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IIM Ahmedabad Consult Prep Book

2025-2026

Issue details and copyright

Case Book, Consult Club, Indian Institute of Management Ahmedabad, 12th edition

First edition: July 2014

Second edition: August 2015

Third edition: September 2016

Fourth edition: September 2017

Fifth edition: September 2018

Sixth edition: August 2019

Seventh edition: September 2020

Eighth edition: September 2021

Ninth edition: September 2022

Tenth edition: September 2023

Eleventh edition: September 2024

Twelfth edition: September 2025

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Introducing the IIM Ahmedabad Consult Prep Book

Consult Club, IIM Ahmedabad, is proud to present the **12th edition** of the IIMA Consult Prep Book, a holistic and **all-in-one document** that bundles key resources required to ace consulting interviews.

This casebook-cum-preparation document aims to equip readers with a comprehensive understanding of case types that are commonly featured in consulting interviews, supplemented with guesstimates and industry reports that will come in handy during preparation. Each case type is supplemented with tried-and-tested framework(s) that can be used to solve them, although the focus is to nudge the reader toward developing their own critical-thinking approach and problem-solving mindset. The cases and the guesstimates in this document also draw from real-life interview experiences of candidates with leading consulting firms.

This edition comes enclosed in a **newer & fresher look** and comprises **108 cases, 25 guesstimates** and **27 panorama reports**. We have entirely **revamped the panorama reports** and **restructured the approach sheets** for select cases to more closely reflect candidates' page usage when solving cases. Beyond refreshing existing cases & panorama reports, we have added **16 new cases, 6 new guesstimates** and **4 new panorama reports** to provide you with a better preparation experience!

We strongly recommend supplementing case practice with industry reports to inculcate sectoral nuances. To assist with the same, we have augmented the panorama reports and added links to **useful external resources** about each industry. In this edition, we have also made navigation easier via friendly navigation buttons on each page to take you back to the index, framework page, or the relevant industry reports, as applicable. Finally, this prep book contains a compilation of **Important Frameworks,** a **Primer on Consulting** and a **Toolkit** with a list of tips and tools to aid in preparation.

We sincerely hope this document provides you with what you need to ace your consulting interviews! Lastly, a huge shout-out to the Consult Club team of IIM Ahmedabad for working incredibly hard to deliver this case book!

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Acknowledgements

We want to thank the Consult Club team (see below) that helped put together this 12th edition of the Consult Prep Book, 2025-26. We are grateful to all students that have helped by sharing their cases and interview experiences, enabling us to prepare a comprehensive casebook & preparation resource for the current and future batches.

We thank Gauri Pawar, Latika Dutta, Samiksha Rele, and Tanishq Verma (PGP 2025-27) for their contribution to cases, guesstimates and panorama reports. Additionally, we acknowledge the contributors of the previous editions of the IIMA Consult Prep Book and IIMA Caselet as well as numerous Consult Club alumni whose submissions and feedback, over the years, have shaped this document, and created a brilliant base for us from where we could build further in this edition.

We would also like to extend our deep and heartfelt gratitude to Mr. Tushar Patel for graciously letting us use his beautiful photographs of the IIM Ahmedabad campus.

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2025-2026

How to use this book?

Understand case solving

01 Structure of case interviews & approach

Understand how a case interview runs and what the general approach to solving a case is

02 Important Frameworks

Build an understanding about commonly asked case types & various handy tools / frameworks to guide your case solving

The prep book has a broad coverage of not just case-type specific frameworks but also commonly used & relevant frameworks from strategy, marketing, and other domains

03 Preamble to Case Solving

A brief guide to orient your thinking towards best leveraging the cases given in the prep book

Prepare for case interviews

04 Case Transcripts & Interviews

A detailed repository of cases across **6 cases types** – profitability, market entry, pricing, growth strategy, M&A and DD, and unconventional cases – spanning **multiple industries** to aid your preparation for case interview rounds.

Leverage these to **practice mock interviews in pairs / groups**. After solving a case, use the approach sheet to triangulate your analysis. But, note that the given solution is only **one of the possible** approaches. Feel free to **explore new ones.**

05 Guesstimates

These will **sharpen your guesstimation and structuring skills**. Solve by yourself first and then triangulate with the solution given. Often asked within cases (e.g., market sizing) or even standalone.

06 Industry-wise Panorama Reports

Study these to understand the strategic dynamics of key sectors and **add nuance** to your case solving. This edition has **easy navigation buttons** with the cases (top right corner of each slide, sample below), so you can quickly refer the relevant industry report.

INDUSTRY PRIMER

Additional tips & Knowledge Pieces

07 Consulting 101 Primers

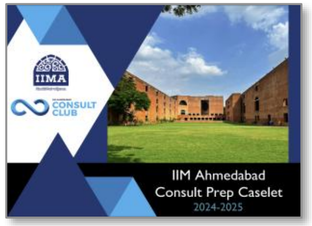
A **crisp overview** of consulting as a domain to help familiarize beginners to this career.

08 Toolkit resources

Handy data points to aid with **guesstimates & market sizing**

09 Consult Club Caselet

Compendium of select cases from the summers process, for additional practice. Click the image below to refer to the **Consult Prep Caselet 2024-25** (20 cases)**.** This edition features **2 cases** from the same.



ALL THE BEST FOR YOUR PREPARATION JOURNEY

Index (1/4)

★ New additions ★ Major changes

Index (2/4)

★ New additions ☆ Major changes

Index (3/4)

★ New additions ★ Major changes

Index (4/4)

★ New additions ★ Major changes

Structure of Consulting Interviews

Consulting interviews usually test the candidates on both or any of the following criteria:

- Personality / behavioural questions (through HR questions)
- Problem solving (through cases and/or guesstimates)

PERSONALITY / BEHAVIOURAL (THROUGH HR QUESTIONS)

Candidates are strongly advised to be prepared for any kind of question that may pop-up from the information mentioned in their CVs, particularly past work experience, internships or projects, besides foundational questions like ‘what are your strengths and weaknesses’, ‘why consulting’, and ‘why this particular firm’.

PROBLEM SOLVING (CASE INTERVIEWS)

- Expectations
  Case interviews are used to measure candidates’ ability to assess an unfamiliar situation, uncover relevant and minute details, dissect nebulous problems in a structured manner, ideate effective solutions to the problem, and finally communicate all of this in a clear, concise and coherent manner.

- Approach
  The basic approach to solving a case interview can be broken into four stages: understanding the problem and requirements, developing an analytical structure (issue tree) that would help one solve the problem, analysing the information available, and finally, reaching a conclusion & giving recommendations

Clarify → Structure → Analyse → Conclude

How to Approach a Case Interview

Understand & clarify the problem statement

- Right at the beginning, ensure that you have **correctly understood the problem** statement, a mistake here has the **biggest potential to ruin** the interview.
- Ask clarifying questions in the beginning; someone who asks the **right questions** is **better able to understand** the complete problem and has a higher chance to come up with an effective solution.
- Interviewers will often **not divulge all the relevant information** until specifically sought by the candidate, because they also test the candidates' ability to identify what data points are relevant and extract this information; this is to see how well the candidate may be able to do the same while interacting with clients.
- Do not make **assumptions** unless necessary; when making any, always **communicate them to the interviewer, have a clear rationale and validate them.**

Structure the problem

- This involves **putting all the data together** and **making sense** out of it. Noting case facts & drawing an issue tree on paper is one of the best ways to do this.
- Candidates should try to keep their **structure as clean (and preferably as simple) as possible** because in some cases, the interviewer may ask for the working sheet, and accordingly should be able to **understand the approach followed by just glancing** at the sheet at once.
- Frameworks can be used for structuring the analysis; however, **do not try to force fit any framework** just for the sake of using it. Always **communicate their approach of reaching the solution** to the interviewer rather than saying that "I'm using market entry framework".
- Always remember: interviewers are **testing your ability to develop structured analysis, not memorise ready-made frameworks.**

Analyze the case

- This is the **main stage of the problem-solving process** wherein the candidates are required to draw inferences from the gathered information. The process is aided by the structure they decide to follow using the chosen framework, if any.
- Candidates should ask **two questions** to themselves: a) How did this data point look like earlier for us?, and b) How does this data point look like for the competitors?
- It is suggested that candidates **develop hypotheses** of likely answers as they solve through each layer of the issue tree, based on inferences from information received. They should **ask leading questions to validate** their hypothesis, and **keep on narrowing** their set based on the discussion. **Continuously communicate** with the interviewer to let them know of **your thought process**. More often than not, the interviewers will help the candidate get back on track if they see that the person is thinking in the wrong direction.
- In case the candidate realizes that **some data is still missing**, **do not hesitate to ask questions later in the interview too.**

Arrive at a conclusion

- This is the **last stage of problem-solving** and perhaps the determinant of a candidate's success in getting through the interview. All efforts put in thus far are of little use if the candidate is unable to come up with a proper conclusion backed by a logical implementation plan.
- Try to ensure that the **recommendations are close to reality** since it increases their chances of being implementable in real life scenarios. Remember, **concrete solutions fetch more marks than broad vague answers**.
- Before finally communicating the solution, **do a quick "sanity check"**, that is, evaluate if the proposed solution, particularly if its quantitative in nature, makes sense or not. This can be done by using bottom-up strategy if the original answer was derived following top-down approach or vice-a-versa.

Some Do's & Don'ts for the Interviews

DO's

- **<u>Build rapport</u>:** It plays a crucial role in how the interview pans out eventually. The opening interaction, continuous communication and patient-listening skills contribute to building rapport and thus, strengthening the candidature from the communication aspect of the interview.
- **<u>Be confident</u>:** Remain confident throughout the interview even if there's a feeling that things aren't going as expected. This exhibits an important trait of being able to maintain composure and handle critical situations, which are part and parcel of a consultant's life. Also, it has been seen that the interviewers more likely than not drop hints to help the candidate get back on track, hence, watch out for those in case there's a feeling of getting stuck
- **<u>Drive the interview towards your strong zone</u>:** The candidates can try to drive the interview towards the areas they are comfortable talking on. This can be done by using examples related to their domain area while answering the questions put forward by the interviewers. However, be mindful of not making it an irrelevant reference or overdoing it if the interviewer isn't interested in talking about that.
- **<u>Positive body-language</u>:** Try to be positive and cheerful throughout the interaction as it may help to cover a small mistake, if any, the candidate might have committed while solving the case. Further, candidates are evaluated on their overall presentation, that includes body language and communication skills apart from the most sought-after problem-solving skills.
- **<u>Closing note</u>:** The candidate should end the interview with a smile even if it wasn't the best of the interviews; sometimes even the candidate's positive approach may work in the favour and overshadow a mediocre interview.

DON'Ts

- **<u>Get bogged down by frameworks</u>:** We cannot stress this enough. Frameworks are useful in structuring one's thoughts but should not become an impediment to "out of the box" thinking. For instance, an acquisition may be used to improve profitability; however, that would not fall under any of the conventional frameworks. Remember, frameworks are just tools, you are the one using it. Adapt your thinking to the case situation and use the frameworks wisely and not blindly.
- **<u>Be Mechanical</u>:** Candidates are advised not to be mechanical while answering questions related to their personal experience as it gives an impression that the answer has been well rehearsed. Try to read the cues of the interviewers and involve them in the discussions.
- **<u>Interrupt the interviewer</u>:** This should never be done since there is a risk of missing out on some important information which the interviewer would have otherwise divulged. Further, it gives an impression that the candidate is impatient, and might not be a good team player.
- **<u>Assume any information unless explicitly given by the interviewer</u>:** Usually on getting a case from a familiar background or applying association rule, candidates tend to presume certain information. This should strictly not be done unless the interviewer gives the information explicitly. However, if a candidate has some prior information, either clarify that through questions from the interviewer or suggest that as a possible solution to the given problem.
- **<u>Panic</u>:** Mistakes do happen, either in calculations or while speaking on a topic. It is important not to freak out in such moments; rather as soon as a mistake has been committed, be ready to own up and admit it.

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Important Frameworks

Clarifying Questions

Clarifying questions help eliminate ambiguity, confirm objectives, and surface missing context. They enable deeper understanding, prevent wrong assumptions, and ensure you address the client's real problem; ultimately leading to structured analysis, focused recommendations, and a confident, client-centric approach.

Ask a few 'relevant' clarifying questions at the outset to gather data and have a strong grasp on the problem & context.

Special emphasis on the word **'relevant', as asking the right questions is an art**. Right questions asked at the outset may set you up well for the case. Generally, you'll be able to **ask a few (2-4) questions**, before you dive into analysis. So**, think logically** about **what you do not know 'and' would be relevant to know** to build a strong foundation at the start. Other questions, which may be more specific to a sub-branch of your approach can be asked while solving, as relevant/ needed.

Some sample clarifying questions which may come handy (illustrative only, please ask questions as relevant to the case & situation):

Objective & Scope

- What is the core problem/ objective we are addressing? Why is it important?
- What specific business metric(s) should we focus on (profit, revenue, market share, etc.)?
- What is the time frame to achieve the objective?/ How long has the problem been observed?
- Is the problem specific to a unit/ region/ product or is it observed across the firm?
- What is the scope of evaluation (geos, products, etc.)?

Business Model & Value Chain

- What products/ services does the client offer? What is our core differentiator?
- In what segments does the client serve – customers, geographies, etc.? Business model – B2B, B2C, etc.?
- What phase of the value chain are they involved in (manufacturing, distribution, etc.)?
- What are their revenue sources? *(Often hypothesize an answer & communicate before asking)*
- What is the revenue share of segments/ products?

Market / Industry

- How is the market structured (fragmented, consolidated, etc.)?
- How has the industry performed on the concerned metric (profit) over the same time frame? Is the issue company specific or industry specific?
- Who are the key competitors? What is their share? How do current processes/ products compare to them?
- What changes have recently occurred in the industry? Are there any key trends (like law, new entrants, etc.)?

Constraints

- Are there any financial or resource constraints to be kept in mind (relevant esp. for market entry, growth, and M&A cases)?
- Does the client have any particular preferences which needed to be kept in mind (e.g., organic growth, maintain low leverage, aspiration for innovative firms, etc.)?

Clarify terminologies / definition

- My understanding of this industry is limited to xx. Could you please provide me a brief overview of the value chain? (if completely unaware of an industry)
- What does jargon 'yy' mean? Does it refer to 'zz'?

O3CP (Objective, Customer, Company, Competitor, Product) is often a good way to start thinking of available information & identify what additional context/ information you would require.

Profitability Framework

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Profitability problems require analysis of revenues and costs of a company to zero in on the cause of decreasing/increasing profitability. Thorough understanding of revenue and cost heads for various industries can help bring out key insights and reach valuable recommendations.

Initial Questions

- Get primitive understanding of company: What product/services does it offer? What geography does it cater to?
- Understand whether this is a company specific problem or an industry-wide phenomenon
- Keep in the mind the quantum of profit/losses and the time period of problem statement

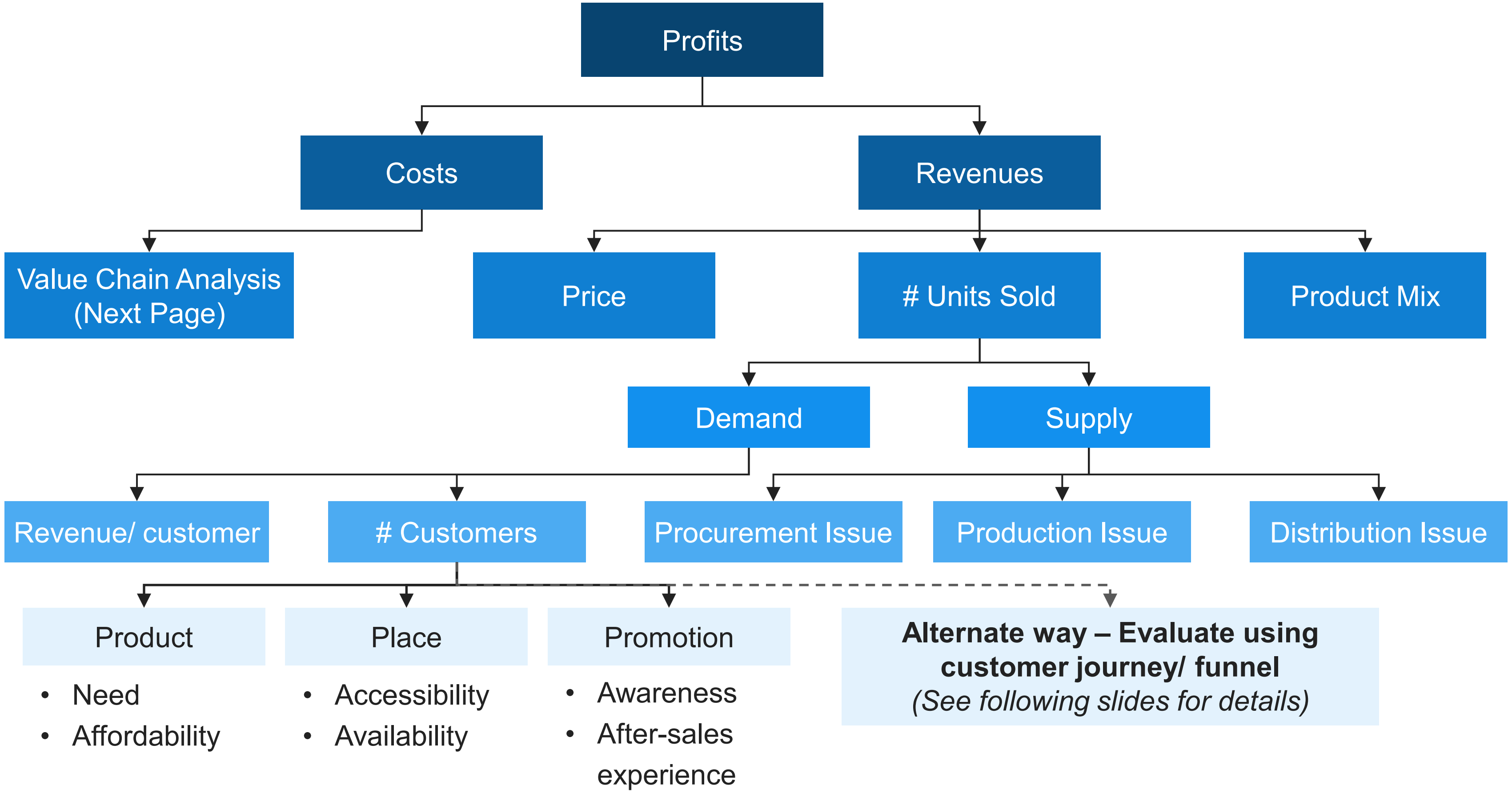
Profit vs Profitability

- Profits are merely a difference of Revenues and Cost, while Profitability refers to profit as a proportion of sales

Units Sold

- It can also be broken down as ‘Internal’ and ‘External’ factors; Internal issues being similar to the Supply Side break-down and External issues to be examined via PESTEL analysis
- Demand can be seen as: Market Size * Market Share

APPROACH/ FRAMEWORK



Profitability Framework – Value Chain Analysis (Cost-side)

Research & Development → **Raw Material Procurement** → **Production** → **Storage & Transportation** → **Distribution** → **Marketing** → **After Sales Support**

Research & Development

- Equipment / Tech.
- Human Capital
- Financing
- Patents

Raw Material Procurement

- Cost of Raw Materials
- Contracts / Deals
- Supplier Party
- Wastage / Use Efficiency

Production

- Machinery
- Factory Rent
- Electricity
- Labour Hours
- Technology
- Capacity Utilisation
- Packaging
- Defects

Storage & Transportation

- Transport to Warehouse (routes, vehicles)
- Storage Facility (rent, electricity, labour)
- Transport to customer (routes, vehicles)

Distribution

- Sales Force
- Sales channels
- Training
- Incentives

Marketing

- Channels
- Spend on each channel (physical / digital)
- Conversion rates / channel

After Sales Support

- Repairs
- Spare Parts
- Returns

- Costs can be also be divided as (depending on the type of problem statement & the information available):
  - Direct & Indirect Costs
  - Fixed & Variable Costs

Profitability Framework – Customer Journey (Revenue-side)

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Evaluating the customer journey is a useful way to understand where the drop-off is occurring, especially when the issue is with # of customers. That said, it is a handy tool to use to evaluate other problems as well (e.g., product mix – perhaps the product placement is poor leading to sales of low-value products)

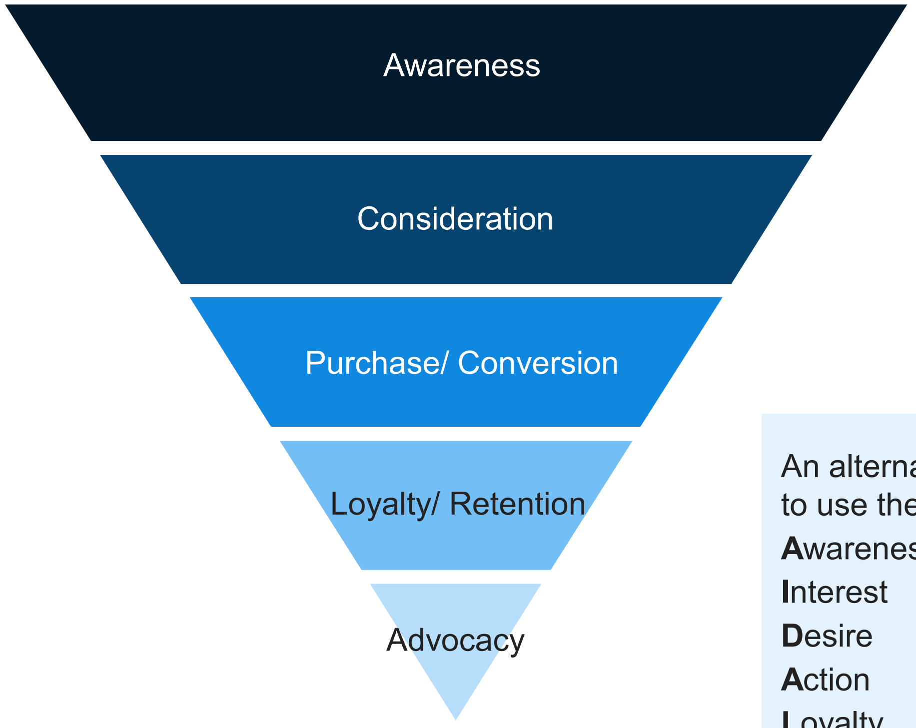
Below, we highlight a couple of ways to break down the customer journey

APPROACH 1 – PRE, DURING, POST

Customer journey

- **Pre purchase**: This refers to all activities the customer may have been subject to (e.g., promotion) or undertaken (e.g., travel to shop) before arriving at the purchase touchpoint
- **During purchase**: This refers to all activities the customer is subject to (e.g., sales pitch, payment portal, product demo) at the purchase touchpoint
- **Post purchase**: This refers to all activities the customer is subject to (e.g., customer service, loyalty product, onboarding) after the purchase. This is crucial to understand loyalty & WoM

APPROACH 2 – CUSTOMER JOURNEY FUNNEL



An alternate could also be to use the AIDA funnel:
Awareness
Interest
Desire
Action
Loyalty

Market Entry Framework

A market entry case (whether new product launch or entry into new geography or both) is hinged on two basic questions: Is it worthwhile entering the market (economically and strategically) and if yes, what would be the best way to enter the market.

Initial Questions

- Always ask about company's objective to enter that particular market
- Get primitive understanding of company: what it does? What product to launch? Previous history with launches & why this particular geography/product launch? What part of value chain does it want to set-up?

Analysis

It can also be done using:

- **Economic Analysis:** Mkt. Size * Mkt. Share * (Price - Variable Cost) - Fixed Cost
  - Market size & share may often require you to undertake a guesstimate
- **Operational Feasibility:** Regulatory/other barriers in setting up a value chain - explore need to partner with others or enter into JVs in each bucket

APPROACH/ FRAMEWORK

Customer	Company	Competition	Product
• Segments • Needs • Size & growth • Target Group • Market Share	• Product Mix • Resources • Key Assets • Value Chain Analysis (feasibility of setting up: procurement - production - distribution • Financial Analysis (break-even point)	• No. of competitors & market share • SWOT Analysis • Barriers to entry/exit - regulations	• Gap between customer expectations and available products

How to Enter

- Brownfield investment - Acquisitions
- Set up Greenfield operations
- Joint Venture
- Outsourcing

New Product Introduction Framework

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In a new product entry case, a company is likely to aim for introducing a completely new product in a market or expand its existing product's reach in a new geography. An interviewee is expected to first align on the product's viability to succeed in the market followed by identifying the correct price point and target market and finally recommend levers that can drive product success in the market.

Initial Questions

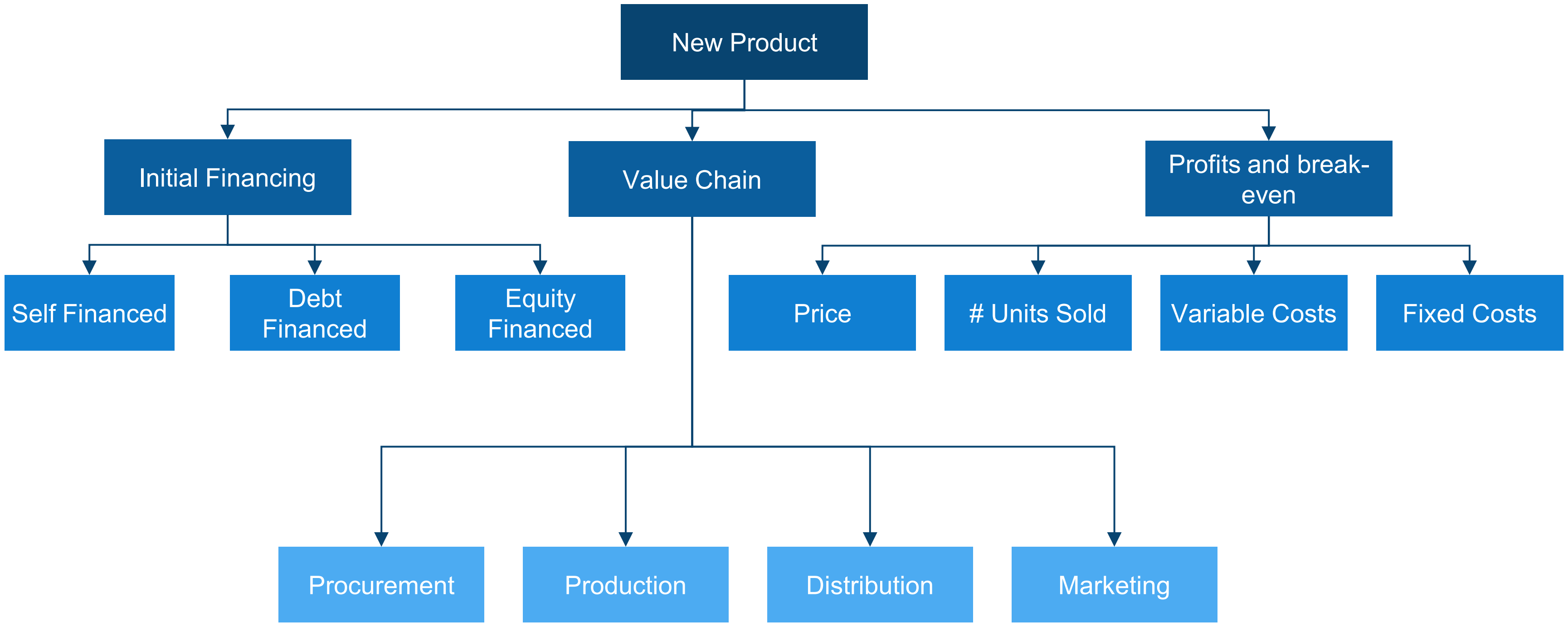
- Always ask about company's objective to launch a new product
- Get primitive understanding of company: what it does? More about the new product, target customers? Previous history with launches & why this geography/product launch? What part of value chain will it operate in?

Analysis

The pros and cons associated with each bucket have to be brought out in the analysis, with having ready suggestions on how to overcome the possible challenges

In the profits & break-even section, an evaluation of NPV/ IRR may also be pursued.

APPROACH/ FRAMEWORK



Pricing Framework

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In a pricing case the objective is to determine a methodology for pricing of any product. The product could be a new invention, it could have other competitor products in the market etc. The student should determine the objective of the company, understand the product features and market environment and then apply a relevant methodology to price the product.

Initial Questions

- Always ask about company's objective for pricing the product
- Get primitive understanding of company: what it does? More about the product, target customers?
- Depending on objectives of profitability or market share or breaking even, recommend an appropriate approach

Analysis

- Some parameters like Willingness to pay, opportunity cost of having no products might not be directly provided by the interviewer, so try to develop *creative proxies* for the same which would determine the accuracy of your recommendation
- It may be beneficial (depending on context), to leverage more than one method, as appropriate, to triangulate to the right price/ build a potential price range

APPROACH/ FRAMEWORK

Nature of Product

- New invention
- Modification to existing products
- Similar to existing product
- Pricing vis-à-vis another product

Pricing approach

Value Based

- Willingness to Pay
- Opportunity cost of having no product
- Supply Demand trade-off

Cost plus

- Fixed costs
- Variable Costs
- Break-even Analysis

Competitor Based

- Existing products and features
- Reference Price
- Willingness to Pay of current market

Growth Framework

In a Growth scenario, a company is likely to aim for XX% YoY growth. An interviewee is expected to first align the growth targets, followed by validating them, identify pillars that can support the growth targets, and finally recommend how the company can leverage/show go about these pillars

Initial Questions

- Get primitive understanding of company: what it does? More about the product, target customers? What geographies?
- Having a clear understanding of the product and customers will enable the candidate to better drive hypothesis while performing the analysis

Analysis

- The framework is a comprehensive version of the Ansoff Matrix, so the probing questions, the analysis and recommendations can be given keeping that in mind
- The creativity around the recommendations in exploring new channels/segments will earn brownie points

APPROACH/ FRAMEWORK

- Growth
  - Organic
    - Revenue/ User
      - Revenue/ Transaction
        - Increase prices
      - # Transactions/ User
        - Cross-selling
        - Loyalty programs
        - Discounts
        - Bundling
        - Upselling
    - # of Users
      - Existing Markets
        - Existing Product
          - New channels
          - Better marketing
        - New Product
          - New marketing
          - New customer segments
      - New Markets
        - Existing Product
          - Marketing
          - Channels
        - New Product
          - New customer segments
          - New mktg, channels
  - Inorganic
    - Joint Ventures
    - Acquisitions

Mergers & Acquisition Framework

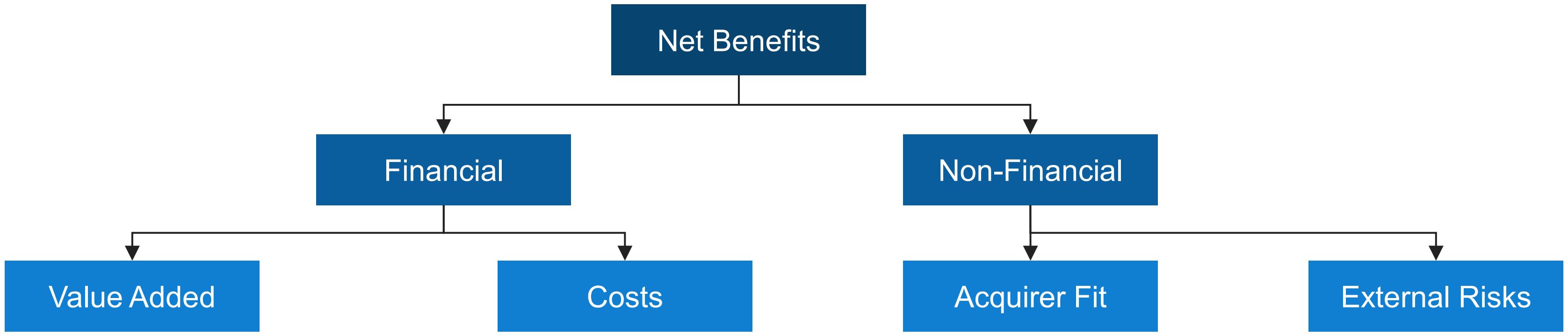
Mergers & acquisition provide means of inorganic growth for a company. It is important to evaluate a prospective merger or acquisition using a framework to understand the net benefits the acquirer can receive including financial as well as non-financial factors.

Initial Questions

i. Understand client's company: Questions can be asked to learn about client's company, its current state, industry in which it operates, growth strategy and aspirations

ii. Understand target company: Questions can be asked to understand the target's market, market share, profitability, and its competitors.

APPROACH/ FRAMEWORK



Financial

Value Addition

i. Valuation: Target company's valuation indicate the present value of cash flows it can generate in future based on its current capital structure

ii. Synergies: Synergies are additional benefits derived from combined assets of acquirer and target.

Synergies

i. Operational:
   - Revenue – Selling more quantity or higher pricing
   - Costs – Economies of scale/scope, R&D or selling (SG&A) cost savings

ii. Financial: Potential tax savings, (shield) improved leverage ratio, ability to take more debt

Acquisition price:

i. This price is quoted to the acquirer for this M&A. Typically, the price value will be given by the interviewer.

ii. Integration costs: Costs incurred during M&A process for integration of IT systems, operation processes and organizational structure.

Non-Financial

Acquirer Fit

1. Cultural Fit: Working norms, countries, entrepreneurial vs corporate, etc.
2. Organizational Fit: Similarity in org structure, talent & skill set overlap, etc.
3. Strategy Fit: Alignment in long-term growth strategies

External Risks: To be analyzed using PESTEL framework

Due Diligence Framework

Before acquiring a stake in a target company, a private equity fund usually conducts a comprehensive due diligence process. One part of the diligence is the commercial due diligence, wherein the fund leverages expertise of consulting firms to focus on the business aspect of target. This commercial DD framework, has some similarities with the M&A framework, can be applied in any case wherein the client, not necessarily a PE fund, wants to ascertain the commercial viability of the prospective investment.

Initial Questions

- Start with understanding the client's profile and past investments
- Make sure to understand the objective behind the prospective investment
- It is also beneficial to have a brief sense of the client's broader investment portfolio – will help judge synergies and fit down the line

Analysis

- Market: Determine whether the market is attractive to invest in. Like market entry cases, market sizing will be at the core of this.
- Competition: Benchmark the target with its competitors to determine relative strength. Ascertain how target is differentiated, it's competitive moat, & if it is sustainable
- Business: Understand financial factors such as monetization and fundraising as well as non-financial factors like operations, team, workforce strength
- Customer: Segment customers based on various criteria and analyse key metrics to understand if customers are loyal to the target

APPROACH/ FRAMEWORK

Due Diligence

- **Pre-diligence**
  - Investor Profile
  - Existing investments
  - Investment Objective
- **Diligence**
  - **Market**
    - Sizing
    - Future outlook
    - Key drivers
  - **Competition**
    - Benchmarking
    - Differentiation
    - Moat
  - **Business**
    - Financial
    - Non-financial
  - **Customer**
    - Behavioural
    - Psychographic
    - Firmographic
- **Post-diligence**
  - Valuation & transaction
  - Growth strategy
  - Exit options

Common Frameworks

SWOT Matrix

	Facilitative	Prohibitive
Internal	**Strength** • Factors providing a competitive advantage to the company against its competitors • Ex. loyal customer base, strong brand, skilled employees, proprietary technology	**Weakness** • Factors resisting a company against operating at its optimum level in the market • Ex. lack of capital, high leverage, higher than market attrition, weaker brand image
External	**Opportunities** • External factors favorable for the company to build a sustainable competitive advantage • Ex. shift in corporate taxation, falling raw material prices, market trends, emerging technology	**Threats** • External factors which can potentially harm the company’s profitability or operations in general • Ex. increasing competition, natural calamities, limited labor supply, upcoming regulations

PESTEL Analysis

P	E	S	T	E	L
Political	**Economic**	**Social**	**Technological**	**Environmental**	**Legal**
Govt actions – elections, fiscal policy, corporate taxation, etc.	Economy – inflation, interest rates, exchange rates, unemployment, etc.	Societal factors – demographics, cultures, beliefs, lifestyle trends, etc.	Level of adoption, automation, tech infrastructure, R&D, latest trends, etc.	Govt regulations, carbon footprint, risks for raw materials etc.	Laws - Intellectual property, industry regulations, licenses & permits, etc.

Strategic Frameworks (1/3)

PORTER's 5 FORCES

Bargaining Power of Customers	Bargaining power **increases** (decreases) with: 1. High (low) number of buyers 2. Low (high) switching costs; High (low) price elasticity of goods 3. Higher (lower) availability of substitutes 4. Lesser (higher) differentiation in products (standardized products)
Bargaining Power of Suppliers	Bargaining power of supplier **increases** (decreases) with: 1. Lower (higher) availability of substitutes 2. Low (high) number of suppliers in the market 3. High (low) number of customers available for suppliers i.e. low (high) switching cost for suppliers
Industry Rivalry	Industry competition **increases** (decreases) with: 1. Increase (decrease) in number of competitors 2. Low (high) barriers to entry 3. Low (high) product differentiation 4. Low (high) focus on brand value in customer's mind
Threat of New entrants	Threat of new entrants **decreases** (increase) with: 1. Differentiated (undifferentiated) products 2. Regulatory restrictions (absence thereof) on entry (such as Railways) 3. High (low) capital requirements; 4. High (low) brand value for existing firms in the market
Threat of Substitutes	Threat of substitutes **increases** (decreases) with: 1. Low (high) switching costs for customers 2. Relatively high (low) performance of substitutes

VALUE CHAIN

R&D and Product Development	Sourcing of Materials	Manufacturing	Warehousing & Transportation	Distribution	Retail & Marketing	After-Sales Service and Support
Research Capital Financing Human Capital	Optimal and Economical Order Quantity of RM	Machine Human Capital Technology Methodology	Storage Constraints Transport Costs Inventory Costs	Optimal Channels Sales staff L&D Incentives	Advertisements Awareness Human Capital	Repairs Customer Service Returns SLAs

Strategic Frameworks (2/3)

BCG Matrix

	High Market Share	Low Market Share
High Growth	**Stars** • Market-leading • Large cash flows • Firms can invest heavily to turn them into cash cows	**Question Marks** • Companies need to take a call • Can be turned into stars with investments • Can be discarded as dogs if no future potential is seen from company standpoint
Low Growth	**Cash Cows** • Do not require further reinvestments • Can be used to generate cash flow for the company • Needs to be 'milked' properly to generate cash	**Dogs** • Sustained cash flows • They will never be stars • Companies should liquidate or divest from such types of investments / entities

Can be used to supplement the analyses of cost structures

The Company Environment

Total Addressable Market (TAM)	Serviceable Addressable Market (SAM)	Serviceable Operable Market (SOM)
Size of the entire market for the product/service	*Potential market that can be targeted in the long-term*	*Realistically achievable market in the short-term*

To calculate TAM, use top-down approach (e.g. relevant population segments) to estimate total market size broadly

SAM = TAM * Market Penetration

SOM = SAM * Market Share

Strategic Frameworks (3/3)

Ansoff Matrix (also called Product/Market Expansion Grid)

	Existing Market	New Market
Existing Product	**Market Penetration** Least risky relatively Firms can focus on increasing marketing efforts, decreasing prices to attract newer customers or acquiring a competitor in the same market	**Market Development** Does not require significant R&D or product development investment Firms can cater to a new demographic, enter a new domestic or foreign market
New Product	**Product Development** Requires investments in R&D to develop altogether new products Firms may also acquire rights to produce and sell another firm's product(s)	**Diversification** It is the riskiest proposition Requires both product and market development Diversification can be related (potential synergies) or unrelated (entirely new product)

Marketing Frameworks

INDEX

5C's of Marketing

Company	• Who are you? Understanding the company, products, channels, value chain, etc.
Customers	• Who are you selling to? Understanding the customers, segments, their needs, wants, etc.
Competitors	• Who is in your way? Understanding other players in the market, their strategies, etc.
Collaborators	• Who are you working with? Understanding your external vendors, suppliers, partners, etc.
Context	• What are current conditions? Understanding the business climate using SWOT & PESTEL

Potential use cases:
- Diagnosing business environment or market landscape
- Evaluating company position before launching products/services

4P's of Marketing

Product	• Product is the item catering to a need • Involves product design, features, quality, range, branding, packaging, etc.
Place	• Place is the channel of delivery of product • Involves distribution, franchising, inventory, transportation, logistics, etc.
Price	• Price is amount being paid for a product • Involves pricing strategy, payment methods, discounts, allowances, etc.
Promotion	• Promotion covers the marketing communications being used for product • Involves channel mix, messaging, etc.

Potential use cases:
- Planning product launches or go-to-market strategies
- Solving sales and pricing issues

4A's of Marketing

Awareness	• *Product Knowledge:* Customers should have sufficient knowledge to trigger a purchase • *Brand Awareness:* Customers' ability to recognize & remember the brand
Affordability	• *Economic Affordability:* Customers should have sufficient economic resources at disposal to purchase • *Psychological Affordability:* Customers' willingness to pay for a given product/ service offered
Accessibility	• *Customer Availability:* Availability of sufficient stock to cater to demand • *Customer Convenience:* Ease of access for a potential customer to the product or service
Acceptability	• *Functional Acceptability:* Objective in nature, based on product specs, performance, durability, etc. • *Psychological Acceptability:* Subjective in nature, based on product aesthetics, brand appeal, etc.

Potential use cases:
- Improving customer-centric strategies and adoption
- Diagnosing market reach or penetration issues

Miscellaneous Frameworks (1/2)

VRIO Framework

Used to determine whether a resource or capability can provide a sustained competitive advantage for a company.

Question	If No	If Yes
V – Valuable	Competitive Disadvantage	→ R
R – Rare	Competitive Parity	→ I
I – Inimitable	Short-term Competitive Advantage	→ O
O – Organized	Underutilized Competitive Advantage	Sustained Competitive Advantage

STP of Marketing

Used to gain more insights into Big Data and determine the value of collected data

Segmentation

Dividing market into distinct groups of customers based on their characteristics or behavior

Targeting

Selection of a customer group to focus marketing efforts based on segment attractiveness

Positioning

Designing the product and promotional mix to appeal to the target market segment

AMO Framework

Used to assess employee productivity and effectiveness in a firm. Typical applications involve to assess effectiveness of a salesforce personnel.

- **Ability**
  - Hiring, Training, Learning, Skill Development, Talent Management
- **Motivation**
  - **Expectancy** Clarity of goals, Control over performance
  - **Instrumentality** Incentive structure, Performance metrics & evaluation
- **Opportunity**
  - Career planning, fair appraisal process, recognitions, empowerment

4Vs of Data

Used to gain more insights into Big Data and determine the value of collected data

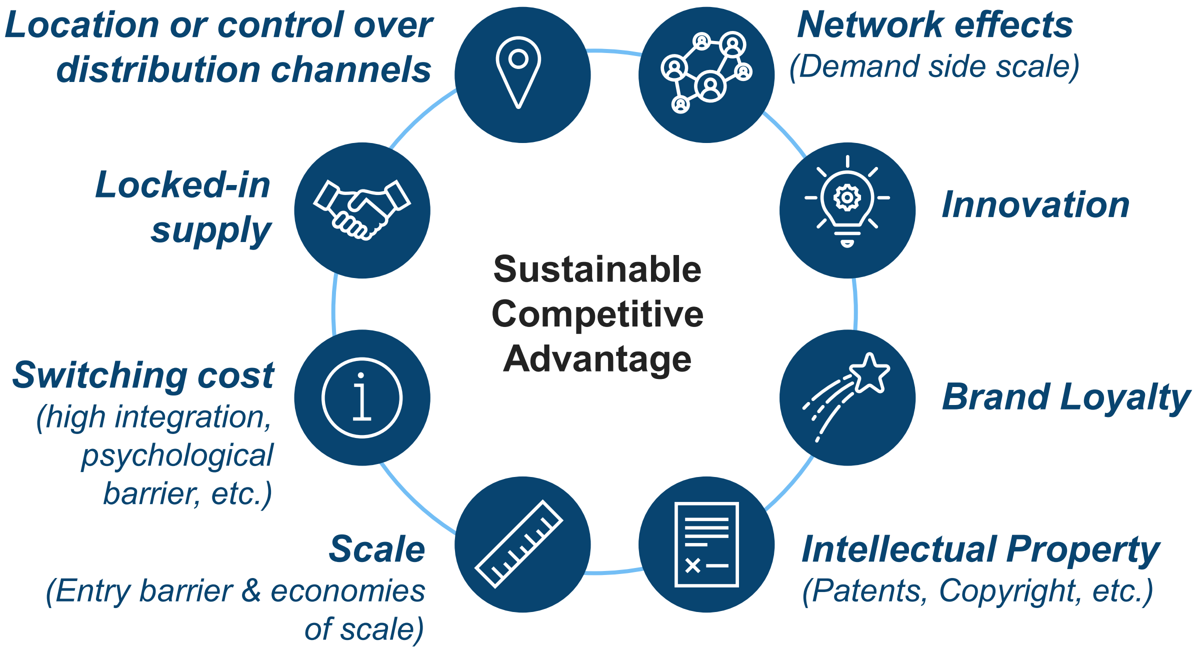
Volume	Scale or size of the data is being generated
Velocity	Speed at which the data is being generated & processed
Variety	Number of different forms or categories of collected data
Veracity	Accuracy and truthfulness of the collected data

Miscellaneous Frameworks (2/2)

Sustainable Competitive Advantage

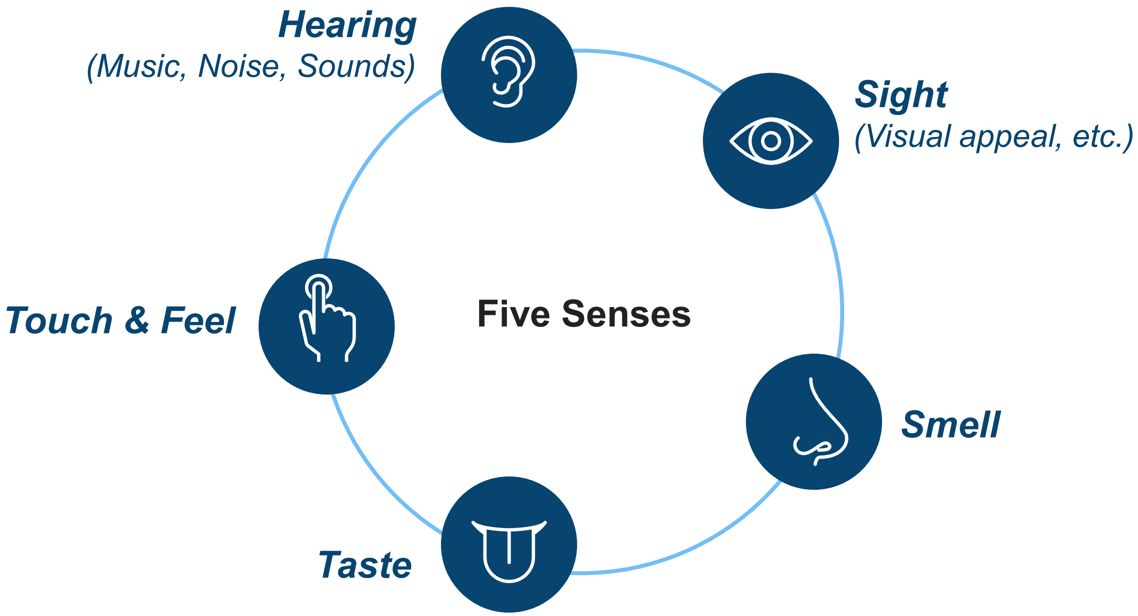
The following is less of a ‘framework’ but rather a very handy list of things to keep in mind to evaluate the competitive moat of a client/ competitor. The list provides eight distinct yet powerful **sources of competitive advantage** for a firm.

More the source of competitive advantage, stronger is their moat



Five Senses

Another handy way to break down a problem especially when the issue is regarding **experience** or lies within **internal factors for individual**, it to break it down leveraging the **five sense framework.**



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Preamble to Case Solving

Not a 'one size fits all' exercise!

Structured problem solving is about understanding a business situation, breaking it open into subproblems, and analyzing it from different perspectives. Multiplicity of perspectives means that the same problem can be **looked at in numerous different ways**. As such, what aspect one targets is very subjective with no right or wrong choice.

The idea behind the **frameworks** we talk about in this casebook is to give that **initial search potential directions**. Given a particular situation, different people will choose different focus points and hence the structure they build will be different.

To illustrate the same, we first take up a simple problem statement and present two different approaches to the same. The idea is to highlight that there is **no hardbound solution** to a given case. You will see that while the two interviewees start with a similar preliminary analysis, the emphasis shifts onto different aspects of the problem statement and the analysis further builds accordingly.

Regardless of the structure chosen, the **idea should be to be comprehensive in your analysis**, and **structurally break the problem**, and you will be able to cover the underlying problem despite starting at different points.

While all other cases in this casebook are solved in one particular way, there can be **multiple different ways to reach the same answer**. This first case is just an illustrative example of how to crack the same problem through different approaches and the same principle can be extended to all the other cases we present throughout this casebook.

Finally, please remember that **case solving is about the ability to develop structured breakdowns, not to memorise frameworks.**

Campus Canteen – Interview Transcript (Approach 1)

A small canteen in the IIMA campus has witnessed a dip in its revenues. Help them recognize the root cause and give them some recommendations to grow their revenues.

Understood. Firstly, what is the scale of the decline we are talking about and for how long have they observed the problem?

The problem is fairly recent – last couple of months. We don't know the exact numbers but it's substantial enough to raise concerns.

Alright. To gain a better understanding of the client, can you please tell me more about the product, the customers, and the part of the value chain they operate in?

Sure, so the store has been running every day from 9am till late night 3am for over the last decade, selling basic snacks with the 3 key products being omelets, sandwiches, and puffs. The store is run by 6 employees divided equally in 2 shifts.

Is the decline seen particularly for any product or in any of the 2 shifts?

The trend is similar for all the products. But the 6pm-3am shift has witnessed the chunk of the decline.

Okay. Also, if it is an on-campus canteen, the typical customers would be students, professors and maybe the on-campus staff. Is that correct?

Yes, that's correct. But majorly, the revenues come from students.

Got it, is the problem specific to this canteen? Or are the other food outlets in the campus facing a similar issue?

No, the other outlets haven't seen a change in their revenues.

Alright, I have all the information I need to start addressing the problem statement. I will start by breaking down the revenue as a function of the following:

Revenues = # of orders * average order value

Do we know if either of the elements have been affected?

Primarily the # of orders have reduced, however, the AOV has seen a slight uptick.

Alright, I will first focus on the number of orders. The volume reduction can be driven either due to a supply-side issue or a demand-side problem. Do we have an indication as to where the problem lies?

Can you tell me more about both factors?

Sure. The supply side includes 3 main factors – procurement, preparation, and distribution. The demand side considers the customers' need, awareness, accessibility, affordability, and acceptability.

Okay, let's start with demand and then go to supply.

Sure. On the demand side, we can note the following:

a) Need – the inherent needs of the students should not inherently change in the last couple months
b) Awareness – given the store has been in campus for several years, its awareness should not be an issue.
c) Accessibility – this can be due to a store location dynamics, which are particularly unfavorable for students visiting during the night shift.
d) Affordability – if we have increased the price recently, it might act as a detractor.
e) Acceptability – if the key products have inherently changed in quality or quantity, preference for them might have taken a hit.

Alright, so you are correct in inferring that need and awareness haven't changed. The products have not changed either. Accessibility in fact has improved, given the store has started delivering food to the dorms. The prices have just slightly increased for deliveries due to a small delivery fee of ₹10.

So, the demand-related factors in fact seem to be moving positively. Moving on to the supply-side, I want to first know more about our procurement mechanism and if it has changed in the recent past.

We have been procuring basic raw material like eggs, bread, etc. from a nearby store in Vastrapur for several years now. It hasn't changed except for the usual price increases.

Got it. Has our production capacity decreased due to a change in the equipment or employee factors?

No, we have the same equipment, and each shift has been run by 3 trained employees for a couple years now.

Okay, you mentioned that the store has recently started delivering food. How do our deliveries work?

So, one of the 3 employees usually walks to the dorms to deliver the food. Students like to order sandwiches and puffs as late-night snacks while studying so almost all deliveries take place during the night shift.

Ah okay, while our delivery orders might be increasing, the dine-in customers would certainly not be liking that. Due to the 3rd employee doing deliveries, the actual capacity of our food preparation would have decreased and must have increased waiting times.

That's a fair understanding. What can the canteen do?

There are 3 things the store can do:

a) Increase capacity by adding equipment so that more orders can be processed simultaneously
b) Hire one more employee for the night shift to maintain capacity
c) Increase the delivery fee to compensate for the dip in dine-in revenues

Campus Canteen – Interview Transcript (Approach 2)

A small canteen in the IIMA campus has witnessed a dip in its revenues. Help them recognize the root cause and give them some recommendations to grow their revenues.

Understood. Firstly, I would want to understand the product range that they offer. And what is their regular service time? Is it a night canteen?

Sure. So, the store runs from 9AM till 3AM late night every day. They mostly sell basic snacks. Their 3 key products are omelets, sandwiches, and puffs.

What is their scale of operations? How many staff do they have?

They have a fairly small store but positioned well. They have 6 employees distributed across 2 shifts.

Okay. Also, if it is an on-campus canteen, the typical customers would be students, professors and maybe the on-campus staff. Is that correct?

Yes, that's correct. But majorly, the revenues come from students.

Got it. Is the problem specific to this canteen? Or are the other food outlets in the campus facing a similar issue?

No, the other outlets haven't seen a change in their revenues.

Alright. I think have enough information to start my analysis.
Firstly, breaking down revenues,
Revenues = # Customer * # Orders per customer * Revenue per order
Do we have an idea on which if these could be causing the decline or would you want me to analyze both of them individually?

It is the number of orders going down that is hurting them. The AOV has actually gone up and the number of customers has largely remained the same.

Okay. Since it is the number of orders going down while the competitors around remain unaffected, I would want to switch to an individual customer's journey and see where exactly the drop off may be happening.

Sure. Go ahead.

I will break a customer's journey into three parts:
1. Before coming to the store
2. During the visit to the store
3. After the visiting the store

Have we identified an issue in any particular segment of this? Or would you like me to dive into each of these individually?

They haven't observed any particular change in how and why people approach the store. However, the complaints while people are at the store are rising.

Okay. So, once at the store, the customers are facing some issues. I would like to break this down further into factors that affect a customer's decision once they are at the store.

Sounds good. Go ahead.

I would break the decision into:
1. Product-related factors – quality, quantity, raw materials used, price
2. Service-related factors – wait time, seating availability, ambience
Do we understand where the problem might lie?

The product and everything that goes into it is largely the same. The complaints are mostly on the service aspect.

Okay. As I briefly mentioned, issues with the service could be about:
1. Increased rush limiting access to the products
2. Longer wait time post ordering
3. Insufficient or improper seating space
4. External issues like bad surrounding odor

While other things have remained mostly the same, people are complaining about experiencing longer wait times.

Because this is a service store the longer wait time would essentially be a supply side problem. Longer wait times may mean,
1. There are not enough workers
2. They do not have enough resources to work with
3. There has been a change in the workers and hence the lower efficiency
4. The general worker efficiency has gone down

The workers and the resources they use has remained the same. However, because of the newly started room delivery service, a worker is typically on the go delivering orders. That has reduced the available workforce in the store and hence the longer waiting times.

Campus Canteen – Approach

FRAMEWORK
INDEX

Problem Statement

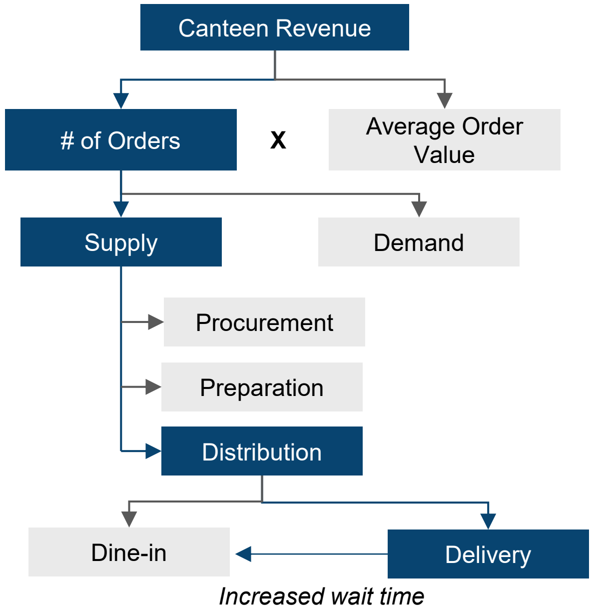
A small canteen in the IIMA campus has witnessed a dip in its revenues. Help them recognize the root cause and give them some recommendations to grow their revenues

CASE FACTS

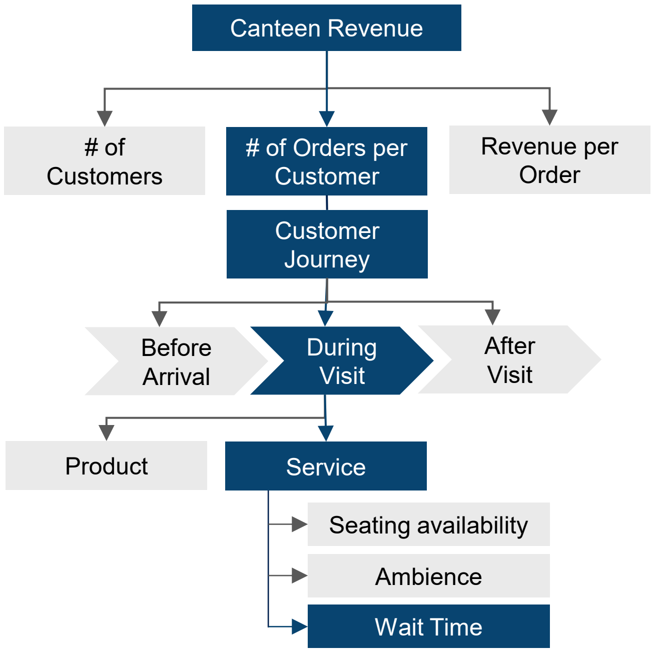
- The decrease in revenue is a recent problem ~ last 2 months
- The canteen runs from 9am-3am by 6 employees divided equally over 2 shifts
- 3 key products sold at the canteen are omelets, sandwiches, and puffs
- The chunk of the decline has been seen in 6pm-3am shift
- Though the canteen caters to students, professors, and staff, majority of the revenue comes from students
- No other food outlet on-campus is seeing declining revenues

APPROACH/ FRAMEWORK

Approach 1



Approach 2



RECOMMENDATIONS

- Add equipment to increase capacity to process multiple orders simultaneously
- Hire additional employee for night shifts to not face a shortfall of staff when deliveries happen
- Increase the delivery fee to compensate for the decrease of in-store revenue

OBSERVATIONS

- **Approach 1** identifies that one of the employees is also doing the delivery, which leads to higher wait times much faster by pinpointing issue in supply side
- **Approach 2** uses Customer Journey to exactly pinpoint the issue, which is more unequivocal than Approach 1

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Case Transcripts & Frameworks

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Profitability cases

Beer Manufacturer – Interview Transcript

Your client is a beer manufacturing company that operates in India. The cost structure for the company is poor as compared to the international benchmarks, and you have been asked by the client to find out why.

Is the problem only on the cost side, or should I also analyze the revenue side to look for a problem there?

No, the problem is only on the cost side.

Alright. Is the problem with only one specific beer product, or is the problem spread out across different products? Additionally, is this an industry wide problem, or specific to our client?

The problem is not limited to one product. In fact, the client is facing the problem across many beer products. Our key competitors, most of which are international players, haven't really been facing this issue.

Okay. I think it would make sense to break the costs down into the value chain to see where the cost issue lies. Should I go ahead with the same?

Sure, you can do that.

I would start by breaking this into the value chain. The components that I would like to analyze are as follows: R&D, Raw Material Procurement, Processing, Storage & Transportation, Distribution and finally Marketing. Does this sound okay or should I look into something more as well?

The value chain seems fine.

Next, I would like to understand which component contributes to the maximum deviation in costs so that I can analyze accordingly.

Good question! The processing costs seem to be the issue.

Okay, in that case, I would like to delve deeper into processing costs. However, before I proceed with the same, I would like to see if this is the only cost head that has an issue.

You may proceed with processing costs. There are no other cost heads where the client is facing a problem.

Okay. The possible sub-heads to analyze processing costs would be rent, electricity expense, machinery, technology, labour hours and wages, capacity utilization, packaging, efficiency (defects). Should I analyze all these heads or is there a particular head with an issue?

Yes. The client is indeed facing a problem in the utilization of capacity.

So, capacity utilization can be broken down as: Actual Output/Potential Output. Is the utilization with the current capacity 100%?

Yes, current capacity utilization is 100%.

This means we should look into potential capacity. How many plants and machines is the client currently operating?

As of now, the client has 3 plants with 3 machines each. Total capacity of each plant is 30,000 bottles.

How is this figure when compared with the competitors of the client?

Competitors are manufacturing 50,000-80,000 bottles per plant.

This difference might be due to more plants, more machines/plant or better efficiency of machines being used.

Rightly said. The difference is due to better efficiency of machines which are primarily imported from China.

Okay. Then client might not have been able to install better machinery due to reasons either internal or external to the client. Under internal reasons, we will majorly look at the two broad reasons:
1. Monetary – gross initial cost of machinery, availability & attractiveness of financing, and total operations cost
2. Non-monetary – accessibility to the seller(s), logistical issue in procuring the machinery, lack of skilled labour force. Which of these applies to the client?

The cost of the new machines is 1.5 times the normal machine, which is not a challenge for the client to invest and there is no special training needed for the labour force to operate the machine. There is no accessibility problem as well. Let's explore the external reasons.

Alright, under the external reasons, I will look at the following factors:
1. Economic – interest rates or exchange rates are not favorable to this transaction
2. Environmental – the alternative machine might not comply with the environmental standards
3. Political – unstable relations between the 2 countries might pose as a hindrance
4. Legal – importing such machines might require special licenses/permits or machine standards might not be in line with the law of the land
5. Social – Indian consumers have been pushing for fully made in India products which might put additional constraints on Indian companies
6. Technological – tools & other components which are available might not be suitable for alternate machine

Great – the Indian government has put restrictions on import of several Chinese products and technology, and this machine is under that list. Thus, we have not been able to move up from the lower capacity machine. What would be your recommendations?

Has the client looked for similar machinery? Or have they consulted the authorities regarding this issue?

No, we have been made aware of the new machinery quite recently.

Alright, in that case, I will recommend 3 measures:
1. Short-term: look for similar vendors – The client can look at other countries where similar machines with a higher capacity are available. Since investment ability is not an issue for our client, then even if we pay a bit extra, we can cover that through scaling production.
2. Medium-term: lobby with authorities – Several import restrictions have been withdrawn if they have harmed the interests of domestic businesses. Client can approach the government for lobbying in this matter.
3. Long-term: Design and develop machine internally – In the long run, the client can design and develop its own technology to expand production based on its own needs. Alternatively, the client can also acquire design licenses and then develop the machine in India.

That's great. We can close the case here.

Beer Manufacturer – Approach

Problem Statement

Your client is a beer manufacturing company that operates in India. The cost structure for the company is poor compared to the international benchmarks, and you have been asked by the client to find out why.

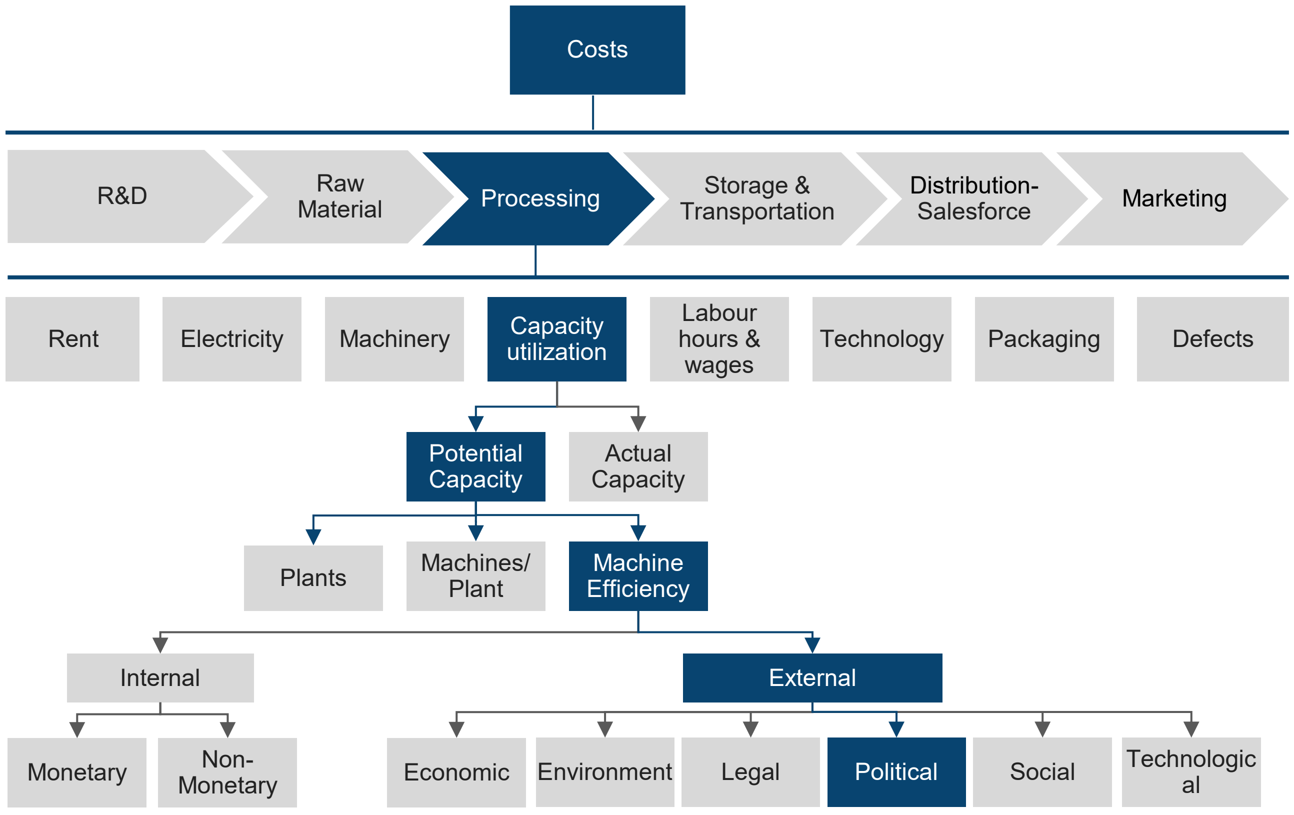
CASE FACTS

- Client is a beer manufacturing company with multiple products
- It is facing cost issues with more than one beer product
- Thus, it's not an industry wide problem
- Client has 3 plants w/ 30K bottles capacity working at 100% util
- Advanced machines cost 1.5 times the normal ones and produce twice as much

INTERVIEWEE NOTES

- Qualitative case, no numbers provided
- A single cost head case where one issue needs to be identified
- The cost problem is identified to be in processing
- Either the client cannot invest capital or there are logistical issue in relation to getting advanced machines

APPROACH/ FRAMEWORK



RECOMMENDATIONS

- Candidate should give a combination of short term and long-term recommendations.
- Short term: Look for similar vendors in other countries.
- Medium term: Lobby the government to relax restrictions.
- Long run: Client should aim to design and develop their own technology or acquire intellectual property from licensors.

OBSERVATIONS

- Interviewee should quickly establish major cost head after discussing with interviewer
- Candidate can either probe each bucket or ask which buckets to deep dive into
- Each cost component should be broken into multiple cost levers to ensure nothing is missed
- When analyzing cost heads, look into its components in decreasing order of magnitude

Diagnostic Center – Interview Transcript

Your client is a diagnostic chain in Mumbai. They have seen a decrease in profitability and want you to figure out why.

To help me understand the problem better, please let me know if we have data about the magnitude of the decrease in profitability? Since when?

It is a recent phenomenon seen in the last 5 months. We do not have data about the exact drop in profitability.

Next, I would like to better understand our client. Could you elaborate on the services provided by them? As far as my understanding goes, diagnostic chains offer a host of services like blood tests, x-rays, USG, etc.

Correct. Diagnostic tests can be primarily divided into 3 categories: Pathological tests comprise blood, urine, stool tests. Radiological tests comprise X-rays, USG, CT-Scan, MRI. Specialty tests comprise ECG, EEG, Endoscopy, COVID-19, etc.

Okay! Does our client provide all the three types of services?

No, we provide pathological and radiological services.

That's helpful! Given you mentioned they operate a chain, how many centres do they have in Mumbai?

There are 4 centers, one each in the South, West, East, and North areas.

Is the decrease faced by all centres? Are some particular centres more likely to face this decline?

Good question, The south center in Colaba, which is our oldest center and contributes 45% of our business is the only center facing this issue.

Okay! Next, I would like to understand the value chain of our client's operations. Does each centre operate independently or are there some centralized operations (for example - centralized labs & finance functions).

We have a central laboratory, where samples from each center are sent for testing and reporting. The radiological services are carried out by each center independently.

Thank you, I have all the preliminary information I need. To begin with, I want to analyze profits as a function of revenue and costs. Do we have data about how these have been affected?

Revenues have declined. However, costs have remained the same.

The two streams of revenue will be pathological and radiological services. Another possible source can be the use of center infrastructure for purposes other than diagnostics. Do we have data about the revenue split, and if a particular stream is affected?

Revenues from the pathological tests have taken a hit.

Given the specified time period, I would like to break revenues from pathological tests for a centre as No. of patient footfalls * No. of tests/patient * Average price/test. Is this a fair breakdown? Do we have data about these parameters?

There has been a decrease in the no. of patient footfalls.

I would like to examine this from the demand and supply perspective. As only one centre is affected, and the operations of pathological tests are centralized across centres, I believe that it should be a demand-side issue.

Good, that's a fair point. Yes, the demand has reduced.

To analyze further, I would like to understand the various channels through which patients are able to use the pathological services.

The patients either visit us at our center or choose the at-home test service, to get the pathological tests done.

Okay, and are we facing reduced demand and revenue from both these channels?

No, the reduction in demand has been in the in-center visits.

Next, I would like to analyze the various sources of demand for in-centre visits. These would be direct referrals from health centres like nursing homes, clinics in the vicinity, self-prescribed (ones who visit on their own - like for regular tests), and through any third-party platforms (online or offline)

That is fair. The no. of patient footfalls through direct referrals has reduced.

I would like to know, are there any specific health centres from where we use to receive the highest proportion of direct referrals?

Yes, there are 3 specialty nursing homes in the vicinity, from where we get more than 80% of such patients. There has been a reduction from all these 3 nursing homes.

Okay, I think the reasons for the same can be nursing home/doctor-related or patient-related. The doctor-related reasons could be a decrease in patient flow at the hospital, preferring some other diagnostic center for referrals or starting their own pathological services. The patient-related factors could be preferring a competitor service due to better price, service quality, or convenience.

Fair enough, so the doctors at these nursing homes have started teleconsultation services on a third-party online platform. The patients prefer to use these services whenever feasible. This has led to a reduction in the physical footfall at the nursing homes. Also, we do not provide services through this platform. What would be your recommendation?

My recommendations will be to try and get listed on this platform and look to acquire these patients through our at-home test service. We should also look at getting listed on more such online healthcare platforms to diversify the sources of our demand. We can also look at launching our own website and app for booking tests (if not already done), As we have a centralized lab, if not utilized at full capacity, we should also look at providing testing and reporting services to other diagnostics.

Good, Thank you.

Diagnostic Center – Approach

Problem Statement

Your client is a diagnostic chain in Mumbai. They have seen a decrease in profitability and want you to figure out why.

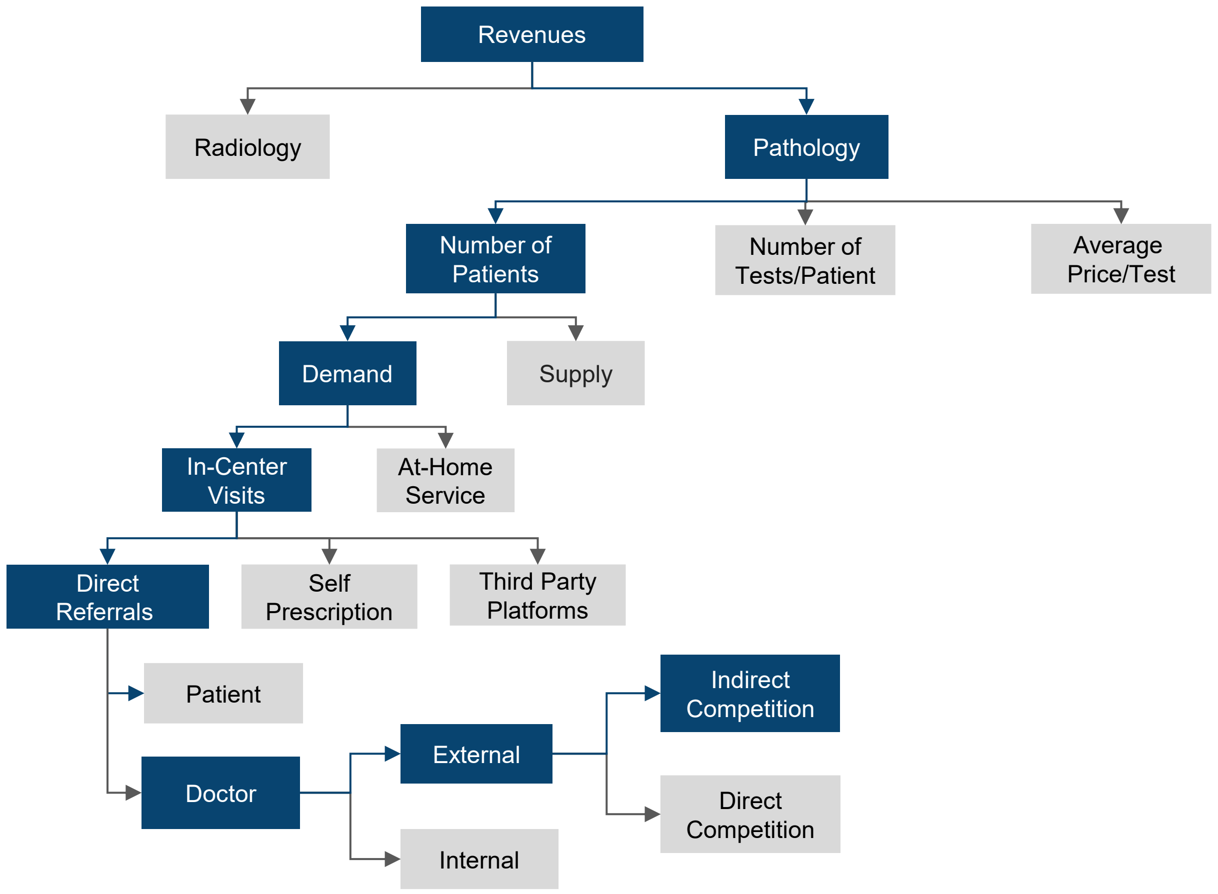
CASE FACTS

- Decrease in revenue with costs unchanged
- Centres in North, South, West and East areas of Mumbai
- Specialized tests are not conducted by our client
- Colaba center (contributing to 45% of total revenues) is the only one facing reduction in revenues
- Centralized path-laboratory but radiology is done at the center

INTERVIEWEE NOTES

- Important to start by understanding the various functions of the centers before diving deeper into the value chain
- Zeroing in on geography & center is useful towards identifying the problem given Colaba-specific nature of the issue and the large revenue share of that center
- Given limited understanding of the value chain within pathology, mathematical breakdown of revenues can be a helpful option

APPROACH/ FRAMEWORK



RECOMMENDATIONS

- Partner with more and more third-party platforms
- Launch own website/app for booking
- Provide centralized lab services of testing and reporting to other diagnostic centers

OBSERVATIONS

- Continuously sharing your hypothesis along with questions can lead to much quicker analysis of the case
- Using the 3C-1P framework for preliminary questions could have enabled an understanding of online competitors early on

Education Provider – Interview Transcript

Your client is a South African education provider. Their revenues have been declining and they are trying to figure out the reason and define a plan of action for revival.

Alright. Can you tell me what exactly an education provider is? Are they a school?

The client operates post grade 12 level. They provide undergraduate and post-graduate courses. Some courses are completely offline, some are online, and some are hybrid.

Okay. Can you tell me how long this issue has persisted and what is the quantum of decline in profits? Additionally, can you please tell me where exactly in South Africa do we operate?

The issue has been going on for about 1.5 years now. The decline is significant but let's not get into any numbers. You can consider that we operate in the urban provinces of South Africa.

Alright. What is our primary target segment in terms of students?

We primarily cater to working adults between the age of 20-45 who wish to get formal certifications to improve career prospects.

Interesting. That is good to know. Further, can I know a little bit about the competitive environment? Are the competitors also facing the same issue as us?

There are about 6 major players including us. All other players are witnessing healthy growth. Previously we were 2nd in terms of market share but have now dropped to 3rd over the past 1.5 years.

Okay. So, it seems to be a grave problem. The decline in our profits can be a cost issue or a revenue problem. Can I know where I should focus?

Please focus only on revenues. What do you think are the revenue streams of such a player?

I can think of 3 major revenue streams. One being enrollments, the second being the money we earn from research and publications and the third being donations to us by third parties. Does this seem comprehensive? Is there any one you want me to focus on?

Yes, this seems good. Please focus on enrolments.

Okay. To dive a little deeper. Is this decline in enrollments focused on any specific geography or course? Also, can I know what domains do we cover?

The Durban province has suffered more than the rest and the most impact has been on undergraduate courses. Most of our courses are in the business and management domain, almost 80% in fact.

Okay. I think I have enough information to proceed. I shall focus my analysis on undergraduate courses. The revenue from enrollments can be dependent on the number of students enrolled, the portfolio of courses we offer and the fee per course. Have any of these changed?

We have had to reject many applicants as they do not have a higher degree pass which is required for many undergraduate courses.

Okay. That is a big problem. Why does our competition not face this?

All other competitors also offer higher certification passes as part of their curriculum which we don't. This is mainly needed for undergraduate courses.

Okay. I think I have identified one of our major issues. Now I want to understand why the Durban province is suffering. Can you tell me how this province is different from others?

Many manufacturing firms have now set up operations in Durban.

Is it fair to say that our course offerings that are focused on business and management don't cater very well to getting a job within the Durban market where technical skills are necessary?

Correct. Many of our competitors offer technical courses and are doing vey well in that region. I think you have identified most of the problems. I had one additional question; we feel that our marketing efforts are not as effective as they were before. Can you help me identify why?

Effective marketing requires 3 factors – the right channel, the right message and the right spokesperson. All these must be aligned with our target customer. Can you tell me a bit about our current marketing strategy?

We predominantly advertise through newspaper and TV ads. We feel that our messaging is fine as it is so, please ignore that for now.

Okay. I feel that given the changing times, LinkedIn, Twitter and other social media must be tapped into for advertising. Further, we can partner with workplaces as a training partner to upskill their employees. High value moves like sponsorship or celebrity endorsement can also be evaluated to generate massive publicity

That seems like a good idea. Can you please highlight the broad plan of action to revive the firm?

Sure. Can I take a minute to structure the action plan?

Please take your time.

Alright. In the near term, as a priority, the firm must look to offering a higher certification pass to solve the present eligibility issues. In the longer run, we should do a cost benefit analysis to evaluate its basket of courses and analyze if any additional domains can be added. Finally, we must continuously invest in marketing with specific focus laid on our new initiatives. Appropriate channels must be chosen to implement this marketing plan.

Thank you. That was all!

Education Provider – Approach

Problem Statement

Your client is a South African education provider. Their revenues have been declining and they are trying to figure out the reason and define a plan of action for revival.

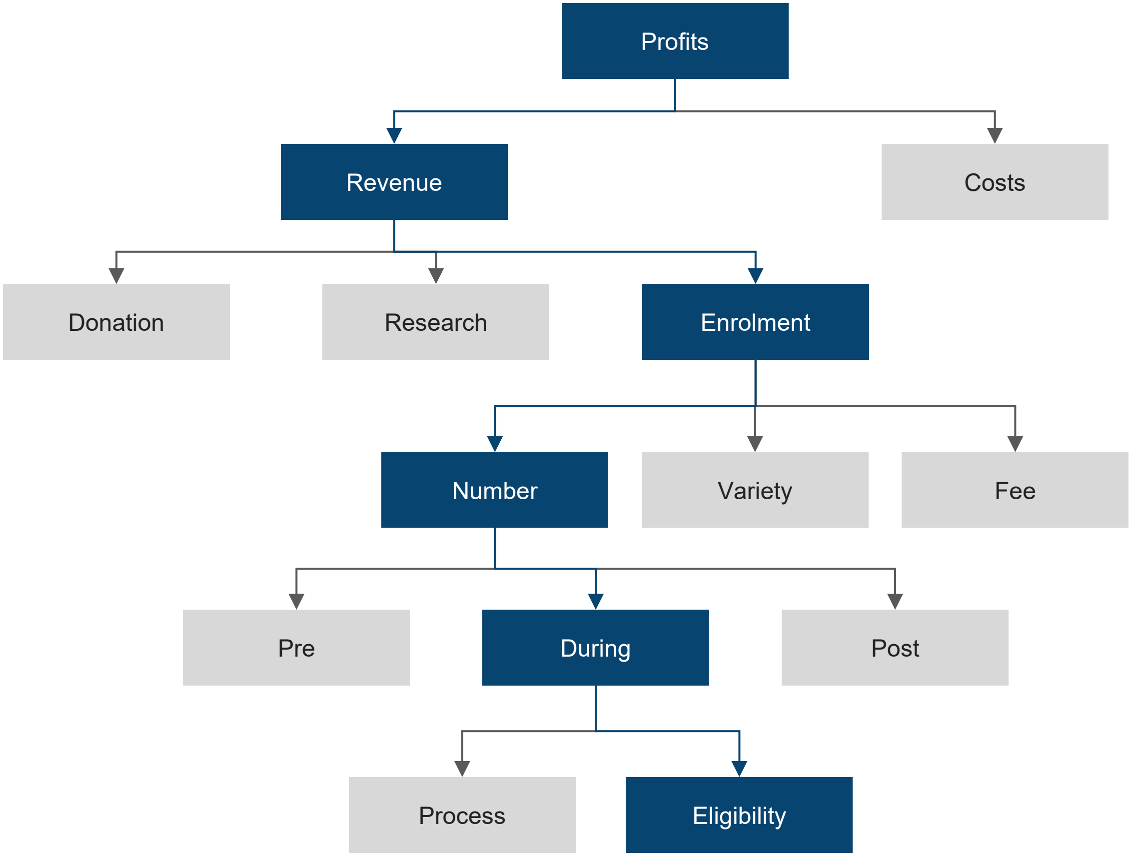
CASE FACTS

- South African education provider – post K-12 studies (UG & PG courses primarily)
- Target segment is adults between 20-45 years of age
- Present in urban provinces
- Majorly business-related courses
- 6 major players in market, we are 3rd in market share

INTERVIEWEE NOTES

- 3 revenue streams – Enrolment, research, Donations
- Ignore costs
- Issue with enrolments in undergraduate
- Larger issue in Durban province

APPROACH / FRAMEWORK



RECOMMENDATIONS

- Near term: Include provision of higher certification pass in curriculum
- Continuous: Invest in marketing through right channels
- Long term: Innovate basket of offerings

OBSERVATIONS

- The candidate clarified the segment of students that the provider deals with early on; Crucial for education cases
- These are 3 key revenue streams for an education provider
- Eligibility criteria and regulations can play a big role in education sector

Urban Company – Interview Transcript

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Your client, Urban Company wants to improve their bottom line. How should they go about it?

Thank you for the problem statement. I would like to start by clarifying my understanding of Urban Company's business model and then assess current profitability. I'm aware that Urban Company is a two-sided platform that provides beauty, cleaning, and miscellaneous services, such as repair, at home by connecting partners with customers through their app. Does this cover the scope of activities or is there anything I am missing? Also how much does each contribute to Urban Company's revenues?

That's right. You've covered all the activities. Beauty is the largest category, contributing 40% of revenues, while cleaning and miscellaneous services contribute 30% each.

Urban Company is just about about to break even. I'd also like to know how the trend in their revenues and costs in recent years. How have they been performing?

Revenues have been increasing, and costs have fallen even more, but they are just about to break even.

Got it! Lastly, is there a specific objective that can provide a direction on how they want to improve their bottom line? Do they have a target on when to break even?

They want to break even in the next year.

I see. So Urban Company can improve their bottom line through increasing the top line, that is revenue or by reducing costs. I would like to break revenue down into three major heads – service, data and advertising. I can also look at cost reduction under different cost heads. Can I proceed with this approach?

First, let's looking into increasing revenues.

Within the revenue heads identified, Urban Company is currently generating revenue from services, whereas data and advertising constitute potential promising revenue sources. Urban Company has a wealth of data that be monetized to create value-added offerings for multiple sides. Moreover, increasing usage makes the platform extremely attractive for advertisers so that value can be captured even when a customer is merely browsing. Having the right mix of advertisers would not diminish the user experience.

The service head derives from the core activities of Urban Company. Within services, revenue comes from two sides - customers and partners. In addition to charges for the services they avail on the platform, customers pay a convenience fee with every transaction. Urban Company can explore increasing the convenience fee provided it doesn't result in a demand drop. The convenience fee cannot be increased if customers are price sensitive, and prone to availing competitors' services.

Prepaid revenue can be realised through subscriptions and plans, which carry a host of benefits. For example, wait time between booking and the start of the service can be expedited from 2 hours to less than 15 minutes in cases with a plan. In addition to generating additional revenue, plans increase customer loyalty.

Therefore, tapping into prepaid revenue would serve to increase customer retention. Additionally surge pricing can be employed during periods of peak demand, for example during Diwali when the demand for home cleaning services tends to spike.

Moving on to partners, revenue is generated from platform fees that partners pay to stay on Urban Company and profits on the sale of consumables and tools. Increasing platform fees may reduce their incentive to be on the platform and encourage disintermediation, which is currently a major concern. It may also hinder new partners from joining the platform, which would hurt network effects, and is therefore infeasible.

Urban Company aims to maintain a standard quality of services and tries to build this by providing partners with skills and tools. By sourcing tools and selling them to partners at a lower-than-market rate, along with the added proposition of home delivery, Urban Company creates a value proposition for partners.

These are interesting suggestions. Any further things you'd like to consider?

In addition to these ancillary customer revenue streams, increasing the recency, frequency, and monetary value of purchases can help extract more value from existing customers, even without explicitly increasing prices. Recency can be achieved through push notifications which help Urban Company stay on top of the customer's mind. Frequency can be increased by personalized, targeted offerings that meet customer's needs. Monetary value can potentially be increased by moving into premium offerings, which are locally specific. Understanding the customer is crucial to achieve this, so Urban Company can learn from existing usage as well as market research.

What do you think are the largest cost heads for Urban Company?

Unlike most platforms, Urban Company has many more touchpoints with the customer and incur significant costs to maintain quality and consistency. Among those include training costs and the cost of attrition. These costs can be controlled through optimal partner selection.

Great! We can stop here.

Urban Company – Approach

FRAMEWORK
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Problem Statement

Your client, Urban Company wants to improve their bottom line. How should they go about it?

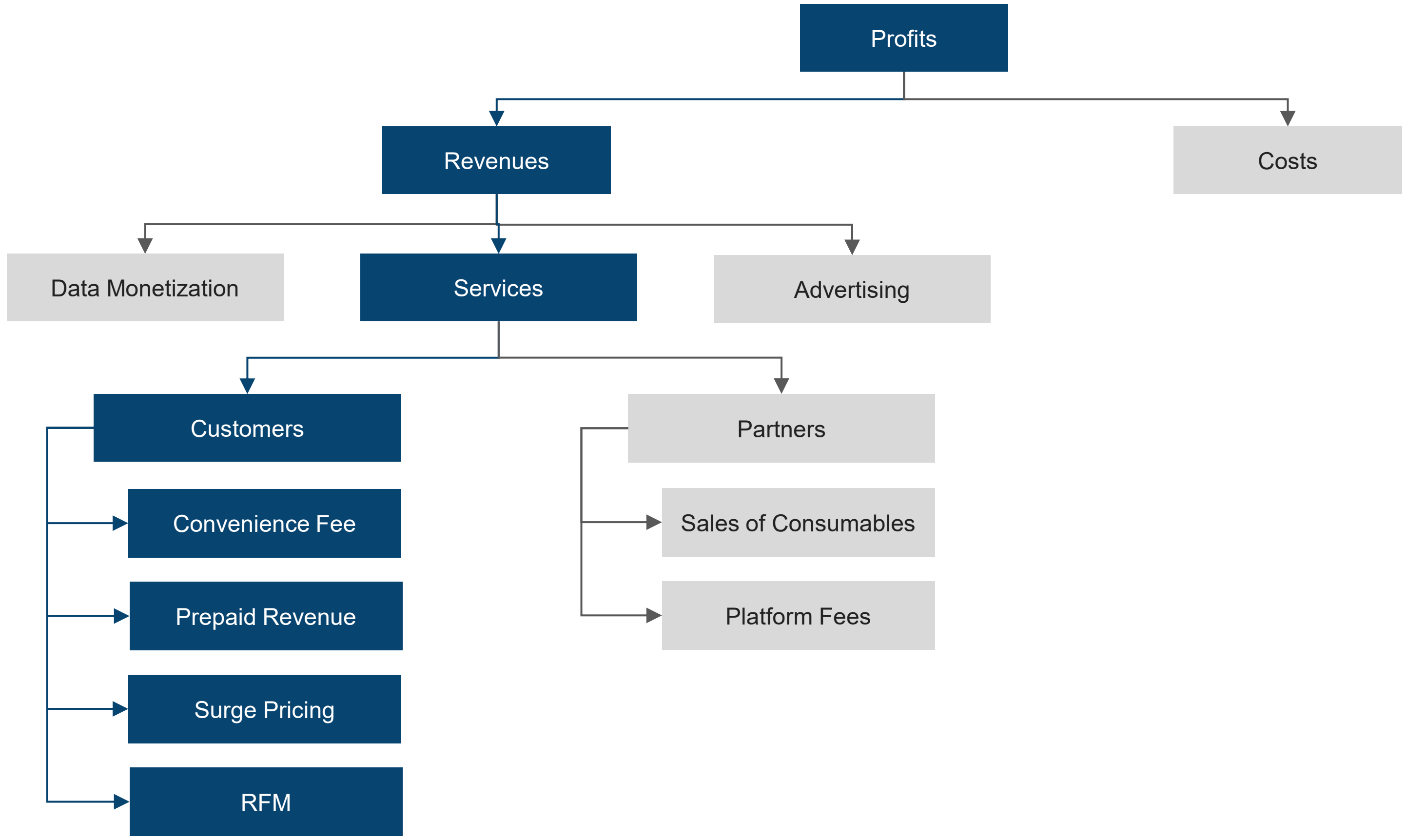
CASE FACTS

- Urban Company's service verticals are beauty (40%), cleaning (30%), and miscellaneous (30%)
- Platform sides include customers and partners (service providers)
- Revenues earned from partners were rigid

INTERVIEWEE NOTES

- Revenues have increased, and costs have fallen, and they are just about to break-even
- The only consideration to be made was to the top line
- Knowledge of general company structure helped

APPROACH / FRAMEWORK



RECOMMENDATIONS

- Consider surge pricing for areas with high demand, times of festivities etc.
- Focus on increasing proportion of customers who have subscribed to the pass, increasing the prepaid revenue

OBSERVATIONS

- This case was based on the candidate's work experience
- In a platform-based case, it is good to establish different sides and understand the business model
- The profitability framework should be altered to cater to the product in question

Home Loan Provider – Interview Transcript

Your client is an affordable home loan provider. They started in 2018-2019 and have grown to have a book size of 1500 crore by 2022. However, the book size has remained unchanged for the last 8/9 months. What do you think are the reasons for this, and what can we do to help them?

Great. So, a couple of questions before we dive into the solution. What do we mean by affordable home loans?

They provide loans with small ticket sizes, usually between 10 to 15 lakhs

Is this stagnation an industry-wide trend given the current economic conditions? Additionally, what does our competition look like? How many direct competitors are there, & what's their market share?

It's not an industry-wide issue. It's something that has happened to our client only. We have around 4 competitors in the market, and all 5 players have an equal market share.

Since it's not an industry-wide issue and our book size has not increased over the last 8-9 months, is it safe to assume our 20% share has fallen and been taken up by our competitors?

Yes. We don't have the latest numbers, but we expect them to indicate a significant fall in market share for us.

Okay, understood. So, to assess the reasons for this stagnation, I would like to look at it from demand and supply sides both. On the demand side, I would like to look at the number of consumers and the average ticket size per consumer. On the supply side, I'd like to evaluate if any internal constraints are impacting our ability to disperse loans, such as regulatory authorities' sanctions on our bank.

We can focus on the demand side for now.

Okay. Breaking down demand into the number of customers and average loan ticket size per customer. Have we seen a fall in any of these numbers?

The average ticket size has remained the same.

So, this implies that our number of customers has fallen. Have we seen an increase in repayments, or should I focus on just the fresh loans we are getting?

Good question. We can ignore repayments for this case.

Got it. So, to understand why the number of customers could have gone down, I would like to work through key elements of their journey – identification of need, competition analysis, selection of provider, processing of their loan, disbursement of loan and post-disbursement activities. We already know that demand hasn't gone down since the competitors aren't facing this problem, so I'd like to focus on the other elements. Is there anything specific you would like me to work through?

Yes, we know that the problem is in the processing stage. How would you break it down further?

We can look at the following stages: document collection, submission, verification and approval.

Looks good. What next?

I'd like to walk through each of these elements and see where the customers are dropping out. What is our way of document collection & submission – do customers submit it online or do they come to the branch to submit it?

Customers can initiate applications online or request home pickup of documents. A dedicated team manages this entire process. After this, the verification and approval processes follow.

Great. We can talk about document verification and approval now. Based on my understanding of the banking industry, I believe there would be a multi-level approval process that would be followed – starting from initial approvals at the local branch manager level and moving up to the regional level depending on the customer's risk/total loan requirement. Have we seen any change in the approval process – have any new levels been added or have the rejections at this stage gone up?

That's correct. We've recently added a centralized approval layer at the zonal office to ensure tighter control on the process. However, the number of loans getting rejected at this stage has gone up.

Interesting. Is there any reason for this increase? Are the customer documents not meeting specific criteria or are there any deviations not identified earlier?

The approver is being extra cautious and asking for more customer documents. There is no fault at the previous levels of verification.

Understood. Given how we collect the documents from our customers from their homes, is it correct to assume that we now must travel back with these documents to their house and collect the updated ones again?

Yes. What do you think are the implications of this?

This would cause our turnaround time to go up significantly which could lead to dropouts.

Correct. That is what is happening. What are some recommendations you would give them?

My recommendation would be –
1) Analyze the abnormalities being identified by the zonal approver and see if we can incorporate them in our standard documentation so we can remove the incidence of this at the source
2) Relook the need for a centralized zonal approval
3) In the long run, we can consider moving to an online/app-based set-up so the turnaround time for the entire process can be reduced significantly

Great, I think we can end the case here.

Thank you for your time.

Home Loan Provider – Approach

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Problem Statement

Your client is an affordable home loan provider whose book size has remained unchanged for the last 8/9 months. What do you think are the reasons for this, and what can we do to help them?

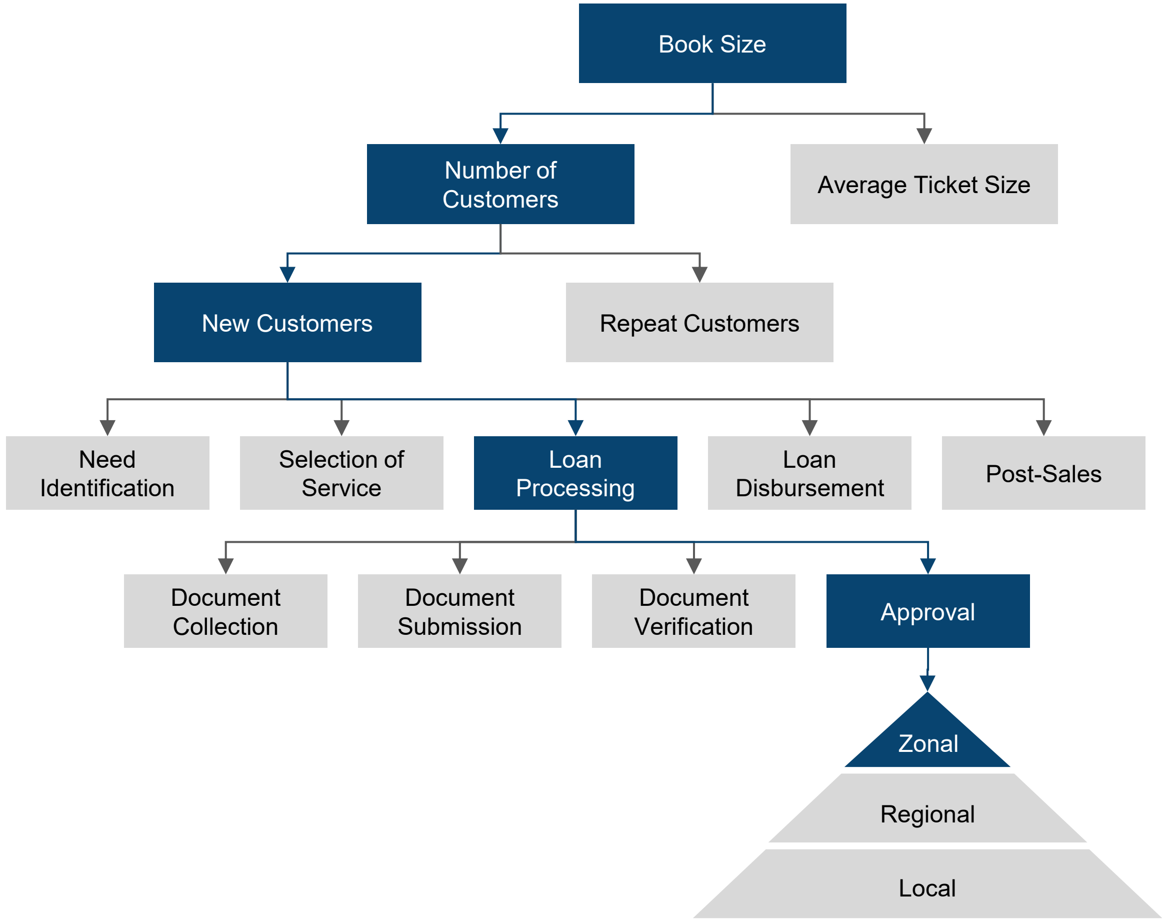
CASE FACTS

- Client is an affordable home loan provider with ticket size ~10 to 15 lakhs
- The client diagnosed the problem in the processing stage for the loans
- New layer of personnel added to the approval process, increasing the turnaround time

INTERVIEWEE NOTES

- Profitability case to diagnose revenue stagnation
- 2 levels of customer journey need to be analyzed to diagnose the problem
- Process analysis indicates the reason why turnaround time has increased

APPROACH/ FRAMEWORK



RECOMMENDATIONS

- In the short run: Analyze the abnormalities being identified by the zonal approver to remedy the problem at the source
- In the long run: Online/app-based set-up so the turnaround time for the entire process can be reduced significantly

OBSERVATIONS

- The candidate did a good job of bifurcating the problem into demand-driven issues and supply-side issues even if the problem arises only in the demand side
- The candidate displayed industry knowledge when breaking down the customer journey during loan disbursement – having a fundamental grasp over different industries always helps

Port Operator – Interview Transcript

Your client is a port operator on the western coast on India. They have noticed that their profits over the last few years have been lower than expected. They want you to figure out the problem & recommend solutions for this.

Before I begin with my analysis, I would like to understand the problem statement a bit better. What is the quantum of the decline we've seen and how long has it existed?

Actually, there hasn't been a decline. It is just that they have not been able to meet the expectations that were set. This issue has persisted since they began operations around 3-4 years ago.

Oh, I see! Thank you for clarifying. Can you please share some numbers regarding the expectations we had and the actual profits we were able to earn.

Sure! The client has 3 revenue streams - Rental Charges, Storage, & Handling. Our revenue expectations were unmet for all the 3 streams. The costs have been consistent.

Oh okay, I am unsure on what these 3 streams actually are, can you please elaborate on the same? Also, as the costs have been the same each year, can I ignore costs for the purpose of this analysis.

Yes, Rental Charges refer to the fee charged to shipment companies for allowing them to dock their ships at our port. Further, they often need a warehouse to store their cargo near the port before the downstream logistics kicks in for which we charge a storage fee. Lastly, we charge a handling fee for providing our clients with the required labor to transport the cargo from their ships to warehouse & from warehouse to trucks/ railway stations. These are charged on a monthly basis. Also, you can ignore variations in costs & focus on revenues.

Great! Now that I have understood the problem statement, I'd like to understand the business environment. Which geography does our client operate in? And are other ports in the same geography facing similar issues?

Our client's port is located just south of Rajkot. And yes, our competition has seen a minor decline in revenues since we began operations, but for now you can assume that our competition isn't facing this issue.

Alright! I think I have enough information to begin my analysis. May I take a minute to structure my thoughts?

Sure, go ahead.

So revenues are a function of 2 things: i) the number of clients we have, and ii) the price we charge each client. I'd like to delve deeper into these and understand where the issue lies. Does this sound like a fair approach?

Yes, it does. Why don't you move ahead.

Sure. Based on my initial analysis of the revenue figures I wanted to begin with Rental Charges. However, we know that the client's actual revenues failed to meet expectations across all revenue streams. It will be highly unusual for a port operator to suddenly drop the prices of all kinds of charges, so the issue we are facing is likely to be on account of the number of clients.

That is an excellent inference! Why do you think we have been able to attract fewer clients than intended?

Thank you! Now, a shortfall in our expectation of the number of clients could come from two factors i) It can be a supply-side issue, or ii) It can a demand-side issue. Since our competitors haven't noticed a similar shortfall in the number of clients, my hypothesis is that this is not due to a change in the inherent demand of our clients. It is likely that the issue stems from our client's inability to supply their customers with the services they want.

That's a fair point, please proceed.

I'd further segment my analysis into two parts. i) issues internal to the transaction between the port operator and their clients, and ii) issues external to the transaction between the port operator and their clients. May I begin with internal issues first?

Yes

Within internal issues, I'd like to look at 6 factors. i) Need or inherent demand- which we have already established is not the problem here, ii) Awareness of our port - which also shouldn't be an issue given that a new port is a massive investment and would presumably be big news, iii) Accessibility to our port - this could be a potential issue, iv) Experience our clients have while availing our services - this could also be a potential issue which depends on the quality of services we provide, v) Affordability of our services- which can be an issue if we aren't competitively priced, and vi) Presence of substitutes and competitors to our services. Have we noticed any problems in the 6 factors I have mentioned?

Your assumption on Need & Awareness is correct. As we are a new port, we use state-of-the-art tech available & provide services of highest quality. Accessibility, Experience, Affordability & Substitutes aren't an issue.

That's interesting! We are unable to attract clients even though we have the best port operations on the western coast. I'd now like to look at external factors.

Sure, go ahead.

Great, so now I'd like to look at macro-economic factors at play here. There are 6 lenses I'd consider, i) Political, ii) Economic, iii) Social, iv) Technological, v) Environmental, & vi) Legal. I will analyse these from the perspective of the manufacturer & not shipment cos as they are the ultimate decision-maker on choice of port.

What do you mean by political? Could you please elaborate?

Political issues could be due to opposition by the government. This could manifest itself on the lines of certain regulations & laws, or even in the form of import duties that are specific to Gujarat, so that manufacturers are discouraged from using our port.

You are partly right. The reason we wanted to begin operating a port here was because there was a Special Economic Zone (SEZ) that was due to come up in Rajkot which are usually more liberal than the economic laws that are applicable in that particular nation. Therefore, the cargo manufacturers get discounts on taxes/duties when they sell through an SEZ. Unfortunately, due to many protests by the local public in Rajkot, the government decided not to sanction the SEZ. Therefore, we are finding it difficult to attract new clients, who in any case have a stickiness to their existing trade routes. Can you now give us recommendations to solve this?

Definitely. I have two sets of recommendations: long-term and short-term.
Long Term: i) Lobby with the government to sanction the SEZ, ii) Lobby with the government to improve the downstream logistics infrastructure to reduce the overall cost of transportation for the exporters and encourage them to use our port, iii) Align our services with the industry trends in terms of the type of cargo being exported to gain a competitive advantage.
Short Term: i) Partner with downstream logistics players to provide a join service at a lower cost as they would also be suffering due to the absence of the SEZ. ii) Provide price discounts.

Alright. Let's stop here. Well done. Thank you.

Port Operator – Approach

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Problem Statement

Your client is a port operator on the western coast on India. They have noticed that their profits over the last few years have been lower than expected. They want you to figure out the problem & recommend solutions for this

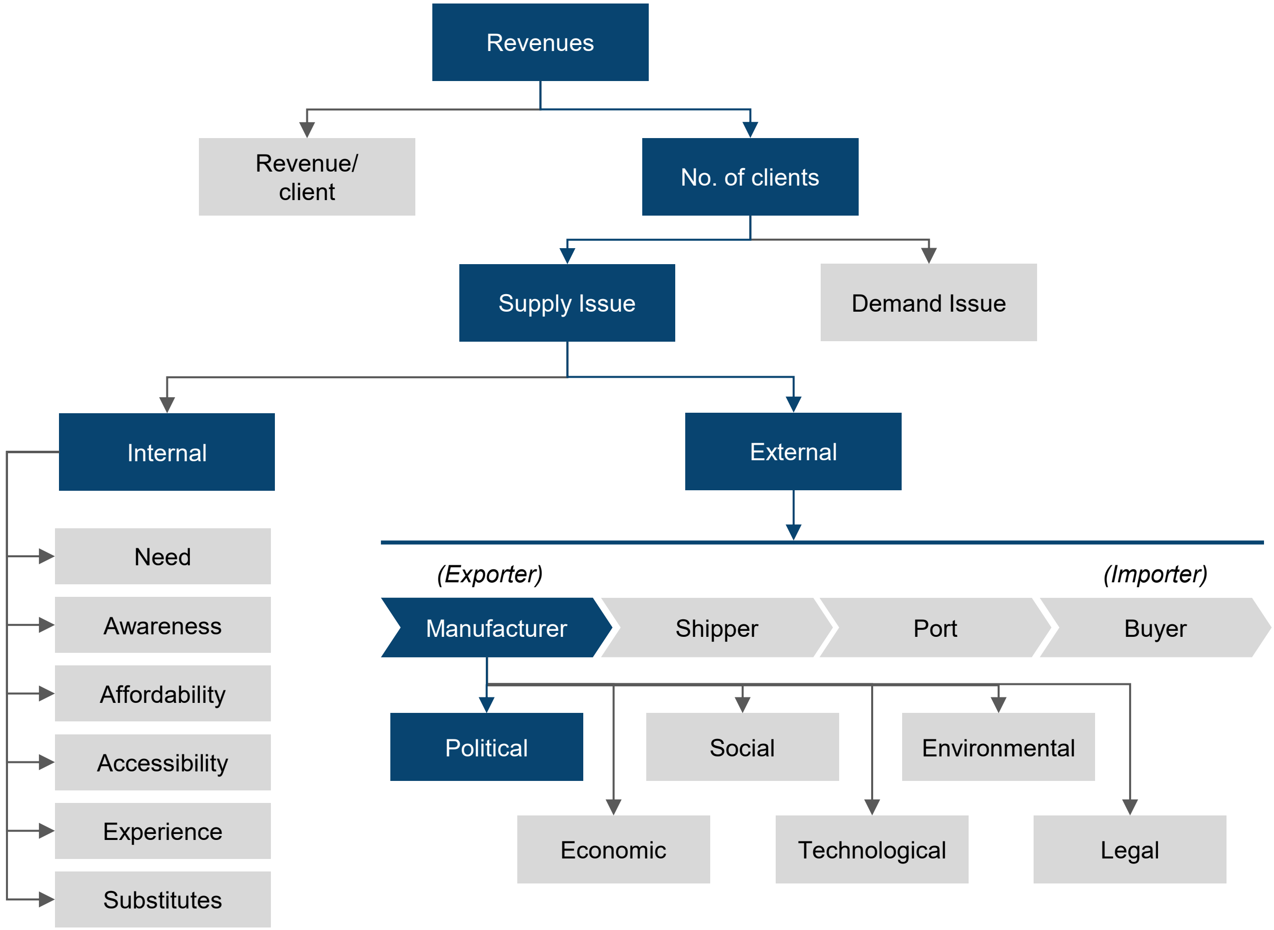
CASE FACTS

- Client-specific issue, persisting since inception; revenues & costs remained unchanged each year
- Superior service quality vs. competition; no demand-side issue as rivals meet targets
- Manufacturers/exporters see shippers & ports as value-chain nodes & are key decision-makers
- Political unrest blocked SEZ sanction, leading to lower demand for the client's port

INTERVIEWEE NOTES

- It is important to understand the problem statement - shortfall in expectations & not profit decline
- Preliminary questions on actual & expected revenues, geography, timelines and competitors were crucial to solving the case
- Hypothesizing 'no. of clients' being the real issue helped get to the root cause quicker
- Decode the value chain to spot the real decision-maker (here, manufacturer not shipment firm)

APPROACH/ FRAMEWORK



RECOMMENDATIONS

- Lobbying for SEZ approval is usually futile but worth pursuing given the client's sunk capital
- Lobbying for better logistics infra is wiser as it cuts cargo costs (~50%) and fits govt goals
- Partnering with logistics players offers service differentiation
- Price discounts and trend-aligned services likely attempted by port, but worth stating

KEY LEARNINGS

- This case tests - structure, numeracy, judgement, communication & adaptability
- Numbers are always given with a purpose, it is easy to ignore them when no insights are easily evident, but one needs to spend enough time digging deeper
- Understanding the decision maker in the value chain is the key to unearthing many issues that exist with services providers that are part of value chains with more than a single node

Water Purifier Manufacturer – Interview Transcript

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Your client is a water purifier manufacturer in India. The client is experiencing lower profitability compared to its competitors. The client has hired you to analyse and give recommendations.

I would first like clarity on how the client defines profitability. Is it the profit/revenue ratio? And are we looking at operating profit or net profit? Also, is this decline recent or a long-term trend?

You are correct about the definition of profitability. The client is using EBITDA (Earnings Before Interest, Tax, Depreciation & Amortization) value for profitability calculations. This issue is occurring for past one year.

Okay, I think I'm clear on the problem. Next, I'd like to understand the client's position in the value chain. Broadly, it runs from Suppliers → Manufacturer → Distributor → Retailer. Where does the client lie on this?

You are correct about the value chain. The client is mainly a manufacturer of the purifiers.

Okay. And what are different types of purifiers offered? Is the profitability issue specific to any single type?

The client offers two types of technologies – RO and UV. Both types are facing the same issue.

Got it. Then, I would like to understand geographic span of the client. Where is the client currently operating namely location of manufacturing plant and covered geography of sales?

The client sales purifiers across India. The only manufacturing plant is in Gurgaon.

Okay. And to what kind of customers is the client offering its products?

The client sales purifiers to residential as well as industrial applications.

Is the profitability issue particular to a segment or across both the segments?

This issue is faced mainly by the residential segment of customers.

Next, I would like to understand about competition in this industry. How is the client presence in the market?

The water purifier market is largely organized. Organized players occupy 60% share in the market. There are four major players in the market and the client has a 28% market share.

Given the client's large market share, I assume they are the market leader. To find the root cause of their issue, I'd like to compare profitability components with competitors. EBITDA can be broken into Revenue (+) and Operating Costs (–). Are both impacted for our client?

Revenues have been healthy. However, the Operating Costs are higher than all 3 of the client's competitors.

Okay! In that case, I would like to take a value chain approach to identify the components of Operating Cost that are leading to a decrease in profitability. Will that be a good approach?

Sure. You can move ahead with this approach.

The value chain in this industry can broadly be defined as Raw Material and other Inputs -> Inbound Logistics -> Manufacturing and Quality Check -> Storage and Outbound Logistics -> Marketing & Sales -> After-sales Service. Where is our client facing higher operating costs?

This looks good. The client faces higher costs in the after-sales service head. Can you delve into that further?

Sure. First, I would like to understand how the client is operating its after-sales service. Do they employ technicians or outsource entire after-sales function?

The client, similar to the competitors, uses a dealership model for the after-sales services. Dealers can be exclusive for a company or may serve to multiple companies. The client, however, has focused on developing exclusive network of about 6000 dealers across India.

Okay. And what kind of after-sales service is being offered by the dealers?

There are two service types: scheduled service, offered to all buyers during the warranty period and fully borne by the manufacturer; and unscheduled service, triggered by customer complaints, which generates additional revenue from spare parts sales.

I would like to focus first on scheduled service as it is increasing only costs and not revenue.

Sure. Sounds like a reasonable choice. We can evaluate unscheduled service later if time permits.

Yes. So, I would like to divide costs of scheduled service as material (spare parts like filter to replace), man (employees like technicians in dealerships) and method (the process followed for the service). Is there any of these component where the client could be facing higher costs?

The client is as efficient as competitors with production of spare parts and the dealers are also following industry standard processes for service. Can you further expand on the dealership cost?

