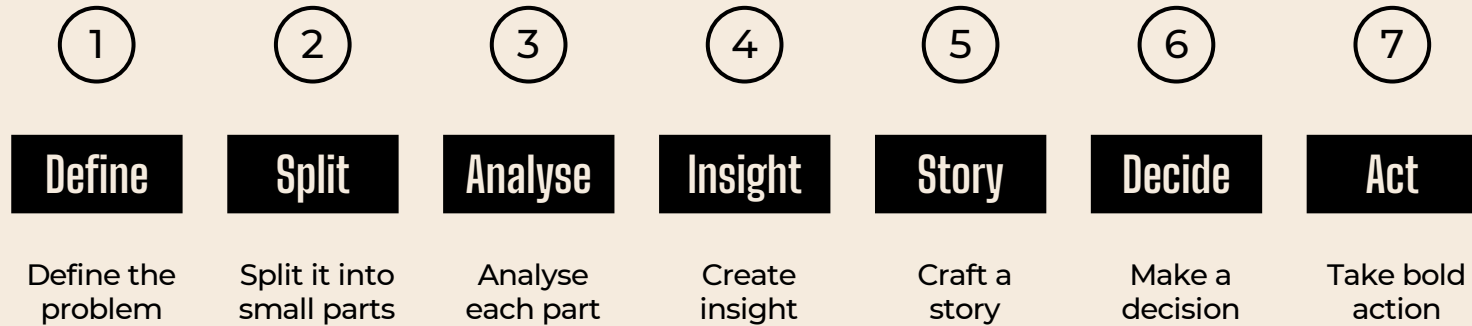


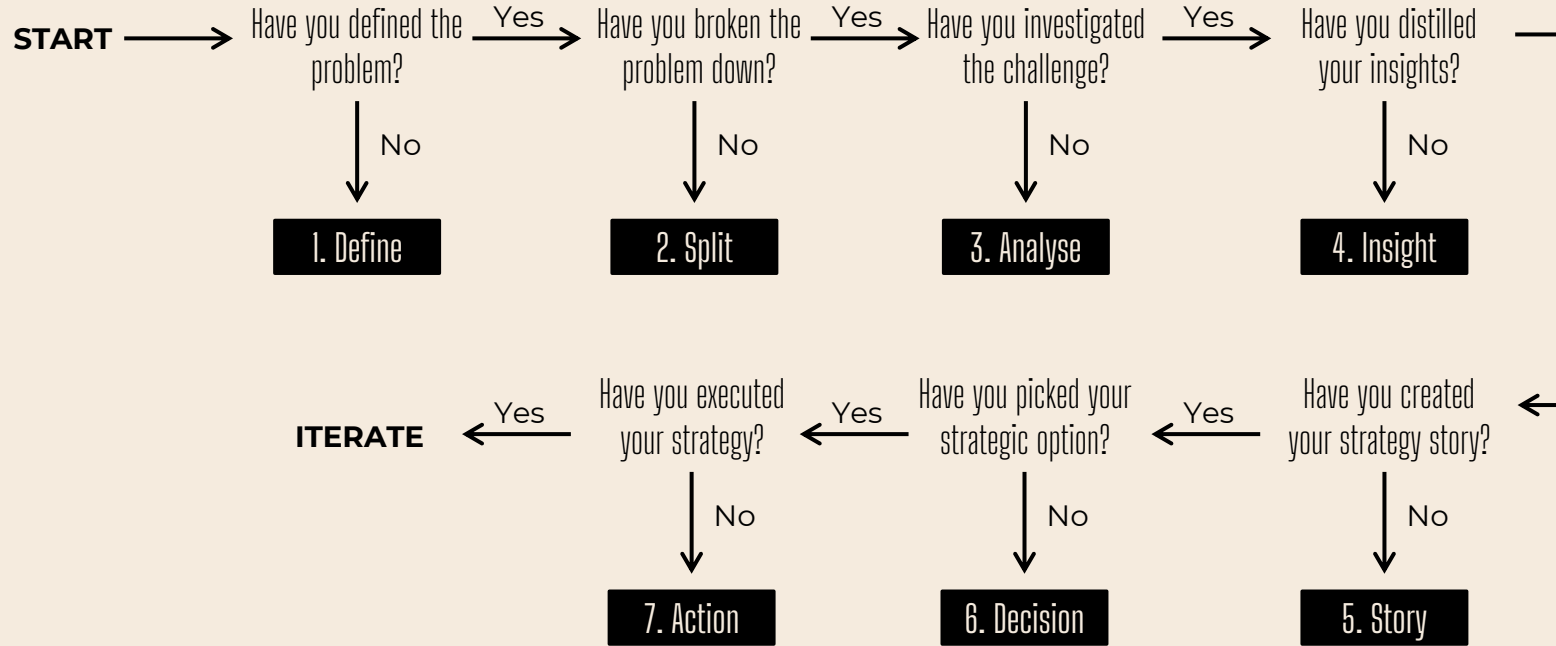
Strategic Thinking Method

7 step process to solve complex problems
and craft strategy story

Strategic Thinking



7 Step Method



Step 1: Define The Problem

Frame the problem statement to set up
the strategy for success

SCQ – Example 1

Situation

1

AI Now, an AI newsletter subscription service That launches business shortly after the introduction of chat GPT and similar services now demand for learning how to use AI exploded and AI now saw this as an opportunity to offer lessons and show prompts on how to use AI to create content after initial period of, um, let's say strong growth and, and, and strong, uh, subscriber volumes, uh, we see that the volumes itself has plateaued.

Complication

If we extrapolate the declining sales in AI Now, we expect the business to lose 20 percent of its entire subscriber base in 12 months. This will force AI now to scale back investment into building its community and its platforms. It might have to take drastic measures to reduce costs, including cutting its staff and losing highly skilled AI experts, which is one of the reasons for the business's competitive edge.

Question

How can AI now reverse the declining sales and get back to positive subscriber growth in the next 12 months?

SCQ – Example 2, 3 & 4

Situation

Complication

Question

2

A tech start-up has developed an innovative product, but is struggling to gain traction in the market complication.

The start-up is running low on funding and needs to demonstrate viability to attract investors.

How can the start-up market its product to increase visibility and attract potential investors?

3

A retail chain has seen a steady decline in foot traffic over the past year.

Online competitors and changing consumer preferences are a threat to the business's traditional model.

How can the retail chain revitalise its in-store experience and integrate an online presence to retain and grow customers?

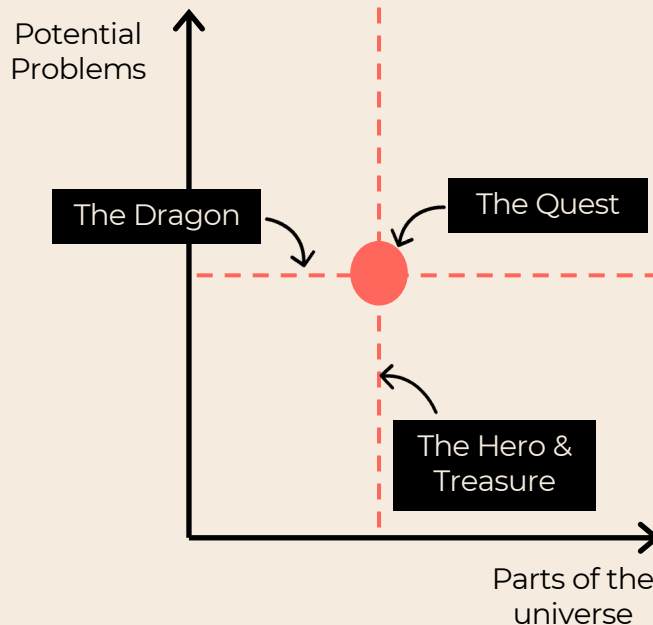
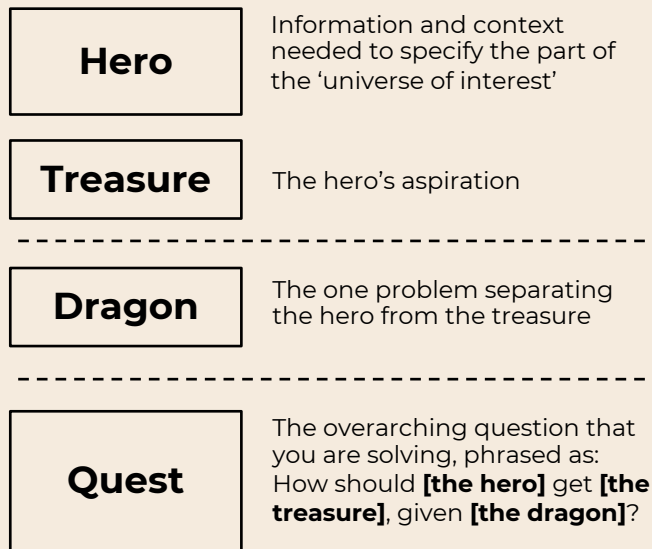
4

A non-profit focused on environmental conservation is not reaching its target audience effectively.

Limited outreach and engagement strategies are hindering its impact and ability to attract funding.

How can the non-profit redesign its outreach strategies to enhance audience engagement and secure funding?

