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## FIVE HABITS OF HIGHLY STRATEGIC THINKERS

Tom Keelin and Robin Arnold



IDEAS CHANGE THE WORLD. CHARLES Darwin's ideas about natural selection fundamentally altered our perception of ourselves as a species. Henry David Thoreau, John Muir, and Rachel Carson were instrumental in shaping the modern environmental ethic. Mahatma Gandhi and Martin Luther King enlisted millions in struggles for civil liberties through an elementary concept: nonviolent resistance. The quality principles of W. Edwards Deming and Joseph M. Juran changed the way companies first in Japan, and then throughout the world, competed.

## Strategic perspective — the ability to step back and see the big picture — can be learned.

All of these people had what we call strategic perspective, a talent that is essential for business leaders. By strategic perspective we mean the “big picture” and the important issues it encompasses. A person who has strategic perspective creates clarity out of complex and seemingly disconnected details. An executive with strategic perspective, for example, understands the competitive forces shaping his industry, where that industry is headed, and his company’s opportunities to succeed—if not dominate. It’s as if he were simultaneously observing the industry and his company from the inside and the outside. That executive can feel the winds of change, sense points of conflict and opportunity, and articulate in concrete and compelling terms how they can be addressed.

Gordon Moore, co-founder of Intel, demonstrated this quality in the mid-1960s when he proposed what we now refer to as “Moore’s Law.” Moore understood the complexities of the semiconductor industry, its underlying science, and the technical constraints of optical lithography. He was deeply immersed in the details, yet could rise above them—to a place from which he could see more broadly. Moore’s knowledge and his vantage point as R&D director of Fairchild Semiconductors led him to predict that the processing power of integrated circuits would double every 18 months. That clear, simple insight proved remarkably accurate for more than 30 years and greatly influenced one of the world’s most dynamic industries.

But this talent is not something reserved to Darwin, Thoreau, Gandhi, Deming, and Moore and a handful of others like them. It can be learned.

### Strategic Perspective and Leadership

Strategic perspective confers enormous power on leaders:

- Instead of iterating in the vicinity of a solution—but never converging on it—a person with strategic perspective cuts to the heart of a problem and sees the relationships between key elements.

- Strategic perspective makes it possible to articulate ideas that are clear and compelling—ideas that others willingly follow.

Personality, charm, and energy all contribute to effective leadership. Yet, leaders with strategic perspective think bigger thoughts, reduce complexity to clarity,

know when to move from the general to the specific, and communicate their thoughts to others in convincing ways. Gerald Kleisterlee demonstrated this while head of Philips Components. Kleisterlee helped that broad and capital-intensive division to develop a new, clearer perspective. That perspective called for a redirection of manufacturing, reorganization around value centers rather than traditional product lines, and a new and superior approach to decision making. Largely because of this new perspective, the division’s value increased by over a third within two years—and Kleisterlee became Philips’ CEO.

Are people born with a capacity for strategic perspective? In part. But they also extend and develop their capacity naturally through age and experience. One of the things we’ve tried to do is to find ways to help our younger colleagues accomplish this faster and to higher levels. This has resulted in an in-house course that defines the elements of strategic perspective and promotes five habits that improve capability over time. This experience has convinced us that nearly anyone can improve by knowing what to practice, knowing how to practice, and practice itself.

### Habit 1: Get into the Game

To win, one must engage in the struggle to win. When Don Regan was head of Merrill Lynch, he was presented with an idea that would permit his company to attract consumer deposits in spite of the Glass-Steagall Act. But his direct reports warned him of immense barriers: Merrill’s information systems couldn’t handle small transactions efficiently; the plan would put the company in competition with its institutional customers; they could be bogged down in a regulatory morass. In short,

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it couldn’t be done. Regan, using his broad perspective on consumer financial services, was undeterred. He viewed these objections as mere obstacles in the path of a powerful and timely idea. And before long the innovative Cash Management Account concept was launched in Colorado. From there, Merrill Lynch successfully rolled it out across the United States.