Definitely, I would benchmark dealership cost per purifier against competitors by breaking it into services per unit and dealer rate per service. Services per unit can further be split into services per year × warranty period. Is the client offering anything different on these dimensions compared to competitors?

No. The client offers a 2-year warranty with the same annual service frequency as competitors.

Okay. Then moving to rate charged by dealers per service, can you please explain if the rate is fixed or there are further components involved?

Yes. So, the rate charged by dealers consists of three components – a base value of Rs. 100/service, an incentive value of Rs. 50/service if the service time is less than 8 hrs. and a conveyance value per service depending upon the distance travelled by the technician.

Benchmarking against competitors, is there any component where the client is incurring higher costs?

Yes. So, the total costs incurred are higher for the incentive value component.

I see. I would like to split the incentive component as rate per service and the fraction of total services qualified for incentive. Which of these components is higher as compared to competitors?

Well, the rate of incentive component is common across all the dealerships. The fraction of qualified services seems to be higher in case of the client.

As the incentive is based on the criteria of service time less than 8 hrs., this could imply that maybe competitors have a tighter criteria for this component. Is there any reason why this value was set as 8 hrs.

About a year ago, the client entered a 3-year agreement with its dealers, offering better incentives to attract and retain dealers. The new criteria set a service-time benchmark of 8 hours vs competitors' 3 hours, which has increased costs. Now, can you provide recommendations to the client based on the analysis performed

I suggest the client take a four-pronged approach: 1) Recalibrate Service SLAs: Align closer to industry benchmarks (reduce to ~3–4 hours), while reserving premium SLAs for select markets. 2) Tiered Incentives – Link dealer payouts to performance on response times and customer satisfaction, rather than flat incentives. 3) Optimize Service Mix – Push more predictable, lower-cost scheduled services and reduce reliance on costly unscheduled interventions. 4) Leverage Digital/Remote Servicing – In the long-term, deploy apps, chat support, and IoT monitoring to pre-empt issues and lighten dealer workload.

Great. We can conclude here. Thank you.

Water Purifier Manufacturer – Approach

FRAMEWORK

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Problem Statement

Your client is a water purifier manufacturer in India. The client is experiencing lower profitability compared to its competitors. The client has hired you to analyze the situation and give recommendations.

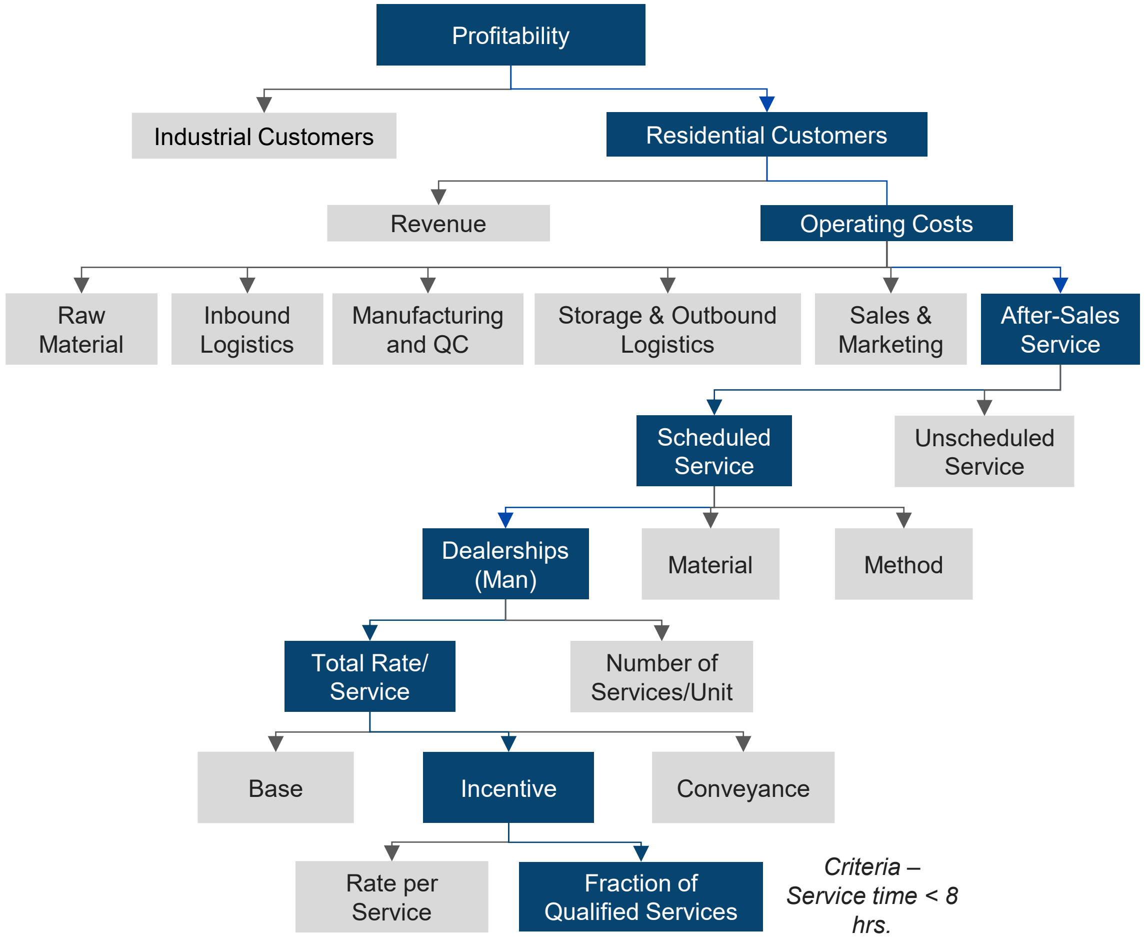
CASE FACTS

- Profitability defined as EBITDA/Revenue
- Focusing on residential customers
- Revenue comparable to competitors
- Cost gap isolated to after-sales service
- No differences in material supply, service method, warranty period, service frequency, or dealership fees vs competitors

INTERVIEWEE NOTES

- Right at the beginning, it is important to understand how the client is defining the profitability
- Preliminary questions can follow 3C-1P (Company, customer, competitor, product) model. Other Cs and Ps could be explored if felt necessary next, as the problem statement focuses on comparison with competitors
- Here the interviewer asks the interviewee to focus on revenues for large scale clients

APPROACH/ FRAMEWORK



RECOMMENDATIONS

- Recalibrate SLAs – Cut to 3–4 hrs., keep premium only in select markets
- Tiered incentives – Link payouts to performance (response time, satisfaction) vs. flat fees
- Optimize service mix – Emphasize scheduled servicing, reduce costly unscheduled calls
- Digital servicing – Leverage apps/IoT to pre-empt issues and ease dealer load

OBSERVATIONS

- Structuring the problem was key to pinpointing the root cause; without it, the case could drift off-track
- Always consider the full value chain, even if the client isn't an end-to-end player, since collaborator interactions can be critical
- Explaining each step clearly keeps the interviewer engaged and ensures a smooth case flow

Meal Coupon Company – Interview Transcript

FRAMEWORK
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Your client is a meal coupon company. It is evaluating a shift from using paper coupons to a card-based system. It wants you to advise whether it should shift to the card-based system or not.

Great. I am not very conversant with the business model of a meal coupon company. Can you please provide me insights into the company's operations and how it earns profits?

Organizations give meal coupons to their employees, which the employees can use to have food at the workplace or use it at various retail stores & restaurants. Employees enjoy tax savings on the offered coupons.

Okay. So, if I understand it correctly, organizations pay XYZ cash and obtain coupons. They then distribute these coupons among their employees, who can utilize it in the canteen or at restaurants/retail stores.

Yes. That's right.

Coming back to the case statement, is the decision to shift driven by profitability or are other factors at play?

The major criterion for the decision would be profitability. We can examine other factors at a later stage.

What is the major reason the company is evaluating this decision at this stage?

The company wants to improve customer convenience. The current paper coupons are not very convenient.

Are the competitors launching a similar system? Or is the company the first to do so?

The company is the market leader in the space and drives the industry trends. It would be the first to make the transition, in case it decides to do so.

Great. So, there are no competitive pressures, and the main criterion for evaluating the decision is profitability. So, I will analyze the potential revenue gains and costs to evaluate the decision. Does that sound acceptable?

Yes. You can proceed in that direction.

I will start with the revenues side. The primary revenue can be expressed as: No. of corporate tie-ups * No. of employees/company * Monthly allowance

The monthly allowance I expect is driven by tax legislation and wouldn't undergo a change due to the shift. The average number of employees/company also doesn't undergo a change due to the shift. If due to the enhanced convenience, the number of companies opting for the scheme increases, the revenues could increase. The next major income for the company is interest income. It receives cash from clients upfront but needs to make payments to the retailers/restaurants later. The company can invest the money in the interim and earn interest. With increased convenience from the card system, the employees would spend earlier than before, as they need not carry the coupons along with them. Hence, the shift may reduce the company's interest income.

That's a good point. In the short term, the no. of corporate tie-ups isn't expected to increase. So, you can assume that the revenues will fall in the short term.

Great. Moving to the costs side, the major cost item would be the payment made to the retailers/restaurants. In the current system, as it is paper-based, there is a possibility of duplicate coupons. Shifting to the card system reduces this risk and results in savings.
The next major saving would be printing costs. The card system requires a one-time shift and no recurring expenditures. This would enable the company to save on its printing costs substantially.
Moving to the costs of administering the card system, I want to understand how the company proposes to run the card system. Does it propose to have a separate card machine or use the existing network?

The company plans to use the existing Visa & MasterCard network which doesn't necessitate significant capital investment.

Great. That would also mean that there are no training costs which need to be incurred to explain how the system works to the retailers/restaurants. Before I summarize, I wanted to check whether there are any cybersecurity issues which could arise due to shifting to the card system.

That's a good point. Assume that there are no cybersecurity issues from the shift. What are your suggestions?

I think the company would save significantly on printing costs and administration costs. While this could lead to a reduction in interest income, I expect this to be offset by onboarding additional customers in the long run.

That's a good analysis. But there's one impact of the change which you are missing out on.

Sure. I will take a minute to respond. (After a minute). I think I missed a fundamental thing in the business model understanding. Not all coupons will be utilized by the customers. So, let's say the company sells coupons worth INR 100 and the customers exercise coupons worth only INR 80, the difference arising due to unutilized coupons of INR 20 adds to the profit of the company.
In case the company shifts to the card system, the no. of unutilized coupons will reduce due to increased convenience to the customer. Also, coupons are susceptible to loss and theft, which are also avoided in case of the card system. This could mean increase in the amount paid to customers and thereby decrease profits. This would have a significant impact on the profits.

Great. That's what I was looking for. Let's assume the company goes ahead with the card system due to the convenience factor. What measures do you suggest to plug the fall in profits?

I would divide the measures into two: a) aimed at increasing revenues, and b) aimed at reducing costs. On the revenue front, the company can evaluate whether it can analyze the data from the card system and use it in its operations. The data analytics could be valuable for food companies, and there is potential to monetize the data.
On the cost reduction side, the company can look at ways of reducing the amount paid to retailers/restaurants. This could be done by imposing limits on points utilized at one go, frequency of usage and limits per retailer/restaurant. However, this could have negative implications for the brand image and customer satisfaction. This should be considered before undertaking any such measure.

That brings us to the close of the case. It was great interacting with you. Thanks!

Meal Coupon Company – Approach

Problem Statement

Your client is a meal coupon company. It is evaluating whether to shift from the paper-coupon system to a card-based system. Evaluate whether the company should make the transition or not.

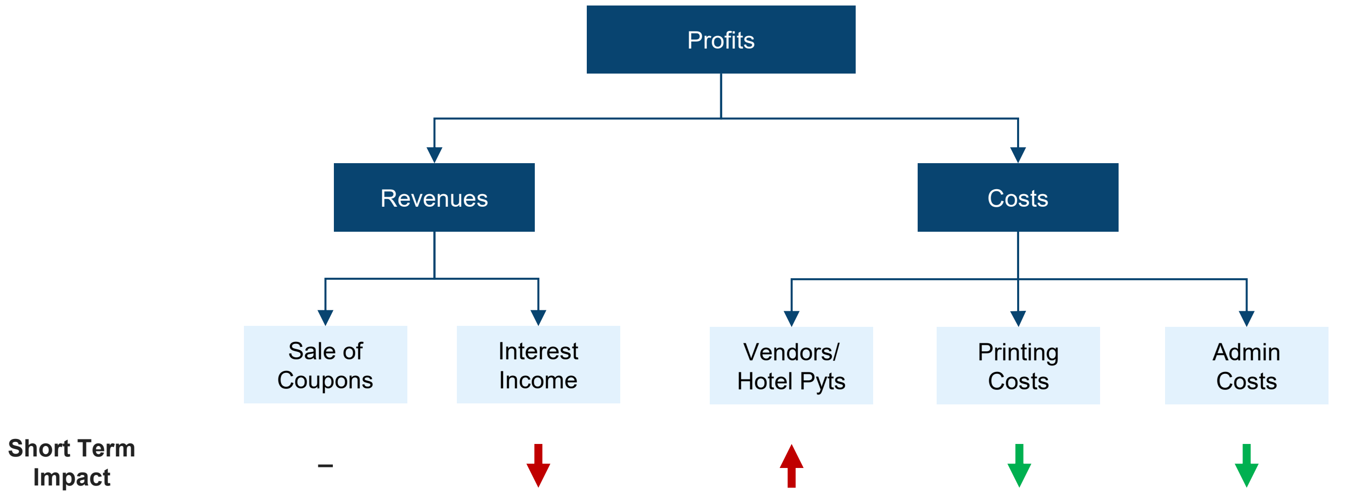
CASE FACTS

- Meal Coupon Company envisages a shift from paper-based coupons to a card-based system
- Decision to be examined from a profitability perspective
- The company would be the first to make this transition

INTERVIEWEE NOTES

- Interest income would decrease under the new setup leading to a decrease in revenue
- On the costs side, this shift can result in a decrease in printing and admin costs
- Check for cybersecurity issues which can arise
- Shift to this business model will reduce the number of unutilized coupons

APPROACH/ FRAMEWORK



Business Model

RECOMMENDATIONS

- Shifting to the card system would lead to increased card utilization, thereby increasing costs & lowering interest income
- The decrease in interest income vs the potential addition of corporates in the long term will determine the feasibility of the transition
- If the company goes ahead with the card system, data analytics could be a potential revenue stream to increase profits

OBSERVATIONS

- In case of an unfamiliar business model, take some time to understand the business model and confirm whether there are any gaps in your understanding. Drawing a small flowchart with the supplier & customer side helps in understanding the model better
- In a back-to-back business model, always check the flow of cash to check whether there are differences which could result in profits to the company.

Commercial Bank – Interview Transcript

Your client is an Indian commercial bank which has observed a decline in its profitability in the last 18-24 months. You have been roped in to identify probable cause(s) and give suitable recommendations.

Alright. Just so I've understood the problem correctly, our objective is to identify the cause of decline in profitability and suggest measures to reverse it?

Yes, you can proceed with that objective.

To get a more nuanced idea of the context, I have a few questions I'd want answers to. Is it fair to define a commercial bank as one that offers services to the public and to companies?

That is a fair understanding

Thank you. Could you offer me some more details about the bank's clientele: is it a public or private bank? And what is the rough urban-rural composition?

The bank in question is a leading player in the private sector. Also, most of the bank's business is from urban areas, and in rural areas it has a more muted presence.

Alright. What is the magnitude of decline that we are looking at? Also, are the other banks in the country also faced with a similar situation?

The dip in profitability has been recorded around 2 percentage points. Most competing players in the industry have a seen a steady growth during this period.

Interesting. This suggests there may be a systemic issue specific to our bank. I'd like to examine the two main drivers of profit: revenues and costs. Is there a particular area you'd like me to start with?

Before that, could you help me understand the major cost & revenue heads for a typical commercial bank?

Sure. The main revenue streams for a bank are interest income, transaction fees and charges, and other services such as forex and advisory. Investments can also contribute significantly. On the cost side, the two broad components are interest paid on deposits and operational expenses. Do we have any figures for these components that could support my analysis?

Is there any other cost head that you'd want to consider, especially in the Indian context?

Oh, yes. I missed out on the Provisioning and contingency cost, which must be a fair portion of the total costs.

Correct. So, to answer one of your previous questions, our revenues have grown in line with our projections, but our costs have grown significantly.

Sure. Breaking costs down further, interest expenses can be split into corporate deposits and retail deposits. Operational costs can be divided into fixed and variable components: fixed costs include rent, payroll, utilities, and other administrative expenses, while variable costs cover items like raw materials, stationery, commissions, marketing, and customer acquisition.

Good, that's a fair analysis of the costs. It has been recorded that our interest expenses on retail deposits has shot up disproportionately.

Understood. So, my understanding of the situation is that the average cost of funds for banks has increased.

Yes. That's a fair understanding of the scenario.

When we look at how a commercial bank in India mobilizes retail deposits, there are two main types: demand deposits, like savings and current accounts, and term deposits, like fixed or recurring.

Since term deposits carry higher interest rates, they are a more expensive source of funds. The increase in cost of funds could therefore come from either (a) a shift in the mix of deposits, or (b) higher interest rates being offered. My hypothesis is that the mix has shifted toward term deposits. At this stage, can we assume that the average deposit size per customer has remained constant for both demand and term deposits?

You can assume that to be true.

Do we have data on the deposit mix and their growth rates over the past 6–8 quarters?

Our demand deposits have grown by 3% while our term deposits have grown by 12%

Interesting. So, there appears to be a clear change in the balance of the ratio of demand deposits to term deposits. Assuming that average deposit per customer has remained unchanged, the rate of growth in deposits is a function of: New customers added (-) Attrition in existing customer base. Do we have information on these?

There has been no attrition among term deposit holders, so growth there is driven entirely by new customers. In contrast, demand deposits have seen a 10% attrition in the existing customer base.

I see. Before diving into the reasons, do we know if this attrition is typical for the industry, or is it client-specific?

This issue is specific to the client. You can go ahead with analyzing that.

Alright. Understood. I'll now try to understand the reasons behind demand deposits. These are the factors that come to my mind: safety, convenience, economical, mandated, access to credit.

You can focus on the short-term credit aspect.

Alright. Let me try and understand the short-term credit access facilities associated with savings and current bank a/c. The major ones would be bank overdraft facility, trade credit and credit cards. Is there any head you'd want me to delve into first?

Right. So, our analysis shows that the dip is attributable to a particular class of clients: ones who hold Credit Cards against their Current or Savings bank A/C.

Interesting. To understand the needs of a typical credit card customer, I'd view their journey in three phases: Pre, During, and Post. In any cycle, the Pre-phase covers payment of dues from the previous cycle and the start of a new billing period. The During phase is when the card is actively used—whether for online or offline purchases, cash withdrawals, or benefits like lounge access. The Post phase begins with bill generation, followed by communication of the bill, reminders, payment, and finally confirmation. Have we gathered insights from former customers on which part of this journey they were dissatisfied with?

Yes, we have. Customers cite reminders as a major pain point, often missing due dates and incurring penalties because of our inefficient system. Can you suggest three ways to fix this and reduce attrition?

Sure. I would suggest the following: 1. Shift from traditional methods of reminders like e-mail, text to new age mediums like WhatsApp. 2. Offer auto-debit facilities to customers where ones holding Savings/Current A/C with our bank can give standing instructions for automatic payment. 3. Incentivize early payment of dues – some sort of pre-payment (before bill generation)

Thank you, that would be all.

Commercial Bank – Approach

Problem Statement

Your client is an Indian commercial bank who has seen a decline in its profitability. It wants you to identify probable cause(s) and offer suitable recommendations.

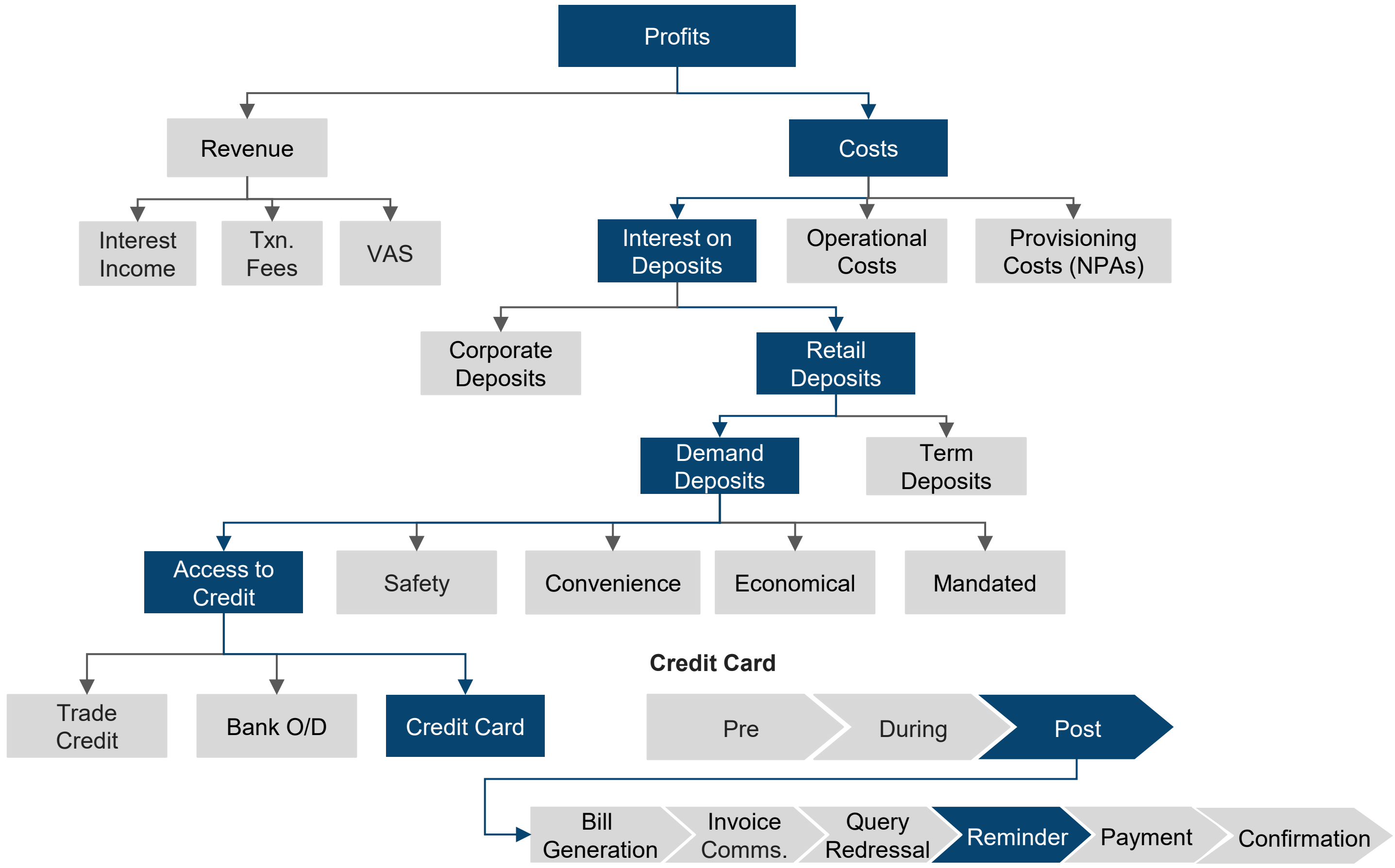
CASE FACTS

- Private sector commercial bank profitability fell 2%, while competitors grew steadily over the last 18–24 months.
- Major presence in urban areas
- Problem is not specific to any branch or geography
- Increasing costs (interest expenses on retail deposits) revenue growth in line

INTERVIEWEE NOTES

- Provisioning and contingency would be an important cost head when it comes to banking sector
- Banking sector specific costs such as interest costs, NPAs should be focused on.
- Costs are high on account of increased average cost of funds.
- Visible attrition from a particular class of customers
- Understand the customer journey for credit cards

APPROACH/ FRAMEWORK



RECOMMENDATIONS

- Shift from traditional methods of reminders like e-mail, text to new age mediums like WhatsApp
- Offer auto-debit facilities to customers where ones holding Savings/Current A/C with our bank can give standing instructions for automatic payment
- Incentivize early payment of outstanding amounts

OBSERVATIONS

- Understand how a typical bank operates, including major revenue streams and cost heads
- Familiarity with nuanced concepts like Net Interest Margin (NIM) or NPAs impresses interviewers
- Know the purpose of holding a savings account or credit card
- Observe the customer journey (e.g., for credit cards) at a granular level to avoid missing issues

Battery Manufacturer – Interview Transcript

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Our client ABC Batteries, is a battery manufacturing firm whose profits have been declining in the past 6 months. You have been approached to identify the core issue behind this and suggest a few recommendations.

I would like to clarify a few things before analyzing the problem. Firstly, I would like to ask more about the products our client sells.

The client sells 2 kinds of batteries – AA/AAA type batteries which are used in remotes and other electronic appliances; and D-cell batteries which are used in torches.

Okay, is the decline in profits in both kinds of batteries?

D-cell battery sales have been declining.

Okay, thank you. I would like to understand more about where our client lies in the value chain. You said that the client manufacturers batteries, but are they involved in other processes of the value chain?

Yes, ABC manufactures batteries, but they also employ sales executives who reach out to regional distributors and wholesalers who finally give the batteries to the retailers for them to sell. These retailers are the local electrical shops, as we see in an Indian neighborhood.

So, from your statement, my understanding is that ABC sells all over India, but do they also sell in other markets?

We sell exclusively in India, but what do you think our markets would be?

For the AA and AAA batteries, I believe the market would be pan-India. But since the profit problem pertains to D-cell batteries I would like to focus on that. Since D-cell batteries are used in torches, I believe their market would be geographically sparse. I have frankly seen very few torches in urban areas. Maybe they are more predominantly used in Tier-II cities and rural areas.

Yes, that's correct!

I would also like to ask whether the decline in profits is an industry-wide issue or not. Meanwhile, could you also tell me more about the competitive landscape in the industry?

For the D-cell battery, there are 2 major players in the industry. ABC has 30% market share and the competitor, XYZ has 50% and the rest of the market is fragmented. The client is the only one facing the issue, while XYZ has actually seen an increase in profits in the same time period.

Interesting! This might signify that our customers are switching over to our competitor. For my last question, I would like to understand whether the profit decline is across the market or specific to certain geographies.

The decline is across India; However, some geographies are more affected than others

I believe the decline in profits can be due to a decrease in revenue or an increase in costs. Do we have any information of this change vis-à-vis our competitor?

Our costs remain constant and our revenues for D-cell in this period have declined.

I understand that the revenues is the product of average selling price and the number of units sold. Do we have information as to which of these entities has decreased in the past 6 months?

The number of units sold have decreased.

I believe that this could be due to 2 factors, one could be due to a decrease in demand from the end consumer, the second could be due to a supply side issue – either ABC is unable to supply the necessary units to the retailer or the units are lost midway in transportation.

It is the customer demand which has decreased.

Oh, that's interesting! To analyse why this decrease might have happened, I would like to look into the overall purchase cycle for the end consumer of D-cell batteries. I would like to take a few moments to structure the same.

Sounds good, go ahead!

In the purchase cycle, I would like to consider 3 major steps influencing the customer journey. Sir, I believe the need of the product would have not changed, mainly because the issue is specific to our client and not industry wide. Also, I'd like to ask here if ABC is any different in terms of product features and price with respect to competitors.

This makes sense. ABC actually has comparable product specifications and post-purchase benefits. They sell at a 5% lower retail price as compared to our competitors. But this has been historically maintained the same.

So, even when our competitor is higher priced, it is still able to capture our customers. Out of these, would you want me to focus on any aspect where the main problem may lie?

So, I'd like you to focus mainly on the awareness of the product

For awareness, I would like to look at 2 different types of customers.
1. Those who consider battery to be a commodity & a low involvement product and is not aware of the battery brand. These people usually rely on the retailer push to finalize the purchase decision.
2. Those aware of the battery brand through television, hoardings advertisements word of mouth feedback or past experience.

Excellent, in one of the major markets, our sales executives have left the company and new employees are facing trust issues with the retailers, because of which the retailer is pushing the competitor's product to the unaware customer. Moreover, in the past 1 year, the competitor has launched a division of torches pan-India, which are sold bundled with their D-cell batteries. Thus, customers are aware of their brand and repurchase the same type of cells on expiry. Now you can suggest some recommendations on how to resolve this.

We have found 2 issues.
1. In order to tackle the competitor's entry into the torch market, ABC can either launch its own division of torches, if it is feasible operationally and financially, or can partner with existing torch brands to market their products bundled with ABC batteries. ABC can also advertise the D-cell battery to be price competitive and compatible with all brands of torches..
2. In order to build trust with the regional retailers, ABC can focus on hiring local experienced salespeople for the role; and also reach out to the Key Opinion Leaders of the markets to build credibility. For the retailers, ABC can construct cash or trade discount schemes, or have trust building and community workshops.

Your recommendations seem sound! You can close the case.

Battery Manufacturer – Approach

FRAMEWORK

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Problem Statement

Your client is ABC Batteries, a battery manufacturing firm whose profits have been declining in the past 6 months. You have been approached to identify the core issue behind this and suggest recommendations.

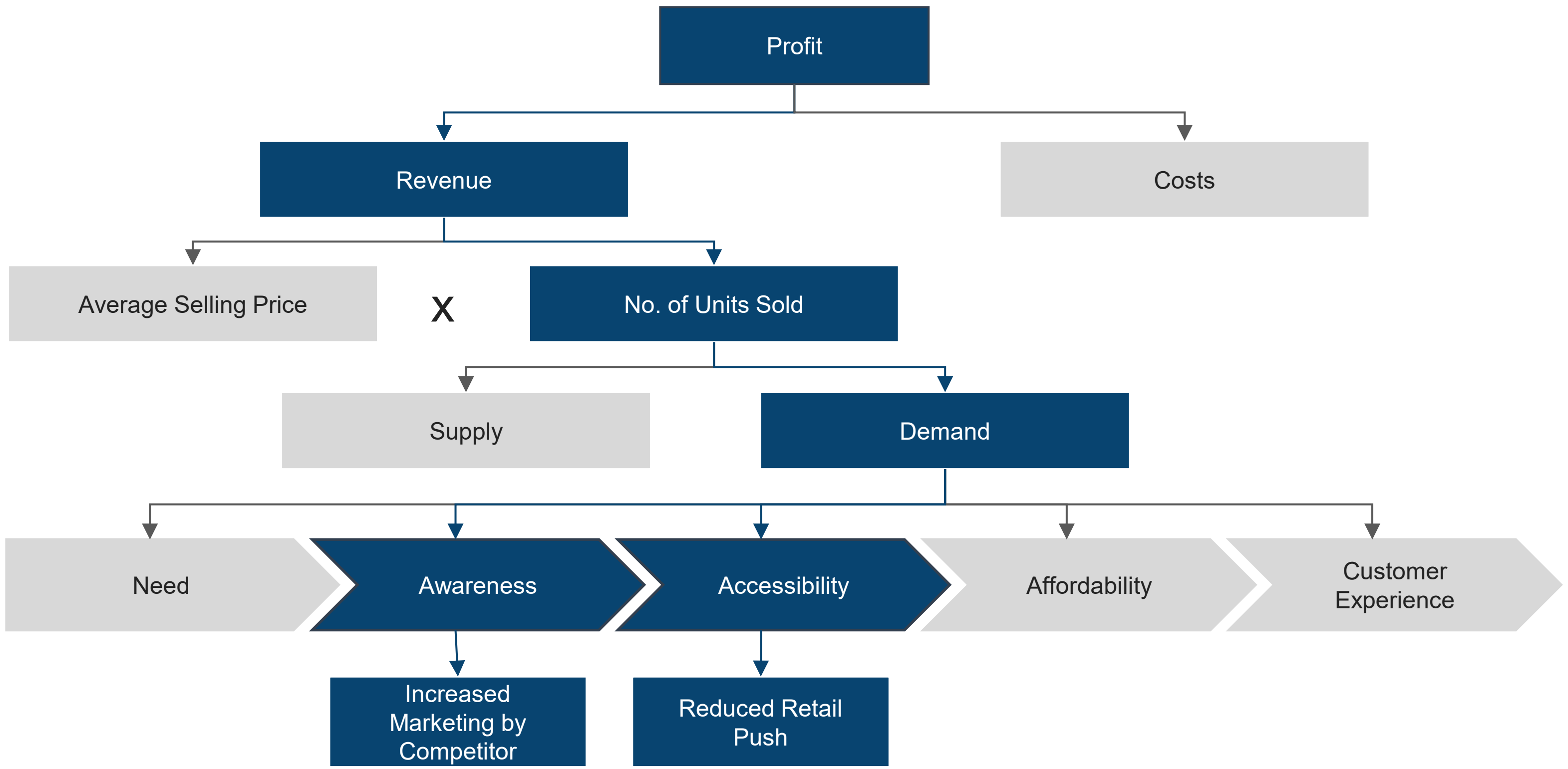
CASE FACTS

- Client sells 2 kinds of batteries – AA/AAA and D-cell; profit decline lin the latter only.
- Very little geography related impact on lost sales
- XYZ has 50% market share in D-cell market, ABC has 30% share, rest fragmented.
- Comparable product specs & post-purchase benefits, retail price 5% lower for ABC.

INTERVIEWEE NOTES

- AA/AAA used in remotes, electronic appliances.
- D-cell used in torches, more prevalent in tier II cities and rural areas.
- Market doing better, so company specific issue.
- Business hasn't changed, so costs, price and supply hasn't changed.

APPROACH/ FRAMEWORK



RECOMMENDATIONS

To tackle competitor's entry into the torch market by:

- Launching own division of torches if operationally, financially feasible; else, partner with existing torch brands.
- Higher Advertising budget
- Building trust w/ regional retailer
- Construct cash, trade discount schemes for retailers; have trust building and community workshops.

OBSERVATIONS

- For such cases wherein the demand has been decreasing, it is always better to know about the competitors before delving into the need, awareness, etc.
- When awareness is the issue, it is better to ask about the sales and distribution process and know about the nuances of the same in the market.

ZoomCar – Interview Transcript

FRAMEWORK

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Your client is ZoomCar, and they are facing declining revenues. They have hired you to help them.

Before diving into the case, I would like to know more about the client and the issue at hand.

Sure, go ahead.

My understanding of ZoomCar is that it is a self-drive car rental company. They rent out cars to customers and charge a fee for the same. Is that understanding correct or is the client in another business?

Yes, your understanding is correct.

Can you help me with the revenue streams of the client?

Since you are aware of ZoomCar, can you take a shot?

So, there are 3 models that I am aware of. First is renting for short trips. Within this, they either rent with fuel costs included or excluded. The booking is for a fixed duration and distance. Excess duration and distance are chargeable along with a penalty. They also collect a security deposit at the time of booking. The other is long-term bookings, i.e., 6 months or so. Is that correct?

Yes, that's right.

Since when has the client been facing this issue?

For the past 4 months.

Who are our major competitors, and have they also been facing similar issues?

We have 3 other competitors, and they are not facing any such similar decline.

ZoomCar operates in major Indian cities. So, is this issue particular to a geo or is it being faced in all locations?

The company is facing it across India.

Before diving into the case, can I take some time to structure my thoughts?

Sure.

As we discussed, there are three revenue streams – long-term bookings and short trips, with fuel and without fuel, so do we know which stream is facing this issue?

It is being faced across all but focus on the short trips case as that is the major revenue driver.

Okay. So, revenue is a function of (No. of cars x Utilization Rate x Average trip revenue) + any penalties. Do we have information if we are facing a decline in any one of these?

What exactly do you mean by utilization rate?

This is basically the number of bookings.

Okay, in that case, the utilization rate has come down.

Understood. So, it could be driven either from the demand side or supply side. Do we know where the issue is?

Yes, we do. But can we look at both of them in detail starting with supply side?

Sure. So, in supply side, since the number of cars has remained the same, we might not be able to provide the cars to customers. This could be driven by less uptime for the cars i.e., they are under maintenance for a longer period. However, it is unlikely that this is happening at the same time at all the locations. Also, there might be issues with our portal which makes it difficult for customers to hire a car.

Yes, that's a good observation. But we aren't facing any such issue. Let's look at the demand side.

Sure. On the demand side, we could be facing lower demand from new customers or repeat customers. Do we have any details here?

It is across both these segments.

Okay. Just give me a moment to structure my thoughts further.

Go ahead.

Next, I would like to divide the problem into 4 potential issues to understand it further. I will divide the problem into awareness, availability, accessibility, and acceptability. Since other competitors are not facing this issue and the number of cars have remained the same, I don't think awareness and availability are a problem. Is that a fair assumption?

Yes, go on.

Under accessibility, I would look at affordability, the booking process and car delivery. Lastly, in acceptability, I would look at quality of car, customer's overall experience during the ride, car drop and refund of security deposit. Do we know if we are facing any issues under any of these buckets, or would you like me to look at them individually?

That is good. We are facing an issue with acceptability.

Sure. I will go ahead with acceptability. Has there been any change in the outbound marketing effort or has there been any negative publicity in terms of reviews, that we have observed in the last 4 months?

Yes, that has been the case. There have been a lot of negative reviews that are being posted on various social media platforms.

So, this explains the decline in the bookings from both new customers and repeat customers. Do we know what these negative reviews are about?

Can you list out the possible reasons and then we can discuss further?

Sure. Since the reviews are posted by existing customers, I would like to analyse the customer journey. For this, I would like to divide this into pre, during and post-journey. Does that sound good?

Yes, go ahead.

Under the pre-journey bucket, we can look at the car booking process. This would involve exploring issues with the platform for booking i.e., website/app, platform accessibility, sign-up process, account verification, user-interface, pick-up locations/car drop facility and payment options. Do you think I have missed anything?

No, this looks good to me. Let's move to the next bucket.

ZoomCar – Interview Transcript

FRAMEWORK
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Under the journey part, I will look at issues with the behaviour of the employee delivering the car, trip start procedure, quality of the car (AC, power windows, seats, noise etc.), any deviations from the stated fuel levels, breakdowns and subsequent assistance, drop location/car pickup & behaviour of employee picking up the car.

Okay, let move on.

Lastly, in the post journey phase, I will look at incorrect charges for damage/fuel, other hidden charges and, timeline and mode of refund of security deposit.

That's great. This is where the company is receiving the negative reviews. They have not been able to refund the security deposit on time which is leading to a lot of social media backlash. Can you suggest some recommendations to counter this issue?

Sure. I want to divide the recommendations into short-term and long-term. In the short term, we should lower the security deposit and clearly communicate this change across all platforms. Additionally, improving transparency around the refund process and offering the option to receive refunds as Zoom credits could enhance customer satisfaction and encourage repeat bookings.

Long-term suggestions would be upgrading our booking platform to provide a smoother user experience, which could drive higher conversion rates. Additionally, forming partnerships with e-commerce platforms to offer discount vouchers or cashback options will add value for customers while helping the company save costs. For example, we can strike a deal that we get Rs. 1000 coupons for Rs. 900, effectively leading to 10% savings.

Is there anything else you would want me to look at?

That's all, thank you and all the best.

ZoomCar – Approach

Problem Statement

Your client is ZoomCar, and they are facing declining revenues. They have hired you to help them.

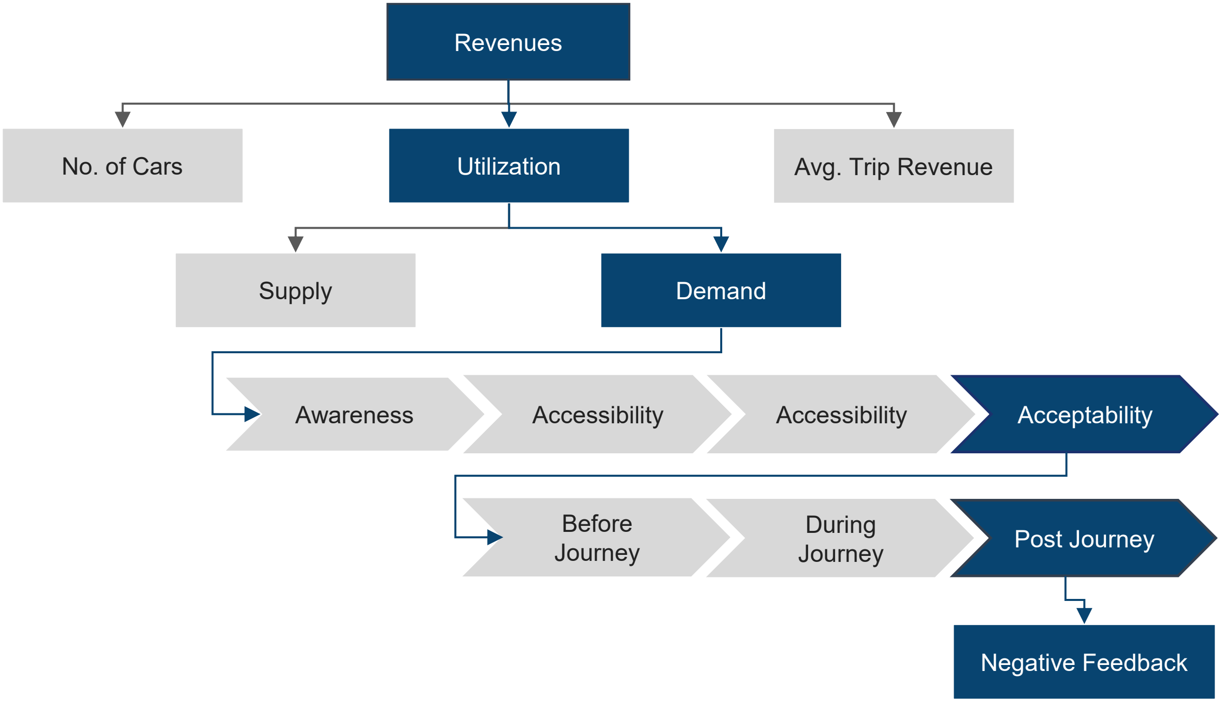
CASE FACTS

- Client has been facing declining revenues for 4 months
- 3 other major competitors, none of which are facing this problem
- Problem all across India
- Lower demand for both new and repeat customers

INTERVIEWEE NOTES

- Clarify probable revenue streams
- Rule out issues which seem unlikely to occur across India simultaneously
- Split recommendations into short-term and long-term

APPROACH / FRAMEWORK



RECOMMENDATIONS

- Short-term: reduce security deposit amount; extend refund timeline and mention this explicitly on the app; offer ZoomCar credits instantly to be used for further bookings for refund
- Long-term: Look at other lines of credit or raise additional funding; optimise cost structure; partner with e-commerce sites to offer coupons/vouchers to customers

OBSERVATIONS

- The candidate was expected to have some idea about possible revenue drivers for ZoomCar
- The candidate used the term 'utilisation' without explaining what it meant and could have elaborated on their terminology
- The interviewer asked the candidate to explore all buckets at several points; the candidate used this opportunity to use prior information given to rule out possible issues

Fast Food Chain – Interview Transcript

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Your client is an American fast-food chain facing declining revenue growth. How would you approach this?

Is the issue declining absolute revenues, or just slowing growth?

It's slowing growth. The client's revenues are still growing, just at lower rate than before.

Okay. And since when are they facing this slowdown? Also is it specific to a certain geography or product line?

Revenues started slowing down a year back and the deceleration has increased in the past 4 months. It is present across geographies, but is more pronounced in Tier-1 cities. There is no product specificity.

Interesting. Just to take a step back, could you tell me a bit more about the client? Do they specialise in a particular type of fast-food? What is their positioning, & market position? And what geos do they operate in?

They sell western fast-food, think burgers, fries, sandwiches, and so forth and have a mass-premium positioning. They're the market leader in this category with a 20% market share and operate in all Tier-1 cities. Of late, they have also begun expanding into Tier-2 & Tier-3 cities across the country.

Understood. And finally, is the market as a whole facing this slowdown or is it just them?

The overall market growth has slowed a bit, but not as much as theirs.

This is quite an interesting problem. From what you've shared, I can already make two hypotheses. Firstly, this seems to be a combination of market-level factors and firm-specific factors. And secondly, if they are the largest player at only 10% market share, this is a fairly fragmented market, so capturing share in general is a bit difficult.

Excellent inferences!

Now, revenue is a function of price levels & sales volume. Have prices changed? Or has price growth reduced?

Neither. Price levels have held steady over the past few years, and having been growing at par with inflation.

Okay, if price is not a driver, the issue must be due to volumes. Now, it could be due to supply-side bottlenecks or slowing demand. Since the client is expanding, my guess is that supply-side is not an issue. Is that accurate?

Yes, you can make that assumption.

So, that takes us to the demand side. We know that there are drivers at both the market level & firm's level. So, I'll start first with the market. This could either be due to macro level factors such as the broader economy or political situation, or due to the competitive environment, particularly the emergence of substitute categories.

It's not a substitution problem. You can focus on the macro-level factors.

Macro level factors can be of 6 types:

- Economic, such as a slowdown in the overall economy, or reduced consumption due to inflation
- Political factors such as political instability or backlash against American brands
- Social factors such as changing tastes or consumer behaviours
- Technological factors such as the rise of quick commerce
- Environmental such as natural calamities or adverse weather
- Legal factors such as increasing regulatory constraints

From the time horizon that you mentioned, particularly that it has aggravated in the last 4 months, I feel the factor would have to be something that has a relatively quick impact. So, it would likely be economic, political or legal factors. Social & technological would take time, whereas environmental would not last so long.

Great analysis! So, it's an economic problem – India's economy overall has been slowing down over the past year, and particularly so in the last quarter.

That makes sense then. Since fast food is a discretionary consumption, it would slow down faster as people become more budget-conscious. This would be particularly more so for Western fast-food since that is more of an occasion-snack than something deeply ingrained in consumer habits like say samosas or bhel puri.

Yes, that is accurate. We can move on to the firm-specific part now.

Awesome, so the client could be facing greater exposure than peers due to macro factors or internal factors.

What do you mean by greater exposure?

So, perhaps the firm is being affected by these factors more than peers in the same category. It could be due to:

1. Geography: If the economic slowdown is more pronounced in in Tier-1 cities.
2. Product Lines: If the specific dishes that they serve are more impacted.
3. Positioning: If slightly premium players are experiencing the pinch more than mass players.

I don't think it would be product lines because they are serving common fast food, not something niche.

It's due their positioning. They are more expensive than mass-market players, so middle-class customers are cutting back from them more than from cheaper players during this slowdown. Let's go to the internal factors.

So here, I'll first decompose their revenue and try to isolate the nature of the slowdown and then drill down into potential causes. Sales volume growth will be a function of growth in stores, growth in customers per store, growth in orders per customer, and growth in AOV. Since they are expanding in new cities, store count growth should be good. Do we know which other variables are facing a decline, over & above macro-economic impact?

Growth in customers per store has declined.

You mentioned earlier that the growth slowdown was more pronounced in Tier-1 cities. So, is this variable declining only in Tier-1 cities or Tier-2 cities as well?

It has slowed in both, but more so in Tier 1 cities.

Okay. So, at a store level, I would break down growth into 3 factors: a) Customer acquisition comprising the journey from awareness to acceptance; b) Growth headroom which represents how much market growth potential is left in that catchment; c) Competition from other stores in the catchment.

Excellent. All 3 are at play here but in different cities. Can you identify how?

Without doing a deep-dive analysis, at a high-level I would hypothesise that Tier-1 cities may be suffering from limited growth headroom and high competition as they have gotten relatively saturated with fast-food chains. Tier-2 cities should have strong growth headroom, so it could be a mix of competition from local snack shops and customer acquisition challenges, maybe because the brand isn't as well recognised there.

Yes, you are right. The client's store network has started getting saturated in Tier-1 cities, while their stores are still new and yet to gain significant traction in Tier -2 & 3 cities. So, what solutions would you recommend?

1. For tier 1 cities, the client could combat saturation through expansion into more snack types and a stronger presence in alternative channels such as online delivery.
2. For tier 2 cities, store ramp-up will happen organically with time, but the client could accelerate it through greater advertising, and addition of local dishes too.
3. Finally, for all cities, they can consider discounts or price cuts with smaller portion sizes to improve affordability during the economic downturn.

That sounds good. We can close the case here.

Fast Food Chain – Approach

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Problem Statement

Your client is an American fast-food chain facing declining revenue growth. How would you approach this?

CASE FACTS

- Client sells burgers, fries, etc. with mass-premium positioning
- Market leader with 10% share, present in Tier 1 cities, expanding to Tier 2, & Tier 3
- Slowdown started a year back & accelerated in last 4 months.
- Market overall is slowing down, but client more so; slowdown more in Tier 1 cities
- Price levels are holding steady

INTERVIEWEE NOTES

- Slowdown pattern → market-level & firm-specific causes
- Possible market share saturation given fragmented market
- Expanding footprint → supply-side unlikely to be issue
- Tech, Social, Environmental factors unlikely – need a longer cycle; Legal unlikely – impact would have been more sudden
- Exposure to macro factors may be more than competition

APPROACH/ FRAMEWORK

- Slowing Revenue Growth
  - Price
  - Volume
    - Demand-side
      - Market-level
        - Macro factors
          - Political
          - Economic
          - Social
          - Technological
          - Environmental
          - Legal
        - Competitive Landscape
      - Firm-specific
        - Exposure to Macro Factors
          - Geography
          - Product Lines
          - Positioning
        - Internal
          - Store count
          - Customers per store
            - Growth Headroom
            - Competition
            - Customer Acquisition
          - Transactions per customer
          - Cart volume per transaction
    - Supply-side

Tier 1 cities (Growth Headroom, Competition)

Tier 2 & 3 cities (Competition, Customer Acquisition)

RECOMMENDATIONS

- Tier 1 cities: expand into additional snack types, and strengthen presence in alternative channels
- Tier 2 & 3 cities: store ramp up will happen organically, accelerate it via advertising & addition of local dishes
- Cut prices and reduce portion sizes to improve affordability while maintaining margins

OBSERVATIONS

- Stay structured throughout all layers of the analysis
- The interviewee was able to make a lot of hypotheses at their end, inferring from case facts and industry understanding
- Just because an issue is identified in one branch of the tree need not mean that the analysis is completed. Other branches may also have an issue
- Match solutions to the issues

Lease Fee – Interview Transcript

Your client is a private company in the United states that leases a jet. The lease contract is soon expiring, and the company wants to renew the contract. The client now contacted you and asked you to find ways to reduce the lease amount. The current amount is $1 million, how can the company lower it?

That is an interesting case. As I understand, client needs to find ways to reduce current amount of leasing the jet. Do I need to look into other options of buying the jet or booking of private jet during the time of use? Or should I just focus on lease contract.

So, client needs to lease the jet as per his requirement. You should look into how to lower the cost of leasing.

I would like to know whether the jet should be exactly the same as the jet leased under the past lease contract? Also, what is the duration of the lease contract?

Excellent question. The jet leased under the new contract does not necessarily have to be the same. The current contract was for 1 year.

I would like to look at 2 factors affecting the leasing cost. First would be our client's requirement for the jet and second would be the lessor and its leasing contract.

Ok. Go ahead.

I would like to deep dive into requirements of our client. I would like to analyse the seating capacity required by the client as well as the # of times jet is used. What is the general occupancy of the plane over the last few years and what is the seating capacity of the leased plane?

The seating capacity of the plane is 40 and the occupancy has ranged between 8 to 10.

Great, so one way the firm could reduce its cost is by leasing a plane with a lower seating capacity. Considering that the occupancy rate was around 10, I believe that a plane with 15 seats should be sufficient. Assuming that the occupancy rate follows a normal distribution, it is very unlikely that there will be more than 15 people in the plane at the same time. However, if this is the case it is always possible for the plane to fly multiple trips.

I agree, that is a great suggestion.

Now I would like to analyze the usage of jet. I would like to know how often the leased plane is used per year?

The company uses the plane 3-4 times per year.

Ok, as we know that company uses jet only 3-4 times a year, do we know which months specifically the company uses the jet? I am coming from the point that if we know the specific months, we can lease the jet for those months only

Fair suggestion, but generally industry has minimum of 1 year of leasing contracts and client doesn't have fixed months when jet is required.

Ok, another suggestion because of low usage can be that the client can look into the possibility of co-leasing the jet with another company to make up for the months with low usage rates.

Sounds good. What can the possible problems with this suggestion?

There might be conflicts if both companies need to lease the jet at the same time. Well-defined rules need to be laid out to clear out conflicts in such a case.

Good point.

Now I would like to analyze the lessor and the contract. I would like to look into different lessors available to our client and how the length of leasing contract will affect the cost. What is the current relationship with the lessor and are there other lessor who have better pricing with similar services?

Client has been leasing the jet from the same lessor for past 7 years and trust him with quality. He doesn't want to look for other lessors.

Ok. So, as the current leasing contract is just for 1 year, the company could hence opt for a contract with a longer period. This should provide the firm with a discount.

Good suggestion. As you can see in the graph the leasing price per year in the initial contract is 1 million per year. The total price for a contract with a duration of 5 years is 4.2 million. What would be the cost savings for the firm if they switch to a contract with a longer leasing period?

The cost savings would be $160000.

What are some of the problems you can see with opting for a longer contract period?

The lease fee may increase as the contract period increases. In the rare event that the client decides to change the lessor or finds themself not in the requirement to use the jet, then the lease fee would be a sunk cost. A longer contract period also gives a sense of safety to the lessor and might make them lax with maintenance and upkeep.

Good points! Can you suggest additional ways to increase occupancy?

In the periods when the jet is not being used, alternative uses for the same can be explored - sub-leasing the same, using the jet as a restaurant to monetise it.

Good suggestions! We can close the discussion here.

Lease Fee – Approach

Problem Statement

Your client is a private company in the United States that leases a jet. The lease contract is soon expiring, and the company wants to renew the contract. The client now contacted you and asked you to find ways to reduce the lease amount.

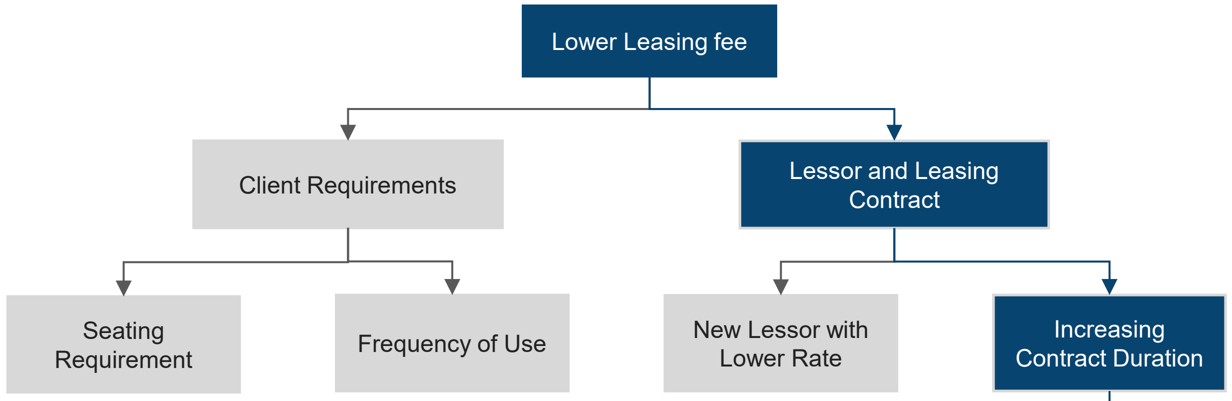
CASE FACTS

- The current lease fee is $1M
- The contract duration is 1 year
- Seating capacity of plane is 40
- Occupancy range: 8-10
- The company uses the leased jet 3-4 times per month
- The contract has been renewed for the last 7 years
- Fees:
  - Short leasing period (1 yr): $1M
  - Long leasing period (5 yr): $4.2M

INTERVIEWEE NOTES

- The jet need not be the exact same as leased under the present contract
- Assume occupancy follows a normal distribution and will rarely exceed 15 passengers
- Look into requirements of the jet
- Duration of lease agreement can be modified to reduce costs

APPROACH / FRAMEWORK



Type of Contract	Short (1 year)	Long (5 years)
Total Cost	1 million	4.2 million
Cost per year	1 million	0.84 million
Cost Savings per year		**160,000**

Difference between avg yearly cost b/w both leasing periods

RECOMMENDATIONS

- Lease plane with lower seating capacity: Since the plane hardly ever is used at max capacity, a smaller plane can be leased
- Share the lease contract with another party: Stringent contracts need to be established regarding usage
- Increase contract duration: A longer contract duration should result in discounts

OBSERVATIONS

- Conduct a feasibility analysis of the options recommended, wherever possible
- If a feasibility analysis is not possible, mention the caveats associated with your recommendations
- Structure the recommendation and do not give a laundry list of suggestions

Auto Insurance – Interview Transcript

Your client (IA) is an auto insurance company operating in India and has been facing declining profitability in the last 2 years. They have come to you for help to identify the reasons and explore possible solutions. You can ignore reinsurance for the purpose of the analysis.

Can you tell me a little bit more about the competitive landscape and the position of IA? Also how fast is the industry growing?

Sure. IA is one of the 5-6 major players who dominate the industry and hold around 95% of the market. The market has been growing steadily at around 10% p.a.

Okay. And how is the company growing? Is it in line with the industry?

The market is growing at around 10% p.a, and the company's market share is growing in almost the same proportion.

Alright, is this reduction in profitability only being faced by the company or by competitors as well?

We do not have very accurate data of competitors; however, reliable estimates indicate that most of them have maintained profitability levels, and some have even increased profitability. What do you think are the possible causes for this?

It can either be due to higher revenues, or due to lower costs.

The industry is fairly competitive, and none of the players can get away with charging higher prices without losing out on market share. And as for number of customers, there has not been any major change as such. So you can move on from revenue.

Okay. Then I will move on to the costs side. I would like to map out the cost heads based on the value chain of our client: product/policy development, sales and marketing, underwriting, customer servicing, investment management, claims handling. Am I missing any major cost component?

No, this sounds fair.

Which cost head is majorly responsible for the increase in costs?

Cost on claims settlement has been growing faster than revenue growth.

Okay, then I would like to understand the possible causes of the rising costs. I would like to break Claims Settlement cost into Probability of Claiming and Average Claim Cost. Do we have information on which of these costs is rising?

Average claim amount has not changed. You can analyze probability of claiming.

Alright! Probability of claiming is a function of how stringent is a company’s policy and customer distribution. Since competitors are not experiencing this increase in costs, is it possible due to too stringent policies being implemented by them?

Yes. How will you further analyze the customer portfolios?

We can segment customers into buckets based on
a. Age group
b. Income bracket
c. Geography and terrain
d. Traffic in the area

That would give us an idea of the risk, based on the general profile of the customers. So, do we have any data regarding this?

Yes, so although there is a fair mix in all the buckets, the portfolio is generally dominated by people of relatively younger age groups (less than 25 years). In terms of income, IA has a large base of lower and middle level income groups. It has its operations in all major cities –Delhi, Bangalore, Mumbai, etc.

That explains a lot. You mentioned that the company has a greater number of customers who are young. They can be considered riskier, as they tend to be rasher while driving, increasing risk of accidents, when compared with middle aged people having families. Further, you mentioned that they do not have too many customers in the higher income brackets. Higher income groups can be considered less risky as they use expensive cars, usually have professional chauffeurs who are generally more careful. Also, it has a lot of clients in cities with extremely high and aggressive traffic like Delhi, which have higher incidents of accidents

Thus, the company should either focus on improving the portfolio mix or should adjust premiums more appropriately to factor in the risks.

That sounds good to me. Thank you.

Auto Insurance – Approach

Problem Statement

Your client (IA) is an auto insurance company operating in India and has been facing declining profitability in the last 2 years. They have come to you for help to identify the reasons and explore possible solutions. You can ignore reinsurance for the purpose of the analysis.

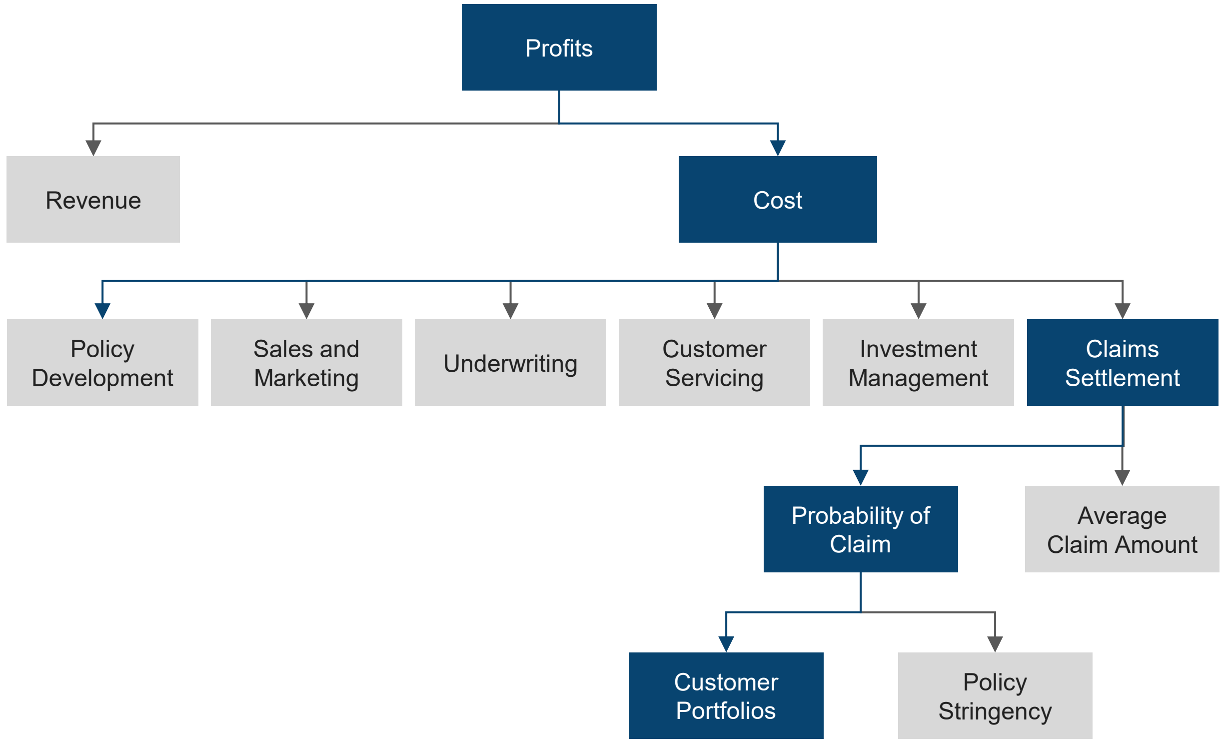
CASE FACTS

- Client is a top 6 player in a concentrated auto insurance industry in India
- Client has experienced falling profitability, but not competitors
- Revenues have been growing in line with industry
- Industry is competitive with little scope to charge higher than competitors
- Claims cost has increased at a faster rate than revenue

INTERVIEWEE NOTES

- Profitability changes can be due to both revenue and costs
- Since revenues have been growing in line with industry, declining profitability must be due to rising costs
- Problem is also specific to the client (not an industry-issue)
- Analyse value chain of the client
- Understand customer segments behind the rising claim costs

APPROACH / FRAMEWORK



RECOMMENDATIONS

- The problem arises due to high claim costs. High claim costs arise due to an unfavorable customer profile mix
- Thus, the company should either focus on improving the portfolio mix or should adjust premiums to more appropriately to factor in the concerned risks

OBSERVATIONS

- Have a clear approach. While the candidate took many Qs before pinning down claim costs as the root cause, it is clear that the candidate had a very clear framework in mind (Profitability > Revenues/Costs > Industry-Wide/Firm-Wide Issue > Value Chain > Claim Costs).
- Furthermore, the candidate checked if cost components were missing. Shows intention to have a MECE approach, which is what interviewers are looking for.

Apple Exporter – Interview Transcript (1/2)

Your client is a large apple orchard in Himachal Pradesh. Over the last two seasons, profits have dropped even though sales volumes have stayed about the same. You've been brought in to diagnose the cause and recommend solutions.

Alright, I have a few questions: What is the target market? What is the quantum of drop in the profits, over what timeline has this happened and are the other players operating this market facing the same issue? And just to clarify, when you say stable volumes, do you mean the total quantity of apples shipped is similar to before?

They primarily export to the middle east. Their profits have dropped by around fifteen percent over the last two seasons and the problem is specific to them. And total export volume has remained steady.

Got it. Before we dive in, it would help to know - do we have a sense of whether this is primarily a cost problem or a revenue problem?

Broadly speaking, costs have been steady except for a small rise in logistics, but the revenue per kilogram has gone down.

So the main driver seems to be on the revenue side, though I'll still check costs later to be thorough. For revenue, there are two main levers - price per kilogram and volume sold. Since the volume hasn't changed overall, I'd like to first explore if the average price per kilogram has shifted.

Yes, the average realization per kilogram has dropped by about eight percent.

That is quite significant. It could be due to market price declines, shift in quality mix, change in forex rates, or even tariffs. But I think forex rates and tariffs can't be the reason given that this issue is specific to the company. Could you tell me if the export market prices in the Middle East have changed in the past two seasons?

No, the market prices for high-quality apples in the Middle East have been fairly stable.

That points me toward the quality mix. If more of the exported apples are lower grade, the average price per kilogram would fall even without a change in the benchmark price. Do we have any data on the grade split?

Yes. Two seasons ago, A-grade apples made up about seventy percent of exports. That has now dropped to fifty-five percent, with the rest being B and C grades, which fetch a lower price.

That's quite a drop in A-grade share. Lower grades will pull down the blended realization. The next question is - why has the grade mix deteriorated? Can I know if this issue is originating during the harvest itself or if the mix has deteriorated post-harvest?

Factors that affect the harvest have remained the same. Weather conditions have been fairly typical for the region; no unusual disease outbreaks.

That suggests it could be something in the post-harvest process. Are there any issues with storage, transport, or processing that could be affecting quality before the apples reach the buyer?

Actually, post-harvest spoilage has increased from about five percent to twelve percent. This is largely because the apples aren't being pre-cooled at the farm before the long road journey to the port.

That makes sense. Without pre-cooling, apples can lose firmness and develop bruising during transport, especially in a long haul to the port. That would cause more spoilage and downgrade some apples from A-grade to B or C. The higher spoilage also means fewer kilograms make it to sale, so even if the total harvest is stable, the saleable volume is effectively reduced.

Exactly.

Before concluding that's the main driver, I'd like to quickly confirm the cost side. You mentioned earlier that costs have been mostly steady except for logistics. Could you elaborate?

Transport and port charges have gone up by about five percent. Everything else - harvesting, packaging, storage, labour - is steady.

Understood. A small logistics increase would affect profits, but it's unlikely to be the primary cause compared to the revenue hit from the quality and spoilage issues.

That's correct.

Alright. The issue lies in operations between harvest and port delivery. Piecing this together, profits fell as average price per kg dropped 8 percent, mainly due to A-grade share falling from 70 to 55 percent. This stems from spoilage rising from 5 to 12 percent, caused by inadequate pre-cooling before long-distance transport. The slight increase in logistics costs is secondary.

Yes, that's the right direction.

In terms of solutions, the most direct fix would be to invest in on-farm pre-cooling facilities so the apples are cooled to optimal temperatures before transport. This would slow down spoilage and help maintain A-grade quality. Alongside that, the client could set up service level agreements with refrigerated truck operators to ensure consistent cold-chain conditions to the port.

Okay.

The orchard could also train and incentivize pickers and packers to handle fruit more carefully, reducing bruising and other damage that leads to downgrading. Even small improvements in handling can protect margins, especially if the buyer pays a significant premium for A-grade.

Interesting - anything else?

Yes. They could look towards channeling a portion of the B and C grade apples into processed products such as juice, dried apples, or packaged apple slices. These can be sold domestically or even exported, and the margins could be better than selling low-grade fruit as-is. That would make better use of the entire harvest, especially if the total yield is stable but quality mix fluctuates.

Apple Exporter – Interview Transcript (2/2)

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That could help with revenue recovery.

For medium-term efficiency, they might also explore whether there are closer inland port facilities or logistics hubs that could shorten road transport time. Even if pre-cooling is implemented, reducing the journey length would further protect quality.

Any risks you see with your recommendations?

The biggest is the capital cost of pre-cooling facilities. To manage that risk, they could start with leased or mobile pre-cooling units during peak harvest. For the processed apple products, there's a market adoption risk - they'd need to run a pilot program with select retail partners before committing large volumes. Finally, managing cold-chain consistency would require strong contracts with transport providers to avoid lapses.

That's a good point.

In summary, the profit drop is being driven primarily by operational inefficiencies in post-harvest handling that increased spoilage and reduced the proportion of high-grade apples, pulling down the average selling price. Fixing the cold-chain starting at the orchard and improving handling practices would directly improve quality mix and reduce wastage, while exploring value-added uses for lower grades could capture additional revenue.

That's a comprehensive diagnosis and set of solutions. Thanks, that concludes the case.

Apple Exporter – Approach

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Problem Statement

Your client is a large apple orchard in Himachal Pradesh. Over the last two seasons, profits have dropped even though sales volumes have stayed about the same. You've been brought in to diagnose the cause and recommend solutions.

CASE FACTS

- Client is a large apple orchard based in Himachal Pradesh
- Exports mainly to the Middle East market
- Profits have fallen ~15% over the last two seasons despite stable sales volumes
- Problem is specific to client; overall market volumes and prices have remained stable

INTERVIEWEE NOTES

- Need to check whether issue is revenue- or cost-driven
- Costs largely stable, except a small rise in transport/logistics (~5%)
- Revenue per kilogram has declined by ~8%
- Grade mix deterioration and increase in spoilage
- Problem exists on costs side as well

APPROACH/ FRAMEWORK

- Profits
  - Revenue
    - Price per kg / Realization X Total Volume
      - Market Prices
      - Grade Mix
      - Spoilage Rate
  - Costs
    - Cultivation
      - Irrigation
      - Pruning & seasonal care
      - Fertilizers, etc (Inputs)
    - Harvesting
      - Labour for picking
      - Grading & sorting
      - Packing in cartons/crates
      - Supervisory costs
    - Storage
      - Temporary cold storage
      - Packaging materials
      - Loading/ unloading costs
      - Handling charges
    - Transportation & Logistics
      - Road haul to port
      - Port charges
    - Export & Distribution
      - Shipping/freight charges
      - Handling charges
      - Distributor/agent margins

RECOMMENDATIONS

- Invest in on-farm pre-cooling facilities to reduce spoilage and maintain A-grade quality during long transport
- Put in place strong contracts with transport providers to ensure cold-chain consistency
- Channel lower-grade apples into processed products (juice, dried apples, packaged slices) for better margins

Oil Distributor – Interview Transcript

Your client is an oil distributor. It owns 4 petrol pumps. Its profits have been constant for the past few years in one of the petrol pumps. Diagnose and recommend solutions.

I would like to begin with a few clarifying questions on our client. As per my understanding our client owns these petrol pumps, and the problem is specific to one of them. Is that correct?

That is correct.

Is the client a national distributor or a regional distributor? Also is the problem being faced by other petrol pumps in that region?

Being national or regional distributor is not relevant here. The problem is specific to the client's petrol pump.

Since the petrol pump is facing profitability problem, I'll like to study the profit structure of the petrol pump and break it down into revenues and costs which are the two components of profit

Fair. You can assume that costs are not of concern right now and start by analysing the revenues.

In that case, I'll like to list break down the revenue sources between fuel sources and non-fuel sources. Among the fuel sources, do well sell only petrol or have other products as well?

Only petrol is sold currently.

Among the nonfuel sources, the possible revenue streams would be convenience store, value added services (paid air filling station, garage). Are there any other revenue stream I should be looking at?

No, you can go ahead.

I'll like to start by analysing the revenue from fuel sources first. I'll break it down into no of customers visiting per day, ticket size per customer, the price of petrol, and the distributor margins our client earns. Do we have any data of these based on current operations.

Currently the average no of customers per day is 100, ticket size per customer is 1 lt. and the price of petrol is Rs100/lt. Distributor margins are 10%.

Alright. So, to increase the profits, we need to look at increasing any one of them at least. How do these numbers look for our competitors?

You can assume that the prices are competitive, distributor margins are consistent across all players, and ticket size is also almost similar. The number of customers depends on a combination of multiple factors.

Okay. So, the number of customers will depend on three major factors: location, price and service. How are we in terms of location and service as compared to our competitors?

We are located in metro city like Mumbai and location is not an issue. Our services are also top-notch.

Ok. So, we need to look at the possibility of either increasing the prices or decreasing them and see their effect on the number of customers vising the petrol pump. Do we have any projection regarding the same?

Based on the market research, we have found that on every 10% increase in price, the number of customers decrease by 20% and for every 10% decrease in price, the number of customers increase by 5%.

This implies changing price will lead to overall reduction in revenues. Can we look at other ways of increasing the number of customers, like advertising?

Petrol is a commoditized product and advertising won't be helpful.

Okay. Then we don't see any way of increasing the revenues from fuel sources in isolation. Can we look at non-fuel sources and see if that is related to the number of customers visiting the petrol pump.

That's correct. 30% of people visiting petrol pump end up visiting the convenience store as well. The other non-fuel revenue sources can be neglected for this analysis.

So, this means we can look at the possibility of increasing the number of customers and see the net effect on revenue based on decreased prices and increased revenue from convenience store. Do we have any numbers related to revenue per person from the convenience store?

Yes. Currently the revenue per person from convenience store is Rs 100. Your analysis is correct. Assume that the prices are decreased by x% and the revenue per person from the convenience store changes to y. Can you get the condition that must be satisfied for increasing net profit.

(Writes the equation) This means that decreasing the prices is not the sole criteria. We also need to look at ways of increasing the revenue per person or the percentage of people visiting the store. What are the products being sold at convenience store?

We currently sell general consumption items like chips, biscuits and other FMCG products. We don't have a big range of products. Can you give recommendations on ways to increase the revenue from conveniences store.

1. We can stock more items both in terms of variety and volume so that any customer visiting usually gets the product of his/her choice.
2. We can stock more items related to vehicles.
3. We can look at the possibility of advertising the store.
4. We can also explore the option of introducing a new process where the payment for petrol will be done the store counter. This will essentially lead to all customers visiting the store and many people may turn up finally buying something. (Trade off needs to be done based on inconvenience caused for people who don't want to go to the store)

This is fine. Thank you.

Oil Distributor – Approach

Problem Statement

Your client is an oil distributor. It owns 4 petrol pumps. Its profits have been constant for the past few years in one of the petrol pumps. Diagnose and recommend solutions.

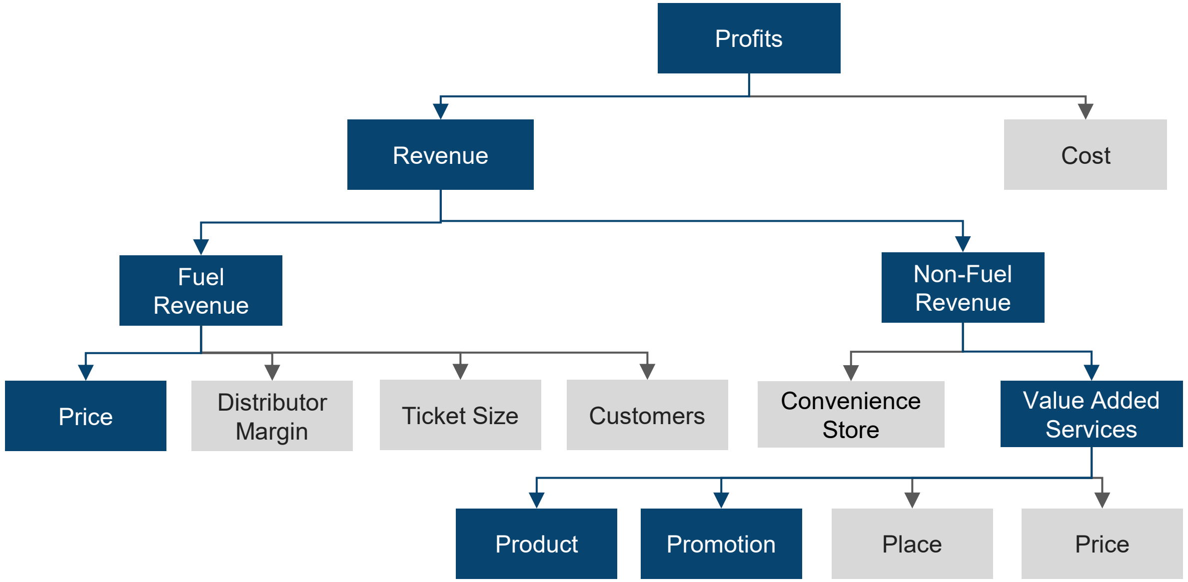
CASE FACTS

- Client owes 4 petrol pumps; Problem with only one pump
- Problem specific to the client
- Only petrol is sold currently
- No problem on the cost side
- No new competition
- Petrol pump facing issue situated in metro city, no issue with the location nor with service quality
- Advertising will not be helpful as product is commoditized

INTERVIEWEE NOTES

- Profits have been constant over past few years due to problem in revenue generation
- Identify the additional revenue sources for petrol pump- VAS, convenience store
- Understand the interdependence of revenue sources on each other
- Number of customers depend on location, price and service
- Changing price will lead to overall reduction in revenues

APPROACH / FRAMEWORK



Price of Petrol	No of Customers	% of Customers visiting Convenience Store	Revenue per Customer from Convenience Store
Original Price (Rs 100)	100	30	100
Price Increased by x%	Customers decreased by 2x%	30	z
Price Decreased by x%	Customers increased by (x/2)%	30	y

RECOMMENDATIONS

- Reduce price of petrol to get more customers
- Increase the revenue of convenience store:
  - Increase stock in terms of volume and variety
  - Stock more vehicle related items
  - Advertise the store
  - Set-up alternate payment processes to drive higher store visits

OBSERVATIONS

- It is essential to figure out the key revenue streams for the petrol pump and their interdependence.
- Calculate the net effect of reduction in prices on profit and the possible ways of increasing revenue from convenience store.
- Develop equation between x and y and find the desired relationship for overall profits.
- Can consider asking questions around nature of the dealership – COCO, CODO, DOCO or DODO.

Fishing Company – Interview Transcript

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A fishing company has faced a decline in profits of 15% over the last year. The CEO has hired you to find out why this has happened.

I would like to ask some preliminary questions to understand the situation better. What exactly does the company do and what geography does it operate in?

It employs fishermen, who use the company's boats to go to sea and catch fish. They sell the catch directly to customers in the town. The company is also in the business of leasing fishing boats. The company is based out of Goa and operates there.

Alright. I'd also like to know whether the profits decline is an industry wide issue or just limited to our company?

The decline in profits is unique to our client.

Does our client have multiple product lines within seafood, or do they sell just fish?

They only sell two types of fish – large and small.

Do these products differ based on price, cost per unit and margins?

Small fish are considered premium and sell at 1.25x of the price of big fish. However, it costs the same to catch those fish.

Okay, that's interesting. So let me know try and identify the cause for drop in profitability. Since profitability is a function of revenue and cost, I'd like to analyse the two. Starting with the cost component, what has been the trend over the last year?

Our costs have actually gone down by 5%.

Okay, that's interesting. What about your revenue?

Our revenue for the last FY was down 12% YoY.

Alright, so the Revenue component is driving profitability down.

I guess so. So, what do you suggest?

Okay so in a typical fishing company, the major heads of revenue would be fish sales and lease of fishing vessels and equipments. Do we have any data with respect to these?

Yes, we do. Our lease income has indeed fallen from the the previous year on account of loss of a few customers. But leasing only contributes to about 15% of our total revenue. So, there's must be something else too.

So, a fall in revenue from fish sales must be driven by one of these three factors: fall in average selling price, dip in volume or a change in product mix. Do we have any indication about which of these it could be?

Yes, that's indeed correct. So, there has been a change in the product mix that we offer. We have found out that we are selling more large fish and fewer small fish than we used to last year. Can you help the company understand why this could be the case?

The problem of product mix could either be a demand side issue or supply side issue. Demand side issue affect the whole industry and since that is not the case, it is my hypotheses that the problem is one of the two: we are unable to catch small fish or are unable to sell them. Do we know which of these it could be?

Our catch of small fish has indeed fallen last year. What could be the possible reasons for it?

So, the problem could be either external or internal. Has there been any change in the composition in the water body where our fishermen fish? Is it possible that there are fewer small fish available, due to either the overall number of fish going down or the # of competitors going up?

No there's been no change in the composition of the sea. The proportion of small fish available is still the same. The number of competitors has stayed the same as well.

Okay then it seems to me that there is some issue with our process of catching and transporting fish. Has there been any significant change in the process over the last year? This could be any of the following: any change in logistical arrangements, change in fishermen, trawlers or fishing nets or even change in our area of fishing For e.g.. distance from the shore.

Actually yes, there has been. Last year we went on a cost cutting drive. We wanted to reduce our expenditure on fishing nets, so we tied up with a company providing cheap recycled nets. However, these nets came with a square mesh instead of the diamond mesh that fishermen traditionally use. It was found that while the gaps in the diamond shape nets compressed when it came in contact with water, the square shaped mesh retained its shape under water and allowed a lot of small fish to escape through the gap in the nets.

That is some really interesting information!

Thank you for your analysis. You did a good job.

Fishing Company – Approach

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Problem Statement

A fishing company has faced a decline in profits of 15% over the last year. The CEO has hired you to find out why this has happened.

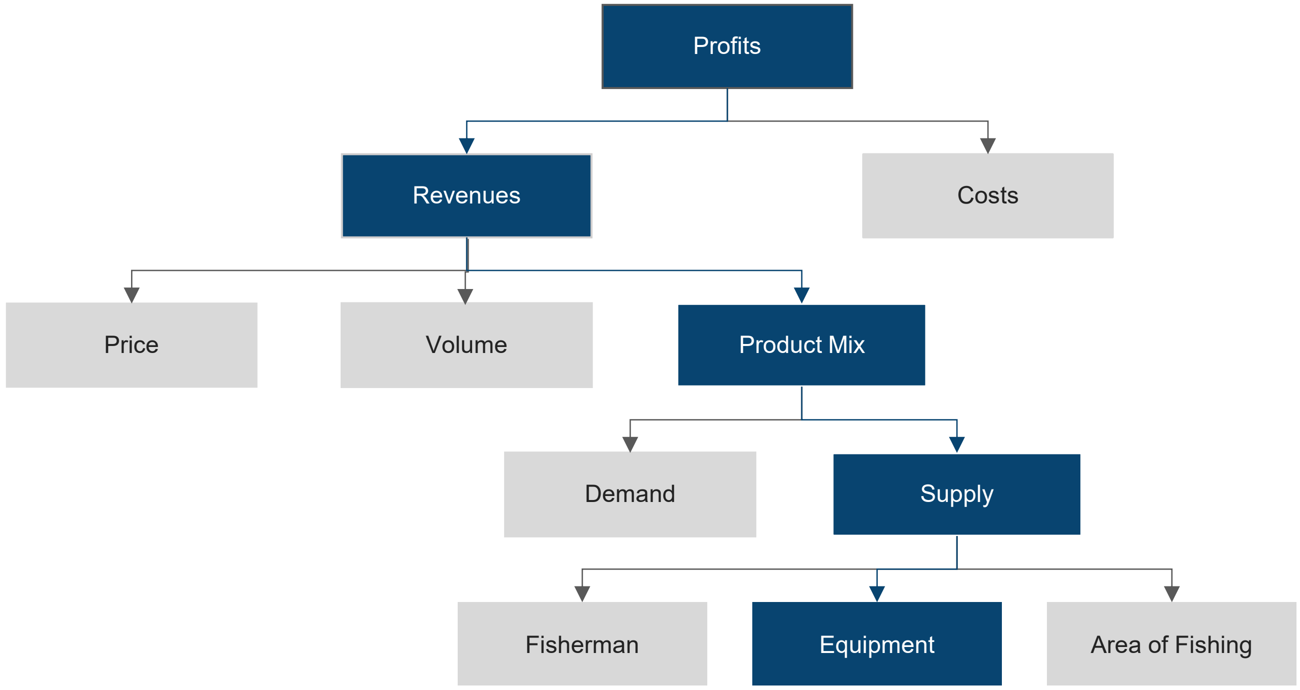
CASE FACTS

- Company based out of Goa
- Fisherman sell directly to customers
- Profits declined by 15% over one year
- Cost have gone down and so has revenue
- Decline limited to client and not industry
- 2 product lines: big and small fish

INTERVIEWEE NOTES

- There could be two problems: either client is not able to capture fish or unable to sell them
- No change in consumer preferences
- No change in sea composition
- Look for change in process of catching fish

APPROACH / FRAMEWORK



OBSERVATIONS

- It is important to ask preliminary questions to understand the company and the industry. A key insight (different product lines and different margins for each) was derived from the preliminary questions
- It was important to note that change in sales of one product was not linked with change in consumer preferences
- The problem can be on the supply side as well, so it is useful to analyse the entire value chain to understand where the problem lies

Chartered Flight Operator – Interview Transcript (1/2)

Your client is a chartered plane operator with declining profits. Evaluate its problem.

Understood. Before I delve into the case, I have a few clarifying questions on the better understand the problem statement. Our client is a chartered plane operator and they have been facing falling profits. Right?

Yes. Correct.

Also, by how much have their profits declined and since when? Which area do they operate in and is the decline in profit limited to a specific area? Are other players in the market also facing this issue?

Profits have declined by of 5-10% over the past 1 year. They operate within India and the problem is not isolated to a particular area. Other players in the market are doing well.

Got it. As per my understanding, chartered flights are usually used by extremely wealthy individuals, mostly HNIs. Is there any other major customer segment that our client caters to?

You are right. There are two types of customers – HNIs who use it for personal use and Corporates who use it for official purposes.

Alright, I presume that the customer journey in a private airline business would be different from normal airline operators. What is the process of request of such as service?

The client is a standard chartered flight operator who provides flight services as per the specific needs of the customers. Booking can be done through a website or through relationship managers.

Thank you. I would like to analyze the case in more detail. Profit is equal to revenue minus cost. Is there any information if the revenues have declined or if the costs have increased and by how much?

The client has experienced declining revenues and increasing costs.

Understood. Should I analyze both cost and revenue? Is there any specific area that I should take first?

Let us analyze both cost and revenue. You can begin by examining the falling revenues.

Revenue can be segmented into the number of chartered flights and the average charge per flight. Do we have any data on which of these has declined over the period?

Both the number of chartered flights and average charge per flight have declined. Why don't you first assess the decline in number of chartered flights flown and we can then move to the decline in average flight per charge?

Sure. The number of chartered flights booked over the period is equal to the maximum possible run multiplied by the booking %. Have we faced any issues that would impact our ability to execute flights or have the booking percentage gone down?

The maximum possible runs have remained the same. The booking percentage has gone down.

Understood. This means that demand for our services has gone down. In terms of customer journey, there are 4 key stages - brand awareness, pre-flight booking, service experience, and long-term engagement. Is there any specific segment that you want me to look at?

Our awareness efforts have remained the same and flight experience is one of the best.

Ok. Has there been any decline in the number of bookings in terms of new and existing clients?

Yes, there has been decline in both new and existing clients.

Sure. While I understand that customers can make the booking through the website and relationship managers, can you please elaborate on the booking procedure?

Consumers can book a chartered flight by directly contacting the relationship managers. When the consumer goes through the website, they can submit a request for a callback and one of the relationship managers will contact them.

Thank you! That is very helpful. I think, booking rates can be impacted by the website efficiency or relationship manager experience. Do we have any information if the website interface has been facing any issues or if the relationship manager process has suffered?

The website interface has not changed. Why don't you focus on the relationship managers aspect?

The relationship manager can be rated on service quality, service time in the short run, and long-term relationship development. Is there any other aspect involved and what is declining among these?

The relationship managers are trained to execute the service with quality.

Okay. Do we have any information about how long it takes for our relationship managers to fulfil a request and how it compares against the market average?

Based on preliminary market research, it takes ~7 days for relationship managers to process the request while the competitors are able to do it in 2-3 days.

Understood. The time taken to fulfill a request is equal to the total number of requests divided by the number of relationship managers and efficiency rate. Since the demand gone has down, I think we need to focus on the number of relationship managers and their efficiency rate. Has the number of relationship managers decreased?

No, it has remained the same.

In that case, we need to focus on the efficiency of relationship managers. The efficiency of relationship managers can broadly be impacted by the following factors – their ability to perform the task (adequate training, skills, and qualification, experience level), motivation to do the task (right incentive schemes), and opportunity to complete the task (conducive environment to aid them while fulfilling their task). Is there any specific area that you want me to focus on or I can go over them one by one?

Chartered Flight Operator – Interview Transcript (2/2)

I think you have arrived at the problem. We have been facing high attrition rates and have lost 2 out of 5 RMs. The new RMs are not that experienced and thus frequent changes has led to drop in efficiency. Why don't we move on to analyze the falling average charge per flight?
Great. Can you please help me understand a bit more about the pricing structure? Do we have a fixed charge per flight irrespective of the consumers or does the occupancy play a role?
For each booking, the final charge is segmented into a fixed charge for each booking and a variable charge dependent on the occupancy rate per flight.
Has there been a decline in fixed charge or is the decline in average charge due to lower occupancy?
The fixed charge has remained the same.
Okay. So, our occupancy rates have gone down. In order to analyze this further, I would like to break this down as per our two major customer segments – HNIs and corporates. Do either of them has a higher average occupancy rate and if their proportion in total bookings has changed over the period?
Corporate clients have higher average occupancy rates. Over the period the client has moved more towards HNIs with their share in total bookings increasing from 20% to 50%.
Understood. Then is it safe to assume that this shift towards HNI customers is the driving factor for our lower average charge per flight? Also, is the shift deliberate from our end?
Yes, you are right. The move is deliberate as we are better positioned. Why don't you look at the cost aspect?
Sure. I think the costs for a chartered flight operator can broadly be segmented into Fixed and Variable costs. Where Fixed Costs would include major cost items like Leasing, Employee costs, and maintenance costs and variable costs would include the cost incurred as per the flights – primarily fuel and Service Costs. Do we have information on which of the two may have increased in this period?
The increase in employee costs has been a concern for the employee.
Employee costs can be divided into cost for flight crews or non-flight staff. Do we know which has increased?
Only non-flight staff costs have increased. Can you think why based on the information shared?
Okay. Employee cost can be broadly categorized as – Salaries (including benefits), recruitment and training. I presume recruitment and training costs would have increased due to increasing attrition?
Good work! You may now summarize the case and go ahead with recommendations.
Sure. The client is facing high turnover rate which is leading to poor service speeds and higher employee costs. In short term, the client should focus on recruiting more experienced RMs,, identify reasons for attrition and create incentive schemes to reduce attrition. In the long term, I would suggest an end-to-end automatic booking process with minimal human involvement.

Chartered Flight Operator – Approach

Problem Statement

Your client is a chartered plane operator with declining profits. Evaluate its problem.

CASE FACTS

- Client is an Indian chartered flight operator
- Declining profits by 5-10% for nearly 1 year
- Other players in the market have not suffered
- Customers – Personal HNIs and corporates
- Business model – boking through website and relationship managers

INTERVIEWEE NOTES

- Important to understand the business model and different types of consumers
- Structured approach should be complemented by interviewer suggestion and feedback

APPROACH / FRAMEWORK

- Profits
  - Revenue
    - Number of Flights Flown
      - Maximum Possible Runs × Booking %
    - Average Charge per Flight
      - Fixed
      - Variable *by Occupancy*
  - Cost
    - Fixed Cost
      - Leasing Cost
      - Employee Cost
      - Maintenance
    - Variable Cost
      - Fuel
      - Other Utilities
      - Variable Comp.

Customer journey

Aware ness → Flight Booking → Pre-flight Experience → Long-term Engagement

Booking journey

- Website
- Call-back Request
- Relationship Manager
  - Efficacy
    - Abilities → Attrition Rates
    - Motivation
    - Opportunity
  - Number of Requests

7 days vs 2-3 days to book

Linked to Employee Cost

RECOMMENDATIONS

- Short-Term: focus on recruiting more experienced RMs, train the current staff better, identify reasons for attrition and create incentive schemes to reduce attrition.
- Long-Term: focus on developing an automated website booking system to reduce dependency on relationship managers, create a centralized system to increase speed and accountability, and refine our hiring pool to ensure good quality of recruits.

Fast Food Industry – Interview Transcript (1/2)

Your client is the owner of a famous Burger Chain in India with various outlets located in and around major tech cities - Hyderabad, Bangalore and Pune, near the major tech parks and major shopping malls. For the past two years it is facing decline in the profits. What's the reason behind it, and how would you improve the profits?

Just to reiterate, we need to identify the reasons for the decline in the profits of the burger chain and formulate strategy on how to improve the profits.

Yes, that's correct.

Before getting to the analysis, I wanted to know about the business in a little more depth: Is the issue of declining profits pertaining to a particular region or all three regions?

The profits have declined in the Bangalore region; for Hyderabad and Pune region, it has been increasing.

Ok, and Does the company operate through a franchise model or are a self-run business?

They are a self-run business. Why is it relevant here?

In some of the cases, it might happen that if there's a franchisee, then the operations remain standardized. But if they are a self-run business, they could try to change their operations depending on the different regions they are operating. So, they might have different streams of revenue or different cost structures.

Fair enough. Go ahead.

So now I would like to analyze the reason for the profits decline in the Bangalore region by breaking it down the profits into its two components - Revenue and Costs.

For this particular case, you can assume that the revenues have remained constant for the past years, but we have seen an increase in our costs.

Ok, so are the increasing costs an issue for both the outlets in shopping malls & tech parks or any one of them?

The costs for the outlets in the shopping mall have remained relatively in line with the revenue of the outlet.

To get the idea of the Tech park outlets - are those sites typical dine-in only, or they also have different services like drive-through and what are their operating times?

Good observation, they operate both dine-ins and drive-throughs in separate spaces but in the same areas. The dine-ins are operational from 10 am - 11 pm, but the drive-throughs open in the evening from 5 pm - 2 am.

Why is that they are not sharing the same outlet?

Its not relevant but you can assume that there might be some layout issues related to the construction of the drive-through.

In this scenario, I would like to break down the cost side by going through the outlets near Tech parks' dine-in service and drive-through service. Further, I'd like to divide the cost components into fixed & variable costs.

So, for the dine-in, the fixed costs would include the rent of the outlet, maintenance costs, employees' salaries, licenses, insurances, marketing and the variable costs would consist of the inventory, other utilities- uniforms, hourly payrolls.
For the drive-through, the fixed costs would include the rent for those premises, the employees, different insurance costs, licenses, & the variable costs would consist of the hourly payoffs, inventory, and other utilities. Is there anything else that I should consider?

No, this seems fine.

So do we know about the rents and payrolls for the dine-in outlets. Are they increasing?

No, they have remained constant for the past two years. You can consider that the fixed costs haven't increased much, and the variable costs are in line with the revenues. You may focus on the drive-throughs.

So, in case of Drive-throughs as I discussed the fixed and variable costs, I am assuming the insurance costs, licenses and other utilities will be most likely constant. So, is there any issue with the employee salaries and the variable hourly payrolls.

Yes, the fixed employee salaries have increased significantly and also the hourly payrolls have gone up. Could you rationalize the reasons?

This could because of the following reasons- The fixed number of employees has increased in the drive-through outlet and their salaries have increased, but if we consider the increase in salary this would have also affected the dine-in outlets, so this could be attributed to the increase in number of employees owing to the increased footfall. The other reason could be the hourly payrolls have increased for the employees working late in the night with their numbers also increasing and mostly during the weekends.

Seems fine. So, what suggestions would you give to address these issues?

Ok so as we have now identified the cause of the increased costs, I will move towards the recommendations. Firstly, we need to identify the choke points in the system. So, the various components in a drive-through are -

- Microphone to place your order
- Employee listening to the order
- Movement of the burger order
- The window where the customer interacts with the employee to take the order

Makes sense. What can we change across these steps?

In the following points to reduce dependence on the employees, there are several points that could be automated. The order placed could be connected to a voice recognition system to automate the order placement. The window where the employee gives the customer could be replaced by another type of vending machine where the employee in the kitchen could put the order in a specified segment in the machine which could be accessed through an OTP given while placing the order. A conveyor could be used to transfer the food from cooking area to the segments of the vending machine.

Fast Food Industry – Interview Transcript (2/2)

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Alright, is there anything else we can look at to reduce costs?

Another thing that could be done is to see if the number of employees in the night shift which are on hourly payrolls is justified with the number of the customers coming during that time. If its not justified, the drive-through's timing could be changed accordingly. Do we have any data about the arrival patterns?

The peak hours are 9 pm to 1 am, and average arrival before that. But after 1 am, it is very low.

So as the arrival is very less during 1 am to 2 pm we could change our operating hours from 5 pm to 1 am.

That's good. Do you think Capex for the automation sector could be justified?

Yes, I think even in the changing technological scenario automation provides you an added advantage of having a competitive advantage while reducing the redundant work.

Continuing on the lines of automation, consider the burger chain contracted some vendors and received a deal for coffee machines. So where do you think these machines could be used and how do you justify going ahead with this venture?

Ok, so to analyse the scenario we have to look at the consumption patterns of coffee. So, I would like to analyse the footfall in different regions at different times of the day and also the coffee demand in the different regions. So, is there any data related to that?

Yes, they had already done a market survey in all three regions. It is found that the coffee drinkers are most in Bangalore followed Hyderabad and Pune but not much difference. Also, the footfall is max. around 9-11 am.

So, do we know anything about the age group of the consumers?

Yes, there's a particular age group which consumes more coffee: 25-40 years.

Can we infer that from the given data that given the particular environment that there is in these cities, i.e., tech culture with most of the professionals working in tech firms and arriving to the office effectively at that time when the coffee consumption is also at the peak.

It's a valid inference.

In order to deploy the vending machines at the most optimal areas, it is necessary that they are near or around the major hotspots, i.e., around the Tech parks in all three regions, where the working professionals could have easy access to quality coffee without any hassle. So, the coffee vending machines could be used in the outlets near the tech parks to be better placed to succeed in this venture. Moving to the justification of the venture, do we have any data about the capex of the chain pre-decided for the vending machines and what are the total number of outlets in these three regions near the tech parks?

There are in total 4 dine-in outlets near tech parks in Pune. In Hyderabad, there are 5 dine-ins and for Bangalore, there are 7 dine-in outlets and 4 drive-throughs. In Hyderabad and Pune, there are no drive-throughs. They have a agreed upon capex of INR 10.5 Lakhs initially.

So, if we assume that a general vending machine costs around INR 35,000, so we can purchase 30 machines. And to reduce the bottlenecks we can install 2 machines in each of the outlets except for only one in two outlets in Pune. To get to know about the breakeven, is it safe to assume that the variable costs per dispensed cup is INR 30 depending on the premium quality, cost of standardised good quality cups and size of the serving. And what are they thinking to price per cup of coffee at?

Go ahead with the assumption. They are thinking of pricing it at around INR 100 per cup.

We have the fixed price, the variable price and the selling price, so we can find the break-even values for the number of cups to be dispensed for all the three regions. For Bangalore, it is 7000 cups, for Hyderabad - 5000 cups and Pune - 3000 cups.

So, if we consider during the peak hours i.e., between 9-11 am the arrival is 20 per hour and for the rest of the day it could be averaged out to ~2 per hour. So, for the day it is - 42 per day. For Hyderabad let's assume 80% w.r.t. to Bangalore and for Pune, let's assume 60% w.r.t. Bangalore. The number of cups per day in Hyderabad - 33 and Pune - 25.

The investment could be recovered around 170 days which is approximately half a year. So, if they want to use it in different regions and different outlets they can plan accordingly. So according to me they should go ahead with the venture.

Thanks, that would be all.

Fast Food Industry – Approach

Problem Statement

Your client is an owner of a famous Burger Chain in India. Identify the problem and provide recommendation to tackle the issue.

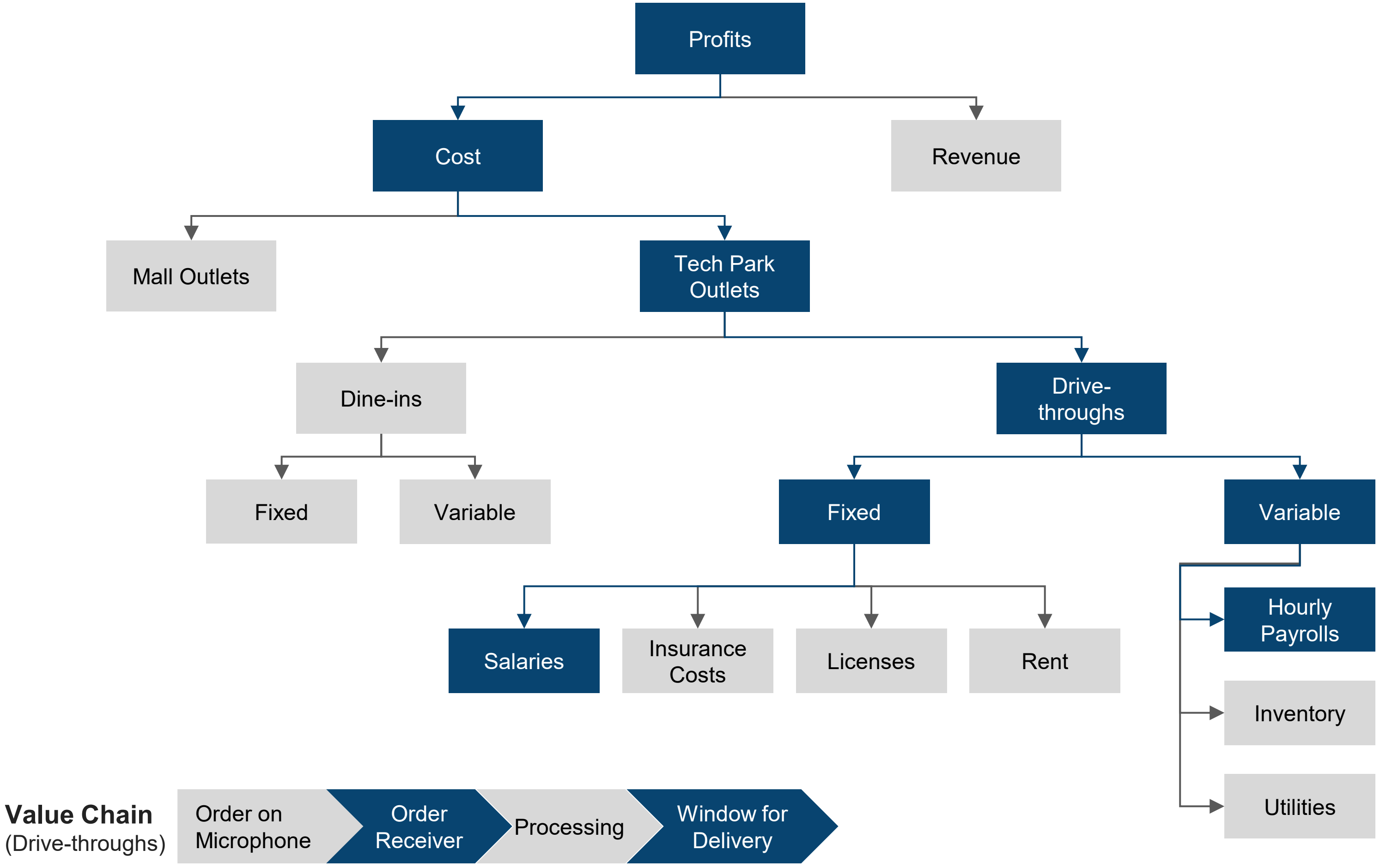
CASE FACTS

- Client has 20 burger joints in three regions with problem in Bangalore region
- Tech park and mall outlets
- For coffee vending machine- Peak hour for consumption: 9-11 am
- Capex for vending machines- INR 10.5 Lakhs

INTERVIEWEE NOTES

- Reduced profits over two years time because of increased costs
- Identify the cost-side issues
- Two types of outlets- Tech park and Mall outlets, Issue only in tech park outlets
- Identify the value chain choke points
- For vending machines- consumption trends & age group
- Justifying capex through breakeven analysis

APPROACH/ FRAMEWORK



RECOMMENDATIONS

- Use automation in the value chain of the drive-ins to reduce the number of employees to keep the salary of the employees under control.
- To keep costs related to hourly payrolls less, change operating hours from 5 pm to 1 am
- For vending machine, install the machine in the outlets near to the tech parks and go ahead with the venture

OBSERVATIONS

- It is necessary to understand the business model of the chain, even if there's some doubt clarify it to get a clearer picture of the issue
- Along with this, it is important to understand the value chain of any offering

Textile (Retail) – Interview Transcript

Your client is a leading textile company in India. Recently it has been experiencing a decline in its return on capital. Could you analyze why?

Sure, I would like to begin by understanding more about the company and its products. What geography does the company cater to? Could you please tell me about its product portfolio?

The client sells different types of menswear and womenswear through retail outlets. Their stores are spread out across India, mostly in Tier-1 cities.

Alright. So that implies that the client buys clothes from wholesalers and sells it to consumers through retail outlets, is that right? Is the decline related to a particular store or region?

Yes, the client procures from suppliers and sells to final consumers. The decline is across all the stores in India.

Noted. Do we have any information about the quantum of the decline and since when this happened?

There has been a 4% decline in the last year.

Are other players in the industry facing this same issue?

No. It seems to be a problem specific to the client's firm.

Right. Are we considering the returns to just the equity shareholders or the overall return to the firm?

The decline is based on the overall long-term capital.

Great! I would now like to dive into the case and structure it to get to the bottom of the problem. I will begin by breaking down Return on Capital into its component parts: Operating Profits and Capital Employed. Next, I will identify which of these are a problem and further look into factors that may have changed to alter either of these. Would you like me to proceed in this way?

Yes, that sounds like a good start. Why don't you go ahead?

Since ROC is a function of profits & capital, I'd like to know if profits have fallen, capital has increased, or both.

The capital employed by the firm has increased.

Okay. This implies that the firm is needing more capital than earlier to earn the same amount of profits, right?

Yes, that is right.

To analyze why more capital is being used to generate the same profits, I would like to break down capital into its constituents. If we look at which assets are being financed, we can divide the capital into two parts- fixed capital and working capital. Fixed capital is the permanently deployed capital in the business, that would have been used to fund the land, buildings, machinery and other such assets of a long-term nature.
On the other hand, working capital is used to meet the day-to-day operational cash requirements of the firm. Can we compare the balance sheet as on date with last year to understand if one or both of these components have increased?

That's a good idea. On comparing the two balance sheets, we find that the working capital invested in the business has increased.

Right. Since working capital equals current assets less current liabilities, we can further break down working capital by analyzing current assets and current liabilities separately. Current assets would include cash and bank, inventories, trade receivables, prepaid expenses, short-term investments, and advances. There can be other elements as well, but I am assuming these are the major heads. Is this assumption valid?

Yes, you can proceed.

Great. Similarly, we can segregate current liabilities into trade payables, short-term loans, accrued expenses, bank overdrafts and unearned revenues.
The next step would be to find out if any of the constituents of current assets or current liabilities have seen a pronounced change from last year. Alternatively, multiple constituents might have changed in small amounts resulting in a large aggregate change. Do we have numerical data that can help confirm either hypothesis?

From the balance sheets, we can say that there is a stark difference between trade payables in the two years.

For working capital requirement to have increased, trade payables would have to fall given the relationship defined earlier. Now we could look into possible reasons why the firm's creditors have decreased. Can I proceed with this approach?

Sure, go ahead.

Some reasons why this might happen are as follows:-
First, the firm's suppliers might have changed, and the new suppliers have allowed a smaller period of credit than the earlier ones. However, this would have possibly had an impact on the cost of goods sold as well and thereby the profits, unless the price levels between suppliers are fairly similar.
Second, the existing suppliers might have changed their credit terms resulting in a shorter credit period and thereby lesser payables. Have either of these events occurred?

Not really. Are you aware of how credit terms are framed in such contracts usually? Maybe that could help you pin-point the issue.

From what I know, suppliers usually allow retailers a certain period, say ten days, within which they have to make the payment for supplied goods. If the retailer makes the payment before that, he may be eligible for a cash discount, which is calculated usually as a percentage of the purchase price.

Correct. So what might have happened here?

The client may have changed its policy of payment to the suppliers. Earlier, the client would have been paying them the dues beyond the stipulated payment period. However, to avail the cash discount this year, the client could have reduced the credit period. In all probability, the benefit from the cash discount was outweighed by the increased working capital requirement as a result of the decrease in credit period from the suppliers.

Great. So what working capital changes would you recommend for increasing RoCE?

Since current liabilities have decreased, we can either consider decreasing current assets or increasing current liabilities. Current assets can be adjusted either by factoring receivables or offering cash discounts to client's buyers for early payment. Reverse factoring can be explored to increase current liabilities.

Alright. That makes sense. Let us wrap it up here. Thank you.

Textile (Retail) – Approach

Problem Statement

Your client is a leading textile company in India. Recently it has been experiencing a decline in its return on capital. Could you analyse why?

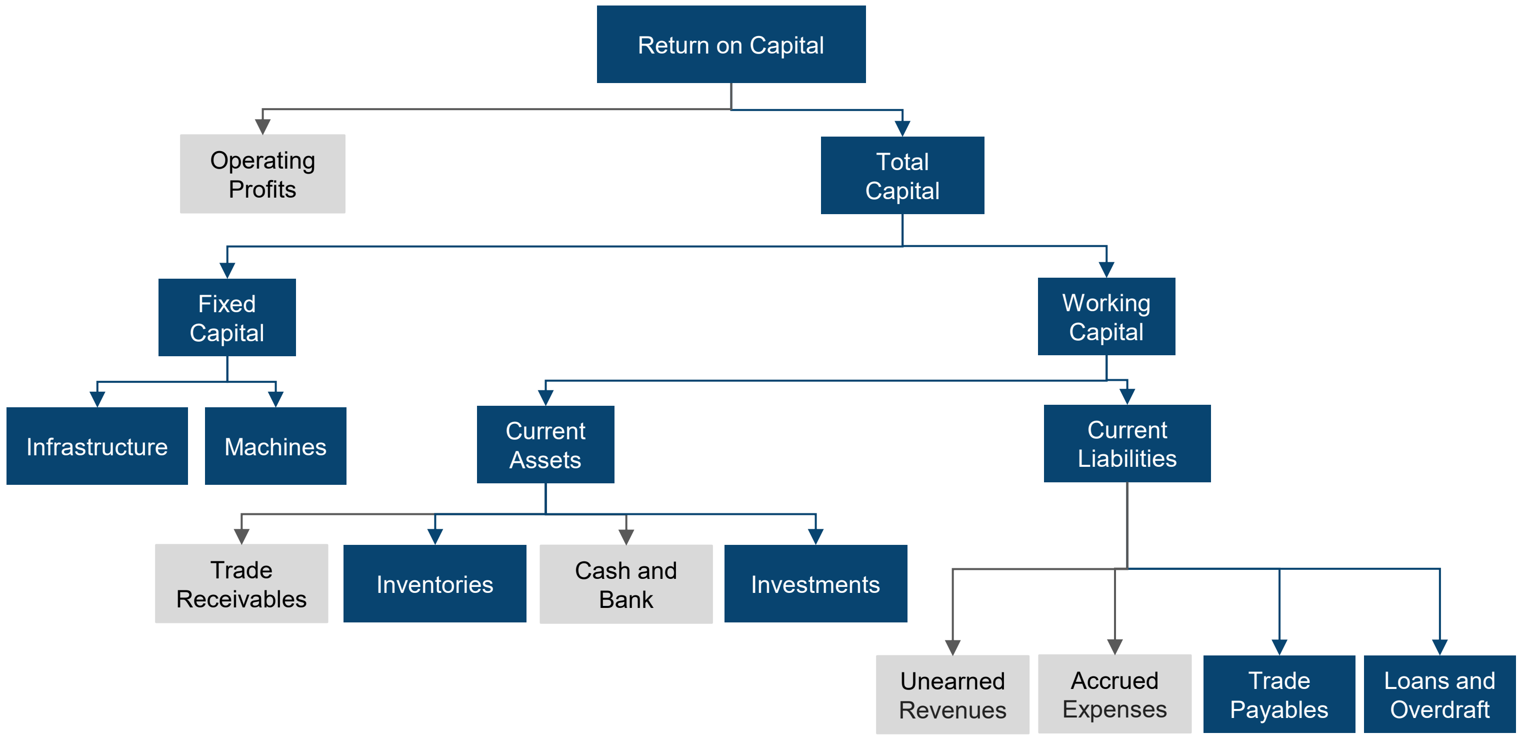
CASE FACTS

- Leading textile company in India (retail)
- Decline in return on capital (4% decline last year)
- Problem specific to the firm and not industry
- Focus on overall return on capital (not equity)
- Capital employed by firm has increased

INTERVIEWEE NOTES

- It is important to understand whether the cause of decline is due to profits or capital.
- Balance Sheet structure and retail-specific purchase contracts need to be focused on
- Decline is because of higher working capital requirements.
- Trade payables have reduced due to change in firm's policy towards supplier credit terms

APPROACH/ FRAMEWORK



RECOMMENDATIONS

- Shift back to the old policy of the extended credit system rather than availing the cash discount
- Another alternative is to negotiate with the suppliers in order to extend the period within which cash discount can be availed
- Negotiate with customers in order to reduce trade receivables or avoid selling before payment (zero-debtor policy). This would free up some working capital

OBSERVATIONS

- It is important to be aware of the different components that constitute capital
- Textile industry-specific knowledge could help to ascertain forms of contracts and thereby reasons for the decline

Beverage Manufacturer – Interview Transcript (1/2)

Your client is a leading beverage manufacturer. Recently it has been experiencing a decline in its profitability. They want you to analyse the causes.

