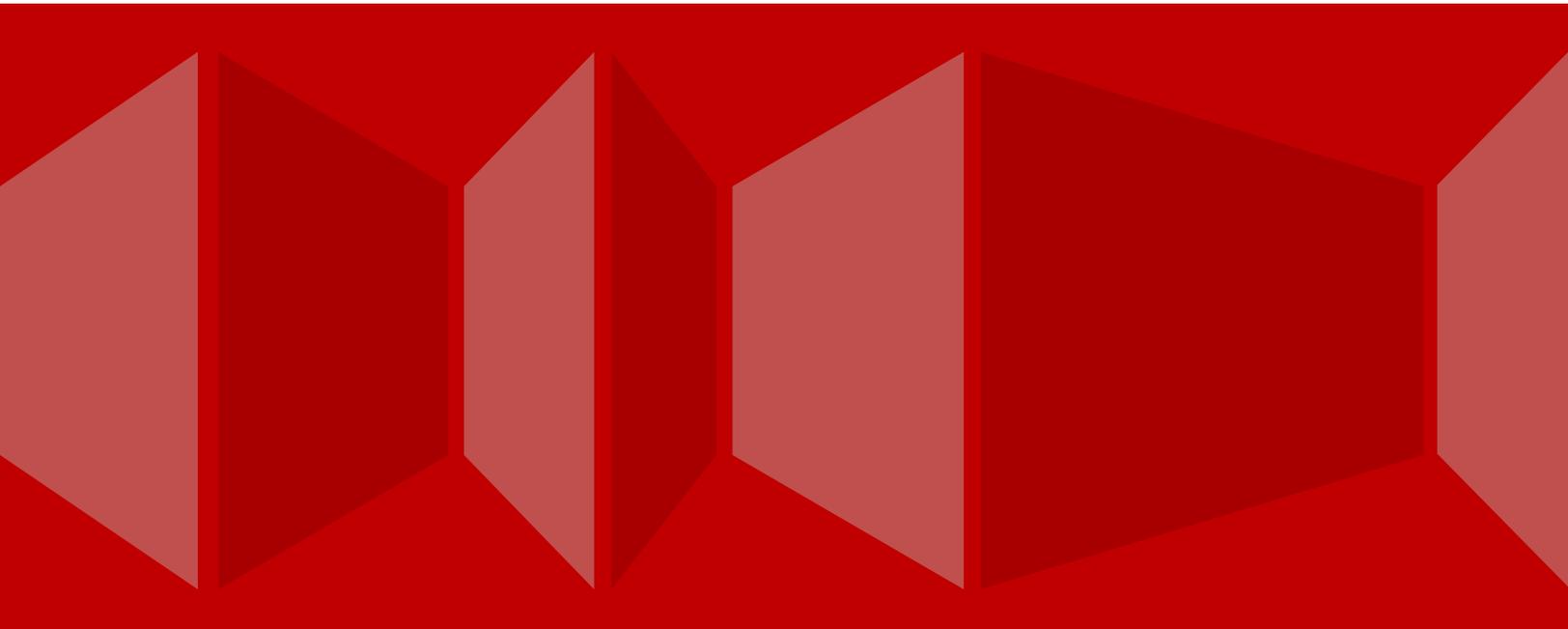




9909 Mira Mesa Blvd.
San Diego, CA 92131
Phone: 800-768-3729
Phone: 858-225-3300
Fax: 858-225-3390
www.smartdraw.com

Visual Strategic Planning

Thinking and Communicating Visually
in the Strategic Planning Process



Contents

Introduction	2
Why Visual Strategic Planning?	2
Understanding the Process	3
Mission and Goals	4
Analyzing the External Environment:	
Looking Outward	5
Analyzing the Internal Environment:	
Looking Inward	6
Formulating Strategy	7
Implementing Strategy	8
Summary	9

Introduction

The strategic planning process requires effective communication and clear thinking. Gathering and analyzing data from inside and outside of an organization – and subsequently turning those data into information – requires clear and concise communication between all of the involved parties. Likewise, taking the acquired information and developing an understanding of it such that appropriate strategies can be developed and actions taken requires extreme clarity of thought. The best way to synthesize data into information and information into strategy is by thinking and communicating visually during the planning process.

Why Visual Strategic Planning?

