

A METHOD FOR SOLVING TOUGH BUSINESS PROBLEMS

This tool lays out a step-by-step process for addressing tough business issues. It's designed to work with any industry and any problem. The best results will usually come by using project teams composed of some people with finely honed intuitions based on experience and others with highly developed analytical skills but too little experience to know what cannot be done.

Here are the descriptions of each step – and an example.

1. State the business problem or issue as clearly and fully as possible. Focus on getting to the root issue. (See our related tool: "Issue Mapping.") Addressing a symptom of a larger problem will leave you feeling stuck.
2. Hypothesize an approach and/or a solution. For example, the issue might be: "Our sales are declining, while our competitors' sales are holding steady. We don't know whether it's a problem with our sales staff or a problem with our product." In this case, you might decide to hire an outside firm to conduct a survey of your customers to discover how they perceive the problem.
3. Identify the assumptions that relate to the proposed solution. In this case, two assumptions would be: "We assume our customers can help us pinpoint the source of the problem." And "we assume that whatever we discover will be within our power to resolve."
4. Do a light analysis of those assumptions before investing a lot of resources. If the proposed solution survives the first round of scrutiny, then subject it to a more rigorous analysis. For example, you might decide to visit five accounts, and then analyze whether it's worth continuing the effort to hire an outside firm.
5. Based on insights developed by the analysis, redefine the problem and the solution. Then repeat the process. In this case, you might discover that your initial analysis reveals that the problem is related to concerns about your overall strategic direction as a company.
6. Reiterate the process (redefining the problem and the solution) until there is agreement that the possible incremental improvement in the solution is no longer worth the incremental cost. For example, your team might analyze the impact on profitability of two scenarios: investing in a customer education program and mounting an image campaign. The conclusion: Investing in customer education will cost more in short-term, but have bigger impact on profitability after 12 months.