Many talented people fail to reach their executive potential because, unlike Don Regan, they don’t get into the game. They impede their progress by self-limiting, self-fulfilling assumptions. “My job is to manage the numbers. The CEO’s job is to interpret them.” Or they stay in the background during periods of crisis—the very best times to master the game. Strategic perspective

## STRATEGIC VERSUS NON-STRATEGIC PERSPECTIVE

STRATEGIC	NON-STRATEGIC
<ul style="list-style-type: none"> <li>• Broad view with zoom-in</li> <li>• Abstract with powerful engagement of the imagination</li> <li>• Abstraction illustrated with concrete examples</li> <li>• Important, non-intuitive, framework-breaking ideas</li> <li>• Embraces alternatives and uncertainties</li> <li>• Aims to achieve an over-arching goal</li> </ul>	<ul style="list-style-type: none"> <li>• Narrow view</li> <li>• Concrete with no engagement of the imagination</li> <li>• Concrete illustration only</li> <li>• Generally understood ideas that fit within consensus framework</li> <li>• Embraces neither alternatives nor uncertainties</li> <li>• Focuses on supporting goals</li> </ul>

flourishes in intense learning environments and languishes in passivity and routine. “Cometh the hour, cometh the man.”

To get into the game, ask, reflect on, and discuss crucially important questions with others:

“Is this set of alternatives tactical or strategic?”

“What do these results mean? Why are they important or not? Given this evidence, what further avenues might we explore?”

“What different points of view do we need to address? And what more would we need to know in order to address them?”

Active engagement with difficult issues can help you develop strategic perspective. The mind can develop insights on nearly any topic. Focus on marathon running techniques and you will gain insights about them. Focus on a customer’s problem and you will develop insights

### The juxtaposition of apparently contradictory ideas can be the root of creativity.

about that. So identify a difficult problem that truly matters to your organization, then concentrate on it and see where your thoughts lead you. Being actively engaged in the game in this way is one of the keys to rapid development of strategic perspective.

#### Habit 2: Embrace Confusion and Contradictory Thoughts

We learned the value of this habit years ago when one of us participated in a workshop facilitated by a Jesuit priest on the topic of abortion and a woman’s right to choose. Paradoxically, as the arguments became more heated the priest grew more relaxed. When asked about this he said, “I love states of confusion because whenever I am confused I know there is the opportunity to learn something.”

A similar insight occurred while attending a lecture by Krishnamurti, the great Indian spiritual teacher. Sitting on a stool, and speaking softly and without gestures, this humble man offered that “The source of all human creativity is the ability to hold multiple conflicting thoughts in suspension simultaneously and without judgment.” Indeed, the juxtaposition of apparently contradictory ideas can be the root of creativity.

Business executives routinely live with contradictory ideas. They must maintain established operations even as they undermine them with innovative products and services. They must balance what customers say they want with what the company’s brightest minds know is possible. And they must understand what happened in the past even as they scan the future for options and prospects; indeed, the past has relevance insofar as it affects the future. Clashing frameworks like these create confusion.

Confusing situations tempt us to grab a mental framework, interpret everything according to its terms, and disregard or ignore evidence that would lead to greater learning. Some people are so unhinged by contradictory ideas that they flee to the comfort of a simple—though weak—solution. The antidote for the executive is to operate at a level from which all sides of an issue can be appreciated—to see the issue through others’ eyes and to consider the implications for all stakeholders. Doing so broadens one’s perspective.

Confusion and contradictory thoughts are essential to learning. Avoiding them limits our rate of learning. Embracing them helps us learn rapidly and make better decisions.

#### Habit 3: Cultivate Calmness of Mind

Many great leaders maintain an inner calm even in high-speed, stressful environments. We perceive their calmness as a powerful “presence”—a quality that distinguishes the master from the student, the leaders from the followers.

Calmness of mind gives powerful insights opportunities to incubate and develop. “Wait,” you’re probably saying, “a manager’s day is filled with interruptions and crises—there’s almost no time for quiet reflection.” And you’re right. But the turmoil of daily business does not mean that we cannot achieve calmness of mind.

The key to cultivating calmness of mind is to create space for powerful thoughts to emerge. Let go of dis-

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tracting thoughts—those urgent but unimportant issues and stimuli that sap our attention and crowd out good ideas to free our mental space so that we can cultivate and develop insights and solve problems. To do this, one must have a clear sense of one’s role, and where one adds value in the organization. Is it by being hands-on or by providing direction? Are the important things found in the operational or the strategic agenda?

