McKinsey Case Interview Free Case Prep

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Free Case Prep

How to make the most of the Free Case Prep

Our sample cases are based on past McKinsey case interviews to ensure you train with the most realistic material possible. Here are a few tips to make the most of them:

1. No calculator

The cases are designed to be completed by yourself or with a partner interviewing you. In both situations, you should aim to solve the full case without a calculator and without looking at the answer key.

2. Do cases out loud

If you are practicing by yourself, you should both play the role of the interviewer and of the interviewee and you should speak out loud. This might sound a little odd but candidates who force themselves to use this technique are progressing much faster than others because it better reproduces the conditions of the interview.

3. Complete the case in 30 to 40mins

McKinsey interviews usually last between 45 and 60 minutes. The personal experience part of the interview takes 25% of the time on average and the case interview takes the remaining 75%. We therefore strongly advise you to complete each of the following cases in 30 to 40 minutes.

4. Study the answer key carefully

After completing the case, you should study the answer key in details. You need to pay attention both to the content of the answers and to the way it is communicated. Most candidates are only focused on the content and whether they got to the right answer. But in reality, your interviewer will also evaluate you on how you communicate. Do not hesitate to repeat parts of the answer out loud. This will help you develop a habit of communicating in a structured way.

5. Do cases multiple times

Finally, do the cases multiple times. You might think that you will remember the answers, but if you wait a couple of days you probably won't remember them very well. In our experience, it is better to do 20 cases and to learn a lot from them than 40 cases without spending time analysing the best way to answer them.

Doing cases a second time will enable you to keep track of your progress and to double check that you are not making the same mistakes twice. We also recommend that you keep a notebook where you write down what you've learned at the end of each case. You can then refer back to it when you do a case for the second time.

Finally, we are here to answer any of your questions, so if you get stuck trying to understand the explanations in the answer key, just drop us a line at: support@igotanoffer.com. We'll be happy to fill any gaps!

Free Case #1 – Thailand Lottery

1. Situation

Your client is Thailand Lottery. It is the only business allowed to organise a lottery in the country. Despite this advantage, Thailand Lottery's sales have been declining over the past ten years as a result of the emergence of new competitors such as online sports betting websites.

The CEO wants to increase sales by launching a new product and has hired your team to help design an expansion plan. He is considering two options:

- Start a transnational lottery with three other lottery organisations. This new game could offer a larger jackpot than the lottery in individual countries, as more people would play the same game.
- Create a scratch cards product. Players would buy cards coated with an opaque layer and scratch them to find out if they won a prize.

2. Framework

What areas would you investigate to determine which product Thailand Lottery should start?

3. Quantitative questions

Question 3.a.

Your team assessed the purchase intentions of the Thai population for both scratch cards and the transnational lottery. They asked the following question to a representative sample: "Which of the following six options would you be most likely to purchase?"

Each respondent answered the question both for scratch cards and lottery tickets.

What insights on customers' preferences can you draw from the survey results?

Purchase intentions distribution for scratch cards

Scratch card option #	1	2	3	4	5	6
Price of one scratch card	$1	$1	$2	$2	$3	$3
Jackpot	$10,000	$20,000	$20,000	$40,000	$40,000	$80,000
Chances of winning jackpot	0.010%	0.005%	0.010%	0.005%	0.008%	0.004%
Purchase intentions	10%	15%	13%	27%	15%	20%

Purchase intentions distribution for lottery tickets

Lottery ticket option #	1	2	3	4	5	6
Price of one ticket	$1	$1	$2	$2	$3	$3
Jackpot	$1m	$5m	$5m	$10m	$10m	$20m
Chances of winning jackpot	1×10^{-6}	2×10^{-7}	4×10^{-7}	2×10^{-7}	3×10^{-7}	2×10^{-7}
Purchase intentions	5%	10%	9%	20%	13%	43%

Question 3.b.

After your initial analysis, the CEO has decided to focus on the transnational lottery. He has held talks with the Philippines, Malaysia and Indonesia. They agreed, among other things, on how sales and costs should be split between the four organisations.

All tickets are to be sold at the same price in each country. For each ticket sold, the national lotteries contribute a fixed amount per ticket to the jackpot. This jackpot is then equally shared between the draw's winners.

