

MKD UPDATES

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What is MECE ?

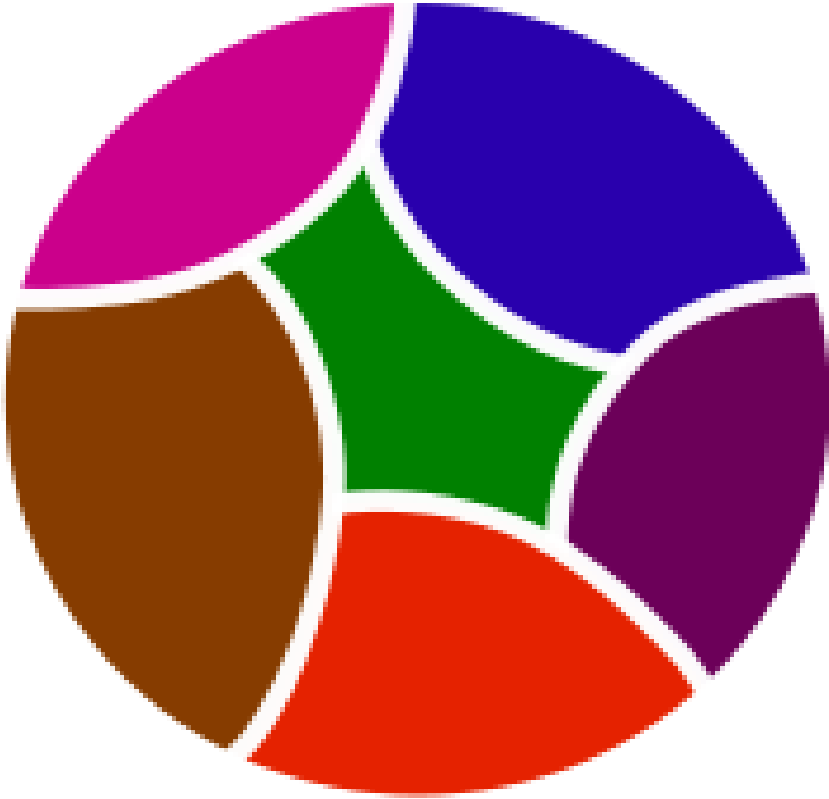
- MECE, pronounced as 'me-see', stands for 'Mutually Exclusive, Collectively Exhaustive'
- It is the hallmark of problem solving used at McKinsey and Company
- MECE provides structure to logical thinking and aids in solving various business problems
- MECE provides a framework to communicate the causes and solutions to business problems in a simple and thorough manner

