

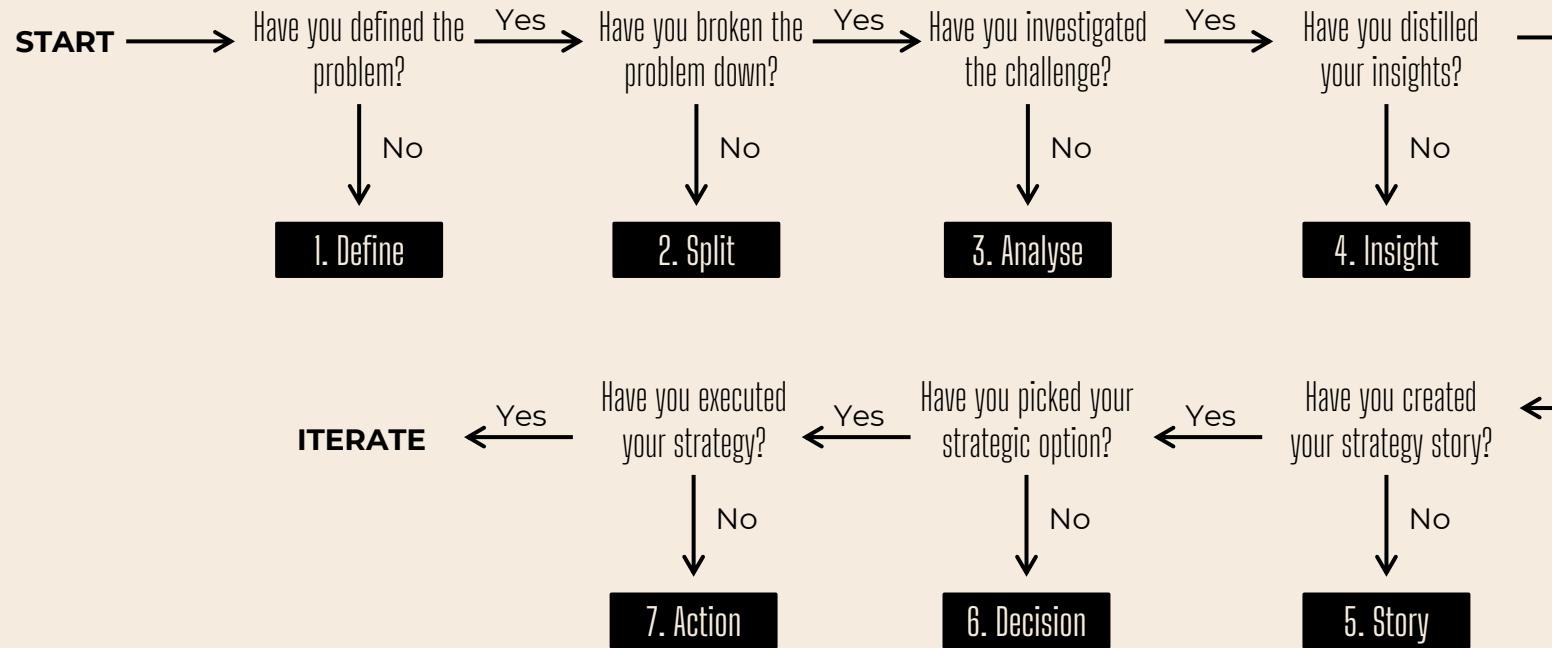
# Strategic Thinking Method

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

2

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

3

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

4

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

## Situation

## Complication

## Question

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

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

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

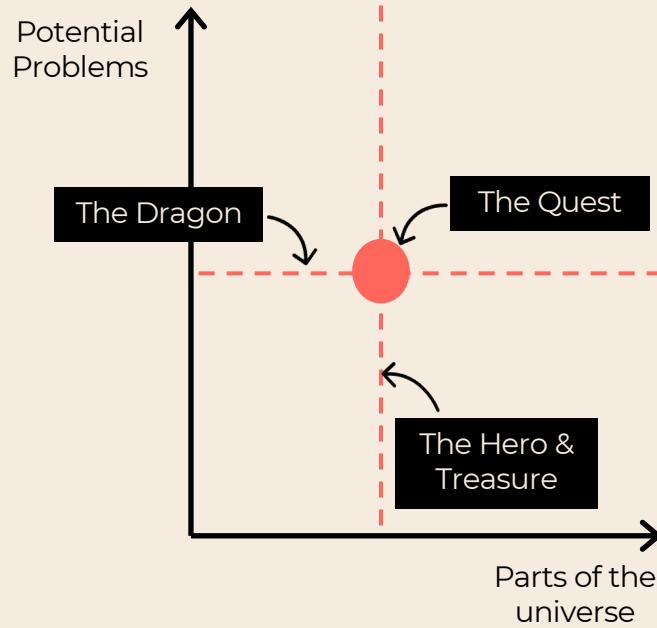
How can the start-up market its product to increase visibility and attract potential investors?

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

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

# HTDQ Framework

<b>Hero</b>	Information and context needed to specify the part of the 'universe of interest'
<b>Treasure</b>	The hero's aspiration
<b>Dragon</b>	The one problem separating the hero from the treasure
<b>Quest</b>	The overarching question that you are solving, phrased as: How should <b>[the hero]</b> get <b>[the treasure]</b> , given <b>[the dragon]</b> ?

