Strategic Thinking

Dr. Marty Martin
ACPE Faculty Member
Our Course Road Map

- What is Strategy
- Strategic Thinking
- Components of Strategic Thinking
- Foresight
- Problem Formulation
- Systems Thinking
Strategic Foresight & Strategy

• Strategy is about the ______, not the present.

• All our knowledge is about the past, but all our decisions are about the ______.

• But … ______ strategy is developed in the present.

• How do we integrate knowledge about the past, present and ______ to make wise strategy today?
What’s the relationship between strategic thinking and strategic planning?

Is leadership more closely associated with strategic thinking or strategic planning?
Strategy Framework

- Strategic Thinking
- Strategic Decision Making
- Strategic Planning
- Action
- Review
Strategic **THINKING** is NOT Strategic Planning

*Figure 1*
Strategic thinking and planning

- **Strategic Thinking**
  - Synthetic
  - Divergent
  - Creative
  - Intuitive
  - Innovative

- **Strategic Planning**
  - Logical
  - Systematic
  - Conventional
  - Prescriptive
  - Convergent

**Role of strategic planning:** to realise and support strategies developed through strategic thinking process and integrate these back into the business.

**Role of strategic thinking:** to seek innovation and imagine new and very different futures that may lead a company to redefine its core strategies and even its industry.

Source: Graetz, Fiona. “Strategic Thinking versus Strategic Planning: Towards Understanding the Complementarities,” *Management Decision* 40, no. 5/6 (2002), 457
Three Kinds of Thinking Process

Mechanical Systems Thinking
- Problem Prototype
- Process of Thought
- Solution
  - Rearrangement of Elements

Intuition
- Local optimization or Seeing the Tree not the Forest

Strategic Thinking
- Analysis of Essence
- Transformation of Changed Configuration
“Without a strategy the organization is like a ship without a rudder.”

Joel Ross and Michael Kami
What is Strategy?
What is Strategy?

Strategy is a LOT like BALLOONING------
Ballooning

• What do we need?

Place to go--------GOAL
Ballooning

Having designed our Strategy--

We set sail..... What happens???
Ballooning

Start

Finish
Question: If you had to narrow down your hospital or health system's strategy for the rest of this year to **ONE** main item, what would it be?

Dr. Decker,
CEO Mayo (AZ)

Provide care that is trusted and Affordable.

Dr. Gibler,
CEO (U of C)

Developing a 24/7 hospital.

Julie Manus
CEO, Sacred Heart Hospital

...focus on quality, safety, and service.
THE ONE THING
THE SURPRISINGLY SIMPLE TRUTH BEHIND EXTRAORDINARY RESULTS
GARY KELLER
WITH JAY PAPASAN
The Focusing Question
What's the **ONE** Thing I can do such that by doing it everything else will be easier or unnecessary?
The Domino Effect
The Domino Effect
DOMINOES -
A GEOMETRIC PROGRESSION

1st domino is just two inches tall

57th is almost the distance to the moon

31st looms
3000 feet above Mount Everest

DOMINO NUMBER
What is strategy?

- A plan to achieve our goals.
- Exists at multiple levels – all linked.
- Helps us make wise choices as conditions change.
- As conditions change, the plan itself evolves.
What’s Your Strategy?

- Creating a **unique** and **sustainable** competitive advantage

  Choose to run a different race

- Assimilating, attaining, and extending **best practices**

  Run the same race faster

Step 1: A simple way to think about what is your Strategic Positioning!

**Unique**

1. ___________________
2. ___________________
3. ___________________
4. ___________________
5. ___________________
6. ___________________
7. ___________________
8. ___________________
9. ___________________
10. ___________________

**Sustainable**

11. ___________________
12. ___________________
13. ___________________
14. ___________________
15. ___________________
16. ___________________
17. ___________________
18. ___________________
19. ___________________
20. ___________________

**ITEMS THAT ARE CRITICAL TO THE SUCCESS OF YOUR ORGANIZATION**
Step 2: Strategic Positioning

<table>
<thead>
<tr>
<th>TOP 5 ITEMS</th>
<th>PERVASIVENESS SCORE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td></td>
</tr>
</tbody>
</table>

How will you **WIN**? Create Value?
Competitive Advantage

Sustainable Advantage

Marketing Strategy

Operations Strategy

Innovation Strategy

Human Resource Strategy

Financial Strategy
What’s their strategy?

