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## Leader Roles for Innovation: Strategic Thinking and Planning

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### Abstract

In a new global environment, characterized by rapid change, intense information flows and increasing competition because of the reduction of barriers to trade and exchange. Organizations' leaders face new and hard threats which oblige them to be innovative, it is obvious that innovation has always been at the heart of business, but until now not at the top of the management agenda. Competition turns into a game of who can generate the best and greatest number of ideas with strategic perspective. However many organizations spend most of their time reacting to unexpected changes instead of anticipating and preparing for them. Organizations caught off guard may spend a great deal of time and energy "playing catch up". They use up their energy coping with immediate problems with little energy left to anticipate and prepare for the next challenges. This vicious cycle locks many organizations into a reactive posture. It does not have to be that way. A sensible alternative is a well tested process called strategic planning which is a step by step process with definite objectives and end products that can be implemented and evaluated. Very simply, it is a process by which we look into the future, paint a picture of that future based on current trends, and influence the forces that will affect us. Strategic Planning is a technical fix that gets at only part of the question of organizational effectiveness and only deals with some of the dilemmas of organizations. In the face of such realities, the notion of strategic thinking emerges to fill the gaps and overcome the limitations that experience with strategic planning has proven to exhibit. This paper presents an integration of leadership roles for innovation by focus on strategic thinking and planning in an effort to make important connections and important distinctions.

*Keywords:* Leadership, Innovation, Strategic Planning, Strategic Thinking, organization.

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## 1. Introduction

In today's innovation –driven economy, understanding how to generate great ideas is an urgent managerial priority. However many leaders assume creativity to be too elusive and intangible to be managed, they can manage for creativity (Amabile and Khaire, 2008). Strategic thought and action have become increasingly important within a new global environment which makes Successful leadership requires a vision. Turning an institutional vision into reality requires shared commitment and teamwork. The leader tries by strategic or long-range planning to assist the company in establishing priorities and to better serve the needs of the membership. A strategic plan must be flexible and practical and yet serve as a guide to implementing programs, evaluating how these programs are doing, and making adjustments when necessary. The development of a plan requires much probing, discussion, and examination of the views of the leaders who are responsible for the plan's preparation. However, more often than not, the development of the plan is less complicated than is the implementation.

In the face of such realities, the notion of strategic thinking emerges to fill the gaps and overcome the limitations of strategic planning. The goal of strategic thinking is much the same goal of organizational leadership. While strategic planning is upward focused, looking at ensuring how tactics link up to corporate goals and strategies, strategic thinking is downward focused, looking to ensure that meaning and purpose are diffused throughout the organization so that appropriate goals and tactics can be developed to meet the real needs of the organization. Strategic planning in this sense is more linked to the work of classical management, while strategic thinking is linked more to the work of leadership. This paper presents some leaders' roles for innovation, by focus on important roles which are strategic planning and strategic thinking, in an effort to make important connections and distinctions.

### 1. Some Leader's Roles for Innovation

Leadership is required in every organization, the success or failure of an organization to the great extent depends on the quality of leadership particularly on the part of top management. According to Theo Haimann, Leadership is the process by which an executive imaginatively directs guides and influences the work of others in choosing and attaining specified goals by mediating between the individuals and the organization in such a manner that both will obtain maximum satisfaction. A leader is one who guides and directs other people and gives the effort of his followers a direction and purpose by influencing their behavior to be innovative or at least support the organization goals (Jain and Saakshi, 2008).

Competition becomes more difficult for companies because of globalization which has resulted the reduction of barriers on trade and exchange. Within the complexity of environment Innovation takes place in many researches because it is the ability to create something novel and appropriate, in order to have something different from the competitive companies. To Increasing Innovation leader must:

- **Drawing on the Right Minds:** The first priority of leadership is to engage the right people, at the right time, to the right degree in innovation work.
- **Tap ideas from all ranks:** motivate people to contribute ideas by making it safe to fail.
- **Open the company to diverse perspective:** innovation is more likely when people of different disciplines, background, and areas of expertise share their thinking. Even within the mind of an individual, diversity enhances creativity, and also by looking outside the organization for other sources. Remember that he is not the sole fount of ideas (be the appreciative audience; ask the inspiring questions; allow ideas to bubble up from the workforce)

- **Protect creatives from Bureaucracy:** executive must protect those doing creative work from a hostile environment and clear paths for them around obstacles.
- **Create a filtering mechanism:** have people from a variety of disciplines, function, and viewpoints act as filters. Also outside companies to test product ideas to gauge their potential (Amabile and Khaire, 2008).
- **Accept the inevitability** and utility of failure (create psychological safety to maximize learning from failure, recognize the different kinds of failure and how they can be useful)
- **Integration of teamwork and organizational objective:** they must know what they want and what they must do to achieve the common goals, by building a clear strategy (Jain and Saakshi, 2008).