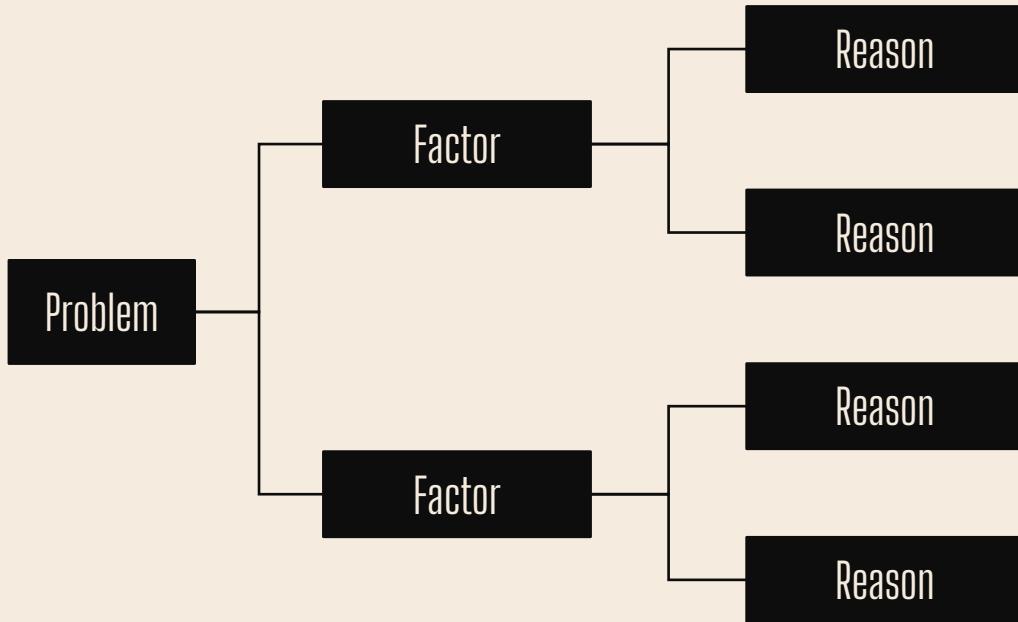


Ref. Albrecht Enders & Arnaud Chevallier, Solvable, HTDQ Sequence

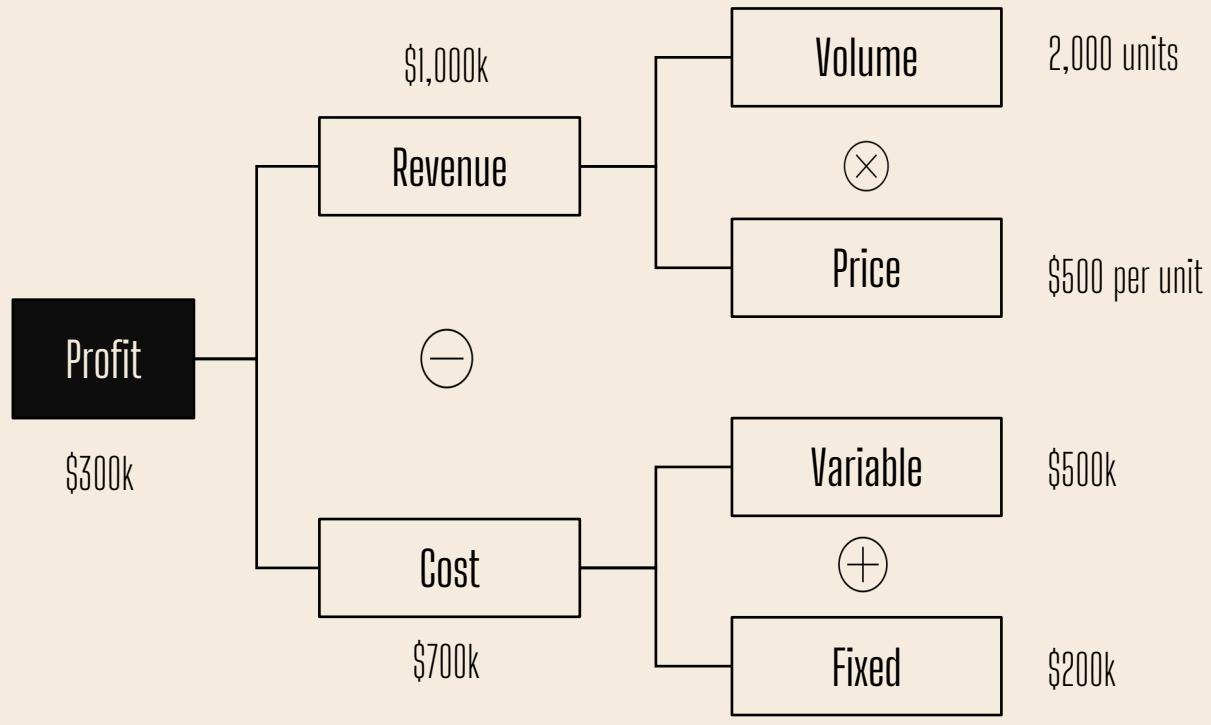
# Step 2: Split It Into Small Parts

Break the problem down into its components using logic trees

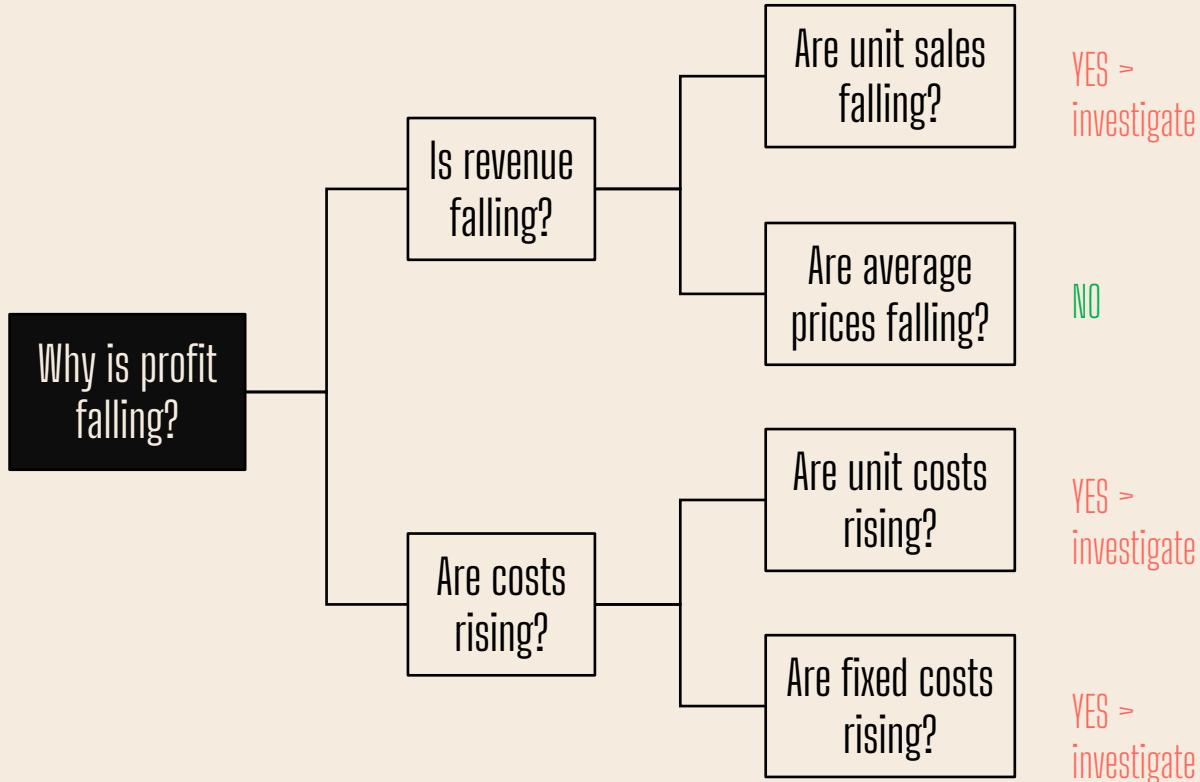
# Driver Tree Method



# Driver Tree – Math Example

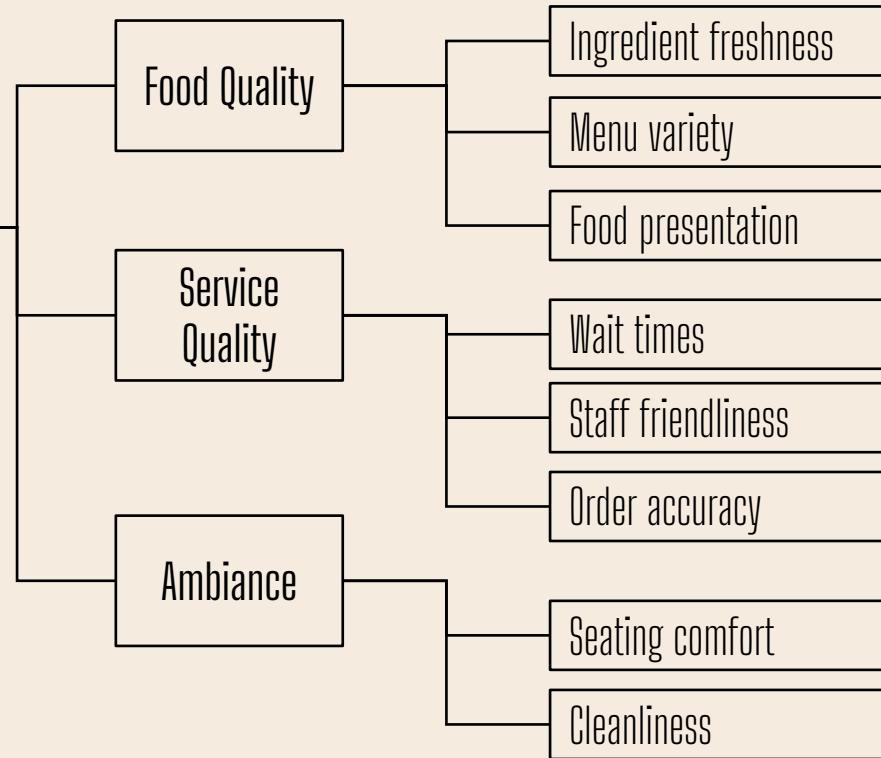


# Driver Tree – Question Example



# Issue Tree

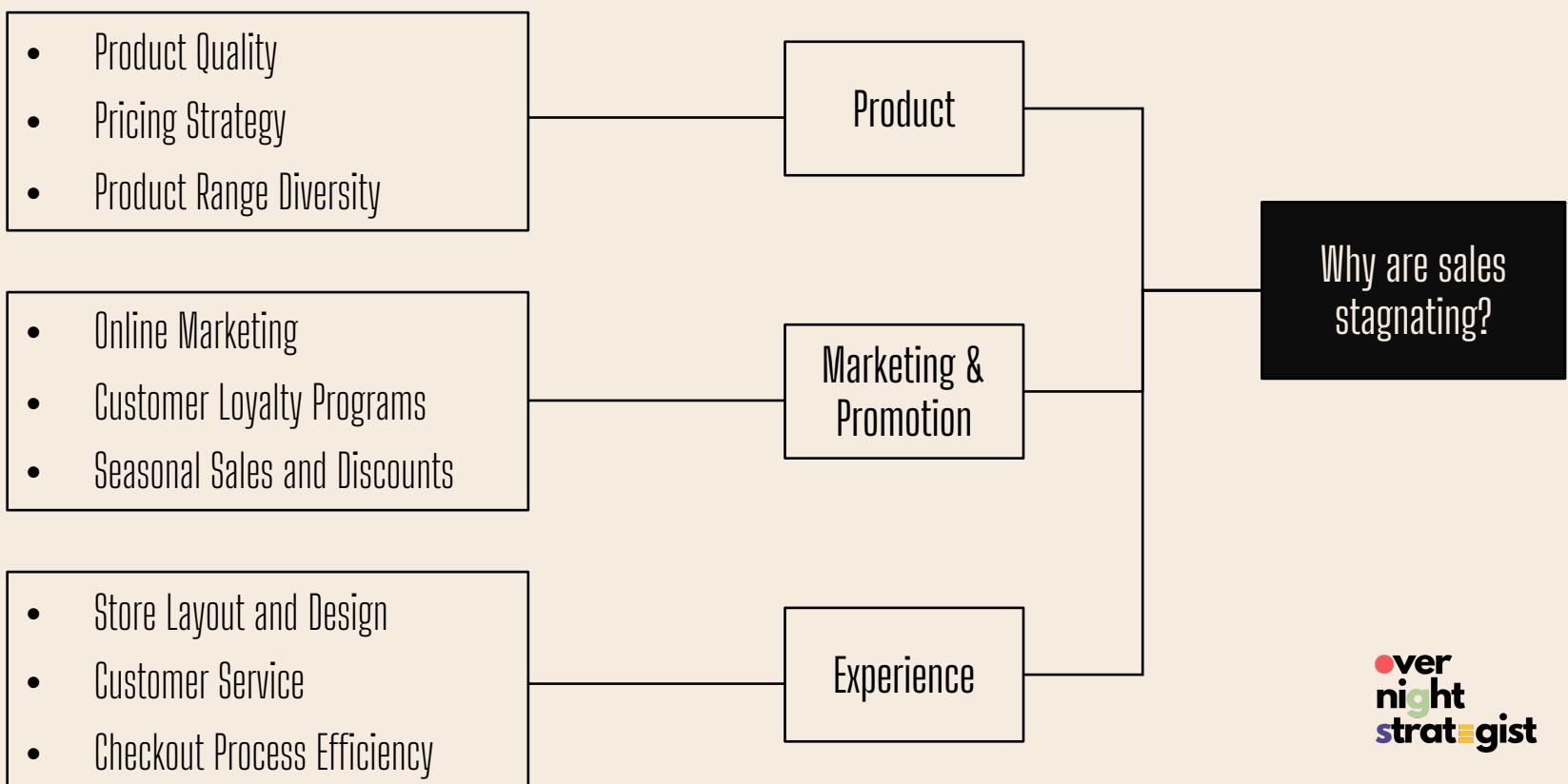
Why are customers unsatisfied?