Safeway vs. Whole Foods Market vs. Windows vs. Apple
What’s their strategy?

vs.
What are the different types of strategies?
Types of Strategy

Realized Strategy

Unrealized Strategy

Emergent Strategy

Mintzberg’s Critique of Formal Strategic Planning:
- **The fallacy of prediction** – the future is unknown
- **The fallacy of detachment** -- impossible to divorce formulation from implementation
- **The fallacy of formalization** -- inhibits flexibility, spontaneity, intuition and learning.

**Normally emergent strategy comes from learning and dissemination within the organization.**
’Let’s say, you put the same number of bees and flies in a bottle. You put the bottle horizontal with the bottom turned to the light.

The bees think they are smart. They know from their hive-experience (= best-practices) that the way out is there where the light comes from. So they swarm to the bottom of the bottle and keep on trying to get out there (= more of the same).

The non-programmed, stupid flies know nothing about this and are just flying around. Within five minutes all flies have found the way out of the bottle while the bees are still trying the bottom and die of hunger and exhaustion. The problem is that we have too many bees drafting strategy and not enough flies’
(Henry Mintzberg in NRC 4 maart 2000, page 16)
Levels of Strategy

• Where to Compete & Create Value?

• How to Compete?

• How to Contribute?

Corporate Strategy

Business Strategy

Functional Strategy

Choice of Products
Choice of Markets
Choice of Competitors
8 Reasons To Have a Strategy

• Assess and articulate a vision.
• Ensures that you are auditing the environment and the organizations capabilities and resources.
• Highlight new possibilities and opportunities.
• Provides organisational focus.
• Designs the organizational structure through the organizational life cycle.
• Guides decision making.
• Provides a starting point to set objectives.
• Acts as a common language.

Source: Mintzberg, H. and Water, J. A.
1985:257-272
Quick Check

True/False

1. A written strategic plan captures emergent strategy.
2. In the story, bees are following an emergent strategy.
3. A Medical Affairs strategic plan is an illustration of a functional plan.
4. A Cardiovascular Service Line strategic plan is an example of a corporate strategy.
Strategy Framework

- Strategic Thinking
- Strategic Decision Making
- Strategic Planning
- Action
- Review
Strategic Thinking

“…an immensely complex process, which involves the most sophisticated, subtle, and at times, subconscious elements of human thinking (page 111).”

Focus on You

- Look back at **two** situations in which you wish you would have thought more strategically.
  - Personal situation
  - Work situation

Describe your **two** situations.
Focus on You

My personal/work situation involved…

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Personal</th>
<th>Work</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commitment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not easily reversed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade-off</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effects others</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible gain</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible loss</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- What role does uncertainty play in the need for strategic thinking?
- What kinds of uncertainty did you face?
Strategic Thinking: Key Questions

1. Where are we now?

2. Where do we want to go?
   - Markets to create/capture
   - Outcomes/Results

3. How will we get there?
Strategic Thinking…Questions?

Organizational Competencies
What can we do?

Values
What do we want to do?

Threats and Opportunities
What might we do?

Societal Responsibilities
What ought we do?

How do we shape values?

What can we learn to do?
Components of Strategic Thinking

- **Vision/goal driven.**
- **Analytical.** (Makes sense of diverse input and data.)
- **Sees systems.** (causes, relationships, leverage points)
- **Focused on long term forces, trends, impacts.**
- **Weighs decisions against criteria.**
- **Thinks across past, present and future.**
- **Anticipates unwanted events and risk.**
- **Allows for “intelligent opportunism”**
- **Questions assumptions, habits and conclusions.**
Components of Strategic Thinking

“Putting a man on the moon by the end of the decade.”

JFK (1962)

Vision/goal driven.

## Components of Strategic Thinking

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Key Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foresight</td>
<td>What imagination and real vision is shown?</td>
</tr>
<tr>
<td>Breadth</td>
<td>How broad is the vision?</td>
</tr>
<tr>
<td>Uniqueness</td>
<td>Will customers and competitors be surprised?</td>
</tr>
<tr>
<td>Consensus</td>
<td>Is there agreement in the company about the future?</td>
</tr>
<tr>
<td>Actionability</td>
<td>Have the next steps been identified as well as accountabilities and resources?</td>
</tr>
</tbody>
</table>

Components of Strategic Thinking

Focused on long term forces, trends, impacts.