We can also use principles to guide ourselves through thickets of complexity. Excellent managers operate from a set of principles that cover a broad range of situations; these principles allow them to quickly filter and process stimuli and to focus on the few that matter. A value-based principle, for example, quickly dismisses ideas and proposals that fail to demonstrate value-creation for shareholders. Ineffective managers, lacking guiding principles, address every issue they encounter. As a result, they are quickly bogged down and unable to rise to the level of strategic thought.

#### **Habit 4. Manage Your Thoughts**

Thoughts sometimes tumble out like popcorn. One moment they’re not there, and the next moment a new thought has emerged. No matter how your thoughts emerge, the question to ask is: Is this a good thought, and if so, what shall I do with it?

Habit 4 is about managing your thoughts. A prominent executive told us of a time when he did not do this well. He was presenting a strategic plan and budget to management when they informed him that his division had been allocated an additional 2% overhead charge—a charge that would destroy the profitability of his plan. “Would you like to present your plan now?” they asked.

“No,” he replied. “My plan is no longer relevant.” He was asked to reschedule when he had a new plan to submit.

This executive learned from that encounter. “Today I’d approach the situation differently,” he told us. “When informed of the added charge, I’d respond that as far as I was concerned this was just shifting money

from one pocket to another. It did not affect and was not affected by my plan. If they chose to make this arbitrary overhead allocation, that was their prerogative; the plan for my organization wouldn’t change. It’s an example of how my perspectives have changed over time, and would generate a completely different response from senior management.”

Managing your thoughts requires a discipline for dismissing time-wasting, distracting, or irrelevant thoughts and concentrating on thoughts likely to help you achieve your objectives. You can do this if you make a habit of:

- *Latching onto good ideas as they occur.* When a good thought comes your way, don’t let it slip through your fingers. If you’re too busy to deal with it then and there, write the thought down so that you can return to it later.

- *Letting go of the low-value and distracting thoughts that rob your attention.* One way to get those thoughts out of your head is to consciously label them as unimportant and then simply let go—give them no more of your conscious attention. Do that and your attention naturally frees up to focus on things that matter.

#### **Habit 5. Cultivate Clarity of Expression**

We cannot think of a single field in which the ability to communicate well isn’t essential for leadership and professional advancement. You may have developed a powerful strategic perspective, but if you express it poorly, then others cannot benefit from it. Cultivating clarity of expression is a long-term proposition; one does not become a master communicator overnight. But regular practice of the following habits will move you toward it by degrees:

- Treat your vocabulary as ammunition. Build your arsenal by progressively expanding your vocabulary. And when you write or speak, make every word count. Every unnecessary word diminishes the value of your statements.

- Always keep your audience in mind. That means knowing who they are, what their interests are, their current views on the subject, and what they already

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know. Choose words that ensure that your message is understood clearly. And remember that different people learn and remember in different ways—some respond to audio stimuli, other respond to visuals, and still others respond to body language, symbols, or other physical movements. If you don’t know where your audience stands in terms of these, put some of each into your presentation.

■ Whenever possible, write your thoughts down before you speak them. Then ask, “How can I improve this?” And believe us, just about anything that’s written can be improved—by saying the same thing in fewer words; by using more powerful or evocative words; by improving the internal logic of your statements; by improving the connection between your ideas and the interests of the audience.

Adopt these five habits and your ability to develop and communicate strategic perspective will improve. And you will be more successful as a leader. Whether you’re a business executive, a management consultant, or in some other profession, developing strategic perspective

will make you more effective. You’ll be able to see to the heart of complex problems, and articulate solutions that others will embrace. You’ll know how to navigate and set direction. ♦

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**Robin Arnold** is CEO of the Strategic Decisions Group and based in its London office, where he specializes in strategy development and technology planning.

**Tom Keelin** is a director of the Strategic Decisions Group (SDG) and is based in the firm’s Menlo Park office. He has led SDG’s strategy, life sciences, and utility practice areas. He is also a director of the Decision Education Foundation, a not-for-profit organization dedicated to helping youth develop good decision-skills.