Most of us think and communicate visually whether we realize it or not. The human brain can and does convert auditory and kinesthetic information to visual information, but the efficiency of the process is dependent upon the complexity of and speed at which information is being communicated. Educational researchers have conducted studies which have shown that 83% of human learning occurs visually.¹

Scholars at Stanford University have found that depicting concepts and relationships visually often reveals that vital data have been overlooked, inadequately correlated, or never collected in the first place. Visual analytics and communication enable diverse and remote groups to reach consensus about issues far faster than textual and auditory communication alone. This is especially meaningful for multi-national firms who must manage cross-language ambiguities. In harmony with a structured planning process, thinking and communicating visually augments option-identification and consensus building and is ideally suited to the strategic planning process in any organization.²

Understanding the Process

Strategic planning involves defining a mission, establishing goals and objectives in support of that mission, and creating strategies to attain established goals and objectives. A strategy is a long-term plan of action designed to achieve a particular goal, as differentiated from a tactic or immediate action to be pursued with resources on hand. The development of a strategic plan requires detailed information gathering and analysis, and must be developed to match the desires of the leadership team responsible for the plan with the realities of the current situation both internal and external to the organization. Once the plan is completed and appropriate

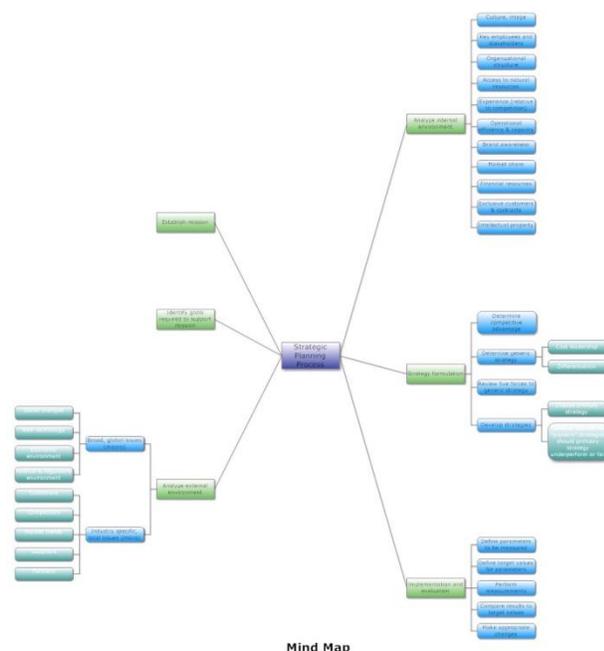
strategies for the organization to pursue have been determined, careful implementation of the plan and periodic evaluation of the results of the organization should be conducted. The process at a high level looks like the cycle diagram to the left.



And, so it begins. Note the clarity that results from visualizing the high-level strategic planning process as a diagram, juxtaposed to the 135 word paragraph above. Understanding information through diagrams, graphics and other visuals is simply easier for the great majority of people.

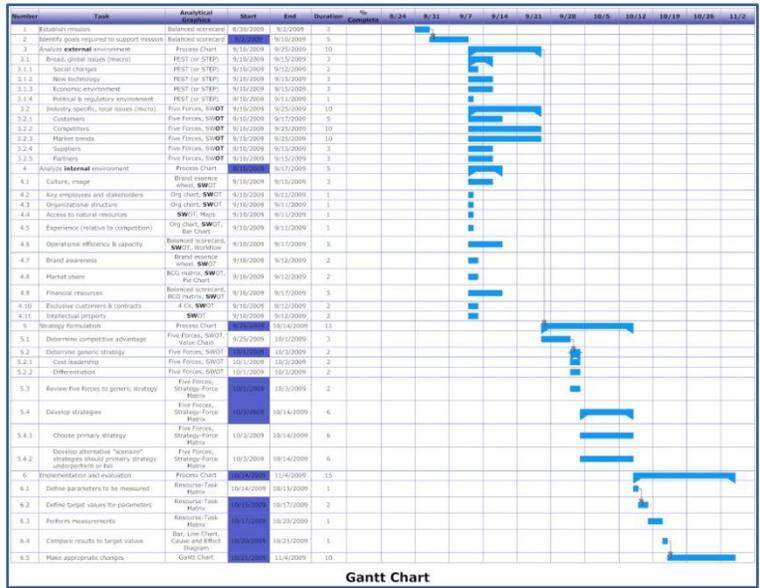
The power of analyzing and communicating visually is even more apparent when drilling deeper into the strategic planning process. The planning process outlined above has been broken into smaller components using a mind map.

A mind map in its simplest form is the product of brainstorming on paper. It consists of a central idea (represented by a large rectangle), related ideas (smaller rectangles) and lines connecting them together. Mind maps are sometimes referred to as concept or cognitive maps. Mind maps are helpful when collaborating on projects as they tend to lend coherence to ideas and issues that might seem otherwise unrelated. During the development of a strategic plan, mind maps can be used to not only visualize the process but also for



brainstorming solutions to difficult issues that arise and for surfacing hidden opportunities during planning and analysis. (As you can see, I'm using visual communication elements to dissect and present the strategic planning process in this very document!)