## 2. Strategic Planning

### 4.1. What Is Strategic Planning?

In the 1950's, the use of strategic planning in both public and private agencies became widespread. However, the popularity of strategic planning faded until the 1990's, when researchers showed benefits resulting from the strategic planning process. It became a useful way to help organizations, as they struggled with rapid change, develop a direction for their future and focus their resources accordingly. Today, strategic planning efforts are initiated by leaders at the top but actively engage members of the organization, as well as stakeholders outside the organization, in the planning process ([www.agecon.purdue.edu](http://www.agecon.purdue.edu)).

Strategic planning is “an organized process through which the organization’s leaders may take decision regarding this institution’s future and development, in addition to following up on the required procedure and measures towards achieving the desired future, and finding methods to measure the success of these operations’ execution” (Al-Zboon and Hasan 2011). It is a leadership tool that helps an organization make intentional decisions regarding what the organization does now and how it will do what it does in the future, why the organization engages in particular activities, and how the organization will meet its goals. Mission, vision, organizational values, and organizational goals are important foundations in the strategic planning process ([www.agecon.purdue.edu](http://www.agecon.purdue.edu)). Strategic planning is a tool for organizing the present on the basis of the projections of the desired future. That is, a strategic plan is a road map to lead an organization from where it is now to where it would like to be in five or ten years (Mashhadi et al., 2008). Strategic plan must be Simple, written, clear, based on the real current situation, and have enough time allowed to give it a time to settle ([www.sla.org](http://www.sla.org)).

### 4.2. Why Strategic Planning?

Besides the personal satisfaction of taking charge of the organizations future, strategic planning offers at least five compelling reasons for its use:

- Forces a look into the future and therefore provides an opportunity to influence the future, or assume a proactive posture. Company must begin to anticipate future change rather than merely react to change.
- Provides better awareness of needs and of the facilities related issues and environment.
- Helps define the overall mission of the organization and focuses on the objectives.
- Provides a sense of direction, continuity, and effective staffing and leadership.
- Plugs everyone into the system and provides standards of accountability for people, programs, and allocated resources (Ahoy, 1998). Company must use human and financial resources in the most efficient manner by determining priority areas on which to concentrate because they are limited resources.

### 4.3. Strategic Planning Model

In order to develop and implement a strategic plan, an organization must have a sense of its purpose and its guiding principles. The important concepts that build the base of a strategic plan are:

- *Organizational Mission*: This is the agreed-upon statement by the organization and explains the reason for its existence. It is necessarily broad to encompass the diversity within the company. It should be clear and concise about what the organization does, whom it serves, and its uniqueness.
- *A vision*: An organization's vision is a statement of what the organization aspires to become. It provides a future direction for the organization and inspires members to want to achieve that future.
- *Goals*: Organizational goals are end results toward which institutional resources and activities are directed. As such, they are the means to resolve critical issues in the organization and achieve the desired future. Goals should be clearly articulated, achievable, and aligned with the organization's mission and vision ([www.agecon.purdue.edu](http://www.agecon.purdue.edu)). They are long-term and short-term goals ([www.sla.org](http://www.sla.org)).
- *Organizational values*: An organization's value statements are the principles, standards, beliefs, and actions that members of an organization consider important and feel represent their activities. Values should serve as guideposts for decision making ([www.agecon.purdue.edu](http://www.agecon.purdue.edu)).

There are several pitfalls associated with strategic planning. The plan may not turn out as well as expected because of changes in the environment in which the plan is supposed to operate. Also, strategic planning is worthless in getting an organization out of a major crisis ([www.sla.org](http://www.sla.org)).

## 5. Strategic Thinking

### 4.1. What Is Strategic Thinking?

Defining strategic thinking is still a work in progress in academic literature. They try to distinguish traditional strategic planning from the more general notion of strategic thinking. Early efforts to define the term combined such ideas as conceptual thinking, information seeking, clarifying complex data and situations, and learning from experience. The U.S. Internal Revenue Service defines Strategic Thinking as a leadership competency which is a Formulate effective strategies that take into account the external influences on an organization from a national and global perspective. It examines policy issues and strategic planning with a long-term perspective that lead to a compelling organizational vision. Determines objectives, sets priorities and builds upon strengths.

