

LeaderPerfect Newsletter

October 15, 2013

Thinking Strategically, Not Tactically

by Dr. Mike Armour

Because the name of my company is Strategic Leadership Development International, I'm often asked how I draw the distinction between strategy and tactics.

It's a great question. At one time there was a very clear distinction between the two, because strategy looked at long-term aspirations, while tactics focused on near-term execution.

But the distinction between strategy and tactics has become somewhat fuzzy in recent years. As a result of today's staggering pace of change and a hyper-competitive business world, product obsolescence is now measured in months, not years. With product life cycles so compressed, the time horizon for strategic planning has become shorter and shorter.

Long-Range Planning

Thirty years ago, when I facilitated my first planning exercises with organizations, a weekend strategic planning retreat typically looked at a ten-year time frame. Usually the priorities and plans for the next five years were laid out in a somewhat detailed fashion.

The next two years – years six and seven – were often envisioned with less clarity and precision, but still with considerable confidence in what was projected for this “out-period.” Only toward the end of the ten-year period were projections somewhat broad and generalized.

Contrast that with today's business world, where few companies can project confidently three years into the future, much less ten years. The variables in their competitive landscape are simply changing too rapidly and are too much beyond their control to see five and seven years over the horizon.

This change began twenty years ago. By the mid-1990s, when I would be asked to facilitate a strategic planning exercise, the time horizon for our discussion was no longer ten years out. At best it was five. And today it's rarely more than three.

Most companies have a fairly good sense of what will happen in their industry, their markets, and their organization for the next 18 to 24 months. But beyond that, haziness and generalities set in.

Turning to Strategic Thinking

With this compressing of the strategic time horizon, we have quit talking about “mid-term planning,” which was still a common phrase in corporate life 15 years ago. When strategy struggles to see beyond three years, nothing is “mid-range” any more.

Faced with these realities, some organizations have moved from a focus on strategic planning to what they call “strategic thinking.” Their goal is to help every decision-maker in the organization think strategically, even when making short-term decisions.

In this context, then, what distinguishes strategy from tactics? I make the distinction with this definition of strategy:

Corporate strategy is a broad description for a chosen course whose aim is sustainable success, strength, or survivability for the long haul.

Tactics versus Strategy

Notice that this definition emphasizes the long haul. This is a primary distinction between strategy and tactics. Tactics may also seek success, strength, or survivability. But they do so in a more limited context or timeframe.

Moreover, at times tactics take us in directions that cannot be sustained if we are to have long-term success, strength, and survivability. For instance, borrowing money to get through a cash flow crisis may be a necessary tactic, but it’s not a strategy.

While the tactic does allow for near-term survival, it works against long-term survivability. As an old adage says, “You can’t borrow your way out of debt.” By increasing the debt load, the tactic places an added obstacle in the path to long-term success, strength, and survivability.

Or let’s consider another scenario. What if the company opts against borrowing. What if it chooses instead to cut prices sharply, produce a quick surge in sales, and use the revenue to circumvent its immediate cash flow problem? Again, this maneuver may allow for immediate survival. But is the maneuver sustainable for the long haul without jeopardizing survivability? Perhaps not.

Slashing prices, for instance, may result in margins that are so thin that money for marketing and R&D dries up. Without marketing and R&D, long-term survival is clearly at risk. So again what we have is a tactical move, not a strategic one.

Strategic and Tactical Alignment

In these two examples we have looked at tactics that run counter to strategic interests, But I'm hardly saying that tactics work against long-term sustainable success, strength, and survivability. Ideally tactics should always serve these goals. No army can prevail on the battlefield if its tactics are at odds with its overall strategy.

But every army, just like every business, occasionally finds itself in the proverbial swamp, up to its neck in alligators. As the tongue-in-cheek proverb notes, sometimes you have to deal with the alligators before you can get back to the strategic objective of draining the swamp.

The danger in today's harried, hyper-competitive world is that the alligators will consume so much of our time, energy, and thought that our strategic focus grows blurred. We become masterful at tactics, but clumsy at strategy.

That's because the pace of today's corporate and business life keeps us in a reactive mode most of the time. And reactive thinking almost inevitably devolves into tactical thinking, short-term in its focus and concerned only with solving the immediate problem.

By learning to think strategically — daily — we are more likely to keep our tactical energy aligned with strategic goals. Strategic thinking is largely proactive, however, not reactive. It calls for reflection and taking a long-range view.

Strategic thinking therefore requires purposeful action on our part to think through each tactical response against the backdrop of strategic commitments. By doing so, we will keep our priorities better attuned to strategy.

Setting proper priorities, after all, is largely a measure of giving the greatest emphasis to those actions, decisions, and initiatives that directly contribute to sustainable success, strength, and survivability over the long haul.

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