



STRATEGIE HELDEN



The Pyramid Principle

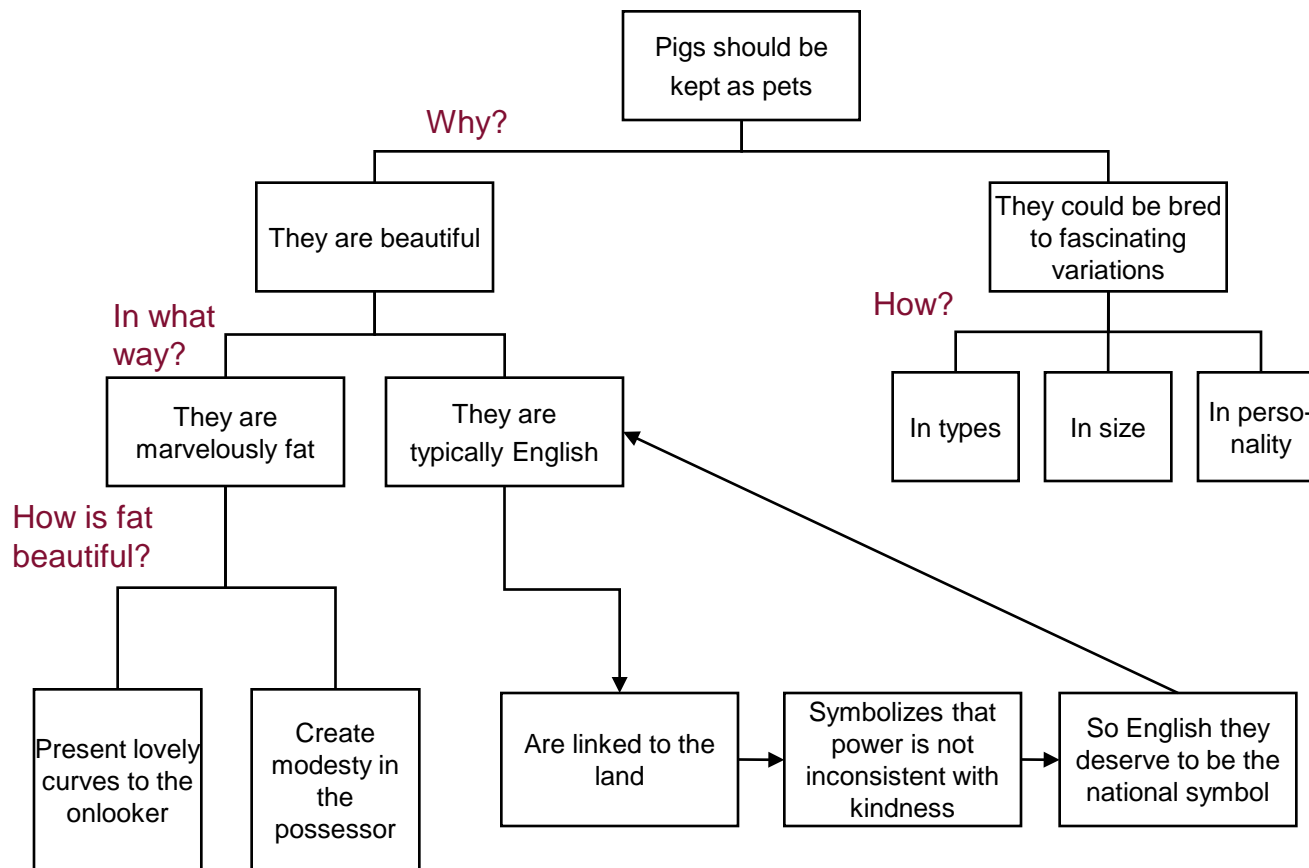
Training module

Dit document is onderdeel van een set ondersteunend materiaal dat ter download wordt aangeboden aan kopers van *Strategiehelden* door Jeroen De Flander (ISBN België 978 90 4860 959 8 - ISBN Nederland 978 90 4700 410 3).

The Pyramid Principle is Barbara Minto's powerful and compelling process for producing everyday business documents.

