and improvement and be "constantly shifting and evolving in ways that surprise and confound the competition" (Eisenhardt and Brown, 1998, p. 787). In the face of an unpredictable, highly volatile and competitive marketplace, a capacity for innovative, divergent strategic thinking at multiple organisational levels is seen as "central to creating and sustaining competitive advantage" (Liedtka, 1998, p. 32).

Based on her research into strategic thinking, Liedtka (1998) posits five major attributes of strategic thinking.
1 Strategic thinking reflects a systems or holistic view that appreciates how the different parts of the organisation influence and impinge on each other as well as their different environments.
2 Strategic thinking embodies a focus on intent. In contrast with the traditional strategic planning approach that focuses on creating a "fit" between existing resources and emerging opportunities, strategic intent intentionally creates a substantial "misfit" between these.
3 Strategic thinking involves thinking in time. Strategic thinkers understand the interconnectivity of past, present and future

4 Fourth, it is hypothesis driven. Hypothesis generating and testing is central to strategic thinking activities. By asking the creative question "'What if?'" followed by the critical question "'If ... then ...?'" strategic thinking spans the analytic-intuitive dichotomy that Mintzberg refers to in his definition of thinking as synthesis and planning as analysis.

5 Strategic thinking invokes the capacity to be intelligently opportunistic, to recognise and take advantage of newly emerging opportunities.

Thus, the ability to think strategically provides another dimension to the process of strategy making. It recognises that strategic thinking and planning are "distinct, but interrelated and complementary thought processes" (Heracleous, 1998, p. 482), that must sustain and support each other for effective strategic management. Heracleous (1998, p. 485) observes that "creative, ground-breaking strategies emerging from strategic thinking still have to be operationalised through convergent and analytical thought (strategic planning)." Figure 1 depicts the distinct but complementary thought processes of strategic thinking and planning.

As the following case study of Communications Co. illustrates, scenario planning is one tool that many organisations, committed to redesigning their strategic planning processes, are using with some success. Scenario planning has become a

recognised tool for stimulating strategic thinking because it goes beyond the traditional financial and forecast-based planning approaches (Schoemaker, 1991). Schoemaker describes scenario planning as a "thinking tool and communication device that aid the managerial mind rather than replace it" (Schoemaker, 1991, p. 551). As such, it is particularly valuable in times of high uncertainty and complexity as it serves to challenge the status quo. By identifying trends and uncertainties in an organisation's macro environment, scenario planning:
- provides a tool for sketching possible futures;
- attempts to capture a range of options;
- stimulates thinking about alternatives which might otherwise be ignored; and
- challenges the prevailing mindset (Schoemaker, 1995).

Purpose of the study

A few years ago, "Communications Co.", a large, multi-national corporation, operating in the volatile telecommunications industry, was keen to develop strategic thinking skills amongst its employees, and identify processes or elements that needed to be addressed to ensure strategic thinking occurred more widely across the company. To this end, a team of three consultants was engaged to conduct a series of workshops that aimed to:

Figure 1
Strategic thinking and planning
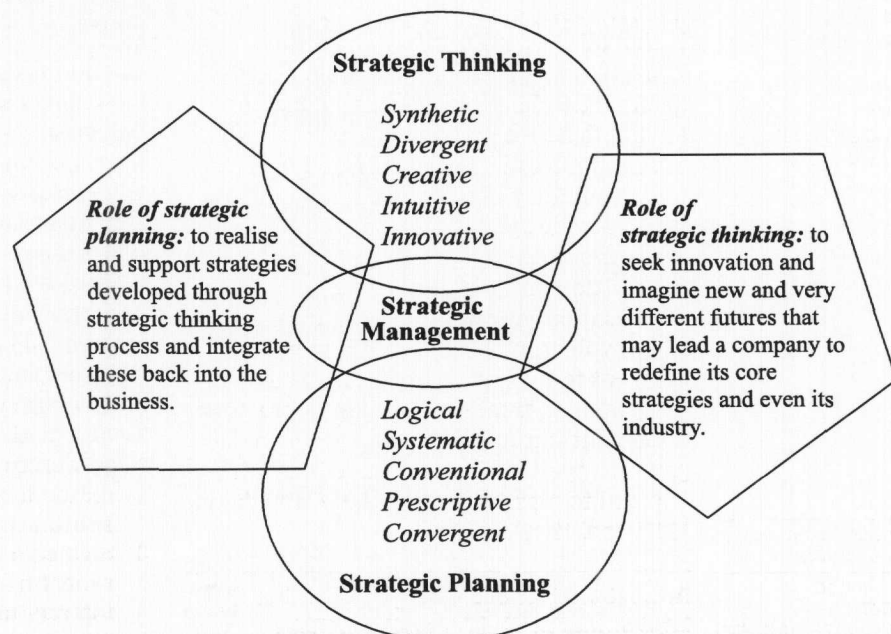
- train designated employees in scenario planning and test their skills in applying this tool;
- test employees' strategic creativity; and
- provide recommendations to "Communications Co." for enhancing strategic thinking ability.

