

Structured Problem Solving using Frameworks - 2

Introduction

In the previous module, you learnt how to approach a problem statement, right from understanding the business problem, asking the right questions and then determining the root cause of the problem and the implications associated with it. In this module, you will learn about some more frameworks that you can use in a structured problem-solving approach. These are called issue tree frameworks, specialised frameworks and some consulting frameworks such as 7Ps and 5Cs.

In this module, you will also understand the application of the issue tree framework in the business problems that were discussed in the previous module. Finally, you will see the solution and summarise those business problems.

While you are in the process of understanding a certain problem, you need to explore the reasons for it, i.e., you first need to break down the business problem into possible causes and then convert the causes into testable hypotheses.

For example, some people still do not prefer to buy electronic goods online from e-commerce giants such as Amazon, Flipkart and eBay. What, according to you, could be the possible reasons for this?

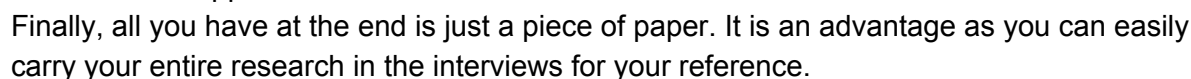
After performing some analyses, you came to the conclusion that (using the 5 WHYs framework) you can check the reliability and revise the customer trust policies of these e-commerce companies. Do you think this is the only reason that you have identified the problem? Well, the answer is no. There could be multiple reasons as to why some customers do not buy electronic goods online. In the working industry, the 5 whys framework is often applied along with a structured approach known as the issue tree framework.

Also, you need to back up the root cause you deduce with the data available and check whether it is supported by the same and then employ it to resolve the problem. In case you do not test the derived hypothesis and directly proceed with the solution, there is a possibility of some different reason for that business problem that you were trying to solve, leading to wasted efforts.

Business Model Canvas

Before starting with the other frameworks, one of the points that you came across in the previous section is how to cover all the aspects of the problem. You will only have limited time to solve any problem and hence, you need to be efficient in exploring all the domains of the business. 'Business Model Canvas' is one such framework that provides you with a solution for this.

The business model canvas was proposed by Alexander Osterwalder. It is a strategic management template for developing new or documenting existing business models. It helps you cover all the aspects on a sheet of paper in a structured format. The template for the business model canvas is as shown below.



The Business canvas model has the following components:

1. **Value propositions** - What are your products and services? What is the job that you get done for your customer?
2. **Customer segments** - What are the different customer groups with which the company interacts? Who is/are your most important customer(s)?
3. **Channels** - How do you communicate with your customers? How do you deliver your value proposition?
4. **Customer relationships** - How does the business maintain its relationship with its customers?
5. **Revenue streams** - What price are the customers willing to pay for your products? How would they prefer to pay? How much does each stream's revenue contribution to the overall revenue?
6. **Key resources** - Assets that are required to operate and deliver your company's value proposition.
7. **Key activities** - The main business activities that are performed in order to run your daily business model. What are the key activities that your value proposition requires?
8. **Key partners** - Who are your key partners/suppliers, and what are the motivations for the partnerships?
9. **Cost structure** - What are the top costs of the company taking into account activities and resources?

Demonstration: Business Model Canvas

The below mentioned business model canvas is the one followed by Walmart. Look at the various aspects they consider while considering each of the factors listed below. You can apply the same model on different businesses to have a clear understanding of different domains in the business.

WALMART				
8. Key Partners	7. Key Activities	1. Value Proposition	4. Customer Relationship	2. Customer Segment
Distributors C&F Agents Wholesale Manufacturers	Customer Support Sell Products Pricing Supplier Relationship Warehousing	Low Price Touch and feel Convenient Proximity Human Connect	Personal Assistant Long standing credit	Mass Market Value Conscious Convenience Seeker
	6. Key Resources		3. Channels	
	Real Estates		Stores	
9. Cost Structure		5. Revenue Streams		
SG & A Operating Cost	Product Purchase Salary	Product Sales		

Issue Tree Framework - 1

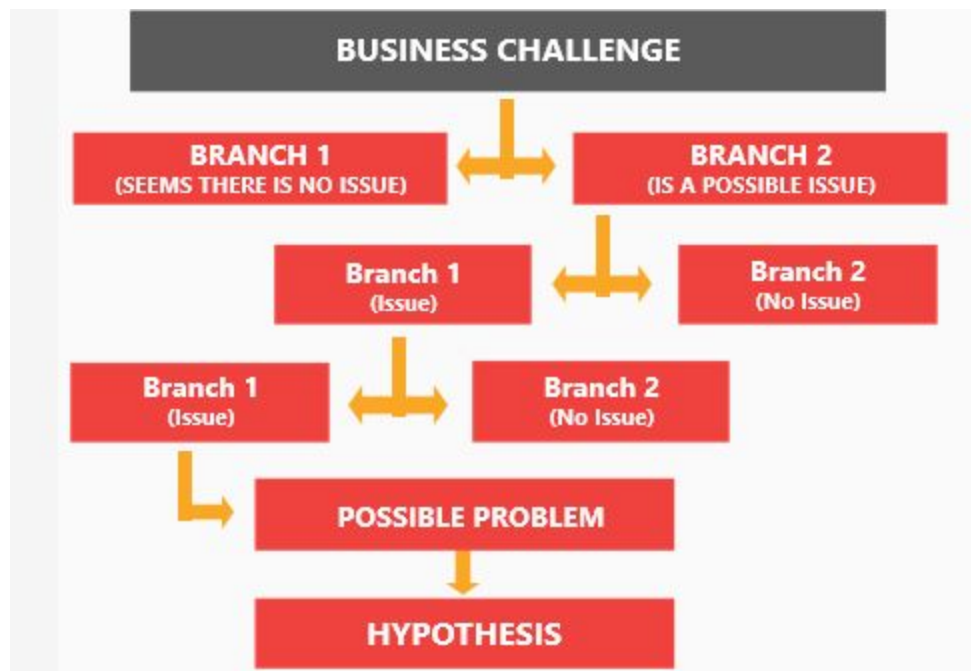
You started the session with two problems. The first problem included the question, 'Are you exploring all the aspects of the business problem that you are trying to solve'? The solution for this is using frameworks.