HTDQ Framework

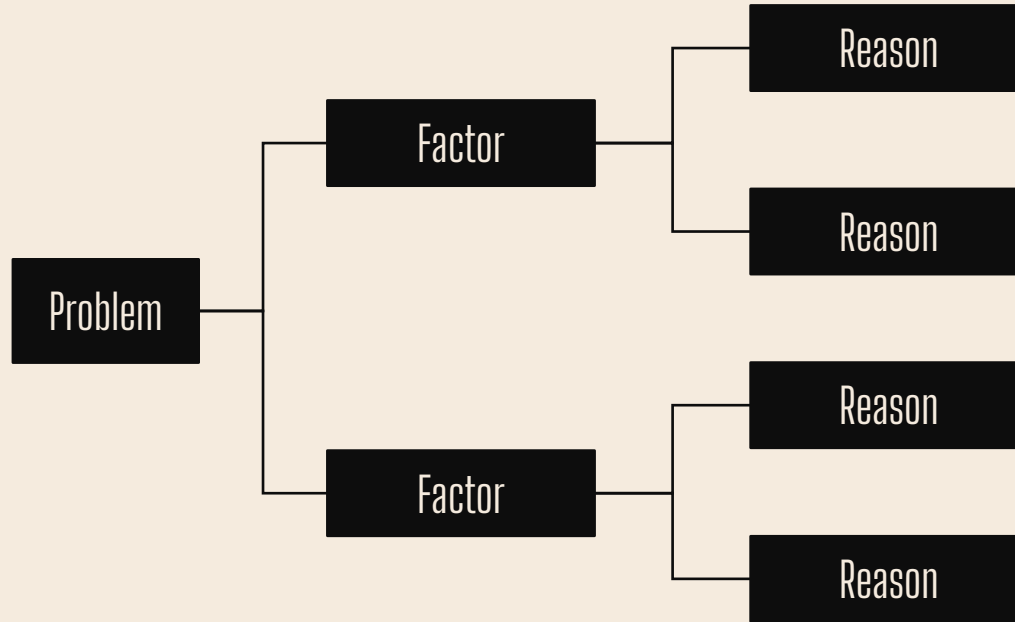


Ref. Albrecht Enders & Arnaud Chevallier, Solvable, HTDQ Sequence

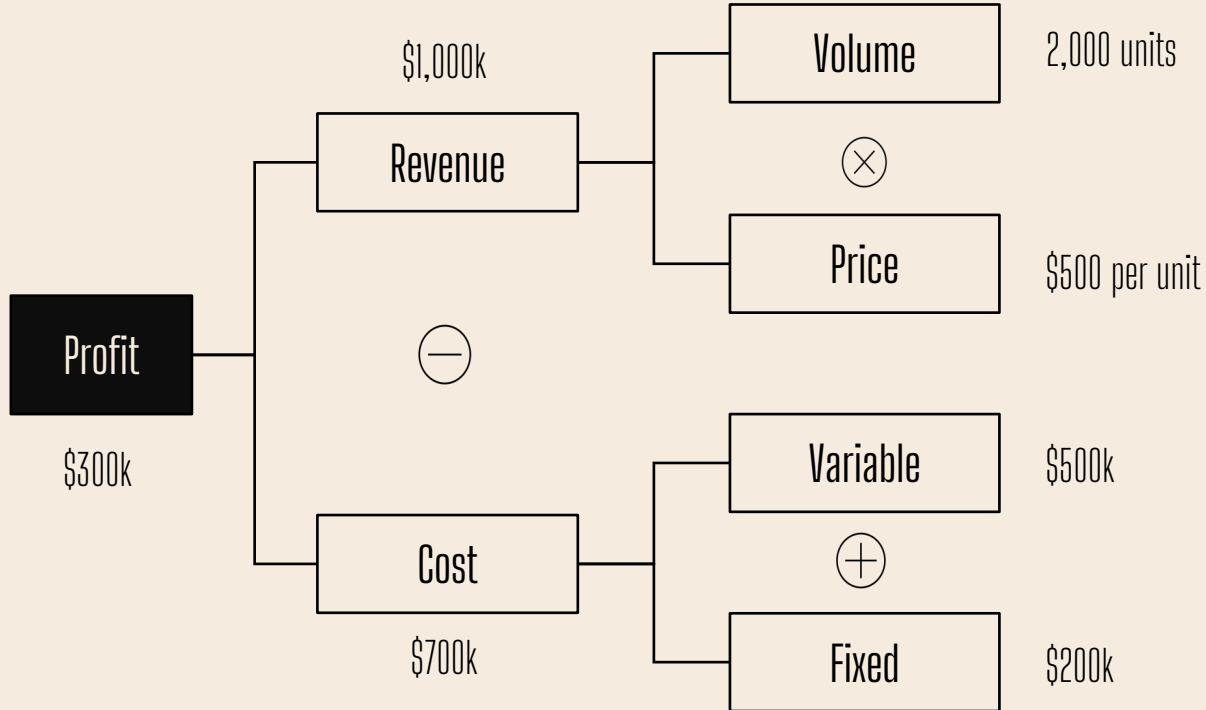
Step 2: Split It Into Small Parts

Break the problem down into its components using logic trees

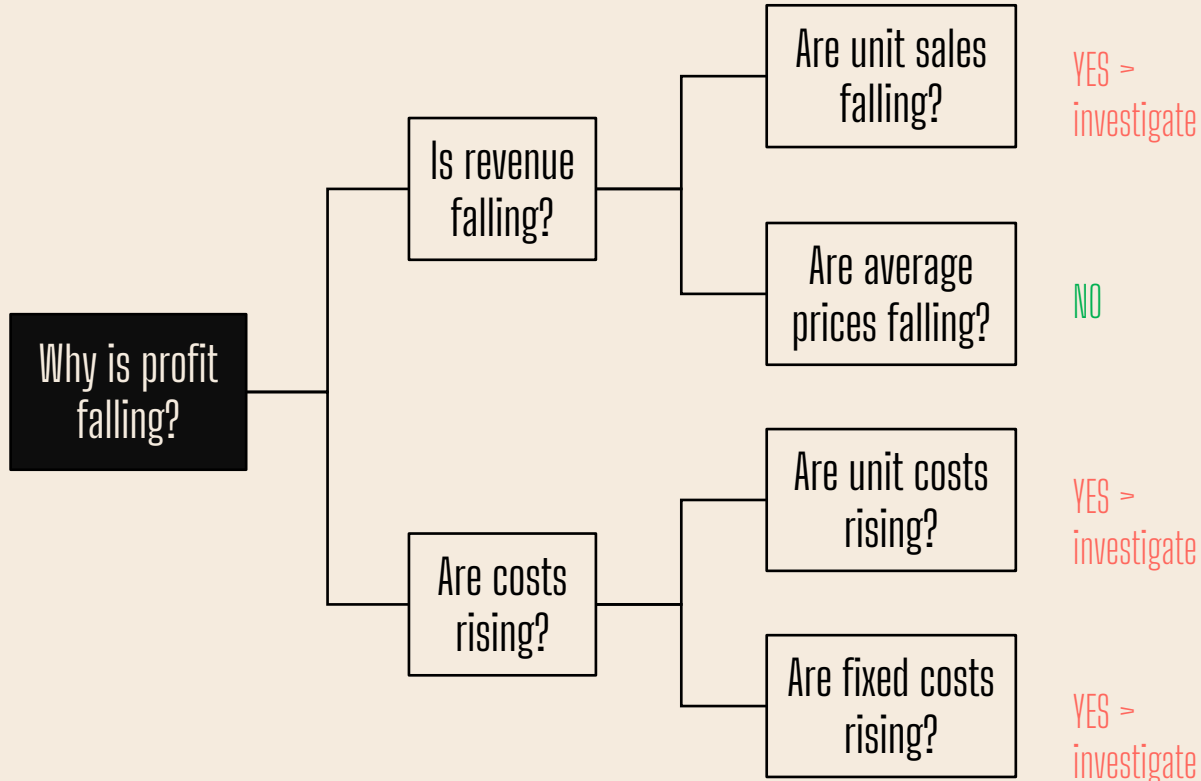
Driver Tree Method



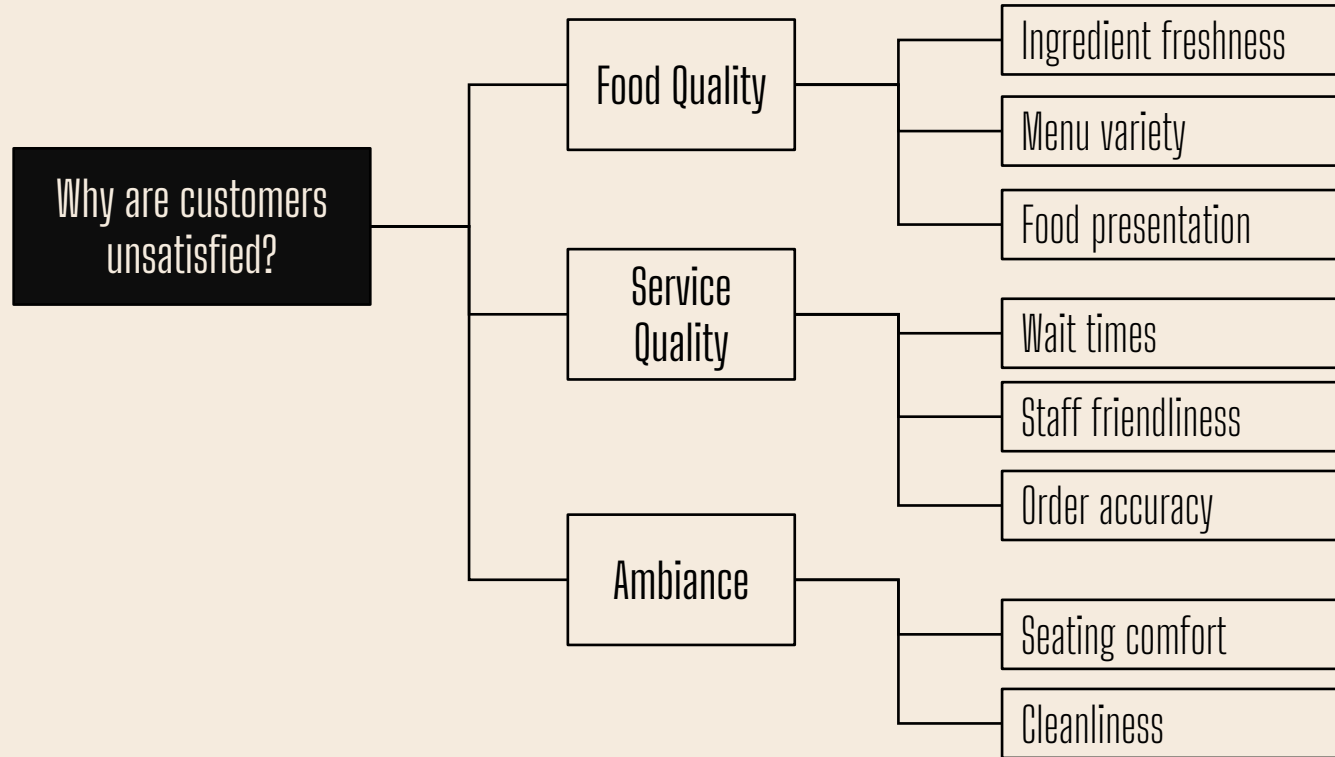
Driver Tree – Math Example



