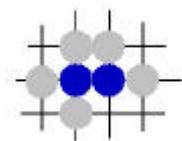


The Strategy Blueprint

Using a Graphical Method to Represent & Analyse Strategic Plans



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Introduction

One of the most difficult aspects of strategic planning is in the area of strategy analysis. Are the strategies correct? Are they complete? Do any strategies conflict with other strategies? What gaps and/or opportunities (if any) are there that the planning team has not identified, analysed sufficiently, etc?

Strategy analysis is one of the main reasons why strategic planning can take so long to be carried out effectively. The main problem lies in having to wade through pages of strategic planning documents, trying to interpret the meanings of words, sorting out homonyms and synonyms and attempting to understand the reasoning behind various aspects of the strategic plan. After all that the strategic planning team then has to determine whether or not anything is missing, is in conflict, or there are some opportunities for the organisation that have not been realised.

Strategy as Pictures

It is said that a picture is worth a thousand words. If all this voluminous text describing the strategic plan could be converted meaningfully into pictures, it could then be viewed and analysed far more easily saving days and possibly weeks of analysis.

Strategy Reengineering does exactly that. Using Strategy Reengineering strategic planners have the ability to represent the strategic plans of the organisation in a graphic form - called the Strategy Blueprint. Similar to an architect's blueprint of a building the Strategy Blueprint can be viewed by the business managers to ensure that all their strategic planning requirements have been included, are represented correctly and are in the right place.

The essence of any strategic plan - the "glue" that holds it all together - is information. It is the representation of this information that is also the essence of the strategy blueprint. One of the three main components of Strategy Reengineering is information modelling. The symbols used to represent the strategic plans in the strategy blueprint are taken from the standard conventions for information modelling, developed over many years in the information technology industry.

In every organisation there is a wealth of information. This information describes everything about the organisation, its operations, its products and services, its customers, its employees, etc. It naturally clusters together in one of two ways - either to provide a set of information about a "thing", more commonly called an entity, or as information related to another set of information e.g. information about the customer for an order.

Each set of information supporting the strategic plan (i.e. the entity) is represented in the Strategy Blueprint in the form of a rectangle. Where the information is related to another set of information the relationship is represented in the form of a line connecting the two entities. The relationships between two sets of information can vary depending on the organisation. At each termination point with the respective rectangle are one or more symbols:

- a O representing an optional relationship
- a ½ representing a mandatory relationship; and
- a \llcorner representing a "many" relationship.

Although the Strategy Blueprint appears to be similar to the Data Model or "Entity-Relationship" diagram used in the information technology industry, it is in fact a far more powerful document. Not only are the symbols used in a strategic sense, but the positioning of the various rectangles and lines on the page are of strategic importance, as will be outlined in more detail below.

The Symbols as Strategy

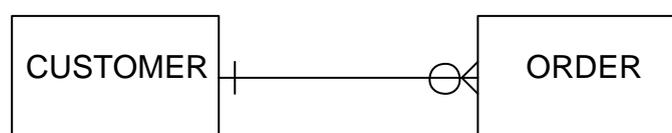
The three symbols described above have an important use in defining and crystallising the strategies of the organisation. For example an organisation may have a strategy to take many orders from their customers, with each order being related to one and only one customer. This strategy would be represented on the strategy blueprint as follows:



The mandatory symbol at each end of the relationship (strategy) line precisely defines this particular strategy as follows:

- for each ORDER the organisation must know who the CUSTOMER is, and
- a CUSTOMER will only be recognised as a CUSTOMER if they have placed at least one order with the organisation.

If the organisation wishes to record information about CUSTOMERs without their necessarily placing any orders, the above mandatory symbol (½) against the ORDER would be replaced by a O thus:



Similarly an alternative strategy with respect to CUSTOMERs and ORDERs could be that the organisation doesn't need to know who placed the ORDER (i.e. cash sales). In this case the mandatory symbol next to the CUSTOMER would be replaced with a O.