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A pyramid structure establishes a question-answer dialogue and is easier to comprehend

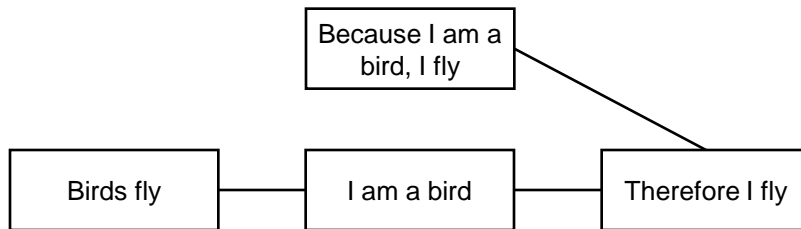


Rules

- Ideas at any level should be summaries of the ideas below
- Ideas in each grouping should be of the same kind
- Ideas in each grouping should be logically ordered

At any level in the pyramid, there is a choice between deductive versus inductive reasoning

Deductive



- Main disadvantage is that the conclusion is not clear from the beginning
- Is bullet proof once the subelements are generally accepted
- More difficult to follow as a reader, therefore not in the top line(s) but more below in the pyramid as things are getting more and more focussed

Inductive

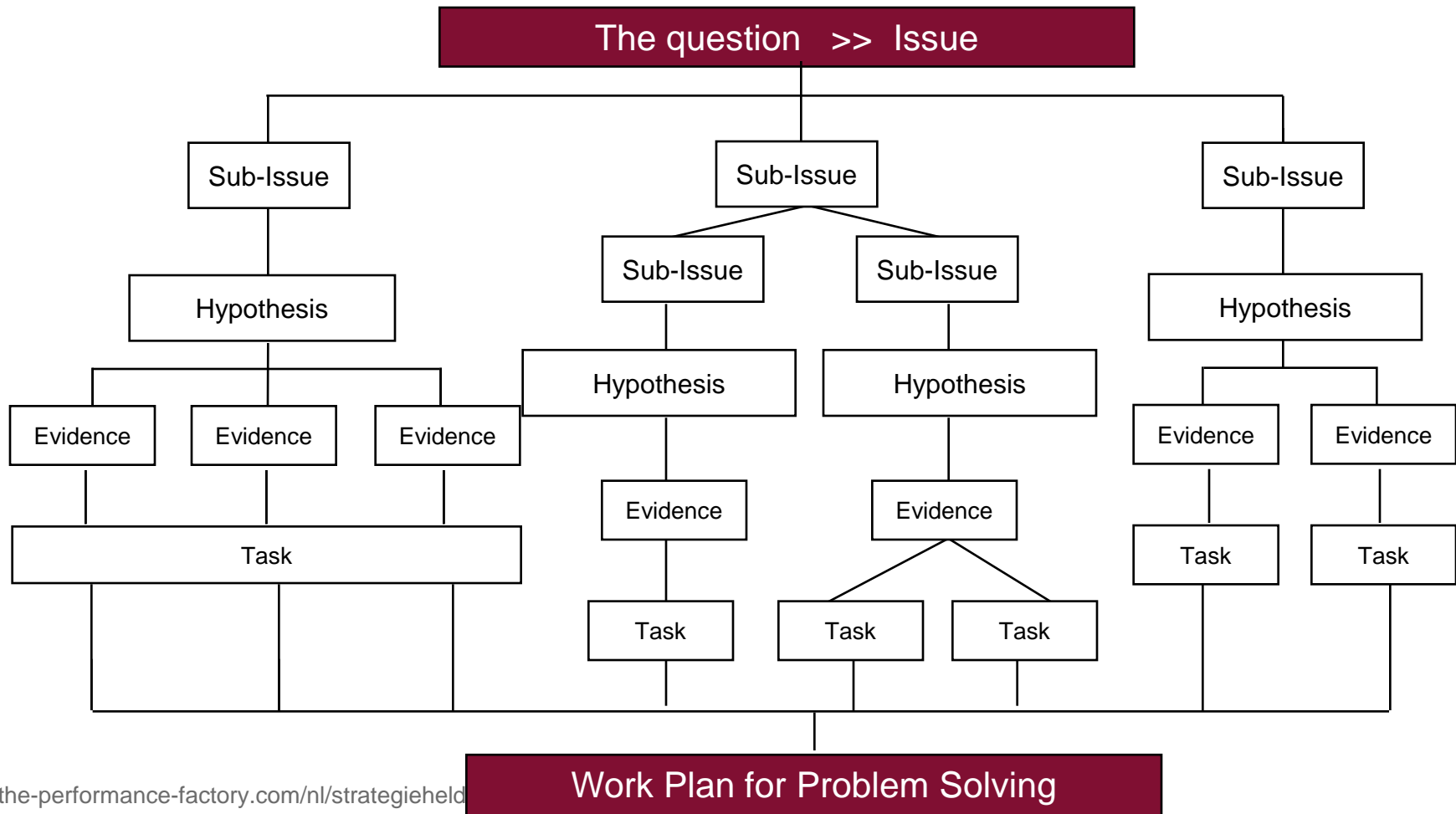


- Is very easy to follow as a reader since the conclusion is clear from the beginning
- Is less strong as deductive reasoning but also more difficult to challenge
- Recommended to be used in the top line(s)

An introduction serves as a means to establish the relevance of the question/answer put forward

- The pyramid permits to carry on a question-answer dialogue with your reader but the starting statement needs to be relevant
- Therefore make sure your document is of interest by directing it towards a questions that exists in the reader's mind and that is relevant
- The classic pattern of story telling (situation, complication, question, answer) permits you to make sure you and the reader are standing in the same place before you lead him through your thinking
- In summary, the introduction tells the reader, in story form, what he already knows about the subject you're discussing, and thus reminds him of the question he has
- Once the introduction is clear, you're free to concentrate on the ideas at lower levels of the pyramid

Problem solving is a fundamental skill - use the issue analysis approach to solve problems that do not lend themselves to ready-made solutions



This course covers how to use issue analysis to solve problems that do not lend themselves to ready-made solutions

➔ Identify the key **question** to determine which approach to use

— If issue analysis is the right approach, build it in six steps

Identify the key question to determine which approach to use

- Use the Situation-Complication-Question (SCQ) framework
- Fill it in with information available
- Always get agreement on the key question, since your analysis could raise a different question

Use the Situation-Complication-Question (SCQ) framework to identify the key question

- S**ituation
- where we are now, and
 - where we want to go
 - what's the background everybody agrees on
