

Deloitte.

Logical Structuring Case Competition Training

Strategy and Operations
January 17, 2007

Audit • Tax • Consulting • Financial Advisory.

Logical Structuring Agenda

Purpose and Objectives

Logical Structuring & Storyboarding

Case Competition Topics

Clear Communication

- Formatting
- Do's & Don'ts

Research Tips

Purpose

The purpose of this session is to help prepare you for next week's case competition.

Objectives

By the end of this session you should have a better understanding of:

- How to logically structure a case presentation:
 - *Logical Structuring & Storyboarding*
- What the key issues that should be addressed in your case presentation are (recommendation, analysis, impact, etc.)
 - *Case Competition Topics*
- What's the best way to communicate your message through slides
 - *Formatting*
 - *DOs & DON'Ts*
- What kind of research should be done and how to do it effectively
 - *Research Tips*

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Why does structure matter?

1. Makes the message precise

- Forces the writer to be “dead clear” about what they are communicating to the reader, preventing messages that are unclear, unintended, or intellectually empty

2. Reveals gaps in thinking

- Enables the writer to identify gaps by anticipating and responding to the reader’s questions before the communication is delivered

3. Provides clarity to the reader

- Prevents the reader from “working” to understand the message, thereby eliminating the possibility that your message is misunderstood or ignored entirely

Memo A

John Collins telephoned to say he can't make the meeting at 9:00. Hal Johnson says he doesn't mind making it later or even tomorrow, but not before 10:30 and Don Clifford won't return from Frankfurt until tomorrow late. The conference room is booked tomorrow, but free on Thursday. Thursday at 11:00 looks to be a good time. Is that okay with you?

Memo B

Could we reschedule today's 9:00 meeting to Thursday at 11:00? This would make it more convenient for Collins and Johnson, and would permit Clifford to be present. It is also the only other time this week that the conference room is free.

The Pyramid Structure

Governing Thought:

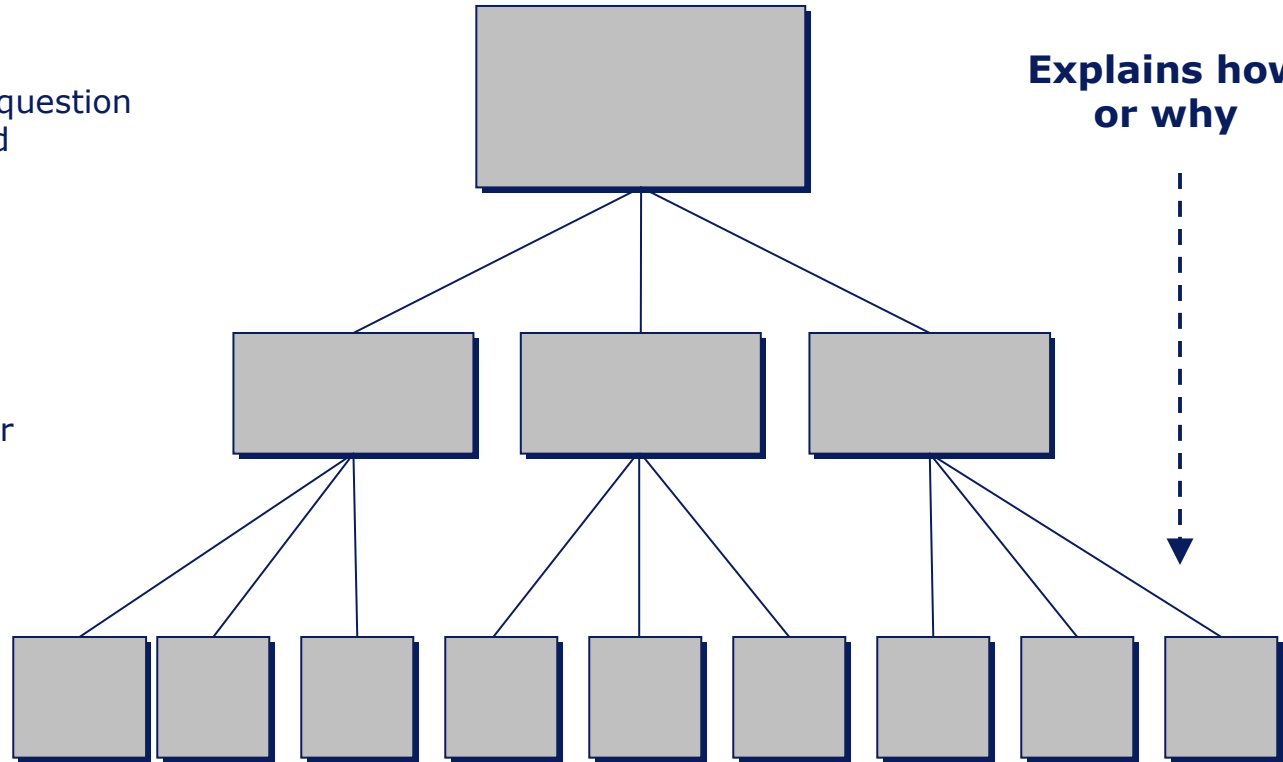
States the answer to the question raised in the readers mind

Key Line:

Major points which, taken together prove the answer

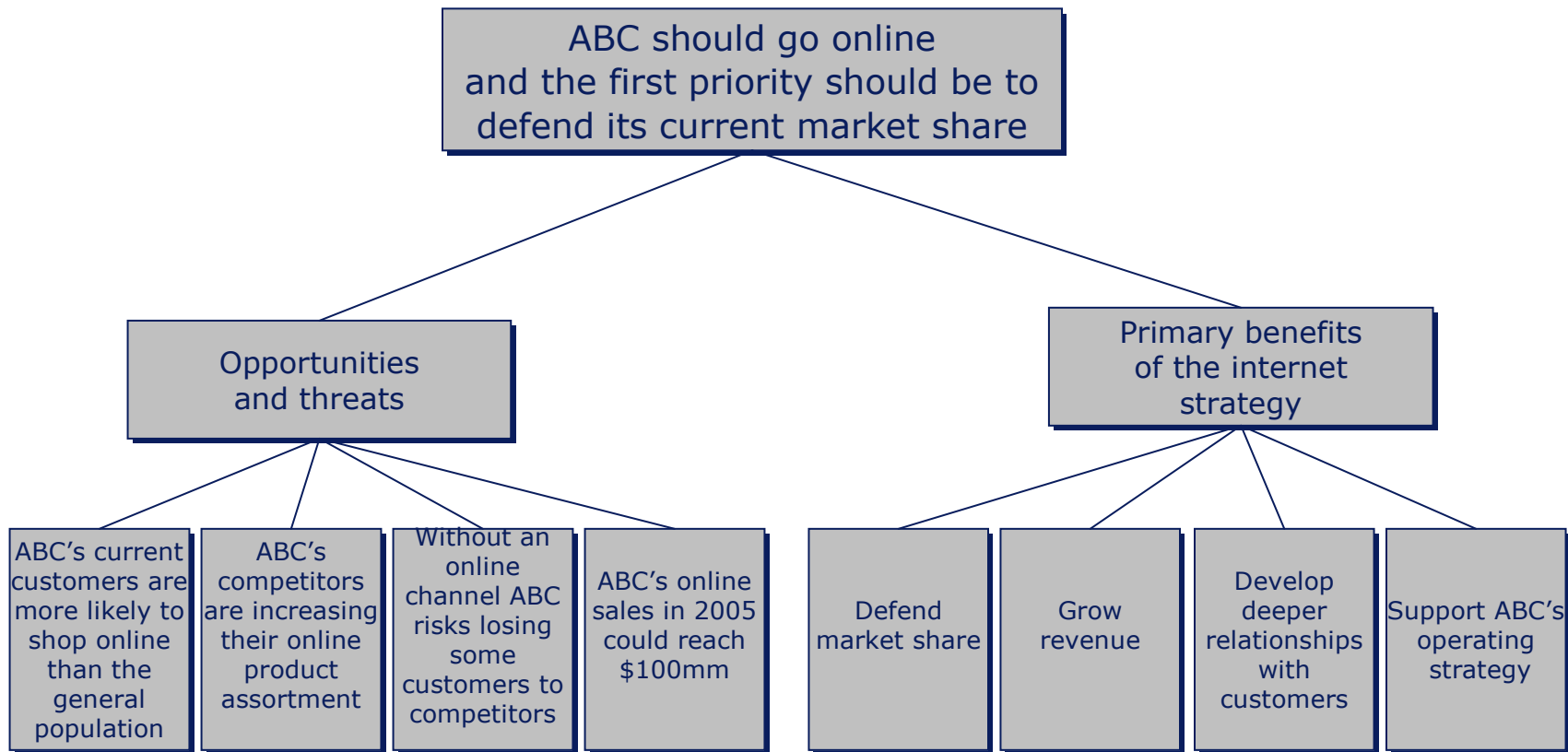
Support:

Data and facts which support the key line

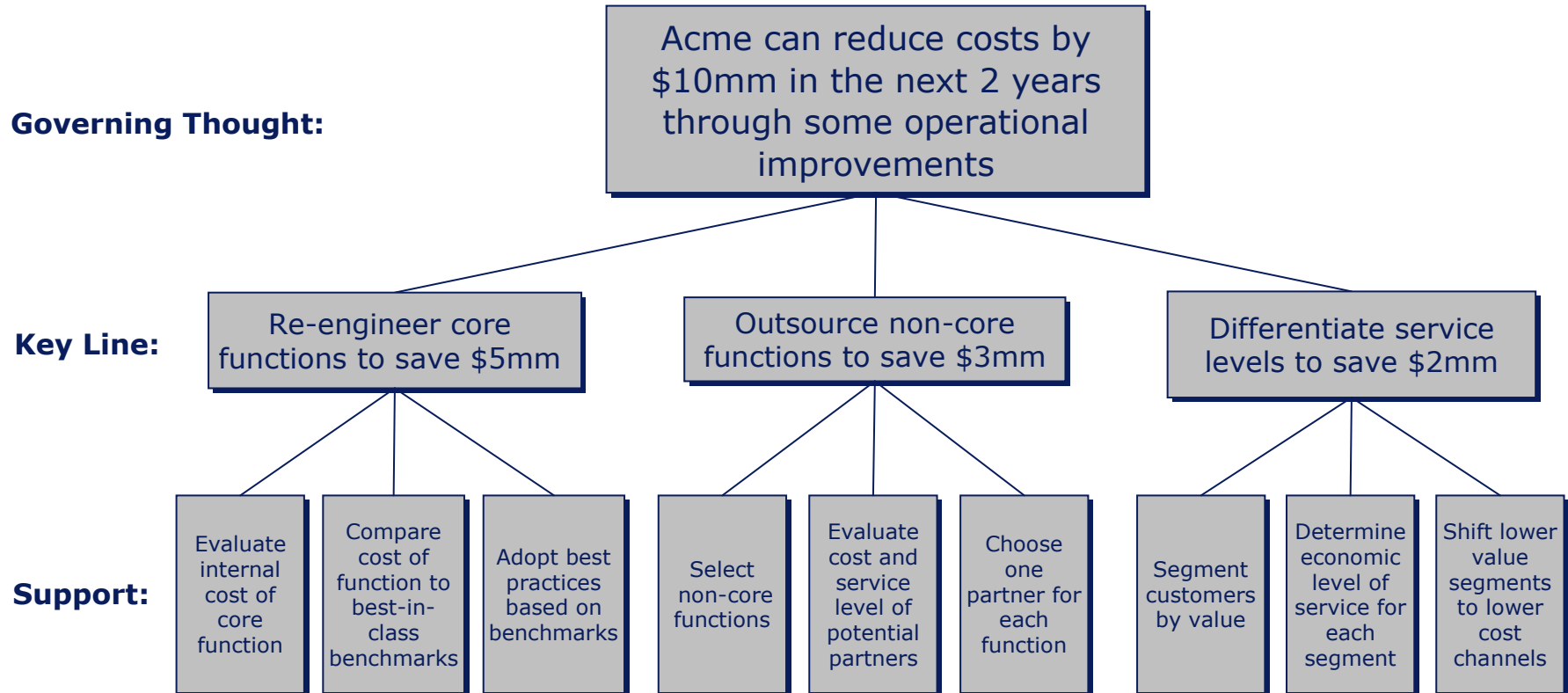


Explains how or why

An Unstructured Communication



A Structured Communication

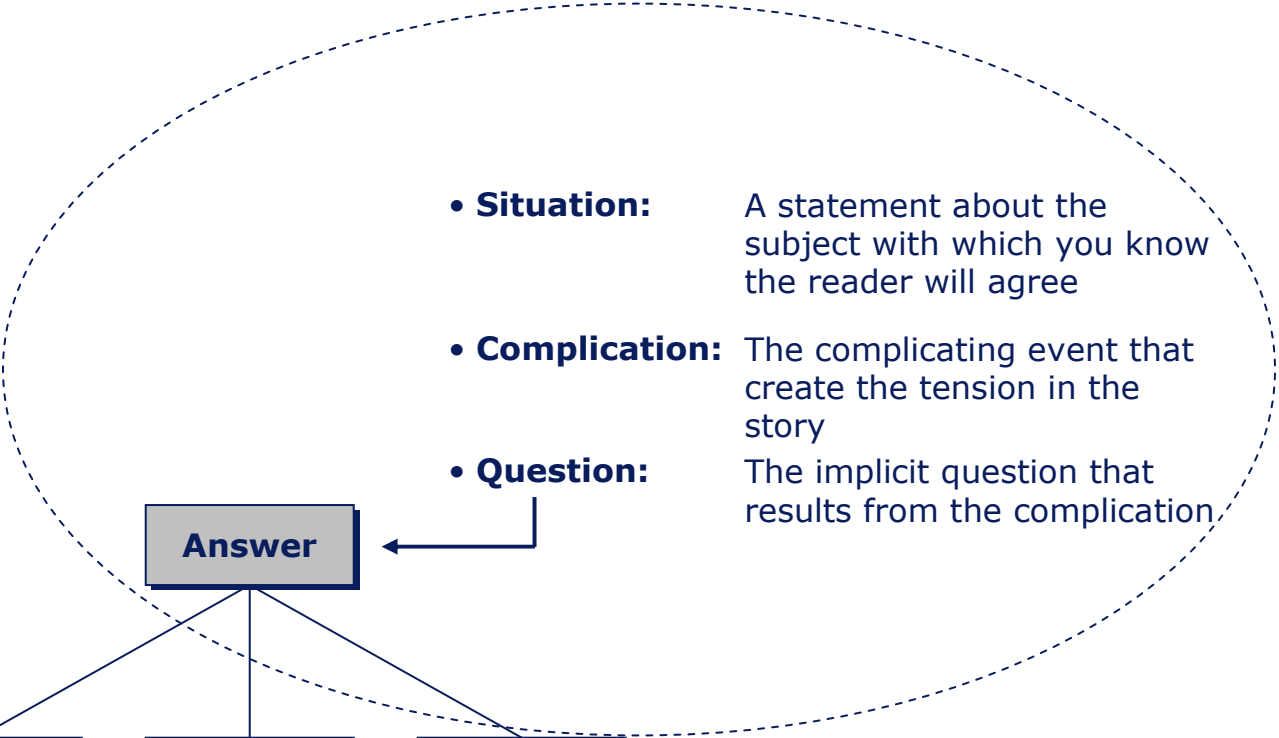


Building A Pyramid

1. Writing the introduction
 - The introduction reiterates in story form what the reader already knows about the subject and sets up the relevant question
2. Working out the logic
 - Each idea in the pyramid is logically related vertically to the idea above and horizontally to other ideas on the line
3. Grouping the ideas
 - Ideas are grouped into categories and put in a logical order, such as time order or order of importance
4. Creating the storyboard
 - After developing the pyramid, the ideas are laid out in a storyboard format

Elements of the Introduction

Governing Thought:

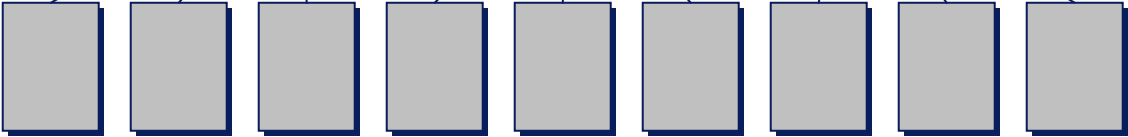


Answer

Key Line:



Support:



Structuring a Response to How

Governing Thought:

Acme must develop a value proposition tailored to the coyote market.

- S:** Acme must increase its focus on the coyote market
- C:** Acme is not currently focused on the coyote market
- Q:** How can Acme focus on the coyote market?

How?

Key Line:

Understand the unique needs of coyotes

Step 1

Adapt product line to meet coyote needs

Step 2

Educate coyotes on Acme's ability to meet their needs

Step 3

Structuring a Response to Why

Governing Thought:

DrugsRUs should spend \$25 million to accelerate the approval process for Antizak

- S:** Approval for DrugsRUs new lifestyle drug Antizak is taking longer than expected
- C:** DrugsRUs can spend \$25 million to accelerate the approval process
- Q:** Should DrugsRUs spend \$25 million to accelerate the approval process?

