

HYPOTHESIS TREE

Let us consider a case where you have a potentially high-performing car, that is guzzling too much fuel but failing to perform to its potential. Would you just replace the fuel line, or change the tires, or replace the car?

Why not create an issue tree to see what the root cause of the problem is?

An issue tree is a framework that allows you to break down a complex problem in manageable, smaller chunks of the problem. It is like opening a car to check all the possible areas of a problem, when you are facing a bigger problem of the car not performing up to its potential or guzzling down too much gasoline.

But the bigger question is once your issue tree is created, what is the logical next step?

Opening up the car allows you to test each individual component and evaluate them, to find out the root cause of the problem. This also helps multiple runs to the auto-shop as you're focusing on the root cause and not on the symptom.

Once you have identified the root cause/s, it is easy to fix them or have a plan to fix them and reach the desired outcome, say in this case a fuel efficient high performing car.

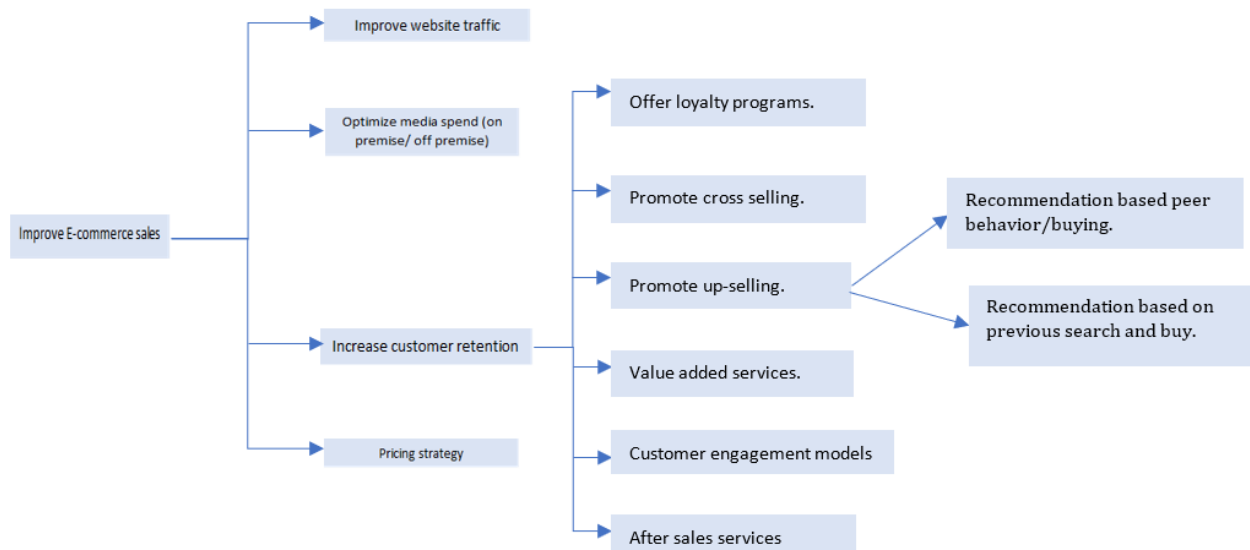
This brings us to the next step after creating an issue tree is creating a hypothesis tree — or aligning the issues to a list of plausible solution approaches. For example, you can replace the fuel line or a simple clean up might work. It is crucial to understand the relationship between the issue tree and hypothesis tree. The issue tree helps us identify the core issues impacting our sales performance, while the hypothesis tree guides us in developing potential solutions to address those issues. The insights derived from the issue tree will shape the formulation of our hypotheses in the hypothesis tree. Through an iterative process, we can explore and test these hypotheses to identify the most effective strategies to increase sales and drive revenue growth.

First up, we've got the issue tree. It's like a visual roadmap that helps us break down complex problems into smaller, manageable chunks. For us, the problem is increasing sales, so our issue tree could have branches related to things like getting more customers, improving conversion rates, increasing average order value, retaining customers, or making our marketing more effective.

Now let's look at the issue tree for the e-commerce company to help us pinpoint the root causes or issues that are holding back their sales performance. By looking at the problem visually, you can identify the most critical factors impacting the sales better.

This allows you a better starting point to start brainstorming on the potential solutions.

Each branch of the issue tree can be explored further to generate actionable insights.



Now, let's move on to the hypothesis tree. This nifty tool helps us organize and prioritize our potential solutions or ideas to tackle the issues we identified in the issue tree. It's like a logical framework that shows the cause-and-effect relationships between our proposed solutions and the outcomes we expect. So, for increasing sales, our hypothesis tree could have branches representing different strategies, like optimizing our marketing campaigns, improving the user experience on our website, or implementing personalized recommendations.

Each branch of the hypothesis tree represents a specific solution or approach. It's where we get creative and think about how to solve the problems, we found in the issue tree. We can prioritize the most promising solutions based on our analysis and then test and evaluate each hypothesis to see if it increases our sales.

Remember, both the issue tree and hypothesis tree are flexible tools. As we gather more insights and data, we can adjust and expand these trees to fit our changing circumstances. They're meant to help us make data-driven decisions and find the best strategies to boost our sales and grow our revenue.

Now that we've got the hang of issue trees and hypothesis trees, let's apply these tools to our e-commerce company's challenge of increasing sales. By breaking down the problem, digging into the issues, and coming up with testable ideas, we'll be able to make smarter decisions and optimize our sales strategies for success.

Let's get to it!