Until now, you have looked at the first part. Now, once the interview is done, you will come across several causes of the problem that e-commerce companies face. These causes are termed as hypotheses. In this part, you will understand the process of formulating a hypothesis using multiple frameworks.

The issue tree framework is one of the most comprehensive frameworks because of the way it helps in approaching a problem. With the help of this framework, a problem can be disintegrated into multiple components and each component can be further broken down into

subcomponents. In other words, it is a systematic breakdown of a problem/question into different components, which progresses to a further breakdown of each component in a branch.

Any large business problem can be broken down to smaller issues/problems, which results in a number of hypotheses. Let's take a look at the image below to understand the concept better.



An important point to note here is that every hypothesis cannot be tested. As you proceed, after you get a set of hypotheses, you should always prioritise the hypothesis based on the impact that it has on the problem. One rule that can be followed here is the 'Pareto Rule' or the '80:20' rule, where 80% of the effects come from 20% of the causes. Hence, you can try and identify these hypotheses and prioritise them accordingly.

A tool called **Coggle** is often used in the industry to identify the different branches and structure the issue tree charts. Thus, Coggle can be used to build an issue tree comprehensively and easily.

Points to consider while making the issue tree framework:

- Always begin the question with 'How', e.g., 'How did this problem occur?'
- Based on the question, you will get an answer like this: 'It is caused either by this or by this'. So, 'How' helps you to break down a problem into several components.
- The next step is to rigorously analyse the response at each level and keep drilling down in order to get to the main problem.
- Best issue trees are always 'Mutually exclusive and collectively exhaustive'.
- 'Mutually exclusive' means that the branches of a problem are not overlapping/intersecting at any point. 'Collectively exhaustive' means that the subcomponents of your issue tree have covered all the possible causes and they have been reviewed by you.
- You should always try to reach a logical hypothesis at the end of a branch. Ideally, every time you break a problem into multiple components, there must be a reason for it. Also, avoid using arbitrary assumptions during the process and analyse the interviewee's response end to end.
- Once you finish drawing your issue tree, you have to prioritise the hypotheses that you get at the end of the branch. This will help you in identifying the underlying causes that need to be prioritised. This is known as the Pareto rule.

Issue Tree Framework -2

As a business consultant to an e-commerce firm, you need to check why the profitability of your company is negative. The revenues are increasing at a rate of 50% annually but the profitability is between -5% and -10%.

The profitability problem is divided into two components: revenue and cost. While covering the revenue part of the issue, you can see that the question 'How' is raised at each level. Based on the responses that you receive in the interview, you first have to dig deeper into a particular component and then proceed in further in the branch.

Another way to check whether or not the problem lies in a particular component is by deriving its past trends. Let's consider the elements given in the revenue part. You want to know which among the three components (alternate revenue paths/number of units sold/price per unit). If the past data suggests that the alternate revenues and the number of units sold have been increasing and the prices have been falling over the past years, then you would also want to check the branch for 'price per unit'. Therefore, past trends can sometimes be beneficial to prioritise the faulty areas over the good areas.

Similar to the revenue part, the analysis has been performed on the costs part. After formulating all the hypotheses and prioritising them, the next step is to validate them by collecting the required data. Some hypotheses will pass the test while some will fail. So, you need to come up with solutions for only those hypotheses that pass the test.

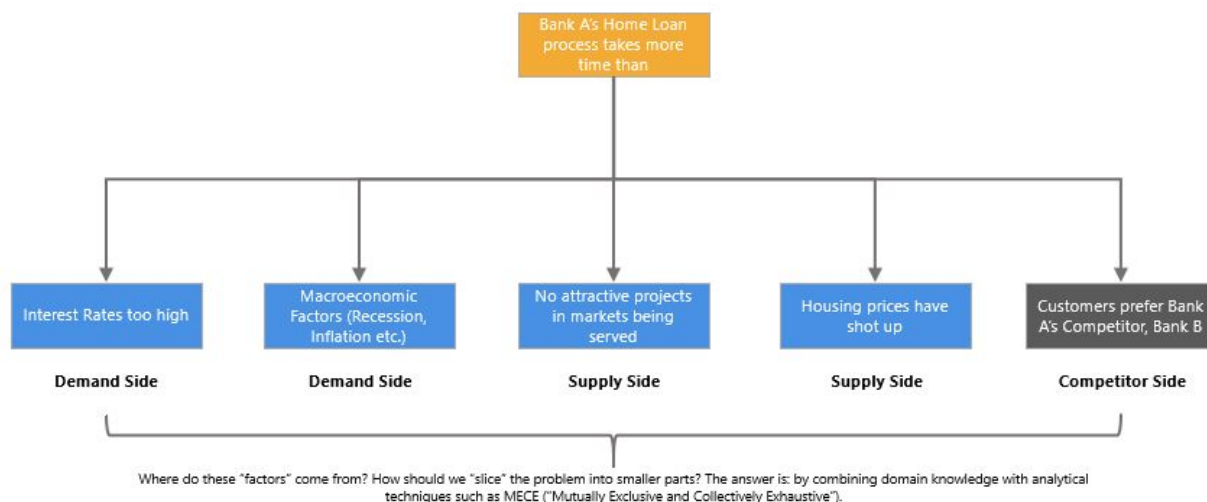
Issue Tree Framework and Solution - Case Study

1

Recall the business problem that was discussed in the previous module, where the home loan business of a leading private bank in India known as A, was witnessing a slower-than-average growth compared to its competitors. You applied the 5 whys framework and understood that the actual problem in this scenario was that Bank A's process verification stage was taking a lot of time as compared to its competitor Bank B. Now, let's understand this using the issue tree framework for each WHY.

