THE HOMA FILES

Professor Ken Homa
Georgetown University

Problem-Solving

Getting Started

Incomplete Without Extensive Oral Elaboration

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Today’s Session

- Key problem-solving skills
- A few tricks of the trade
- Some cognitive psychology
- Guide to resources

Ken Homa

Princeton University, A.B. cum laude, Economics *University of Chicago, M.B.A.*

		FUNCTIONAL FOCUS			
EMPLOYER	**SECTOR**	**STRATEGY**	**MARKETING**	**LOGISTICS**	**SYSTEMS**
McKinsey	*Consulting*	**X**	**X**	**X**	
Univ. of Chicago	*Education*	**X**	**X**		
General Electric	*Consumer Goods*	**X**	**X**	**X**	
Black & Decker	*Consumer Goods*	**X**	**X**	**X**	**X**
Georgetown Univ.	*Education*	**X**	**X**	**X**	

Ventures: Checkmate, Sequoia Software (now Citrix), SIRVA (a CD&R company), Navigauge, Upper Quadrant

The Homa "Trilogy"

Applied Marketing Management
Deep grasp of 6Ps, practical competence

Advanced Marketing Strategy
Frameworks & methods … competitive edge

Price, Value & Profitability
Multi-disciplinary … trilogy capstone

An obvious fact …

Consulting firms want people who are extraordinary problem-solvers …

Against that back drop…

A stark reality …

***Recruiters* say that Georgetown MBAs are weak analytically.**

"Soft skills are ok, short on hard skills"

"More conversationalists than analysts"

- *Not universal, but frequent*
- *Legacy brand image*
- *Aggregate, not individual*
- *Perception or reality?*
- *Pascal's Wager …*

Pascal's Wager

		Existence	
		No	Yes
Conduct	Righteous	Oh Well	Whew
	Sinful	Fun (short-term)	Damn (eternal)

Pascal's Wager

		Recruiters Right ?	
		No	Yes
Analytical Skills	Strong	Oh Well	Whew
	Weak	Fun (short-term)	Damn (eternal)

So, let's assume that the recruiters are right …

Operations Axiom

$$OQ = f\,(IQ, PE)$$

Output Quality *Input Quality* *Process Effectiveness*

How to improve?

Some theory (sorry) …

Split Brain Thinking

Split Brain Thinking

Left Brain

Scientist, engineer

Cerebral (thoughts)

Abstract (concepts)

Logical (symbols)

Analytic (parts)

Core (evidence)

Facts (words, numbers)

Deductive (sequential)

Convergent (end product)

Split Brain Thinking

Left Brain	**Right Brain**
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Task (destination)	**Creation (journey)**

So what ?

Whole Brain Thinking

Left brainers do the wrong stuff right

Whole brainers do the right stuff right

Execution	Direction: Wrong	Direction: Right
Right	Left Brain	Whole Brain
Wrong	No Brain	Right Brain

No brainers don't attend MSB

Right brainers do the right stuff wrong

<u>Goal</u>: Become a ‘whole brain’ thinker

Goal: Become a 'whole brain' thinker

More specifically, develop 5 key skills

5 Key Skills to Develop

1. Identify core issues quickly

1. Quickly identify core issues

"Managers faced with a complex problem typically end up solving the wrong problem."

Center for Creative Leadership

Why?

1. Quickly identify core issues

"Managers faced with a complex problem typically end up solving the wrong problem."

Center for Creative Leadership

Frequent Stumbling Blocks

- Wandering in a foreign land
- Trees obscure the forest
- Unconscious biases take over
- Preference for simpler problems

Question asked

1. Quickly identify core issues

"Managers faced with a complex problem typically end up solving the wrong problem."

Center for Creative Leadership

"Answer the question that was asked, not the question that you want to answer."

Inverse to common political axiom

1. Quickly identify core issues

"Managers faced with a complex problem typically end up solving the wrong problem."

Center for Creative Leadership

"Answer the question that was asked, not the question that you want to answer."