Why?

Key Line:

The Antizak market is expected to top \$1 billion per year

Reason 1

Earlier approval allows DrugRUs more time before patent protection expires, which is worth \$200 million in profit

Reason 2

Competitors are developing a substitute that may capture the market if launched first

Reason 3

Which Question is Raised - How or Why?

- S:** The plant is not meeting its widget production goals
C: The production line is frequently stopped because of insufficient parts
Q: What should the plant do differently?
A: The parts procurement process needs to be redesigned to reduce fulfillment time
- S:** Sow's Ear Inc. developed a silk purse product line 2 years ago
C: Since then, the silk purse division has been unprofitable
Q: What should Sow's Ear do?
A: Sow's Ear Inc. should abandon its silk purse product line
- S:** ABC, a book retailer, is considering developing an online channel
C: The online retail book market is dominated by 2 strong players
Q: Should ABC develop an online channel?
A: Yes, ABC should go online
- S:** You have undertaken a number of initiatives to improve customer service
C: Customer service continues to result in decreased customer satisfaction
Q: How can we improve customers service?
A: We must redesign customer service

Clarifying Grouped Ideas



Activities:

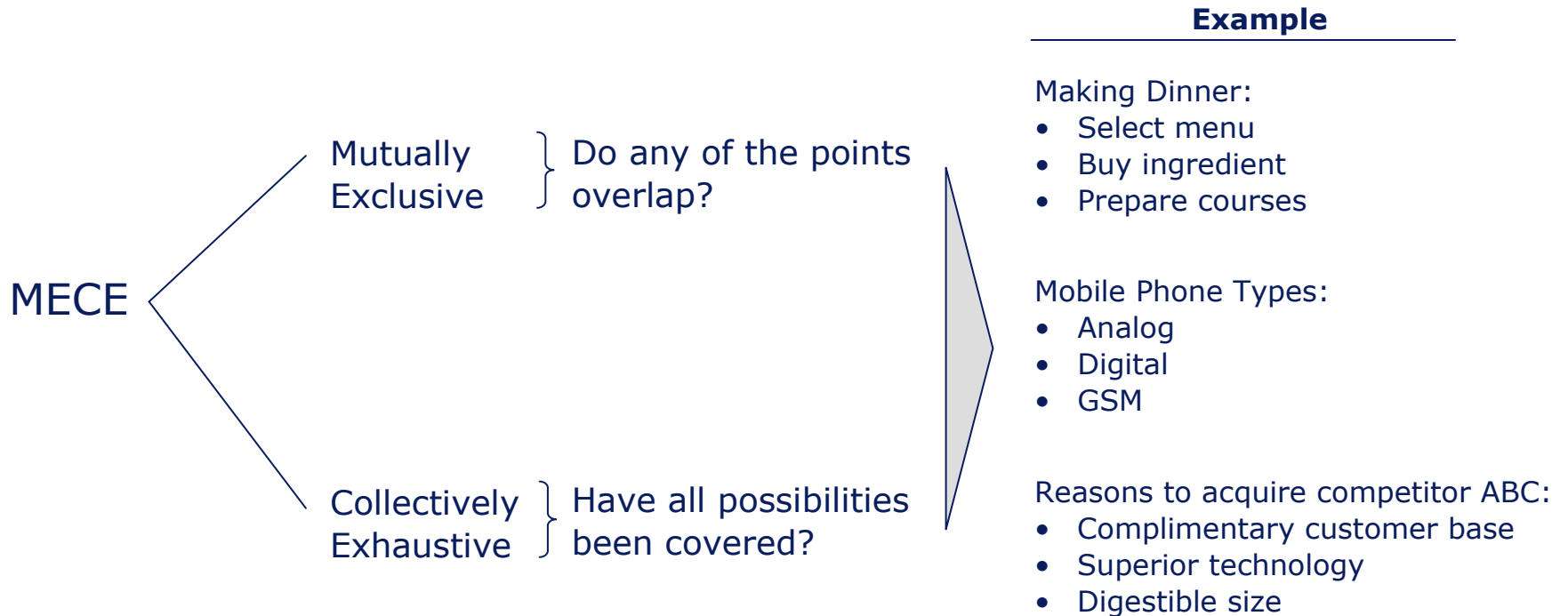
Synthesize findings from interviews, research and analysis
Create a list of key points

Put the points into categories by defining the kind of problem being discussed, attempting to use similar level of abstraction across categories

Write a sentence that states the “essence” of each category

Put the points in logical order, such as order of importance or time order

The Importance of MECE



Points across horizontal levels of the pyramid should be MECE (Mutually Exclusive, Collectively Exhaustive)

Which Belong to a MECE Grouping?