Driver Tree – Question Example



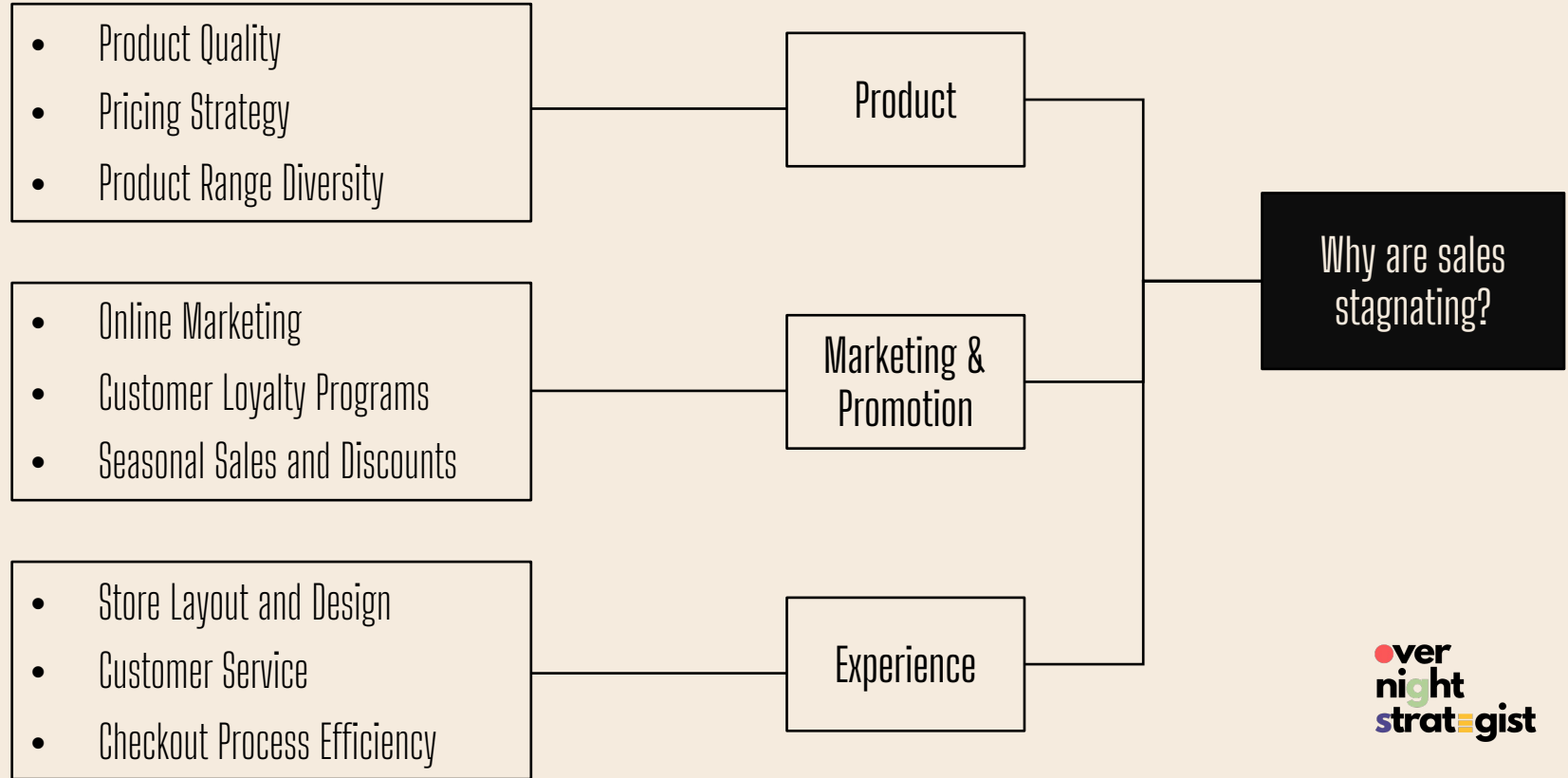
Issue Tree



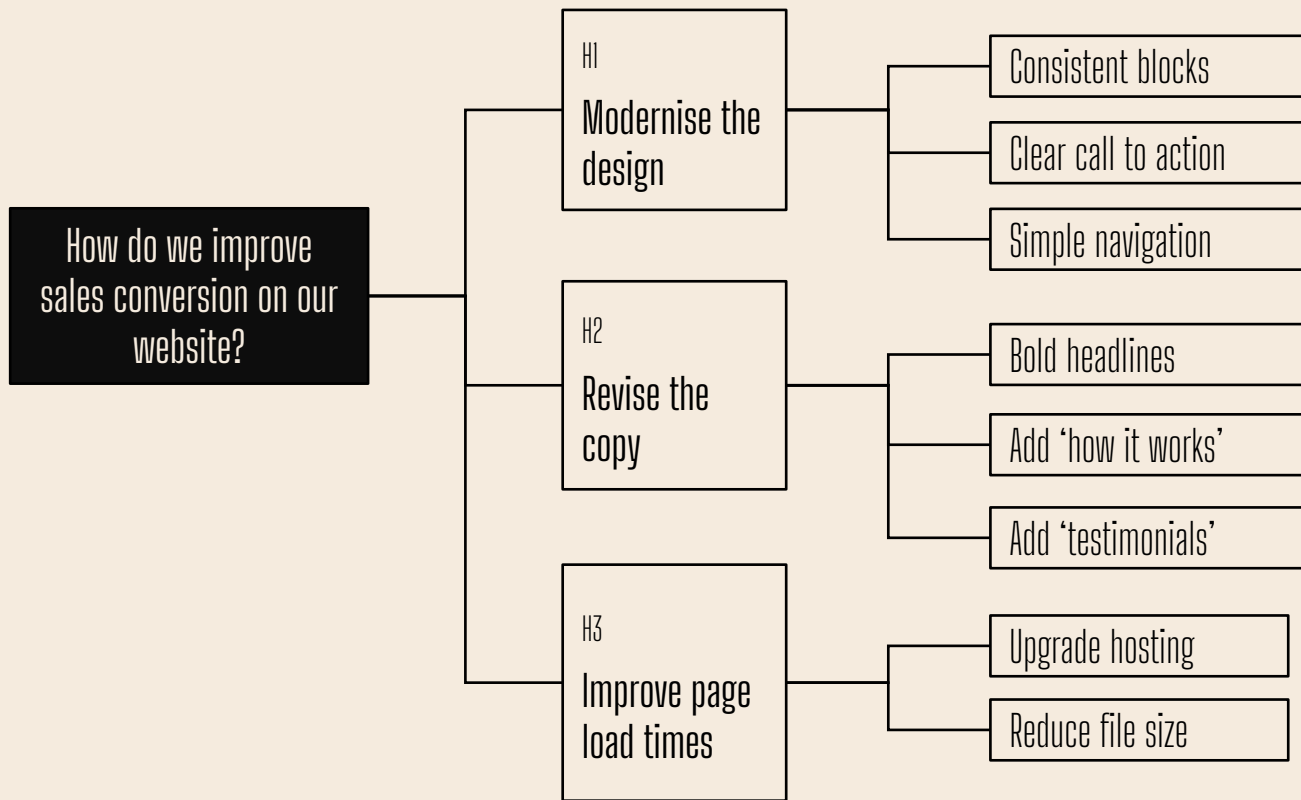
Bucketing Method (1/2)

- Product Quality
- Pricing Strategy
- Product Range Diversity
- Online Marketing
- Customer Loyalty Programs
- Seasonal Sales and Discounts
- Store Layout and Design
- Customer Service
- Checkout Process Efficiency

Bucketing Method (2/2)



