

Critical Thinking and Better Decisions

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Critical thinking is one of the most underutilized tools for creating effective business strategies. A staggering 93 percent of the workforce have not had their critical thinking skills assessed, and 87 percent have not been trained in the critical thinking skills necessary to perform at higher levels (Mangieri, 2004). This suggests a tremendous opportunity to make better decisions by having the right information as well as thought-processing skills for analyzing business problems and planning a meaningful solution. Yet many companies overlook the time and investment of building critical thinking skills with their employees because, upon hiring the employee, the assumption in place is that the new hire has a business degree or another category of advanced degree and therefore is “already trained.” The missed opportunity lies in developing an employee’s critical thinking skills so they are fine-tuned with a company’s unique culture, brand and business goals, rather than an academic best practice.

The high value and impact of critical thinking on strategic business is no secret. The U.S. Department of Labor’s Commission on Achieving Necessary Skills Report (cited by Braun, 2004) determined in 1991 that critical thinking skills are primary requirements for U.S. businesses competing in global markets (p. 232). The U.S. Department of Education followed this report by supporting the development of learning tracks for critical thinking for higher learning schools.

Pascarella (cited in Braun, 2003) suggests that the lack of critical thinking skills in business is a primary problem in quality decision-making. The increase of importance in critical thinking as a primary business practice suggests that there are distinct qualities of critical thinking that will serve business strategy.

Objective analysis by “strategy scientists” examining the external business environments is the most familiar form of strategy development (Parnell, 2003). Corporate strategy is typically top down through the initiatives of top executives. In the last decade, however, new models for critical thinking from the bottom up now include input from varying levels of management yielding high-quality results as support for best practices in strategic planning. A relatively new characteristic of the bottom-up, critical-thinking pattern is complementary to the “strategy scientist,” whereby the “strategy artist” senses the business climate and its subtleties and then applies holistic thinking, intuition and imagination (Parnell, 2003). Today’s best practices in critical thinking for business strategy include both art and science disciplines.

This whitepaper defines an approach to business strategy by exploring both scientific and artistic methods to strategic planning and suggests that the most effective business strategies may be a result of applying both art and science.

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Critical Thinking as a Blend of Science and Art

Two schools of thought are popular for critical thinking, a scientific path and an artistic method. A scientific approach is more prevalent but may not be superior in results. Science holds that the business environment is largely objective, analyzable and predictive (Parnell, 2003), but when one considers the rapid rate of change and the lack of predictability of uncontrolled variables, intuition and creativity may be a welcomed approach to traditional lengthy planning processes for business strategy (Ford and Gioia, 2000, cited in Parnell, 2003). Historically, most management and business school literature has favored a scientific and systematic style of critical thinking to measure a business' external environment. Toward that end, most top executives and managers have been trained in analytics in order to work with objective data. Mintzberg (cited in Parnell, 2003) draws attention to a more recent trend with the input of the "strategy artist" who can effectively intuit their way through a critical thinking path to strategy.

A case in point is a colleague who was formerly with Nike as an internal advisor with the title of "creative catalyst" who would focus on the ontology of work teams and upper management. As a former personal training coach to professional athletes, my professional friend knew a great deal about what motivates people to their higher potential and thus brought his skills into the corporate environment at Nike to inspire their staff.

He was not an analytical planner, but his ability to "read" people and help them to see their own potential created high impact among the work teams and tangible results in team output. He was a "strategy artist" with as much influence on Nike's bottom line as the "strategy scientist." Mintzberg (cited in Parnell, 2003) describes critical thinking leading to strategy as either "emergent," artistic, intuitive and holistic in nature or "deliberate," scientific, systematic and objective. In general, the strategy artist and strategy scientist have little tolerance for each other's role in decision-making and business strategy, yet a balance of both approaches is primarily what is needed to plan for high-level successes with 21st-century companies.

