Lotus Diagram

Useful for mapping/organizing complex issues on one page

The Lotus Diagram is a great mapping tool. It is so named because it begins with a central core idea or issue. The core issue is surrounded by an ever-expanding set of related ideas (like the petals of a lotus blossom or the ripples in a pond).

Note the sample Lotus Diagram on the next page.

The issue is “providing information to a bank for an expansion loan.”

- The original idea is surrounded by eight empty boxes or circles. Brainstorming produces additional statements/ideas, which are written in these boxes.

- Each of the eight ideas becomes the core of another set of eight surrounding empty boxes, which are filled in by brainstorming.

- The process continues until a satisfactory solution emerges or until a sufficient number of statements/ideas have emerged.

The Lotus Diagram can be used by groups and individuals. Its value is in the successive levels of data and idea generation.

<table>
<thead>
<tr>
<th>For the Business Planner</th>
<th>For the Strategist</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Capture needed data</td>
<td>- Go beyond data and routine brainstorming</td>
</tr>
<tr>
<td>- Map it, organize it</td>
<td>- Use the power of imagination in creating new paradigms</td>
</tr>
<tr>
<td>- Gather data on complex issues on one page</td>
<td></td>
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</tbody>
</table>

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## FINANCIALS
- A: Ratios based on new loans' effect on balance sheet
- B: Comparative ratios to industry norms
- C: Cash flow projections
- D: Assumptions on which cash flow is based
- H: Key-man insurance?
- G: Use of loan
- E: Subordination of Director loans
- F: Comparison to industry norms
- C: Cash flow projections

## OWNERSHIP
- A: Current Ownership
- B: Any successor documentation?
- C: Stock structure—voting/ non-voting
- H: Any options to convert debt into equity?
- G: Buy-sell agreement?
- F: High-Potential Managers
- E: Successor plan

## MANAGEMENT STRUCTURE
- A: Organization chart
- B: Resumes-bios of all managers
- C: Marketing expertise
- H: Adequate space for existing inventory
- G: Room for expanded inventory
- F: Change layout = increased efficiency
- E: Need to expand range of suppliers

## OPERATION EXPANSION
- A: Adequate space for existing inventory
- B: Room for expanded inventory
- C: Change layout = increased efficiency
- H: Need to expand range of suppliers

## MARKET & CUSTOMER CHANGES
- A: Adequate space for existing inventory
- B: Room for expanded inventory
- C: Change layout = increased efficiency
- H: Need to expand range of suppliers

## ELECTRONIC DATA INTERCHANGE (EDI)
- A: Training offered by manufacturer
- B: Document efficiencies by trade articles
- C: Recognize additional training for staff
- H: Cash Flow projections include maintenance
- G: External source for design
- F: Written evidence of new contract(s)
- E: Data on market penetration

## CAD-CAM
- A: Brand/image
- B: Cross-selling across divisions
- C: Links to partners
- H: Cash Flow projections include maintenance
- G: External source for design
- F: Written evidence of new contract(s)
- E: Data on market penetration

## WEB SITE
- A: Brand/image
- B: Cross-selling across divisions
- C: Links to partners
- H: External source for design
- G: Written evidence of new contract(s)
- F: Data on market penetration
- E: Written evidence of existing contracts

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