

# WAT - PERSONAL INTERVIEW

## Preparation Material

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A reference guide for aspirants

5



# TIPS FOR PERSONAL INTERVIEW

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DRESS  
APPROPRIATELY



ARRIVE IN  
GOOD TIME



BODY  
LANGUAGE



EXPECT THE  
UNEXPECTED



ASK QUESTIONS

# PI Questions

- 1** Tell us something about yourself.
- 2** Describe yourself in one word.
- 3** Tell us something about yourself that is not on your resume.
- 4** What are your key strengths and weaknesses?
- 5** Why do you want to go for MBA?
- 6** Why MBA after your respective under graduation and not masters in our own field/ job?
- 7** Why did you leave your job?
- 8** Vision and mission of your previous company.
- 9** Where do you see yourselves in five years? 10 years? 20 years?
- 10** Tell us about your family background?
- 11** Tell us about your native place? What is special there?  
Name some famous persons from your place.
- 12** How did family background influence your education?
- 13** What is the single most memorable or important thing that happened in your life before you finished school?
- 14** During your undergraduate studies, describe one event/incident, small or large, that makes you extremely proud of yourself as a person.
- 15** Mention any incident where you went out of the way/defied set conventions to do something? Explain your rationale behind it.

# PI Questions

- 1 8** In your time as an undergraduate student, select one activity [inside or outside campus] that you did very often because you enjoyed it [may be anything from sports, theatre, academics, anything] and describe its impact on your growth as a person.
- 1 9** Which was your favorite subject in UG and why?
- 2 0** Which subject was the toughest and how did you deal with it?
- 2 1** What are you really passionate about?
- 2 2** Have you made any effort to pursue your passion? If so, how? If not, why not?
- 2 3** Given the chance, prioritize your preference of new IIM's?
- 2 4** Why should we select you over others?
- 2 5** According to you, what are the qualities required in a candidate for doing MBA?
- 2 6** How do you describe the essence of success? How successful you have been so far?
- 2 7** If you start your career again, what would you do differently?
- 2 8** Describe an incident where you resolved some conflict?
- 2 9** What did you learn from it?
- 3 0** What/whom do you respect the most in your life?  
What was the most difficult decision you took in your life so far?
- 3 1** Money or Fame? What would you choose?

# WAT Topics

## 1 Ethics and morals cannot be taught in classrooms only.

The value and the actions that a person lives by defines his morality. Ethics are the code of conduct that a person follows in a group dynamics. Both defines the persona of the person in professional as well as personal life.

<https://anurodh2008.wordpress.com/2014/02/10/ethics-and-morals-cannot-be-taught-in-class-rooms-only/>

## 2 Budgets, Performance Reviews Make Workplaces Ripe for Hostility. How can HR ensure civility?

At this time of the year, when manager delivers bad reviews or a department need budget allocations, a hostile ground is created in the workplace. There various ways an HR can work towards for a better and smooth transition during this period.

<https://www.shrm.org/resourcesandtools/hr-topics/employee-relations/pages/civility-at-work.aspx>

## 3 Why Aren't Women Working in Cybersecurity?

Women's role in cyber share stands at 10% only. There are several reasons that even after the industry being welcoming to women, the numbers don't show up.

Some reasons are the perception of the job being for the geeky or overly techie or because education other than technical aspect is also required.

<https://www.shrm.org/resourcesandtools/hr-topics/talent-acquisition/pages/women-working-cybersecurity-gender-gap.aspx>



# WAT Topics

## 4 Should a Startup Hire an HR?

Any company needs an HR professional hand in it. For startups, it may seem as an additional cost but a personnel who can don strategic role, especially when the company is growing. The matter of question if yes, then when.

<https://www.entrepreneur.com/article/283054>

## 5 Tech is HR's friend, not an enemy.

HR is one department that everyone loves to hate. Recent development in HR tech has questioned the need for HR department. The truth is human are the biggest asset of any business and an expert is always required to manage them. The tech can automate the work and increase the productivity.

<https://www.entrepreneur.com/article/274070>

## 6 Shifting Attitudes Reflected in Paternity Leave Policies.

Maternity, paternity and adoption leave like policies have taken a front seat in most of the policy changes of the company. Being a patriarchal society, India is among the top 10 countries to focus on these policies.

<http://timesofindia.indiatimes.com/business/india-business/India-among-top-10-countries-with-highest-percentage-of-companies-providing-paternity-and-adoption-leave-above-statutory-requirement-Mercer-report/articleshow/54408693.cms>



# WAT Topics

## 7 Is Corporate Social Responsibility only for Business and advertising?

Corporate Social Responsibility( CSR ) is undertaken by firms to serve the long term of society welfare. While some companies take this into consideration to establish a long-term relationship with society, some are involved because they believe it is the right thing to do. As a matter of fact, most of the social responsibility programmes are undertaken to serve firms' mission and vision. However, this cannot be denied that Corporate Social Responsibility is also a route to profit maximisation. This is because, it helps firms in gaining media coverage, increases the social status of corporates and uplifts the overall business development of the company. Thus, this may probe us to think upon whether CSR is truly serving its purpose or is just for business' benefits.

<http://themarketmogul.com/profits-vs-corporate-social-responsibility/>

## 8 Challenges faced by educated and working women.

The new professional roles women assume a place on them responsibilities with which they can hardly cope if they were also to fulfil their traditional roles as daughters, wives and mothers. Not only do these women also have to deal with conflicting demands on their time, their families and the employers. Economic independence though gives them confidence, but only a few are willing to go beyond "approved roles" of working as school teachers, nurses, junior staff and roles like that.

<http://www.lazy-blogger.com/challenges-problems-of-a-working-woman/>



# WAT Topics

## 9 Relevance of gender sensitivity and #MeToo movement

Gender sensitization presides over gender sensitivity which refers to the modification of behaviour by raising awareness of gender equality concerns. This can be achieved by conducting various sensitization campaigns, training centres, workshop, programs etc. It is interlinked with gender empowerment.

The #MeToo movement began in the United States more than a year ago in response to accusations of sexual abuse and harassment by powerful men in the entertainment industry and other sectors. It soon became a global movement as women shared their stories of harassment or gender-based discrimination.

Read more at:

<https://www.channelnewsasia.com/news/world/metoo-takes-fight-for-gender-equality-to-new-heights-un-women-11012250>

## 10 GDP vs Human Development

India is among the fastest growing countries in the world and has climbed up in the Ease of Doing Business Index by in 2018. Clearly something seems wrong somewhere. While India is surging ahead in terms of GDP growth, it is faring poorly on the human development front which means that millions of Indians have less healthcare and education than in more advanced countries or even in Emerging Economies like the BRICS.

Read more at

<https://www.ukessays.com/essays/politics/human-development-index-gross-domestic-7568.php>

# Some more Topics

- 1 Tussle between Google and Congress in U.S.
  - 2 Resignation of Flipkart CEO
  - 3 Skilling the youth of India
  - 4 Environment vs Growth
  - 5 Cultural Transformation in 21st century
  - 6 Scrapping of Article 377- latest addition to Human Rights protection
  - 7 Relevance of the Supreme court's decision to decriminalize the crime of adultery laid under section 497 of IPC
  - 8 Merger and Acquisitions in India, 2018
  - 9 Rafale Deal controversy
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# PI Prep - Marketing

## 1 What is a product?

“Product is anything that can be offered to a market for attention, acquisition, use or consumption” (Kotler)

## 2 What is service?

“Any act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product” (Kotler)

## 3 What are the differences between product and service?

Product	Service
It is Tangible	It is Intangible
Homogeneous	Heterogeneous
It can be kept in stock	Production and consumption happen simultaneously. Thus, it can't be kept in stock
Transfer of ownership	No transfer of ownership
It is a thing	It is an activity or process

## 4 What is Market?

Market is a place or common platform where buyers and sellers come together for exchange of goods, services & information. When the exchange of goods happens in return of money then it is called transaction.

## 5 What is Marketing?

Marketing is the process to identify, anticipate and satisfy customer needs. It is about communicating the product and service to the customer by advertising for the purpose of promoting and selling the product and service.

# PI Prep - Marketing

## 6 What is the difference between marketing and sales?

There is a very thin line of difference between marketing and sales.

Sales start when the product is available in the market place for consumption. Sales is the retailer's function to have confidence in product for cultivating customer's advocacy for the maker of product or service.

Marketing creates the process for sales to happen. It is broader in scope and is the ongoing process till the product is in market. It identifies the customer, their needs, to meet the demand.

## 7 What is the difference between a customer and consumer?

- Customer – Buyer, but not necessarily a user
- Consumer – Might be a Buyer, but necessarily a user.

A product is designed to give maximum satisfaction to the consumer and a product is branded and advertised in a manner that it makes the maximum appeal to the customer.

**Example:** A father purchases a 5star for his son, here father is the customer and son is the consumer.

## 8 What are 4 P's of marketing?

The 4 P's of marketing are:

**Product:** They are the good and services for sale. Customer considers design, quality, features and functionality of the product.

**Place:** These are the methods of distribution, channel and logistics in which the product reaches the customer. It includes location of the business.

**Price:** It is the amount the customer needs to pay to purchase the product. Discount, payment terms and credit period is considered in the process.

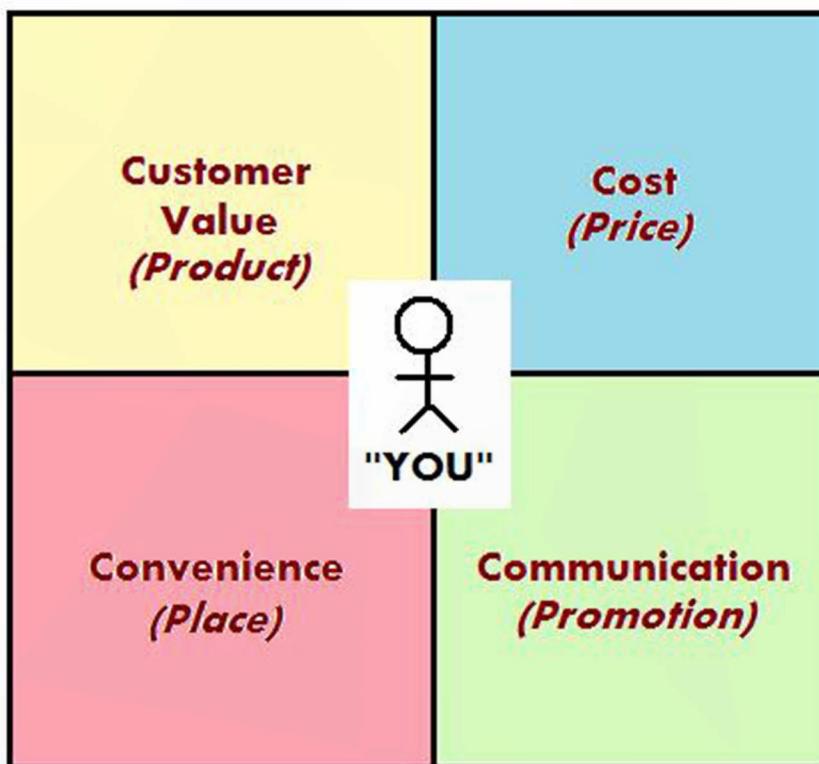
**Promotion:** It is the act of creating awareness of the product in the consumer. It involves persuading consumers into customers by methods of advertisements, sales promotion, personal selling and direct marketing.

