



Strategic Thinking:

A Matter of Organizational Survival

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All of us at some point must plan for the future. The better we plan, the more secure our future will be. This is especially true for organizations, but with one major difference. Organizations that do not plan for the future, or plan poorly, may not be around to see it. This is where the concept of strategic thinking comes into play.

To figure out exactly what strategic thinking is, we should look at this quote from consultant Glenn Ebersole: "Strategic thinking is the way people think about, assess, view and create the future for themselves and others... It is proactive, not reactive and focuses on creating a better future and adding value. Strategic thinking always involves change and imagining the results we can achieve in the future." In other words, consider everything that your organization does. From there, look at the market you serve. T. Sanders (1998) wrote that the great leader will "anticipate where the change is going and make sure their organizations get there first." Do you, as leader, have a strategic plan for your organization?

The Harm in Bad Strategic Thinking

How important is smart strategic thinking to the survival of your organization? Let's consider what happened to one company that failed in its use of the concept. Until recently, Borders Books, established in 1971, was a leading national retailer of books, periodicals, music, and movies. But, beginning in 2001, several missteps by the company's leadership set in motion a decline that led to the chain's bankruptcy and eventual demise in the summer of 2011.

The first bad strategy came in 2001 when, according to an article by Matt Townsend, Borders contracted with Internet supersite Amazon to run its online store. Townsend wrote (2011), "Amazon's online store was already giving consumers an excuse to avoid physical locations." Astonishing, Borders contracted with the company that was already eating its online lunch to take customers off its hands? Townsend stated that "Amazon founder Jeffrey Bezos had sent a case [of champagne] to show his gratitude" to Borders' then-CEO Gregory Josefowicz. It's surprising that Bezos didn't send two cases.

The second bad strategy at Borders involved poor timing for aggressive expansion and an unfortunate merchandise mix. An article by Laura Owen (2011) highlighted this problem, citing that problems rolled as, "[Borders's] emphasis on CD and DVD sales (not a great strategy in the iTunes era) and rapid expansion of stores, even as sales declined, at the cost of a beefed-up online strategy." According to Owen, while Borders finally cancelled the Amazon contract in 2008, "... it lost years of managing its own digital strategy." As for the CD/DVD emphasis, did the Borders leadership team not notice that retailers Tower Records and Virgin Music, which specialized in CD and DVD sales, were being put out of business due to Internet competition from iTunes and other file-sharing sites?

The third and final bad strategy of Borders that will be highlighted here pertains to organizational foot dragging. In this age of the Internet, almost everything is going digital, including books! Amazon launched its electronic book reader, the Kindle, in 2007. Barnes and Noble followed with the Nook in 2009. Ms. J., a

Borders store manager, confided that Borders had been experimenting with selling a Sony e-reader, but by the time the company got around to releasing its official e-reader in partnership with Kobo in 2010, no one really cared. While losing money in the midst of the great global downturn, Townsend observed (2011), "By then Borders, wracked with annual losses, had little money to spend on a strategy for digital books." When the Kobo was launched, almost everyone was already hooked on the Kindle or the Nook. Why bother with yet another format? By that point, there was really no place for Borders to go, except bankruptcy court.

Some Suggestions for Good Strategic Thinking

How can you be sure that the steps you take with your organization will allow it to avoid the fate of Borders? Will good strategic thinking guarantee your organization's survival? Unfortunately, the answer is "No!" There exists no sure strategy to ensure any organization's success, but good strategic thinking will increase the odds of success and survival, even in difficult times. Here are some suggestions to help guide your organization toward prosperity with good strategic thinking:

- I. Test your ideas before implementing them.** Do you have a good idea for lifting your organization out of a slump in sales or productivity? How do you know it is a good idea? In their book *Hard Facts*, authors Jeffrey Pfeffer and Robert Sutton observed (2006), "Many companies and leaders show little interest in subjecting their business practices and decisions to the same scientific rigor they would use for technical or medical issues." The "shoot first and ask questions later" mentality is a bad idea when spending your organization's precious, limited resources on a new idea. Customer surveys, test marketing, interviews with affected personnel, and even common sense can help determine whether an idea is worth pursuing. A suggestion from Pfeffer and Sutton (2006) is "... unpack the assumptions that underlie the proposed policy, practice, or intervention, and confront those assumptions with your collective wisdom and experience to see if they seem sensible. If they are, proceed; if they are not, don't bother."

2. **Plan ahead.** As mentioned earlier, Borders cultivated aggressive expansion, opening many new stores. Reporter Ryan Beltram noticed (2011), "It opened too many stores and signed too many 15-to-20-year leases, making it more difficult to close unprofitable locations." In the Bible, Jesus even said, "Suppose one of you wants to build a tower. Will he not first sit down and estimate the cost to see if he has enough money to complete it" (Luke 14:28, NIV)? With those words in mind, why would any retailer sign a twenty-year lease without any history of that location making money for the business? Know in advance what your organization will do if your plans do or do not work out favorably.

3. **"Because we've always done it this way..."** The ways of doing things in your organization's past will not work for it anymore, so do not dwell on them. The past is only marketable in an antique shop. Change is part of life and is certainly part of today's global marketplace. Sanders explained (1998), "... the biggest challenge facing any type of organization today is finding a way to keep up with

the rate of change - to process and incorporate new information before a crisis arises." Learn to spot and identify coming trends in your market and be ready to serve that market, wherever it is, when the time comes. As this final quote from Sanders states (1998), "... successful strategic thinking has two major components: insight about the present and foresight about the future." Do not let your organization be the major bookseller late to market with an e-reader.

Concluding Thoughts

Good strategic thinking can make your organization a trend-setter of global proportions! Poor strategic thinking or the lack of any strategic foresight at all will doom your organization! Learn from the experiences of Borders Books. Spot the changes coming in the market you serve, test your ideas to find out which ones have the best chance of succeeding (have back-up plans ready), and stop clinging to what has worked for your organization in the past. Use strategic thinking well and your organization can make history. Ignore strategic thinking, and your organization may become history.



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Notes

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