

# STORM WARNINGS

Vol. 4, Issue 3

Whatever Happened to Strategic Thinking?

## Whatever Happened to Strategic Thinking?

We are approaching the perfect storm in a myopic stupor. Our over-fixation on contemporary issues like winning the next election, quarterly earnings, or the quest for instant gratification obscures the deeper threats we should be addressing. Lapses in our strategic thinking are causing us to waste resources, squander opportunities, and feed the perfect storm. In this issue, R. Michael Conley discusses a few myopic pitfalls, offers strategic alternatives and suggests five practical steps to help enhance our strategic thinking.



**R. Michael Conley**  
*Founder*

"We are heading into a perfect storm and don't see it coming," according to R. Michael Conley, Founder of Weathering the Storm, LLC and this website.

The WTS mission is to "Awaken, engage and help others to weather the storm."

The WTS website provides the following on a regular basis:

**Storm Warnings:** An in-depth quarterly newsletter.

**News Flash:** Frequent postings on topical perfect storm issues.

**Best Practices:** Featuring leaders in sustainability practices.

**WTS:** What's wrong with our strategic thinking and why is it a problem?

**Conley:** Strategic thinking calls for rigorous honesty, a broader perspective, and an ability to look beyond the immediacy of the moment. It requires a process and context for connecting the dots, plotting trajectories and testing assumptions. Geopolitically, it recognizes the shifting tides of world affairs and commensurate need to recalibrate our expectations.

But there's a disconnect: We are hardwired to think in linear terms at ground level, and it obscures the threats unfolding beyond our line of vision. If we could elevate our strategic thinking to a higher vantage point and expand our time horizons, the ticking time bombs of climate change, energy disruptions, geopolitical uncertainties, staggering debt loads, and unfunded entitlement liabilities – to name a few – would be more clearly apparent.

Instead, we fixate on the contemporary threats *du jour* and search for pain free panaceas – as our drug of choice – rather than the major surgery required. In this milieu, nations spend beyond their means; corporations fixate on quarterly earnings versus strategic investments; politicians worry more about their reelection than thoughtful public policy, and society seeks instant gratification while passing the costs on to others. In this "play now – pay later" Ponzi scheme, we are nearing a tipping point that will be difficult to escape and impossible to reverse.

**WTS:** Can you give us some examples of where this "myopic madness" is most prevalent?

**Conley:** It's prevalent everywhere. We don't resolve problems

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**WTS Guide:** A free “how-to” Guide for beginners.

**Info & Resources:** Books, articles information & resources:

**weatheringthestorm.net**

**About the Founder:**

Mike Conley is the Founder of Weathering the Storm, LLC and Chairman & CEO of the Conley Family Foundation. As a former Fortune 500 business executive, author, lecturer, and public policy activist, Conley has written and spoken on topics related to the perfect storm. He graduated from the University of Minnesota, after serving in the U.S. Navy, and later completed a post-grad program at Stanford University. He is active on several boards and advisory groups.

anymore; we just sweep them under the rug for others to deal with at a later date.

Take the global economy: It has never fully recovered from the Great Recession of 2008. A strategic response would have been to rebuild our infrastructures, increase productivity, strengthen our balance sheets, migrate to more responsible monetary and fiscal policies, and live within our means in a sustainable manner. Instead, we opted for a “let’s have our cake and eat it, too” approach focused on *borrowing* our way back into prosperity.

This approach has prompted the central banks of the world to “print” money, monetize debt and devalue their respective currencies to stimulate growth. Governments have gone deeply in the red with deficit spending to stimulate growth, and stock markets have feasted on zero-interest steroids that have created an illusion of wealth and a massive asset bubble.

It is short-sighted and hasn’t worked. Bubbles galore are on the cusp of bursting. Most major economies are either languishing or teetering on a recession; the commodities bubble has already burst; global debt is at historic highs and world trade has fallen. The stock markets of the ten largest global economies are falling, and there’s little left in the tank to fight off the next global meltdown. (See: [Bubbles and Backlashes](#)).