The information in the mind map above is presented below (with additional detail added) in the form of a project or "Gantt" chart. A Gantt chart is ideal for organizing and maintaining the schedule and managing the results of most any project or

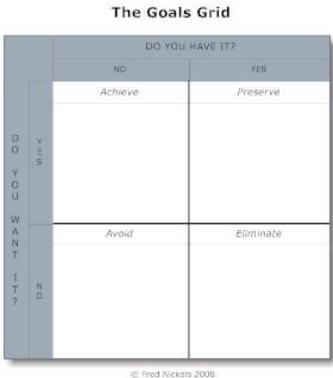


process, especially when the commencement of one element of a project is contingent upon the completion of another. It's also very helpful in assessing the usefulness of a particular task (in this case, say a certain element of the analysis) in comparison to the time and effort involved in collecting and evaluating the information required. The strategic planning process should be

thorough, but not rigid. It should stretch the organization and its abilities, but not overwhelm it. Note how easy dependencies between tasks and the time involved in accomplishing them can be seen (and evaluated) in the Gantt chart.

Mission and Goals

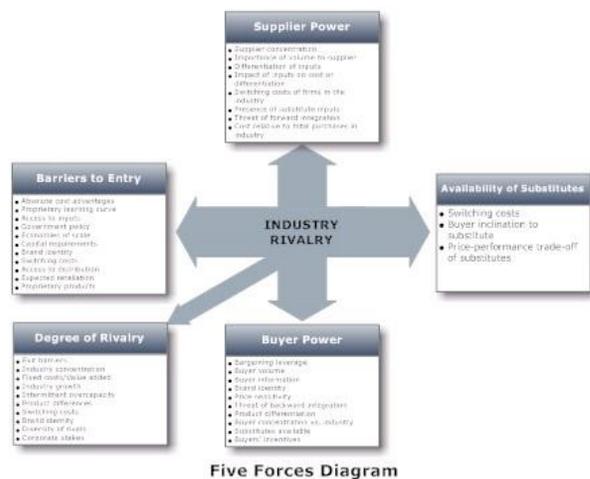
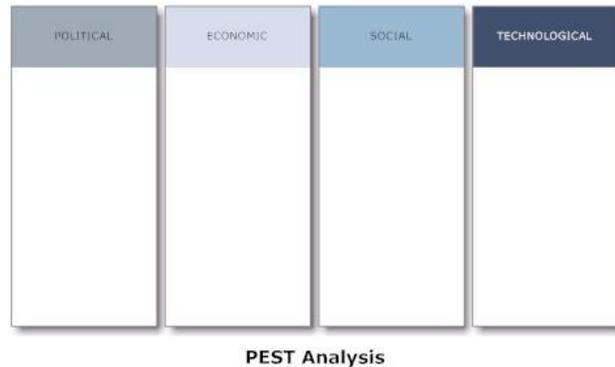
In order to collectively steer an organization in the proper direction, its employee "navigators" must understand the destination to which the organization is heading. That understanding begins by establishing – and more importantly communicating – the company's mission in conjunction with the goals and objectives that have been established in support of the mission. A Goals Grid matrix can be used to visually organize goals to help determine if they are appropriate to the stated mission of the company. In most cases, the mission of a company has been long established. The board of directors, owners and other leaders in most companies are usually clear about the "mission" at hand. What often happens however, is that the leadership group who determines the mission and sets the goals for the company: 1) have not done an adequate job of communicating the mission, goals and objectives



to the organization; and therefore, 2) have not done an adequate job of analyzing the information they have collected to ensure that the appropriate goals are selected and communicated. When the stakeholders in the company closest to its customers, markets and products are provided with an opportunity to share their knowledge and experience with company leadership in an orderly and organized manner, management has more information and can make better decisions.

Analyzing the External Environment: Looking Outward

Once the mission and goals to be pursued have been determined, it is time to take a look at what is happening in the world outside of the company and determine how, if at all, specific events might affect the company in the long run. These analyses of the external environment include broad, global (macro) issues like social changes, new technologies and the economic, political and regulatory environments. A frequently-used chart for analyzing the macro external environment is the PEST chart. PEST is an acronym for the Political, Economic, Social and Technological analyses that encompass the process.



In addition, the external view also includes more industry specific and local (micro) issues such as the company’s customers, competitors, partners and suppliers, and well as the market trends for the company’s products and services. The purpose of this difficult but important work is to



identify opportunities the company might be able to use its competencies to take advantage of, as well as threats to the company’s business in the normal course (remember opportunities and threats, we will be revisiting those terms).