- C**omplication
- what's stopping us from getting there
 - what's unsatisfactory in this situation, what would be satisfactory instead
 - which triggers
 - ...
- Q**uestion
- ... the key question on our mind

Example SCQ

Illustrative

- Situation**
- We are active in several European markets, and want to expand further.
 - We are contemplating acquiring XYZ, a local manufacturer in a new market.
- Complication**
- We are uncertain about the risks involved, given the volatility of the market, and aren't sure about the fit with XYZ.
- Question**
- Should we acquire XYZ?

Fill in the SCQ with information derived from research, team discussion, and meeting(s) with stakeholders

- Prepare for meeting
 - | Read available documents
 - | Share insights among team members

- Set up a meeting with the stakeholders
 - | Ask a balance of closed and open-ended questions
 - | Remain alert to hidden agendas
 - | Summarize comments to ensure you've understood correctly

Always agree on the key question, since your analysis could raise a different question

Illustrative

Situation

Complication

Question

Question
raised by analysis

We want to enter phosphates-free cleaners market	Uncertain whether to do it alone or by acquisition	How should we acquire a company in this market?	What should be our entry strategy?
We want to enter phosphates-free cleaners market	Concerned about the risks	What should be our entry strategy?	Should we enter the market?
We want to launch new product	Lead time is long and increasing	Should we launch this product?	How can we shorten time to market?

This course covers how to use issue analysis to solve problems that do not lend themselves to ready-made solutions

— Identify the key question to determine which approach to use

➔ If issue analysis is the right approach, **build it in six steps**

If issue analysis is the right approach, build it in six steps

1. Identify the key question
2. Turn the agreed key question into an issue that captures the concerns
3. Break down the issue into sub-issues
4. Generate hypotheses and identify the evidence to ask for
5. Develop the work plan
6. Test and revise the work plan when necessary

Turn the agreed key question into an issue that captures the concerns

Illustrative

Situation	Complication	Question	Agreed key question	Issue
We want to enter phosphates-free cleaners market	Concerned about the risks Uncertain whether entry will help meet strategic growth targets for 2015	What should be our entry strategy?	Should we enter the market?	Will investing \$XX million in production, distribution, marketing of phosphates-free cleaners help achieve strategic growth targets for 2015?

