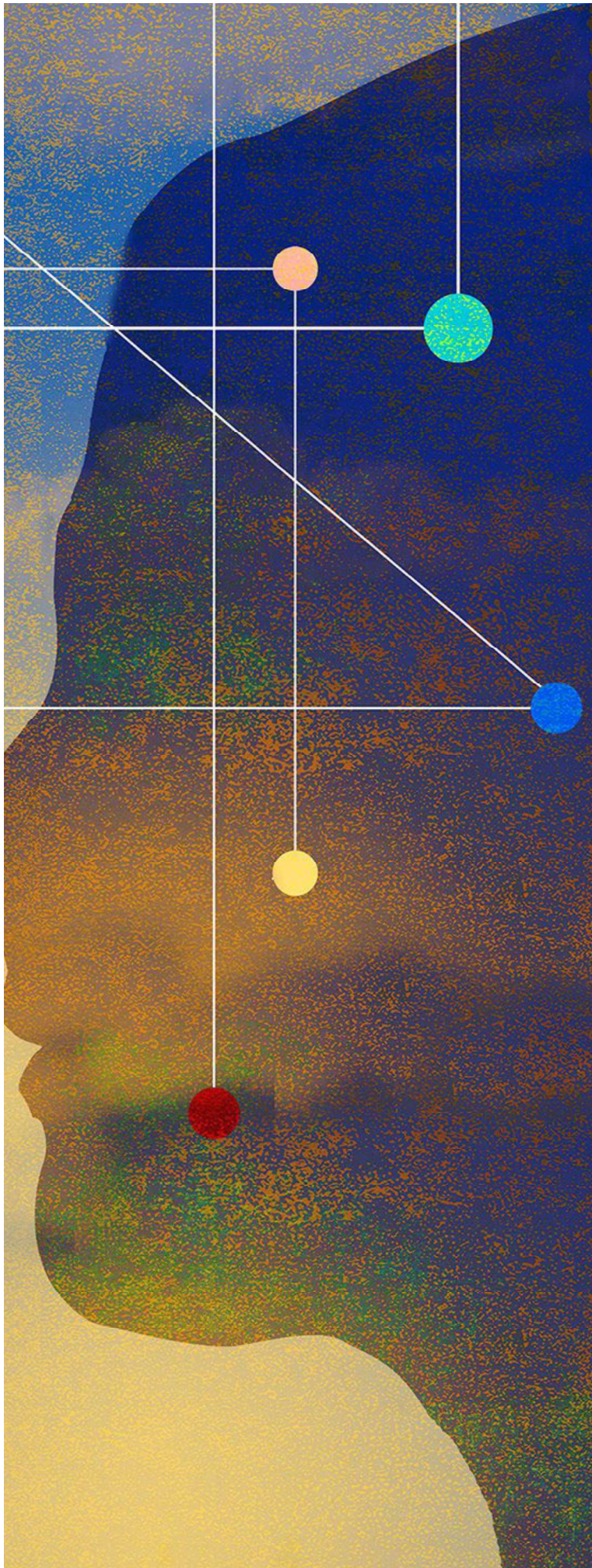


The background is a complex abstract composition. It features a dark, textured silhouette of a human head in profile, facing right. Overlaid on this and the surrounding space is a network diagram consisting of four colored circles (green, yellow, blue, and orange) connected by thin white lines. The background is composed of various shades of blue, brown, and yellow, with a grid-like pattern of thin white lines. The overall aesthetic is modern and intellectual.

# How to improve your strategic thinking skills





## Strategic thinking requires knowledge of the business and sector, asking the right questions, and effective communication to achieve buy-in from stakeholders.

By Raju Venkataraman, FCMA, CGMA

“**L**earn to step back and look at the big picture” is a common refrain in the feedback many mid-level and some senior-level finance executives receive. They may be told they need to be more strategic.

Such feedback rarely comes with instructions. So what exactly can you do to be a more strategic, big-picture professional?

Think about “being strategic” as having two broad and distinct aspects:

- Strategic thinking and planning.
- Strategy implementation.