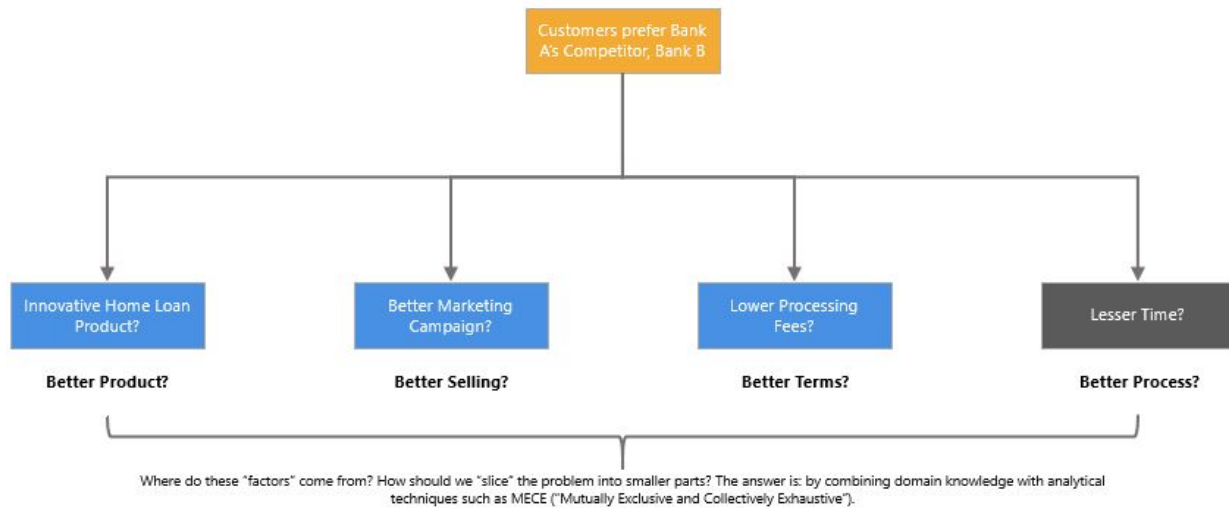
5 Why Analysis – Home Loan Case Study

Issue Tree - First Why



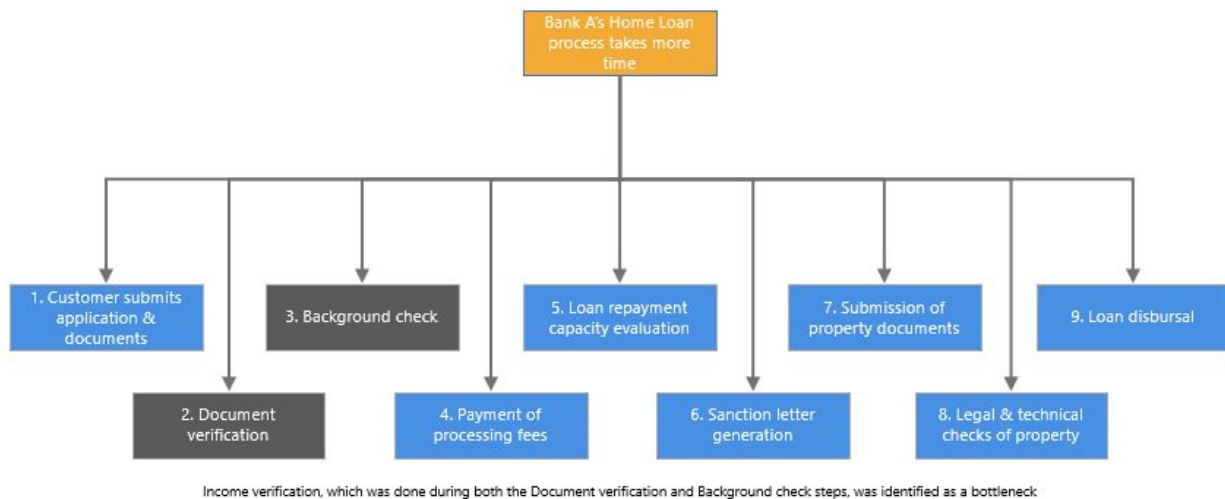
5 Why Analysis – Home Loan Case Study

Issue Tree - Second Why



5 Why Analysis – Home Loan Case Study

Issue Tree - Third Why

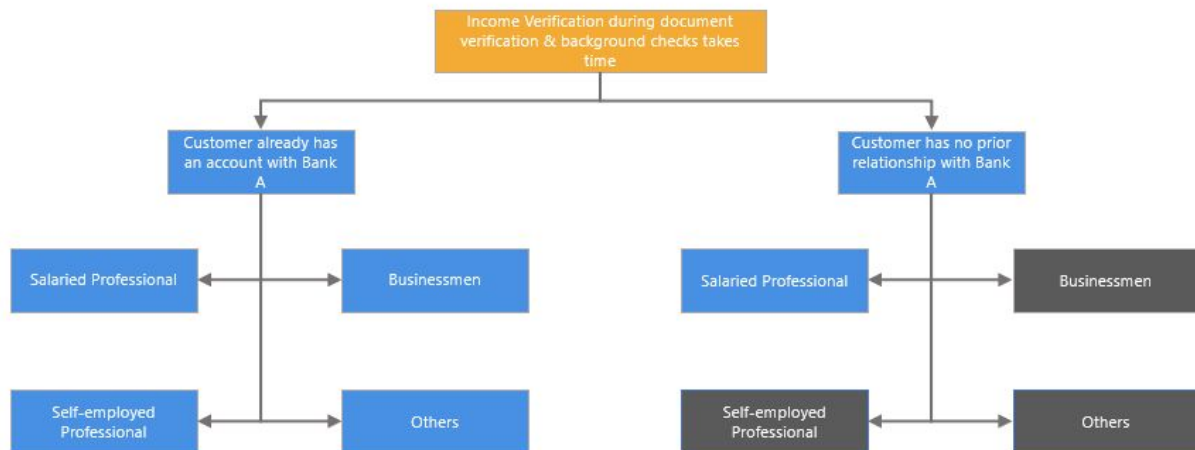


- Bank A witnessed slower-than-average growth in its home loan business and you had to investigate the reason for it.
- You looked at some factors that could be contributing to the reason for the problem. These factors are demand, supply and competitor.
- The 'demand' factor helped you understand why the interest rates are extremely high and check whether the macroeconomic factors (Recession, inflation, etc) deterred customers from taking a home loan.
- In the 'supply' factor, you formulated hypotheses such as the availability of good flats or houses in the market and the pricing of the housing market.
- In the 'competitor' factor, you included questions such as 'Is there a new entrant in the market?' Or, 'Is a competitor consuming the entire market share?'
- Then, after the investigation team summarised this for the first 'why', Bank A's customers are preferring Bank B for a home loan it appeared to be a problem for Bank A.
- In the second 'why', the question was, 'Why did customers prefer Bank B over Bank A?'
- After conducting an analysis, they listed down various factors that could be contributing to the reason for this problem. These factors are:
- Better product, i.e., whether the product is better, 'Is Bank B's home loan product innovative?'
- Better selling, i.e., whether the selling is better, 'Does Bank B have better marketing campaigns?'
- Better terms, i.e., whether the terms being provided are better, 'Does Bank B charge lower processing fees?'
- And finally, better process, i.e., whether the process is better, 'Does Bank B takes less time to grant a home loan?'
- Based on all these factors, the team found out that the reason why customers preferred Bank B over Bank A is the faster verification process in Bank B.
- Therefore, the team examined all the steps that were part of Bank A's home loan process. Then, in the third 'why', they found out that income verification, which is a part of document verification and background check, was the main problem that was slowing down the verification process for Bank A.

Continuing our discussion let's see the key highlights for fourth and fifth why:

5 Why Analysis – Home Loan Case Study

Issue Tree - Fourth Why



Income verification was taking significantly more time for customers who were: not a prior customer of Bank A AND were not a Salaried Professional

5 Why Analysis – Home Loan Case Study

Issue Tree - Fifth Why