Summary of the different items discussed during the meeting

Item	Value
Price of one ticket	$3
Variable costs in Thailand (excluding jackpot)	$0.2 / ticket
Fixed costs in Thailand (excluding jackpot)	$20m / year
# Lottery draws / month	4

Forecast distribution of the population by frequency of purchase

Frequency	Thailand	Philippines	Indonesia	Malaysia	Total
Once a week	2%	1%	1%	1%	1%
Once a month	2%	1%	3%	1%	2%
Once a year	4%	5%	4%	6%	5%
Never	92%	93%	92%	92%	92%
Population	65m	100m	255m	30m	450m

Thailand Lottery wants to achieve a minimum profit margin of 15% in the first year of the transnational lottery. Is it feasible for the company to aim for a transnational lottery with a jackpot of $20m (Option 6)?

4. Creativity question

The average age of Thailand Lottery's customers has been growing from 35 years old to 45 years old over the past decade. The CEO is worried that the new product might not attract new young customers, and would therefore not significantly increase revenues. How could the company halt or reverse the aging for their customer base?

5. Conclusion

What is your recommendation to Thailand Lottery's CEO?

Answers

1. Situation

To avoid any misunderstandings, you should ask follow up questions that will help you get a better grasp of the situation. For instance, you could ask:

- I understand that the transnational lottery makes it possible to offer higher jackpots. But how would the revenue from ticket sales be shared? I would assume that 100% of ticket revenues generated in the Philippines would go to the Philippines, is that right?
- I understand that the CEO wants to launch only one new product. Is there any particular reason why?

Prior to diving into the framework question, it is also advisable to further define the objective of the case. Examples of questions you could ask include:

- I understand the CEO wants to increase sales. Do we know by how much and by when?
- Are sales the only metric the CEO is interested in or is profitability important to him too?

IGotAnOffer special tip:

You might feel like the most important thing in a case interview is to find the correct answer to the case as quickly as possible. However, it is important to remember that your interviewers will be judging *how* you get to that answer. Asking questions shows that you are thinking carefully about the question at hand, and that you are aware of its subtleties. In addition, it will help you think of the best solution to the case's problem.

2. Framework

In this situation, the following areas could be analysed:

A. Revenue potential

1. **Total market size**
    a. **Customer demand:** For each product, how many potential customers are there? How fast is the customer demand for each product growing over time?
    b. **Spending per customer:** How much do we expect customers to spend on each product every year? Is this spending per customer expected to grow / shrink?
    c. **Distribution:** What is the total market size by distribution channel (online vs. physical)? How much of the revenue would be captured by Thailand Lottery vs. its distributors?
2. **Market share potential**
    a. **Competitors:** How many competitors also offer scratch cards? What is the distribution of market shares between existing competitors?
    b. **Customer satisfaction:** Are the customers of competing products satisfied with the existing offering?
    c. **Customer base overlap:** For each new product, what is the overlap with Thailand Lottery's current customer base?

B. Regulation

1. **Regulatory constraints:** What are the regulatory constraints for each product? To whom could the product be sold (e.g. age restrictions) and via which distribution channels (e.g. online)?
2. **Regulatory approvals:** Would Thailand Lottery need any regulatory approvals for the different products considered? How long would it take to obtain these approvals?
3. **Policymaker view:** Do we know if Thailand's policymakers are favourable to an expansion of Thailand Lottery or if they are likely to try to slow it down?

Thailand Lottery should first find out which product offers the best opportunity to grow sales. Then, it should analyse the feasibility of each product from a regulatory standpoint.

IGotAnOffer special tip:

When explaining your framework to your interviewer, make sure you present it in a way that is easy to follow: for example, you can draw a table and list different categories of ideas in different columns.

3. Quantitative question

Question 3.a.

The survey question was: "Which of the following six options would you be most likely to purchase?" Each respondent answered the question for both scratch cards and lottery tickets. As a consequence, purchase intentions add up to 100% in each table and the data therefore indicates customers' preferences in terms of product features (price, jackpot, chance of winning). However, it does not directly enable us to say which product customers prefer.

Let's first try to understand the correlations between purchase intentions and the different product features:

- For a given ticket or card price, purchase intentions are highest for the alternative that offers the highest jackpot. Customers therefore seem to be attracted by high jackpots. For instance, options 1 and 2 for scratch cards have got the same price but option 2 has got a higher jackpot and a higher purchase intention.
- For a given jackpot, purchase intentions are always highest for the cheapest ticket / card. Customers therefore also seem to take the price of the ticket / card as a secondary consideration. For instance, options 2 and 3 for scratch

cards have got the same jackpot but option 2 has got a lower price and a higher purchase intention.
- There does not seem to be a clear correlation between purchase intentions and chances of winning. The chances of winning therefore only influence customers' decision to buy a ticket / card marginally. For instance, options 2 and 4 have got the same chances of winning (0.010%) but very different purchase intentions (15 vs. 27%).

