Why can’t my people be more strategic?

WHY AREN’T THEY MORE STRATEGIC?

This is an area of much frustration for many of our clients. They feel that their people don’t think strategically or apply enough creativity to recommended solutions. The executives then have to do their staff’s strategic thinking themselves, often delegating less as a result. This can leave them feeling quite resentful as they have less time for their own strategic thinking - all leading to a dangerous situation in rapidly changing environments.

What causes this lack of strategic thinking amongst people in an organisations? And how can we resolve the situation?

Our work in the neuroscience of strategy and change suggests that there may be three causes of this phenomenon:

1. Org structures based on power differences
2. Culture based on speed and fast response
3. Poor understanding of strategic thinking
1. STRUCTURE BASED ON POWER DIFFERENCES

Hierarchical structures, whatever their rationale\(^1\), create a skewed distribution of power in favour of those at the top of the organisation. People further down the organisation display what psychologists call a ‘low power’ disposition\(^2\). We know from several research studies\(^3\) that low power significantly changes an individual’s mental world\(^4\).

Individuals who are lower down the organisation (with lower levels of power) spend a high proportion of their time being responsive to their superiors, anticipating their needs, multi-tasking and repeatedly shifting their attention. This ‘continuous partial attention’ draws huge amounts of mental energy as they try to remain sensitive to the changing internal environment. As a consequence, they have less time and cognitive energy to devote to strategic thinking.

Furthermore, the desire to ‘please their boss’ increases the level of anxiety and potential threat they face - again making it more difficult to access their creative and strategic thinking capabilities. We know that anxiety and stress promote a more active limbic system and give rise to greater levels of ‘fight or flight’ responses. All this contributes to lower creative and strategic thinking capability\(^5\).

Finally, organisations with high power differences often give their people little view of the strategy process and rationale for decisions. This can further promote a lack of autonomy and fairness in the workplace - factors that only serve to heighten people’s levels of threat and anxiety.

2. CULTURE BASED ON SPEED AND FAST RESPONSE

Many organisations proudly claim they are action oriented and focused on fast responses to changes in their environment. This emphasis on a high ‘operating tempo’ and speed of decision-making is usually regarded as a favourable aspect of an organisational culture. We’re not advocating that organisations should be slow and not act swiftly to changes. Instead, we just need to be aware of the potential implications of the cultural drivers that emphasise speed and fast response - and try to mitigate any negative effects.

Understanding the strategy process as three distinct phases helps to explain this phenomenon:

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\(^1\) We don’t subscribe to the view that hierarchical structures are necessarily inappropriate. There are several instances where, depending on the nature of the technology, skills and conditions, a hierarchical structure is appropriate. What we have outlined here is the implications of using a hierarchical structure that creates a significant imbalance of power between those at the top and those through the rest of the organisation. See, for example, Elliot Jaques work on *In praise of hierarchy*, HBR, Jan-Feb 1990.

\(^2\) We're not referring to the absolute level of power. Instead, the reference is to *relative* power difference.

\(^3\) See Pamela Smith and her colleagues’ work on power and its impact on mental processes.


\(^5\) High stress and anxiety promote the ‘growth’ of the amygdala and concomitant ‘shrinking’ of the PFC’s capability. These factors actively work against more creative insights and strategic thinking.
The first and last phases are conducted by a rational and linear process - generally termed ‘analysis’. The middle process - often ignored in fast-moving and action oriented organisations - is the ‘insight’ process, and is vital to developing creative solutions to new challenges.

- **Identifying the facts** can be undertaken quickly and accurately, particularly if the organisation has the appropriate information systems and access to data. This is where we collect information about ‘the facts and evidence’

- **Grouping and abstraction** is a reflective process whereby the organisation groups, combines and recombines the information in different ways - in search of a creative insight and a new way of understanding the situation. It takes time and cannot be achieved on the run

- **Determining the approach** is the classical planning activity - where the organisation determines objectives, actions and accountabilities. Action-oriented organisations can complete this task quickly - but remember that the success of any plan of action is largely determined by the quality of the insights produced in the previous phase.

Given this, we see that a culture of speed and fast response can cause two related problems for the organisation:

Firstly, the bias for action often skips the insight phase. These cultures move directly from identifying the facts to determining a response. They rely on what neuroscientists call *reflexive decisions* - relying on those patterns of behaviour that have worked in the past, or those embedded in their culture. There is no time for the *reflection* that is required to generate new and creative insights, or to understand what’s *really* going on behind the data.

Secondly, because these cultures don’t create time for a pause before making their decisions, they have little time for the self-regulation process - the process of checking the alignment of their decisions and actions with the overall purpose of the organisation. By making a series of knee-jerk decisions, they can end up drifting off strategy within a few decisions.