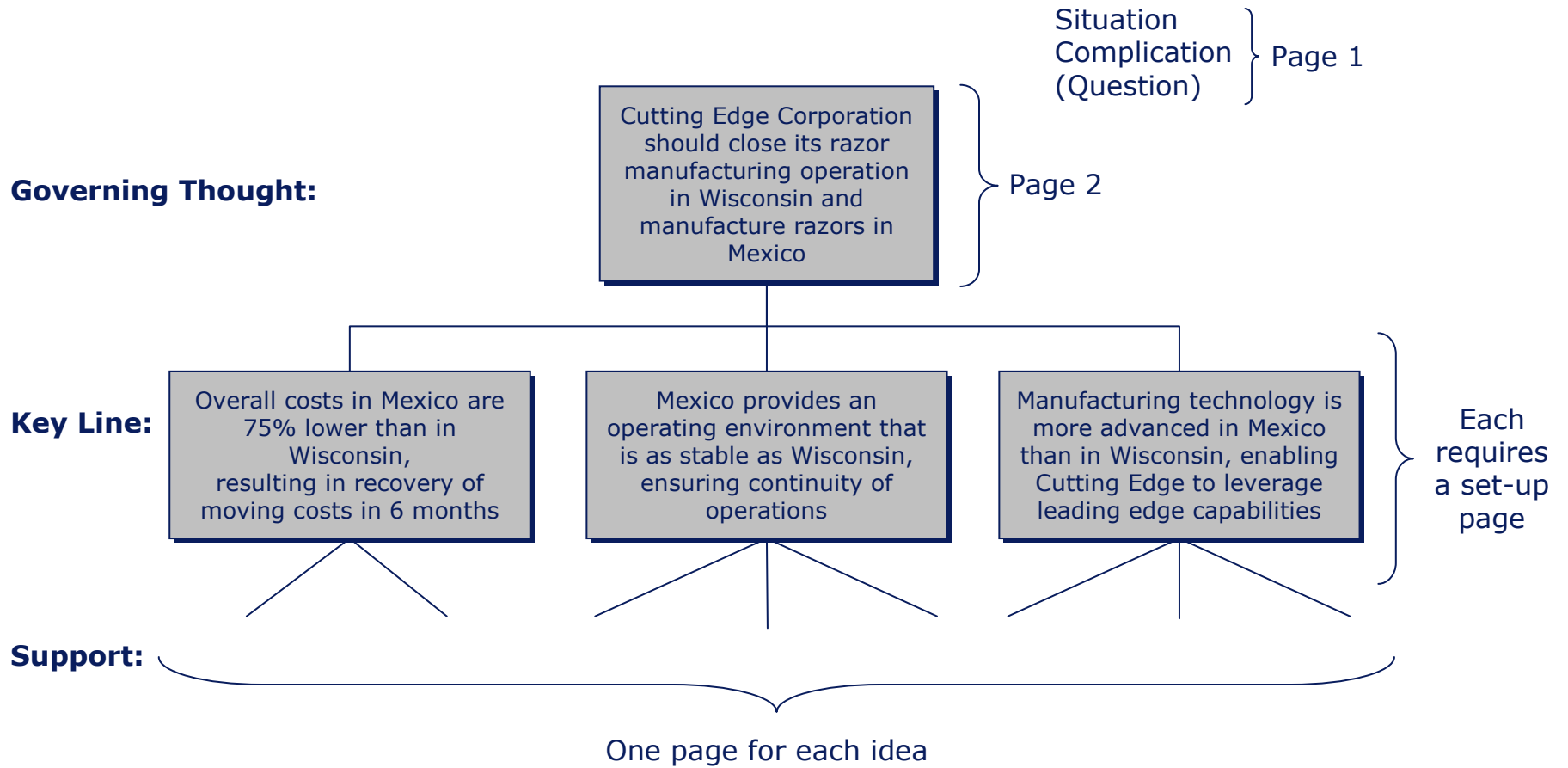
1. Africa
2. Hong Kong
3. North America
4. Amazon
5. Australia
6. Manila
7. South America
8. Antarctica
9. Taipei
10. Asia
11. Europe
12. Hanoi

Storyboarding

Creating a storyboard provides an outline for the presentation and the path you will follow:

- Uses Pyramid Structure as a foundation
- Maps out the storyline of a presentation
- Establishes team and judging panel's expectations about what is to be produced and delivered
- Helps organize work and define data needs
- Establishes evaluation frameworks and criteria used in the assessment
- Facilitates greater productivity and higher quality
- Keeps an engagement focused

Creating the Storyboard



Example Storyboard

Relocating to Mexico
Cutting Edge Corporation

February 2001 Deloitte Consulting

Overview

Cutting Edge Corporation currently manufactures all of its razors in a Wisconsin plant. The plant was built 50 years ago and the location was selected because of its proximity to key suppliers...

However, over the last 3 years, all of your key competitors have moved their manufacturing facilities to Mexico. Your key suppliers are also beginning to move operations to Mexico

1

Cutting Edge corporation should close its razor manufacturing operation in Wisconsin and manufacture razors in Mexico. Doing so will reduce costs while ensuring operating stability and providing access to world class technology.

