

Management Article (Month) Strategic Thinking: A Habit That Pays Dividends

Strategic thinking requires thinking ahead about the people with whom you work, and about the people you serve. That means asking yourself the short and long-term effects of every major decision you make. Strategic thinking is a habit.

The value of strategic thinking was brought to light for me during my experience 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 that took place at our meetings than they had in any number of 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 had they not come together at association meetings. The involvement forced them into strategic thinking. The same was true for me, as hearing from my counterparts forced me to think more clearly and deeply about long-term issues facing our businesses and the recycling 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 contemplating. If it isn't definable, then going with the decision or action is probably not 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 less difficult than it appears to be.

The other part of developing strategic thinking happens after the decision is made. I make a habit of measuring results in the key facets of my operations. How did the decision I made affect my results? Weighing decisions and measuring for consequences is a good business habit.

For example, what's the consequence of refusing to accept credit cards because some customer passed off a stolen card on you? There will be customers who can't buy because you've chosen not to accept credit cards. Weigh the cost of the decision. You might be losing more money by not accepting cards. You want to look at the big picture, not just one bad transaction.

In another typical scenario, what would be the outcome of your hiring a relative or in-law? Say this person does not have the skills but needs a job. You feel compassion and want to help. What will the consequence be? Can you afford the time to train her? What will be the consequence? Does she show signs of 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.

Remember, only you can make BUSINESS GREAT!

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AutoSalvageconsultant.com was formed in 2001 to help recyclers improve their businesses. With over fifty years of experience in three staff members, the group is 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, with skills and experience, at 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. You can learn more about how to help your business at www.autosalvageconsultant.com. You can reach us at 5940 Eden, Haltom City, TX 76117.