

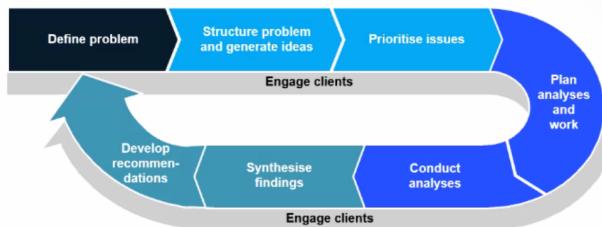
McKinsey has a 7 step problem solving approach which aggregated to 4 phases

1 Define

- Discuss and agree on the definition of the core problem
- **Why:** Team is aligned around problem and methodology

2 Structure

- Identify the best problem solving approach
- Prioritise and target key issues
- **Why:** Bring the right approach



4 Synthesise

- Synthesise findings and develop recommendations
- Engage and leverage your leadership
- **Why:** Build momentum around the recommendation

3 Analyse

- Use the most appropriate analytic tools
- Ensure analytic rigor is applied to the process
- **Why:** Improper use of advanced analytic tools can create confidence in incorrect answers

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Define the problem with a problem statement workshop

Basic question

Defines the question to be resolved. It should be SMART (specific, measurable, actionable, relevant and time-bound)

1. Perspective / Context



Sets out the situation and complication (e.g. industry trends, position in industry, importance of issue)

2. Criteria for success



Defines what success means, including the relevant qualitative and quantitative measures

3. Scope of solution space



Indicates what activities and analyses are in scope versus out of scope

4. Constraints within solution space



Defines the limits of the set of solutions to consider (e.g. must involve organic as opposed to inorganic growth, must be delivered within set resources)

5. Stakeholders



Identifies the key stakeholders (e.g. the decision-makers, key supporters, those who may be affected by the decision) and how to engage them in the problem solving

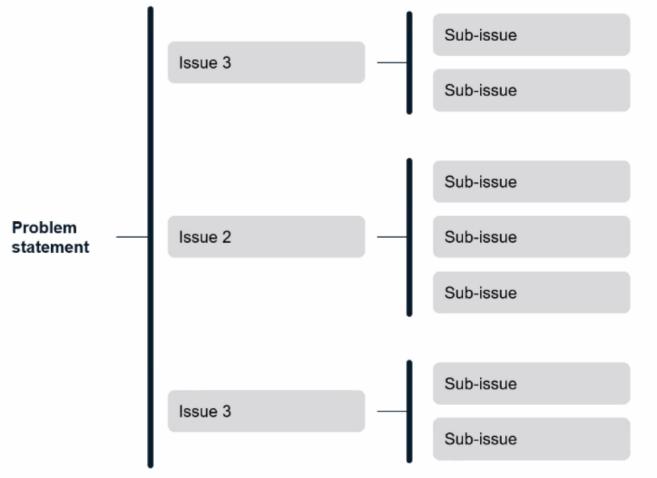
6. Key sources of insight



Identifies where sources of expertise and knowledge may lie (internal and external), and how we should utilise these sources

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Structure the problem using an issue tree



Why use an issue tree?

To break down a problem into clear and discrete components for analysis

To maintain the integrity of the problem-solving process (solving the parts will solve the problem)