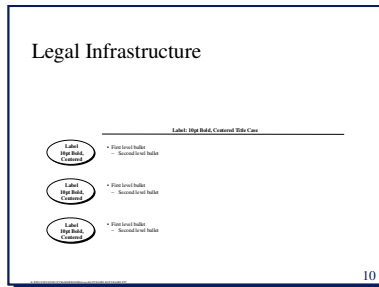
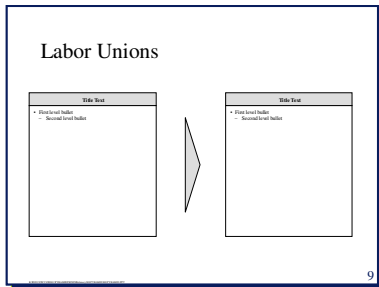
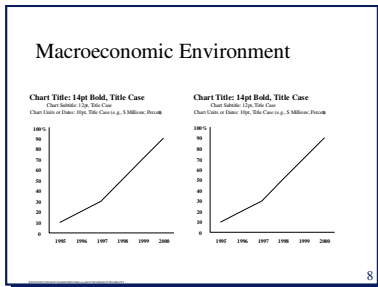
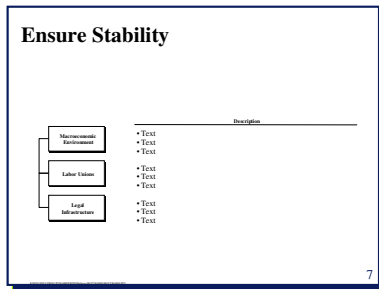
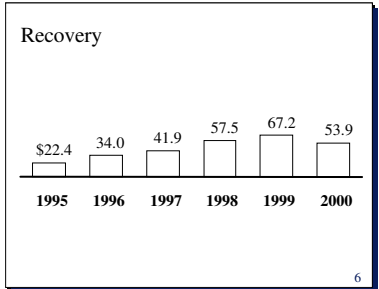
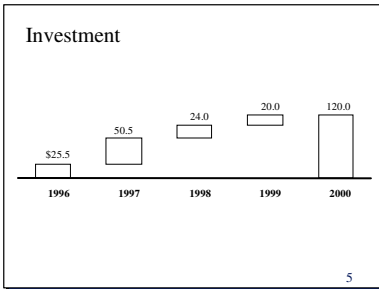
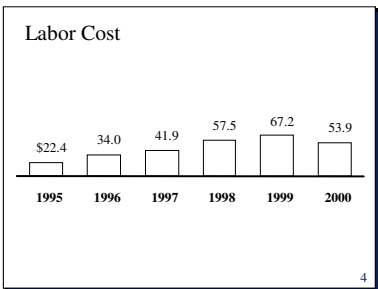
- Reduce Costs— Overall costs in Mexico are 75% lower than in Wisconsin, resulting in fast recovery of moving cost
- Ensure stability— Mexico provides a stable operating environment that will ensure continuity of operations
- Improve capabilities— Manufacturing technology is more advanced in Mexico, enabling Cutting Edge to leverage leading edge capabilities

2

Reduce Costs

- Labor Cost _____
- Investment _____
- Recovery _____

3



Improve Capabilities

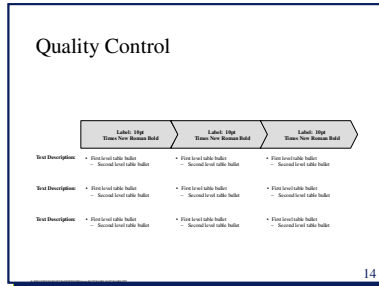
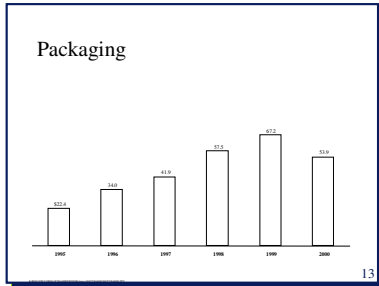
- Provision Cutting _____
- Packaging _____
- Quality Control _____

11

Ensure Stability

Column Title Here	Column Title Here	Column Title Here
• First level bullet - Second level bullet	• First level bullet - Second level bullet	• First level bullet - Second level bullet
• First level bullet - Second level bullet	• First level bullet - Second level bullet	• First level bullet - Second level bullet
• First level bullet - Second level bullet	• First level bullet - Second level bullet	• First level bullet - Second level bullet

12



Next Steps

- _____
- _____
- _____

15

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Case Competition Topics

The following is an example of a potential presentation structure:

1. Executive Summary
 - Summarize Situation, Complication and Recommendation
2. Recommendation
 - State recommendation and 3 key supports
3. Support & Analysis behind Recommendation
 - 1-2 slides for each major support
 - Include analytical findings and assessment of impact, where appropriate
4. Assumptions, Risks & Challenges
 - Clearly note key assumptions
 - Indicate risks and challenges associated with recommendation
5. Next Steps/Implementation
 - Implementation considerations & recommendations
 - Recommended additional analysis

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Formatting Tips

- Alignment
 - Check text and object alignment to ensure a consistent look across slides
 - Ensure headings and text boxes are in the same place, as you flip through your slides
- Colour Scheme
 - A muted colour scheme is generally recommended
 - Avoid dark backgrounds, very bright colours or too many colours
- Font
 - Sans-serif font styles tend to work best: Arial, Verdana, Tahoma
 - Font size should be readable, but not too large (min ~12pt)
- Consistency
 - Be consistent with font size, font style and colour scheme
 - Be consistent with punctuation at the end of bullets - Either use it or do not, but do not use it inconsistently
 - Be consistent with overall structure—i.e. use of tag lines versus just headers
 - Use the slide master to create a template to ensure consistency

DOs & DON'Ts

DOs

- Brainstorm as a team to develop a strategy and agree to an execution plan
- Divide and conquer the work to efficiently execute on the plan
 - Determine required tasks, dependencies and agree to roles for each team member
 - Have each person create their slides based on an agreed upon template (designed in 'Slide Master')
- Avoid 'version control' issues by having one person own the 'master' and others provide send over their slides for inclusion in the master
- Proof-read your presentation for spelling, grammar, content and logic
- Recognize each others' strengths in determining roles for the presentation
 - Group members should present material they are most comfortable with
 - Confident speakers can present larger portions of the presentation
- Leave time to rest the night before the presentation

DOs & DON'Ts

DON'Ts

- Don't let your group fall victim to 'analysis paralysis' (analyzing until the 11th hour, before agreeing to your recommendation)
 - Instead, set a deadline for making a recommendation decision and stick to it
 - You will not come up with a recommendation that is irrefutable and 100% supported by the facts, so at some point, your group must make a decision and run with it – spend the rest of the time supporting your decision and creating a compelling story
- Don't let disagreements impact your team's dynamics
 - Agree upfront on a conflict resolution method (e.g. vote or unanimous agreement)
 - Disagreements can lead to productive discussions, so take a few minutes to hear each point of view and then make a decision on next steps
- Don't leave facts or figures unsourced – always include references in the research log for easy footnoting in your final presentation
- Don't leave formatting until the end