- In the fourth 'why', the focus was on income verification during the document verification and background check.
- The team found out that income verification was taking more time for customers who did not have a prior relationship with Bank A as well as for those who were not salaried professionals such as businessmen, self-employed people and household applicants.
- Finally, in the fifth 'why', the team came to a conclusion that the third-party agency that does the document verification and background check, spent significantly more time for the income verification of non-salaried people because their details were subjected to close scrutiny. Hence, this increased the overall time for the verification process for Bank A and, hence, was the root cause of the problem faced by the bank.

Conclusion and Summary for Case Study 1

In this case study, you saw a home loan business problem faced by Bank A, which experienced slower-than-average growth, as it saw the number of its customers decreasing in the latest quarter.

After applying the 5 whys framework and the issue tree technique to the problem, it was found that the main cause of the problem was that the third-party agency spent more time in document verification and background check of non-salaried professionals.

So, Bank A asked its analytics team to build an 'Income Estimation Linear Regression Model' using the historical inflow and outflow of the data for the non-salaried people using some filters and exclusions, thereby removing the main existing problem. Along with this short-term streamlining, Bank A made its process competitive enough for its existing customers and helped maintain the growth of its home loan portfolio and got back the market leader in the home loan business.

Issue Tree Framework and Solution - Case Study

2

Let's consider the other business problem that Rajesh discussed in the previous module. The problem statement was regarding a leading health insurance company in India that had found out that one of its regional markets had taken a major hit in the latest quarter. The MD of the company called a high-level meeting and issued a directive to the Data Science team to find out the main cause by coordinating with different teams.

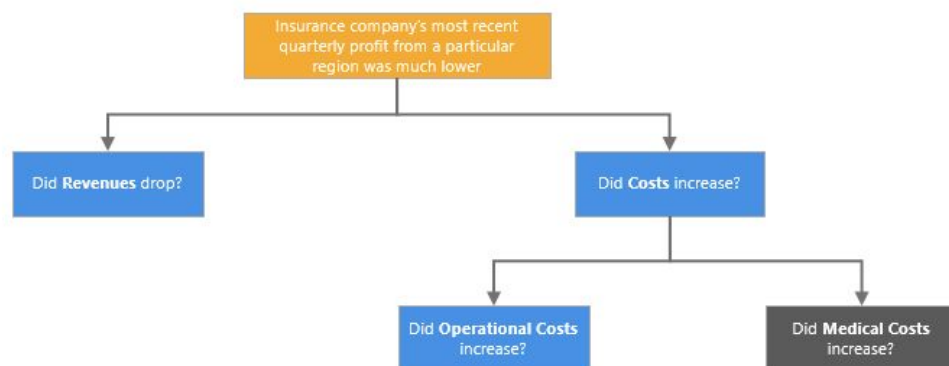
In the previous module, you applied the 5 whys framework and understood the 'why' questions, which could be explored at each level in the problem statement.

Later, you also found out that the final root cause in the business problem was that the average cost per claim for diagnostic services was found to be high in the region.

Now, let's apply in this problem the issue tree framework and understand how each 'why' can be split into root causes.