# PI Prep - Marketing



9

What are 4 Cs of marketing?



# PI Prep - Marketing

## 10 What is Segmentation, Targeting and Positioning (STP)?

It is not possible by the company to serve all its customers in a broad market. The company needs to identify the key market segments so that it can serve its customer more effectively.

**Market segmentation:** The main concept of segmentation is to identify and profile distinct group of buyers that may have common needs.

**Market targeting:** Once the segmentation is completed, the marketer has to decide which segment he/she shall target to sell his/her product or service.

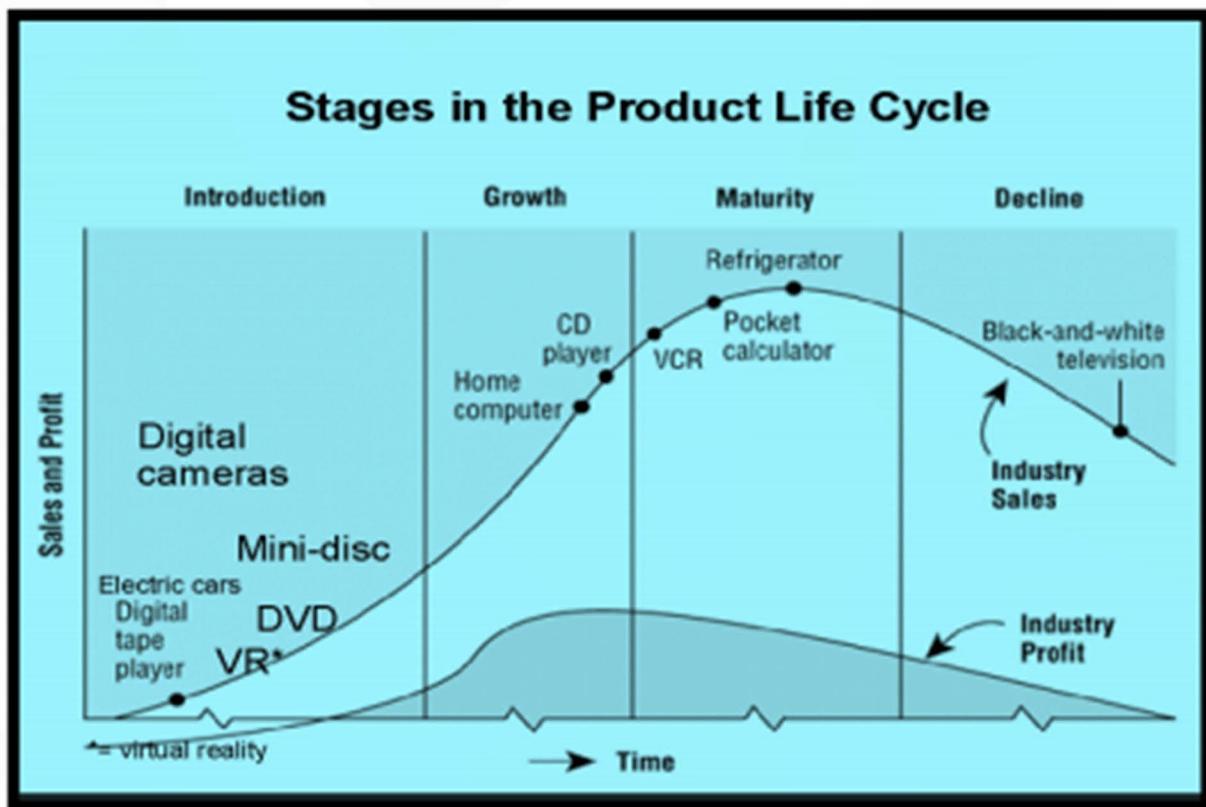
**Market positioning:** After segmentation and targeting, marketer has to establish and communicate the benefits of offering to develop an image in the minds of customer.



# PI Prep - Marketing

**1 1** Tell me something about PLC (Product life cycle)

There are 4 stages of product life cycle:



STAGE	SALES	PROFIT
Introduction	Low sales/no sales	No profits/losses also
Growth	Rapid increase in sales	Keep on increasing
Maturity	Reaches maximum and gets stagnated	Profit reaches peak and starts decreasing
Decline	Almost no sales	No profits

- 1. Introduction:** It is the stage where the product is launched into the market. Consumers test the product in this phase.
- 2. Growth:** It is the stage in which the market has accepted the product and the sales have begun to rise. Consumers become more interested in it.
- 3. Maturity:** It is the stage where the sales reach its peak. The market has reached saturation.
- 4. Decline:** It is the stage where the sales begin to decline. Economic and production conditions become unfavourable.

# PI Prep - Marketing

## 1 2 Why is online marketing so important?

Online marketing is important because:

1. It allows statistics to be measured more easily.
2. It's an effective & inexpensive technique compared to other mediums.
3. It allows increasing the reach of the product, thereby providing flexibility to customers of the world to research and purchasing products.
4. Campaigns can be altered to appeal to the targeted customer segment.

## 1 3 SWOT Analysis



# Marketing Strategies

## Fastrack

Fastrack was launched as a sub-brand of Titan in 1998. This move by Titan was motivated by the desire to cater to an untapped market of youth accessories, which at the time were mainly watches. Fastrack today has come a long way from that, establishing itself as an independent fashion accessories brand selling other accessories also like wallets, bags, helmets etc. This brand has become tantamount to being representative of the life that today's youth leads.

Other brands in the category haven't been able to capture the attention of the consumers in a way that Fastrack has. They offer a collection of new and different designs at affordable prices to the consumers. This is where they struck a chord with the youth by providing them with trendy fashion accessories that didn't make a cut in their pockets. For their distribution channel, they made use of Titan stores initially and store-in-store models. Then moved on to their exclusive stores as well. Today, it has over 150 stores all over the country. These stores have been positioned as a place where the consumer can get "all fashion gear under one roof".

The brand's slogan "Move On" defines its philosophy of propagating a care-free lifestyle. This has been evident in its Ad campaigns as well. Its Ad campaigns have always been edgy and provocative. This has created an image of the brand being unpredictable and always pushing boundaries in the minds of the consumers.

## Fevicol

Pidilite is well known for its creative campaigns. They focus on the #MazbootJod of Fevicol so much so that the brand Fevicol has become synonymous with adhesives. Fevicol has been appealing to the consumers through the use of humour in its advertisements. The campaigns are not only creative but at the same time simple enough to be easily understood by the consumers. They have reinterpreted this characteristic of bonding over the years to also show their bonding with consumers in addition to just showing bonding of furniture through their campaigns.

Their recent campaigns on YouTube have focused again on the unbreakable bonding of Fevicol. Here, they made use of web banners in a quirky way. Web banners are generally ignored by people, but it was difficult to do that in these particular set of advertisements. These banners would stick to the screen – literally. The characters in the advertisements would pass by the web banner and would get stuck to the banner, thus demonstrating the adhesive power of Fevicol.

## Be The Match

Be The Match is a non-profit organization focusing on bone marrow donations. They act as a mediator between donors and patients by keeping the world's largest bone marrow registry. Their advertisement doesn't contain typical content related to compassion or guilt which most non-profit organization have while focusing mainly on the patient. Instead, a couple of their 15-sec television teaser showcases a simple requisite of being a donor by showing a man shaved off his body hair in an unconventional way. In the second ad of the campaign, a young guy in his early twenties is riding his skateboard on a treadmill showing that he's young and fit. In a nutshell, their advertisement focuses on the donors.



## Old Spice

Old Spice marketed its body wash ‘like a boss’. An advertising campaign featuring Isaiah Mustafa went viral in 2010 making OldSpice as the number one most viewed sponsored channel on YouTube at that time. The best strategy of the commercial was that it did not target men like most of the men product companies would. The ad agency, Wieden + Kennedy understood that men products are mostly bought by their spouses, and hence towel-clad Isaiah Mustafa was asked to break the ‘fourth wall’ talking directly to the actual buyers – women, greeting them with a confident “Hello ladies!” and promising them that he was “The Man Your Man Could Smell Like”. No wonder that by the end of 2010, Old Spice had become the leading body wash brand for US men with sales up 125%.

## Swiggy

Swiggy, India’s largest online food ordering and delivery platform, has become an integral part of the consumer’s lives. With its witty IPL themed ad campaign rolled out a few months ago, it has been able to grab a lot of attention and convey the message that Swiggy is truly “changing the way India eats”.

One of the ads included the children who were being given a treat of doughnuts but the number of doughnuts proved to be insufficient. The other ad portrayed an old man who sneaked out of his house to eat a single piece of gulab-jamun that he had ordered on Swiggy. In both the ads, a witty cricket commentary goes on in the background which vividly portrays the situation. In these ads, Swiggy used the two things that the Indians are the most passionate about: Cricket and Food. Apart from the wit and humor, the ads had many subtle nuances along with the easily understandable core messages. The core messages conveyed included the faster delivery of any order and no limit to the minimum quantity that can be ordered. Because of such well-formulated ads, the campaign was highly successful and helped in creating a lot of buzz about the company.

# PI Prep - Marketing

## SOME MORE FACTS ABOUT MARKETING:

There are several types of marketing, some of them that are important are:

- **Drip Marketing:** Sending various promotional items to Clients.
- **Viral Marketing:** When marketing happens by word of the mouth it is referred as viral marketing. The best example for this is creating a 'buzz' in the industry.
- **Guerilla Marketing:** It is an unconventional marketing intended to get maximum results from minimal resources i.e. low cost.
- **Social Media Marketing:** Marketing using online communities, social networks, blog marketing etc. is called the social media marketing.
- **Internet Marketing:** Marketing of products or services over the Internet is called Internet Marketing. It is also known as i-marketing, web-marketing, on-line-marketing, Search Engine Marketing (SEM) and e-Marketing.
- **Digital Marketing:** The marketing which uses digital advertising is called digital marketing. Television, Radio, Internet, mobile etc.

## SOME MORE IMPORTANT QUESTIONS: (answers vary from person to person):

1. Sell a pen to me
2. What makes you a successful marketing manager?
3. Which is your favorite company?
4. Which your recent favorite ad you have seen?
5. Why do you want to work in marketing field?
6. Compare yourself with a product and communicate your USP?
7. Tell something about your marketing experience (if you have)?