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Research Tips

- Structuring your research using a defined approach can help research effectively in a short period of time
 - Several models can be applied to help you structure your research. One example is Porter's Five Forces
- Your approach to case research should mirror the logical structuring of your presentation
 - Governing Thought (Recommendation) → Key Lines → Support
- But how do you know what your recommendations are before conducting your research?
- Answer: Guess.
 - Based on your initial impressions of the case, generate some hypotheses on what you think the company should do. Then, based on your hypotheses, look for supporting evidence
 - The advantage of this approach is that it can dramatically reduce the amount of time spent on research. You will be focusing your efforts on facts that support your hypotheses
 - Also note that this is an iterative approach. As your research progresses, some potential recommendations will be invalidated while others will have to be adjusted to accommodate your fact base

Research Tips

- Begin by creating a research log
 - This is a file that documents all of the research sources that have been reviewed and includes a summary of key findings, facts and sourcing information. A research log allows for easy dissemination of key findings saving time. Assign a format and owner up front
- Entry points for your research
 - Identify high-level issues in the company's industry
 - Explore the industry landscape and the company's position
 - Research the company's situation
 - In addition to collecting the usual financial and structural data about the business (sales figures, COGS, organization charts, product lists, etc.), explore qualitative data to ascertain other key trends
 - Research the company's competition
 - Identify the leaders in the industry and the closest competitors to your company, and determine which to focus on for further research
 - Use comparisons of industry metrics, market overlaps, and head-to-head competitive strategies to select the key competitors

Appendix – Last Year's Winning Case

Team Chemistry Consultants

NIKE IN CHINA



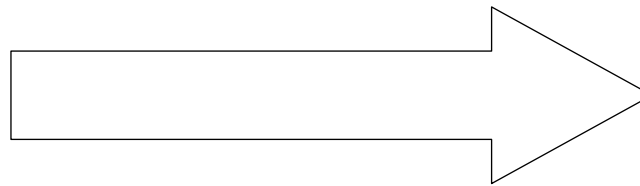
January 27th, 2006



Challenges

Causes

Worker Morale
Bureaucracy
Slower market growth



Effects

Poor output
Low quality
High cost



Nike in China

- **Recommendation**

Nike must take **aggressive** steps in China by improving current operations with innovative training methods and incentives, expanding into Special Economic Zones (SEZs) and undertaking joint ventures with the Chinese government



Nike in China - Agenda

- [-] Recommendation
 - [-] Improve current plants with managerial training and incentives
 - [-] Expand Into Special Economic Zones (SEZ)
 - [-] Joint Ventures with Chinese Government
- [+] Assumptions
- [+] Summary
- [+] Next Steps



Improve Current Plants With Managerial Training and Incentives

- Recommendation
 - **Improve current plants with managerial training and incentives**
 - Eliminate cultural and language barrier
 - Better inventory management will lower costs
 - Increased worker motivation
 - + Expand Into Special Economic Zones (SEZ)
 - + Joint Ventures with Chinese Government
- + Assumptions
- + Summary
- + Next Steps

Improve Current Plants With Managerial Training and Incentives

- **Eliminate cultural and language barrier**
 - Chinese managers eventually run factories
 - Workers are receptive to managers who speak the local language and are familiar with the culture



Improve Current Plants With Managerial Training and Incentives

- **Better inventory management will lower costs**
 - Improved inventory records guarantee normal production schedules



Improve Current Plants With Managerial Training and Incentives

- **Increased worker motivation**
 - Offering incentives based on Nike's performance ties company results to workers



Expand Into Special Economic Zones (SEZ)

- [-] Recommendation
 - + Improve current plants with managerial training and incentives
- [-] **Expand Into Special Economic Zones (SEZ)**
 - [-] Simplify bureaucracy
 - [-] Lower costs
 - [-] Exit strategy from outside suppliers
- + Joint Ventures with Chinese Government
- + Assumptions

Expand into Special Economic Zones (SEZ)

- **Simplify Bureaucracy**
 - SEZs have a simplified bureaucratic system that is administered directly by provincial authorities



Expand Into Special Economic Zones (SEZ)

- **Lower Costs**

- No import duties on production materials
- Corporate income tax half the normal rate
- Infrastructure is already established



Expand Into Special Economic Zones (SEZ)

- **Exit Strategy from Current Suppliers**

- SEZs focus on lower-end products, Korea focuses on high-end products
- China gradually produces all Nike models (over the next decade).



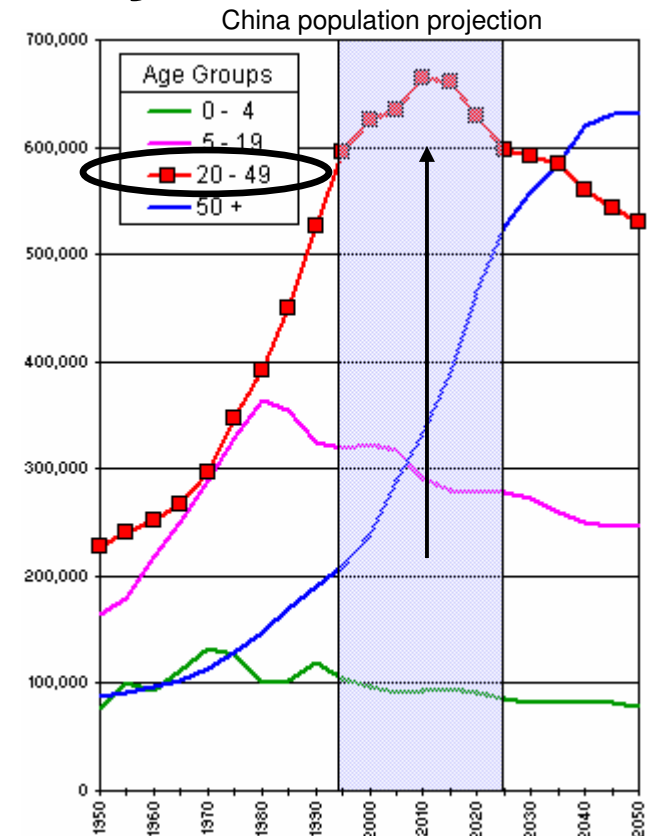
Joint Ventures with Chinese Government

- Recommendation
 - + Improve current plants with managerial training and incentives
 - + Expand Into Special Economic Zones (SEZ)
 - **Joint Ventures with Chinese Government**
 - Capture large market opportunity
 - Improve government and worker relations
 - Increase productivity and quality
- + Assumptions
- + Summary
- + Next Steps