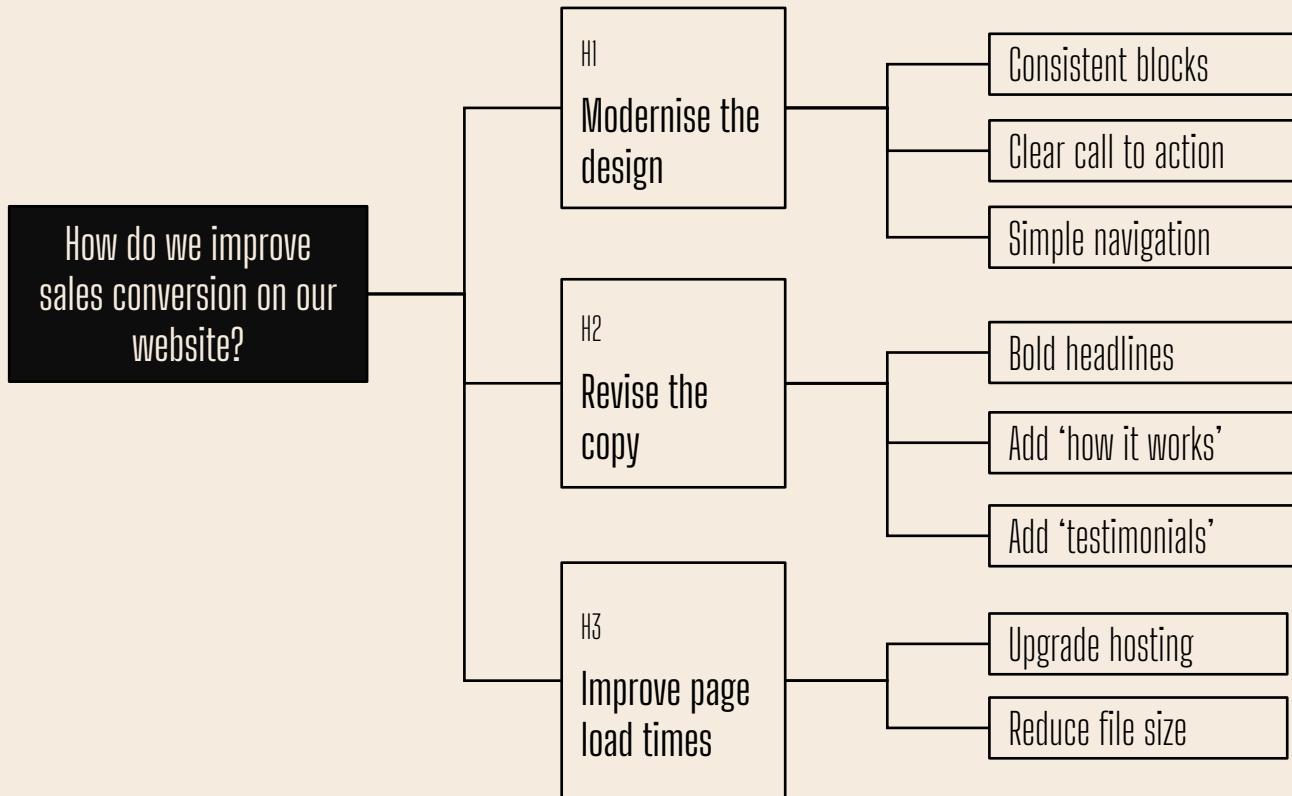
# Bucketing Method (1/2)

- 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)