In developing the workshop format, the consultants had to consider what issues they needed to tap into. The ability to "think strategically" depends on the interaction between situational factors in the organisational setting and the characteristics of the individuals involved.

Situational factors in an organisation's setting can make or break the creative spirit. For example, did the organisation's internal environment encourage or hinder employee creativity? Were ideas and inputs into thinking and planning encouraged? Did the systems, structures and work processes encourage change and innovation, and employee participation and involvement?

Individual correlates of strategic thinking include the ability to:

- see external opportunities and integrate these back into the business (Eisenhardt, 1990, p. 41);
- think laterally and intuitively;
- deal with novelty and ambiguity, to interpret and evaluate events and determine what action needs to be taken (Hurst *et al.*, 1988); and
- build multiple, simultaneous alternatives – be comfortable working with a large range of options (Eisenhardt, 1990, p. 46; Schoemaker, 1995, p. 26).

Method

A total of 46 employees, drawn from a random sample of the company's two past "future leaders" programs, were invited to participate in one of two "strategic thinking" workshops.

The objectives of the workshops were to:

- train employees in the management technique of scenario planning and test their skills in applying this technique;
- test employees' strategic decision-making styles through the use of a decision styles survey; and
- provide recommendations to Communications Co. on enhancing strategic thinking ability.

During the five-hour workshop program, participants:

- Were asked to complete a decision styles survey (the Life Time Assessment Test, explained below).
- Were given training in scenario planning.
- Took part in a scenario planning exercise (outlined below).

A passive, impartial observer sat with each group, observing the group process and taking notes of the discussion.

A follow-up session of two hours involving all participants was conducted two weeks after the final workshop to explain the results of the tests; share scenario planning experiences; and draw out key learning outcomes (e.g. what encourages/inhibits individual creativity). General trends and conclusions which could be drawn from both exercises were reported and individuals were given their individual personality test scores at this session. Follow-on links to the company's strategic thinking processes were also outlined.

Life Time Assessment Test

To measure individual predisposition to strategic/creative thinking, the Life Time Assessment Test (LTAT) (Davies, 1984) was administered. The LTAT is a measure of individual brain/behavioural styles (based on Herrmann's (1996) Brain Dominance Instrument) that provides a measure of an individual's creativity and demonstrates an individual's preferred behavioural style. Behavioural styles are grouped into four quadrants (see Figure 2) that reflect different characteristics (left- and right-brain thinking). The LTAT also tests whether an individual's dominant or preferred behavioural style changes depending on whether the individual is relaxed or under pressure. The most desirable outcome for an individual is to maintain the dominant style exhibited when relaxed, to pressure situations.

Scenario planning exercise

Each participant collaborated with four to five other colleagues in developing scenarios for a specified situation (the Sydney Olympics). Information on their role, tasks, and background material in the form of tables, news items and photographs of past Olympics were provided in a five-page handout. Each group had two hours and 40 minutes to build its scenario.

Schoemaker (1995) outlines ten steps for developing scenarios. Because of the nature and scope of the project, only the first five steps were included. These are to:

1. define the issues;
2. identify the major stakeholders;
3. identify trends and predetermined elements;
4. identify uncertainties; and
5. construct two forced scenarios.

