



Four Ways to Increase Your Strategic Thinking Ability

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Military leaders. CEOs. Venture capitalists. Frequently, people who fall into these categories are characterized as strategic, i.e., demonstrating foresight and anticipatory actions to establish and reach long-range goals.

Strategic thinking is defined as an individual's capacity for thinking conceptually, imaginatively, systematically, and opportunistically with regard to the attainment of success in the future. It involves thinking multiple steps ahead to either set a long-term goal or to develop an approach (or a set of approaches) to achieve a goal.

Strategic thinking differs from critical thinking in the sense that it's not evaluative. When one thinks critically, one is involved in analysis to identify trends and patterns or to arrive at the root cause of a situation. When one thinks strategically, one is thinking creatively and futuristically about options and solutions. Both types of thinking are necessary but they are not interchangeable because they yield different results.

Strategic thinking is creative and future-oriented. It's the step taken after one has assessed the value and merit of a situation or entity (or the root cause of a problem or undesired outcome) and needs to determine what to do next. Consequently, it can be reactive as well as proactive. It is useful when establishing long-range goals or defining the ultimate desired outcomes in a situation.

The benefits of strategic thinking and its role in audit and risk management

Strategic thinking is useful whenever you need to decide on a course of action that will have future consequences. For example, when you need to determine the audit scope and objectives, strategic thinking ability will enable you to consider and anticipate the ramifications of including or excluding certain functions from consideration. Similarly, decisions to conduct an integrated or horizontal review will impact the auditors' perspective on the entity or process under review.

Another opportunity to use strategic thinking during an audit occurs towards the end of the testing phase when you need to determine how to express and rate the audit issues. One of your choices is to report each individual finding or to amalgamate the findings based on common root cause or theme. Either way, you are reporting the issues. Strategically, however, decisions to amalgamate the findings can affect the audit report reader's perception of these reported conditions. The amalgamation can cause the reader to perceive the findings as more significant than if they were described individually. This change in perception may affect the sense of urgency around remediation efforts and corrective action plans.

How to increase your ability to think strategically

At times it's possible to be stuck at a certain part of an audit because you are not using the right type of "thinking". For example, imagine that you are in the process of collecting information concerning the control structure in an area under review. Mentally, you are in an evaluative, critical thinking mindset. During a meeting, imagine that you receive an answer from a constituent or team member that takes you completely by surprise. Since you hadn't contemplated receiving this information, you are unprepared and unable to think divergently, i.e., think in different directions and ask relevant follow up questions, based on the other person's response. Mentally, you are caught flat-footed, unsure how to proceed at that moment.

To prevent this type of mental immobilization, consider taking the following thinking actions when you encounter the unexpected:

- Consider why you are surprised; perhaps you had an unintentional bias or inadvertently made some invalid assumptions.
- Use a pull strategy, i.e., ask open-ended questions, targeted to obtain additional data that can help you think strategically to generate options and alternatives or help you decide on an action to take.
- Consider the relevancy and significance of the information relative to your objective or goal. And, if the data is important and relevant, imagine the impact on planned outcomes and options.

Take the following steps to enhance your ability to think strategically:

1. Become externally oriented by joining and getting actively involved in the AGA and IIA and trade groups that relate to your industry. Register for and read industry-specific e-zines to learn about current priorities, trends and concerns.
2. Exaggerate current trends and consider what would happen and if it did, what is the implication for you and your organization.
3. Join a futurist group or subscribe to the **Futurist** magazine. The Association of Professional Futurists studies trends in what they call the STEEP categories - Society, Technology, Economic, Environmental, Political. Political or societal upheaval or an environmental disaster could impact your organization in ways that would have been impossible forty or fifty years ago.
4. Consider emerging technologies and how they may impact you and your organization. For example, cloud computing has opened vulnerabilities to hacking and intellectual property ownership.

Strategic thinking is a core competency for auditors. Its use enhances the results of audit planning and increases your ability to anticipate and deal with outcomes of the decisions you and others make. It increases your value as an employee and auditor, and ultimately has a meaningful impact on your organization's processes and ensuing success.



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