Many definitions for strategic thinking have emerged. They range from "thinking about planning" to engaging in a holistic approach to organizational life that allows you to see and feel the issues you and yours are and will be facing. While a bit vague, it is the latter sense of strategic thinking that seems to be fundamentally different than strategic planning and more innovatively practical. Four simple categories may help decipher the differences and nuances of the many definitions.

- *The How Approach*: Some define strategic thinking only as glorified planning. Wilson (1994) suggests we have improved upon past strategic planning models so much that what has emerged is something more usefully referred to as strategic thinking or strategic management. The How Approach, though, ultimately focuses on traditional strategic planning which asks how we are to achieve mission priorities and outlines which actions should be taken when. Mission objectives and goals are assumed from the nature of the business and made explicit by management so that plans can be made to methodically account for activity designed to achieve the end result.

– *The What-How Approach*: Thinking about planning, or thinking before planning, is a natural evolution from the “how” mindset. This approach varies in its application but basically demands that we become clear on what we are to do in the context of current external and internal affairs and then devise proper plans and monitoring systems to make sure we do the right things. Birnbaum suggests focus is the key ingredient to good planning and is the very thing that makes planning strategic, coupled with an appreciation for good people in the organization, careful management of processes, and the development of an intimate understanding of their markets, focus is essential to organizational success. To capture these ideas and determine focus, planners (thinkers) have various tools at their disposal, such as SWOT analysis for Strengths, Weaknesses, Opportunities, and Threats, or PESTLE scanning for Political, Economic, Social, Technological, Legal, and Environmental, or BACHA analysis for Blindspots, Assumptions, Complacency, Habits, and Attitudes. Armed with such information, an organization can determine its comparative advantage, its strategic niche, its position in the industry and devise clear statements of what the organization needs to do to maintain or improve its posture. From here, organizations are in a better position to determine steps to achieve their methodically devised goals (their “whats”) using traditional planning techniques as found in the How Approach above.

– *The What-Why-How Approach*: it revolves around the notions of visioning, scenario building, and forecasting. In this sense, strategic thinking is about inferring future whats, why they may or may not occur, and then devising plans to handle such potential eventualities. Such an approach requires the creation of a vision based on legitimate assumptions, expert analysis, and what- if thinking that is communicated throughout the organization and implemented through good management and monitoring processes. Moore (1995), as he develops his positive theory of managerial behavior, describes much of this strategic management approach as he calls it. Asking questions like “What kind of business are you today and what kind do you want to be in the future?” form the foundation of this approach.

– *The Why-What-How Approach*: Though the previous definitions help popularize strategic thinking, essentially, it is a unique competency of leadership based more on organizational philosophy than organizational technicism. Strategic thinking is understanding that the world may not always work in linear, methodical ways – that organizations and those working within them must be come agile, flexible, relationship-savvy and wise as they continually adapt plans to meet emergent, even, ambiguous situations. That may be what Mintzberg (1994) alludes to in his pivotal work decrying the pervasiveness of disjointed planners in modern organizations. Strategic planning, as it has been practiced, has really been *strategic programming*. Planning has always been about *analysis* – about breaking down a goal or set of intentions into steps, formalizing those steps so that they can be implemented almost automatically and articulating the anticipated consequence or results of each step. Mintzberg identifies a different competency, or set of activities, that need to be a part of successful organizations, as strategic thinking which is about synthesis. It involves intuition and creativity. The outcome of strategic thinking is an integrated perspective of the enterprise, a not-too-precisely articulated vision of direction. Strategy making is a process interwoven with all that it takes to manage an organization. Systems do not think, and when they are used for more than the facilitation of human thinking, they can prevent thinking”. Mintzberg’s thesis begins to reflect a substitute for the traditional scientific, reductionist approach to organizations. Sanders (1998) adds to the discussion by explicitly linking strategic thinking to systems thinking as informed by the science of complexity and her notion of future escape. Such an holistic and non- linear perspective to strategic thinking is fundamental to the Why-What-How approach because it provides current and future views of organizational life while grounding us at the same time into a bounded set of meaningful organizational activity. Basically, we need to comprehend why things operate the way they do and we need to understand that organizational wisdom comes not from programming and prediction, but rather from an understanding of human motivations, formal

and informal organizational values, culture, and inter-and intra-organizational relationships. With a firmer grasp of the Whys of social and organizational interaction, we then can have a clearer picture of what we should, could, can, and cannot do, within those contexts. Those Whats become much more meaningful in terms of shaping individual and organizational behaviour. From there, the Hows are more informed, more realistic, taking into account the qualitative as well as the quantitative aspects of action planning. In a sense, we in organizations are bounded by a vision field that makes sense of our current and future potential, while keeping us identifiable and sustainable as a distinct organization with specific purposes, values, and goals. This approach requires different sets of leadership skills and techniques.