Each group nominated a chairperson, a timekeeper and a notetaker. The notetaker had to record all key ideas and decisions for each step. Pro forma sheets were provided to all groups as one method of record keeping, or they could use the Butcher's Paper also provided. These sheets were submitted to independent assessors at the end of the workshop session, together with the "best-case" and "worst-case" scenarios prepared by each group. Assessors were asked to judge the level of creativity (unique insights and breadth of thought), plausibility (credible, soundly argued story) and consistency (analysis and synthesis) of the scenarios (Simpson, 1992; Schoemaker, 1991, 1992).

Discussion of findings

Drawing on the individual results from the LTAT, the profiles of each group were compared against the assessment of their performance in constructing the "worst-case" and "best-case" scenarios. To illustrate, one group performed best overall in relation to all creativity and consistency criteria, but only received an average score for plausibility. Individual results from the LTAT indicated that the preferred decision styles of the two dominant group members represented two extreme quadrants:
1 imaginist (upper right – able to conceptualise, see the big picture, tolerate ambiguity); and
2 producer (upper left – rational, logical, likes facts, precision).

The characteristics of these two styles would ensure a creative scenario that demonstrated clear use of analysis and

synthesis of ideas; this is supported by the results. However, to make the story plausible and "sensible" requires input from the lower left quadrant, the analyst. While the remaining group members all scored highly in this quadrant, their "voice" was overwhelmed by the two dominant group members.

A second group performed very poorly on all aspects of creativity, plausibility and consistency in the "worst-case" scenario. The group profile drawn from the individual LTAT results provided some clues for this poor performance. The one dominant group member scored highly in the analyst (lower left) quadrant and also in the producer (upper left) quadrant, while the remaining group average fell equally between the imaginist and analyst quadrants. Group members themselves commented that too much time was spent in the "analyst" quadrant so that the emphasis was on procedure, gathering facts and working through issues logically and systematically. The dominant group member also often overrode ideas. As a result, there was little opportunity or encouragement of new possibilities or unique insights. The dominant analyst/producer in the group thus stymied the creative forces within the group (the imaginists). In addition the strong anti-teamist stance (LTAT results showed very low scores in the lower right "teamist" quadrant) characteristic of all members of the group meant that there was little interest in overcoming interpersonal difficulties, or trying to cooperate, conciliate and persuade to reach a satisfactory outcome.

Figure 2
Characteristics of the LTAT quadrants

Upper left quadrant: *Producer*	Upper right quadrant: *Imaginist*
Rational	Conceptual, intuitive
Quantitative	Holistic
Logical	Integrative
Critical	Synthesising
Analytical	Tolerates ambiguity
Lower left quadrant: *Analyst*	**Lower right quadrant:** *Teamist*
Organised	Emotional
Sequential	Sensitive
Reliable, timely	Expressive
Structured	Supportive
Eye for detail	

The LTAT results indicated that the relaxed dominant profile across all groups was imaginist. However, under pressure, the majority evacuated to the analyst quadrant. This would suggest that the traditional workplace culture, dominated by analyst behavioural styles (production driven with the emphasis on stability, detailed planning and review, efficiency, organisation, timeliness and following established procedures) was still alive and well at "Communications Co." The prevailing view within all groups was that little recognition or encouragement was given to those with new ideas. The mass evacuation (i.e. moving to the quadrant people feel most comfortable in, and abandoning behaviours which they cannot sustain under pressure because they are not recognised or supported in the pressure work environment) to the analyst quadrant under pressure appears to support this view.

These findings indicate that in the context of the company it is important to encourage each individual to develop all four quadrants and also to find a balance between all four quadrants.

Conclusion

The preceding discussion and case study on "Communications Co." suggest that the elements of left-brain thinking reflect the planning side of strategy making (need for logic, analysis, attention to detail, focus on meeting deadlines, etc.), while right-brain thinking mirrors the thinking (creative, inquisitive, intuitive, entrepreneurial) component of strategy making (Graetz *et al.*, 1998; Graetz, 1996). As the results of the scenario planning exercise reveal, if scenarios are to adequately meet the three criteria of creativity, plausibility and consistency, balanced input is required from both left- and right-brain thinking styles. The results also demonstrate that when determining group composition, it is essential to balance the imaginist (creativity), with a healthy dose of the analyst and the producer if creative ideas are to be realised. In addition, the teamworking skills of the lower right quadrant (teamist) are critical in engendering cooperation between group members and in ensuring every voice is heard and respected.