By reformulating the question as an issue, the analysis will be more efficient

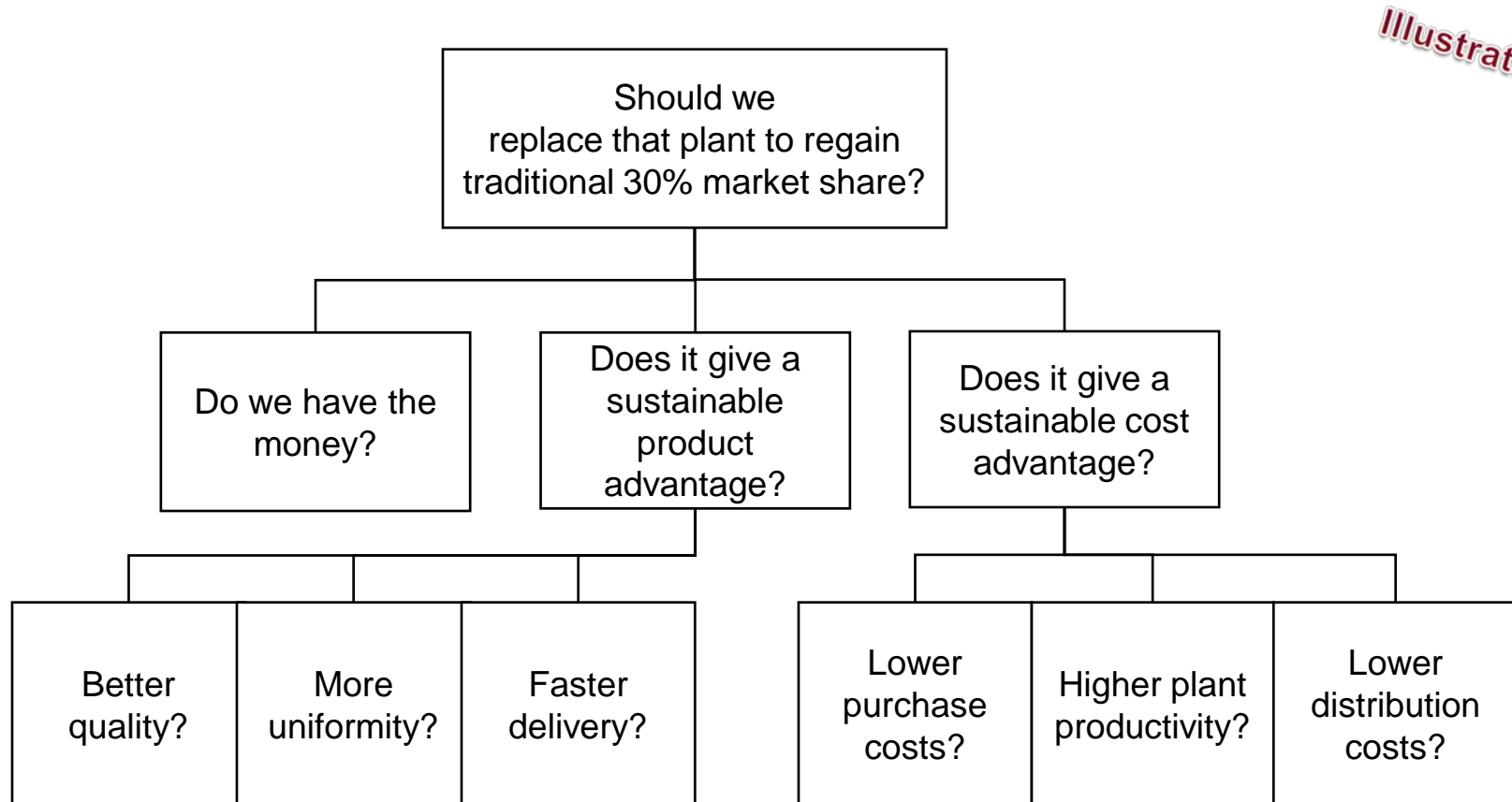
- Focuses attention on what stops us to get where we want to go
- Is aimed at the feasibility and measurability of the solutions
- Avoids repetition when we formulate hypotheses and gather evidence

Phrasing the question as an issue helps us focus on what is preventing us from getting where we want to be

Illustrative

Key Question	Issue Statement
What level of inventory do we need?	Should we decrease our inventory level?
What should we do about that plant?	Should we replace that plant?
Should we transfer our technology to our new joint venture?	Will transferring our technology to our new joint venture increase our earnings?