Inverse to common political axiom

"Some people go for the jugular, others go for the capillaries."

Classic McKinsey diss

Some tried & true thought starters…

Business Problems

Generic Case Attack

- What's the business ?
- How do you make money ?
- Why do winners win ? Losers lose ?
- What are the discontinuities?
- What are "degrees of freedom" ?
- How to conform ? Innovate?
- What if it works ?

More elegantly …

The number of core business problems is <u>not</u> infinite … though variants abound.

The defining conceptual structure of most business problems is the same …

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Potential + **Action** = **Results**

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- Profitability is the “R” in virtually all cases

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Potential + **Action** = **Results**

- Profitability is the “R” in virtually all cases

- Entry point and analytical direction varies …

P > A > R P < **A** > R P < A < **R**

The defining conceptual structure of most business problems is the same …

Potential + **Action** = **Results**

- Profitability is the “R” in virtually all cases

- Entry point and analytical direction varies …

P > A > R	P < **A** > R	P < A < **R**
Enter new market?	How to respond?	Why are profits down?

1. Quickly identify core issues

Frequent Stumbling Blocks	Some Suggestions …
• Wandering in a foreign land • Trees obscure the forest • Unconscious biases take over • Preference for simpler problems	• Start generic, then get specific • Clear clutter, structure problem • Stay focused and be objective • Refrain: “What’s the question?”

Comes with practice and experience …

5 Key Skills to Develop

1. Identify core issues quickly
2. Generate testable hypotheses

2. Generate testable hypotheses

"For analytical efficiency, it's always best to try to validate (or refute) a hypothesis."

Issue Analysis Plan

Issue	Hypothesis	Analysis	Who / When

MECE – Mutually exclusive, collectively exhaustive
Converge to a conclusion or prescription …

Issues & Hypotheses

Separating the important from the interesting

- <u>Test the extremes</u>
  1-Minus , 180 degrees, Not!

- <u>So what if it's not true?</u>
  Different course of action?

- <u>What would it take?</u>
  How different to make a difference?

Case interviews (and life) are too short to chase unimportant details … no matter how interesting

5 Key Skills to Develop

1. Identify core issues quickly
2. Generate testable hypotheses
3. Gather and analyze facts efficiently

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"There are two types of people in the world: simplifiers and complicators".

McKinsey Axiom

3. Gather and analyze facts efficiently

"There are two types of people in the world: simplifiers and complicators".

McKinsey Axiom

"Do analyses, not just calculations!"

3. Gather and analyze facts efficiently

- <u>Interview knowledgeable sources</u>
  Combo of structure and engagement
  … interview guides & relationship skills

- <u>Crunch big data bases</u>
  Clean the data, transform it, spin Rubik's Cube

- <u>Fill in the information gaps</u>
  Highly selective, targeted, fast turnaround

- <u>Connect the dots</u>

Goal: insightful conclusions, not refried beans

5 Key Skills to Develop

1. Identify core issues quickly
2. Generate testable hypotheses
3. Gather and analyze facts efficiently
4. Craft creative, practical solutions

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"More people seem able to identify problems than to solve them."

4. Craft creative, practical solutions

"More people seem able to identify problems than to solve them."

"Better an imperfect solution that can be implemented than a perfect solution that can't be implemented."

4. Craft creative, practical solutions

- <u>What are best in class doing?</u>
  Benchmarking … in & out of industry
  McKinsey: "Benchmarking is not strategy"

- <u>What are opportunities to innovate?</u>
  Goal: disrupt the market, change the game

- <u>What to do on Monday morning?</u>
  Mobilize for action, secure early wins,

Combination of "vision" and "peripheral vision" … with a strong bias towards action.

5 Key Skills to Develop

1. Identify core issues quickly
2. Generate testable hypotheses
3. Gather and analyze facts efficiently
4. Craft creative, practical solutions
5. Syndicate support and mobilize

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"Getting the answer is the easy part. The hard part is getting people to do it."