McKinsey&Company



M. K. Dandekar & Co.

MECE Detailed

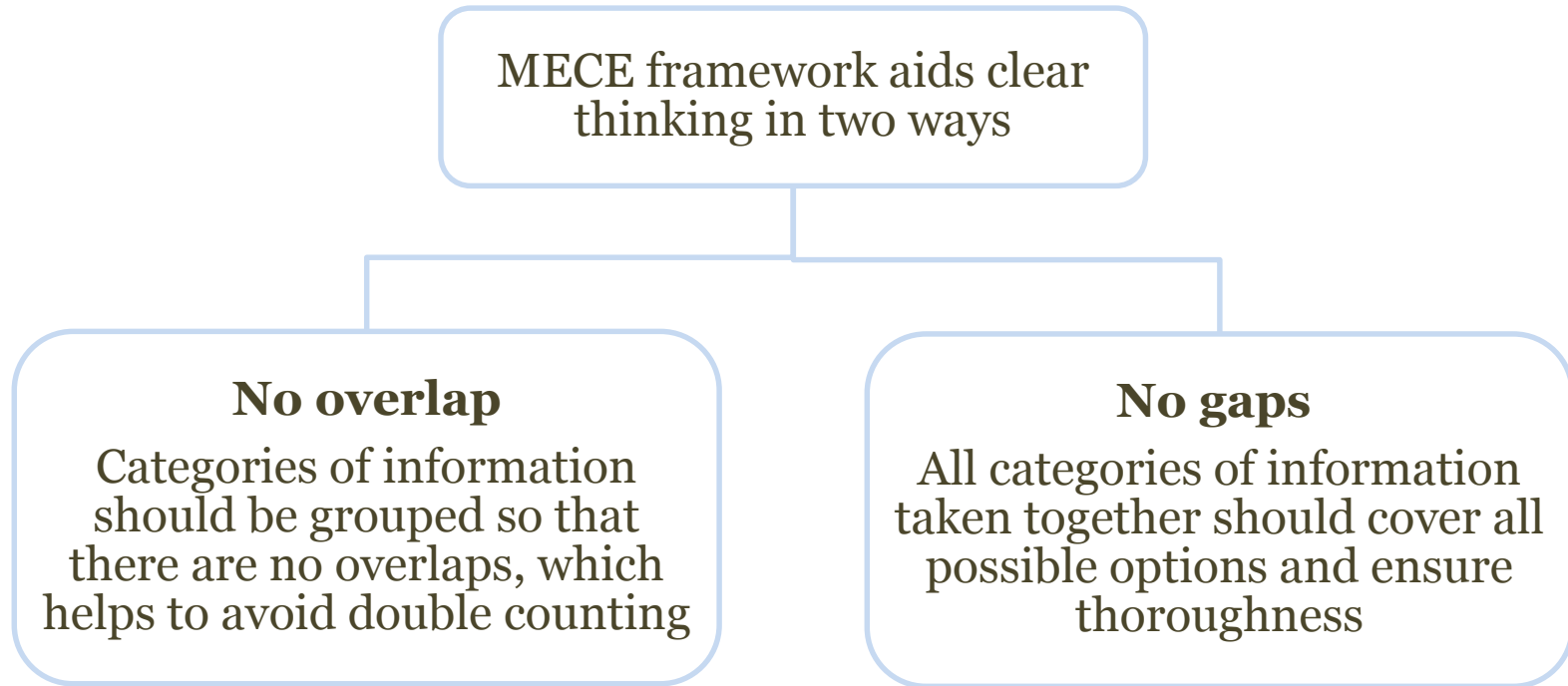


Example of MECE

MECE is a framework used to organise information which is:

- **Mutually exclusive:** Information should be grouped into categories so that each category is separate and distinct without any overlap
- **Collectively exhaustive:** All categories taken together should deal with all possible options without leaving any gaps