Joint Ventures With Chinese Government

■ Capture Large Market Opportunity

- Able to sell locally
- First foreign shoe company
- Expand and diversify product line



Source: United Nations Population Division

Joint Ventures With Chinese Government

- **Improve Government and Worker Relations**
 - Nike and China work together towards success
 - Incentive for government to reduce red tape



Joint Ventures With Chinese Government

- **Increase Productivity and Quality**
 - Power to hire skilled workers
 - Ability to shape and mould staff to needs



Assumptions

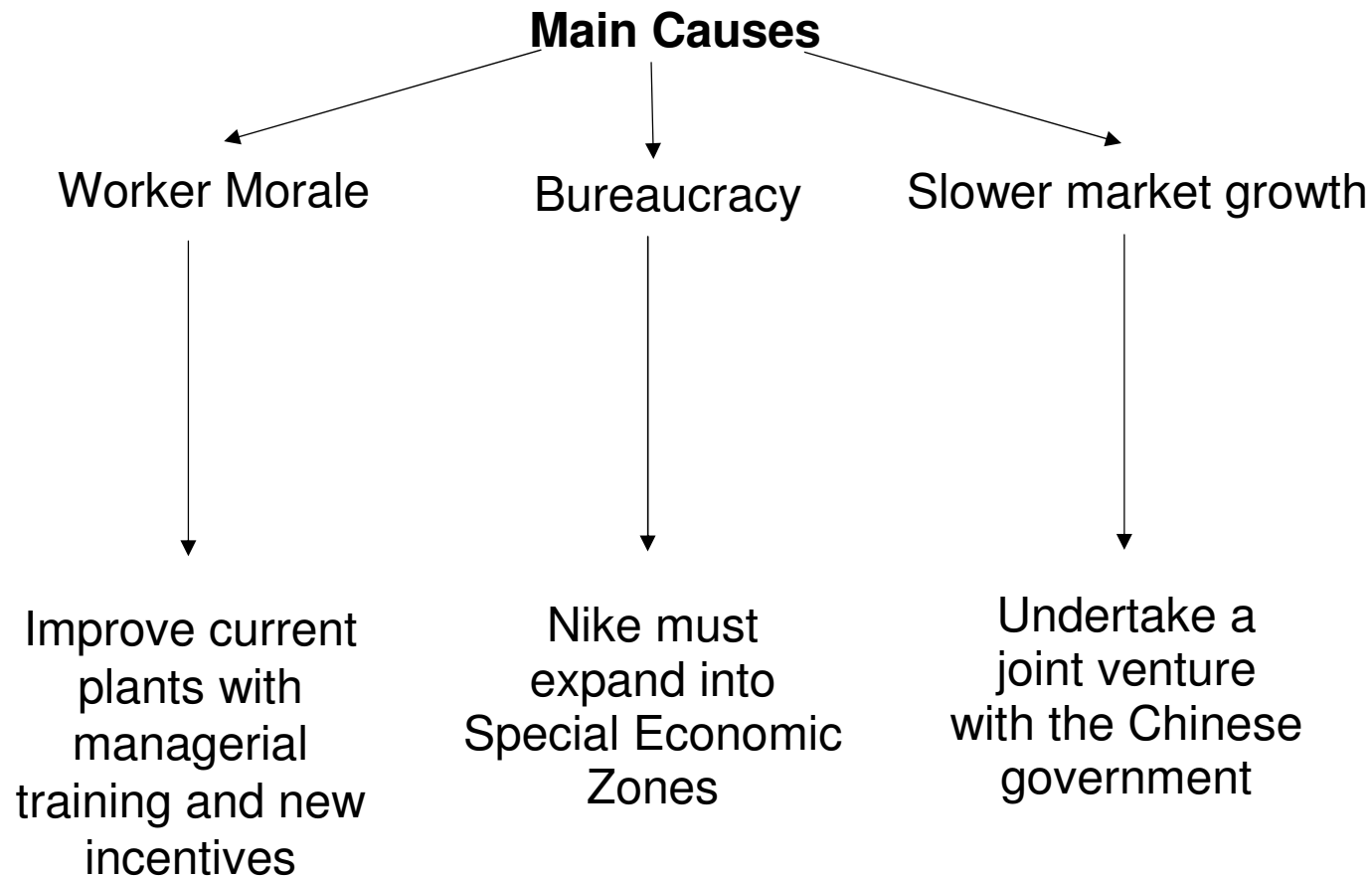
- New Chinese Market
 - Huge potential with a 1 billion population
 - China will follow through on plan to modernize by 2000

- Impact to Suppliers
 - Maintain good relations after exit-strategy from Korea

- + Recommendation
- + **Assumptions**
- + Summary
- + Next Steps



Summary



- + Recommendation
- + Assumptions
- + **Summary**
- + Next Steps



Next Steps

- Work with Nike management to implement recommendations as quickly as possible
- Investigate other industries such as apparel and sports equipment

- + Recommendation
- + Assumptions
- + Summary
- + **Next Steps**



Team Chemistry Consultants

Q & A