Strategy Defined

Critical thinking for business strategy is rooted in the definition of business strategy, which is *to address change and create a plan for flexibility to realize the change* (Parnell, 2003, pg. 17). Strategy involves groups of people who think, behave and move in formation that will yield an outcome for improvement. In military procedure, strategy is often linked to opponent conquest or power. By contrast, today's business strategies may include doing business where there is no competition (Kim & Mauborgne, 2004). New aspects to critical thinking for today's business problems involve a company's orientation to change,

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ability to be flexible and to consider playing in markets where there is little to no competition. Profit growth and increasing market share are still a valid part of strategic consideration, but there is a challenge to stop mirroring the current state of external factors and start creating the preferred situation.

The steps for approaching critical thinking may differ by company and industry, but some characteristics are inherent. Parnell (2003, pg. 17) lists four points of consideration in critical thinking for business strategy: (a) To examine scenarios that adapt to external change, because the state of the changing environment is not always apparent; (b) consider first-mover advantages by entering a new market or developing a new product (Gannon Smith Grimm, 1992 and Petersen and Welch, 2000, cited by Parnell, 2003); (c) determine the meaning and impact of internal change that needs to occur, with regard to human, physical, capital and information resources, and (d) improve profit margins and sources, and envision increased market share.

The characteristics of critical thinking may be honed or developed by individual businesses, but the variables of external change, new market or product discovery, internal change, and increasing profit and market share are critical and sometimes difficult markers to pin down. One international company I worked for was adept at identifying external change, but held closely to the practice of replicating large-volume sales of high-margin products.

There were external changes that could be analyzed and imagined differently, but the company relied on its trusted paradigm of making sales numbers until the external problem solved itself. This worked temporarily for documenting profitability and satisfying stockholders but did not incubate a consistent long-term strategy for addressing external change or unmet needs of customers and consumers. Not uncommon to many companies with similar strategies, the company was purchased and reorganized.

Decreasing profit and market share are often the corporate motivators for strategic change (Boeker, 1989, cited by Parnell, 2003). But when business is operating at status quo with marginal growth, operating in the black is enough impetus for decision-makers to stick with the consistent strategy that has worked thus far. On the other hand, the business variables are constantly evolving, so one management approach may include not changing because it may all be different tomorrow. At one international company I worked for, a colleague who had been employed there longer than I said, "If you don't like what is going on, just stick around because it will all change tomorrow." Certainly at that point my experience matched what my colleague was saying, as I had worked for four vice presidents within the course of two years in two different brand cultures. On the other hand, my gut reaction was

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questioning if the organizational changes were impeding growth instead of furthering corporate strategy. Chmielewski (2004) describes values of a group becoming the influence of its members: “When people work closely together on a project, individuals tend to take on the core values of the group.” Strategic change can challenge assumptions of organizational members and may be difficult to implement, even with employee support (Saffold, 1988 and Scholes, 1991, cited by Parnell, 2003). Parnell (2003) also suggests that a shift from “defender or analyzer” strategy to a “prospector” strategy, while requiring monetary outlays for research and development, may be necessary for an organization to implement strategic change. Indeed, addressing change requires change.

Summary

There is no question that critical thinking is a crucial need in the workplace as identified in 1991 by the U.S. Department of Labor’s Commission on Achieving Necessary Skills Report, and is necessary for U.S. companies to compete in global markets. The progression of this need has been addressed by the U.S. Department of Education in a major initiative in learning practices to include critical thinking skills within groups as a way of preparing employees and potential employees with critical thinking skills. When considering the rapid rate of change affecting

human behavior by key influencers, such as technology and doing business with emerging countries, it will require both analytics and intuition for effective decision-making. Strategy scientists will analyze data alongside strategy artists who will intuit important decisions and plans for 21st-century companies. Most likely this will create a new set of ground rules for doing business in areas where there is no competition, rather than competing in an overcrowded marketplace. There is room for companies to develop critical thinking skills that take into account the use of strategy scientists and strategy artists, and to go beyond basic problem-solving by creating their own style of critical thinking unique to a company’s culture, brand and goals. Today’s companies cannot afford to be underperforming with critical thinking skills in a time of rapid change and opportunity on a global scale. Best of all, they can do so with a highly customized set of skills inclusive of all levels within an organization.

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