### 3. POOR UNDERSTANDING OF STRATEGIC THINKING

There are two factors that can limit an individual’s ability to practice effective strategic thinking:

- **Not understanding the difference between planning and strategy**: As mentioned above, the insight phase (grouping and abstraction) is a critical and ongoing part of the strategy process. It is the element that allows new understanding and insight to emerge. In this sense, strategy is about continuous and emergent learning.

  Planning, on the other hand, generally begins with the setting of an objective, and then a series of steps that are required to deliver the objective. The emphasis, therefore, is on the achieving of the necessary milestones, rather than the emergent learning. Good planning is always required to execute the strategy - but this is NOT strategy. If you are merely focused on setting an objective and working out the action steps to deliver that objective, you have NOT developed strategy.

- **No memory of the future**: Our long-term memory is the storage of information from previous learning and experiences. *Semantic* memory stores general knowledge about the world we live in. It is formed by our educational, cultural and social environment, and creates our general “knowing” of the world. We “know” about the Tour de France cycle race even though we’ve never ridden a bicycle.
**Episodic** memory, on the other hand, is formed by specific events and experiences through our lives. So, we’d understand the challenges of riding a bicycle if we regularly cycle to work. When thinking strategically, we develop a systems view of many interdependent variables and their interactions. We may not have directly experienced many of these variables (e.g., a disruptive technology, rising interest rates, poor staff engagement), but we are expected to understand their likely interactions in our strategic view. But without the necessary networks, classification structures and pathways in our memory (semantic memory), we cannot understand and process this information. All we have to work with, in this case, is our episodic memory - our direct experience of events.

So, people who have not been exposed and involved in forums where strategic thinking takes place - or have been denied an educational/social environment where issues such as disruptive technology or rising interest rates are discussed - will not be able to ‘see the picture’ that a systems view represents. Their memory has no access to the information necessary to create this view.

**SO, WHAT CAN WE DO TO IMPROVE STRATEGIC THINKING IN ORGANISATIONS?**

We suggest three initiatives that can increase and improve the strategic thinking in your organisation:

1. **Move out of the strategy ‘dark room’**: Many organisation practice their strategic thinking behind closed doors, exposing only the most senior executives to their deliberations. Apart from creating difficulties in execution because of limited ‘ownership’ of the strategy, only a few people are exposed to the concepts and considerations of good strategic thinking. Semantic memories are not developed and people simply cannot ‘see the big picture’.

   Instead, involve your people in your deliberations and explain how you’ve developed a systems-perspective. Don’t rely on simply presenting the final strategy to them - give them an opportunity to be in the room when you do your analysis and examine the assumptions. This will create the cognitive structures and pathways to enable them to understand the range of information that has to be considered in strategic thinking.

2. **Separate strategy and planning activities**: Strategy is a process of learning and exploration, and is done when you have gathered the facts and are trying to make ‘sense’ of what it means. The insight process that groups and abstracts the information is a reflective process that is not governed by the same linear processes as planning (see the explanation of the strategy process in the earlier section of this article). And it takes time.

   Once the strategy process has been completed, it is appropriate to move back into the planning phase to set objectives and milestones. But it is best to separate the two processes, although you might use the same people to contribute to both. The strategy process (i.e., grouping and abstracting the data) is vital to the success of any decision making, and it can be easily ‘overrun’ by a high operating tempo and the need for speed.

3. **Slow down and create reflective pauses**: Most of the time we use reflexive thinking to make sense of the world and what’s going on. This is the brain’s way of conserving precious energy by seeking out familiar patterns and then using past experience to come to a conclusion. The cultural drivers in an organisation filter information and prompt us to make decisions in this manner. This is known as ‘expert intuition’ in decision-making - and it enables us to use our previous training and experience to make rapid decisions in familiar situations.
However, expert intuition is only valuable when the situation is familiar and we are able to tap into previously established *best practice* solutions.

Where we encounter unfamiliar or unique challenges, we need to generate ‘*strategic intuition*’ - the process of insight whereby we group, combine and recombine information in new and different ways. An important pre-condition for this is to create the space for more *reflective thinking*. We should create deliberate pauses in our operating tempo and give the organisation time for reflection and deeper consideration.

Consequently, we need to find ways to insert pauses between our meetings, interrupt our people less frequently, and respect the fact that our rapidly changing environment actually requires more time for reflective thinking, insight and deliberation.

We acknowledge that these suggestions may appear somewhat counter-intuitive. After all, why should we be more open about our competitive strategy? Why should we insert pauses between our activities when the market is changing so rapidly? And we should we give our people more time when costs are being cut and people are being asked to do more with less?

However, the evidence is mounting that these brain-based approaches, supported by scientific research, are more likely to produce enhanced performance than the old approach of simply working harder and faster.

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