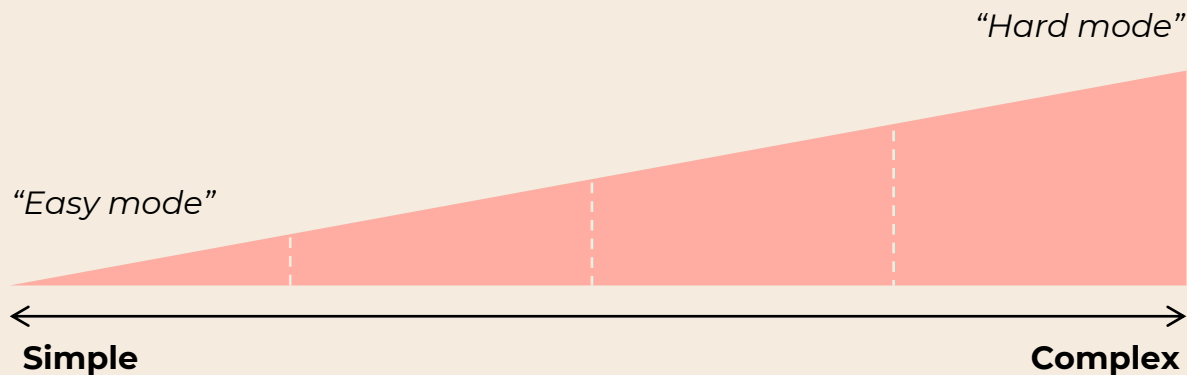
Hypothesis Method



Step 3: Analyse Each Part

Investigate the components using data, financial and question-based methods

Analysis Difficulty



Off-Shelf

Reports

Basic

Analysis

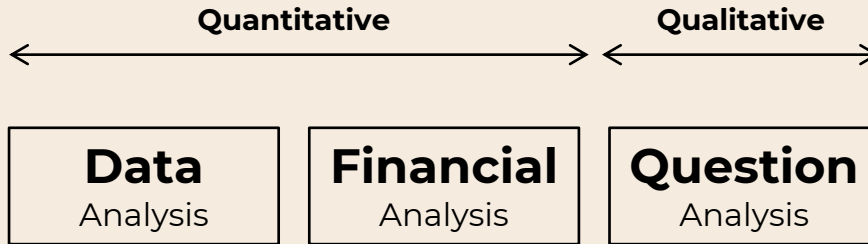
Input

Based Models

Complex

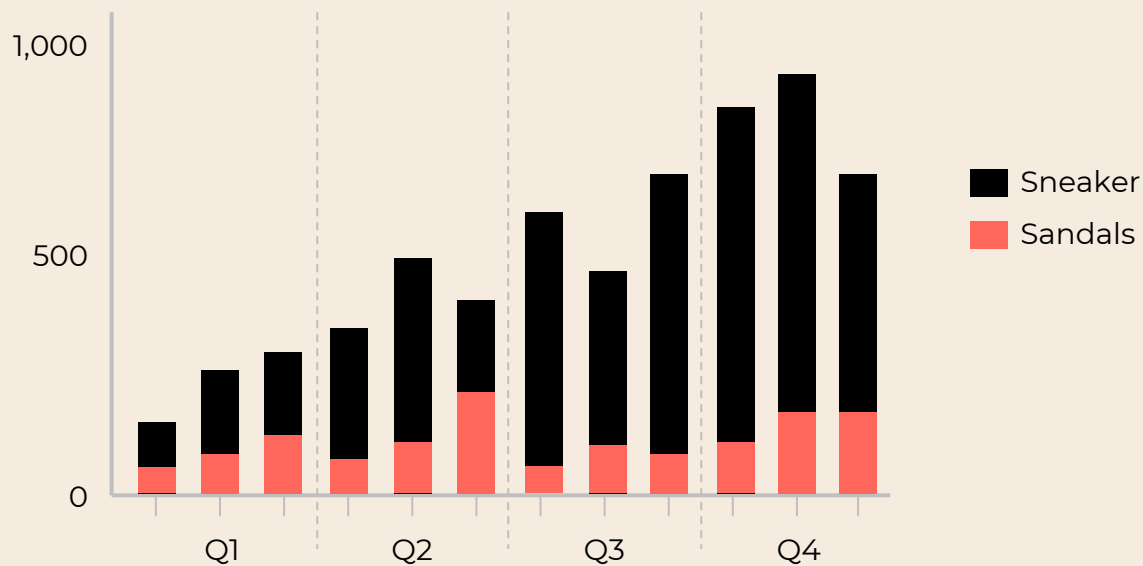
Models

Type of Analysis



Footwear Monthly Unit Sales

thousands, 2024

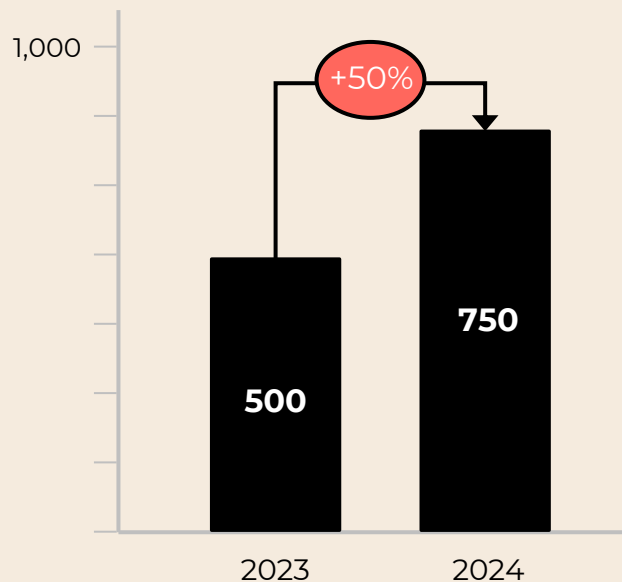


Comparison

DATA

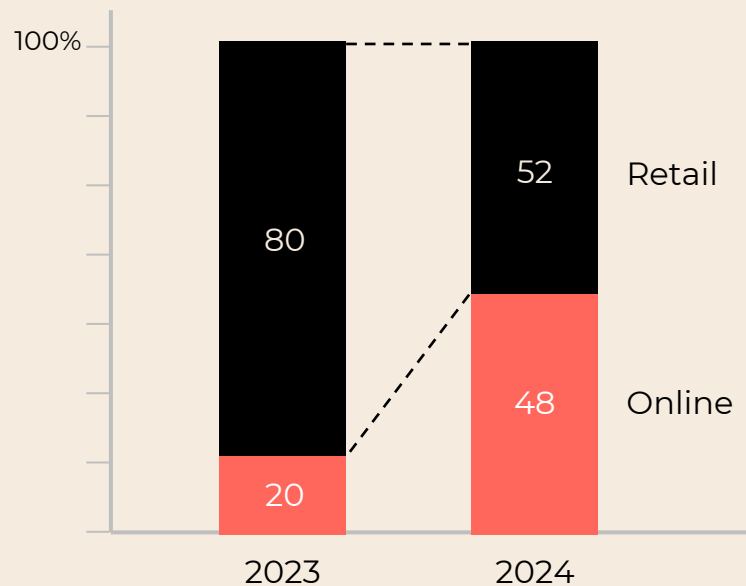
App Subscriber Growth

thousands



Sales Channel Mix

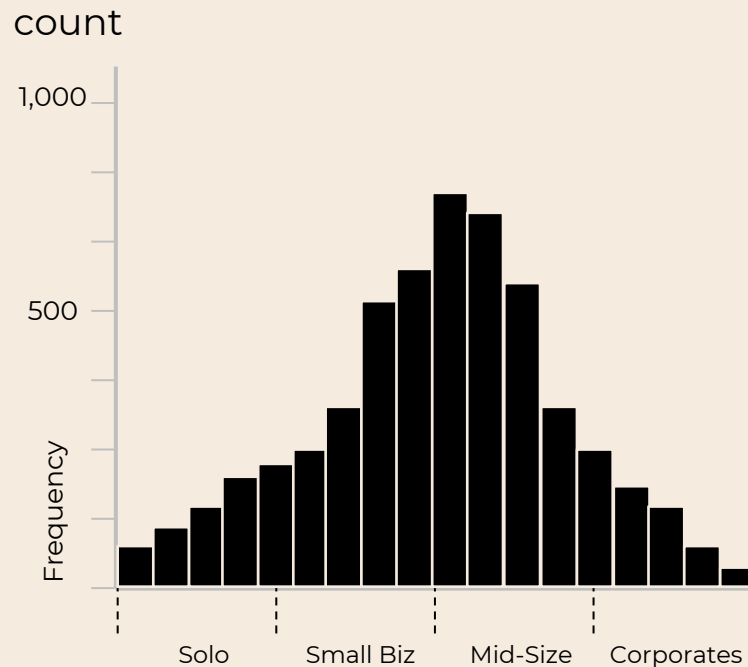
percent



Distribution

DATA

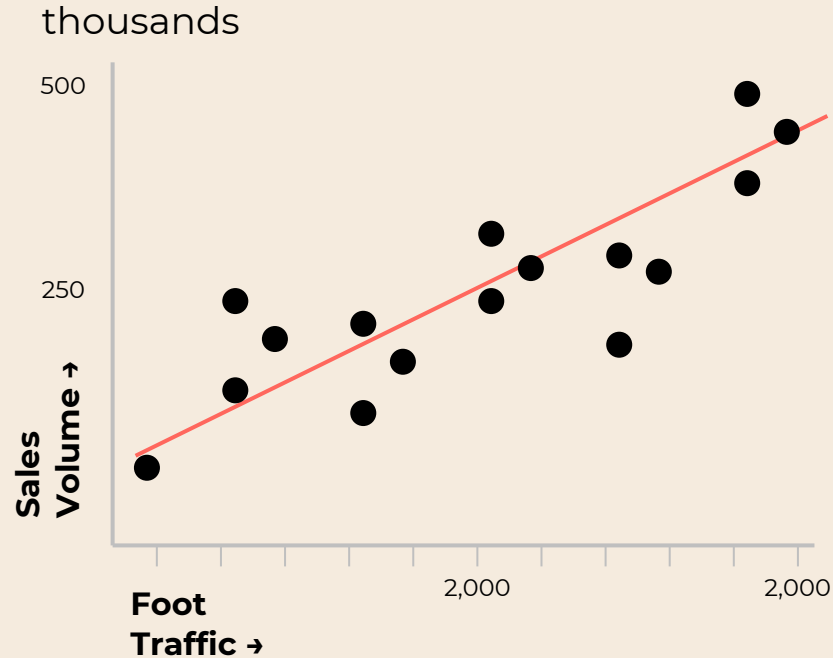
B2B Customer Distribution



Scatter Plot

DATA

Retail Foot Traffic And Sales

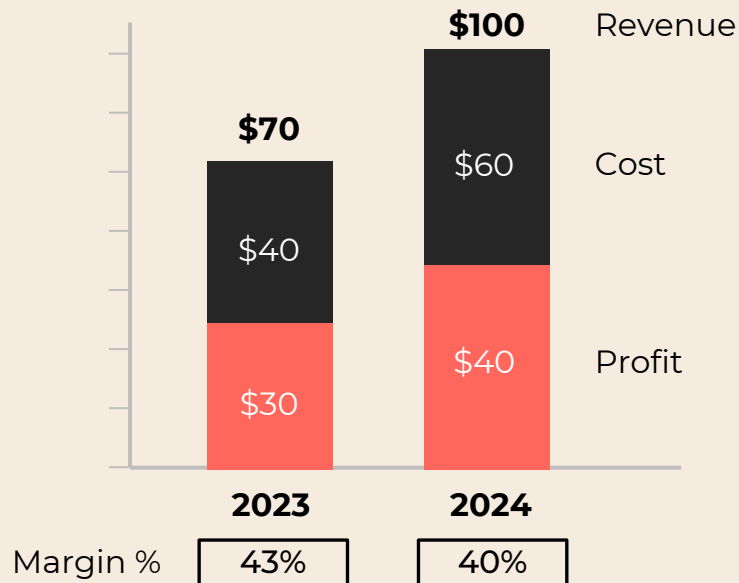


Profit Margin

FINANCIAL

Annual Profit

\$ millions



Unit Economics

FINANCIAL

Subscriber Economics

\$ per user

Revenue **50** price per user per month

Cost **30** cost per user per month

Margin **20** revenue - cost

Lifetime **36** # of months paying user

LTV **720** margin x lifetime

Cost Per Acquisition **200** cost to acquire a user

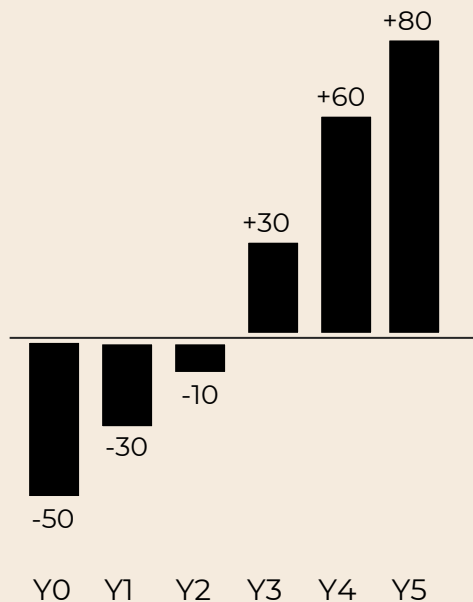
ROI **3.6x** return on spend

Cashflows

FINANCIAL

Free Cashflows

\$ thousands



Total Cashflows

80k

Discount Rate

10%

Net Present Value

28k

Breakeven

In Year 3

Payback

4 Years

5 Whys

QUESTION

Problem

High customer
churn rate in an app

Why #1

Why are customers
unsubscribing?

Reason

They find services too
expensive.

Why #2

Why do they find the
service expensive?

Reason

They don't see the value in
the service for the cost.

Why #3

Why don't they see
value in the service?

Reason

App has not been updated
with relevant features.

Why #4

Why does the app not
have relevant features?

Reason

No one has collected
customer feedback.

Why #5

Why has no one
collected feedback?

Reason

No system or process in
place for collecting
feedback.

Solution

Develop a process for
collecting and analysing
customer feedback to
inform product updates

5W+H

QUESTION

Problem

Decline in conversion rates in digital marketing

What

Sales conversion falling from social media advertising

Who

Digital marketing team (affected)

Why

Creative ad fatigue, increased competition, website content

When

Drop occurred 4 weeks ago (and hasn't returned to prior levels)

Where

Across our main social platforms, Facebook, Instagram and YouTube

How

Test new ad creatives and improve the headline/body of the page

Solution

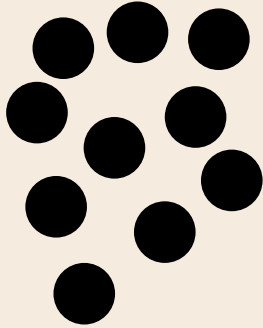
Refresh digital marketing campaign (new ad angles and creatives) and landing page (new headlines and copy)

Step 4: Create Insight

Find meaning behind the data and analysis and answer the question, “so what?”

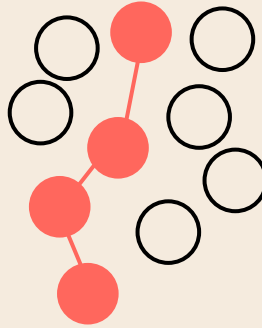
Create Insight

Step 1
Collect Inputs



HUH?!

Step 2
Connect Dots



HMM...

Step 3
Synthesise Insight



AHA!