Back in the states, the financial markets fixate on the Federal Reserve, not fundamentals.

Wall Street and Main Street are disconnected, and Donald Trump’s hair and the Kardashian escapades command more “air time” than the economic tsunami bearing down on us. It’s the myopic equivalent of rearranging the deck chairs on the sinking Titanic.

**WTS:** What other examples can you give of this so-called “myopic madness?”

**Conley:** One of the most egregious examples is in our approach to climate change. Though it is happening at an alarming rate and could – if it hasn’t already – reach an irreversible tipping point, we are not responding with any sense of urgency despite dire scientific warnings.

The toxic creep of climate change is hard to recognize; it lacks a calamitous event – like Pearl Harbor – to galvanize the public and create a sufficient political will to respond forcefully. Like chronic hypertension, it will progressively worsen if left untreated – an opportunity lost.

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Climate change will be a contentious election year issue pitting the short term costs of combatting it against the longer term impact of doing nothing. Some will see our participation in any global climate agreement as antithetical to our best interests, and a dwindling number will even suggest that climate change is little more than a hoax. It is truly short term thinking run amok. (See: [COP-21: Crunch Time in Paris](#)).

A strategic response to climate change looks beyond the immediate hurdles to the catastrophic outcome of a tepid response and the massive new opportunities that would emerge. It recalls the collateral benefits of our “man-on-the-moon” effort in the 60s and how it was a catalyst for the growth of new cottage industries, technologies, scientific and educational programs and jobs never imagined. It sees the same benefits in an aggressive climate change response – including a common cause in which the world could rally around. What’s not to like about this?

**WTS:** What about energy; do you see examples of myopic madness in this arena?

**Conley:** Oh my, yes. The current oil glut is a case in point: The surge in shale oil production and a global economic downturn has created a temporary oil surplus – and with it, an illusion that an endless reservoir of low cost oil is ours for the drilling; that technology trumps all geologic constraints; and that an influx of new capital and ban on environmental restraints could secure our energy future for decades to come.

A strategic view suggests otherwise unless we forget that: a) shale oil production costs are high; depletion rates are rapid and future access to capital problematic, b) that we are consuming from 4-6 barrels of crude oil for every new barrel we find and that new fields are getting harder to find – as Royal Dutch Shell’s misadventure in the Arctic Sea suggests, c) that dramatic cutbacks in oil exploration today will curtail supply in the future, and that d) the future supply of *affordable* oil will be problematic despite today’s prices. (See: [An “Unconventional” Truth](#)).

A strategic view recognizes the limited shelf life of oil – under current consumption practices – and the need to aggressively transition to new energy systems. It sees the future in renewable energy, new generation nuclear power, and ramped-up energy conservation and demand reduction initiatives.

It recognizes that the price points for solar and wind energy are steadily improving, and that advances in energy storage technologies and smart grid systems will accelerate the boom. It envisions a faster migration to electrical – and later hydrogen-powered – transportation systems and the use of natural gas as a “bridging” fuel to ease the transition.

It will take a strategic vision and extensive capital to build these new energy infrastructures and systems, but it is do-able if we’re able to escape the gravitational pull of myopic thinking and think strategically. The economic and job creation opportunities created by an energy transition are comparable to that of an aggressive response to climate change.

**WTS:** Switching gears, how does our myopic thinking apply to the geopolitical arena?

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**Conley:** The complexities are overwhelming, and the odds of reversing the geopolitical shifts now underway are as daunting as stopping a massive tsunami with a sea wall. We can't change the direction of the storm but we can adjust our sails to meet it. In this regard, myopic thinking is not our only challenge; we're also up against wishful thinking, unrealistic expectations and an unhealthy dose of denial. (See: Global Tsunamis We Can't Ignore).

No one's smart enough to have all the answers, but there are at least three underlying assumptions we need to factor into our strategic geopolitical thinking:

1) The global landscape has changed: The United States is no longer the "only game in town." The balance of power is shifting and our ability to project our power anywhere and everywhere at the same time is ebbing. While we're still a superpower, a new reality calls for different approaches. Zero-sum game solutions – where one side wins only at the expense of the other – are unsustainable; collaborative, win-win solutions are more likely to succeed.