To begin with, I would like to know the timeline and magnitude of decline.

The decline has been observed over the past 1-2 years and has been around 5-10%.

Alright I would now like to understand the client's business a little better. Specifically, I would like to know about their geographical presence, product segments and parts of value chain that they operate in.

They manufacture, distribute and retail two kinds of products: fruit juices and beer, across India.

Okay. Has the decline been observed in a particular product segment or both? Also, who are their major competitors in this space, and have they experienced a similar decline or is the problem specific to the client?

There is strong competition in the industry, both in fruit juices and beer categories. The decline for client has been observed in the beer segment and is specific to the client.

I will begin by breaking down profits for beer business into its component parts: Revenue and Cost. Next, I will identify which of these are a problem and further look into Internal and External Factors that may led to a change in the revenue or the cost structure for the category. Would you like me to proceed in this way?

Sure. The revenues for the client have remained the same and are on par with the industry. I would like you to focus on the costs.

Alright, to proceed with my analysis, I will look at the steps in the value chain of the client's product and narrow down the possible areas where the costs may be rising.

Okay, please go ahead.

For a beer manufacturing firm, the value chain can be broken into raw material procurement, processing, packaging, storage, distribution and retail. Additionally, there will be transportation between these steps. Is there any step that I am missing, and you like me to focus on?

Well, to answer that, I have a question for you. Typically, when you go for a beer at a place, how do you dispose of the bottle?

I leave it at the restaurant. I presume the restaurant either throws those bottles away or passes it forward for recycling. Okay, so this means that there could be another step in the process after sale- returning of bottles and reverse logistics.

Bingo! Please proceed with your analysis.

Thanks. Has the client observed the cost increase in any particular step of this value chain?

The packaging costs for the client have risen.

Has the client made any recent changes to the packaging?

Yes, the bottle design has been slightly altered.

Alright, then the increase can be driven by increase in per bottle price by the vendor, which is likely because the bottle design has been altered or by the increase in number of bottles we purchase. Do we have an understanding of which of the two have increased for the client?

The unit prices have not changed. The number of bottles purchased has increased.

Okay so it seems like though the revenue has stayed constant- which means that unless the client has changed product prices, the number of bottles sold would have remained almost same, still the number of bottles purchased has increased. Now, based on our discussion so far, the packaging for the client could be sourced in three ways- in-house manufacturing of bottles, purchase from a vendor and refilling of the returned bottles. Which sources does the client use and has the increase been observed in any particular category?

The client does not manufacture bottles in-house, only purchase and refills. The purchase of bottles has increased.

Okay so my hypothesis at this point is that the increase in purchase of bottles is because of the decrease in refilled bottles. Reason being, as the refilled bottles would logically be lesser costs than purchased bottles, the client would most likely prefer to have maximum refilled bottles, which is why the increase in purchase of new bottles must be driven by decrease in refilled bottles.
To understand the decrease in number of refilled bottles, I will look at the reverse logistics chain for the bottles. After consumption, one would typically return these bottles to the stores or restaurants. Then these would be collected and then transported to the company's storehouses. Does this approach seem okay to you, or should I relook at it?

It is alright, let us go forward and test your hypothesis. The bottles, as you mentioned, after being returned to stores by the customers, are collected by a district level collector who then transports it to the client's warehouses.

Okay, so the decrease in number of bottles returned could happen at multiple points within this process. It could be because of decrease in number of bottles returned by the customers, which could be due to things like issues with ease of returning or maybe due to changed bottle design customers would like to keep the bottle and reuse on their own. The decrease could also be because of the number of bottles returned by shops - which might be possible if they've found some cheaper recycling alternatives or reselling options etc. It could also be because of losses on the way in transportation or losses in the client's warehouses. Is there any particular category you would like me to focus on?

Yes, I would like you to dig deeper into the transportation losses.

Okay, so transportation losses could be intentional or unintentional. The intentional category is where the transporter is intentionally reducing the number of bottles- like stealing some and reselling to other high paying company and the unintentional category is wherein the bottles are getting damaged. Which of the two factors would you like me to analyze first?

Beverage Manufacturer – Interview Transcript (2/2)

Assume that our partners are all trustworthy and we have foolproof contracts to protect us against such thefts. Go ahead and analyze the “unintentional category”.

Okay the damage to bottles can be inflicted at three points: loading, transfer and offloading. In case of loading factors like rough handling could affect. In case of transfer many road, driver etc. related factors could be responsible. In case of offloading, factors like changes in the offloading bin could be a reason.

Onloading-offloading are smooth, those employees are seasoned and responsible.

Okay then it has to be transfer. During transfer there could be two kinds of factors that could affect the losses - internal and external. Internal factors are the ones that are internal to the bottle and likewise external factors are external to the bottle. I will look at the external factors first. Has there been any change in the route, vehicle, driver, container?

Nope everything is same.

Okay then I will analyze the internal factors. The bottles inside the truck, could be getting damaged because of collisions between each other or because of falling down. Now since the design of the bottles has changed, it is likely that the new design is more prone to toppling due to changed fitting within the crates (which were fit for earlier bottles). Increased collisions could also occur due to a similar reason.

Great. So how do you suggest we can manage this?

I would structure my recommendations into two parts: reducing the decline in number of bottles lost and newer ways to reduce costs of the bottle.

Ways to reduce decline in number of bottles:
1. Redesign better crates to avoid collisions and falling of bottles.
2. Another way could be to design a method to horizontally store bottles in the truck to reduce chances of falling
3. Ensuring that the truck goes completely full so that there is lower degree of freedom for the bottles, and they don’t move from their place and fall/collide.
4. Consumers can be incentivized to return more bottles, through ad campaigns, environment cautious communication offers, art installations etc.

Ways to reduce costs:
1. Look at recycling options through the vendor- for example selling the bottles back to the vendor for recycling. This income can offset the purchase costs.
2. Look at other packaging materials- probably like tin cans- however this would involve a significant marketing effort.

Okay thanks for those suggestions. We can close the case here.

Beverage Manufacturer – Approach

Problem Statement

Your client is a beverage manufacturer who is facing a decline in profitability. They want you to figure out the reason for the same

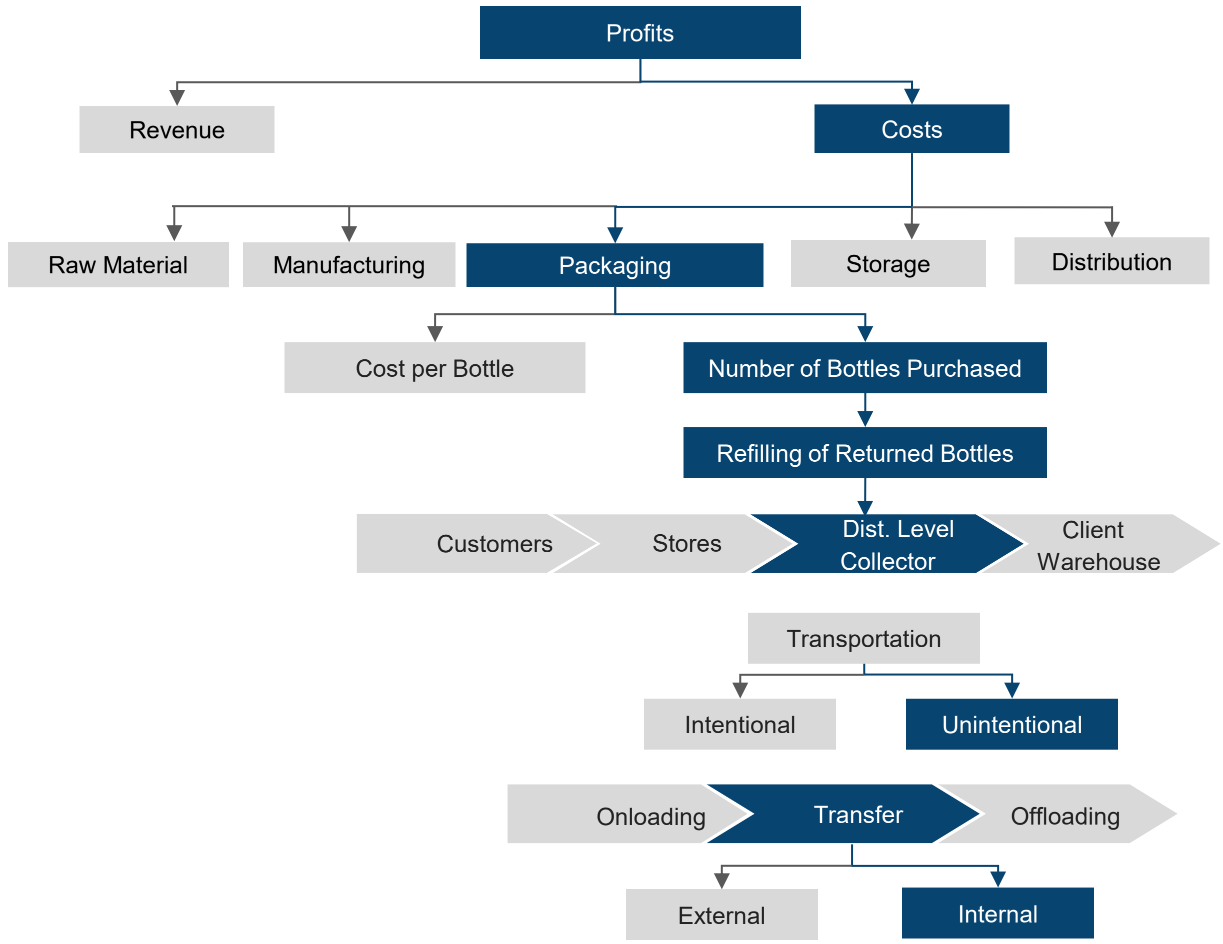
CASE FACTS

- Beverage manufacturer dealing in 2 kinds of products- fruit juice and beer across India.
- Client specific decline, over past 1-2 years.
- Focus on profits from beer. Focus on the cost side.
- Packaging has changed and packaging costs have increased

INTERVIEWEE NOTES

- Include returning of bottle or reverse logistics in the value chain.
- Increase in purchase cost can be driven by increase in bottle cost or number of bottles purchased.
- Increase in bottles purchased is due to decrease in refilling of returned bottles.
- Transportation losses can happen at three stages- loading, unloading and transfer.

APPROACH/ FRAMEWORK



RECOMMENDATIONS

- Redesign crates or store bottles horizontally in trucks to prevent collisions and falls
- Ensuring the truck is fully loaded to limit bottle movement and prevent falls or collisions
- Incentivize bottle returns through ads, eco-friendly messaging, offers, and art installations
- Explore vendor recycling options, such as selling bottles back, to potentially offset purchase costs

OBSERVATIONS

- When it comes to consumer goods, it is better to analyze the costs through Value chain- that way it is unlikely that you will miss any cost.
- It is important to take interviewer's buy-in to ensure that no steps are missed. Like here, it let to identification of reverse logistics.
- Relating previous findings with analysis at later stage is also crucial.

Steel Industry – Interview Transcript (1/2)

Your client is an integrated steel manufacturer in India. Its current profitability is 4-5% and is higher than the industry average. However, the client believes that there is potential to improve the profitability further and needs your help in analysing the situation.

I would like to ask some preliminary questions. Can you please help me understand what does the term integrated steel manufacturer mean?

The client handles end-to-end steel manufacturing processes including sourcing of raw materials from suppliers, processing raw material to crude steel and then finished steel, and then selling it to end customers.

How many plants does the client own and where are they located?

The client owns a single plant in central India. Also, there are no plans to expand elsewhere.

What is the final product the company is selling? Who are the end customers?

The company sells steel sheets, steel rods or hollow pipes primarily to automotive industry, pipes industry and construction businesses. You can assume they all contribute equally in our sales.

Who are the major competitors and how are they performing?

The competitors are small local manufacturers and companies from China. They are not performing as good as the client. This is because the client has better quality products and charges premium for it.

So, the objective is to increase the profitability. Do we have any targets in mind?

None as such. We are just exploring to check if there exists an opportunity in reducing costs as our prices are already quite high.

Interesting. We can divide our costs primarily into raw material sourcing, manufacturing, storage, distribution, general and administrative costs.

Sounds reasonable. Go ahead.

Consider the first kind of cost – raw material sourcing. There are three elements involved here – cost of raw material, alternate raw materials and supplier contracts. Can we assume that cost of raw material cannot be changed much as iron ore is a commodity?

Yes, I think it is a fair assumption. In fact, why don't you look into supplier contracts? Based on discussion with the client team, it is apparent that they have too many suppliers.

Sure. Having too many suppliers can be problematic as it increases the cost of supervising them and also increases the cost of raw material as there are fewer bulk deals. It also affects the supply guarantee.

So, what do you suggest? How should we go about this?

The first step will be to ensure we have sufficient supplies available with the suppliers to meet the client's increased demands if we opt for supplier consolidation.

Some of the suppliers have more capacity than the clients' needs.

Interesting. Then we should be providing incentives to the suppliers through bulk deals and guarantee order quantity. Secondly, to ensure quality of the product we should put contractual obligations on the suppliers to meet quality requirements and timely deliveries. Also, we can explore alternate raw materials to bring down our costs. Do we have any information on the quality requirements by the various industry groups – automotive, pipes and construction?

Quality requirements are quite high for automotive and construction industries. However, piping industry doesn't have stringent requirements.

Great. Then that implies we can use additional raw materials such as iron ore scrap from our own plant which will bring down the raw material costs significantly.

That sounds interesting and doable.

Moving on to manufacturing, what are the current efficiencies of the plant? And what processes go into the manufacturing of the different products – sheets, rods, and pipes?

The current plant efficiency is greater than 95% and is above industry standards. We can explore the processes though. The client currently prepares all three products with the same quality.

And why does the client prepare them to the same quality standards despite different market requirements?

The plant currently has only one blast furnace, which converts raw material into crude steel. There is high set up cost associated with it and thus manufacturing settings cannot be altered.

If I hear you correctly, then there is possibility to separate the production lines for the products and save on the costs for pipes. Is that right?

Yes. In fact, the R&D has been working on this.

Great, then we can move on to storage. Is the client facing any issues there?

Yes. The client currently has lots of inventory piled up at its warehouse.

Can you please help me understand which products currently have high inventory levels?

I cannot specify it by product. The final output is made as per the customer specifications. However, sometimes the customers delay payments for previous orders, and so, the managers decide to hold the second delivery unless the previous payment is made. This sometimes hampers customer relations. As a result, the orders stay in warehouses for more than the speculated time.

So, we should be focusing on fast payments from customers for clearing inventory levels and improving customer relations. Is that right?

Yes. It looks like a big challenge.

What is the current credit policy for customers during purchase?

The client currently provides 30-day credit to the customers during purchase.

Steel Industry – Interview Transcript (2/2)

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We can incentivize the client using 2/10 net 30 credit policy. This involves providing discounts to customers who pay in full within 10 days from purchase. As a result, the debt collection can be sped up and the demand variability will reduce, thereby, clearing inventories. Also, it will be a win-win strategy as customers also get 2 percent discounts and can reduce their purchase costs.

I think it is good suggestion.

Lastly, can you help me understand the current distribution process?

I think it is optimized and has not further scope for improvement. Let us skip this part.

Great. So, I will quickly summarize our findings and recommendations for the same.

Sure. Go ahead.

The client is trying to solve for profitability. We analyzed the steel manufacturing value chain for the client, involving raw material sourcing, manufacturing and R&D, storage, and distribution. We found three problem areas:

1. The suppliers are fragmented
2. Current manufacturing process produces high quality products only and changing settings to adjust to product quality is not possible
3. There is inventory pile up at the warehouse due to issues with credit collection

It is recommended that the client makes the following changes in its process to reduce its costs:

1. Supplier consolidation and contract refining for timely orders, bulk deals and stringent quality requirements
2. Using scrap as raw material
3. R&D focus on new methodologies for improved manufacturing line
4. Revising credit policy to 2/10 net 30 credit terms

Thanks! That would be all.

Steel Industry – Approach

FRAMEWORK

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Problem Statement

Your client is a steel manufacturer who wants to increase its profits. It wants you to identify the key problem areas and solve them.

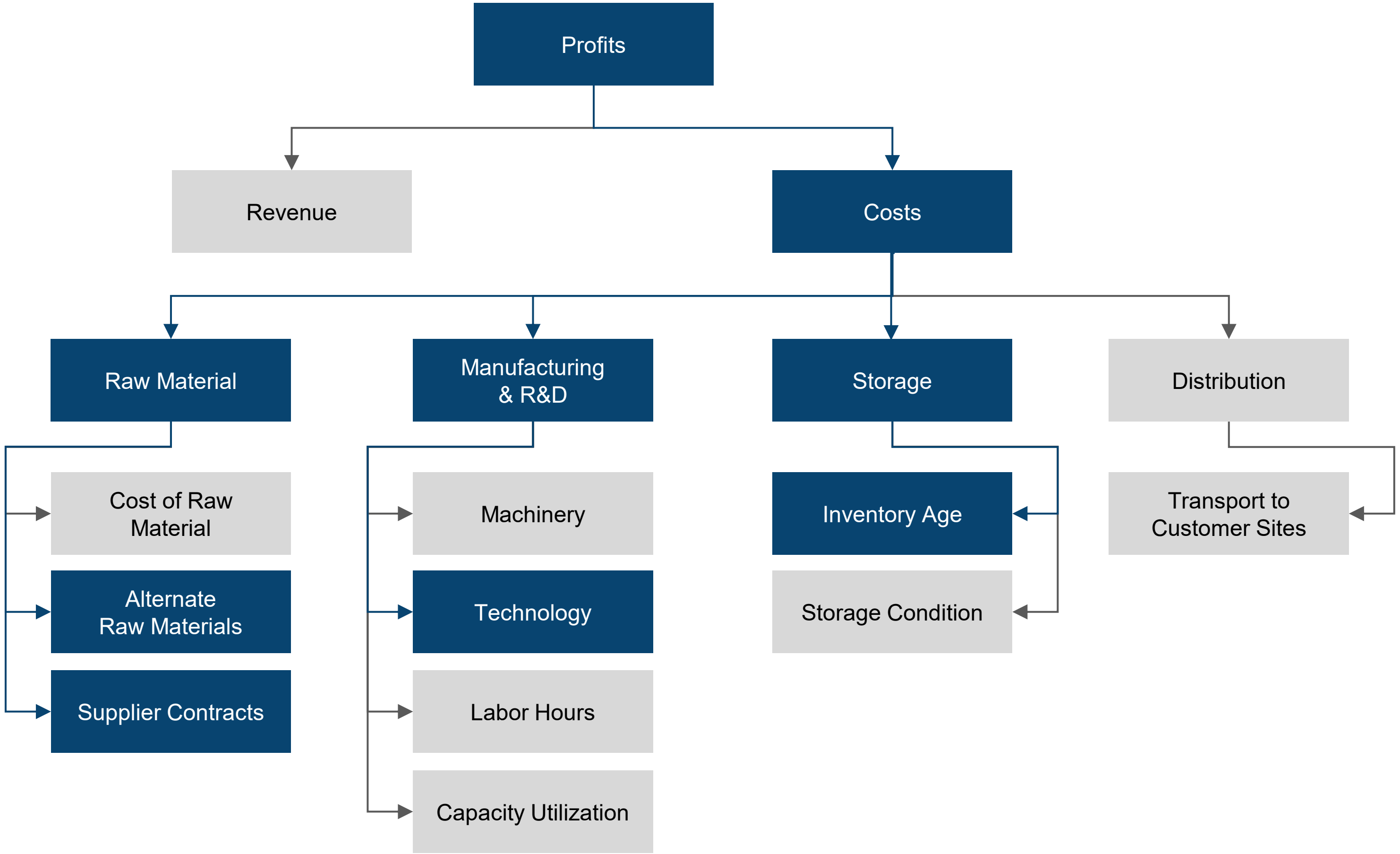
CASE FACTS

- Client handles end-to-end steel manufacturing process via the only set-up plant in central India
- 3 types of products sold – sheets, rods and pipes
- 3 types of clients – automotive, piping and construction industries
- No major competition & the focus is on selling quality products
- 30-day credit policy for customers

INTERVIEWEE NOTES

- Improve profitability by focusing on costs
- Value chain elements for manufacturing should be focused on
- Supplier consolidation and alternate raw materials can help lower costs
- Separate production lines for the three products to help reduce manufacturing costs

APPROACH/ FRAMEWORK



RECOMMENDATIONS

- Supplier consolidation must be conducted, and supplier contracts should be revised for timely orders, bulk deals and stringent quality requirements
- Consider using scrap as a raw material
- Focus R&D on developing new methodologies for a new and improved manufacturing line
- Revise credit policy to 2/10 net 30 credit terms

OBSERVATIONS

- It is important to understand every factor that can affect a particular cost
- Steel industry related terminologies should be fully understood to be able to produce recommendations

Grocery Retail Store – Interview Transcript (1/2)

Your client is a grocery retail store owner. Recently it has been experiencing a decline in its profits. They want you to analyze the causes and recommend solutions for the same.

To begin with, I would like to know whether the profits is being affected at a single store or a chain of stores. I would also want to know the timeline and the magnitude of the decline.

It is only a single store. The decline has been observed over the past 1 year and has been around 5-10%.

Alright, where is the store located, and for how long has the store been open?

The store is in an urban city, right next to a metro station. It has been open for the past 5 years.

Okay. So, the client has been facing this problem only since last year. Next, I would want to know whether this problem of decline in profits is being observed by other grocery stores nearby?

The other stores have not seen a decline.

Okay. I believe that a typical grocery store would sell all kinds of product categories, ranging from fresh fruits & vegetables, packaged and frozen foods to household, healthcare, and personal care items.

That is correct. Let's also assume that selling these products is the only source of revenue.

Okay, I just had another question regarding where the client lies in the value chain? Do they only procure and sell products, or they have an in-house brand that they manufacture and sell in the retail store?

The client does not have an in-house brand. They only purchase and sell products of different companies

Great! I would now like to dive into the case and structure it to get to the bottom of the problem. I will begin by breaking Profits into its component parts: Revenues and Costs. Next, I will identify which of these are a problem and further look into factors that may have changed to alter either of these. Is this approach alright?

Yes, that sounds like a good start. Why don't you go ahead?

Since Profit is a function of Revenues and Costs, I would like to know if the revenues have decreased or if the costs have increased or both have happened simultaneously.

The costs have remained the same, but the revenues have declined.

Okay, looking at the revenues, the major heads of revenue would be selling of different product categories, as mentioned before. Has the client seen a decline in any one of these categories or multiple categories?

There has been a decline in all the categories.

Okay, that is interesting. The problem of decline could either be a demand side issue or supply side issue. Supply side issue would consist of whether the client has enough products available in the store or the products are available, but the store is unable to sell them. Demand side issue would consist of a drop in consumer demand of the products in the client's store. Do we know which of these it could be?

There has been no change in the supply and availability of the products, it is more of a demand side problem, could you further look into this.

Sure, I would break down the consumer demand in the following way, the revenues would be: (Number of customers in the nearby area) * (% of customers that enter the store) * (% of customers who buy the product) * (Average ticket size). I would want to analyze these factors one by one.

Sure. Let's assume that the number of people in the city and in that area haven't changed or decreased.

Okay, it would be highly unlikely that they would have decreased as it would also lead to a decrease in profits of nearby stores. The problem could lie in number of customers that enter the store or % of them that buy the products or the Average ticket size.

Yes, go ahead. The client has seen that the number of customers entering the store has decreased.

Okay, to analyze this I would want to investigate the following four factors: The promotion and awareness of the store amongst the customers, accessibility to the store, the prices of the products and the kind of products being sold in the store.

Do you think that this would cover all the aspects?

Okay, maybe not. I would want to look at the customer journey instead

Yes. Go ahead with this approach.

Sure, looking at the customer journey. I would want to break this down into three parts: Pre-Buying, During-Buying and Post-Buying. Pre-Buying would include the journey from the decision of buying groceries to reaching the store. During- Buying would include the journey from entering the store to leaving the store, Post-Buying would include the journey after the customer has left the store. Is there something that you'd like me to focus on?

This covers almost all the aspects. I would want you to look at the During-Buying journey first.

Sure, The during buying journey would include the journey from entering the store to leaving the store. I'll break it down into two parts: find & procure the products (ease of finding the products, which would include collection of a basket, browsing through the products, checking for the freshness of the product, whether they require any help in finding the products, and their accessibility) and then proceed to the payment counter, payments can be done through cash, cards, online payment, or some other method of payment. Am I going in the right direction, or have I missed out on something?

Yes, you are going in the right direction. The products are easily accessible and are available and let's also assume that there are enough employees in the store to help the customers in the buying process.

Okay, that means that there is an issue with the payment process I would now like to look at the payment process.

Sure, go ahead.

Looking at the payments, I would want to know percentage share of different payment methods.

Grocery Retail Store – Interview Transcript (2/2)

Majority of the customers use cards, followed by cash for making transactions.

Alright, I will analyze the payments through cards first and then look at the cash transactions. Looking at the pain points that the customer might face. I can think of high transaction failure rate, or unusually high processing time.

Indeed, the transaction failure rate and processing time has increased.

Okay, that explains why lesser customers are entering the store and making purchases – their payments are not going through.

Yes. Can you identify reasons as to why this might be happening?

The reasons behind the fault in payment systems can be due to 3 types of reasons:

a) **Machine related –** The PoS machine might have issues like lack of servicing, obsoletion, etc. which are hampering its performance
b) **Operator related –** The PoS machine operator might be facing challenges with respect to technical know how or general operation
c) **Environment –** Other external factors which could influence the payment performance

Interesting. Focus on the third category.

Environmental factors could include issues related to network connectivity & power infrastructure, location of the machine within the store or external factors such as extreme weather, construction, etc.

The construction activities of a new line at the nearest metro station have led to a loss of signal of the card machines at multiple times during the day due to which there has been high processing time and failure rate of transactions. Can you think of some other issues which could happen as a result of the construction activity?

Sure – due to the construction activity, Metro travelers might find it difficult to visit the store, leading to a reduction in footfall.

That's correct, we have seen a significant reduction in footfall amongst people who travelled via metro. Can you come up with recommendations to help solve this problem?

Firstly, the store can try to arrange a wired connection for the PoS machine to ensure reliable connectivity. It could also install repeaters to improve signal strength. Additionally, if payments are causing issues, the store could look to set up credit accounts for its regular customers, wherein they can continue making purchases and pay at the end of the month. This would ensure that the customers only have to worry about payments after a fixed period of time.

Secondly, if people are unable to come to the store, the store can start home delivery of the products.

Thank you. We are done with the case.

Grocery Retail Store – Approach

Problem Statement

Your client is a grocery retail store owner. Recently it has been experiencing a decline in its profits. They want you to analyse the causes and recommend solutions for the same.

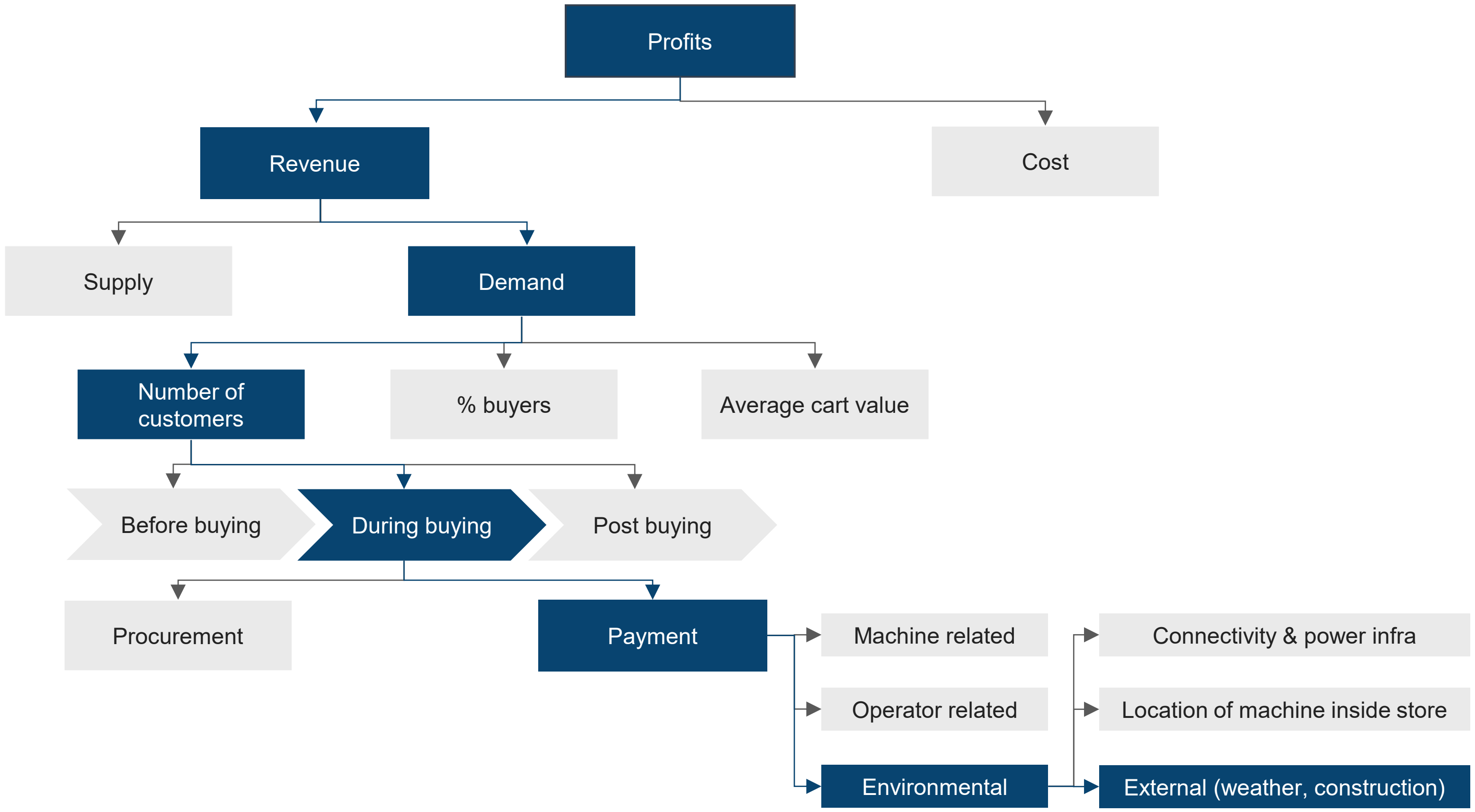
CASE FACTS

- Problem specific to only the client and not other grocery stores.
- Revenues have declined across all categories.
- Accessibility of the store has led to less customers
- Payment process affected by poor signal due to construction

INTERVIEWEE NOTES

- It is important to understand whether the cause of decline is due to low revenues or high costs.
- Customer journey needs to be focused upon for decreasing numbers.
- Less customers because of low frequency of metro trains and lower parking space.

APPROACH / FRAMEWORK



RECOMMENDATIONS

- Wired connection for more reliable payments
- Installation of repeaters for increased signal strength
- Home delivery to make up for lost revenue due to metro construction

Restaurant Co – Interview Transcript

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Your client is a restaurant owner. The restaurant has been experiencing a decline in profits. They want you to analyse why?

Since when has the client been seeing decline in its profits? Also, do we have the magnitude of decline?

The client has been seeing decline is profits for the past one year, but there has been a significant decline for the past three months.

Is it only the client's restaurant which has seen the decline in profits or other restaurants in the area have also seen a declines?

Other restaurants have also seen some dip in their profits, but the client has been significantly impacted.

Now I'd like to understand more about our client. What type of restaurant is it? And where exactly is it located?

The client has one high-end multi-cuisine restaurant located in a high footfall area of Agra.

Due to the Taj Mahal, Agra attracts a lot tourists. I'd like to understand the type of customers that visit the restaurant. Are they locals or tourists?

That's a fair point. The customer base here is primarily tourists, specifically international visitors.

Got it. The decline in profits could be due to increase in costs or decrease in revenue or a combination of the both. Do we have an idea which side the problem lies?

The revenues have declined significantly, while the costs have declined marginally.

Revenues have fallen sharply, so we should first identify the drivers. A restaurant usually earns from dine-in, takeaway, and delivery, and offers both food and beverages, alcoholic or otherwise. Is our client active across all these segments, and has the decline been steeper in any one of them?

The client only has dine-in restaurant services and does not provide alcoholic beverages.

Okay. Has the average number of customers being served at the restaurant in a day reduced or the average amount spent per customer has decreased?

The average amount spent per customer has not changed but the number of customers visiting the restaurant has decreased.

The decline could be because of a lower demand or the client having supply constraints and not being able to fulfill the demand.

The client has been able to cater to all the customers who have visited its restaurant.

The issue lies in the reduction of demand then. The average number of customers visiting in a unit time can be seen as: Total number of tourists visiting India * % tourists visiting Agra * % visiting the client's restaurant.
The problem could lie in any of these parts.

The total number of tourist visiting India and % of those who visited the client's restaurant, both have declined.

This is interesting. Let's start by analyzing why tourist arrivals to India have declined. Possible reasons could include shift in international perception of India, greater hassles in processes such as visa approvals, economic challenges in source countries affecting travel budgets, or growing availability of alternative destinations.

With the current slowdown internationally, the international tourism market has seen a decline and India has been affected by it too. Now can you look at why the % of tourists visiting the client's restaurant has decreased?

To analyze this, I'd break down the customer journey into three stages. The first covers the decision to eat and the process of reaching the restaurant. The second is the dining experience itself. The third captures the post-dining phase, after the customer exits the restaurant.

Sure, please go ahead.

For a tourist to choose a restaurant, the first step is awareness. This comes from reviews on platforms like TripAdvisor, posts by food bloggers, the restaurant's own promotions, or recommendations from friends, travel agents, and local guides. Next is affordability, where the tourist checks prices before deciding. Finally, the restaurant must be accessible; any mismatch on Google Maps, blocked routes, or lack of parking could discourage a visit. Do we know if the client is facing issues on any of these fronts?

Yes. A few months back, the restaurant decided to reduce the commission of the tourist guides because of which these guides have now started recommending our competitor's restaurants to the tourists. You can now move to the next phase of the journey.

Interesting. This can potentially explain why the costs also decreased, but we'll look into it later. Once customers arrive at the restaurant, potential issues could lie in six areas: 1) waiting time, 2) seating arrangement, 3) menu design and presentation, 4) cutlery and amenities, 5) staff service and attitude, and 6) overall ambience. Have there been any recent changes in these aspects?

Can you look at the ambience part in more detail? What all would it entail?

Sure. The ambience to a restaurant is aided by the features inside the restaurant like the music, fragrance, visual appeals of the paintings, the overall décor etc. The view from a restaurant also adds to the ambience, used by roof-top cafes, sea-facing restaurants etc. Here, a view of Taj Mahal can be an added experience to the customers.

That's great. A building construction started three months back which has blocked the view of Taj Mahal from the restaurant. This has deterred many customers. Can you also quickly look at the last part of your journey?

The ambience of a restaurant is shaped by internal features such as music, fragrance, artwork, and overall décor. External elements also play a role—like rooftop settings or sea-facing views. In this case, a view of the Taj Mahal could serve as a unique and memorable addition to the customer experience.

That's great. Three months ago, a new building construction began, blocking the restaurant's view of the Taj Mahal and deterring many customers. Could you now also review the final part of the customer journey?

After dining, customers may shop nearby, visit a sweet shop, or travel to their next stop. Loyalty programs are less relevant since most tourists are one-time visitors. Have there been any recent changes in these areas?

A popular paan shop outside the restaurant shut down after its owner's passing, which has also affected customer inflow. Can you now suggest some recommendations?

Since the blocked view of the Taj Mahal is a major reason for the revenue decline, the restaurant could consider relocation, though that would be difficult. If it stays at the same site, it can focus on creating an Agra themed ambience and offering value added services. On tourist guide commissions, we should assess why they were reduced and, if feasible, restore them or provide non-monetary incentives.

That's great. Thank you.

Restaurant Co – Approach

FRAMEWORK
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Problem Statement

Your client is a restaurant owner. The restaurant has been experiencing a decline in profits. They want you to analyse why?

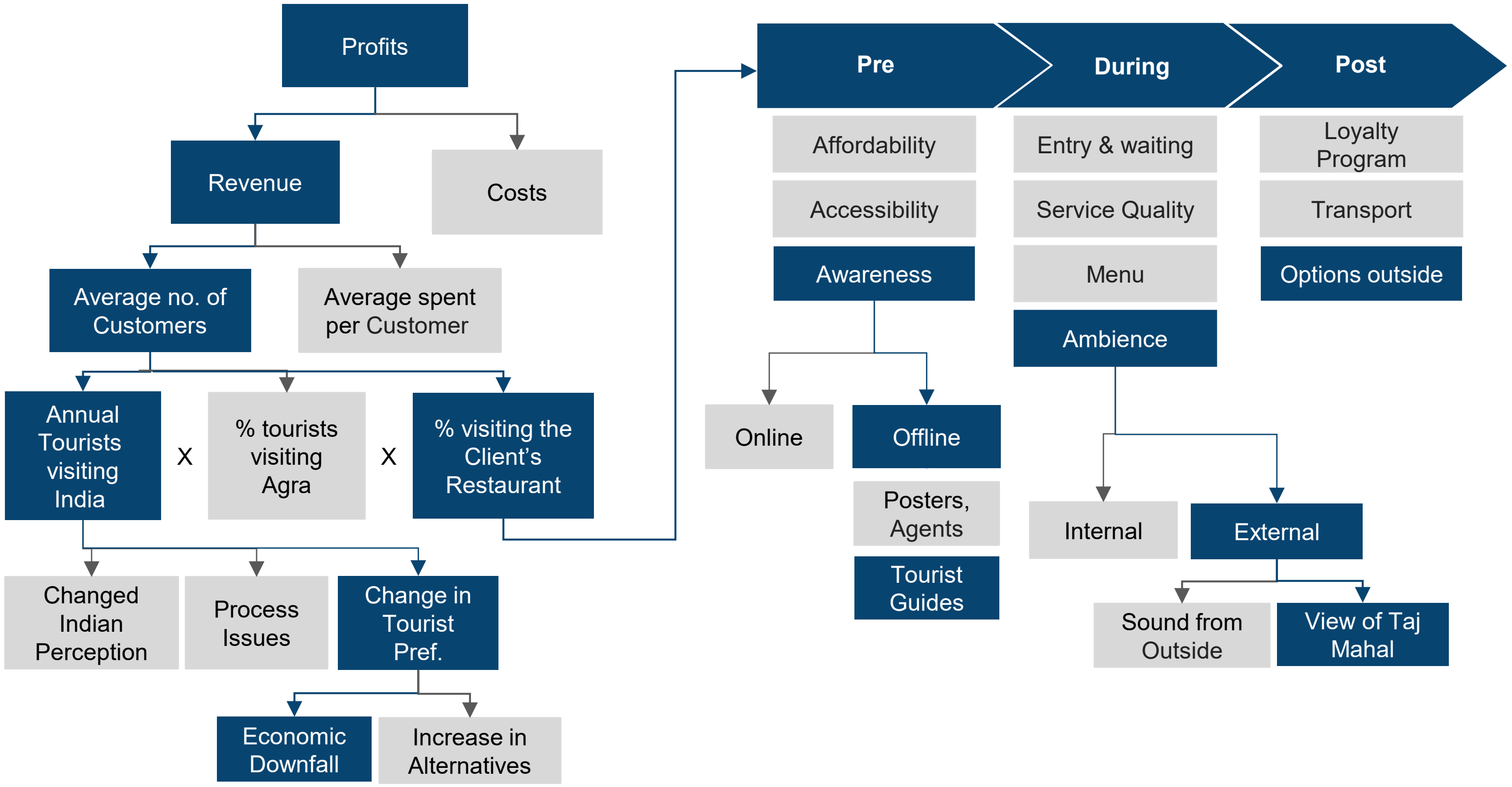
CASE FACTS

- High-end multi-cuisine restaurant located in Agra near the Taj Mahal; caters mainly to international tourists
- Provides dine-in services only; average spend per customer stable
- Profits have been falling for a year, sharply in the last 3 months; revenues down significantly while costs steady

INTERVIEWEE NOTES

- Since the competition is also facing decline in profits, it is likely to be an industry wide issue. But higher decline with the client suggests client specific issues as well
- Before proceeding ahead with the decrease in revenue, it is important to understand if it is a demand or supply side issue
- Specifics about the Agra city should be kept in mind to customize the arguments

APPROACH/ FRAMEWORK



RECOMMENDATIONS

- Since the Taj Mahal has been obstructed from view, the hotel can provide differentiated ambience with local Agra's feel, provide value added services.
- Since offline promotion through agents has declined, we can increase visibility via tie ups with hotels, maintaining strong ratings on food apps, and placing strategic advertisements such as placards at prominent spots in Agra

SUGGESTIONS

- While moving from one phase of the customer journey to another (say from pre phase to the during phase), one should confirm from the interviewer if she has covered all the aspects. This ensures that one doesn't move back and forth the phases of the customer journey
- Structure the recommendation and do not give a laundry list of suggestions

Air India vs Indigo – Interview Transcript

Your client is Air India which has recently seen a decline in profitability compared to Indigo. Analyze the problem and provide solutions.

I would like to ask a few clarifying questions before starting with the case. Firstly, I would like to confirm if we are focusing only on Air India's airline business and domestic travel at that since we are comparing with Indigo?

Yes, that is correct.

Alright. I would like to then understand the recent industry trends over the last 5 years. Is the decline in profitability specific to Air India or is it an industry wide phenomenon?

Air India specifically has been facing the issue of decline in profitability.

Since this is the airline industry, has the decline been on some specific routes?

Across the nation.

Is there a specific reason we are comparing our profitability to Indigo's since our scale and target population of premium customers (if I can assume that) is different?

No specific reason. Indigo is doing well in the domestic market; they are not seeing the same quantum of decline that Air India is.

Alright then. Since this is a profit problem, I would begin by splitting it into revenue and cost. Are we observing rising costs or declining revenues?

Both. Let's start with revenues and move over to costs.

Okay. Revenue for Air India's airline business can be written as Price x Occupancy x Capacity. Have we observed a change in any of these components or across all ?

Price has remained the same. Occupancy has declined and capacity has increased.

Again, have these changes occurred across the country or only on some specific routes?

Air India recently started serving some niche routes. Occupancy in those is lower

That makes sense. Just to clarify, since it is a new business for Air India I would like to understand what kind of investments have been made? Has Air India purchased a new fleet, or has it simply re-routed its existing fleet?

New fleet has been purchased.

Since it is an occupancy issue (low demand for Air India), I would like to understand the customer profile in these niche routes. Do these routes have low airline travel demand or is this occupancy issue specific to Air India? Is this demand likely to grow in the future?

Currently these routes have low travel demand but likely to grow in the future, and therefore the investment. The demand for premium Air India travel has also been projected to rise.

That's very helpful. Since we have already made substantial investment, we may not want to withdraw fleets from these niche routes entirely for now. A few short-term measures which we can undertake are as follows:
1. We can expedite our marketing activities in these regions
2. We can analyse price sensitivity of the customer pool and accordingly price for now. We need to keep in mind that this is a price sensitive industry with little pricing power
3. Instead of having flights catering to these niche routes specifically, we can have our new flights on the conventional routes and have re-routing via these routes.

That makes sense. Let us now come to the cost aspect of the problem.

For the cost aspect of the problem, I would like to draw the cost value chain for Air India which consists of the following: Cost of materials i.e., expenditure on fleet, processing costs (incl. airport rent), employee salaries, IT services and fuel costs, storage costs which is maintaining inventories of spare parts, distribution and marketing, & customer services (on-board services). Which part of the value chain would you say is suffering?

Air India is experiencing high storage costs which have recently risen further.

Is Indigo also facing similar costs or is it just Air India?

Only Air India.

Inventory costs can be split into types of inventory held, number of inventory parts and cost of carry which would include pilferage, warehouse rent, poor demand prediction, poor inventory management & late supply costs. Is the cost higher than Indigo across all these components?

The cost is high specifically due to the types of inventory held. Air India operates with different kinds of fleet whereas Indigo has one standardised fleet. Due to this, Air India needs to hold more inventory. What are some potential implications due to this?

Due to different kinds of planes, there is a greater number of spare parts that Air India is having to hold which is the reason behind higher costs. The costs have risen now more than before, could probably be driven by the new fleet purchased by Air India for the niche routes. If the new fleet is of a different type, then cost of inventory due to the new purchase has increased overall costs and led to a fall in profitability.

That is correct. The new fleet purchased by Air India is smaller and requires an inventory of different parts. What would your recommendations be?

Okay. So, there are a few things that Air India could do vis-à-vis the inventory costs-
1. Standardise the fleet going forward – Make sure new purchases in the future are standardised
2. Renting agreements with suppliers of inventory – alternative to purchasing expensive inventory
3. Hub & spoke model – Have a centralised location where inventory is stored and supply to all airports instead of maintaining inventory at every airport
4. Need basis – Order inventory on a need basis instead of maintaining excess

That sounds good, We can close the case now.

Air India vs Indigo – Approach

Problem Statement

Your client is Air India which has recently seen a decline in profitability compared to Indigo. Analyze the problem and provide solutions.

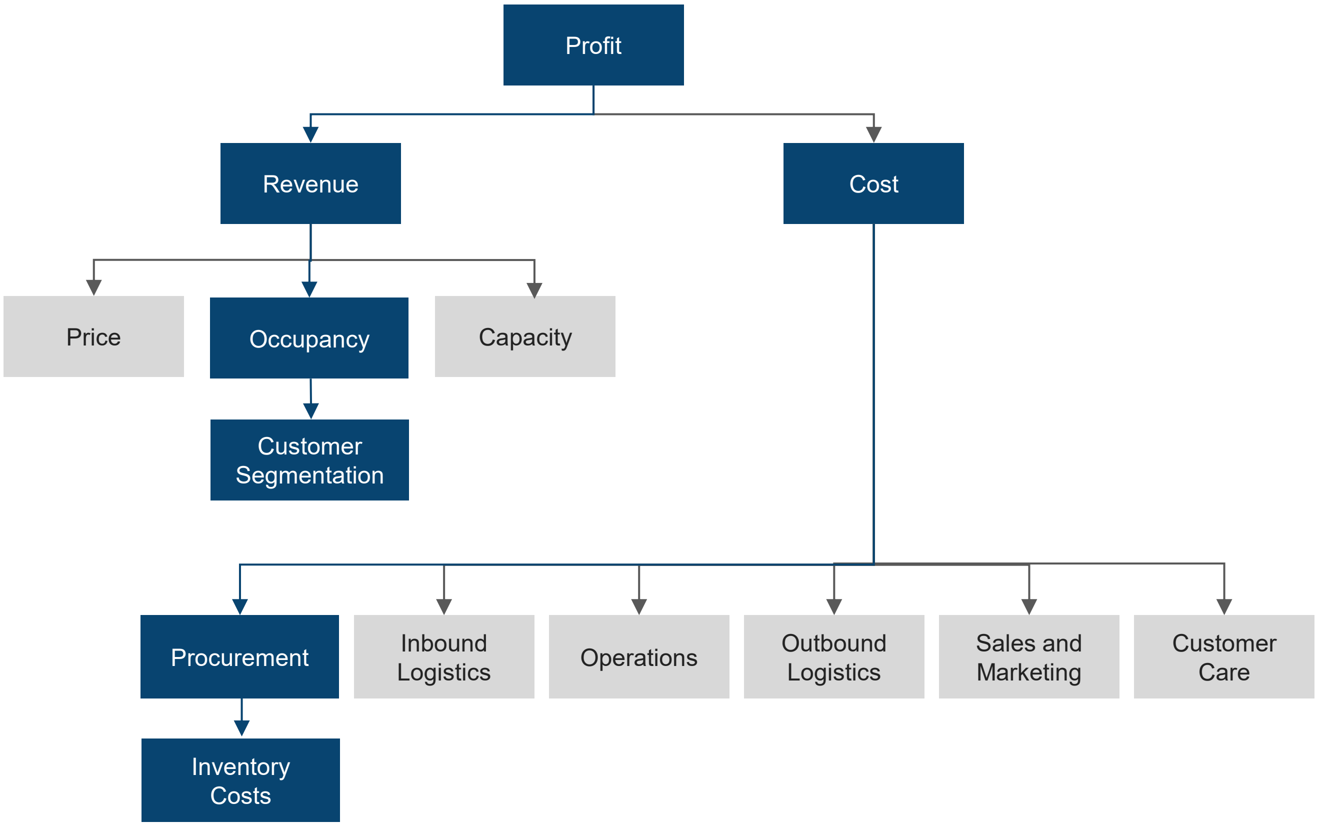
CASE FACTS

- Air India facing decreasing profits. Not industry-wide trend.
- Focus on airline business, domestic travel.
- Occupancy has decline and capacity has increased.
- Problem across niche routes.
- New fleet purchased for niche routes.
- Faces high storage costs.

INTERVIEWEE NOTES

- Revenues have fallen and costs have risen.
- As substantial investments have been made, withdrawing altogether from niche routes is not ideal as demand is slated to grown in the future.
- New fleets purchased are of a different type leading to higher inventory costs.

APPROACH/ FRAMEWORK



RECOMMENDATIONS

- Revenues: rerouting, bundling, expediting marketing, re-analyzing customer segment.
- Costs: Standardize fleet, hub & spoke, renting agreements, need based inventory procurement.

OBSERVATIONS

- Revenue should also be split into its components given the airline travel industry.
- Do not directly suggest to undo an action the client has taken, unless there is sufficient evidence to suggest the same.
- While devising strategy to improve occupancy, look at it from the 4P perspective.
- Candidate needs to develop an in-depth understanding of airline industry to split cost into components.
- Understanding of generic methods to cut inventory costs is essential, this can then be tweaked as per airline industry.

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Market entry cases

Healthcare Test Kit Manufacturer – Interview Transcript

Your client is an Australian Healthcare test kit manufacturer which has decided to enter the Indian market. You have been hired to advise them on the mode of entry and pricing strategies.

I would like to know more about the client. What sort of healthcare test kits does it manufacture and what are the key customer segments?

The company makes basic healthcare tests which are used for testing blood sugar levels in labs. The kits can be used by lab technicians only and hence the key customers are pathology labs.

Using retail as a proxy for healthcare, the value chain for the kits would be, that the test kits are sent to distributors who then sell it retail outlets. How is the company performing in Australia? Are they present in any other country? Also, what is the objective for entering into the Indian market?

You are correct in your assumption of the value chain. The company is the market leader of these test kits in Australia with a 65% market share. They are currently not present in any other country. The main objective of deciding to enter the Indian market is business expansion. The company aims to stabilize operations and turn profitable in the next 2-3 years.

That seems like a reasonable objective given its position as the market leader in the Australian market. I would now like to know about the healthcare test market in India. How many players are there and what is the market share of the current market leader?

There is one major player in the Indian Healthcare Test kit industry that has a technologically similar product as your client. The rest of the market is made up of small fragmented players.

Ok, I think I have sufficient data to begin my preliminary assessment. For entering a new market, they have two options: Greenfield and Brownfield.

- With the Greenfield option they can enter the Indian market from scratch. This would involve setting up operations of the company. Since the company aims to turn profitable in 2-3 years of entry into India, setting up manufacturing facilities does not seem feasible. The company can thus import the devices from Australia and sell them in India.
- If the company goes for the Brownfield option, they can acquire an existing company. Since there is a market leader, and the rest of the market is fragmented we can acquire that player.

Let’s assume the client wants to go ahead with the Greenfield option. What are the initial strategies you would recommend to gain the market share?

The client can partner with big hospital and laboratory chains across the country to start with. This will help in achieving sustainable revenue streams. Once this is done, then the focus can be shifted to independent labs across the country. As is common with the pharma industry, the pharmaceutical sales representatives (PSR) generally help create awareness about the product. The client should focus on developing a dedicated on-ground sales force for the kits.

Good insight into the PSR part. Moving on to the pricing aspect. How should the client price these test kits?

There are 3 pricing strategies that can be followed.

- The first one is competitive pricing. Since it is a fragmented market with a single leader, our client can match the prices being charged by the market leader to grab a share of the market.
- The second is cost plus margin pricing. Since the product manufactured by our client is technologically like the one being made by the Indian market leader it can be assumed that the per-unit cost of manufacturing the product is similar (adjusted for duties since the product is being imported). In such a case, the client should charge a price that is equal to cost plus a margin benchmarked to the competition.
- The third pricing strategy is value-based pricing. Here price will be based on the product attributes and the perceived sense of value by the consumer. If the client can tweak the kit in a way that helps provide additional value for example quicker results or higher accuracy, then price can be increased in accordance with the perceived increase in value of the customer.

Since the product is very similar to the market leader’s product, our client can opt for the second strategy i.e. cost plus margin. Over time as the product is modified, the price can be changed.

That is a quite comprehensive coverage of the types of pricing. Before we close the case, I want to hear your thoughts on the target market share for the client.

For the target market share we can look at three approaches.

- The first being benchmarking against competition. The market share that the industry leader was able to obtain during the initial years of its operations can be used as a broader estimate after adjusting for overall industry newness factors.
- The second approach can be benchmarking against own experience. However, since the client has not moved beyond Australia, this cannot be used as a reliable method because of the differences in the Indian and Australian health care markets.
- The third method is estimating the needs of the test kit via total number of path-labs in the country and average tests conducted by each path lab. Here, the difference in demands of rural and urban areas will be kept in mind before estimating the average demand per path lab.

Those were good strategies. We are done with the case.

Healthcare Test Kit Manufacturer – Approach

Problem Statement

Your client is an Australian Healthcare test kit manufacturer which has decided to enter the Indian market. You have been hired to advise them on the mode of entry and pricing strategies.

CASE FACTS

- Australian company (65% market share) which manufactures healthcare test kits, has decided to enter the Indian market
- The Indian market has a market leader (70%), and the remaining part is largely fragmented
- The company has decided to enter via the Greenfield option
- The client's product is technologically similar to the market leader's product.

INTERVIEWEE NOTES

- Important to understand objective and timeline for achieving the objective. i.e. Why enter?, timelines to break even/ profits
- Enquire about the client's performance in the home country. It can give insights into the scale & financial health of the company
- Enquire about the target industry and understand the competition
- Develop pricing strategy in line with competitive environment & company objectives

APPROACH / FRAMEWORK

- How to enter
  - Brownfield
    - Acquire market leader
    - Acquire independent player/s
  - Greenfield
    - Import and sell
      - Partnerships with large hospital and path-lab chains
      - Targeting individual path-labs through MRs
    - Set-up manufacturing capacities

- Acquiring Market Share
  - Competitive Benchmarking
  - Benchmarking against Self
  - Demand side Estimation

- Pricing
  - Competitive Benchmarking
  - Cost plus Margin
  - Value based pricing

RECOMMENDATIONS

- Short Term: Create a handbook / manual with technical specifications of all the products for sales personnel, so that it becomes easier for them to explain the product catalogue
- Long Term: Provide training to the employees on how to deal with large scale clients

OBSERVATIONS

- It is important to understand the objective and the timeline to achieve the desired objective
- It is important to think about the industry and competition both in home country and target market

EV Manufacturer – Interview Transcript

Your client is an automotive company looking to launch into the EV space. They want you to help them decide when they should start electric vehicle development.

I want to restate the requirement for clarity. My client is an automotive company that currently does not have any product in the EV segment. They are looking to enter the same and want us to determine the right time to do so.

Yes, that's correct. To elaborate further, they don't want to develop too early when there is insufficient demand as there would be costs of unsold inventory. Neither do they want to miss the early mover advantage. They want to time the launch as closely as possible with the rise in demand.

Okay, can we assume that the client has done the required research and is in a position to accurately calculate the time to market?

Yes, that's a fair assumption.

So, I'd like to start with a few preliminary questions. Which geographies does the client operate in? What is the product portfolio of the client? What segments of the market do they currently operate in, and what is the company's market share in each of them? What does the competitive scenario look like?

For simplicity, assume there's just one market where your client commands 50% of the share in the 4-wheeler category. The remaining is split almost equally among 3-4 competitors. The existing product portfolio is not relevant to the case, so feel free to assume anything.

Got it. Is the new product being launched in the 2-wheeler or 4-wheeler segment?

It is going to be in the 4-wheeler segment.

All right. Since we want to time the launch with the rise in demand, I want to start by analyzing the types of demand. I would split demand into want-based and mandated / need-based demand. The former refers to the value derived from owning an EV, such as social status and/or public fame. In contrast, the latter refers to demand generated due to mandatory laws or economic viability. Does that look reasonable?

Yes, it does.

Great. So, we can now delve deeper. The want-based demand refers to the 'total value of ownership' and is only relevant if owning an EV is not mainstream. Thus, it does not significantly contribute to the kind of demand we're interested in; we can focus only on the need-based demand.

That's a great insight. Please continue.

Okay, so need-based demand would reach desirable levels when the 'total cost of ownership' of an EV is lower than that of a regular vehicle. This will happen in two scenarios:

1. if there are government-implemented policies, which includes:
   a. Tax breaks on EVs
   b. Fines on regular vehicles
2. if the natural cost of an EV falls below that of a regular vehicle

That makes sense. How do you want to proceed now?

Unless we have more information about government-implemented policies timelines, I would like to proceed with analyzing it basis the natural cost of EV.

How can one calculate the natural cost of an EV?

So, we can split it into an initial fixed cost and a running variable cost. Fixed cost consists of the purchase cost of the vehicle, while the running variable cost includes charging, power and maintenance costs.

Good. Now imagine that an electronic car costs 50% more than a regular one, x, but has 1/3rd the running cost, y (including power, maintenance etc.). What kind of consumer would prefer the EV?

Okay. In that case $(3/2x + 1/3y)$ should be less than $x + y$. Solving the equation, $3/4x$ should be less than y.

That makes sense. What is the inference that you can draw from this information?

The consumer would prefer an EV if the total cost is less than a regular one. On calculation, it is a better decision if the consumer's lifetime usage of the car exceeds 3/4 times the ratio of the fixed and running cost of the regular car (non-EV).

Sounds good. Let's end the case.

EV Manufacturer – Approach

Problem Statement

Your client is an automotive company looking to launch into the EV space. They want you to help them decide when they should start electric vehicle development.

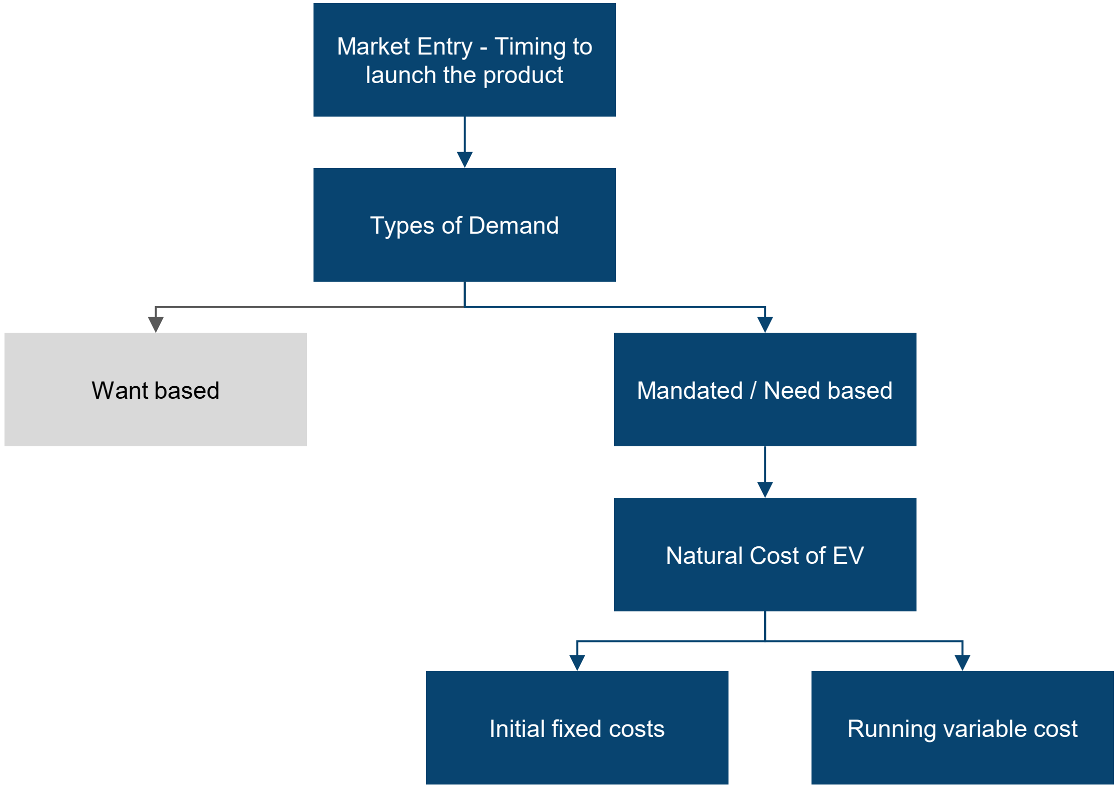
CASE FACTS

- Client is an automotive company in 4-wheeler segment
- Commands 50% share in 4-wheeler segment currently
- Electric car costs 50% more than a regular car
- Electric car incur 1/3rd of the running cost of a regular car (incl. power, maintenance, etc.)

INTERVIEWEE NOTES

- It is important to ensure that the launch does not happen too early nor too late
- Focus on mainstream demand so that launch is successful

APPROACH / FRAMEWORK



RECOMMENDATIONS

- The client should time the launch of the product based on mandated / need based demand as the want-based demand would not be a sizeable demand
- The launch should happen when the consumer's lifetime usage of the car exceeds 3/4 times the ratio of the fixed and running cost of the regular car

OBSERVATIONS

- The candidate has done a good job classifying the types of demand and further concentrating on mandate / need based demand which would be more commercially viable
- The candidate could have delved further into want based demand and its feasibility as it would open an opportunity for premium pricing during the initial phase of EV vehicles

Production House – Interview Transcript

Your client is a large production house based out of Andhra Pradesh that produces the best Tollywood movies. They are looking to create an OTT platform where they can host their movies. The client has reached out to you to advise them whether they should do so or not.

If I may confirm, our client is a large production house producing Tollywood movies and is contemplating if they should create a new OTT platform for their content.

Correct.

I have a few clarifying questions before diving into the analysis. Is the client looking to create a platform only for their movies? Or is it open to host other movies?

Only Tollywood movies aimed at Telugu speaking population in AP and Telangana

What kind of content will be hosted on the platform? Movies/ TV Series/ Videos etc.

They want to leverage their existing movies already produced for the platform. But the client is also open to hosting movies and TV series of other production houses for the regional audience.

What kind of movies does the client have? Do they target any particular segment such as based on age (young/old) or genre (romance, action etc.) ?

They have movies from all genres and across segments. They do not target any specific segment.

What is the objective of the client for creating an OTT platform?

The client wants to generate more revenue through the platform. Most of the movies are being pirated and not generating any money after they are removed from theatres.

How is our platform going to be priced? Is it affordable like ‘Aha’ or premium such as ‘Netflix’?

Client wants it to be budget friendly and priced low to attract all the Telugu speaking audience

Got it. I now have good clarity about the client’s objective. Can I take some time to structure my thoughts?

Sure. Please take your time.

I'd like to approach this issue by first assessing the market attractiveness, then the financial viability, followed by operational viability. Aspects of market attractiveness include evaluating market size, growth potential, existing competition, & market trends. The economic viability aspect is assessing the profitability of venturing into OTT business. Factors such as regulatory approvals, resource availability, and technological capabilities would comprise operational feasibility. Do you find this reasonable, or shall I consider any other factors?

No, you can go ahead with this structure. First, please start with estimating the market size.

I would divide the market size (in rupees) into two categories: the number of users and average monthly subscription fee per user. To calculate number of users, I would further divide it into two categories: potential market size & conversion rate. The market size is the total Telugu-speaking population in states of AP & Telangana (Assuming other states do not have significant viewership), which is ~15 crores. With ~5 people per household, it translates to 3 crore households. We can assume maximum of one subscription per family. Now, I'd like to divide households further based on their income level & rural/urban to factor in affordability.

The approach seems fine. You can complete your analysis with only income factor & estimate market size.

Sure, I will further divide it into three income levels: low, medium, and high, with 40% in the low and medium income levels each and 20% in the high income levels. This results in 2 crore low- and middle-income families and 1 crore high-income families. Assuming that a subscription to an OTT platform is not a necessary good, the affordability would vary by income level. I would assume 100% for high-income groups, 50% for medium-income groups, and 20% for low-income groups. Are these fair assumptions?

Yes. Makes sense to me. You can go ahead.

On calculating, this would give us ~1.45 crore households purchasing the OTT subscription. Now, I would like to bring in two additional factors of awareness and adoption. Awareness depends on our marketing efforts. Since we are a major production house, I believe the awareness would be as high as 80%. Adoption would depend on existing competition in the market. Considering a highly competitive environment with Aha, Sony, Zee5, etc. along with large players such as Hotstar and Netflix, I believe only 40% would adopt. With this factors into consideration, our final number of expected subscriptions is ~0.45 crore.

Alright. That is a good estimate. Now let’s discuss the prices. How much should we charge our customers?

We can set the price based on the following methodologies – cost-based pricing, competitor-based pricing and value-based pricing. Considering, the industry, I believe competitor and value-based methods are more appropriate for an OTT platform subscription.

Yes, you are right. Let’s decide on a monthly subscription price.

First, I would like to examine the pricing of other OTT players on the market – Netflix charges Rs. 499/month for its basic plan and falls into the premium segment, whereas Disney-Hotstar charges approximately Rs. 150/month. Given the vast variety of content they offer users, we can consider this to be the maximum price. In addition, I am aware that DTH services typically charge between Rs. 10 and Rs. 20 per channel per month. Given that the OTT platform would provide greater scheduling flexibility without interruptions from advertisements, it would therefore provide greater value to the user. Also, because we want to make the subscription available to all range of audiences, we should price it on the cheaper side. Rs. 50 per month seems to be a reasonable price. Does this seem fair to you?

Yes. It seems fair.

So, total market share would be 0.45 crore* Rs 50 per month = 22.5 crore per month or 270 crores per year.

This looks to be highly attractive. I think we should make this move. How do we go about this?

Correct, there are few ways to go about entering this market. 1) Greenfield way - We can start from scratch by investing in IT resources and building a platform from scratch; 2) Acquire the platform from an existing player such as Aha; 3) Outsource the creation of a platform to a reputable IT firm.

What is your recommendation?

Considering we do not have any IT capabilities. Greenfield way would be very costly and will not be a guaranteed success. Considering OTT platform would be critical revenue source, outsourcing it would not appropriate as it will reduce the control. I believe acquiring an existing platform would be the best way forward if the client has resources readily available that can be spent.

Good. Thank you for the recommendation. We can end the case here.

Production House – Approach

Problem Statement

Your client is a large production house based out of Andhra Pradesh that produces the best Tollywood movies. They are looking to create an OTT platform where they can host their movies. The client has reached out to you to advise them on whether they should do so or not.

CASE FACTS

- Focus on hosting client's assets. Open to other production house content for regional audience.
- Target segment – all genres across segments
- Budget friendly positioning,
- Assume it is happening right now
- Wants to generate more revenue via the platform.

INTERVIEWEE NOTES

- Identify the objectives and gather knowledge about the client to give better recommendations.
- Understand the reasons why client is interested in OTT space.
- Important to understand the industry if not aware of it. Considering the candidate is from Andhra, they did not ask much about industry. However, always better to confirm with the interviewer if facts can be used.

APPROACH / FRAMEWORK

Market Entry into OTT
- Market Attractiveness
- Financial feasibility
- Operational feasibility

Market attractiveness
- Potential market size
- x
- Conversion rate

Market attractiveness calculation

Telugu speaking households

			Affordability factor
# Telugu speaking households	Low Income (40%)	x	100%
	Medium income (40%)	x	50%
	High income (20%)	x	20%

=

Total Subscribers = Affordable households x Awareness filter (80%) x Adoption filter (40%)

Pricing Framework

Pricing
- Cost based pricing
- Competitor based pricing
- Value based pricing

How to enter market - framework

How to enter market
- Greenfield. Start building from scratch
- Acquire a competitor
- Outsource to an IT firm

RECOMMENDATIONS

- Acquiring an existing platform would be the best way forward if the client has resources readily available that can be spent.
- The client should leverage its brand and movies initially to promote the platform, and then try creating network effects by acquiring content from other popular production houses.

OBSERVATIONS

- This is an example of a case where breadth of preparation is tested by interviewer. It includes a guesstimate, pricing and GTM strategy for the same case.
- When breaking down market attractiveness. A simpler approach would have been (market size) * (market share) - commonly used by interviewees.
- Assume numbers that are easy for calculation and confirm them with interviewer for guesstimates.

Online Dating App – Interview Transcript

Your client is an online dating company that wishes to enter the Indian market. Evaluate the venture.

Okay. First, I would like to understand the objective of our client. Why was India chosen?

The client wants to maximize long term profits. India was chosen due to its huge population and massive smartphone user base.

Okay. Does the client have any targets, timelines or budget in mind?

There are no specific numbers that they have in mind. The client wants be a competitive player in the Indian subcontinent.

Alright. Now I will try to understand a little more about the client. What is their primary business and where are they based out of?

They are based out of UK and run a dating app. Their app has a freemium model where users can use for free for an unlimited time and upgrade to a premium model on a subscription basis. They are not involved in any other ventures.

Okay. A few more questions about the client. How competitive are they in the UK market? Do I just consider an app or a website as well? Further, is their app just a normal dating app like Tinder/ Bumble or do they have any special features or niche target audience?

The client is the market leader in UK. Restrict your analysis to an app. There isn't any niche target audience, and you can consider the app to be very similar to Tinder/ Bumble in terms of usage.

Alright. One final question before I proceed with the analysis. How the dating app market looks like in India?

There are 2 major players who hold ~80% of the market share. The remainder is fragmented. Please ignore the marriage apps and websites in your analysis.

Sure. I think I have enough to proceed. In my approach, I'll first understand the market attractiveness by identifying market size. Then I shall check for economic viability by analysing potential market share and costs. Finally, I'll check for operational viability and any future risks/ opportunities.

Sure. This seems like a great approach. Please ignore costs in your analysis. Why don't we begin with the market sizing.

Okay. Considering a population of 1400 Mn, I shall first split it between rural and and urban. Given the nature of our product, I will ignore the rural population. That leaves us with 560 Mn people.

Seems reasonable. How will you proceed?

Now I shall consider filters like income group, smartphone ownership and data usage. However, I feel that these aren't very exclusive and will have dependencies amongst themselves.

Yes, you are correct. Why don't you use a 75% factor to cover for all these filters.

Thank you. That leaves us with ~420 Mn people. Now I shall divide this into age groups as this is an important factor that determines usage. I would also further divide each age group into male and female as both genders will have different likelihood of using a dating app. Finally, a factor would be taken to consider the likelihood of usage. This factor would consider conditions like – If the person is in a relationship or not? If not, are they willing to date? And if yes, then are they willing to explore online dating.

That seems great. Why don't you proceed to find the numbers. (*Detailed numbers in the next page)

Okay. Based on what we discussed, the market size comes out to be ~28 Mn people. Do you want me to find the market size in terms of dollars?

No. That isn't needed. This market size seems good to the client. How much share do you think we can gather in the market over the years?

Just to employ some benchmarks. Has the client entered any emerging markets in the recent past? How has that panned out?

Yes. The client did enter a similarly competitive geography last year and they have been able to gather an 7% market share in the first year.

Okay. Then a 5-10% market share in the first year seems like a good target.
To understand the longer-term market share, I want to understand the differences between our offering and that of the competitors. These would be across 3 major buckets: 1. Business factors (brand value and pricing) 2. Dating factors (Quality of users, UI/ UX,) and 3. Tech factors (matching algorithm, safety features)

This seems comprehensive. We haven't decided on the pricing yet. Our brand has decent recognition in India. Rest of the factors are similar to the market players. But we have better UI/ UX.

Okay. We seem to hold a slight advantage. Given we play our cards right, we can aim for at least a 25-30% market in the next 4-5 years. Do you want to analyze the operational feasibility and future considerations now?

No. I had some other questions in mind. How would you go about the pricing and positioning of our premium offering?

Alright. Can I know the current pricing of the market players?

Yes. The leader charges Rs 450 for 3 months while the 2nd player charges Rs 400 for 3 months. I am not concerned with numbers. Can you tell me your overall pricing and positioning strategy to maximize long term profits?

Okay. So, I shall keep the discussion qualitative. One of the key requirements of a dating app is to have a lot of good quality users due to the network effects. Hence, my strategy will revolve around maximizing user acquisition in the near term and then retaining them in the long term.

That seems fine. Please go on.

Initially, I would price the premium offering at very minimal rates to attain user conversion to premium. The packages offered shall also be 12-month packages (at negligible costs) to hold on to users for an extended time period. A referral system can also be implemented to increase word of mouth downloads. All of these must be supplemented with strong marketing campaigns. Often, lack of female users is a problem in a dating ecosystem. To counter this special marketing campaigns will be launched which focus on safety and offer the product free/ at further discounted rates.

That seems like a good strategy to acquire users. How would this play out long term? Do you see any issues?

Such a strategy can lead to prolonged price wars and destroy the margins of the entire industry. One critical requirement would be to constantly invest in improving our technology, UX and adding new features so that we can gradually raise the subscription fees over time.

Okay, that was a good analysis. We can close the case here!

Online Dating App – Approach

FRAMEWORK

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Problem Statement

Your client is an online dating company that wishes to enter the Indian market. Evaluate the venture.

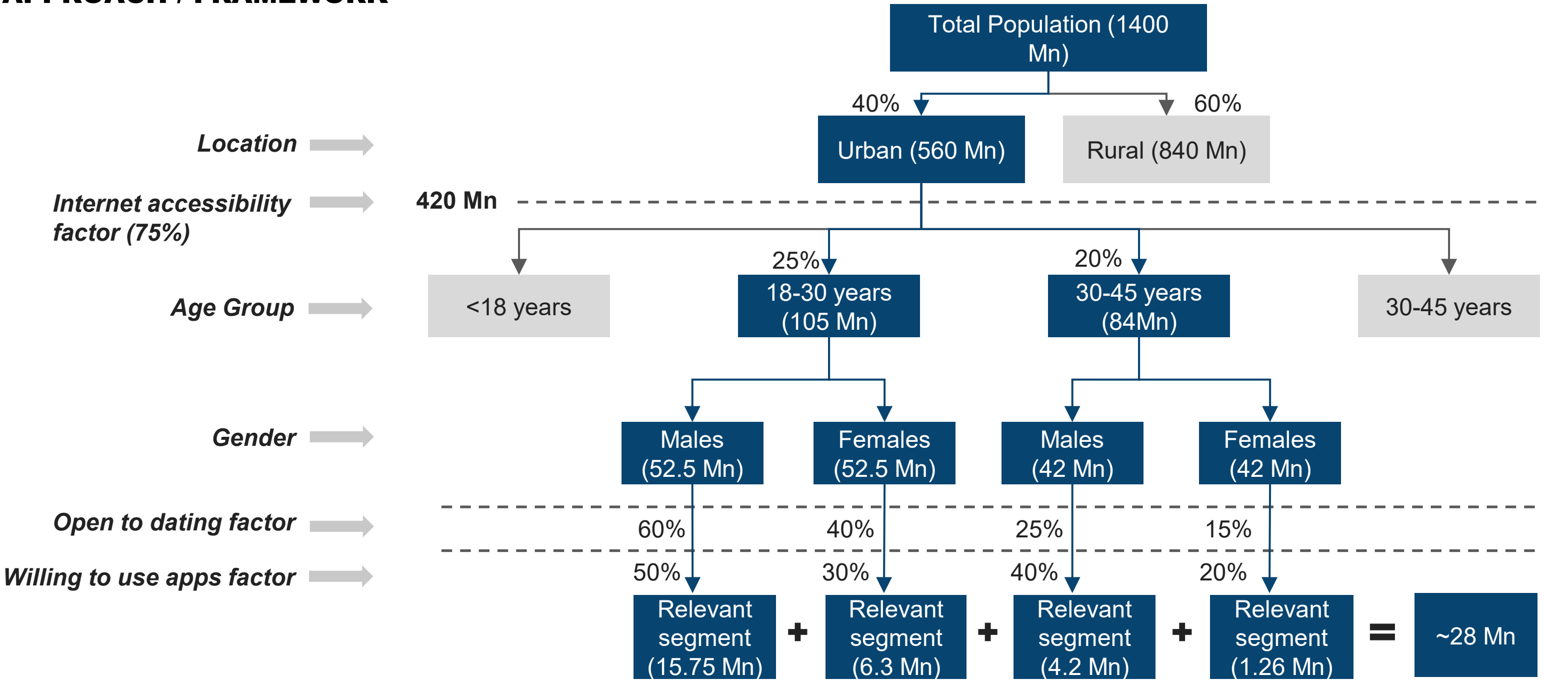
CASE FACTS

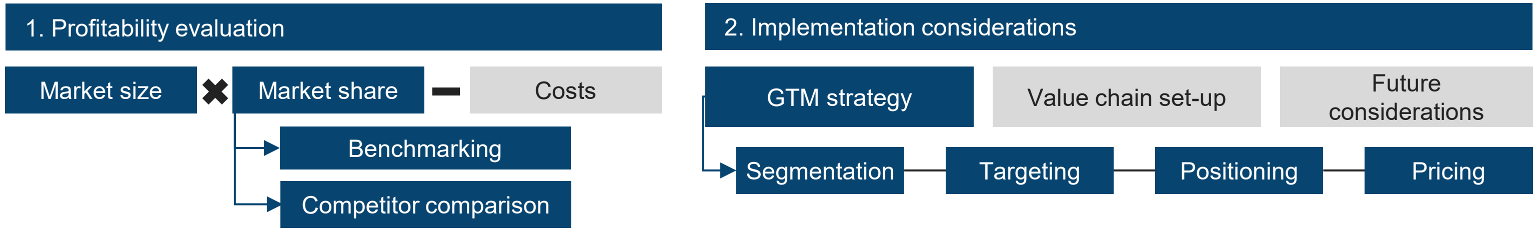
- Client is UK based and a market leader
- Objective is long term profitability
- Operates on a freemium model
- Wants to enter India which has 2 major players
- Client has marginal advantage over incumbents in terms of UI/ UX of the app

INTERVIEWEE NOTES

- Important to understand the client, their business model and the competitive landscape within the geography selected for entry
- Strategy chosen needs to match the overall objective of the client

APPROACH / FRAMEWORK





RECOMMENDATIONS

- Client should enter the Indian market and focus on developing a huge user base through massive marketing and attractive pricing plan

OBSERVATIONS

- Past instances of market entry can be used as benchmarks for potential future ventures
- In products with network effects, user acquisition is key and must be prioritized

Skin Care Manufacturer – Interview Transcript (1/2)

Your client is a skin care products manufacturer in the U.S. They are contemplating whether they should enter India or not. Prepare a Go To Market strategy for the client.

Ok, so before starting the analysis I would like to know why are they looking to enter India, and do they have a particular metric in mind that will help us evaluate this opportunity?

India has a large population and India's skin care industry is growing at the rate of 8% p.a. Our client believes that if they would be able to breakeven in the first year, it's a good opportunity.

I would also like to know what kind of products does our client sell in the U.S. and do they want to enter India with the same set of products? Also, how is our client's product portfolio different from any other face cream?

The client sells face creams and serums in the U.S., and they would like to enter India with their face creams. The client uses natural ingredients in its creams unlike the incumbent players which use artificial ingredients.

Coming to the point of competitors, I would like to know what is the competitive landscape like of the face cream industry in India.

The Indian face cream segment is dominated by two big firms, each having a market share of 50%.

Ok. Also, where does our client operate in the value chain? Do they plan on rolling out their products pan India?

So, the client manufacturers on their own and sells their products through 3rd party distributers. They would like to roll out their product pan India while targeting the premium segment of products for women aged above 18.

Thank you for the information. Firstly, I would like to conduct a financial feasibility analysis. Then I'll try to look at the barriers to entry along with the operational feasibility. Lastly, if the plan is feasible, I would like to look at the possible modes of entry.

Go ahead.

I will analyze the financial feasibility with the help of the following equation- Market Size x Market Share x (Price p.u. –Variable Cost p.u.) – Fixed Cost. Do we have information regarding any of these variables?

Let's assume that in the first year we would be able to capture 5% of the market. The price of 1 unit is Rs. 1500 and variable cost per unit is Rs. 800. The fixed cost that the client will incur would be close to Rs. 200 Crores. You can calculate the market size for me.

Thank you. Taking a population size of 140 Crores and assuming 50% of it to be females, I get 70 Crores. I would further divide this into 30-70 split based on urban-rural divide. Considering the price of the product and the premium segment our client is targeting, I would like to focus on the urban population which comes out to be ~20 Crores. Urban population can be divided based on income levels as 20-30-40-10, representing BPL, Lower Middle class, Upper Middle class and Rich class, respectively. The client's prospective customers would be the Upper Middle class and Rich Class which comes out to be 10 Crores. Assuming 50% of 10 Crore women use face creams instead of a full body moisturizer the target comes out to be 5 Crore. Does this number seem reasonable?

Seems fair.

Ok. Assuming 1 unit of the face cream lasts for 3 months, a person will buy it 4 times per year. Using the above equation and the information provided, the profit comes out to be Rs. 500 Cr.

Great. Let's go to the next part.

Sure. Now I would like to look at the barriers to entry that our client might face and then the operational feasibility.
I have identified some possible barriers for our client.
Regulatory – Might have to get an approval from the medical board or other relevant authority.
Inputs – Client might face hurdles in sourcing natural raw materials for manufacturing in India.
Market – The client might face headwinds due to the duopolistic nature of the market.
Before starting with the operational feasibility analysis, I would like to know whether our client plans to import its products or manufacture in India?

Good question. The client plans on setting up its manufacturing facilities in India.

Alright. The value chain would be as follows:
Raw Materials → Manufacturing → Logistics → Distribution → Customers. Have I taken all the aspects into consideration?

Yes, this looks fine.

Great! I would like to evaluate these variables step by step.

- Raw Material – will our client be able to source the required raw materials for production?
- Manufacturing – will the client be able to manufacture 1 crore units in India to meet the demand?
- Logistics – will the client establish its our own logistics network or use a third party?
- Distribution – will our client sell on their website, ecommerce platform or through retail stores?
- Customers – does our client have the required marketing capabilities for the Indian market?

The client will be taking advantage of its existing vendors to source the raw materials. The manufacturing facility will be well equipped to produce 1 Crore units. The client would use third part logistics to distribute their products pan-India. Client would sell their products through a national specialty products chain along with selling through ecommerce websites. Could you investigate some of the ways in which our client can market their face cream?

Sure. Our client can look to market their face cream in the following ways:

- Advertisements can be given in women's magazines and journals. Social media can be leveraged to advertise to the wider audience. Free trials could be given with the help of smaller sachets. Client can also come out with smaller packaging at a lower price to expand its target segment.
- They can also sell through partnerships with dermatologists.

Good, let's move ahead.

Skin Care Manufacturer – Interview Transcript (2/2)

Ok. Now I would like to look at the possible modes of entry which are Joint Venture, M&A and setting up our own facility.

- Joint Venture – Entering into a JV won't be a good idea considering the use of natural ingredients by our client unlike the competitors. This would also dilute our brand and our value proposition.
- M&A – This option will also dilute our value proposition in terms of natural ingredients. Also, the size of the existing players makes it an expensive and risky proposition.
- Setting Up – Setting up our own manufacturing facility seems to be an attractive mode of entry although it may be a time-consuming process, but it will help the client to maintain its value proposition.

Good. Can you also look at some of the barriers to exit that our client might face if the project fails.

Sure. Some of the barriers to exit that I can think of are:

- Regulatory – The foreign Investment might have a lock in period for the client, making it difficult to withdraw operations.
- Scale of operations – Considering the establishment of the manufacturing facility, any withdrawal would be met with huge losses. We might have to look at buyers of client's manufacturing facility and operations.

Ok, so what is your final recommendation to our client?

The client should move ahead with the opportunity of entering India. The project is financially attractive with a prospective Rs. 500 Crores in profit to be made in first year. The barriers to entry are also minimal, hence a smooth entry is expected. The value chain seems to be figured out by the client. The suggested mode of entry would be to set up its own operations to save the value proposition and brand image. They can further look at enhancing their product as per the needs of the India consumers, specifically skin types and weather, for establishing a firm hold and continued profitability.

Great! It was wonderful interacting with you.

Skin Care Manufacturer – Approach

Problem Statement

Your client is a skin care manufacturer in the U.S. They are contemplating whether they should enter India or not. Prepare a Go To Market strategy for the client.

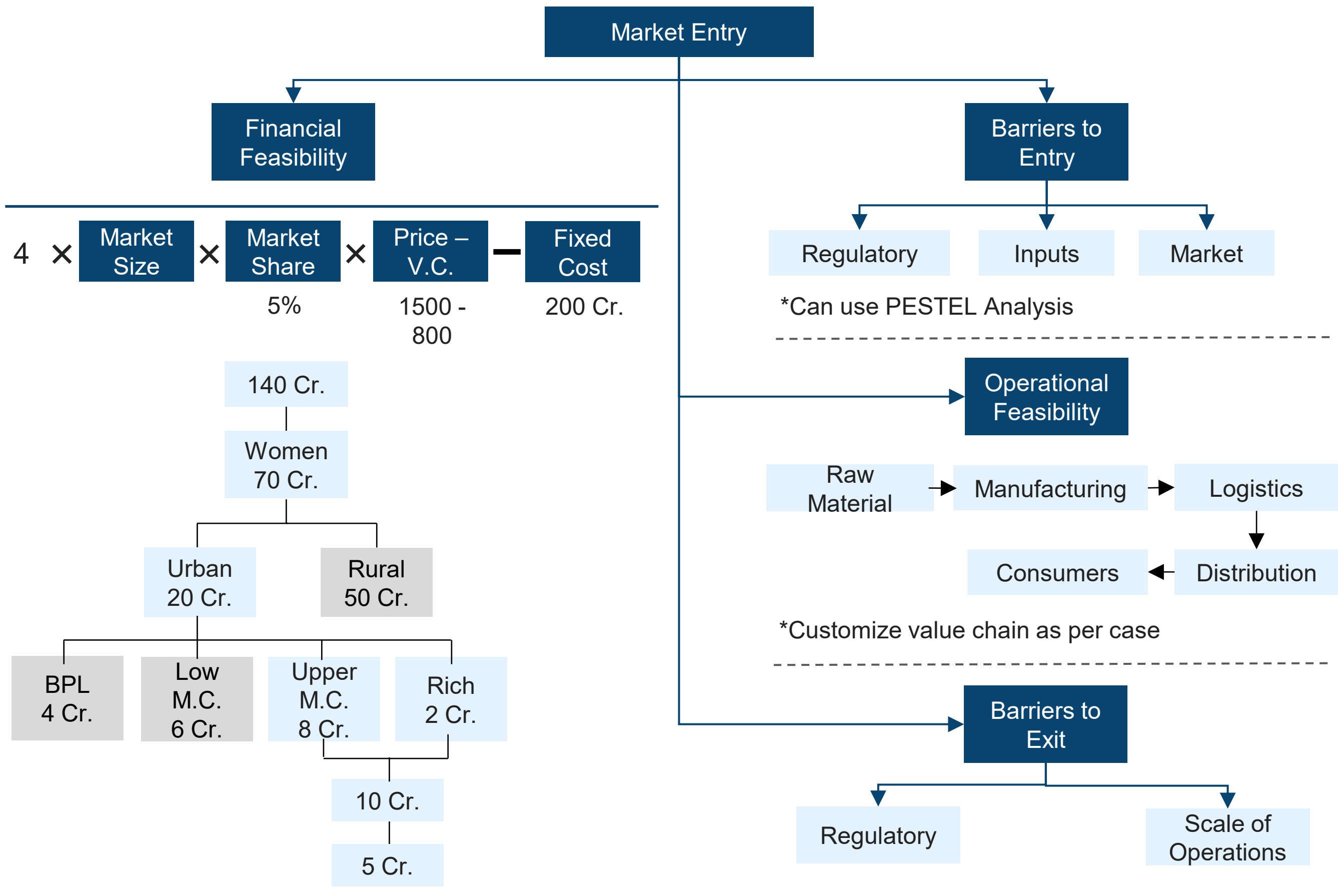
CASE FACTS

- Client sells face cream and serums in U.S.
- Indian mkt. dominated by 2 firms
- Product falls in the premium segment; has natural ingredients
- Hoping to capture 5% of the market in the 1st year; Plans to manufacture in India
- Price p.u. Rs. 1500; V.C. p.u. Rs. 800; F.C. Rs 200 Cr.
- Client has figured out value chain

INTERVIEWEE NOTES

- It is important to ask the interviewer about the objective and metric for evaluation
- One should ask about the product or service with which the client wants to enter the market
- Always communicate your plan of action to the interviewer
- Cover all the conclusions under individual analysis while giving your final recommendations

APPROACH / FRAMEWORK



RECOMMENDATIONS

- The client should enter the Indian market

OBSERVATIONS

- Market entry cases are exploratory in nature and require less guidance by the interviewer. The interview is primarily driven by the responses of the interviewee
- Constant communication and asking the right preliminary questions to the interviewer is the key to not get lost in the case

iPhone Manufacturer – Interview Transcript (1/2)

FRAMEWORK
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Your client is a leading iPhone manufacturer. They are planning to set up a new manufacturing plant in Asia to serve the growing demand in the region, and they want your help in selecting the most suitable location.

Understood. Before we get into the analysis, could I confirm a few details to better understand the context?

Go ahead.

First, what's the main objective behind setting up this plant? Is it to serve existing demand, capture new markets, reduce costs, or something else?

The goal is primarily to serve Asia-Pacific demand, especially India and surrounding markets, and to diversify production away from their current base.

Got it. And do we know the target capacity and timeline for this facility?

They're targeting 15 million units per year, with the plant operational within 24 months from starting construction.

And the budget allocated?

USD 2 billion.

Thanks. One last clarification - will the plant serve only Asia-Pacific, or will it also support exports to other regions?

For now, it will focus on Asia-Pacific, but the client wants the flexibility to expand exports in the future.

That makes sense. To approach this structurally, I'd like to look at three broad dimensions:
A) The political environment - things like political stability, government stance, and the regulatory climate.
B) The ecosystem readiness - availability of skilled labour, supporting industries, and infrastructure.
C) The financial and operational side - investment needs, costs, and incentives.
Does this sound like a reasonable way forward?

Yes, that works.

Great. Has the client already narrowed down potential countries?

Yes - after some initial screening, they have shortlisted India, Vietnam, and Indonesia.

Let me start with the political and regulatory side. My hypothesis is: India should have strong "Make in India" incentives given the government push. Vietnam, being very export-oriented, likely has several FTAs. Indonesia might be a little more volatile in terms of regulatory consistency. How accurate is that?

You're right. India has strong "Make in India" incentives that support domestic production. Vietnam is politically stable, very export-oriented, and benefits from several free trade agreements. Indonesia has a large domestic market but has had recent regulatory shifts in electronics imports and manufacturing rules.

That's clear. And on IP protection - my sense is India, given its history with pharma and IT, should be stronger. Vietnam and Indonesia might be less consistent.

Correct. India has signed multiple IP treaties and has been strengthening enforcement in recent years. Vietnam and Indonesia lag behind - enforcement is inconsistent, particularly in electronics.

Great. On talent availability: India should have a mature pool of assembly workers. Vietnam's pool should be smaller but fast-growing, given its focus on electronics exports. Indonesia, I'd guess, would be weaker here.

Exactly. India has a large, mature pool. Vietnam's has a skilled workforce (albeit small), and electronics is a priority sector for them. Indonesia's talent is more limited and would require significant training investment.

And infrastructure - my assumption is Vietnam, being export-driven, should have solid industrial parks near ports. India has strong clusters but inland bottlenecks may relatively hamper logistics. Indonesia might be behind both.

That's right. Vietnam has well-developed industrial parks near ports. Their port infrastructure is also good. India has strong ports but some inland transport bottlenecks may lead to logistical delays, though electronics clusters already exist. Indonesia's logistics infra is improving but still behind.

That's helpful. Now on the cost and operational side, could you share the capital expenditure, labour costs, logistics costs, and incentives?

Sure. For CAPEX, India is at \$1.8 billion, Vietnam \$1.5 billion, and Indonesia \$1.7 billion. Labour cost per unit is \$5 in India, \$4 in Vietnam, and \$4.5 in Indonesia. Logistics costs per unit to APAC markets are \$1.8 for India, \$1.2 for Vietnam, and \$1.5 for Indonesia. Tax incentives over five years amount to \$250 million for India, \$200 million for Vietnam, and \$100 million for Indonesia.

And these logistics costs assume direct shipment from manufacturing hubs to destination markets?

Yes, they're based on existing infrastructure and shipping routes.

Considering what we've discussed so far, Vietnam offers slightly lower CAPEX and logistics costs, but India has stronger IP protection, a larger talent pool, and a large domestic market. Could I confirm whether the client values long-term supply chain resilience and IP security over short-term cost savings?

Yes, they do. Protecting IP and building a sustainable ecosystem are priorities.

In that case, India seems the stronger option, even with marginally higher costs.

Sounds good. Let's deep dive a bit into India and evaluate between two potential states where the client was considering to set-up the facility - Tamil Nadu and Gujarat.

Tamil Nadu should have a strong electronics supplier base and abundant skilled labour, given its track record in manufacturing. Gujarat, on the other hand, is known for port connectivity and cost advantages, but perhaps less mature in electronics-specific suppliers. How does that sound?

iPhone Manufacturer – Interview Transcript (2/2)

FRAMEWORK

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That's accurate. Tamil Nadu has a strong supplier base for electronics, abundant skilled labour, proximity to major ports, and slightly higher labour costs than Gujarat. Gujarat has lower labour costs and excellent port connectivity but a less developed supplier ecosystem for electronics.

And in terms of incentives and land acquisition - I'd say Tamil Nadu, being focused on manufacturing clusters, might offer more tailored incentives, while Gujarat's policies might be broader.

Exactly. Tamil Nadu offers targeted incentives, while Gujarat's incentives are broader but not as tailored to this sector.

Based on that, Tamil Nadu's mature supplier ecosystem and skilled workforce seem like critical advantages. Even if the labour costs are slightly higher, the reduced supply chain risk and shorter ramp-up time could more than offset the difference.

That's a fair assessment. Would you like to quantify the decision factors?

Yes. I'd give more weight to talent availability, supplier ecosystem, and policy support, while cost and logistics would have a smaller share of the total importance. Tamil Nadu would come out ahead overall, given those weightings.

Alright. Let's also look at potential risks.

On the macro side, there's always the chance of policy changes affecting incentives, though they've been stable in recent years. On the operational side, relying too heavily on one region for key components could lead to disruptions if there are unforeseen issues. To mitigate these, we could work on securing long-term agreements with the government to lock in incentives and develop secondary supplier relationships outside Tamil Nadu to reduce dependency. Should I look into internal factors as well to ensure alignment of fit?

Our client has a strong market in India and they had internal consensus & alignment with all the three shortlisted countries. Can you provide them a final recommendation based on the external factors?

I'd recommend that the client set up its new iPhone manufacturing plant in Tamil Nadu, India. Given the priorities they've stated, this location offers the best balance between long-term IP security, supply chain resilience, and access to a large, skilled workforce, while still maintaining competitive costs. Tamil Nadu's strong supplier ecosystem and targeted incentives would allow the client to ramp up operations faster and with lower operational risk compared to other options. While Vietnam and Indonesia offer cost advantages in some areas, they fall short on critical elements like IP protection and ecosystem maturity. Tamil Nadu not only positions the client to serve Asia-Pacific effectively but also gives them flexibility for future export expansion. There are some risks, such as potential policy changes and supplier dependency, but these can be addressed through proactive agreements and supplier diversification.

That's clear and well-reasoned. Could you sum it up in one line?

The client should set up its new plant in Tamil Nadu to combine strong IP protection, skilled labour, and a mature supply ecosystem with competitive operating costs, ensuring both immediate operational success and long-term resilience.

Great. That wraps it up.

iPhone Manufacturer – Approach

FRAMEWORK
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Problem Statement

Your client is a leading iPhone manufacturer. They are planning to set up a new manufacturing plant in Asia to serve the growing demand in the region, and they want your help in selecting the most suitable location.

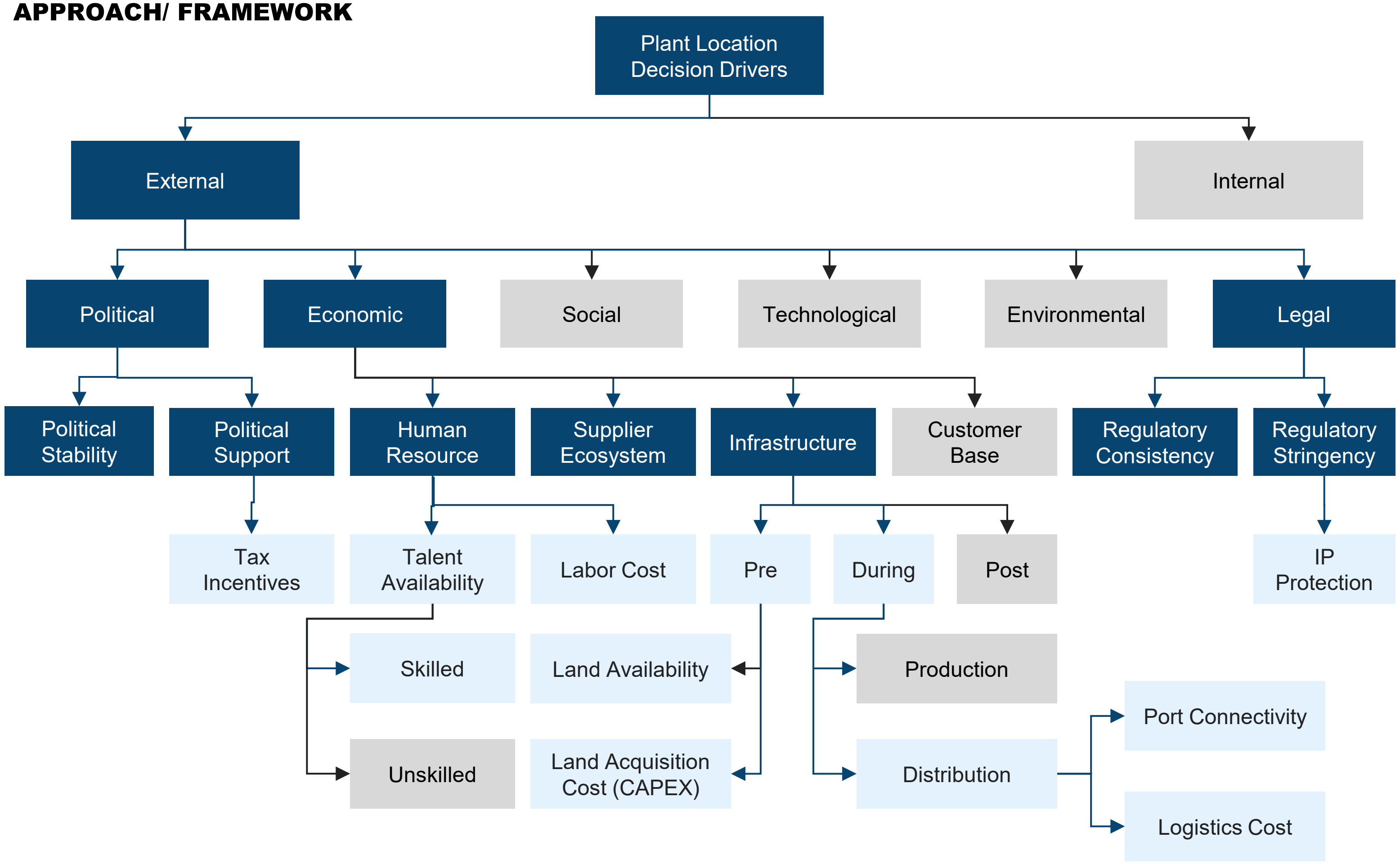
CASE FACTS

- Client is a leading iPhone manufacturer, planning to set up a new plant in Asia to serve 15M units/year
- Budget: USD 2B, timeline 24 months for operations
- Objective: Serve Asia-Pacific demand (esp. India) and diversify manufacturing base away from current site
- Shortlisted countries: India, Vietnam, Indonesia

INTERVIEWEE NOTES

- Assess attractiveness of shortlisted countries on political stability, policy, incentives, IP protection
- Evaluate talent pool, supplier ecosystem, infrastructure, logistics
- Consider CAPEX, labour costs, and operational risks
- Factor in client priorities: long-term IP security, supply chain resilience, ability to ramp up quickly

APPROACH/ FRAMEWORK



RECOMMENDATIONS

- Choose Tamil Nadu, India, as the plant location
  - Strong IP protection, targeted incentives, "Make in India" push
  - Mature electronics supplier base and abundant skilled labour
  - Large domestic market + APAC export hub potential
- Mitigate risks by:
  - Locking long-term incentive agreements with govt.
  - Building secondary supplier relationships outside Tamil Nadu

OBSERVATIONS

- The candidate checked about importance of various factors to the client – enabling them to decide the right location.
- In market entry cases, political & regulatory factors are also imp.
- Supplier ecosystem maturity is a critical success driver, often outweighing pure cost benefits
- India offers long-term strategic resilience, even if Vietnam/Indonesia may look cheaper in the near-term

European Airline – Interview Transcript

Your client is a European Airline who is facing stagnant growth in Europe and would like to explore Indian market. Please help them with this

Ok. I would like to further get to know about the client. What kind of airline are they? Where all are they operating? What is their current market position? Do they have any particular target market to enter into India like domestic or international sector, low cost or premium etc.

Our client is a low-cost airline company in Europe. They are operating in most countries across Europe. They don't have any market in mind, and you can suggest them the same.

What is the primary objective of our client? Do they have any profit objectives for entering India.

They don't have immediate profit targets but are looking for sustained long term growth.

Ok. I would also like to know current Indian market scenario. Can I assume it to be current market scenario in both domestic and international market?

Yes. The domestic market has majorly 5-6 players with Indigo having maximum market share. International market has multiple players with Air India having maximum share

Ok. I would like to layout my structure; I would first like to see financial attractiveness of the market. If market is attractive enough, I would like to see operational feasibility in the market where, I would first check if there are any major barriers preventing our entry and then check how will we be able to establish the value chain. I would then like to look how we can enter the market and any future risks we will face.

This structure looks good. Let's look at financial feasibility first

In financial feasibility, I would like to analyze market size, market share and the profitability we can achieve. I would also look at the growth of the market. As our client is already in low-cost airline, I will first evaluate if the client should enter the Indian domestic market in low-cost segment and then add the value of other opportunities like flights between India and Europe

Make sense. For simplicity, let's assume that the client enters domestic market only. Also assume that the client first targets major cities only

Ok. To calculate market size, we can approach by calculating traffic on major airports by looking at the number of flights taking off * # of passengers/flight*Price/ticket for a year from major airports. Do we have any data regarding the market size, or should I calculate?

It's fine. Let's assume that market size is 50,000 crore.

Ok, now I would like to analyze the market share

What do you think about this market size. Is it attractive?

For that, I would like to know the current revenue of our business.

That is $5 BN

That is equal to 5*85*100 crores = 42,500 crores. I think the market can be attractive if we are able to capture good market share in it.

Also, you forgot that growth is our primary objective. You didn't ask earlier but we want a sustainable growth of 1-2% on our overall revenue.

Ok. Do we have data about the growth of the Indian market. After calculating the market share, I will verify if we are achieving the required growth or not.

Sure. The Indian market is growing at a rate of 20%

Ok. I will move onto market share. I would like to compare the markets we will target, the kind of facilities we will provide, the prices we will keep and if our brand name is known to Indian market. Do we have data for this.

The client currently haven't planned this and would like your advice. How else can you calculate the market share?

India, being a low-income country, is price sensitive. So, we must keep competitive prices to gain market share. Also, as we are targeting major airports, we would be able to reach out to most customers. We can look into the last player that entered Indian market to benchmark market share

Good. Assume, Vistara to be a low-cost carrier and was the last entrant. They have been able to gain 5% market share. Apart from this, what other benchmarks can you investigate?

We can further look into if our client has entered any new territory like India and how they have performed there. Also, we can benchmark it with any other low-cost airline which entered any similar market.

Good. Let's assume that you will be able to gain 5% market share

Sure. So now to see sustainable growth, we will be able to earn a revenue of 2,500 crores in Indian market that will grow minimum at Rs 500 crores per year assuming our market share remains the same. This means we have growth of around 500/42500 = 1.2%. Thus, this market share meets our target growth rate in Indian Market. I would now like to check the operational feasibility. First, do we know if we will be able to get license to operate in India

We will be able to get the license. Instead of going into operational feasibility, I would like to know the factors you will judge to decide How to Enter into Indian market

To enter into Indian market, we have 3 choices including enter on our own, enter through a joint venture and enter through M&A. To decide on these factors, we can look into cost, control, operational feasibility and time.

That sounds good. What are the options for us if we want to enter through M&A considering current Indian market scenario?

Currently, there are multiple airlines in India that will be ready to sell their stake. We ca look forward to invest in Jet Airways, Air India etc. which are looking for buyers.

Ok. So, let's assume that we will buy Jet Airways. The cost required for acquisition is $1 billion. Can you evaluate this investment amount?

Do we have required cost of capital and profitability of business?

Assume cost of capital to be 8% and profit margins to be 10% and time period to be 10 year

So, as we calculated earlier, we will be able to generate 2,500 crores of revenue in year 1 which will grow by the rate of 20%. This means that we have profits of 250 crores in 1st year followed by 300, 360, and so on at an investment of 8,500 crores. Thus, we can calculate NPV and payback period to establish if the investment makes sense or not

But you forgot to take in the factor of increase in market share due to acquisition

Oh yes. We also have to see how brand name of Jet airways can help us in acquiring more market, thus increasing our revenues.

We can close the case now

European Airline – Approach

Problem Statement

Your client is a European Airline who is facing stagnant growth in Europe and would like to explore Indian market. Please help them with this

CASE FACTS

- Client is European low-cost airline who want to analyse Indian market
- One of the big brand in Europe, want to focus on growth in revenue through Indian market
- Open to options of entering into different sectors in the airline market
- Open to suggestions about how to position the product, price the product etc.

INTERVIEWEE NOTES

- Important to ask about any qualitative and quantitative objectives especially about growth
- Define the scope of the problem as it was open ended
- Identify company's current type of airline, operational countries, market position, revenue etc.
- Competitor scenario in the Indian market

APPROACH / FRAMEWORK

Financial Feasibility

Current Market

- Market Size - Crores
- Calculating domestic airline size (bottleneck approach) – 50,000 growth – 20%

Market Share (5%)

- Major players
- Market share/position
- Product USP, Price, Airports (Place), Brand
- Benchmark – Last entrant, similar country, similar entrant

Growth

50000*5%*20*/42,500

Operational Feasibility

Major barriers to entry

- Government Regulation
- License Rules
- FDI rules

Value chain setup and Risks

- Government License
- Airport setup and gates permissions
- Infra development
- Employees
- Sales Channel

How to Enter & Entry Decision

Options

- Self
- Joint Venture
- M&A

Evaluation Criteria

- Cost
- Control
- Operational ease
- Time

Financial Evaluation

- NPV
- Payback
- IRR

RECOMMENDATIONS

- The airline should enter the Indian market as it is meeting the growth targets it have from entering the Indian market
- The airline should not acquire Jet airways as overall NPV of the project is negative
- The airline can enter into the market by itself or look fir the Joint Venture, whichever's NPV is greater

OBSERVATIONS

- Market entry generally don't come with growth objective. Keep the objective in mind while asking interview questions & check once if are any quantitative targets
- Conclude each analyses once it is completed. E.g. After market sizing, conclude if market size is good/ bad/ needs further analysis
- Recheck earlier calculations if any new information is provided in the analyses (E.g. Jet Airways Brand)

Fintech in UAE Market – Interview Transcript (1/2)

Your client is a Dubai based E-commerce firm backed by Indian payments giant Paytm. The firm wants to enter the fintech market in UAE and want your recommendation on this

What is the firm's objective behind this? Do we have any decision metric in mind that we can use to evaluate such as revenue or profits target?

So, like any other business it wants to maximize its revenue. While the firm does not have a specific revenue target it wants to maximize its ROI in the next 5 years.

Understood. Can you tell me a bit more about our client? When we say e-commerce is it like Amazon / Flipkart?

Yes, the client is exactly like Amazon with majority of its operations in the gulf region.

Also how long have we been in the market and what is our position in the market currently?

The client was the first e-commerce firm in middle east and currently controls more than 50% of the market which is valued at $10 bn. There are 3-4 other competitors, but they have less than 10% each market sure.

That means we are the market leader and have a dominating position. Now coming to the business vertical, I am not much familiar with fintech space but what I understand is that it is a very broad market with solutions such as insurance, wallet etc. Is there any specific product that we want to launch with?

That's a good question. We have 4 key verticals in mind: A wallet like Paytm, Micro lending card for loans of small denominations, Stock-broker, Marketplace for insurance and credit cards. If we have to decide only one out of the above 4, what do you think which one would be the most relevant choice for the client?

Since we are the market leader in e-commerce, I will evaluate the above options based on (1) Market size (2) Competitive landscape (3) Synergies with existing company. But before moving ahead with this, I would want to know get more context on the fintech space in UAE.

UAE economy exactly like India is also driven by cash transactions accounting for more than 40% of the transaction value. The fintech space is completely non-existent in the country. We will be the first mover.

Really interesting. I would look at a payment wallet solution first. Given the market similarity to India, this product will help us establish a market amongst the masses first and subsequently we can introduce more specialized products. It will also help facilitate payments on our e-commerce platform & thus speed up customer acquisition.

Excellent. What next?

So now I would want to evaluate the business from 2 perspectives:
1. Economic analysis to know how big is the market and what proportion I can capture
2. Operational feasibility where we look at how to establish the business and what can be the key risks of venturing into this new space.
I would want to start with economic analysis first. My expected profits will be equal to Market size * Market share.*Average contribution margin minus the fixed costs/initial investment
Do we have any information on the market size that we are looking at or do I need to estimate the same

Good. So, assume that the fixed costs are essentially zero because of an already established technical business. Also, since the market is non-existent, we will need to estimate the market size in dollar value. Let us estimate the profits for the first year.

I will start by estimating market size in terms of $ value.
Market size = Number of addressable customers * Number of transaction per customer * Value per transaction per customer
For the number of customers, I will look at the population of UAE and adjust it for age, internet penetration, smartphone penetration, bank account/credit card penetration.

Fair enough. Do you think your formula will give you the correct market size? This will only give you the value of transaction that happens on the platform and not the revenue.

Apologies. I think there will be an aspect of commission that the platform will make on every transaction which needs to be incorporated.

Correct. Moving ahead, how do you think we can get a reliable estimate of the other 2 parameters?

Maybe we can look at average transaction size and no of orders per customer on our e-commerce platform.

Don't you think that will give us an overestimate. Remember that this product will essentially replace your daily cash transactions at local mom and pop stores rather than e-commerce. Similar to what we see in India with Paytm.

Ahh. Then we can use comparable by evaluating avg transaction size and no of orders per customer for Paytm when they launched in India and adjust them for purchasing power parity and higher per capita income in Dubai.

Ok. So, let's say that this gives us a very attractive market size.

Next, I would want to look at the market share that we can capture. Given the nascent industry in UAE, we can benchmark market share achieved by similar products in similar markets such as India or other gulf nation. For instance, market share that was captured by Paytm in 1st 5 years

Let us assume that this market makes sense economically for the firm to enter. What next would you suggest?

Since economic feasibility has already been established, I would now want to look at the operational feasibility of the business. I would want to look at the entire value chain comprising of Technology platform followed by merchants followed by consumers.
However, since we are operating in the financial space, before moving ahead I would like to know if there is any regulatory barrier that I must be aware of?

Good point. So, the law of the land mandates that at least 51% of ownership must reside with a UAE based bank.

That might throw challenges. I think we have 3 strategic options here:
1. Set up our own bank but that will be a time-consuming process and we might lose the first mover advantage.
2. We can enter into a joint venture with one of the major banks
3. We can also acquire a UAE based bank, but our current financial position may not allow us to do so.
Thus, Joint Venture seems to be the most feasible option here. However, a key risk that needs to be highlighted here is we should have some sort of protection that stops these incumbents from entering the fintech space.

Yes, Joint Venture seems to be the most appropriate step here. Our technical expertise in the market will also be a unique value proposition for banks to partner with us.

Fintech in UAE Market – Interview Transcript (2/2)

Understood. Next, I would want to look at the creation of platform. Given that we are the biggest e-commerce firm in UAE and are owned by a global fintech giant, creating the right platform does not seem to be a major challenge.
Correct!
After this I would look at how we will onboard merchants on our platform. I will divide merchants into 2 parts: New acquisition, Existing e-commerce platform merchants. I will target the merchants associated with my e-commerce platform first which can act as the early adopters of such a platform and spread word of mouth around it. On the other hand, to on-board local mom and pop merchants, we can run incentive schemes like zero commission for first few days via our sales force.
Ok.
Also, since it is a 2-sided platform, we will also have to ensure simultaneous addition of customers on the platforms to appease both the parties. I will again target my existing e-commerce customers first via cashback, discount offerings, loyalty programs etc. However, in all our acquisition efforts we will have to pay considerable attention to possibility of frauds which happened a lot with Paytm.
That’s a good insight. I think we have covered all the aspects of the value chain. We can stop here.