Collect Inputs – Example

- Store sales data
- Retail foot traffic reports
- Customer survey results
- Speak to staff

Collect Inputs – Example

Slack chats

Data dumps

Executive reports

Customer surveys

Internal deep dives

Email conversations

Reviews and feedback

Stakeholder interviews

External market research

Online forum commentary

Connect Dots – Example

- From one **subject matter expert** (person from team A)
- Another **informed opinion** (person from team B)
- Conclusion in an **internal report** (commentary from a quarterly review)
- Findings in an **external market report** (takeouts of a competitor analysis)
- Analysis of **data and ratios** (point in time and trend)

Synthesise Insight – Example

1

Cybercrime is
on the rise

Cybercrime is on the rise so we
need to take steps to protect data
and communicate our actions to
our customers

2

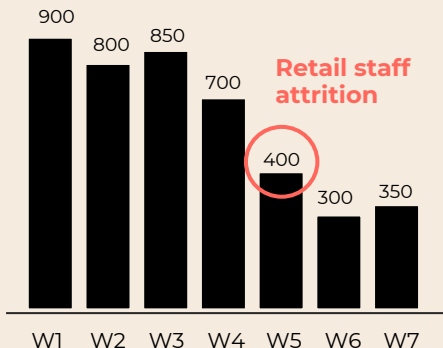
Shopify is making
it easy to launch
online stores

Shopify is making it easy to launch
online stores (barrier of entry is
low) so we need to offer products
that are hard to copy

Immediate actions to turn around sales

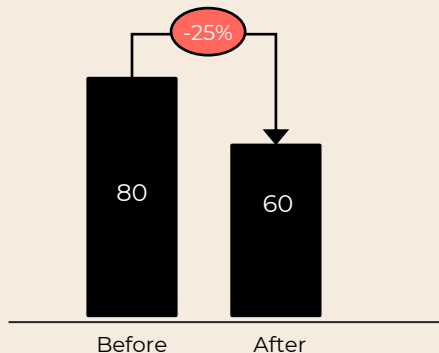
Sharp decline in retail sales from staff exits...

Retail Store Sales
units, prior 7 weeks



...who were top performers, reducing average volumes

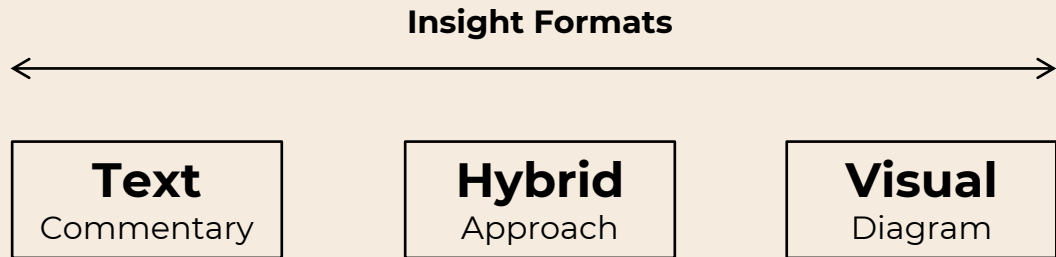
Sales Per Employee
units, weekly average



Recommended Actions

- **Now – “Stop the bleeding”.** Rebalance staffing towards peak hour traffic and temporarily redirect staff from different stores.
- **Next – “Build a high performing team”.** Recruit experienced staff to backfill, run sales training workshops and implement a ‘sharpen the axe’ daily cadence.
- **Later – “Systemise operations”.** Roll-out standard operating procedures and rich analytics on store performance.

Insight Formats



Drive traffic and grow customer base

Drive Traffic

- Partner with influencers to create **viral content**
- Scale **digital marketing campaigns**
- Launch **referral** initiative



Grow traffic volume
by 30%

Improve Conversion

- Modernise the website, improve its copy and put **clear calls to action**
- Simplify the **checkout cart experience**
- Build an **abandon cart** follow-up sequence



Grow conversion rate
to 10%

Reduce Churn

- Train new retention and **'saves' team** who can do special discounts
- Collect feedback and **release updates**
- Invest in **onboarding experience**



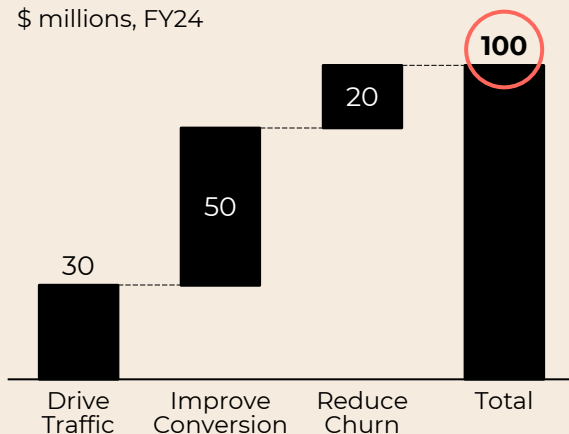
Reduce churn to 2%
per month

Growth opportunities drive \$100m revenue

We identified 3 key initiatives to drive traffic and grow customers...

Incremental Revenue

\$ millions, FY24

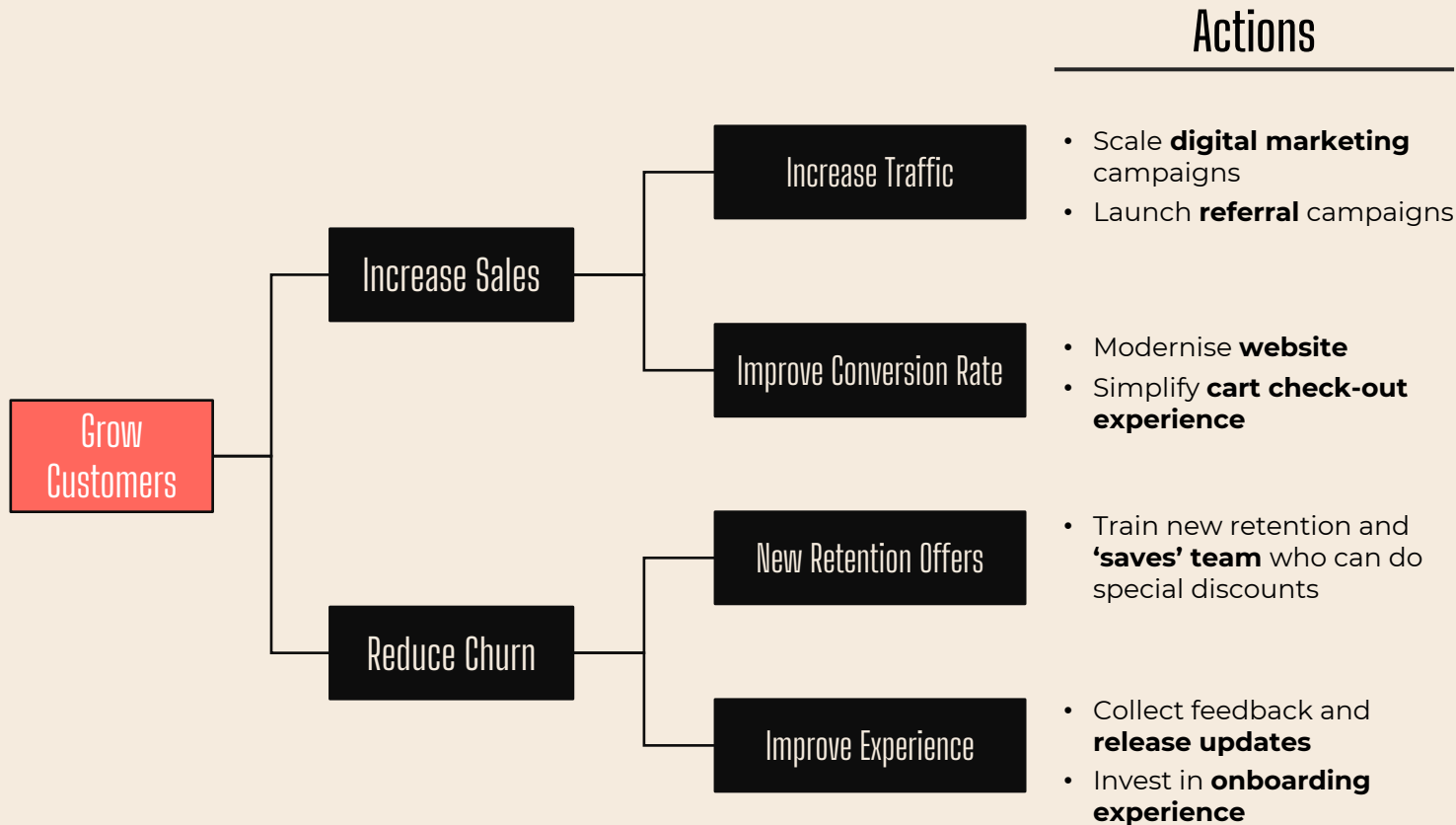


...using a combination of digital marketing and channel enablement

- **Drive traffic.** Partner with influencers to create viral content that bring customers to our landing page.
- **Improve conversion.** Simplify the landing page, use captivating visuals and create clear calls to action.
- **Reduce churn.** Train a new retention or “saves” team in the call centre who have access to special discounts.