For current trends in marketing, follow us on Facebook at:

<https://www.facebook.com/MarClanIIMU/>



# PI Prep - Consulting

## CONSULTING INTERVIEW QUESTIONS:

- 1 Why do you want to pursue Consulting?
- 2 What do you think makes a good management consultant?
- 3 What's your greatest strength and biggest weakness?
- 4 How would your previous boss/sibling/friends describe you? How about if they were to describe you in only 1 word?
- 5 Please describe your most important leadership experience and the impact that you had as a leader.
- 6 Describe a problem that you would like to tackle at [this firm], why and how would you pursue it.
- 7 If I were to speak to your colleagues from your most recent work experience (or internship), what would they say about you? What are the strengths and weaknesses they would share?
- 8 Describe a situation where you failed. What did you learn about yourself and how did you change as a result?

## GUESSTIMATE QUESTIONS:

- 1 How Many Penguins Can Live in Antarctica?
- 2 What is Market Size of Acoustic Guitar in New Delhi?
- 3 How Many People Are in the Air of U.K. Right Now?
- 4 How many lightbulbs are there in Mumbai?

# PI Prep - Consulting

## CASE QUESTIONS:

- 1** Client X is deciding how best to enter a new market. They have a choice of buying an existing company, or developing the technology in-house. How would you think about advising them to make the best decision?
- 2** How should a nuclear plant deal with waste products?
- 3** An online brokerage is growing well but can't seem to reach their profitability goals; what could be going on?
- 4** You're discussing a contemplated divestiture with the CFO of a large corporation. What are some of the points you'd want to make in considering how our firm can potentially assist him or her? What key themes would you want to hit on?
- 5** Your client is a Fortune 50 aerospace and Defense Company interested in entering adjacent markets through organic or inorganic expansion. Which markets should she enter and how?
- 6** How would you go about advising a hypothetical client on commercializing a teleportation device that they have invented?
- 7** Should I open Chick-Fil-A on Sunday?
- 8** Should I put Wi-Fi on my airline?
- 9** Our client is thinking of acquiring a company that makes a certain type of medical device; what do they need to consider in making their decision?
- 10** Our client wants to enter the wine market; how should they go about doing so?

# Consulting Basics

Consulting sounds like a dream job to a lot of people, and for many it is. If you're thinking about looking for jobs or internships in consulting, though, everyone will expect you to know the basics of the industry. Here are six things everyone interested in consulting needs to understand.

## 1 There are two types of consultants

If you tell any adult that you could be interested in consulting, there's one comment that you'll hear more than any other: "It feels like everyone's a consultant these days!" This statement implies that people in general don't understand a basic distinction in consulting. This is the difference between industry consultants and career consultants. **Industry consultants** typically have 10+ years of experience in a given industry, and help companies make decisions based on their experience in and knowledge of the industry. *For example*, someone who has worked managing UPS's supply chain management division for decades may decide to try being his own boss, and start a consulting practice helping other companies improve their supply chain practices. **Career consultants**, on the other hand, are those who spend their career developing the types of skills that consultants use, including research, presentation, and analytical skills. They add value based on the research/analytics they perform, in addition to their ability to add insight to a particular problem.

## 2 There are three (main) types of consulting

Even after differentiating the career consultant from the industry consultant, there is another extremely important division between three types of consulting: management/strategy consulting, economic consulting, and IT consulting.



# Consulting Basics

There is a lot of overlap between these groups, and many consulting companies have different departments specializing in each of these. Here are the main areas of distinction, though:

	IT Consulting	Economic Consulting	Management/strategy
Who is your client contact?	CTO, senior management	Attorneys	CEO, Senior Vice President, or other senior management
What skills do you need?	Business sense, math, communication, problem-solving (programming typically not required for entry-level positions)	Statistics, math, communication, analytical/problem-solving	Business sense, communication, analytical/problem-solving , presentation
Where do your solutions come from?	Technology implementation, problem-solving insights	Statistical, econometric analysis, problem-solving insights	Research, analytics, problem-solving insights
Big names	IBM Global Business Services, Accenture, Capgemini	Analysis Group, Cornerstone Research, NERA Economic Consulting	McKinsey, Bain, Boston Consulting Group, L.E.K., Deloitte Consulting
Sample case	How can the sales force of a company create a centralized, constantly up-to-date record of all communication with potential customers?	How much in damages did MF Global cause its investors through its improper trading practices?	Why is profitability falling in the microwave division of GE, and how can we fix it?



# Consulting Basics

That said, the distinctions do not end there. There are human resources consultants, creativity consultants, change management consultants, supply chain management consultants, and legal consultants, for example. Consultants may specialize in an industry (e.g. healthcare) or a capability (e.g. growth strategy). There is almost no end to the variety of work that consultants do.

## 3 Consulting is NOT finance

People who are interested in business coming out of college in many cases gravitate toward finance and consulting, and as a result people tend to group them together. They do have a lot in common: both are industries where smart, analytical thinkers do well, both offer an avenue into many types of business roles (including business school), and both have the potential to be lucrative. But this doesn't mean that they're the same.

## 4 Why companies hire consultants?

Consultants typically charge exorbitant fees to do some research, make a presentation and an accompanying report, and then jet out of town never to be seen again (until the next project). Yet in each engagement they may make something to the tune of tens or hundreds of thousands of dollars. Where is the value added? If you're a businessperson who hires a consulting team, you probably did it for one or more of these reasons:

- Consultants add experience from their work with other related companies
- Consultants add more brains to a problem, increasing the chances of finding a solution

# CONSULTU Consulting Basics

- Consultants do the research and analytical work that you don't have time or resources for
- Consultants represent an outside viewpoint—someone who can look at a problem without a personal stake in the company's politics
- Consultants may have particular expertise that the client doesn't have

## 5 What consultants do all day?

If you don't like working with Microsoft PowerPoint or Excel, consulting may not be the field for you. Especially in an entry-level consulting position you will be tasked with making endless PowerPoint slides, conducting interviews, doing primary and secondary market research, and working with your team to attack the problem at hand. It typically ranges from about 30%-90% group work depending on the type of consulting (economic consulting tends to be less group-oriented) and type of project (if there are lots of distinct parts, for example, you might be tasked with doing all of the analysis for one part on your own before everyone meets to compare results and come to a final conclusion).

## 6 Why you want to be a consultant?

This is something you'll have to answer for yourself, but do take the time to think about it. It's not a field that's right for everyone, and there are just as many drawbacks to entering the field as there are advantages. If you want to learn more about consulting or other economics topics, though, a good place to start is joining our e-list to find out about events and job/internship opportunities.

# CONSULTING BASICS

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# PI Prep - Strategy

## 1 What is Strategy?

Strategy is the creation of a unique and valuable position, including a different set of activities. Strategic position emerges from three distinct sources:

- Serving few needs of many customers
- Serving broad needs of few customers
- Serving broad needs of many customers in a narrow market (e.g. you choose to run movie theatres only in cities with population less than 500000)

Strategy requires you to make trade-offs in competing - to choose what not to do. e.g. Neutrogena soap is positioned more as a medicinal product rather than as a toilet soap. Company does not sell its product based on fragrance and also gives up large volume sales.

Strategy also requires creating a “fit” among company activities. Fit has to do with the ways a company’s activities interact and reinforce one another. The activities of the company should not seem to contradict with one another.

## 2 What is Strategic Management?

Strategic management is the process where managers establish an organization’s long-term direction, set the specific performance objectives, develop strategies to achieve these objectives and undertake to execute the chosen action plans.

# PI Prep - Strategy

## 3 Porter's five forces

In an existing industry, market entry and survival is determined by various forces that prevail in the industry. The main five factors or forces that drive competition:



1. Competitors: Existing rivalry between firms can take a firm's profits to zero and may lead to shut down. In a competitive environment, firm's decision is highly influenced by what the competitors do.
2. Barriers to Entry: The threat of new entrants to the market determines the sustainability of estimated market share. It is evaluated in terms of market entry barriers which may be in the form of high fixed cost, product differentiation etc.
3. Substitutes: There is always a threat of substitute products replacing the existing product(s) of a firm.
4. Suppliers: A competitive market with limited suppliers brings with it high level of bargaining power of suppliers.
5. Buyers: Multiple products of same category gives the buyers an advantage in bargaining, thus high bargaining power of buyers exists in multi-brand products.

# PI Prep - Strategy

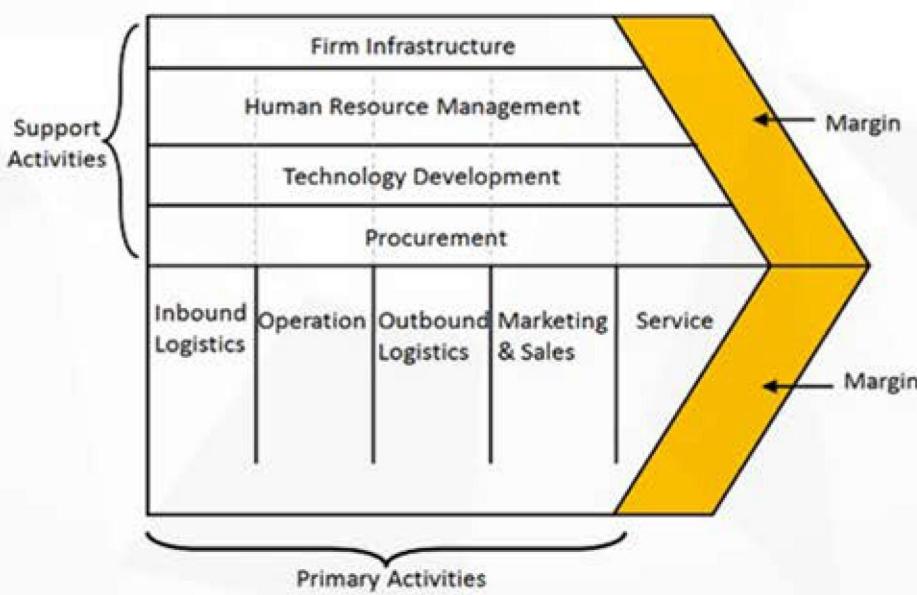
## 4 SWOT Analysis

SWOT analysis is a framework used to evaluate a company's competitive position by identifying its strengths, weaknesses, opportunities and threats. Specifically, SWOT analysis is a foundational assessment model that measures what an organization can and cannot do, and its potential opportunities and threats.



## 5 Value chain Analysis

Value chain analysis is a process of dividing various activities of the business in primary and support activities and analyzing them, keeping in mind, their contribution towards value creation to the final product. And to do so, inputs consumed by the activity and outputs generated are studied, so as to decrease costs and increase differentiation. As shown in the figure, Michael Porter classified the entire value chain into nine activities which are interrelated to one another.



