

Refine the Problem

“Wait! What? Did you mean to say ‘define’ the problem?”

No. Let me explain. Ever since my college days when I first studied organizational behavior at Yale, I’ve examined the process of problem solving and have grown keenly aware over my years in management that the first step (*1-Define the problem*) is the most critical element of the process. Because if you get this piece wrong, it is going to send you on a path you *think* you want to be on, but ends at a place less fortunate. So, don’t be quick to jump to a conclusion about what the problem is – take the time, expend the resources, to refine your problem (opportunity) statement.

I’ll forego the lemons-lemonade analogy since we can all agree problem and opportunity are synonymous. A problem is simply a matter that involves doubt, uncertainty, or difficulty. Businesses deal with them every day. So, in the context of this discussion, let’s reflect on the strategic rather than the trivial level, because that is where the biggest opportunities lie for us executives. Examples: solving for stagnating sales, tempering rising costs, adjusting operations to a new tax strategy.

Generally, a problem manifests itself in some fashion whereby a member(s) of the organization recognizes it, often due to a related discomfort (the easy example - slower sales, lower stock price, less compensation). The situation thereby gets taken on by them, or more often delegated to another party, with the expectation of resolving it. This seemingly innocent stride can be the first *pinch-point* to an effective solution, because with this assignment of the problem comes a first-pass definition of what the problem is. This initial, individual perspective will not only impact the problem definition, but then effect what data gets collected, what alternatives are kept in the option column, how the solution is chosen.

Guidance #1: The person who states there is a problem is simply telling you we have one; don’t assume they know exactly what the problem is.

I mentioned earlier that a problem involves doubt, uncertainty, and/or difficulty. Doubt certainly relates to the uncontrollable happenings of the outside world, but doubt can also be a concern to the problem definer if some facets of the problem were to be perceived as a relative weakness in them by others in the organization. Uncertainty is associated with fear, so it is human nature to define the situation in terms that reduce alarm even though it limits the potential of the solution. And difficulty can be proportional to costs, whereby a tight-budget culture can impact the definition of the problem right from the start. The way to counter these and other influences on the true definition of the problem is to expand the number of involved parties, include those from multiple functions and multiple levels of the hierarchy, in order to derive a more refined statement of the problem/opportunity.

Guidance #2: Bigger problems are better solved with a team approach – you not only expand the knowledge factor, but groups tend to be greater risk-takers and thus more likely to get to the true issue.

Though a company has gone as far as assembling a mixed group of its top talent from boardroom to shop floor, that still doesn’t always guarantee the best outcome. Not if everyone is dealing within the confines of the corporate culture. Here is a case example:

I was an executive at Pier 1 during the boom years, when its stock was one of the darlings of Wall Street. Pier 1's rebirth was fueled by a solid mix of new talent (me included) and driven veterans, and the company became transformed. At the birth of the resurgence, a focus group study told us what was key to our customer – they loved to browse the store aisles, for long periods, and wanted to be left alone to explore the many treasures we brought back from distant places. That realization became the cornerstone of our culture – leave the customer alone to shop (and they'll eventually buy something when they're done).

After years of extraordinary growth, we noticed that same-store sales were starting to level off – certainly a problem if we wanted to maintain our coveted 30+ PE ratio. We discussed all the usual suspects, but no clues – we were building stores in “A” retail locations, our visual merchandising was crisp, our marketing/advertising was catchy, and we had expanded our product offerings. We had even installed innovative shopper counters that revealed our foot traffic was better than we thought. Business carried on. Then there was an “aha moment”, sparked by a late-night conversation between myself and my Director of Training: Pier 1 wasn't selling!