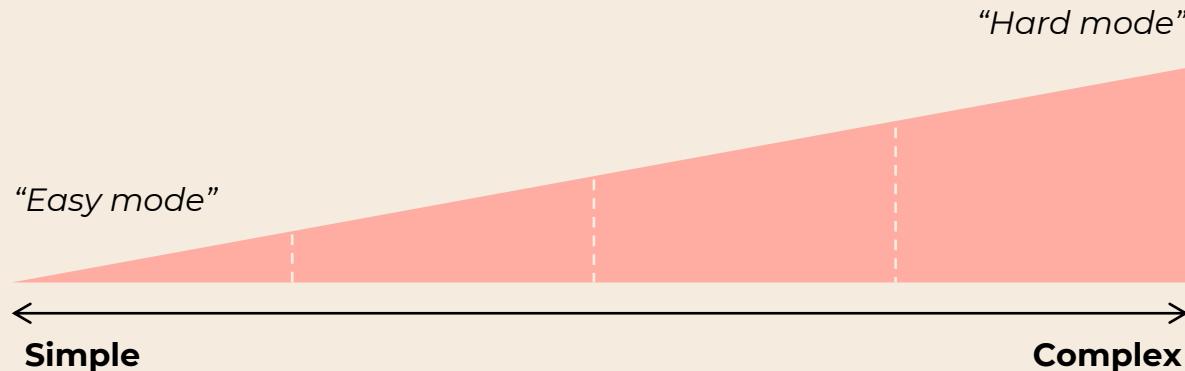
# Hypothesis Method



# 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

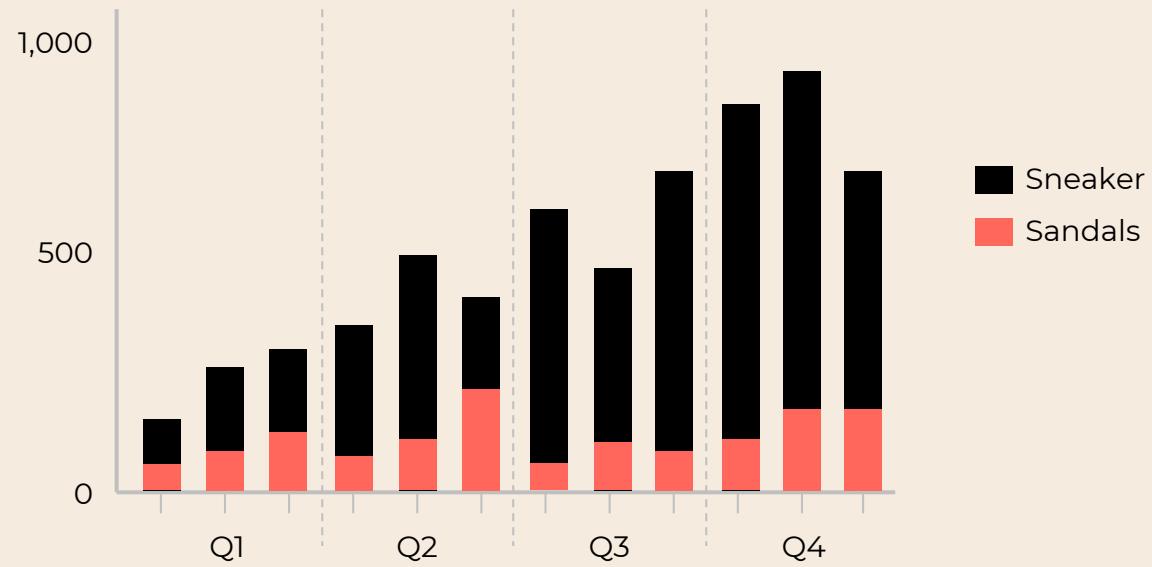
**Complex**  
Models

# Type of Analysis



## Footwear Monthly Unit Sales

thousands, 2024

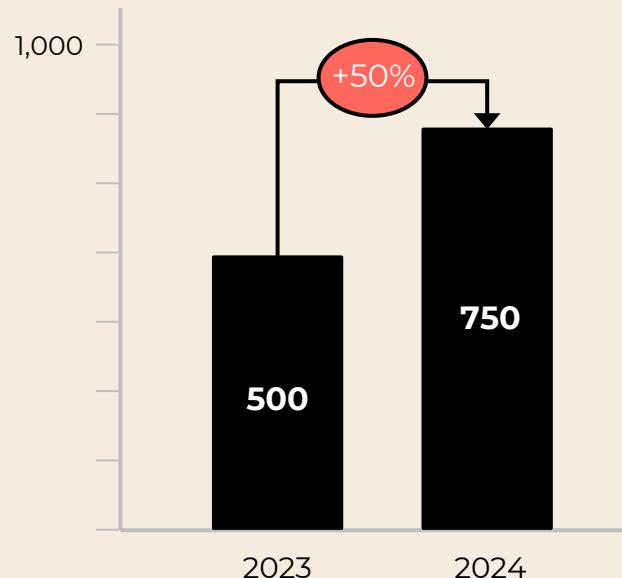


# Comparison

DATA

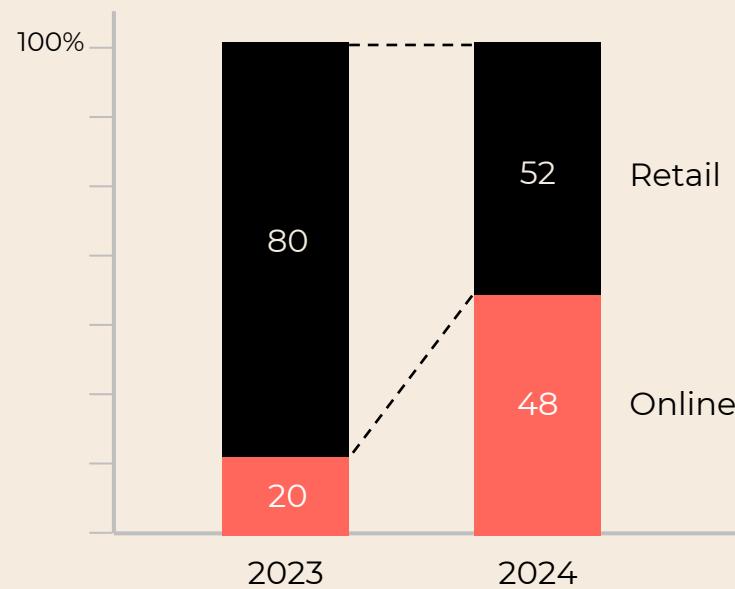
## App Subscriber Growth

thousands



# Sales Channel Mix

percent

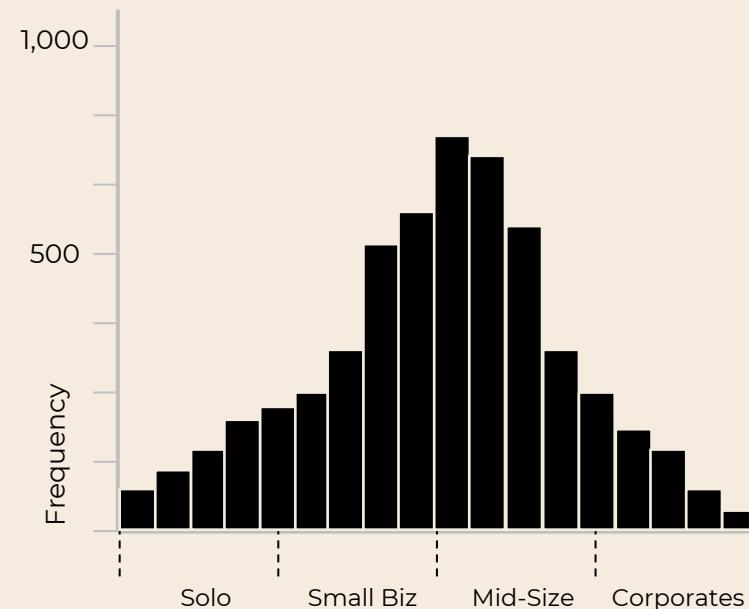


# Distribution

## DATA

# B2B Customer Distribution

count

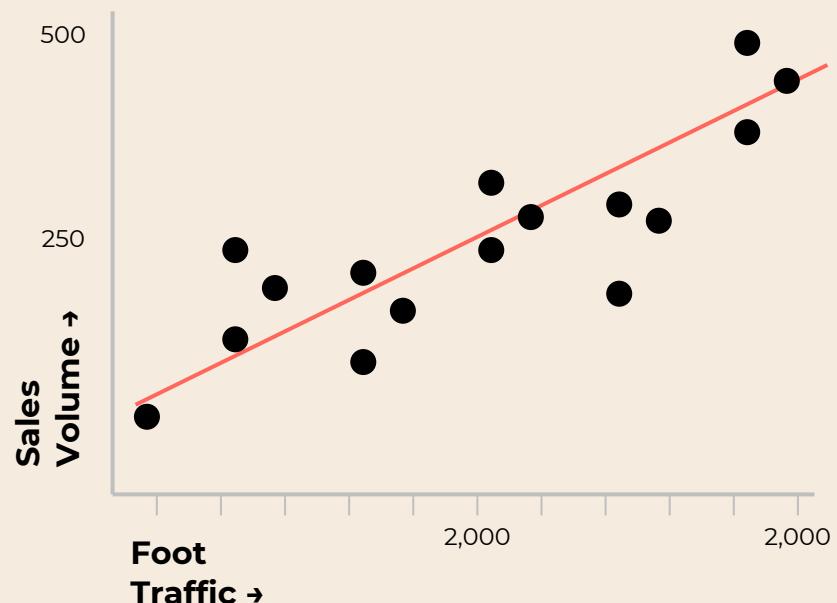


# Scatter Plot

DATA

## Retail Foot Traffic And Sales

thousands

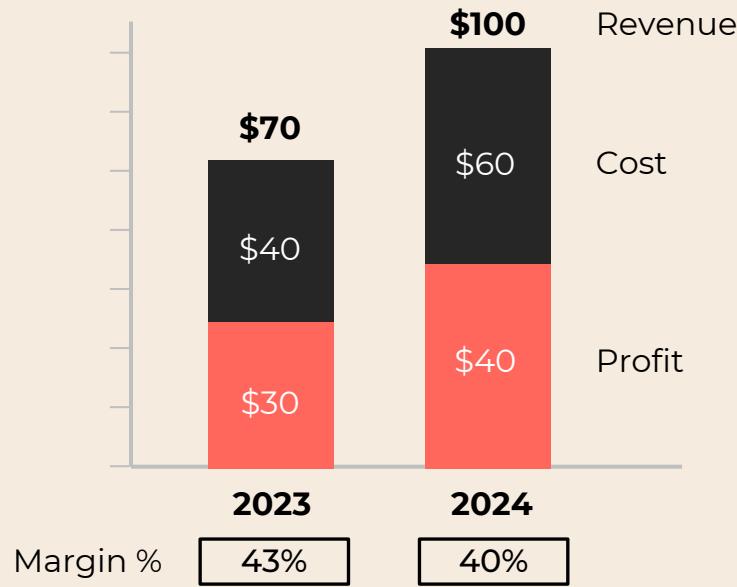


# Profit Margin

FINANCIAL

## Annual Profit

\$ millions



## 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

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LTV 720 margin x lifetime

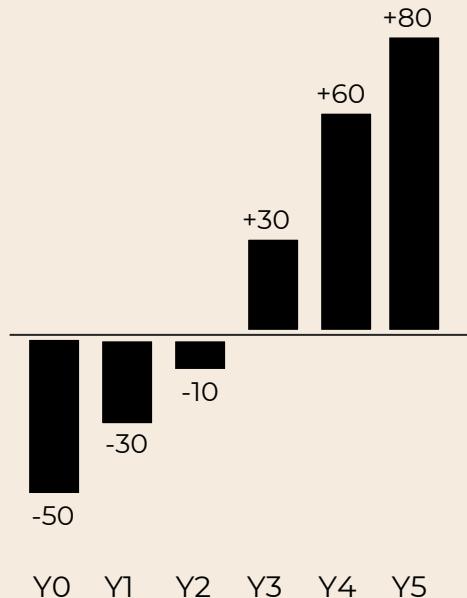
Cost Per  
Acquisition 200 cost to acquire a user

---

ROI 3.6x return on spend

## 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

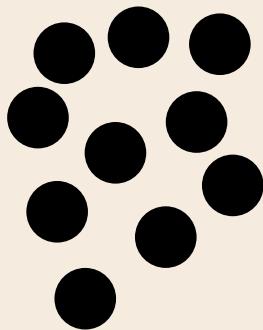
Refresh digital marketing campaign (new ad angles and creatives) and landing page (new headlines and copy)

# Step 4: Create Insight

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

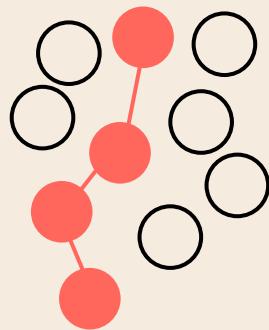
# Create Insight

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

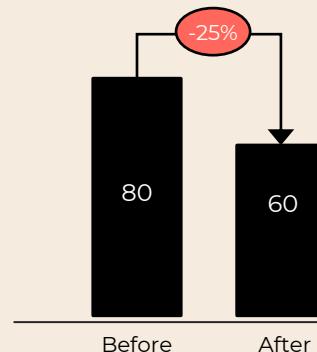
**Sharp decline in retail sales from staff exits...**

**Retail Store Sales**  
units, prior 7 weeks



**...who were top performers, reducing average volumes**

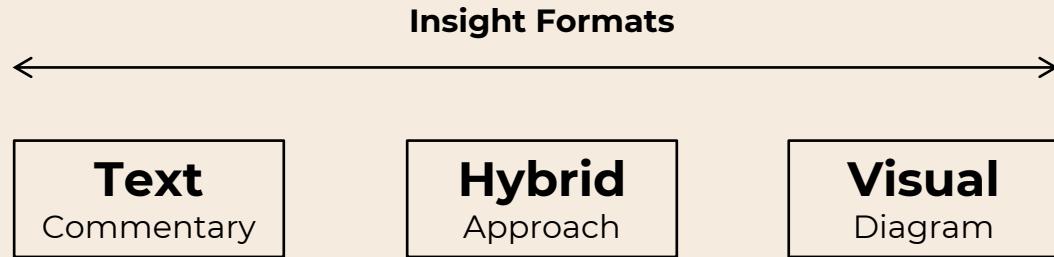
**Sales Per Employee**  
units, weekly average



## 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

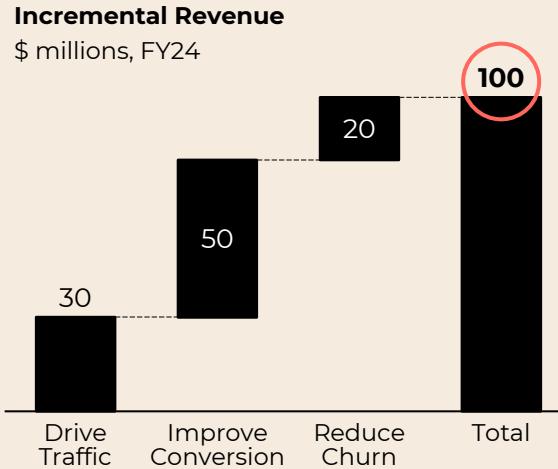
- Train new retention and **'saves' team** who can do special discounts
- Collect feedback and **release updates**
- Invest in **onboarding experience**