2) Asymmetric threats are leveling the playing field: The proliferation of asymmetric threats such as cyber-espionage, currency wars and the potential demise of the *petrodollar* currency system, local and regional terrorism, and the proliferation of nukes, dirty bombs and EMP threats will chip away at the overwhelming conventional power we once enjoyed. (See: The Cyber Blitzkrieg).

3) Natural & physical resource constraints: Climate change; fresh water, food and energy shortages; health epidemics and a global population that doubled in the last four decades of the 20<sup>th</sup> century will collide and become threat multipliers. Its destabilizing nature will topple governments and trigger mass migrations that dwarf the Syrian migration now taking place. (See: Worldwide Water Woes).

Indeed, we live in a dynamic – not static – geopolitical environment. The Middle East quagmire has demonstrated how an action in one area can detonate a chain reaction heard around the world. Let's beware of quick fixes fraught with long tails and unintended consequences. (See: The Chinese Ripple Effect).

**WTS:** You've given examples of myopic thinking on several fronts and contrasted it with strategic alternatives. How does this apply to individuals and households?

**Conley:** As a society, we've slipped into a "play now – pay later" culture. We are mortgaging our future in a futile quest to sustain an unsustainable status quo. The situation will worsen until we take responsibility for the intergenerational consequences of our behaviors. Our grandkids will pay for our excesses with a crushing debt they can never repay. They'll "inherit" a resource-depleted world laced with shortages, a contaminated planet sickened by the ravages of climate change, and diminished access to the *American Dream*. (See: Looking Back from the Future).

This wasn't our intent, but it's the kind of thing that happens when we over-fixate on the "here and now" and disregard the future impact of our decisions on others. In the financial world it is referred to as a "*moral Hazard*" – a behavior that fosters risky behavior when the consequences of that behavior can be passed

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on to others. In a sense, there's a little moral hazard in all of us as we squander resources, pollute the environment and pass the toxic residue on to others. (See: Moral Hazards: Privatizing Gains; Socializing Risks).

**WTS:** In the aggregate, how will our myopic thinking impact the timing and severity of the perfect storm and what can we do about it?

**Conley:** The short answer is this: We are digging a hole so deep and wide that an escape from it will be excruciatingly difficult. Our short term thinking is accelerating the onset of the perfect storm and the fury it will have when it hits us in full.

Ironically, we have the wherewithal to mitigate its sharper edges but are not responding. It will continue to worsen until we are either jolted by a catastrophic event with no other option but to take our medicine and suffer the consequences, or we'll wake up and start thinking more strategically while we can still make a difference. Hopefully, it's the latter.

Assuming it is, there are five strategic things we can do now at all levels of society – from nation state to households – to lessen the storm's impact and give future generations a fighting chance:

- 1) Take a longer view: Think strategically: Consider the true costs and consequences – as well as opportunities – inherent in our decisions and actions.
- 2) Avoid quick fixes: Beware of panaceas that defer constructive solutions by kicking the can down the road for others to resolve.
- 3) Do no harm: Be mindful of solutions that provide temporary relief while aggravating the overall problem and/or cause new ones to develop.
- 4) There's no free lunch: Know that everything has a cost. Think out what they are and who gets stuck with the bill at the end of the day.
- 5) The Golden Rule: Remember to do unto future generations what we would wish previous generations to do unto us.

**WTS:** Are there any closing comments you would like to make?

**Conley:** There's a perfect storm in the making and our time frame for addressing it is closing. An effective response will require thoughtful, strategic thinking along with a constructive plan of engagement. It's an intergenerational stewardship challenge we can't ignore. If we'll put on our strategic thinking cap, we can still make a difference – so let's get started.

Hopefully, this article will open a few eyes. For more information, please visit my website at:

[www.weatheringthestorm.net](http://www.weatheringthestorm.net)