While primary activities include the activities that are performed to satisfy external demand, secondary activities are those which are performed to satisfy internal requirements.

# PI Prep - Strategy

## Case Questions

- 1** What would be your approach for introducing a product into a foreign market?
- 2** You're consulting with a large pharmacy with stores in multiple states. This company has improved sales but experienced a decrease in revenue. As a result, it is contemplating store closings. Explain how you'd advise this client?
- 3** You are working directly with a company's management team. It is organizing a project designed to significantly increase revenue. If you were provided with data and asked to supervise the project, what steps would you take to ensure it's successful?
- 4** You have been assigned to consult a shoe retailer with stores throughout the nation. Since its revenue is dropping, the company has proposed to sell food at its stores. How would you advise this client?

# IT/Analytics Background

## General questions for aspirants with IT background

- Why is attrition rate high in IT sector? How can it be reduced?

<http://www.dnaindia.com/money/report-high-attrition-but-infy-wipro-tcs-say-no-problem-2083931>

<http://www.businessinsider.in/Massive-attrition-in-Infosys-TCS-Wipro-Over-100000-quit-in-a-year/articleshow/48264560.cms>

- How IT can help the urbanization of rural India?

<http://www.strategyand.pwc.com/reports/sustainable-urbanization-role-city-development>

- Smart cities and role of IT in the development in smart cities.

[https://www.eschergroup.com/files/8914/4491/8222/Smart\\_City\\_Planning.pdf](https://www.eschergroup.com/files/8914/4491/8222/Smart_City_Planning.pdf)

- What are some of the recent advancements in the IT sector?

<https://www.pastemagazine.com/blogs/lists/2014/12/the-10-best-technology-advances-of-2014.html>

- Do the SWOT analysis of the IT industry in India

- What is IoT (internet of things), applications in real life or in the future?

<http://www.businessinsider.com/what-is-the-internet-of-things-definition-2016-8?IR=T>

- What is cloud computing and its application?

<https://azure.microsoft.com/en-in/overview/what-is-cloud-computing/>

<http://in.pc当地/ networking-communications-software/38970/feature/what-is-cloud-computing>

[https://www.youtube.com/watch?v=ae\\_DKNwK\\_ms](https://www.youtube.com/watch?v=ae_DKNwK_ms)

- What is virtual reality, applications in real life or in the future?

<https://www.youtube.com/watch?v=HBNH8tzsfVM>

<http://www.marxentlabs.com/what-is-virtual-reality-definition-and-examples/>

## For those who have Analytics/ data analytics background

- What is data? What is analytics? What is data analytics?

- Give example/usage of data analytics in real life.

- What is big data? Why it is so much talked about these days? What is the future of big data.

[https://www.eschergroup.com/files/8914/4491/8222/Smart\\_City\\_Planning.pdf](https://www.eschergroup.com/files/8914/4491/8222/Smart_City_Planning.pdf)

- What are different types of variables? Explain with examples.

<https://statistics.laerd.com/statistical-guides/types-of-variable.php>

- A real life situation can be given where your analytical skills and approach can be tested e.g. number of red refrigerators in your city or number of pizzas delivered by Dominos in your locality etc.

- A lot of discussion can go on the work ex and the kind of projects done in the company.



# Economics Basics

## Fiscal Policies:

It is the means through which a country controls its revenues and expenditures to achieve economic objectives. The two principal instruments of Fiscal policy are taxation and government spending. The changes made in the above two components are expected to bring out the change in the aggregate demand, savings, and investments and distribution of income. It is the sister strategy to monetary policy through which a central bank influences a nation's money supply.

Fiscal policy can be contractionary or expansionary in nature.

## Monetary policies:

Monetary policy is the process by which the monetary authority of a currency controls the supply of money, often targeting an inflation rate or interest rate to ensure price stability and general trust in the currency. Monetary policy is maintained through actions such as changing the interest rate, or changing the amount of money banks need to keep in the vault (bank reserves). Monetary policy is referred to as either being expansionary or contractionary, where an expansionary policy increases the total supply of money in the economy more rapidly than usual, and contractionary policy expands the money supply more slowly than usual or even shrinks it.

## GDP:

The gross domestic product (GDP) is one of the primary indicators used to gauge the health of a country's economy. It is the market value of all the finished goods and services produced within a country in a



particular time period. One of the ways to calculate GDP is by expenditure method:

$$GDP = C + I + G + NX$$

"C" is equal to all private consumption or consumer spending, in a nation's economy

"G" is the sum of government spending

"I" is the sum of all the country's businesses spending on capital

"NX" is the nation's total net exports, calculated as total exports minus total imports.

$$(NX = \text{Exports} - \text{Imports})$$

The GDP of a country can also be calculated using the Income method and the Value Added method.

### Real v/s Nominal GDP:

The main difference between real and nominal values is that real values are adjusted for inflation while nominal values are not. Generally for a country with positive inflation, nominal GDP will often appear higher than real GDP.

$$\text{Nominal GDP} = \sum (P_t * Q_t)$$

Where P refers to the price, Q is the quantity, and t indicates the year (usually the current year).

$$\text{Real GDP} = \sum (P_b * Q_t)$$

Where, b denotes the base year.

India's Nominal GDP \$2,250.9 billion

PPP India's GDP \$8,720.5 billion

### GDP by Sector

Agriculture 17.01%

Industry 30.02%

Services 52.97%

One uses the nominal GDP figures to determine the total value of the products and services manufactured in a country during a particular year. However, when one wants to compare GDP in one year with past years to study trends in economic growth, real GDP is used.

### **Taxes:**

- **Direct Taxes**, as the name suggests, are taxes that are directly paid to the government by the taxpayer. It is a tax applied to individuals and organizations directly by the government e.g. income tax, corporation tax, wealth tax, etc. A direct tax cannot be shifted to another individual or entity. The individual or organization, upon which the tax is levied, is responsible for the fulfillment of the tax payment.
- **Indirect Taxes** are applied to the manufacture or sale of goods and services. These are initially paid to the government by an intermediary, who then adds the amount of the tax paid to the value of the goods / services and passes on the total amount to the end user. It can also be defined as a tax that increases the price of a good so that consumers are actually paying the tax by paying more for the products. Examples of these are sales tax, service tax, excise duty, etc. Indirect taxes, unlike direct taxes, can be shifted from one taxpayer to another.

### **Deficit:**

- **Fiscal Deficit:** It is an economic phenomenon, where a government's total expenditures exceed the revenue that it generates (excluding money from borrowings). Deficit differs from debt, which is an accumulation of yearly deficits. The primary component of fiscal deficit includes:

- **Revenue deficit:** It is an economic phenomenon, where the net amount received fails to meet the predicted net amount to be received. **Capital expenditure:** It is the fund used by an establishment to produce physical assets like property, equipment or industrial buildings. In India, the fiscal deficit is financed by obtaining funds from Reserve Bank of India.
- **Primary Deficit:** It is an amount by which a government's total expenditure exceeds its total revenue, excluding interest payments on its debt.

Primary Deficit = Fiscal Deficit – Interest Payment

The total borrowing requirement of the government includes the interest commitments on accumulated debts. Primary deficit reflects the extent to which such interest commitments have compelled the government to borrow in the current period.

### **GST:**

Goods and Services Tax (GST) is a comprehensive tax levy on manufacture, sale and consumption of goods and services at a national level. Through a tax credit mechanism, this tax is collected on value-added goods and services at each stage of sale or purchase in the supply chain. The system allows the set-off of GST paid on the procurement of goods and services against the GST, which is payable on the supply of goods or services. However, the end consumer bears this tax as he is the last person in the supply chain. Experts say that GST is likely to improve tax collections and boost India's economic development by breaking tax barriers between States and integrating India through a uniform tax rate. (Source: <http://gstindia.com/>)

## **Balance of Payments (BOP):**

The Balance of Payments shows country transactions with the rest of the world. It notes inflows and outflows of money and categorizes them into different sections. The balance of payments, also known as balance of international payments, encompasses all transactions between a country's residents and its nonresidents involving goods, services and income; financial claims on and liabilities to the rest of the world; and transfers such as gifts. The different sections of the Balance of Payments are:

- 1. Current Account Balance of Payments** measures transactions for goods and services (used to be called visible and invisibles). It measures the inflow and outflow of goods, services, and investment incomes. The current account comprises the trade balance (which is a trade in goods) and also includes the balance of trade in services. The main components of the current account are: 1. Trade in goods (visible balance) 2. Trade in services (invisible balance) e.g. insurance and services 3. Investment incomes e.g. dividends, interest and migrants remittances from abroad 4. Net transfers – e.g. International aid
- 2. Current Account Deficit:** A measurement of a country's trade in which the value of goods and services it imports exceeds the value of goods and services it exports. The current account also includes net income, such as interest and dividends, as well as transfers, such as foreign aid, though these components tend to make up a smaller percentage of the current account than exports and imports. A current account deficit represents negative net sales abroad. Developed countries, such as the United States, often run current account deficits, while emerging economies

often run current account surpluses. Countries, that are very poor, tend to run current account deficits.

**3. Financial Account (Capital) Balance of Payments** The capital account of the balance of payments measures the outflow and inflow of capital into the economy. It takes into account the movement of capital, both short term and long term, and the loan repayments.

This includes:

- i) Foreign direct investment
- ii) Purchase of securities by investors
- iii) Loans by international financial institutions In a floating exchange rate, a current account deficit must be matched by a surplus on the financial account.

### **Balance of Payments Crisis**

Balance of payment crisis, also called a currency crisis, occurs when the current account deficit cannot be maintained. It means there will be a fall in foreign exchange reserves, and the country can no longer attract sufficient capital flows to finance the current account deficit. Crises are generally preceded by large capital inflows, which are associated at first with rapid economic growth. However, a point is reached where overseas investors become concerned about the level of debt their inbound capital is generating, and decide to pull out their funds. The resulting outbound capital flows are associated with a rapid drop in the value of the affected nation's currency.

### **Balance of Trade:**

The difference between a country's imports and its exports is termed as Balance of Trade. Balance of trade is the largest component of a country's balance of payments. Debit items include imports, foreign aid,

domestic spending abroad and domestic investments abroad. Credit items include exports, foreign spending in the domestic economy and foreign investments in the domestic economy. A country has a trade deficit if it imports more than it exports; the opposite scenario is a trade surplus.

### **Inflation:**

Inflation is defined as a sustained increase in the general level of prices for goods and services. As inflation rises, the purchasing power of the currency falls. It represents the loss of real value of money.

Inflation rate = (this year's price index – last year price index)/last year's price index

There are two main price indexes to measure inflation:

1. **Consumer Price Index (CPI):** A measure of price changes in consumer goods and services purchased by households.
2. **Wholesale Price Index (WPI):** It represents the price of a representative basket of wholesale goods.