5 Why Analysis – Insurance Company Profits

Issue Tree - First Why



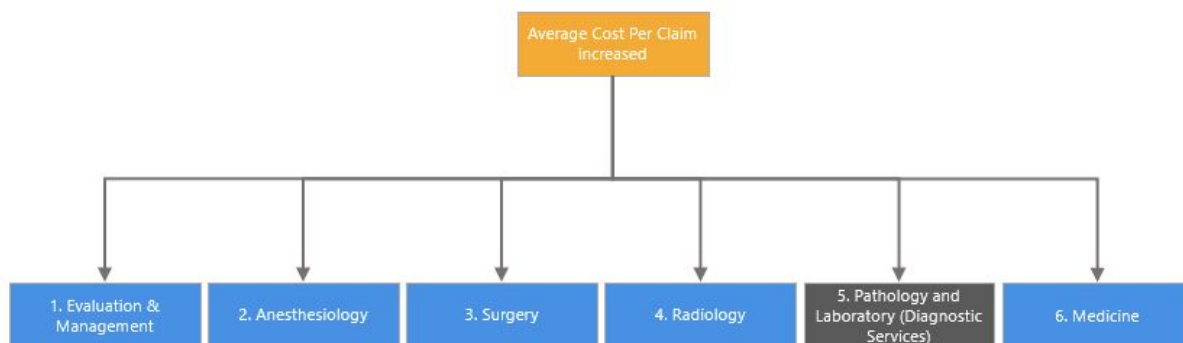
5 Why Analysis – Insurance Company Profits

Issue Tree - Second Why



5 Why Analysis – Insurance Company Profits

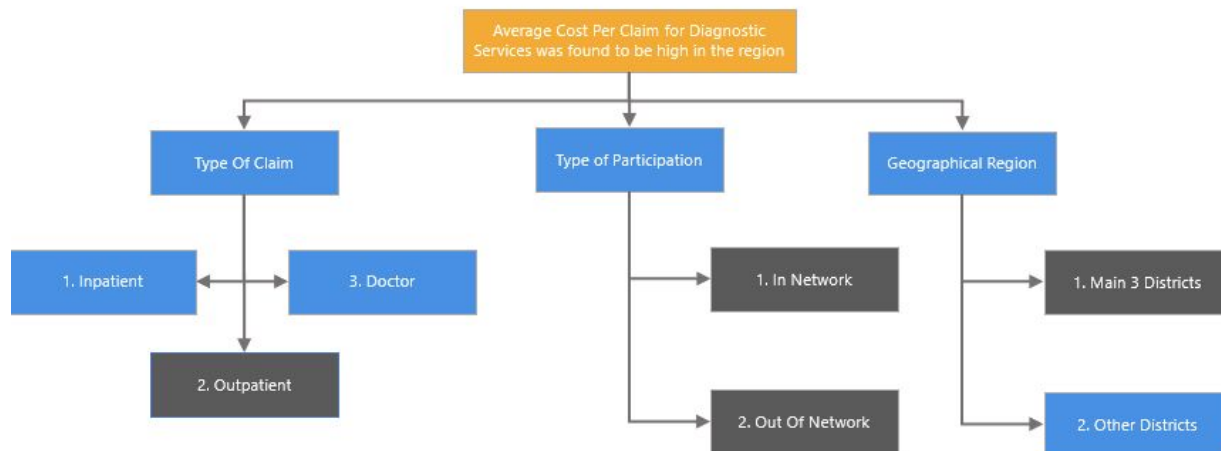
Issue Tree - Third Why



Diagnostic Services contributed to 50% of the increase in the Average Cost Per Claim from the region.

5 Why Analysis – Insurance Company Profits

Issue Tree - Fourth Why



Average Cost Per Claim for Diagnostic Services conducted in an Outpatient setting were expensive for the 3 main districts in the region which accounted for 75% of the claims, for both In Network and Out Of Network participants

5 Why Analysis – Insurance Company Profits

Issue Tree - Fifth Why

Why was Average Cost Per Claim for Diagnostic Services high for Outpatient Claims from the 3 main districts, for both Inpatient and Outpatient claims?

Audit and investigation revealed the following:
 Tests were out of line with the patient's medical need, and were also being conducted by a third party lab using advanced diagnosis machines that were state of the art and expensive, which were not being used elsewhere in the country. Certain doctors in the hospitals and facilities were receiving kickbacks for referring patients for tests to this third party lab, which in turn was charging a high price for these tests under the pretext of using advanced technology that was no longer required.

- The most recent quarterly profits of the health insurance company had taken a hit.
- So, the profit was broken down into two probable components, revenue and cost. The questions such as 'Did the revenues drop?' and 'Did the cost increase?' were also asked.
- As the health insurance company's cost increased, it was found out that the problem was related to cost. So, the overall cost was broken down into operational cost and medical costs.
- For the first 'why', the investigating team found out that the medical costs had increased. Medical costs are the total amount of money that the health insurance company pays on claims.
- In the second 'why', they probed the increase in the medical costs and broke down this cost into increments in terms of the number of claims and the average cost per claim.
- The team also found out that the average cost per claim had increased.
- In the third 'why', to understand the reason for the increased average cost, the cost was broken down into the different services that formed the six different parts at the higher level.
- It was found that the average cost in the pathology and laboratory (diagnostic services) had increased, which contributed to a 50% overall increase in the average cost per claim.
- In the fourth 'why', the average cost per claim was broken down into three factors which were type of claim, type of participation and geographical region.
- The 'type of claim' factor was further broken down into inpatient or hospital claims, outpatient or OPD claims and doctor claims. It was found that the average cost per claim was high for outpatient claims.
- The 'type of participation' factor was broken down into in-network, i.e., hospitals that have a contract with the health insurance companies and out-network, i.e., hospitals that do not have a contract with the health insurance companies. Here, the average cost was found to be higher for both.
- The 'geographical region' factor was broken down into three main districts and other districts, where the team examined the pricing variation in each district. It was found that the three main districts have a higher average cost.
- In the fifth 'why', the team got close to the root cause as to why the average cost per claim for diagnostic services was high for outpatient claims, for the three main districts and for both inpatients and outpatients. The investigation revealed a scam run by third-party lab agencies in collusion with certain doctors, who charged hefty fees from patients for diagnostic services in the name of using state-of-the-art technology and advanced machines.