Is 3-5 years far enough in the future?
Components of Strategic Thinking

A colleague sells you a lottery ticket offering $40 or $60, depending on the flip of a coin. You decide to buy the ticket for $50. Conversely, your friend buys the ticket for $45.
Components of Strategic Thinking

- **Analytical.** (Makes sense of diverse input and data.)

- **Volume**
  - Overload

- **Velocity**
  - Fast

- **Variety**
  - Diverse

Components of Strategic Thinking

Weighs decisions against criteria.

Multiple Criteria Decision Matrix

<table>
<thead>
<tr>
<th>Solution 1</th>
<th>Contribution of Solutions to Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solution 2</td>
<td></td>
</tr>
<tr>
<td>Solution 3</td>
<td></td>
</tr>
</tbody>
</table>

Solution Worth = Solution Cost = Solution Value
Components of Strategic Thinking

Allows for "intelligent opportunism"
Components of Strategic Thinking

Sees systems.
(causes, relationships, leverage points)

What's the difference between the two?
Components of Strategic Thinking

Cone of Plausibility

Discover-Anticipate-Predict-Creative-Imitate
Components of Strategic Thinking

Executives who can use **reflective** processes to connect a past experience to a future challenge—those who learn from their experiences—are likely to be **SUCCESSFUL at STRATEGIC THINKING.**

Strategy Framework

Foresight

- Strategic Thinking
- Strategic Decision Making
- Strategic Planning
  - Action
  - Review
What is Foresight?
Design Research Foresight

Critically explore assumptions, build models & develop questions

Develop strategies:
- Scenarios
- deep dives
- Trend finding

Design for today’s future
- Ethnography
- brainstorms
- prototypes

Up to 4 years

Up to 7 years

Working in the Long-Term Future

Time

Ambiguity
Foresight methods

Adapted from Rafael Popper, “Foresight Methodology.” In Handbook of Technology Foresight, 2008,
Foresight Feeds the Innovation Funnel
Forecasting and Backcasting

Forecasting

FUTURE

PRESENT

VISION OF THE FUTURE

Backcasting

PRESENT
Foresight Requires...

- Creativity and imagination
- Unlimited Curiosity
- Desire to spend a great amount of time on understanding the future
- Significant expenditure of intellectual energy
- Willingness to move far beyond the issues on which it can claim expert status
Patient Centered Care

“…care that is respectful of and responsive to individual patient preferences, needs and values, ensuring that patient values guide all clinical decisions”

THE DANGER OF BEING PATIENT-LED

PATIENT NEEDS

Unarticulated

Articulated

Today’s Services

Served

Unserved

PATIENT TYPES

Unexploited opportunities
Where is the **patient** in this future?
TRUE PERSON CENTRED CARE

- Getting to know me
- Staying in control of my life
- People important to me
- People who support me: Empathy/Knowledge/Skills/Competence
- Where I live
- My Support Plan
- People who make things happen
Designing New Realities
Design Your Service for 2025

- More from less: a world of limited resources
- A personal touch: personalisation of products and services
- On the move: urbanising and increased mobility
- Divergent demographics: older, hungry and more demanding

i World: digital and natural convergence
Uncovering strategic opportunities
Circa early 1900s

1917

Circa 1960s

Circa 1990s
What’s next in the grocery business?

Discontinuities that can eventually have a game changing impact on your business and your industry may seem of modest interest at first.

The More I Think
The More Confused I Get
The problems of today can’t be solved with the same thinking that generated them.

Albert Einstein
try something new
Mental Models

• We understand what we see.
• What we see determines what we do.

Fable of The Elephant
Healthcare is similar to....
If healthcare is similar to hospitality, then…
If all you have is a hammer in the toolbox, everything looks like a nail.”

- Bernard Baruch
Strategic Problem Formulation
We Need Help

The hospital senior leadership team is grappling with the decision to develop a health plan.

What’s the solution?
We Need To Backup!

- **Symptom** is something that indicates the presence of a disorder or opportunity.
- **Problem** is a condition, symptom, or set of symptoms that need to be dealt with or solved.
- **Problem (re)formulation** is translation of an initial condition, symptom, or set of symptoms into a systematized set of statements that identifies a particular cause or causes of a symptom or set of symptoms. *(Equivalent to a diagnosis).*
We Need To Backup!