There are several types of inflation:

- **Deflation:** When the general level of prices is falling. This is the opposite of inflation.
- **Stagflation:** The combination of high unemployment and economic stagnation with inflation.
- **Hyperinflation:** It refers to unusually rapid inflation. In extreme cases, this can lead to the breakdown of a nation's monetary system.

### **Foreign Direct Investment (FDI):**

An investment made by a company or entity based in one country, into a company or entity based in another country. The investing company may make its overseas investment in a number of ways - either by setting up a subsidiary or associate company in the foreign country, by

acquiring shares of an overseas company, or through a merger or joint venture. Entities are making direct investments typically have a significant degree of influence and control over the company into which the investment is made.

An increase in FDI may be associated with improved economic growth due to the influx of capital and increased tax revenues for the host country. Host countries often try to channel FDI investment into new infrastructure and other projects to boost development.

(Source: <http://www.investopedia.com/>)

### Types of Markets:

1. **Monopoly:** A situation in which a single company or group owns all or nearly all of the market for a given type of product or service. By definition, monopoly is characterized by an absence of competition, which often results in high prices and inferior products. Example - Hindustan Aeronautics Limited has monopoly over the production of aircraft.
2. **Oligopoly:** A situation in which a particular market is controlled by a small group of firms. An oligopoly is much like a monopoly, in which only one company exerts control over most of a market. In an oligopoly, there are at least two firms controlling the market. Oligopolies can result from various forms of collusion which reduce competition and lead to higher prices for consumers. Example - Most of the telecommunication in India is dominated by Airtel, Vodafone, Idea, Reliance.
3. **Perfect Competition:** Perfect competition is the opposite of a monopoly. Under perfect competition, there are many buyers and

sellers, and prices reflect supply and demand. A market structure in which the following five criteria are met:

- All firms sell an identical product
- All firms are price takers - they cannot control the market price of their product;
- All firms have a relatively small market share;
- Buyers have complete information about the product being sold and the prices charged by each firm; and
- The industry is characterized by freedom of entry and exit.

### **Important terms**

**Cash Reserve Ratio (CRR):** It refers to the ratio of demand deposits, time deposits, and cash-on-hand that commercial banks are required to maintain with RBI. Lowering CRR will leave the banks with excess reserves towards making loans and would, therefore, increase the money supply.

**Statutory Liquid Ratio (SLR):** It refers to the ratio of demand deposits and time deposits that commercial banks are required to maintain in the form of cash, gold, or government securities. Like CRR, It determines how much of their deposits commercial banks will have available towards making loans.

### **Repo Rate:**

Repo rate is the rate at which the central bank of a country (Reserve Bank of India in case of India) lends money to commercial banks in the event of any shortfall of funds. Repo rate is used by monetary authorities to control inflation. In the event of inflation, central banks increase the repo rate as this acts as a disincentive for banks to borrow from the central bank. This ultimately reduces the money supply in the economy and thus helps in arresting inflation.

## Reverse Repo Rate:

Reverse repo rate is the rate at which the central bank of a country borrows money from commercial banks within the country. It is a monetary policy instrument which can be used to control the money supply in the country. An increase in reverse repo rate means that commercial banks will get more incentives to park their funds with the RBI, thereby decreasing the supply of money in the market.

## Bank Rate:

This is the rate at which RBI lends money to banks or financial institutions. The Bank rate signals RBI's long-term view of the economy and outlook for interest rates. If the bank rates were to increase, banks would increase lending rates to their customers to maintain their profit margins.

## Various Rates (as on 11th Jan 2017)

Policy Rates		Lending / Deposit Rates	
Policy Repo Rate	: 6.25%	Base Rate	: 9.30% - 9.65%
Reverse Repo Rate	: 5.75%	MCLR (Overnight)	: 8.65% - 9.00%
Marginal Standing Facility Rate	: 6.75%	Savings Deposit Rate	: 4.00%
Bank Rate	: 6.75%	Term Deposit Rate > 1 Year	: 6.50% - 7.00%
Reserve Ratios			
CRR	: 4%		
SLR	: 20.50%		

## Important Topics

### Demographic Dividend

The freeing up of resources for a country's economic development and the future prosperity of its populace as it switches from an agrarian to an industrial economy. In the initial stages of this transition, fertility rates fall, leading to a labor force that is temporarily growing faster than the population dependent on it. All else being equal, per capita income grows more rapidly during this time too.

### **Jan Dhan Yojana** – An effective financial inclusion scheme

India is a developing country where 42% of the households still have no access to banking services. The current need of the hour is proper implementation of financial inclusion programs to bring down this number.

#### Benefits to individuals under this scheme:

There are numerous benefits to individuals by opening an account under this scheme. Easing the Know Your Customer (KYC) rules for the customers is the most attractive feature of this scheme. Simpler KYC norms allow the individuals to open a bank account just by having an Aadhar card copy. Even a voter ID card, attested NREGA cards are other allowed documentary proofs.

Individuals can open no-frills account under this scheme. These accounts also offer few supplementary benefits like, accidental insurance up to Rs. 1 Lakh and a life cover of Rs. 30000. Another added feature is the provision of overdraft facility which is available to accounts that are active for a six months period. The overdraft facility is offered in two legs; first one is for Rs. 2500 and the second one is for Rs. 5000.

## **Impact on the Indian economy:**

The financial independence of individuals coupled with the overdraft facility would significantly lower the dependency of the rural people on money lenders and sahukars. As a result, either the money lenders would reduce the magnitude of interest rates demanded or the entire money lending market could become extinct.

Another impact would be an increase in the deposits of the banking sector which in turn can be put to some good use like financing infrastructure projects. This would result in an increase of the GDP of the country.

## **Important Links**

### **General Economics:**

<http://www.rbi.org.in/scripts/Glossary.aspx>

<http://indiabudget.nic.in/budget2015-2016/survey.asp>

<http://www.google.com/publicdata/directory>

<http://www.tradingeconomics.com/>

<http://www.economist.com/debate/archive>

<http://forbesindia.com/blog/category/economy-policy/>

<http://blogs.lse.ac.uk/indiaatlse/>

### **Current Affairs:**

#### **Impact analysis of demonetization in India**

[http://www.moneycontrol.com/news/economy/impactanalysisdemonetizationindia\\_8044821.html](http://www.moneycontrol.com/news/economy/impactanalysisdemonetizationindia_8044821.html)

<https://www.ft.com/content/e52dab06-b093-11e6-a37c-f4a01f1b0fa1>

<http://www.firstpost.com/business/30-days-of-demonetisation-pros-and-cons-of-the-modi-govts-note-ban-move-3146638.html>

### Digital Payments and launch of UPI

[http://www.business-standard.com/article/economy-policy/post-demonetisation-digital-payments-are-down-15-116122700098\\_1.html](http://www.business-standard.com/article/economy-policy/post-demonetisation-digital-payments-are-down-15-116122700098_1.html)

[http://www.business-standard.com/article/economy-policy/all-you-need-to-know-about-upi-the-unified-payment-interface-116041200561\\_1.html](http://www.business-standard.com/article/economy-policy/all-you-need-to-know-about-upi-the-unified-payment-interface-116041200561_1.html)

### Analysis of GST law

<http://www.bloombergquint.com/gst/2016/11/27/revised-model-gst-law-clear-business-friendly-with-balance-to-benefit-the-common-man>

<http://in.reuters.com/article/india-gst-taxrate-analysis-copy-idINKBN130076>

### SBI associate banks merger

<http://www.livemint.com/Money/u4u9tx6Pt3MkwEP1g8CnTK/Who-benefits-from-merger-of-SBI-associates.html>

[http://www.business-standard.com/article/companies/sbi-associate-banks-merger-all-you-need-to-know-116051800452\\_1.html](http://www.business-standard.com/article/companies/sbi-associate-banks-merger-all-you-need-to-know-116051800452_1.html)

### China-Pakistan Economic Corridor

<http://www.eurasiareview.com/28112016-china-pakistan-economic-corridor-corridor-of-discontent-analysis/>

### Economic articles:

## Impact of Brexit on Economy

<http://www.bbc.com/news/business-36956418>

<https://www.ft.com/content/02004966-32e8-11e6-bda0-04585c31b153>

## **US Federal Reserve hiked rates by 25 bps**

<http://economictimes.indiatimes.com/markets/stocks/news/janet-yellen-delivers-25-bps-rate-hike-5-key-takeaways-for-dalal-street/articleshow/55989476.cms>

## 100 percent FDI in Defense

<http://www.livemint.com/Industry/MqTrPlsdKy1D0YUGnVfygl/What-does-100-FDI-in-defence-mean.html>

## Smart Cities in India

<http://www.thehindu.com/specials/in-depth/Smart-Cities-What-are-they/article14336905.ece>

[http://www.cisco.com/c/en\\_in/about/thought-leadership/smart-cities.html](http://www.cisco.com/c/en_in/about/thought-leadership/smart-cities.html)

## Railway budget to be merged with Union budget in 2017

<http://www.dnaindia.com/india/report-separate-railway-budget-scrapped-how-will-it-impact-fiscal-management-and-what-is-the-political-fallout-2257401>

## Important news links:

### **Impact of Donald Trump win on India:**

<http://economictimes.indiatimes.com/news/international/heres-how-a-win-for-donald-trump-will-impact-india/articleshow/55325954.cms>

<https://thewire.in/27048/a-trump-presidency-will-be-a-blow-to-india-on-many-counts/>

### **Impact of OPEC oil output deal:**

<https://sputniknews.com/analysis/201609291045848791-opec-oil-output-effect/>

<http://www.reuters.com/article/us-opec-oil-asia-idUSKBN13Q40K>

<http://www.dallasnews.com/business/energy/2016/11/30/crude-prices-soar-opec-agrees-supply-cuts-first-time-eight-years>

### **Bitcoin: How it works**

<http://www.economist.com/bitcoinexplained>

<https://www.cryptocoinsnews.com/indian-bank-icici-executes-blockchain-remittance-pilot/>

### **Falling Crude Oil Prices:**

[http://www.nytimes.com/interactive/2016/business/energy-environment/oil-prices.html? \\_r=0](http://www.nytimes.com/interactive/2016/business/energy-environment/oil-prices.html?_r=0)

<http://www.reuters.com/article/us-global-oil-idUSKBN0UM01520160109>

<http://www.eia.gov/todayinenergy/detail.cfm?id=24432>

<http://www.theweek.co.uk/oil-price/60838/oil-price-dont-get-excited-its-just-a-technical-correction>

### **Important Old News:**

#### **Chinese Stock Crash:**

[https://en.wikipedia.org/wiki/2015\\_Chinese\\_stock\\_market\\_crash](https://en.wikipedia.org/wiki/2015_Chinese_stock_market_crash)

