

Exploring the Importance of Strategic Thinking to Strategic Planning in the Strategic Management Process

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Abstract The purpose of this paper was to explore the importance of strategic thinking to strategic planning in the strategic management process. It has been posited in this paper that, although the two concepts are interrelated, strategic thinking is different from strategic planning and each aspect makes a special contribution to the process of strategic management. Literature was reviewed to clarify the meaning of the two concepts as well as identify the importance of strategic thinking to strategic planning. Major findings revealed that strategic thinking is important in three different stages of the strategic planning: (1) before: Provides acumen, the raw material of strategic planning; (2) during: Prioritizes purposefully, makes trade-offs wisely and allocates limited resources intelligently; and (3) after: Determines key milestones so as to measure achievement. It is therefore critical for individuals as well as organizations to apply strategic thinking and strategic planning as two distinct but complementary concepts in order to benefit from specific inputs of each of them in the pursuit of personal or corporate goals.

Keywords: *strategic management, strategic thinking, strategic planning, organization, literature review*

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1. Introduction

The concept of strategic management has impressively grown in the last several decades [1]. Thinking and acting strategically has become critically important in rapidly changing environments [2]. Individuals as well as organizations are in a constant process of developing new and purposeful strategies to be more innovative, competitive and effective in the globalized world [3]. This strategic process which aims at maintaining or improving competitive advantage in the market [4], involves several aspects notably thinking and planning about how best resources should be allocated, activities implemented to achieve intended outcomes and the realization of the organization’s mission and vision. The purpose of this article is to explore this process, through literature review, with a focus on the importance of strategic thinking to strategic planning.

2. Literature Review

The strategic management literature reveals considerable debate among researchers about the meaning of the concepts of strategic thinking and strategic planning [1]. While the two concepts are, sometimes, used as synonyms or interchangeably with strategic management [5];

strategic thinking is different from strategic planning [6,7] and both are components of the strategic management process. Although there is a distinction between these two components of strategic management, they are two complementary concepts [8]. In this section, the two constructs are defined and specific aspects of each term are clarified.

2.1. Strategic Thinking

Horwath [7] defines strategic thinking as the process of generating and applying business insights continually to accomplish competitive advantage. This process happens regularly as an integrated part of daily activities in an organization. Furthermore, Dionisio [5] states that strategic thinking is “an essential component of strategy development, a mental, reflective and issue oriented process that has the purpose to develop new strategies and that may happen before, during or after strategic planning”. According to Bouhali [3] strategic thinking simply refers to “thinking about planning”. The concept of strategic thinking focuses on competitive advantage as it seeks to set organizational goals for the long-term, develop and implement plans to accomplish these objectives, and allocate needed resources to achieve these goals [8].

Furthermore, Goldman et al. [9] posited that strategic thinking has also been conceptualized in three major aspects including analytical techniques (coming up with new and creative strategies), mental processing (strategy

formation through creative thinking and critical thinking), and engaged behaviors (activities such as scanning, questioning, conceptualizing, and testing). This future-oriented and outcome-based process involves other types of thinking or competencies including visionary thinking and system thinking [6], contextual thinking, cultural thinking, collaborative thinking, communicative thinking, and visual thinking [10] and more specific activities such as data collection, analysis, debate and conversation about organizational governing conditions [11]. So, strategic thinking is a continuous process and provides organizations with means to create value and achieve competitive advantage [1]. However, in addition to strategic thinking, the strategic management process will require strategic planning component for it to be complete and meaningful.

2.2. Strategic Planning

Strategic planning is a periodical channelling of business acumens into a plan of action for the achievement of expected organizational goals and objectives [7]. This action plan serves as a road map that helps the organization move from its current situation to the desired future [12]. From where the organization is to where it aspires to be in five or 10 years [3], strategic planning considers environmental factors both internally and externally, identifies opportunities, threats, strengths and weaknesses to be explored in depth [11].

Moreover, in the process of strategic planning, long-term goals are set, plans are developed and implemented, needed resources are efficiently allocated so that goals are effectively realized [8]. Therefore, strategic planning contributes significantly in translating the strategic objectives into plans and programs, helping the organization to achieve its mission and vision, and guiding the organization's direction [1]. It seems appropriate to conclude this section by recognizing that a successful strategic planning and implementation is not the fruit of hazard but the result of three critical values including high commitment, credibility, and effective communication [3].

3. Importance of Strategic Thinking to Strategic Planning

The strategic management process comprises two critical concepts notably strategic thinking and strategic planning [1]. Both aspects are equally important for the successful achievement of organizational mission and vision [8]. However, it is asserted that strategic planning follows strategic thinking, and then selects objectives, product/market choices and other functions of coordination and control [5]. Moreover, according to Mumley (personal communication, September 5, 2020), strategic thinking precedes strategic planning, but also occurs during and after Strategic Planning. Strategic thinking is the root, while strategic planning is the fruit. Therefore, the importance of strategic thinking to strategic planning will be presented in those three different but connected occurrences: before, during and after.

3.1. Before Strategic Planning

According to Horwath [13] there are three disciplines of strategic thinking and planning including acumen, allocation and action. Strategic thinking provides acumen, the raw material of strategic planning. Before executives can think about strategic planning, they will need to rally the whole organization in the strategic thinking process in order to produce the raw material. In addition, strategic thinking focuses on right things to do rather than doing things [14]. Strategic thinking is vital for strategic planning [5], "strategic planning without strategic thinking is not leading. It's simply managing the status quo" (Mumley, personal communication, June 8, 2020).

3.2. During Strategic Planning

Strategic planning is concerned with allocation of resources, coordination of strategic activities, helping the company to adapt with the changing environment [1]. During the strategic planning process, strategic thinking will help executives to prioritize purposefully, make trade-offs wisely and allocate limited resources intelligently [7]. This will result in a high level of organizational performance and successful change management [8-15].

3.3. After Strategic Planning

"Strategic thinking is part of the process that precedes the plan, implements the plan and subsequently that maintains the plan as a living document" [14]. Thus, strategic thinking does not only maintain the plan but it also scans its implementation objectively. Milestones are specifically determined so as to measure achievement and discern if the organization is moving according to the planned direction [12]. If this is not the case, new strategies are developed to improve the performance and increase the competitive advantage.

4. Conclusion

Strategic management has gained more weight as competition grows in the market. Strategic thinking and strategic planning have become very critical for the survival and success of businesses in such a *Volatiles, Uncertain, Complex and Ambiguous* (VUCA) world [16]. These two concepts are both distinct but also very connected in the strategic management process. They equally contribute in the realization of goals and priorities of the organization. They also help to achieve competitive advantage in a highly competitive business environment. However, it has been revealed that the importance of strategic thinking to strategic planning is observed before, during and after the strategic planning process has occurred. This study encourages individuals as well as corporates to embrace the two concepts in their distinctions in order to profit from the specific contributions of each of them. As far as failure to plan is a plan to fail [17], it is suggested in this paper that failure to strategically think is also strategically planning to fail.

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