Business leaders need a good strategy to produce results but can’t get anywhere without an execution plan and successful implementation. Finance executives who effectively use strategic thinking can affect strategy development. And because the finance team typically tracks the metrics and understands the value of data integrity, the finance team has an advantage in helping ensure completion of critical initiatives along planned timelines.

### Strategic thinking: A key skill in the finance leader’s tool box

The strategic CFO has been spoken about for some time now, but with the proliferation of matrix organisations, even mid-level finance managers find themselves reporting to a local business unit leader and a finance leader. In addition to

**Editor’s note:** This is the first article in a two-part FM series looking at strategic thinking and implementation. Part one looks at how to become a better strategic thinker and planner. Part two will address skills needed to execute on strategic plans.



# Understanding and appreciating multiple points of view strengthens your strategic thinking skills by engaging the whole picture.

providing past financial information, these finance managers (by whatever title they hold) now participate in discussions on growth opportunities, risk management, etc. To confidently command a place in the discussion, finance professionals need to think more strategically and be proactive, trusted business advisers.

This first of two articles looks at how to become a better strategic thinker.

Here are three tips to enable that:

## 1. Know your organisation and your industry/market sector well

Lay the foundation for being more strategic by educating yourself and your team on your organisation — going beyond how it operates, its vision/mission, and its strategic goals.

This means you need to:

- Understand the context in which your organisation operates — the industry, other organisations and the competition, the business drivers/levers, regulatory and legal landscapes, and customers and their buying behaviour.
- Stay updated on market trends, innovations, and technology relevant to your industry. And broaden your perspective — maintain awareness of the shifting macroeconomic environment. It's useful to be able to answer questions such as: How is your organisation positioned in relation to competitors within your industry? If they are generating faster growth, what are they doing new, different, or better than you?

Here's how to do this:

### Develop yourself and your team

Spend a half-hour a day (say, three hours a week) doing or learning something

new in the macroeconomic environment or your specific industry. Read a book, article, or trade publication/newsletter or listen to a podcast that's outside your core area of expertise. Seek first-hand experience, ie, walk the factory floor, make market visits, spend time at retail outlets, and participate in road shows or consumer focus groups. Go for coffee with peers, within and outside your organisation, to swap views and information informally.

### Analyse new information and determine how it affects strategic choice

As you solicit new information and ideas, take time to reflect and connect the information and ideas with your experience to spot patterns and draw inferences. For instance, once finance understands the value proposition a certain line of products provides, you can contribute to go-to-market strategy by presenting analysis including profitability comparisons of alternate go-to-market options (say building an internal direct sales force vs. deploying distributor channels).

For better analysis, represent what you learn using tools such as a SWOT (strengths, weaknesses, opportunities, and threats) analysis, a PESTEL (political, economic, social, technological, environmental, and legal) analysis, and a Blue-Ocean Strategy (moving beyond existing markets to create demand).

### Be aware of the regulatory and compliance environment

A strategically minded finance professional should be aware of the macroenvironment and regulatory opportunities and be able to leverage such knowledge to help business leaders

make good decisions. For example, if you work for a content producer, the company might benefit from producing films or TV shows in territories offering generous tax breaks. A finance manager aware of territories offering such incentives can present the information and benefits for decision-making on production locations.

## 2. Schedule time for strategic thinking and ask questions

Accounting and finance executives tend to focus on their to-do list and putting out fires. In the process, they may be missing the big picture. Set aside and dedicate time specifically for thinking about the organisation's goals and the macroenvironment.

Do you have a hypothesis for how a current trend could impact demand for your company's products? Share it with your network and ask them what you might be missing. Asking questions of others (especially those outside your normal sphere of decision-making) helps you discover different perspectives. Reflecting on the questions yourself forces you to dig below the surface and uncover new opportunities, sharpening your strategic thinking skills.

The challenge is to build up your interdisciplinary thinking and gain a breadth of diverse experience that will complement your finance knowledge. It's also about recognising what you don't know and having the curiosity to explore unknowns.

Here's how to do this:

### Set aside time to think

Pencil in some uninterrupted thinking time on your schedule. Examine the picture from all angles, trying to link a choice (eg, a new product, new markets, meeting a customer trend, exploiting opportunity based on macroeconomic factors) with the big-picture goals (company mission and vision, sales goals, desired market share, etc.).