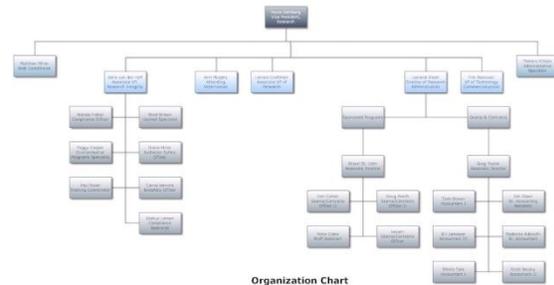
The most comprehensive analysis for the specific or micro external issues is the Five Forces analysis of rivalry in a given industry and it encompasses all of the areas important for the

company to be cognizant of in developing its long-term strategy. Once completed, threats to the company's long-term survival and opportunities for it to emerge ahead of its competition will become more apparent and become the basis of the external component of a SWOT analysis to help determine viable strategies for the company to pursue.

Analyzing the Internal Environment: Looking Inward

A critical component in the strategic planning process is documenting what the company knows about itself. What defines the corporate culture of the company? What is its image in the eyes of its stakeholders and others? Who are the key employees and stakeholders in the organization? How is the firm organized, and how much experience does it have relative to its competitors? Is the firm efficient with its resources? Does it have the capacity to grow? Is there an awareness of the company's brand in its markets? What market share does the firm enjoy? Are there sufficient financial resources to meet its short-term needs? What exclusivity in customers and/or contracts does the firm enjoy relative to its competitors? Does the firm have intellectual property it can leverage? This barrage of questions begins the process of a company looking internally at itself, and determining the answers will enable it to develop an understanding of its strengths and its weaknesses relative to those of the other participants in the markets it serves.

What is its image in the eyes of its stakeholders and others? Who are the key employees and stakeholders in the organization? How is the firm organized, and how much experience does it have relative to its competitors? Is the firm efficient with its resources? Does it have the capacity to grow? Is there an awareness of the company's brand in its markets? What market share does the firm enjoy? Are there sufficient financial resources to meet its short-term needs? What exclusivity in customers and/or contracts does the firm enjoy relative to its competitors? Does the firm have intellectual property it can leverage? This barrage of questions begins the



exclusivity in customers and/or contracts does the firm enjoy relative to its competitors? Does the firm have intellectual property it can leverage? This barrage of questions begins the

process of a company looking internally at itself, and determining the answers will enable it to develop an understanding of its strengths and its weaknesses relative to those of the other participants in the markets it serves.

There are a variety of visuals that are very helpful in analyzing and communicating information about the internal environment of a company. The Org or organization chart is often used to visualize the structure both from a people or employee perspective, as well as from a legal entity perspective. A marketing map visually pinpointing the firm's locations can be very useful when evaluating access to natural resources, key suppliers and other proximity sensitive areas in the analysis. When

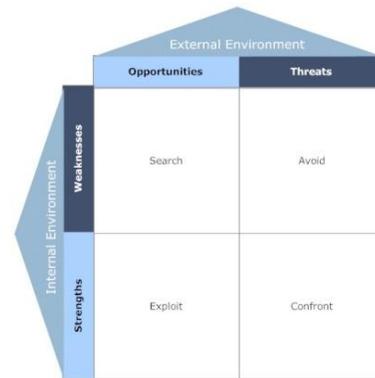


analyzing the brands of a company, completing a brand essence wheel can add great clarity and create a picture of often very difficult to describe attributes about how a firm's brands are viewed in their respective markets. These insights are critical when formulating a strategy for the company.



There are many diagrams, charts and other visual elements that help take the information derived from the internal analysis and prepare the planners for the all important task determining the strengths and

weaknesses of the company. Just as the information derived from the external analysis fed into the Opportunities and Threats segments of the SWOT analysis, the information derived from the internal analysis will drive the Strengths and Weaknesses components of the SWOT. The power of the visual communication inherent in the various charts and diagrams that have been presented in this document show the reader the improvement in understanding that can be realized when conveying complex information using visual communication.



SWOT Analysis

Formulating Strategy

This is where the various findings from the external and internal analyses are juxtaposed to the mission and goals of the company in order to determine the best course of action for success. The company should strive to craft a strategy that best takes advantage of its strengths, while at the same time does not leave itself overly vulnerable due to its weaknesses. The company should work to identify any competitive advantage it may enjoy in its various businesses and/or products.