Shortly after that discussion, I was in a store and got to experience the revelation firsthand. While talking with the store and regional managers, I noticed across the floor a couple had come into the store and begin to look at a furniture group. They were greeted by friendly staff with the glancing “hello” we ingrained in them (remember – be friendly but leave the customer alone to shop). As I continued to observe from a distance, I could see the husband pick up a table, tilt it over to inspect its quality; the wife collecting pillows to possibly match with the chair cushions; and their eyes reaching out into the store signaling they had questions needing answers. The store associates continued to buzz right around the shoppers, and never offering more than a greeting. The shoppers left the store without a purchase. In that moment our great culture had failed them. Though long fearing and preaching against “used car salesmanship”, we now came to realize “selling” isn't bad when it involves engaging the customer, answering their questions, providing options – and still respecting their right to purchase if and when they were ready.

Fast forward to the solution. We researched sales training techniques and found a program that fit nicely with our values. All levels of top management got on board to embrace this new approach. We implemented a nationwide roll-out to over 7,000 associates. Pier 1's existing stores sales began to climb again.

Guidance #3: Top executives must be willing to refine the culture they drive if they hope to solve tough problems by refining their definition.

One of the biggest diplomatic disasters of the Kennedy Administration was the Bay of Pigs invasion, and from the first-hand study of that Janis coined the term *Groupthink*. Janis gave the following definition of Groupthink: “A mode of thinking that people engage in when they are deeply involved in a cohesive group, when the members' strivings for unanimity override their motivation to realistically appraise alternative courses of action”. The administration clearly had brilliant people in the inner circle, but as Janis pointed out, an unwillingness to be contrary and singled out, coupled with others' unwillingness to be open to the problem in larger terms, led to an ultimately doomed solution to the Castro situation in Cuba. Has the business world learned the lesson on Groupthink – I think if you look at the current situation with Proctor & Gamble being played out in the press (activist investor Peltz pushing for a transformation) you might conclude we have not.

Guidance #4: At times it is smart to bring in an outsider (early) to help refine the problem, those who can bring a fresh and honest perspective.

It takes special skills to manage a project team consisting of players with a broad range of expertise, while balancing the dynamics of varying degrees of power and position. Sometimes an experienced, respected professional outside the organization can better drive the process. Depending on the frequency of new problems/opportunities, smart organizations develop a structure whereby certain individuals are prized for their roles beyond their standard position, and become frequent contributors to new problem-solving projects. If you don't feel your company has that dynamic, an experienced adviser can also assist in establishing these pods of innovative problem solvers for the future. So, as needed, seek outside executive engagement to add new insights, foster open-minded dialogue, and avoid pre-ordained paths.

As I mentioned earlier, there is a usual process for problem solving involving 5 simple steps: 1) Define the problem, 2) Gather information/data, 3) Generate alternatives, 4) Evaluate and choose the best option, 5) Implement. While I have certainly laid out a good case to pay particular attention to the first step, it's not over 'til the fat profits ring. The last step can be just as crucial in realizing the full potential of the opportunity.

Solutions are built upon assumptions and expectations. And when the situation doesn't unfold as planned, sometimes you have to take a step back and refine your solution path to success. But I have seen numerous times when the chosen *action* to achieve a desired solution/objective becomes the de facto objective. As new issues arise when the chosen best path becomes more difficult than anticipated, the focus can shift to solving that problem, rather than *refining the initial problem process*.

Guidance #5: Avoid having a secondary problem dominate and obscure the original problem/objective.

This is often a trying situation. You have trudged through four tough stages in the problem-solving process, are finally on the last leg and you sense the end is near! You are ready to be done with this project. Only to find the solution is not being achieved as planned. Sometimes in these circumstances it is good to bring in new talent. Whether internal or external, if they are seasoned professionals, they can "catch up" fast on the overall situation, and with fresh analytics and proper focus help you push through to success. Too often as business people we fall into the trap of wanting to tough it out, do it all ourselves, and forego calling in a "designated hitter" which the rules allow! But that's a topic for another day.

The process of problem solving seems simple when you look at the chart laying out the five basic steps. But we know from experience the actual path can be long and twisted. However, if you approach the process with a mind towards continual refinement and open to accepting the assistance of others, you'll find yourself traveling that road faster and easier than expected.