Break down the issue into sub-issues

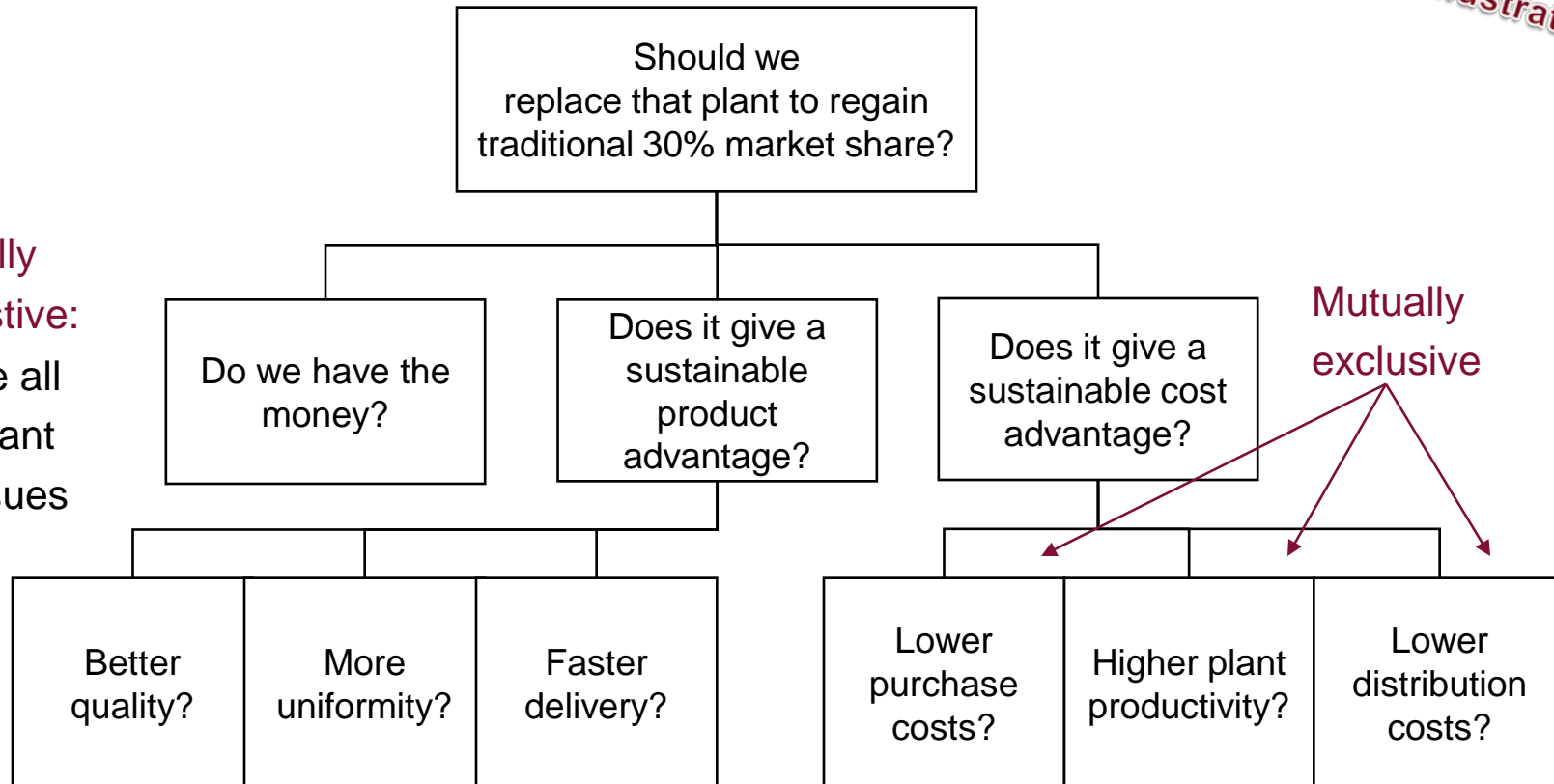


Tip: limit the number of sub-issues at any level to seven or fewer

Test the sub- issues to see whether they are MECE (mutually exclusive and collectively exhaustive)