Conclusion and Summary for Case Study 2

In this case study, you saw that a leading health insurance company in India had taken a hit in its most recent quarter in terms of profit. After the 5 whys analysis, the team came to a conclusion that the high costs of the health insurance products for a particular region were because of a fraud scheme run by third-party lab agencies in collusion with doctors, who charged hefty fees from patients for diagnostic services in the name of using advanced machines and cutting-edge technology. In order to solve the problem, the company took several measures, which are as follows:

The company filed a case against the third-party lab agencies for fraudulent claims, which led to the prosecution of the owners of the lab agencies.

The company also launched an exercise on accrediting labs and asking its insurance policyholders to get their diagnostic tests done only from the accredited labs.

The Data Science team was requested to build an Anomaly Detection System that could detect anomalies in false claims.

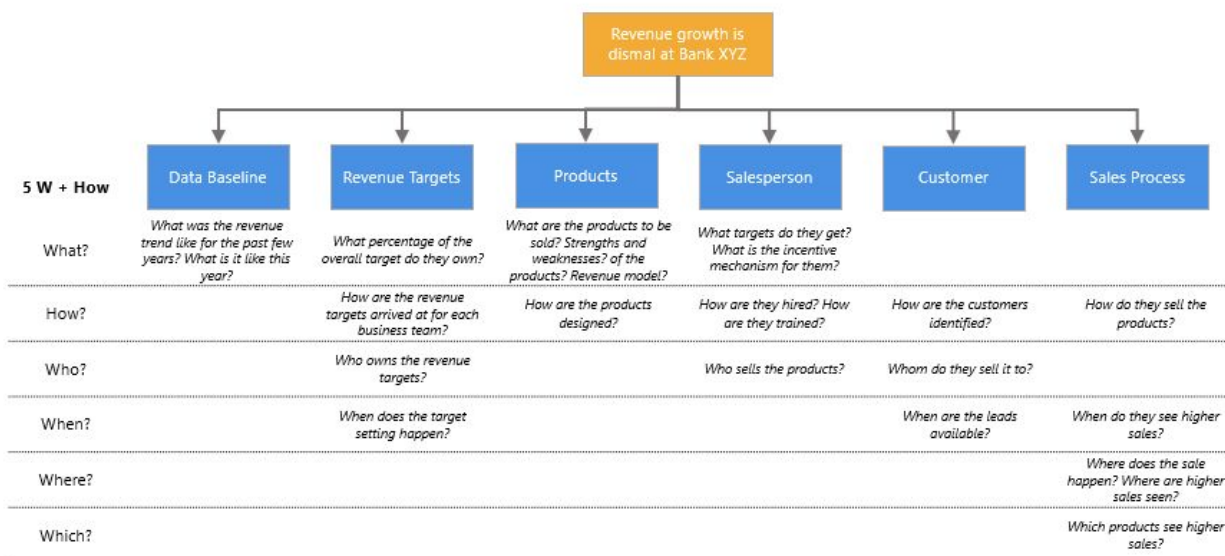
Issue Tree Framework and Solution - Case Study

3

In the previous parts, you went through two case studies and learnt how the issue tree framework along with the 5 whys framework was helpful in solving the problem.

In this part, you will learn how an issue tree along with the SPIN selling framework can help in solving a problem. Recall that the head of marketing at bank XYZ was not happy with the bank's revenue growth and other issues such as low customer satisfaction and high employee attrition owing to the cross-selling of the bank's products.

SPIN Selling – Cross-Sell & Customer Segmentation Issue Tree – Situation Questions (Facts & Data Gathering)



In the situation part of the SPIN selling framework, the problem of revenue growth of bank XYZ is broken down into different factors.

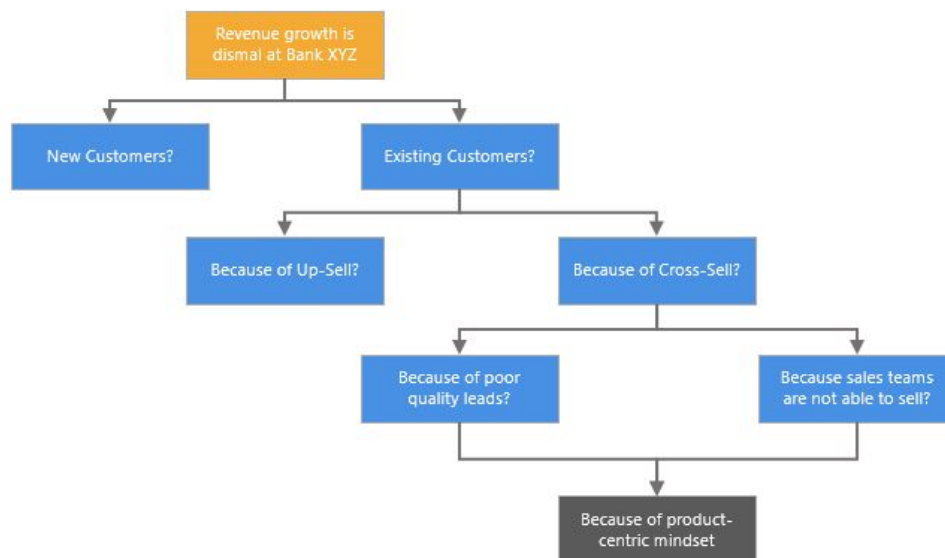
These factors include:

- Data Baseline - The need for interpreting data in order to understand the existing baseline for revenue.
- Revenue Targets - Asking a set of questions, including how the targets are set.
- Products - The type of products to be sold
- Salesperson - The person/entity who would sell the product
- Customers - The target part who would buy the products
- Sales Process - The process of selling the products

Using the 5Ws and How framework, you can ask certain questions to understand the existing situation and gather important facts and data.

