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Visualizing Your Strategies Spurs Major Breakthroughs

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In strategic planning meetings, some executives talk up a storm. They may lecture about their firm's perceived strengths, weaknesses, opportunities and threats. Conducting a so-called SWOT analysis can prove worthwhile. But Rich Horwath suggests another approach: Assess the range of activities that drive your business and ask, "How is this activity differentiated from our competitors?" "Unless you focus on differentiation, you can get caught up emulating leaders in your industry," said Horwath, president of the Strategic Thinking Institute in Barrington, Ill. "Their best practices can become a core part of your strategy." Problem is, you probably won't outperform rivals if you merely mimic what they do well. It's better to devise ways to distinguish your firm from rivals, Horwath says.

To create differentiation, think visually. Help your staff see how your company operates and how the interplay of its various parts can enhance competitive advantage. "Build visual or graphic models on a white board," Horwath said. "This enables everyone to understand what matters most so that they think strategically." When Horwath leads strategic planning sessions, he begins by asking the group, "What are the three to five key areas where you will put most of your company's resources in the next year?" Once the participants identify these three to five key areas, Horwath draws large bubbles on a white board to represent

each of them. This provides the skeletal structure for what strategists call an "activity systems map." When working with a biotech firm, for example, Horwath drew three large bubbles to signify customized service, product leadership and education. The firm's managers want to focus their efforts on these critical areas in 2008. Horwath then asks participants a second question: What are the current activities and tactics that you're engaged in? He draws smaller bubbles for each of their answers. Then he connects each small bubble to a large one based on the extent to which an activity supports key areas that the executives want to pursue. He draws a solid line if the activity directly supports the key area and a dotted line to signify indirect support. "This helps everyone see if their current activities support the key areas they want to focus on," Horwath said. "Those activities that are indirectly related – or totally unrelated – are ripe for elimination, which allows for effective redeployment of resources." In the above example, the biotech firm's leaders identified "advertising in medical journals" as a small bubble. But they realized this didn't support the big bubble of "education" as well as, say, designating experts to speak at top hospitals. So they stopped advertising and started to enlist "thought leaders" to give presentations to influential medical audiences.