The Strategy Blueprint as an Analysis Tool

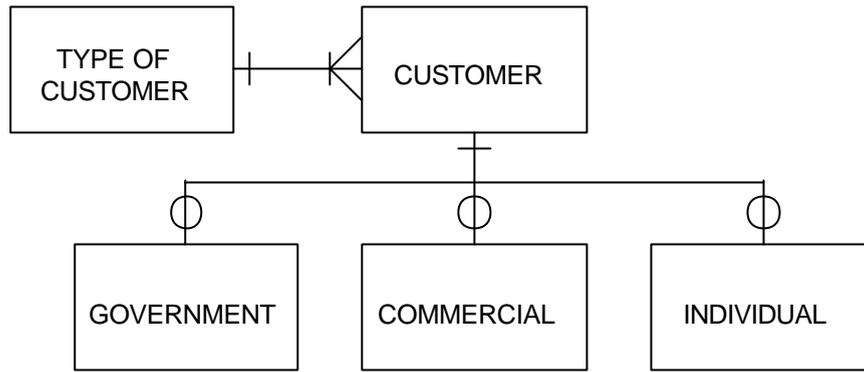
The Strategy Blueprint contains numerous rectangles (entities) and lines (strategies) spread out over one or more pages which can be pasted together to form a single large document. The business managers can thus easily view the entire strategic plan, verify that all the information requirements have been identified, and that all the required strategies are in place.

Most importantly, the business managers, with their knowledge of the business, can use the Strategy Blueprint to identify any strategic gaps (i.e. no line connecting two related sets of information) as well as identify and take advantage of any strategic opportunities. In addition the business managers can use the Strategy Blueprint to examine "what if?" scenarios. They can propose alternate strategies, project them onto the Strategy Blueprint and quickly and easily analyse the likely impacts and outcomes of such strategies.

The Strategic Importance of Positioning

As mentioned above, the rectangles and lines are not arbitrarily placed on the Strategy Blueprint, but are placed with regard to strategic importance in several respects. Firstly all information is placed from left to right on the Strategy Blueprint in terms of its strategic significance to the organisation. Thus information concerning CUSTOMERs, PRODUCTs, SERVICEs will be positioned towards the left hand side, while information about ORDERs, SERVICE REQUESTs, etc. will be positioned to the right of CUSTOMER, PRODUCT and SERVICE (i.e. ORDER is dependent on CUSTOMER and PRODUCT).

Another aspect of the positioning of the rectangles is that where it has been identified that a set of rectangles (entities) contains similar information e.g. about different types of CUSTOMER, those rectangles will be positioned closely together. In this way the business managers can easily see that all information about all types of CUSTOMER, has been identified and that all appropriate strategies have been defined for them. The illustration below shows that the organisation is interested in three types of CUSTOMER, GOVERNMENT, COMMERCIAL, and INDIVIDUAL. All common information about the CUSTOMER is with the rectangle CUSTOMER, while specific information about each type of CUSTOMER, e.g. the name of the INDIVIDUAL, the A.C.N. of the COMMERCIAL, etc. is kept with the relevant rectangle.



Business Processes and Information Dependency

Knowledge about the dependency of one set of information upon another is an essential prerequisite for the correct definition of an organisation's business processes. For example in the CUSTOMER-ORDER illustration on the previous page the ORDER is dependent upon knowing who the CUSTOMER is. To facilitate this there is a third aspect of positioning on the Strategy Blueprint. Where one set of information is dependent upon another the rectangle representing it is positioned to the right of the rectangle it is dependent upon. In addition another set of information may be dependent upon ORDER and thus be positioned to its right. In this way the total dependency of all related sets of information upon others (in the above example ORDER is dependent upon CUSTOMER) can be easily identified, thus facilitating the design of correct business processes.

Automating The Strategy Blueprint with Janus

Although the strategy blueprint can save literally hundreds of hours of strategy analysis, it is still a laborious and time-consuming task to produce manually. Fortunately this task is one which can be easily carried out by software. The automated preparation and production of the Strategy Blueprint is one of the many functions that Janus performs efficiently and effectively.