Determine a trend in the organisation's financial data, then ask, "How do I broaden what I consider?" or "Is there more I should be aware of?" Review opposing ideas, opinions, arguments, or positions. Understanding and appreciating multiple points of view strengthens your strategic thinking skills by engaging the whole picture.

## LEARNING RESOURCE

### Question assumptions

It is always good to question long-held assumptions and legacy business logic. For example, “Is it really viable to do this activity in-house instead of outsourcing it?”

### Learn from colleagues

Engage with colleagues to learn how they do what they do, their best practice, their mistakes, and lessons learned. Discuss how a particular development could impact your business or customers.

A mistake some eager finance executives make is assuming that the onus of strategic thinking lies entirely on them. That is not true. Engage your team and colleagues in the process to bring in diverse ideas and thoughts.

Seek opportunities to participate in strategy meetings with management, and then get involved in target-setting to see both the big picture and the details. Ultimately, the best way to learn something is by doing it. Be bold and have foresight into how things would likely turn out if a certain choice is made. Develop your modelling abilities to do scenario analysis and predict multiple outcomes, strive for clarity on assumptions, and deliver your recommendation.

### Take breaks

It's impossible to find time to think about the big picture when you're constantly task-switching or if your day is packed with meetings. Strategic thinking skills generally flourish during downtime, when the brain has a chance to decompress, wander, and envisage different (from usual) outcomes. So, take short breaks during the workday, and yes, have holidays from time to time to recharge.

### 3. Communicate effectively to influence and get buy-in for your proposals

Many finance executives need to improve their communication skills. When you have the opportunity to attend a business meeting with senior management, be prepared to talk about what is important to them. From time to time, take a step back and ask yourself: Why is this important to the company? Why should your stakeholders care about this? Discuss your work through that lens.

If finance has deep understanding of the business strategy, it can connect the strategy to the numbers and communicate

it in a language that makes sense to key stakeholders, including investors, thus ensuring their support for the strategy.

Here's how to do this:

#### Inspire confidence in key stakeholders

Communicating effectively is certainly not about using fancy jargon to sound smart; it's about inspiring confidence in key stakeholders that you can think broader, bolder, and longer term. To do this, directly link challenges and opportunities discussed to the strategic goals and use language that demonstrates and links how the recommended action will affect the longer-term picture.

#### Prioritise and sequence your thoughts and messages

Prioritising and organising your thoughts help the audience focus on the core message. While making a business case to senior stakeholders, practise giving the answer first instead of building up to your main point.

#### Rely on numbers and data

Don't rely on how you “feel” or what you “think” — instead back up your observations and recommendations with numbers and data.

#### Speak up in meetings

Don't hesitate to ask questions and seek clarifications, and be willing to offer your opinion, albeit respectfully. For instance, if you believe that a changed business circumstance means that existing strategy needs to be re-evaluated, do not hesitate to raise the matter for discussion.

#### Seek buy-in for a strategic idea

Achieving buy-in means that you will need to invite criticism with questions like: “What am I missing from your

perspective?” You'll thus learn how the proposed strategy connects with and impacts the stakeholders. You also need to put in the work to get alignment beforehand so that at the big meeting, you come across as having thought things through.

#### Get involved with strategy drafting

Depending on whether your role allows it, offer to participate in the discussions and in drafting the organisation's strategy and, as needed, its revision from time to time. As you articulate an idea or recommendation, clearly express how this might have a connection to “winning with our customers”, “improving employee engagement”, or where the organisation “should play” and how the organisation will win.

#### Strive for clarity in your presentations

Clarity in your presentations fosters communication and alignment. Two-way communication also involves listening to and reading the reactions of your partners.

#### Building a competitive advantage

Making the effort today to steep yourself in strategic thinking is a competitive advantage that can pay major dividends for you, your team, and your organisation. ■



### The Strategic Ecosystem

Designed for the busy finance leader, this course provides you with guidance to determine the strategic vision of your organisation, monitor changes in the general business environment, and identify the impact on your industry and organisation.

Find this course in the [AICPA Store](#) and in the [CGMA Store](#).

 COURSE

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