Levers for customer growth

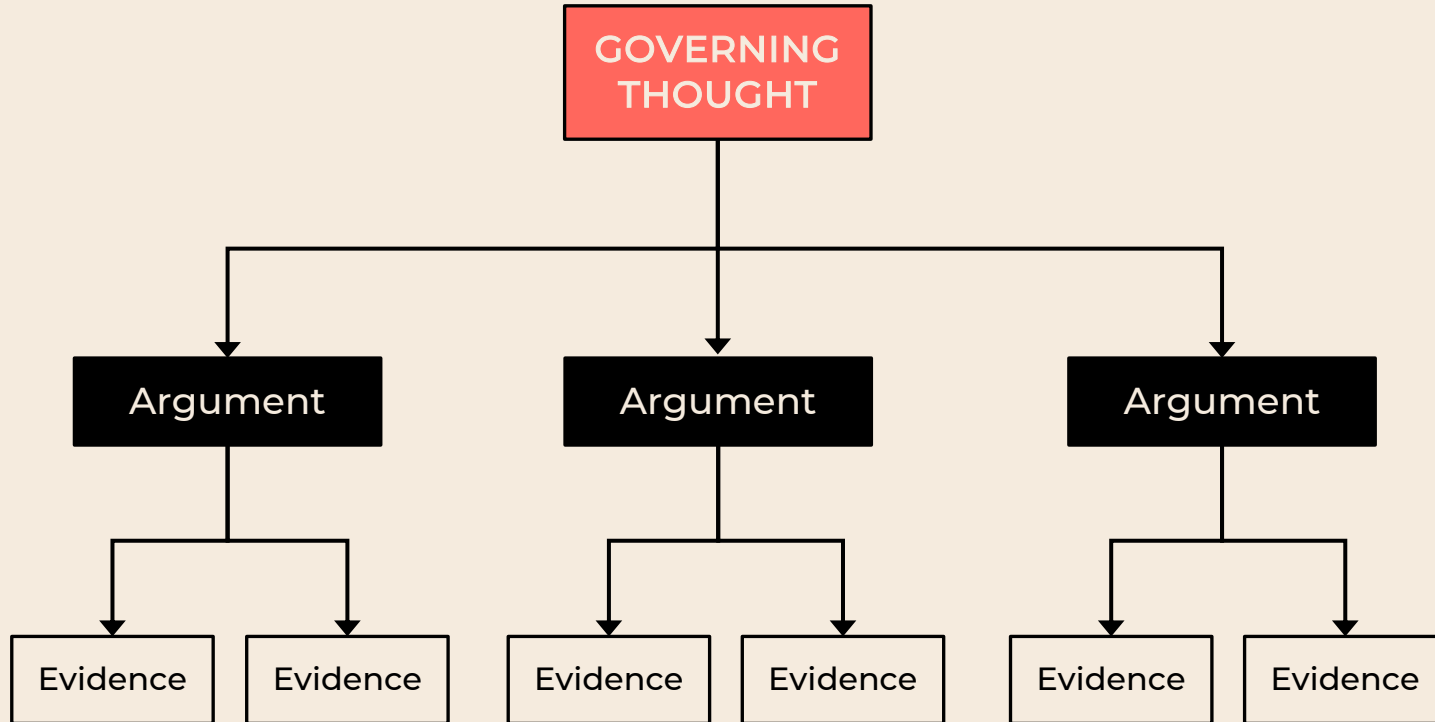
VISUAL



Step 5: Craft Story

Bring insights together into a clear and structured strategic narrative

Minto Pyramid



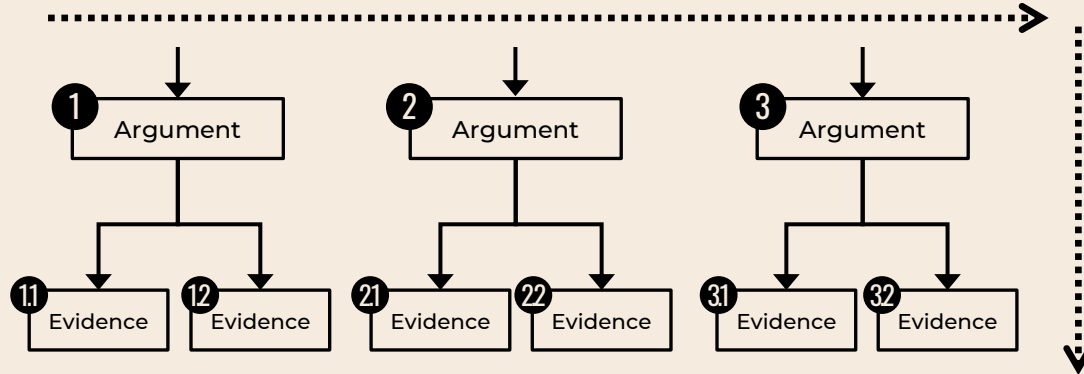
Ref. Barbara Minto, *The Minto Pyramid Principle*

H&V Logic

Horizontal Logic

Arguments can be presented as **'parts of a whole'** or **'in sequence'**:

- **Parts of a whole** - each argument point supports the governing thought, or
- **In sequence** - each argument point builds on the last point to arrive at a conclusion.



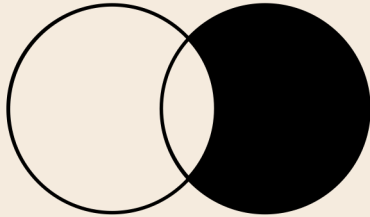
Ref. Barbara Minto, *The Minto Pyramid Principle*

Vertical Logic

Each layer of the pyramid answers the question posed by the layer above it. The reader is typically asking the question **“why is that”** or **“how is that done”** which is answered in the layer below.

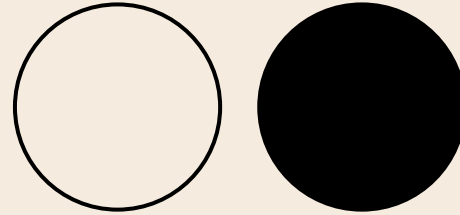
Mutually Exclusive

**Not Mutually
Exclusive**



Overlaps

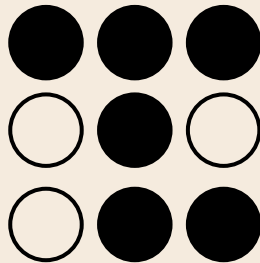
Mutually Exclusive



No Overlaps

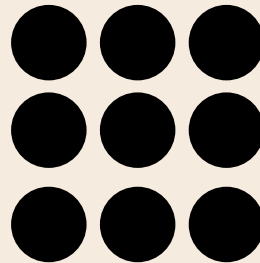
Collectively Exhaustive

Not Exhaustive



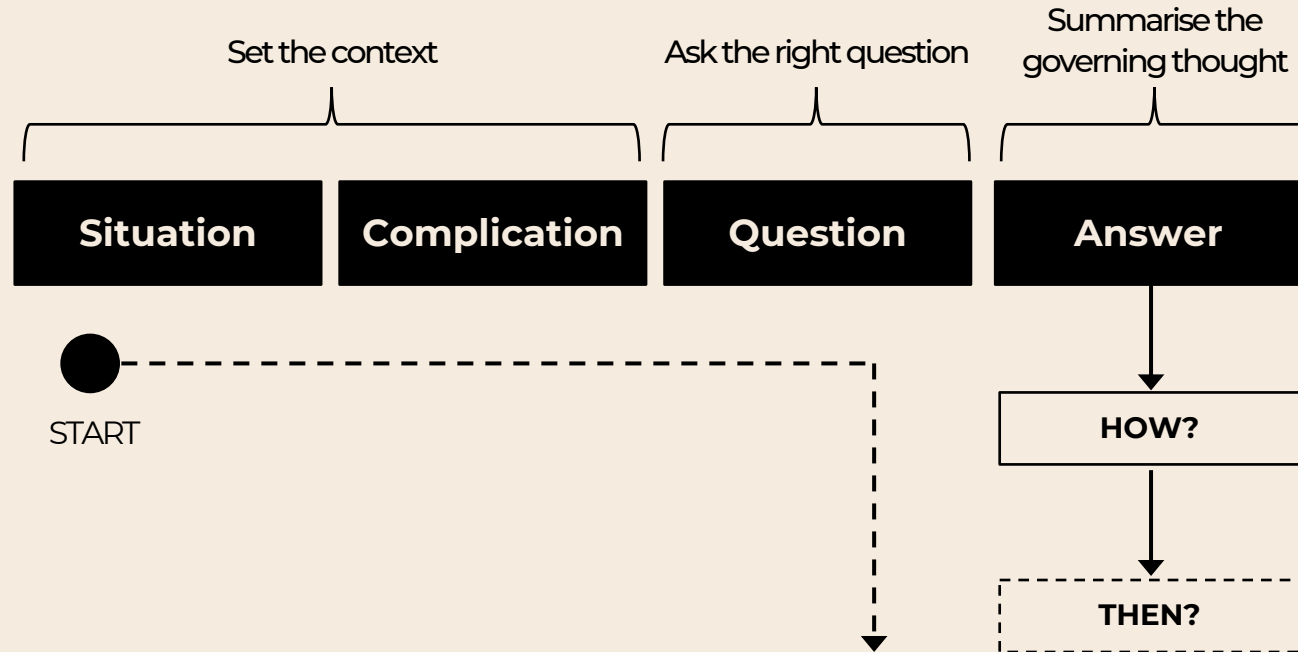
Missing Parts

Collectively Exhaustive

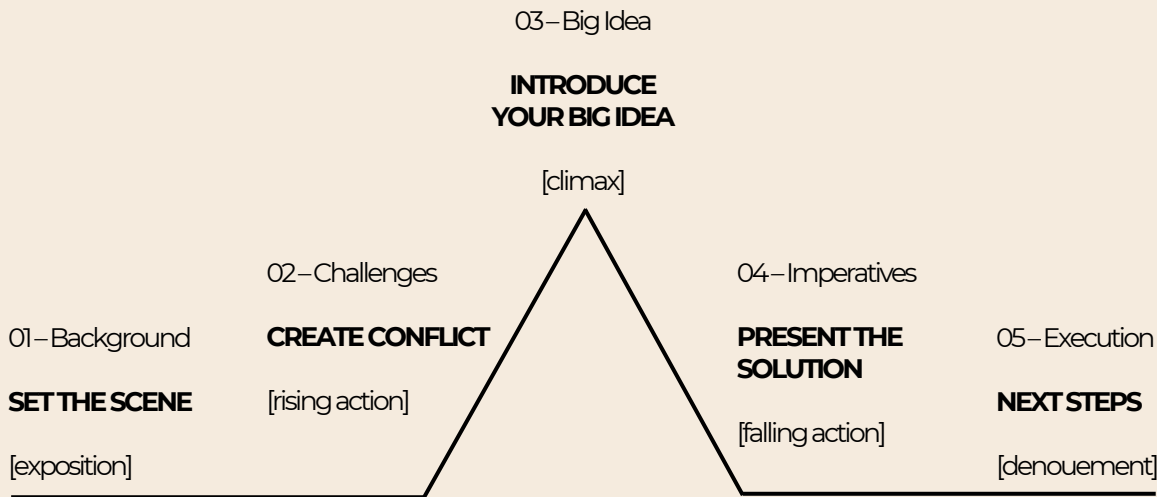


Complete

Story Structure - SCQA



Story Structure – Freytag Pyramid



Ref. Adapted from Gustav Freytag's 'Freytag Pyramid' and Jason Ocker (Maark) 5 Act Story Framework

SCQA – Example (1/2)

Situation

Background

We launched our online subscription services for creators who want to make videos and podcasts and need high quality graphics, music, and b-roll for their projects. We grew from 0 to 10k paying subscribers in three years.

Complication

Challenge

The growth in the creative market attracted new entrants into the online video audio asset library market, who are offering lower priced options. The rate of new subscribers are beginning to slow and there is an uptick in churn rate, extrapolating the subscriber volume, we expect the number of subscribers to plateau in the next 12 months and then begin to steadily decline.

Question

“How do we...”

How do we compete with the high volume of new entrants in the market and grow the subscriber base over the next three years?

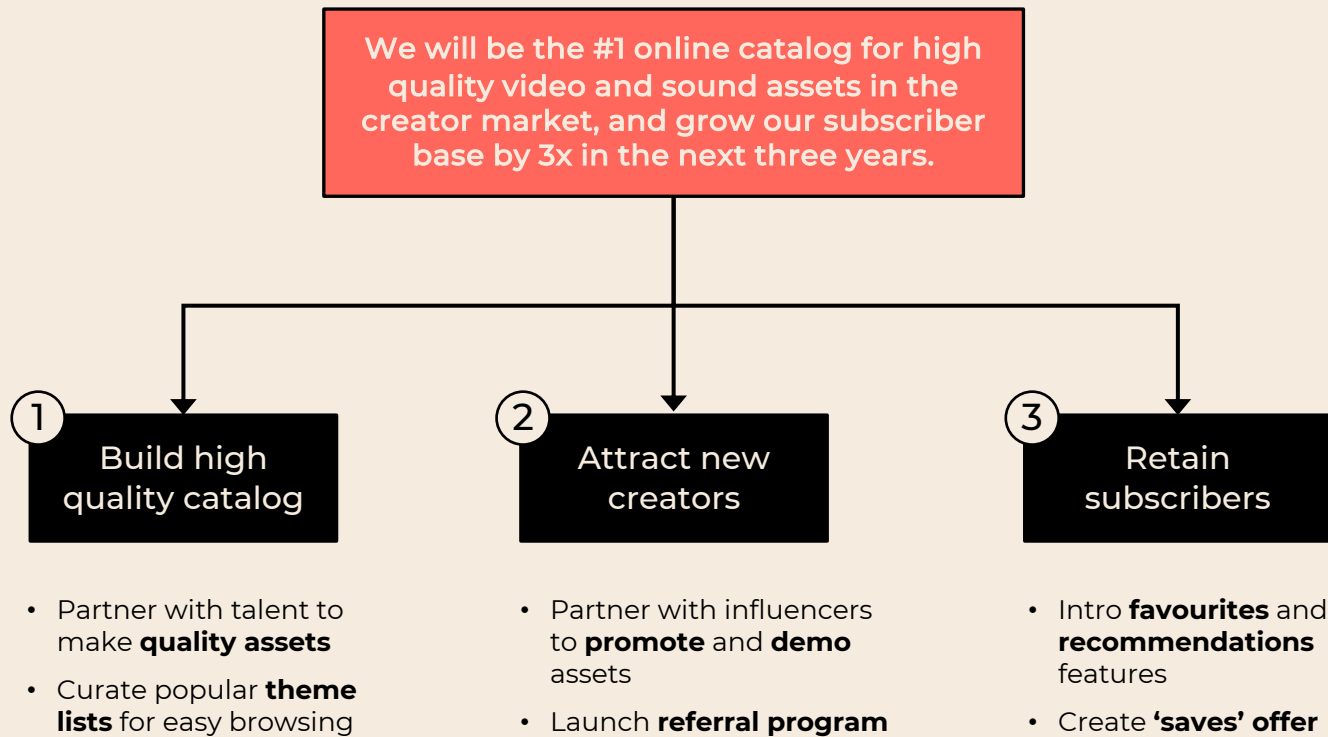
Answer

Solution

We'll be the number one online catalog for high quality video and sound assets in the creator market, and grow our subscriber base by 3x in the next three years.