Illustrative

Vertically exhaustive: capture all significant sub-issues

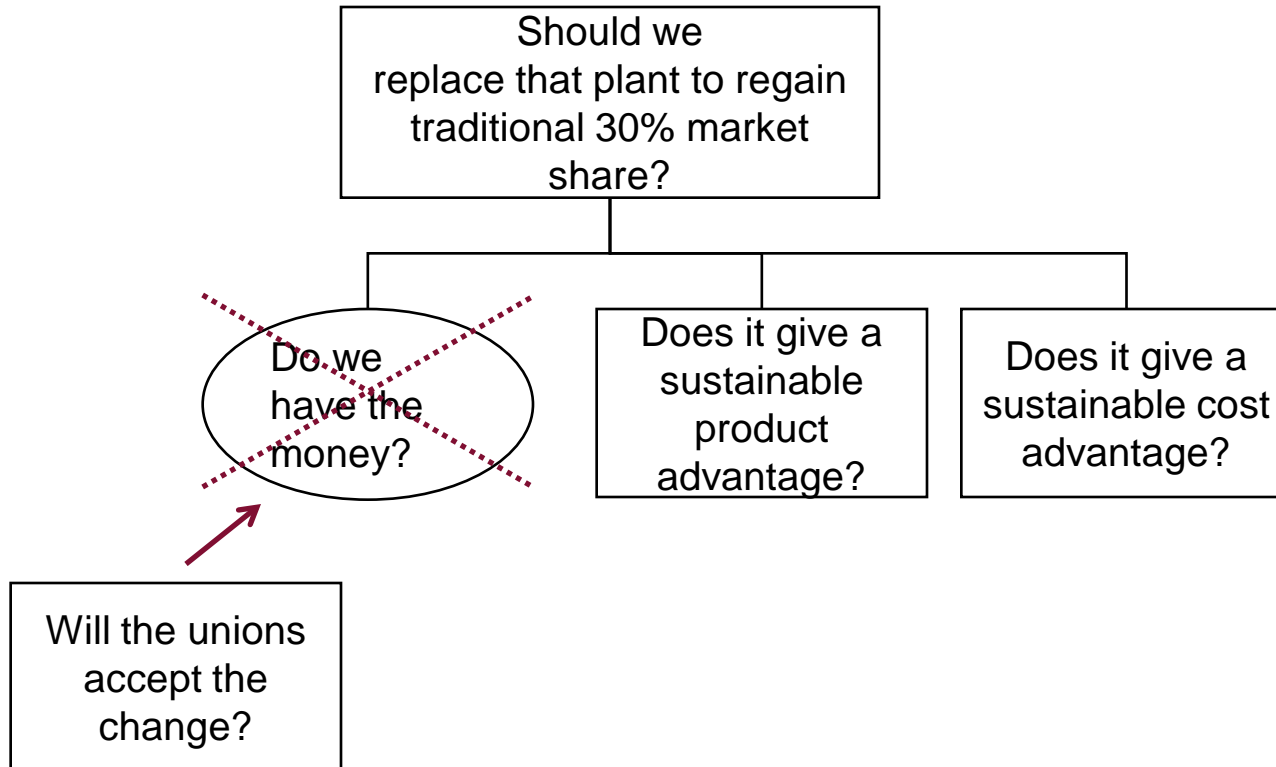


Mutually exclusive

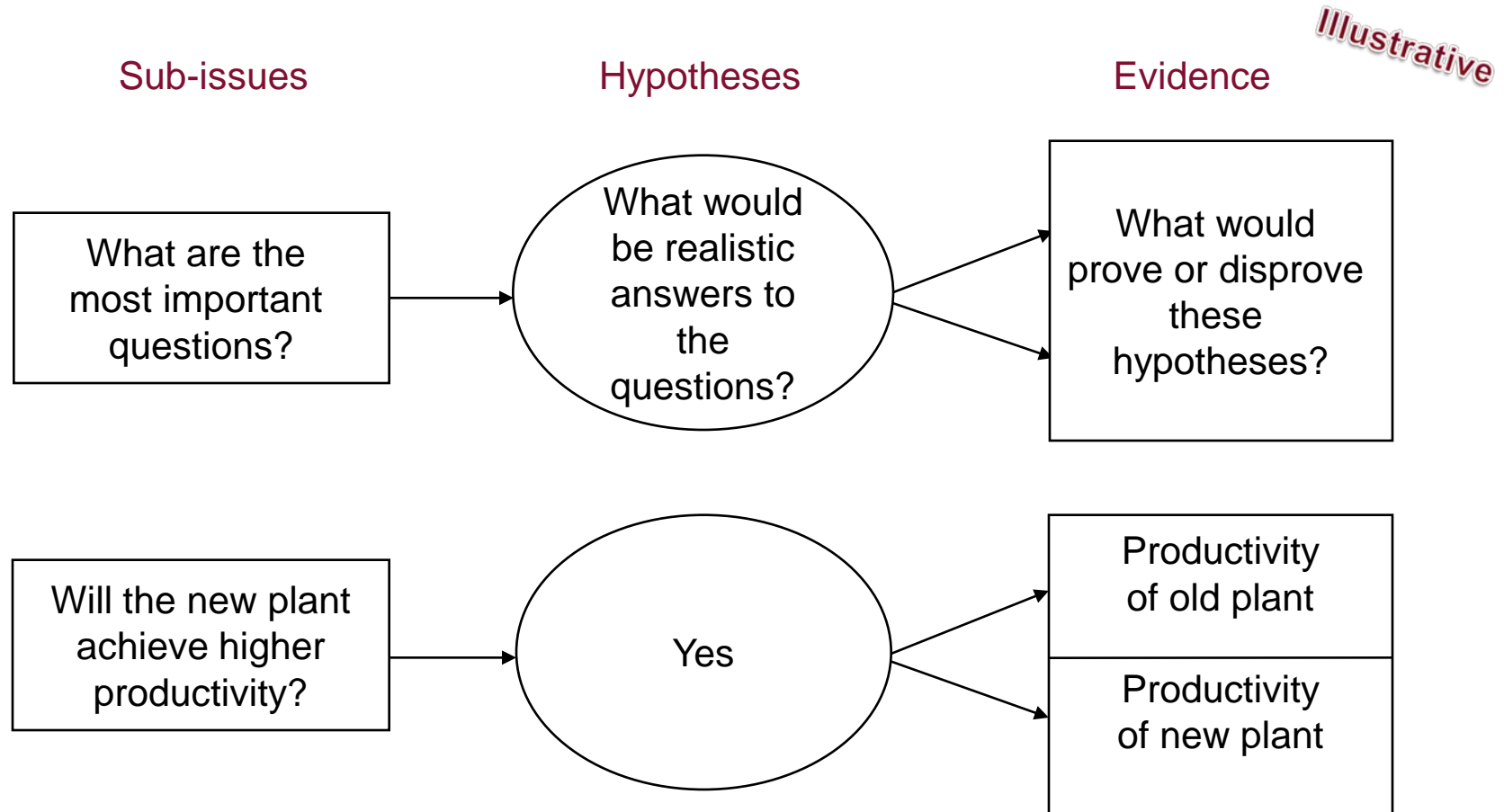
Horizontally exhaustive: include all sub-issues needed to provide answer to overall issue

Ensure all sub-issues are relevant

Illustrative



Generate hypotheses and identify the evidence to ask for



When you know what evidence you need, you can develop the work plan

- Assign tasks to gather the evidence
- Estimate the time required for team members to perform their tasks
- Draft the work plan
- Test it to ensure it is efficient and understandable

Test the work plan

- Test for efficiency
 - | Avoids overlapping tasks
 - | Exploits synergies resulting from clustered tasks
 - | Schedules interdependent tasks in the proper sequence

- Test the work plan to ensure that all team members understand clearly
 - | The overall objective of the work
 - | What evidence they are expected to collect and where to look for it
 - | How their tasks relate to the overall objective
 - | When they are expected to provide their results
 - | How much time and effort they can expend