<http://money.cnn.com/2015/08/23/investing/world-stock-markets/>

<http://www.theguardian.com/business/2015/jul/08/china-stock-market-crisis-explained>



<http://www.independent.co.uk/news/business/analysis-and-features/is-the-chinese-stock-market-bubble-about-to-burst-10346773.html>

<http://www.bbc.com/news/business-33540763>

### **Subprime & Eurozone Crisis:**

<http://business.cch.com/images/banner/subprime.pdf>

<http://www.ibtimes.com/eu-meeting-preview-2016-european-leaders-talk-poland-iran-eurozone-crisis-greece-2258300>

<https://www.youtube.com/watch?v=VQzEWeGJLPO>

<https://www.youtube.com/watch?v=Z1LCBp0twLE>

### **World Economic Outlook:**

[http://money.cnn.com/news/economy/world\\_economies\\_gdp/](http://money.cnn.com/news/economy/world_economies_gdp/)

<http://www.focus-economics.com/regions/major-economies>

# Operations Basics

Below are the topics that were mostly asked in interviews. These are the basic concepts in Operations. Go through this once you get yourselves clear on what as a subject is Operations from the above links:

## CPM and PERT

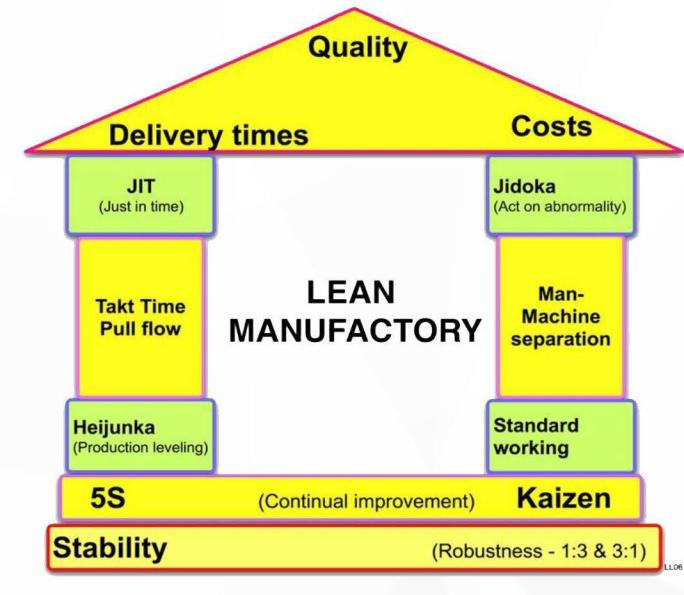
The **CPM (critical path method)** for project management system of networking is used, when the activity time estimates are deterministic in nature. For each activity, a single value of time, required for its execution, is estimated. Time estimates can easily be converted into cost data in this technique. CPM is an activity oriented technique. A critical path is the sequence of project network activities which add up to the longest overall duration, regardless if that longest duration has float or not. Float is the time duration by which the process can be delayed without affecting critical path duration. This determines the shortest time possible to complete the project.

The **PERT (Project Evaluation and Review Technique)** for project management technique is used, when activity time estimates are stochastic in nature. For each activity, three values of time (optimistic, most likely, pessimistic) are estimated. Optimistic time estimate is the shortest possible time required for the completion of activity. Most likely time estimate is the time required for the completion of activity under normal circumstances. Pessimistic time estimate is the longest

possible time required for the completion of activity. In PERT - distribution is used to represent these three time estimates. As PERT activities are full of uncertainties, times estimates cannot easily be converted in to cost data. PERT is an event oriented technique.

## Lean Manufacturing

Lean manufacturing is a systematic method for the elimination of waste within a manufacturing system. Working from the perspective of the client who consumes a product or service, "value" is any action or process that a customer would be willing to pay for. Lean manufacturing is a management philosophy derived mostly from the Toyota Production System (TPS). The pillars of Lean Management are shown in the following figure.



## What is JIT?

Just-in-time (JIT) manufacturing is a systematic way to eliminate waste in manufacturing. Waste is anything other than the minimum amount of resource required to make a product. Any activity that does not add

value to the product can be treated as waste. Wastes are classified into seven types (also called seven muda). These are waste from over production, Waste of waiting time, Transportation waste, Inventory waste, Processing waste, Waste of motion and waste from product defects.

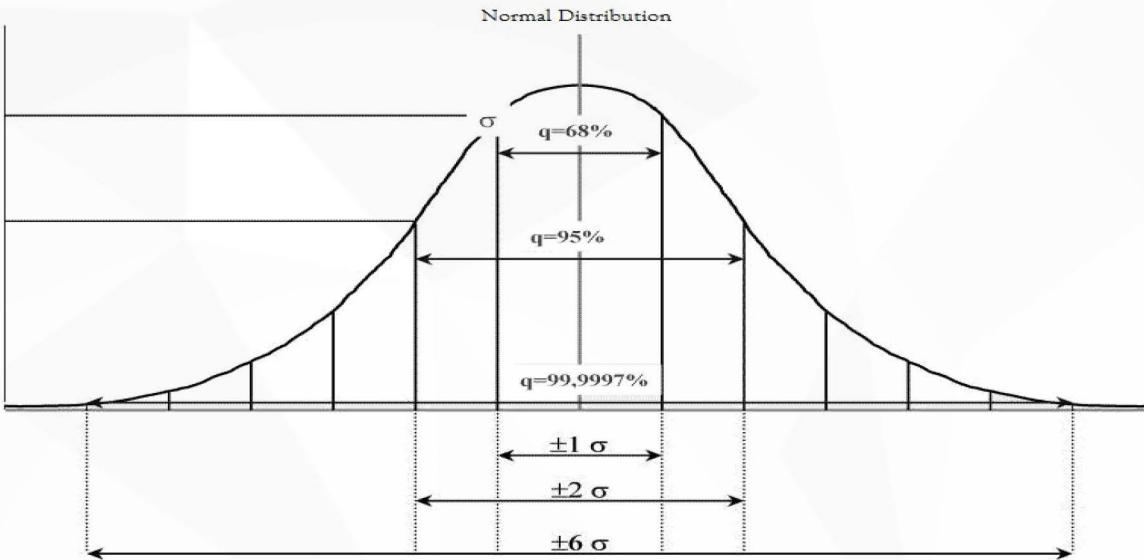
### SIX Sigma

Six Sigma is a disciplined, data-driven approach and methodology for eliminating defects (driving toward six standard deviations between the mean and the nearest specification limit) in any process – from manufacturing to transactional and from product to service.

Sigma Level	Defects per million opportunities (DPMO*)	What does this signify? For every 1000 razor cuts you hurt and bleed as many times
1-Sigma	690,000	690
2-Sigma	308,537	309
3-Sigma	66,807	67
4-Sigma	6,210	6.2
5-Sigma	233	0.2
6-Sigma	3.4	0.003

\*Opportunity means each instance wherein one may commit a mistake. And a defect occurs when you commit that mistake.

Greater the sigma level, higher is the standard deviation, which in layman terms represents capacity of the system to accommodate the changes. (Variance is high)



## Define quality

Quality has several definitions. Early definitions were “fitness for purpose” and “conformance to specifications”. Quality is also defined as the totality of characteristics of an entity that bears on its ability to meet the stated and implied needs of the customer (ISO 9000).

## Total quality management

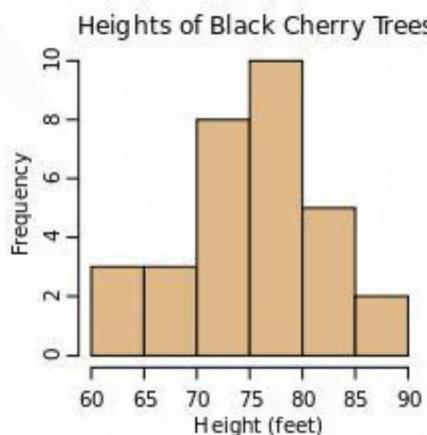
Total Quality Management (TQM) is a Management Approach of an Organization centered on Quality based on participation of all its members and aiming at long term success through customer satisfaction, and benefits to all members of the organization and to society. TQM is based on continuous improvement and involves a cultural change in the organization.

## Seven Basic Quality Control Tools

### 1. Histograms

A Histogram is a bar graph used to present frequency data. Histograms provide an easy way to evaluate the distribution of data over different categories. A histogram is a graphical representation of the distribution of numerical data. It is an estimate of the probability distribution of a continuous variable (quantitative variable)

Spread of the data: Histogram width defines the variability of the process about the mean.



### 2. Run Chart

Run Charts are better option over histograms as they overcome the limitations of the histograms. A run chart represents change in measurement over a sequence or time. Run charts are used to determine cyclic events and their average values.

The run chart reveals the following about the process:

Run charts display process performance over time. Trends, cycles, and large variations are clearly visible. An average line may be added to a run chart to clarify movement of the data away from the process average.

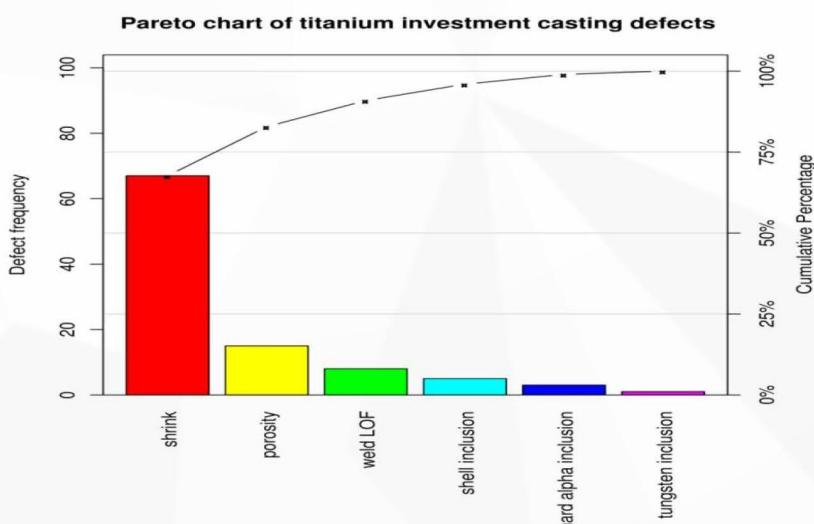


### 3. Pareto Chart

Pareto principle: “The majority of wealth is held by a disproportionately small segment of the population”. This principle is also known as 80 / 20 principle. 80% of the problems are caused by 20% of the causes

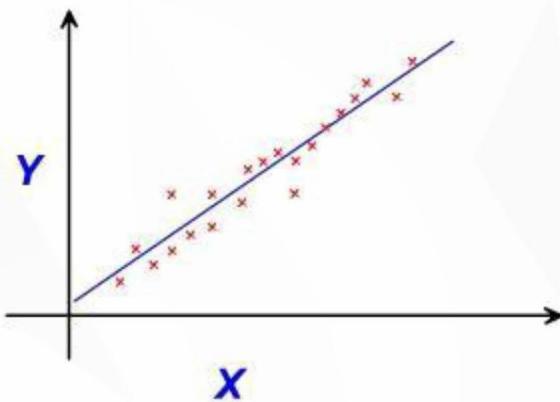
JURAN has noticed that this principle applies to quality improvement as well. According to Juran the problems that occur a few are very frequent while other important problems occur seldom. He given the phrase as “Vital few and the trivial many”

Pareto Charts are used to apply the 80/20 rule of Joseph Juran which states that 80% of the problems are the result of 20% of the problems. A Pareto Chart can be used to identify that 20% root causes of problem. A Pareto chart is similar like histogram.