In summary, purchase intentions are primarily driven by the jackpot and price levels, not so much by the chances of winning.

Let's now analyse which option performs best for each product:

- For lottery tickets, the highest purchase intention is for the highest jackpot option which is option 6. However, for scratch cards, the highest purchase intention (option 4) is not for the highest jackpot. This could be due to the fact that jackpots are lower for scratch cards and therefore the card price could be a bigger driver of customer choice for this product.
- The largest share of purchase intentions for lottery tickets is 43% (option 6), which is more than 50% higher than the largest share of purchase intentions for scratch cards (27% for option 4). This relatively high level of purchase intentions reveals a very strong interest for option 6.

In conclusion, the data provided does not directly enable us to say if customers prefer scratch cards or lottery tickets. However, it indicates that the transnational lottery could be a good option to explore further for three reasons:

- Option 6 for lottery tickets is by far the one that received the largest share of purchase intentions. The large jackpot therefore seems to be generating a lot of interest among customers.
- Customers consistently show a preference for large jackpots for the lottery but not for scratch cards. By pooling resources between countries, the transnational lottery will be in a position to provide large jackpots to customers.

- Thailand Lottery's objective is to maximise sales. The survey indicates that customers are less price sensitive in lottery tickets than in scratch cards. We cannot conclude that sales will be higher for the lottery based on that information only but it constitutes a good initial indication.

As a next step, we should calculate the potential sales for each product in Thailand. This will enable us to make a more informed decision about which product to choose.

IGotAnOffer special tip:

When your interviewer provides you with some data, take a few minutes to decide on a plan to analyse it. It is acceptable to take a few minutes to read through the data rather than rushing to a conclusion. However, make sure that you then walk your interviewer through your analysis step by step, to show that you have thought carefully about it.

Question 3.b.

Here is a potential calculation plan we could follow. All the metrics below should be calculated per year.

1. Calculate the potential number of tickets sold by Thailand Lottery
2. Calculate total sales for Thailand Lottery, given the price of a ticket
3. Calculate total costs and profits excluding the jackpot costs for Thailand Lottery
4. Calculate the maximum jackpot costs using the following formula for Thailand Lottery:

   15% x total sales = Profits after jackpot cost
   = Profits before jackpot cost – jackpot cost

5. Estimate the total jackpot available across the four countries

Let's now do each calculation:

1. Number of tickets sold every year by Thailand Lottery
   - "Once a week" customers
     = 2% x 65m x 4 weeks x 12 months = 62m
   - "Once a month" customers
     = 2% x 65m x 12 months = 62m / 4 = 16m
   - "Once a year" customers
     = 4% x 65m = 2.6m
   - Total = 62 + 16 + 2.6 ≈ 81m

2. Total sales = 81m tickets x $3 per ticket = $243m

3. Total costs excluding jackpot costs
   - Total variable costs = 81m tickets x $0.2 per ticket = $16m
   - Total fixed costs = $20m
   - Total cost excluding jackpot = 16 + 20 = $36m
   - Profits before jackpot cost = $243m - $36m = $207m

4. Profits after jackpot
   = Profits before jackpot – jackpot cost
   = 15% x total sales = 15% x $243m = $36m
   It therefore follows that, jackpot cost
   = Profits before jackpot – Profits after jackpot
   = $207m - $36m
   ≈ $170m

5. To achieve a 15% margin, Thailand Lottery can give away a maximum of $170m in jackpot prizes over the course of a year. Thailand has got a population of 65m, so that's an average jackpot of 170m / 65m = $2.6 per person per year.

The population of the four countries together is 450m. Assuming that the three other countries allocate the same jackpot per inhabitant, then the total jackpot available across the four countries for the year is $2.6 x 450m = $1,170m per year.

There is a lottery draw every week so about 50 draws per year. On average each draw could therefore offer a $23m jackpot (1,170 / 50).

As a conclusion, aiming for an average jackpot of $20m (Option 6) seems realistic. A next step in the analysis could be to investigate the implementation of the new product: regulation, distribution of the tickets, etc.

IGotAnOffer special tip:

For questions involving long calculations, you should often simplify and make some approximations. If you don't simplify your calculations, you run the risk of getting stuck on long calculations and waste some time you could have spent discussing more interesting aspects of the case with your interviewer.