Fintech in UAE Market – Approach

Problem Statement

Your client is a Dubai based e-commerce firm which wants to enter into the fintech space. They need your help to figure out how to do this?

CASE FACTS

- Client is the market leader in e-commerce
- Client wants to enter into the fintech space with a payments wallet product
- Market is nonexistent in UAE with no competition
- Client wants to find out market potential/revenue for 1st year
- The product works on a commission model

INTERVIEWEE NOTES

- It is important to understand the business model that company is going to launch and the current status of the business
- Analyze possible synergies that will shape company's strategy
- Use similar market comparable and ratios to calculate market share, market size
- Establish the value chain for a general new age tech startup

APPROACH / FRAMEWORK

Market entry into Fintech

- Economic Analysis
  - Market Size
  - Market Share
  - Ask for comparable ratios from similar market to evaluate these
- Operational feasibility

Market size = Total addressable population × Number of transaction per year per customer × Avg txn value

Total Addressable Population: Population → Age Filter → Internet penetration → Smartphone penetration → Bank accounts penetration

FEASIBILITY ANALYSIS: VALUE CHAIN SETUP & REGULATORY BARRIERS

Regulatory Barriers → Technological Platform → Customer Acquisition → Merchants acquisition

- Regulatory Barriers
  - Local ownership requirement
    - Joint Venture
    - Acquisition
    - Own Bank
- Customer Acquisition / Merchants acquisition
  - Acquiring existing customers and merchants
  - Acquiring new customers and merchants

RECOMMENDATIONS

- The client should enter the fintech market

OBSERVATIONS

- In such an open-ended case, be as exhaustive as possible for market size estimation and value chain setup
- Always clarify the business model of the company and the new sector
- Identify barriers to entry that company may face while entry specially for financial firms

Fantasy Gaming App – Interview Transcript

Your client is an Indian digital gaming company that wants to enter the fantasy gaming space. They have approached you to evaluate the venture and determine feasibility of their entry strategy. For this case assume the real money & fantasy gaming application are legally allowed in India.

Sure, I would like to the client's reason for venturing into the fantasy gaming space.

The client has existed in the digital gaming space for 7 years and is witnessing a stagnant user growth rate of 2% annually. They want to capitalize on the new fantasy sports market growing at 20% annually.

Okay. Can I know what kind of digital offering the client currently provides?

The client has a casino app with games such as Poker, Roulette, and Blackjack.

Great, now I would also like to know how the company generates revenue through this app.

The app makes money from advertisements and in-app purchases for game coins. The regulations don't allow real money to be used in the app as that would be considered illegal (gambling). The client is cash-strapped due to revenue stagnation & increased marketing costs to fight similar apps.

Okay. Is there any information available about market and segments, say, basis age groups?

Sure, there are ~10M potential users, 35% are less than 18 years old, 50% are between 18-50, & 15% are 50+.

Can I know what the client plans to offer with the new fantasy gaming app? Also, are they considering using real money, unlike the previous application?

The client wants to focus on fantasy football during the first year. You are correct in assuming they can use currency to build teams and play against different players, per new legal guidelines. However, users must complete the KYC process before joining. The app takes a 10% cut per game.

Thanks for that. Can I also know about the other players in the fantasy gaming industry?

It's a nascent market. However, 5-6 players have a similar offering but exclusively to cricket.

With that, I would want to know the entry strategy the client is considering.

They offer Rs. 200 coupons to players on the casino app to try the game. Users can link their mobile wallets & use coupon to add money. They can redeem it after a stipulated time, if they've played enough games. Why don't you tell me how to begin evaluating this move if the client wants to recuperate this investment in one year?

I would first check the financial feasibility of this strategy and then highlight the operational risks.

Please go ahead.

For this strategy to be economically feasible, the 1st year's revenue should equal the total amount invested in the coupons to break even.

Yes, you are right in this assessment. Please proceed using this approach.

Sure, I would take the relevant market size from the casino app. The factors I would consider (in order) are – a) Eligibility b) Awareness c) Affordability

Sounds good. Please help me with these factors and the further process.

Sure. Out of the 10M users, I would determine those who can legally play on this app due to underlying factors like age and KYC documentation. Since fantasy gaming is only legal for those above 18, we can only consider 65% of users. Out of these 6.5M users, I would look at how many users are interested in football, so they'll be motivated to play the game. Then I will consider affordability constraints. Can I know if any data is available?

With a few surveys conducted in the past, the client determined that almost 20% of casino app users followed football regularly and were interested in fantasy sports.

Sure. It leaves us with 1.3M users. However, we should only account for the users who can afford to bear the financial risk of wagering their own money after the coupon amount is used.

The client estimates this number to be 40%. Very quickly, what factors do you think govern this ratio?

There can be multiple reasons such as – age group (elderly tend to have low levels of leisure spending), income group (low and very high-income groups would not be able or interested in spending in the app), confidence in knowledge of football, time available to keep up with the game, etc.

Sounds fair. Please go ahead with your analysis.

Accounting for all of these, 520k users is our obtainable market. Some users would not be sticking for the whole year. Do we have any estimates for the churn rate?

Yes, using similar apps' benchmarks, we can assume that 20% of users will churn out.

It leaves us with ~400k users. I will now calculate ARPU. Do we have any information for the same?

The estimated average user spend is Rs. 1500 per month.

Sure. The app makes 10% per game. For the whole year, this translates to Rs. 1800 per user. The total revenue is 1800 * 400k = Rs. 720 M. The total cost is based on the total obtainable market is 200 * 6.5M = Rs. 1300 M. This strategy isn't feasible if the client's objective is to break even in the 1st year.

Let's assume the client decides to go ahead with this strategy even with an extended payback period. How would you evaluate the operational risks associated with this move?

I would categorize risks as app-related and external risks. For the app-related issues, I would classify them into 3 more buckets – a) Pre-customer acquisition b) During c) Post-acquisition to explain the risks leading to customer attrition. For a) we consider product risks and financial risks. Product risks include complicated redemption process or unattractive coupon amount, underwhelming user reviews on the app store disincentivizing potential users, and low product visibility. Financial risks include a high capital requirement and substantial fixed costs before the app is operational.

Sure, let's also consider phase during operation as well.

Great. During phase can be segmented into product-related, and competitor-related risks. Product risks include a bad interface, app crashes, loss of user data & security concerns, and complex transaction process. Competitor-related risks can be similar apps imitating the product, scams resembling the product, and bigger players extending their offerings to include football.

Sounds good enough. What about the external risks?

Sure. The external risks can be bucketed into Legal, Social, and Technological risks. Legal risks concern authorities and regulations around fantasy gaming and using real money. Social risks include social backlash, bad press, users gaming the system to redeem rewards without participating, etc. Technological risks include internet penetration, app availability on different platforms, computation speed and efficiency expectations.

Great, I think we can end the case here.

Thank you for your time.

We can close the case now

Fantasy Gaming App – Approach

Problem Statement

Your client is an Indian digital gaming company that wants to enter the fantasy gaming space. They have approached you to evaluate the venture and determine feasibility of their entry strategy. For this case assume the real money & fantasy gaming application are legally allowed in India.

CASE FACTS

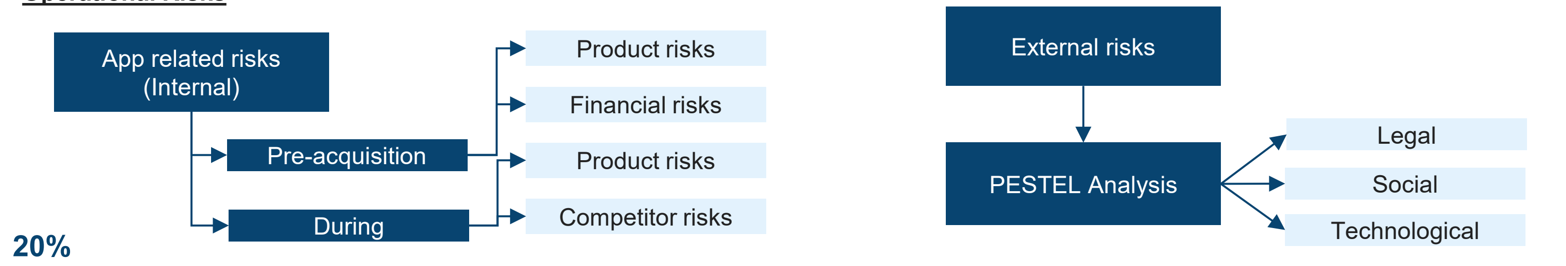
- Client already exists in the digital gaming space
- Client wishes to offer Rs. 200/user to try new app
- Values of filters related to affordability, availability and eligibility provided
- Market research suggests that an average users monthly spend is Rs. 1500

INTERVIEWEE NOTES

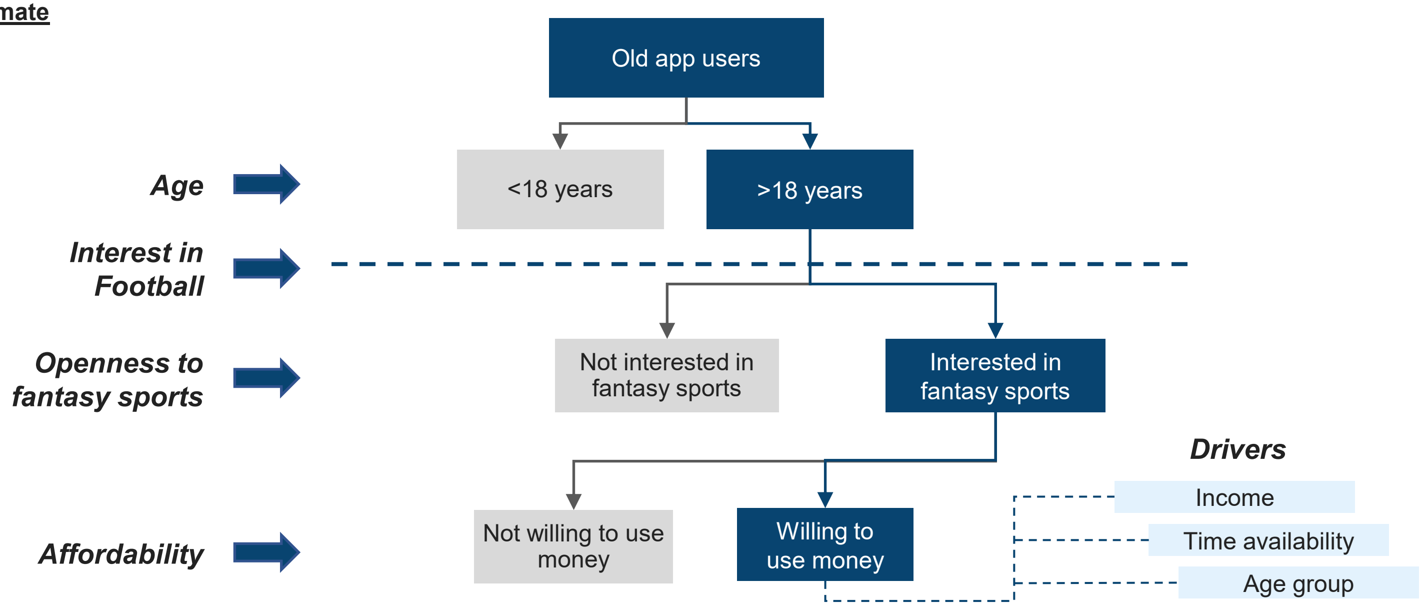
- This case needs a quantitative analysis to evaluate the entry decision
- The client has the option to leverage their position in the digital gaming space to enter into fantasy gaming space
- Decision has to evaluated on the basis of economic feasibility

APPROACH / FRAMEWORK

Operational Risks



Guesstimate



RECOMMENDATIONS

- Since the objective of breaking even in 1st year is not being met, the venture should not be undertaken
- With an extended payback period, risks both internal to the product as well as the market risks need to be considered

OBSERVATIONS

- Considering that the decision is based on quantitative analysis, it is important to extract all the numerical data from the interviewer
- Be communicative and run the approach through the interviewer before initiating calculations to address any concerns the interviewer might have post-analysis

Galileo's Telescope – Interview Transcript (1/2)

FRAMEWORK

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Assume it is the year 1609. The prolific Italian scientist Galileo Galilei has recently invented the telescope, and is considering launching the product in the Spanish kingdom. He has consulted you to advise him on whether he should do so or not.

Interesting! I would like to start off by understanding Galileo's motivation behind this move. Is he looking for any specific financial target over some time period from this venture?

This invention is the first of its kind, and Galileo merely wants to advance the cause of science to as many people as possible. He has no financial target in mind.

Understood. Based on what I know about modern-day telescopes, my guess is that Galileo's telescope is an instrument perhaps made of metal and glass and used for astronomical observations. Is this a fair understanding? Are there any other features I should be aware of?

That's an accurate guess! Additionally, you may know that the product is around 4-5 feet in height and can be used by a single, untrained person.

Alright. Is there any specific reason for Galileo to consider the Spanish Kingdom?

The Spanish Kingdom hosts a large proportion of population of Europe.

Okay, one final question – does Galileo has any prior experience in market entry?

He does not, in fact this is the first of his products he is looking to commercialize.

I have enough background information to proceed. My overall approach would be to break the problem into two parts – first, I would want to assess the worthwhileness of this venture in by computing the market size in terms of potential customers. Second, I will assess the feasibility of setting up and operating this venture. Does this seem like a fair overall approach?

Yes, you may proceed with the market sizing.

Alright. I am taking a demand-side approach, starting from the population of the Spanish Kingdom and apply filters to arrive at the market size. The filters I have in mind are gender, affordability and interest in astronomy. If these seem fine to you, I'll construct a formula for the same.

Why would gender be relevant? Also, how will you find the % people interested in astronomy?

Unfortunately, in the 1600s, education for women was discouraged. Thus, assuming that literacy is a base requirement for interest in astronomy, we can exclude women from the target market.
Among men, I will find the % people interested in astronomy by considering two nested factors - % literate, % interested in astronomy among the literate.

Alright, that sounds like a fair approach. For the purposes of this case, you may ignore the filter of affordability. What percentage values will you take for all other filters?

We can assume a 50% gender ratio. Literacy was lower back then as compared to even developing nations in the modern day (which have around 60% literacy), thus we can take a literacy rate of maybe 30%. Sciences were not as popular back then as they are now, and astronomy is just one discipline among many sciences. Thus, I would take a very small fraction, perhaps 5% or 10% to account for those interested in astronomy among literates. Does this sound reasonable to you, or should I rework my estimates?

You may take 5% for the filter for interest in astronomy and proceed.

Great! Now with all filters in place, we need the population of Spanish Kingdom in 1609. Do we have data here?

I would be interested to see how you go about estimating that population.

Alright. I'm not totally sure how to go about that, but a basic approach is the following. Using the formula, Population = Area*Density, I'll first estimate Spain's present-day population. Then, by considering an appropriate growth rate, I'll compute the Spanish kingdom's population for 1609. I'm assuming that the Spanish kingdom and present-day Spain have the same area, is that alright?

Good approach! Assume a doubling of population of every 100 years. You may use proxy data based on your knowledge about the world to compute Spain's area and density.

Great! Based on my limited understanding of geography, a typical European country may be crudely considered as having approximately the same area as a large Indian state like Maharashtra. Population density of Spain will, however, be smaller than most Indian states. I don't have exact data at hand, but is this approach okay?

Good rationale. For simplicity, you may consider the present area and density of Maharashtra as 300,000 km^2 and 400 $/km^2$. Take the Spanish Kingdom's area to be 50% larger than Maharashtra. Spain's population density can be taken as 25% of Maharashtra.

Alright, with this data, the Spanish Kingdom population is calculated as 1.5*300,000*400*0.25* 1/16 = 3 Mn approx. Therefore, total market size = 3,000,000*0.5*0.3*0.05 = 22,500 potential customers. Without considering affordability, is Galileo satisfied with serving this market?

Yes, this is an attractive market size for the client. You can proceed with your analysis.

After assessing the market size, I shall now look at the feasibility of entering and operating in this business and assess any barriers. I will assess it in three parts – pre-entry, at-entry and post-entry. Does that sound good?

Yes, let's quickly run through each.

Pre-entry, there can be financial and non-financial hurdles. Financial hurdles could arise from a lack of funds to set up the value chain. Non-financial hurdles could be in the form of regulations - 17^{th} century Europe was dominated by the Church, which could oppose a scientific invention.

Let's assume that Galileo has enough money, and plans to, set up the entire value chain on his own. The point about Church interference is valid – it could pose a real threat to the business.

Noted. To assess at-entry feasibility, I'll evaluate the entire value chain, by breaking it down into three parts – production, distribution & retail, marketing & aftersales.
In production, the main issue would be to evaluate if the client has, or will be able to procure, key resources, including raw materials, equipment, land for production, and human capital.
In distribution & retail, we look at four aspects – storage, transportation, distributors/salesforce, retailers. Proper storage would entail availability of facilities and labour for safe warehousing of raw materials or finished goods. Safe transportation facilities will be key due to long, inter-country travels and the value and fragility of the product. We would also require partnerships with third-party distributors/have employees of our own, in addition to a sales force, to push our product in the Spanish market. We may need to offer incentives to retailers as well.

Galileo’s Telescope – Interview Transcript (2/2)

FRAMEWORK

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For marketing the product well, initial discounts may be offered to end customers. The client could also tie-up with renowned scientific institutions who might display and promote this product. I’m not exactly aware of how advertising was done back then, but we could leverage traditional media of communication such as print. Is this a fair breakdown of at-entry barriers?

This is a good analysis. All these outlined requirements can be put in place, although special care would be needed to tackle safety issues during storage and transportation.

Noted. We could have measures around packaging and proper stacking to avoid damage.
Moving on to post-entry hurdles - although this is a novel invention, there is a possibility of other inventors replicating it. The concern of religious backlash may arise even post entry.

All good points. Religious backlash is a major concern and threatens crippling our business, if not also risk the lives of value chain participants. Can you think of any solutions to tackle this risk?

Hmm, the client could position the telescope as a product that will boost trade and tax revenues for the Kingdom. We can also try and lobby with Ministers or other major trade entities within the Spanish cabinet. Furthermore, we can try and think of other use cases, such as military and seafaring, where the telescope could be used after some repurposing. This will not only result in goodwill with the monarchy who might support us in case the Church opposes, but also help diversify into multiple use cases, aiding from a long-term growth POV.

Alright, that will be all. Thank you for your inputs.

Galileo's Telescope – Approach

FRAMEWORK

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Problem Statement

Your client is Galileo Galilei. He has invented a telescope and has sought your advice regarding introducing this product in the Spanish Kingdom.

CASE FACTS

- Europe, 1609
- Client is inventor Galileo Galilei
- First-of-its kind telescope to be introduced in the Spanish Kingdom
- Client looking to evaluate if a sizable number of potential customers exist
- No financial targets, limitations with respect to investment

INTERVIEWEE NOTES

- Crucial to understand the context (client, product, customers, regulations etc) given that case not set in present day
- For similar reasons as above, it is especially important to clarify each assumption with the interviewer
- Use proxy data to estimate population. Clarify method, take help of interviewer if required
- Establish exhaustive value chain to evaluate barriers

APPROACH / FRAMEWORK

- Market Entry
  - Market Attractiveness
    - Market Sizing
  - Feasibility Analysis
    - Pre-Entry
    - At-Entry
    - Post-Entry

Market Sizing

Market Size (# potential customers)

Pop. of Spanish Kingdom in 1609 → Gender Filter → Literacy Filter → Interest in Astronomy Filter

Area of Spain (present) X Population density of Spain (present) X Factor to account for population growth

Estimate using proxy data of present-day countries/states

Feasibility Analysis

- Pre-Entry
  - Financial: Funds availability
  - Non-financial: Regulations
- At-Entry
  - Production: Raw materials, land, labour, equipment
  - Distribution & Retail: Storage, transport, distributors, salesforce, retailers
  - Marketing & Aftersales: Discounts, tie-ups, advertising
- Post-Entry
  - Product Replication
  - Religious Backlash

RECOMMENDATIONS

Client should enter the Spanish market, subject to following caveats:

- Safe handling of fragile & valuable product can be arranged
- Soft measures such as lobbying, repositioning can be put in place, to reduce risk of religious backlash

We also recommend the client perform a thorough financial analysis to better assess long-term viability of the venture.

OBSERVATIONS

- Crucial to understand the objective, and the context of the case in an unconventional setup
- Guesstimation using proxy data is an important tool, be prepared to deploy it in suitable scenarios
- Important to be prepared to revise one's memorized values for filters during guesstimation, as the case could be set in a completely different context
- Take help from the interviewer if unaware of certain things

Petrochemical Company – Interview Transcript

Your client, a foreign petrochemical company, produces 5 chemicals; C1: Methane, C2: Ethane, C3: Propene, C4: Butane, C5: Benzine, & other aromatics. It wants to enter the Indian Market. Help them make this decision.

I would like to ask a few clarifying questions before I begin to analyse the case. Can you help me understand a little bit about the company and its value chain? I understand that crude oil would be one of the raw materials, but can you help me with the details of the process?

The five products that I mentioned are made from naphtha, a by-product in the production of diesel and kerosene from crude oil. So yes, crude oil is the primary raw material, but there are several processes after it.

I also wanted to understand our objective for entering the Indian Market?

The client wants to expand its operations. The Indian petrochemical industry is quite attractive as it grew at a rate of 8% before Covid.

Are we looking at any specific benchmark that the company expects to meet in India in terms of profit/revenue?

No benchmark as of now, they are just pursuing expansion

I would also like to understand the scope of operations of the business and their current location

The client is located in Europe and has its operation across various countries in Europe.

Okay I would like to switch to some market related questions now. How is the Indian petrochemical market in terms of competition? Are there several competitors? Can you help me with their scope and size too?

The Indian petrochemical market is very competitive; it has 2 significant players with 50% market share and 8 other players who occupy the balance 50% market share.

My hypothesis is that operations for the firm usually take place in a B2B set-up. Therefore, their customers would mostly be heavy metal industries and other companies. Can you help me with what their customer portfolio will look like if they enter the Indian Market?

That is right. Its customers will be automobile, textile, construction, and electronic companies.

Please give me a minute to structure my thoughts on how to go about solving the case.
I believe we are still at a Go/No-Go stage in the decision-making process. I would like to analyze three factors:
How attractive the Indian Petrochemical business - understanding the market scenario, including the condition/status of competitors, supplementary products, substitutes and complementary products.
Financial feasibility - analyzing costs, both capital investment and operational costs, and revenue streams.
Operational feasibility - laying down a detailed value chain of this entire process.
Lastly, I would like to understand barriers to entry, mode of entry, and any other risks and challenges

Your framework looks comprehensive, but why don't we ignore financial feasibility and focus more on the operational aspects of the client.

Yes sure. Should I first assess the general market attractiveness, or dive straight into operational aspects?

You can proceed with assessing the market attractiveness.

I would look at the qualitative factors (the growth drivers) to understand the scope and growth prospects of this business. The growth drivers for this business would be the contribution of the customer industries (automobile, textile, construction & electronic) to GDP, fuel prices, forex rates, growth rate of petrochemical industry, etc.
If these factors are good, I would move ahead with the plan

All these seem to be in favor of the client, so you can move on to the value chain aspects now.

I would structure the Value Chain in the following manner
R&D & Market Survey –> Establishment of plant and machinery –> procurement of crude oil –> procurement of other inputs –> inbound logistics –> quality check of crude oil and preliminary cleaning –> manufacturing of petrol and diesel and then acquiring naphtha- manufacturing of petrochemicals (C1 to C5) as by products in the process–> quality and safety check –> storage –> outbound logistics –> disposal of waste –>customer service.

At each of these stages I would I would like to understand if there are any internal or external constraints. In internal constraints I would estimate the nature and number of resources required (labor, machinery, expertise), and does the firm have these capabilities. In external constraints I would like at government regulations. Do you want me to dig deeper in one of the elements of the value chain or should I investigate each one by one?

This is good. Now let's look to identify factors that should be considered while deciding the plant location.

I would like to bifurcate the factors into qualitative and quantitative factors.
Qualitative factors: The company should not be in the residential area. Moreover, it should be located in an area where they can employ the local workforce. Since crude oil is mostly imported in India, it would be a good idea to locate the plant near the ports.
Quantitatively, cost of land, logistics cost, & taxes and duties must be considered before deciding the location.

This seems fine. Can you also help me out with the capital investment as well. The petrochemical industry requires a major machinery known as the cracker machinery which costs Rs. 150 crores. Please help the client allocate this cost the business outputs. You can allocate costs to the 5 petrochemicals. Sold by our client

We can follow any of the 3 different approaches to allocate the machinery cost to the products.
1. **Volume based allocation**: The total cost will be allocated in the ratio of the volume of chemicals produced from the process.
2. **Price based allocation**: The market price of the final products can be used as a benchmark to allocate the fixed cost. Ratio of the selling prices can be used. Since in the beginning of the case you had mentioned that the Market is extremely competitive, the client would be a price taker and not a price maker, hence it can allocate machinery costs based on the market prices.
3. **Contribution based allocation**: Like the 2nd method but here the variable costs of the products, if varying are also taken into consideration. This doesn't seem to be the case here since all are by products of the same process. Hence, I would either like to go with the first or the second approach but since it is a commodities market, I would prefer the first one over the second.

Good. What factors would you consider while choosing the supplier of naphtha/crude oil?

I would like to segment the factors into 2 parts; Financial aspects and Operational aspects. **Under financial aspects** the input cost of crude oil along with the total cost of production of naphtha, if we start from the beginning of the value chain. Costs can be further categorized as cost of oil, import duties, logistics cost.
Under operational aspects the client must focus on the terms of contract which will cover, flexibility in dealings, timings, credit terms, etc.

Sounds good. We can close the case now.

Petrochemical Company – Interview Transcript

Problem Statement

Your client, a foreign petrochemical company, produces 5 chemicals; C1: Methane, C2: Ethane, C3: Propene, C4: Butane, C5: Benzine, & other aromatics. It wants to enter the Indian Market. Help them make this decision.

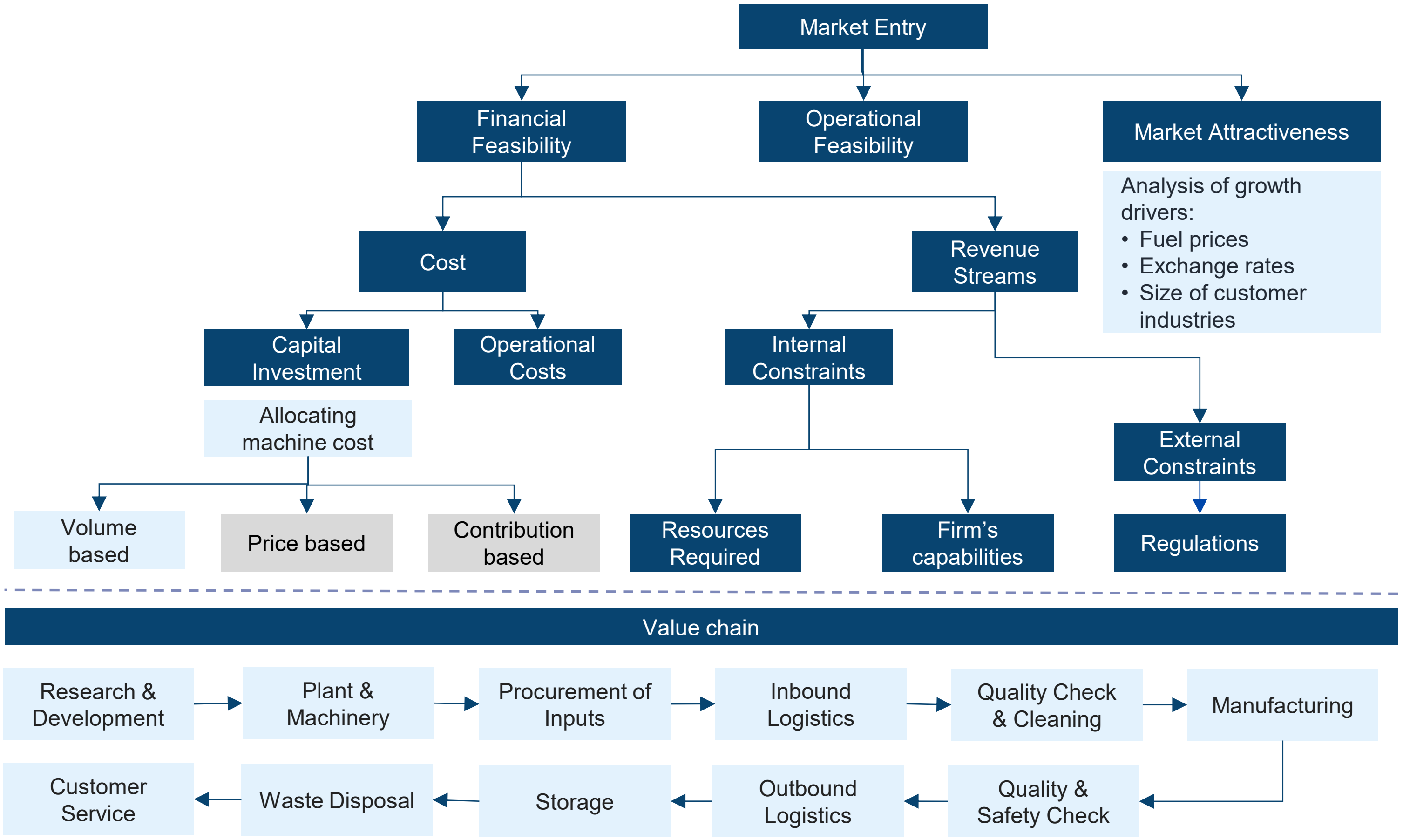
CASE FACTS

- The Indian market is very competitive; i2 significant players with 50% market share and 8 other players with 50% market share
- B2B set-up. Clients include automobile, textile, construction, and electronic companies

INTERVIEWEE NOTES

- Client in petrochemical industry – produces 5 chemicals (C1-C5)
- Client currently based in Europe- wants to enter the Indian market
- Pursuing no specific benchmarks, but an expansion motive

APPROACH / FRAMEWORK



RECOMMENDATIONS

- The client should enter the market, given there are no government regulations, and they have enough resources
- They should choose a location, that is proximate to raw materials, customers and ports
- They should allocate machinery costs basis volume of chemicals, as variable costs don't vary much to effect contribution

OBSERVATIONS

- The candidate did a good job in keeping their structure versatile enough to accommodate the questions asked by the interviewer
- The structure adopted by the candidate was very comprehensive. Perhaps even a simpler version of the value chain would suffice

Alternative Investment Fund – Interview Transcript

Your client is a global asset manager. They're considering launching a new Private Credit alternative investment fund (AIF) in India. They've asked for your advice on whether they should move forward.

Got it. Before I jump into structuring the problem, could you please tell what exactly is the client's objective here- are they primarily looking to diversify geographically, capture high yields, or deepen their presence in India as a strategic market? And in terms of investor base- are they planning to target mostly global LPs who already invest with them, or build a local fundraising franchise in India as well?

The primary driver is strategic expansion. They want to establish India as a long-term pillar in their Asia-Pacific business. But of course, financial viability matters- they won't launch a loss-making fund just to have presence. As for investor base, initially, they'd like to lean on their global LP base. But the medium-term ambition is to tap Indian HNIs and family offices.

Got it. Are they agnostic across private credit strategies, or do they have a preference, like structured lending versus distressed situations? Also, on the financial side, do they have sufficient capital, risk appetite, and balance-sheet strength to seed and scale an India vehicle? Or are there any constraint?

They see the biggest gap in structured and acquisition finance. You can assume capital availability isn't a constraint. They're one of the top global managers and have the balance-sheet strength to seed funds.

Perfect, thanks. So, to structure my thinking, I'll break it into two main buckets. First is Market Attractiveness, where I'll look at the size, growth, regulation, political stability, accessibility of the market, and competition. Second is Client Feasibility, where I'll examine how well placed our client is operationally- distribution networks, customer awareness, sourcing, partnerships, and talent. Financial capacity, as you said, is not a constraint. Let me start with market. Could you share the approximate size of India's private credit space?

Around 25 billion dollars in AUM, growing at more than 20% per year.

That's substantial. At that growth rate, the market could easily double to 50 billion in four years. And given India's GDP growth and bank constraints, I'd expect the growth to sustain. What's driving this demand?

Corporates looking for non-dilutive financing are the biggest drivers. Banks are constrained by capital requirements and sector exposure caps. Real estate and infrastructure also add demand.

So, the demand side looks robust. On the investor appetite side, are we seeing strong allocations from Indian HNIs and family offices or is the market still heavily dependent on foreign LPs?.

Both are active. Indian HNIs are increasingly sophisticated, but foreign LPs remain an important capital source.

Quantitatively, market looks attractive. Qualitatively, I'd like to test on regulation, political environment, and competition. Are there any material restrictions?

From a regulation POV, there are limits around leverage & structuring of foreign inflows, but it's manageable.

So, regulation is supportive but requires structuring expertise. Politically, India has been stable, and the macro growth supports credit demand, so that's positive. Competition, though, sounds intense- am I right in assuming global firms and domestic giants already have entrenched positions?

Correct. They have significant scale and local relationships.

That raises the bar for entry. Our client won't be first mover, so they need a clear differentiation angle. Moving to feasibility- globally, the client has strong experience in private credit, correct?

Yes, especially across Asia-Pacific. But they don't have much presence in India.

So, capabilities exist globally, but localization is weak. Let me split this into go-to-market and operations. On GTM- let's split feasibility into fundraising and deal sourcing. Early fundraising may rely heavily on global LPs. Over time, they'll need to build trust locally- possibly through private banks and wealth managers as distribution partners. On sourcing- do they have direct relationships with Indian corporates or banks?

Not really. They'd need to build those networks.

Then partnerships or senior local hires will be critical. Without origination channels, they risk competing for only the most obvious deals. Operationally, they'll also need to set up SEBI-compliant fund structures, monitoring systems, and risk teams. These are heavy lifts but achievable if they invest. Finally, talent and org structure- do they have India-based teams today?

No. They'd need to set up a SEBI-compliant fund, hire a credit analysts, compliance, and monitoring teams.

So, execution is feasible but requires heavy investment. Lastly, I'd like to test the sustainable competitive advantage for the client. Right now, they lack brand loyalty in India and don't have proprietary sourcing networks. But they do bring global scale, structuring know-how, and credibility with international LPs. If they translate that into local partnerships- for distribution and origination- they can build stickiness. Over time, network effects could emerge, where corporates see them as the go-to provider of flexible capital, and investors trust their performance. Without that, though, they risk being just another fund in a crowded field.

Good. That shows you're thinking about defensibility, not just entry.

To sum up: the Indian private credit market is attractive- large, fast-growing, backed by investor demand, and supported by regulation and politics. The client has the global experience and capital but lacks local awareness, networks, and talent. My recommendation is yes, they should enter, but carefully. Launch a mid-sized first fund, anchored by global LPs. In parallel, build local origination capacity, investor distribution networks, and partnerships to expand and differentiate by focusing on the mid-market segment and institutional-grade structuring. Over time, expand into Indian HNIs once credibility is established.

Alright. But why should investors give money to our client when they can allocate to the established players?

Investors- especially global LPs- value diversification across managers. Our client has a strong track record in global private credit. Many LPs who already allocate to them elsewhere may welcome a dedicated India vehicle for consistent exposure. For domestic HNIs, differentiation could come through credibility, governance, and institutional-grade structuring, which not all local players can offer.

Sounds good. What could be the potential risks?

The biggest risk is execution failure- specifically, not being able to build origination networks fast enough. Without proprietary deal flow, they'd either overpay for competitive deals or struggle to deploy capital. That's why I emphasized partnerships and senior local hires as non-negotiables.

Great, we'll close the case here.

Alternative Investment Fund – Approach

Problem Statement

Your client is a global asset manager. They're considering launching a new Private Credit alternative investment fund (AIF) in India. They've asked for your advice on whether they should move forward.

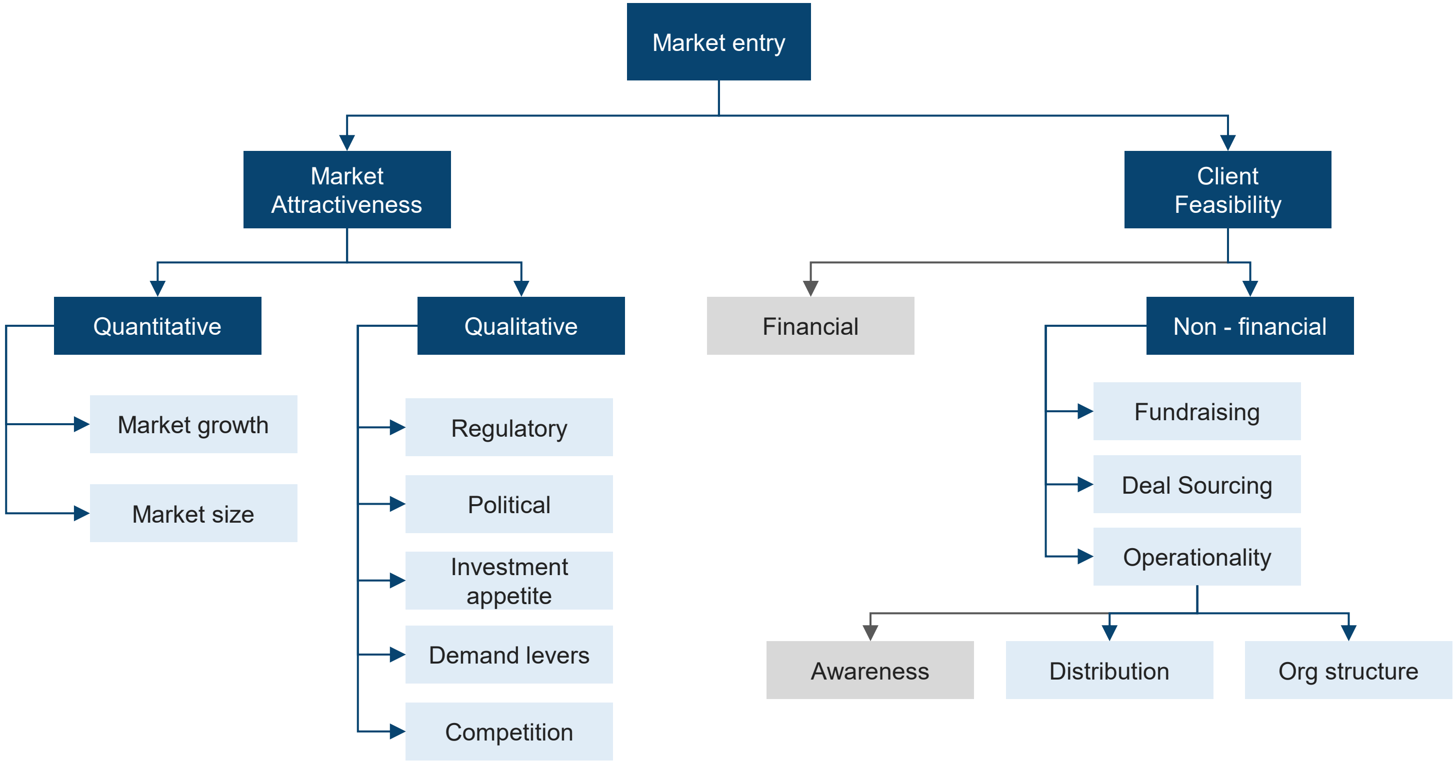
CASE FACTS

- **Client**: Global asset manager, weak India presence
- **Market**: ~$25B AUM, >20% CAGR
- **Drivers**: Corporates need non-dilutive financing; banks constrained
- **Investors**: Global LPs + rising Indian HNI appetite
- **Regulation**: SEBI Category II supportive but restrictive on leverage/flows

INTERVIEWEE NOTES

- **Framework**: Market Attractiveness (size, growth, regulation, appetite, competition) + Client Feasibility (awareness, distribution, sourcing, talent, partnerships)
- Market attractive but crowded
- Client capable globally, weak locally
- Needs partnerships + localization to sustain

APPROACH / FRAMEWORK



RECOMMENDATIONS

- Enter, but phased
- Launch private credit fund with global LP anchors
- Build local origination + distribution via senior hires/partnerships
- Expand to Indian HNIs once credibility is built

OBSERVATIONS

- Clarify objectives (returns vs. strategy, LP base, capital) and constraints
- Factor regulation & investor appetite
- The candidate ensured adequate coverage of both deal side and fund sourcing side stakeholders. Allowing for a holistic overview to identify critical pain points to overcome

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Pricing cases

Cow Feed – Interview Transcript

Your client has developed a new variation of cow feed. They want to know how to price it optimally for the Uttar Pradesh Market. How will you go about it?

Understood. Can I get some details on the client such as their country of origin and if they have any experience in the cow feed market? Do they have any other product or is this their only product?

The client is from Sweden and this will be their first product in India, specifically in UP.

Alright. Can I understand a bit more about the product and its specifications? How does it compare to our competitor's product?

The client's product is of standard dimensions used across by the competitors as well. It can feed a cow for 30 days, same as the competitors' product. However, Experiments have shown that cows that have been fed on our product shows an increase in milk production by 6 liters over 10 days and have a shinier coat.

What is our objective with the pricing strategy? Is it to make profits, to gain a market share or to break-even?

For now, you can think of pricing it to make profits.

Alright, so I would like to look at pricing it in three ways- a cost-based approach that would allow us to cover the basic costs, benchmarking it with the competitor-based approach and finally validating the same with via a value-based approach which would be basis any USP that our product offers. We can also consider a fourth option, how this cow feed will play into the barter system that is primarily present in these villages.

Can you elaborate on the barter system?

Villages are generally tight knit communities where the people would generally exchange goods for goods or favors, for example a farmer could give crop waste for a cow and get some milk in return, would you like me to start my analysis with such a system?

Excellent point! However, for this situation we would not consider such interactions. You can go ahead with all of the other three, starting with the cost-based approach.

Alright. As earlier mentioned, this product can help increase milk production in cows which must mean that significant R&D costs have gone into this. Is this a correct assumption to make? If yes, how much do we need to recover and what is the timeframe within which we would like to recover these costs?

While this would be an apt assumption, for now focus only on the variable cost for this product.

Alright, as for the variable cost, we can consider the following components: the direct material cost, the conversion cost which will get impacted by whether we will be manufacturing in India or not, transportation cost which can be high due to last-mile connectivity issues and finally the marketing spend to drive awareness and adoption among farmers.

Yes, you are correct in your assumptions, we will be manufacturing in India, but last mile connectivity is still a cost guzzler, the final cost for a bag of cow feed is Rs 1000.

Great, that gives us a lower limit on the price. Do we have any expectations on the margins?

Yes, about 10%.

So that gives us a price slightly above Rs 1100. To check whether this price is viable or not, I would want to understand the customer's willingness to pay. If there is no research available on that, we can use competitor's pricing as a proxy for the same.

The one major player we earlier talked about sells the cow feed at Rs 950 per bag.

Oh! We seem to be in a bind then. I assume that the customer will be fairly price sensitive and not willing to pay higher unless we provide extra value to them. We should now look at the value-based approach. We had earlier established that the feed leads to milk productivity gains in experiments. Do the experiments hold in real life with the Indian cow breeds as well? And is there any quantum of time after which the cows shows results?

Good point! You can assume that cows in India will only be able to give 4 liters of extra milk for the same cow feed, as per the time before the results are seen, you can assume instantaneous results

Can I know the price of milk per litre?

Sure, it is Rs 50.

So, from my calculations, the farmer can get extra 12L of milk per month leading to Rs 600 in revenue gains for the farmer compared to the competitor's bag. So at max, we can charge Rs 1550 per bag. In this case, we can charge any price from Rs 1000 (our cost price) to Rs 1550 (customer's maximum willingness to pay). Even pricing it below Rs 1550 will lead to profits. We can do A/B testing in different districts of UP to see how farmers react to different prices through tracking adoption rates and revisit pricing in 6 months.

That is great! So, we can close the case here, all the best!

It was a pleasure interacting with you!

Cow Feed – Approach

FRAMEWORK
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Problem Statement

Your client has developed a new variation of cow feed. They want to know how to price it optimally for the Uttar Pradesh Market.

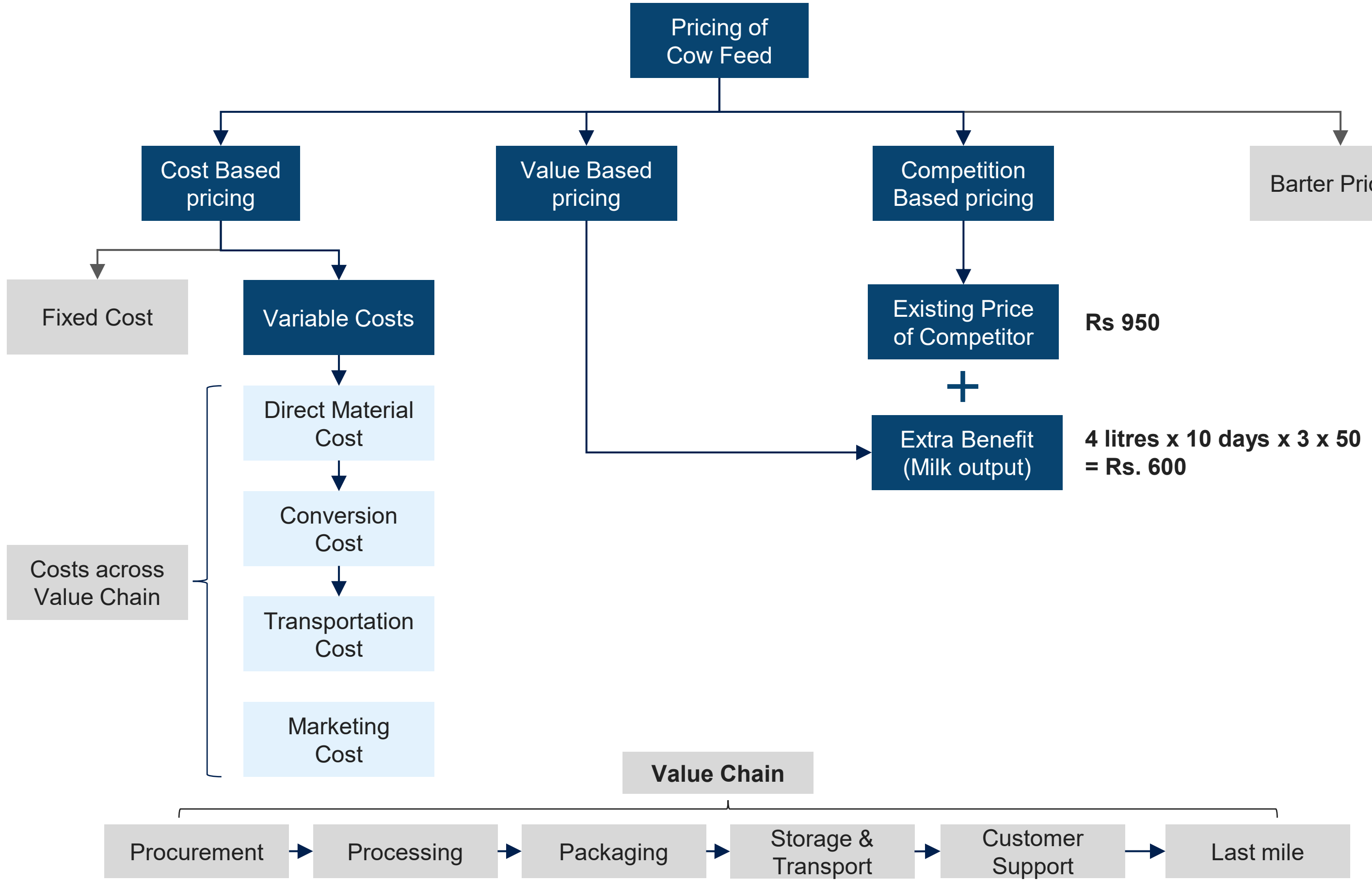
CASE FACTS

- The client is a manufacturer of cow feed from Sweden
- This is the client's first product in Uttar Pradesh
- The cow feed feeds 1 cow for 30 days
- The cow feed leads to productivity gains of 4L of milk in 10 days per cow and shinier coat

INTERVIEWEE NOTES

- Standard pricing methods work here but the UP market is different and involves an informal barter system.
- Fixed costs for R&D are not considered here; only variable costs are considered.

APPROACH / FRAMEWORK



RECOMMENDATIONS

- The lowest price that can be charged is Rs 1000 to meet the variable costs
- The maximum that a customer will be willing to pay is Rs 1550
- Launch at a price of Rs 1100-1550 with A/B testing to see the uptake at different prices

OBSERVATIONS

- Farmers are price sensitive but willing to pay for higher proven value
- Higher variable costs due to last-mile connectivity challenges
- Experimental results may vary from actual results as noticed in this case where milk productivity increase is not the same for cows in India – good to check especially when results are derived from pilots/ experiments

Superspeed Travel – Interview Transcript

FRAMEWORK
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Your client has found a new transportation machine that can travel to any place in just 5 minutes. The machine is housed in Mumbai. They need your help in deciding how to price this machine?

I would like to start by getting a more clearer understanding of the client and the product. What are the other products offered by the client? What are the geographies in which this machine will operate? How many machines with how much capacity is the service going to start with?

The client is has decided to enter into the aviation industry. There is only one machine will start operations on a circuit with 11 stops across the world, in all the major cities. The machine has 5 business class seats and 15 economy seats .

So is it fair to assume that the machine takes 5 minutes between all successive locations and so it makes 1 round trip back to Mumbai in 1 hour? Does it operate only for fixed hours?

Yes, 1 hour for a round trip and 1 hour to cool down after each trip. It operates 24 hours/day.

Alright, having now a fair understanding of the product proposition, I would like to lay down the approach. Several pricing approaches can be looked at, depending on the pricing objective of the client - market share, profits or generating more demand?

Absolutely, the objective of the client is to generate sustainable and continuous demand for the service.

Then I would suggest we look at the value based and competitor based approach for pricing this service. I would look at customers in 2 classes for business and economy for each of these.

Please go ahead with both, starting with the value based approach.

Sure! Under value-based approach, we can look at Willingness to Pay by evaluating the opportunity cost of having no product and also consider the supply-demand ratio to evaluate initial pricing range.

Please assume that there is enough demand for the product for it to reach high to full capacity utilisation and as for supply it is constrained with 1 machine of 20 seats.

Okay. Then we can look at the willingness to pay for each of the 2 customer classes. I would like to assume here that the business class for this service would constitute the people who own private jets or travel by chartered planes, while the economy class would the business class passengers of normal flights. Is that a fair assumption?

Yes, it is a fair assumption. Please go ahead with this.

To calculate willingness to pay, I would like to estimate the amount of money saved by a person of either class by using this machine to travel using their average income & estimated worth of savings by using the machine.

Yes, go ahead.

For a business class customer for this service, which would typically be a person who owns a private jet, the average income range can be taken to be $10 Mn p.a. Similarly, for an economy class customer, average income would be around $500K p.a. Do these sound like sensible figures to base my calculations on?

Walk me through the logic behind suggesting these numbers.

So I have assumed that the average cost of operating a private jet for a year is around $1 Mn, and thereby average income level has been taken to be a large multiple of the figure. For the economy class, a lot of the frequent business class travelers have their travel sponsored by their company, So the average pay of managers at such levels is taken to be around $500K p.a.

Sounds fair! Please go ahead.

Assuming that a trip across continents is an average of 12 hours, I will estimate the potential time-saved using this machine. Since a trip from the 1st point to the last one takes about 1 hour and not all passengers will make the entire trip. Assuming a uniform distribution of passengers across the potential lengths of trip, we can say that the average duration spent in the machine would be 30 mins. Hence, the time saved would be 11.5 hours, which if estimated from income levels is $13K for the business class and $700 for the economy class. If this estimation seems fair, I would move on to the competitor based approach.

Yes, these numbers look fine, go ahead.

Under competitor based approach, we will look at the reference price of both the customer classes in terms of what they are paying currently. Does that sound okay?

Yes. Please proceed.

For the business class, the people who normally own private jets, the annual cost of operating a jet is $1 Mn. Assuming that on average, this private jet is used twice a week, we can say that across a year it is used for almost 100 trips. This gives us an estimate of around $10K for one trip. For the economy class, the usual business class ticket on average costs $2K. If these calculations seem fair, I can go ahead with suggesting a price range.

Yes, these look fair. Please go ahead.

So for business class, given the usual cost of 1 trip on a private jet is $10K and there are savings worth $13K being incurred, we can price it at the lower of two, around $10K for now, and look at demand response before potentially planning for any changes. For the economy class, with the usual cost of $2K and savings worth $700, we can price mid-way, somewhere around $1300, keeping this as the average cost. The cost adds up as an average airplane flight from Mumbai to any major international airport would cost ~$500-600 while taking much more time for the customer.

Will you charge a flat price to each consumer or will you recommend using any other pricing method?

Charging a flat price might not be the best idea, since not all customers will travel through all destinations. Instead, the price of $10K for the business class and $1300 for the economy class can be kept as base prices. The customers can be charged depending on the displacement they travel from the starting point.

Sounds fair! Any other suggestions that you would like to give to the client?

Yes. First, depending on demand, the distribution of business and economy seats can be varied going forward, choosing a mix which maximises revenue. Second, if and when more such machines are developed, a combination of routes can be explored, such that no customer has to travel through multiple destinations. Lastly, the client can potentially look into developing a leasing model for this machine if the rents so earned generate more revenue than the ticketing model.

Sounds good. We can close the discussion here.

Thank You!

Superspeed Travel – Approach

FRAMEWORK

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Problem Statement

Your client has found a new transportation machine that can travel to any place in just 5 minutes. The machine is housed in Mumbai. They need your help in deciding how to price this machine?

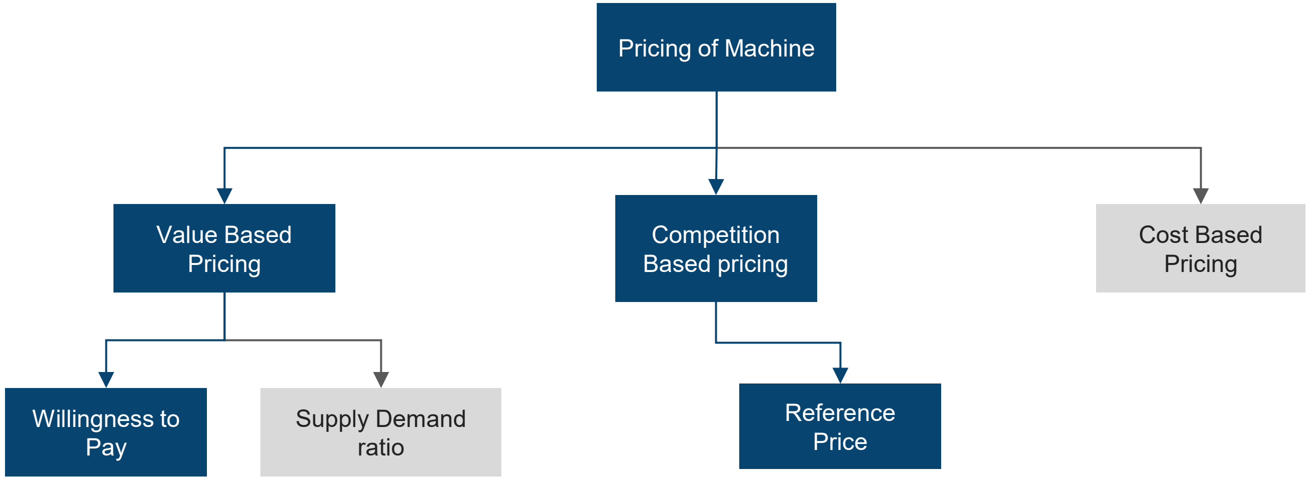
CASE FACTS

- Only 1 machine with 11 stops, so 1 hour for a complete trip and 1 hour to cool down with 24 hours operations
- 20 Seats: 5 Business class, 15 Economy class

INTERVIEWEE NOTES

- Cost-based pricing is not relevant since this is a one-time product that the client has found
- Business Class: owners of private jets; Economy class: business class travelers of the regular flights

APPROACH / FRAMEWORK



(Worth of time saved calculated using Annual Earnings)

- Business Class: $10Mn p.a. aggregated for 11.5 hours = $13K
- Economy Class: $500K p.a. aggregated for 11.5 hours = $700

(Calculated using current spendings)

- Business Class: $1Mn cost of jet p.a., aggregated for 1 trip = $10K
- Economy Class: Average cost of business class ticket = $2K

RECOMMENDATIONS

- Understand the machine's overall proposition and operations before proceeding with calculations
- Try to converge the figures found via the two pricing approaches to reach a final price range for the two customer types
- If the demand is high for business class, then eventually economy seats can be replaced with a few business class seats

OBSERVATIONS

- Understanding the operations of the machine and value created for customers
- Analyzing willingness to pay and current costs of transportation

5G Plan Pricing – Interview Transcript

Your client is an Indian telecom operator. They are planning to launch a new 5G plan in the market and require your help in pricing the plan.

Sure. Firstly, to better understand the client situation – what is their current scale of operations? Do they have a pan-India presence?

Yes. They are a pan-India player and one of the largest operators in India.

For their current range of services, can I assume they have an existing 4G-base present?

That's a fair assumption. They do have existing 4G plans running.

Data plans typically have a talk time component added as well. Additionally, there are also plans with only data pack Are we looking at just the data plan or a combination plan?

Let's take a combined – data + talk time plan.

Okay. The 5G rollout has different stages to it. There are infrastructure investments required, permissions, allocations and other regulatory requirements also needed. What stage of the journey are we currently at?

We have already started rolling out 5G services across the country adding the necessary infrastructure. We currently have presence in 500+ cities. Though we do not have a dedicated 5G plan for our users.

How does the current market look like? Have other players launched 5G services already or will we be the first?

We have one major competitor. If you understand the Indian telecom market, it has largely been a duopoly over the last few years. Both of us have a nearly equitable market split in the 4G userbase.

And does our competitor have existing/running 5G plans?

Not really. Both of us are at the expansion stages for the service. Like us, they have ramped up their 5G network presence in 450+ cities and expected to launch dedicated 5G plans soon.

Understood. We can take three broad approaches for pricing the new plan:
a) Value-based pricing basis our current offering
b) Competitor-based pricing basis the existing customer offerings
c) Cost-based pricing

Because we do not have existing competitors in the market, we cannot do a comparative analysis. I would prefer value-based pricing over cost-based pricing from a consumer behavior perspective.

Sounds fair. How would you go about pricing the plan now?

I would basically start with a baseline data + talk time plan and evaluate the incremental value add switching to a 5G service would offer. This would give us the perceived value of the plan.

Go ahead.

As far as my understanding of the telecom services is concerned the factors relevant to a consumer are:
1. Serviceability: a) Device compatibility and ease of upgrade, b) Geographical coverage
2. Performance: a) Network Speed, b) Network stability, c) Transfer speed or latency, d) System lag and buffer-free media streaming
3. Limits: a) Data limits, b) Post-limit drop in speed and quality

d. Value added services: a) IoT or other additions and multi-device ecosystem, b) Future potential of adding services. Is there anything else that I should factor in?

You have broadly covered the ideas. How do we proceed from here?

Firstly, let us assume that a baseline 4G plan in India costs about Rs. 400 per month. This includes unlimited talk time and 1.5GB data per day.
Now, I will consider a region that has all the necessary requirements and is being serviced. For the performance, do we know how fast are 5G services against the current 4G implementation?

5G spectrum is a whole range and is expected to be 10 – 100x faster than 4G when fully implemented. For the limited offering right now, let us say it gives 2.5x (seems to be low) the speed.

Great. I would combine stability of the network in all forms be it buffer-free media, calls, or general avoidance of lag in the system. Do we know how the stability of 5G networks would differ against existing 4G networks?

Let's say we add a 5% premium for stability.

Lower latency or transfer speed is a relevant factor for people looking at the network for gaming. Can we quantitatively assess the performance difference between 4G and 5G on this?

Theoretically, 5G is supposed to reduce latency 10x. But, in more practical implementations let's say it reduces it to 50%.

The limits on data are more strategic decisions and will be difficult to quantify it. So, basis the other numbers I would price the new service at,
Rs. 400 * 2.5 * 1.05 * (100%/50%) = Rs. 2100 for a similar plan.

Do you think it is a fair price? Would people be willing to switch to this more than 5x jump you are quoting?

Yes, the price is high and might have resistance in adoption. But we can focus on the long-term benefits of switching to 5G. In order to offer reduced prices, we can also try and cut down on the margins we currently have. A large set of our users might not actually be utilizing the daily 1.5GB limit. We can look at the average consumption and reduce our margins basis the actual costs incurred to create demand for the new 5G services.

Fair point. Now, if you were to do a cost-based estimation of the prices, how would you go about doing it?

For cost-based pricing I would consider, a) Infrastructure costs, b) Spectrum bid costs, c) Operational expenses
Add a profit margin to get the expected revenue.
I am aware of the current user base, and can use the same to estimate the demand for the service basis the likelihood for conversion. Next I will try to estimate break-even price assuming a 2.5-to-3-year recovery window.

Okay. Let's say we did that analysis and that tells us that we should price our offering at Rs. 4000/month initially. Would you go ahead with that price?

I will not go ahead with that price because the reception of the service at that price point will be very low. Our demand estimation will be inaccurate for such high price points. As I said before, we will need to revise our estimations in this case. We will have to increase the market demand for the service itself before launching formal plans. Offering collaborated services in the initial years and large discounts would help.

Good. Thanks for your analysis.

5G Plan Pricing – Approach

Problem Statement

Your client is an Indian telecom operator. They are planning to launch a new 5G plan in the market and require your help in pricing the plan.

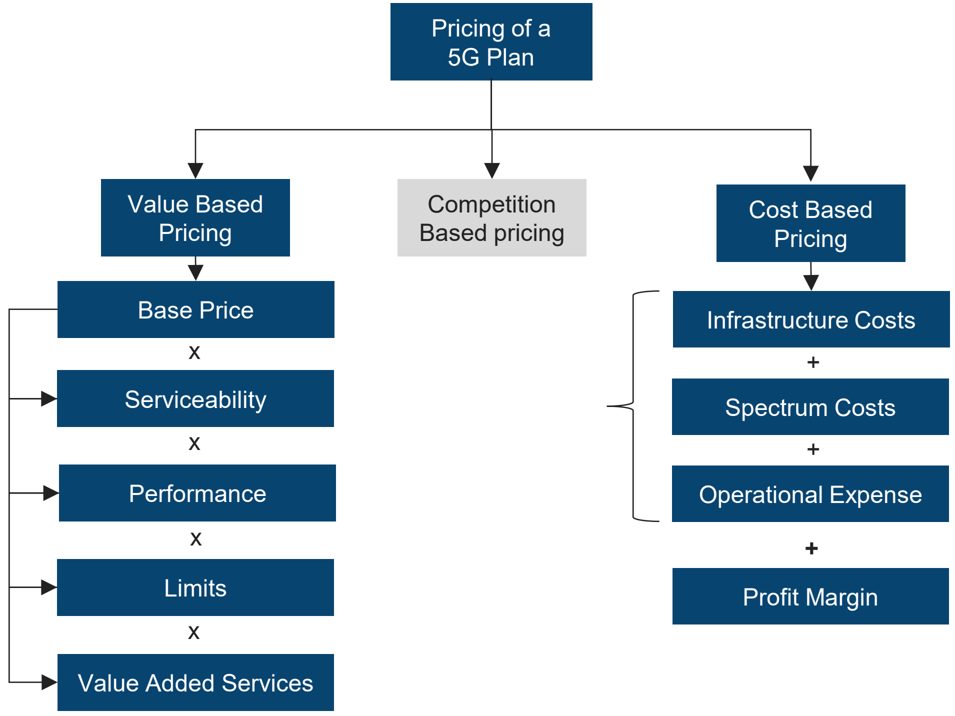
CASE FACTS

- Baseline 4G plan in India costs INR ~400 / month, inclusive of unlimited talk time and 1.5GB data / day
- 5G spectrum expected to be 10-100x faster than 4G when implemented; currently at 2.5x speed
- Premium for stability – 5%
- 5G to reduce latency 10x, practically to 50%

INTERVIEWEE NOTES

- Pan India player and one of the largest operators in India
- Existing 4G plans
- Data + Talk-time plans
- One major competitor; at expansion stage
- Do not really have many existing competitors, hence comparative analysis not possible/helpful

APPROACH / FRAMEWORK



RECOMMENDATIONS

- It is important to analyze all possible pricing strategies. Here, we do not have competitor set info, hence value & cost-based pricing have been prioritized
- Understand the current offerings for 4G plans (basis talk time and data offered)
- Understand the computation of perceived value of new 5G plans and assess how the different factors are accounted for

OBSERVATIONS

- Understanding the important aspects/factors within the telecom industry and the different value-adds/services (e.g., speed, stability, latency, etc.)
- Analyzing the current landscape of 5G spectrum in India and willingness of consumers to switch to 5G plans

Quick-Commerce Membership Program – Interview Transcript (1/2)

Your client is a leading quick commerce company operating pan-India. They're planning to launch a paid membership program that offers free standard delivery, free express delivery, and member-only discounts. They want to know the optimal monthly price for this membership.

Got it. Before I begin, I'd like to clarify a few things so I can frame my approach better. First, is the primary goal here to maximize adoption, profitability, or a mix of both?.

The goal is to ensure the membership is profitable while achieving good adoption among regular customers.

Understood. Is this program being rolled out pan-India from day one, or are we focusing on select cities?

The initial focus will be on tier-1 cities, with expansion planned later.

And could you tell me the current delivery fees for standard and express orders?

Standard delivery is ₹25, express is ₹50.

That's helpful. And the express delivery promised here - what's the delivery time compared to standard?

Standard is around 45 minutes, express is 20 minutes.

Alright. Do the member-only discounts apply to all products or specific categories?

It's a blanket discount across categories, applicable to all member orders.

Okay. And roughly how much is the average discount value per order or per month for an active customer?

We'll get to that in a moment. Can you tell me what your approach will broadly be?

Broadly, I think the way I'd approach this is by looking at three things - first, the value the customer gets from the membership; second, the cost to the company to provide it; and third, how this compares with competitors in the market. Based on that, we can test a few price points that balance adoption with profitability.

Makes sense. Carry on with this approach.

Let's start with understanding our customers. Could you share how many orders a typical customer makes in a month? And if possible, split that by standard and express delivery for different usage segments - say, light, medium, and heavy users.

Sure. Light users place around 3 orders a month - 2 standard and 1 express. Medium users place 6 orders - 3 standard and 3 express. Heavy users place 12 orders - 6 standard and 6 express.

That's clear. Now, to calculate the perceived value for each segment, I'll start with savings on delivery charges. For light users, that's (₹25 × 2) + (₹50 × 1) = ₹100 per month. Medium users: (₹25 × 3) + (₹50 × 3) = ₹225. Heavy users: (₹25 × 6) + (₹50 × 6) = ₹450. Is that correct?

Yes, that's right.

Then we add the value of discounts. Could you share the average monthly discount value for a medium user?

Around ₹200.

So, medium users get ₹225 in delivery savings and ₹200 in discounts - ₹425 in total value per month. Heavy users would get ₹450 in delivery savings plus, say, ₹350 in discounts (assuming we cap monthly credits), making it ₹800 in value. Light users would be at ₹100 plus maybe ₹100 in discounts - ₹200 total.

That's reasonable.

Next, I'd like to understand the cost to the company for providing these benefits - what's the cost per standard and express delivery?

Standard costs us ₹20 per order, express costs ₹30 per order.

So for medium users, our delivery cost per month is (₹20 × 3) + (₹30 × 3) = ₹150. Add the ₹200 discount cost, total cost is ₹350. For heavy users: (₹20 × 6) + (₹30 × 6) = ₹300 delivery cost, plus ₹350 discounts = ₹650 cost. Light users: ₹40 + ₹30 = ₹70 delivery cost plus ₹100 discounts = ₹170 total.

Yes, that works out.

Are there any competitor membership programs we should be aware of, and what do they offer?

Our main competitor charges ₹199/month for free standard delivery only - no express and no discounts.

That's an important point. Our program offers express delivery and discounts, so we're providing more value. This suggests we could price higher than ₹199 while still being attractive. Do we have a target profit margin for the membership?

We'd like at least 25% margin.

Then for a medium user, with ₹350 cost, we'd need revenue of ₹350 ÷ (1 − 0.25) = ₹466. This means that at ₹469 or ₹499 per month, we'd hit our margin goal for medium users. But this might feel high compared to ₹199, so adoption could suffer.

Can we offer it at a lower price point? If so, how can we make it work?

Sure. We can assess that. But, before arriving at a lower number, I'd like to do a quick back-of-the-envelope check. What's the average order value and contribution margin per order?

Average order is ₹400, with ~15% contribution margin (₹60 per order).

Great. As we look to move from ₹469 to a number closer to ₹199, let's consider ₹299. Pricing at ₹299 leaves a shortfall of ~₹167 per member per month. At ₹60 contribution per order, that's ~2.8 orders, i.e., 3 extra orders per month. Given free express and predictable discounts, a three-order uplift for medium users is realistic, so ₹299 is defensible if that behaviour holds.

That makes sense.

If we target ₹299 per month, medium users get ₹425 in value for ₹299 - a strong deal. With the extra orders uplift, we move closer to margin goals. For heavy users, our tightened assumption of capped discounts at ₹350 keeps cost at ₹650, leaving headroom for profitability once we add order uplift. Light users still aren't the main target, but if even a few of them upgrade usage, it only strengthens the case
Another lever is annual pricing. If we price at ₹299 monthly or ₹2,999 yearly, that's ~₹250/month effective. Medium users see ₹425+ in value for ₹250, and we lock them in for a year, reducing churn and marketing spend.

That could work.

Quick-Commerce Membership Program – Interview Transcript (2/2)

Given the competitive benchmark, the back of the envelope math on uplift, and our cost structure, my recommendation is:

1) Price monthly membership at ₹299.
2) Offer annual at ₹2,999 (~₹249/month effective).
3) Include unlimited standard deliveries, cap express at 6/month

Offer fixed monthly discount credits (₹350 cap) instead of uncapped percentages.

This way, medium users get enough value to subscribe, heavy users remain profitable with caps, and light users aren't the target but may get nudged to increase usage.

That's a solid recommendation. Any other thoughts?

Yes – we can run an initial 1-month free trial to encourage adoption and gather data on actual usage patterns under the membership. That can help refine caps and discounts before full rollout. Also, consider upselling additional benefits like priority customer support or partner offers, which can increase perceived value without much cost.

Excellent. Let's wrap up here

Great, thank you.

Quick-Commerce Membership Program – Approach

Problem Statement

Your client, a leading quick commerce player, wants to launch a membership program offering exclusive discounts and free and faster delivery. They need help deciding the monthly subscription price.

CASE FACTS

- Client plans a paid membership with free standard and express delivery plus member discounts
- The objective is to set the optimal monthly price balancing profitability, adoption, and competition.
- Rollout will begin in tier-1 cities
- The main competitor charges ₹199/month for only free standard delivery
- The client targets ≥25% margin

INTERVIEWEE NOTES

- Define user segments (light, medium, heavy) and estimate order patterns
- Calculate customer value from delivery savings, discounts, and convenience
- Factor in company delivery and discount costs; apply caps to heavy users
- Benchmark competitor pricing to justify a premium
- Ensure final price meets ≥25% margin while driving adoption.

APPROACH/ FRAMEWORK

- Membership Program Monthly Pricing
  - Value Based
    - Savings on delivery + Value of Discounts
      - Savings on delivery:
        - Light (₹100): Standard (₹50), Express (₹50)
        - Medium (₹225): Standard (₹75), Express (₹150)
        - Heavy (₹450): Standard (₹150), Express (₹300)
      - Value of Discounts:
        - Light (₹100)
        - Medium (₹200)
        - Heavy (₹350)
  - Cost Plus
    - Delivery Cost + Discount Cost
      - Delivery Cost:
        - Light (₹70): Standard (₹40), Express (₹30)
        - Medium (₹150): Standard (₹60), Express (₹90)
        - Heavy (₹300): Standard (₹120), Express (₹180)
      - Discount Cost:
        - Light (₹100)
        - Medium (₹200)
        - Heavy (₹350)
    - Profit Margin (≥25%)
  - Competitor Based (₹299)
    - Competitor Pricing (₹199) + Premium / Discount (₹100)

RECOMMENDATIONS

- Price monthly at ₹299, annual at ₹2,999 (~₹249/month)
- Ensure medium-user value; use caps to manage heavy-user cost
- Position above competitor's ₹199 plan with express delivery and discounts
- Offer a one-month free trial to drive adoption and test caps
- Add low-cost perks (priority support, partner offers) to boost perceived value.

OBSERVATIONS

- Segment-level economics are critical for sustainable pricing
- Competitive benchmarking + perceived value justifies premium pricing
- Caps manage heavy-user costs without hurting medium-user adoption
- Dual pricing (monthly + annual) balances uptake with stickiness

IPL Bidding – Interview Transcript

FRAMEWORK
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Your client is an Indian Premier League (IPL) team that wishes to bid for Virat Kohli in this year's IPL auction. They want your advice in the assessing the fair value at which Kohli should be acquired.

Can you tell me if the client is a specific team? How has the client performed recently and why are they interested in pursuing Kohli?

Assume that there is no sentimental reason for the team to acquire Kohli, nor vice versa. The client was at 7th position 2 years ago. They currently rank 5th out of 10 teams. The teams wants to make it to the finals this year. They believe that Kohli fits well with the team's young core due to his leadership and can help their struggling batting line-up.

Since we want to boost our chances of reaching the finals due to Kohli's addition, I'm assuming there is a negligible chance of ending up lower than 5th. Do we have more data to validate this assumption?

You are right. Client's chances of doing worse can be taken 0. Moreover, Probability of staying at 5th is 30%, moving to 4th is 30%, ending up in 3rd place is 25%, being the finalist is 10%, and winning the IPL is 5%. Please tell me if there is any other information you need.

I would like to understand the bidding process, what bearing does it have on the bid price of Kohli, and how many competitors are pursuing Kohli more aggressively than us.

Assume that we are only concerned with Kohli's fair value, and the client will not bid more. Also, the other teams are rational and follow a similar approach to valuing players. There are no salary caps on bidding for more players. Why don't you tell me how you plan on finding Kohli's fair market value?

Estimating the fair value will be tough using cost-based pricing as we cannot bifurcate cost between fixed and variable components. Similarly, competitor-based pricing isn't optimal as we are not concerned about how much would other teams pay to acquire Kohli. Value-based method can be a viable framework to find Kohli's fair bid price. Using this, we will assess the expected benefit we get after acquiring Kohli. The bid price has to be lower than that value.

Sounds good. How would you quantify the benefit client would accrue after acquiring Kohli?

I would estimate the increase in team's revenue after Kohli's acquisition. This will be the upper limit of the bid price. Here, ending up at different ranks will impact the change in revenue, and I will find the expected value of such benefit using the probability data provided by you.

Seems like a good approach. What are the ways in which an IPL team generates revenue and how would Kohli's acquisition affect them.

The main sources of revenue are the share of media rights from BCCI, ticket sales, merchandize sales, brand sponsorships, and prize money. On an average, an IPL team can expect an income of Rs 200 Cr. I can see Kohli's acquisition impacting media rights income. Some part of it can be taken as fixed, and some variable which depends on what is the final position at the end of IPL. Brand deals will generate more money if the team has superstars like Kohli. Prize money is proportional to the final position. More tickets and merchandize will be sold due to Kohli's star power and fandom. May I know the exact revenue share per stream?

Sure. Media rights have the greatest share in revenue (40%), followed by brand sponsorships (25%), then prize money (15%), and then tickets and merchandize sales (10% each). An IPL team's average annual revenue is indeed 200 Cr. I would now like you to calculate the impact on media rights and prize money first.

I will assume 80% of the media rights to be fixed and 20% to be variable. To calculate change in media rights' revenue after Kohli's acquisition, we will only consider the increase in the variable component. I will assume that the increase in variable factor revenue distribution will be symmetric to the prize money revenue distribution. Variable revenue is expected to increase by 14.5% (calculated on the next page using probability and revenue share tables). This equals an increase of 3.28 Cr for media rights share and 4.35 Cr for prize money income.

This is good enough. Let's move to brand endorsements and deals next.

Sure. Considering the constraints teams face while endorsing a brand such as limited space on the team uniform, very little time to shoot advertisements, etc., there is very little scope to increase the number of deals as most teams are already operating after taking up as many deals as they could. Kohli's image can help the client charge more per client due to his fandom and superstar status, increasing brand visibility.

Correct. We know that the last team Kohli belonged to was able to charge a premium of 10% on its brand deals compared to our client.

In that case, the deal value would increase 10% if the client were to acquire Kohli, resulting in a net revenue increase of Rs 5 Cr

That's good enough. What about revenue from tickets sales?

Tickets sales over the year is (Average tickets sold per game)*(Average price of the ticked)*(Number of home games scheduled per season). I will assume the number of games to be the same as last year. Number of tickets sold is (Occupancy of the stadium)*(Total number of seats). We can assume occupancy to go up roughly by ~20%. The ticket price can also be sold at a premium. Do we have any information for these metrics?

You're correct in assuming that number of home games played remains the same. However, client's stadiums has 70% occupancy on an average. They expect it to be 77% in case Kohli joins the team. BCCI does not allow any team to increase the ticket price.

In this case, average occupancy increases by (77%-70%)/70% = 10% leading to a symmetric 10% increase in ticket sales which is Rs 2 Cr.

Sounds reasonable. On to the merchandize sales now. Assume that the merchandize sales and tickets sales display high correlation when new players join the team.

With this information, I can take the increase in merchandize revenue for the client to be 10%. This would lead to an increase of Rs 2 Cr. Summing up the increase in expected revenue's values, we get a net benefit of Rs (3.28 + 4.35 + 5 + 2 + 2) Cr = Rs 16.63 Cr. This should be the upper limit of the bid that the client should place to acquire Kohli. A few points to consider are that we have not considered the possibility of star players making special demands such as better coaches, amenities, trainers, equipment, leave requests etc. which have a cost associated with them. This should be deducted from total revenue to find the net value of benefit that the team would get post-acquisition.

This sounds good enough. Let's end the case here.

IPL Bidding – Interview Transcript

Problem Statement

Your client is an Indian Premier League team that wishes to bid for Virat Kohli in this year's IPL auction. Advise them on how much they should bid.

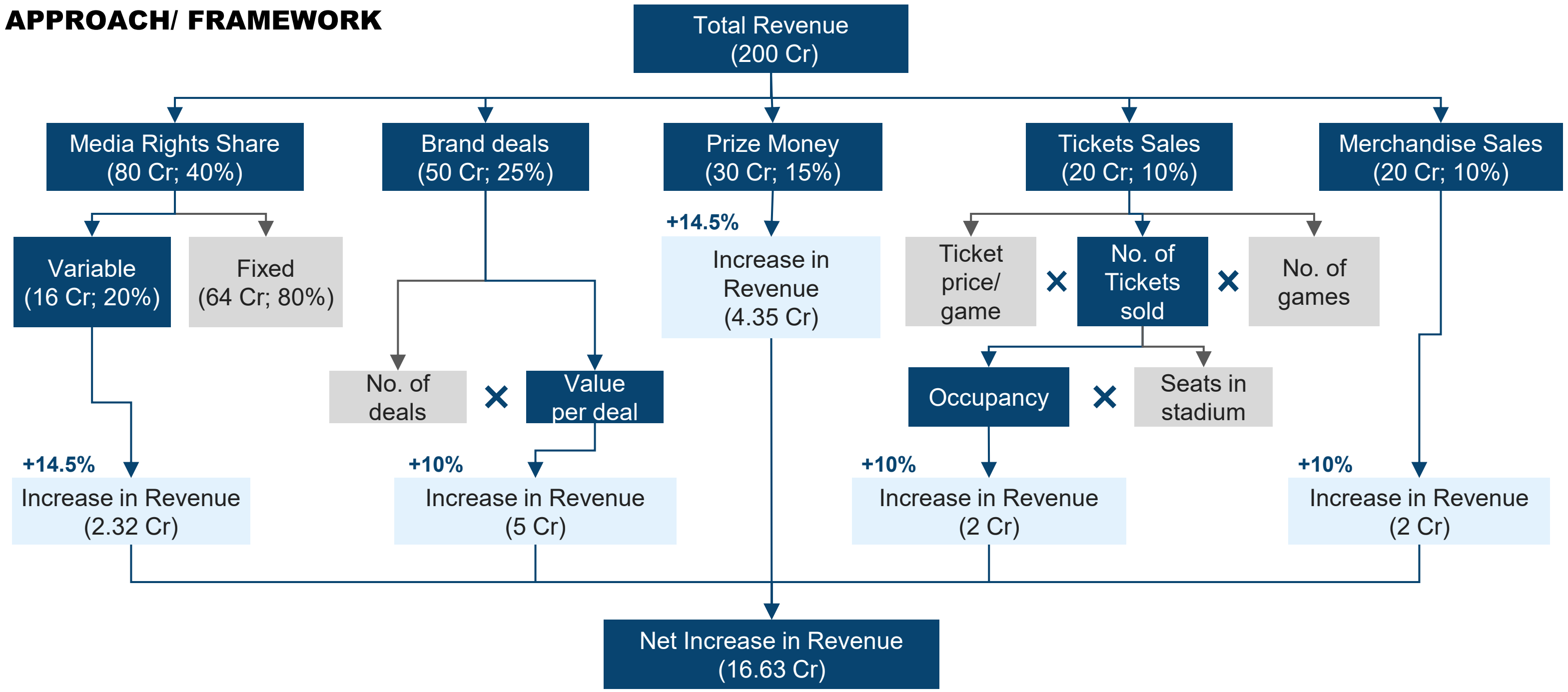
CASE FACTS

- No sentimental reason to buy Kohli, find his intrinsic value
- Team finished 5th last year and will finish above that with Kohli

INTERVIEWEE NOTES

- Ignore any budget constraints
- Cost and competitor-based pricing not relevant
- Value based pricing done by looking at potential increment in team revenues if Kohli is bought

APPROACH/ FRAMEWORK



Calculating expected increase in variable revenue streams (prize money & media rights) that are dependent on ending rank

Team rank	1	2	3	4	5	6-10
Probability	5%	10%	25%	30%	30%	0%

×

Team rank	1	2	3	4	5	6	7-10
% of variable revenue	25%	20%	15%	15%	10%	5%	2.5%

=

(Return if Rank 1st)*(Probability of Being 1st) + (Return if Rank 2nd)*(Probability of Being 2nd) +…. Return if Rank 10th)*(Probability of Being 10th) = 5%*25% + 10%*20%.... + 0%*2.5% = **14.5%**

OBSERVATIONS

- The major revenue streams for a sports team is usually – Cut of media rights, Cut of central sponsorship, Team sponsorship, Merchandise, Ticket Sales
- Media rights is often the major source of revenue for the league and each of the teams

Drug Pricing– Interview Transcript

Your client is WHO and they are concerned with the cyclicity in the prices of Malaria medicine. They want your help to figure out why this is happening.

Before I begin solving for the root cause, I would like to understand the facts of the case better. (1) What exactly is the cyclicity pattern-annual or something else and for how long have we observed this? (2) How much is the variance? (3) Are we considering global changes or restricting to a geography?

Fair enough. (1) The cyclicity is annual with similar annual variations of highs and lows for about a decade (2) Let us assume that it only a few percentage points but enough. I want you to focus on the qualitative aspects here. (3) Global

Thanks. So, from the annual cyclicity, we can make two assumptions- (1) There is no structural industry level shift presently, though there might have been 10 years ago which we can explore later & (2) From a supply-demand perspective, it is unlikely that for a disease, the demand will have similar annual variations. So, I will assume that it is a supply side issue. Is it alright to go ahead with that?

You are quite right.

Oh alright. Can we assume that the supply cyclicity is the main reason and that it is opposite of the price cyclicity? In which case, I would like to understand the medicine a little more. Are we considering multiple variants? Also, what is the API (active pharmaceutical ingredient)?

Yes, and you can assume that there is only one standardized product with one API which is chemically derived from a plant source grown through individual farming.

Oh alright. So, my strategy here would be 2 step- (1) Understand the model of flow of the product from farm to client to identify the location of supply bottleneck in a lean supply year. (2) Once that is identified, I would like to understand the factors contributing to that lean supply. To understand the first, am I correct in assuming the following process: Farm (Sourcing inputs)> Processing of raw materials> Medicine manufacturing> Supply to wholesaler> Supply to retailer? Are there any other steps to be considered in this?

The strategy seems good. You can assume that the problem is the total farm output cyclicity. All the other downstream steps are standardized.

Perfect! Before I look at farm aspects, I want to highlight that lower outputs would increase cost at downstream steps also as fixed cost per unit will be higher when units are less. Ignoring that I would like to break down the total farm output as follows: Number of farmers x average farm area per farmer x % of area under cultivation x No. of cropping cycles/ year x cropping density x Productivity factor. I will consciously not be including external factors such as government policy and environmental factor changes as these are unlikely to have annual impacts. Before I proceed further, I would like to understand the spatial distribution of farmers and the type of farmers.

I agree with your assumption and the process map is good. To answer your question, the peculiar aspect here is that 95% of the average farm output comes from 4 eastern Chinese provinces from small and marginal farmers..

That is interesting! I would like to focus on these farmers then. Productivity and other factors are unlikely to be this cyclical. Thus, I would like to first focus on the macro aspects of the number of farmers and area sowed per farmer. Do we have any data to suggest cyclicity in farmers sowing the crop each year?

Yes. All the other factors are fairly constant over the years, but the farmer count is cyclical. Can you think of a reason why? Take a moment.

I think it can be because of two factors, either the farmers (1) CANNOT grow every year or for some reason (2) DO NOT want to grow every year. The first could largely be because of cyclicity in inputs to grow the crop, like seeds or specialized fertilizers and the second would largely be dependent on price realized last year. Given the case facts that the farmers are small and marginal and that there is price cyclicity, I am inclined towards the latter. There are more farmers growing in year N, which leads to more supply with a constant demand and thus prices fall. Next year there are less farmers, thus less supply and higher prices, leading to a cyclical behavior.

You are right. This is what we diagnosed the problem to be as well. Can you tell me the assumptions you are making here?

Sure. There are 3 fundamental assumptions- (1) The crop also has an annual growing cycle (2) The farmers arrive at the market at a similar time and thus do not have bargaining power and there are no losses and no storage infrastructure at the farm level (3) The introduction of the plant as a raw material must have happened 10 years ago replacing something else.

Great. This was well done. Best of luck for the subsequent rounds.

Drug Pricing – Approach

Problem Statement

Your client is WHO and they are concerned with the cyclicity in the prices of Malaria medicine and want your help to figure out why this is happening.

CASE FACTS

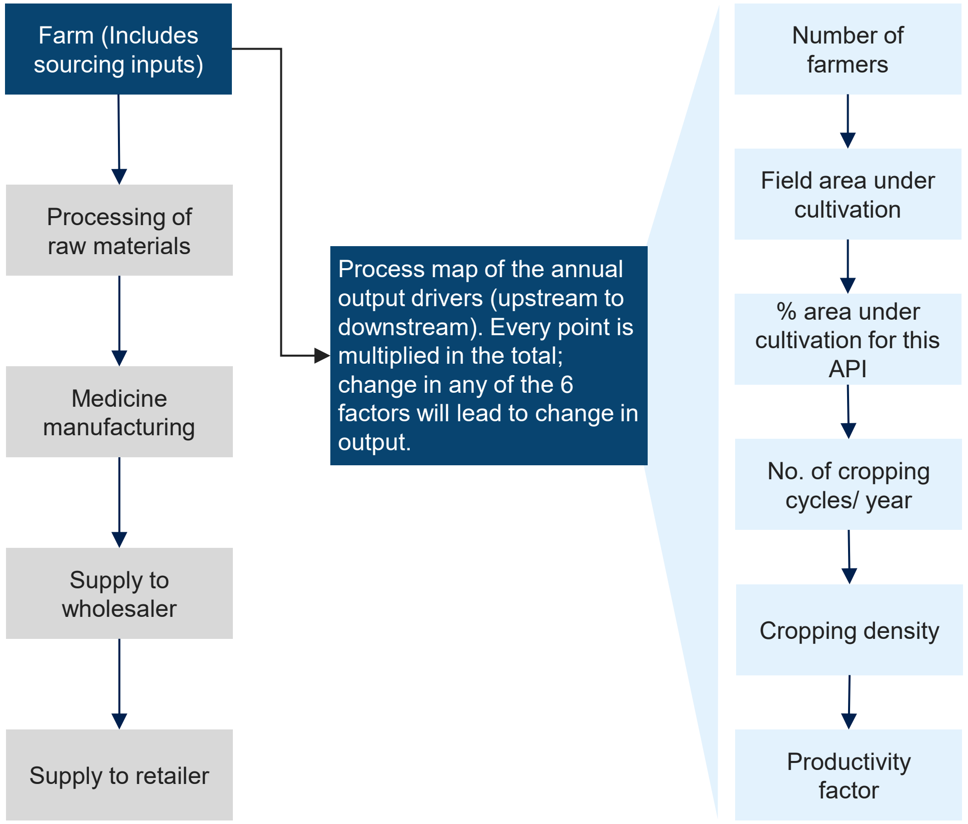
- Cyclicity is annual with similar variations observed globally
- Single API is used, sourced from a plant, grown and harvested individually by farmers
- Farming is concentrated in China, 96% of output comes from 4 provinces

INTERVIEWEE NOTES

- Problem is likely supply driven and not demand
- Breaking the problem into the supply chain helps in identifying the bottleneck
- Break the bottleneck into an equation to find which driver is getting affected
- Two causes for farmer behaviour: Inability or Choice

APPROACH/ FRAMEWORK

Process map of the product production steps (Please note that transportation costs/processes discussion between any 2 processes will be discussed along with these if needed)



RECOMMENDATIONS

- Increase penetration with counter offers and schemes
- Give away indirect distributor inputs to increase retailing

OBSERVATIONS

- Farmer count is cyclical causing supply fluctuations
- Other production factors remain stable
- Crop has an annual growing cycle with all farmers harvesting at the same time
- Farmers are small and marginal with limited bargaining power

Road Congestion Issue, City Corporation – Interview Transcript (1/2)

FRAMEWORK
INDEX

MCGM, the City Corporation of Mumbai has onboarded you as a consultant on a study. They want you to create a report on road congestion in the city. the report should cover an analysis plus recommendations, and it should take both a short term and long-term view. Let's hear from you about how you would approach this.

That sounds interesting. So, we're working on this report on road congestion in the city of Mumbai. When you say road congestion in the city, are their specific regions you want me to focus on?

Let’s focus on Greater Mumbai and look at the entire congestion situation there.

Sure. Like you said, this report would be broadly structured in two parts. I would first look at an analysis of the current situation including the various data points that should be looked at. Thereafter, I'd move to the recommendation stage basis the analysis.

That sounds fair let's move into the first part then.

When I think of road congestion with first principles, I see it as a supply-demand problem. Supply being the availability of infrastructure and demand being usage of it. Congestion is the cause of greater than required time spent on travel: either due to slow movement or obstacles.

Focusing on supply side, I would look at the road infrastructure and the facilitation infrastructure. Firstly, for road infrastructure, the parameters under consideration would be

1) Width, wherein I would have to look at effective road width which is often lower due to encroachment or double parking.
2) Quality of roads and connections amongst roads
3) In terms of obstacles, there can be two types of them – unintended and administrative. Unintended obstacles can include potholes, accident debris or broken roads, and administrative obstacles include tolls and check points.

Alright. That’s good. But are you missing something? What other factors can affect the congestion in the supply side?

Actually, while looking at road congestion, I would also have to look at public transport: road and non-road. Former includes buses, autos and cab services. For buses, I would specifically like to look at routes, capacity, quality and functioning parameters like timeliness. For non-road public infrastructure, I would look at local trains and metros. This can further be categorized as currently operational and planned projects. I would also need to analyze touch-points between non-road and road transport modes because last mile connectivity is important.

Sounds good. Let’s move on to the demand side now. What factors would impact the existing traffic flow?

At a broad level, I would look at the city population multiplied by vehicle ownership. The former can grow due to indigenous population growth or migration into the city.

Let’s focus on the vehicle ownership for now.

Sure, here I would look at trends of vehicle ownership. Then I would look at multiple categorizations of vehicles: two-wheeler and four wheelers, commercial and private, cargo and consumer.

I will then look at average ridership per vehicle in private vehicles and utilization rates for commercial vehicles. For a demand side analysis, it also makes sense to categorize kinds of travel which primarily be work related, education related, health-related or recreation related. On similar lines, we can identify geographical hotspots for all these travel categories within the city.

Great. So, anything else to do in the analysis stage?

So far, we’ve looked at supply and demand at an aggregate-level but we also need to apply the lens of time because there might be mismatch during specific time periods leading to peak hour traffic.

That makes sense. Let’s move to the recommendation stage then.

Sure. Solving for it can also take supply side and demand side approaches.

For supply side under road infrastructure, the short-term steps would be improving road quality, removing any obstacles, and planning for diversions and one-way traffic. The long terms steps would be widening of roads, building new networks and the construction of overhead roads.

For improving the public transport, there should also be encouragement for non-motor transport through the construction of cycling and walking tracks, capacity building (through new routes and higher capacity), and overall quality improvement of road and non-road public infrastructure. Last-mile connectivity can be improved with public transport and initiatives like public bicycle or e-cycle stands.

Lastly, new age modes like air-taxis might be explored further in the future.

Great, what can be the congestion alleviating approaches on the demand side then?

Road congestion can be tackled by getting fewer people to travel itself, getting fewer people to travel on road or by getting the people travelling on roads to use fewer vehicles.

Okay, how do you plan to implement these?

The first one can be achieved through promotion of work from home at firms or having staggered working hours at firms, thus tackling peak hour traffic.

For having fewer people on road, adoption of non-road public transport needs to be improved. This can be achieved by focusing on Awareness, Accessibility, Affordability and Experience of public transport.

Road Congestion Issue, City Corporation – Interview Transcript (2/2)

FRAMEWORK
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Awareness through public campaigns; Accessibility by improving touch points; Affordability through incentivization for public transport (lower rates) and dis-incentivization for private transport (road taxes, fuel charges, vehicle prices, etc.); Experience by improving ambience and ease of use.

For getting people to use fewer vehicles, ridership per vehicle needs to be improved by encouraging and enabling car-pooling through government mandates, public campaigns or promotion of start-up firms working in the space. Government schemes like odd-even can also contribute to car-pooling.

That's great. I think you've covered the broad aspects of the report. Do you know what congestion pricing is?

I believe it's a concept where toll or fine is charged on cars according to traffic conditions on a route.

That's mostly correct. So MCGM currently has a proposal for implementing dynamic congestion pricing across major road routes of Mumbai. The idea is to conduct a real time analysis of traffic conditions on routes and charge a toll accordingly. More the traffic, higher the toll. The idea is to achieve traffic equilibrium across the city.

MCGM wants you to come up with a brief implementation structure for this proposal.

Okay, this is an interesting proposal. Let me take some time and come up with a brief structure.

Sure.

So, implementation will have three major parts:

Firstly, real time analysis of traffic conditions, which can be done through a Google maps like technology, along with cameras and drones. Second, for mass communication of traffic conditions and route charges, there can a mobile application or website to inform citizens, along with large digital boards on routes to inform everyone. Lastly, the actual transaction be undertaken on the app as well as physical toll booths. The Fast tag technology can be deployed as well for this.

Alright, that's good. So, what are a few risks that you perceive with this proposal, just off the top of your head?

Roads and transportation are public goods, and the primary objective should be to ensure non discriminatory access. This might be an issue due to digital divide. Further, this might lead to a situation where economically stronger groups secure better access to transportation facilities. This can be addressed by incorporating subsidy for certain social groups. Apart from this, the proposal might also face acceptance issues amongst the wider public due to the complexities involved.

Good points. We can close this analysis here.

Road Congestion Issue, City Corporation (Analysis)

Problem Statement

MCGM, the City Corporation of Mumbai has onboarded you as a consultant. They want you to create a report on road congestion in the city. The report should cover an analysis plus recommendations, and it should take both a short-term and long-term view. Let's hear from you about how you would approach this.

CASE FACTS

- Prepare the report with two aspects: Analysis and Recommendations
- Focus on Greater Mumbai Region
- Give short-term and long-term recommendations
- Dynamic congestion pricing - concept

INTERVIEWEE NOTES

- Road congestion is a combination of two things: slow movement and obstacles
- Cover public transport in all parts of the analysis
- More people in each vehicle whether private or public = fewer number of vehicles on road

APPROACH/ FRAMEWORK

Road Congestion: Analysis

Apply lens of time to identify supply demand mismatch in specific hours **(Peak hour)**

- Demand Side
  - City Population
    - Indigenous population
    - Migration
  - X Vehicle Ownership %
    - **Vehicle categorizations**
      - Two-wheelers & Four-wheelers
      - Commercial & Private
      - Cargo & Consumer
    - **Travel categorizations and geographical mapping**
      - Work related
      - Education related
      - Health related
      - Recreation related
  - Look at average ridership per vehicle in private vehicles and utilization rates for commercial vehicles.
- Supply Side
  - Road Infrastructure
    - Width (Effective)
    - Quality
    - Inter-road Connections
  - Facilitation Infrastructure
    - Traffic Lights
    - Traffic Personnel
    - Diversions
  - Obstacles (Road Infrastructure and Facilitation Infrastructure)
    - Unintended
      - Potholes
      - Accident Debris
    - Administrative
      - Checkpoints
      - Tolls
  - Public Transport Infrastructure
    - Road
      - Buses (Capacity, Quality, Timelines)
      - Cab Services
      - Autos
    - Non-Road
      - Local Trains
      - Metros
      - Operational projects
      - Planned projects

OBSERVATIONS

- In such cases, it is important to define the problem statement as tangibly as possible. Here, defining what is meant by road congestion and what effects of it are to be solved for.
- Thinking on absolute first principles allows creation of a broad structure in these unconventional cases.
- Recounting personal experiences helps in adding points to the analysis

Road Congestion Issue, City Corporation (Recommendations)

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Problem Statement

MCGM, the City Corporation of Mumbai has onboarded you as a consultant. They want you to create a report on road congestion in the city. The report should cover an analysis plus recommendations, and it should take both a short-term and long-term view. Let's hear from you about how you would approach this.

CASE FACTS

- Prepare the report with two aspects: Analysis and Recommendations
- Focus on Greater Mumbai Region
- Give short-term and long-term recommendations
- Dynamic congestion pricing - concept

INTERVIEWEE NOTES

- Road congestion is a combination of two things: slow movement and obstacles
- Cover public transport in all parts of the analysis
- More people in each vehicle whether private or public = fewer number of vehicles on road

APPROACH/ FRAMEWORK

- **Road Congestion: Recommendations**
  - **Demand Side Steps**
    - **Fewer people travelling**
      - Promoting work from home
      - Staggered working hours
    - **Fewer people travelling on road**
      - Increasing Public Transport adoption
      - **Awareness**: Public Campaigns
      - **Affordability:**
        - Public transport incentivization
        - Road transport dis-incentivization
      - **Accessibility**: Ease of use and touch points through last mile connectivity
      - **Experience:** Ambience improvement
    - **Using fewer vehicles**
      - **Car-pooling**
        - Govt. Mandates
        - Start-ups
        - Campaigns
  - **Supply Side Steps**
    - **Road Infrastructure**
      - **Short term steps:**
        - Quality improvement
        - Obstacle removal
        - Diversions and one-way planning
      - **Long term steps:**
        - Road widening
        - Fly-over construction
        - New road networks
    - **Public Transport**
      - New Routes
      - Higher Capacity
      - Improving last mile connectivity with public transport and other initiatives
      - Infrastructure Enhancement
    - **New Age Transport modes**

OBSERVATIONS

- In such cases, it is important to define the problem statement as tangibly as possible. Here, defining what is meant by road congestion and what effects of it are to be solved for.
- Thinking on absolute first principles allows creation of a broad structure in these unconventional cases.
- Recounting personal experiences helps in adding points to the analysis

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Growth cases

Fertilizer Manufacturer – Interview Transcript

FRAMEWORK
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Your client is a Fertilizer manufacturer supplying all commonly used fertilizers to the farmers across the country. They want to increase their revenue. Give them recommendations for the same.

Thank you for the problem statement. Does the client have a quantitative revenue figure in mind?

Yes, they want to grow at 10-12% while the industry is growing at 4-5%.

Can I know more about the fertilizer? Is there anything unique about the fertilizer? Is it applicable for all crops or only certain crops?

The fertilizer is a standard NPK fertilizer that can be applied on all crops.

Where does the firm geographically operate?

The firm operates in most parts of the country, barring Northeastern states where it is not as feasible for us to transport the product.

Thanks for that information. Just to make sure I'm on the right track, should I focus only on strategies to increase revenue, or do I need to consider cost management as well?

You should only focus on increasing revenue for now.

Okay, we can look at increasing the revenue organically and inorganically.

You can leave out inorganic growth and instead, focus on organic growth.

To grow organically, we can either increase prices or sell more products. Since fertilizers are usually similar across brands, raising prices might not be a good idea. So, we should focus on selling more. Is this a fair assumption?

Yes, your assumption is correct.

If we look at the existing markets, do we know how well our products are currently penetrating these markets? Are there areas where we could improve our distribution or marketing efforts?

We haven't fully explored that, but it's worth considering.

We should also think about our marketing strategy. We could segment our customer base by region, crop type, or even the size of the farm, allowing us to target specific groups more effectively. For example, we could position our fertilizer as the go-to choice for high-yield crops in regions where farmers are focused on maximizing productivity.

Is there anything else we should consider?

To get our fertilizers into more hands, expanding our dealer network could be effective. One option could be to enter new markets; countries like Sri Lanka and Bangladesh could be potential options. Do we know whether our customers are large dealers?

90% of our sales come from large dealers, while the remaining 10% come from small dealers.

So, large dealers are key players for us. If we wanted to strengthen our relationship with them, we could offer incentives. Besides offering better incentives, another strategy could be to bypass the dealers altogether and sell directly to the farmers.

That's an interesting idea. How would you suggest we go about it?

There are a couple of approaches we could take. First, we could partner with government agricultural bodies that are already in contact with farmers. We could run educational workshops through these bodies to show farmers how our fertilizer can help increase their crop yields. Does the company have any experience working with government programs?

Not much, but it's something we could explore.

Another approach would be to collaborate with private agricultural groups. These groups often have strong leaders who influence the farmers' decisions. We could offer them special programs or incentives, like discounts on bulk purchases or exclusive access to new product lines, to encourage them to promote our fertilizers. If we pursue this strategy, we should also think about how to measure its success.

That sounds like a solid approach.

Fertilizer Manufacturer – Approach

Problem Statement

Your client is a fertilizer manufacturer supplying all commonly used fertilizers to the farmers across the country. They want to increase their revenue. What course of action should they take to achieve this objective?

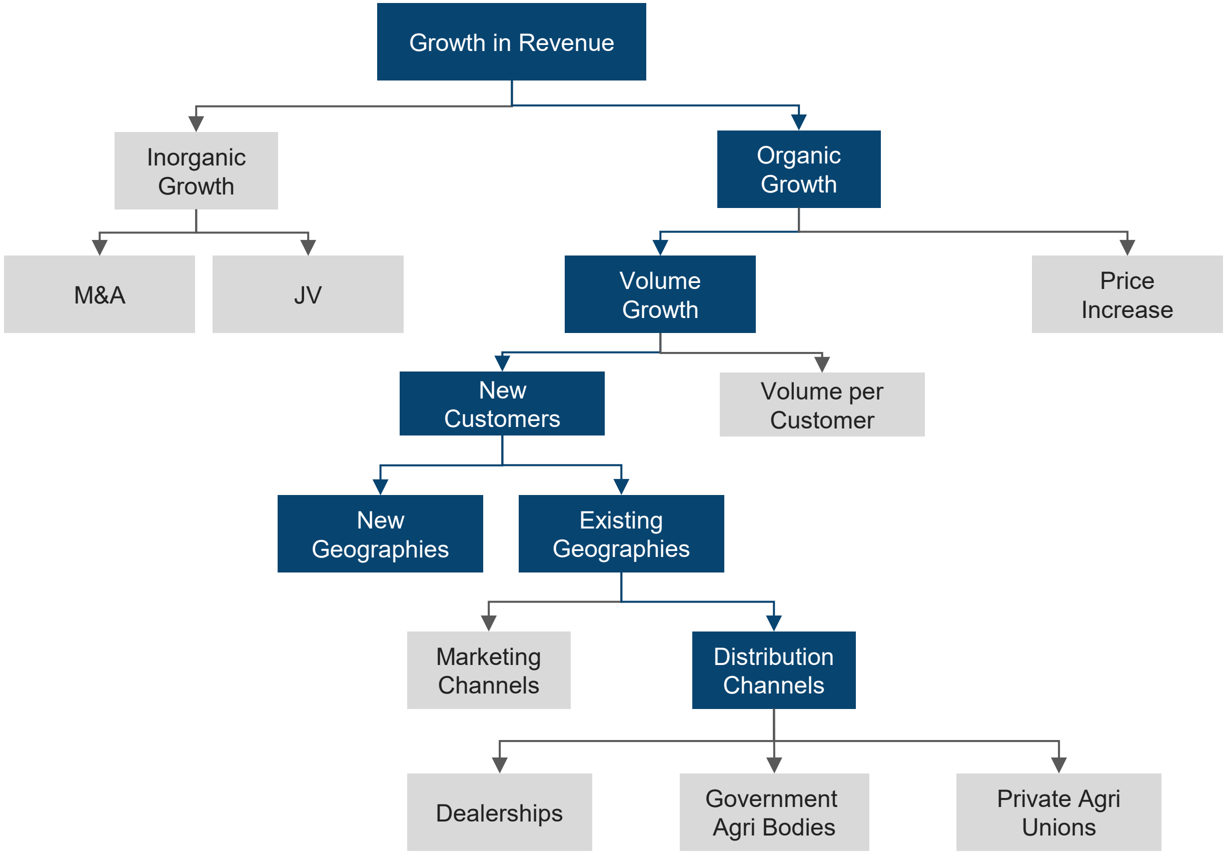
CASE FACTS

- Client is a pan-India fertilizer company that wants to grow at 10-12% while the industry is growing at 4-5%.
- It is a standardized product, with little room for product differentiation.

INTERVIEWEE NOTES

- A basic understanding of NPK Fertilizers was expected.
- Marketing and distribution strategies were the focus of the case.
- Unconventional approach was preferred.

APPROACH/ FRAMEWORK



RECOMMENDATIONS

- Partner with the government and agricultural bodies to increase customer education on fertilizers.
- Collaborate with private agricultural groups to offer incentives for fertilizer use.
- Measure the success of the new strategies.

OBSERVATIONS

- Some domain knowledge was necessary to approach this case.
- Customer acquisition is costly, so appropriate targeting is important.

Newspaper Company – Interview Transcript (1/2)

FRAMEWORK
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Your client is a national newspaper company. They were facing a decline due to covid restrictions in the pandemic. However, after pandemic the revenues are growing at a natural slow rate. Client needs your help in growing the revenues.

Okay, I want to understand more about the client. Where all does it operate and what types of newspapers does it print and what type of customers does it cater to?

The client prints a standard newspaper in English language not leaning to any political party. It operates across India except for North-East. The customer segment is across all age-groups.

Okay, do we have information about the competitors in the market and whether they are also growing at a natural rate?

We have 3 major competitors in the market and all of them are growing at a much faster rate.

Sure, do we have any growth target and timeframe in mind?

Yes. We are looking to grow revenues by 1.25 times in 1 year

Fine. I am assuming that the client just prints the newspapers and sends it across to its agencies. I also wanted to understand the different revenue streams for the client. Currently, I can think of Ads, Retail sales, Subscription, events. Is there anything that I am missing here.

This seems okay

Sure, further I want to understand the bifurcation among these streams. Do we have data on it. Also, I want to know whether the client has any digital presence.

No, we don't have any data on bifurcation. Also, the client is not into digital segment yet. Also, the client is willing to increase the revenue through content delivery only

Okay, I think I have enough information on the issue. I would like to consider two approaches the client can adopt to grow the revenues: Organic i.e., expanding through their own business or inorganic i.e., by expanding using JVs, mergers, and acquisitions. Do you want me to consider any strategy specifically?

Let's focus on organic strategies only.

Sure, we can consider total revenues as the product of total number of customers and the average revenue per customer. Should I focus on either of the two?

Sure, let's focus both of them one by one.

Sure. The average revenue per customer has two levers: The revenue per transaction and No. of transactions per user. As we only have a single newspaper, the revenue per transaction would be the monthly subscription charge or the price paid for a single newspaper purchase. However, increasing the price with same services might not be a feasible option as the customers might shift to our competitors. However, we can add extra articles, op-eds, special news on weekends and then our marginal increase in price can be justified.

Yes, correct. Let's move on.

The client has also add options at additional price along with the newspaper like Weekly Market recap 2-pager on Saturdays, Bollywood stories on Sunday, Special Trivia for competition preparation, government job vacancy listings articles etc to bundle and cross-sell along with the newspaper.

Yes, let's focus on increasing the number of customers now.

Sure, I would like to breakdown the total number of customers as Market Size multiplied by Market Share. Considering the Market size ie., the total consumer base first, we can look on increasing it by either of the two ways: Moving into new geographies where we can focus on providing services in North-eastern region as well, as the accessibility has considerably improved.

Okay. Carry on.

Another way, the client can look to explore is through developing new products. If the client is willing to invest, it can launch other variety of newspapers and magazine for different genre like Business, General Knowledge, Weekly Round-ups etc. which require similar capabilities. Also, if the client has resources, it can move into digital segment by launching news through their own site, app, video news, and news aggregator platforms. However, as the timeline is just 1 year it won't be feasible to develop operations from scratch and thus JV and acquisitions can be thought of as a way to enter digitally

Good that's a fair point. Let's move on to increasing market share.

Sure, to increase the market share I would like to step into the shoes of a typical customer analyse the journey. Does it sound a fair approach to you.

Yes.

So, I would like to divide the customer journey into three parts. The first part of the journey will start with the decision to subscribe or buy the newspaper. The second part of the journey would involve the experience during reading the newspaper and the third part would be concerned with post reading the newspaper.

Sure, please go ahead.

Sure. For a person to purchase of the newspaper there would be three factors that client can look to improve, first would be the awareness about the newspaper, thus proper advertising and promotions using hoardings, digital media need to be done. Second is the accessibility. Client would need to ensure that all the major vendors, book stalls, railway stations have the newspaper readily available, The client can provide lucrative benefits for the vendors to incentivise them for preferring its newspaper more. And, the third would be the affordability. The client can look to provide discounts on long term subscription and keep competitive pricing for the retail sales of newspaper.

Good. Let us move to the next part.

Newspaper Company – Interview Transcript (2/2)

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Once the customer has purchased the newspaper, there are three levers that would affect the journey: First is the veracity. The client would need to ensure that its proposition of delivering unbiased news is maintained and the content of the articles and the news is factually as well as logically correct. Second thing is the variety. The client should ensure that as a general newspaper, there are variety of news available from all the spaces in a holistic manner. It can also try to ensure that the editorials and guest editorials to be from different sectors and engaging renowned personalities for it. The client can also ensure fun games like puzzle, sudoku to be provided in the newspaper. The final would be the quality of content. Having legible content with high quality images and graphics goes a long way in sustaining loyal customer base. As an example, the Dainik Jagran in my area had an issue with printing of the images and as a result, it lost a substantial amount of subscription.

Yes, this makes sense. Let's move to the final part.

Sure. Now, I would like to move into the journey after client has read the newspaper. This can involve providing extra benefits to engage them for a longer time. For example, providing comic strips, anecdotes, stories in a sequence-wise manner to inculcate curiosity for the next day's newspaper. The client can also provide coupons in the newspaper which had to be collected in a specific number, let's say 60 days, and these could be redeemed at vendor in terms of gifts, discounts and rewards. This can ensure the stickiness of the customers to our newspaper. Finally, there can be a feedback portal as well, where customers can send their take on the news, or raise some specific issue, participate in a poll using sms, app.

That sounds interesting. Do you want to cover anything else.

Till now we have covered, increasing the reach of the newspaper as per the ask of the client. However, we can look into the advertising revenue stream, which is a lucrative and one of the fundamental options to grow the revenues in this sector. Strategies like implementing region-based targeted advertising, ensuring high quality graphics in advertisements, promoting influencers and celebrities on paid basis using articles etc. Do you want me to deep dive into it?

That's great insight but let's stop here. Thank You.

Newspaper Company – Approach

FRAMEWORK INDEX

Problem Statement

Your client is a national newspaper company. The client wants to grow its revenue.