**Reduce churn to 2% per month**

# Growth opportunities drive \$100m revenue

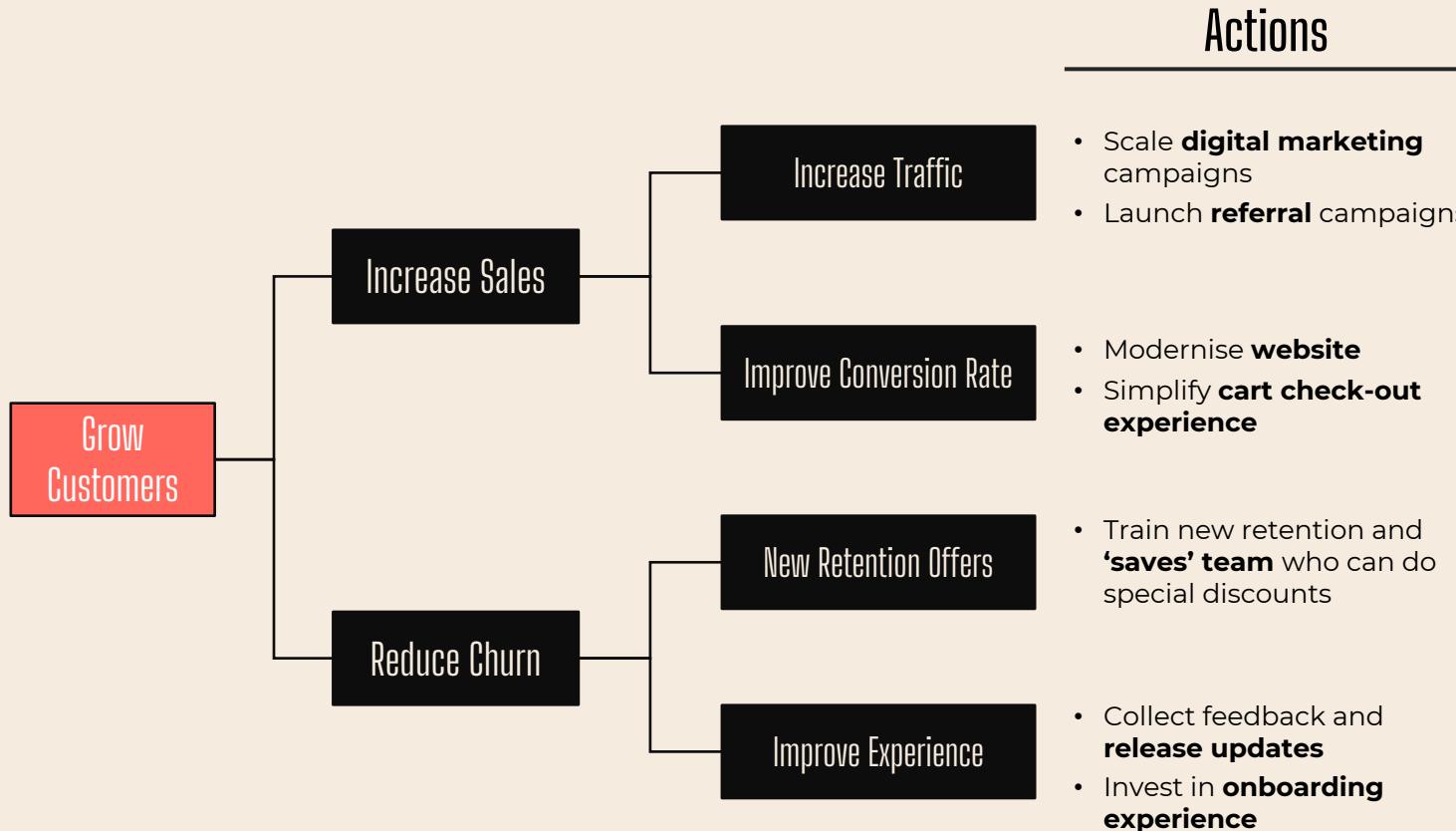
**We identified 3 key initiatives to drive traffic and grow customers...**



**...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.

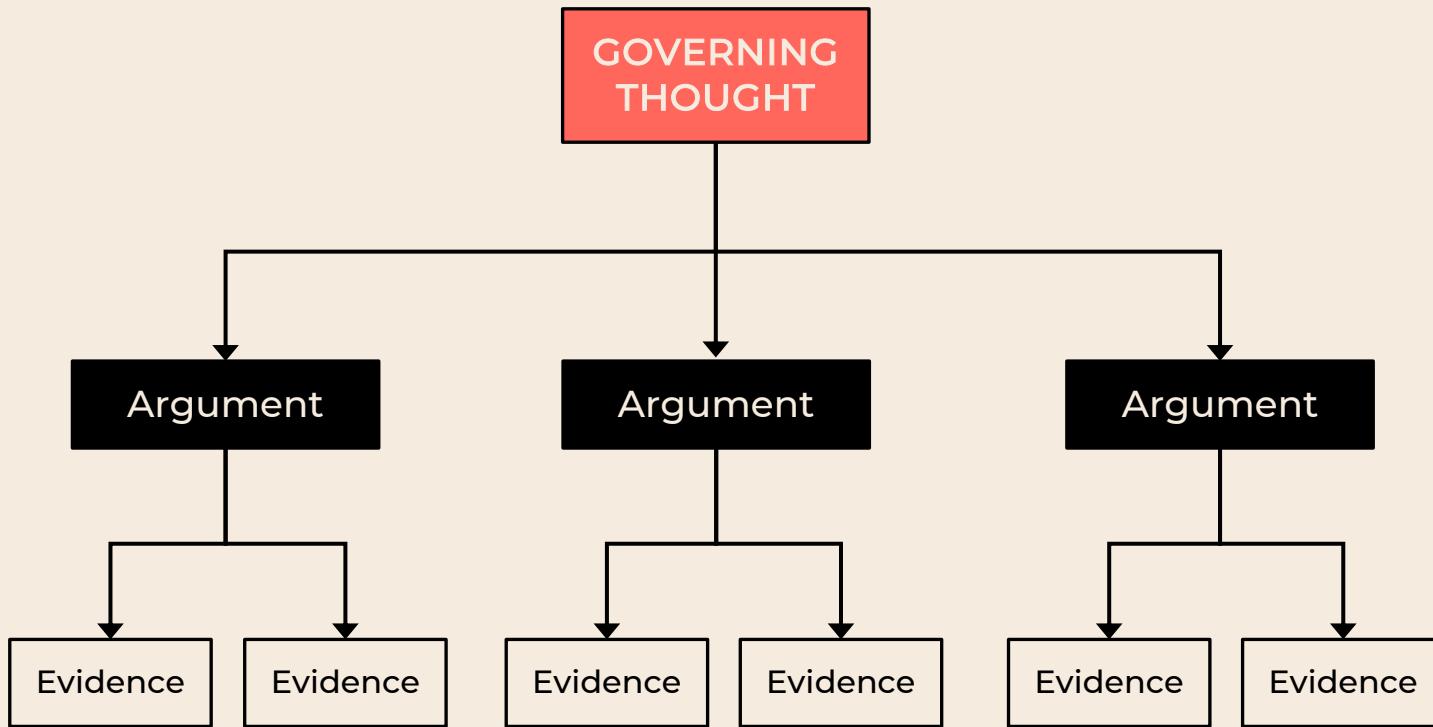
# Levers for customer growth



# Step 5: Craft Story

Bring insights together into a clear and structured strategic narrative

# Minto Pyramid



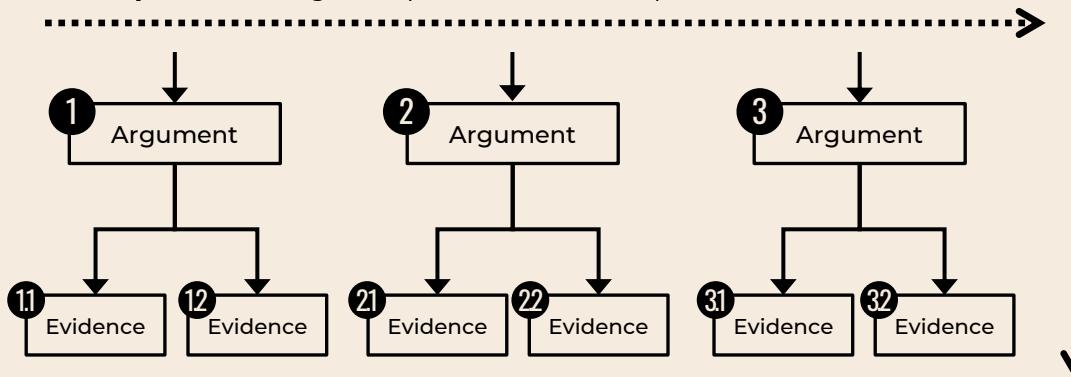
Ref. Barbara Minto, *The Minto Pyramid Principle*

# 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.



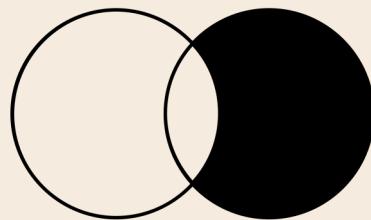
## Vertical Logic

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.

