Problem Statement & Issue Tree

Pin down the real question, then break it into parts that are mutually exclusive and collectively exhaustive, so the analysis answers it.

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Half the work of solving a problem is stating it well. A vague question produces busy analysis and no answer.

> *If you can't write the question in one sentence, you're not ready to start the analysis.*

HOW TO USE IT

01 **Write the problem statement** (page 2): situation, complication, and the one key question.

02 **Break the question down** into three to five branches, then again (page 3).

03 **Check it's MECE:** no overlaps between branches, and nothing important missing.

04 **Prioritise** the branches that matter most and plan the analysis for each.

S Situation

The stable context everyone agrees on. "Our UK retail business has grown 8% a year for five years."

C Complication

What changed, creating tension. "This year margins fell by 4 points while sales held."

Q Key question

The single question to answer. "How do we restore margin to 12% within 18 months?"

TWO KINDS OF TREE

Diagnostic (why?) breaks a problem into its possible causes: margin fell because prices fell, or costs rose, or the mix shifted. Use it when you don't yet know the cause.

Solution (how?) breaks a goal into the ways to achieve it: raise prices, cut costs, change the mix. Use it once the cause is clear.

WHAT MECE MEANS

- Mutually exclusive: each item sits in only one branch, so nothing is counted twice.
- Collectively exhaustive: together the branches cover every possibility.
- Formula-based splits are the easiest way: profit = revenue − cost; revenue = volume × price.
- A branch called "other" is a sign the split isn't right yet.

Start with a hypothesis. Once you have a likely answer, use the tree to decide which analyses would prove or disprove it. Skip branches that wouldn't change the decision.

Problem statement

ENGAGEMENT

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S Situation

The context everyone agrees on.

C Complication

What changed, and why it matters now.

H Hypothesis

Our best guess at the answer today.

Q Key question

One sentence. Specific, measurable, time-bound.

Success criteria

How we'll know the problem is solved.

Scope

In scope, and explicitly out of scope.

Constraints

Budget, time, policy, things we can't change.

Decision-makers

Who decides, and what they care about.

Stakeholders

Who else is affected or must be involved.

Sources of insight

Data, people and research to draw on.

Issue tree

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THE QUESTION	BRANCHES (MECE)	SUB-ISSUES	ANALYSIS OR DATA NEEDED
Q Key question *From the problem statement.*	**1 Branch**	1.1	
		1.2	
		1.3	
	2 Branch	2.1	
		2.2	
		2.3	
	3 Branch	3.1	
		3.2	
		3.3	

Add a fourth branch if you need one. Strike through branches you've ruled out, and note why.