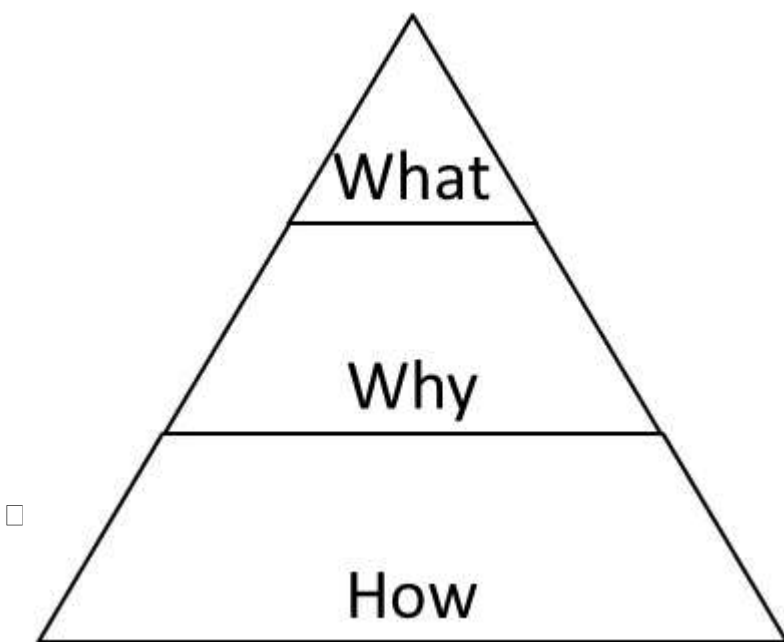


# Paramonos Research & Consulting

a Lean Six Sigma Consulting Firm focus on Cost Savings & Process Improvement

MECE

## Structure the case conclusion recipient-friendly by applying the Pyramid Principle



Structure the case conclusion recipient-friendly by applying the Pyramid Principle Use the pyramid structure to provide syntheses and recommendations at the end or in between your case interviews The Pyramid Principle is a structure to present your synthesis in an effective and convincing manner. Here, you present your results first and then how you got there. This principle is of crucial importance in a consulting context where you need to bring across the most important messages as quickly as possible. Remember that due to time constraints a CEO is primarily interested in the "answer" and not in the process behind the answer.

Author: Gabriel Daniels PE,. 0 Comments

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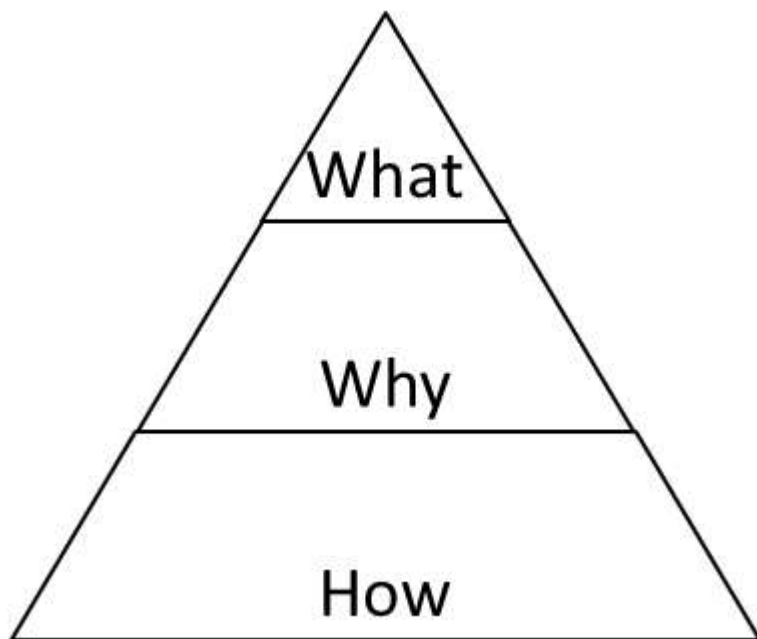
Use the pyramid structure to provide syntheses and recommendations at the end or in between your case interviews

The Pyramid Principle is a structure to **present your synthesis** in an effective and convincing manner. Here, you present your results first and then how you got there. This principle is of crucial importance in a consulting context where you need to bring across the **most important messages** as quickly as possible. Remember that due to time constraints a CEO is primarily interested in the “answer” and not in the process behind the answer.