Table 1. Comparison of Strategic Planning/Thinking Approaches

Approach	Most Appropriate Term	Control-Chaos Continuum	Leadership Perspective	Main Type of Strategic Work
<i>How</i>	Strategic Planning	Control Chaos	Scientific Management	Technical
<i>What How</i>	Strategic Planning	Control Chaos	Excellence Management	Technical
<i>What Why How</i>	Strategic Planning and/or Strategic Thinking	Influence Chaos	Values Leadership and/or Trust Cultural Leadership	Technical and Philosophical
<i>Why What How</i>	Strategic Thinking	Embrace Chaos	Trust Cultural Leadership and/or Whole Soul Leadership	Philosophical

#### 4.2. Leadership Perspectives and Strategic Emphases

Whatever the view of strategic planning/thinking, such activities have long been assumed to be functions and responsibilities of leadership. Each perspective on strategy presupposes certain assumptions about the task of leadership especially in terms of the emphasis given to controlling, guiding, or shaping the organizational environment. One way then to grapple with the differences (and similarities) between strategic thinking and leadership is to uncover what certain perspectives of leadership emphasize in the “strategic” process. Fairholm offers a classification of five leadership perspectives culled from researching the practice of local government managers. The first leadership perspective is *Leadership as (Scientific) Management*. The underlying strategic assumption is that organizations and their leaders need to control chaos so that predictable, verifiable, and routinizable processes and outputs are the norm. Basically, this perspective focuses on strategic planning for efficiency. The second perspective is *Leadership as Excellence Management*, which assumes, like the one above, that leaders should control chaos. Its difference lies in the focus given to process improvement and employee participation to assist in developing strategic plans to control the organizational chaos and disorder. The third perspective is *Leadership as a Values Displacement Activity*. This perspective assumes the strategic thinking involves prioritizing other people’s values so they support and implement organizational goals. In this way it assumes strategic thinking is about influencing chaos (thus shaping how organizational actors participate) rather than trying to control it. The fourth perspective is *Leadership in a Trust Culture*, where the leader’s goal is to encourage and maintain mutual trust so people act wisely and independently to achieve mutual goals. It assumes a systems approach and focuses on embracing chaos – using it to create the environment to achieve desired ends. The last perspective is *Whole Soul (Spiritual) Leadership*. Squarely in the non-control camp, this perspective emphasizes strategic thinking at the grandest levels to develop the best in others so they lead themselves in appropriate directions to achieve appropriate ends. The three major keys to successful strategic planning and implementation are commitment, credibility, and communication.

### 4.3. Five Foundational differences

The organizational skin and bones that are goals and outcomes become enlivened by and infused with organizational soul which are the values, vision, and underlying reasons for being. Strategic planning works on the skin and bones; strategic thinking works on organizational soul. Below are five statements about strategic thinking that begin to form a foundation of thought based on current research and experience. They help to focus on the values, vision, relationships and feel of organizational life. To think strategically one must:

- Be an organizational philosopher, not a technical expert,
- Recognize strategic planning is not strategic thinking,
- Influence the values of the organization, not just the objectives,
- Unleash information, rather than control it,
- Accept ambiguity and work with the “unmeasurables,” rather than reduce the organization to numbers (Fairholm, 2009).

## 5. Conclusion

Leadership is a demanding, unrelenting job with enormous pressures and grave responsibilities. It takes a special kind of person to master the challenges of opportunity (Kirkpatrick and Locke, 1991). Leader must be a Creative strategic thinker not only a strategic planner because plans change frequently. That is, the goals, tactics and actions often change depending upon the internal and external environment and other contingencies. The goal of Strategic Thinking is to maintain a sense of constancy of purpose and direction amid the vicissitudes of corporate demands. This is done by focusing on the Values, Vision, and Vectors (Mission) of the organization, rather than the lower order objectives and actions. In other words, strategic thinking is about maintaining the inherent order amid the apparent disorder (chaos) of organizational life. The strategic plan describes the route from the present position described by the mission to the desirable future position described by the vision.

Organizational effectiveness can only truly be considered if we focus on both quantitative measures of success of actions properly linked to each other to achieve important goals AND the qualitative measures inherent in the organization’s sense of values, purpose, meaning, and vision. Strategic thinking and leadership takes place most importantly at the latter level and then works hard to link the organizational soul to a body that is rightly fit together by organizational managers and planners.

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