Ref. Barbara Minto, *The Minto Pyramid Principle*

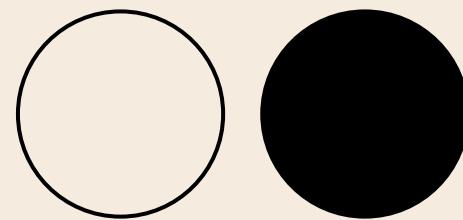
# Mutually Exclusive

**Not Mutually  
Exclusive**



*Overlaps*

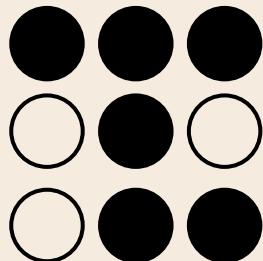
**Mutually Exclusive**



*No Overlaps*

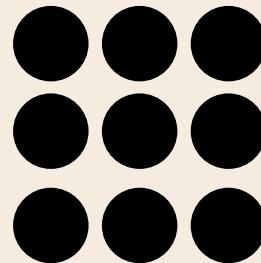
# Collectively Exhaustive

**Not Exhaustive**



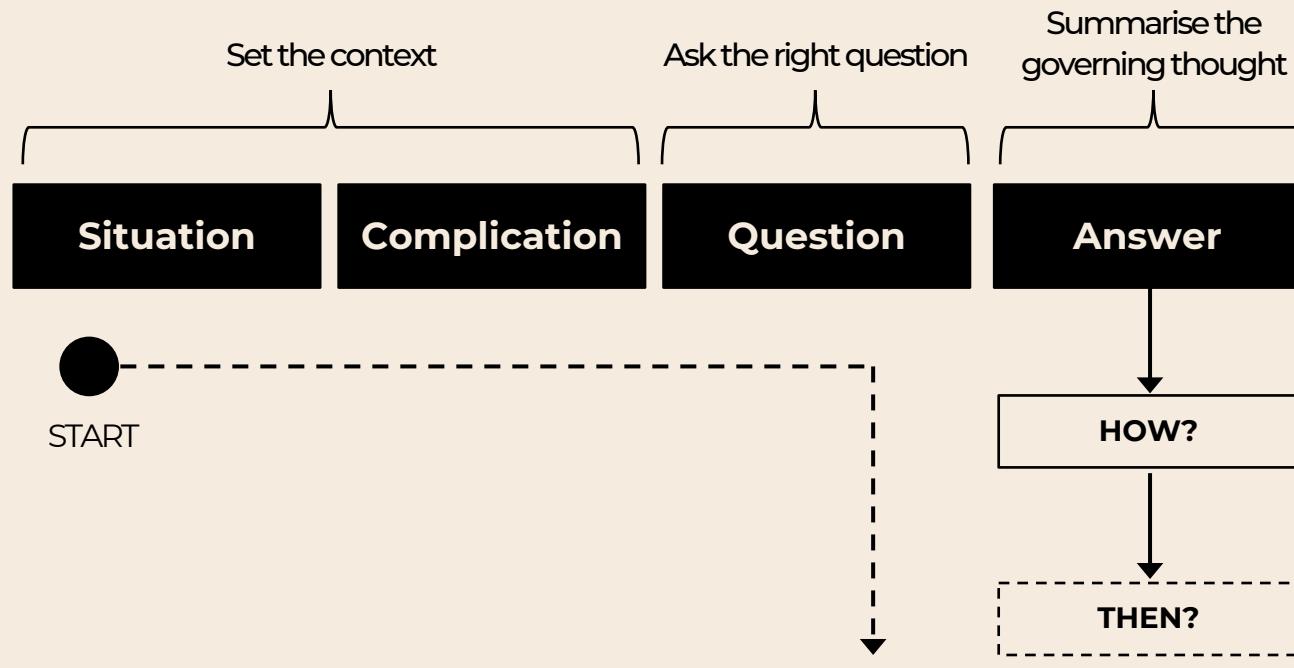
*Missing Parts*

**Collectively Exhaustive**

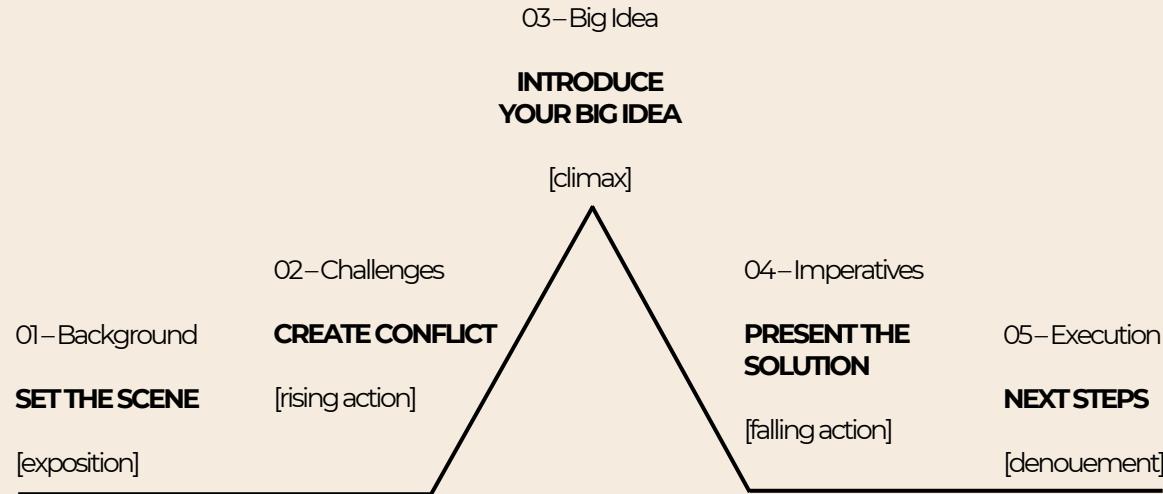


*Complete*

# 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?

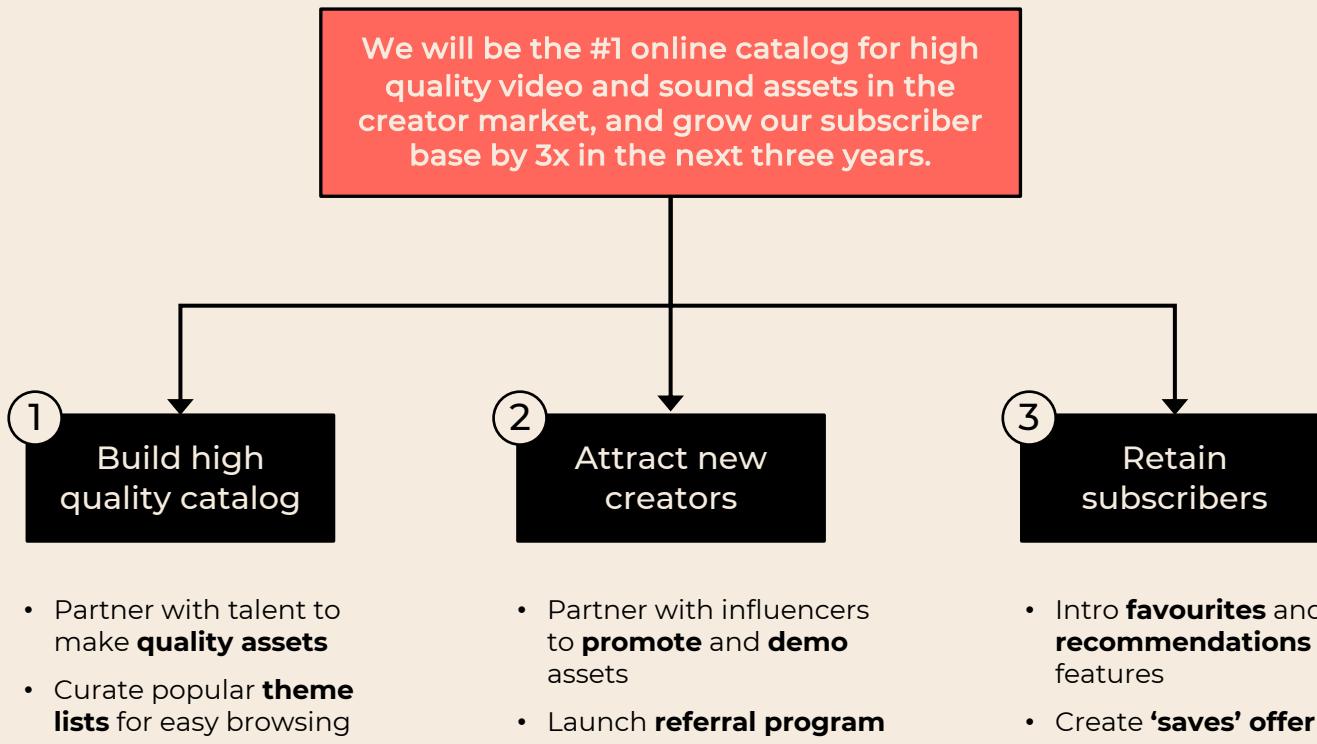
## Answer

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

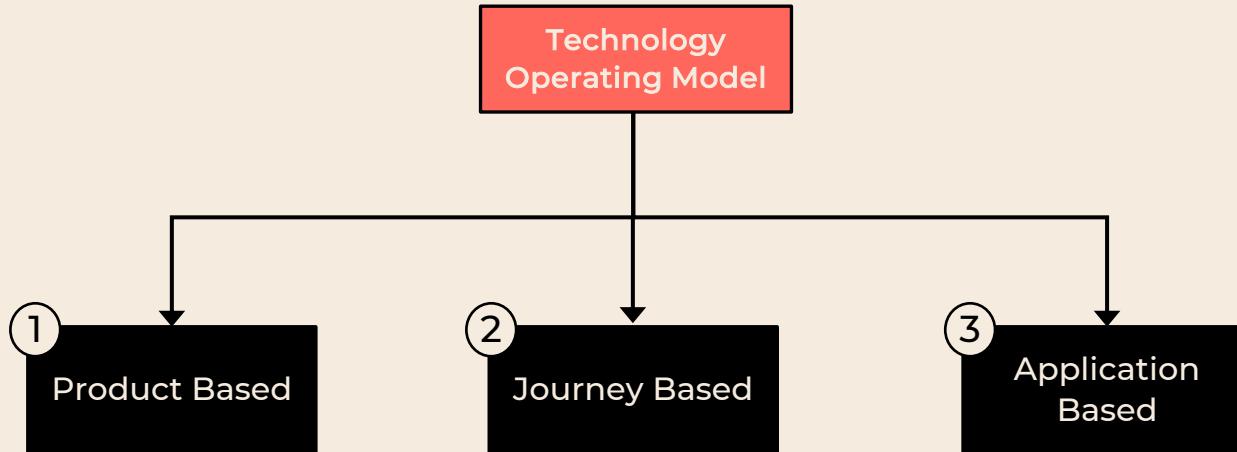
## Next Steps

Execution

# Step 6: Make A Decision

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

# Strategic Options - Example



- Aligned to **product categories**

- Aligned to phases of the **customer journey**, e.g. buy, sell, serve

- Aligned to **software applications** e.g. CRM, Catalog, Billing etc...