“…the formulation of a problem is often more important than its solution…”
The hospital senior leadership team is grappling with the decision to develop a health plan.

What’s the symptom? What’s the problem?

What’s the real problem?

What’s the solution?
Quick Poll
Measuring the Effectiveness Strategic Problem Formulation

- Accuracy is the primary metric.
- Efficiency is the primary metric.
- Creativity is the primary metric.
- Comprehensiveness is the primary metric.
Did you say comprehensiveness?

Comprehensiveness is defined as the extent to which alternative, relevant problem formulations are identified with respect to an initial symptom or web of symptoms.

Root Cause Analysis Technique

Five Why’s

This is NOT a technique to increase efficiency!

Patient turnover rate has been increasing

Why?

Why?

Why?

Why?

Why?

Patients are seeking care elsewhere

Patients are not satisfied

Patients feel that they are not valued

Other hospitals are treating patients as persons

Individuals want to be treated as persons even when they are patients
Systems Thinking
Systems Thinking

Input → Process → Output

Feedback
More on Systems Thinking

➢ “Systems thinking identifies cause and effect relationships between forces and uses of dynamics of those interactions to explain past, current and future behaviors and outcomes.” ¹

➢ “Systems thinking was found to be the primary competency that differentiates successful organizational leaders from the less successful.” ²

2. Pisapia et al. (Forthcoming). Strategic thinking capabilities and leader success.
Causal Diagram

- Desired Water Level
- Perceived Gap
- Current Water Level
- Faucet Position
- Water Flow
Concept Application

Draw a causal diagram of a performance gap in your organization.
An Example

Reduced HAIs

Higher than benchmark

Poor hand hygiene compliance

Infected hands

Direct Transfer

Concept Application

Draw a causal diagram of a performance gap in your organization.
Senge’s Archetypes

✓ Limits to growth.
✓ Shifting the burden.
✓ Eroding goals.
✓ Success to the successful.
✓ Growth and underinvestment.

Limits to Growth

“All growth must end.”
Shifting The Burden

80% of quality problems are caused by systems not people!
We will not accept declining standards!
Success to the successful!

Should we continue to invest limited resources in the least successful of our activities?
Growth and Underinvestment

Business is booming! The phone is ringing off the hook!

Unwillingness to invest in new capacity creates a bottleneck.
Marty, how can I use this stuff?

“Systems archetypes allow individuals in organizations to have systemic dialogues (page 90).”

Work with me…Marty!

- **Five Benefits of Systems of Thinking**
  1. Move from piecemeal thinking to holistic thinking.
  2. Move from playing the blame game to solving causes at the roots.
  3. Analyze complex issues that are often nonlinear and multidimensional.
  4. Dig deeper than the surface and the “chief complaint.”
  5. Creatively resolve issues and the underlying frustration and tension that arises.

*Source: Martin (2007).*
## How To Develop Strategic Thinking

<table>
<thead>
<tr>
<th>Work Experience That Developed Strategic Thinking Ability</th>
<th>Percentage Who Had the Experience (N=207.)</th>
<th>Level of Importance (1=not at all important; 5=extremely important)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participating in organizational strategic planning</td>
<td>90</td>
<td>4.13</td>
</tr>
<tr>
<td>Starting a major organizational project</td>
<td>85</td>
<td>4.49</td>
</tr>
<tr>
<td>Monitoring performance indicators</td>
<td>85</td>
<td>3.95</td>
</tr>
<tr>
<td>Being challenged by a trusted colleague</td>
<td>79</td>
<td>4.28</td>
</tr>
<tr>
<td>Relationships with colleagues outside the organization</td>
<td>72</td>
<td>4.12</td>
</tr>
<tr>
<td>Having a career mentor</td>
<td>71</td>
<td>4.31</td>
</tr>
<tr>
<td>Handling a substantial threat to organizational survival</td>
<td>35</td>
<td>4.53</td>
</tr>
<tr>
<td>Serving as CEO of an organization</td>
<td>31</td>
<td>4.57</td>
</tr>
</tbody>
</table>

Our Course Road Map

- What is Strategy
- Strategic Thinking
- Components of Strategic Thinking
- Foresight
- Problem Formulation
- Systems Thinking