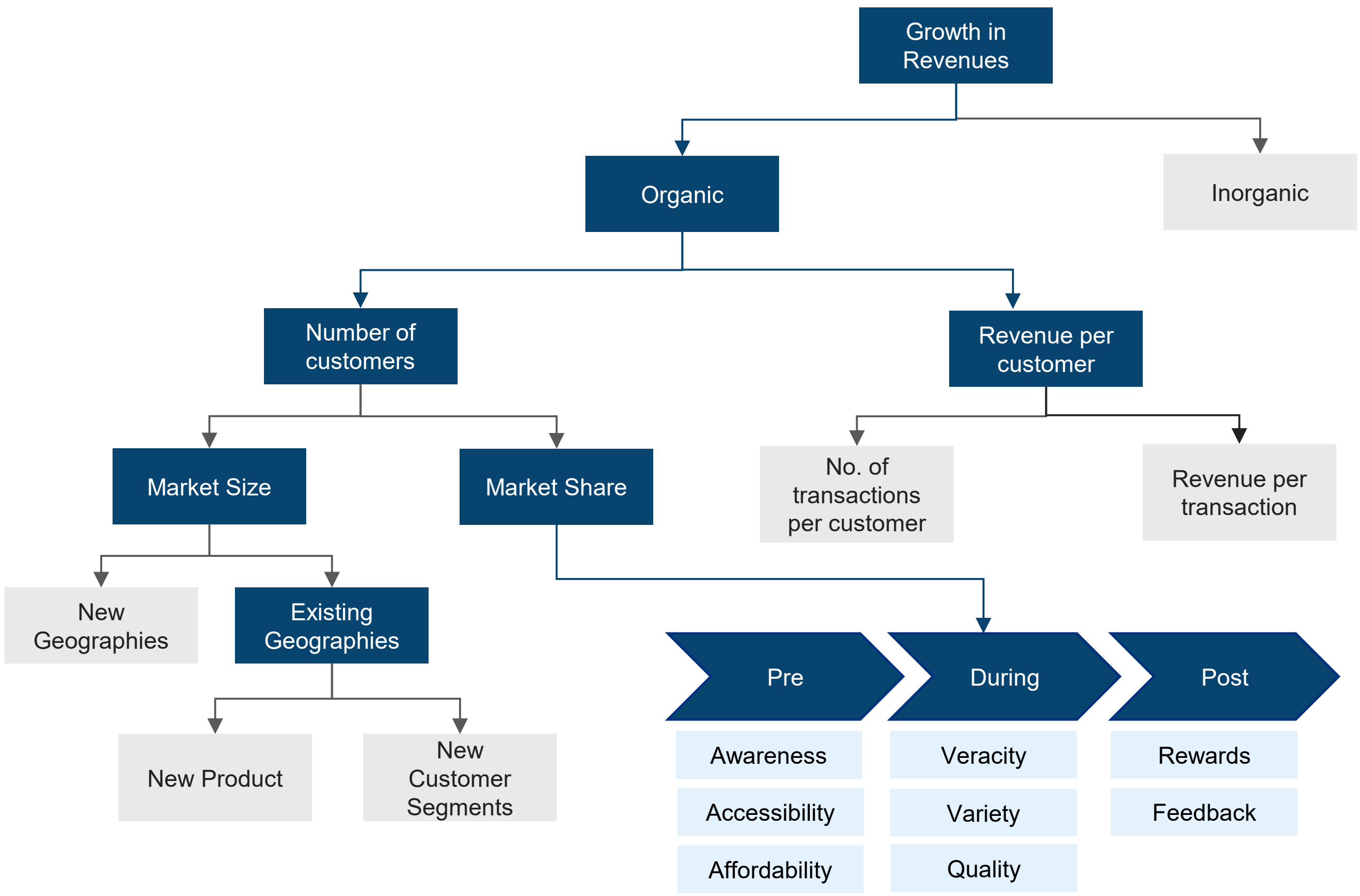
CASE FACTS

- The client prints a single standard English newspaper.
- Revenues have not grown as per the industrial standard.
- The client operates in pan-India except North-east
- The value chain of the client is similar to conventional newspaper companies.

INTERVIEWEE NOTES

- Understand the business of the client. Concise questions about about product mix, geography, competitors, different streams of revenue are needed.
- Understand the resource constraints in hand for the client. Thus, bide in the interviewer while proposing new initiatives.
- Here the interviewer asks the interviewee to focus only on revenue increase using content delivery i.e., reaching to maximum number of customers.
- Come up with multiple creative strategies as quickly as possible.

APPROACH/ FRAMEWORK



RECOMMENDATIONS

- Venture into new geographies, new product development and new customer segments.
- Promote bundling by releasing special weekly edition content
- Improving the aspects of customer journey of a normal newspaper reader from awareness to feedback

OBSERVATIONS

- The case deals with the application of growth framework and exhaustively covers all the scenarios.
- Even if you don't have knowledge of the industry, try to be creative and relate with newspapers you have been reading to come up with some ideas. This will be appreciated by the interviewer

Apparel Manufacturer – Interview Transcript

FRAMEWORK

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The client is in the apparel business in the US and wants to expand their top line. They need your suggestions on how to achieve this growth.

I would like to confirm the objective before I proceed. The client is seeking suggestions to increase revenues. Is there any other objective? And do we have a number for the increase envisioned?

Yes, 25% and that is the only objective.

Okay, I would like to understand the client a little more, specifically, three things: the product categories they operate in, their price segment, and the competitive position of the industry - fragmented or consolidated.

Alright. So, they are a mid-priced jeans manufacturer known for their quality at affordable prices. They operate in a fragmented market with pressure from both low and high-end manufacturers along with same segment competitors. But within this space, they are among the top 5 players.

That helps. Now, we can drive growth either organically or inorganically. Given this is a fragmented market, organic growth may face some competition pressure. But should we pursue it, we can either increase the number of customers or the revenue per customer. Alternatively, we can identify potential M&A targets and due diligence them for inorganic growth.

Sounds good. Can you quickly run me through how you can increase revenue per customer for a product like jeans?

Sure. So, we can either nudge the average order value up or increase the number of orders a given customer places. For the former, we can increase prices, provided price elasticity is less than 1, or provide discounts and bulk offers to increase purchase volume in an order. To increase orders per customer, we can look at loyalty programs for increasing repeat orders & their frequency. We can also explore cross-selling across products.

Alright. Let us look at the other idea of increasing the number of customers.

Assuming we are not looking to redesign the product or launch a new one, we can either try to strengthen our share of the existing market or expand to new markets. To grow in the current market, we can study our target segment and strengthen our positioning to acquire more customers. On the other hand, we can look to capture new geographies or customer segments. The third alternative would be to explore entirely new product lines.

The client would be keen to explore newer markets. How would you suggest them to go about this? Assume that they are sticking to their current product line-up.

I will start with exploring newer customer segments within the US market, given our client already has an established presence and strong capabilities here. I would like to know more about their current target segment and distribution channels.

The client sells to mid-income adults, both male and female with a concentration in urban markets. They are predominantly a brick-and-mortar player, selling through their standalone outlets and multi-brand retailers.

Okay. In that case, they can capture additional target groups either by diversifying to newer sales channels like ecommerce, marketing their product to adjacent consumer groups such as young adults, or tapping the same age group in related geographies like semi-urban markets.

How would you decide which of these options to pursue?

I would focus on 2 factors:

1) Product-market fit: How well our current product aligns with the needs & behaviours of the new consumer group being explored.
2) Synergy with existing ops: How well the expansion leverages the client's existing strengths & network.

For instance, exploring something like omnichannel operations may allow the client to tap digital-first consumers from the same demographic while leveraging its store network for distribution.

Sounds reasonable. Let's move on. How do you suggest the client expand to entirely new regions?

Entering new market would need to be done in two stages: market identification & then the actual entry. First, we would need to select a suitable target market to enter. For this, we can consider 3 factors:

1) The attractiveness of the market basis its current size, growth rate, & existing competition
2) Ease of setting up manufacturing/distribution operations there
3) The financial viability of the entire venture

Once we have the market identified, we would need to decide our entry strategy – whether we want to acquire an existing player, partner with someone, or outsource parts of our value chain to local players. Finally, we would need to formulate a go-to-market approach for launching the product.

Ok. Suppose we have decided to pick China as our new market. What could the major concerns be?

Building on the same factors, I see 4 significant risks at a high-level:

1) Market size: the market might be too small for our price segment. Mid-income at US levels will be quite expensive in a Chinese context.
2) Strong price competition: The overall Chinese market may be more price-sensitive and we will be competing against entrenched low-cost competitors.
3) Barriers to entry: getting licenses might be difficult in the current geo-political context and we will also need to find new local suppliers and partners there.
4) Financial viability: The lower price points in China may not support our US-aligned cost structure. There would also be additional costs from operating in such a distant geography.

There would be additional concerns depending on the entry approach that the client chooses.

So, overall what would your recommendation to the client be?

Basis the information we analysed so far, I would recommend the client to grow by pursuing adjacent demographics in the US through newer channels.

This offers them 3 major tailwinds:

1) It is a known market for the client and their business model & structure is already aligned to it.
2) They can leverage their established capabilities in terms of brand, supply chain & distribution.
3) They are more assured of product-market fit without having to alter their products.

On the other hand, completely new geographies would entail a new & significant learning curve, limited benefit from existing resources, and a high risk of the venture failing commercially.

Alright. That makes sense. Let us wrap it up here. Thank you.

Apparel Manufacturer – Approach

FRAMEWORK

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Problem Statement

The client is in the apparel business in the US and wants to expand their top line. They need your suggestions on how to achieve the growth.

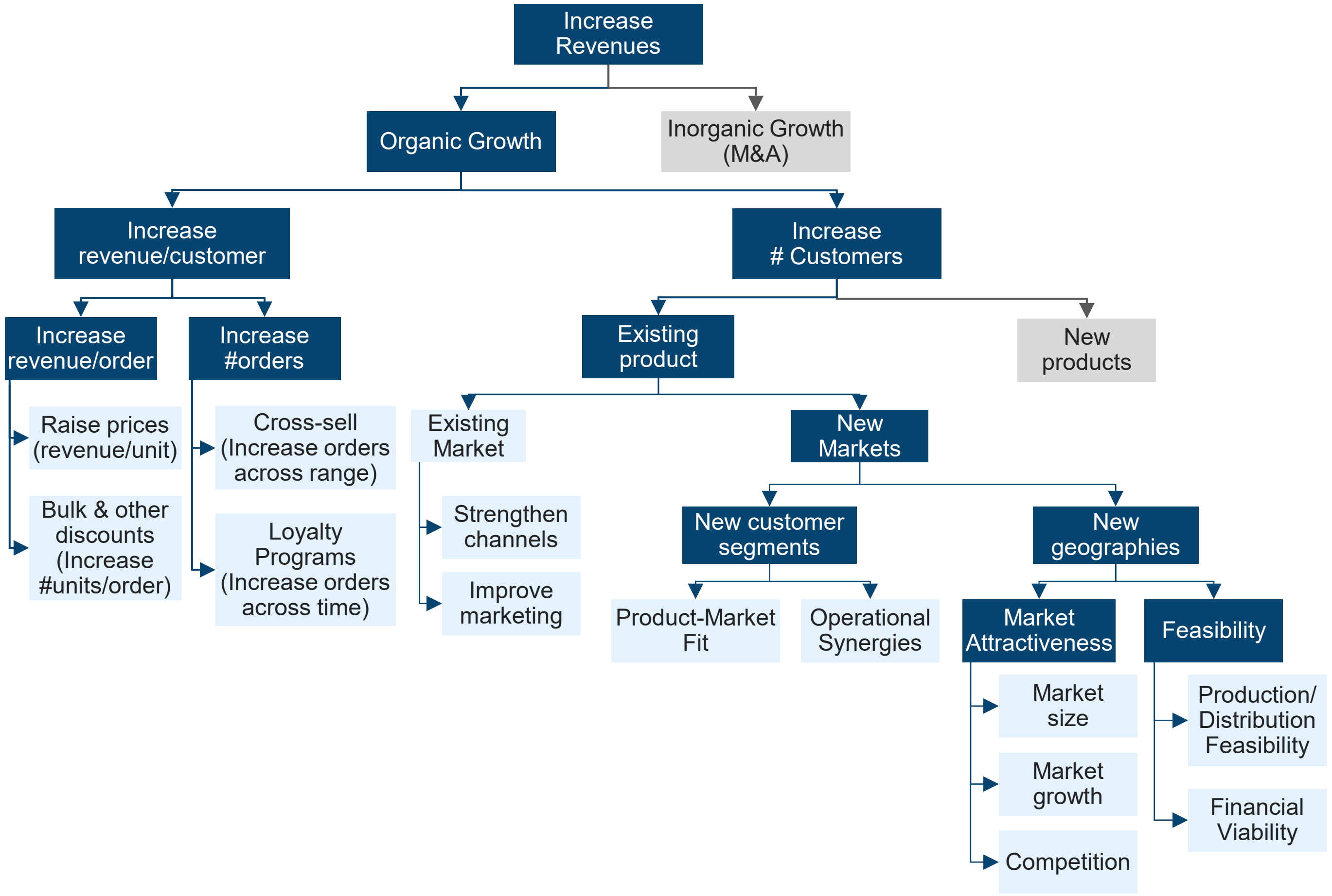
CASE FACTS

- Jeans manufacturer in US
- Mid-priced segment
- Target Group: Male and female adults
- Quality is a differentiating characteristic
- Fragmented market but top 5 player

INTERVIEWEE NOTES

- Expand by 25%
- Factor in elasticity
- Acquisition
- US-China trade war & geopolitics may add regulatory barriers

APPROACH/ FRAMEWORK



OBSERVATIONS

- Above structure provides an exhaustive framework on how to approach the problem from a consumer side
- Clearly identify if the company wants to focus on gaining more from its existing consumer or acquire new customers
- Trying to bring in insights which are relevant and current in the market such as omnichannel channel strategy to score brownie points

B2B SaaS Logistics Platform – Interview Transcript (1/2)

Your client is a B2B SaaS company offering logistics management software to enterprises. They've been growing steadily at around 15% year-on-year for the last three years, but now the management wants to accelerate that growth to 40% in the next two years. They think market expansion could be a key lever. You've been brought in to help figure out how to make this happen.

Understood. Before I proceed, I'd like to clarify the scope. Is the focus purely on expansion into international markets, or should I also look at other growth levers alongside it?

While the client believes global expansion is the big opportunity, they're open to exploring other ideas if you think they could have a significant impact.

Great. I'd like to start by understanding the business better. Could you tell me about the product - is it a single platform or do they have multiple modules?

It's a unified platform that helps large enterprises manage shipments, fleet scheduling, route optimization, and tracking. It's highly customizable and integrates with most ERP systems.

And what's the current market focus? Are they primarily in India right now?

Yes. They have an ARR of $20M and about 90% of their revenue comes from India, with some small clients in Southeast Asia.

Got it. Who is the target customer segment?

Large enterprises - think FMCG companies, e-commerce players, and manufacturing firms with significant logistics needs.

And their key strengths compared to competitors?

Strong customization capabilities, deep integration with client systems, and a track record of reducing logistics costs by 10–15% for clients.

Alright. Let's think about growth levers. I see four broad possibilities: grow deeper in the existing market, expand to new geographies, launch new products, or target new customer segments. Given the context, I'll start with expansion, but I'd like to briefly check if the Indian market is saturated or if there's headroom left.

India still has potential, but most large enterprises already have some solution in place, including from competitors. New sales cycles are long and often involve replacing existing systems.

That makes sense. So, expanding to other markets may indeed give us faster growth. I'd like to first shortlist potential regions by thinking about factors that matter for this kind of SaaS business. These could include logistics market size, digital adoption levels, competition intensity, regulatory ease, and language or cultural fit. Does that sound reasonable?

Yes, these factors are good and comprehensive. Can you also lay out the broad expansion strategy you will use to make sure that the 40% overall growth rate is reached?

Sure. Our client's current ARR is around $20 million. With baseline organic growth of 15%, they'd reach about $23 million in a year. But the target is 40% growth, which means $28 million ARR. So there's a $5 million gap that needs to be bridged through expansion or new initiatives. If I take an average customer value in the range of $250,000 to $400,000 annually, this translates to roughly 10 to 20 new large enterprise customers. That's not an unreasonably high number, so if we target a reasonably sized market with good conversion potential, this feels achievable.

That's great. Both factors and the strategy seem solid. Now go ahead in choosing the regions we can choose for expansion.

Before we compare regions, could you tell me if the client has any set of regions in mind?

They're considering the Middle East, Europe, and North America. We can discuss each location basis this factors you just gave me.

Sure. For the Middle East, what details pertaining to the criteria do we have?

It's growing fast, with a lot of investment in infrastructure. Governments are pushing for modernization and digitalization. English is widely used in business, so language is less of a barrier.

That's helpful. How about Europe?

Europe is a mature market for logistics tech, which means the opportunity is large, but there's also strong competition. There are also strict compliance requirements, but some countries offer grants for innovative digital solutions.

Understood. And North America?

It's the biggest market of the three, but very competitive and expensive in terms of customer acquisition. You'd need a highly differentiated product to win clients.

I see. So, qualitatively, the Middle East seems like a balance between growth potential and lower barriers, Europe offers scale but needs strong compliance capabilities, and North America is high risk–high reward.

That's a fair summary.

Could I check the client's budget and timeline for this expansion?

They have $5 million allocated for the first year of expansion, and they want to see results within 18–24 months.

With that budget, entering multiple markets simultaneously could stretch resources thin. Does the client have any existing relationships in these regions that can help with the initial entry?

They do have one distributor partner in the UAE through which they serve a small FMCG client.

B2B SaaS Logistics Platform – Interview Transcript (2/2)

That's great - it could make initial entry smoother. For the Middle East, I'd focus on markets like UAE and Saudi Arabia where infrastructure investment is high and enterprise-scale clients are concentrated. The sales cycle should also be faster than in more mature markets. Also, when expanding to other regions outside the middle east, given the budget constraints, I'd be inclined to recommend a phased approach - start with the Middle East, establish a foothold, and then use the revenue and learnings to enter a second market.

Okay, what about product adaptation for the new market?

I'd check if the current product meets local compliance standards, especially data residency rules. For the Middle East, we might need Arabic language support for some interfaces, even if English is the primary business language. Integrations with region-specific ERP or TMS systems may also be needed.

Makes sense.

In terms of go-to-market, we could consider setting up a small local sales team supported by the Indian tech team. Partnering with local system integrators could also help scale faster. Pricing-wise, I'd review competitor rates in the region and position slightly below the top-tier providers initially, to win credibility while still signaling premium quality.

Good. Anything else you'd do to support growth?

I'd explore adjacent product features that could be sold to both Indian and international clients, like advanced analytics dashboards or AI-driven route optimization. These could increase ARPU without large incremental sales effort. Also, marketing efforts in the new region should be tailored to local business culture - for example, in the Middle East, in-person relationship building at trade shows can be more impactful than purely digital campaigns.

I like that. Any risks you'd be concerned about?

Yes. In the Middle East, political and regulatory changes can be sudden, so having diversified client geographies within the region helps. In Europe, compliance costs could erode margins if not planned for. And in North America, unless we have a breakthrough feature, the CAC could be too high for our budget. To mitigate, I'd recommend regular progress reviews and a clear stop–go decision framework at six-month intervals.

Alright, let's wrap up. What would you recommend to the client in one go?

I'd recommend starting with the Middle East as the first market for expansion due to its high growth, lower entry barriers, and existing relationships. We'd focus on UAE and Saudi Arabia, adapt the product for local needs, and use partnerships to scale quickly. The target would be to win around a dozen enterprise clients within 18 months, contributing a significant portion toward the 40% growth goal. Parallel efforts in upselling in India and minor feature expansions would help close the gap. Once the Middle East is profitable and stable, we'd enter Europe selectively, leveraging the experience and cash flow from phase one.

That's clear and actionable.

B2B SaaS Logistics Platform – Approach

Problem Statement

Your client is a B2B SaaS Logistics Platform aiming to grow from 15% to 40% YoY via market expansion. Help them.

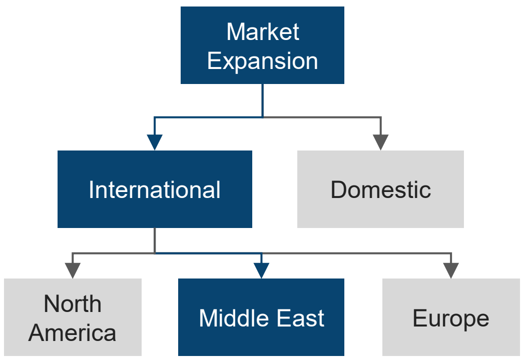
CASE FACTS

- Client is a B2B SaaS logistics platform from India with a $20M ARR and 90% revenue from India, with a presence in South East Asia
- Growth target: 40% YoY vs current 15%
- Target customers: large enterprises (FMCG, e-commerce, manufacturing)
- Expansion budget: $5M for first year, timeline 18–24 months

INTERVIEWEE NOTES

- The candidate evaluates multiple regions qualitatively, shortlists (among other options) the Middle East for its growth potential and lower entry barriers and proposes a phased expansion plan.
- The strategy includes localized product adaptations, partnerships, and parallel upselling in the home market to meet the target.

APPROACH/ FRAMEWORK



Criteria	North America	Europe	Middle East
Customer	Largest market of the three	Mature adoption; compliance-driven	Fast-growing demand; infra push; English common
Competition	Extremely Competitive, highly differentiated product needed	Strong, many incumbents	Lower intensity competition
Company	CAC too high for $5M budget	Compliance investment needed; grants available	Existing UAE partner; lower barriers
Context	High risk–high reward, budget stretch	Strict regulations, countries offer grants for innovative solutions	Govt digitalization push, fast sales cycles; sudden political and regulatory changes

RECOMMENDATIONS

- Start with the Middle East (UAE & Saudi) because of high growth, low barriers, existing partner.
- Win ~12 enterprise clients in 18 months via localized product and partnerships.
- Upsell in India and add features to boost ARPU.
- Once stable, expand selectively into Europe

Elevator Manufacturer – Interview Transcript (1/2)

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Your client is an elevator manufacturer. Lately, a new competitor entered the market who has been eating into the client's market share. The client needs your help to devise a competitive response.

Just to confirm the objective, the client wants strategies to stem the loss of market share they have been experiencing. What exactly has been the decline and when did the competitor enter? Does the client have a specific target market share in mind that they want to attain?

They had a market share of 70% at their peak 2 years ago but this has now declined to 55% since the competitor entered the market. They just want your help to understand how they can prevent a further decline in this and maybe re-attain their market position.

Before I structure our approach, I need to clarify a few more things. For how long has the client been in this business and in which geography?

The client has been a well-known name in this industry since the past 20 years. They manufacture in Europe and have traditionally served European and US customers.

Interesting. This means the client was able to become the dominant player in terms of the market share at the global level despite presence only in two continents.
Who exactly are their customers? What does the client's value chain look like?

They usually have long-term contracts with builders. Whenever a new building block comes up, the client is responsible for shipping and installing new elevators.

The longevity of the client and the long-term nature of the contracts would typically mean close relations with customers which would help in this B2B industry. Can you tell me a bit more about the competitors – How many competitors are there and what are their market shares?

There are basically just these two players in the market. The competitor has been able to attain a market share of 35% since they entered 2 years ago. The remaining 10% of the market is made up of small, regional players with negligible market shares.

How does the client compare with its competitors? Have they been facing a similar problem?

It is just the client who has been facing this problem. In terms of the product, the competitor has brought in a far superior elevator which is both faster and is priced cheaper.

Interesting. Product differentiation by competitors leads me to hypothesize that the client did not undertake any product innovation over the years and customers are thus shifting to their competitor's superior products.

That is a fair conclusion.

Given this, I would like to take the following approach to consider the strategies the client can adopt to grow their revenues. They can look to expand their business either organically or they can adopt an inorganic expansion strategy by partnering with other firms.

What exactly do you mean by an inorganic strategy?

As part of an inorganic strategy, the client can look to partner with other firms or acquire them with the aim to integrate vertically along the value chain.

That makes sense. Let us focus on organic strategies for now.

To grow their revenues organically, we can consider total revenues as the product of the total number of customers and the average revenue per customer. The client can look for growth opportunities in either of these.

Alright. Let us consider them both one by one.

Talking about the total number of customers, it will be the product of the total number of potential customers of the client's product and the percentage conversion among them.
Given the lack of value offered by the client in terms of product quality and price, this is the first thing they need to address to increase the percentage conversion. The client needs to look at the typical customer's purchase journey, understand their needs, invest in R&D to improve their product and improve their cost structure to offer a better price to the customer.

Makes sense. Let us talk more about increasing the potential customer base.

To increase the total number of potential customers, the client can either continue to focus on geographies they are already present in or instead venture into new geographies. In particular, the client has traditionally done well in the European and US markets. Can they venture into new countries? Where exactly is the client's competitor focusing on?

That is a good point. Yes, the client can consider moving into new geographies. In fact, their competitor has been focusing on Asian markets which have been experiencing a healthy growth.

Interesting. It seems the competitor has been able to tap into new markets which the client has missed out on. The client can do the same and target Asian customers. They can look at other potential markets in the world as well and be the first one to move there.

How else can the client grow their total customer base?

The client can either target new customer segments, develop new products or explore new distribution channels.
In terms of new customer segments, the client can look to partner with builders of both commercial buildings and residential societies as well.
If the client is willing to invest, they can introduce new products. They can leverage synergies in their manufacturing process by innovating products that require similar manufacturing capabilities (materials/processes used). They can also leverage synergies in their distribution/sales network by making other products required by their existing customers - escalators, moving walkways etc. They can look to expand their existing distribution and sales network as well. As a long-time brand in a B2B business, they can leverage their sales relationships to persuade customers from defecting to other manufacturers while they meanwhile understand and address their pain points.

Excellent. Let us talk about the average revenues per customer.

Elevator Manufacturer – Interview Transcript (2/2)

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INDEX

The average revenue per customer would be the product of the average volume purchased per customer and the price charged to them. I assume the total number of elevators a customer buys would be dependent on the contract length, building specifications, the real estate industry etc.
In terms of pricing, the client can look at a price discrimination strategy to extract maximum value from different customer segments. If the client has other products that they offer, they can look at bundling and cross-selling as viable profit maximization strategies as well.

Good. Is there anything else?

As a trusted name, the client can even look to leverage their brand by forging long-term customer relationships based on trust. Further, even though they are surpassed in terms of speed of elevators, the client can possibly identify other customer needs such as safety or luxury and re-brand themselves. Accordingly, they can sell elevators to hospitals or luxury hotels and charge a premium price as well.
Finally, their competitor's ability to innovate and excel quickly in this market points to superior organizational capabilities. The client can perhaps look to poach the top management of the competitor to attain fresh talent.

That will be all. We can close the case here.

Elevator Manufacturer – Approach

FRAMEWORK INDEX

Problem Statement

Your client is an elevator manufacturer. Lately, a new competitor entered the market who has been eating into the client's market share. The client needs your help to devise a competitive response.

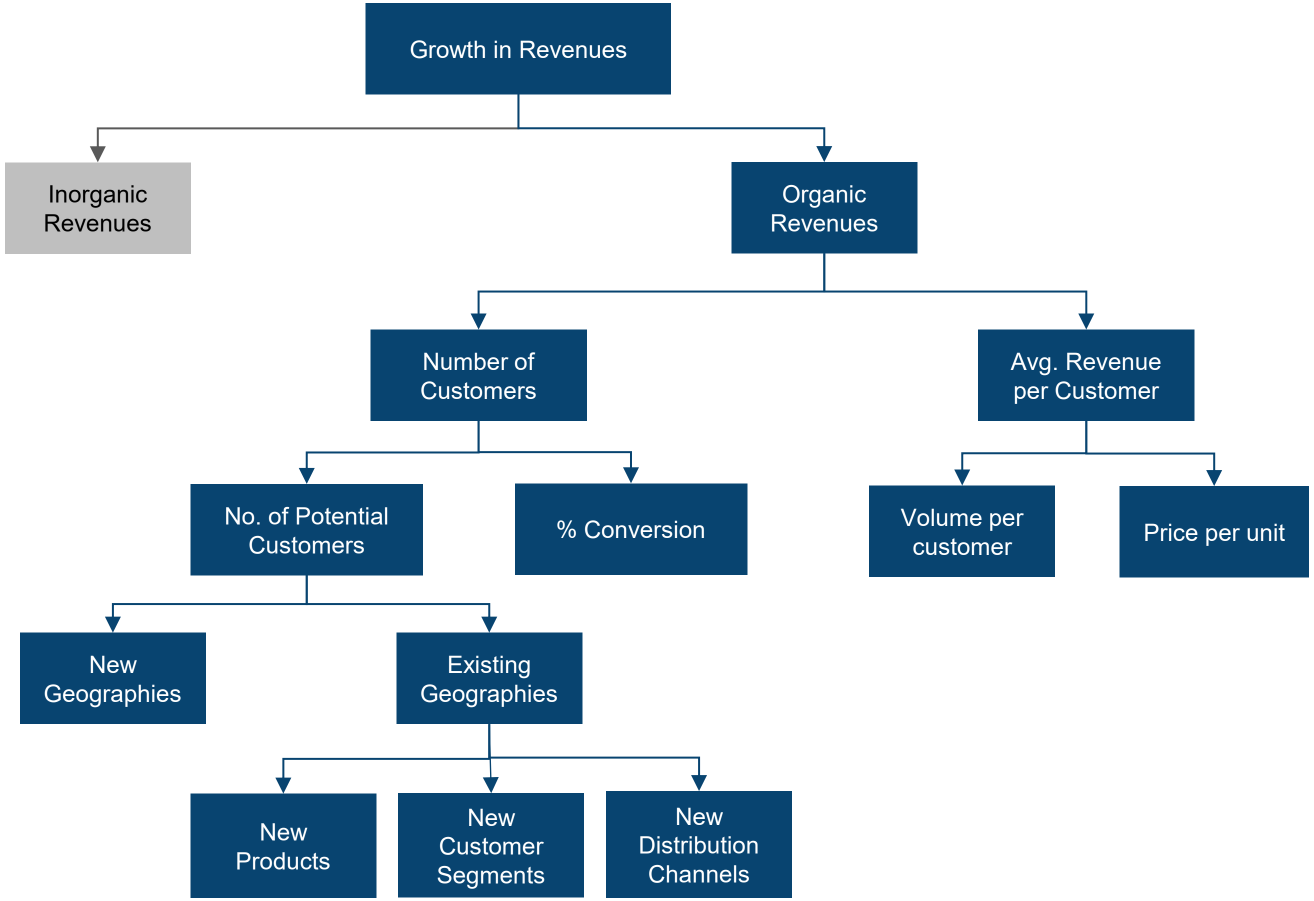
CASE FACTS

- Client is a well-known name and has been a dominant player in the elevator market for the past couple of decades.
- Market share decline is due to superior value offered by the competitor in terms of product quality and price.

INTERVIEWEE NOTES

- Note that the industry is a B2B one, and their declining market share is despite the client being the incumbent.
- The focus of the case is on an ability to outline as many creative competitive strategies as possible.
- Move quickly through the structure & suggest as many strategies as possible without being going into details of one

APPROACH/ FRAMEWORK



RECOMMENDATIONS

- Partner/ acquire other firms for forward & backward integration.
- Negotiate contracts to ensure optimum revenue per customer.
- Invest in R&D, op redesign, org restructuring, leverage brand & sales network to dissuade customers from defecting.
- Venture into new geos, customer segments or distribution channels to tap into new customer markets.

OBSERVATIONS

- Although the case asks for a competitive response, the objective is to achieve a growth in revenues and thus the growth framework is apt for being exhaustive here.
- Don't be flustered by a lack of knowledge of the elevator industry. It is more important to proceed in a structured manner and use creativity to come up with responses to increasing competition. There is scope for more creative options as well.

E-Grocery Player – Interview Transcript

Your client is an e-grocery player who sells online. The business has been seeing a muted growth over the last year and would like you to diagnose why that is the case.

Interesting! I would like to start by understanding the client better and also building additional context on the problem. What is the nature of the business the client is in? Are we talking about a quick commerce type business? And what is the metric for growth?

Yes. The client has two different services, quick commerce and slotted delivery system. The former is an on-demand system while the latter is for planned deliveries in which customers have to book a time slot. The client is looking at the increase of sales for tracking their growth.

Got it. And have both the services been seeing stagnant growth or is one better or worse off than the other?

No. Quick commerce is seeing healthy growth while the sales in slotted deliveries has been decreasing.

Which geographies does the client operate in? And is the stagnancy in slotted delivery growth localized to certain areas?

The client operates out of tier 1 cities, and the issue is a pan-India problem.

How long has it been since the service has been offered and how has the service been performing historically?

It's been eight years since the client started doing slotted deliveries. And they have been doing well until last year, where the growth has slowed down to about 3%.

Do we have any information on the industry for slotted deliveries has been faring? Have other players been facing this issue?

There are many players in the industry. Some of them have been facing similar issues.

Also, who are the client's target customers? Do we have information on the demographics of the customers?

Good question. The customers are all urban households over-indexed for the 30-40 years age group.

Okay. I think I have enough context on the problem and would like to develop a preliminary analysis, and dive deeper subsequently.

Sounds good.

We can track the client's sales as coming from two distinct sources: slotted deliveries and quick commerce. Since the latter has been growing healthily, we can zone into the slotted deliveries for potential causes of the issue. We can further break down sales from slotted deliveries as a function of the number of customers, the average basket value which can further be split into average product value and average basket size, and the yearly frequency of purchase. Would we have any information on how each of the components have been doing in terms of growth?

That's a good breakdown. We've witnessed a drop in the number of customers, the average basket value has remained constant while the yearly purchase frequency has also witnessed a decline.

Alright. In which case, I would like to drill-down on the number of customers and the purchase frequency. Would there be anything I should prioritise for the analysis?

Yes. We can look at the decline in the total number of customers.

The total number of customers can be split into the market size and the market share our client has. Do we know if there have been any changes in these over the last year?

Yes. The market size has declined while the market share for the client has remained the same.

I would like to look at the decrease in market share as a consequence of external and/or internal factors.

As part of external factors, there are three potential contributors which I can think of: economic and policy factors, technological factors, and social factors including consumer habits. Since there was the mention that some players are facing a similar decline, I am assuming the decline in market size can be primarily attributed to externalities. Is this a fair assumption?

That's true. Can you think of possible reasons from the technological and social buckets which might have driven the decline?

Sure. In terms of technological aspects, I would like to break it down into three potential factors: software and front-end product innovations (UX/UI) in quick commerce, advancements in operations (IoT in dark stores/warehouses for example) which might increase efficiency in quick commerce, and adoption of allied technologies which favor on-demand services.

For social factors, I would like to break it down into two potential reasons: changing socio-cultural landscapes (nuclear families and working couples who prefer to order groceries on-demand) and conscientious substitutions (drive to buy and support local kirana stores for example).

There have been improvements in front-end development for quick commerce, and the whole experience has moved towards a gamified one which has been seeing a lot of users switching away from slotted deliveries. And yes, there has been a shift in work and cultural attributes, which has seen users preferring to order groceries on-demand as opposed to having to wait for it for certain times. This was a great analysis! We can close the case here.

E-Grocery Player – Approach

Problem Statement

Your client is an e-grocery player who sells online. The business has been seeing a muted growth over the last year and would like you to diagnose why that is the case.

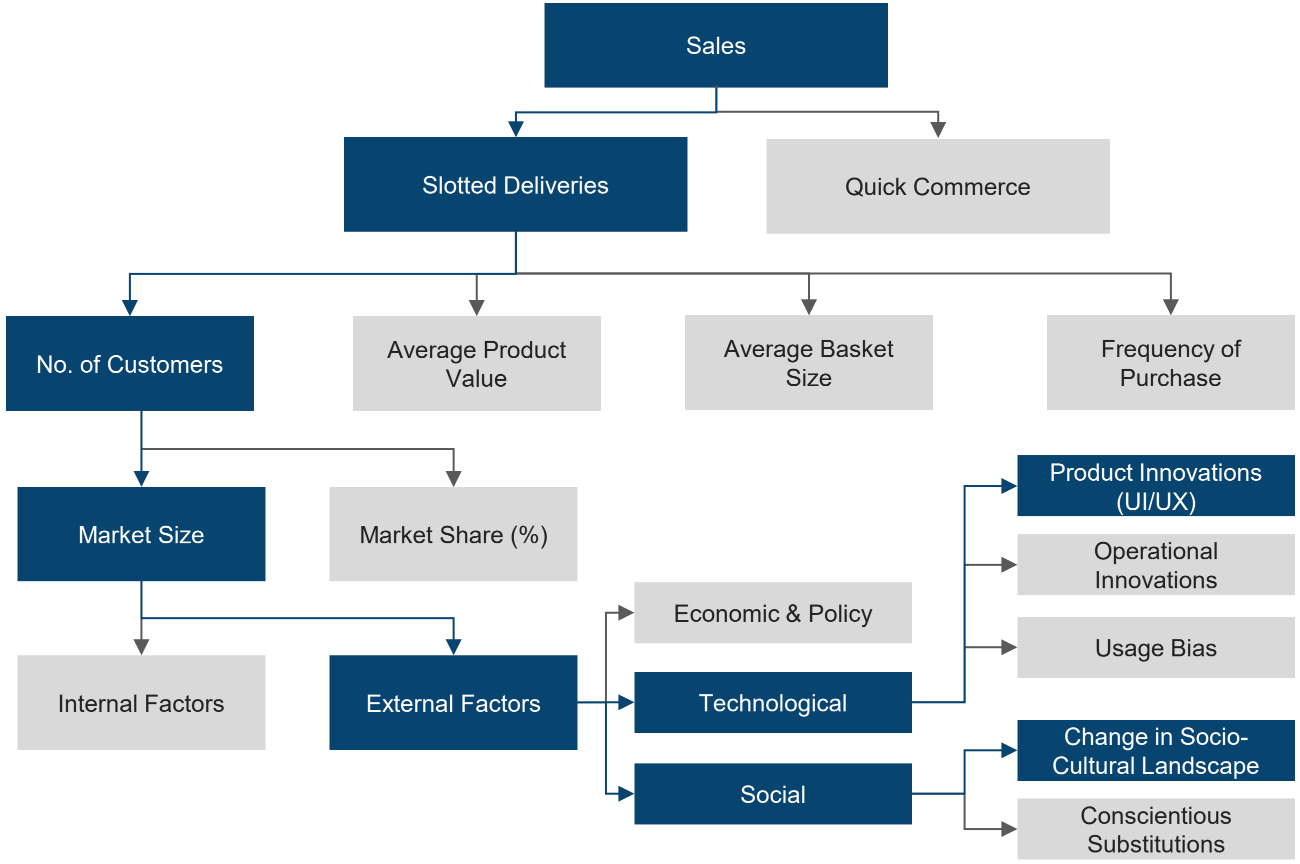
CASE FACTS

- The client is an e-grocer who has two services: quick commerce and slotted deliveries.
- Client caters to all tier-1 cities and the growth is muted throughout their India operations.
- Uptick in Q-commerce & decline in slotted deliveries observed
- Target customers: urban households, 30-40 age bracket.

INTERVIEWEE NOTES

- Diagnosis of the issue lies in using multiple case facts, which emerge in a cascading form. Hence, important to ask series of connected questions.
- Important to disambiguate the status quo of growth into the two sales streams.
- Decline in customer base and frequency of purchase are interlinked and attributable to external factors.

APPROACH/ FRAMEWORK



RECOMMENDATIONS

- Change in socio-cultural env., incl. increase in working couples has driven shift to Q-comm; They cited issues w/ slotted deliveries
- More product innovations in Q-comm space, incl. gamification which has seen users interact with these services better
- Overall, there is industry wide decline in frequency of purchase using slotted delivery method

OBSERVATIONS

- This is an unconventional growth case, where the interviewer put more emphasis on the "why" as opposed to the "how" (to remedy the situation post-facto).
- A good example of a case where force fitting a framework would have proven deleterious and reminds us of the value of thinking on the spot and coming up with an original approach.

FashionX – Interview Transcript

FRAMEWORK

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Your client, FashionX, is a mid-sized US apparel company specializing in casual wear. Over the past few years, revenue growth has slowed, and the CEO wants to explore ways to accelerate growth.

Thank you. Just to clarify, does he client operate only in the US or do they also have international operations?

They are primarily US-focused, with a small online presence in Canada.

In the US, do they operate online or do they also have an offline presence? What geographies do they cover?

They primarily operate offline on the US West Coast, but also make 15% sales through online channels.

That's interesting, particularly given the rise of ecommerce over the past decade. Do we know how this compares to the typical ecommerce contribution for apparel companies in the US?

It is on the lower side of the spectrum. Most other players have around 40% of sales through online channels.

Is there any specific reason why their online presence is low?

They have been focusing on sales through their own stores so far. This helps them better control the purchase experience and use service as a differentiator.

Do they have any other differentiators alongside the service quality? Also, what is their positioning like and who are their target customers?

Their products are also of a good quality, and accordingly, they have a slightly premium positioning. Their customers are chiefly mid-high income men & women aged 35-50 years.

Got it. On the growth side, what was their previous growth and how much has it declined? Going forward, do they have a particular growth target and is there any preference for organic vs inorganic growth?

They were previously growing at around 6-7%, but this has declined to 1% over the past couple years. They don't have a specific target per se and are open to all growth options.

Got it. And are we looking at both organic and inorganic growth options, or mainly organic?

Both are on the table.

Okay. I'll structure my approach into four areas:

1. Market Attractiveness – Identifying the markets that can provide best growth
2. Growth Levers – Identifying suitable approches to unlock growth
3. Feasibility – assessing the client's capability to execute these growth options
4. Risks that they would need to be conscious of

Sounds good. Let's start with the market selection.

Sure. I will evaluate the attractiveness of the market along two main parameters: It's growth rate and competitive landscape, as these will both define how much share FashionX can capture. I'll split potential markets into 3 categories: the US East coast, rest of US, and other high-income countries particularly in Europe & APAC. I'm only focusing on these for now as their consumers would be closest to those of FashionX's current consumers.

In terms of competitive landscape, apparel is fairly fragmented globally, so I'm assuming all 3 markets are similar on this front. Europe would be slightly more difficult to crack given it it already has many established apparel brands. Is that assumption correct? Also, do we have any data on growth rates for these 3 markets?

Your hypothesis sounds reasonable. US apparel is growing at ~5%, Europe at 3%, and APAC 7%.

And within the US, do we know the split between offline and online?

Offline is growing at 1% and online at 11%. The trend is similar in other countries too.

Okay. The client's slowdown makes a lot of sense now. They have likely achieved organic saturation in the West coast and thereby reverted to the market growth rate.

Yes, that is correct. So, what should they do?

My current hypothesis is that they should first focus on the rest of US due to favourable growth rates with comparable competition, coupled with better market understanding and cost efficiencies due to less distance. Next I'll look at the growth levers, FashionX could either stick to their current marketing mix or explore new products, new customer segments, or new channels. Adding new products will require brand extensions, while fashion tastes can be quite segment-specific. As such, I would deprioritise these. Exploring new channels – ecommerce – could be lucrative given both the contribution headroom and significantly higher growth rate.

That is reasonable. How would you decide between these?

For that I'll shift to the third bucket of feasibility. I'll break this down into three dimensions: financial, operational, customer. Financial will comprise required investment, availability of financing and expected profits. Operational will comprise each step of the value chain from sourcing to after-sales. Customer will comprise market understanding, brand equity.

Okay, so how would these link back to your hypotheses?

I'll actually start with customer first. Here, FashionX will have the strongest market understanding and brand equity in rest of US. On the operational front, rest of US will only involve the distribution and after-sales aspects, so the client can manage this in-house to maintain control. For international markets, all operations will need to be set up. It might make more sense to outsource production to established Asian hubs since they would be cheaper and closer to both of these markets, while exploring licencing or partnerships with a local player for distribution. This would minimise operational risks while ensuring the client still retains control. Finally, on the financial front, opening new stores would be the most capex intensive, as such the client may want to do this in-house only for the rest of US where strengths on the other factors will yield likelier returns. In the other markets, it will be better to partner with local players for both ecommerce fulfilment and store operations to minimise capex. Margins would stay stable in the rest of US, but could be weaker in Europe due to stiffer competition from established local brands. APAC countries may yield better margins eventually due to the cost benefits from producing in nearby hubs like Vietnam.

Integrating across factors, what would you recommend to the client?

Overall, I feel expanding strongly into US ecommerce channels, and organically growing stores in the rest of US should be the first phase given its market attractiveness, low operational challenges, and good financial returns. The next stage could be expansion to APAC via outsourced production and distribution JVs. Europe may be better to skip for now due to low market attractiveness.

This seems reasonable. What are the top 3 risk factors the client would need to consider?

For rest of the US, financing capability could be a bottleneck given the client's size. Secondly, ecommerce expansion could be slow given the loss of service differentiation. Thirdly, internal expansion to APAC has geopolitical risks given trade tensions between the US and countries in that region.

Okay, we can close the case here. Thanks.

FashionX – Approach

FRAMEWORK
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Problem Statement

Your client, FashionX, is a mid-sized US apparel company specializing in casual wear. Over the past few years, revenue growth has slowed, and the CEO wants to explore ways to accelerate growth.

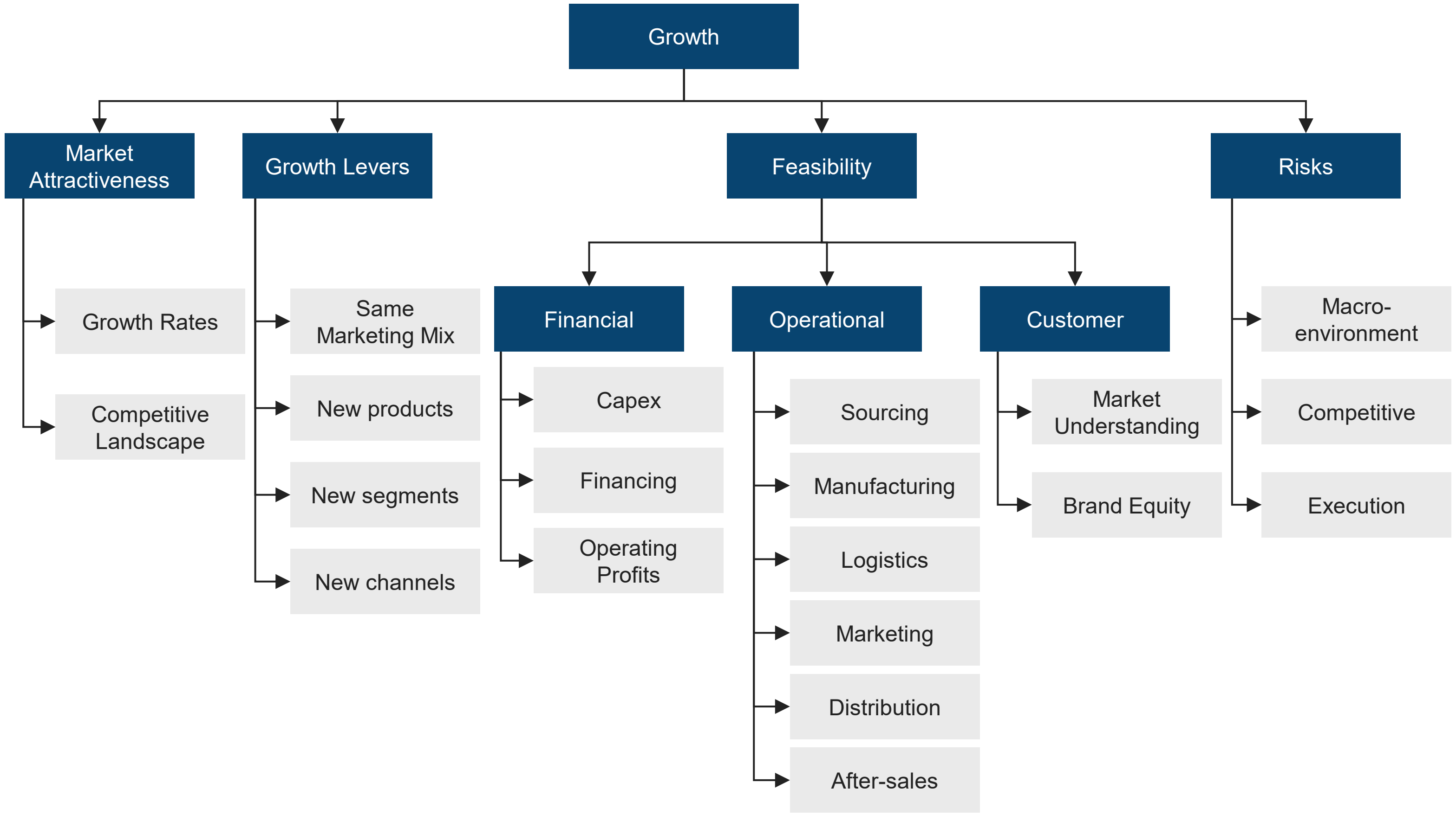
CASE FACTS

- Client is primarily US-focused, operating offline on West Coast, which has saturated.
- 15% sales is online, vs 40% average for other players.
- Premium positioning, targeting 35-50 year-olds.
- US market is growing at 5%, Europe at 3%, APAC at 7%. US ecommerce is growing at 11% vs 1% for offline.

INTERVIEWEE NOTES

- Apparel is fragmented globally
- Expanding to new segments may be difficult due to brand positioning.
- Europe has strong local brands in apparel, especially in premium
- Ecommerce has high growth headroom & low operational challenges.
- JVs can help mitigate operational & customer challenges in international markets.

APPROACH/ FRAMEWORK



RECOMMENDATIONS

- Expand strongly into US ecommerce channels
- Organically grow stores in the rest of US, with in-house operations
- As subsequent phase, explore expansion to APAC via outsourced production and distribution JVs.
- Skip Europe due to low market attractiveness.

OBSERVATIONS

- The candidate formulated hypotheses from the beginning and then iteratively updated them while solving through each branch of the issue tree
- Good industry awareness helps to bring contextualization to growth cases.
- While international markets may be more attractive, feasibility challenges may make them less attractive than local adjacencies.

2- & 3-Wheeler Manufacturer – Interview Transcript

Your client is a 2 & 3 wheeler manufacturer selling the product PAN India. They are witnessing a growth of 4-5% while the industry is growing at 9-10%. How can they increase the growth more than the industry?

I would like to understand the objective of our client. What do they mean by growth? Are they referring to the top line or the bottom line of the company? What is the timeline of the objective?

Growth refers to sales in INR, and the objective is to grow the sales within 1 year at market level growth.

Okay, so we need to look at company sales. Since when has the company been witnessing slow growth of 4-5%?

It is a recent phenomenon.

Great. Now I would like to know more about the products offered and its value chain analysis.

Yes, good question. The major product offerings are bikes, scooters, e-rickshaw and client is involved in manufacturing & distribution through dealers. You can assume the process like Hero Honda.

You mentioned that the client is selling PAN India. So, is the growth figure of 4-5% consistent across all the regions or are there any specific regions that are suffering from slow growth?

The growth is same across all the regions.

Oh, so the issue is not region specific. Now, I would like to understand the growth of each product segment of our client vs the industry.

Product wise growth figures are Scooters: 10% vs 20%, E-Rickshaw: 2% vs 2%, Bikes: 7% vs 7%

That's interesting. The scooter segment is growing slower than the industry while others are at par with the industry. Just to rule others out, what is the revenue split of the 3 segments?

Yes, so the scooter contributes 25%, E-Rickshaw 70% and Bikes 5%

Okay, so we have 2 problems at hand:

1. The slow growth of scooters with respect to the industry (market).
2. Slow industry growth of E-Rickshaw which contributes our maximum revenue share.

I would like to deep dive in both the problems. Do you want me to focus on any problem first?

Let's first focus on E-Rickshaw, please.

Sure, do we have data of the market share of E-Rickshaw?

Yes, the market share of our client is 70%.

That's interesting! So, our client holds a major market share. But the market is stagnant. So, to find a sustainable growth strategy, we need to look at increasing the market size.

Can you suggest some measures to increase the market size?

Sure, to start with, I would first find the target market for E-Rickshaw and then we will see the market size based on the customer affordability, accessibility. Am I good to proceed?

Yes, please proceed.

So, the target market would be the substitute of normal Rickshaw in places with easy availability of charging stations. Then, the customer affordability needs to be considered. Do we know the price point of the E-Rickshaw and that of normal Rickshaw?

Let's assume that the charging stations are located in metro cities like Delhi, Mumbai, Bangalore & Kolkata. The price of E-Rickshaw is half that of ICE- based Rickshaw.

Okay. As the charging stations are located in few cities, the market is stagnant. But the price of E-Rickshaw is quite attractive to increase the presence in other cities as well. In order to increase the market size, our client can tie-up with state government to invest in setting up of charging stations in Tier-II & Tier-III cities. This will lead to increase in market size. Now, to capture a bigger market share, our client can add some additional feature in the product such as fast charging and better-quality product with more powerful motors.

Good. Those are some good suggestions. Can you give me suggestions to grow the scooter segment?

Sure, before diving into ways of expansion, can you confirm is there any shift in the product type which led to the industry growing faster than our client?

Our competitors have improved the design of the scooter.

Interesting, so this might be one of the reason for customers to shift towards competitor's product. For growth of the scooter segment, our client can either expand organically by themselves or adapt an inorganic strategy by partnering with other manufacturers,

Our client doesn't want to partner with any other manufacturers. Can you provide ways to expand by themselves?

To expand organically, we can look into the total number of customers and average revenue per customer. To increase the total number of customers, we would start with estimating the market size. I would like to estimate the market size through customer segmentation which can be done through data available in online aggregators.

First, we will identify users who visit the website to search for 2-wheelers, then, we will further segment the customers who were searching for scooters, then, we will further segment the users who searched for the scooters with similar specs as our product. This will give us our target customer segment. Once we get the target segment, we can group them further based on age, gender, regions, etc. using data mining tools.

Good. Now assume the target market size is of INR100 million. How would you increase the revenue in the next one year so that it is higher than the industry growth rate?

Given that the competitors are innovating to attract customers, the client must enhance the R&D spend. Next, to increase the customer reach towards the brand and build the brand awareness, this could be done through aggressive marketing and building the brand presence through digital interactions with experts on Aggregators website, client's website, Influencers, cars & bikes shows, store visits, magazines & print media.

Okay. So we can wrap up the case here. What is your final recommendation?

In order to achieve the growth as per the industry growth rate, our client has 2 options: First, increase the market size of E-rickshaw as it contributes to the major revenue stream for them. This can be done by entering new geographies by eliminating the shortcoming of charging stations which can be achieved by tie-up with government. Also, launch of new product with new additional features can be considered. Second, organic growth through increase in R&D spend and consumer awareness would be the recommended step.

2- & 3-Wheeler Manufacturer – Approach

Problem Statement

Your client is a 2 & 3-wheeler manufacturer selling the product PAN India. They are witnessing a growth of 4-5% while the industry is growing at 9-10%. How can they increase the growth more than the industry

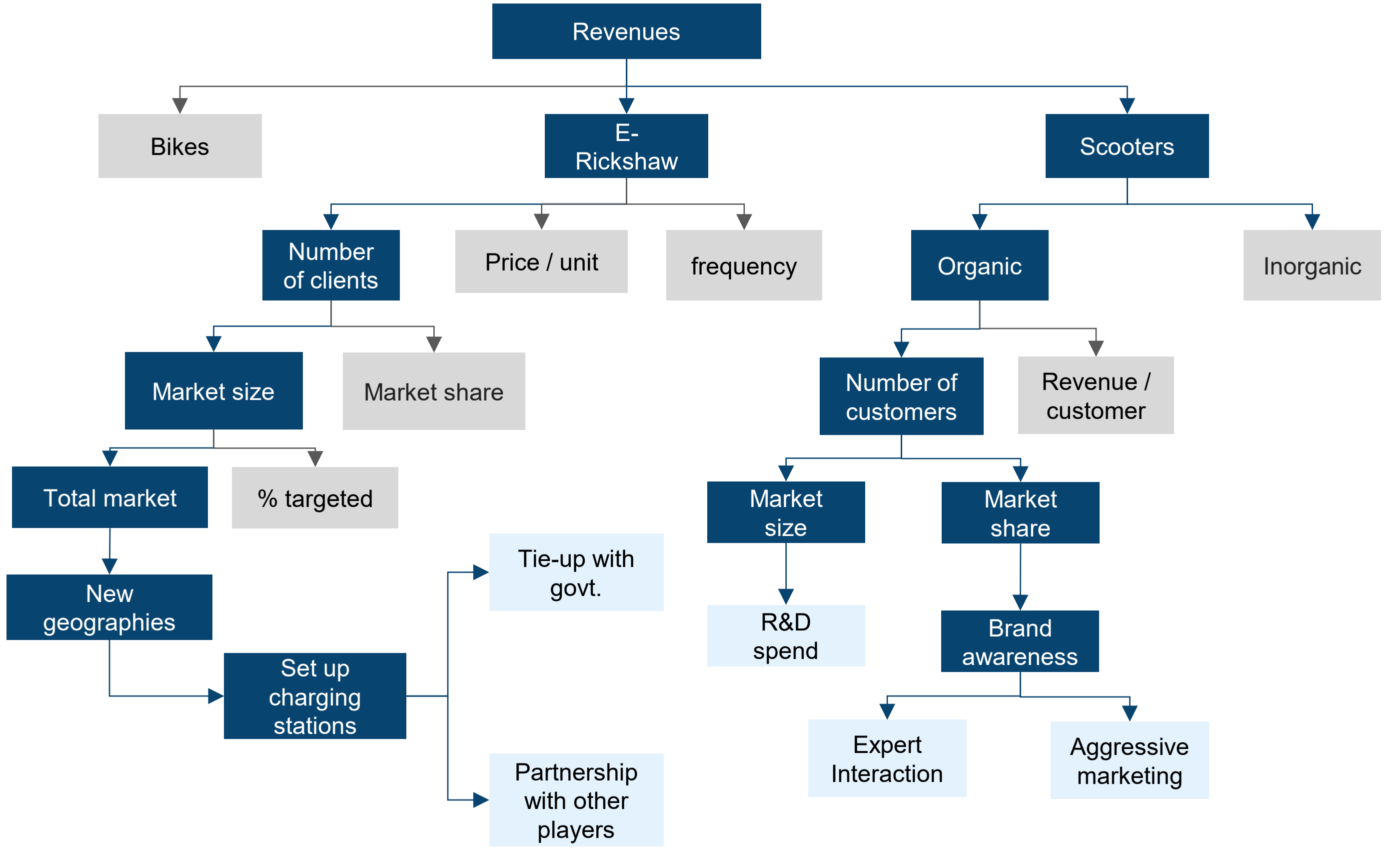
CASE FACTS

- Growth is slow across all regions
- Focus on E-Rickshaw & scooters
- E-Rickshaw: Slow growth, ~70% of client revenue, 70% Mkt share
- No cost side issue
- External factors contributing to low market size of E-Rickshaw
- Brand presence essential for scooters because industry is growing rapidly but growth of client's product is low

INTERVIEWEE NOTES

- It is important to understand the timeline of the growth strategy.
- Enquire about different product mix, revenue streams, geographies, value chain.
- Enquire about revenue split which could get the major areas to focus
- Product wise growth comparison of the client and the industry

APPROACH/ FRAMEWORK



RECOMMENDATIONS

- E-rickshaw: increase mkt. size as it contributes a major revenue stream →Can be done by entering new geos by eliminating charging stations gap via tie-ups w/ govt. and other players. Also, new product launch w/ additional features can be considered.
- Scooters: Organic growth through R&D spend & increase in consumer awareness.

OBSERVATIONS

- It is important to get a clarity on the objective and the timeline for growth strategy
- It is important to compare the % contribution of revenue product wise to get a clear idea about the issue.
- Conformity from client at each step helps understand if moving in the right direction

Diagnostic Chain – Interview Transcript

Your client is a mid-sized chain of diagnostic centers in India. They currently operate in tier 1 and tier 2 cities and want to expand their centers. How would you go about the same?

Got it. Since the client is looking at growth, I'd want to clarify if we're strictly discussing physical footprint expansion, or if they are open to broader growth avenues such as digital, partnerships, or new service lines.

Their instinct is to add more centers, but they're open to broader growth avenues if those make financial sense.

Got it. Could you tell me about their objective, current scale, financials, revenue mix, & the timeline?

They have 50 centers across eight tier 1 and fourteen tier 2 cities. About 60% of revenue is pathology, 40% imaging. 50% of volumes are B2C walk-ins, 20% are via home visits, and 30% are B2B through corporates and hospitals. The target is to double revenue in 3 years & can commit a substantial amount of capex for the same.

Understood. Given the scale of the target, I'd think of growth along four lenses: one is markets- whether to target existing markets or enter new ones. Second is customers- how we can penetrate deeper across channels. Third is focus on product lines through new tests, bundled packages, etc. and lastly, inorganic growth through acquisition. Additionally, just to confirm, are we planning to focus on tier-3 cities as well?

No, tier-3 is out of scope. Moreover, they're already quite advanced in terms of product offerings. They're known for strong technology and comprehensive, bundled offerings. Let's deep dive into other levers.

Got it. Let me start with markets. Can you tell me how utilization looks across tier 1 and tier 2 cities?

Utilization is high in tier 1- around 80-90% for pathology, 60-70% for imaging. In tier 2, it's closer to 50-60%. Competition is more intense in tier 1, fragmented in tier 2, where doctor referral relationships matter more.

That's helpful. So, in existing markets, I see different dynamics. In tier 1, utilization is high, so expansion would likely be about building capacity to capture incremental demand & maintain service quality. In tier 2, utilization is lower, so the lever is not necessarily more capacity but driving higher throughput from existing centers. In new markets, the approach would hinge on balancing capital intensity and speed of entry- options like self-owned centers, franchises, or joint ventures could come into play. But before I go deeper, could I ask about competitive intensity?

In tier 1, competition is heavy with the large national chains and local players. In tier 2, it's more fragmented - smaller doctor-run labs dominate referrals.

Which means barriers to entry are different. In metros, scale & brand matter; in tier 2, relationships drive trust. That'll shape the levers. Let me park this for now and move to customers. You mentioned a mix of B2C walk-ins, home visits, and B2B through corporates & hospitals. Could you tell how these segments are trending?

Walk-ins are steady. Home visits are growing, especially in tier 1. B2B is mixed - corporates are showing traction, hospitals are tough to crack.

That aligns with what I'd expect. Walk-ins are limited by geography and convenience. Home visits are an emerging habit in urban India, tied to health awareness and convenience, so that's promising. Corporates seem to have a growing appetite, often linked to wellness programs and preventive checks, especially with insurance tie-ins. Hospitals, though, are sticky with their own in-house labs or earlier tie-ups.

But if home visits are only 20%, how do you know they can really scale? Isn't that just a metro phenomenon?

That's fair. I'd hypothesize that home visits will remain metro-led, but metros are where disposable income and digital adoption are also highest. If scaled properly, home visits can become a loyalty lever - once a family uses a home service for a test, they're more likely to return. Beyond that, technology can help expand beyond metros - scheduling apps, tele-consults, logistics tie-ups. But yes, I'd validate whether the economics work: average ticket size, logistics cost per test, and repeat usage.

Good. Now, on corporates. You said it's promising. But why would corporates choose them over bigger chains?

A couple of reasons: price competitiveness, convenience through pan-city coverage, and bundling preventive checks with insurance. But you're right - without city-wide coverage, corporates won't sign up. Which means the expansion model must build cluster density, not just spread thin across India.

Okay. Let's shift gears. What about inorganic growth?

Inorganic growth could be particularly attractive in tier 2, where credibility rests on doctor relationships that take time to build. Acquiring or partnering with well-regarded local labs or hospitals can shortcut that process. In tier 1, acquisitions might be costly and duplicative, so a more organic approach makes sense. Joint ventures with hospitals in either market could also help us lock in referral streams.

But won't acquisitions dilute quality and brand?

Absolutely, that's a risk. Diagnostics is a trust business, and quality lapses can damage reputation. I'd mitigate through strict due diligence, phased integration, and standard operating procedures. Centralizing testing in hubs (helps increase utilization) while using acquisitions to strengthening our distribution network & drive referral capture could reduce risk.

Fair. Now step back- tell me what you think is happening in industry at large?

Demand is strong with rising health awareness, chronic diseases, and a growing middle class. On supply, automation, AI, and digital health are reshaping costs and expectations, while tighter regulation favors scaled players. The market is consolidating, putting mid-sized chains in a strong position.

Fair. Given all that, what would you recommend as the way forward?

I'd suggest we take a staggered approach. In the near term, the focus should be on tier 1 cities- adding satellites to ease capacity pressure and strengthen corporate coverage, while also scaling home-visit logistics by partnering with smaller players to capture urban demand. As those clusters mature, the next 18-36 months can be about consolidating tier 2 markets, not by rushing into new centers but by driving referrals and selectively venturing into acquisition of credible local players. Once both bases are stable, I'd look at new markets, and even there I'd rely on capital-light options like hospital tie-ups.

Sounds good. What could be the potential risks?

The three big risks I see are quality dilution from acquisitions, slower-than-expected corporate conversion, and capital strain from over-expansion. Each of these need active mitigation - ensuring strict SOPs to protect quality, tying new rollouts to confirmed corporate contracts to avoid underutilization, and releasing capex in phased tranches to preserve financial flexibility.

Great, we'll close the case here.

Diagnostic Chain – Approach

Problem Statement

Your client is a mid-sized chain of diagnostic centers in India. They currently operate in tier 1 and tier 2 cities and want to expand their centers. How would you go about the same?

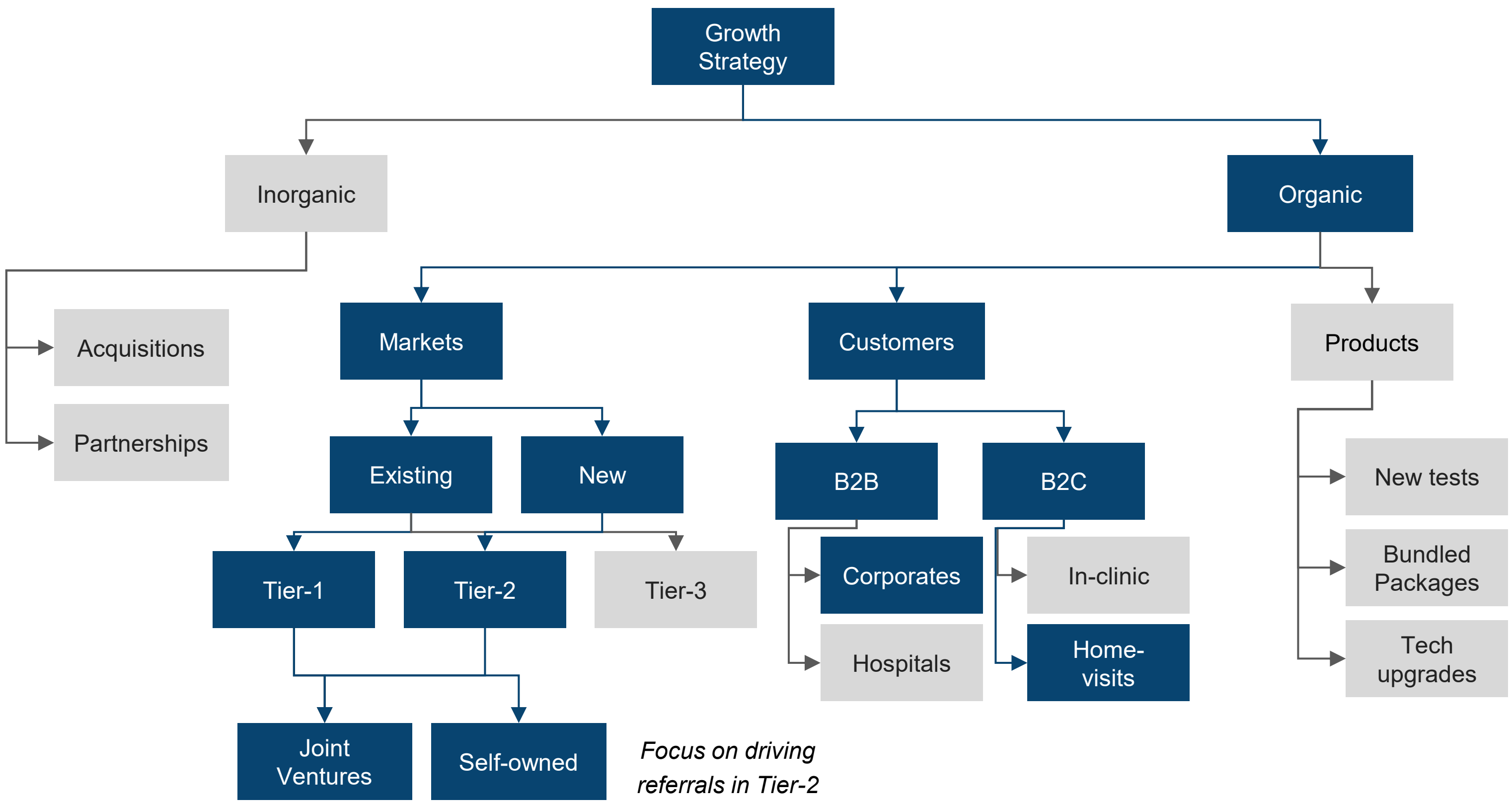
CASE FACTS

- Mid-sized diagnostic chain with 50 centers across tier 1 & tier 2
- **Revenue mix**: 60% pathology, 40% imaging
- **Channel mix**: 50% B2C walk-ins, 20% home visits, 30% B2B corporates/hospitals
- **Utilization**: Tier 1 high, Tier 2 moderate
- **Competitive landscape**: Intense in tier 1, fragmented in tier 2

INTERVIEWEE NOTES

- Tier 1: high utilization, intense competition, hence, expand via satellites + home visits
- Tier 2: underutilized, fragmented, hence, focus doctor tie-ups, selective acquisitions
- B2B: corporates rising; hospital tie-ups harder
- Industry tailwinds: rising demand, tech adoption
- Risks: quality dilution, slow corporate uptake, capital strain

APPROACH/ FRAMEWORK



RECOMMENDATIONS

- Densify tier 1 clusters with satellite centers, scale home visits, target corporates.
- Tier 2: drive referrals, acquire local labs for credibility.
- Enter new markets via capital-light formats (franchise, JVs).
- Phase expansion: metros first, tier 2 next, adjacencies later.

OBSERVATIONS

- Split growth into markets, customers, inorganic, and product/service lines.
- Contrast tier 1 vs. tier 2 dynamics (utilization, competition, referral reliance).
- Map channel mix (walk-in, home, B2B) & identify scalable levers.
- Layer industry context (demand, tech, regulation), and test sustainability.

OTTCo India – Interview Transcript

Your client is OTTCo India, a subsidiary of one of the world's largest streaming players. They want to double their revenues in 5-6 years. How should they go about it?

That sounds interesting! So, a 5-year doubling translates into an objective of around 15% CAGR. To identify the avenues for this growth, I'd like to start by understanding OTTCo's business model. What are their revenue streams, and what types of content do they stream?

They earn solely from subscriptions, and stream four types of content: movies, TV series, documentaries, and mini-series. The content is a mix of original and licensed shows.

What is the pricing model like for these subscriptions? I'm guessing there would be different tiers.

So, they have multiple subscription plans based on the streaming quality and the number of screens that one can share the plan on. Then there's also a cheaper mobile-only subscription.

Okay. I am hypothesizing that their target consumers are mid-to-high income urban young adults. Is that correct?

Yes. OTTCo is primarily concentrated in large cities at present.

And, what is the market structure like? Also, do we have any data on the market's growth?

The top 3 players, including OTTCo, hold 75-80% of the market. The remaining are highly fragmented regional players. The market overall is growing at 10-15% with increasing TV to OTT substitution, driven by increasing digital & data penetration in Tier 2 cities and beyond.

Okay. I think I have a decent understanding to start analysing the problem. Now growth can either be in the same industry or the other. My hypothesis is that OTTCo would want to grow within OTT only.

Yes, that is a valid hypothesis.

They can achieve this growth through organic or inorganic means like partnerships and acquisitions. Do they have any preference at this stage?

Not really. You can start with organic growth & then look at inorganic options later.

Within their existing product offerings, they can grow their revenues through price & volume levers, which is essentially growing MAUs. I would break pricing into price levels and pricing structure. Since they primarily cater to mid-to-high income customers, price sensitivity should be low giving some headroom for hikes. In terms of structuring, they could explore freemium models, genre-wise plans, and rent-a-movie to unlock greater volumes at a mass market level. Coming to volumes, growth can come from market size or market share growth. That makes me wonder, if market size is already growing at 15% & OTTCo holds a significant market share, why are they looking for specific solutions? They'll anyways double if they just keep up with the market.

That's a very sharp observation! So, OTTCo is currently concentrated in Tier 1 cities, but much of the market growth is in Tier-2+ and rural areas. Metro markets are stagnating.

Makes sense. So, they need to expand beyond their current market scope. This can be through newer customer segments or geographic expansion. In this case, since growth is geographically varied, it would be more effective to focus on this route.

Sounds logical. How would you recommend they go about it?

To capture share in these newer markets, OTTCo can use four levers: awareness, accessibility, affordability and experience. To improve awareness, they could expand their marketing reach by using newer channels targeted towards Tier 2 & rural areas such as advertisements in vernacular newspapers. Accessibility can be improved by partnering with smartphone makers to have the app pre-installed, and by having a Lite version of the app for consumers with poor connectivity or small data plans. Affordability can be through part-pricing like we discussed earlier, allowing customers to subscribe with micro plans and a freemium model to allow trial and affinity without payment.

Finally, the experience part can be broken into 3 elements: the app, the content provided, and additional services. On the app, they could look to improve its look and feel to make it easy to navigate, and also incorporate interfaces in regional languages. In terms of content, they could dub their content to regional languages as well as create targeted region-specific content. Finally, additional services would comprise their recommendation engine and integrating reviews of upcoming shows.

That sounds good for growing their consumer base. Is there anything else they can do?

Yes. These were the levers available to grow MAUs for the existing content portfolio. But, they can also look to expand their content portfolio itself to related categories such as sports coverage, music videos and audiobooks. For instance, JioCinema-HotStar has a strong presence in sports and OTTCo already does sports-related documentaries like Drive to Survive, which could give it synergies. Other categories could be music videos, like YouTube, and audiobooks, like Audible. The caveat is that each of these is an entrenched player, so capturing market could be tough.

Yes, these are longer term growth options. What can they do in the medium term to grow fast?

They could explore inorganic options in addition to the organic ones we already covered. Since they are focusing on the OTT industry only, they should look at partnerships and acquisitions in the current industry value chain instead of diversifying. These integrations can be horizontal or vertical. Horizontally, they could acquire multiple regional players – these will be small enough to acquire – and give both immediate market capture as well as a ready pipeline of local content. This will directly aid with the 2x growth objective. To strengthen its content portfolio, OTTCo can also look at upstream integration with Bollywood or regional movie production houses for exclusive, high-quality local content.

Sounds good. I think you've covered the options quite comprehensively. Can you give a final recommendation?

Sure. Just to recap, OTTCo's objective was to achieve 2x growth in 5-6 years and the market landscape is one where growth is being driven by Tier-2+ geographies unlike OTTCo's metro stronghold. As such, based on growth potential, feasibility, and timelines, I would recommend three actions:

1. Expand organically into Tier-2+ geographies through targeted marketing, cheap micro-subscriptions, and easy access from being pre-installed on budget phones.
2. Strengthen their relevance & accessibility to Tier-2+ consumers through regional-language adaptations and local content, as well as local language app interfaces.
3. Acquire or partner with regional OTT leaders in key geos to capture market share & obtain content pipelines.

Great! We can close the case here.

OTTCo India – Approach

Problem Statement

OTTCo India, a subsidiary of one of the world's largest streaming players, wants to double its revenues in 5-6 years. How should they go about it?

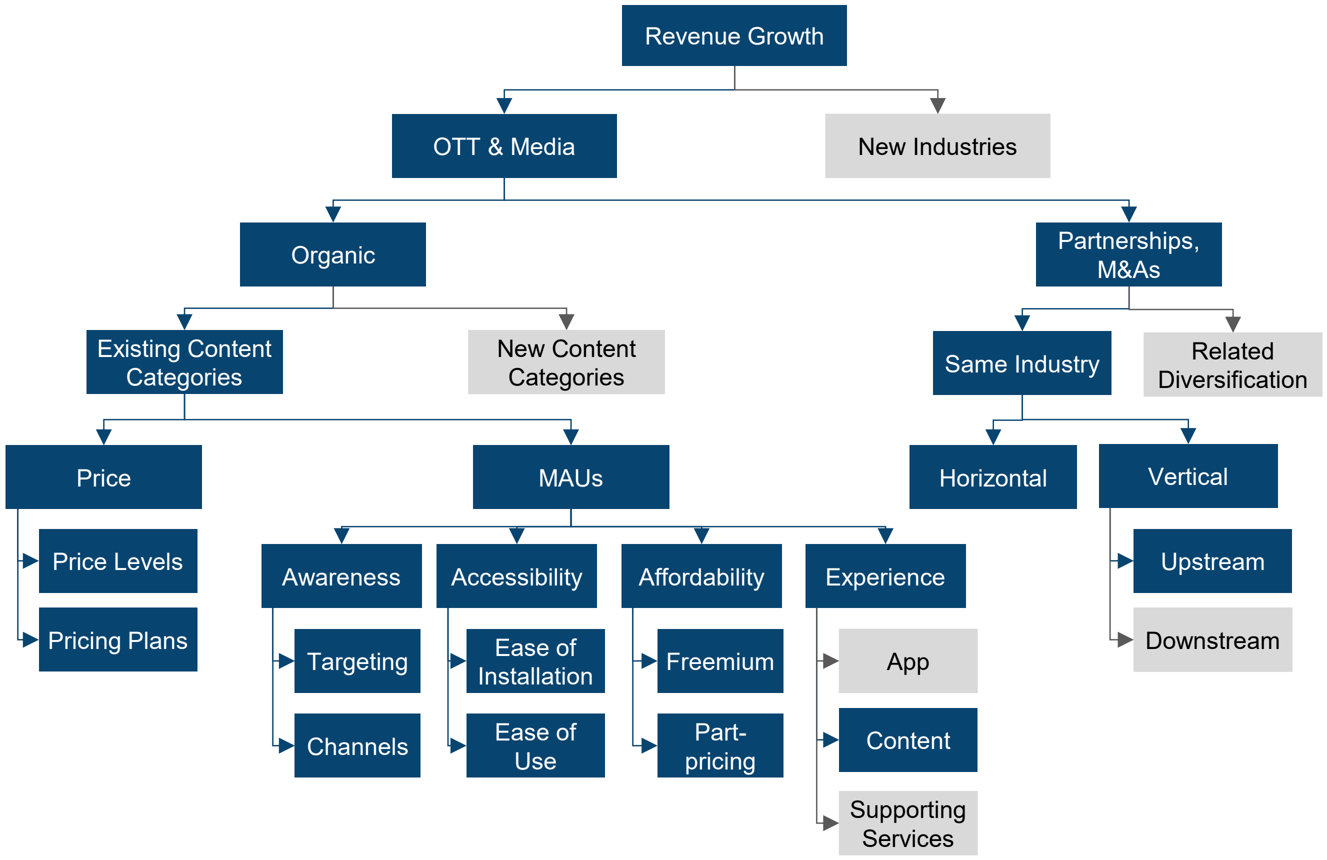
CASE FACTS

- Single revenue stream – subscriptions
- 4 content categories: movies, TV shows, mini-series, documentaries
- Concentrated mkt. – 75-80% with 2-3 players; Client mkt. leader
- Market growing at 15%, driven by Tier-2+ geographies
- High Tier-1 city concentration
- Target group: mid-high income urban young adults

INTERVIEWEE NOTES

- Understand the business model and revenue drivers
- OTTCo unlikely to seek unrelated diversification, because OTT is still a growth market & its global strategy has been focused.
- Downstream integration does not make sense for a platform model, but upstream can add value since content is the main value creator.
- Tier-2+ penetration likely to be driven by awareness, accessibility & affordability than differentiation

APPROACH / FRAMEWORK



RECOMMENDATIONS

- Expand organically into Tier-2+ geographies with advertising programmes, pre-installation agreements for smartphones, and part-pricing subscriptions
- Acquire regional OTT leaders to capture markets and obtain local content pipeline
- Adapt content and app interface to vernacular languages, and provide region-specific content

OBSERVATIONS

- A growing market does not mean your client will automatically grow. Market may be growing in other pockets
- Explore organic and inorganic options in-depth and look for synergies or complementarities between the two to ensure your overall approach is coherent

E-Commerce Company – Interview Transcript

Your client is Flipkart. They have requested your advice on medium-term strategy, for the next 3-5 years.

Are there any specific objectives that I need to keep in mind?

We have a dual objective of growth and improving profitability.

Understood. Do we have any information on the competitive scenario?

You can assume that we have only one competitor – Amazon India. We have a 55% market share in terms of Gross Merchandise Value.

Okay. I would like to break down the problem into the following four parts:
1. Increasing customer acquisition
2. Increasing customer retention
3. Increasing number of transactions/basket size
4. Increasing per transaction profitability and overall profitability

The first three will take care of our growth objective and will have some bearing on the profitability objective as well. Does this approach work for you?

Yes, this works.

In that case, I'll start with figuring out ways to increase our customer base. Do we have any information on our existing customer base?

80% of our customers are in urban areas, and account for 95% of our sales. Within urban areas, 60% of our customers are from metro areas.

Interesting. Our customer base is highly concentrated. Any particular reason why we have not expanded much in rural areas?

The Company has been trying but has been unsuccessful. Can you figure out the reasons?

Some possible reasons that I can think of:
1. Access: Do people in rural areas have access to internet? And do they know about Flipkart?
2. Serviceability: Can Flipkart service all those locations, in terms of logistical capabilities?
3. Trust/Inclination: Are rural consumers comfortable transacting online? Or are they comfortable only with the physical kirana stores?

Good. So, the issues we have been facing are lack of trust and very high last mile delivery costs. Any suggestions around the same?

For trust issues, can we appoint a person in every reasonably-sized village who will help in placing and delivering the orders and more importantly, will be the face of the organization. For reducing last-mile delivery costs, can we partner with some logistics companies specializing in that area? Or maybe India Post? They have the widest reach.

In fact, we can onboard Kirana stores and adopt an omnichannel strategy. These kirana stores can be equipped with a mobile/tablet and can take orders on behalf of the customers. They can earn a commission on each sale. Plus, they can serve as a mini-warehouse for us, helping in last-mile delivery as well. Customers can come there and pick up their goods rather than us delivering them to their doorstep.

Interesting ideas. Let's move on the next aspect.

Sure, now we need to figure out a way to retain customers. Before we do that, do we have any information on whether we are comparable to our competitor in terms of product selection, delivery and overall experience?

For the purpose of this exercise, you can assume that we are similar to them in almost all aspects. We are currently competing primarily on pricing.

Okay, but that would not align well with our profitability objective. Can we create a customer retention program on the lines of Amazon Prime?

Flipkart had tried launching loyalty programs like 'Flipkart First' and 'Flipkart Plus' which provided faster delivery and greater discounts to its members. But it failed to take off. Can you think of why it failed when compared to 'Amazon Prime' ?

'Amazon Prime' apart from providing benefits on shopping - like free shipping, one-day delivery and greater discounts – also provides free access to its OTT service and Prime Music. I think these additional features make Amazon Prime membership much more lucrative. To compete with Amazon Prime, Flipkart will also have to bundle their loyalty program with other features. We could explore tying up with other service providers such as Apple to provide access to Apple Music, Apple TV, Apple News etc. But this would incur additional costs.

Interesting suggestions. Let's move on to profitability now. How will you reduce costs?

What are our biggest cost heads? I would assume marketing (including discounts) and logistics?

Yes. They form around 70% of our total operating costs.

Okay. The measures we discussed should hopefully reduce our reliance on discounts. So that should bring down the marketing costs over time. We can also look at better targeting of ads, I am sure we are already doing that. But as we gather more data, maybe our targeting will improve bringing down our marketing costs.

For logistics, we will actually have to spend more in improving our warehouse and transportation network as we expand, which will result in benefits over time. Our suggestion on kirana stores can hopefully improve our logistics efficiency and bring down costs.

Anything else you wish to add?

Walmart has recently acquired Flipkart. Walmart is known for its supply chain efficiency, maybe we can draw some lessons from them and figure out collaboration areas

Good. Lastly, Flipkart is also struggling to expand the growth of its B2B marketplace– 'Flipkart wholesale' which targets MSMEs and small-scale Kiranas. What could be the possible reasons

1. Competition from established players like Amazon, Udaan etc. 2. Kirana stores and MSMEs have long-lasting informal relationships with their local wholesalers. It is difficult to gain trust. 3. Working capital is a major problem for Kirana stores and MSMES. Maybe, our credit terms are not favourable. 4. Also, cash is the favoured mode of transaction for these vendors, and they may not be comfortable transacting online.
5. There is also the additional upcoming risk of the ONDC (Open Network Digital Commerce) initiative by the government. If successful, this will add to the competition

E-Commerce Company – Approach

Problem Statement

Your client is Flipkart. They have requested your advice on medium-term growth strategy, for the next 3-5 years.

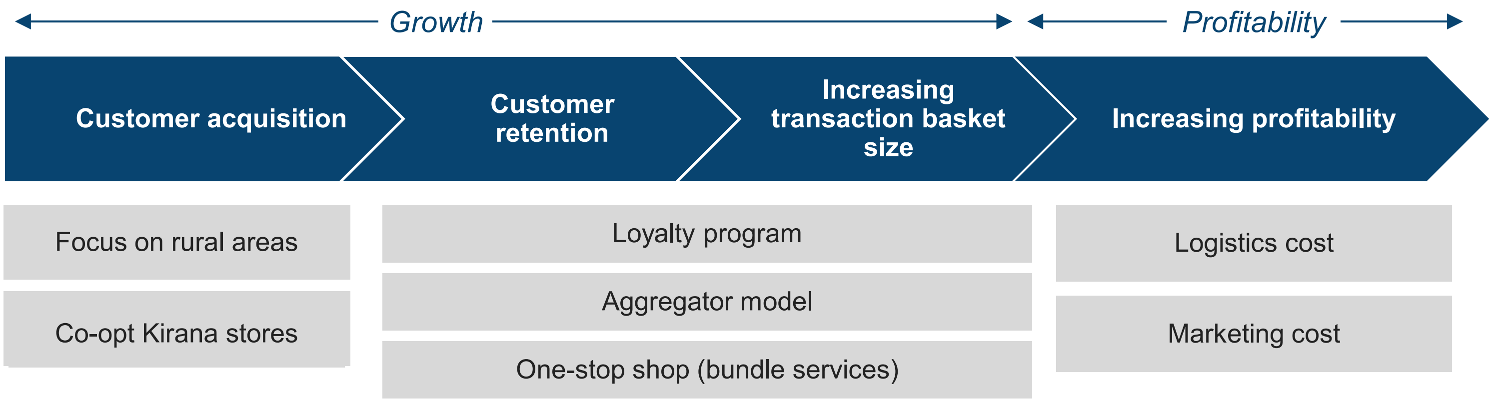
CASE FACTS

- 55% market share
- Amazon is the only competitor
- 80% of our customers are in urban areas, and account for 95% of our sales. Within urban areas, 60% of our customers are from metro areas.

INTERVIEWEE NOTES

- There are two objectives: growth and profitability (which can be conflicting, especially in platform businesses in growth stage)
- The value chain of the e-commerce business (or any digital business) would involve customer acquisition, customer retention, growing basket size & improving transaction profitability

APPROACH/ FRAMEWORK



RECOMMENDATIONS/ OBSERVATIONS

- This is more of a 'conversational' type of case rather than one which follows a particular structure (generally observed in final rounds)
- In case the company involved is a well-known one, be sure to use your knowledge of the company during the interview. For example, here, the interviewee mentioned about Walmart (ideally, should have mentioned much earlier as could have provided an interesting direction to the case). Also, be aware of the recent development like ONDC – bringing these insights helps to differentiate yourself.
- In case you have work/ internship experience, do think about the common issues faced by that industry – the interviewer might give you a case on that particular industry

Midstream Oil & Gas Company – Interview Transcript

Your client is an Indian oil & gas company looking to increase their revenues. Suggest a growth strategy.

I would like to start with a few preliminary questions. What business exactly is our client into and in what geographies? Is there a growth target in their mind?

The client operates in the midstream sector i.e. transmission and marketing of oil & gas. They operate pan-India and are looking to grow by 4x over the next 10 years.

Ok, so I would split the options to increase sales into exploring existing business or exploring new business. Within existing business, I will look at options to increase volume or price and within new business, I will consider M&A, entering a new geographical market or introducing a new product.

Great. Let's focus on new businesses.

We can analyze the new businesses using a 2x2 matrix of products versus business. With the existing product, the customer can look to penetrate more in the existing business or expand into a new business. With a new product, the customer can remain in the existing business by modifying the product or enter a new business. The new business can be related (integration) or unrelated to the current business. Do we have any data around what the client is looking for?

Yes, so as you correctly identified client wants to enter a completely new business of drinking water distribution. They want to setup water purification plants to supply water to municipal corporations.

Interesting. So, if I understand correctly, the client will source water from the water bodies, purify it in its own plants and sell it to municipal corporations. Are we looking only at drinking water supply?

That's right. How would you identify a good geographical location to start this business ?

I would analyze different locations and choose the ones where there is no distribution network currently, which have water scarcity and a large population. I would also look at the purchasing power of the municipal corporations, regulations, and possible synergies with my current distribution network.

Hmm, what else? Since you would be selling water to municipal corporations, does it make sense to set up a plant in a place with no municipal corporation supply? Also, in the places where municipal corporation exists, they already have a water sourcing and purification network. Why don't you think from the perspective of demand in the future?

Okay understood. From the future perspective, I would benefit by setting up the plants and sourcing network in a location where water sources are expected to dry up. Hence, I can use my current pipeline network to source water from far away places and purify in my own plants.

Perfect. Our team carried out a similar analysis and they have identified Bangalore as one such location. Can you help us size the Bangalore domestic potable water market?

Should I look at sizing by value? Also, I will look at only the household daily potable water demand.

Yes, by value. Assume the municipal corporation buys water from the client at Rs. 10 / kL.

(Interviewee calculates similar to the table on the next page). I would segment all the households of Bangalore based on a rough estimation of income. My assumption would be that higher-income people would live in bigger houses and have higher water demand.
Assuming only 50% population would have municipal water supply, my daily water demand comes out to be 2.5 million kL / day. This translates into a revenue of Rs. 25 million / day.
This market size seems attractive even if we can control a 60-70% share once the other sources dry up.

Sounds reasonable. Once the water dries up, what alternative sources can be possible ?

We can look at rainwater harvesting, sourcing water from locations near Bangalore, harvesting groundwater from nearby forests and supplying to Bangalore or we can look at sourcing seawater from a coastal town, purifying it and supplying to Bangalore

Great. Our client is looking to source sea water from Chennai, transporting it to Bangalore by setting up a new distribution network, purifying it in plants near Bangalore and selling to the municipal corporation. Can you list down the costs which will be incurred by us?

I can divide the costs as Fixed and Variable costs. Fixed costs would involve the infrastructure costs i.e setting up of pipelines, purification plants, licensing costs and insurance costs. The variable costs will be the cost of buying seawater, salaries and operations costs, maintenance costs, wastage and theft costs.

What costs would you include under the operation cost and what would they depend upon ?

The operations cost would include the utilities costs like costs of running the pumps and power houses to source water and supply it to Bangalore. Another cost would be the cost of running purification plants and cost of running powerhouses to supply water to municipal corporation.
The operation costs would depend upon:

1. The distance over which water is supplied (We should look at minimizing this distance from Chennai to Bangalore by setting up underground pipelines)
2. The gradient of the on-surface pipelines (Given that Bangalore is surrounded by many mountains, and we cannot have underground pipelines throughout)
3. Specification of Pumps such as their quality and efficiency.

I think the analysis is sufficiently thorough. We can stop here. Thank you.

Midstream Oil & Gas Company – Approach

Problem Statement

Your client is an Indian oil and gas company looking to increase their revenues. Suggest a growth strategy for them.

CASE FACTS

- Client has pipeline network throughout India.
- Targeting rev growth of 4x in 10 yrs
- Client wants to enter new business of drinking water distribution. Setting up water purification plants to supply water to municipal corps
- Water sold to municipal corp. @ Rs. 10/kL.
- Client wants to source sea water from Chennai & supply it to Bangalore using its network

INTERVIEWEE NOTES

- Expand in India only
- Differentiating factor: client has a wide distribution network
- Can expand by expanding existing business or exploring new business
- For water business, focus on areas with scarcity of water supply.
- Benefit by setting up the plants and sourcing network in a location where water sources are expected to dry.
- Focus only on potable waster supplied to Bangalore households.

APPROACH/ FRAMEWORK

- Grow Sales
  - Explore existing business
    - Increase Volume
    - Increase Prices
  - Explore new business
    - Enter New Market
    - Introduce New Product
    - M&A

	Products: New	Products: Existing
Businesses: Existing	Modification	Penetration
Businesses: New	**Diversification**	Expansion

Starting Assumption: Bangalore Population: 12 million (3 million households)

Income	Low Income	Medium Income	High Income
% households	60%	30%	10%
Municipal water supply	20%	50%	100%
Water consumption (kL)	1	2	4
Total water demand (Kl)	2,500,000 /day	[redacted]	

Revenue = 2,500,000 x Rs. 10 = Rs. 25,000,000/ day

RECOMMENDATIONS

- Expand by entering the new business of setting up water purification plants and selling water to municipal body
- Market size of Bangalore for potable drinking water looks attractive & given expectation of future scarcity, it looks like a good place to set up operations
- Major costs would be incurred in establishing the pipe network & operations (purification & supply)

OBSERVATIONS

- The case was quite lengthy and involved growth strategy, market sizing as well as some qualitative analysis
- The MECE growth framework at the start helped to quickly identify client's growth strategy

Wool Yarn Manufacturer – Interview Transcript

FRAMEWORK
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Your client is a Wool Yarn Manufacturer. It wants to grow its revenues 5x in 5 years and has approached your firm. How would you go about it?

Before I venture to formulate a strategy for growth, I would like to know more about the client's business model and the competitive landscape where it operates.

The client currently operates only in India and is the market leader with a 10% market share. The market is fragmented. It sources wool and converts it into yarn, which is sold further sold to its customers. The demand and production of wool yarn are seasonal in nature. If any wool is left, the same can be sold in the international market.

I want to learn more about the business in small steps. Firstly, I would like to understand the competitive scenario. It seems like the market is highly fragmented if the client is the leader with 10% share. Do we know the reason behind the market being fragmented? Also, what is the share of the next-in-line competitor?

That is a fair observation. The Indian market is highly fragmented due to the limited capacity of wool manufacturers. Sales are made to big businesses – so client relationships are very important. Our client has long-standing relationships with its customers and can reap the benefits of economies of scale. Therefore, all the other players in the market have shares of around 1% each.

Secondly, I want to learn about the client's operations, starting from the supply side and leading to the demand side. Who are the suppliers of wool? How is it that we can further sell wool without being a wool manufacturer?

Good question. There are two types of wool in the market – Merino Wool and Normal Wool. Merino Wool is of high-quality wool and comes from Africa. You can assume that our client only works with merino wool. The prices are decided in the international market and the firm is a price taker. Rise and fall in wool prices are passed on to customers. As the wool is internationally traded, excess wool can be sold in the international market at any time.

I want to continue with the questions on the supply side. Since there is an international market, it is fair to assume that the supply of merino wool is not a constraint. Also, as the client only deals with merino wool, is the 10% market share only in the merino wool yarn market or the entire wool yarn market in India?

That is an excellent question. The client commands 60% of the market in the merino wool yarn segment and does not wish to enter the normal wool yarn segment.

Since the client wants 5x growth in 5 years, we would need to command 300% of the current merino wool yarn market. Do we have information regarding the growth of the market in India?

Yes. The market is growing at a 10% rate.

This would imply that the client would need to venture outside India to be able to meet its growth target of 5x. Before moving on the demand side, I would like to understand the client's processing capacity. Does the client have any excess capacity?

Your observation about moving international is correct. To answer your question, the client is operating at 100% capacity. It cannot increase capacity through part-time labour. The financial resource constraints are such that they cannot heavily invest in purchasing additional plants.

This information limits the options the firm has available. There could be two ways to go about it. Since wool yarn production is seasonal in nature, the firm can try to smooth out the production schedule so that it may produce year-round. This would entail some minor investments in storage. Additionally, the firm can try and lease the spare capacity from the smaller players in the market. This is under the assumption that some domestic players have excess capacity.

You are moving in the right direction. Is there any other information you require from my side?

Yes. For the demand side, I would like to understand the international demand scenario. Are there countries where we are already exporting our yarn? How are we operating there?

Internationally, the client operates through agents. The company has never served other countries on its own and does not feel it has the required expertise for the same. In terms of demand, most of our shipments go to the east – Japan and Indonesia.

It seems like the company has been operating through agents solely because it has not built the required capabilities for venturing outside India. Before I move to formulate a strategy, it would help to know why Japan and Indonesia are high-demand countries. Is it a trend or has this been constant over time?

These countries have a growing demand for merino wool yarn in recent years. You may call it a trend.

Why are the domestic producers not catering to the demand? They should have been amongst the first ones to foray into the market.

Wool yarn manufacturing is a capital-intensive industry. The demand in these countries is growing but is not large enough to be catered by domestic players at a profitable rate. We can proceed with strategy formulation.

The client wants to grow 5x in 5 years. Since it has already captured 60% of the market in India, it would need to venture internationally to grow at the target rate. There are two parts to my strategy – Capturing Growing Domestic Market and International Expansion. Is there a specific segment you would like me to focus on?

The two-part strategy seems fine. Focus on International Expansion part.

The client currently operates through agents in the international market. I believe it is fair to assume that these agents charge a mediating fee or commission. We can remove the middle-man to improve the margins. Now, for growth, we can look at an organic or inorganic strategy.

Do you think organic growth makes sense here?

Since the client does not have enough financial resources, it would make more sense to go through channels which require lesser investment. As organic growth requires considerable investment, it is not recommended. Within inorganic growth channels, Strategic Alliances and Joint Ventures should be preferred considering the financial resource constraint.

Good. I believe we can wrap up the case here. What is your final recommendation?

There are two parts to the final recommendation: First, I would recommend tapping the countries in an order of priority. Countries where the domestic players have not developed yet, such as Japan and Indonesia, are good prospects for Strategic Alliances or Joint Ventures. Other markets can be considered at a later stage. Second, the client should not lose sight of its domestic market. For the capacity constraint, it can smooth out production throughout the year or lease capacity from other players for catering to both domestic and international customers.

Very good. We can end the case here. Thank you.

Wool Yarn Manufacturer – Approach

FRAMEWORK

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Problem Statement

Your client is a Wool Yarn Manufacturer. It wants to grow its revenues 5x in 5 years and has approached your firm. How would you go about it?

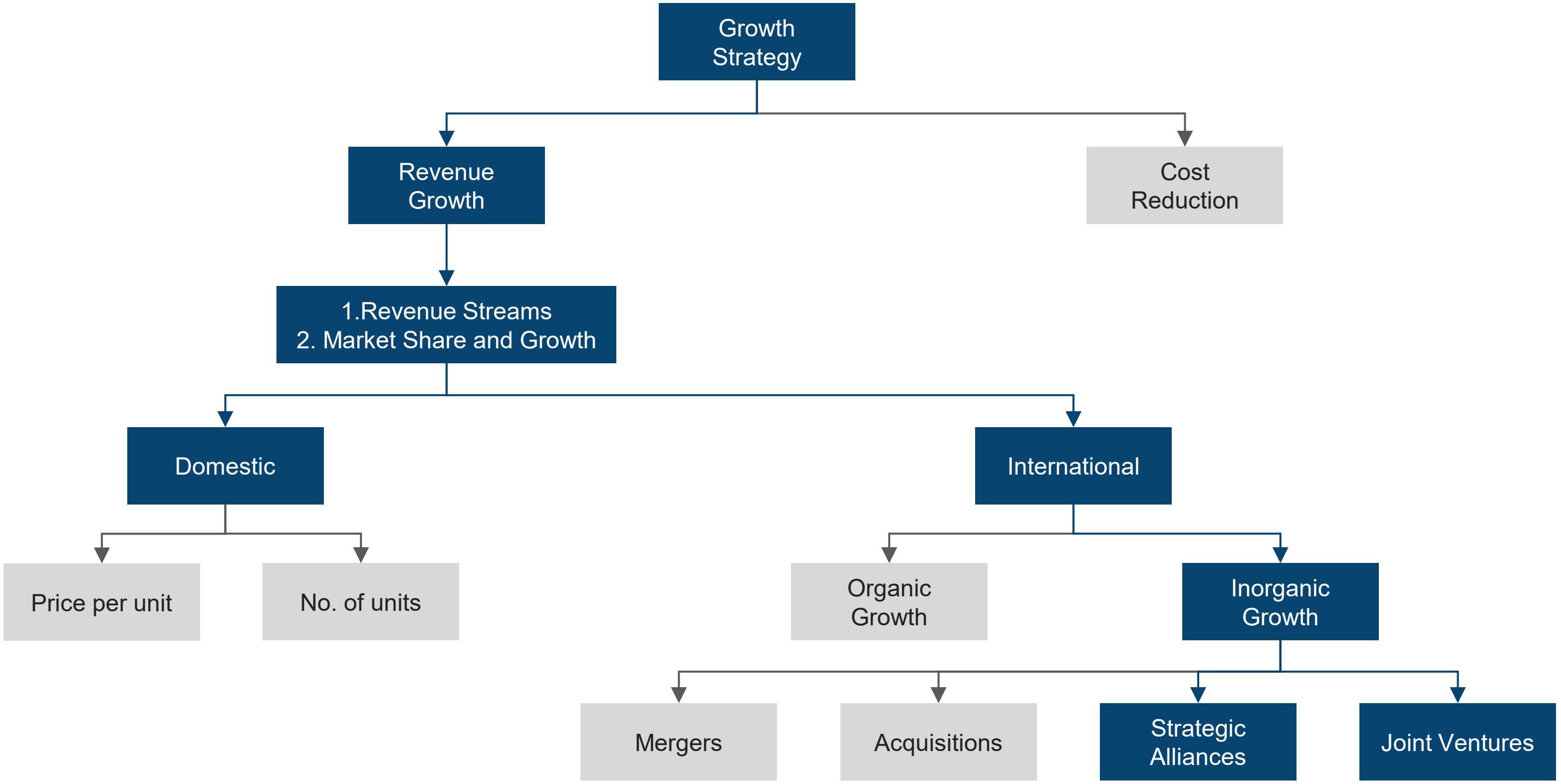
CASE FACTS

- The client only produces merino wool and has 10% market share of the fragmented wool market (60% of the domestic merino wool market)
- Demand & production are seasonal
- The client exports via agents
- The client cannot increase capacity through part time labour or building another factory

INTERVIEWEE NOTES

- Open ended case thus requires a higher number of preliminary questions to help lay down a structure
- Supply of wool is not a constraint
- Client's target to be benchmarked internally and externally to explore area for expansion
- Limited financial resources which impacts the ability for organic expansion

APPROACH/ FRAMEWORK



RECOMMENDATIONS

- Inorganic Growth: Strategic Alliances and Joint Ventures in undeveloped markets with growing demand. Financial constraints restricted other modes of expansion
- Focus on Domestic Market: Cater to growing domestic demand by smoothening the production schedule & leasing excess capacity from smaller players.

OBSERVATIONS

- Client's domestic growth potential is nearly saturated and thus they must go international
- Important to look for markets that are high demand but under served such as Japan and Indonesia
- Capacity constraints are seasonal and thus smoothening production and better storage facilities can help

Indian PSU – Interview Transcript

FRAMEWORK
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Your client is an Indian PSU that is into multiple businesses. They need your help in devising a growth strategy for next 10 years.

I would like to understand the objective first. In that regard, do they have any metric in mind?

The client wants to increase its revenue by 4 times in 10 years.

Okay. What is their current revenue? And how has the revenue trended over last few years?

Their current revenue is around 3000 crore rupees. It has remained stagnated over last few years. Thus, they are especially focused on devising a growth strategy.

Got it. Now I would like understand client's business. In that regard, I have two questions. First, what are the different business categories the client operates in? Second, what is the contribution of each of these businesses to the overall revenue?

The client is essentially a manufacturer and has three business segments based on product type–mining and construction equipment, metro train coaches and non-combat defense vehicles. Currently, the first two segments contribute 40% of total revenue and defense contributes 20%.

I have another question here. What is the growth in revenue of each of these segments?

While the metro train coaches segment is growing at 3-4% annually, the other two segments have been seeing a decline of 1-2% annually leading to a stagnant revenue.

Thanks. This helps. I will take 30 seconds to structure my approach. So, I intend to analyze the problem in four parts. I will first analyze each of the segments individually to find growth opportunities. Then, I will reconcile the opportunities to build a growth strategy.

Sounds Good. Go ahead.

I would first like to analyze the metro train coaches segment because it is one of the biggest growing segments. Also, in India as more and more cities are implementing metro project sit looks like a lucrative segment to me.

You are correct. Even the company entered into this segment a few years back to overcome the decline in revenue due to other two segments.

Great. Before I look into growth opportunities, I need to clarify about their business model. I have two questions. First, are the metro train coaches standardized or customized as per requirement? Second, does the company sell coaches to metro train operators like Delhi Metro Rail Corporation?

Answering the first question, coaches are made as per the customers' specifications. And, you are correct, they sell coaches to rail operators which are usually PSUs. As such the selling process involves bidding for tenders. However, in the selection process, the officer has some discretion in choosing the supplier.

Got it. What is the competition like in this industry?

So, there are two more players. One of them is a local private manufacturer while other is Japan based manufacturer. The foreign player has been losing the market in recent years.

Interesting. Is it because of low cost of manufacturing for local players while foreign player also has to bear transportation cost and import duty?

Yes, you are correct.

So, I think I have enough understanding of the business to analyze growth opportunities. I would like to break up my analysis into existing business and new business. Within existing business, I would analyze opportunities incurrent market and in new market. Within new business I would analyze if opportunities exist for vertical and horizontal integration. As mentioned earlier, I would look for unrelated diversification opportunities at the end after analyzing each of the business segments.

Sounds Good.

Ok, so starting with analyzing current market for existing business. As the specifications are provided by customer, there might not be much to differentiate through product. So, the client could aim at two things to gain more customers–cost reduction and differentiation through service.
On cost reduction, since cost of raw materials like iron/steel is not under client control, client can aim for increasing efficiency of manufacturing process through means like updating to latest technologies.
On differentiation through service, I have two suggestions. First, they can provide better after sales service. Second, they can have separate relationship manager for each of the customers to build long term relationship. In every few years, metro projects expand, so this can help in getting new contracts.

The client already has the latest technology. Good suggestions on differentiating through service. The private player is currently known for better service which has helped it in gaining more customers.

Thanks. Now we can look into new market for more opportunities. Before moving further, I would like to confirm if the client operates only in India?

Yes, the client is currently supplying only to the customers in India.

So, the client can look for upcoming metro train projects in South/South-East Asian countries, including Nepal, Bangladesh, Myanmar, Sri Lanka etc. Here the company may cater to customers without incurring a large transportation cost & may not even face competition from local players.

Good point.

So, until now we have looked into growth opportunities within existing business. Now, I would look into growth opportunities through new business. First, there are opportunities for vertical integration. If we consider backward integration, the client can get into steel/iron sheets-making business. Its other business segments also require the same material so this would also help in reducing costs.

Okay. But can you highlight few criteria which client could analyze before entering this segment?

Sure. Competition in steel industry, initial investment, demand to achieve economies of scales, etc.

Okay. Looks good. Go ahead.

On forward integration, I think there is not much opportunity from client side as requirements are set by customer. Moving to horizontal integration, we can check other needs of rail operator like engine, rail line etc. Here, synergies from mining and construction equipment manufacturing can be exploited.

Makes Sense. Do you have any more suggestions?

No. Perhaps we can move to second part of analysis.

Let's wrap the case here, but I am sure that we can replicate this process for other segments too. Thank you.

Indian PSU – Approach

FRAMEWORK INDEX

Problem Statement

Your client is an Indian PSU that is into multiple businesses. They need your help in devising a growth strategy for next 10 years.

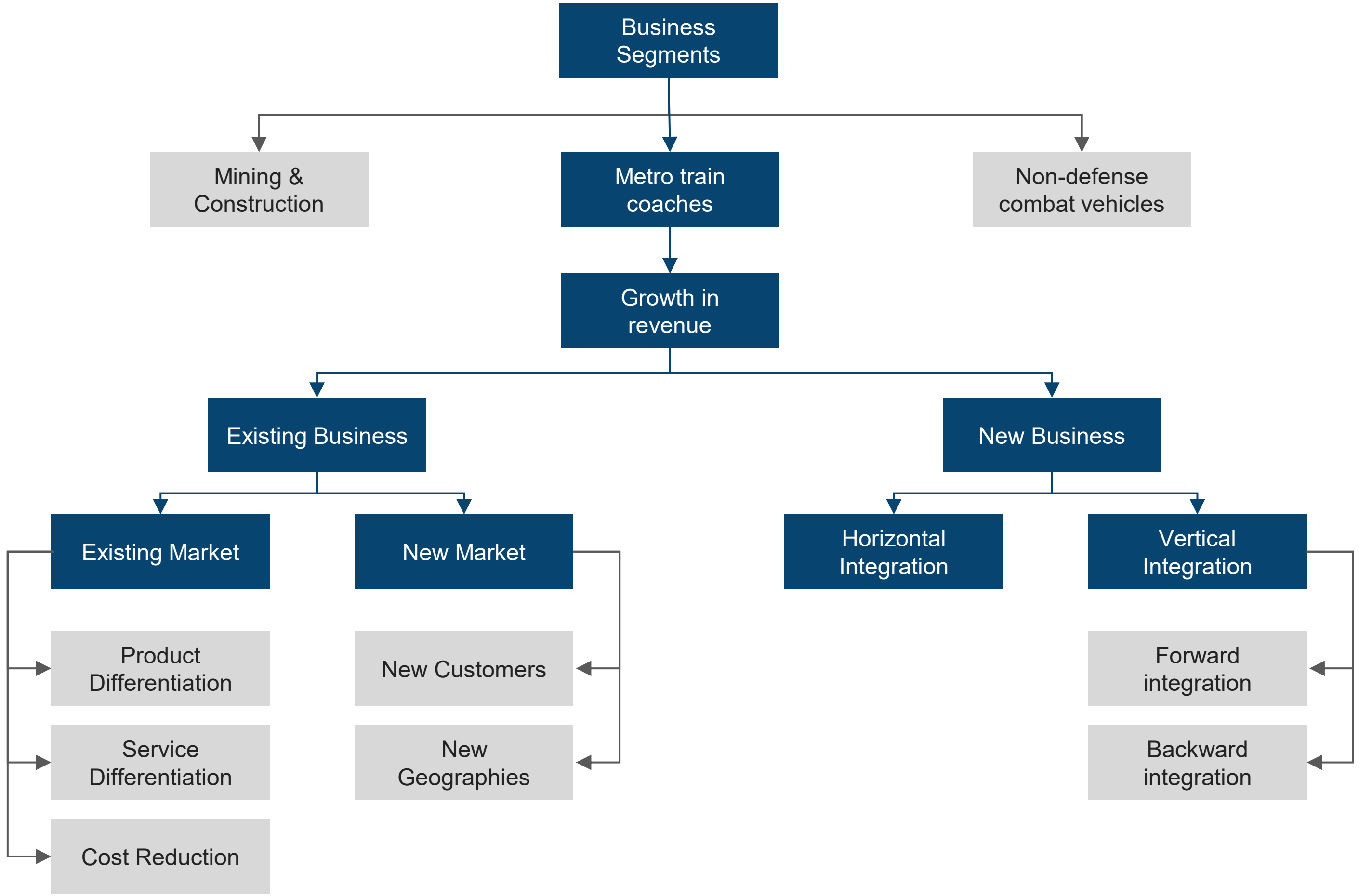
CASE FACTS

- Metro train coaches' segment is growing at 3%-4% annually, the other two segments are declining at 1%-2% annually. Coaches are made as per the customers' specifications
- There are two more players - a local private manufacturer and other is a Japan based manufacturer. The private player is known for better service.

INTERVIEWEE NOTES

- The target metric for growth could be revenue, profits, market share, GMV etc.
- Understand the business. Questions could also be asked in a structured manner
- Set the overall structure, divide it into multiple parts

APPROACH/ FRAMEWORK



RECOMMENDATIONS

- Better after sales service for metro coaches can be provided with separate relationship manager for each customer
- Look for metro train projects coming up in South-East Asian countries especially the neighboring countries of India like Nepal, Bangladesh, Myanmar, Sri Lanka etc.
- Horizontal and backward integration to be considered

OBSERVATIONS

- Growth overly dependent on metro coach segment
- India-only focus limits scale, nearby nations may offer low competition entry
- Service differentiation can become a key parameter
- Important to explore opportunities for integration wherever possible

OTT Platform Growth – Interview Transcript (1/2)

Your client is a pan-India video streaming OTT platform like Hotstar, Netflix etc. Due to the competitive industry their growth has stagnated. It wants you to devise a growth strategy.

I would like to understand the objective of our client. What does he mean by growth? Is he referring to the top line of the company or bottom line of the company?

The client wants us to focus on topline growth and ignore the cost side.

Okay. Does the client have any targets, timelines or budget in mind? Are they open to exploring new businesses or expanding outside India?

Look at a 2-fold strategy with plans for short-term (1 year) and long-term growth. There are no specific targets. Ignore budgetary constraints and foreign expansion. Stick to the present business.

Alright, I will explore ways to achieve both short-term and long-term growth. Further, can I know a little about the business model of the company?

The company has a freemium model and has an app and website. Its free version is monetized by advertising revenue and has a total user base of 30 Mn people. The premium version is available for INR 150/ month and has a total subscriber base of 3 Mn people.

