

The strategic approach

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How does the 80/20 rule work?

Have you ever heard of the 80/20 rule? You probably have but have never realised its significance on strategy. The 80/20 rule, called the Pareto principle, named after Italian economist Vilfredo Pareto who observed that 20% of the Italian population owned 80% of the wealth. Joseph M. Juran, a management consultant, suggested this principle. The principle estimates that 80% of the effects come from 20% of the causes. I know this might sound far-fetched but it holds true even in the workplace today. There is empirical evidence to support this. In a 2009 paper titled, “The Vital Few and Trivial Many: An Empirical Analysis of the Pareto Distribution of Defects” the principle was applied to software testing and analysed nine open-source projects (OSPs) across several releases. The results show that a small number of files account for the majority of defects, even across several releases. Translated into the workplace, this could imply in most cases, 80% of your results are due to 20% of what you do.

What is the meaning of strategic thinking?

You probably have gone for a meeting before and received comments such as, “this is too operational”, “take a strategic approach” for example. In most cases, this is a call to show your strategic thinking skills. Most people fail to pick this, of the ones who do, the question will be, “How can we implement strategic thinking if we are not even sure what it looks like?” Understand that some sort of strategic thinking is required for any job level. Chances are you will not find strategic thinking requirements explicitly written in your job profile but there are moments you will be expected to exhibit such skills.

What is strategic thinking in the workplace?

Stephen Covey said, “The main thing is to keep the main thing the main thing.” In his book, “The 7 Habits of Highly Effective People” he features the Eisenhower Matrix. This is a tool for figuring out what is important against what is urgent. It helps you decide on and prioritise tasks by urgency and importance, sorting out less urgent and important tasks which you should either delegate or not do at all. In research done by The Strategic Thinking Institute CEO, Rich Horwath, he notes that 44% of managers spent most of their time firefighting in environments that incentivised reactivity and discouraged thoughtfulness. He writes, “Managers who thoughtfully consider each issue before responding don’t seem to be doing as much as the firefighters when in reality, they’re exponentially more productive.

How do you develop strategic thinking?

In her Harvard Business Review article titled, “4 Ways to Improve Your Strategic Thinking Skills” Nina A. Bowman advises to focus on developing key abilities that show one’s strategic stamina. These are observing and seeking trends, asking the tough questions, prioritizing and sequencing thoughts, making time for thinking and embracing conflict. Another approach could be starting with identifying the strategic requirements of one’s job. To help with such it is important to answer questions like, “What is the most important thing your supervisor wants you to accomplish and why?” and “what is your contribution to the successful implementation of the organisation’s strategic goals. Being strategic does not only imply directly having an impact on the revenue an organisation is generating. You can also be strategic by thinking of new ways to make production and processes more efficient.

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