4. Creativity question

To reverse this trend, and to ensure that the new product successfully attracts young customers, Thailand Lottery could look into the following four areas:

1. **Product distribution**
    a. Make it possible for customers to buy tickets for the new lottery online and via a mobile application, as these are distribution channels used by younger people
    b. Sell lottery tickets in locations where young customers tend to spend time (e.g. bars, cafes, etc.)
2. **Product design**

a. Add a social media component to existing and new products by enabling customers to share notifications saying they have played the lottery with their network of friends
b. Choose themes that are attractive to young customers when developing new products (e.g. sports)

3. **Refresh brand image**
    a. Run advertising campaigns for the new product specifically targeted to younger customers
    b. Recruit celebrities that are famous among young people to be brand ambassadors for Thailand Lottery and to promote the new lottery
4. **Refresh company culture**
    a. Hire younger employees familiar with new technologies and the needs of younger customers for the team in charge of developing the new lottery
    b. Review the list of external marketing and advertising agencies the company is currently working with

Thailand Lottery should start by distributing existing products via new channels (online and mobile) as it is a relatively easy change to make and will have a strong impact. Over the long run, it could work on refreshing its image and company culture as well as designing new products. However, along the way, Thailand Lottery should be careful not to lose its older customers.

5. Recommendation

Based on our initial analysis I would recommend that Thailand Lottery creates a transnational lottery for the following reasons:

1. The survey carried out shows that a transnational lottery with large jackpots generates a lot of purchase intentions (43% for $20m jackpot). Based on initial discussions with the three other countries, this level of jackpot seems to be a realistic option.
2. Thailand Lottery could achieve $243m in sales and a 15% profit margin in the first year of launching the transnational lottery.

3. Given Thailand Lottery's monopoly, there is no other company in the country that could launch a transnational lottery. This new product should therefore provide a strong and sustainable revenue source to Thailand Lottery.

However, there are further areas that the firm should explore before actually going ahead and launching the new product:

1. Thailand Lottery should make the necessary changes to its teams and brand image to ensure that the new product will attract young customers
2. The company should make sure that the transnational lottery is feasible from a regulatory standpoint and that Thailand's policymakers are favourable to the idea
3. The company should find ways to minimise the cannibalisation between the new transnational lottery product and the other main national lottery products
4. Finally, the company should make sure it is able to secure the financial resources it needs to launch this new product.

IGotAnOffer special tip:

In your recommendation, make sure you state clearly what your conclusion is, but also remember to qualify your answer and suggest additional analysis. Your interviewer does not expect you to come up with a definite conclusion after a short analysis, and you should show him / her that you are aware of these limitations.

Free Case #2 – Star Production

1. Situation

Star Production is a start-up that produces low-cost movies. Two university friends created the company after watching “Paranormal Activity”, a low-budget movie that attracted a larger-than-expected audience.

Very few low-cost movies end up being very successful. Star Production is hoping to generate profits by producing a large number of low-budget movies and betting that some of them become very successful. The company forecasts that most of its movies will be loss making but that a few of them will be big financial hits.

Considering the high up-front cost of production, and the low probability of success of low-budget movies, the two friends are evaluating the best ways to finance the company. They have hired you to help them develop a business plan that can convince investors that their model is sustainable.

2. Framework

What areas would you look at to determine if Star Production’s business model can be sufficiently profitable to recoup initial investments in the short term?

3. Quantitative question

Question 3.a.

Your team analysed the cost structure related to movie production and summarised its results below.

Cost of producing and promoting a low-cost movie

Type	Expenditure area	Min cost	Max cost
Production	Cost of sound and light equipment / day	$50	$200
	Cost of camera / day	$50	$10,000
	Salary of director / movie	$1,000	$100,000
	Salary of actors / day / actor	$100	$1,000
	Salary of other crew members / member / day	$100	$300
	Food and travel expenses / person / day	$100	$500
	Cost of renting movie studio / day	$10	$100,000
Post-production	Cost of postproduction / movie	$100,000	$200,000
Marketing	Cost of marketing campaign / movie	$1,000	$100,000

In addition, your team also studied the correlation between a movie's cost structure and its revenues using a sample of 1,002 movies released in the past 2 years. The results are shown in the table below.

Correlation between a movie's revenues and different types of costs

Cost type	Production	Post-production	Marketing
Correlation with revenue	0.15	0.20	0.75

Which cost areas should Star Production aim to minimise in priority in order to generate high profits?

Question 3.b.

After this initial analysis, your team concludes that each movie would cost on average $250k to produce and distribute. In addition, the company's overhead would amount to a yearly fixed cost of $500k.