To help the team prioritise and focus efforts



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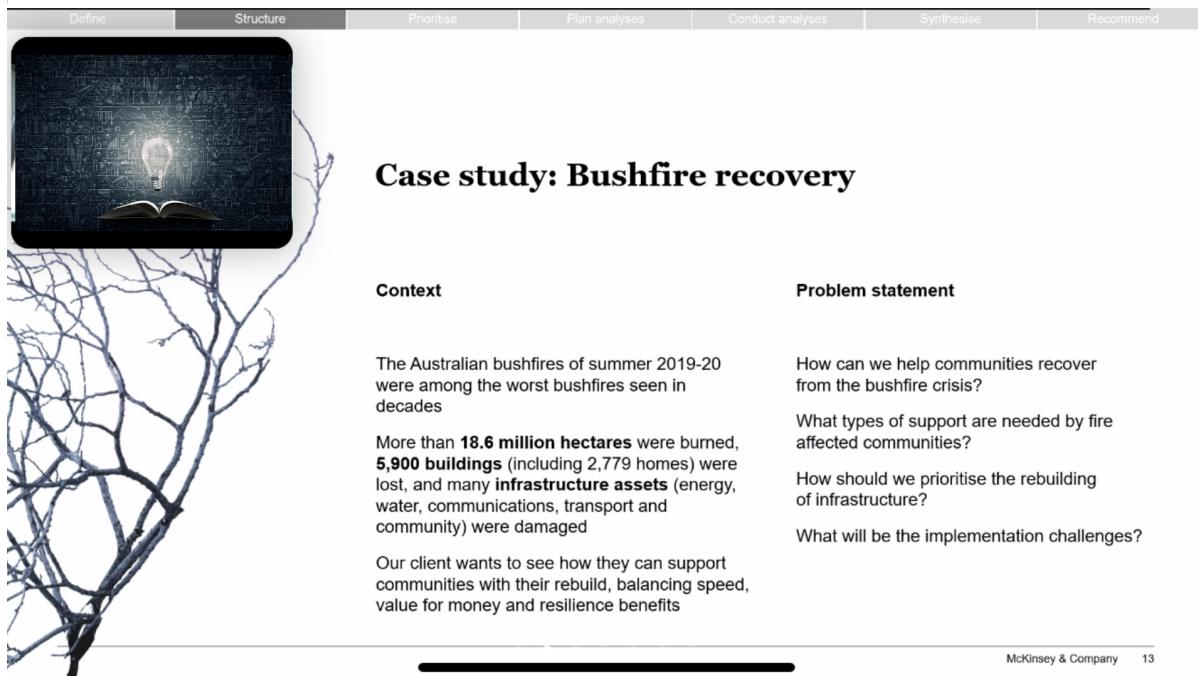
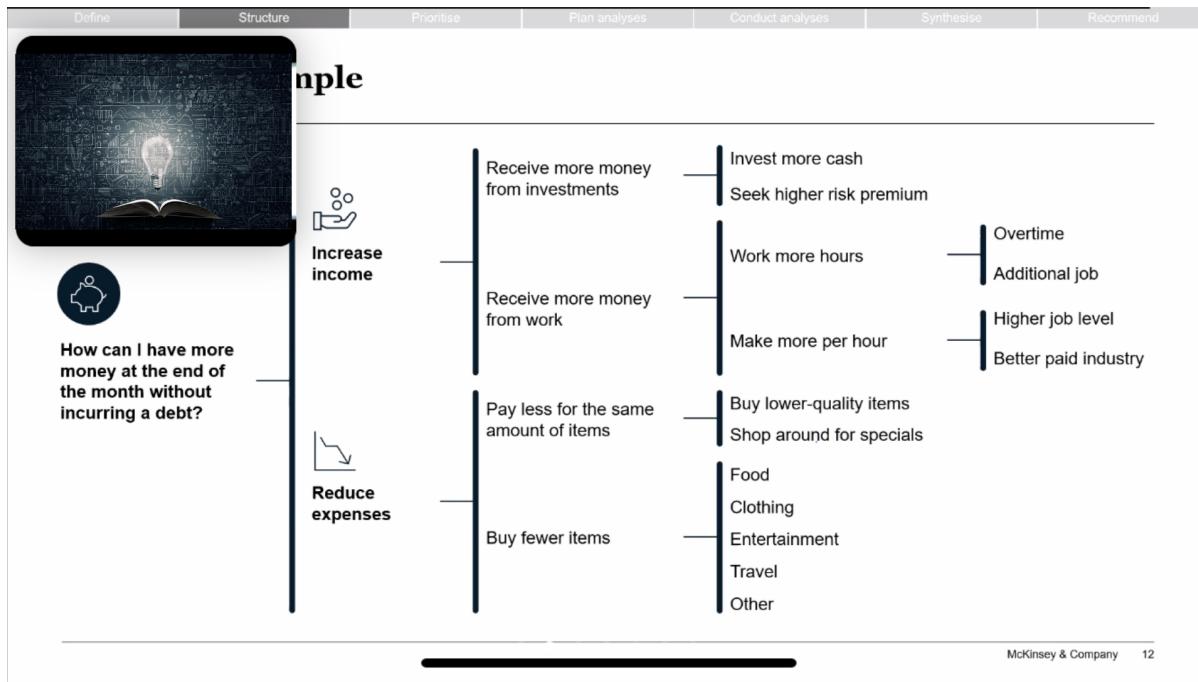
Define	Structure	Prioritise	Plan analyses	Conduct analyses	Synthesise	Recommend
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Issue trees are consistent, relevant and

The diagram shows the same issue tree structure as the previous slide, but with additional annotations. Blue arrows labeled 'Relevant' point from the 'Problem statement' to each of the three main issues ('Issue 1', 'Issue 2', and 'Issue 3'). To the right of the tree, blue arrows labeled 'Consistent' point upwards from each level of the hierarchy. On the far right, four concepts are listed vertically:

- M**utually
- E**xclusive
- C**ollectively
- E**xhaustive

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Define Structure Prioritise Plan analyses Conduct analyses Synthesise Recommend



Structure

Work in breakout groups



Question

What types of support are needed by fire affected communities?

