

Management Article - Strategic Thinking: A Habit That Pays Dividends – December 2009

Strategic thinking means asking yourself the short and long-term effects of every major business decision you make. Strategic thinking is a habit.

The value of strategic thinking was brought to light for me during my time with the United Recyclers Group, a limited partnership of 300+ auto recyclers that I helped create to pool resources and address industry issues. Most of the other managers in the group said they learned more about strategic thinking from the exchange of ideas at our meetings than they had in years of making decisions as owners and managers.

Being involved in a well run industry association is a great way to develop strategic thinking skills because of the kinds of questions that associations consider. The seasoned business owners that started the URG might have been too busy with their day-to-day operations to delve as deeply into the big picture issues facing our industry as they did had they not come together at association meetings. The involvement forced them to think strategically. The same was true for me. Hearing from counterparts forced me to think more deeply about long-term issues facing our businesses and the industry.

I have a rule for weighing the upside gain against the downside risk. First, I define the goal of any decision or action I am considering. If it isn't definable, then going with the decision or action probably isn't worth the effort or risk. What's the real upside? What's the downside? The decision, if you pause to ask yourself these questions, is usually easier than it appears to be.

What happens after the decision is made is critical. I make a habit of measuring results in the key facets of my operations. How did the decision I made affect results? Weighing decisions and measuring results is a good business habit.

For example, what's the consequence of refusing to accept credit cards because a customer passed a stolen card on you? Some customers won't be able to buy from you. What's that cost you? You might be losing more by not accepting cards. Look at the big picture, not just one bad transaction.

In another typical scenario, what would result from your hiring a relative or in-law? Suppose this person does not have the skills but needs a job. You want to help. What will the consequence be? Can you afford the time to train her? What will be the consequence? Does she show willingness and desire to learn? What will be the consequence?

These are the kinds of questions you need to ask yourself until the asking becomes second nature and you have become a truly strategic thinker.

Ron is currently offering auto recyclers and owners of other types of small businesses help with strategic planning and benchmarking. He offers private individual strategic planning help and he also frequently facilitates peer benchmarking groups for recyclers and other business owners. Learn more by e-mailing Ron at rons@MrMissionPossible.com or by calling him at 817.834.3625 extension #1.

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AutoSalvageconsultant.com was formed in 2001 to help recyclers improve their businesses. The group has become THE definitive source for recyclers' management and training needs. The founder, Ron Sturgeon, is past owner of AAA Small Car World. You can review his resume on our website. In 2002, his book *How to Salvage Millions from Your Small Business* was published to help small business owners achieve significant success. It was recently reprinted in the U.S. and published in China, Korea and the Czech Republic. A second revised and expanded edition of the book is now available. You can learn more about how to help your business at www.autosalvageconsultant.com. You can also write to Ron at 5940 Eden, Haltom City, TX 76117.