Okay. So, is there a particular segment you want me to focus on for this growth strategy?

Yes. Please focus only on the premium customer base.

Sure. I would like to know a little about the platform. What content do we offer and in what languages? Is there any content difference between the free and premium models? Do we produce our own content or do we license it from 3rd parties?

We offer entertainment content like movies, TV shows and short films across various genres. Our content is both in English and Hindi. A large chunk of our English content is produced in-house while all our Hindi content is licensed. In-house content is only available on the premium version. This holds true even with some of our licensed content.

Great. Can I know a little about our user demographic? Also, do we have any idea on user perception of our content?

Our content is well received by the users. Within English we have noticed that our in-house content receives much more traction than licensed content. Most of our users are urban youth.

Is this trend purely due to the quality of our in-house content or are there any other factors at play?

A part of it is due to our content quality. But there are 2 more contributing factors. Firstly, a lot of licensed content is also available on other platforms which reduces their demand. Also, we follow extensive marketing for our in-house content which results in its high popularity.

Ok. Can I know what the competition in this market looks like?

80% of the market consists of a few major players (Netflix, Prime, Hotstar, Sony). Rest is fragmented.

Okay. I have enough information to proceed. Growth can be through 2 major levers – Organic and inorganic growth. I will first focus on organic growth.

That looks fine. How do you plan to achieve Organic growth?

Revenues from premium segment can be divided into number of customers and revenue per customer. However, both these are interconnected. I will focus on increasing number of customers. This can be done in 2 ways - increasing our target market size or our share in the target market.

How do plan to increase the target market size?

Given that we are urban-centric, we can look at increasing our presence in tier-2 and below areas. This will require targeted marketing and might also need the introduction of regional content.

We don’t plan to enter the regional content market or divert focus to tier-2 cities as we feel there is still a lot of untapped potential in tier-1 urban areas.

Alright. Then, we can look at diversifying from entertainment content by going into sports, news etc. This require a lot of content acquisition and is more of a long-term plan.

That seems interesting but is a massive jump from where we are. Limit your analysis to the current content base that we have. Why don’t you look at increasing the market share of the existing business?

To increase our market share we can focus on content-related factors or non-content-related factors. In non-content related factors, we can look at improving platform factors like UI/UX, suggestion algorithms, account sharing prevention or look at widespread marketing.

We are already on par with major competitors when it comes to the factors you mentioned. What else can we explore?

Then we can look at tweaking our pricing to see if overall revenues increase. Is the Rs 150/ month the only payment plan we have? How are competitors priced?

Yes, that is our only pricing plan. Aside from Netflix, we charge more than our competitors.

Considering, the competitive industry we can look at reducing our prices. But a detailed analysis needs to be performed on whether the resulting market share increase will compensate the price reduction.

Good point. Let's say that reducing prices will lead to larger revenues. How will you implement this?

Instead of outright reducing the prices permanently, discounted limited-time offers can be given. This will create subscription urgency and leave the door open for any future price increases. Additionally, we should add, annual plans, mobile-only plans and distinct subscription tiers to offer greater flexibility to subscribers. I feel that all this combined will help us realize our short-term growth.

Great. How do you plan to achieve the longer-term growth we target?

Here we can look at content-related factors. Given that our in-house English content is performing well we should keep that up. The big gap I see is with our Hindi content. Looking at the insights from our English segment, I feel we should start producing in-house Hindi content.

OTT Platform Growth – Interview Transcript (2/2)

Good point. But our in-house production team doesn't have experience in the Hindi segment.

We can develop this capacity from scratch but going the acquisition route for inorganic growth might be easier. Are there any Hindi content producers in the market that we can acquire?

There is a small company ABC which distributes original content via its YouTube page and website. It has around 5 Mn YouTube subscribers and its content is well liked. But its website, meant for paid users has low traction. They are struggling to monetize their high-quality content.

Given their potential and the issues they are facing, ABC can be a viable target. I shall evaluate this acquisition by looking at financial and non-financial factors. Under financial factors, I shall explore the benefits and the costs. Under non-financial factors, I shall explore cultural fit and legal aspects. Starting with the benefits – is it fair to assume that a chunk of ABC's loyal users will switch to our premium service upon acquisition? Plus, there would also be non-ABC users who would switch from our free model to our premium model.

Yes, that is fair. Assume that ~0.5 Mn users will be added due to the ABC brand and ~1.5 Mn of our free users will turn premium.

Great, that would mean ~2 Mn new premium users added over a period due to the acquisition. Do we know how much we may have to pay for acquiring them?

Due to monetary issues faced by the target, we believe that we can acquire them for ~INR 90 Cr in a cash plus stock deal.

By those numbers, I see that we are acquiring ~2 Mn premium users at a cost of INR 450 per user (i.e., 90 Cr/ 2Mn). What is our present customer acquisition cost? Can we finance the INR 90 Cr deal?

Yes. There are no issues in financing this deal. Our current customer acquisition cost is Rs 500 which is also around the industry average.

Great. This deal seems to present us with a huge upside even without considering any future new users outside of our firm and ABC. This deal will also offer massive synergies – more bargaining power with production houses and advertisers; and overall better value proposition to users. Further, due to digital nature of the business and small scale of ABC, integrating it with us won't be a hurdle.

Great. Why don't you analyze the non-financial aspects of this deal?

Both companies cater to youth, and I feel that giving ABC creative freedom & retaining their top management will preserve their existing culture and content quality. We must also be careful in the legal structuring of this deal to ensure that we get exclusive access to their past and future content.

Perfect. Why don't you briefly outline the post-acquisition risks and considerations?

While ABC has produced exceptional content in the past, there is a major risk in if they will continue to do so. Hence, giving them creative freedom and any additional support will be critical in the initial stages. What works for us is that as ABC's management will also hold company stock after this deal, they will have a major incentive to perform well. Further, we must consider if widening our Hindi content base will have any negative impact on English-friendly subscribers who may move to other niche platforms. Another critical decision we must take is under whose name to brand ABC's new content and what to do with their YouTube Channel.

Great. We can take those up in later discussions. Let's close the case here. Thank you.

OTT Platform Growth – Approach

Problem Statement

Your client is a pan-India video streaming OTT platform like Hotstar, Netflix etc. Due to the competitive industry their growth has stagnated. Client wants you to devise a growth strategy.

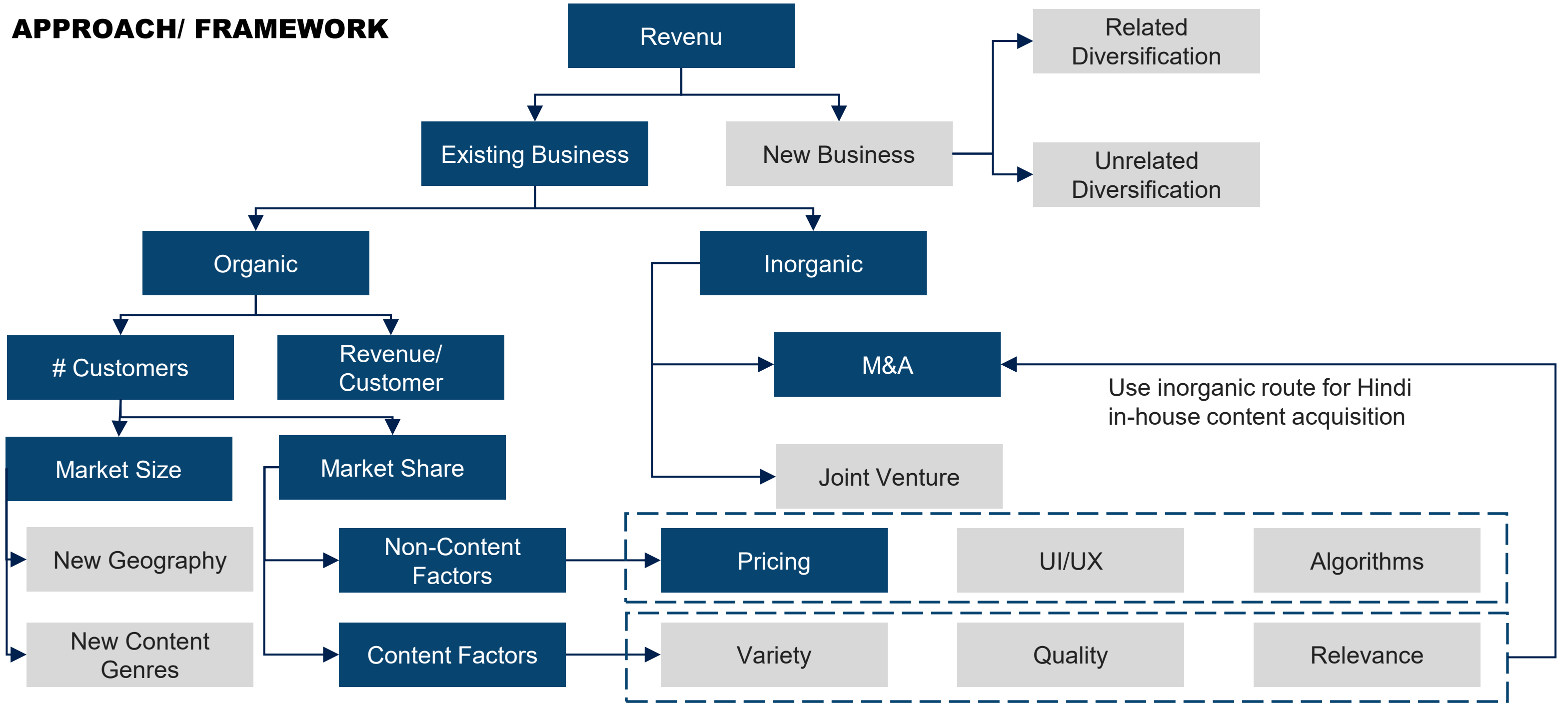
CASE FACTS

- Client has English and Hindi entertainment content.
- Look at both short-term and long-term growth revenue growth from the premium segment
- In-house content is only produced for English and sees more engagement than licensed content.
- Client is open to acquisitions and has the financial capacity for it.

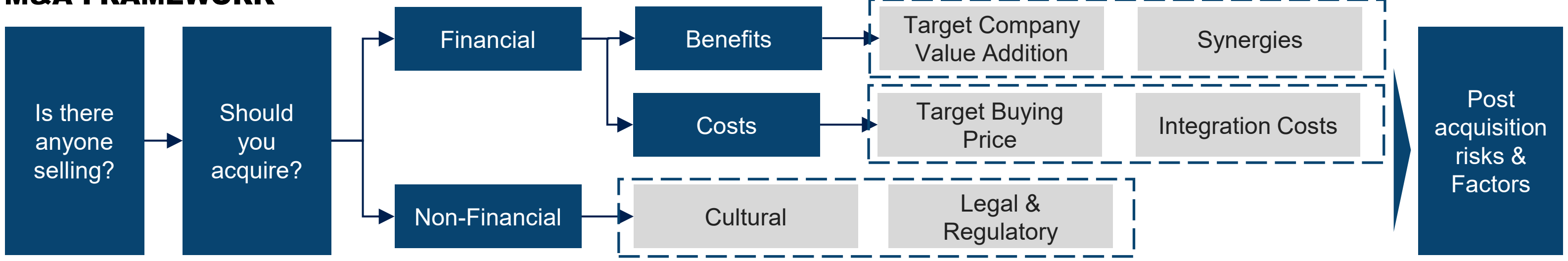
INTERVIEWEE NOTES

- Important to understand growth objectives – topline vs bottom-line, timelines, targets, constraints etc.
- Just the idea of reducing price isn't enough, implementation is also important.
- Here, only the analysis of if we should acquire the target was needed. Detailed market scan will be needed in selecting our target if not provided

APPROACH/ FRAMEWORK



M&A FRAMEWORK



RECOMMENDATIONS

- Short-Term: Proceed with the updated pricing plan with limited time discounts, multiple subscription levels and a mobile only plan.
- Long-Term: Begin detailed due diligence of ABC and start negotiations. Also identify alternate targets to keep options open.

OBSERVATIONS

- Understand the objective well & structure growth plan in broad segments to cover every aspect. Be cognizant that short- & long-term growth works differently.
- In M&A cases quantifying benefits and costs can be very tedious. Best to ask for data upfront and take it forward. Using basic metrics (like CAC here) can help justify decisions. Doing a complete valuation is not usually possible

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M&A and Due Diligence cases

AI Startup Acquisition – Interview Transcript

Your client is an Indian E-commerce platform. It is looking to acquire a young AI focused startup. The asking price is 250 cr. The client wants your input to value the acquisition and determine if it should go ahead with it.

Okay, understood. I'd like to understand the parent company a bit better. What are their offerings, scale of operations and target markets?

The client is a pan-India operating E-commerce platform focused on beauty and personal care products. It has an annual revenue of 5000 cr. Its target market is the upper-middle class population, especially women because of its product offerings.

Great! Can you give me an idea of the acquisition target company as well, specifically about their core product, business model and scale of operations?

The target company works on a service model, where their AI software generates and offers valuable insights to companies based on their customer interaction calls. They are a young startup with annual revenue of just 5 cr.

Understood. I believe the objective of the acquisition is a strategic one then?

Yes! That's correct. The company wants to improve its backend technology, especially to improve customer relations and support services efficiency. They believe the target firm's technology and expertise will aid the same.

Got it. Since the client is acquiring the target company for its technology and expertise, will the target firm continue to run its operations of selling services or exclusively focus on the client's firm?

Good question! The client wants the acquired firm to exclusively focus on the parent company's operations post acquisition.

Understood. Usually, startup valuations can be constrained by previous rounds of fundings. Can you provide details of the same along with their valuations?

For now, you can assume there are no such constraints.

Great! Would it be okay if I take a few seconds to structure my thoughts?

Sure!

Got it. So, I'd like to focus on three aspects to judge the opportunity: financial feasibility, Risks and benefits and culture fit between the organizations.

Yes, we can start with that list.

Coming to the financial feasibility, I'd be calculating incremental cash flows from improved processes, and deduct the future cash flows from the existing services model of the target firm.

Sounds good, please proceed.

I'd like to estimate the incremental cash flows out of our client's improved customer experience and streamlining of after sales services. The improved customer experience will benefit the company by increasing repeat purchases. Streamlining of sales services will help reduce overhead costs of support staff. It can be broken down into a formula as follows:
Incremental CF = EBIT(1-T) * % Increase in sales - Services revenue

Great! How will you estimate the % increase in sales?

To estimate these benefits, we can rely on data from the client about customer attrition due to bad post purchase service and effectiveness measures of target firm's technology such as increase in customer satisfaction scores.

Sounds good!

Can you please provide me with the EBIT margin, estimated % increase in sales, and effective tax rate?

Sure. The EBIT margin for last year was 10%, effective tax rate of 20% and you can take the increase in sales as 5%.

Understood. So, our Incremental CF = 5000 * 0.10 * (1- 0.2) * 0.05 - 5 = 15 cr. Can I assume the hurdle rate to be 20% and a growth rate of 15%?

Yes, the assumptions seem fine.

Great! Then we get the NPV of 300 cr assuming consistent growth. Let's move on to risks and benefits?

Sure.

In terms of the benefits, firstly the team with their expertise in AI can help develop new AI based features for the app. This can further improve customer experience and their lifetime value. Secondly, the founders can be made part of the senior product team, where they can help align the top management's vision with new emerging AI/ML technologies. Lastly, the tech team's costs can also be reduced which would have been needed to deal with after sales service issues.

Sounds good. What about the risks?

The risks would involve firstly the chances of attrition of the developers behind the AI model due to change in deliverables and operational focus. This would reduce how well customized the model could be for the E-commerce platform. Secondly, innovation in the field can lead to leapfrogging of technologies which can render our acquired firm redundant.

Great! Let's move on to the next parameter.

Sure, let's look at the culture fit of the organizations. Is it okay for me to assume that the target company's employees must be used to a largely flat organization that promotes new ideas and risk taking. While the E-commerce giant would have more structured processes, although the HR would be trying to maintain an entrepreneurial culture.

Yes, that sounds like a fair assessment.

Understood. While this difference in hierarchy and incentives can lead to clashes, they are not significant enough to hinder the merger altogether. The common thread of a fast-growing entrepreneurial culture exists, which can help with the target firm's employees adjusting to the new organization.

Sounds good!

So, summarizing the parameters we have looked till now, the NPV of the company post acquisition will be 300 cr, which is above the current ask of 250 cr. The risks involved can lead to a scenario where we suffer a loss, but the other potential benefits of incorporating AI in other business functions and top management decision making more than balance out those risks. The culture fit is also not a significant issue; therefore, we can go ahead with the acquisition.

Alright. Let's stop here. Well done. Thank you.

AI Startup Acquisition – Approach

Problem Statement

Your client is an Indian E-commerce platform. It is looking to acquire a young AI focused startup. The asking price is 250 cr. The client wants your input to value the acquisition and determine if it should go ahead with it.

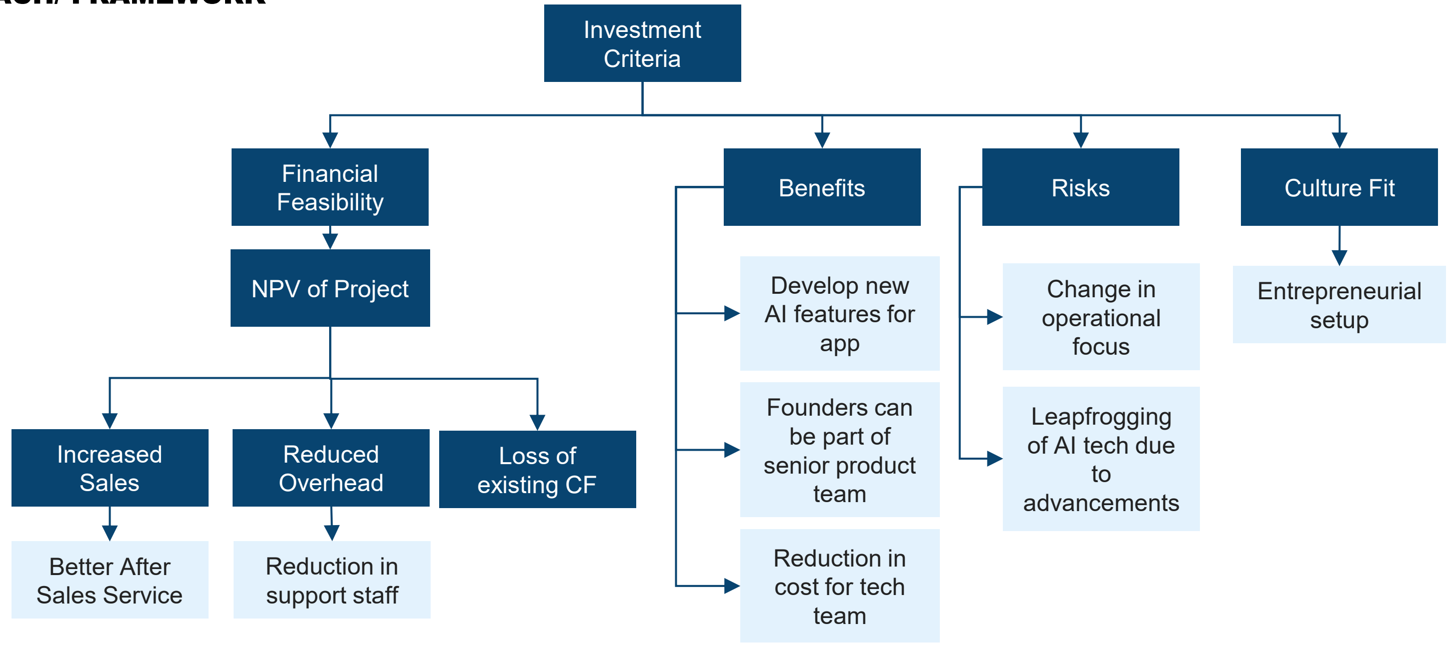
CASE FACTS

- Client is a pan-India E-commerce platform focused on personal care products with annual revenue of 5000 cr.
- Target firm provides post sale service optimization through an AI model.
- EBIT of 10%, Effective tax rate of 20%, increase on sales as 5%.

INTERVIEWEE NOTES

- Good to start by understanding both the acquiring and target companies scale and scope of operations.
- Objective of the acquisition needs to be identified. Here, the scenario of a strategic acquisition changes the approach moving forward.
- Incremental cashflows should also account for loss of cash flows in case of change in operations focus

APPROACH/ FRAMEWORK



Incremental CF = EBIT(1-T) * % Increase in sales - Services revenue
Incremental CF = (5000 * 0.10) * (1- 0.2) * 0.05 - 5 = 15 Cr
Hurdle rate (r) =20 %
Growth rate (g) = 15%
NPV = CF/(r-g) = 15 (20%-15%) = **300 Cr**

OBSERVATIONS

- Inquire about target and acquiring company's details first to deduce the objective of acquisition from your end.
- In case of tech-based acquisition, cross check for possibility of reduction in revenues from old operations due to focus on parent company's tech needs.
- State your assumptions of hurdle and growth rate, then verify from the interviewer if you can move forward with them.
- In case of complex data based calculations, simply stating the variables also works.
- In case of strategic acquisition, ask for a roadmap moving forward to understand how operations will change.

PE Investment Proposal for a Road Asset – Interview Transcript

FRAMEWORK
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Your client is a global PE firm looking to partially diversify into investing in infrastructure assets. Currently, they are evaluating an investment proposal for a highway project. They have hired us as consultants in this regard.

Firstly, I would like to understand more about the firm in terms of its investment focus and portfolio.

Our client is one of the largest PE firms based out of USA. For two decades, they have been investing in growth-stage startups across the globe and have an AUM of ~$70 Bn. The firm's vision is to become a full-fledged alternative investor. Recently, they have raised another fund with an investment focus on infrastructure assets.

I see. In this regard, what would our scope of work be?

The client has hired us with two specific mandates:

1. To help them draft a standardized investment checklist
2. To assess the risks involved in the investment proposal under evaluation

Great. So, I have a few questions pertaining to the investment proposal under evaluation. Is this a greenfield project or investment in an existing highway? Also, what is the proposed location?

This is an investment proposal for a 500 km greenfield highway project proposed to be built between Chennai and Coimbatore.

Interesting, As per my knowledge, these infra projects involve a bidding process and specific commissioning objectives. Could you tell me more about the same and the investment objectives of the client?

That's correct. The union government has initiated a tender process for the project wherein the interested investors are required to submit a closed-bid. The project would be granted on a Build-Operate-Transfer (BOT) basis.

Client's investment objectives are as follows:

1. Achieve an IRR of 25%
2. Investment horizon of 10 years

Got it. Finally, I would like to know about the revenue model, funding structure in terms of Debt-Equity mix, construction & operating period and any technical / financial / strategic partner that we are looking to onboard.

Good questions. Revenues would primarily be earned through tolls and rentals from way-side amenities. The proposed debt-equity ratio is 60:40. Construction is supposed to be completed within 3 years and the operating period will be 20 years. The client will have to onboard a technical partner with construction expertise and may look at onboarding State govt. as a strategic partner

I feel I have adequate information to get into the case. The investment criteria should be:

a. Economic attractiveness – break-even analysis, profitability, returns (NPV, IRR, payback period),
b. Funding plan – valuation, revenue model, debt-equity mix, debt repayment terms, interest rates, convertible instruments.
c. Technical capabilities – past credentials of technical partner, construction expertise, technological capabilities for toll collection, maintenance of highway, accident prevention
d. Risks – Construction risks, operational risks, exit risk, regulatory risks, etc.

Can you elaborate a bit on the financial model template and NPV/IRR analysis?

Sure. The financial model layout should be as follows:

1. Construction period: Costs incurred to develop the asset will be capitalized. Interest on debt will also be capitalized.

2. Operating period will include:

a. Revenues: Tolls (based on traffic and fee projections); Shop rentals (fixed rentals based on area and variable rentals based on sales projections), reimbursement from NHAI (inflation payments if any)

b. Operating costs: Annual repairs basis road quality, weight of vehicles, projected wear & tear; major maintenance, salary to staff on toll booths and housekeeping staff; Electricity & other general expenses

c. Depreciation: Based on useful life of asset

d. Interest: Based on debt amortization schedule

e. Tax: Basis tax laws

Sounds good. Now let us focus on the risk assessment of the investment proposal under consideration?

Sure. I would look at the risks in a sequential manner by categorizing them as follows:

1. Pre-construction period risks 2. Construction Period/Construction risks 3. Operating Period/Operational risks 4. Post-Operating period/Exit risks 5. Financial Risks. Does this sound good?

Absolutely. You may proceed with this.

Sure. I would do a detailed risk-assessment of the following risks:

a. Pre-construction – Over-bidding risk, risk of breaching T&C of tender, risk of people not clearing highway construction site, risk of not finding a technical & strategic partner

b. Construction period – risk of construction delays, risk of failure to meet quality standards, regulatory clearances

c. Operating period – risk of more frequent repairs & maintenance, risk posed by alternative modes of transport and alternative routes between Chennai and Coimbatore, toll collection effectiveness, accidents

d. Post Operating Period Exit risks – risks of not getting NHAI approval for change in control of SPV, not finding a buyer, not getting the desired valuation

e. Financial risks – Cost overruns during construction, inflation overshoots, increase in cost of funding

We are done. Thank you.

PE Investment Proposal for a Road Asset – Approach

FRAMEWORK
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Problem Statement

Your client is a global PE firm looking to partially diversify into investing in infrastructure assets. They are evaluating an investment proposal for a highway project. They need to draft a standardized investment checklist and to assess the risks involved in the investment proposal under evaluation.

CASE FACTS

- Client is large US based PE firm, investing across the globe
- Client wants to diversify into infra
- Proposal is for 500km greenfield highway project b/w Chennai & Coimbatore
- BOT model. Investment Horizon: 10y. Objective: achieve IRR 25%,
- Proposed D/E: 60:40
- Construction within 3 years, operating period 20 years.

INTERVIEWEE NOTES

- Enquire about the PE firm, its current portfolio and the objective
- Essential to understand how tendering process works in India for infra projects
- Important to list key components constituting NPV analysis and drivers for each
- Add structure to risk assessment and list examples for each

APPROACH/ FRAMEWORK

- Investment Criteria
  - Economic Attractiveness
    - Break-Even
    - Profitability
    - Returns
      - NPV
      - IRR
      - Payback Period
  - Funding Plan
    - Valuation
    - Revenue Model
    - Debt-Equity Mix
    - Debt Repayment Terms
    - Interest Rates
    - Convertible Instruments
  - Technical Capabilities
    - Credentials of Technical Partners
    - Construction Expertise
    - Tech Capabilities for toll collection, maintenance of highway, accident prevention, etc.
  - Risks
    - Pre-Construction
    - During Construction
    - During Operating Period
    - Post Operating Period/Exit Risks
    - Financial

OBSERVATIONS

- This case requires breaking down the problem and listing down potential areas of exploration under each
- Client's goals (returns, horizon, risk appetite) must be pinned down before diving into analysis.
- Bringing in context surrounding tendering process will help earn brownie points
- Breaking problem into phases (pre-construction, construction, operating risks) ensures no key points are missed.

Green Power Co – Interview Transcript

Your client, GreenPowerCo, is a U.S. solar and wind company. They're considering acquiring EcoGen, a European battery storage player. How would you approach this?lli

Thanks. Just to clarify: is the client's main goal growth, diversification, or synergies?

Growth is the primary objective. They also want to meet customer demand for bundled solar + storage solutions.

From my understanding, a battery storage player usually has two key pieces: one is the physical unit (hardware) which stores & discharges energy, while the other is the control system that manages when to store/ release the energy & provides data insights. Is my understanding, right? Does EcoGen fit within this model?

Yes, absolutely. EcoGen does offer these & has well-developed capabilities on both ends.

Great. I have a fair understanding now. I'll move onto the analysis & ask further questions then. In term of evaluating the acquisition, I'd structure it primarily around five pillars: market attractiveness, target attractiveness, strategic fit, financials where I'd look at synergy benefits & valuation, and lastly, potential risks.

This sounds great. On the financial assessment, we can deprioritize evaluation of deal valuation, but let's do a high-level synergy benefit assessment for sure. Let's start with market.

Sure. I know that growing renewable energy interest is driving demand for storage. Do we have any info?

Yes. Global storage is expected to grow 20% CAGR over the next decade. Europe is at 15%.

Awesome. That's significantly above GDP, likely driven by tailwinds from regulation changes & shift towards to decarbonization & need for lower reliance on gas – indicating strong market momentum. However, the client would need to be wary of input price fluctuations and regulatory shift. Who are the competitors in the industry?

Large Chinese battery makers dominate globally; EcoGen is a mid-sized player & is well known in Europe. Other player in the region are mostly localized and small.

Understood. Given the capital & tech intensive nature of the industry, I would expect lower & slower proliferation of the market by new entrants, and given that the target is well known in Europe – the market prima facie looks attractive. I'd now look to evaluate the target in detail. Do we know about their revenues, growth, and margins?

Yes. Latest reported revenue was €200M at 12% EBITDA margin. Revenue growth of 15% annually is expected

So €200M × 15% growth would imply €230M next year. At 12% margin, that's about €27M EBITDA. This seems reasonable. How does this fare against the competitors?

Most competitors have similar margins, however a couple of Chinese players exhibit higher growth rates.

I would assume that this is due to Chinese players operating in global markets which have higher growth? But it may be worthwhile to understand how they orderbook looks like for the next 3-5 years, Do we have any info?

Okay. On strategic fit: GreenPowerCo has limited storage today, so acquiring EcoGen helps fill that capability gap. Are GreenPowerCo's customers asking for bundled renewable + storage solutions?

Yes, you are right, the growth delta is largely due to difference in market. In terms of their orderbook, the target has €350M worth of order locked in for next 2 years. Another €500M is qualified & in discussions.

This indicates strong demand & GTM. Lastly, you mentioned the target has strong capabilities. I would assume that it would imply strong product feedback? Further, how are the target's R&D capabilities?

Their solutions have generally received positive feedback. Furthermore, their R&D team is strong and increasingly looking to innovate and improve their product portfolio. They have a next-gen lithium-ion pipeline and are testing alternative chemistries.

This sounds good. The target has good financials and good capabilities. I think we can move on to evaluating strategic fit. I would assume that Green Power Co has limited storage today, so acquiring EcoGen helps fill that capability gap. Are Green Power Co's customers asking for bundled renewable + storage solutions? If yes, how has Green Power Co been adapting to these customers?

Yes, increasingly so. Utilities, which are one of the largest customers for renewables prefer integrated bids. Currently the client has been partnering with other battery players, but this is inflating costs & weak servicing.

In that case, the target is actually a great complement for Green Power Co. I see a few benefits & synergies from this acquisition, which make it an attractive proposition.

1. Revenue benefits: Increase probability of winning integrated bids & improve realization on these deals. It allows cross-selling integrated solutions to other clients. Furthermore, it gives access to EU mkt allowing for geographical diversification.
2. Cost benefits: Combine procurement & reduce SG&A overlap (overlapping roles, single marketing material, etc.). Scale may help better negotiates raw material prices with target's suppliers.
3. Strengthens competitive moat for Green Power: It enhance key source of competitive advantage, namely, economies of scale, integrated solution would help charge better prices & increasing customer switching costs. R&D capabilities of EcoGen adds to our innovation capabilities as well & improve credibility.

For EcoGen too – access to global market (e.g., US) would help compete with Chinese players.

Great – this is comprehensive. Can we quickly size the synergy benefit? What information would you need?

Sure. For estimating revenue synergies, could you help me understand: a) Green Power Co future pipeline; b) Attach rate for integrated solution (i.e., battery + solar); c) Price per unit for integrated projects; d) Expected increase in EBITDA margin due to in-house capabilities (leading to no rev. sharing with partner)

Sure. So the client has ~3GW pipeline over 3 years with attach rate of ~25%. Price per MW of such projects is ~€0.5M. You can assume an EBITDA uplift of 2%.

Perfect, so on current pipeline itself, this acquisition can help realize additional ~€7.5M worth of EBITDA (3*0.25*1000*0.5*0.02) over 3 years or ~€2.5M EBITDA annual. Moving to cost – what COGS synergies (due to procurement pooling & negotiations) and SG&A cost reduction do we anticipate?

We estimate ~2 % point COGS reduction & ~€3M worth of annual saving via SG&A and admin optimization.

This would imply cost synergies on COGS of ~€4.6M (230 * 0.02). Along with SG&A savings, this would mean ~€7.6M worth of cost savings. Together with revenue synergies, this would imply ~€10M worth of EBITDA synergies. Accounting for potential delays, integrated deals lost due to partner switch & failure to realize full potential, we might see ~50% realization which would be ~€5M EBITDA uplift, which also seems attractive.

Yes, our client would be satisfied with this. Any potential risks that you foresee in acquiring EcoGen?

Yes, a few: a) we need to evaluate their current suppliers and customer contract structure to see how they deal with raw material price fluctuations & if they are passed through to customers or absorbed by them. High # of fixed price contracts leaves us vulnerable to price shocks; b) the space is evolving rapidly, and we would need to assess the regulatory landscape in greater detail; c) We'll need to evaluate feasibility of integration across geographies & cultures. Low feasibility would increase integration costs, wiping out synergy benefits.

Great. These sound good. Let's close the case.

Green Power Co – Approach

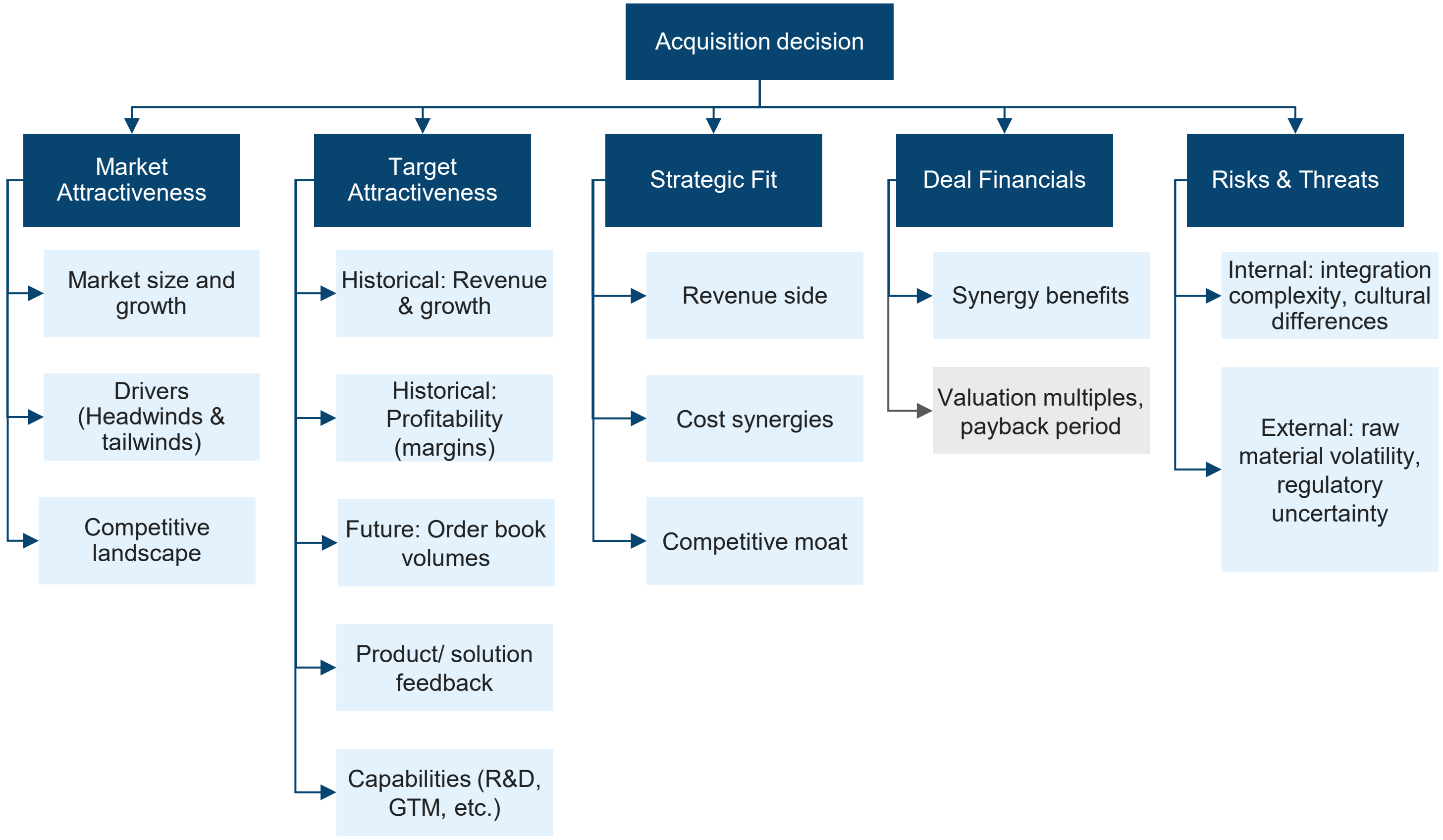
Problem Statement

Your client, Green Power Co, is a U.S. solar and wind company. They're considering acquiring EcoGen, a European battery storage player. How would you plan to approach this?

CASE FACTS

- GreenPowerCo: strong in U.S. solar/wind, limited in storage.
- EcoGen: European battery storage company; €200M revenue, 12% EBITDA margin, 15% growth. Well-known in Europe
- Objective: Growth + catering to customer demand (bundled renewable + storage solutions)
- Battery storage industry: 15–20% CAGR globally, driven by renewables, regulation, EV adoption.
- EcoGen has strong R&D: Next gen Li-ion lineup & exploring new chemistries
- Synergies:
  - Revenue: Future pipeline of 3GW for Green Power (3 yrs). 25% attach rate for battery storage. Price: ~ €0.5M / MW. 2% potential improvement in net revenue realization (due to no revenue sharing)
  - Cost: 2% COGS saving for EcoGen battery storage development. ~€3M annually SG&A and admin savings

APPROACH/ FRAMEWORK



OBSERVATIONS

- This case requires breaking down the problem and listing down potential areas of exploration under each
- Client's goals must be pinned down before diving into analysis.
- Bringing in context surrounding tendering process will help earn brownie points
- For assessing strategic fit, beyond just synergies, the candidate also stressed on how this adds to their competitive advantage by pointing out specific sources of advantage. This adds more specificity to the argument.
- For sizing synergies, the candidate took a clean back of the envelope sizing method to calculate the synergies. Always good to explain the same to the interviewer & get their buy-in.

IPL Team – Interview Transcript

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Your client is a PE firm. They are considering investment in an IPL team. The client wants you to evaluate this investment and suggest a bid price.

Before I start, I would like to ask a few clarifying questions.

Sure

What does the client intend to gain out of this?

Our client has a small but growing catalogue of sports investments. They believe the Indian sports growth story and want to investment. They expect to make a profit from the investment.

Can you tell me more about the client's previous investments in sports teams? Where are the teams based out of and which sports leagues are they a part of?

The client has invested in three teams so far all in USA. These include teams in the NBA, the MHB and the MLS which is a soccer league.

Alright. Moving on to the team they are considering investing in, can you tell me about their performance?

The team ended up as the runner-up two seasons ago. They have ended up in the 7th place in the last season.

Do we know why the team is on the market? Why are the current owners selling the team?

The current owner is a PE firm, and they want to exit to capitalize on their investment.

How much stake does our client intend to purchase? Are there other firms bidding for the team?

Our client intends to purchase a majority stake in the team. We do not know if other firms will place a bid for the team or not.

Thank you. Let me start evaluating the investment. I intend to first look the sports team; the IPL at large and then analyse if the investment is a good fit for our client.

Sure, go ahead.

To analyze the team, I will look at the current profitability, try to estimate the growth, and then analyze the risks.

Let's start by estimating the team's profitability. Can you list the revenue heads first?

I believe there are the primarily four revenue heads for an IPL team, namely revenue share of broadcasting rights, merchandise sales, ticket sales and sponsorships. Am I missing anything?

No, that covers it.

Do we have any data for these revenue heads?

The broadcasting deal was for 40,000 crore rupees over 5 years. Merchandise revenue was 115 crore rupees, sponsorships bought in 175 crore rupees and ticket sales bought in a further 10 crores rupees.

Alright. Do we know the cut that BCCI takes for the broadcasting revenue.

They take 50% of the total broadcasting rights.

Alright. After BCCI's cut, we are left with 20,000 crores. I assume this is split evenly among all the teams. Therefore, each team earns 2000 crores over the broadcasting contract's 5 years, resulting in a revenue of 400 crores rupees per team per year.

That's correct.

Adding the four heads up, we have a yearly revenue of 700 crore rupees.

Good job. Let's move to the costs. Can you list down the cost heads?

The major cost heads I see are the licensing fees paid to BCCI, costs to run their home stadium, player costs, equipment costs and cost of producing merchandise. Have I covered everything?

Yes, you have.

Do we have any information on these cost heads?

BCCI takes a fee of 450 Cr, player costs are 50 Cr and you can assume all other costs to add up to 60 crores.

That results in a total cost of 560 crore rupees. Subtracting this from the calculated revenue, we have a gross profit of 140 crore rupees per year.

Good job. What will you look at next?

I will project the growth in profits over the investment horizon. How long does the client intend to hold team?

Let's assume the client holds it for five years. How will you estimate growth.

If we look at our revenue heads, the broadcasting deal will give us a fixed income over the next five years. The other three heads are likely to grow linearly with IPL's viewership. We can perform a regression on with past revenue and viewership numbers to understand the relationship between it.

That seems fair. How will you estimate the growth in viewership?

We can use regression to estimate the growth in viewership as well. Besides statistical techniques, we can also look at viewership of comparable leagues such as the Premier League in the UK as a steady state projection for the IPL and project future viewership based of it.

Good job. Let's move on and look at the Indian sports industry at large. What risks do you see in the industry?

There are three risks over the next five years that the client needs to be concerned about. Firstly, at a league level, IPL viewership needs to continue growing at a healthy rate to attract sponsors and allow merchandise sale. Secondly at a team level, if any team starts increasing their expenditure on players during bidding, it may prompt other teams to do so as well to maintain competitive parity. This will reduce our profitability. Lastly, at a player level, any scandals may negatively effect viewership for certain teams which may hurt the overall brand.

Finally, evaluate the investment fit.

While looking at investment fit, I will look at the synergies the client and the team can leverage, the evaluation and the exit strategy.

Analyze the synergies and fit.

Alright. As the client's experience in handling sports teams can allow the client to bring in innovative management techniques and practices from the American leagues. Additionally, it would be a good fit for the client portfolio as the IPL team would bring diversification to the portfolio. Therefore, the client should invest.

Lastly, please calculate the bid price.

Does the client have a target rate of return?

Yes. You can take a hurdle rate of 20%.

Do we also know the historical growth rate of revenues for the team?

The team profit has grown by 10% over the previous three years.

Alright. If we take these values, we can calculate the value of investment by diving the profit estimated by the difference between the hurdle rate and growth rate. That would result in an investment value of 1400 crore rupees. Therefore, I would not suggest the client to bid more than this amount.

Thank you. We can stop here.

IPL Team – Approach

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Problem Statement

Your client is a PE firm. They are considering investment in an IPL team. The client wants you to evaluate this investment.

CASE FACTS

- Client wants to earn a profit by investing in the IPL team.
- The client already has investments in sports teams in USA.
- The client expects a hurdle rate of 20%.
- The annual revenues are 700 crore rupees and the costs are 560 crore rupees.
- The client is looking to exit in 5 years.

INTERVIEWEE NOTES

- Understand objective of the client.
- Enquire about the PE firm, its current portfolio and the IPL team.
- For the estimation of the bid price, figure out revenue & costs and divide by the hurdle & growth rates.
- Make a list of revenue & cost heads & ask interviewer for data.
- It is essential for the interviewee to list methods to project growth.
- Add more structure to industry risks by breaking it down by analysis unit

APPROACH/ FRAMEWORK

- Investment Criteria
  - Portfolio Fit
    - Synergies
    - Evaluation
    - Exit
  - Team Performance
    - Revenue
      - Broadcasting
      - Sponsorships
      - Merchandising
      - Ticket Sales
    - Cost
      - Players
      - Equipment
      - Licensing
      - Merchandise
      - Stadium
    - Growth
      - Regression
      - Comparable Markets
  - Industry Risks
    - League Risks
    - Team Risks
    - Player Risks

Broadcasting	400 Cr
Sponsorship	175 Cr
Merchandising	115 Cr
Ticket Sales	10 Cr
Total Revenue	**700 Cr**

Licensing	450 Cr
Players	50 Cr
Others	60 Cr
Total Cost	**560 Cr**
Gross Profit	**= 700-560** **= 140 Cr**
Bid Price	**1400 Cr**

RECOMMENDATIONS

- The estimated revenue for the team is 700 crore rupees per year and the estimated cost is 560 crore per year.
- The client should bid for the IPL team. The maximum bid the client should place is 1400 crore rupees.

OBSERVATIONS

- It is critical to understand the client and the asset with preliminary questions before starting such a case.
- It is important to split a due diligence into parts so as to cover the asset, the industry and the portfolio fit.
- The revenue and costs can be split into different heads to make the guesstimate easier.

Pepper Spray Manufacturer – Interview Transcript (1/2)

Your client is a pepper spray manufacturer witnessing an increase in negative reviews on Amazon. Please find out why and suggest appropriate actions.

That's interesting. Am I right in assuming that pepper spray here refers to the self-defence device the general public uses?

Yes.

Also, is this increase specific to any one product?

The company manufactures only one standard product.

Who are our client's competitors? Are they facing a similar issue?

Yes, our competitors are also affected by this increase.

Okay. Has this increase been observed across geographies? Since when and by how much?

This trend has largely been driven by reviewers from Ahmedabad for the past 1 month. The magnitude is not important for the purpose of this case.

What has been the trend in sales? An increase in negative reviews may not be bad news if overall sales are rising and the proportion of critical feedback is the same or lower.

The sales have been rising but the proportion of negative reviews has been rising even faster.

That cannot be good news. Thank you, I have enough information to start solving the case, I will take a minute to organize my thoughts.

Sure. Go ahead.

We could look at internal and external factors to study this change. I want to examine internal factors first. By internal I mean specific to the industry, not just our client.

That makes sense. Go on.

I will further distinguish product-specific and purchase-specific factors. Within both, we can look at changes across three stages - before, during, and after using or purchasing the product.

That sounds good. How will you analyze these factors?

Product-specific factors will include packaging and portability (before use), efficacy and reliability (during use), and side effects and reusability (after use). Purchase-specific factors will comprise product discovery (before purchase), checkout convenience (during purchase) and return or exchange options (after purchase).

Good. You have hit the nail on the head. The negative reviews are focused on the side effects of the client's pepper spray. People in Ahmedabad started using our client's product to defend against stray dogs. While the spray is safe for use on human beings, it is very harmful for dogs and has led to multiple long-term issues. This led animal lovers to criticize our product on Amazon.

This sounds very new to me. Is it possible for our client to make this product safe for dogs?

That will reduce its efficacy when used on humans. Our client has shown willingness to market a pepper spray specifically meant for dogs, which is milder and does not have side effects. Such products are currently available in North America. Can you tell me what organic and inorganic means can our clients use to launch such a product?

Organic means would involve developing the product from scratch. This can be done through internal development or via outsourcing. Inorganic means would involve acquiring the product. This can be either a partial acquisition (product licensing or technology transfer) or a complete acquisition (through a merger, company acquisition, or joint venture).

How will you analyze whether acquisition of another company is a good prospect?

I will focus on 3 things:

A) Will our client benefit from the acquisition, in line with their objectives? This will include topline improvement (for example, through new products, markets or channels) and bottom-line improvement (input cost reduction, tax benefits, etc.).
B) Do the benefits outweigh the cost of acquisition? This involves an analysis of financial benefits of acquisition, valuation of the target company, and any transaction costs.
C) What kind of risks and challenges exist post-acquisition? These can again be internal or external.

Can you give me some examples of internal and external risks?

Internally, the client could face soft challenges such as cultural fit issues and key personnel risks or hard challenges such as financial or legal risks. Externally, there could be macroeconomic risks and competitive dynamics.

Understood. Okay, our client seems interested in acquiring another company so it can launch the dog-specific pepper spray. It has identified two companies: Company A and Company B. The financial benefit to our client will be the same as the total net margin they currently generate.
Company A sells 40,000 boxes yearly for Rs 800 per bottle with a 25% net margin. Company A will only accept an all-stock deal.
Company B sells 20,000 boxes yearly for Rs 500 per bottle with a 20% net margin. Company B is only willing to accept an all-cash deal. Our client will rely entirely on borrowed cash to pay for this acquisition.

I notice you mentioned the quantity in boxes and but the price quoted was for each bottle. Should I assume that each box contains one bottle?

Good catch! No, that's not true. Company A sells one bottle in each box. However, Company B, which is the market leader, focuses on selling combo boxes at low prices. Each box contains five bottles.

Okay! In this case, Company A makes a total net margin of 40,000 boxes * 1 bottle per box * Rs. 800 selling price * 25% margin every year, which is equal to Rs 80 lakhs.
On the other hand, Company B makes a total net margin of 20,000 boxes * 5 bottles per box * Rs. 500 selling price * 20% margin every year, which is equal to Rs 1 crore.

That's good. All else equal, which of the two companies should our client acquire?

Pepper Spray Manufacturer – Interview Transcript (2/2)

Assuming equal valuation of both companies, and also assuming that other quantitative and qualitative factors are identical, it is important to go back to the terms of the deal you mentioned before. In case of Company A's all-stock deal, it will be important to consider the cost of equity of the business. On the other hand, in case of Company B, we will focus on the cost of debt.
How will you use those numbers?
If the cost of equity is less than 80% of the borrowing cost, it makes sense to acquire company A. Otherwise, our client should acquire company B. This is because if we calculate the ratio of total net margins to cost of finance (in percentage), it will be lower (and more favourable) for company A only when the cost of equity is less than 80% of the cost of debt.
Say the cost of equity is 12% and a bank loan is available at a rate of interest of 15%, which company is more attractive?
Based on my logic above, both companies will be equally attractive in this case.
I think you are missing something.
You are right. The bank loan will be tax deductible. What is the marginal tax rate for our client?
The client pays a marginal tax of 40%.
Okay, in this case the effective cost of debt is 15% * (1-40%) = 9%. In such a situation, it is more attractive for our client to acquire company B.
Thank you. We can close the case here. Please do not use pepper spray on dogs!
Thanks to you for an interesting case. Don't worry, I will not be using pepper spray on my canine friends any time soon.

Pepper Spray Manufacturer – Approach

Problem Statement

Your client is a pepper spray manufacturer witnessing an increase in negative reviews on Amazon. Please find out why and suggest appropriate actions.

CASE FACTS

- The pepper spray has significant side effects on stray dogs → negative reviews by dog lovers.
- Cannot have common pepper spray for humans & dogs
- 2 acquisition options available, one all-stock, another all-cash

INTERVIEWEE NOTES

- The interviewer's first prompt may not be the action problem.
- Use examples to ensure clarity of the meaning of each bucket.
- Interest expenses are tax-deductible, reducing the effective cost of debt.
- Be mindful of units – boxes vs bottles

APPROACH/ FRAMEWORK

- Increasing number of negative reviews
  - Reducing / constant proportion of sales (not a challenge)
  - Increasing proportion of sales (challenge to the company)
    - Company-specific
    - Industry-wide
      - Internal factors (to the industry)
        - Product-related
          - Before use
          - During use
          - After Use
            - Reusability
            - Side Effects
        - Purchase-related
          - Before purchase
          - During purchase
          - After purchase
      - External factors

- New pepper spray safe for dogs
  - Organic
    - In-house R&D
    - Outsource R&D
  - Inorganic
    - Product Licensing
    - Technology Transfer
    - Joint Venture
    - Merger
    - Acquisition
      - Deal rationale
      - Cost-benefit analysis
      - Risks and challenges

Company	A	B
Boxes	40,000	20,000
Bottles per box	1	5
Selling price	Rs 800	Rs 500
Net margin	25%	20%
Total net margin	**Rs 80 lacs**	**Rs 1 crore**
Cost of funds	12%	15%(1-tax) = 9%

RECOMMENDATIONS

- Launch a new pepper spray that is safe for use on dogs
- Acquire company B since the cashflows are greater and the cost of capital is lower (debt-financed) after factoring in the tax implications

OBSERVATIONS

- Even with simple buckets like internal – external, it is important to clarify the meaning of each
- Be very mindful of units! Here, the inconsistency of boxes vs bottles could have significantly upended the analysis.
- The deal's structure (cash vs equity) has significant impact on the cost of capital which in turn will affect the valuation.
- Be mindful that interest expenses give a tax shield, lowering the effective post-tax cost of debt

Coworking Space – Interview Transcript (1/2)

Your client is a PE Firm. They want to invest in SharedCo, an Indian subsidiary of a global co-working space entity. Is this a good investment? What factors would you consider?

I want to ask a few clarifying questions to understand the client's business. What is their typical portfolio? What growth rate and exit plan are they targeting for this investment?

The client has a mixed portfolio of different sized investments and is looking for a 40% growth rate on this investment. They want to make an exit in 5 years.

Does the client's existing portfolio include any co-working space firms?

No, the client wants to diversify their portfolio. What factors would you consider?

First of all, I would like to consider the attractiveness of the Co-working space market. What is the market size and projected CAGR for the next 5 years?

It's a $0.75bn market in India currently. The CAGR is projected at 20% as per market sources.

I have a few follow-up questions to assess the CAGR. What is the tier-wise split in terms of the geographical presence of the industry?

70% Tier-I and 30% Tier II.

Owing to a maximum presence in Tier-I cities, I want to know how has the historical penetration trend been in Tier-I cities.

Penetration grew from 8% to 15% in the last 5 years.

This could be owing to 3 factors mainly: (i) growth in start-ups, (ii) increasing focus on employee wellness & amenities, and (iii) cost optimization efforts due to the rise in real estate prices in Tier I cities recently.
Can we conclude that the penetration rate will grow further because these 3 main factors will remain relevant?

Yes. What do you think about the future of this market in Tier-II cities?

The same 3 factors are applicable to Tier-II cities as well. Besides, growth of hybrid working & infrastructural development in Tier-II cities due to IT industry expansion will further boost the penetration.

Would you consider the market to be attractive?

Yes, it seems attractive. Next, to assess the customer value proposition, I will consider whether the properties operated by SharedCo are located at prime locations, what amenities they have like gaming, gym & restaurants and, what quality of buildings they are.

Sounds good, SharedCo operates premium buildings fulfilling all the criteria you mentioned. What other components would you consider?

I would consider SharedCo's Competitive differentiation. Is the market consolidated or fragmented?

It is a consolidated market and SharedCo is competing with big players such as WeWork, Table Space, Awfis, IndiQube etc. Basis what factors will you decide whether SharedCo can compete with them?

It depends on 2 levels of factors:

1. Industry characteristics: The degree to which structural factors create advantages for incumbents. This would comprise attributes such as customer stickiness, concentration of suppliers and customers, and demand-side network effects
2. Firm-specific advantages: These would depend on supply-side aspects such as broker relationships to be able to book premium buildings before competitors, and ability to source high-quality fit-outs at low cost. It would also comprise demand side factors such as brand equity, existing customer network, and positioning.

As evidence of competitive strength, I would want to check on SharedCo's current market share, its growth, and EBITDA margins relative to industry.

Excellent! SharedCo currently has 5% market share, up from 3% 5 years back. It has been operating at 30% EBITDA margins over this period, which is comparable to industry standards.

That is a good market share for a new player in a relatively consolidated market. The fact that has been able to almost double its market share without compromising margins indicates that it has solid competitive strengths. The market is clearly validating its value proposition.

Fair points. What are your thoughts on the customer value proposition of SharedCo?

I feel SharedCo is operating with a premium value proposition;

1. Locations: You mentioned it holds properties in premium locations
2. Infra Quality: The quality of buildings is good which should make them more reliable for clients
3. Amenities: It has good amenities, so is already at par with the competition. If these are also of a premium standard, then it compounds the benefits of the previous two factors
4. Brand: As the subsidiary of a global player, SharedCo should have decent brand equity to start with
5. Global network: Through its parent, it can offer customers office solutions across several geographies, as well the value proposition of a global 'community' which is something other global players have built on

Overall, it's value proposition appears to be strong, especially relative to more mid-market or India-only players. How do its occupancy and customer retention rates compare to other players?

Both are favorable at 80% and 50% respectively.

I think that validates the hypothesis that SharedCo has a sound customer value proposition. Next, can we analyse the business model and unit economics?

Sure, go ahead

What is the demand split by product offerings? Is it subscription-based or demand-based?

90% of the revenue comes from subscription-based offering.

Well, that shows stability in revenues. What about the customer mix? What is the split between MNCs and big Indian players vs start-ups?

It is 60:40.

Coworking Space – Interview Transcript (2/2)

That shows an ability to enter into long-term contracts, re-emphasising stable revenues. However, I would like to call out their Asset-Liability management risk. Contracts with property owners are usually signed for 3-5 years, leading to a fixed rental cost for SharedCo. However, given it operates on a subscription model for revenue, contracts with start-ups and other small customers would likely be monthly/quarterly, while those with large clients might be annual/biennial. In particular, it has significant exposure to smaller customers, who would also be more volatile. So, liquidity risk could arise if customer contracts do not get renewed. However, revenues during BAU seem stable.
Next I would want to look at its cost structure. What is the share of rental paid to the space owner, common area maintenance charge, and operating expenses?

The structure is 60%, 10%, 30%., which is close to the industry average.

Sounds good. Do rental deals of SharedCo beat the industry average market rent and is the seat-price-to-rental ratio over 2 times?

Yes. Average rent paid per seat of SharedCo is 67, while the industry average is 70. The ratio is 2.5 which is close to industry average again.

That means SharedCo can get good rental deals from builders. Overall it seems like a good proposition so far.
I would next want to look at its growth potential, given the client is targeting a 40% IRR. It has grown its market share from 3% to 5% over the past 5 years, which translates to a roughly 10% growth rate. The market has also grown at 20% in this period, giving an absolute growth rate of ~32% for SharedCo. Assuming this growth rate holds, SharedCo would still need to explore additional growth channels to cross the 40% hurdle rate.
Are there any plans for expansion beyond steady-state growth of its current offerings?

Yes, the company plans to use this investment to enter into profit-sharing arrangements with property owners in Tier-II cities.

What is the cost structure in case of profit-sharing arrangements?

It is 45%, 20%, 35%. However, the overall cost per seat will go up by 10%.

The benefit is the reduction of fixed costs, i.e. rentals. We can deduce that the company will expand, keeping liquidity risks at a minimum. This is a logical move.
However, there is a risk of achieving the 40% return expected by the fund if these new properties don’t achieve the minimum occupancy rate.

So, what is your conclusion?

We should advise the fund to invest in the company because market attractiveness, value proposition, competitive differentiation and unit economics seem favorable.
The expansion plan will help the fund achieve its target return at the end of 5 years.
However, we must call out the inherent risks in this sector, being i)Risk from large players in the market, ii) Asset-liability management risk in case of rental agreements with space owners, and iii) Operating risk of new properties.

That’s a nice way to wrap it up. We can stop here.

Coworking Space – Approach

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Problem Statement

Your client is a PE firm which wants to invest in the Indian subsidiary of a global coworking space company. They want you to conduct a due diligence and assess whether this would be a good investment.

CASE FACTS

- Client is seeking a 40% CAGR with a 5-year holding period
- $750M market growing at 20%, 70% share from Tier-1 cities; consolidated market with large peers; penetration grew from 8% to 15% in the last 5 years
- Occupancy & retention rates are at 80% and 50% respectively
- 90% revenue is subscriptions, with 60-40 MNC vs startups split
- Cost structure matches peers & EBITDA margin is 32%
- Target is considering profit-sharing agreements with property owners to grow further

INTERVIEWEE NOTES

- Growth drivers should continue in the future, so Tier-1 growth will hold steady
- Tier-2 penetration should pick up as drivers extend to it
- Target might have asset-liability mismatch risk

APPROACH/ FRAMEWORK

- Commercial due diligence
  - Acquirer understanding
    - Current portfolio
      - Investment Objectives
      - Exit plan
  - Target diligence
    - Market attractiveness
      - Market size
      - Future growth rate
      - Growth drivers
      - Growth headroom
    - Competitive Position
      - Competition Landscape
      - Customer stickiness
      - Competitive advantages
      - Evidence metrics (e.g., market share growth)
    - Customer value proposition
      - Property Locations
      - Infra Quality
      - Amenities
      - Brand
      - Global Presence
      - Evidence Metrics (e.g., occupancy, retention)
    - Business model
      - Revenue Model
      - Customer mix
      - Cost structure
      - Comparison to Benchmarks
    - Growth projections
      - Steady-state growth
      - Expansion plans
      - Expansion risks

RECOMMENDATIONS

- Proceed with investment as market and firm-specific factors are favourable
- SharedCo will need additional expansion plans to achieve a 40% CAGR. It needs to increase its current 32% growth rate by another 30%.
- The client needs to be mindful of key risks, particularly asset-liability mismatch & growth execution

OBSERVATIONS

- It is a great practice to validate qualitative analysis of attributes through metrics for evidence of impact (e.g., customer retention)
- Much of business assessment is relative to competitors
- Make sure to align the analysis with the client's special investment objectives (growth target in this case)
- Factor in risks that are brought in by aggressive expansion plans too

Online Grocery Start-up – Interview Transcript

Your client is a private equity firm which wants to invest in an Indian online grocery start-up - BlinkMart. They need your help with the commercial due diligence for this deal.

Understood. Could you please tell me a bit about the PE firm - its portfolio and primary sectors?

The PE firm usually invests in large consumer businesses, but it wants to diversify and add start-ups to its portfolio. This would be their first such investment, and thus you would need to help them with a DD checklist.

Okay. I have some idea about the online grocery market, but I have some questions about the target. What markets does it currently operate in and how much market share does it hold?

Our target is one of 4 major competitors, all of which operate in tier 1 cities. It holds around 35% of the market and is owned by the largest food delivery company in India.

That sounds promising. Such businesses usually run either on an inventory-based model, where they own a wide range of products and deliver through dark stores; or an aggregator model, wherein they connect customers to nearby stores. Which model does BlinkMart follow?

Good question. BlinkMart has over 400 dark stores and follows the inventory-led model.

Great, I have enough information to begin. I'll break this into 3 stages: pre-diligence, diligence, & post-diligence

Alright, can you briefly describe each stage?

Definitely. In the pre-diligence stage, we look at 3 major parameters –
1. Investor's profile – the stage it usually invests in and the typical deal size
2. Existing investments – its portfolio of industries and business and prospective synergies it can derive
3. Investment objective – the purpose of such investment

Sounds okay. What are your thoughts on this?

I think the client's profile does not exactly match this investment as it usually invests in large, established businesses. But its existing investments are also in consumer industries, which could help create synergies. Additionally, several global PE firms are now adding start-ups to their portfolio to benefit from their high growth rates. Thus, it does not sound like a bad idea for our client to look at an investment in BlinkMart.

Yeah. Then, let's get to the diligence stage.

Sure, in the diligence stage, we would be looking at a wide range of factors through the lens of 4 major parameters – Market, Competition, Business, and Customers.

Okay, how about we delve into each one by one?

To analyze the online grocery market, I would delve into its market size, future outlook, and underlying drivers

Alright, let's try to estimate the market size. How do you think we can approach it?

One way would be to use estimates from industry reports and expert interviews. However, since it is a nascent industry, reports would only be directional. Another way is to guesstimate it using relevant filters.

We have some estimates for the TAM in terms of users from secondary sources, but let's test them through a quick guesstimate. What all factors would you consider?

Alright, to get an idea about the total addressable users of online groceries, we would need to delve into geographical scope, age, income, and occupational factors.

That sounds good to me. Go ahead.

These start-ups are mainly targeting earning professionals (including working couples) and students studying outside their homes. They aim to provide convenience to those who have a spending propensity. Thus, the estimation process would be something like this:
1. First, I would want to restrict the target market to tier 1 cities, similar to how current players have done.
2. Then, I will narrow it down to 2 major age groups – 18 to 25 and 25-40. The first group comprises students. In the latter, I will only include working professionals since they would primarily need the convenience.
3. For these people, the focus should be on upper middle and rich sections as the others would prefer nearby mom-and-pop stores over the additional delivery fee.

Based on this, the total addressable market would come to approximately 9.3 million.

Great. I think the market side is okay. Let's talk about competition.

Alright, in my knowledge, the market in focus is intensely competitive. While BlinkMart does enjoy a 35% share, in a market with just 4 players, it might just be because of their parent's brand strength.
There are certain headwinds in terms of the competition that are noteworthy:
1. There is a high level of price competition in the market as customers want deep discounts.
2. Competitors are not very differentiated in their offerings, giving similar assortments, prices, and delivery times. Often, even the app UI/UX is similar across brands.
3. Customer cost of switching is low thus brand loyalty is difficult to build.

Given these insights, finding a moat is difficult.

Good insights. How about the business part?

We would have to consider these 2 sub-factors under business:
1. Financial – Revenue streams' strength, range, & sustainability; cost structure & margins; capex & financing
2. Non-financial – Operations, technology, and people (founders + employees)

In my knowledge, most existing start-ups in this space have spent heavily on marketing and their unit economics are not feasible in the long run. Is that true for BlinkMart as well?

Unfortunately, yes. BlinkMart also gives deep discounts, and adding its warehousing and delivery costs gives out a negligible margin. We can skip the non-financial aspects and talk about the customers.

Sure. To validate the customer side, we would analyse the following aspects:
1. Behavioral – buying frequency, average order value, basket composition, customer churn
2. Psychographic – adoption level, satisfaction, purchase drivers, need intensity

We can analyse these using consumer data we collect as well as through surveys

Got it. What would you include in the post-diligence stage.

Once the diligence is completed and we decide to invest in BlinkMart, we will look at the (a) valuation & transaction, (b) post-investment growth strategy, and (c) exit planning.

Sounds great. We have a decent checklist – let's close here.

Online Grocery Start-up – Approach

Problem Statement

Your client is a private equity firm which wants to invest in an Indian online grocery start-up - BlinkMart. They need your help with the commercial due diligence of this deal.

CASE FACTS

- Client is a PE firm focusing on consumer businesses
- Target is one of 4 large competitors & is owned by India's largest food delivery company
- Target & major players only operate in Tier 1 cities
- BlinkMart has 35% market share, 400+ dark stores and follows inventory-led model

INTERVIEWEE NOTES

- Client's prior experience is primarily with large & established firms; may not transfer as directly to BlinkMart, but consumer sector expertise can help
- Online grocery is primarily driven by need for convenience, so would be most suited to students & working professionals
- Market is highly competitive with low differentiation and strong price wars

APPROACH/ FRAMEWORK

- Due diligence
  - Pre-diligence
    - Investor profile
    - Existing investments
    - Investment objective
  - Diligence
    - Market
      - Market Size
      - Future Outlook
      - Market Drivers
    - Competition
      - Market Structure
      - Competitive Intensity
    - Business
      - Financial
      - Non-financial
    - Customers
      - Behavioural
      - Psychographic
  - Post-diligence
    - Valuation & transaction
    - Growth strategy
    - Exit options

Market Sizing

Overall Population	Age	Occupation	Income	Total	TAM
Tier 1 cities (120 M)	18-25 years (15%)	Students (80%)	Mid-to-Upper (30%)	4.3M	**9.3M**
	25-40 years (35%)	Professionals (40%)	Mid-to-Upper (30%)	5M	

OBSERVATIONS

- Find out how, where and with what objective the PE firm usually invests.
- Factors being considered for diligence can be adjusted based on the pre-diligence information
- Understanding the market in question is important for several factors of the diligence stage.
- Basic knowledge about industries, revenue and operating models, and contemporary trends is critical for DD cases.
- In the case of DDs for financial clients (PE, VC), it is also important to consider the growth strategy and exit options
- An investment recommendation might or might not be requested in the case based on the depth of the case and the information provided.

Acquisition for Ecosystem Integration – Interview Transcript

Your client, an Indian telecom player, is considering acquiring a global music streaming application to improve its stack of media and entertainment applications within their ecosystem. Please analyse.

We will start by understanding the client's current application and their objectives for this acquisition. Can you please provide more details about their current application and what do they aim to achieve with this acquisition?

The client's internally developed application is underperforming, and they want to integrate with an application which has market presence and will efficiently integrate with the client's ecosystem.

Understood. We should should look into both the financial and non-financial aspects of this acquisition and should also consider synergies. What are the expected synergies from this acquisition?

The client expects both operational and financial synergies. Financially, there are potential cost savings from economies of scale and increased revenue due to the increased & combined consumer base. Operationally, integrating the already developed application with additional features will enhance their product offerings. Further, the consumer-approved features on the already market-leading application would further solidify the client's market position, creating a stronger lock-in effect for customers

Okay, can you please provide information on the revenue and profitability of the application and also throw some light on a few features that you mentioned.

The acquisition has an annual revenue increase projected at $2Bn with an expected growth of 40% Y-o-Y, considering EBIT margin of 15% (growing at 5% Y-o-Y) and the effective tax rate of 22%. The existing features such as autoplay, playlist curation will be the key contributors for the increase in revenue.

Noted. Before going to external factors that might affect business, we need to identify any internal dependencies and risks. Could you elaborate on any operational dependencies or risks associated with this acquisition?

The music streaming industry is heavily dependent on the hosting and delivery bandwidth available on the servers where the company data is hosted. This is one of the major operational dependency for the platform. Additionally, the target company is incorporated in US and the change in the working policies for the employees may lead to a risk for the company.

Given these internal concerns, we should analyse the costs of setting up high bandwidth servers so as to ensure no delay in playback of songs and simultaneously encourage teams from both the companies to informally interact with one another and get acquainted to the culture. Moving on to the external risks, could you provide more details on potential external risks?

The industry is heavily dependent on various music labels, the catalogue of songs available with them and the cost at which the catalogues are negotiated. The complex royalty agreements and royalty disputes add on to the problems. Additionally, there are privacy concerns as user data from the client's devices is exposed to the AI servers to predict user behaviour.

For regulatory risks, we need to evaluate the specific data privacy regulations in the markets where the client operates, for e.g. the DPDP Act in India. The cost and complexity of complying with these regulations must be factored into the acquisition plan. Further, in relation to the content cost, the client should leverage the combined bargaining power of the application as well as its own brand value in the market, in order to tailor favourable label deals that will turn out to be profitable in the future.

Fair. Can we now discuss how technological incompatibilities might impact the integration process?

Technological incompatibilities could arise from differences in the underlying architecture of the client's systems and the Target's systems. For instance, the coding and related developments to the user interface of both the application may be different; the cloud storage platforms used by both the companies for hosting the application and storage of data may differ which might cause significant challenges in integrating these systems. Moreover, there could be compatibility issues at the software level, where APIs and data formats might not align, necessitating further development work. This might require the companies to select the best suitable features from both the applications and re-design the app that would be the most user-friendly.

Great. To successfully align both businesses, which functions should the client anticipate incurring initial integration costs in?

The client will have to incur initial expenses towards human resources, tech compatibility, privacy concerns. But, due to the synergies generated out of the merger, they will also be able to cut down on content costs for the combined entity.

Let's assume that the net total cost of the initial integration is close to $0.75Bn. Keeping that aside, we should also consider competitive responses. What could be the potential impacts from competitors?

As this is mostly an oligopolistic market, competitors may respond to this acquisition by intensive marketing campaigns, introducing special subscription prices, ramping up their own app features, etc. The client needs to be prepared for such competitive pressures by ensuring that the integration is as seamless as possible and by conducting pro-active marketing strategies that would communicate the enhanced value proposition to their customers. Additionally, the client should monitor the competitive landscape closely and be ready to counter any moves by competitors with strategic marketing and product enhancements.

Now, let's discuss the financial calculations, starting with the NPV and then moving on to the ROI

First, we will consider the net cash flows over 5 years assuming a discount rate of 10%. Based on the assumptions, the projected annual net cash flow post tax is $2.9Bn. This annual net cash flow is then discounted back to present value terms using the 10% discount rate. Summing these discounted cash flows over five years and subtracting the initial investment of $1Bn and integration cost of $0.75Bn gives us the NPV of ~$0.3Bn.

For the ROI calculation, we consider the net profit over the investment cost. The net profit over five years is the sum of the annual net cash flows, which totals $2.9Bn. Considering total investment cost of $1.75Bn, the ROI of the project over 5 years comes out to be ~67%

We have covered all aspects now. Can you summarize your recommendation?

The acquisition of the global music streaming app offers strong strategic and financial synergies for the client, enabling enhanced user engagement and ecosystem integrations. This will not only enhance their product offerings but also strengthen their market position by creating a stronger lock-in effect for customers, further solidifying the client's market leadership. Additionally, implementing robust privacy measures and ensuring compliance with data privacy regulations will mitigate any risks associated with data exposure. Despite integration and regulatory risks, the deal is financially viable with a projected NPV of ~$0.3Bn and ROI of ~67% over 5 years, making it a compelling opportunity for long-term growth.

Thank you. That concludes the case.

Acquisition for Ecosystem Integration – Approach

Problem Statement

Your client, an Indian telecom player, is considering acquiring a global music streaming application to improve its stack of media and entertainment applications within the ecosystem. The client wants your input to value the acquisition and determine if it should go ahead with it.

CASE FACTS

- Target offers features such as autoplay, playlist curation.
- Horizon Period: 5 years
- EBIT of 15% growing at 5% YoY; Effective tax rate of 22%
- Post Acquisition: Potential rev. increase $2Bn w/ growth rate: 40%
- Challenges: Heavily dependent on hosting & bandwidth and content Royalty agreements & disputes
- Initial Integration costs: $0.75Bn .

INTERVIEWEE NOTES

- Objective client is to integrate currently underperforming application with a new application
- Focus on financial feasibility, synergy creation and value addition to the client, and how to tackle operational dependencies & risks
- Incremental cash flows account for potential loss of cash flows due to shifts in operational focus or integration challenges

APPROACH/ FRAMEWORK

- Acquisition Criteria
  - Financial Feasibility
    - Revenue & Profitability
      - Revenue streams
        - Subscriptions
        - Advertisement
        - Partnerships
      - Growth projections
        - Current Profitability
        - Current Revenue
        - Current Growth Rate
        - Increase in Revenue
        - Expected Growth Rate
    - Financial Metrics
      - NPV, ROI, Projected CF
  - Dependencies
    - Hosting & Delivery Bandwidth
    - Operational Dependencies
    - Content Agreements
    - Data Privacy Regulations
  - Synergies & Value Add
    - Increased consumer base & revenue
    - Cost Savings
    - Feature integration
  - Risks
    - Different architecture, APIs
    - Competition landscape

NPV = t=1-5∑ ((Net Cash Flow(t))/(1+Discount Rate) - Init. Investment & Costs
= $2.05Bn – $1.75Bn = **~$0.3Bn**
ROI = (Net Profit / Investment costs)×100 = ($2.9Bn - $1.75Bn)/ ($1.75Bn) = **~67% over 5 years**

RECOMMENDATIONS

- Acquisition aligns with client's long-term strategy
- Model projects an ROI of 67% and NPV of $0.3Bn over 5 years, justifying the investment costs.
- Short term: Develop a detailed integration plan to seamlessly incorporate global platform's technology into client's ecosystem
- Long term: Formulate extensive training programs for employees should be conducted & strategies to negate competitor responses

OBSERVATIONS

- Clearly articulating the purpose of the acq. is key to aligning to vision
- Recognizing & leveraging industry-specific synergies can create value
- A detailed financial evaluation is vital to determine deal's viability.
- Internal risks (tech incompatibilities, data privacy, cultural misfit) and external risks (regulatory compliance, competitive backlash) must be proactively assessed & mitigated

Chain of Phoenix Shopping Malls – Interview Transcript (1/2)

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Your client is a PE firm. They plan to purchase the chain of Phoenix shopping malls in India. How should they go about it?

Before I begin, I would like to ask a few clarifying questions. I want to understand the client's portfolio and the financial objective?

The client has a mixed portfolio of different sized investments but none in the real estate space. They are planning to enter the real estate market and are interested in acquiring this because it can potentially be a part of their portfolio and could generate revenues for them. They plan to exit in the next 8-10 years.

Great, Can I know some details regarding the malls? As far as I know, there are two malls in Mumbai (Phoenix Marketcity and Palladium). Where are the other malls located? Are they also in Metro cities? How big are the malls? How old are they and what kind of a malls are these, in terms of the kind of shops and stores in the mall (normal retail stores, luxury shops, anchor shops like Big Bazaar etc.)?

Sure, There are total of 14 malls present in other Tier 1 cities at premium locations. The average mall size is comparable to the standard industry average, the malls are 5-10 years old, and they have a mix of normal retail shops, luxury shops and anchor shops.

Okay, should I look at the price and valuation also?

No, just focus on the other factors for due diligence.

Great, in order to analyze whether this is a sound investment, I would like to look at the attractiveness of the industry, the attractiveness of the assets, competitive moats and key risks. Is this a sound approach?

Yes, go ahead.

Sure, I would want to look at the attractiveness of the industry. Looking at the industry, real estate can be categorized into commercial and residential. In commercial we further have office space, retail, warehousing and other spaces. Malls would fall in the retail space. I would want to look at the retail real estate environment in these different Tier-1 cities. Specifically, I would want to look at how the industry is in terms of market size & constraints of growth (capital, supply-demand and talent required).

Great, Go ahead.

Looking at the market, I am assuming that the market size would be big enough for a PE firm to be interested in. Hence, I would want to look at the constraints of growth, looking at the real estate sector. I believe it is pegged to capital expenditure (as it requires money to set up the malls & also run them) and is dependent on how capital flows (as most of these businesses run on leverage). Therefore, it will also depend on the macroeconomic factors of the country. It also seems more cyclical than other industries. Is this a fair analysis?

Yes, good observation. Let's say the market size is attractive and the macroeconomic factors are also showing a positive sign. What would you want to look at from the supply and demand lens?

Sure, from the supply-demand lens, I would want to know the trends of the demand which is the absorption and supply which is the new mall additions and vacancy in the last 4-5 years in each of the cities.

Sure, the average vacancy has decreased, also new mall additions are slow despite an increase in absorption.

Great. Now, I have a good understanding of the market. Looking at this, it seems that the industry outlook is good because the increase in demand is more than the increase in supply. Based on the trends, the industry attractiveness looks good. Is there anything else that you would want me to look at?

No, you have done a good analysis. Now look at the attractiveness of the assets. To make it easier let's just focus on the Phoenix Marketcity Mall that you had mentioned.

Great, so I'll focus on the Phoenix Marketcity mall located in Mumbai. In order to look at the attractiveness of this asset, I would like to look at the profitability of the mall. I can break down Profits as Revenues minus Costs. The major sources of Revenues that I can think of would primarily consist of rental income and other sources of revenue which would consist of advertisements, car parking and renting out open space for events, etc.
Looking at the Rental Income I can break it down into Total area of the mall* % leasable area* % Occupancy * Rent per sq. foot per month. The other sources of income can be taken as certain percentage of the rental income. I would now like to know how we compare in each of these variables w.r.t. the industry. Also, since the mall is located at a premium location, is it safe to assume that the occupancy and the rent per sq. foot would be higher than the industry average?

Yes, you're right. Are you sure you want to compare these variables only with the industry average? Before the comparison can you quickly estimate the rental revenue of the mall?

Sure, estimating the rental revenue of the mall:
Assuming % occupancy = 90% and Rent per sq. Foot = INR 200 per month. Rental income would have a fixed & a variable component. Fixed would include the fixed rent of the store and variable component would include a percentage of the store's sales.
1) Fixed Rental Income = Total area of the mall * % leasable area * % Occupancy * Rent per sq. foot per month
2) Leasable Area = Number of floors * Avg. number of shops per floor * Avg. area per store
3) Calculations for one floor. A normal store in a mall would be of a 3BHK size, having an area of 1,000 sq. feet. An anchor store would have a size of 5,000 sq. feet and there would be bigger shops like a Reliance Mart or a Movie theatre having an area of 10,000 sq. feet. Assuming 50 normal stores, 5 anchor stores and 1 large shop per floor. The total leasable area would be, 50*1,000+5*5,000+1*10,000 = 85,000 sq. feet. For 4 floors total leasable area would be 4*85,000 = 3,40,000 sq. feet. Calculating the fixed rental income. It would be Total leasable area * % Occupancy * Rent per sq. foot per month 3,40,000*0.9*200, which is approximately INR 6.1 Cr per month. The rest of the revenues can be calculated as a % of this fixed rental revenue.
Does this seem fair?

Yes.

Coming back to the previous question, I would also want to compare it with the past trends of the mall itself. Do we have any data regarding this?

Yes, the average rent per sq. foot and occupancy is growing with a CAGR of 12% & 4% over the last three years, respectively.

Okay, Since there is a positive trend in the rent per sq. foot & occupancy of the mall, I infer that the asset is attractive. Another aspect that I would like to consider is that I would want to look at the number of tenants, quality of the tenants, tenant stickiness and the churn rate. For example, big players like PVR Cinemas or Inox Cinemas, would be sticky tenants. Could you tell me more about the number and types of tenants in the mall?

Sure, the mall has 90% sticky tenants like Inox, Shoppers Stop, H&M etc. and 10% unsticky tenants which consists of local retail shops.

Chain of Phoenix Shopping Malls – Interview Transcript (2/2)

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Okay, my forecast is that in the near future, the occupancy rate would be high as there are more sticky tenants as compared to unsticky tenants.

Good. Can you quickly tell me the main cost heads?

The major cost heads would be depreciation costs, maintenance costs, insurance costs, utilities cost and employee costs. Is there something that I am missing out on?

No, Good Job. Now, focus on competitive moats.

1) Since, we have 90% sticky tenants, the exit costs of sticky tenants would be high which would act as a competitive moat.
2) Looking at it from the perspective of a commercial mall, we need to look at what gets people to commercial malls and most of the time it is the brand. The second moat is brand. If the mall has a good reputation, bigger brands will want to associate with the mall. For example, Marks & Spencer, Zara, H&M, Lacoste etc. With these kinds of shops on board, the mall would have a higher footfall of customers.

Okay, that's a good analysis. Can you identify the key risks associated with this asset?

I would like to look at the risks in the following categories:
1) Technological Risks 2) Financial Risks 3) Competitive Risks 4) Regulatory Risks 5) Infrastructure Risks
a. Technological Risks : E-Commerce is huge threat to the offline retail space. Players like Amazon and Flipkart are catching up quickly.
b. Financial Risks: Since the client would be taking a huge debt, the kind of cost of capital that the client would have to incur to undertake this investment and maintain it would be huge and would expose the client to a lot of financial risks. If the occupancy rate goes below a minimum threshold, there would be a problem as we'll have an asset in the balance sheet that won't be generating future revenues.
c. Competitive Risk: If another mall opens within the vicinity of the Phoenix Marketcity mall, it would be facing competition from that mall.
d. Regulatory Risks: If the government changes the land usage pattern by making it a residential area or if there is a highway coming up in the nearby area, the retail stores could go for a toss and the client might have to shut down the mall. But usually, the government does not do that.
e. Infrastructure Risk: We would need data regarding the seismic capacity of the mall, as during an earthquake it might get damaged.

Well done. What is your final recommendation?

The industry is growing, and the Phoenix Marketcity mall is outperforming the industry in terms of leasable area, occupancy rate, rent per sq. foot. It is also showing competitive advantage through high exit costs and brand value. The magnitude and the probability of the risk occurrence is low. I would conclude by saying that it is a good investment opportunity, assuming it is available at a reasonable valuation

Great. Thank you.

Chain of Phoenix Shopping Malls – Approach

Problem Statement

Your client is a PE firm. They plan to purchase the chain of Phoenix shopping malls in India. How should they go about it?

CASE FACTS

- Malls are at a premium location in Tier 1 cities, 5-10 years old, have a mix of shops
- Vacancy has decreased, absorption has increased.
- Rent per sq. foot and Occupancy rate have increased for the Marketcity mall

INTERVIEWEE NOTES

- Client- PE firm, interested in investing in the chain of Phoenix malls in India
- Look at industry attractiveness, Asset Attractiveness, Competitive moats and Key Risks

APPROACH/ FRAMEWORK

- Due Diligence
  - Industry Attractiveness
    - Market Size
    - Constraints of Growth
      - Capital, Supply-Demand
  - Asset Attractiveness
    - Revenues
      - Rental Income Other (Parking, Advt., etc.)
    - Costs
      - Depreciation, Maintenance, Utilities
  - Competitive Moats
    - Exit Cost
    - Brand
  - Key Risks
    - Technological
    - Regulatory
    - Infrastructure
    - Financial
    - Competitive

Rental Revenue Estimation

Estimates	#Floors = 4 | %Occupancy = 90% | Rent/sq. foot/month = INR 200
Total Area/floor	No of retail shops = 50, Area= 1000 sq. feet. | No of anchor shops = 5, Area = 5000 sq. feet | No of Big shops= 1, Area = 10,000 sq. feet Total Area/floor = 85,000 sq. feet
Fixed Rental Income	Total area of mall * %leasable area * %Occupancy * Rent/sq. foot/month = #Floors * Avg. #Shops/Floor * Avg. Area/shop * %leasable area * %Occupancy * Rent/sq. foot/month = 4 x 85000 x 0.9 x 200 = **INR 6.1 Cr/month**

RECOMMENDATIONS

- Phoenix Marketcity mall is outperforming the industry in terms of leasable area, occupancy rate, rent per sq. foot.
- Shows competitive advantage: high exit costs & brand value.
- Magnitude and the probability of the risk occurrence is low.
- Overall: Good investment opportunity, assuming availability at a reasonable valuation

OBSERVATIONS

- Always remember to compare the asset with the industry as well as the asset's past performance.
- Further brainstorming on mitigation of risks can be touched upon briefly

Q-Commerce Fulfillment Acquisition – Interview Transcript (1/2)

Your client is a leading Indian e-commerce company planning to expand its Q-commerce network to T2 cities. They're evaluating the acquisition of Q-Express, a fulfilment partner with 45 micro-warehouses across 30 T2 cities. The client want your help conducting a commercial due diligence, How would you proceed?

Thanks for this interesting case. Before structuring the DD, I'd like to clarify few key points to ensure we're aligned on the context. Is the primary objective of this potential acquisition to accelerate go-to-market timelines, or are there additional strategic motives such as cost efficiency, market share expansion, or a defensive move against competitors?

The client's objective is speed. Most T2 cities are still untapped by other q-com players, though traditional e-com players are present. To establish a first-mover advantage, the client is keen to avoid the time and cost of building infrastructure from scratch and is therefore considering acquiring Q-Express to accelerate market entry.

Understood. With regards to the deal, could you clarify the client's budget and the expected ROI timeline? Additionally, is this a full acquisition of assets and operations, or is a JV/ partnership model being considered?

The budget is Rs 150-200 crores with an 18-month ROI expectation. This will be a full acquisition, and they aim to go live within 6 months.

Given the urgency and first mover advantage potential, I'll structure my DD around four key pillars: strategic fit, operational performance, financial viability and risks & integration gaps. Should I consider any other aspect?

No, these will suffice. Let's begin with the strategic fit?

To begin, I would assess the geographic coverage. Specifically, does Q-Express currently operate in Tier-2 cities that overlap with the client's priority expansion markets - such as Indore, Surat, Nagpur, and Lucknow?

Yes, 23 of their 30 cities overlap with the client's Phase 1 and 2 targets.

That's nearly 80% alignment, giving us infrastructural leverage across regions. I would also evaluate category fit - specifically, whether Q-Express's operations are optimized for high-turnover, lightweight SKUs such as groceries and FMCG. Additionally, it will be important to assess their capability to handle perishables and whether they offer cold-chain support.

Groceries and daily-use FMCG are their focus. Currently, they don't have cold chain but plan to pilot dairy SKUs.

That's promising. Groceries and FMCG make up 70%+ of q-com volumes in India. Cold chain absence is an opportunity for the client to leverage its capabilities and differentiate in T2.

That's a good suggestion. Let's shift our focus to the operational performance, shall we?

Sure, let's begin by evaluating some key metrics. Could you share their performance on delivery time, SKU fill rate, pick accuracy, warehouse utilization and the delivery model used? Do we have any benchmarks for these?

Sure. Average delivery time is 24 minutes. Fill rate and pick rate are 82% and 88%, respectively. Benchmarks for these are 90% and 95% respectively. All warehouses are leased, with average utilization of 66%. Last mile delivery is 100% outsourced to hyperlocal aggregators.

With proper batching and tech support, average delivery time can be cut down to 18-20 minutes. A fill rate of 82% vs industry standard of 90% implies frequent stockouts and potential challenges with customer loyalty. The pick accuracy of 88% is significantly lower than the desired level of 95%, leading to higher returns and poor CX. The delivery time seems acceptable for T2 cities but could be improved further with better batching. A 66% utilization suggest capacity buffer, which is good for scale but potentially a sign of low throughput. Quick follow-up, do their 3rd Party Logistics providers (3PLs) use routing algorithms?

Good job! The 3PLs use basic route optimization.

The current model is serviceable, but further optimisation can unlock improvements. I would suggest exploring a hybrid model post-acquisition – a mix of 3PL for surge handling & owned fleet for base load in top T2 cities.i

Why do you suggest that?

To mitigate risk. In q-com, service level agreement (SLA) control and consistency are harder with purely outsourced fleet, especially in non metro cities where fleet availability fluctuates.

That's a great suggestion. Now please evaluate the financial viability through a breakeven estimate. Let's take fixed costs to be ~Rs. 2 lakhs per warehouse.

Assuming revenue of Rs 100 with ~20% contribution margin respectively per order, it leaves us with contribution of Rs 20 per order. To breakeven at the monthly fixed cost per warehouse of 2 lakhs, we will require ~333 orders/day. Do we know the current order throughput per warehouse?

Sounds good. Current vol. per warehouse is 280 orders/day. Is there a way to improve this?

Yes, assuming we improve the fill rate from 82% to 92%, the volume of demand fulfilled correctly increases by 12%. Improving the pick accuracy and adopting the hybrid model could further reduce the variable cost, increasing our contribution per order.

Let's assume that the variables costs fall by Rs 5 as a result of these measure. What do you observe?

Our new CM would be Rs 25, meaning that the new breakeven will be at ~267 orders/day which lies below the breakeven point. Furthermore, throughput per warehouse will also increase. Further ensuring that we break even. Do we have the current revenue and EBITDA?

Sounds good. The revenue last year was Rs 180 crore, with an EBITDA margin of -4%.

That's a loss of Rs 7.2 crore annually. With these interventions, we could flip to positive EBITDA in 12-18 months (~9-10 crore upside from CM improvement alone, improved throughput would help add further profits).
At a revenue multiplier of 2-3x, current valuation would be Rs 360-540 crore. But if we structure it smartly, the deal can be closed within our budget via an upfront + earnout split. This will mitigate the client's risk as payment is tied to proven post acquisition performance, not projections.

Excellent strategy and analysis. Let's now move to the next dimension – risks and integration gaps?

Sure. To evaluate the risks, I plan to explore three key areas: Infrastructure and lease stability, technology stack and process maturity. Should I explore any other areas like people and cultural alignment as well?

Not required, this is comprehensive enough. Actually, process maturity isn't a major concern. Q-Express has fairly standard SOPs across warehouses with documented workflows and digital checklists. But the other two areas do require closer evaluation.

Great. Let's then start with infrastructure and lease risks. Given all warehouses leased, how soon are the key renewals due?

Around 30% of them are due for renewal in next 12 months.

That introduces a potential disruption. Lease non-renewals or rent hikes in key expansion cities could stall fulfillment operations. We should identify critical sites and converting 20-30% of them to long-term leases. A sale-leaseback model could also improve stability.

That's a valid concern. A sale-leaseback model will certainly de-risk the asset ownership while improving the capital efficiency.

Q-Commerce Fulfillment Acquisition – Interview Transcript (2/2)

Certainly! Next, on the technology front, does Q-Express use proprietary systems? And do they support real-time inventory syncing and demand forecasting?

They use a custom-build OMS, but it's not fully real-time. There is a delay in syncing inventory with partner platforms. No demand prediction or automation yet.

That a clear tech gap. Q-com needs real time visibility. Any lag can increase stockouts, affecting the CX and increasing costing per order in concessions. Prioritisation should be on tech integration post-acquisition, starting with real time OMS sync, then moving to predictive inventory and auto-replenishment systems.

That makes sense. We've now covered key risk areas. What would your overall recommendation be to client?

Based on the analysis so far, I would recommend proceeding with the acquisition, but only under a structured, milestone-based deal. The strategic alignment is strong; the market opportunity is significant and with targeted interventions the business can swing to a positive EBITDA within 12-18 months.

Seems fair, how will you structure such a deal?

To stay within the client's budget, I'd suggest a deal structure with Rs 120 crore as upfront payment, and the remainder linked to performance milestones over the next 18 months. This will mitigate the client's risk, as the payment will be tied to performance post acquisition.

And what kind of performance gates would you recommend tying to the earnout?

Earnouts should be linked to three categories of milestones:

1. Operational: 90%+ fill rate and 95% pick accuracy across key warehouses
2. Financial: Breakeven in at least 15 of the 52 warehouses by end of year one
3. Tech Integration: Real time operations management system sync deployed across all centers with <2% stockout rate

This will ensure there is incentive to actively support the transition and that the client pays only when clear value has been unlocked.

Understood. And in what scenarios would you advise to walk away from the deal?

Acquisition can be reconsidered if:

1. Lease renegotiations for critical warehouses fail
2. The tech stack requires a full rebuild costing significantly more than estimates
3. The addressable market is found to be materially smaller than projected

In that case, a build from scratch or a JV in select cities would be safer, allowing us to control execution without assuming risk.

Very comprehensive. We can now close the case. Thank You!

Q-Commerce Fulfillment Acquisition – Approach

Problem Statement

Your client is a leading Indian e-commerce company planning to expand it's Q-commerce network to T2 cities. They're evaluating the acquisition of Q-Express, a fulfilment partner with 52 micro-warehouses across 36 T2 cities. The client want your help conducting a commercial due diligence.

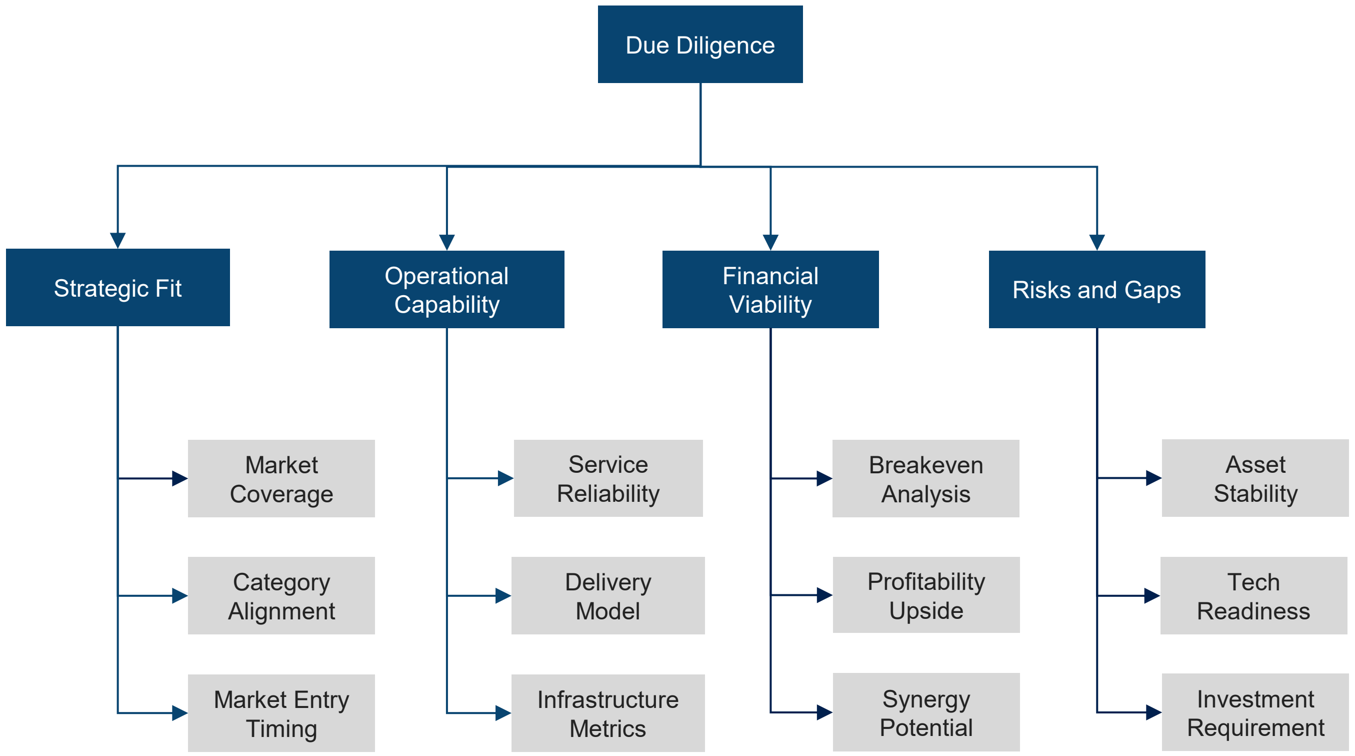
CASE FACTS

- Budget : Rs. 150-200 Cr
- ROI (expectation): 18 months
- Current revenue : Rs 180 Cr; EBITDA -4%
- Daily orders/ Warehouse: 280
- Fill Rate: 82% | Pick Accuracy: 88%
- Delivery Time : 24 mins | Utilization : 66%
- Tech : Custom OMS, Sync delay
- 30% leases up for renewal within a year
- Last-mile delivery: 100% outsourced

INTERVIEWEE NOTES

- Client's strategic objective is speed and getting a first move advantage
- Key buckets to evaluate DD would be strategic fit, ops capability, financial viability and integration risks.
- Bottom-up financial modelling to be used for breakeven assessment
- Risks (lease, tech, people, process) to be tied directly into actionable deal structuring like earnouts.
- Quantifying benefits & proposing contingent deal terms

APPROACH/ FRAMEWORK



RECOMMENDATIONS

- Proceed with acquisition via structured deal (Rs 120 Cr upfront + milestone-linked earnout).
- Projected turnaround EBITDA from -7.2Cr to positive EBITDA in 12-18 months. Key Levers: Improve fill rate, reduce variable cost, integrate real time OMS and hybrid fleet
- Earnout gates: Operational KPIs, financial breakeven and tech rollout
- Back out if: Lease negotiation fail, tech cost balloons, or TAM overestimated

OBSERVATIONS

- DD cases are best solved by linking qualitative gaps (ops, tech) to quantitative impact (EBITDA, throughput)
- Bottom-up margin modelling build credibility and show financial maturity
- Earn-out structures are powerful in de-risking the acquisition, especially when turnaround needed.
- Always identify walk-away triggers in DD cases. This adds maturity and realism to your recommendations

AI Enterprise Acquisition – Interview Transcript

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Your client, a global consumer electronics giant, is considering acquiring an AI enterprise to improve their internal AI assistant. What would your first step be in analysing this case?

I would start by understanding the client's current situation and their objectives for this acquisition. Can you provide more details about their current AI assistant and what they aim to achieve with this acquisition?

The client's internally developed AI assistant is underperforming, and they want to integrate a superior AI assistant from the target AI enterprise into their diverse ecosystem, which includes laptops, phones, and other devices. The AI enterprise is valued at $500 million.

Okay, so I will look into both the financial and non-financial aspects of this acquisition. Let’s start with financial feasibility. Can you provide information on the revenue and profitability of the AI enterprise?

The AI enterprise acquisition has an annual revenue increase projected at $1B, with other AI tools like text-to-image and text-to-video generation also contributing significantly. Consider EBIT margin is 25%, and the effective tax rate is 20%.

Understood. I would calculate the net cash flows to determine the NPV and ROI. Moving on, we should also consider synergies. What are the expected synergies from this acquisition?

The client expects both operational and financial synergies. Operationally, integrating the superior AI assistant will enhance their product offerings. Financially, there are potential cost savings from economies of scale and increased revenue from improved AI capabilities. Additionally, the improved AI features on the already market-leading tech ecosystem would further solidify the client’s market position, creating a stronger lock-in effect for customers.

That makes sense. We also need to identify any dependencies and risks. Could you elaborate on any operational dependencies or risks associated with this acquisition?

The AI enterprise relies on cloud computing from multiple providers, which is a significant operational dependency. Additionally, there are privacy concerns as user data from the client’s devices will be exposed to the AI enterprise's servers. This could be mitigated by obtaining user permission each time data is sent.

Given these dependencies and privacy concerns, we should analyze the costs of implementing robust privacy measures. Finally, assessing the external risks is crucial. Could you provide more details on potential external risks?

External risks include regulatory challenges with global and regional data privacy laws, potential technological incompatibilities, and competitive responses in the market.

Thank you. Let's delve deeper into these areas. For regulatory risks, we need to evaluate the specific data privacy regulations in the markets where the client operates. This includes GDPR in Europe, CCPA in California, and other regional regulations. The cost and complexity of complying with these regulations must be factored into the acquisition plan. For example, GDPR compliance can be particularly stringent and expensive, requiring dedicated resources and systems to manage data privacy.

That's a good point. Can you elaborate on how technological incompatibilities might impact the integration process?

Certainly. Technological incompatibilities could arise from differences in the underlying architecture of the client’s systems and the AI enterprise's systems. For instance, if the client’s ecosystem is primarily built on one type of cloud infrastructure and the AI enterprise uses another, there could be significant challenges in integrating these systems. This might require substantial investment in middleware or even re-engineering parts of the infrastructure. Moreover, there could be compatibility issues at the software level, where APIs and data formats might not align, necessitating further development work to ensure smooth interoperability.

Great, let's just assume that the total cost of the initial integration and privacy compliance discussed are $50M. Keeping that aside, we should also consider competitive responses. What could be the potential impacts from competitors?

Competitors may respond aggressively to the acquisition by ramping up their own AI capabilities or launching marketing campaigns to capitalize on any disruption during the integration phase. The client needs to be prepared for such competitive pressures by ensuring that the integration is as seamless as possible and by communicating the enhanced value proposition to their customers. Additionally, the client should monitor the competitive landscape closely and be ready to counter any moves by competitors with strategic marketing and product enhancements.

Excellent. Now, let's discuss the detailed financial calculations, starting with the NPV.

First, we will consider the net cash flows over five years of the AI tool’s relevance and assuming a discount rate of 10%. The projected annual net cash flow is $200M, based on the assumption that the acquisition will result in a $1B increase in revenue with a 25% EBIT margin and a 20% effective tax rate. Taking a time horizon of the next 5 years, these annual cashflows give us a present value of approximately $750M. Netting out the $500M acquisition cost, and $50M integration & compliance costs, the client should get an NPV of ~$200M.

Great, can you also elaborate on the ROI side?

For the ROI calculation, I’ll consider the cumulative net profit over the investment cost. The incremental net profit over five years is $1B ($200M x 5). Dividing this by the upfront $550M cost yields an ROI of 81%.

Correct. We have covered all aspects now. Can you summarize your recommendation?

Based on the positive NPV of $200M and a good ROI of 81%, I recommend proceeding with the acquisition. The client should focus on leveraging synergies by integrating the AI enterprise’s superior AI assistant into their ecosystem. This will not only enhance their product offerings but also strengthen their market position by creating a stronger lock-in effect for customers. The improved AI capabilities will drive customer satisfaction and retention, further solidifying the client’s market leadership. Additionally, implementing robust privacy measures and ensuring compliance with data privacy regulations will mitigate any risks associated with data exposure. Addressing technological dependencies and preparing for competitive responses will also be crucial to the acquisition's success.

Thank you. That concludes the interview.

AI Enterprise Acquisition – Approach

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Problem Statement

Your client, a global consumer electronics giant, is facing challenges with their underperforming AI assistant. They are considering acquiring an AI enterprise with a superior AI assistant, valued at $500M. The client wants your input to determine if they should go ahead with it.

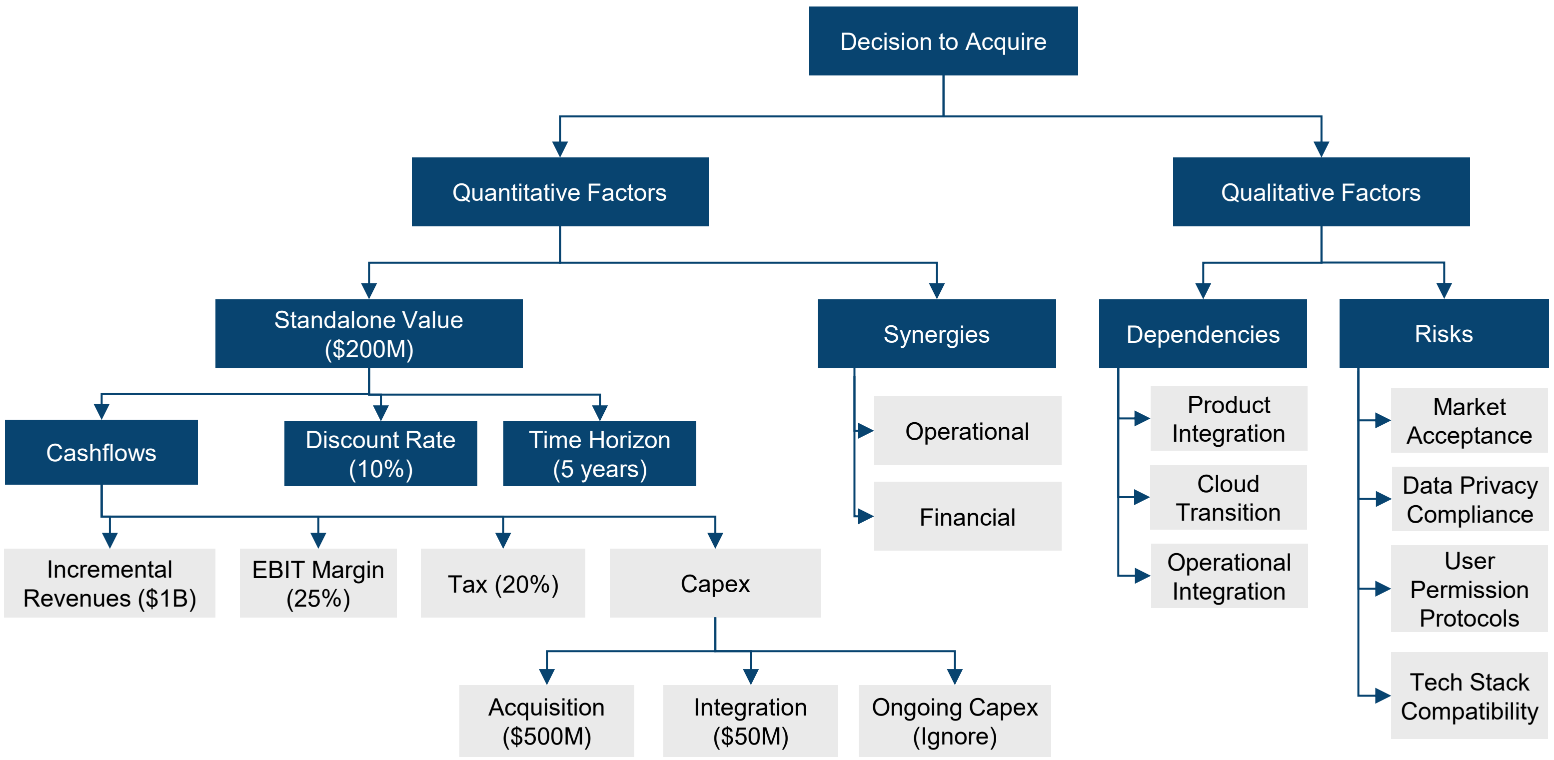
CASE FACTS

- Projected revenue uplift is $1B annually, with a 25% EBIT margin and 20% tax rate
- The tool will enhance product offerings & customer lock-in, increase revenue & exhibit economies of scale
- It relies on multiple cloud providers
- Total cost of integration & privacy compliance is $50M
- Assume a useful life of 5 years

INTERVIEWEE NOTES

- Competitors will likely respond aggressively to such a move, either through marketing or similar acquisitions
- Data privacy regulations across geographies could become an issue
- Tech integration could also be a challenge requiring significant resources

APPROACH/ FRAMEWORK



RECOMMENDATIONS

- Proceed with the acquisition since financial value is positive and there are also strategic benefits
- Be cautious of data privacy issues from AI integration into its products, and potential costs of integrating the backend tech
- Closely monitor competitors' responses & be prepared to counter with marketing & rapid product refinements.

OBSERVATIONS

- Beyond just financial value, acquisitions can help develop strategic capabilities and competitive advantages
- Even for relatively simpler acquisitions like an AI tool, there can be complications in the post-merger integration
- Discounted cashflow valuation involves more steps such as derivation of annual free cashflows. These may be skipped in interest of time

EPL Football Club – Interview Transcript (1/2)

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Your client is a sovereign fund of Saudi Arabia. In a bid to diversify, it aims to acquire a football club, Newcastle United of the English Premier League. The asking price is $1.3 B. The fund wants your input to value the company and to determine whether it should acquire Newcastle.

That sounds like an interesting problem statement. To get a better idea of the situation, I would like to ask a few clarifying questions. In what sectors does the Saudi Arabian sovereign fund generally invest?

The fund has a wide range of investments. Their primary motive is to diversify further and move away from the current oil sector-dominated portfolio.

Okay, so what is the motivation of the fund for this particular deal?

The fund already holds a stake in a few global sports teams, including a football team in USA. The top management is very keen to buy a team in the Premier League to compete with its contemporaries (other funds) and win the coveted title.

Great, I would now like to now understand any major constraints that the fund might face considering that it is a major foreign investment aiming for a majority stake in the club. There might be a minor chance of non-cooperation by the British government.

Yes, the fund is attempting to get a 100% stake. For now, you can assume that there are no issues regarding the same. It can facilitate the required transactions and complete the takeover.

Understood. As I am not too familiar with football, it would be great if you could provide some information about Newcastle and how the Premier League functions.

Sure. The English Premier League has 20 clubs that play head-to-head matches twice in the season (one match in their home stadium and another match in the opponent's stadium). Newcastle United consistently finishes in the Top 10 positions. It has a rich legacy and a very passionate fanbase.

Great! Do the Premier League teams only play in the League, or do they participate in other global tournaments?

That's a good question. They do participate in other English and European football tournaments. However, for now, you can assume that the team participates only in the Premier League and the English Cup.

Now that I have some understanding of football and the club, I'll delve into financial viability and operational feasibility to assess the practicality of this acquisition.
To determine the financial aspects, I would like to look at the major revenue sources and cost drivers to estimate the cash flows. By taking into consideration the conventional hurdle rate, I will then calculate the discounted cash flows to determine the Net Present Value of the club at a standalone level. Next, I will look at the potential synergies that can positively impact the cash flows.
Finally, I would consider some of the intangible factors that would affect the overall management of the club by the fund. The above steps would give us a clear idea regarding the operational and financial feasibility of successfully running the club after the proposed acquisition.

That sounds great. First, let us discuss the financial viability of the acquisition.

Thank you. Can I take a few minutes to jot down the various sources of revenue and the cost drivers?

Yes, sure. Please go ahead,

Okay. After imagining myself being at a football stadium, I identified the following sources of revenue for the club:

1. Ticket sales
2. Prize Money – League, Cup Tournaments
3. A share of broadcasting rights – Global and Local
4. Sponsorships – Kit Sponsors, Team, Stadium, Social Media, etc.
5. Advertisements in the stadiums and the Training centres
6. Merchandise sales
7. Other minor revenues - parking, stadium tours, museum (if present), event hosting, etc

You have listed most of the sources. Don't you feel hungry or thirsty when you're watching the game?

Being a foodie, I actually do. Keeping that in mind, royalties or revenues from the various outlets present in the stadium would be another major source of revenue.

Okay. Coming to the numbers, while the broadcasting rights bring in about $175 M yearly for the club, it gets an additional $70 M from sponsorships and advertisements and $30M in Prize Money. You can go ahead and calculate other major sources of revenue and you can ignore the other minor revenues you have listed above.

I will first start with the concessions and the outlets; I am assuming that around 50% of the attendees would be interested to buy something from the stores. Their purchase value would be around $20 per game (burger, sides and a drink). I'm assuming the operations would be outsourced with a 20% commission on all sales.

Yes, that sounds fair.

Now moving on to the ticket sales, They would be playing 18 home games according to the league schedule. I want to assume that Newcastle would play around 12 home games in the Cup Tournament to round it up to a total of 30 games. Additional information regarding the number of seats in the stadium would help me out to finish the estimate.

The seating capacity of the St. James Park is 60,000.

Thank you. Now, amongst the 60,000 seats, there would be a wide range of seats based on the view, proximity to the field, amenities for the stands, etc. For example, some would be premium seats (grandstand), some would be reserved for the season ticket holders and the remaining seats would be for normal viewers. The tickets would be priced very differently in the above-mentioned cases. Moreover, I would expect an almost 100% attendance for the games against the legacy teams and high-profile games, however, the attendance might drop down to about 70% in the other low-profile league games and cup tournaments.

EPL Football Club – Interview Transcript (2/2)

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Yes, those are great observations. For now, you can assume that there is only one type of ticket being sold, costing $50. Regarding attendance, you can consider an average occupancy to be 80%.

Sure. That will reduce complexity a little. In the case of merchandise, to keep it simple, I am considering that about 2M items are sold annually by the club – both to fans and tourists. The average order value will be around $100. Merchandise usually operates on a royalty model. Would it be fair to assume that the club gets royalties of around 10% across all the different forms of merchandise?