Task

Work in breakout groups to create an issue tree to structure your ideas

10 mins

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Define Structure Prioritise Plan analyses Conduct analyses Synthesise Recommend



One approach

What types of support are needed by fire affected communities?



- Individuals
 - Financial
 - Support for lost employees
 - Repairing damaged homes
 - Provision of temporary housing
 - Health
 - Immediate disaster relief e.g. evacuations
 - Treatment of physical injuries
 - Mental health services
- Communities
 - Physical infrastructure
 - Community, not-for profit infrastructure
 - Economic infrastructure
 - Utilities
 - Business, for-profit infrastructure
 - Natural environment
 - Rehabilitation of environments
 - Care for animals

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Define Structure Prioritise Plan analyses Conduct analyses Synthesise Recommend

Exercise: Prioritise

Scope of infrastructure

Community	Utilities
Town hall, council headquarters	Power
Sports clubs	Telecommunications
Playground, toilet block	Water supply

Enablers of economic activity	Business
Transport infrastructure	Retail stores
Ports, terminals, wharfs	Factories
Fencing	Restaurants

Question

How should we prioritise which types of infrastructure to rebuild?

Task

- ① Develop a framework or a few criteria to prioritise which types of infrastructure is the highest priority
- ② Prioritise the types of infrastructure based on your framework

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Define Structure **Prioritise** Plan analyses Conduct analyses Synthesise Recommend

A 2 x 2 matrix with clear criteria can help with prioritisation

Criteria A
E.g. size of opportunity

Criteria B
E.g. ease of implementation

Top-Left Quadrant: F

Top-Right Quadrant: A, E, B

Bottom-Left Quadrant: C

Bottom-Right Quadrant: D, G, H

Tips

- Use a quick, informal approach to get a day-one answer
- Use judgement and intuition
- For prioritisation, there is no need to be exact – it is enough to rank the branches of the issue tree
- Involve your team and stakeholders early

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One approach (1/2)

Criteria to prioritise which types of infrastructure is the highest priority

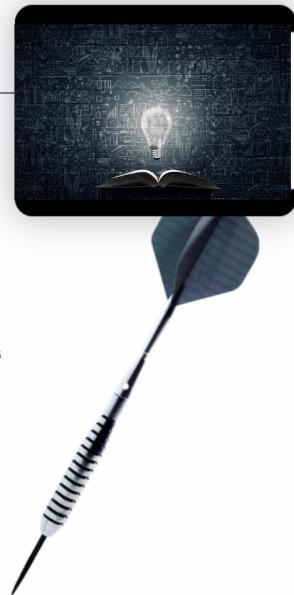
Ownership Is it a publicly owned or privately owned asset?

Urgency and importance Is it a basic and important need required by the community urgently?

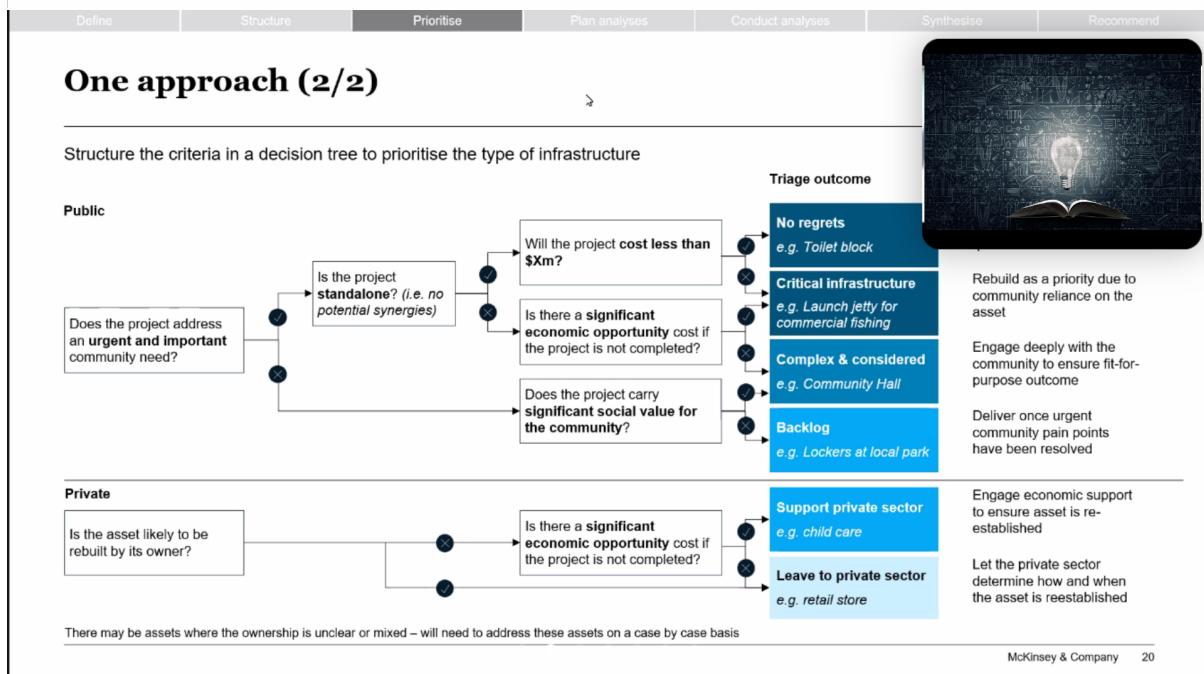
Standalone Is it a single purpose asset as opposed to one that may have synergies with other projects that requires considered and coordinated planning?