SPIN Selling – Cross-Sell & Customer Segmentation

Issue Tree – Problem Questions



In the problem part of the SPIN selling framework, the issue regarding revenue growth is broken down into two parts: new customers, i.e., the strategy for acquiring new customers and existing customers who are already a part of the bank .

Since the problem is related to the existing customers, it is broken down further into up-selling (selling a higher variant of the same product) and cross-selling (selling a different type of product).

Earlier, you saw that the problem is related to cross-selling. Hence, cross-selling is broken down into poor quality leads and inefficient sales performance (ability to sell). These two problems were caused due to the product-centric mindset.

SPIN Selling – Cross-Sell & Customer Segmentation

Issue Tree – Implication Questions



In the implication part of the SPIN selling framework, we examine the product-centric mindset through three factors: customers, sales and products.

Various implications for customers are Lower satisfaction score, a higher rate of churn, poor perception of the bank etc. Similarly for sales are: employee satisfaction score, Higher employee attrition, Higher training cost and for the products are: No trust among product teams, hesitant in higher cross-sell targets etc.

In the need/pay-off part of the SPIN selling framework, once you have identified the implications, as a consultant, analyst or data scientist, you can present your solution to the customer by articulating its benefits and focussing on questions related to implications of the problem and the need/pay-off.

Conclusion and Summary for Case Study 3

In this case study, the head of marketing at bank XYZ was not happy with the bank's revenue growth along with other issues such as low customer satisfaction and high employee attrition. You tried to identify the solution to this problem by using the SPIN selling framework and asking questions related to the four aspects of this method: situation, problem, implication and need/pay-off. You identified the following solutions to the problem:

- Data consolidation: Gathering data from different product warehouses to create a 360-degree view
- Pan Bank Relationship Value: Developing a formula by taking into account all the relationships that the customers have with bank XYZ and quantifying them through PBRV(Pan Bank Relationship Value).
- Customer partition: parting customers through PBRV and other inputs
- Website Transformation for all the branches and call centres
- Responsibilities - Adding marketing and sales efforts as new responsibilities for customer part teams

7P's Framework

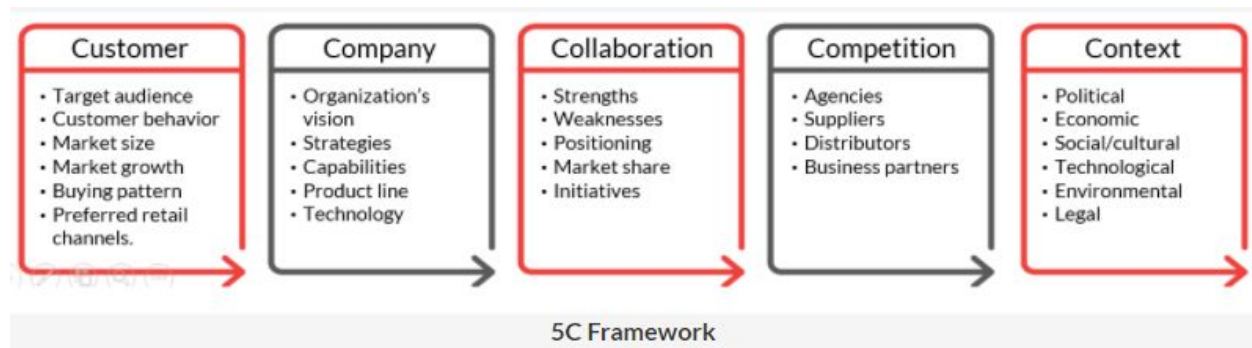
The 7Ps is a powerful tool used for marketing strategy. The framework consists of seven different matrices: product, price, place, promotion, people, process and physical evidence. Let's quickly go through them one by one.

1. Product: This involves the product that is being offered to the customers and the expected standard quality that is to be met.
2. Price: This refers to the price of the product and how it is going to affect customer sentiments and whether or not they are satisfied with it.
3. Place: This includes the distribution locations that are available. In simple terms, this matrix will help you check whether or not the product is available at a particular customer's location.
4. Promotion: This matrix refers to the marketing and branding of the product.
5. People: The people in the framework refer/represent the employees, consultants and freelancers that represent the organisation and deliver the products or services.
6. Process: This matrix refers to the steps involved in delivering a certain product to the end user.
7. Physical evidence: This is a combination of the environment in which a product or service is provided and the branding of the product.

Different companies use different Ps frameworks based on their business requirement and needs.

5C Framework - II

The 5C framework is quite useful in understanding both the internal and external environments in which a firm is operating. It helps you identify the factors that contribute to the company's success and the ones that are restricting it from achieving its goals.



The 5C analysis is considered the most useful and common way to analyse the market environment because of the extensive information that it provides. Now that you are aware of the framework, the only thing that you need to do is restructure your interview to incorporate this framework. You should be able to find the answers that will help you attain the end goal, i.e., a hypothesis.

Let's put the 5C framework to work now. One thing that you should understand is that the result of using the framework will highly depend on the flow of questions that you ask because those answers will form the basis for the hypothesis. Hence, you need to blend the framework in the interview in a structured and planned manner.

When you are using the 5C framework, you aim to understand the 5 Cs around the company. You need to list down all the questions that will help you understand a particular C. Also, one person will not be able to answer all the questions. You should map the set of questions to different teams who will provide you with the answers and cover all the Cs of the framework.

Considering the same problem of revenue returns of the IT consulting team discussed in the module 1, examples of basic questions that you would want the answers for are:

Customer

- Who are the customers that the firm caters to?
- What is the size of the market in which the firm operates?
- Are the customers satisfied with the final products or the services that they receive?