Answer continues on next page...

SCQA – Example (2/2)



Storyboard

Summary

Story on a page

Situation

Background

Complication

Challenge

Answer

Governing thought

Point 1

Argument

Point 2

Argument

Point 3

Argument

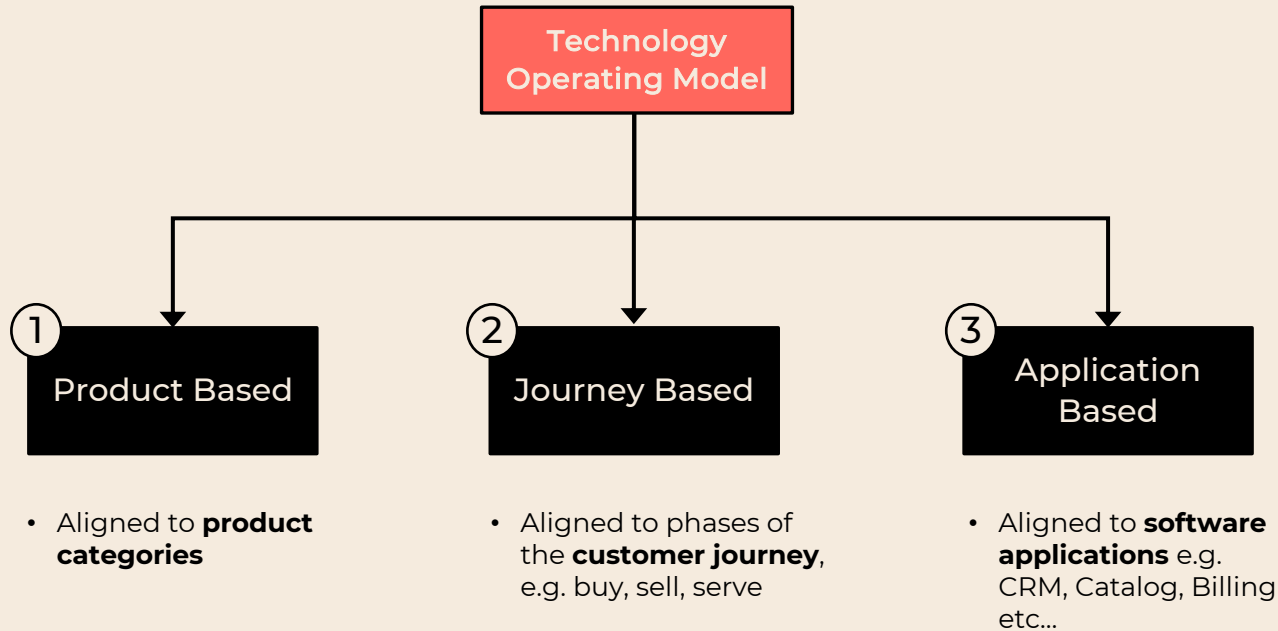
Next Steps

Execution

Step 6: Make A Decision

Influence teams to select a strategic option using logical arguments and evaluation criteria

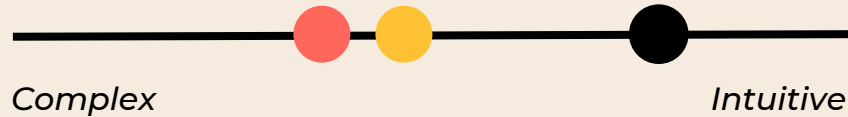
Strategic Options – Example



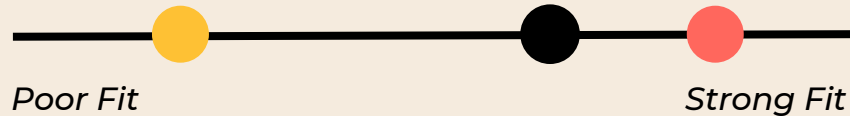
Criteria Assessment – Example

- Option A
- Option B
- Option C

Ease of Use



Functional Fit



Rating - Example



Weak



Poor



Average



Good



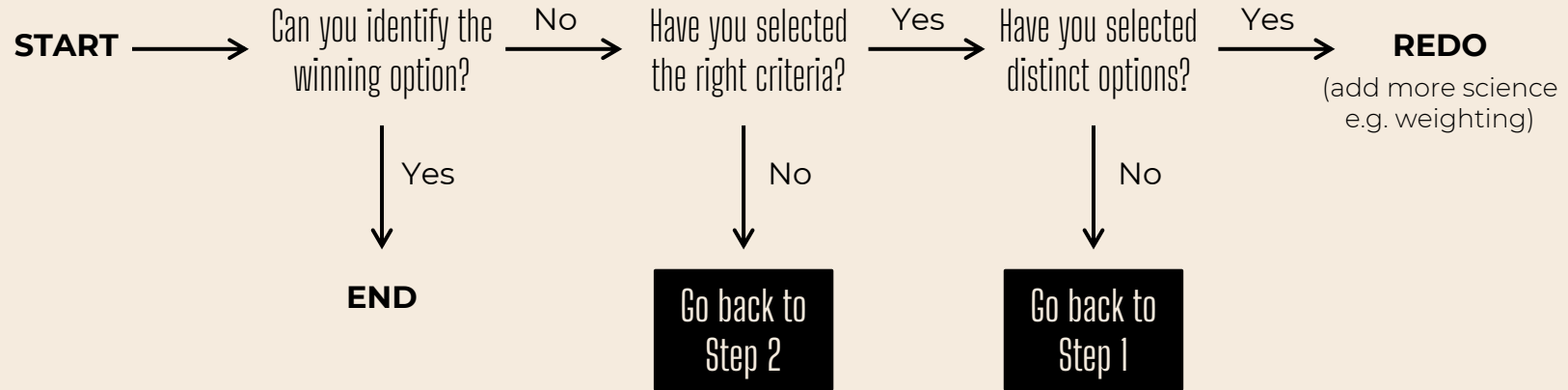
Strong

Weighted Scores – Example

Weighting

40%	Criteria A	■	■	■		
30%	Criteria B	■	■	■	■	■
15%	Criteria C	■	■	■	■	
10%	Criteria D	■	■			
5%	Criteria E	■				

Select the winner



Generate options & select criteria

	Off-the-shelf	All-in-one	DIY
Minimise TCO	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Speed to Market	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Scalable	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Enabler for Digital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ease of Build	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Score the options & pick winner