Economic and social benefits Does it have positive economic or social externalities?

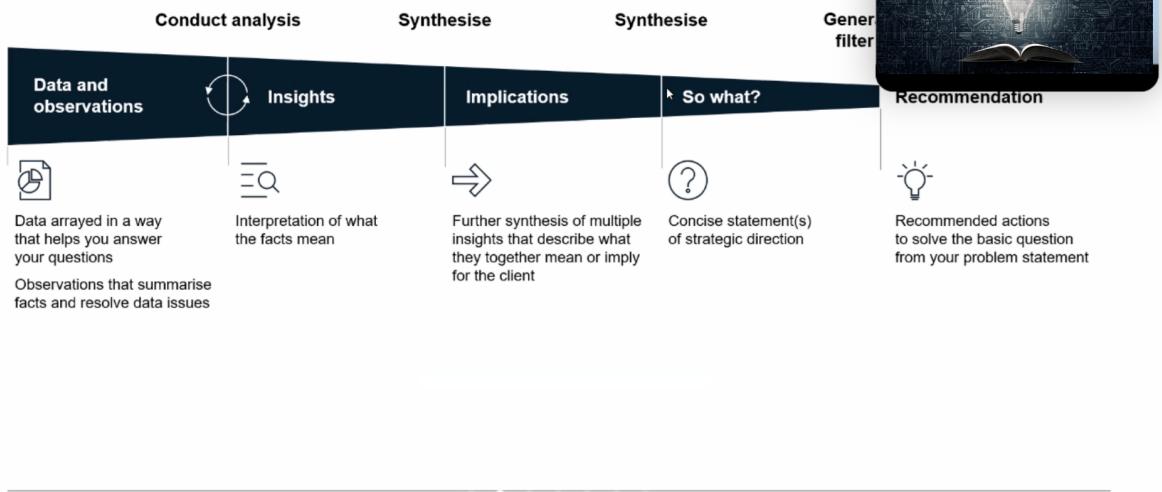
Financial cost Will it require less than \$x million investment?