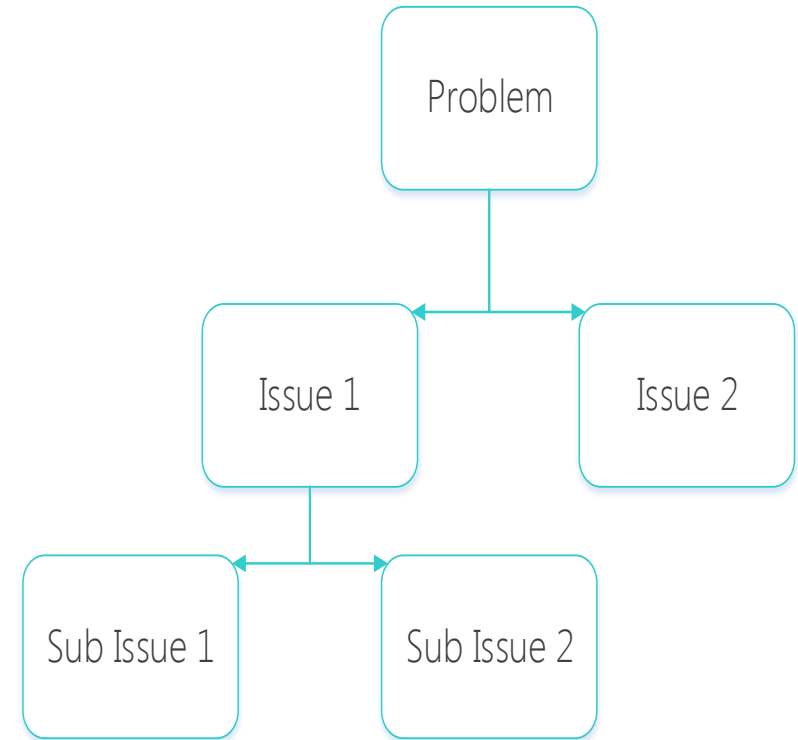
Benefits of MECE



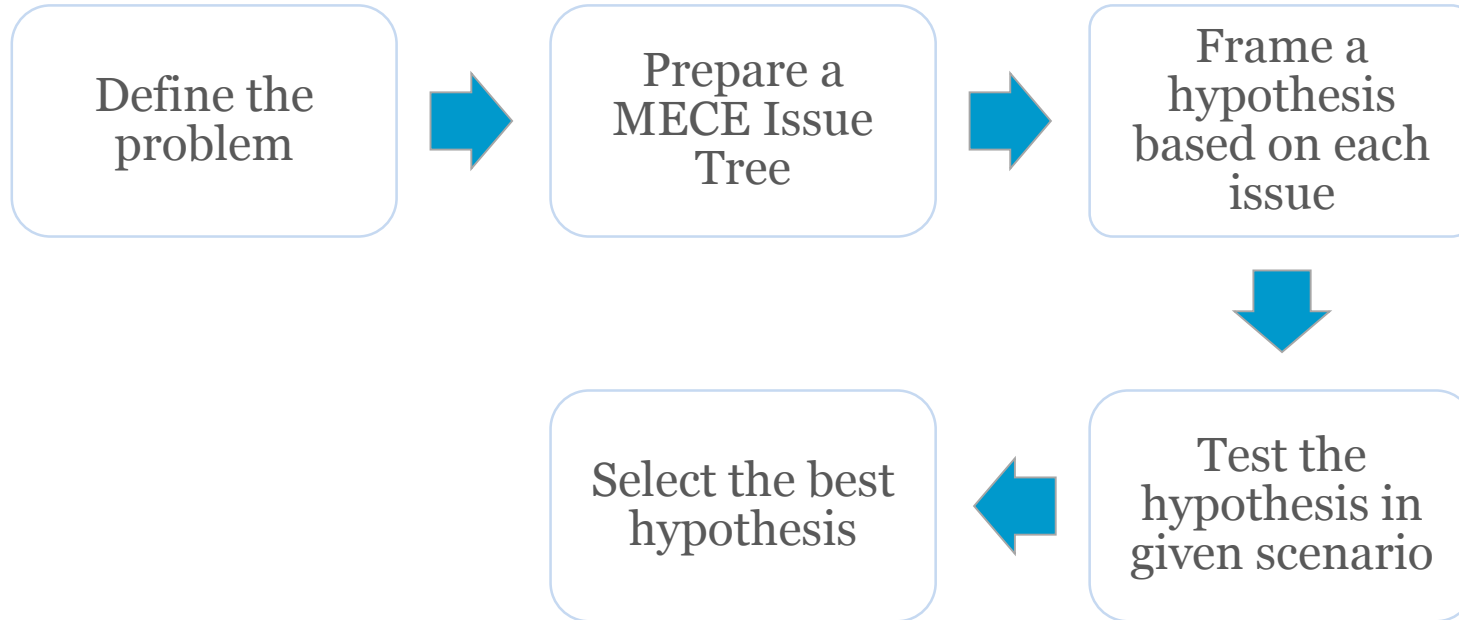
MECE Issue Tree

The MECE tree diagram is a way of graphically organising information into categories which are mutually exclusive and collectively exhaustive

- The diagram as a whole represents the problem at hand
- Each branch stemming from the starting node of the tree represents a major issue that needs to be considered
- Each branch stemming from one of these major issues represents a sub-issue that needs to be considered; and so on.



MECE Practical Method



Structuring a Hypothesis

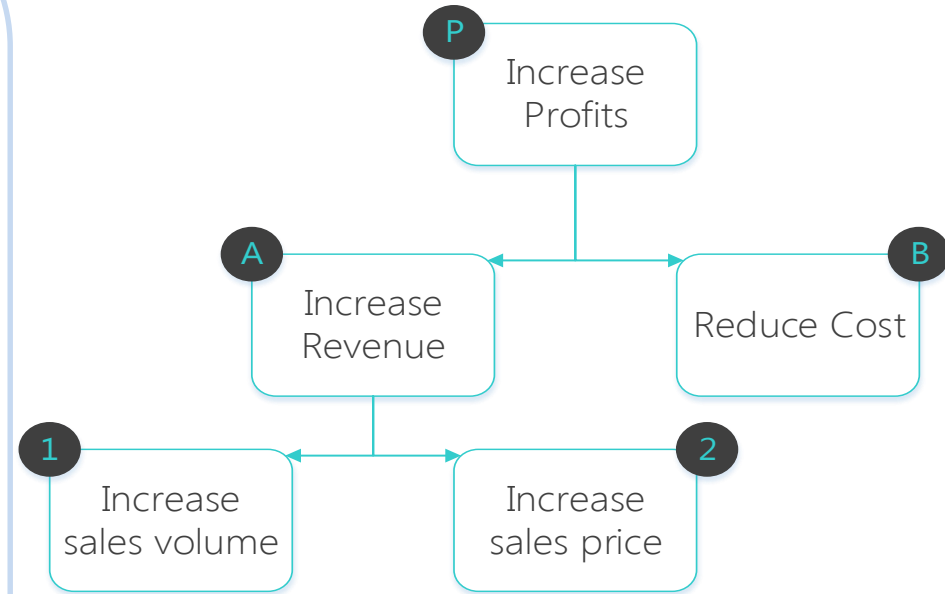
- A hypothesis is a statement that defines probable situations or causes that could have led to the problem being addressed.
- Hypothesis statements are framed basis the review of entire processes currently being followed and identifying the gaps or anomalies that could have led to the problem.
- Hypothesis statements framed shall be Mutually Exclusive and Collectively Exhaustive
- Hypothesis statement thus framed will be tested for its connection to the problem using various analytical and documentary evidence prepared during the engagement.
- Hypothesis may be “True” or “False” basis the information obtained during the process.
- Basis the series of hypothesis framed during the engagement, key factors or causes directly or indirectly contribution to the problem are identified and studied in detail. Corrective measures are taken basis the further study on the factors identified.

MECE - Example




Let us consider a simple business problem of increasing profitability

- The main issues affecting profitability are revenue and cost. Profits (P) = Revenue (A) – Cost (B)
- Revenue is affected by sales volume and unit price. Revenue (A) = Sales Volume (1) + Sales Price (2)

Revenue and cost and Volume and Price are mutually exclusive and collective exhaustive since they don't overlap and collectively represent the entire set of solutions available to solve the problem.



MECE - Example

S. No.	Hypothesis	Given Scenario	Result
1	Reduce costs through negotiation	Negotiation not possible due to seller monopoly	
2	Increase unit price to increase revenue	Increase in prices not possible due to cut throat competition	
3	Increase sales through marketing and promotion	Promotions campaigns result is heavy investment upfront but will boost sales and profit	

Additional Info

For solving interesting case studies using MECE, visit the following links

http://careers.bcg.com/join/practice_cases.aspx

http://www.mckinsey.com/careers/join_us/interview_prep

Following books explain MECE in detail