5. Syndicate support and mobilize

- <u>Build relationships …</u>

  Empathy, attention, courtesy, support

5. Syndicate support and mobilize

- Build relationships …
  Empathy, attention, courtesy, support

- Communicate to win
  Foster understanding, build enthusiasm

"In baseball, pitching is 80% of the game … the percentage is higher in business."

5. Syndicate support and mobilize

- Build relationships …
  Empathy, attention, courtesy, support

- Communicate to win
  Foster understanding, build enthusiasm

- Secure early wins
  Prime the pump, create momentum

Combination of relationship & communications skills

5 Key Skills to Develop

1. Identify core issues quickly
2. Generate testable hypotheses
3. Gather and analyze facts efficiently
4. Craft creative, practical solutions
5. Syndicate support and mobilize

How ?

So, how to develop these problem-solving skills?

Back to left & right brain

Back to the left & right brains …

Split Brain Thinking

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Reduces to 2 core skill sets …

Split Brain Thinking

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Structured Analysis	**Pattern Recognition**

Problem Solving

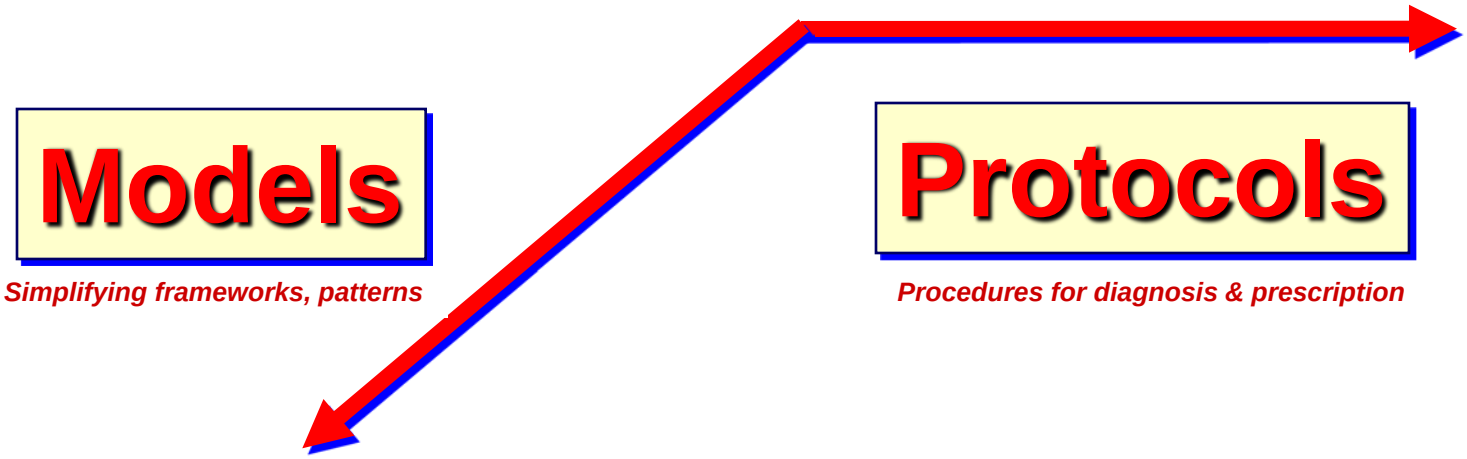
Critical Dimensions

Models

Simplifying frameworks, patterns

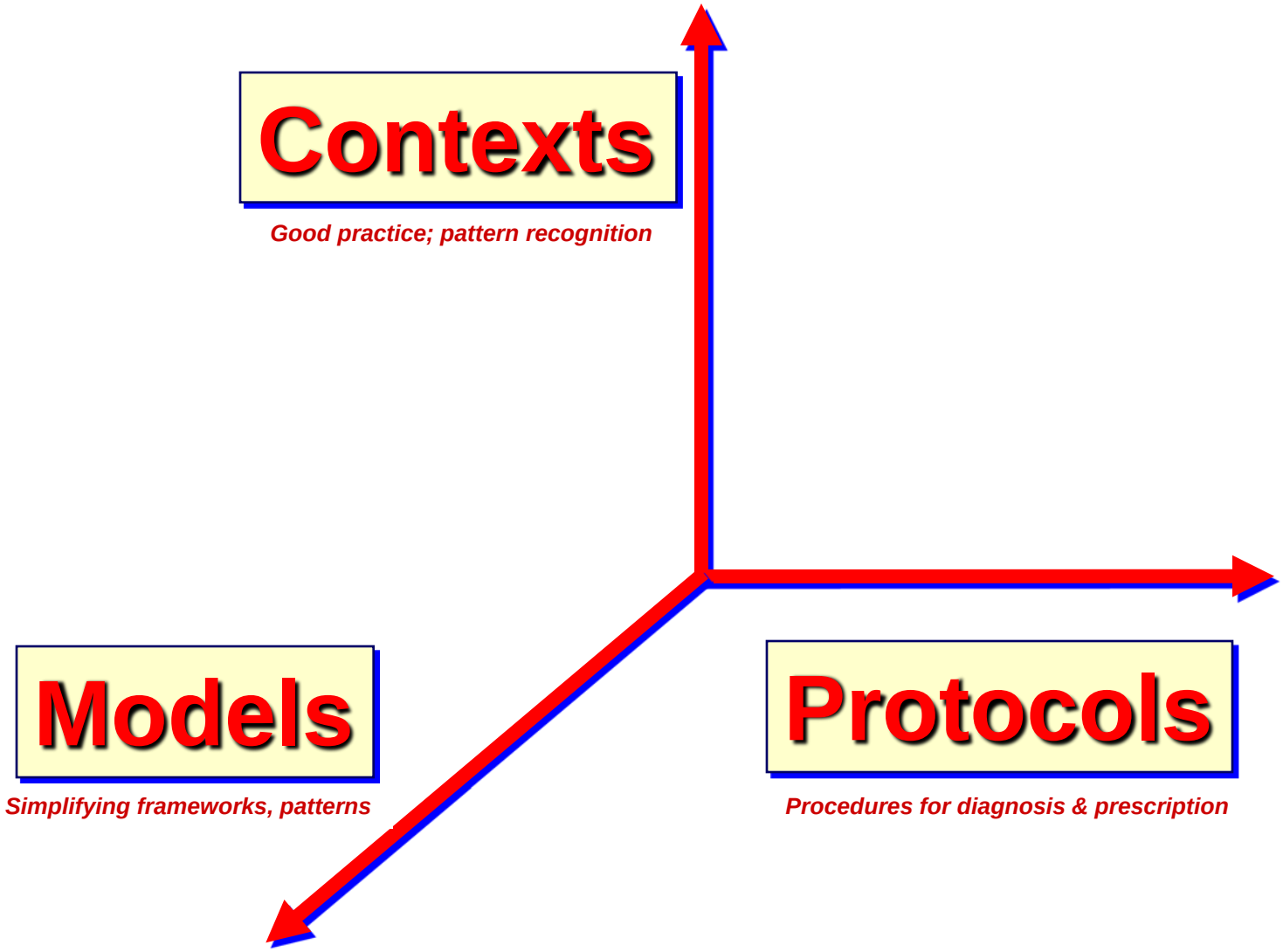
Problem Solving

Critical Dimensions



Problem Solving

Critical Dimensions



Problem Solving

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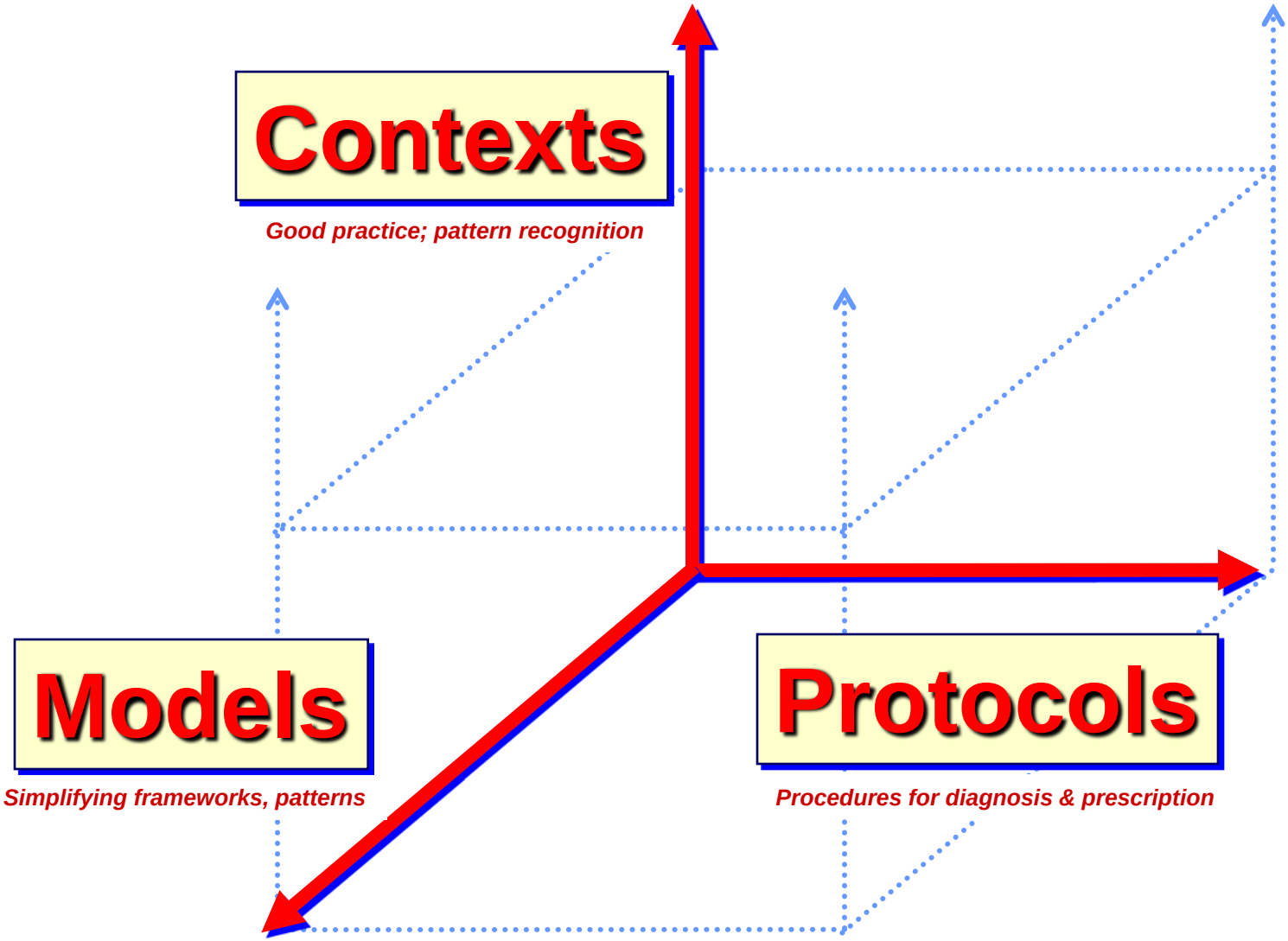
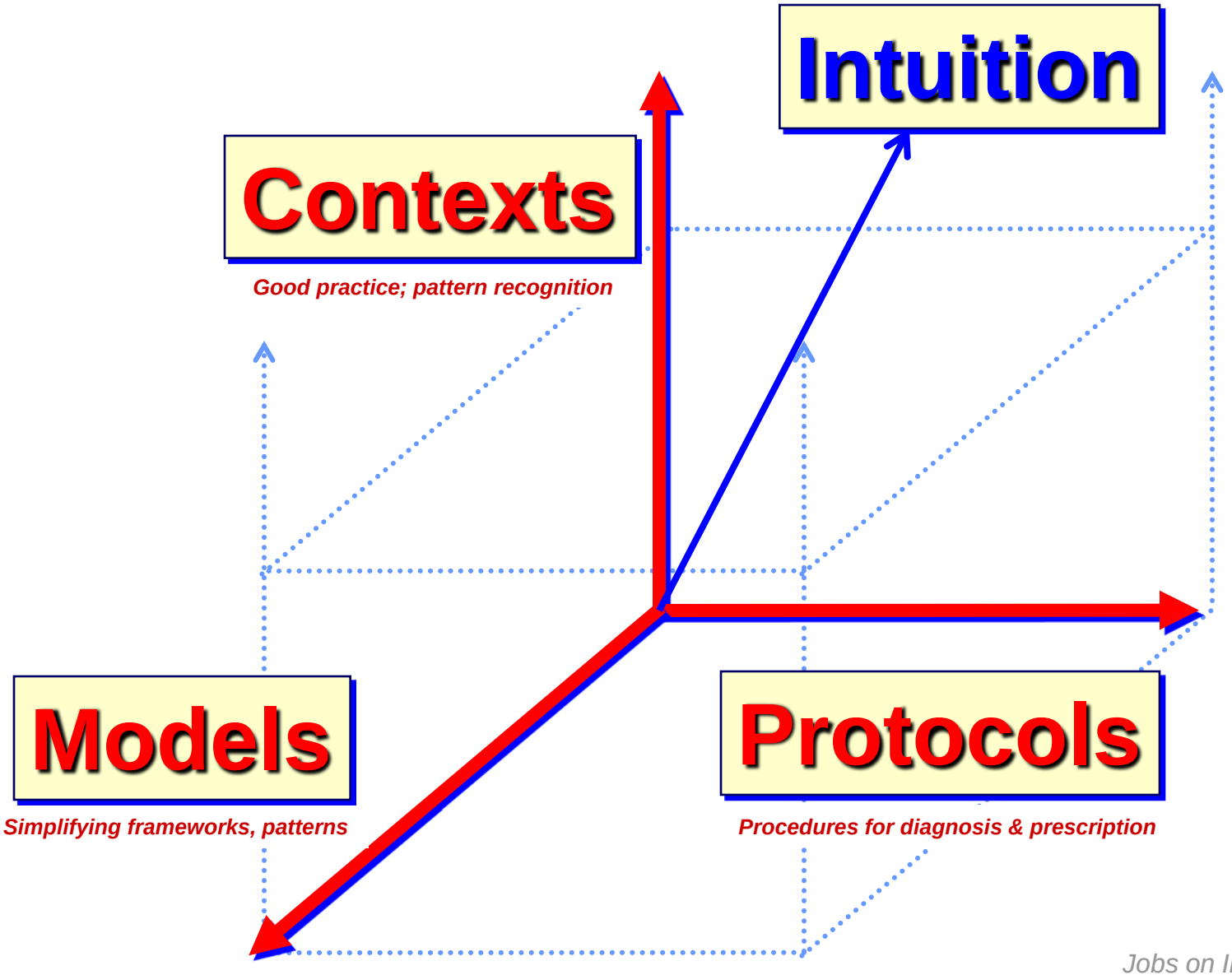