The first step is to distil the information from the strategic plans of the organisation and enter it into Janus. Once this has been done Janus then analyses the information to ascertain which entities should be related but have not yet been defined, and report on them. The strategic planning team then defines these potential relationships according to the required strategies they wish to include and then uses Janus to re-analyse the new information to see if any new strategic gaps and/or opportunities have developed. When these iterations have been carried out to the satisfaction of the strategic planning team Janus then groups the entities into related sets of entities known as subject databases, and clusters them into related subjects, ranking each subject database in order of importance, or dependence. Each cluster contains all the information necessary and sufficient for the effective and efficient running of the

unit of the organisation charged with the responsibility for that subject, whether it be a department, a workgroup, or even just one person. For example the Order Entry department would have a cluster of subject databases formed by the grouping and clustering of all entities related to CUSTOMER, PRODUCT, ORDER, and the various types of CUSTOMER.

Once these analyses have been carried out and the clusters formed, Janus then uses this information to construct the Strategy Blueprint. It automatically positions the entities and lines as discussed above and prints them out on one or more pages via a plotter or laser printer. Each page is appropriately numbered to facilitate pasting them together to form the one document, which can be as large as two metres by four metres in large organisations.

Analysing the Strategy Blueprint

Because of the spatial formatting of the Strategy Blueprint strategic gaps, conflicts and opportunities can be easily recognised. The strategic planning team, using their business knowledge can readily see where there should be strategies (i.e. lines) linking related information. They can easily analyse the definition of strategies to ensure they are correctly stated. And they can easily see the information dependencies, which determine the workflows within the organisation.

The spatial representation in the Strategy Blueprint also provides another powerful aid for the strategic planning team. Because the information has been automatically grouped into subject databases, clustered into related subjects and drawn accordingly, the Strategy Blueprint becomes a representation of the structure of the organisation needed to support those plans. Each cluster of information, drawn closely together on the Strategy Blueprint, represents a business unit of the organisation. The dependence of each business unit on other business units will determine whether it is drawn to the left hand side of the Strategy Blueprint (a strategic unit) or to the right (a tactical or operational unit). Thus, by turning the Strategy Blueprint at right angles the strategic planning team has the equivalent of an organisation chart.

From Strategy and Structure to Systems

No matter how well the strategic plan has been prepared and how committed everyone is to the plan, it is only words on paper if it isn't implemented. Not only does the right organisation structure need to be in place to support the strategic plan, but the right systems also need to be in place to support it. To find out whether or not the plans are working information needs to be gathered, processed, analysed and fed back to management. These tasks can only be carried out successfully if the organisation has systems which completely and concisely support the strategic plan.

Janus[®], along with the Strategy Blueprint provides a powerful set of benefits in the implementation of the strategic plan, in terms of the systems necessary to support those plans. Once the entities have been grouped into subject databases, Janus[®] then analyses them in terms of their dependency upon other entities and/or subject databases, and combines each set of dependent subject databases into a cluster. These clusters show not only the order of dependency but can also be used to show the order of physical database construction when planning for information systems implementation.

Each cluster can be an independent information system, representing an area of information requirement for the organisation. Clusters may be combined to form a strategic set of information requirements, and thus provide the framework for strategic information systems. Janus[®] provides hard copy of these analyses in the form of two reports - the Entities Within Subject Databases report and the Subject Database Implementation Priorities report.

Summary

The Strategy Blueprint is a powerful tool that is used by management to greatly assist them in their business planning. Numerous organisations have found significant benefits from using the Strategy Blueprint as an integral part of their strategic planning sessions. Not only does it save hundreds of hours but it also ensures that the strategic planning process is comprehensive, concise and complete. It provides a level of clarity to strategic planning that, until now has just not been available, regardless of the strategic planning techniques used.

Unlike many other strategic planning documents the Strategy Blueprint is not just a passive piece of paper but is an essential component of the whole concept of strategic management. Some organisations have their Strategy Blueprint (i.e. strategic plans) pasted on the wall of their board room where it is referred to weekly and even daily, continually ensuring that management are focused on the one unified strategic plan to which everyone is committed.