In order to evaluate how much profit the company could generate in its first year, your team also did some research on the total revenues generated by recent movies.

The table below breaks down the average revenue generated in the first year after movies were released, including revenues from theatre tickets, TV rights, and home distribution (DVD and on-demand).

Distribution of movies by total revenues generated

Revenue category	Average revenue	# of movies
0 - $100k	$30k	759
$100k - $1,000k	$330k	198
$1,000k - $10,000k	$3,300k	41
> $10,000k	$40,000k	4
All categories	**NA**	**1,002**

On average, how many movies does Star Production need to produce every year in order to break even?

4. Creativity question

The founders expect that a large share of their movies' revenues will be generated many years after the movie was produced. As a result, they are worried that the company might fail to attract investors who expect to rapidly generate returns on their investments, and that it might run out of cash before becoming sustainable. How could Star Production accelerate its revenue generation?

5. Recommendation

The founders of Star Production give you a call and ask for your recommendation regarding their business model. What would you tell them?

Answers

1. Situation

To avoid any misunderstandings, you should ask follow up questions that will help you understand the situation better. For instance, you could ask:

- How many movies does the client plan to produce every year?
- Has Star Production started making any movies yet? If so, how successful have they been?

Prior to diving into the framework question, we also recommend that you clearly define the objective of the case. For example, you could ask:

- How does the client define a "sustainable business model"? Is this equivalent to a profitable business? If so, how profitable?
- I understand the client is a start-up company. Has it already made any significant investments we should be aware of?

2. Framework

Once you have clarified the situation, you can prepare a framework to analyse the question. Since the main focus of the company is on profitability, the following areas could be analysed:

A. Revenues

1. **Revenue from theatre tickets**
    a. **Units sold:** On average, how many tickets does Star Production expect to sell per movie?
    b. **Unit price:** What is the average price of a ticket? What share of the ticket price will Star Production receive?
2. **Long-term movie distribution (TV, Streaming, DVD, etc.)**
    a. **Units sold:** Which channels can Star Production use to distribute its movies? How many TV deals, DVDs sold and streaming views does the company expect to achieve?
    b. **Unit price:** How much revenue can Star Production generate from each TV deal, DVD sold and streaming view?

3. **Revenue from licensing**
    a. **Units sold:** If the movie is successful, how many licenses does Star Production expect to sell for merchandising (e.g. T-shirts or accessories)?
    b. **Unit price:** At what price can the company expect to sell those licenses? Alternatively, what share of the revenues from merchandises does the company expect to receive as royalties?

B. Costs

1. **Upfront costs:** What upfront investments will Star Production need to make to start producing movies? Will it need to purchase professional filming equipment, studio space, or post-production equipment?
2. **Fixed costs:** What are the fixed costs associated with running Star Production? What would the administrative costs and fixed labour costs be?
3. **Variable costs:** What is the average variable cost of producing a movie? In this category, we should include the salary of actors and staff, movie studio rental, the cost of film and other equipment.

Both areas of this framework are equally important to analyse in order to get a sense of the potential profitability of the business.

IGotAnOffer special tip:

When the case revolves around a profitability problem, your framework will have to cover both revenues and costs. However, make sure you are also specific with what the different revenue and cost areas are for the business at hand.

3. Quantitative question

Question 3.a.

Here are some insights that can be obtained by reading the first table horizontally:

- On the production side, keeping the costs of the director's salary and the studio rental low could save as much as $99k per movie and $100k per day, respectively. These costs are therefore worth keeping under control if the company wants to minimise costs.
- The other production costs offer fewer opportunities for large savings, as the range of costs is narrower.
- Finally, keeping post-production and marketing costs low also offers a good opportunity for cost reduction as it could save up to $100k and $99k per movie respectively.

More generally, in the first table, we can also notice that:

- Six expenses out of nine are proportional to the number of days it takes to produce the movie. As a result, producing the movie over a short period of time could allow the company to control costs.
- Three expenses out of nine are proportional to the number of members in the team. As a consequence, hiring a small team will also help keeping costs low.

From the second table, we can learn the following:

- Production and post-production costs are weakly correlated with revenues generated. As a consequence, it seems safe to keep the director's salary, studio rental costs and post-production costs low.
- However, marketing spending and movie revenues seem to be strongly correlated. As a result, decreasing the amount spent on marketing could hurt revenues in the long run. Star Production should therefore consider keeping a large marketing budget for its movies.
- Finally, it should be noted that correlation does not imply causation. If Star Production spends a lot on marketing, it is still possible that its movies will not generate a lot of revenue.