Good, that's a fair assumption.

I will take a minute to quickly calculate the total revenue. The club would earn about $370M based on these assumptions.

Sounds good! Now let's take a look at the costs side.

Okay. Before going ahead, I would like to ask about the status of the stadium and other facilities. Does the club have its own stadium, or does it rent the complex and other facilities?

That's a good question. The club owns the stadium.

Thank you, then there would be no cost involved for renting the facility. The major costs would constitute:-

1. Player salaries
2. Office and administration costs (including the salaries of the workers and the management)
3. Sales and advertising
4. Operating expenses and maintenance for the stadium & training facilities
5. Interest expenses, Depreciation, Amortization, & Taxes

Yes, you have covered all the heads. Let me give you some information regarding the costs. The overall salaries and front office costs add up to $150 M annually. The club spends $90 M on sales and advertising. Finally, it costs around $40 M for facility maintenance. Other costs can be ignored for simplicity.

Thank you. Then they would add up to $280 M in total. To calculate the value based on the discounted cash flow, can I assume the hurdle rate to be 15% and the growth rate of the cash flows to be 5%?

Yes, that sounds fair.

So based on the above assumptions, the valuation of the club ends up being ~$900M.

Great! Now, as you pointed out, let's look at the synergies.

Okay. I will look at the revenue side synergies first.

1. Increase in Sponsorship Value - the fund can leverage its contacts to get more appealing and valuable sponsorships
2. Higher revenue from stadium outlets - can negotiate for better royalties, improve operating standards and change some outlets
3. Merchandise – owing to the greater fanbase, there would be substantial increase in sales

Sounds spot on! Let's move ahead to the cost synergies.

The synergies on the cost side would be-

1. Management cost reduction
2. Eliminating redundant assets – Advertising, Facilities expenses etc.
3. Financial savings – Possibility of access to cheaper capital

Yes, that sounds fair. You can consider that the synergies can be obtained from the first year itself and Newcastle would gain additional cashflows of $50 M.

That's massive. This would push the valuation to $1.4B and considering that it is well above $1.3B, we can go ahead with the acquisition purely on financial terms

Seems like it. The deal looks favourable for the fund.

However, we need to look at some intangible factors to determine the overall fit of the acquisition.

1. Management Competence – The current capability of the administration needs to be evaluated. Based on this the owners might move ahead with major restructuring. There is a possibility of cash flow improvement, nonetheless, the club might face a backlash from the fanbase and the players.
2. Ability of the fund to run a legacy football club
3. Access to Capital
4. Risks of achieving required synergies – The synergies add $500M to the valuation which pushes it to just $100M above the ask. Minor deviations in the synergy assumptions and operational execution to achieve them could bring the valuation below the ask price.
5. Culture clashes – the plausibility of major differences in the culture of the club and the management principles of the owners
6. Regulatory barriers – British Government, English Football Association, etc.
7. Macroeconomic risks involving football and England
8. Opportunity Cost – availability of better investment opportunities

Considering the experience of the fund, all the above concerns can be dealt with. You have done a great job assessing all the core aspects. We can close the case for now.

EPL Football Club – Approach

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Problem Statement

Your client is a sovereign fund of Saudi Arabia. In a bid to diversify, it aims to acquire the football club, Newcastle United, of the English Premier League. The asking price is $1.3 B. The fund wants your input on whether to proceed with the deal given its valuation.

CASE FACTS

- Client already has holdings in major sports teams
- EPL has 20 teams; Newcastle is a consistent top-10 finisher
- Home stadium has a capacity of 60,000, with 80% occupancy & $50 avg. ticket price
- Club gets 10% royalty from stadium outlets
- Synergies accrue from year 1 & recur annually

INTERVIEWEE NOTES

- Assuming a hurdle rate of 15% and growth rate of 5%
- Only EPL & English Cup revenues are considered for this case
- Ignoring minor revenues & other cost heads (interest, tax, depreciation, etc.) as well as capex
- Ticket sales & In-stadium royalties are both a function of game attendance

APPROACH/ FRAMEWORK

- Decision to Acquire
  - Hard Fit (Financial)
    - Standalone Value
      - Revenues
        - Media Rights ($175M)
        - Sponsorships & Ads ($70M)
        - Prize Money ($30M)
        - Ticket Sales
        - In-stadium royalties
        - Merchandise Sales (2M units * $100 * 10% = $20M)
        - Miscellaneous (Ignore)
      - Costs
        - ($150M)
          - Player Salaries
          - Office & Admin Costs
        - Infra & Facilities Opex ($40M)
        - Sales & Advertising ($90M)
        - Others (e.g,. Interest, Tax, Depreciation, etc.) (Ignore)
    - Synergies
      - ($50M annually)
        - Revenue Side
        - Cost Side
  - Soft Fit (Non-Financial)
    - Internal Factors
      - Management Competence
      - Fanbase support
      - Culture Clashes
    - External Factors
      - Access to capital
      - Regulatory Barriers
      - Risk of Synergies

Tickets & In-stadium sales rev.

# Games	Stadium Capacity	Avg. Attendance	Ticket Price	F&B Sales per person	Revenue
EPL (18) + EC (12) = 30	60k	80% (48k)	$50	50% penetration * $20 AOV * 20% commission = $2	30 * 48k * (50 + 2) = **~$75M**

Valuation

Line Item	Value
Annual Revenue	$370M
Annual Costs	$280M
Annual Cashflows without synergies	**$90M**
Unlock from Synergies	$50M
Annual Cashflows with synergies	**$140M**
Growth rate	5%
Hurdle Rate	15%
Standalone Value (NPV)	**$900M**
Value with Synergies	**$1.4B**

RECOMMENDATIONS

- Proceed with the acquisition since net financial value is positive and there are no red flags in soft fit
- The funds' experience with other global teams can help boost synergies
- Critically examine the synergy estimates. Slight change in estimates or execution challenges could make the acquisition negative NPV.

OBSERVATIONS

- Can use the Perpetuity Method to determine valuation quickly (Dividend Discount Method). In this case, the interviewee assumed 100% dividend payout.
- For valuation centric cases, it is critical to comprehensively identify the revenue streams and cost heads for the target
- Soft Fit in particular can play a critical role in terms of risk factors for realizing the financial estimates

Pharma Giant's Acquisition – Interview Transcript (1/2)

The CEO of a publicly listed global pharma company has approached us and wants advice on whether they should acquire patent and selling rights for a new drug that cures balding which is developed by a pharma lab.

Firstly, I would like to understand the objective of our client to undertake such an exercise. Are there any targets in terms of revenue growth, or is there a strategic motive?

The client doesn't have a specific objective in mind. They have just received an invitation to bid of $4 Mn and want us to analyze its attractiveness and recommend a course of action. If they find the deal attractive, they will roll out the drug across the globe.

I would like to know more about the client in terms of their customers, products, past experiences, capabilities, and presence in the value chain. And, are there any constraints with respect to time or financial flexibility?

The client is a vertically integrated end-to end player and has a diverse portfolio of drugs for diabetes and cardiovascular diseases, alongside a few fitness-related prescription and OTC (over-the-counter) drugs. The company is doing very well in its markets and there are no constraints.

Okay, thank you. Now I would like to know more about this new balding drug. What is the key differentiator for it? What is the efficacy of the drug and are there any side effects?

Good question, so the patient needs to take these pills for a 1-year treatment regimen, and it will cure their baldness for life. It is hard to tell the exact efficacy since the clinical trials for the drug are yet to be made, though the researchers are expecting the drug to have a good efficacy with negligible side effects.

Got it. What is the competitive landscape like?

There are a few other balding cure drugs in the market, but this one is expected to be significantly better. What do you think are some of the substitutes or competitors for the drug?

I would classify baldness solutions into 2 broad types – medical, and cosmetic such as wigs or caps. Medical treatments can further be invasive or non-invasive. Invasive techniques include injections and surgeries such as hair implants, while non-invasive methods will comprise oral drugs like this pill, topical applications like oils & creams, and alternative methods such acupuncture or so forth. Oral drugs would be the direct competitors, while topical applications, alternative methods & invasive techniques could be direct substitutes. I believe there are structural reasons for why some people choose cosmetic solutions over medical ones – either affordability, availability, fear of side effects, or simply not caring about baldness as much. So, I think cosmetic would be indirect substitutes but not as relevant here.

Great, I think you've covered everything.

Thank you! Now that I have a fair overview of the client, the new drug and the competition, I would like to take a few seconds to structure my thoughts, if that is okay.

Sure, take your time!

Sure. I would like to analyse this problem with a five-pronged approach:

- Market attractiveness: Here I would like to look at the market size, growth potential & degree of competition.
- Financial feasibility: I would calculate the fair value of the project using the NPV method and the way in which finance can be arranged.
- Synergies and fit: How the new drug fits in the existing portfolio of the client and the benefits or opportunities that the company will gain out of this acquisition.
- Operational feasibility: Challenges that need to be tackled to undertake the entire process post-acquisition, including the clinical trials, setting up the plants and distribution & marketing.
- Risks and benefits: Any potential risks that need to be considered before engaging in the process.

Yeah, I think we can work with this structure. Let's begin with market attractiveness. How will you estimate the market size for the new drug?

I would like to construct a formula to estimate the yearly market size:
(# of bald people)*(fraction opting for a treatment)*(Fraction opting for non-invasive techniques)*(fraction of that opting for the non-traditional techniques)*(fraction opting for the drugs)*(market share of our drug)*(price of our drug). Now to proceed further do we have any data, or should I make some assumptions?

It is estimated that 1,00,000 people will buy this drug if it turns out to be successful and the drug will be priced at an effective rate of $10,000 for a 1-year treatment. This is expected to grow at 4% for the visible future.

So that makes the market size of $1B growing at 4%, given that everyone is ready to pay the price of $10,000.

That is correct, now let's move forward with the financial analysis. How will you proceed?

I would like to first look at the costs side. For that, I will break down the costs into fixed costs and variable costs. The fixed costs will include the clinical trials costs, plant setup costs, marketing and distribution cost, and other fixed costs. On the variable side the raw material, labor cost would be included. So now do we have any quantitative data for the same? Additionally, do we know what the tax rate is?

Yes, we do. The variable costs are expected to be ~30% of revenues and the marketing and distribution is also $300 Mn per year. Setup cost are ~$500 Mn, and there are no other fixed costs. The costs for the different phases- 1, 2, and 3 of the clinical trial are $4 M, $20 M and $100 M respectively. You can consider a flat tax rate of 50%. So now given this information what should be your next question?

What is the probability of success in the different phases of the trials? As it would be required for calculating the expected value of the clinical trials. Also, if Phase 1 turns out to be a failure, then we will have to abandon the project without going for Phase 2. And likewise for taking a decision for phase 3 depending on the phase 2 success. In terms of approach, I will calculate the NPV product, if approved, using perpetuity method & then factor in the probability & trial costs to evaluate the profits.

Pharma Giant's Acquisition – Interview Transcript (2/2)

Good question, the probability of success in phases 1, 2, and 3 is 0.1, 0.2, and 0.4 respectively. The approach looks good as well.

So, basis the given information we can calculate the expected value of the clinical trials cost to be $ 8 Mn (Please refer to the approach page). Now in moving to the NPV of the product, factoring in the variable cost &marketing costs, we arrive at an EBIT of $400M per year. Factoring in tax, we arrive at a PAT of $200M. Assuming that these would continue for perpetuity at 4% growth rate as taking a 12% discount rate, we arrive at a PV of future cash flows of $2.5B. The NPV, after deducting setup costs is ~$2B
And similarly considering the probability of success for the project the expected revenue can be calculated as (Probability of success for Phase 1* Phase 2* Phase 3) * ($2B)= $16 M. So, the net difference of revenues and clinical trial cost is $ 8 Mn.
Now the value to client is of $8M and factoring in the bid price of $4M, the net value is $4M NPV. Is the client good with that? If yes, then financially this looks like a sound acquisition.

Yes, the client would be happy with the net $ 4 M NPV. What else would you consider further?

I would now consider the synergies and fit for the new drug. Given the clients diverse portfolio of drugs and presence across the globe, the new drug will fit well in the fitness category. And given the disruptive nature of the drug and its quick impact, the brand image of the company will get a boost if the drug is rolled out successfully. On the operational feasibility aspect, the existing plants and distribution capabilities of the company can be leveraged easily to roll out the drug globally.

Okay now what do you think are some of the risks in going ahead with the proposal?

Sure. I have collated the risks into the following categories:

Internal risks:

Failure in phase trials: If the risk appetite of the company is low then there could be a threat to the financial flexibility of the company due to the huge costs involved in the trials.

Delays in the clinical trials will further put a burden on the company.

As this is a single dosage drug, the growth rate of the drug would be very low.

Beware of specific logistic considerations for the drug.

External risks:

Threat of counterfeit drugs can damage the brand image of the company.

Country specific regulations: The company will have to deal with the countries to get the drug approved.

So, will you buy the patents, Yes or No?

Yes, the client should go ahead with the acquisition at the price of $1Mn.

Thank You. We are done with the case.

Pharma Giant's Acquisition – Approach

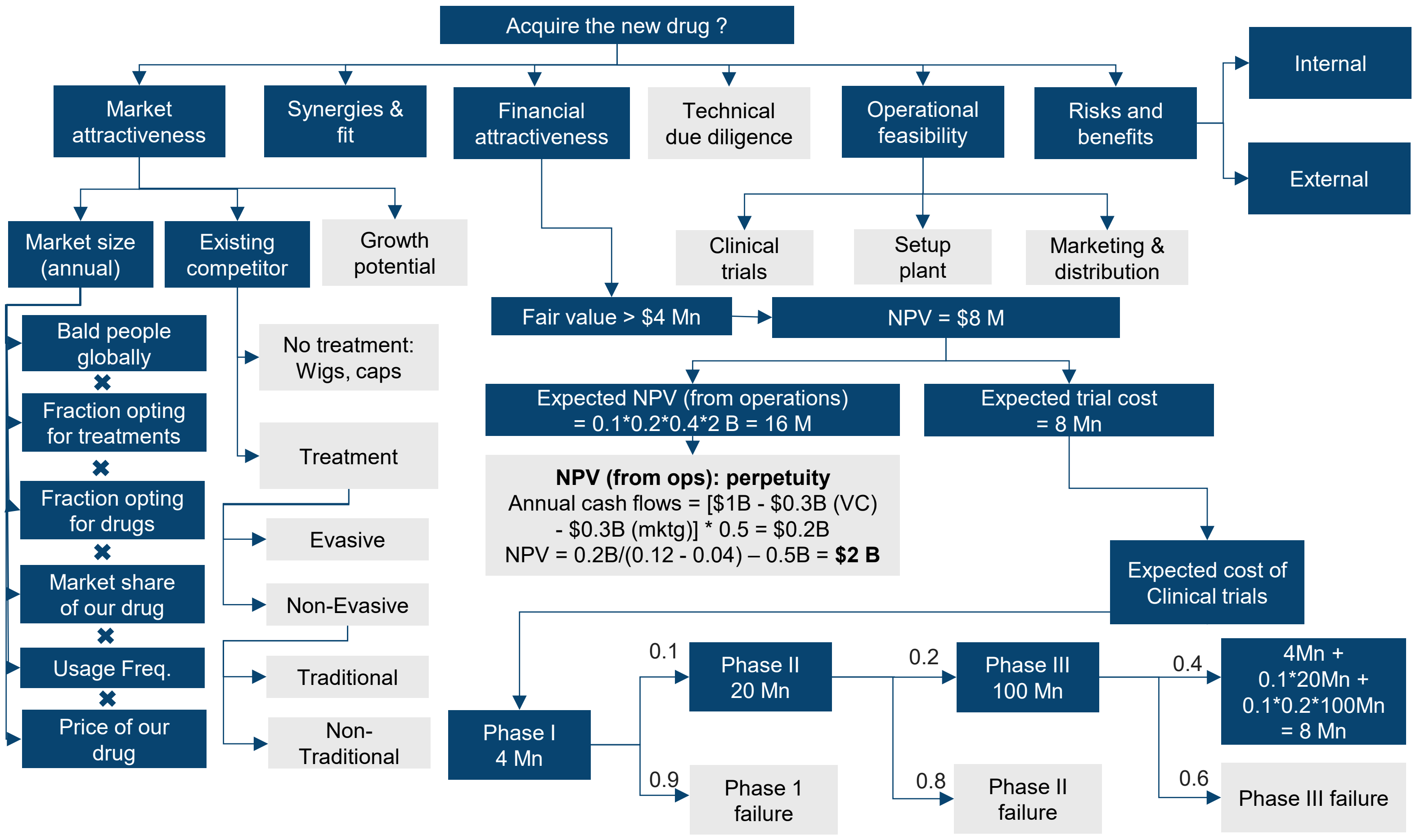
Problem Statement

Your client is a CEO of a global pharma company. The client has an offer to buy the patent and selling right for a newly developed drug that cures balding. It wants you to analyse the acquisition dilemma and give recommendations.

INTERVIEWEE NOTES

- It is important to understand the objectives and constraints of the client
- Enquire about both the acquirer and the acquiring company and understand the product mix, geography, type of integration across supply chain, competitors.
- It is convenient to structure at each step instead of laying down a laundry list of things.
- Make use of formulas.
- Assume all the values are mentioned as the present values. Therefore, ignore the time value of money.

APPROACH/ FRAMEWORK



RECOMMENDATIONS

- Short term:

a) Do a through technical due diligence of the drug by using the expertise of company researchers.

b) Plan and expedite the process of clinical trials to get timely approvals for rolling out the drug globally.

- Long term:

a) Leverage technical expertise to ensure drug quality and existing distribution network of the company with direct promotional strategies directly to the consumer.

b) The plant's equipment can be salvaged as the demand for the drug will drop due to its one-time usage; get rid of excess capacity.

OBSERVATIONS

- It is important to be comprehensive; bucketing the problems into different sections helps in structured thinking.
- Go through the industry insights to be aware of the drug development phases in case of pharma industry.

Skill Development Company – Interview Transcript

FRAMEWORK
INDEX

Your client is a PE firm looking to invest in a company that helps facilitate employment of underprivileged students via skill development programmes. Conduct their due diligence and analyse the feasibility of this investment.

Sounds good. Firstly, I would like to understand our client's motivation behind the investment.

There are two primary motivations: financial gains and social impact.

Okay, does the client have any targets for the quantum of investment it wants to make?

There is no restriction as such. We would like to help in analyzing various factors to decide this.

Okay, and is there any exit multiple or return rate that they are expecting from this investment?

Good question. So, we are looking at a 16% CAGR on the investment over a horizon of 6 years after which we plan to exit.

That's helpful. I would now want to get some information about the existing portfolio of the client. Has the client invested in similar companies previously? How does its portfolio look like?

Yes, the client has invested in similar companies before, but none of them are based in India. Their portfolio comprises growth-stage startups in healthcare, services and ed-tech, based out of India and Southeast Asia.

Great. Now that I have information about our client, I would like to know more about the target company and their business model.

Sure. It is a family-run company founded by 3 brothers. They work with underprivileged students from the Eastern-Indian states of Orissa, Bihar and West Bengal. Their business model is to upskill students in theoretical and vocational skills and help them obtain employment. Their revenue streams include fees from the students at a subsidized amount and commissions from the companies where the students are employed.

Thanks for this. Are there specific skills or sectors in which the students are trained?

The students are unemployed youth who are provided training as beauticians, for cutting and stitching jobs and as baristas for coffee shops. They are continuously expanding the range of their skilling programs.

That's interesting. And how is the competitive landscape in the sector where the client operates?

It is a fragmented market and there is high competition from some similar early-stage start-ups.

Do we have any information about the profitability of our client ?

Currently, the client operates at 15% net margin while the industry operates at 16% margins.

Is there any other differentiation that the company has?

The company has invested in technology to automate some of the teaching process. They have also worked to develop a wide industry network to support placements and identification of demanded skills. Finally, they incentivize students to join by identifying applicable government schemes to avail scholarships and get skilled.

Lastly, what's the equity structure of the company and have there been any prior investments?

Good question. There haven't been any prior investments and the equity is split equally between the 3 brothers.

At this point, I feel I have enough information to proceed. I'll take a moment to structure my thoughts to analyse the feasibility of the investment.

Sounds good, please go ahead.

Okay, I would like to divide the analysis into 3 buckets – firstly, estimating the market attractiveness and coming up with a valuation of the company. Next, I would like to investigate the synergies that can be drawn from the portoflio. Lastly, I would like to look at the various risks associated with the company. I would also like to know about the company's founders and their vision.

That sounds like a fair approach. Explain to me your approach for estimating the total market size.

I'll start by estimating the population of West Bengal, Orissa and Bihar, which should be 20% of the total population. Next, I would segment the population by age (18-25 years, which is 20% roughly). We can further look at urban and rural segments and then look at the low- and middle-income category. Does that sound like a good approach?

Do you think you are missing any other criteria?

Since we are looking at skill programs, we should be looking at only the unemployed youth and students. We can use the labour participation rate and unemployment levels to get a figure. I can then multiply this volume with the average fees. To further understand the market size, I would like to know their commission rate from firms and the typical placement ratio they operate at. Finally, we'll also need to estimate how the demand is likely to change over these 6 years.

Let's assume that there is enough demand. How would you get the projected revenues for the next 6 years to estimate the value of the firm?

Revenue would be a function of market share, commission rate, and growth rate. You mentioned that the market is highly competitive, so we can assume a small, steady market share of 3-5%. I'll use population growth as a proxy for the candidate volume growth. Commissions will be based on the relative success of getting employees placed. We can then apply the 15% margins and 16% hurdle rate to derive a valuation.

Good, let's move on and look at the other factors.

Sure, I would like to now look at the various synergies that we can draw from the previous investments. I would like to look at revenue synergies, cost synergies and efficiency synergies.
In terms of the revenue synergies, based on our other investments in home services sector we can drive demand for the company and identify skill training opportunities. The client can draw cost synergies from similar foreign-based startups in our portfolio by means of technology transfer.

Good points. Let's talk about the equity holding and investment amount that we should look at. What factors would influence this decision?

Firstly, I would like to understand the nature of the investment – are we looking at a strategic investment with a majority stake or are we looking at a financial investment?

As I mentioned, we plan to exit in 5-6 years, so it is a financial investment.

Skill Development Company – Interview Transcript

FRAMEWORK

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Right, so if we are looking at a minority stake in the company, the investment would depend on the valuation of the company and other possible PE firms who are looking to invest in the same company. We should also look at the willingness of the founders about the extent of dilution of their shares.

Good points. There are in fact 2 other firms looking to invest in the same company. Let's quickly now look at the various risks and exit options before the client.

Sure. First and foremost, I would like to do a legal due diligence to see if there are any litigations, tax liabilities or regulatory compliance issues with the company, which can contribute to legal risks. I would look at the debt structure as well as the employee contracts of the company. In terms of technological risks, there are chances of obsolesce of some of these skills and need to adapt quickly to changing demands. There are economic risks, with respect to getting fees from the underprivileged in cases where sufficient government scholarships are absent. There is also high competition in the sector and threats from competition who can eat up the market share.
In terms of exit options, the company can look to sell its stake back to the initial promoters or another PE firm since there are existing competition.

Alright, I think that's a comprehensive analysis. Any final recommendation?

Given the demand and good profit margins of the company, the investment looks lucrative, and the client should go ahead with it,

Alright, thank you for the recommendation.

Skill Development Company – Approach

FRAMEWORK

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Problem Statement

Your client is a PE firm which wants to invest in a company that helps facilitate employment of underprivileged students via skill development programmes. You need to conduct due diligence and analyse the feasibility of the investment.

CASE FACTS

- Client is targeting a 16% CAGR with a 6-year time horizon & has invested in similar startups
- Target is family-run, and operates in 3 states of East India
- Earns revenue through student fees and hiring commissions
- Industry is highly competitive, and the client operates at similar margins as industry average

INTERVIEWEE NOTES

- Client's target segment will be unemployed youth and students
- Competitive market means market share will likely be stable & small
- Need to identify proxies that can be used to estimate variables for revenue projections
- Financial investment means decision will largely center only around valuations and ability to fundraise

APPROACH/ FRAMEWORK

- Commercial Due Diligence
  - Financial Viability
    - Intrinsic Value
      - Market Size
      - Growth Rate
      - Profitability
    - Acquirer's Value
      - Differentiation
      - Competition
      - Equity Structure
    - Synergies
      - Revenue Synergies
      - Cost Synergies
  - Business Model
    - Customers
    - Operations
    - Financials
  - Exit Options and Risks
    - Exit Options
      - Total Exit
      - Partial Exit
      - IPO
    - Risks
      - Political
      - Economic
      - Social
      - Technological
      - Environmental
      - Legal

Market Sizing

Overall Population	Target Geography	Age Groups	Settlement Type	Income	Employment Status	SAM
India (140 Cr)	West Bengal, Odisha, Bihar (20% = 28 Cr)	18-30 years (20% = 5.6 Cr)	Rural (70% = 3.9 Cr)	Low-mid Income (80% = 3.2Cr)	Unemployed (10% = 32 L)	**44 L people**
			Urban (30% = 1.7 Cr)	Low income (40% = 0.8 Cr)	Unemployed (15% = 12 L)	

RECOMMENDATIONS

- Proceed with the investment since demand looks strong and margins are competitive.
- Check for target's ability onboard co-investors (other PE firms) as part of this round.
- Client will also need to check how much equity the founder is willing to dilute for this fundraise, thereby what the effective price is

OBSERVATIONS

- The question about financial vs strategic objective should have been asked at the start since it influences what factors need to be considered.
- In financial investments, focus is primarily on valuations, growth, fundraising ability and exit options
- Even in financial investments, it is important to consider synergies with the existing portfolio

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Unconventional cases

Unconventional – Tips & Tricks

INDEX

POINTS TO REMEMBER

- Never try to force fit a framework
- Understand the problem really really well
- Ask the interviewer if you're unfamiliar with a particular industry, do not hesitate to ask questions
- If the industry is familiar, comparisons with companies you know about would help in providing recommendations
- Be as comprehensive as possible and hence bucketing the problems into different sections will help in structured thinking
- Can be looked at through 2 lenses – qualitative & quantitative (as a mathematical problem)
- Using the 3CP i.e., of Company, Customer, Competitor and Product approach works in certain cases, but focus on keeping the approach MECE
- In certain cases when the scope of the cases is broad, the interviewee should ask if the focus needs to be on a specific aspect to structure thoughts in that direction
- While scoping the problem, the interviewee can consider if there are competitors in the same industry and the strategies, they follow

EASY WINS

- Breakdown into a mathematical formula
- Always remember Demand and Supply
- Any problem can have an internal cause (in control of company) or external cause. For external cause, use PESTEL to analyze possible issues
- Pre-, During, Post- is also a very helpful way to break down your problem to identify the root cause, especially when cases related to a process/ activity

Steel Manufacturing Firm – Interview Transcript

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Our client is in the steel industry. He provides a particular raw material to the steel plants. Recently his son, who is a tech enthusiast, wants to sell this business and start another venture where more modern technologies are used. What would you recommend to our client?

I would like to understand the scenario a bit better. When we talk about raw materials, are we referring to some specific product?

So, it is a form dust that is present in mines which our client rents out on a contract basis. It is a readily available product and there are over 50 players in the region who do the same. The product has no differentiation in any aspect.

Got it. I would like to understand the business of the client further. Does our client only collect and transport the dust or is there any process involved before we handle it over to the client?

Yes, our client processes it in their small factory where the dust is converted to pellets which is then transported to the steel plants.

You mentioned it is a small factory, how many potential customers does our client have?

There are around 10 steel plants to which we cater to.

What is the market share of the client in this region?

There are 20 steel pants present in this region.

That means we don't have much bargaining power as suppliers.

Yes, that's a great insight. How do you want to proceed further?

Now that I have good understanding of the client's business. I would want to know further about the venture of the client's son. Why is our client's son stressing on changing the business line? Also, what does he mean by modern technologies, and does he have any business already in mind?

He feels that the modern industries are using technologies such as big data, ML, AI, etc which help generate higher profits as compared to the current industry his father is in. He doesn't have any specific vertical in mind. He is just fascinated by all the modern technologies.

Got it. Is it safe to say that he is more interested in the application of technology be it any industry?

Yes correct.

That gives a fair idea about the owner's dilemma and objective. I would like to break my approach into three parts:
I would like to evaluate our current business and see if there's any scope for improvement in our performance by the application of all modern industrial technologies
I would like to evaluate the valuation of the firm and chalk out potential buyers
Lastly, I would like to analyze industries which are dominated by modern technologies and check which ones we can enter

That seems like a good approach. For now, you can ignore the second and third part and only focus on the first one.

Sure sir. I would start by analyzing the business operations of the firm. Here, I will divide it into core & non-core operations and evaluate each step of the value chain to check possibilities for tech integration which will help increase revenues or decrease costs.
Would you want me to focus on any part specifically?

You can start with the core part first.

Sure. So, the supply chain of our client would generally involve:
Getting orders from our clients → Collecting dust → Transporting it to the factory → Processes involved inside the factory → Transporting it to the warehouse → Transporting it to steel industries → Collecting payment and customer management
Do you think I should modify the supply chain in any manner or focus on any part?

This supply chain looks detailed enough.

Also is all of this done by the client themselves or any third-party involvement exists?

It's done by the client themselves.

So, I will look at each part, identify relevant cost measures and try to identify operational efficiency parameters and check if modern technologies can help improving these parameters.

Give me one example.

Sure. So, for transportation part, I will identify different cost headers such as fuel cost and labor cost, break it down into an equation and analyze further (interrupted by interviewer).

Can you write the equation?

Sure sir. I would start by calculating the total cost and I would then breakup each of the individual components.
Total transportation costs = No. of truck trips * Cost per trip per truck
No. of truck trips = Quantity to be transported / (% Utilization of truck capacity * Capacity of truck)
Cost per truck can further be broken down into fuel cost and other costs
Fuel cost can be written as distance times fuel cost per km

This is very detailed. How do you want to proceed?

I want to analyse how modern technologies can improve each of these factors. For example, if data can be leveraged to decrease the distance travelled. We can also check for optimization of the capacity utilization per truck. Do you want me to focus on any aspect?

No, I get your approach. It is quite detailed. Can you tell me about any risks he faces because of his suppliers (mining companies) and his customers (steel industry)?

Sure. Because this firm has little differentiation, I believe any backward integration by steel firms or forward integration by mining firms can be a threat to them.

How can he create the differentiation then?

Product differentiation is not possible. Service differentiation can be done. For instance, faster delivery timelines, transparent tracking systems, flexible payment options, or reliability guarantees can be offered to stand out from competitors.

Great. That'll be all.

Steel Manufacturing Firm – Approach

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Problem Statement

Our client is in the steel industry. He provides a particular raw material to the steel plants. Recently his son, who is a tech enthusiast, wants to sell this business and start another venture where more modern technologies are used. What would you recommend to our client?

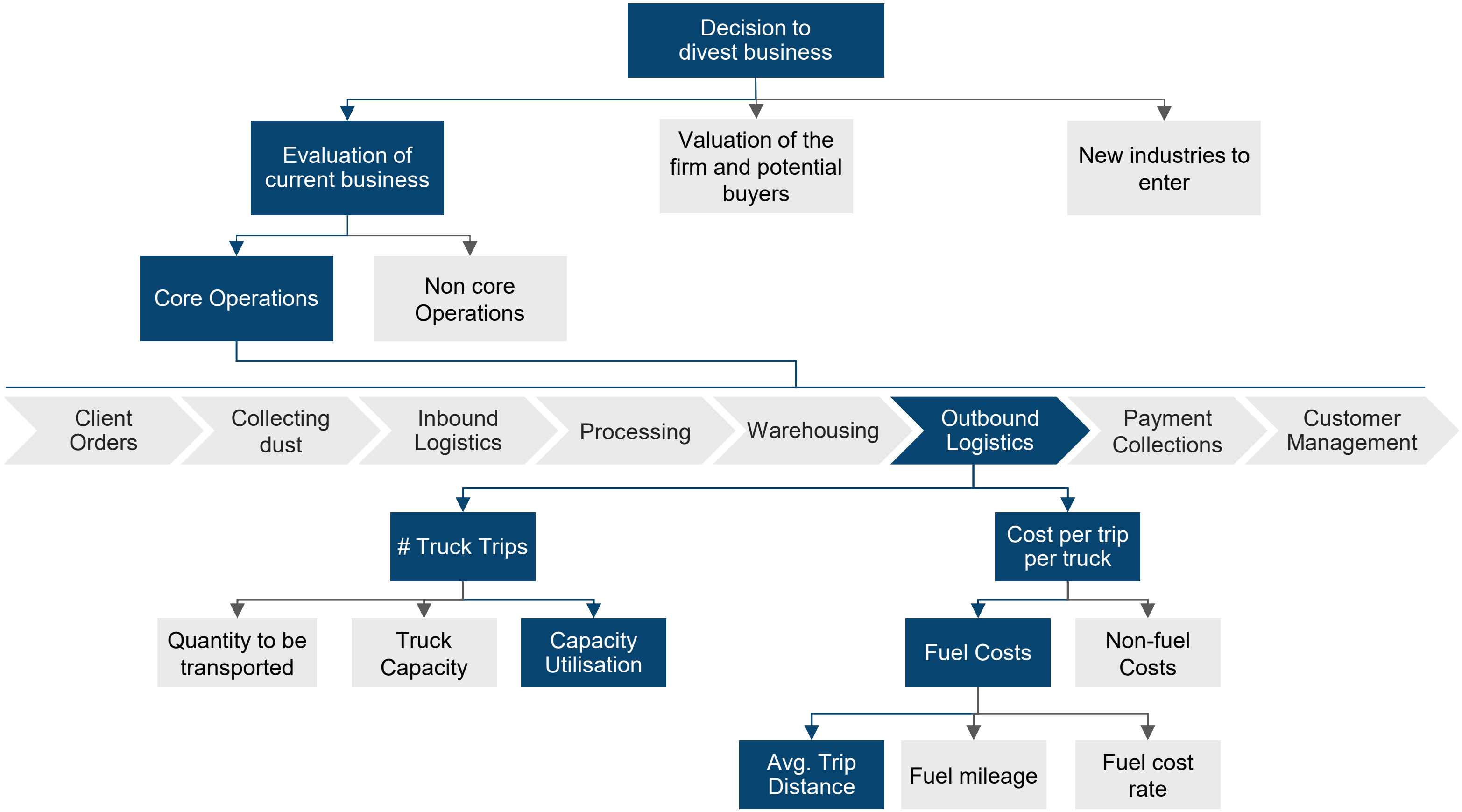
CASE FACTS

- Client is in the steel industry
- There is no product differentiation
- Client is interest in the application of modern technologies without preference to any industries
- Client commands 50% market share

INTERVIEWEE NOTES

- The new venture the client wishes to start would involve usage of modern technologies
- Client interested in application of modern technologies in any industry

APPROACH/ FRAMEWORK



RECOMMENDATIONS

- The client should explore usage of modern technologies for cost optimization in the current business
- Faster delivery timelines, transparent tracking systems, flexible payment options, or reliability guarantees can be offered
- Since product differentiation is not possible, the client should focus on service differentiation

OBSERVATIONS

- The candidate has done a good job clarifying about the current business and the motivations of the client's son before proceeding with the analysis
- Laying down the value chain instead of directly asking the interviewer adds brownie points
- The candidate could have explored leveraging modern technology to increase revenue

GenAI in International Bank – Interview Transcript

PANORAMA REPORT
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Your client is a leading international bank based in Hong Kong that has always been at the forefront of adopting technology. They want you to identify use cases for incorporating GenAI for increasing efficiency

Thank you. Before I start, I'd like to clarify a few things: 1) My understanding is that GenAI is particularly effective at processing qualitative, unstructured data (like text, filings, and news), while traditional AI/ML models are better suited for quantitative data analysis. Is that correct? 2) What is the exact objective - is efficiency measured in terms of time saved, manual effort reduced, or accuracy improved? Do we have a timeline?

That's a fair understanding - GenAI should be applied to qualitative data tasks. The objective is to save analysts' time per deal and have a shorter TAT.

Understood. Before diving in, I would like to clarify what business does the client focuses on. Should the focus be on retail, corporate, investment banking, or transaction services?

You can focus on the Corporate banking line of business, specifically the lending business.

Great. Within corporate banking, the lending value chain has five broad steps:

1. Customer Identification
2. Need Determination
3. Risk Assessment
4. Sanction Terms & Approval
5. Disbursement & Recovery

Since you've mentioned efficiency, and that we should focus on cases where the bank scouts customers proactively, I will build my structure around that.

Sounds good.

I see four areas where GenAI can enhance efficiency: Opportunity Sourcing, Risk Intelligence, Internal Decision Enablement, Client Engagement & Pitching.

Walk me through Opportunity Sourcing

In Opportunity Sourcing, GenAI can scan company filings, annual reports, and analyst research to flag expansion projects, M&A activity, or new plants - indicating potential loan needs. It can also monitor industry news and deal flows to highlight corporates with upcoming funding requirements.

Okay, now focus on Risk Intelligence?

In Risk intelligence, traditional models handle financial ratios well, but GenAI can add qualitative colour. For example, scanning news articles, social media, and investigative reports for reputational risks such as fraud, management instability, governance lapses. This allows early screening of red-flag companies before the bank commits resources.

You can now look at Internal Decision Enablement & Client engagement.

In Internal Decision, senior approvers face long documents. GenAI can summarise key risk and opportunity points into concise 1-page briefs, ensuring faster turnaround. This reduces analyst time spent on formatting and repetition, while improving decision speed.
In Client engagement, once we decide to approach a client, GenAI can draw from the bank's pitch repository - both successful and failed attempts to learn what resonates with specific client types. It can then auto-generate customised pitch decks, tailored to the client's sector, size, and project type. This enhances win rates and frees up front-office time.

That is quite comprehensive. Given compliance is a constraint, how will you ensure these solutions are viable?

I'd recommend:

- Private, bank-hosted GenAI models to ensure no customer data leaves secure environments.
- Role-based access controls to ensure sensitive outputs are only visible to authorised staff.
- Human-in-the-loop review for all critical outputs, especially in compliance and risk functions.

How would you prioritise these use cases?

I'd assess each use case on:

1. Impact (hours saved, error reduction, faster decision-making)
2. Ease of implementation (data availability, existing tech stack integration)
3. Regulatory risk (compliance sensitivity, need for audit trails)

Quick wins could include automated report generation, credit memo drafting, and KYC document summarization, which can be implemented in less than 6 months.
Medium-term initiatives like risk scenario simulations and training module generation can follow.

Good. Can you summarise your recommendations?

Short-term:

- Deploy GenAI for client report generation, credit memo drafting, and KYC summarization.
- Train employees to work with AI-assisted tools, embedding compliance checkpoints.

Medium-term:

- Expand to risk scenario simulation, regulatory reporting drafts, and IT code support.

Long-term:

- Build proprietary domain-specific GenAI models, integrating with all bank workflows.

Excellent, we can close this interview now.

Thank you! It was a pleasure interacting with you.

GenAI in International Bank – Approach

Problem Statement

Your client is a leading international bank based in Hong Kong that has always been at the forefront of adopting technology. They want you to identify use cases for incorporating GenAI for increasing efficiency

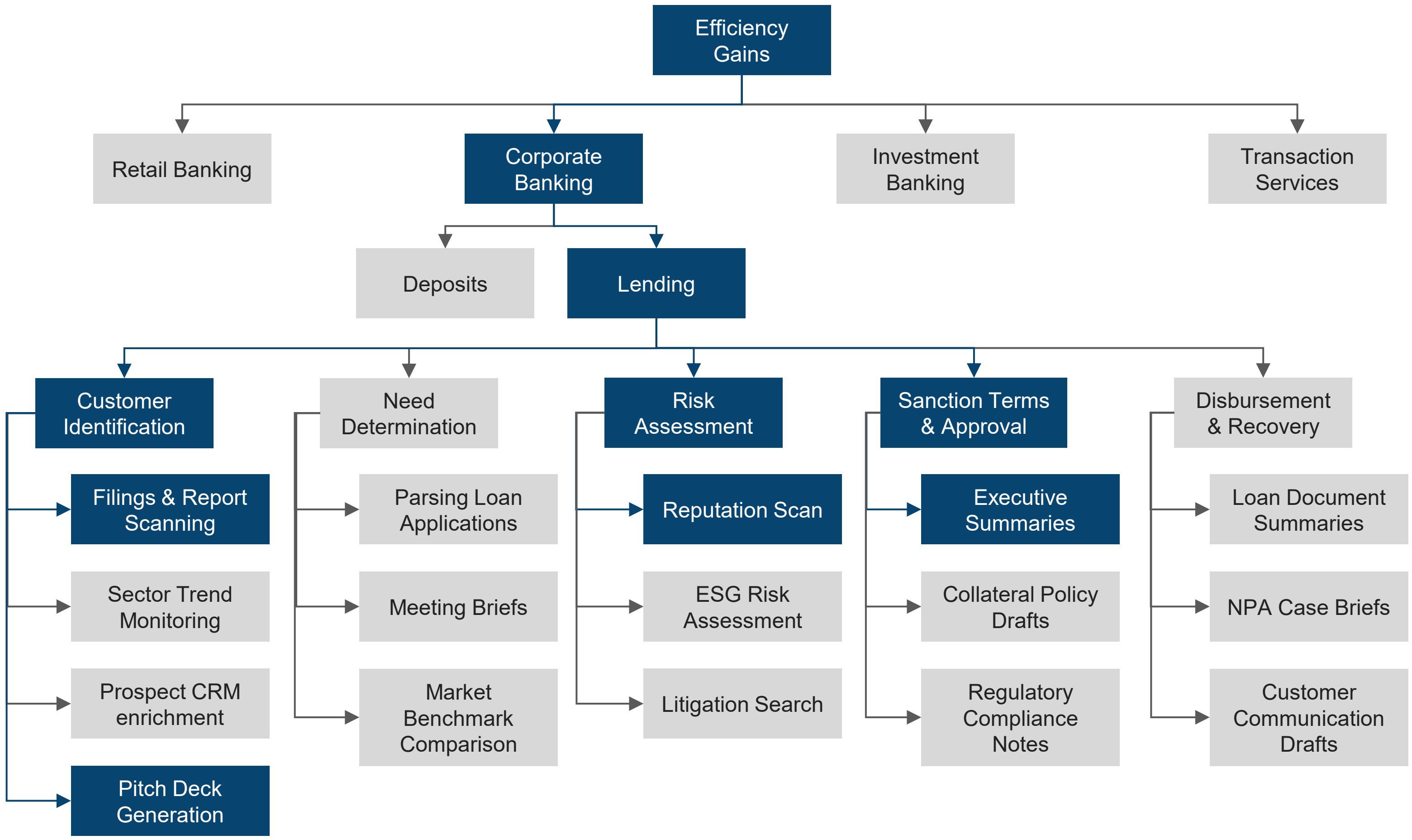
CASE FACTS

- Client is an early adopter of technology and wants to explore GenAI use cases
- Objective is to improve efficiency and not customer acquisition
- Retail & Corporate banking are in scope
- Budget is not a constraint, but regulatory compliance is critical

INTERVIEWEE NOTES

- Key areas: Customer identification, Risk Assessment, Sanction Terms & Approval
- Efficiency drivers: Automating repetitive/manual tasks, reducing analyst time, ensuring compliance
- Priority: Quick wins in report generation, compliance documentation, KYC automation
- Need for secure bank-hosted AI models and human-in-loop checks

APPROACH/ FRAMEWORK



RECOMMENDATIONS

- Short-term: Pilot GenAI in reporting, credit memo drafting, and KYC summarisation
- Medium-term: Extend to compliance monitoring, risk stress testing, and IT code generation
- Long-term: Develop proprietary domain-specific GenAI models, integrate across bank value chain
- Embed robust compliance guardrails

OBSERVATIONS

- High efficiency potential in knowledge/document-heavy functions
- The candidate understood the pain points of different users & then identified solutions:
  - Client-facing staff spend excessive time preparing reports & pitches, limiting relationship focus
  - Compliance & credit teams overloaded with manual documentation

Declining Website Traffic – Interview Transcript

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The client is a web-based media news aggregator platform. The website has been seeing a drop in traffic of late. Diagnose and recommend solutions.

I would like to confirm the objective before I proceed. The client's website has seen a drop in traffic, and they want to figure out why this is happening and how to fix it. Is there another objective?

No other objective.

Okay, I have a couple of questions. What exactly do you mean by traffic? Would you count the same user accessing through different mediums such as phone, laptop, etc., as separate traffic?

Good question, we consider every hit on our website as traffic, regardless of which user it is. So, to answer your question specifically, yes, we would recognise that as separate traffic.

Thank you. Going further, I would like to check if there is any data regarding the change in traffic over the last two-three timeframes. What is "of late"? How was the trend before that?

We've been seeing a steady decline in number of users since about 6-7 months now. Before that, we were witnessing healthy traffic growth rates, ~ 20% every year since inception in 2016.

Alright, by decline you mean an absolute decline in the total number of users and just not a decline in the growth rate, right? Also, is this an industry-wide issue?

Yes, for both.

Alright, thank you. So just to summarise everything so far, the website has been seeing a decline in hits on the website over the past few months, which goes against the general trends observed over two years.

Sounds good.

I believe that traffic can be broken down into traffic from first time users and traffic from repeat users. Do we have any data regarding which of these two segments have taken a hit?

Yes, we have data saying that the number of new users are still growing at a steady rate, while the number of repeat users have been declining at a pretty quick pace.

Thank you. I shall look into the possible reasons for a decline in traffic from repeat users now. I believe that a user looks for three things when using a website, especially a content site like a media aggregator. The first would be the quality of the content, the second would be the cost of the content, and the third would be the delivery of the content. I shall delve into these to figure out where the issue is stemming from.

Okay, go ahead

Firstly, has the quality of the content we are delivering to consumers changed in any way in the last six months? This could be due to changes in the topics, journalists, editorial team, content format and content style.

No significant changes

Alright. Do we know if the pricing of the website has changed in the last six months, with something like a free trial for first-time users? Has a significant competitor reduced their prices or changed pricing structure recently?

No, none of us have made any changes to the pricing structure in the relevant timeframe.

Alright, I think the issue stems from the delivery of content. I shall break this down into two components: operational and aesthetic, and then drill down.

Okay, go ahead.

The operational component can be broken down into:
Internal factors: Here I would like to know whether the speed of website has declined due to website architecture or increased load.
External Factors: I would like to know whether the competitive landscape due to maybe competitors investing in better content delivery. There could also be regulatory change which can force us to change the way we deliver our content. Maybe government restrictions or censoring.

Good. So, there is no change in the speed of the website nor there is any change in the competitive landscape. However, there has been a recent regulatory change. The company operates in the EU region. That should give you a hint on what it could be.

Ah! EU recently launched the new Global Data Protection & Regulation Act (GDPR) that could have led to a decline in traffic.

Correct. To comply with the act, we have to show a bright red visible banner that informs the user that the website is using cookies to track activity and takes consent from him/her for the same.

So, I believe that repeated visits to the website are becoming cumbersome owing to have to click on the large banner each time they visit the website, thus leading to an overall decline in the quality of the customer experience.

That is correct. Any recommendations for the same?

Without having a detailed sense about GDPR, I propose the following:

a. Make the banner less flashy and intrusive, but visible. So, any changes to the color scheme and the font type to make it less in-the-face can help reduce the impact on the customer.
b. Focus on developing quality content: While the website now is only a media aggregator, the company can take steps to develop exclusive content with top writers so that users are forced to put up with the banner in order to consume quality content.
c. Move away from a user tracking model and consolidate content delivery as the only feature. Remove features that require user data. This would also help allay fears that the website can be used to influence public opinion based on popular sentiment.

That will be all, thank you.

Declining Website Traffic – Approach

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Problem Statement

The client is a web-based media news aggregator platform. The website has been seeing a drop in traffic of late. Diagnose and recommend solutions

CASE FACTS

- Industry wide issue
- No problem with new users
- No new competition
- No changes in pricing by any of the companies
- No change in content quality

INTERVIEWEE NOTES

- Steady growth rates previously
- Problem is with retention of users
- Identify drivers of repeat users
- Understand the factors that could lead to attrition

APPROACH/ FRAMEWORK

- Decline in Website Traffic
  - Repeat Users
    - Quality of Content
      - Content Topics
      - Content Style
      - Content Format
      - Journalists
      - Editorial Team
    - Cost of Content
      - Competitor's Pricing
      - Client's Pricing
    - Delivery of Content
      - Internal
      - External
        - Competitive Landscape
        - Macro-environment
          - Political
          - Economic
          - Social
          - Technological
          - Environmental
          - Legal
  - New Users

RECOMMENDATIONS

- The issue is with the new, obtrusive, cookies banner, mandated by GDPR regulations, which is ruining user experience.
- Make the banner less flashy and intrusive, but visible.
- Focus on developing quality content.
- Move away from a user tracking model and consolidate content delivery

OBSERVATIONS

- There were some redundant questions, given it was identified early on that the problem is industry-wide, not client-specific.
- There can be multiple alternative approaches to such cases. For e.g., the lens of Company, Customer, Competitor and Product
- Knowledge of digital marketing terms like bounce rate, click-through rate etc. could have added brownie points here.

TT Association of India – Interview Transcript (1/2)

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Your client is the TT Association of India. They have set a target to win a Gold medal in the 2030 Olympics, and have brought you on board to help them chart out a path to achieve this.

I would first want to know more about the TT Association of India, its structure, and its responsibility in selecting participants for representing India in the Olympics.

Assume the operations to be very similar to the BCCI. It is the central body for table tennis and has state boards. Any state or national TT games are controlled by the association and they have the responsibility for international representation of TT at various sporting events.

Ah, interesting! In continuation to this, is it okay to assume that the board gets its funds from govt & sponsors?

Yeah, that is a fair assumption. Just that the funding level is much lesser than BCCI, and you can assume that the sponsorships are negligible.

Understood. Next, I would like to gain some more clarity on the target. For that, could you please help me with the current standing of the Indian team, the competitors, and if there is any specific category which I should focus on, or if we are talking about all the men/women singles and doubles.

Nice. So, we are only focusing on the women's category for both singles/doubles. We generally get eliminated before the semi-finals, and the main competitors are China, the USA, New Zealand, and South Korea.

That is quite useful. One last question before I move forward with structuring. What timeline are we in? Since the Olympics are in 2030, do I need to lay down a plan for five years, or is there something else?

Well, yes, assume that the year is 2025 itself, and you have to lay forward a five-year roadmap for it.

Got it. I guess I have a basic sense of the problem statement and request a minute to structure my thoughts.

Sure.

To plan for the next five years, I would start by understanding how the Olympics preparatory journey looks like from TT Association's point of view to identify the root cause of the problem:

1. Identification of right talent
2. Training
3. Performance at the Olympics.

I will start with the scouting process. Does the structure seem fair to you?

Well, yes, please continue.

Right, so could you let me know how the scouting mechanism works currently? I hypothesize that there will be district competitions followed by state, and then national levels. Do we have any data on the frequency of any such competitions and the number of players from each selection, specifically the number of girls?

The mechanism is exactly as you mentioned. The frequency is once yearly, and the problem here is that we do not get sufficient girls who play TT. Further, the number also drops significantly at each successive stage as we move from district to nationals.

Oh, that is where I was getting at. Thank you for the information. So, I will first focus on the number of players and then see if the frequency of selection can impact the quality of selection. Does this make sense?

Yes, it does. You can assume that we cannot really change the frequency for simplicity. Why don't you only focus on the number for now?

Noted. Now, to see why the female community's participation is low, I will further break it down into awareness, motivation, and opportunities available to girls.

1. **Awareness**: Are parents or students, specifically girls, sufficiently aware about the scope of TT, and are competitions adequately publicised? Do they know about the potential to grow both personally & professionally?
2. **Motivation:** Is TT perceived as a viable long-term career path? Is there adequate reward & recognition to justify the time and energy invested? Is it socially encouraged for girls to play TT?
3. **Opportunity:** Do girls get access to the right avenues to compete, train and gain exposure to the sport as a formal competitive event?

Does this seem fair to you, and is there any specific bucket you want me to dig deeper into?

Yes, it does seem fairly exhaustive. Why don't you dive deep into the motivation part of it, identify the root cause of low motivation and give recommendations to increase it?

Sure. Firstly, I'd like to look at why women who are already aware of table tennis might still choose not to pursue it seriously. I can broadly categorise it into three buckets:

1. **Perceived Career Path:** Women's TT is not a widely popularized sport in most parts of India. Many families don't see a long-term career in terms of financial stability & recognition in women's TT. This becomes a deterring factor since career decisions are largely influenced at early stages by parents in most households.
2. **Societal & Family Support:** Unfortunately, even in current times, societal norms of conventional gender roles and parental hesitation limit girls from dedicating appropriate time to TT as a formal sport..
3. **Rewards & Recognition:** Because women's TT is not that popular, competitions may also lack substantial enough prize amounts and social recognition. You already mentioned that sponsorships are also negligible in this space. So, the overall return on investment may be low.
4. **Inspiration:** Finally, because women's TT has historically had low adoption, there would be few successful Indian stars in this space to serve as inspiring icons for today's youth.

That makes sense. Can you now give recommendations on improving the motivation element?

I believe it will require efforts from the TT Association to improve motivation among girls and their families to pursue TT as a full-time formal sport:

1. We can run coaching/mentoring camps for girls with dedicated coaches and ex-players and showcase success stories of women TT champions to drive initial interest and participation in sport.
2. To overcome the societal notion around women playing sports, we can run parental outreach programs where female ex-players interact with families, making them aware about the career progression and added benefits like any academic tie-ins and sports scholarships.
3. Lastly, we should also focus on celebrating women's TT achievements in state/national media, run female-only tournaments with good coverage, and ensure winners are publicly recognised at all levels. This will indirectly boost awareness factor as well.

TT Association of India – Interview Transcript (2/2)

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Ok, let us move to the training part now. Assume that the team has been selected, and we now need to focus on the training aspect so that the team becomes capable of winning the gold medal.

Right, so the training can be broken down into skills and infrastructure.
The skills can be broken down into physical skills, technical skills, and mental skills.

1. **Physical skills** are the fitness part. That can be further broken down into the diet and workout routine. For diet, each player has special requirements and should be given nutritionists to focus on their intake. Similarly they should have dedicated coaches for fitness and conditioning.
2. **Technical skills** will be agility, speed, and hand-eye movement. This will need a proper TT coach to help them refine their game, learn specialized tricks, and bridge weaknesses.
3. **Mental skills** are their ability to cope with stress, and a sports psychologist for mental conditioning would be helpful.

Infrastructure would cover the physical facilities for this training. This would include dedicated sports complexes of international standards to practice in, gyms and other fitness-related infrastructure, and then finally logistical infrastructure to ensure that there are no hurdles caused by overhead issues.

Is there anything else that you want me to cover in this bucket before I move forward?

No, I guess you can move forward.

Moving to the on-the-day performance. I see that we fail to reach the finals, and there are four major competitors. I believe that each country/player has a very different strategy of playing a game. Some are offensive, and some are defensive. Before each game, studying the player's strategy with which the match is scheduled and accordingly devising the game strategy would help. We can also have an advantage here as the competitors would be underestimating us and might not come that prepared.

Having a professional person to keep them motivated during the game would also help with the mental game pressure. Is there anything else you would want me to cover?

Well, I guess you have quite comprehensively covered all the aspects of the plan. The case's main aim was not any right answer but to see how you break down an abstract problem. We can close the case now.

TT Association of India – Approach

Problem Statement

Your client is the TT Association of India. They have set a target to win a Gold medal in the 2030 Olympics and have brought you on board to help them chart out a path to achieve this.

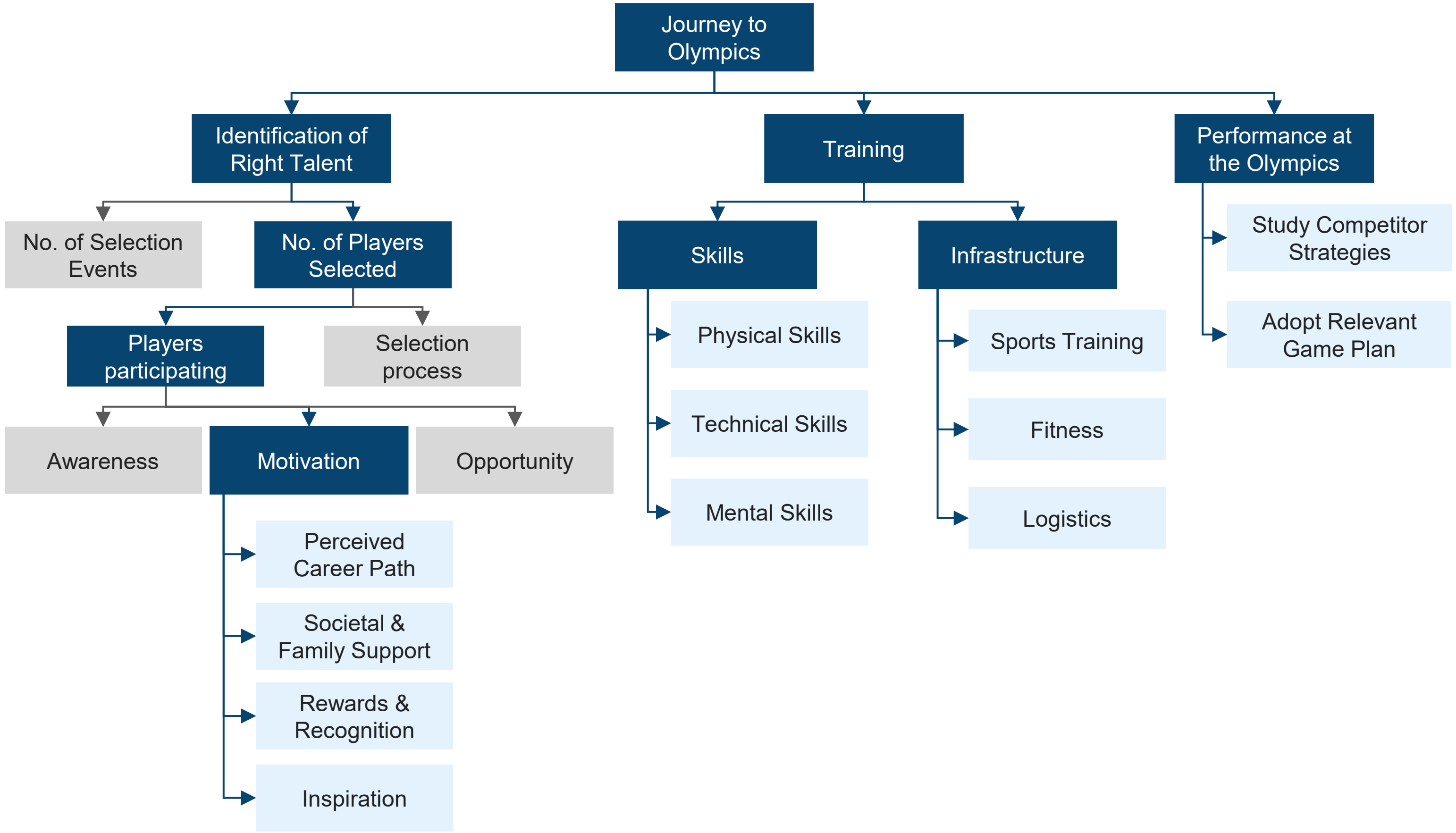
CASE FACTS

- Client is the central body for TT and has state boards
- Responsible for state and national level games, international representation
- Funding level very less compared to BCCI, negligible sponsorship

INTERVIEWEE NOTES

- Clarify the time frame
- Clarify the role and responsibilities of the TT Association of India
- Narrow down the scope by the type of events in focus for Olympics 2030
- Establish current standing in the Olympics

APPROACH/ FRAMEWORK



RECOMMENDATIONS

- Motivation: run coaching/mentoring camps and parent outreach programs with female ex-players, celebrate achievements in media
- Performance at the Olympics: professional person to keep the team motivated; study strategies of competitors before matches
- Sponsorship/Funding

OBSERVATIONS

- Such cases are meant to test first principles thinking and creativity. So, do not be afraid to leverage real-life examples and personal experiences
- Another strategy that helps in such cases is conversing with the interviewer about his/her views
- The other critical motive of such cases is to assess the interviewee’s capability to build a MECE structure around such a nebulous problem statement

Purchase of Dog – Interview Transcript

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Your friend has a daughter who wants a pet dog. He needs your advice in making this decision. Analyze the situation and provide your recommendations.

Got it, so I have a few questions. How old is his daughter?

She is around eight years old.

And could you also share who else is in the family? Where do they live?

There are three members: your friend, his wife, and his daughter. They live in a residential society in Gurgaon.

Okay, and are my friend and his wife both employed full-time? What do they do?

Yes, they both have regular salaried jobs. What do you think could be the reason behind her asking for the dog?

There could be multiple reasons for her request — I would like to bifurcate these into needs and wants. Under needs, we might have: (1) Safety needs fulfilled by the dog's presence, (2) Belongingness needs fulfilled by companionship, and (3) Esteem needs from the responsibility of pet care.
Under wants, she may simply desire a dog because her friends have one or because she enjoys being around dogs. Since both parents are working, the dog could provide companionship. Could you tell me more about the daughter's daily schedule?

In the morning (7–8 am), she's at home with her parents. From 8 am to 2 pm, she's in school with her friends. In the afternoon (2–6 pm), she's alone at home. In the evening (6–9 pm) and night (9–10 pm), her parents are back home.

I see. The key gap is in the afternoon (2–6 pm) when she's alone at home — this is likely the driver for her wanting a dog as a companion. Possible solutions to address this gap could be: (1) Hiring a domestic babysitter, (2) Digital engagement or supervised online activities, (3) Arranging playdates or inviting friends over or (4) Introducing a pet — either a low-maintenance option like fishes, birds, or cats, or a high-maintenance, high-companionship option like a dog.

Let's focus on the last option — getting a pet. The daughter specifically wants a golden retriever dog, and your task is to assess whether getting this particular pet makes sense compared to not getting one at all. Assume that other non-pet alternatives are not being considered for this decision.

Okay, so I will divide my analysis into 2 parts. Firstly, I will look at the financial implications of getting the dog, and secondly, I will analyze the feasibility in terms of daily maintenance.

Sounds good, let's start with the financial aspect.

Under the financial aspect, I will further analyze this into one-time costs, which are fixed in nature, and recurring costs, which will be incurred monthly. The one-time costs will include the purchase of the dog, vaccinating and sterilizing it. There will also be a recurring cost of food, vet visits and regular maintenance. What is the price at which the pet dog can be purchased?

The purchase price is Rs. 30,000, while the other one-time costs will total up to around Rs. 10,000. Other recurring costs will be around Rs. 5000 monthly.

That means a one-time cost of Rs. 40,000 and annual costs of Rs. 60,000, totaling to yearly cost of Rs. 1,00,000 for the first year and Rs. 60,000 after that. Is adopting a dog without paying any initial price an option?

That is not an option.

Okay, next I will look at the parents' income to assess the financial feasibility. Do we have any information about that?

The combined income of the parents is Rs. 10,00,000.

Okay, so within the first year, 10% of their gross income would go towards the dog. This is quite a significant amount. Moreover, considering that 6% of their yearly income would go towards this is also not very sustainable.

Alright, let's leave this for now and move on to feasibility.

Under feasibility, the following activities need to be done daily to ensure that the dog stays well-groomed:

1. Walk
2. Feeding
3. Cleaning
4. Playing and Training

Since both the parents are working and taking care of the daughter, and assuming the daughter would also be going to school daily, they have 2 options. They can either take the dog to work with them, which isn't permitted in most workplaces, or appoint a caretaker. On a long-term basis, they would also need to assess how they will provide for the dog in case they decide to go on any trips or vacations or in any unforeseen circumstances.

Great, let's move on to the final recommendations.

I would recommend that in the short term, they should not get a dog. Instead, they can address the cause of the problem by spending more time with the daughter and enrolling her in more activities so that she is engaged.
In the medium term, they can consider less costly alternatives, like adopting a more pocket-friendly and lower-maintenance pet. Alternatively, they can also explore the idea of buying a toy to compensate for the need.
However, a more long-term solution would be ensuring the daughter gets enough attention. They can spend time with her, plan activities, and if she still wants to spend time with dogs, then they can explore the idea of enrolling her as a volunteer in a dog care shelter or with other NGOs for pets.
This will provide her with a sense of connection with animals.
If, over time, their income improves and once the daughter turns to an age where she can maintain herself and the dog, then the financial and operational feasibility would improve and they can also look at purchasing the dog, given that the need persists.

Thank you, we can stop the case here.

Purchase of Dog – Approach

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Problem Statement

Your friend has a daughter who wants a pet dog. He needs your advice in making this decision. Analyze the situation and provide your recommendations.

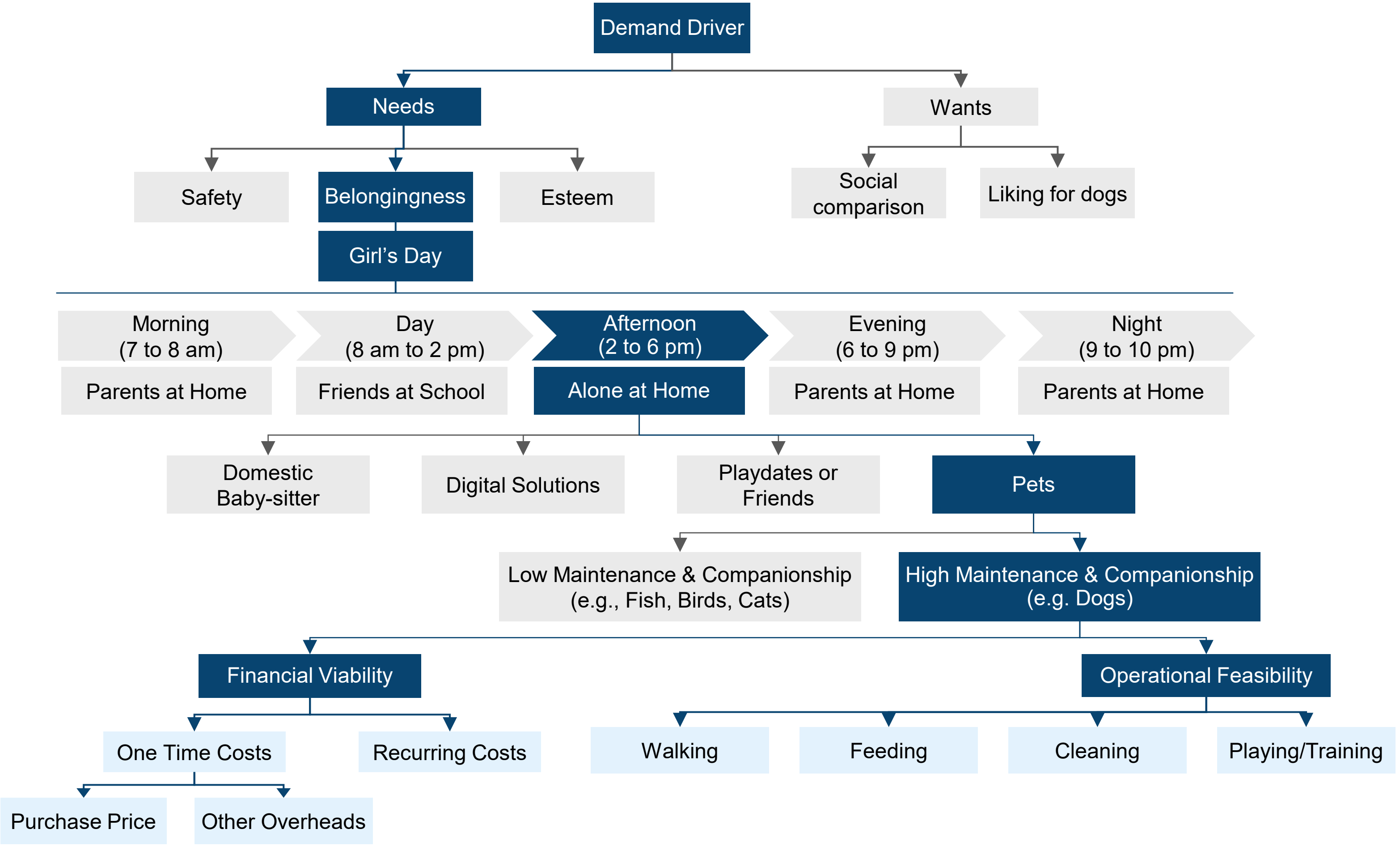
CASE FACTS

- Nuclear family with single child, aged 8 years.
- Purchase price is 30k, one-time costs are 10k, maintenance costs 5k monthly
- Family income is 10L annually
- Daughter is alone at home in the afternoon for 4 hours.

INTERVIEWEE NOTES

- Understand the nature of the demand – whether the daughter wants the dog as a whim or as a need, and the immediate and long-term implications.
- Check in with the interviewer periodically to keep the discussion interactive and dialogue-driven.
- Segment every aspect into financial and non-financial parameters, avoiding mere listing for better clarity and impact.

APPROACH/ FRAMEWORK



RECOMMENDATIONS

- A golden retriever dog should not be purchased immediately.
- Alternatives can be adopting or purchasing a new animal (which fulfills the same needs and wants).
- Trial pet ownership via short-term fostering before permanent commitment can also be done.

OBSERVATIONS

- Understand the reason for the analysis to clearly define the objective.
- View numbers as proportions, not absolutes (e.g., expenses as a fraction of income).
- Try to recommend more feasible alternatives in case your suggestion is not to go ahead with the proposal that the interviewer has asked you to evaluate.

Food Delivery Service Provider – Interview Transcript (1/2)

Your client is a food delivery service provider, and they have seen their NPS fall from 7.5 to 6.7 in Ahmedabad. The client wants you to understand the reasons and provide recommendations

Sure. Firstly, I would like to understand the meaning of NPS and how it has been computed.

NPS is essentially the net promoter score, and here it refers to the market research done, where a single survey question was asked – “Would you recommend this service to a friend?” The scale given was from 1-10.

That helps. Was this survey rolled out to a sample population? Further, what was the time period of this survey?

This survey was rolled out to existing customers in Ahmedabad over a period of 3 months

Oh okay. Also, before I proceed, I want to be sure that there was no change in the way the survey is conducted and results analyzed from the last survey to this?

Good question. No, the process to conduct the survey has not changed.

Okay, so I understand that the NPS is computed by aggregating the NPS scores received and dividing them by the number of customers surveyed. Have there been any major outliers to the average NPS this time or has there been any significant increase or decline in no. of customers surveyed?

The client has noticed some outlier low scores that pertain to 10% of the customers in Ahmedabad.

Oh Okay. To further understand these outliers, can they be categorized into any specific demographic, geography or existing/ new customers?

Most of the outliers belong to specific locality of Ahmedabad.

Okay, I will keep this in mind. Now, I would like to explore the different causes of concern that could be prevalent. I think they could either relate to the company, competitors, or product/ service experience.

You can explore the product and service experience further.

Sure. I would like to envision the customer’s journey and I will bifurcate it into 3 phases – 1) Pre-ordering 2) Ordering-to-delivery 3) Post-delivery. Does that sound like a good approach?

Sure. Can you elaborate broadly what you would cover under each of these buckets?

Sure. In the pre-ordering phase, I would look at aspects related to any change in awareness of the app/website, availability of the application/ website, accessibility of the app, and any other technical or UI/UX issues while using the app to order food.

Sure. This seems okay. You can go ahead and analyse the next phase.

Sure, From ordering to delivery, there could be grievances raised by restaurants, delivery partners or customers. However, since we are focusing on NPS, I believe we would only focus on the customer experience.

Considering this, I would look at issues related to listing and variety of restaurants available on the app, availability of information/ reviews, UI, UX and aesthetics, delivery and packaging issues and payment issues. In the post-delivery phase, I would cover customer grievance redressal issues.

Let’s focus on the delivery and packaging aspects.

Sure. So, the customer may face packaging issues due to a change in the materials used. Do we know whether the same material as earlier was used, or if there is any change? In case it is the same material used, has any food type changed, is there any specific wastage/ spillage issue, or is there any specific awareness/grievance around the sustainability of the packaging?

Yes, the client recently shifted to more sustainable packaging that is paper-based and not reusable. This has aggrieved some customers. Especially the ones that live on the outskirts of Ahmedabad. It takes longer to reach those areas and paper based packaging does not hold.

That explains the specific 10% outliers of the customer segment. Does this segment have any specific characteristic with respect to the locality as discussed earlier?

Yes, this specific locality is located on the outskirts of Ahmedabad and is quite far from most of the restaurants located in the main city. Let's now move to the delivery aspect.

Sure. Delivery partners or customers could raise delivery grievances. I would like to focus on customer grievances since we are analysing the fall in NPS. The delivery issues from the customer’s end could be related to the time taken, delivery mode or delivery partners' behaviour.

Right. The behaviour of delivery partners is not meeting expectations. Why could this be a case?

Unsatisfactory behaviour by delivery partners could be due to inability (say less training) or low motivation (say, stress due to long time or distance or less resources to travel).

Yes, that is fair. The delivery partners generally get tired by travelling longer distances. Also, this is a newly formed locality which does not have accurate geolocation on the maps. This requires the delivery partner to spend extra time trying to locate the exact house. This makes them impatient and hence, they seem to be slightly rude to the customers.

Okay, that makes sense. Is there any further implication to this? Or are there any ancillary issues pertaining to this?

We can skip that, and you may go ahead and summarize the case and provide recommendations.

Sure. The client has seen a drop in its NPS ratings over a period of 3 months due to two major reasons pertaining to 10% of the customers that live in a vicinity that is on the outskirts of Ahmedabad city. The reasons are 1) packaging issues due to non reusable sustainable packaging used 2) bad delivery partner behaviour due to long distance and inaccessibility of the locality on maps.

Food Delivery Service Provider – Interview Transcript (2/2)

Okay. What's next?

Considering this, I would like to segment my recommendations into two parts. Core recommendations and peripheral recommendations in the short term as well as long term. The core recommendations directly provide a potential solution to the problem at hand whereas the peripheral recommendation suggests solutions to improve NPS.

Okay, go ahead

In the short term, core solutions could be to assign highly trained employees specifically to service that locality and to specifically use reusable (possibly, non-sustainable) packaging in the meantime to address the spillage issue. In the long term, the core solution could be to work with the geolocation agencies to improve the locality's mapping services and find sustainable reusable packaging alternatives, if economically feasible.

What about the peripheral solutions?

In the short term, the food delivery partner can introduce discounts and promotions for customers in that locality to retain customers and work on the personal grievance redressals of these customers on priority. In the long term, the food delivery partner can roll out detailed guidelines for the behaviour and sensitisation of delivery partners and redress all their grievances so that they are satisfied and work with full motivation.

Alright. Let's stop here. Well done. Thank you.

Food Delivery Service Provider – Approach

Problem Statement

Your client is a food delivery service provider, and they have seen their NPS fall from 7.5 to 6.7 in Ahmedabad. The client wants you to understand the reasons and provide recommendations.

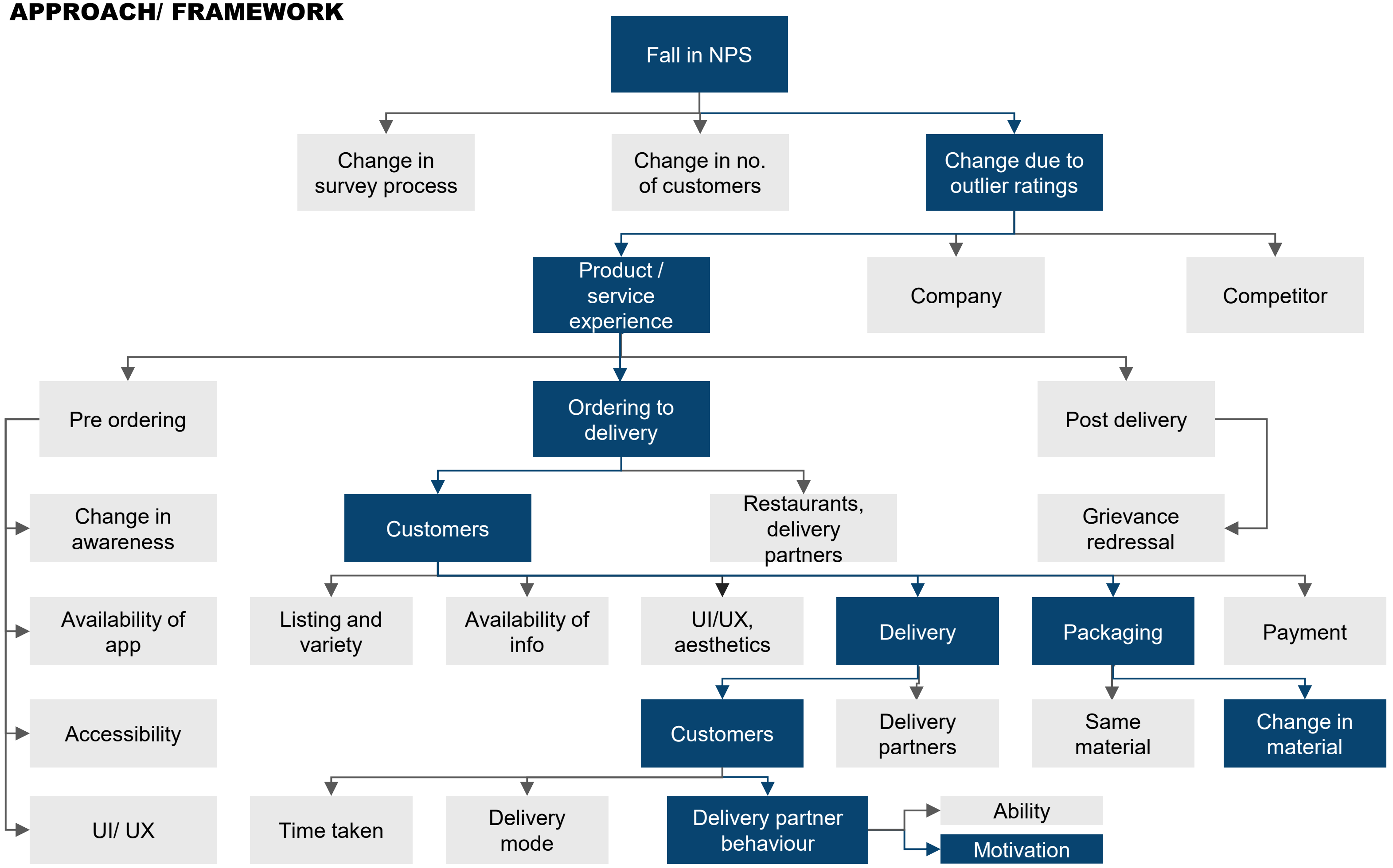
CASE FACTS

- Fall in NPS due to low ratings given by 10% of customers
- These customers live in a particular geography
- The focus is on the customer journey
- Focus lies beyond the app, unlike typical cases.
- No competitive forces involved
- Only 10% outliers face both delivery and packaging issues.

INTERVIEWEE NOTES

- Understand the metrics and its components.
- If the metric drops, check if its calculation method has changed.
- Ask about outliers - helps narrow down the issue.
- In apps like Swiggy, look beyond ordering to the full-service flow.
- Mapping the customer journey is key in service-related cases.

APPROACH/ FRAMEWORK



RECOMMENDATIONS

Core:

- Short term: a) Deploy trained staff; b) Use reusable packaging.
- Long-term: a) Improve mapping via agencies; b) Explore sustainable packaging

Peripheral:

- Short term: a) Offer discounts; b) Prioritize grievance redressal
- Long-term: a) Train delivery partners; b) Address concerns

OBSERVATIONS

- It is essential to understand the metric in question properly. Asking questions about the survey process and computation of metrics will make the analysis more holistic.
- Core and peripheral recommendations are outlined for both short and long term. Core ones directly address the main issue, while peripheral ones aim to improve NPS.

Level of Educational Achievement – Interview Transcript (1/2)

Your client is a newly appointed Governor of a province in a South Asian country. One of his key objectives is developing the Education system of the province and wants your advise on the same.

What does the client mean by developing the education system of the province? Is it about increasing enrolment rate and decreasing dropouts and absenteeism or about increasing the quality of students in terms of the grades they achieve? Is there any time frame for the same?

The client wants to maximize the level of educational achievement, measured by students performing at grade level. The client wants to see concrete improvements in 5-7 years.

Okay, I have a few questions. Firstly, is there any national policy framework that the Governor must adhere with? Secondly, what kind of province is it in terms of development? Thirdly, should the policy be targeted towards public schools or both public and private schools?

Good questions. You can ignore any limitations imposed by the central government. Focus on only public schools for this case. The province is largely underdeveloped, and a traditional area.

Okay. Further, do we have any data on the number of students enrolled in public schools, and the percentage that meet expectations? Are there any gender-based difference in enrolment and achievement? Additionally, what is the teacher-student ratio in these schools, since that is a major factor contributing to level of achievement.

There are 8-10 Million students in public school, with around 25% of them meeting expectations. There is no difference in metrics between genders. Teacher-student ratio is 1 teacher per 30 students, with teachers mostly well qualified.

Okay, I think I have got all the information I needed. The number of teachers is not a problem.
Now, I would like to look further into the reason behind such a low achievement level. In this, I would divide the factors affecting achievement into two factors- inside the school factors, and outside the school factors. The former would include curriculum and infrastructure factors, the latter includes outside factors that affect a student's academic factors. Does this seem like a fair approach?

Yes, can you elaborate on the outside school factors?

Yes, these can be bucketed into 4 factors: Awareness, Accessibility, Affordability, and home conditions. Awareness would include the level of awareness one has regarding the benefits of attending school and job opportunities afterwards, accessibility is about how accessible is attending the school for a student, which will impact the attendance rates. In affordability, there would be metrics such as cost of uniforms, books and tuition (if these are borne by students) and the opportunity cost- in case of child labour. Home conditions would largely be motivation by parents for studying, as well as basic home stability. Does this seem comprehensive?

Yes! The students are not required to pay any fee for uniforms, books or tuition. However, opportunity cost seems to be a major problem in the province, can you elaborate further?

Sure! Since child labour is prevalent in underdeveloped areas, sending children to school would remove that income the child earned for that family. This can lead to low enrolment rates, as well as high absenteeism, wherein children are missing a few days to earn money. Absenteeism is negatively correlated to achievement level and class performance. Does this seem like the correct approach?

Yes. Absenteeism is the main issue that results in low level of educational achievement. Can you suggest some ways to overcome this?

Definitely. I can look at two possible ways to do this, first is incentivizing attendance or educational achievement, the second is to enforce stricter child labour norms. Considering it is an underdeveloped South Asian province, the latter seems unfeasible in the short term.

Absolutely. Let's look deeper into incentivizing attendance. How would you go about it?

I would look at providing both- monetary and non-monetary incentives. Monetary incentives can be based on attendance metrics and marks, non-monetary incentives can include providing free meals, transport services, increased infrastructure at school, and the like.

Okay, consider the following scenario: The client has decided to provide monetary incentive in terms of direct transfer of $2 per month to students. The total budget for this is $170 Million. There are 4 Million students in rural areas, 3.5 Million in Semi-Urban areas, and 2.5 Million in Urban areas. How will you carry out this policy?

After a quick calculation- in case we give $2 per month to every student, the budget would last us less than 9 months. Is it possible to reduce the transfer amount per student or shall I proceed with the prospects of alternate revenue streams and selection mechanism for students to receive the transfer?

The transfer per students can't be reduced. Let's look deeper into the other two aspects.

Alternate income streams would include CSR and donations, advertisements on school walls/ equipment.
Selection can be done based on the attendance level of students, level of achievement or partial implementation in certain geographies. For the third option, do we have data of differences in grades or attendance across geographies?

Yes. Urban areas have the maximum grades and attendance due to lower child labour. 10% of the students are regularly absent, compared to ~25% in rural and semi-urban areas.

Okay. Since I believe differentiation in monetary transfers in a single geography might cause dissent, we can remove the urban areas from this scheme. We can carry it out for the other two areas for 11 months, assuming 1 month of summer break. Does this seem like a fair approach?

Yes, absolutely!

Level of Educational Achievement – Interview Transcript (2/2)

Great, so now I would like to look at how to implement the policy. Here, I would look at disbursement mechanisms and student selection. In disbursement mechanisms, the ideal way is to deposit money straight to the bank accounts of the students' parents. This would reduce corruption possibilities and be highly efficient. In case of non-existence of records or bank accounts, a school-wise disbursement can occur, wherein each school is transferred money monthly to disburse cash to students. Another approach is through the Public Distribution System, wherein parents get money with monthly rations, ID being done through ration cards. For selection, strict attendance requirements, say 75% must be met to be eligible for the transfer. This can also be supplemented through monetary rewards for the top performing students.

Do you see any problem with the suggested disbursement mechanism?

Yes, there are multiple avenues for corruption in non-digital channels. To overcome this, there should be a requirement of maintenance of attendance and disbursement records, submitted periodically to a central commission. Additionally, periodic surprise checks can be conducted to gauge the actual attendance and achievement levels in schools.

Correct, is there anything regarding the policy that you'd like to change?

Yes. The policy acts as a good stopgap measure for increasing attendance in schools. However, it fails to have any long-term consequences. In the long run, we should try to eradicate the root cause, i.e. child labour, which would be solved through increasing the household income with more stable job opportunities, and stricter enforcement of the rule. Additionally, awareness seminars can be conducted with parents, and job guarantees can be provided for those who have graduated from school with certain grades to increase attendance and performance levels.
Moreover, even with 75% of the students attending schools, only 25% are at the grade level, indicating a low teaching quality, or a sub-standard curriculum. Both need to be assessed for sustainable improvement in achievement. The client can also look at other educational avenues such as skill development courses for students (like ITIs in India), that can ensure a respectable livelihood straight out of such institutes for students. Prospect of employment straight after graduation is a major motivator for disciplined attendance of students.

Alright. Let's stop here. Well done. Thank you.

Level of Educational Achievement – Approach

Problem Statement

Your client is a newly appointed Governor of a province in a South Asian country. One of his key objectives is developing the Education system of the province and wants your advise on the same.

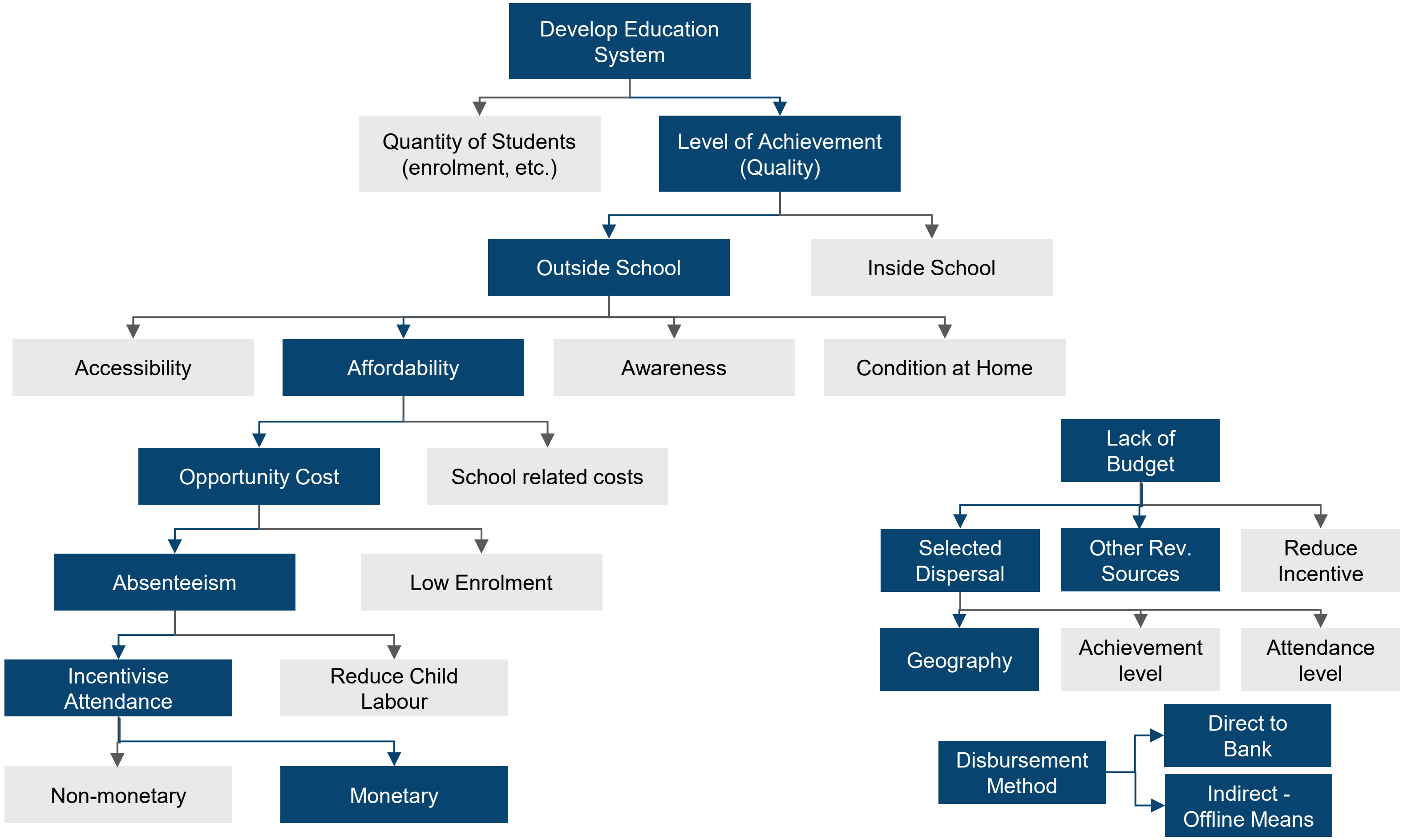
CASE FACTS

- Issue with quality of students, not enrolment rates. Further, no issues in teacher-student ratio.
- The province is underdeveloped, but schools are widely present.
- Attendance-level issues mainly in rural & semi-urban areas
- Low family incomes forcing children into child labour & reducing their attendance/grades.
- Policy to transfer money for attendance levels, limited budget.

INTERVIEWEE NOTES

- It is important to understand the objective of the client i.e. what do they mean by developing the Education system?
- Try to understand the existing condition through specific questions regarding the level of achievement, enrolment, teacher-student ratio, etc.
- Try to make broad frameworks to encompass every possible factor.
- Assess financial feasibility of decisions within given budget

APPROACH/ FRAMEWORK



RECOMMENDATIONS

- Awareness sessions for parents on education's value, career prospects & earnings potential
- Curriculum and teaching upgrades as few attendees meet grade-level learning
- End child labour via stricter enforcement and parent upskilling for better wages
- Expand skill courses (carpentry, plumbing) like ITIs to boost post-graduation earnings.

OBSERVATIONS

- Important to understand the objective and context. Get to the root cause via directed questions, rather than assuming the cause.
- Observation skills are required in case interviews. It is also important to note down the pros/cons of interviewer's inputs.
- Such cases are meant to test comprehensiveness and first-principles thinking. One should focus on the customer journey while applying frameworks.

Retail Chain – Interview Transcript

Your client is a traditional big-box retail chain in India. They are looking to improve their business with the help of digital transformation. They need your advice on how to go about the same.

Alright. Do they have a specific goal in mind with respect to the same? And why did they think about Digital Transformation now specifically?

No one specific goal, but they are open to exploring. The client has been a pretty traditional chain with very limited technology usage till now and is facing increasing competition in the space. Hence, they want to become more competitive by leveraging tech.

Also, can I know a bit more about the client? How many outlets do they have? Are they spread pan India? What kind of customers do they serve?

The client has 25 outlets spread across northern and central India. They sell pretty much everything under the sun, as D-mart does. They, too, follow an everyday low-price model but have been struggling a bit with profitability recently. They majorly serve lower middle-class and middle-class populations.

I think I have enough information to proceed with the problem. There are three major areas where digital transformation can have a major impact – Strategy, Front End, and Back End.

What does each of these entail?

DT (Digital Transformation) for strategy would include leveraging technology to either tweak or pivot strategic decisions related to segmentation, targeting, positioning, operational format, and even the business model as such. The operational format here can include moving to a multi-channel approach over a basic brick-and-mortar approach, for example. So should I explore this with respect to our client?

The client is sure about its overall strategy. We can move towards the front-end solutions.

Front-end solutions generally can be split based on customer experience, merchandising and promotion, loyalty programs, pricing, and PoS solutions. How is the client doing on these factors?

The client also seems to be decently digitized in the front end. No major avenues for improvement

Got it. Coming to the back-end solutions. They can be split into operational and support functions. Operational ones include Procurement and Vendor Management, Logistics and Warehousing, and Assortment and Mix Planning, while the support functions include Finance and Human Resource management. I would want to explore each of these in some detail.

Sure, go ahead.

In terms of logistics and warehousing, how is the company currently managing it, and is it facing any issues in terms of inventory management?

Currently, inventory management is done manually via paper trail and communication over email and phones. Yes, the company is facing issues such as delays in receiving shipments and frequent miscommunications.

This could be one of the contributing factors to lower efficiency and higher costs which might be making the client less competitive w.r.t to other competitors. Implementing DT solutions like IoT along with digitizing the supply chain will help the client monitor and track every inventory unit while also allowing seamless communication and reducing the need for workers, which might provide a cost-cutting opportunity.

Makes sense. Let's carry on.

Moving to procurement and vendor management, how is the company currently handling it?

Company has multiple vendors for each product category spread across the nation and has individual contracts with each of them. The management happens through procurement managers, mostly manually.

This allows a decent scope for improvement on two fronts. Implementing proper analytics solutions can allow us to get a better view of our requirements and might allow for some consolidation in terms of vendors. This will give the company better negotiation power if it places larger orders with fewer vendors. Further, having a vendor management platform for the use of managers and vendors will save a lot of man-hours and provide further opportunities for cost-cutting by improving efficiency. Having this platform would also improve our relations with the existing vendors as it would act as a one-stop solution for them to keep track of orders sent by us and manage their billing and receipts with us.

That's a great insight. What about assortment mix and planning? How would you go about determining if the company needs a solution for it?

I would do it in a two-pronged approach – first part would be to do an inventory analysis to understand metrics like inventory turnover, inventory levels, excess inventory, and stockouts. Excess inventory would mean that the company is selling something people don't want, and frequent stockouts would mean that the company is not estimating the demand properly. The same would be supplemented via competitive benchmarking with other similar competitors and seeing if our assortment includes outdated or is missing any in-demand items. Based on this analysis, we can decide whether to implement an assortment mix and planning solution or not.

Let's say we did this analysis and found that the solution is indeed needed. Next, what about support functions?

Finance and HR are areas where DT generally adds significant value. If the processes aren't digital, then digitizing them and integrating them with other areas mentioned above would create a streamlined process and allow for a better way of handling the processes.

Fair enough. Let's say we decide to go ahead with transformations in procurement and vendor management, warehouse and logistics, and assortment mix and planning. How would you go about prioritizing their implementation?

I would majorly look at three factors. Firstly the impact of the transformation in terms of costs saved or additional revenue generated along with the ROI. Secondly, the timeframe of implementation and any cross-dependencies between the three. Based on this, we can prioritize the implementation.

Alright, that will be it. Thank you.

Retail Chain – Approach

PANORAMA REPORT
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Problem Statement

Your client is a big box retail chain looking to improve their business through digital transformation.

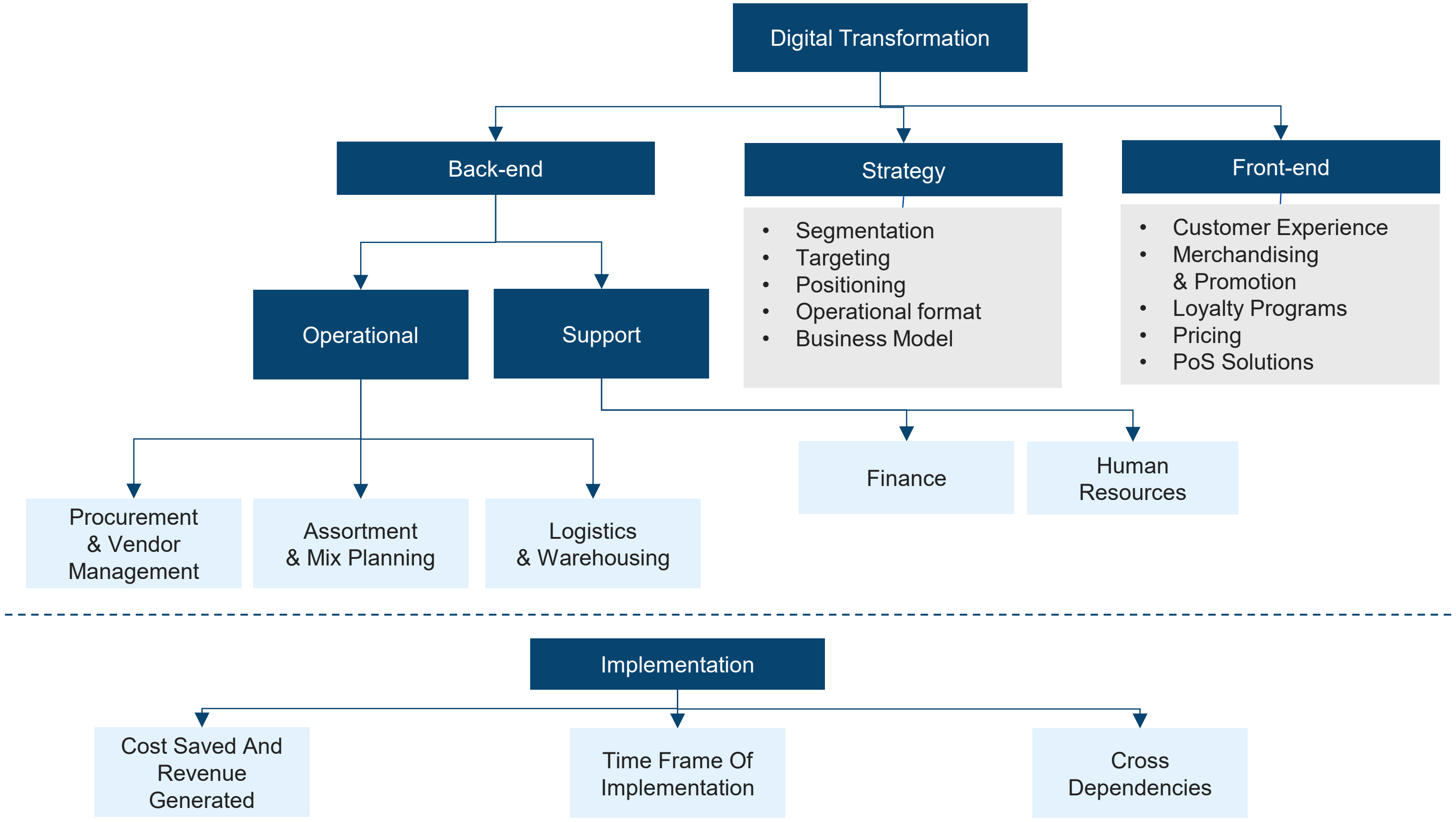
CASE FACTS

- Operates 25 outlets across Northern & Central India; sells everyday consumer products under an everyday low-price model targeting lower middle and middle-class customers
- Front-end partly digitized, but inventory mgmt. still paper-based
- Each product category sources via multiple vendors; individual contracts maintained with each

INTERVIEWEE NOTES

- The client has made some progress on front-end digitization but continues to run core operational processes (inventory, vendor management) largely manually
- Three areas where digital transformation can make an impact in a retail store include: strategy, front-end (customer-facing), and back-end (operational & support functions)

APPROACH/ FRAMEWORK



RECOMMENDATIONS

- The client should implement IoT along the supply chain to monitor and track every unit, set up a one-stop vendor management platform, and leverage analytics to benchmark against competitors along value chain
- Finance and HR processes should be digitized and integrated with other areas

OBSERVATIONS

- Open-ended case: The candidate brought in a degree of structure by asking exploratory questions on different operational areas that could be affected
- Since strategy and front-end were deemed satisfactory, the largest transformation levers lie in back-end processes, making implementation prioritization critical

Increased Processing Time – Interview Transcript

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Your client is a packaging manufacturer who has been facing higher completion times for delivering their jobs. Diagnose and recommend solutions.

I would like to begin with a few clarifying questions on our client. I'll like to know what exactly constitutes the completion time for a job.

The completion time is the time taken from receiving the raw material to completion of the entire manufacturing process.

Alright. I am not very familiar with the packaging industry. Could you please elaborate on the process followed by them and whether this problem is only being faced by our client.

You can consider it to be like any other manufacturing industry. They manufacture carton boxes used for varied packaging purposes. Production involves a sequence of processes involving different machines based on the nature of the job. Also, the problem is being faced only by our client.

Okay. I would also like to know how many manufacturing facilities the client has and whether the problem is specific to any plant/facility.

Good question. The client has three manufacturing locations across India, and the problem is being faced across all three.

Okay, this tells me that the underlying issues are likely to be more structural in nature. You mentioned that different processes are followed for different jobs. Could you tell me what the different types of jobs being processed are and whether this problem is specific to any job type.

Jobs are classified based on the number of cartons to be produced: small jobs produce <5000 cartons, large jobs >5000. Small jobs have been exhibiting a completion time of 72 hours against a 36 hour target, while large jobs have been completing in 54 hours against a target of 48 hours.

So, the problem seems to be more prominent in small jobs. I would like to deep-dive into these first. Would that be okay?

Yes, you can go ahead.

I'd like to start by identifying the different components of completion time and looking where the problem lies. The completion time would consist of actual manufacturing time and the idle time. So, do we have any information if the difference between actual and target is specifically in any one of them?

No, we have actually exceeded the target time in both of them.

Alright, in that case, I would like to start with the manufacturing time. This would be dependent on the number of processes involved, run speed of different machines involved and the average order quantity for the job. Have we seen changes in any of these?

You can assume that the average order quantity is same, and the number of processes involved is also the same. However, we have observed that the run speed of machines have reduced, and this has happened across machines.

Okay. So, this could be because of deterioration in the machines, lowering of operators' skill levels, or changes in the job processes involved. However, the first two should have similar impacts on large jobs as well. This tells me that they are unlikely to be the primary drivers here. Have there been any changes in the nature of processing?

Yes, that is correct. Small jobs being received in the recent past have become more complex, causing quality issues when processed at high speeds. This has forced operators to run the machines slower.

Ok. So this explains the increase in manufacturing time for these jobs. Now I would like to analyse increase in idle time. Idle time would consist of idle time within machines and idle time between machines. The idle time within machines would consist of the make-ready time, and the breakdown time. The idle time between machines would be due to unavailability of the subsequent machine, prioritization of some other jobs, or differences in batch size requirements.

That's correct. We have seen that there has been an increase in the make-ready time for these jobs as well as an increase in idle time between machines. Can you identify the possible reasons for the same?

You mentioned earlier that small jobs being received have become more complex lately. This complexity could be the reason behind increasing make-ready times. For the idle time between machines, batch size requirements are unlikely to have changed since the machines are the same. So, it could either be poorer scheduling, or prioritization clashes at a plan level.

Yes, that is correct. What we have observed is that there is no clash of priority from demand side, but the line managers are prioritising larger jobs over small ones. Why do you think they would be doing this?

I think the main KPI for line managers would be their daily output in terms of the number of cartons produced and the production line's efficiency. Since the smaller jobs need to be run at slower speeds, managers may be deprioritising them to optimise their KPIs.

Great. So can you suggest some recommendations to prevent this problem in the future.

I'd like to give the following recommendations:

1. For increased manufacturing time: The operators should be given adequate training so that they are able to run these jobs at specified speed without any quality defect. The plant can also take the help of other plants and see if similar type of jobs are run there and what processes have been followed by them.
2. For increased idle time: The make-ready time can be reduced by improving the skill level of employees as mentioned earlier. Increased supervision can also help here. For the prioritization problem, line managers' KPIs and targets can be defined separately for each category of job instead of being consolidated.

Do you want me to analyse anything else?

This will be fine. Thank you.

Increased Processing Time – Approach

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Problem Statement

Your client is a packaging manufacturer who has been facing higher completion times for delivering their jobs. Diagnose and recommend solutions.

CASE FACTS

- Client manufactures cartons used across various industries
- Client has 3 manufacturing sites, and jobs are classified into small (<5k units) and large (>5k units)
- Small jobs have been taking 72 hours to complete vs 36 hour target; large jobs are taking 54 hours vs a 48 hour target

INTERVIEWEE NOTES

- Issue is faced across all 3 sites, indicating cause is likely to be more structural
- Operator skill issues, and machine deterioration are unlikely to be the causes since they would have equally affected large jobs too
- Since the issue is likely structural in nature, job prioritization issues is likelier to be due to incentive structures than person-specific factors

APPROACH/ FRAMEWORK

- Completion Time
  - Manufacturing Time
    - Run speed
      - Nature of Job
      - Labour issue
      - Machine Issue
    - No of processes
    - Average order quantity
  - Idle Time
    - Within Machines
      - Make-ready time
      - Break-down time
    - Between Machines
      - Machine unavailability
      - Job Prioritization
      - Batch size differences

RECOMMENDATIONS

- Give operators adequate training to handle complex small jobs without compromising speed, to reduce manufacturing time
- Training and better supervision can help reduce the make-ready time taken by operators
- Change floor managers' KPI from total volume of units processed to category-level KPIs to prevent KPI gaming through cross-category tradeoffs

OBSERVATIONS

- Actively formulate hypotheses of the likely cause out of identified buckets, based on the prior information gathered
- Do not hesitate to ask the interviewer if you are unfamiliar with a given industry
- There could be multiple factors contributing to the same problem outcome, so don't assume that the problem is solved if a root cause is identified in one of the branches of the issue tree.

Pharmaceutical Company – Interview Transcript

Your client is a pharmaceutical company planning to divest one of its molecules. They have approached you to help with its valuation.

Sure, thanks. I would like to know if I got the problem right. Our client is a pharmaceutical company, planning to sell a molecule's patent to another entity and needs our help with valuing the patent.

Yes, that's correct.

What is our client's objective? Is it to maximize profit or to maximize the reach of the molecule?

They want to get the maximum economic return from their patent, having spent substantially on its R&D.

How far is the client in terms of R&D on the molecule? Are they currently selling this drug? Additionally, I understand that this molecule is just one of their inventions. Are they commercially selling other drugs?

They have created a pill but have not started selling it yet. Yes, they are selling other drugs successfully for more than a decade now.

What is the therapeutic area of this molecule, and what areas does the rest of their portfolio comprise?

How would that matter?

If the products in portfolio are related, there can be positive or negative spillover effects. For instance, adding a complementary product increases the sales of an existing product. Divesting can have the opposite effect.

Makes sense. Continuous use of this pill cures baldness. The client generally sells medicines for diabetes and cardiac issues. As you can guess, they can't foresee any positive impact on the sales of their current portfolio if this pill is launched or any negative impact from a divestment. Also, the pill will be sold Over-the-Counter (OTC) while the rest of the client's portfolio comprises prescription drugs.

Got it. So, both the category and distribution lack any synergies. We can ignore spillover effects and just value the molecule on a standalone basis. For how many years is this patent valid?

5 years. Why do you think that matters?

If the client keeps the patent, it can sell the pill monopolistically for the next 5 years. Hence, to value the molecule, we'll need to estimate the present value of future profits for the next 5 years from the sale of this pill.

You are right, so what other information would you need to value by this approach?

Profits are function of revenue and cost, so we would need estimates of both. Revenue will depend on estimated sales, and the selling price. The sales volume will depend on the number of users, the average duration of usage, and the recommended dosage frequency during this period. Costs can be classified into fixed & variable.

What do you mean by average duration?

This drug is more of a cosmetic drug. So, customers would use it for varying durations. Some might drop very soon while others might continue to use it. We'll need a weighted average to take that into account.

The client has done market sizing and ascertained that it will convert 100,000 customers over the next five years. Average frequency of use is twice a week or 8 times a month. Average duration of use is a year. One pill can be sold for $100 . You can ignore the time value of money.

Okay. Multiplying the customer base, usage duration, frequency, and price gives us a total revenue of $960M across the 5 years. Do we know the cost figures too?

Yes, the cost of producing one pill is $40. This includes both fixed and variable cost.

So, effectively the profit per pill is $60. On a sale of 9.6M pills, that translates to a total profit of $576M.

Wouldn't you consider R&D cost?

No, that is sunk cost. That can't be saved even if we sell the patent now.

Right, but are we sure that the client would earn $576 million? Do you see any risks?

In which country is the client aiming to sell this pill. And do they need trials?

The client is US based. And FDA stipulates extensive trials.

Has the client completed trials?

No, they are yet to begin with their trials.

Then, there is a possibility that the molecule might not succeed in trials and fetch zero return.

What more data do you need in that case?

I would need 3 types of data points: The number of phases of trials, the cost of each phase, and the probability of success of each phase.

There are three phases. The first trial costs $4M and has a 10% probability of success. The second trial will cost $3M, with a 30% chance of success. The third and last phase will cost $2M. It has a 40% probability of success. These probabilities are independent of the previous phase of trial.

Okay. So, if we consider all contingencies, there are 4 possible outcomes:
1) The trial can fail at 1st phase with 90% probability
2) The trial can be successful at 1st phase and fail at 2nd phase with 10% * 70% = 7% probability
3) The trial can fail at 3rd phase with 10% * 30% * 60% = 1.8% probability
4) The trial can finally be successful at all stages with 10% * 30% * 40* = 1.2% probability.

So, what is the final expected profit

Solving through this distribution of profits & their probabilities, we get an expected profit of approximately $2.5M.

This is considerably lower than the previous estimates. Which number is hurting the profitability the most?

The probability of success of the very first trial is very low. This has a cascading effect on all further scenarios. It would be fair to say that this number is hurting the overall profitability the most.

Give me a minute…
I just got a call from one of the competitors who wishes to buy the molecule at $5 million. But they need an answer right now in a minute. They are on the other side of the phone and are asking if we are in or out.

$5 million is double the expected return. And the drug will succeed in trials with a bleak probability of just 1.2%.

In or out? 20 seconds left.

In. I recommend to seal the deal.

Yes, fairly done. Any regrets now?

None, the molecule was very different from the current portfolio. Current brand equity would not help in sales. Marketing efforts would have to be done from scratch. That will further add to the costs.
This molecule would be sold OTC and the existing drugs are prescription based. Establishing a different distribution channel would need even more expenditure.
Additionally, we did not consider the probability of the product not catching up even after passing through all the three phases of trial. Factoring all this, I think we had a good deal.

Pharmaceutical Company – Approach

Problem Statement

Your client is a pharmaceutical company planning to divest one of its molecules. They have approached you to help with the valuation.

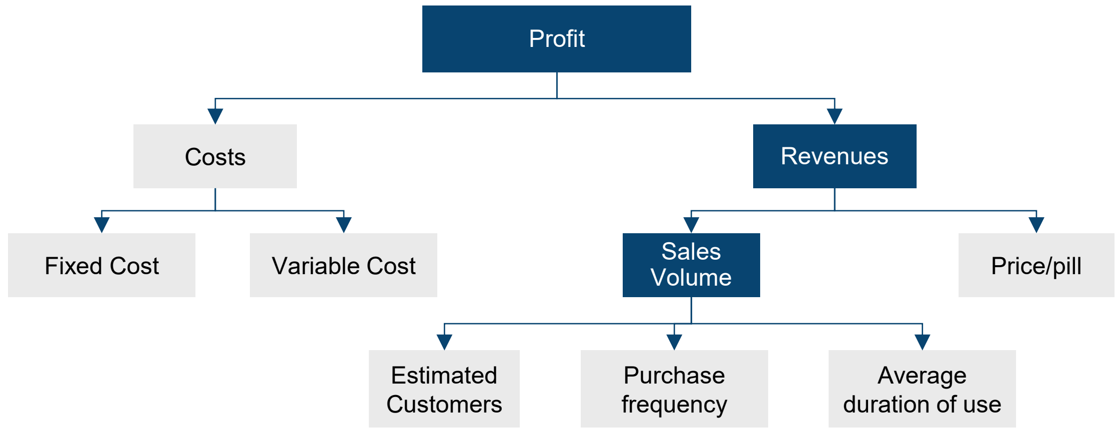
CASE FACTS

- Focus on maximum return for the company.
- The OTC sold pill is for baldness. The client deals in Diabetes and cardiac issues related medicines since a decade.
- Patent is for 5 years.
- Another deal available at $5 million.