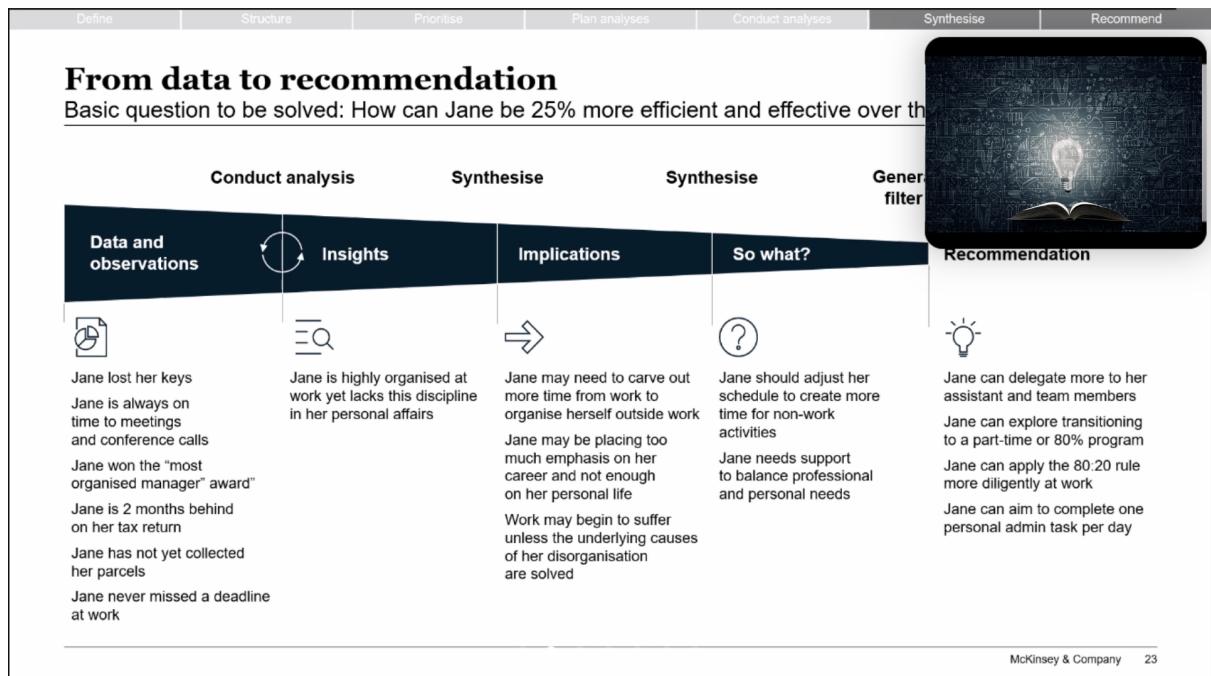
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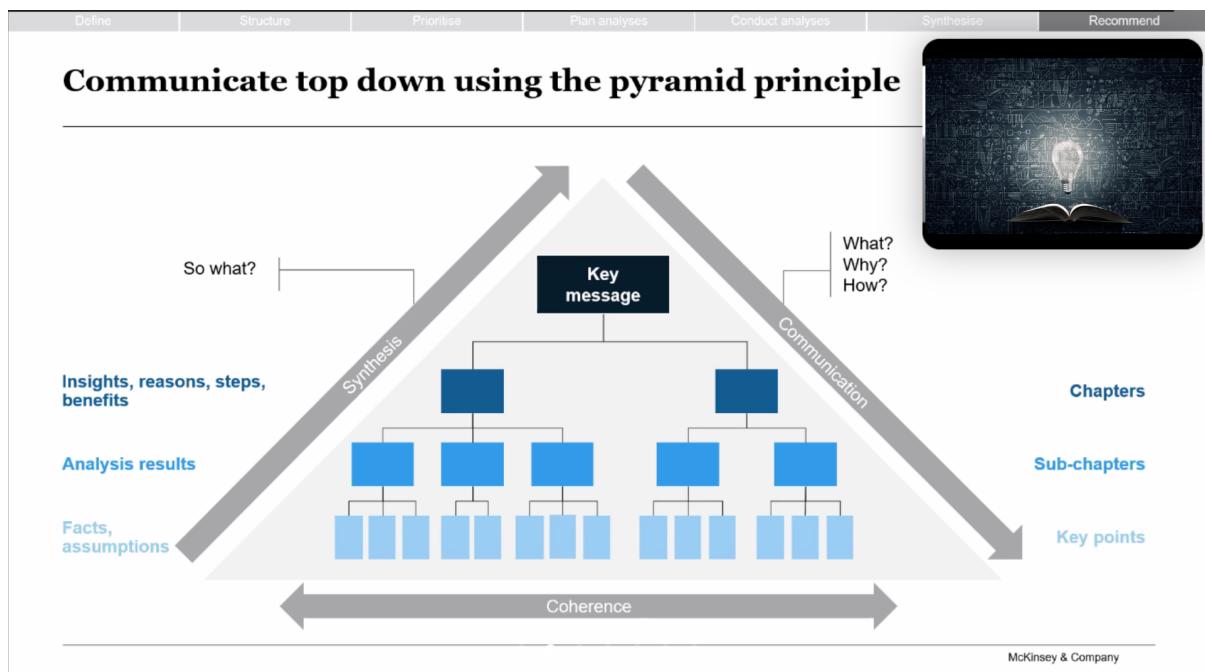
From data to recommendation



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Zoom

Leave

Structure of a McKinsey case interview

- 1 Introduction**
- 2 Framework**
- 3 Calculations**
- 4 Hypotheses**
- 5 Conclusion**

Understand the case and the problem statement
Ask your interviewer questions
Non-evaluative

Structure your approach for the rest of the case
Create an issue tree or key "buckets" to explore
Tailor your framework

Read the exhibit and understand the data
Perform calculations by pen and paper
Deduce the key insights

Generate hypotheses based on the data
Link this to your overall framework
Specify next steps

Synthesise your findings to key insights and a set of recommendations

minute

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