Information from the Five Forces analysis (that was completed as a part of the micro



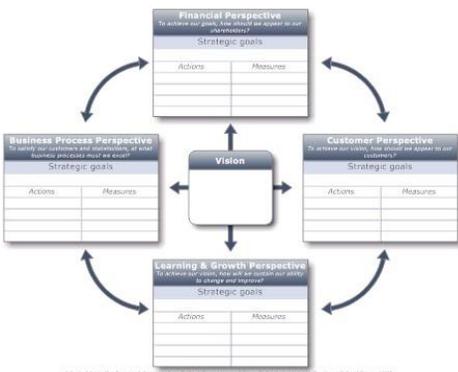
Adapted from Competitive Advantage: Creating and Sustaining Superior Performance, Michael E. Porter, New York, The Free Press, 1985.

Generic Value Chain

external analysis) is a key part of a company's effort to determine what it can do less costly or significantly differently than does its competitors, and understand whether or not the advantage is sustainable. The company should also seek to identify any advantage it may have based on

technologies or relationships between business units (if the firm is large enough to be so organized).

A company can actually create a competitive advantage for itself by understanding how it adds value to “something” and subsequently sells it for more than the cost of

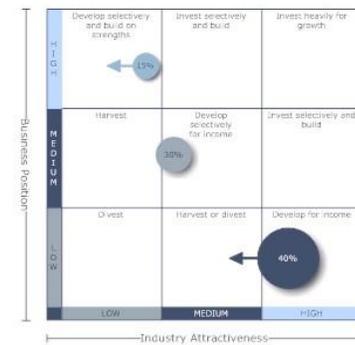


Balanced Scorecard

adding the value, thereby generating a profit margin. The analysis to make those determinations is called a value chain analysis, and was first described in a generic manner by Harvard Business School professor Michael E. Porter.³ Other diagrams used to visualize the fit between a firm, its competencies and its markets include the

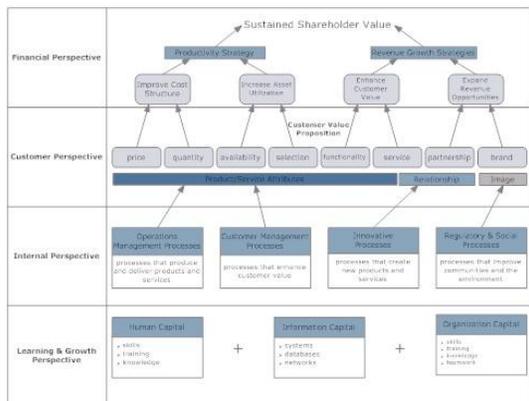
Industry Attractiveness - Business-Strength matrix.

Industry Attractiveness-Business Strength Matrix



Additionally, many companies find value from constructing a strategy map in order to include

Strategy Map



intangible factors like culture in

the strategic analysis. A strategy map provides for multiple perspectives when evaluating a company.

A methodology that augments a company’s ability to adapt its plan to the realities of the marketplace during times of rapid change in the external environment is scenario planning. Information is inherently limited when change happens so quickly it

transcends the planning cycle. By creating and considering different hypothetical “scenarios” that vary from widely accepted forecasts, valuable opportunities and serious threats that emerge can be considered and the company can develop contingencies in the unlikely event one of the scenarios actually occurs.

Implementing Strategy

More often than not, the development of the plan is less complicated than is its implementation. In fact, surveys indicate that nine out of ten organizations fail to properly implement the strategies they formulated.⁴ Often, poor communication of the plan and failure of the majority to buy-in is the root cause of implementation

failure. Every unit within the organization needs to understand the mission and goals that have been established, accept the necessity of a plan, agree to its direction, and implement actions specific to their areas of responsibility. A compendium of graphics for communication across the many different functional areas of an organization can be found at: <http://www.smartdraw.com/resources/glossary>

Summary

The return-on-investment for any company that takes the time to properly communicate its plan for long-term success is quite substantial. And there is no better way to involve an organization in the planning process and effectively communicate the results than through visual communication.



[Download a FREE trial of SmartDraw Now](#)

¹ Presenting Effective Presentations with Visual Aids, U.S. Department of Labor, OSHA Office of Training and Education, May 1996.

² Thinking More Effectively and Strategically About the Long-term Management of Radioactive Waste- A Visual Analytics Approach, R. E. Horn, Stanford University, 2004.

³ Competitive Advantage: Creating and Sustaining Superior Performance, Michael E. Porter, New York: The Free Press, 1985.

⁴ The Strategy-Focused Organization, Robert S. Kaplan and David P. Norton, Harvard Business School Press, 2000.