# Criteria Assessment - Example

Option A

Option B

Option C

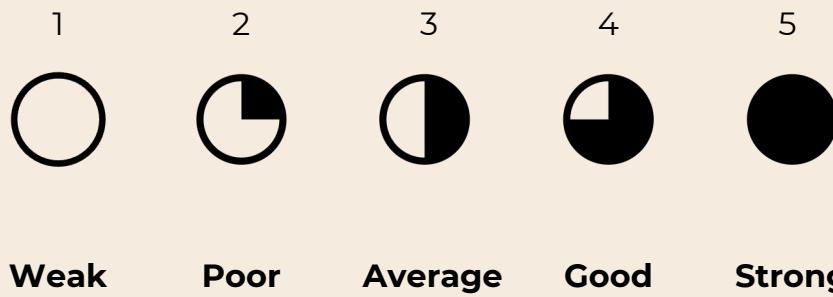
Ease of Use



Functional Fit

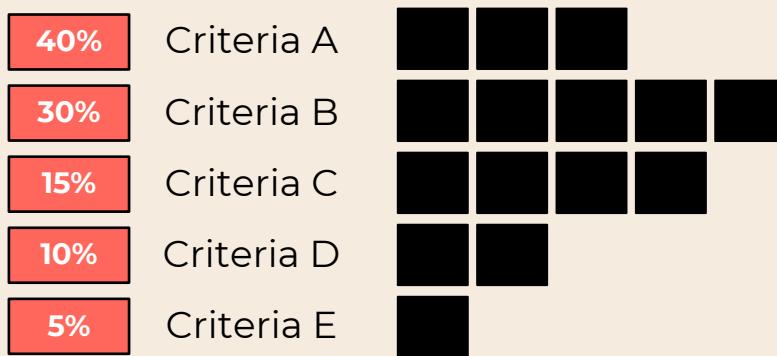


# Rating - Example

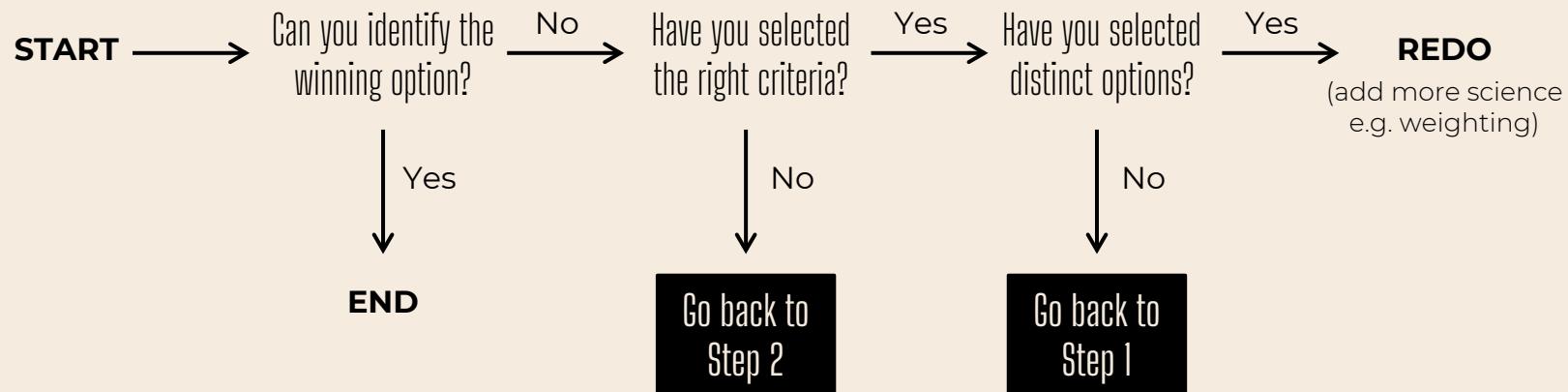


# Weighted Scores - Example

## Weighting



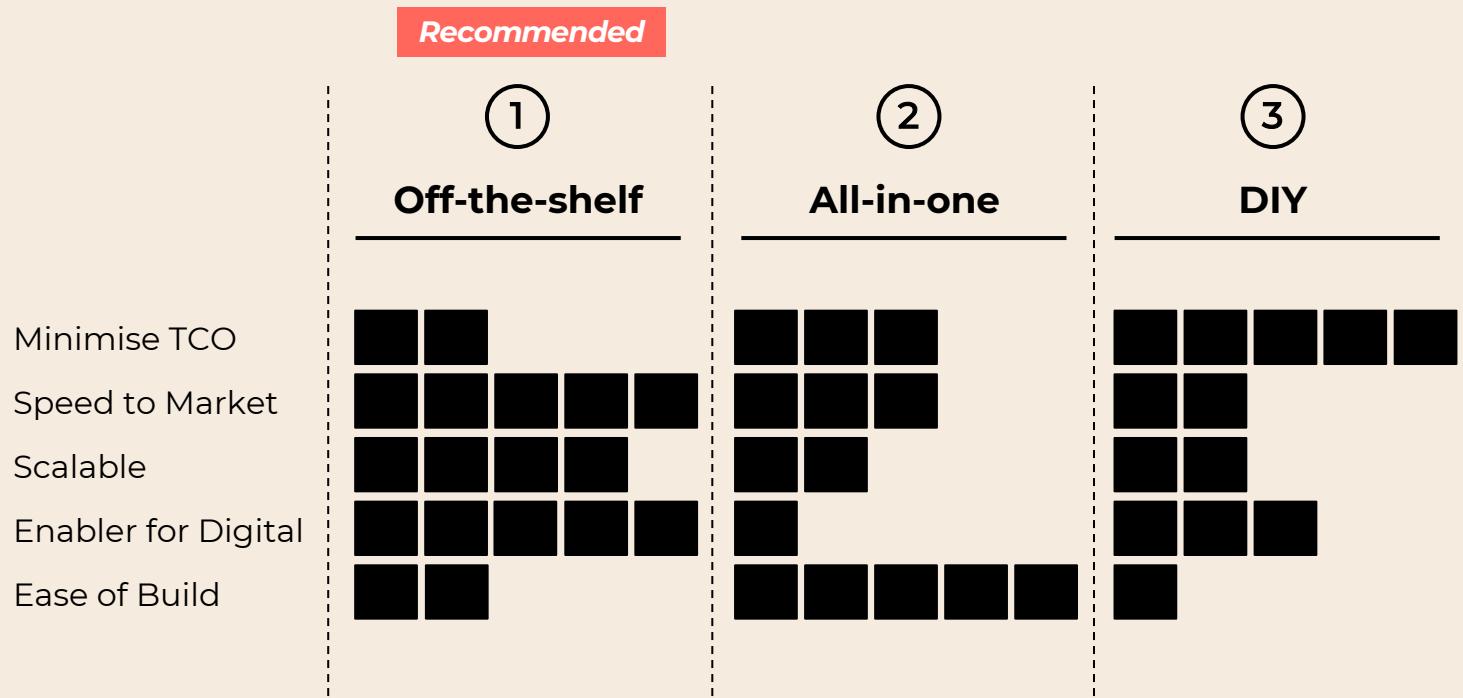
# Select the winner



# 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



# Step 7: Take Bold Action

Create the execution plans, mobilise teams and implement the strategy

# Design to operate mode

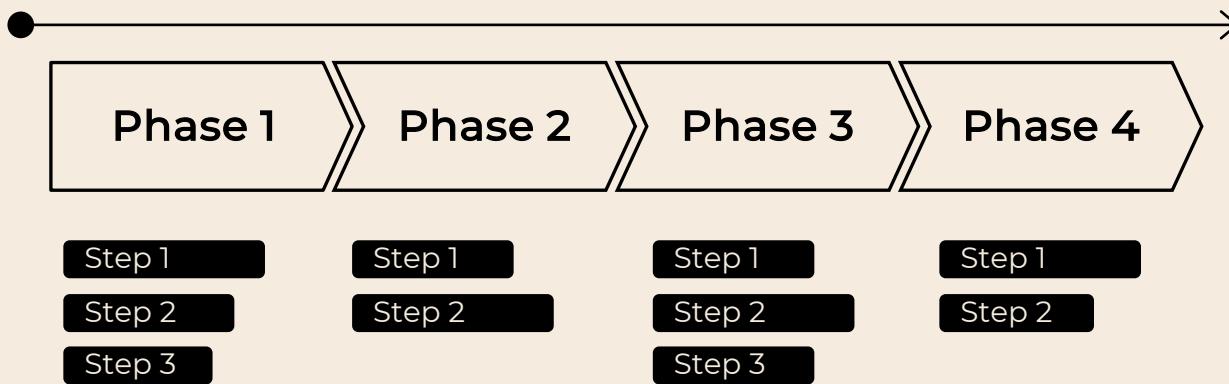


# Execution Phases

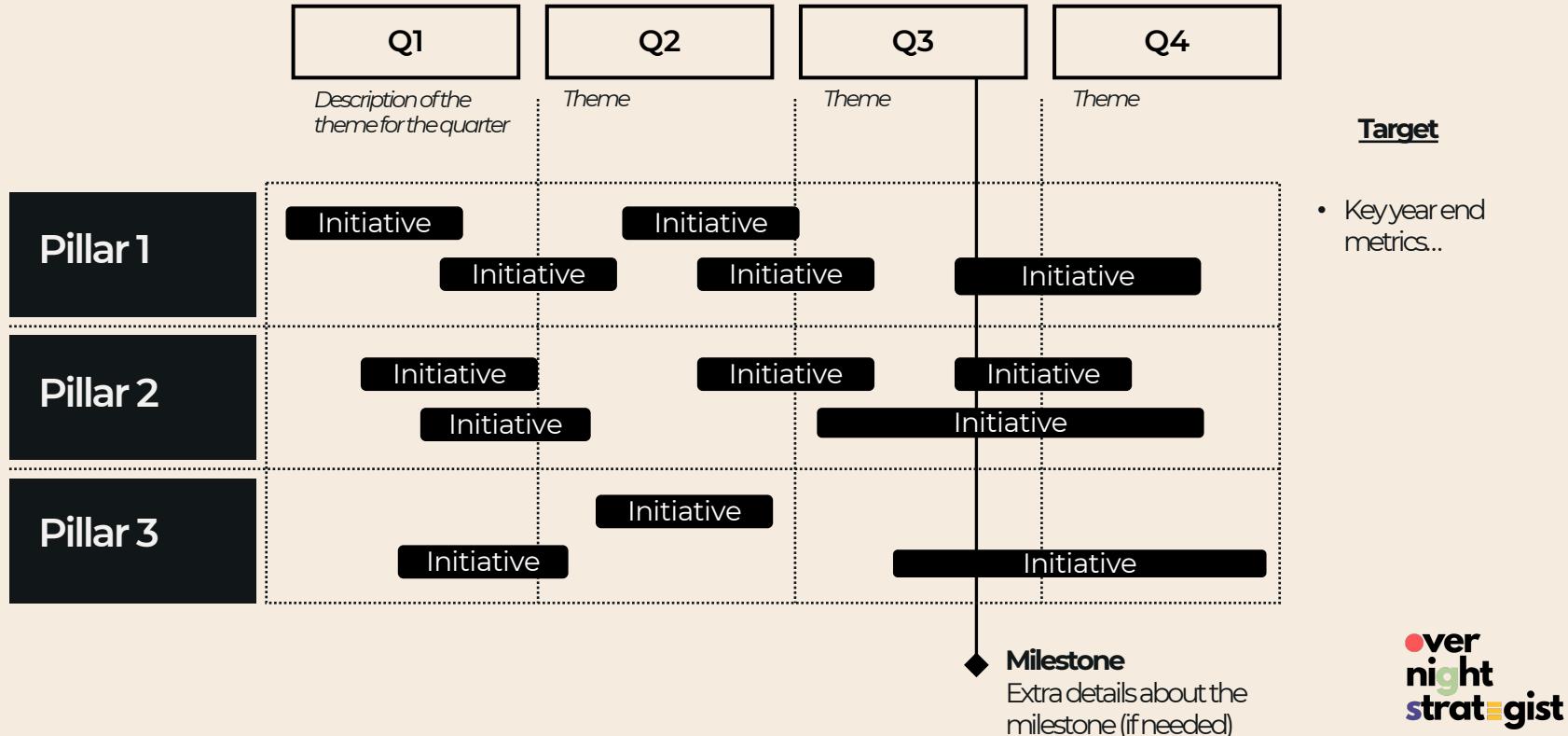


- **Design detail** required to go from strategy to build mode
  - Mobilise the **teams and working group** responsible for delivery
  - Setup of the **build teams** to implement solution
  - **Launch plan and GTM** for product or initiative