The Pyramid Principle consists of three parts:

## What – Why – How

- What: Theory, hypothesis, recommendation or conclusion
- Why: The reasons
- How: Elaborate on how you want to implement it



## Structure of a recommendation in a pyramid format

Try to have 3 explanations for your recommendation supported by data. First, state the recommendation. Second, provide 3 reasons. Third, provide information on how to implement the recommendation.

## Example 1

**Question:** Our client wants to increase profits, how should they do it? (Assume you have gone through the case and the analysis is complete.)

Conclusion, after analysis in a pyramid format:

What:

Our initial analysis suggests a cost reduction for your supplies.

Why:

- (1) Benchmarking with competition shows lower purchasing costs in the industry.
- (2) For the basic products, cheaper and **lower quality supplies** are sufficient.
- (3) Market outlook and the current products do **not allow higher prices**.

How (next steps):

- **Benchmarking/sourcing:** A detailed analysis of competitors' suppliers and costs should be conducted that would allow to find cheaper suppliers. This information could also allow you to renegotiate with current suppliers. Bulk orders are another option because you have high storage capacity.
- **Supplies:** The suppliers' quality has improved over the last years. Low cost suppliers have products with sufficient quality to fulfill our needs. Furthermore, customers do not require or expect the longevity provided by the current products.
- **Pricing:** The current products are not sufficiently differentiated for higher prices. Also, the current brand positioning hinders premium pricing. Therefore, a cost leadership position would make more sense as supported by the analysis.

## Example 2

Just as the above example, assume we have completed the analysis (**note that the numbers in the example are hypothetical**).

**Question:** Should the Whole Foods Market enter India?

Conclusion, after analysis in a pyramid format:

**What:**

Yes (notice that it is extremely important to answer the client's question which is primarily a YES/NO answer, be direct!).

Our initial analyses show that the Whole foods Market should enter the Indian market, specifically, they should concentrate on the urban areas of India.

**Why:**

(1) Market for organic/healthy food is growing at a rate of 10 % annually, which is faster than most developing countries of the world.

(2) Increasing disposable incomes of the customers aligns well with the premium pricing of the company's products.

(3) The concept of organic food is getting a lot of influence from the western world, leaving more than ~1.5 billion dollars of untapped opportunity in India.

**How (next steps):**

- Partnership with locals
- Analysis of governmental regulations
- Pilot study

You can also mention that the next steps would need further analysis to determine the most attractive option.

**Key takeaway for the Pyramid Principle**

Remember: **What – Why – How**

*For more on this topic and others check out **Paramonos Research Labs**, a cost savings & strategy consulting firm that partner with executives on solving complicated problems within their organization using the **latest costs saving data collection tools and methodologies**.*

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Gabe is an Operations, Engineering, and Business Process Improvement professional with over 9 years domestic and international experience. He is a practitioner of Lean and change management strategies, a licensed industrial engineer, and Master Six Sigma Black Belt. Gabe experience includes managing key segments of medium size and larger, industry leading consumer products manufacturers, automotive component suppliers, and smaller technology and engineering based organizations. His manufacturing knowledge spans from raw material conversion, through component fabrication, coating, assembly, and packaging. He also has extensive experience off the manufacturing floor implementing ERP systems, and leading improvements in transactional processes. He has a drive for “improving every day” through the use of effective change management techniques, a strong technical skill set, and the application of process analysis/improvement tools. Gabe holds a Bachelor of Science degree in Industrial Engineering from the University of Alabama “In the global and competitive environment of today and tomorrow, organizations must rethink and reshape their approach to execution in order to stay competitive. Operational Excellence is the strategic initiative under which this process can take shape.” View all posts by Gabriel Daniels PE,.

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