## 4. Scatter Diagram

Scatter diagram is a statistical chart which shows a trend in a series of data. It demonstrates correlations between values.

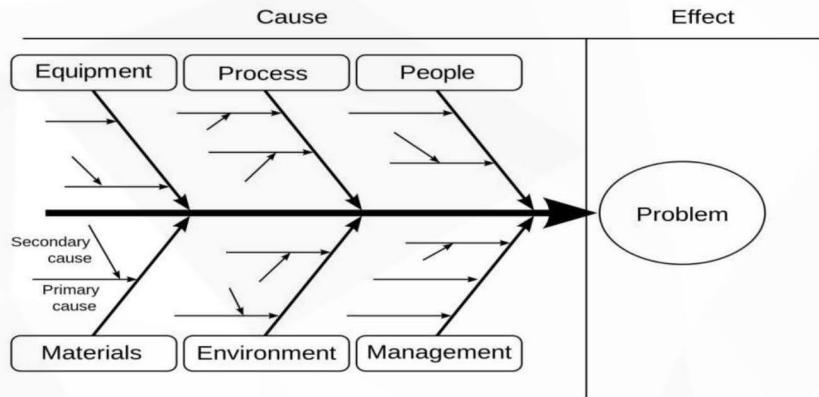


## 5. Flow Chart

A flow chart is way of representing a procedure using simple symbols and arrows. A Flow chart shows the activities in a process and the relationships between them. A Flow chart lets a process be understood easily. It also demonstrates the relationships between the elements of the process.

## 6. Cause and Effect Diagram (Ishikawa diagram)

A Cause and Effect Diagram shows the relationship between effect and the categories of their causes. The diagram look like a fishbone it is therefore also called fish-bone diagram. Cause and effect diagram enables a team to focus on the content of a problem. It helps to provide a comprehensive picture of the problem and the root causes of the same.



## 7. Control Chart

Control charts are statistical tool, showing whether a process is in control or not. It is a graphical tool for monitoring the activities of an ongoing process also referred as Shewhart control charts.



## Inventory Management

In order to figure out how much inventory you need, you should really know your capacity. This example will look at the difference between throughput, cycle times, and bottlenecks.

The following steps, with their corresponding times, are required to produce a handbag:

Process	Process Time
Leather cutting	120 seconds
Zipper attachment	70 seconds
Sewing	30 seconds

### Throughput time

Processing time for each activity is shown. They represent how long it takes an individual bag to physically pass through each step.

The throughput time is the total time it takes for a bag to physically pass through all steps and hence is the total time required to manufacture one bag. It is the sum of all the times and it is 220 seconds.

### Cycle time

There are two cycle times. There is the cycle time for each station and there is the cycle time for the entire handbag manufacturing process. To determine this, you will need the capacity which can be determined from the following table which shows how many workstations there are for each process.

Process	Stations Available	Cycle Time
Leather Cutting	6	20 seconds
Zipper Attachment	2	25 seconds
Sewing	1	30 seconds

The cycle time for each station is the average amount of time it will take each bag to be completed. Assuming each station can process 1 bag at a time, cycle time is the process time divided by the number of workstations. Leather cutting for example takes 120 seconds per bag,

but since there are 6 of them being worked on at a time, it is as if one bag is being completed every 20 seconds. Now to analyze the cycle times to determine the bottleneck.

## Bottleneck

The bottleneck is the slowest cycle time in the process and it determines the rate at which the entire system can produce handbags. In other words, the bottleneck, determines the capacity for the entire manufacturing plant.

## Materials Requirement Planning

MRP is a simple system of calculating arithmetically the requirements of the input materials at different points of time based on actual production plan. MRP can also be defined as a planning and scheduling system to meet time-phased materials requirements for production operations. MRP always tries to meet the delivery schedule of end products as specified in the master production schedule. An MRP system is intended to simultaneously meet three objectives-Reduction in Inventory Cost, Meeting Delivery Schedule, Improved Performance

## GST Impact on Supply Chain

Before GST, firms considered Tax as a criterion for setting up warehouses in different states. They would setup warehouses in multiple state to avoid central tax. With the implementation of GST, the firms can setup one consolidated warehouse and still manage to have less tax. Overall cost in setting up the warehouses will be

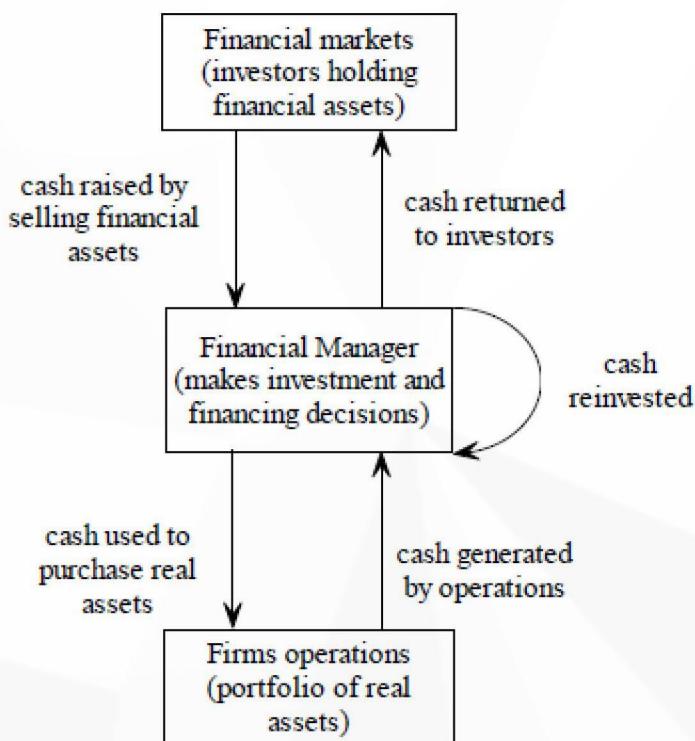
reduced and the cost saved can be used to invest in improving the service. The following benefits can be seen due to cost benefits

1. Quality of service.
2. Flexibility in manufacturing.
3. Trade-off between cost and customer service
4. Better price negotiations

# Finance Basics

Finance and Accounting are two disciplines that form the base of financial sector. Finance is the process or science to plan the distribution of business assets. Accounting is the method to record and report the financial sectors. The two terms are grouped together as both are associated with the administration of business assets.

In general finance and investment can be understood by following diagram-



## Accounting Basics

### Asset

A resource with economic value that an individual, corporation or country owns or controls with the expectation that it will provide future benefit.

- **Real assets** - assets used by the company in its normal line of business to generate profits. For example land, building, raw materials, finished products etc.

They may be tangible or intangible assets. Tangible assets are assets that physically exist (e.g. machinery and buildings) whereas intangible assets are assets that do not (e.g. goodwill, trademarks and brand names)

- **Financial assets** - assets/instruments issued by the company to generate money to buy real assets. There are basically two types of financial assets i.e. shares and bonds. Share/Stocks/Equities give ownership to the business which is not the case with bonds (they are debt instruments).

### Liability

This is a company's legal debts or obligations that arise during the course of business operations. Liabilities are settled over time through the transfer of economic benefits including money, goods or services.

## Debt

An amount of money borrowed by one party from another. Many corporations/individuals use debt as a method for making large purchases that they could not afford under normal circumstances. A debt arrangement gives the borrowing party permission to borrow money under the condition that it is to be paid back at a later date, usually with interest.

## Credit

A contractual agreement in which a borrower receives something of value now and agrees to repay the lender at some date in the future, generally with interest.

## Debit

An accounting entry that results in either an increase in assets or a decrease in liabilities on a company's balance sheet or in your bank account.

## Depreciation

Depreciation is defined as the measure of the wearing out, consumption or other reduction in the useful economic life of a fixed asset, whether arising from

1. Efflux (passage) of time, or

## 2. Obsolescence through technological or market changes.

Depreciation adjustments are not attempts to reflect the value of fixed assets in the balance sheet. The purpose is to charge the purchase price of the company's fixed assets in the profit and loss in a systematic way.

## Accounting Statements

Each year a company will publish three main types of accounting statement:

- **Profit and Loss (P&L) Statement/ Income Statement-** It shows the income, expenses and shareholders' profits for the year/accounting cycle.
- **Balance sheet/ Statement of Financial Position-** It tells about the assets, liabilities and shareholders' funds at the end of the year/accounting cycle. Balance sheet is the financial standing of firm at a given time.
- **Cash flow statement-** It shows where the cash has come from and where it has been spent.

## Components of Profit and Loss Statement

- **Revenues/earnings** reflect the total sales made during an accounting cycle.
- **Cost of sales** reflects the raw material, components, wages and salaries expended in producing the goods sold. It also includes

changes in inventory levels (both finished goods and raw materials) and the charges for depreciation

- **Expenses** include costs associated with sales, distribution, advertising, interests paid on loans and administration (including associated wages and salaries) and directors' remuneration. These costs are sometimes called overheads. They are not strictly related to production.
- **Taxes** include the amount paid in taxes by a firm in the given accounting period.

### Types of Profits

- **Gross profit** is the difference between the selling price of the goods and services which provide the basis for the company's main trading activities and the cost of sales.
- **Operating profit** is usually defined as profit earned after all expenses (except interest) arising from trading activities.
- **Net profit** is the operating profit adjusted for non-trading income and expenditure and for any interest received or paid.

### Balance Sheet

Effectively, the balance sheet consists of two lists:

1. A list of everything owned by the business (Assets)
2. A list of the various sources of finance used to fund these acquisitions (Capital and Liabilities)

Logically, everything owned by the business must have been paid for by someone. Hence, we get the balance sheet equation as follows-

$$\text{Assets} = \text{Capital} + \text{Liabilities}$$

There are two classes of assets and liabilities-

- **Non-Current**- the assets and liabilities which are not expected to be converted into cash in coming one year
- **Current**- are expected to be converted into cash in the normal course of business in less than one year

### Need for the cash flow statement

It is intended to answer the following types of question:

1. Why has the bank overdraft increased, despite the company having had a profitable year?
2. Is the company capable of generating cash, as opposed to profit, from its trading activities?
3. What was done with the loan which was taken out during the year?