Problem Solving

Critical Dimensions

The accumulated base of stored knowledge, experience, and emotions … sub-consciously retrieved and consciously applied when needed.



Jobs on Intuition …

“Even though business is highly intuitive, “intuition” is generally considered a pejorative.”

- Ken’s observation

“Intuition is a very powerful thing … more powerful than intellect”

- Steve Jobs, reported in his biography

“Intuition amplifies intellect”

- Ken’s opinion

Problem Solving

Critical Dimensions

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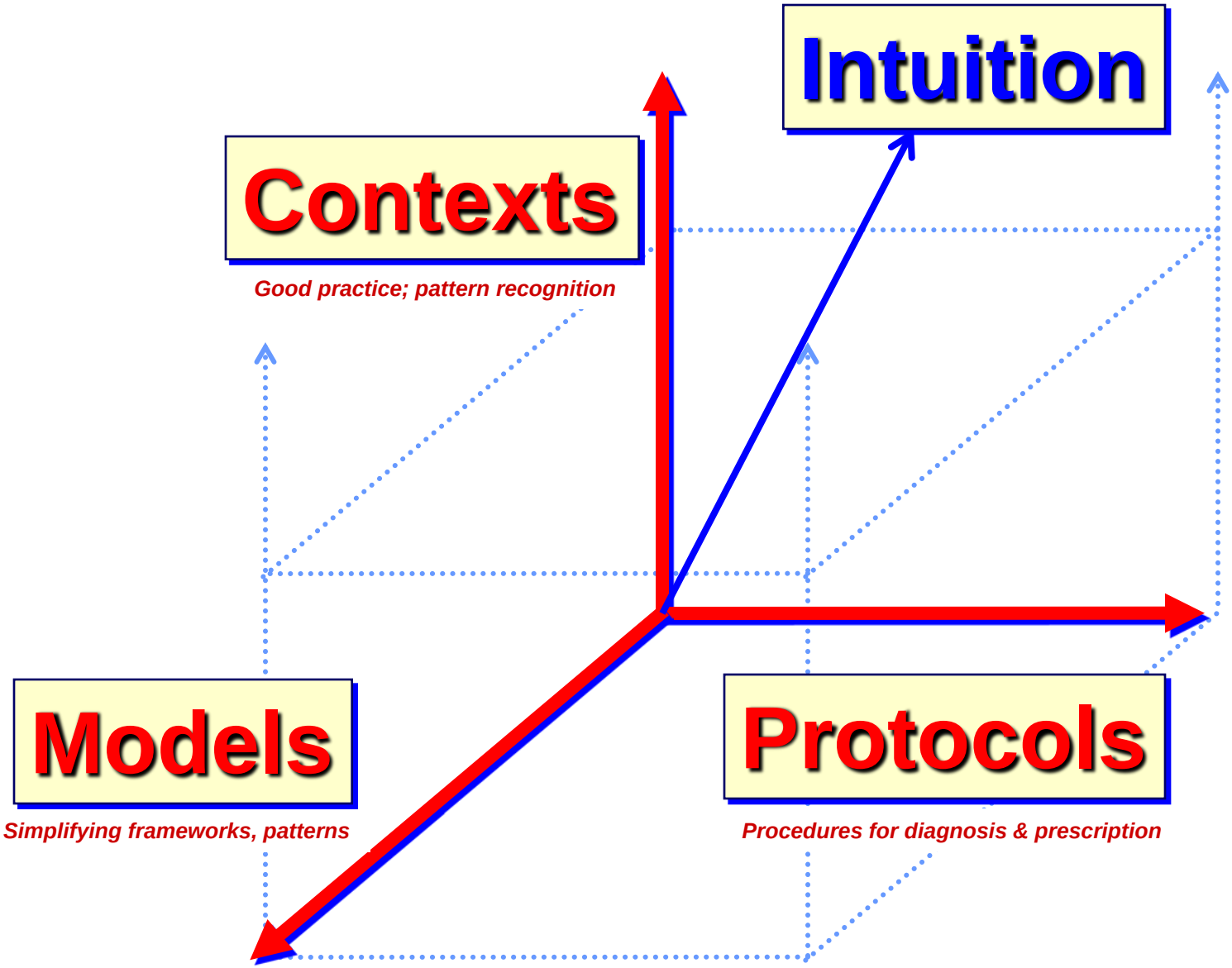
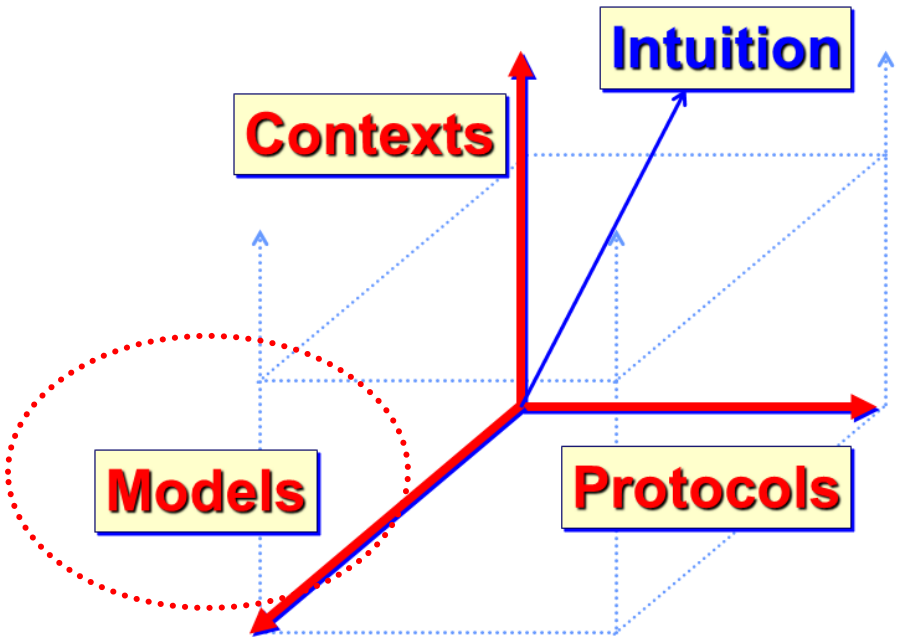