Recommended

①

Off-the-shelf

②

All-in-one

③

DIY

Minimise TCO



Speed to Market



Scalable



Enabler for Digital



Ease of Build



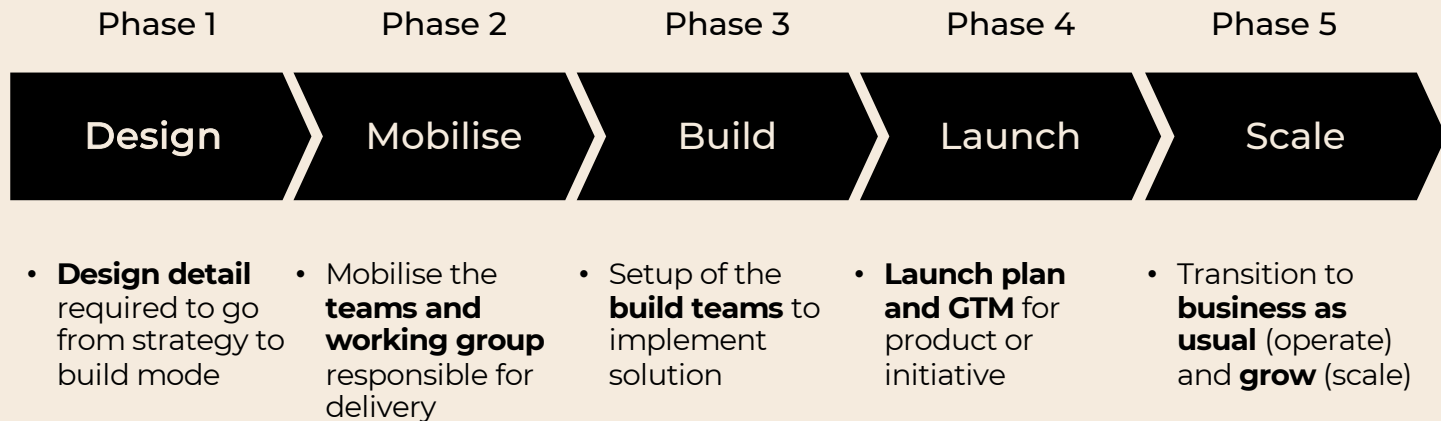
Step 7: Take Bold Action

Create the execution plans, mobilise teams and implement the strategy

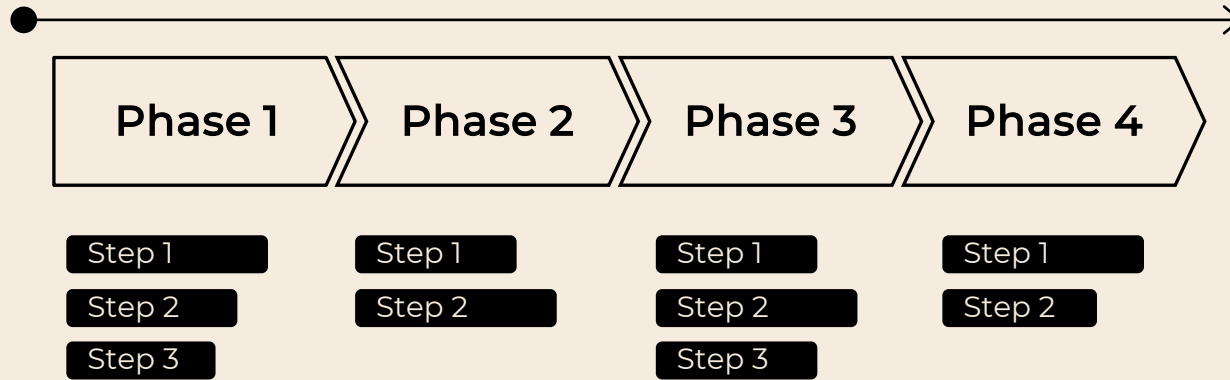
Design to operate mode



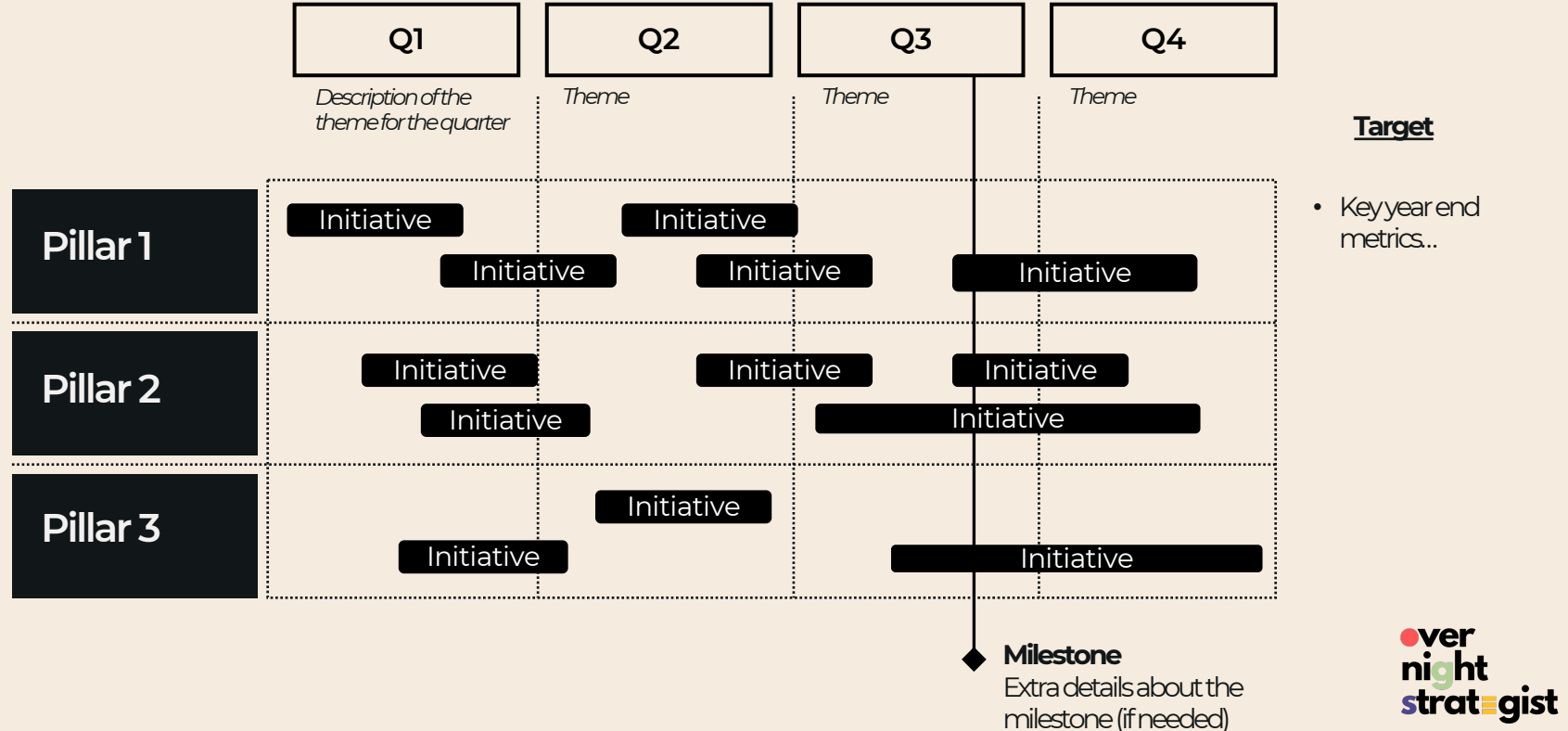
Execution Phases



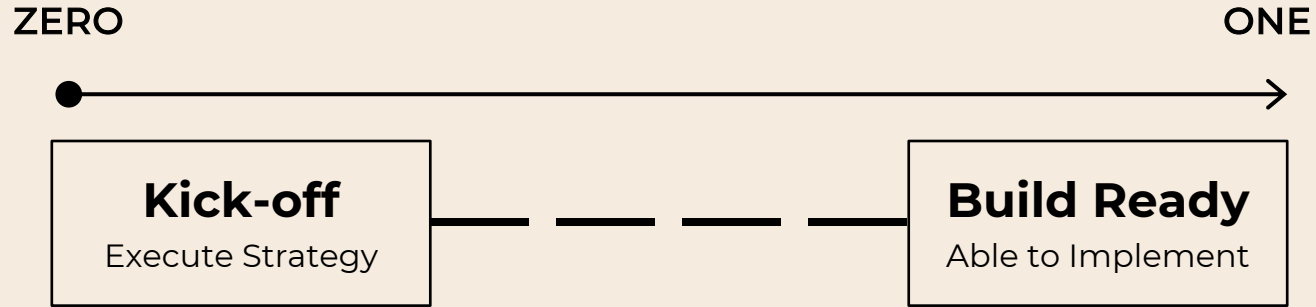
Design - Zero to one



Design - Roadmap



Design – Example (1/2)



Design – Example (2/2)

Kick-off

Build Ready



People

Setup teams

- Nominate functional leads to the **working group**
- Recruit software **engineers**

Commercials

Close out deals

- Negotiate **software and supplier** terms
- Sign **contracts**

Delivery

Tools and process

- Define the **delivery model** and cadence
- Setup **tools** and environments

Scope

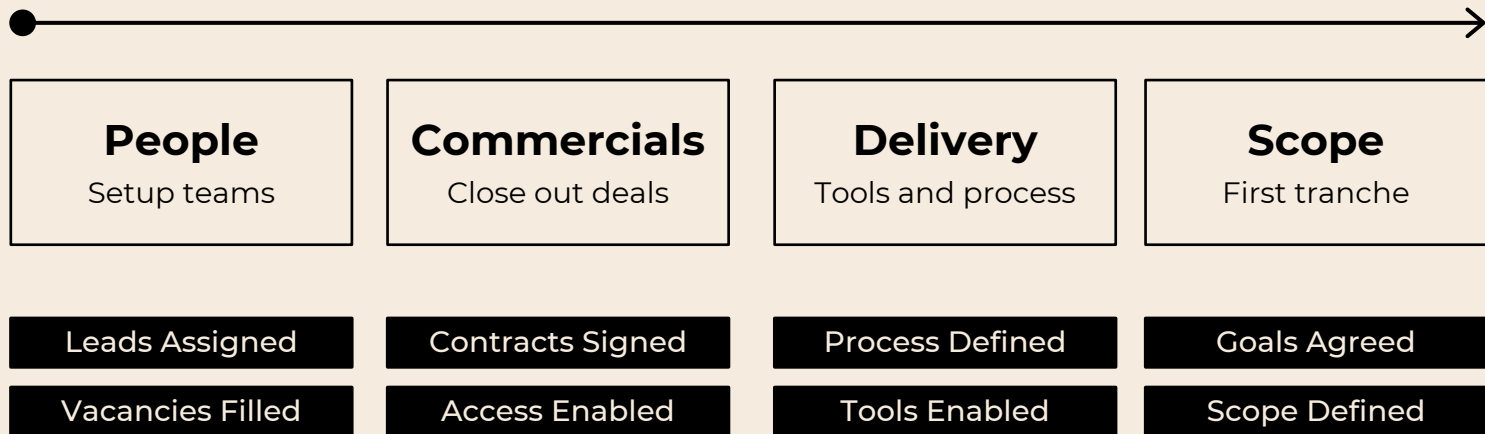
First tranche

- Define scope for **first tranche** of work
- Team is **clear** on build goals

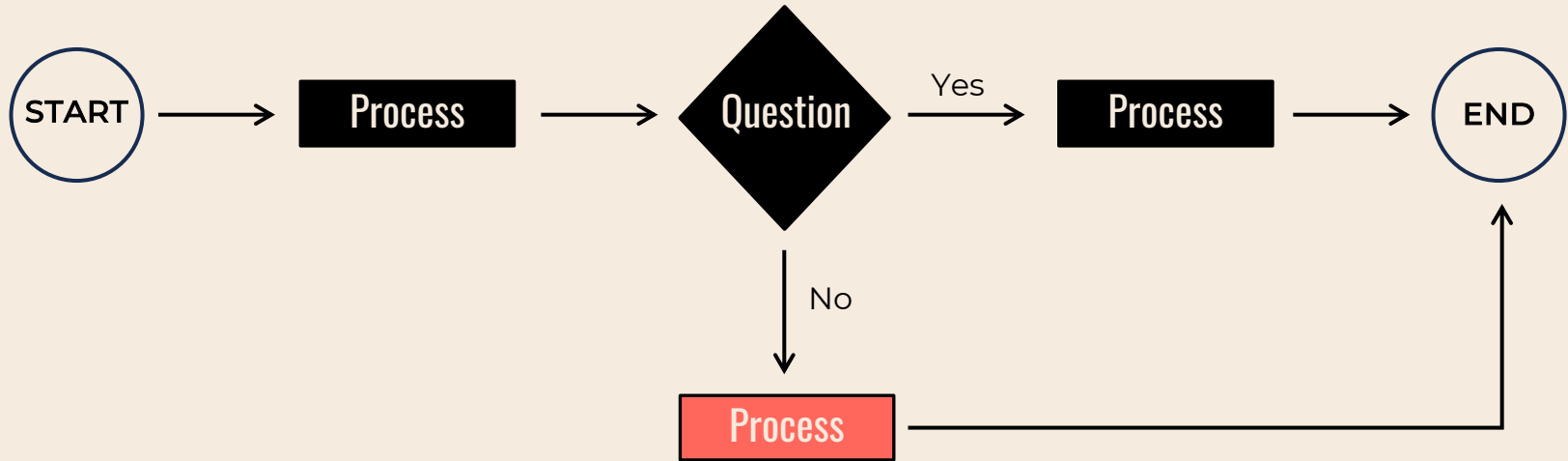
Mobilise – Example

Kick-off

Build Ready



Build – Removing Blockers



Launch – Phased Example

Soft Launch

For internal staff

Limited Launch

Open to 1 channel

Full Launch

Open to all channels

Operate – Two Option Example

One Step Model

Build, launch and operate using the same team and operating model

Two Step Model

Start with a 'build' team, then move to an 'operate' team

Thank You!

Thanks for completing the Strategic Thinking Method course 😊

Email support@overnightstrategist.com if you have any questions or feedback.