  - Transition to **business as usual** (operate) and **grow** (scale)

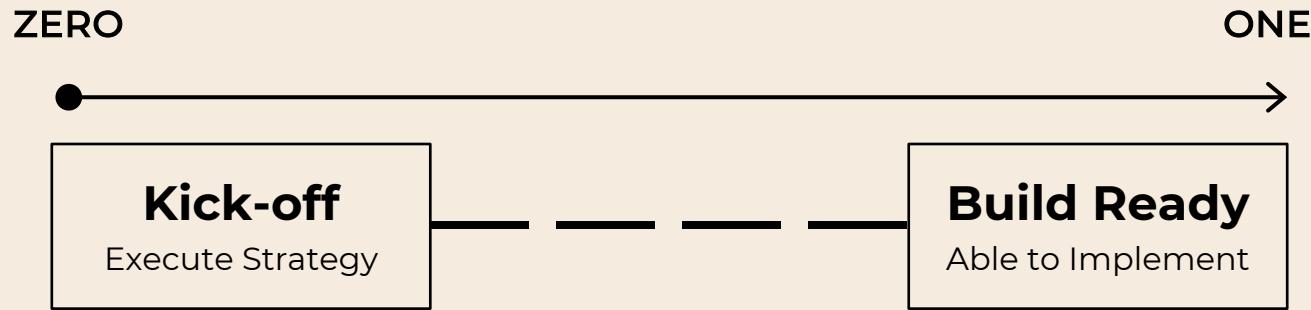
# Design - Zero to one



# Design - Roadmap



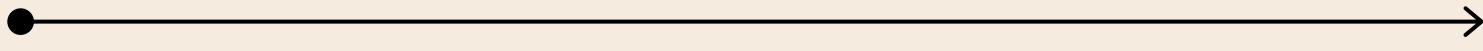
# Design – Example (1/2)



# Design – Example (2/2)

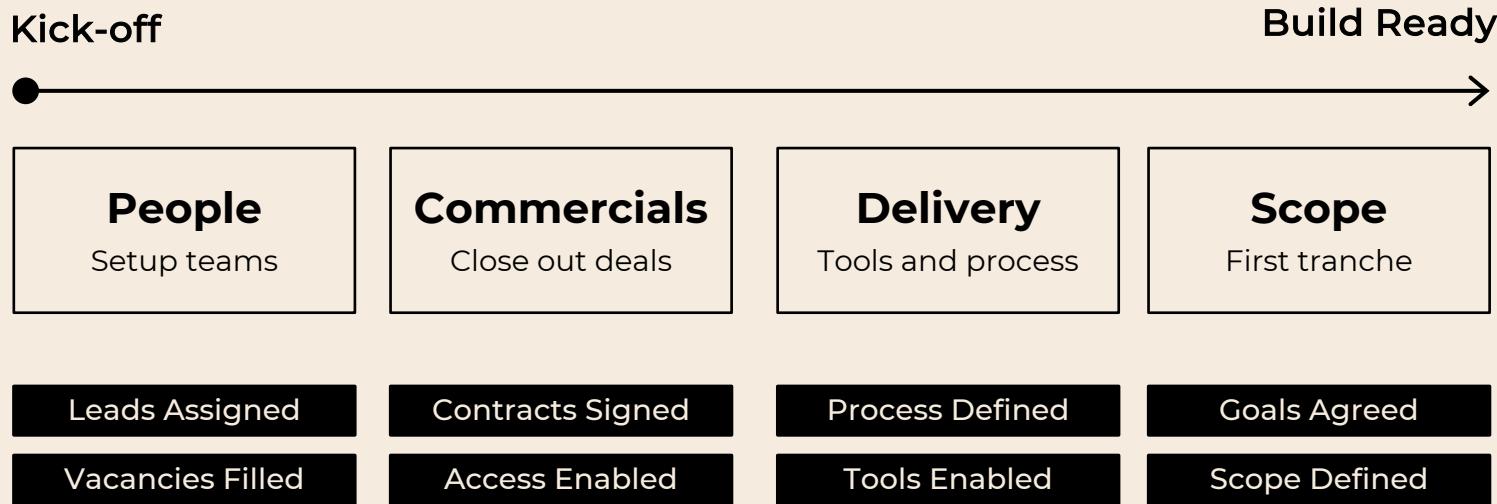
Kick-off

Build Ready

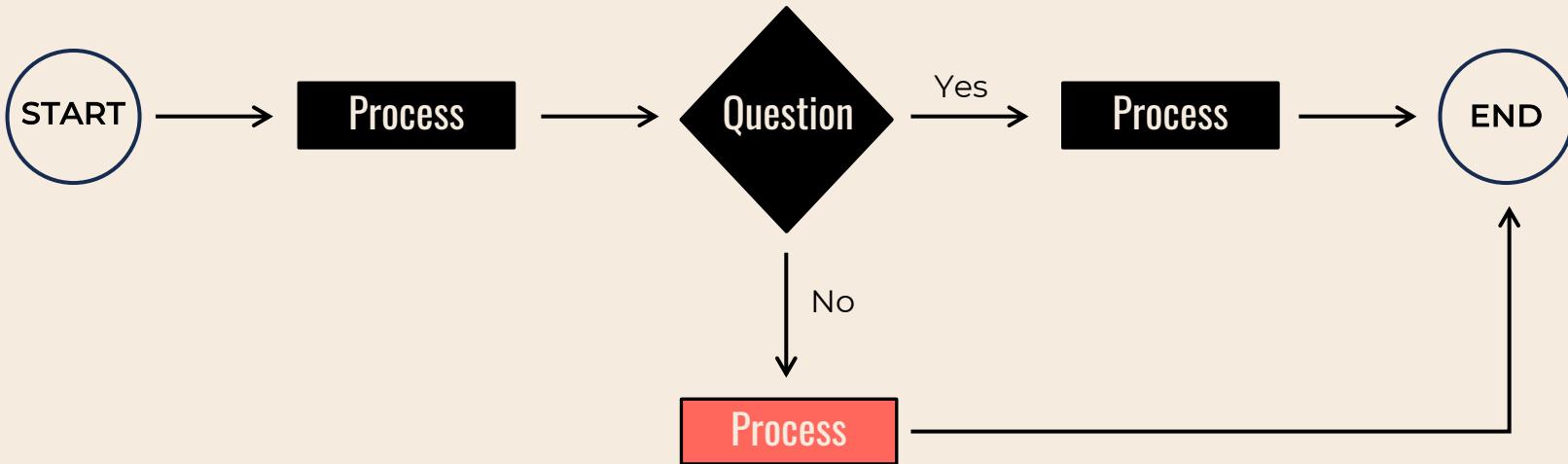


- Nominate functional leads to the **working group**
- Recruit software **engineers**
- Negotiate **software and supplier** terms
- Sign **contracts**
- Define the **delivery model** and cadence
- Setup **tools** and environments
- Define scope for **first tranche** of work
- Team is **clear** on build goals

# Mobilise – Example



# 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](mailto:support@overnightstrategist.com) if you have any questions or feedback.