Company

- What are the products and services that the firm provides to the customers?
- How much time is allotted for the team to complete a project?
- What is the reputation of the firm in the market?

Collaboration

- Does the IT firm have partnerships with any other firm?
- Who are the suppliers that provide the raw materials for the final product?
- Are there any promoters that help you market your product?

Competition

- Who are the competitors in the market?
- What is the market share of each competitor?
- What is the price that they charge their customers?

Context

- How is the industry performing over the past years?
- Have there been any technical developments in the industry?
- Are there any regulations in the market that have affected the operations at the firm?

The interview will flow in a particular direction based on the answers that you receive for the questions asked. Once you have an answer to a specific question, multiple follow-up questions will help you reach a final point, which will form the basis for a hypothesis.

The main aim of interviewing any person is that you have a hypothesis at the end of the interview. As you interact with multiple members of different teams, you will end up with multiple hypotheses for the same problem. They will be termed as a hypothesis until you have validated them using some data.

Specialized Frameworks - I

In the previous part, you learnt how effective the different frameworks are in their approach of covering all the domains of a particular problem/business and provide a set of hypotheses to test.

However, one issue that you may face is that the issue tree framework requires a thorough knowledge of the firm and the industry. You have to know all the factors that can have an impact.

You need to use the issue tree framework along with different frameworks to gain a complete overview of the problem. Based on the domain of the problem that you want to solve, there are multiple frameworks available. For example, if a company is trying to create awareness in the market, then the problem is a marketing problem; if the company wants to optimise the process of manufacturing, then the problem is an operational problem; and if the company is dealing with declining sales, then the problem is a sales problem. These cases are different in nature and, hence, should be handled differently.

Over the years, many individuals have used their expertise and developed various frameworks that are relevant to their own fields. Your job is to find a framework that fits your problem and use it in conjugation with the issue tree framework to form hypotheses. In the next part, you will learn about multiple frameworks that will help you explore any business problem.

Specialized Frameworks - II

By now, you must have realised that frameworks are effective tools for solving a business problem. As a wide range of issues can occur at different phases of business, companies might need help in the following functions:

- Selling the desired quantity of the products (sales),
- Reducing losses (operations),
- Retaining the customers (competition), etc.

Based on the problem your company or the client is facing, you need to select a relevant framework and try to solve the problem as early as possible. Here, you are provided with some useful frameworks based on different issues that you may get in your job roles.

Frameworks: Strategy/Finance

Porter's Five Forces

This framework helps in understanding the strength of a business in terms of the competitive position. This is especially useful if you need to decide about entering into a new market/ launch a new product. The five forces in the framework are:

1. Bargaining power of suppliers
2. Bargaining power of buyers
3. Existing competitors
4. Threat of substitutes
5. Threat of new entrants

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You can use this framework with the issue tree by breaking the problem into these five forces and then go deeper into each branch to identify where the problem lies.



Porter's Five Forces

Business partition

This framework is useful when a company or a client has multiple businesses. As in the case of the issue tree framework, you will be required to break down the company into the respective businesses in which it operates. For example, e-commerce giants, such as Amazon and Flipkart, provide a wide range of products, including apparel and electronics. If the company is facing any problems, you will analyse these parts separately because the characteristics of each business can be different from the other.

Profitability Analysis

This is also an extension of the issue tree framework. While trying to further break down a branch into subcomponents, you can part them based on the profitability of the products or services. Here, the main aim is to analyse high-yield products before other types of products.

Frameworks: Operations

SWOT Analysis

The SWOT analysis helps you part the processes in the company based on the capabilities and points out the critical concern areas for the company. The four branches in SWOT analysis are:

1. Strengths
2. Weaknesses
3. Opportunities
4. Threats

All the points that fall under "weakness" and "threats" will help you to figure out the problem that is being faced by the company. You can build multiple hypotheses around the points in these quadrants and test them later. On the other hand, you can explore the opportunities branch for coming up with expansion plans etc.



The Balanced Scorecard

This framework helps you assess the business by looking into the following four key areas:

1. Financial
2. Customer
3. Internal Business Processes
4. Learning and Growth

The basic idea behind this framework is that your learning and growth will help you handle the internal processes of a company better. The improvement in operations will result in a reduction in process costs and improve customer experience. Better customer experience will drive revenue upwards because of which the financial revenue of the company will grow. You can analyse these four aspects of the company and formulate hypotheses around them and test the hypotheses in the later phases.

Frameworks: Sales

BANT Framework

The BANT framework helps you identify good leads from the customer pool. It stands for budget, authority, need and timeframe, which can be summarised as follows:

- Budget: This helps you understand whether or not the person can afford the products/services offered.
- Authority: This helps you identify whether the authority to make the buying decision lies with the customers.
- Need: This helps to understand the pain points that the lead is facing.
- Timeframe: This helps you understand how early the person wants to have your products/services delivered to them.

The framework helps you measure the quality of sales prospects and analyse their likelihood of converting into successful customers.

Frameworks: Marketing

Market partition - STP Model

This framework helps you analyse the marketing strategy for a company. STP stands for partition, targeting and positioning, which can be summarised as follows:

Market partition: Dividing customers based on demographics (geography, age, gender, income, education, ethnicity, marital status, profession or occupation), lifestyle, behaviour, consumption levels, etc.

Market Targeting: Evaluating the created parts and selecting the target customers.

Product Positioning: Selects the value proposition of product or service you want to offer to the parts. The part that you have chosen may have one of these priorities in their mind: the utility of the product, the market reputation of the brand or product, the experience of the product.

The framework helps you validate whether the product/service offered to the customer matches the respective part. You will end with multiple hypotheses when the customers are not mapped to the section you believe they should be.



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