The issues highlighted in this case study also point to a relationship between the role, skills and level of emotional intelligence of organisational leaders *vis-à-vis* the capacity to stimulate and engender strategic thinking within an organisation. Goleman (1998, p. 94), for example, found that outstanding business leaders exhibited a high degree of "emotional intelligence". Key characteristics of emotional intelligence and superior leadership include:
- strong interpersonal skills;
- an ease with ambiguity and openness to change;
- the ability to draw others to a vision and take decisive action;
- "contagious" enthusiasm, and commitment;
- belief in and sensitivity to followers;
- expertise in building and leading teams;
- expertise in managing relationships, building networks and creating rapport;
- high levels of energy, passion, motivation and commitment; and
- a deep understanding of the business and its operation.

Clearly, if organisation leaders wish to foster strategic thinking capabilities at many different levels of the workplace, they not only have to consider whether their people have the appropriate mix of skills and personal attributes, but also whether they themselves have the leadership qualities required to convey a "sense of direction, discovery and destiny" (Hamel and Prahalad, 1994, p. 129).

The hallmarks of emotional intelligence clearly reflect a "whole-brained" approach to thinking and behaving. In other words, a person who embodies all these attributes is adept at drawing on the four different quadrants of the brain depending on the demands of situational context. Therefore, if leaders wish to nurture strategic thinking capabilities amongst organisational members working at middle and lower level management, they must help them develop both left-brain and right-brain thinking skills.

The "Communications Co." case findings appear to support the view that while strategic thinking capabilities can be nurtured and diffused through an organisation, it will need business leaders with a high degree of emotional intelligence to lead the way. At "Communications Co.", for example, the LTAT results indicated that enormous creative potential exists within the organisation. However, the entrepreneurial, "can-do" approach of its people was being stymied by the traditional, conservative, engineering-focussed culture that still dominated the "way we do things around here." Yet, if the process of strategy making is to be truly effective, it cannot rely on a rigid set of

predetermined routines, but must be dynamic, opportunistic, flexible and adaptive (Quinn, 1993, p. 279). For this to occur, it must blend deliberative strategic planning with emergent, intuitive, strategic thinking.

Thus, the ability to think strategically gives new meaning and insight to the process of strategic planning. It recognises that strategic thinking and planning are "distinct, but interrelated and complementary thought processes" (Heracleous, 1998, p. 482), that must sustain and support each other for effective strategic management. As integral components of the strategic management framework (see Figure 1), there need to be moments of convergence and moments of divergence, a synergistic tension that reconciles creativity with rationalism and pragmatism, and blends synthetic with analytic critical thinking (Heracleous, 1998, p. 485). Recognising and valuing the creative tension between strategic thinking and planning provides a powerful driving force within the strategy-making process.

Further research, involving a more extensive and controlled study, would be valuable in providing insights into the importance of situational and individual variables in determining the level and quality of strategic thinking across an organisation. This would allow an organisation to identify processes it should address to increase its creative thinking capacity. These might include:

• Instituting a reward system which encourages and supports creative thinking across the company. A supportive environment allocates time, space and funds to good ideas. At Communications Co., for example, creativity (the imaginist), is the espoused value, but the value in use and rewarded is results driven (the analyst).

• Providing training and facilitation of more experiential activities to develop creative thinking and teamworking skills. At Communications Co., the traditional organisational paradigm favours the behavioural characteristics of the two left quadrants (producer and analyst) to the detriment of the two right quadrants (imaginist and teamist).

• Encouraging "managing upwards". New opportunities and ideas can be missed if the views of junior staff are dismissed as insignificant.

• Encourage organisation members to undertake activities which will encourage a more "whole brain" capacity.

• Modelling of desired behaviours by leaders at every level of the organisation.

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