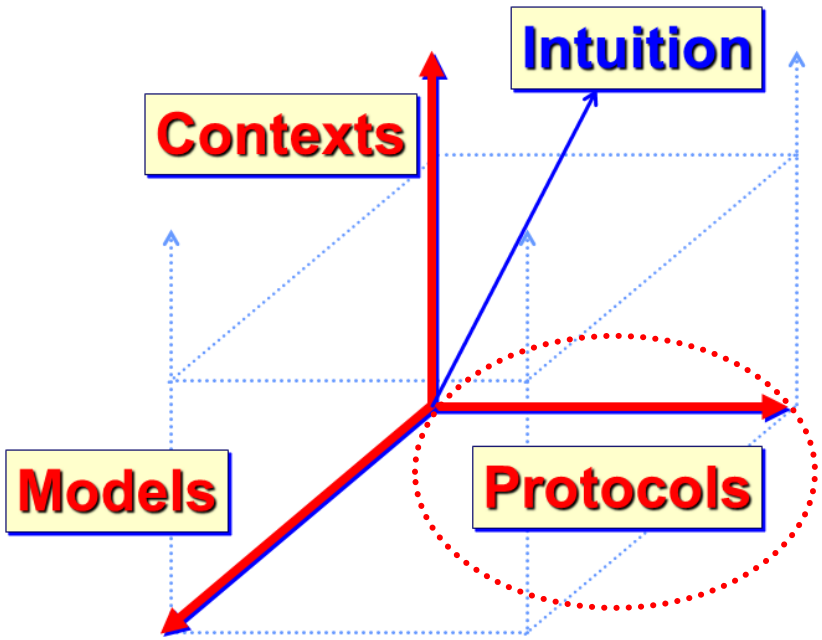
Models

Simplifying frameworks that provide structure, accelerate problem solving, and aid communications

Ken's Picks

Top 5 Frameworks

- Portfolio Matrix
- ROI Tree
- Value Chain
- Strategic Gameboard
- Value Map



Protocols

Tried and true procedures for efficiently diagnosing problems, drawing conclusions, and prescribing solutions.

To be continued …

Until then, some resources …

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THE HOMA FILES

News & Views on Marketing, Economics & Politics

Professor Ken Homa
Georgetown University

HITS: Effective problem-solving … the 5 key skills.

September 28, 2012

Earlier this week, I had the opportunity to kick-off the MSB Consulting Club’s pioneering extracurricular series on problem-solving.

My overall message was that there are 5 key problem-solving skills that consulting firms are looking for …

Effective Problem-solving
5 Key Skills

1. Identify core issues quickly
2. Generate testable hypotheses

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