In summary, there seem to be various ways to keep costs low. For instance, up to $100k per day could be saved on studio rental costs by choosing the low costs options. However, Star Production should be careful with reducing marketing

spending as it is tightly correlated with the revenues generated by the movie. As a next step, it would make sense to look into long-run revenues to make sure Star Production is able to make a profit on its low cost movies eventually.

Question 3.b.

Here is a potential calculation plan to find out how many movies are needed to break even:

1. Calculate the average revenue per movie
2. Calculate the operational profit per movie (revenue per movie – variable cost per movie)
3. Calculate the number of movies required to cover fixed costs

Let's now do the calculations and simplify the numbers when possible.

1. Average revenue per movie
   - The average revenue per movie is the average of revenues by categories weighted by the number of movies in each category
   - Average expected revenue per movie
     = (Revenue 1 x #Movies 1 + … + Revenue 4 x #Movies 4) / (Total # movies)
     = ($30k x 759 + $330k x 198 + $3,300k x 41 + $40,000k x 4) / 1,002
     = ($23m + $65m + $135m + $160m) / 1,002
     = ($383m) / 1,002
     ≈ $383k
2. Average operational profit per movie
   - The average cost of a movie is $250k
   - The average operational profit is therefore $383k - $250k = $133k
3. Number of movies required to cover fixed costs
   - Star Production has got fixed costs of $500k per year
   - Four movies should therefore be sufficient to cover fixed costs (4 x $133k = $532k) and to be profitable for the year

With four movies per year Star Production would have a high chance of being profitable over multiple years. However, four movies per year do not guarantee that Star Production makes a profit every year. Indeed, for a given year, it is

possible that the four movies it produces are not successful and only generate $30k in revenues (the lowest average revenue) for example, in which case the company would make a loss.

To minimise the risk of losing money in a given year, Star Production needs to increase the number of movies it produces. The next step in this analysis could be to find ways for Star Production to increase the chances of success of each of its movies.

IGotAnOffer special tip:

If you are stuck trying to answer a quantitative question because you don't know how to approach it, it helps to go back to the definitions you know. Here, breaking even means having revenues exactly cover costs. Write down a formula to calculate revenues and costs and see where the number of movies produced appears. This will show you how to calculate the number of movies to break even.

4. Creativity question

To accelerate revenue generation, three categories of innovative ideas come to mind:

1. **Before the movie making**
   - Star Production could crowdfund its movies. Fans would back the movies they like in exchange for small rewards such as signed copies of the DVD of the movie, branded T-shirts, etc.
   - It could also auction a dinner with the movie's actors and director
2. **During the movie making**
   - Star Production could sell tickets for people to attend selected parts of the movie making
   - It might also be able to let fans play small roles as extra in the movie in exchange for a fee

3. **After the movie making**
    - Star Production could distribute the movie through new channels. For instance, it could sell the movies on its website and set up a referral programme to encourage people to recommend the movie in exchange for a discount
    - It could also set up a website to enable artists to design merchandising items (T-shirts, posters, etc.) themed after its movies and share the revenue with them

Given Star Production is getting started it makes sense to develop the "Before making the movie" ideas first as they correspond to the phase of development the company is in. As the company progresses it can then develop the "During the movie making" and the "After the movie making" ideas. These ideas should allow the company to generate additional revenues in the early stage of the production cycle and to provide early return on investments.

IGotAnOffer special tip:

One way you can generate new ideas for creativity questions is to think about recent business stories you may have read about. What are the latest product innovations you have heard of? Were they successful? How could they be applied to the business you are looking at?

5. Recommendation

Based on the initial findings from our analysis, we can present a strong case to investors for financing Star Production:

1. First, an average of four movies per year could be enough for Star Production to be profitable. Producing four movies per year seems manageable
2. Secondly, there also seems to be plenty of opportunities to keep costs low, such as minimising the number of actors and the number of days to make the movies

3. Finally, we have identified potential sources of additional revenues that could help make the business model even more attractive to investors. These include crowdfunding the development of movies as well as auctioning dinners with the movies' actors and director.

However, there are further areas that Star Production should analyse before launching:

1. First, it should calculate how much money it will need to raise to launch the company and what share of the company the founders are willing to give to external investors
2. Then, it should build connections with actors, directors and movie distributors in order to make and distribute the movies
3. Finally, it should recruit a team with the right skills to execute the strategy developed.