### Profit vs. Cash

The profit figure for the year is unlikely to bear any resemblance to the increase or decrease in the company's bank balance or total for working capital over that period. Several entries in the profit and loss account, such as depreciation, do not involve funds. Furthermore, the profit and loss account recognizes credit sales and purchases

before any cash changes hands. Conversely, many receipts and payments, such as the proceeds of share issues and loan repayments, have no immediate impact on profit. It is possible for a company to trade profitably and still run into liquidity problems.

## Accounting Ratios

These are the measures used by investors in shares to assess the overall financial performance of the company.

**Profitability ratios** are used to check that the company is generating an acceptable return for its owners

- Earnings per share = earnings on ordinary activities / number of issued shares
- Return on capital employed = net profit before tax and interest / (share capital + reserves + debt)
- Profit margin = net profit before tax and interest/turnover

**Operating efficiency ratios** determine the effectiveness of the operations of the company.

- Asset utilization ratio = turnover / (share capital + reserves + long-term debt)

**Investment analysis ratios** are used to check the return on the investments made in a company.

- Dividend yield = dividends per share / market price of an ordinary share

**Liquidity ratios** are used to see the companies' ability to generate cash (not profit) in a short span of time

- Current ratio = current assets/current liabilities
- Quick ratio = (current assets-inventories)/current liabilities

## Time Value of Money

The idea that money available at the present time is worth more than the same amount in the future due to its potential earning capacity. This core principle of finance holds that, provided money can earn interest, any amount of money is worth more the sooner it is received. It is also referred to as "present discounted value".

## Collateral

Property or other assets that a borrower offers a lender to secure a loan. If the borrower stops making the promised loan payments, the lender can seize the collateral to recoup its losses.

## Mortgage

It is a loan taken to purchase property having same property as collateral.

## Corporate governance

The system of rules, practices and processes by which a company is directed and controlled. Corporate governance essentially involves balancing the interests of the many stakeholders in a company - these include its shareholders, management, customers, suppliers, financiers, government and the community.

## Markets for financial assets

There are two types of transactions to consider:

- **Primary Market**- Here a company raises money by selling securities to investors (e.g. institutional investors such as pension funds and life offices).
- **Secondary market**- Here one investor sells the security on to another investor, the company does not get any money from these transactions.

## Various methods of raising money by issuing financial instruments

- **Offer for sale at a fixed price**- a predetermined number of securities is offered to the general public at a specified price via an issuing house
- **Offer for sale by tender** - instead of inviting applications at a specified price, the issuing house invites members of the public to submit a tender stating the number of shares which they are prepared to buy, and the price which they are prepared to pay.

- **Offer for subscription-** the issuing company sells its securities directly to the public, and bears the risk of under subscription (all securities not being sold)
- **Placing-** the issuing house offers securities to a small number of its institutional clients.

## What is Equity/Share?

Total equity capital of a company is divided into equal units of small denominations, each called a share. For example, in a company the total equity capital of Rs.2000 is divided into 200 units of Rs.10 each. Each such unit of Rs.10 is called a Share. Thus, the company then is said to have 200 equity shares of Rs.10 each. The holders of such shares are members of the company and have voting rights.

## What is Nifty?

Nifty is the National Stock Exchange of India's benchmark stock market index for Indian equity market. Nifty is owned and managed by India Index Services and Products (IISL), which is a wholly owned subsidiary of the NSE Strategic Investment Corporation Limited. Nifty consists of top 50 stocks according to market capitalization like TCS, ITC, and ONGC etc.

## What is SENSEX?

SENSEX, is a free-float market-weighted stock market index of 30 well-established and financially sound companies listed on Bombay Stock Exchange. The 30 component companies which are some of the largest and most actively traded stocks, are representative of various industrial sectors of the Indian economy like TCS, ITC, and ONGC etc.

*Please see the level at which SENSEX and Nifty are trading before your interview.*

## What is Market Capitalization?

Market capitalization (or market cap) is the total value of the shares outstanding of a publicly traded company; it is equal to the share price times the number of shares outstanding. Example Company A has 100 crores shares outstanding. The current market price is Rs.100. The market capitalization of company A is Rs.1000 million.

Large Cap: Over Rs.5000 crores

Mid Cap : Rs.1000 crores to Rs.5000 crores

Small Cap: Less than Rs.1000 crores

## What is IPO and FPO?

Initial Public Offering (IPO) is when an unlisted company makes either a fresh issue of securities or an offer for sale of its existing

securities or both for the first time to the public. This paves way for listing and trading of the issuer's securities.

A follow on public offering (Further Issue) is when an already listed company makes either a fresh issue of securities to the public or an offer for sale to the public, through an offer document.

### What is a bond?

A bond is a debt investment in which an investor loans money to an entity (typically corporate or governmental) which borrows the funds for a defined period of time at a variable or fixed interest rate.

Government and companies issue bonds to raise money for the financing of projects.

### What are futures?

Futures are basically financial contracts through which buyers purchase business assets (seller sells the asset) at predetermined future price and date. Futures can be traded in financial markets similar to shares.

### What is hedging?

Hedging is the investment of money to reduce the risk of adverse movements in prices of financial assets. In stock markets, hedging is generally done by investing money in a portfolio of stocks.

## Types of banks

Banks can be classified in various ways. But mainly they are classified as **Commercial and Co-operative banks**. Commercial banks provide services such as taking deposits, giving loans, savings account facility to general customers. In the case of co-operative banks, the owners and customers are the same and it is run on no profit basis.

Commercial banks can further be classified into public sector banks, private sector banks and foreign banks. **Public sector banks** are the banks where majority of stake is under control of government of India. They are mainly nationalized banks along with SBI and its associates. **Private sector banks** are the banks where majority of stake is controlled by private individuals. A few private banks were not nationalized due to its small sized and many new banks were given licenses in two phases. All these banks make private sector banks. Some of them are HDFC, ICICI, Axis bank etc. **Foreign banks** are the banks that are registered and have their headquarters in foreign countries but they operate their branches in India.

## **Economic Rates (Candidates are advised to check the current rates)**

### **Bank Rate**

This is the rate at which central bank (RBI) lends money to other banks or financial institutions. If the bank rate goes up, long-term interest rates also tend to move up, and vice-versa. Thus, it can be said that in case bank rate is hiked, in all likelihood banks will hike their own lending rates to ensure that they continue to make profit.

### **Statutory Liquidity Ratio (SLR)**

This term is used by bankers and indicates the minimum percentage of deposits that the bank has to maintain in form of gold, cash or other approved securities. Thus, we can say that it is ratio of cash and some other approved securities to liabilities (deposits). It regulates the credit growth in India.

### **Cash reserve Ratio (CRR)**

Banks in India are required to hold a certain proportion of their deposits in the form of cash. However, actually Banks don't hold these as cash with themselves, but deposit such cash with Reserve Bank of India (RBI) / currency chests, which is considered as equivalent to holding cash with RBI. This minimum ratio (that is the part of the total deposits to be held as cash) is stipulated by the RBI and is known as the CRR or Cash Reserve Ratio.

## Repo Rate

Repo (Repurchase) rate is the rate at which the RBI lends short-term money to the banks against securities. When the repo rate increases borrowing from RBI becomes more expensive. Therefore, we can say that in case, RBI wants to make it more expensive for the banks to borrow money, it increases the repo rate; similarly, if it wants to make it cheaper for banks to borrow money, it reduces the repo rate.

## Reverse repo rate

Reverse repo rate is the rate at which the central bank of a country (Reserve Bank of India in case of India) borrows money from commercial banks within the country. It is a monetary policy instrument which can be used to control the money supply in the country.

## Important financial events in recent past

- **Chinese Stock Market Crash**

China's stock market crashed in August 2015. The impact was seen in stock markets worldwide, thereby, creating a fear of global meltdown.

<http://www.economist.com/news/business-and-finance/21662092-china-sneezing-rest-world-rightly-nervous-causes-and-consequences-chinas>

- **Fed interest rate hike**

The Federal Reserve hiked interest rates for the first time in nearly a decade on 17 December, 2015. Global economics were speculating the increase for a large period of time.

<http://www.reuters.com/article/us-usa-fed-idUSKBN0TY2EX20151218>

- **Oil price slide in international market**

Oil prices continued to drop to hug multiyear lows and agencies are speculating further drop. OPEC countries have started feeling the heat of low prices.

<http://www.reuters.com/article/us-global-oil-idUSKBN0UM01520160108>

- **Seventh pay commission recommendations**

Government of India decided to implement Seventh pay commission for its employees. The move is likely to be followed by state governments.

[http://www.business-standard.com/article/economy-policy/7th-pay-commission-recommends-23-55-pay-hike-115111901116\\_1.html](http://www.business-standard.com/article/economy-policy/7th-pay-commission-recommends-23-55-pay-hike-115111901116_1.html)

- **Elevation of Chinese Yuan as Global reserve currency**

IMF added Chinese Yuan to the elite basket of global reserve currencies in November 2015.

<http://www.bloomberg.com/news/articles/2015-11-30/imf-backs-yuan-in-reserve-currency-club-after-rejection-in-2010>

- **Brexit**

Brexit is a word which has been used as a shorthand way to describe the event of Britain leaving EU

<http://www.bbc.com/news/uk-politics-32810887>

- **Demonetization**

This was the policy enacted by the Government on 8<sup>th</sup> November, 2016, ceasing the Rs. 500 and Rs 1000 from usage from 9<sup>th</sup> November, 2016

<http://businessworld.in/article/All-You-Need-To-Know-About-Effects-Of-Demonetisation-On-Economy/11-11-2016-108067/>

- **Impact of Donald Trump's win on India**

<http://economictimes.indiatimes.com/news/international/heres-how-a-win-for-donald-trump-will-impact-india/articleshow/55325954.cms>

## Important topics explained through videos

- **Great Recession 2008**

[https://www.youtube.com/watch?v=bx\\_LWm6\\_6tA](https://www.youtube.com/watch?v=bx_LWm6_6tA)

- **How Fed Interest rate works**

<https://www.youtube.com/watch?v=Oz5hNemSdWc>

- **Chinese stock market burst**

<https://www.youtube.com/watch?v=JtmVQ8LAYRs>

- **Greece crisis**

[https://www.youtube.com/watch?v=dt6w4eE\\_tg0](https://www.youtube.com/watch?v=dt6w4eE_tg0)

- **Repo Rate**

<https://www.youtube.com/watch?v=Wg1X4fIM8dk>

[www.iimu.ac.in](http://www.iimu.ac.in)

THANK YOU

