

Are You Strategic?

by Rich Horwath

I was thrown out of college for cheating on the metaphysics exam; I looked into the soul of the boy sitting next to me.

Woody Allen

Until now, looking into someone's soul is about the only way we've had to guess at whether or not someone is "strategic." When the question "Are you strategic?" is posed, it's usually answered by the following people in the following ways:

- Senior executives confidently reply "yes";
- Mid-level managers squirm a bit with some saying "yes" and others "no", depending on who else is in the room;
- Entry-level managers respond "no" so as not to be seen as overconfident by upper management.

As you might imagine, strictly using someone's title to determine their strategic ability is as accurate as using a Hollywood star's popularity to determine their knowledge of political issues. I've heard entry-level managers in strategy development meetings synthesize several customer and competitor facts to come up with brilliant insights leading to successful strategies. I've also heard a senior level executive running a multi-billion dollar business say that their strategy was to be different, which is akin to saying that they like their water wet. So if title and experience are not definitive measures of one's strategic thinking skills, then what is?

The answer to the question "Are you Strategic?" isn't nearly as important as the follow up question: *How do you know?* How do you really know if you or your fellow managers have the

strategy skills required to take your business to the next level?

Ten Strategic Thinking Competencies

To remove the guesswork from the issue of determining the level of a manager's strategy skills, research was conducted to identify the tangible competencies that comprise strategic thinking. As determined by the research, the ten strategic thinking competencies are as follows:

1. **Strategy**—mastering the three criteria of great strategy.
2. **Insight**—generating new ideas about the business.
3. **Context**—matching competencies with opportunities.
4. **Competitive Advantage**—creating distinct offerings with superior value.
5. **Value**—determining the benefits/ costs of one's offerings.
6. **Resource Allocation**—deciding where to focus capital, talent and time.
7. **Modeling**—visually capturing the essence of business issues.
8. **Innovation**—creating new value for customers.
9. **Purpose**—developing mission, vision and values.
10. **Mental Agility**—ability to improvise, adapt and excel through adversity.

The ten competencies were then used to develop a Strategic Thinking Assessment. The assessment is a 50 question diagnostic that provides an objective assessment of manager's strategic thinking skills. Questions are grouped into the ten competencies of strategic thinking in order to provide a clear picture of the exact areas of developmental needs. Following

are several sample questions from the assessment:

Successful business strategy is about:

- A. Being better than the competition.
- B. Having the “right people on the bus.”
- C. Being different than the competition.

One method of influencing competitive advantage is to:

- A. Reduce prices to drive out competition.
- B. Change the customer’s value preferences.
- C. Benchmark competitors and excel at best practices.

Context is defined as:

- A. The specific problem in a given business situation.
- B. The circumstances in which an event occurs.
- C. The combination of strengths and weaknesses an organization possesses to balance with opportunities and threats.

For my business, purpose in the form of a mission, vision or values statement:

- A. Influences my daily activities.
- B. Doesn’t exist.
- C. In reality has little, if any, impact on my business.

The three value disciplines are:

- A. Revenue growth, gross margin and return on capital.
- B. Customer intimacy, operational excellence and product leadership.
- C. Operational Effectiveness, low-cost leadership and innovation.

To view the full 50 question Strategic Thinking Assessment, visit www.strategyskills.com.

Once the Strategic Thinking Assessment is completed, a one-to-one interview should also be conducted. The interview provides a deeper dive into the areas of potential focus to add rich qualitative information to the quantitative assessment. The result is a holistic picture of the manager’s strategy skills and a tangible roadmap to enhancing their strategic thinking competencies.

Soul Searching or Truly Knowing?

As research by the American Management Association on leadership has shown, *the most important competency for a leader to possess is the ability to develop strategy*. Unfortunately, when researchers examined leaders at all levels in organizations, they found only 4% to be strategists. Without an objective way to evaluate manager’s strategy skills and programs specifically designed to enhance the strategic thinking competencies, it’s no wonder the percentage of managers that are strategists is so low.

Organizations can continue to operate in first gear with only a handful of people strategically contributing to the business or they can tap into the deep reservoir of insights that are waiting to be awakened in managers at all levels.

Developing managers into truly *strategic* leaders begins with the proper assessment of their strategic thinking competencies and then programs specifically designed to enhance their strategy skills. World-class companies such as P&G and GE are maximizing the strategic decision making power of managers at all levels of their organizations. Are you?

Rich Horwath helps managers develop their strategic thinking skills to achieve competitive advantage and reach their leadership potential. He is the president of the Strategic Thinking Institute, a former Chief Strategy Officer and professor of strategy at the Lake Forest Graduate School of Management. Rich is the author of *Sculpting Air: The Executive’s Guide to Shaping Strategy* and frequently speaks to organizations on strategy. Rich can be reached at (847) 756-4707, email rich@strategyskills.com or visit www.strategyskills.com