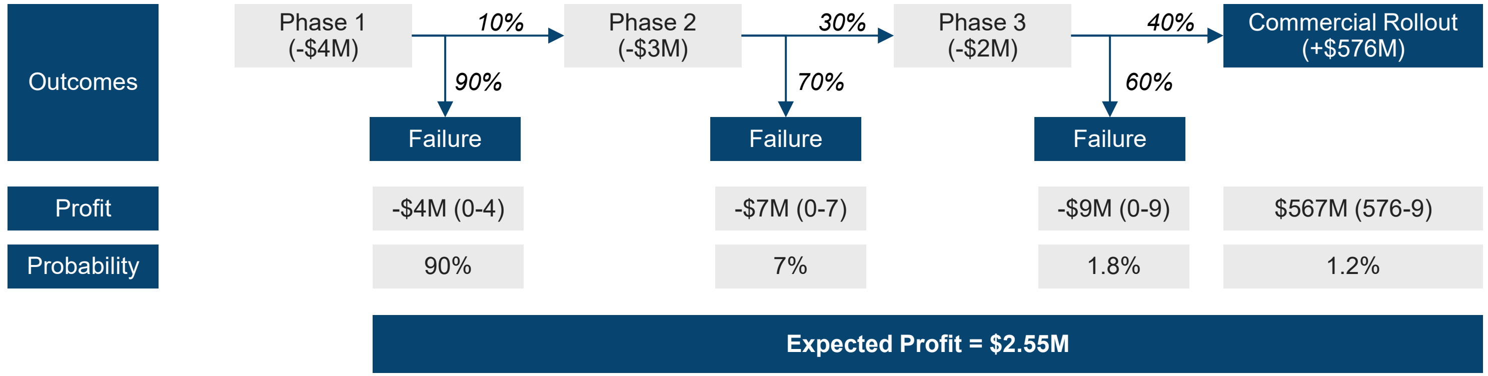
INTERVIEWEE NOTES

- The molecule is a cosmetic drug sold OTC, different from current product portfolio.
- Valuation needs estimates of revenue and costs.
- Valuation needs to be done in isolation.
- The interviewer specifically asked the scenario in which client would not be able to earn the revenue arrived at by market sizing.

APPROACH/ FRAMEWORK



Expected Profit Estimation



RECOMMENDATIONS

- Since the deal was offering double of the expected returns, it was a good call to sell.
- Considering the overall product portfolio of the company, additional expenditure like marketing and distribution would bring the expected profit further down.

OBSERVATIONS

- It is important to understand the objective of the client. The whole question could have taken a different turn had the objective been to make the pill available to maximum people.
- It is important to pay attention to the questions asked by the interviewer. They wanted to channel the interviewee towards the right approach. In this case, it was the concept of trial of drugs.

Digital Transformation of an FMCG Client – Interview Transcript

Your client is an Indian FMCG Company specializing in Salty Snacks. They have approached you to transform themselves digitally. Suggest a suitable strategy for them.

Thank You for the Problem Statement. I would like to collect my thoughts and ask a few preliminary questions. What exactly do you mean by Salty Snacks? What is their product portfolio?

The client is a market leader in the Indian and Western Salty Snacks industry. They make a wide range of products such as Traditional Indian Snacks also called 'Namkeen' (like Aloo Bhujia and Masala Peanuts), Potato Wafers and Extruded Snacks (like Kurkure Sticks and Corn Puffs).

Alright! Which part of India do they operate from? Which all regions do they serve?

The client has retail presence all across India except a few regions like Northeast India, Kerala and Gujarat, which are predominantly served by local players. The client has its manufacturing facility in in Nagpur but has tied up with Contract Manufacturing Units (CMUs) in other parts of the country from where they serve the remaining regions.

Okay! What is the predominant cost of their packet? Do they specialize in Rs. 5 or Rs. 10 Packs or are they only make large case?

How is this relevant to our problem statement? To answer you, they don't specialize in any size and their SKUs are priced right from Rs. 5 for a 20g Pack to Rs. 60 for a 300g Pack.

Thanks for this information. I would like to know more about their current levels of digitization and automation. Also, is there any particular functional area on which I should focus?

Yes, I would like you to look at this problem from an Operations lens. Their manufacturing facility is fully automated. No other aspect of operations has been digitally transformed.

One final question. How much are they willing to spend on this digital transformation exercise? What is the time horizon they have in mind for these investments? This will help me evaluate my suggestions accordingly.

They are willing to spend roughly upto Rs. 25 Cr (~1% of their Annual Revenue) for this transformation exercise, over a period of 24 months.

I'd start by examining the client's Value Chain, beginning with Inbound Logistics and then moving through Manufacturing, Outbound Logistics, and finally Marketing and Sales. Would that approach work?

Yes, this is okay. But we can skip Manufacturing as it has already been fully automated.

Inbound Logistics can be divided into three parts: Order Placement, Transportation and Receiving, and Inventory Management at the manufacturing facility. The warehouse could be digitally managed, with barcodes scanned whenever stock enters or leaves, ensuring accurate visibility of inventory. This data could then be used to digitally place vendor orders, saving both time and cost. Would you like me to go deeper into this analysis?

No, this is good enough. Just one point to note is that it may not be feasible to digitally place the order as it is dependent on the technical capabilities of the upstream vendor, which is not in our control. You may now proceed to Outbound Logistics.

Sure, the Outbound Logistics component can be broken down into Order Reception, Processing and Transportation. Before I proceed further, I would like to understand the distribution structure of our client. Could you please give me some insights about this?

Our client reaches end customers through retailers who stock its products. Super-stockists across India place orders directly with the client and supply distributors, who then supply retailers. The client's on-ground salespeople are present at each stage to drive sales.

Sure. Since we have full control over the downstream distribution, we can shift to a digital order-taking process. By digitally tracking the stock of finished goods in our warehouses, we can require super stockists to place their orders through our website or digital platform. Does that sound reasonable?

Yes, it does! Please continue.

Once an order is received, it can be routed to the nearest facility, either our own plant in Nagpur or a Contract Manufacturing Unit, to minimize servicing costs. While the Nagpur plant may have lower manufacturing costs, logistics expenses could be higher compared to CMUs that are closer to the super stockists.

This is good. However, the on-ground salespeople drive both Primary Sales (Sales to Distributors) and Secondary Sales (Sales to Retailers). Could you please highlight how this could be digitally monitored?

The primary role of the salesforce is to visit outlets and drive product sales. I see three key stages: Pre-visit, During-visit, and Post-visit. In the Pre-visit stage, route optimization can maximize revenue impact while minimizing travel costs—assigning nearby outlets to the same salesperson. Additionally, past purchase data of each outlet can be made available via an app to strengthen the sales pitch. During the visit, time spent at each outlet can be benchmarked against peers to design more effective incentive structures and monitor overall salesforce efficiency. In the Post-visit stage, real-time inputs from salespeople can capture emerging market trends, support demand forecasting, enable new product development, and provide visibility into inventory levels across the supply chain.

Perfect, this has been very insightful. One final question, any suggestion for the client to create new sales channels?

Alright. The client can perhaps create a website to enter into the D2C segment. They can also enter the B2B segment by getting into HoReCa. Additionally, they can enter the e-commerce and quick commerce spaces as well. These channels heavily leverage technology and can be used to boost sales, especially in urban areas. However, these will require the client to relinquish some control over their inventory flow and pricing.

Thanks a lot! We can end the case here!

Digital Transformation of an FMCG Client – Approach

Problem Statement

Your client is an Indian FMCG Company specializing in Salty Snacks. Suggest a suitable Digital Transformation strategy for them.

CASE FACTS

- The client is the market leader in the Indian Salty Snacks industry
- Their manufacturing facility is automated, but the other aspects of operations are not digitally transformed yet
- The client manufactures in its own facilities as well as through CMUs (Contract Manufacturing Units)

INTERVIEWEE NOTES

- Client wants to digitally transform their operations
- They are willing to spend up to Rs. 25 Cr. within the next 24 months
- Using the value chain framework might be a good idea

APPROACH/ FRAMEWORK

Master Framework

Inbound Logistics	Manufacturing	Outbound Logistics	Sales & Marketing
Order Placement		Order Reception	Pre-Visit
Transportation		Processing	During-Visit
Goods Reception		Transportation	Post-Visit
Inventory Management			

Client distribution network

Manufacturer → Super-Stockist → Distributor → Retailer

OBSERVATIONS

- The case threw light on the different processes involved in FMCG operations
- Sales & Distribution structure of Indian FMCG Companies was thoroughly highlighted
- Nuances regarding the control (or lack of control) in the upstream and downstream process were highlighted

'Go Green' Strategy – Interview Transcript

Your client is planning to launch a new Airlines Company. The airline will differentiate itself by being a 'green' airline. He has approached you to suggest ways in making his airline 'green'.

So, if I understand correctly, the client wants to launch an airline which will focus on being 'green'. By being 'green', do we mean adopting and excelling in sustainable practices or is there some other interpretation?

Yes, you are right. It means adopting sustainable practices.

Okay, could I know why the client wants to adopt this? What is his ultimate objective?

Well, the client feels that the world is increasingly becoming conscious about sustainability practices. Being a 'green' airline, it can capture a market of passengers even by selling tickets at a relatively higher price.

Sure, I would want to understand a bit more about the company at this point. Will it be a low cost or a full-service airline? Does it plan to operate in international markets or in India?

They will prefer to be a full-service airline. It will primarily be an Indian airlines, but it will have international flights.

Could I understand a bit more about the current context? Have other players started with these practices? Do we have any benchmark?

No, we would be the first in the industry. There is no benchmark.

Okay, so I feel that I have some idea about the problem. I would like to proceed analysing it by first drawing out the value chain (Draws out). Do you want me to focus on any one? Or should I start from sourcing?

Start wherever you want. You are the consultant.

Okay, so I feel that sourcing would be that of fuel and aircraft.

While I know that the suppliers are well established there are certain in-flight changes that can be introduced to reduce the weight of the flight. For example, lighter carbon fibre seats can be installed. Similarly, we could look at re-configuring the cabin crew or cockpit to reduce weight.

For fuel, we could look at a mix of biodiesel and normal fuel something which was tried by Spice Jet.

Okay, what else?

That would cover sourcing. Next, I would like to come to planning operations. This would include flight & crew scheduling, route selection etc. (refer value chain). The flights need to be planned such that it minimizes fuel use. This would involve better scheduling, not flying flights at less than capacity and reducing idle waiting time at the runway.

Okay. Could you think of a metric in this respect which would be useful?

Fuel/passenger. I think we should focus on reducing this.

Okay. Please continue with your initial analysis.

So, after planning, I would like to look at the pre-flight operations. This would involve ticket counter operations, gate operations, baggage handling, and pre-flight bus service. We could look at going paperless by removing paper tags and plastic zip locks and using e-boarding passes. We could also look to use aerobridges to reduce fuel use in operating buses. We can substitute round service equipment with electric powered instead of diesel.

Interesting suggestions. Please continue with your analysis.

Next, I would look at in-flight operations. We could look at reducing paper and plastic on board by cutting back or eliminating magazines and buying lighter beverage carts.

Also, since we are planning to be a full-service aircraft, in-flight meals could be served in biodegradable containers.

Fair enough. What else?

After this, we would come to outbound logistics. Here again, we could use aero-bridges or electric buses to transport passengers to terminals. Baggage can be transported from flights to collection belts using electric/solar powered ground service equipment.

For major terminals (like metro cities), full-service airlines offer additional services like pick-up and drop car rental. We could substitute that with pooled-car or shuttle bus services.

Do you think you have missed out any major factor in your overall analysis? What do you think a major airline operator will need to have to sustain its operations?

I apologise, I had missed its corporate offices. An airline would have offices all over the country. We could look at sustainable practices there. Use of solar energy, going paperless etc. to reduce our overall carbon footprint.

We could also look at adopting green practices in reporting such as ESG reporting in our financials and conducting green audits by specialized firms.

What will be some of the major challenges in the initiatives suggested by you?

First, the initial fixed cost would be higher. Purchasing electric or solar powered ground equipment is not common in India so it would require special orders.

Second, since I suggested changing the configuration of the cabin and cockpit to reduce weight, these might require regulatory approvals.

Third, many customers are not comfortable using e-boarding passes. There will be an additional cost of educating passengers or we might lose out on sales.

Okay, Sounds good. Could you summarize the case for us?

Our client is looking to launch a new 'green' airline and needed suggestions to adopt sustainability practices. After analysing the relevant functions in the value chain, we came up with areas where the client could implement different techniques. It starts with green sourcing, better planning of flight operations to reduce fuel/passenger, reducing the use of paper and tags in the pre-flight operations, reducing the use of plastic in in-flight operations, reducing carbon footprint in the outbound logistics and also incorporating sustainable practices in the corporate offices of the firm. This would help our client go a long way in achieving his goal.

Okay. Thank you.

‘Go Green’ Strategy – Approach

Problem Statement

Your client is the CEO of an Indian Airlines Company. He has approached you, a consultant at a top notch firm to help him make his firm go green. How do you go about it?

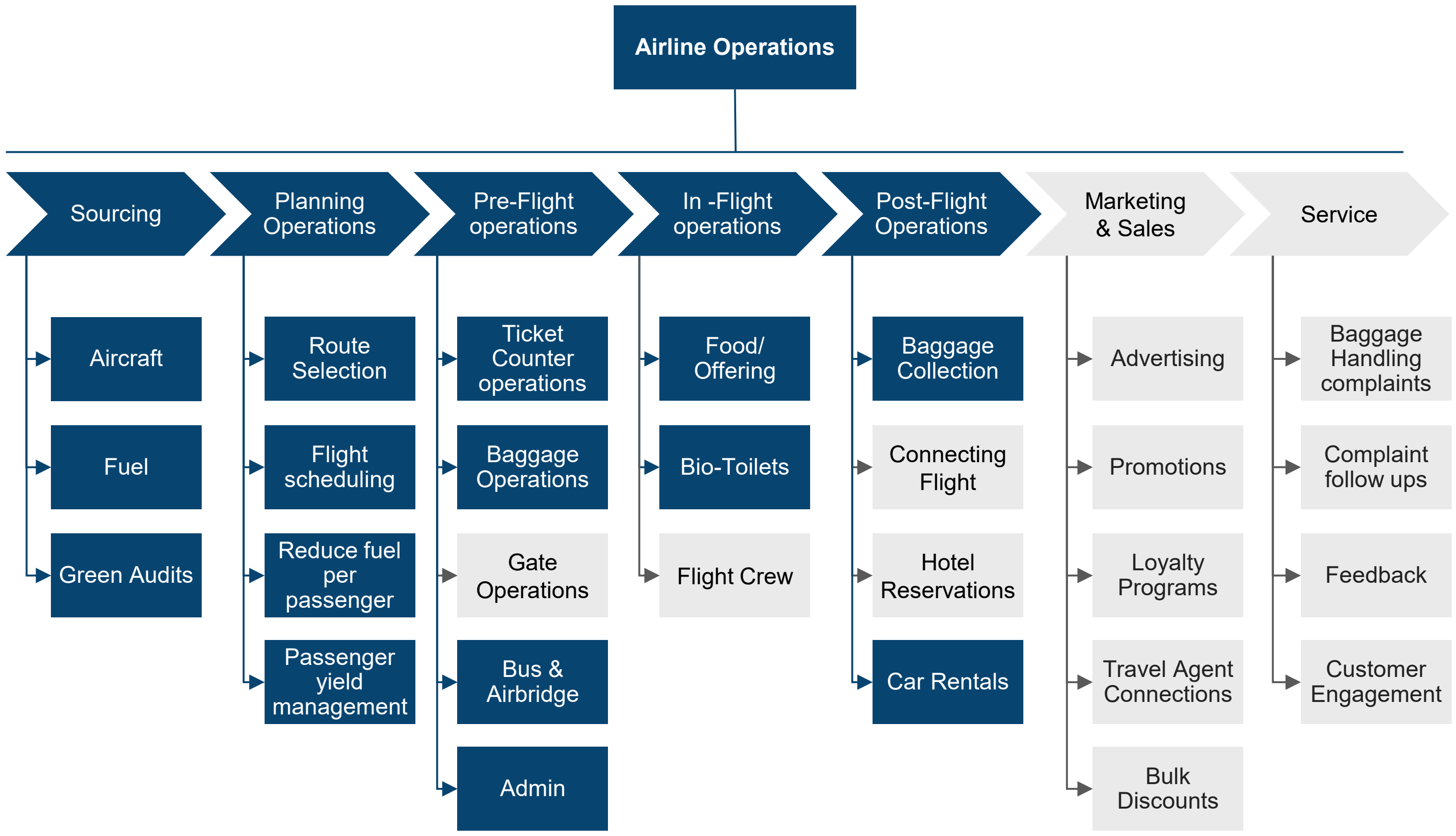
CASE FACTS

- Client is an Indian Airlines Company
- It wants to “go green”
- Looks to operate as a full-service carrier
- Will be an Indian airline with international flights

INTERVIEWEE NOTES

- Try to use the 4C structure (Company, competition, context and cost) to gain more information
- Gauge the motivation, reasoning of the CEO for going green
- Try to use a value chain to break up the entire problem into parts

APPROACH/ FRAMEWORK



RECOMMENDATIONS

- Optimise aircraft seating & materials to reduce flight weight.
- Use analytics for network optimisation to reduce average trip distance

OBSERVATIONS

- It is critical to clarify the exact objective in such cases. E.g., what does ‘go green’ imply
- Value chain is often a useful structure for cases around analyzing operations
- In such open-ended cases, ensure that you are properly covering all buckets of the VC
- Comparisons & inspiration from other industries and companies you know of can help with recommendations

Consulting Engagement Assessment – Interview Transcript

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You are a consultant at a leading management consulting firm. A potential client has been identified by one of our partners in the retail sector. Please help us evaluate if we should take on their project.

Sounds good. I want to first get a deeper understanding of our firm, its location, and current scope of activities.

We are among the top 3 consulting firms & this project is being led by our India office. The client is Indian too.

Okay. I'd like to know more about the client. What kind of retailer are they? What products do they sell, and do they operate across India?

The company has stores across India, majorly on the outskirts of major cities and in small towns. It deals in three types of products: FMCG, Apparel and Household Electronics.

Interesting to know. Do we know the split of revenues or profits that each of these three product lines bring to the company? Also, does it manufacture its products or is only into retailing?

Good question, close to 70% of the revenue of the company comes from Apparel and this mostly consists of not-so-expensive clothes targeted at the lower middle-class. It is restricted to retail.

Got it. What are the kind of projects that the potential client is considering engaging our firm for?

The client has a pressing need to optimize costs at a store level and right-size their workforce.

Perfect. Can I please take a minute to structure my thoughts and analyse the situation?

Sure, take your time.

Right, so I'd like to break down the engagement assessment, or rather client assessment into 3 parts: Firm Capability, Economic Viability and Operational Synergies. Could there be any additions to this structure?

No, this looks good.

Okay. So, I'll start with first assessing our firm's capabilities and determining if they are suitable for the client and its projects. We can further look at Capability from two lenses: Subject Expertise and Resources available.
Subject Expertise will comprise industry expertise and expertise in such problem statements. What is the firm's experience in these two areas?

Our firm has very limited experience with retail clients. However, we have a deep expertise in both cost as well as manpower optimization across industries. This comes majorly from projects in the metals & mining sector.

Oh, then it would be critical to understand whether this expertise can be transferred to the retail sector.

Exactly. What are the factors you would consider when evaluating this?

I see three factors: Technological Complexity, Scale of Operations and Geographical Distribution. I would rate the first two factors to be much more complex and nuanced in the mining sector, hence transferring skills to the retail sector would not be an issue. However, the client has stores distributed across the country at the grassroot level whereas mining operations tend to be concentrated in a few plants. So, we might face challenges on the third factor - optimizing thousands of distributed stores.
Coming to Resources Available, do we have enough quantum as well as skill levels of human resources (consultants) available to undertake new projects?

Yes, there is no shortage of skilled consultants at our firm in the foreseeable future. We can move on.

In that case, I'd like to move on to analyse the Economic Viability of the engagement. I'll start by breaking down profitability into revenue and costs. On the cost side, do we see any other major cost heads apart from consultant pay and project expenses such as travel, accommodation, etc?

You can consider only these two expenses to cover the major cost components. You can further investigate the revenue side.

Sure, as I understand, many consulting projects are billed by the number of hours consultants at each level put in. Please correct me if that's not the case. How long do we expect this engagement to be?

Yes, billing by the hour is one method. However, we are increasingly shifting towards variable pay in many projects with say 20% bonus on completion of deliverables and maybe another 10% on top if we exceed expectations. A project usually goes for 3 months but some projects are longer.

Understood. I'd then like to split revenue into current and future benefits. Under current benefits, I'll take a short-term view of the revenue from a single or maybe a couple of initial projects. My hypothesis would be that this would not be a huge amount and I'll focus more on the future benefits.

Sounds good. What kind of future benefits are you thinking of?

I can think of direct and indirect future benefits. The direct benefits would be future projects and recurring or long-term consulting projects if the client is happy with our work.
Under indirect benefits, the revenue from other client projects that our firm undertakes as a result of the expertise we build in this sector can be included. Also, positive network effects in the form of good word of mouth by the client might be a critical long-term benefit from other companies in the sector or the client's value chain.

Interesting points. Is there anything about the client you'd like to evaluate in order to take the long-term view that you're hinting towards? How do you go about doing that?

Yes, I will want to evaluate if the client will be in a good position in the future so we can reap these long-term benefits. A way of doing this is to project future position based on past data.
I see three elements here: Company Financials, Scale of Operations and Brand Value, which is more intangible in nature. Do we have any data on the client's financials to start with?

Seems like a good approach. Yes, the client's revenues have been consistently going up and it has been reinvesting the profits into opening new stores, growing at the rate of 50 stores annually.

Alright. This information looks encouraging. However, I would want to understand the growth in the scale of operations to make a better assessment.

Sure, what factors are you interested in the growth of operations of the company?

3 factors: a) Performance of current stores, b) Distribution of current and new stores, c) Competitive forces in the industry. I'd also like to understand if new stores are only for clothing or also for other product categories?

Well, while most of the current stores are doing well, a few are unprofitable and the company shut down some stores in major city centres. However, the growth rate of new stores on city outskirts and small towns is much higher. The new stores are distributed evenly across the country. As of now, we don't see any nation-wide retail chain competing in low-end clothing, however there are several competitors in FMCG and electronics. What is your final assessment and what kind of consulting projects do you recommend for future revenue?

Based on the strong position in clothing segment and profitable growth across the country, I would recommend taking up long-term projects with the client.
Further, I see projects along the value chain of the company: a) Pre-Store: Supply Chain Optimization in logistics, in both transportation and storage, b) In-store: Digital Transformation of its store operations, and Loyalty Program Design c) Post-store: Reverse logistics and After-sales

Sounds comprehensive. Thank you, we can close the case here.

Consulting Engagement Assessment – Approach

INDEX

Problem Statement

You are a consultant for a leading management consulting firm. A potential client has been identified by one of our partners in the retail sector. There is a possible project that can be engaged with the client. Please help us evaluate if we should undertake the project.

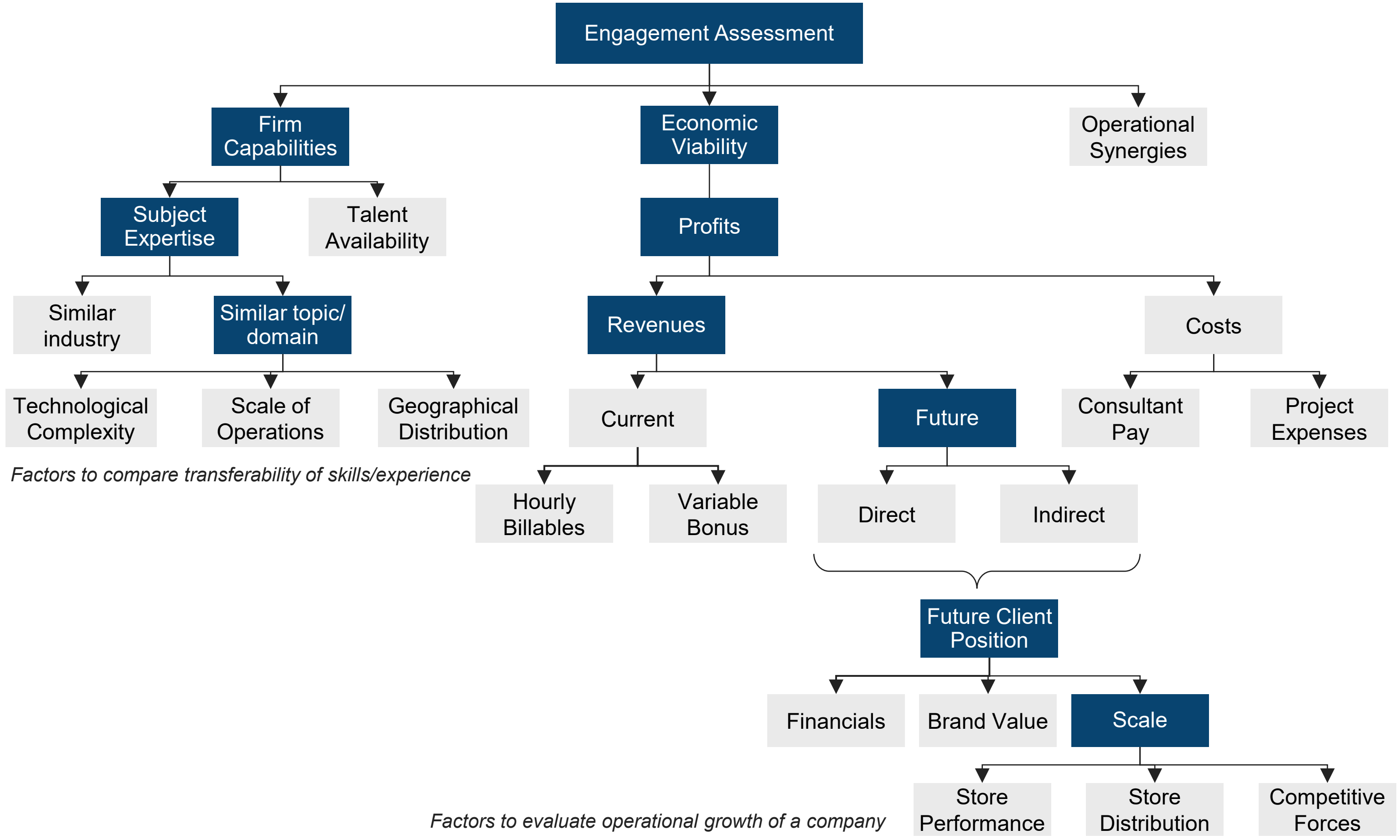
CASE FACTS

- Client is seeking cost & workforce optimisation.
- Your firm is one of the top 3 consulting firms; it has little experience in retail, but expertise in such problem statements
- Client operates across India, mainly selling apparel, alongside some FMCG & Electronics.
- Client has growing revenues and is expanding at +50 stores a year.

INTERVIEWEE NOTES

- Look at both bandwidth and skillset
- Consider both immediate and long-term returns from the engagement. These could be non-financial too.
- Check for transferability of expertise
- Client needs to have a strong market position in the future to yield long-term secondary benefits.

APPROACH/ FRAMEWORK



RECOMMENDATIONS

- Take up this engagement, given available capabilities and positive economic returns.
- Leverage this project to derive long-term future benefits in the form of follow-on projects as well as positive word of mouth in this sector and the client's supply chain.
- Major amount of value will come from long-term instead of immediate returns.

OBSERVATIONS

- Important to assess both capacity (manpower volume) and capability (manpower skillset).
- Take into account second-order effects from the activity. In this case, these are follow-on projects and referrals.
- The interviewee did a great job of formulating hypotheses from their end instead of simply asking the interviewer for directions.
- Consider both monetary and non-monetary returns.

Public Distribution System – Interview Transcript

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The Ministry of Consumer Affairs, Food and Public Distribution has been witnessing lower collections from the Public Distribution System. They have approached you to identify the key drivers behind this trend.

Interesting. If I understand correctly, the fair price shops under the PDS sell basic grains at extremely affordable prices and this scheme is run jointly by the Centre and the states.

Yes, that's right. The shops largely distribute 4 products – wheat, rice, sugar, and kerosene. These products are procured by the central government while the fair price shops are run by the individual state governments, which are also responsible for issuance of ration cards to the eligible people.

Understood. Have all states experienced lower collections? Or is the problem specific to certain states?

Good question. The problem has been most prominently observed in Kerala. For the purpose of this case, you can focus on just that.

Alright. Since when has the Ministry witnessing this problem? Could you also quantify the extent of the issue?

While we do not have very solid estimates, collections have gone down over 30% in the last 2 years.

Thanks. Also, have collections gone down for any specific foodgrain, or is it largely consistent across products? From what I understand, rice would be the staple grain for Kerala while wheat consumption would be low.

The issue is not specific to any grain. It's a trend being witnessed across all shops in Kerala for all products.

Okay, I have adequate information to step into solving the problem now. I would first look at the lower collections issue. Given the product mix is not relevant, the collections can be determined as below:
Collections = # of beneficiaries x monthly quantity purchased per beneficiary x central issue price

That's fair. We know that the central issue prices have not gone down. It's a volume problem.

Interesting. Since ration cards are usually issued for a period of 5 years and this problem has been observed only over the last couple years, I believe the number of beneficiaries going down is not the key issue. Additionally, the centers for registration and renewal of ration cards are also highly accessible, thus the beneficiary list should not move much.
With this assumption, monthly quantity purchased per beneficiary is likely where the issue lies.

Yes, the number of beneficiaries have not gone down drastically but they have been tapering their quantity purchased from the fair price shops.

Looking from an internal-external perspective, this could either be due to increased utility provided from other sources (external driver) or decreased utility from the existing source (internal driver).

Assume that the quality of the produce and ease of disbursal of the PDS scheme has remained constant over the years.

This leads me to believe that the beneficiaries have more value accretive options available to them. I would like to segment them into government schemes or non-government (private) schemes. It seems unlikely that private players would cater to BPL segments, as the margins here tend to be slim.

Yes, though private players have not changed their offerings, we can look at other government schemes.

People may have increased their discretionary spending towards other schemes by the government. Given that it is a recent problem, there can be two reasons for this, either the existing offerings have become more attractive to customers or some new offerings from government have been launched.

It seems that beneficiaries are leaning towards newer government schemes. Can you analyse why?

Sure. We can consider the following parameters to ascertain higher preference towards other schemes: Awareness, Accessibility , Affordability , Acceptability.

Alright. Go ahead.

Herein, I believe that awareness of government schemes would have remained fairly stable over the last 2 years. We have established that accessibility is not a concern. Fair-price shops are heavily subsidized; thus, affordability should not be a problem.
Thus, acceptability must be the factor of concern. Am I correct in assuming this?

Yes, you may proceed.

I would address the issue by dividing the customer journey into three stages: pre-purchase, where consumers are influenced by awareness and perceived value of alternative offerings; during purchase, where they assess the functionality, quality, and service levels; and post-purchase, where they evaluate overall satisfaction and whether the product met their expectations.

You are right. From our observations, the problem may lie predominantly in the post-purchase stage.

If the issue is mainly in the post-purchase stage, it suggests that while consumers are initially drawn to PDS offerings for affordability and accessibility, the quality—particularly in taste and nutrition—may fall short of expectations. This dissatisfaction could lead them to seek alternative options that offer better long-term satisfaction.

That's exactly where the problem lies. The quality of the grains distributed through the PDS no longer meets people's expectations. As a result, they are turning to perceived higher-quality alternatives, such as the offerings from the Amma Canteen-type initiative from the Kerala government, which provide better taste and nutrition at similar prices. Given this, what recommendations would you suggest to address this issue?

Certainly, I would like to divide my recommendations into short-term and long-term. In short term, They should enhance quality control in the PDS to improve grain taste and nutrition, and implement a feedback system to swiftly address consumer concerns, thereby restoring confidence and satisfaction among beneficiaries. In the long term, they must establish partnerships with reliable suppliers to ensure consistent, high-quality grain sourcing and launch a public awareness campaign to rebuild trust in PDS offerings by highlighting these improvements.

Absolutely. Now that we've identified the key driver and outlined actionable recommendations, we can close the case.

Public Distribution System – Approach

INDEX

Problem Statement

The Ministry of Consumer Affairs, Food and Public Distribution has been witnessing lower collections from the Public Distribution System. They have approached you to identify the key drivers behind this trend.

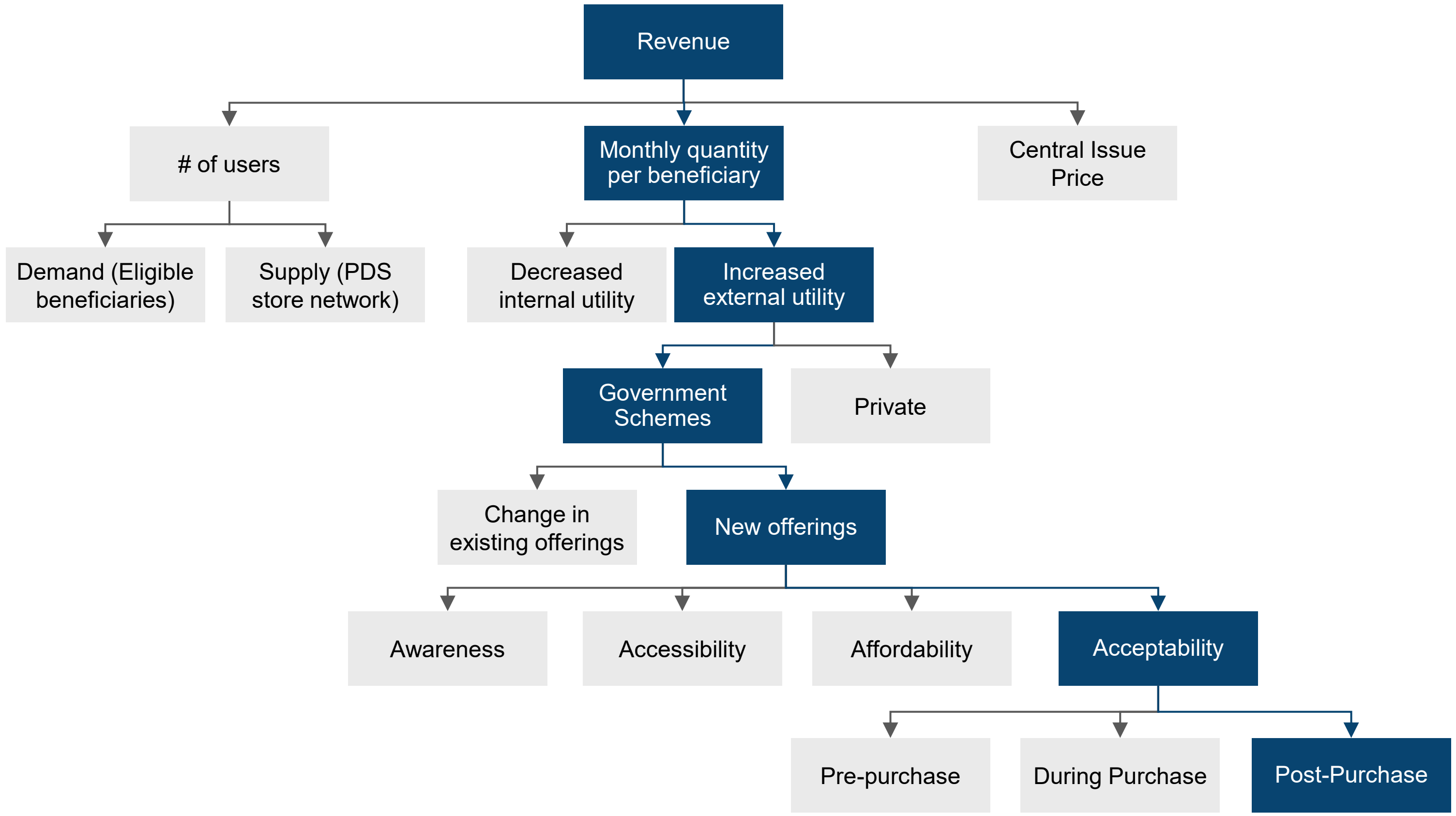
CASE FACTS

- Client is the Ministry of Consumer Affairs (PDS)
- Problem of decreasing collections
- Problem specific to Kerala
- 30% decline in collections over the last 2 years
- Consistent across all food grains

INTERVIEWEE NOTES

- Prices have not changed, neither have the # of total beneficiaries
- Beneficiaries reducing their monthly quantity purchased
- Increased utility provided by other government schemes

APPROACH/ FRAMEWORK



RECOMMENDATIONS

- The issue is due to substitution by higher quality food distribution from other schemes.
- Short term: strengthen quality control in the PDS system and incorporate consumer feedback mechanisms.
- Long-term: Partner with reliable suppliers that can provide better quality grain, & launch a public awareness campaign to rebuild trust.

OBSERVATIONS

- The interviewee was highly structured throughout the entire case, including the recommendations.
- Quantitative formulas can help ensure the structure is MECE
- Proactively formulate hypotheses basis inferences from case facts.
- Identifying the specific scope of the problem early on, in terms of geography & product, helped to nudge the interview in the right direction.

Ski Slope – Interview Transcript (1/2)

Your client has inherited land on a ski slope from his grandfather. What would you suggest to him?

I would like to understand more about the land first. How large is the land, and where is it located? How can it be accessed – through roadways, by air, and/or by waterways?

It is 5 acres of land located in a remote area 20 km away from Manali. There is a small road connecting this land to the Mall Road in Manali. It is mostly unexplored, and there is no other significant structure or building around the property.

Are there any special features of this land? Is it rich in minerals or is it extremely fertile?

No, nothing of that sort.

Okay, I would also like to know a bit about the client's background – what he does, and whether he has monetary objectives like maximizing profits, stabilizing cash flows, or non-monetary objectives such as emotional attachment or philanthropy?

The client is a big industrialist, and he wishes to gain profits from this land.

Is the client open to diversifying his business? Does he have any limitations on investment?

Yes, he is open to diversification. There are no limitations on capital.

Great. The client can decide either to sell or own the land partially or fully. However, selling would not be a good option, given the objective. If he owns the land, he can choose to construct asset(s) on the land and monetize them himself, construct asset(s) on the land and rent them out to someone else or simply rent out the bare land.

The client wishes to own the land himself and construct assets to earn recurring revenue.

Alright, the client can start a business in the primary, secondary, or tertiary sector. Since the land is not fertile or mineral-rich, the primary sector can be ignored. The client's background as an industrialist will help when choosing the secondary sector. However, given that the land is a ski slope, the most attractive option could be in the tertiary sector, especially in the hospitality industry.

Makes sense. Assume the client wants to open a ski resort on the land. Would you recommend this to him?

Before that, I would like to understand more about the kind of ski resort the client would like to open. Who would be the target market? Who are the competitors?

The client wants to open a high-end ski resort for wealthy Indians. Competitors would include other luxury hotels and resorts in North India with skiing facilities.

Okay, to check the feasibility of this, I would like to assess 3 things: (i) the attractiveness of this proposition, (ii) the feasibility of opening this resort both in terms of the financial and operational aspects, and (iii) the long-term sustainability of the project. Does this seem like a fair approach?

Yes, please go on.

Given that the objective is profits, I would like to look at 3 factors while assessing the attractiveness of the proposition: the market demand, the expected share of demand that the client can gain, and the profitability of the proposition. The market demand is the Total Addressable Market (TAM), including both skiers & non-skiers who wish to visit ski resorts. Further, we can estimate the profitability for a year as Market demand * Market share * (Price - Variable costs on a per person basis) - Fixed costs. Do we have any data regarding the same?

Assume the TAM is 5 million people & we can gain 2% of these customers in a year. Variable costs are 98% of the price & fixed costs are Rs 2 million. How would you estimate the price? Is the proposition attractive?

Pricing can be estimated by benchmarking costs, analyzing competitors or estimating customer value. There are 2 services offered by the ski resort - (1) Boarding and lodging facilities (2) Skiing.
For (1), we can use competitor-based pricing as customers will compare with other resorts while booking for a vacation. Since this is a premium ski resort, it can be compared with a resort like Khyber in Jammu and Kashmir, which charges ~Rs 20000-30000 a night with meals included. As new entrants, we can price ourselves ~Rs 15000-25000 depending on the seasonal demand.
For (2), we can use value-based pricing. Rs 1000 charged for a one-hour slot at entertainment parks like Snow World could be taken as a proxy to price the skiing service.
Assuming the average stay length is 2 days, the occupancy is 2 people per room, and a person skis 2 hours on average, the average price paid by each person is Rs 22,000, which translates to 5M*2%*(2%*22000)-2M = Rs 42 million annually. Thus, this proposition is attractive.

Is there any other way you could check the profitability, ignoring the ski park?

Yes, this can also be looked at from the supply side. We can assume that with a land area of 5 acres, the resort has roughly 100 rooms. In the 6 months of snow, we can assume an 80% occupancy rate, and in the rest of the 6 months, a 50% occupancy rate. We can then multiply this by the price minus variable costs on a per-room basis and finally subtract fixed costs.

That sounds fair. Could you move on to the next part of the analysis?

Sure. Next, I would look at the market entry feasibility, which would be divided into financial and operational feasibility. The client has no limitations on investment and is already a big industrialist who will have access to capital markets for raising debt. Hence, the initial funding should not be an issue. Other things we could look at are the timeframe of the project in terms of payback period and the consistency of cash flows.

There are no issues with the payback period. What risk do you foresee with cash flows?

The major issue I can think of is high variability in the cash flows. A large chunk of the investment will be upfront, and revenues will trickle slowly. Moreover, since this is a seasonal industry, there will be higher unpredictability during non-seasonal times. However, to avoid the latter, the client can position the ski resort as a luxury wellness retreat center offering therapies like Ayurveda.

Ski Slope – Interview Transcript (2/2)

Okay, sounds good. Moving on, what will your considerations be in operational feasibility?

This can be divided into 3 phases: pre-construction, construction, and functional phases. During the pre-construction phase, issues can arise due to non-transferability of the skill of the entrepreneur since this is a new industry for him, government regulations, permits required, and environmental impact assessment. In the construction phase, we should consider 4 things: accessibility of the location to transport supplies, contractor selection, correct weather selection for construction, and the boarding and lodging requirements for workers. The main issues of the operational phase would be around accessibility of the resort by road, customer safety, and all-around availability of staff at the resort.

Fair. Assume all this is feasible for the client. What would you do next?

The last thing I would check for is the long-term sustainability of the project. The long-term competitive advantages that the client can leverage are the prime location of the land and his financial backing as an already established industrialist. However, the client would also face threats and risks. This can be divided into internal and external factors. Internal factors would include safety hazards and non-accessibility to resources owing to the remote location. External risks would be posed from the entry of a new competitor, adverse weather conditions, economic risks where a recession or a pandemic like COVID shrinks the demand for vacations, or political risks.

Good. Assume the client is very happy with your analysis and wishes to go forward with this plan. What kind of business models can he choose from to operate and run this resort?

The client can choose to carry on operations organically or inorganically. In the first case, he can either start a new chain of hotels or put the resort under the current brand he operates. Inorganically, he can choose out of 3 options- enter a joint venture with an existing chain of hotels, outsource the day-to-day operations to another firm, or enter into a franchise agreement.

Great. Let’s close the case

Ski Slope – Approach

Problem Statement

Your client has inherited land on a ski slope from his grandfather. What would you suggest him to do?

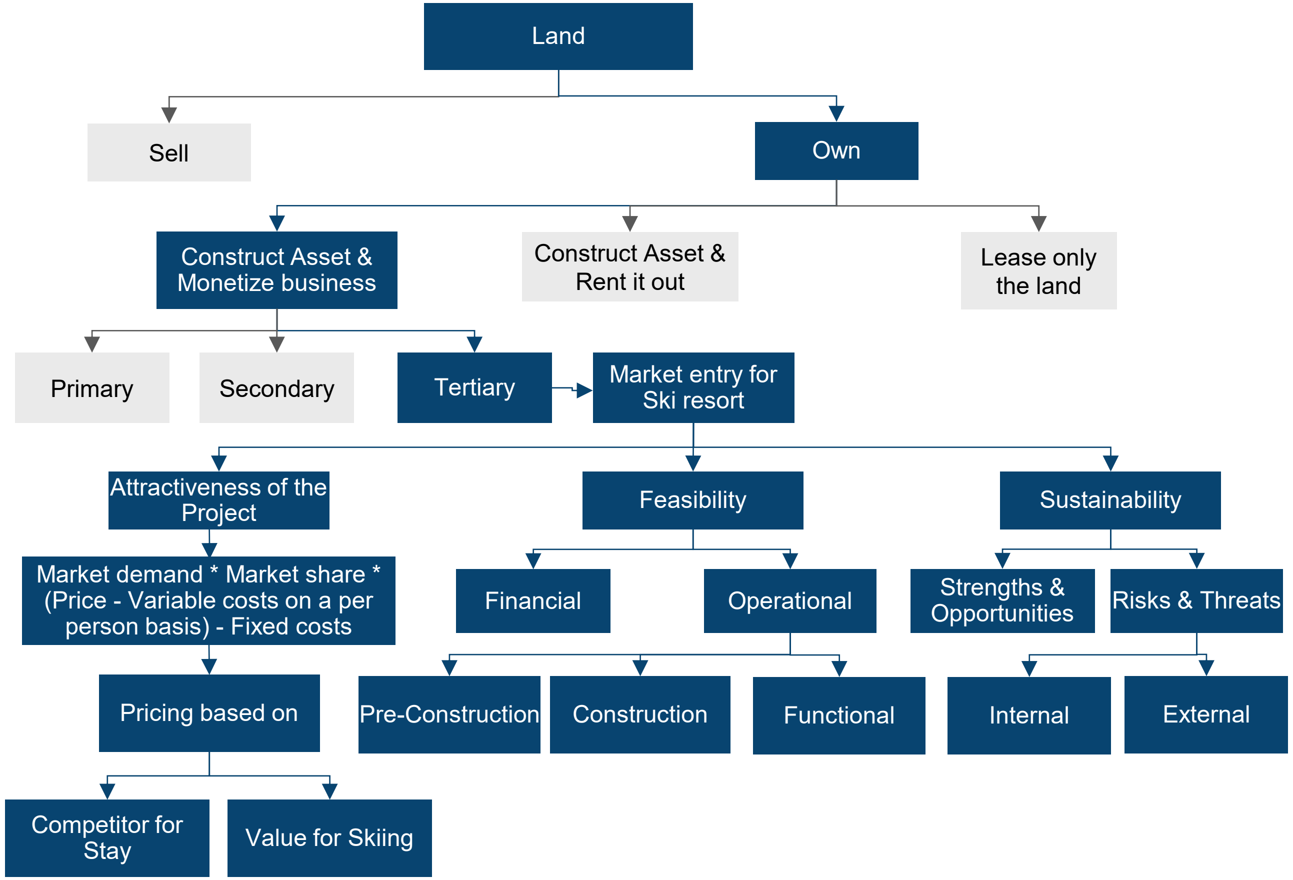
CASE FACTS

- Client has got a piece of land on a ski slope which is 20 kms from Manali in remote location
- Wishes to enter the hospitality industry with a high-end ski resort for wealthy Indians
- Questions on profitability and pricing of the product after giving data on TAM and costs
- No financial constraints on investment

INTERVIEWEE NOTES

- This unconventional case has elements of Market entry & Pricing.
- Understand the characteristics of the land and the objective of the client well.
- Distinguish whether the land is the primary asset or if it will be supplemented with construction.
- If you own the land, decide whether to build a business on it or lease it out.

APPROACH/ FRAMEWORK



RECOMMENDATIONS

- Enter the market, as it is attractive, feasible, and sustainable.
- Business models include a joint venture with a hotel chain, outsourcing daily operations, or a franchise agreement.
- Be aware of internal risks (e.g., safety hazards, resource accessibility) and external risks (e.g., competition, weather, economy, politics)

OBSERVATIONS

- Project attractiveness should be measured by the client's objective, which is Profitability in this case.
- Consider multiple business applications beyond the initial plan to open a ski resort.
- Market entry analysis involves three key questions: Is the market attractive? Is the attractiveness sustainable? Is market entry viable?

Commercial Vehicle Loan – Interview Transcript

PANORAMA REPORT
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Your client is a leading Indian bank. They are planning to launch a new loan scheme for commercial vehicles and need your help designing the policy for the new scheme. How would you go about it?

I would first like to understand the bank and the new offering. I will assume a large-scale pan-India operation for the bank. What is their current portfolio as far as loans are concerned?

Yes, that is a fair assumption. On their offerings, they have numerous different type of loans in their mix including vehicle loans as well. Currently, they provide them mostly for personal use vehicles such as your SUVs, etc. Now they want to extend that to commercial vehicles as those mini-trucks you see.

When offering loans for commercial vehicles, we can either offer to individual users or on a larger scale to organizations buying in bulk for their business purposes. Have we decided what would the offering be?

We will offer it only for individuals for now. Simply because we are into offering vehicle loans for regular-use vehicles to individuals and just want to extend that.

I would like to understand the overall market next. I am assuming there are other banks or even NBFIs offering these loans. How are they positioned?

Fair point. There are numerous banks and NBFIs offering such loans. But for now, we do not need to benchmark our offering against them. We will focus on deciding our internal policies for giving out these loans. Let us take an individual marble transporter for that. He is planning to buy a carrier worth Rs.6 lakhs. He will pay Rs.1 lakh on his own and has come us to lend him the remaining Rs.5 lakhs. How do we decide?

Sure. So, I will try and understand his financial standing and assess the probability of him defaulting on the loan. May I assume that the revenue from the sales of marbles is the only source of income for him? If yes, then how many members are there in his family? Additionally, does any of them have a particular source of earning I should factor in?

Fair assumption. To answer your question, it is a typical Indian nuclear family. He lives with his wife and 2 kids. His father also stays with him. None of them have a constant source of income you should consider in your analysis.

I will try and understand the business first and estimate his earnings. I will look into the possible expenses and deduce his monthly earnings. Then I will estimate the EMI and see if he can sustainably payout the loan. I will factor in the potential risks at the end and take the final call. Should I move ahead with this approach?

Yes. Go ahead. How do you calculate his revenues?

As a transporter, the revenue is a direct function of the number of trips times the value generated per trip. The number of trips itself will be a function of the demand and the capacity of the carrier. We will need to assess the service side constraints as well to assess the number of trips undertaken.

Let us simplify it a bit. Let us say that he has just one large retailer to serve, and it takes him one 50km trip for him to reach the retailer. These are daily trips, and each earns him Rs.3000.

Perfect. Assuming, he works for 25 days a month, he gets Rs.75,000 (Rs.3000 * 25) from the sale of marbles.

That is a fair assumption. What next?

Next, we will try and estimate his expenses. For a 50km daily trip, assuming that the vehicle gives 10km per liter of petrol and that the petrol prices are constant at Rs.100 per liter, his monthly transport costs are Rs.25,000 (100km/10kmpl * Rs.100 * 25). There will be other costs such as the maintenance cost of the vehicle itself, the toll taxes involved on the route, and others.

You are right in your calculation. Let us take maintenance and all such overheads to amount Rs.5000 over a month.

Great. So, the total on-road cost becomes Rs.30,000 per month, which leaves him with Rs.45,000 dispensable income. Next, I will try and understand his living expenses. The primary expenses I will consider is food and other necessities, rent and housing expenses, education expenses of children, and other miscellaneous experiences. Seems fair?

Mostly good. Any particular expense you would highlight in the miscellaneous header?

Probably with an elderly father in the house, the expense of his medicines can also be factored in, particularly is he is not on a pension scheme himself.

Good point. So let us say that this is a tier 2 city, and he pays Rs.5,000 in monthly rent, roughly Rs.10,000 on his food and other expenses and the children education and other expenses combined come out to be another Rs.10,000.

That sums up to Rs.25,000. That leaves him with a dispensable income of Rs.20,000. The other major expense for him will be the EMI towards the loan itself. Do we know the specifics of the loan contract such as the rate, the time period?

Good. Let us say that the loan is being offered at 12% per annum for a 5-year period. You can calculate the EMI later; it will amount to something around Rs.12,000. How do you assess this?

That leaves him with Rs.8,000 of monthly savings. The savings are positive, and he seems okay to be able to make the payments. But risk needs to be accounted for. Besides the regular loss of business possibilities, other considerations like medical emergency for an old father, or maybe university/college admissions for his kids or otherwise there are risks to be accounted for. Based on the analysis of such factors, we can decide on a cumulative factor. So, let's say we get a 0.5 factor over the disposable income, we can say that if the expected EMI is at most 0.5 times the net savings, then we will payout the loan else we will not. This number can be calculated using historical data from our regular vehicle loans or other loan offerings.

Great point. We have done that analysis at our level and let's say that factor is 0.4. What would you say then?

0.4 over a Rs.20,000 net income means a maximum EMI of Rs. 8,000 is safe. Since, the current plan has an EMI of Rs.12,000, we should not sanction the loan to him. We can change the contract terms and see if there is a possibility because a 5-year window seems too short to me.

No worries that would not be needed. Thanks for the comprehensive analysis.

Commercial Vehicle Loan – Approach

Problem Statement

Your client is a leading Indian bank. They are planning to initiate a new loan scheme for commercial vehicles. They need your help designing the policy for the new scheme.

CASE FACTS

Company:

- Loan portfolio: Experience with varied loan types provides operational ease and valuable data for new launches
- Scale of operation: Pan-India and localized operations require different approaches

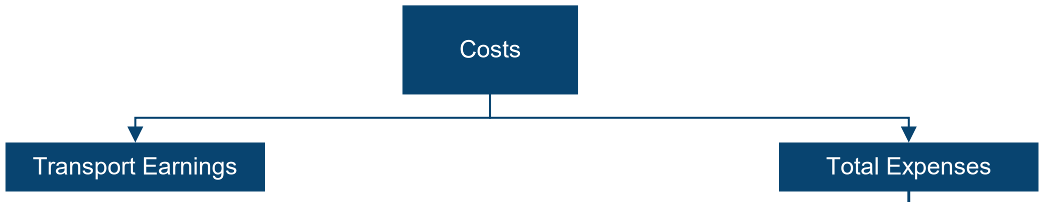
Customer & Product: Individuals vs. large industrial players have different contractual needs, influencing scheme design

Competitors: Market players (Useful for benchmarking and gathering industry data), Market dynamics (Potential for new entrants), and NBFIs (Special cases with significant disruptive potential)

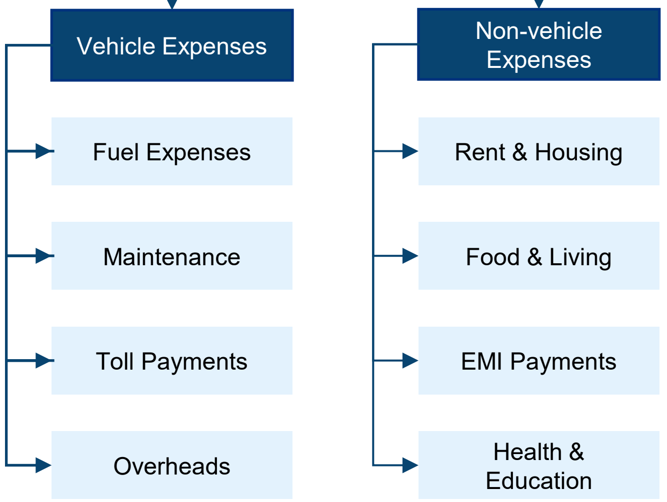
INTERVIEWEE NOTES

- Leading Indian bank = Should have large pan-India presence
- Commercial Vehicles = Specific mention so other types needs to be checked
- New loan scheme = Should benchmark against existing schemes

APPROACH/ FRAMEWORK



Particulars	Calculation
Transport Earnings	25/month * Rs.3000 **Total = Rs.75000**
(-) Vehicle Expenses	Fuel: 100km/10kmpl*Rs.100*25/month
	Non-Fuel = Rs.5000 **Total = Rs.30000**
(-) Others	Rent = Rs.5000 Food and Living = Rs.10000 Health, Education etc. = Rs. 10000 EMI Payments = Rs. 12000 **Total = Rs.37000**
Savings	**Rs.8000**



RECOMMENDATIONS

- Candidate should scope the problem at the very start. Without defining the subject of analysis, it would have been very difficult to dig further
- Double checking the exact calculation before speaking is imperative. A small error is a major dampener. Best way to check is run the entire calculation through the interviewer briefly

OBSERVATIONS

- Scoping the problem at the very start is the key on unconventional cases as this. Without defining the subject of analysis, it would have been difficult to dig further
- Interviewer always wants something out of these. Good to be in the discussion mode and present as many alternatives as possible and let them lead you. Being conservative and very particularly hypothesis-heavy might actually hurt

Rural Credit Rating for Microfinance Inst. – Interview Transcript

INDEX

Your client is a microfinance institution that wishes to prepare a credit rating framework for microfinance loans for the rural Indian population. Assist in creating the framework.

Okay. First, I would like to understand the objective of our client and their existing business. I would also like to understand if the client is targeting a specific geographic region or a specific rural segment. What is the timeline for GTM strategy?

The client wants to capture new markets and maximize long term profits. They find immense potential in microfinance sector. As for geography, there are no constraints as of now. There are no specific numbers that they have in mind. The client wants be a competitive player to capture the rural market segment.

Okay. What are the key sources of income that the client is targeting?

The client wants to target rural farmers as they constitute a major segment market. The client wants to be accessible to all including individual farmers, family trusts, corporate farmers, and co-operatives. What do you think what be the necessary data the client would want to have to proceed with their objective?

Credit rating is an essential part of banking decisions. For credit rating, estimating risks would be the key factor.

That seems fair, Please go ahead.

I would like to structure the credit rating framework in 3 parts now. First, I would identify factors that are a function of the risks related to rural sources of income by categorizing them based on income, assets, and liabilities. Second, I would like to create a credit rating mechanism based on the identified risks. I would try to set up a framework based on the risk identified and define the weightage of such risks based on their financial and non-financial consequences. Third, I would like to devise a credit scoring mechanism in line with competitors and risk environment.

You can go ahead with identifying the factors contributing to risks.

I have segregated different categories of income, liabilities and assets relevant predominantly to the rural sector. I would prepare a form soliciting this information when potential customers apply for a loan.

Let's first deep dive into each of the categories that are in consideration

I would start with income and bifurcate it into agricultural and non-agricultural income as farming is the largest income source in rural areas. The agricultural income could be in terms of wages or profits from farming. I would like to deep dive into the profits.

Please go ahead.

Profits from farming would be a function of Revenue and Costs. Further, the revenue can be divided into price and number of units produced. While the Price would depend on the crop and the market conditions, the unit produced would be Area times Yield per unit Area. The revenues are prone to fluctuation depending on the weather conditions and hence can be highly volatile. These are the parameters on which can be used as input for the credit score. Further, all major cost heads such as raw material, labor are market commoditized. These costs would not vary hugely across years.

How does that affect the credit score?

The cost factors might not affect the credit score in terms of individual but would have a macroscopic effect on the region by affecting the agricultural profitability. The overall degree of profit volatility can also be treated as an input while assigning a credit score.

Great. Now you can talk about other factors

Sure. Moving on to non-agricultural income, this would be largely from rent, poultry or sale of by-products. The proportion of agricultural and non-agricultural income would also be a factor under consideration as it would convey the stability of revenue streams of the farmers. Now should I deep dive into assets and liabilities?

Yes, you can.

For Assets, I would again like to bifurcate them into agricultural and non-agricultural assets. Agricultural assets can be land and equipment, whereas non-agricultural assets in typical rural areas can be gold, poultry and other investments such as in SHGs (self-help groups). Liabilities can be existing loans or any borrowed working capital. The amount of assets held by farmers vis-à-vis their liabilities, including the amount they owe to moneylenders, friends etc., can be assessed as another input while developing a credit rating.

Okay. You have identified the factors to be considered for assessing the risk. How will you collect this data?

I would like to now define a broad mechanism to collect the information relating to the identified factors. Firstly, the farmer would be required to declare income, assets and liabilities. This information shall be verified by various sources.

Okay. How would you go about verifying this information?

I would now validate this information through third-party sources. They could be categorized as personal – such as family; professional – such as money lenders, suppliers; and social sources – such as police, panchayat etc.

Great! You can now go ahead with the next steps

Based on the information received and validated, I would like to go ahead by assigning risk scores for every bucket and weightages to every bucket therein. For this, do we have any competitor information publicly available that discusses the weights generally assigned to such factors? We can consider benchmarking with existing players in the short run while we decide an alternative.

This is proprietary information, and we do not have access to the same. Any other alternative?

I could undertake research to find out relation between these income, assets and liability classes and defaults. I could also factor in the risk of default based on past defaults and trends in the geography/sector.

Okay. That's it from my end for now. Thanks for your time.

Rural Credit Rating for Microfinance Institution – Approach

INDEX

Problem Statement

Your client is a microfinance institution that wishes to prepare a credit rating framework for microfinance loans for the rural Indian population. Assist in creating the framework.

CASE FACTS

- Client is a financial institution that wants to foray into rural microfinance in North India
- Objective is to capture rural market and to maximize long term profitability
- The client wants to target individual farmers, family trusts, corporate farmers, and co-operatives in rural areas

INTERVIEWEE NOTES

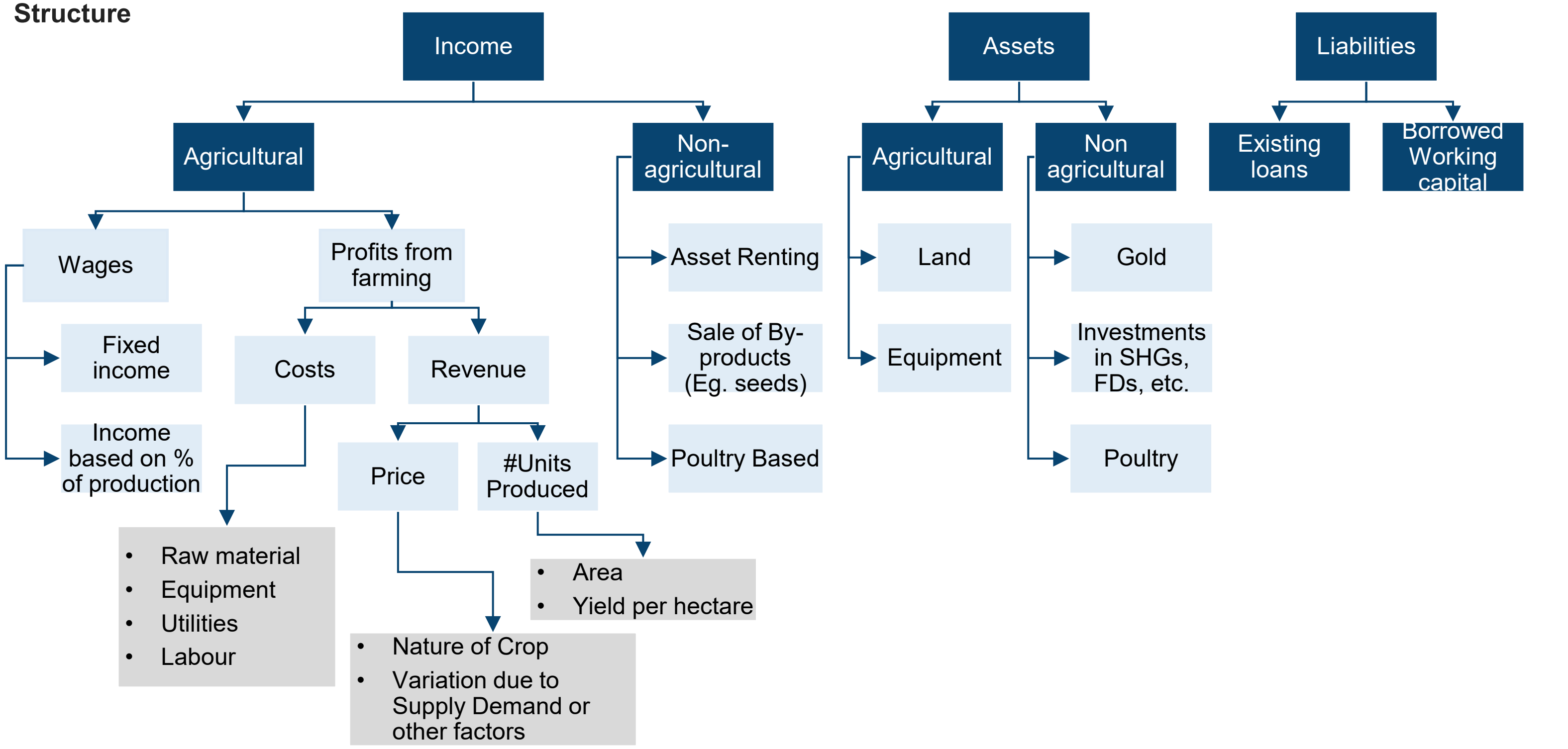
- Important to understand the client, their business model and the competitive landscape within the geography selected for entry
- Strategy chosen needs to match the overall objective of the client
- Information for risk evaluation could be verified using 3 types of proofs: Personal evidence (On ground verification), Professional evidence (Suppliers, customers), and Social evidence (local admin)

APPROACH/ FRAMEWORK

Credit Rating framework

1. Risk evaluation – Identify and validate factors for risk
   - Income
   - Liabilities
   - Assets
2. Create rating based on risk parameters
3. Create credit scoring mechanism

Structure



RECOMMENDATIONS

- Candidate should give a combination of short term and long-term recommendations
- Short-Term: Consider benchmarking with existing players for maintaining uniformity
- Long-Term: Set up niche frameworks to bridge gaps in existing framework through extensive research and surveys

OBSERVATIONS

- In abstract cases, it is important to create a framework that would make logical sense by asking relevant questions
- It is important to think about problems from multiple lenses to provide a more comprehensive framework

Cash Flow Crisis – Interview Transcript

PANORAMA REPORT
INDEX

Your client provides machinery and services related to oil extraction. They are currently facing a cash-flow crunch and have hired you to get to the root of the problem and provide solutions.

I would like to understand a bit more about the client. What are the services they provide and how is this market currently positioned?

The client is a global player and provides machinery involved in extracting oil from oilfields. The machinery can be bought or leased. They also provide installation, maintenance services and machine operators, if needed. There are few players in the market due to the intensive capital requirements.

Understood. Coming to the problem, since how long has the situation of cash crunch persisted and do we know the magnitude of the problem?

The client began operations in India ~2 years ago and the problem has persisted since. While the exact magnitude is unavailable, the problem is significant as it leads to working capital challenges.

Understood. Has the company also faced profitability issues during this time period? Moreover, is the problem specific to our client or is it an industry wide issue?

Profits are not an issue and let's should not go there. The problem is specific to the client; the competitors have a healthy cash-flow.

Alright, I'll focus on cash-flows and not go towards profits. Lastly, what is the consumer segmentation in the market - Is the market dominated by few buyers? How does customer acquisition work?

Good observation. The market is driven by low but high revenue generating customers. Each customer often procures services from multiple players and deals generally happen through lobbying or personal connections.

I have the required industry context now and would now move towards identifying the root cause of the issue. Cash flows can be divided into operating, investing and financing cash flows. Do we know if the client is facing challenges in a particular segment?

Their operating cash flows have been negative in India. Their investing and financing cash flows are net positive.

Interesting! I'll focus on operating cash flows. Net operating cash flows being negative could be a factor of increased operating outflows, reduced operating inflows or a combination of both. Is there a particular factor I should focus on?

The operating outflows are constant and in line with expectations. Why don't you focus on the operating inflows?

Sure, I'll focus on operating inflows. Operating inflows can broadly be divided into 3 major buckets – Cash sales, receipt of amount owed by customers, i.e. receivables recovery or other non core inflows such as receipt of interest, rent on a non operational investment, etc. Is there a particular in-flow I should focus on or should I analyse each of them one by one?

There are no cash sales in the business and majority of the sales happen on credit.

Okay, basis this information, I would like to focus on receivables recovery. Since the company has stable profits, I assume that their revenues are consistent and the existing customers are not paying their dues on time. Is that correct?

That's correct.

Great, so now I would drill down further & understand the reasons for delay in payment. This could be due to:

a) Customer specific – i.e., particular customers not paying on time due to internal reasons
b) Company specific – loopholes or problems in our processes are leading to delays
c) External environment related – poor economy, high interest rates, etc.

Given that the problem is specific to our client, I would not attribute the delayed payments to external environments. Additionally, since the problem is not one-off and we often deal with more than 1 buyer, I would also rule out customer specific issues and focus on the client's internal processes. Is it a fair assumption?

That's a great deduction! You can focus on the client's internal processes.

Sure! The internal processes of the company which could affect receivables recovery are primarily:

a) Invoicing delays from the company's end
b) Unfavourable terms and conditions
c) Inconsistent follow-ups and payment reminders post completion of services

Is there a particular problem I should focus on?

Our payment team raises the invoice immediately and takes regular follow ups. Focus on the T&Cs.

That's interesting! From my understanding, there are 3 key T&Cs which could influence payments. How many days do we allow the customer to make the payment, i.e. what is the credit period? Do we offer any discounts to incentivise early payments or is there any penalty involved in case of late payments?

We offer a standard 30-day credit period, which is in line with the industry. However, we do not offer any early payment discounts. We don't invoke penalties on late payment either but players in the industry charge a 3% interest on delayed payments. It seems like you have identified the problem!

Great! Now that the problem has been identified, I would like to propose some solutions. Firstly, we must introduce penalties such as interest charges or project suspension in case of late payments. We can also offer discounts on early payment to incentivize the customers. Moreover, the client should move away from the mechanism of standard credit period and offer different credit period to each account, basis their previous payment trends, purchase volumes, overall risk of account, etc.

These are great solutions. However, they can only be implemented in the long run. Is there something the client can do in order to recover the money which is currently owed?

You're right, these solutions will take time to implement. In order to recover as much money as possible in the short run, the client should:

a) Identify high priority accounts for which major payments are pending
b) Ask the respective account managers to conduct frequent follow ups regarding the payment
c) Offer one-time discounts to make the payment immediately or within a short time period, say within a week

But offering discounts would lower our revenues and the customers might start delaying payments every time in hopes of getting a discount.

While it seems like offering the discount would reduce our revenues, it would have a net positive effect as currently, we would also be paying interest charges to finance our working capital needs. Additionally, since we would introduce clear penalties and discount related terms in future contracts, the possibility of using stalling tactics becomes minute.

Those are fair points. We can end the case here, thank you!

Cash Flow Crisis – Approach

Problem Statement

Your client provides machinery and services related to oil extraction. They are currently facing a cash-flow crunch. You have been hired to identify the root cause and solve the problem

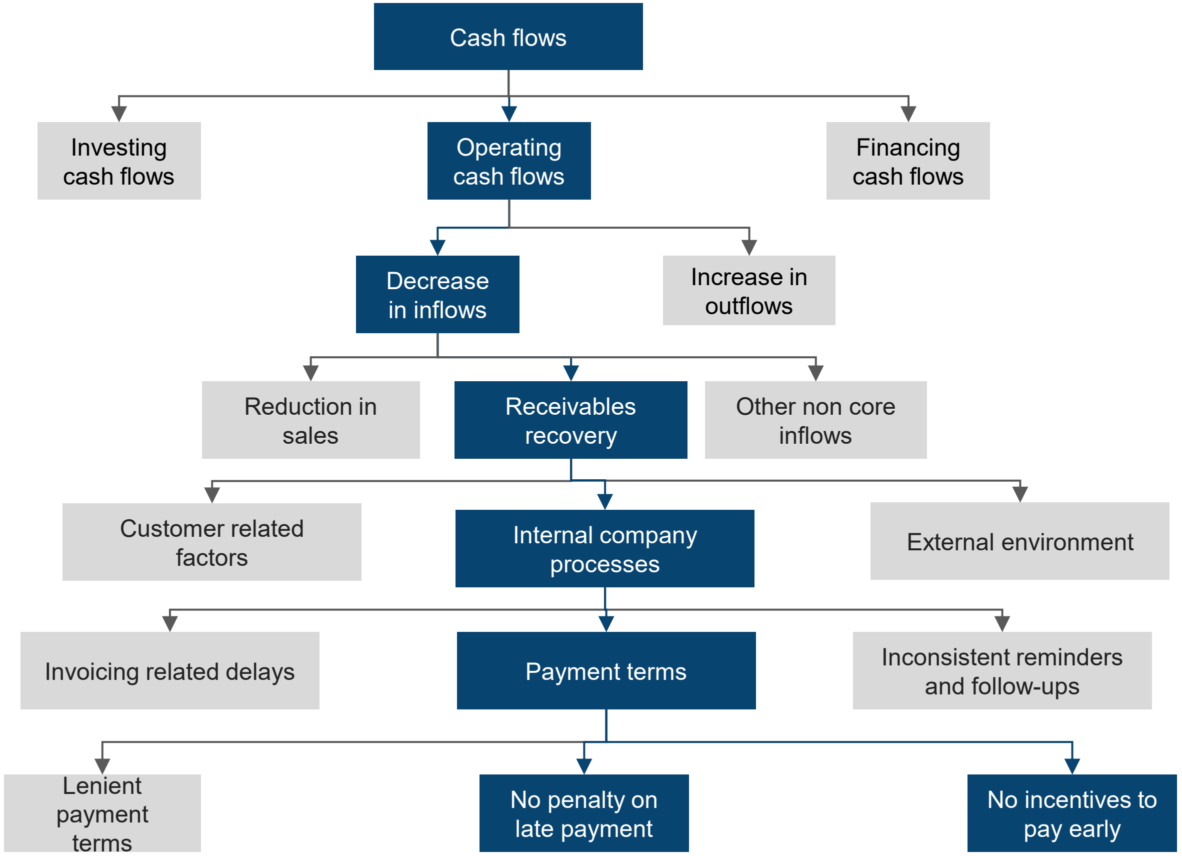
CASE FACTS

- Problem persistent since start of operations in India (~2 years ago).
- Profitability not an issue; cash crunch causing working capital challenges.
- Industry has limited players due to intensive capital requirements.
- Customers are few but generally procure services from multiple players, deals are often made via lobbying or personal connects.
- Problem specific to the clients.

INTERVIEWEE NOTES

- It is important to understand the industry and client context.
- Enquire about the extent and duration of the problem.
- Understand the market concentration and consumer segmentation.
- Enquire if the problem is prevalent industry wide or is specific to the client.

APPROACH / FRAMEWORK



RECOMMENDATIONS

- Conduct frequent follow ups and reminders with clients whose payments are due
- Offer limited short term discounts for immediate payment
- Modify contracts to include late payment penalties
- Have differentiated terms based on previous payment patterns, overall risk

OBSERVATIONS

- It is important to understand the industry and client context.
- It is important to share both short term and long term recommendations, based on thorough understanding of the client's requirements
- If you have a solid logic backing to your recommendation, explain the same to the interview rather than immediately looking for alternates, on being questioned

Post-Merger Workforce Integration – Interview Transcript

INDEX

The client is a legacy newspaper player that has recently acquired a digital media firm. They seek your advice on the integration of both companies.

I would like to know about the client's business. What are each firm's offerings and the acquisition's goal?

The client prints a national daily which has a pan-India presence. Due to stagnant growth in readership (1-2%), they wanted to move into the digital space. The acquired firm majorly focuses on entertainment-related news catering to a younger audience on the internet and has a mobile application. Although bringing in 50% of the client's revenue, the digital media company is poised to grow 10% CAGR over the next 10 years.

Thanks. I'd like to know what specific problem the client expects me to work on in the post-merger integration. Typically, issues in this phase fall into four broad areas. The first is people-related, covering workforce and HR matters such as compensation normalization, role duplication, cultural mismatches, and differences in leadership vision. The second is resource-related, which concerns how assets are distributed, and which entity retains usage rights. The third is system-related, arising from differences in processes, organizational policies, and functions used to perform similar tasks. The last is technology-related, dealing with the gap in technological adoption between the two firms.

This seems comprehensive. I would now like you to focus on people-related and systems-related issues. The client wants you to estimate how to allocate the workforce in the combined entity.

Can you tell me about both firms' current organizational structure?

Both the firms currently have marketing, legal, finance, and HR function consolidated at their HQs. The legacy firm lacks a digital strategy function which the newer firm has, but it has a distributor relation and publishing function. The larger firm has a geographical divisional structure, with each region as a distinct profit center, and content generation happens at this regional level. The latter's content generation function is split into different types (entertainment, tech., business, etc.). Based on this, how would you integrate the workforce?

Thank you. First, I would list the activities for integration: decide the new organizational structure, eliminate redundancies, and suggest policies and initiatives to help the workforce adjust to the combined entity.

Sounds good. Please go ahead.

I'd suggest a two-division structure: Digital Content and Traditional. With 10% CAGR for 10 years, digital will be ~2.5× its current size, while the legacy firm will grow only ~15%. Since digital already makes up ~50% of sales, it will surpass print in revenue within a decade.

That makes sense. Why do you recommend a separate division for it?

This division is recommended for three main reasons. First, autonomy- the digital media firm possesses distinct capabilities and strategic advantages that require dedicated management focus and objectives. Second, accountability- maintaining its strong growth trajectory demands clear ownership, which can be achieved by designating it as a separate profit center. Third, authority- giving CXOs the independence to make faster decisions will enable the division to respond swiftly to industry changes, a critical factor in high-growth businesses often slowed by organizational bureaucracy.

Seems fair. What else do you suggest with the organizational structure?

I would retain the current structure of the traditional division, as its content is generated regionally. However, I would establish a unified content strategy team spanning both divisions to guide overall content direction. HQ functions would be consolidated into a single unit, which may present challenges in workforce allocation that I will address later. Digital media division should also leverage regional content to penetrate target geographies. I would aim to reduce employee costs by cross-utilizing content across digital and print platforms.

Great. Now let's move on to the second task. You mentioned redundancy elimination.

Yes. At this stage, I suggest the client reduce the employee cost in the intersecting functions. First, estimating how many people are required in intersecting functions would make sense.

Assuming 60% of roles, in overlapping functions, are redundant post-integration, how would you proceed?

I would then perform a fitment test to determine which employees best suit their roles. I understand that different organizational skills are needed at different levels. Hence, I would classify the employees in duplicate functions basis role seniority: Junior, mid-managerial, and leadership level. At each stage, people require different skills. We can categorize them into technical, interpersonal, and conceptual skills. Junior employees require technical skills the most, and the mid-managerial workforce needs good interpersonal or people skills. Senior leadership should exhibit conceptual or leadership and strategic skills.

How do you assess who will be better suited for each role?

An assessment framework should be created to evaluate employees on role-relevant skills, incorporating both external and internal feedback. External sources could include peer, superior, and subordinate feedback, as well as panel interviews for senior roles. Internal sources might comprise recent performance ratings, growth trajectory, and role-appropriate evaluations- situational tests for senior roles and technical tests for junior roles.

That suffices. What should be done with the 60% in redundant functions who don't clear the fitment test?

Provisions should be made to find alternative roles at a similar level. Employees should be informed candidly of results and offered the option of moving one level below their current position. The client should also consider short-term rehiring needs, making temporary role allotments worth exploring. Layoffs should be the last resort.

All right. Please highlight briefly a few initiatives to improve the integration of employees in the merged entity.

Integration initiatives can be introduced at both employee and organizational levels. At the employee level, the focus can be on training & development (T&D) and redressal. T&D can be approached from two lens: monetary and non-monetary. On the monetary side, policies should ensure equal pay and incentives across divisions. On the non-monetary side, it could include cross-dimensional training for personal growth, opportunities for junior teams to interact with management, knowledge-sharing sessions, and skill assessments to upskill employees. Redressal can be addressed on two fronts: personal and cross-organizational. Personal level involves channels for employees to raise concerns about hostility from hiring or firing. The cross-organizational level focuses on engagement sessions between employees of both entities to reduce friction. At the organizational level, integration can be viewed through two lenses: resource symmetry-aligning systems, technologies, and processes; and culture symmetry- achieving uniformity in working styles, norms, expectations, & socialization.

Great! We can close the case here.

Post-Merger Workforce Integration – Approach

INDEX

Problem Statement

Your client is a legacy newspaper company who has recently acquired a digital media firm. They want your help in identifying post-merger integration issues and providing recommendations for the same.

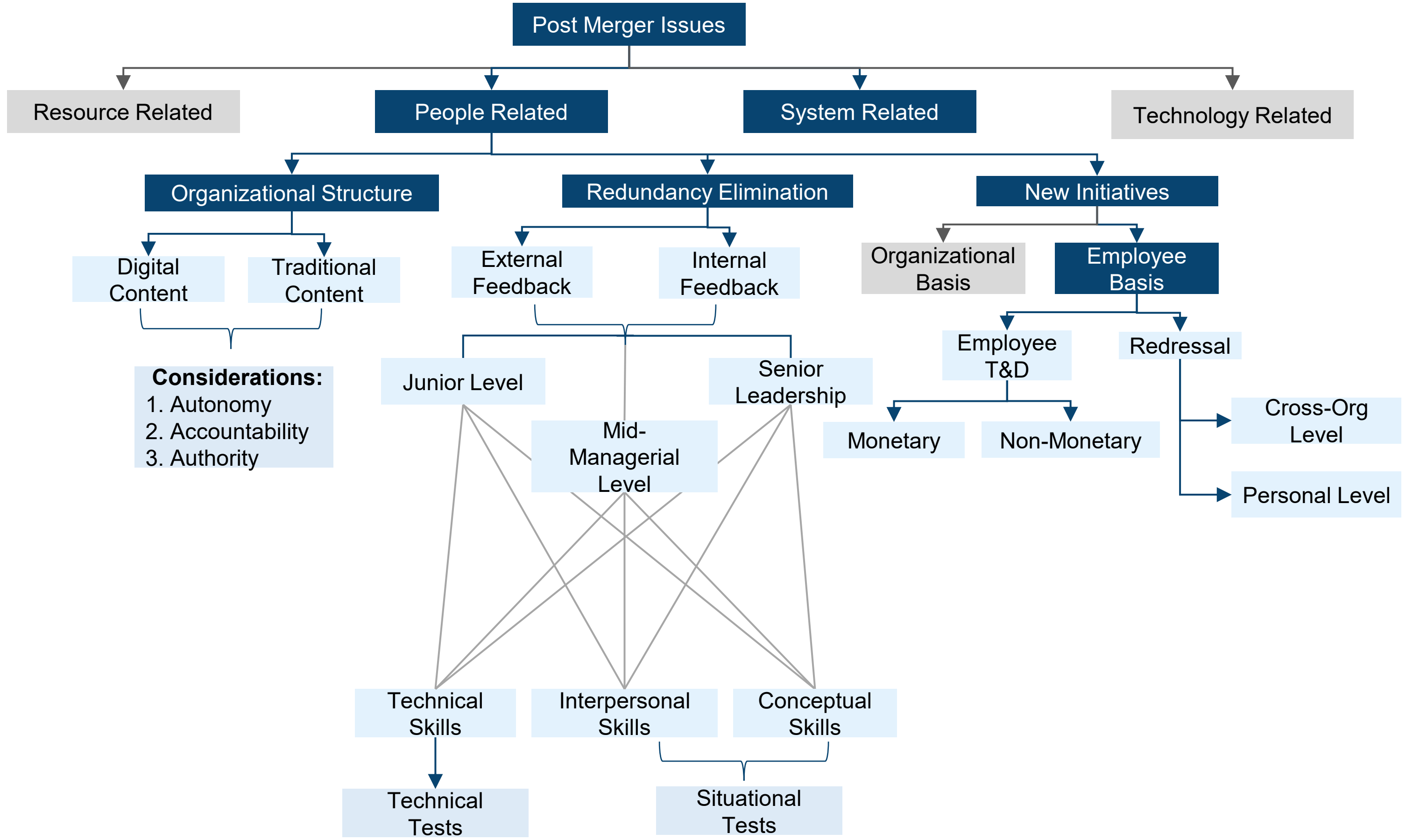
CASE FACTS

- Client: Pan India presence, readership growth flat at 1-2%
- Acquired Firm: Digital media firm with focus on entertainment news, 10% CAGR targeted over next 10 yrs
- Common functions to both firms: marketing, legal, finance, HR
- Client doesn't have digital strategy function, has distributor & publisher related functions
- Geographical division – every area has a separate profit center
- 50% roles in intersecting functions are redundant post integration

INTERVIEWEE NOTES

- Objective: Advice on post acquisition steps
- Clarify the scope of the problem & what exactly the client wants
- Different org structures – workforce integration needs to be analyzed

APPROACH/ FRAMEWORK



RECOMMENDATIONS

- Finding alternative roles for employees in intersecting redundant functions
- Initiatives can be introduced for post-acquisition smoother integration of the workforce
- New initiatives on an organizational and employee basis, further aiming at training, development and redressal

OBSERVATIONS

- Always define the scope of the problem at the very beginning, to avoid going in the incorrect direction during case analysis
- Define the structure and plan before deep-diving into any specific verticals
- Keep on confirming with the interviewer if any particular bucket needs to be explored further

Increasing Returned Orders – Interview Transcript

PANORAMA REPORT
INDEX

The client is an online fashion retailer that has noticed a significant increase in returned orders recently. They have approached you to identify the root cause and provide actionable recommendations to resolve it.

I would like to confirm the objective before I proceed. The client has seen an increase in returned orders, and they want to figure out why this is happening and fix it. Is there another objective or a specific aspect of the returns process that they are particularly concerned about?

No other objective. Focus is solely on identifying root cause and providing solutions to minimize return rates.

Understood. Before diving deeper into the problem, I have a couple of questions to better understand the context. Could you please tell me about the different product lines the retailer offers and the customer segments they target? Also, I'd like to know more about their business model—how are orders processed, and what role do logistics and warehousing play?

The retailer sells Apparels, Footwear, and Accessories to men, women, and kids. Orders are placed through an app, which is their primary sales channel. The products are stored in the retailer's warehouses and are then delivered through courier service.

Got it. So, it's a fairly typical e-commerce setup with a central warehouse and third-party logistics handling the delivery. Now, when it comes to returns, I'd like to explore possible reasons. In my experience, return reasons can typically be categorized into three main areas:

- Product-related issues: These include the wrong product being delivered, a mismatch between the product and its online representation (e.g., color, size, or quality discrepancies), size misfit, or quality issues where the product doesn't meet the customer's expectations.
- Customer-related issues: Customers might change their minds after receiving the product or find better alternatives elsewhere, leading to returns.
- Process-related issues: This could involve issues such as delivery delays, where the product arrives too late for the customer to find it useful, or problems in the order fulfillment process.

You're spot on with those categories. To pinpoint the issue, the retailer has observed that wrong orders are being delivered to customers, which has significantly contributed to the increase in returns. Could you drill down further to identify where the problem lies?

Sure, the delivery of the wrong order can be traced back to several potential causes. For instance, there could be customer errors while placing the order, such as selecting the wrong item or size. Alternatively, there could be glitches in the app that result in the wrong order being processed. On the other hand, the issue might be on the retailer's side—perhaps something is going wrong in the warehouse, or the courier company is making mistakes during delivery. Do you have any insight into which part of this chain is causing the problem?

The problem has been identified at the retailer's end. It's not due to customer errors or the courier service.

Alright, that narrows it down. Just to summarize everything so far: The number of returned orders has increased recently, and this issue is due to mistakes occurring at the retailer's end, resulting in customers receiving the wrong products. Is that correct?

Yes, that's correct.

Do you know why this issue has surfaced recently? Has there been any change in the retailer's operations? A new product line, an increase in order volume, or changes to their fulfilment process?

The retailer has recently launched lots of trendy designs, which has led to a significant rise in demand. This surge in orders seems to be overwhelming the existing process.

From what I gather, the old order fulfilment process may not be scaling well with the increased demand, leading to mistakes like dispatching the wrong products. Is that a fair assessment?

Yes, you've got it right. The increase in demand has put pressure on existing process, and that's where errors are creeping in. How would you approach identifying the specific step in the process that needs improvement?

I'd map out the entire order fulfilment process. I understand that it starts with collating orders from the app, where each order is logged and processed. Following that, the items for each order are picked from the warehouse, packed, and prepared for delivery. At this point, the courier service takes over for the final delivery to the customer. Does that cover everything?

Almost, but think again. Are you missing any crucial steps before package is handed to the courier?

There must be a step where the order ID is mapped to the package. It would involve printing & attaching shipping label with correct order ID to ensure each product is delivered to the right customer. Is the issue here?

Exactly. The problem arises during the mapping of order IDs to packages. The order IDs are printed on shipping labels, which are then manually attached to the packages. Due to the manual nature of this process, errors are happening, leading to the wrong products being sent out.

So, the increase in returned orders is essentially due to manual errors in attaching shipping labels, causing the wrong orders to be delivered. This is a common issue when manual processes are in place, especially under increased pressure from higher demand.

Yes, that's exactly what's happening. How would you solve this problem?

There are a few potential solutions that come to mind, depending on the retailer's capabilities and resources. First, we could automate the label printing process:
We could implement a system where each order is assigned a unique barcode or QR code. The shipping label would be automatically generated and printed based on this code, reducing the chances of manual errors.
We could integrate automated systems that print and attach the shipping labels directly onto the packages during the packing process, minimizing human involvement.
For quality control, we could introduce a step where the shipping label is scanned and verified before the package is dispatched, ensuring that the correct label is attached.

What if they don't want to use automated codes?

Another approach could be to modify the fulfilment process. Instead of processing multiple orders simultaneously, the warehouse could focus on completing one order at a time—picking all items for a single order, packing them, and labelling the package before moving on to the next order. This would reduce the risk of mixing up items between orders. Setting up specific stations where trained staff focus solely on attaching labels correctly, with checks in place, could also help reduce errors.

Sounds good. That will be all, thank you.

That sounds reasonable. Thank you.

Increasing Returned Orders – Approach

Problem Statement

The client is an online fashion retailer that has recently noticed a significant increase in returned orders. They have approached you to identify the root cause of the issue and provide actionable recommendations to resolve it.

CASE FACTS

- Recent increase in returned orders
- Majority returns owing to wrong orders being delivered
- No issues with order placement by customer or shopping app or courier service
- Identify the problem in order fulfilment process at retailer's end
- Provide solutions to reduce manual errors in attaching shipping label

INTERVIEWEE NOTES

- Analyse the reasons for apparel/ footwear returns
- Identify stakeholders involved in delivery of retail products
- Plot the order fulfilment process
- Consider different levels of capabilities and resource availability with the retailer while recommending solutions

APPROACH / FRAMEWORK

- Reasons for increasing returned orders
  - Product-related issues
    - Quality issues
    - Product mismatch (look & feel)
    - Size misfit
    - Wrong product
      - Wrong order placed by customer
      - App glitches
      - Ineffective process at Retailer's end
        - Order aggregation
        - Pick-up from warehouse
        - Packing
        - Shipping label printing & attachment
        - Dispatch
      - Ineffective courier service
  - Customer-related issues
    - Better alternatives
    - Change in preferences
  - Process-related issues
    - Delivery delays
    - Fulfilment issues

RECOMMENDATIONS

- Barcode/QR Code System
- Automated Label Application
- Double-check Mechanism
- End-to-End Order Fulfillment
- Dedicated Labeling Stations
- Proactive communication with customers

OBSERVATIONS

- It is important to map the end-to-end process (order fulfilment process in this case) to identify the root-cause of error. Asking clarificatory questions is helpful in this case.
- When a business experiences a surge in demand, it often exposes weaknesses in existing processes. The retailer's fulfilment process, which worked under normal demand, struggled to scale effectively when faced with higher order volumes.

Children In School – Interview Transcript

Your client is the governor of a province in Bangladesh. He was recently elected with a strong majority based on his mandate for change. Education is an integral part of this province. He wants you to develop a plan to increase the number of children in school in the next three to four years. How will you proceed?

Sounds interesting. Could you tell me a bit more about the province? What is the size of school-going population and the current enrollment rate?

The population is 50 million, of which 10 million are school-age children. Of these, 8 million are enrolled.

Ah, okay. I want to try and understand the underlying cause. You mentioned that 8 million of 10 million children are in school. What is the capacity of schools in the province – how many students can they accommodate?

All the schools across the country can accommodate up to 15 million students.

So, as I see it, there is no lack of schools in the region. Can I assume that the issue then is in demand for schooling? Of the 2M students in school, is there a specific age-group or gender with a lower enrollment rate?

Yes. The province has 7 million male students and 3 million female students. Nearly all male students are enrolled in school, while only 1 million female students are enrolled.

Alright. Is there any specific region where trend has been observed more significantly than others?

No, not particularly. This has been observed across the province.

Then I'd like to explore why this trend has been observed. I will break down potential factors into internal and external factors. Internal factors refer to causes within the family because of which they might not send their girls to school. External causes can be environmental, legal, political, social, or economic. My hypothesis is that since the trend is observed for many female students, the factors might be external.

Alright. Could you elaborate further on external factors?

Sure. By external factors, I meant reasons that might make families unwilling or unable to send their female children to school. I will further divide these factors based on the timeframe of occurrence – that is, pre, during, and post-sending a child to school.
Pre: One factor is affordability. This includes the opportunity cost and actual cost of sending students to school. It also includes added incentives (or lack of). Other factors could be accessibility, availability, and awareness. Accessibility is the ease with which families can reach schools, and availability is the presence of schools when required (location & timing). Awareness is not just about knowledge among the population, but also the connotations from social factors such as stigma.
During: These factors have to do with the schooling process itself. The time spent in school, the infrastructure, the total length of schooling, the quality of education, and the peer group play a role in this.
Post: A potential factor here could be the kind of exit options students have after schooling.
Is there any specific area you'd want me to focus on?

Let's explore all of them one-by-one.

Sure. So, let's move on to the factors that families consider before sending their students to school. As I mentioned, many consider the cost of schooling. What is the economic status of citizens of this province?

Most of them are below the poverty line.

Are there any government schemes that make education free for children in a particular age group?

Free education has been subsidized largely but it isn't free. That is on the agenda of the governor.

Alright. One more thing. I'm assuming that a child's family bears the cost of education. Since a family is a unit in this case, could you tell me the average family size?

Sure, a typical family in this province has two earners and three children of school-going age, on average.

My hypothesis is that given the size of the family, families aren't able to send all the children to school due to economic factors. Maybe they'd like to engage some children in wage-earning labor instead of sending them to school. Is there any alternative form of employment available to female students who aren't enrolled in school?

Not particularly. Most of them help their mothers with household chores.

Alright. So, there is only the cost of sending children to school. But, given the number of children per family, families might do a cost-benefit analysis before deciding which child to send to school. To test this, I wanted to understand about the options available to students after finishing school. Are these same for male & females?

The opportunities are not the same. Most male students get employed by companies in entry-level positions, and they can support their families. On the other hand, companies don't offer jobs to female students, and their families often get them married off after they reach a certain age.

It seems then that the economic status and the larger social context are creating this issue. Since families are large, they cannot send all their children to school, despite government schemes. Moreover, female students don't find meaningful work post education and cannot compensate for the cost of schooling. Their families choose to send their male children to school to get jobs and support the family.

That is correct.

Is there any particular reason why education hasn't been made free for all students?

Lack of funds, mainly. This is something on the agenda of the governor if he can free up funds from other areas. Do you have any recommendations apart from making schooling free?

Yes. Before that, I'd like to understand why companies don't offer jobs to female students.

As I mentioned, most female students are married off on reaching a certain age. They might start families and have to take leaves. Many companies want to hire for long term & choose not to hire female candidates at all.

Alright. So, the problem is two-fold – apart from the cost of education, female students cannot find jobs after schooling. Since we want to accomplish this over four years, a step-wise approach should be followed.
Firstly, cost of education should be minimized as much as possible. If possible, education for certain age group should be made free. The government can also launch scholarships for female children who want to continue their education. In the short-run, education for female students can be subsidized further/ made free, if possible.
Secondly, the kind of education provided should also be modified to include vocational training. This can help students, both male, and female, to engage in meaningful part-time work after they reach a certain age. This will ease the burden on their families, and more families will choose to enroll their children in school.
Thirdly, job opportunities must be created for female students after they are done with schooling. These can be in the form of reservation in entry-level roles for female students or the creation of government programs. Though societal norms take time to change, availability of options might improve the situation.
While these are being implemented, awareness drives and programs should be launched to help families understand the long-term benefits of educating their female children.

That sounds reasonable. Thank you.

Children In School – Approach

Problem Statement

Your client is the governor of a province Bangladesh. He was recently elected with a strong majority based on his mandate for change. Education is an integral part of this province. He wants you to develop a plan to increase the number of children in school in the next three to four years

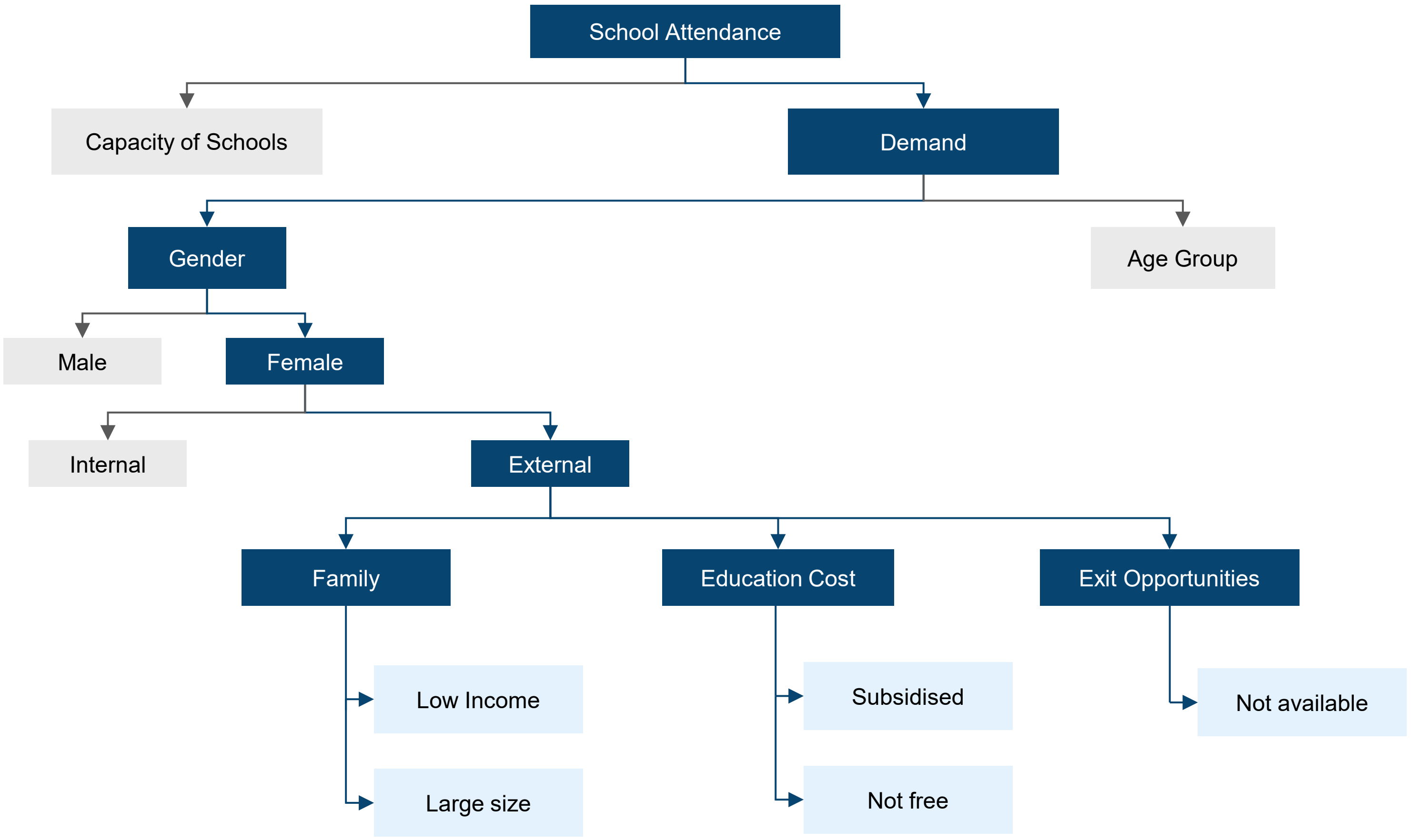
CASE FACTS

- 8 million out of 10 million school-age children go to school
- Schools can accommodate 15 million students
- All school age boys go to school
- Education is subsidised not free
- Females are not offered jobs due to assumption that they won't be able to balance family and work.

INTERVIEWEE NOTES

- Check for both supply and demand. Problems could be on either side.
- Whenever there are trends in population, segment as much as possible based on context-appropriate segments.

APPROACH / FRAMEWORK



RECOMMENDATIONS

- Cost of education for females should be minimized as much as possible upto a certain age
- Launch scholarships for females wanting to continue education
- Vocational training for both male and female, to engage in meaningful part-time work
- Job oppty. in form of reservation in entry-level roles for females/ creation of govt. program
- Awareness drives & programs to help families understand long-term benefits of education.

OBSERVATIONS

- Whenever factors are broken down into internal and external in unconventional cases, define what the factors are internal to. Here family unit wasn't defined.
- Start with a hypothesis & validate it by asking questions. The hypothesis doesn't need to be correct all the time, but it will give the case some direction. Here, it also might've helped to break the cost of education into # children per family * cost of education.

ISRO Lunar Manned Mission – Interview Transcript

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Your client is ISRO on behalf of the Government of India. They have approached you to propose a viable strategy to put an Indian astronaut on the moon.

I understand. Before I start deciding on a strategy on the same, I would like to understand the problem statement better with a few clarifying questions. What is the timeline for achieving the objective? Are there any other objectives beyond the primary goal?

So, as per the directives of the prime minister, we need to put an Indian astronaut on the moon by 2040. Besides the main goal of a successful manned lunar mission, it would help advance India's space technology, foster international collaboration and encourage private sector participation.

Understood. I would break down the goal into 3 parts – a) financial feasibility b) operational roadmap c) risks and mitigation. In terms of the financial feasibility, since ISRO is a government body, it would have a part of the stipulated union budget allocated to it. Also, considering national prestige, the project will have the requisite budget needed for its successful delivery.

That is indeed correct. Can you give a budget estimate for this mission to land an Indian astronaut on the moon, considering the timelines mentioned?

Okay. Do we have any budget estimates for prior or current projects from ISRO like the Chandrayaan or Gaganyaan? I can use them to figure out a ballpark for the mission.

Seems like a good approach. We do have some numbers. The latest Chandrayaan mission costed ~$75M while previous one costed $125 M. For Gaganyaan mission to send an astronaut to space, it's estimated cost is $0.5B

Since the Gaganyaan mission costs about $0.5 billion, the mission to put an Indian astronaut on the moon should be in its ballpark. The technologies developed as part of the Gaganyaan mission for human space flight would be the stepping stones for our mission. I assume that subsequent missions for human space flight would be a factor in the original mission. Taking a factor of 0.8 and considering 3 test manned missions to space before a final mission to the moon, factoring the cost of the Chandrayaan mission, we get 0.4B*3+0.1B ~ $1.3B.

Fair enough. Let go ahead with developing a plan for the mission now.

Firstly, I would look at any constraints before we start finalizing the roadmap.
1) ISRO has a much smaller budget as compared to other space organizations like NASA, it would be important to work on cost effective solutions.
2) We should consider should be development of human-capable launch technology for longer distance to the moon as well as ensuring safety of the astronauts.
3) We should also consider any international space laws or regulations it needs to adhere to.
Do you wish for me to expand on any of these constraints?

For purpose of the case you can assume that the Government of India will take care of any relevant international law. How would you tackle the cost constraints compared to other international space organizations?

ISRO can leverage its existing infrastructure to make incremental changes to its technology to reduce its costs. It could also focus on developing reusable launch vehicles to help reduce costs during testing. Moreover, it can collaborate with other space agencies via strategic MOUs and look to partner with private players in the industry and academic institutions for specialised technology development.

Very interesting observations. Can you breakdown the lifecycle of the project now?

For putting an Indian astronaut on the moon, ISRO will need to develop a long distance human capable launch vehicles, advanced propulsion systems and life support systems for astronauts. Now to breakdown the project lifecycle, we can do as follows: a) Preliminary Planning & Research b) Technology Development & Prototyping c) Testing and Validation d) Final Development & System Integration e) Mission Launch and Execution.

That covers the major steps of the lifecycle. Since this project is an incrementally built on top of current projects, can you list down the major steps that would need added focus as part of this manned lunar mission?

Firstly, for the preliminary research, since this is a first for ISRO, it would be crucial to conduct a feasibility study on the technical & logistical fronts and initiate any collaborations or partnerships needed. Another major focus area would be testing and validation by performing subsequent unmanned lunar missions and manned orbital test flights to gather data to improve prototypes. It would also help to use simulations to test the prototypes & help train the astronauts. After testing is completed, ISRO can proceed with shortlisting of astronauts for the actual mission and perform dress rehearsals of the mission to test all protocols & contingency plans.

These look good to me. Can you walk me through your plan for the actual launch day?

On the final launch day, ISRO must perform final pre-checks for system diagnostics, fuel and astronaut readiness. All mission control teams must also ensure they are good to go with contingencies ready. Post launch, it will need to be monitored until it leaves earth's atmosphere until course correction towards lunar orbit.

Fantastic. Can you think of anything else ISRO should take care post the launch?

Over the subsequent days, the team will need to monitor the shuttle's progress with data from the astronauts. On the landing day, it would be important to again go through checks and then execute the lunar landing manoeuvres. Once the astronauts have landed, they will need assistance in scoping the moon as per the scientific objectives. Post that, we will need to work on the re-launch and entry into the earth's atmosphere and subsequent landing and recovery.

That sounds right. Give me a quick rundown of the risk on the project.

In terms of the risks ISRO should consider the possibility of technical failures – during launch, landing or in the space suits. This could lead to an additional risk of astronaut safety. All this could amount to a national uproar and the possibility of reputational damage. Apart from this, delays in the development of requisite technologies or any cost overruns would significantly impact the timelines and budget defined by the project charter.

Can you think of ways ISRO can reduce the risk of danger on the lives of astronauts?

A few strategies ISRO could adopt are to help reduce the risk to the astronauts:
1) Perform risk assessment simulations for every mission phase to identify potential hazards and develop mitigation strategies and design redundant systems for critical functions.
2) Implement real-time monitoring and diagnostics to detect and address system anomalies promptly. Conduct rigorous testing of life support systems in space-like conditions.
3) Ensure robust communication systems for continuous contact between the spacecraft and mission control and develop precise navigation systems to accurately guide the spacecraft
4) Leverage experience and best practices from other spacefaring nations involving joint missions and shared training exercises to build a comprehensive safety culture.

These are great recommendations. Let's end the case here!

ISRO Lunar Manned Mission – Approach

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Problem Statement

You client is ISRO on behalf of the Government of India. They have approached your firm to propose a viable strategy to put an Indian astronaut on the moon.

CASE FACTS

- The mission needs to be completed by 2040
- ISRO has a much smaller budget as compared to other international space organizations. Cost effective solutions are important.
- Astronaut safety is highly important.
- Strategic partnerships suing MOUs with other agencies as well as collaborations with academic institutions and private players are helpful

INTERVIEWEE NOTES

- Objective: Develop a plan for a manned lunar mission by 2040
- Clarify timelines & any constraints to be taken care of before developing the roadmap
- Ask for reference data, as needed
- Understand the project lifecycle and industry
- Important to realize that it is easier to break down each step into smaller sub process to analyze
- Assess project risks and figure out appropriate mitigation strategies.

APPROACH / FRAMEWORK

Preliminary Planning and Research	Technology Development and Prototyping	Testing and Validation	Final Development and System Integration	Mission Launch and Execution
Feasibility Studies	Human Rated Launch Vehicle	Unmanned Test Missions	Technology Integration	Mission Preparations
Mission Planning	Lunar Lander	Manned Orbital Test Flights	Astronaut Selection	Mission Launch and Lunar Transit
Partnership Development	Habitat Design	Simulated Lunar Missions	Mission Dress Rehearsals	Lunar Landing and Surface Operations
Technology Assessment	Life Support Systems			Earth Return
Funding Strategy	Navigation and Communication			

- Risks
  - Technical
    - Reputational Damage
    - Astronaut Safety
  - Project Delays

RECOMMENDATIONS

- Manned lunar mission is estimated to be around 2.3B USD
- Use of cost effective measures to ensure to account for lower ISRO budget by leveraging existing technologies incrementally & strategic partnerships
- ISRO will need to develop a long distance human capable launch vehicles, advanced propulsion systems & life support systems
- Main focus areas for mission are preliminary research & feasibility as well as testing and validations.

OBSERVATIONS

- In case of industries like space where the interviewee might not have context, it is quintessential to ask any clarifying questions or data to help build the case.
- Interviewee could have asked for more data for budget estimation to give a more closer estimate. On the other hand, the interviewee's approach to list down sub process as part of any lifecycle is always recommended for clarity of thought.

Bollywood Star investing in Pro Kabaddi – Interview Transcript (1/2)

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Your client is a Bollywood film superstar. The client is fascinated by the Pro-Kabaddi league in India. However, the client is hesitant whether he should invest in the league or not and has now come to you for your advice.

It would be great if I can get clarity regarding our client's objective. Why does it want to invest in a completely foreign field? Is it because other industry giants are also interested in the field?

The client's primary objective is to make money. Client is also a sports enthusiast and already owns a team in the Indian Super League, the football league.

Oh, okay. So, the client is driven by both financial and non-financial objectives. Moving on, it would help if something more can be known about the client – such as what is their age? How is their financial situation>

The client is approaching 40s and is an established superstar in the industry. So, you can assume that the client has sufficient financial backing to pursue to investment. However, please note that the ISL investment may throw in losses at some point due to declining viewership.

Noted. Would it be fair to assume that the viewership of Pro-Kabaddi league may also get affected in the long term since India's viewership is very cricket heavy?

Pro-Kabaddi league is a growing sport, and its viewership is consistently on the rise. It is 2nd most watched sports league in India after IPL – so you need not worry about its viewership.

Okay. Now that I have understood the client's objective, I would like to understand whether this investment would be a primary or secondary investment?

Client is not concerned about the investment. They are aware that it would be a huge initial investment outlay

Oh Okay, to further understand the client I would like to know whether the client has considered costs after the initial outlay? Does the client have a management team to look after all these investments?

The client may not be aware of future costs – you may explore upon that aspect. While the client does have a mgmt. team, sports is close to his heart & he likes to get a first hand experiences in his sports investment.

Understood. Is it fair to assume that he shall continue with acting projects while making these investments?

The client does plan to continue on his acting career.

Noted. Can we use the investment in Pro-Kabaddi league as a platform to promote the upcoming movies of the client? Or the Kabaddi federation places certain restrictions on the same?

Great question! There are no such restrictions in place. The federation is only concerned about the promotion of Kabaddi as a household sport and hence has given a free hand to owners. In fact, several other owners do promote their brands through their teams.

This is interesting! I understand promoting our own brand through the franchise can provide a great benefit. Moving on, can I understand the viewership structure of the Pro-Kabaddi league? Is the viewership restricted to tier I cities or tier II and III cities?

The viewership is mostly dominated by tier II and III cities since Kabaddi is a domestic sport which is still finding its ground in tier I cities.

Sure, what about viewership base of our client's movies? Is the client engaged in "mass" or "class" movies?

The client is engaged in movies which are mostly watched in tier I cities and has a major disconnect with tier II and tier III cities.

Excellent! I think we can draw upon the investment in league and increase the client's viewership base in tier II & tier III cities also. Moving on, I would like to analyse the different costs associated with the investment. Has the client analysed the same?

You may continue – the client has not analysed the costs fully.

Sure. A few points about cost may be as under –

- Players purchase cost: A big focus would be on the players in the franchise – player acquisition may be through the auction table where the client may have a relatively higher budget if they are a new team and no retained players.
- Coaching cost: Coaching staff to be hired with head coach, dietician, fitness coaches, etc.
- Stadium/ merchandise cost: Next, depending on the city in which franchise is set-up, stadium would need to be booked along with merchandise costs.
- Sponsorships: Another cost would be the marketing of the franchise and finding sponsors. Though I believe our client may leverage upon its industry contacts

Fair enough. Do you want to think more about costs or move on to Revenue?

I would like to move on to Revenue.

Please do.

Okay. Basis my analysis, revenue streams for the franchise may be as under –

- Ticket revenue: This may not be much but would be a good indictor of the actual audience support in the franchise and can be a metric for building good social following;
- Non ticket revenue: I believe this would represent major proportion of the revenue. The streams may be advertisement revenue, prize money (depending upon the final standing of the franchise in the table), merchandise sale (will lead to increase in fanbase) and mass-media reach (this would benefit our client's acting career as well).

Would you like to analyse more on the Revenue streams?

Sure. With reference to Sponsorships, I believe we can further get into event specific sponsorships, social media sponsorships (on the website or if any team app). I am not entirely sure about the media rights of the sports. Is it fair to say that we won't have control over it?

Broadcasting and streaming rights are sold by the federation on an overall basis and then the teams get a share of it based on viewership. You need not get into more detail about it. Please continue you Revenue analysis.

Noted. Another revenue stream which can be carved out are partnerships with local city schools and colleges. This will open a younger and a loyal fanbase for the future at a grassroot level which will also increase awareness about the sport. Lastly, membership programs may be initiated for fanbase which will keep the engagement ongoing.

Bollywood Star investing in Pro Kabaddi – Interview Transcript (2/2)

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You are on the right track. A franchise has lots of different revenue as well as cost streams. Appealing to younger audience who have vigour will help the franchise. Now that you know the various verticals of a Pro-Kabaddi franchise, can you provide your final recommendations to your client with reference to his objectives.

Sure, I would like to distinguish between financials and non-financial metrics.

- From financial viewpoint, I would suggest that investing would bring in a lot of different revenue streams to the client. Since it's a growing sport, the potential appears to be huge. Also, it will diversify the client's portfolio. However, if the bubble bursts, then the losses might be slightly difficult to recover – though this possibility seems low at this point. More research is required on existing team owners and their metrics
- From non-financial viewpoint, I would suggest that the investment would bring in lots of synergy benefits to the client. It will increase the client's viewership in untapped tier II and tier III cities and help the client come across as a social icon who promotes local/ home-grown sports. However, try to figure out the roadblock of time/ resources that the client can devote to the investments since the acting career is still ongoing and client likes to have hands-on experiences in sports investments

Let's end here. Thank you.

Bollywood Star investing in Pro Kabaddi – Approach

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Problem Statement

Your client is a Bollywood film superstar. The client is fascinated by the Pro-Kabaddi league in India. However, the client is hesitant whether he should invest in the league or not and has now come to you for your advice.

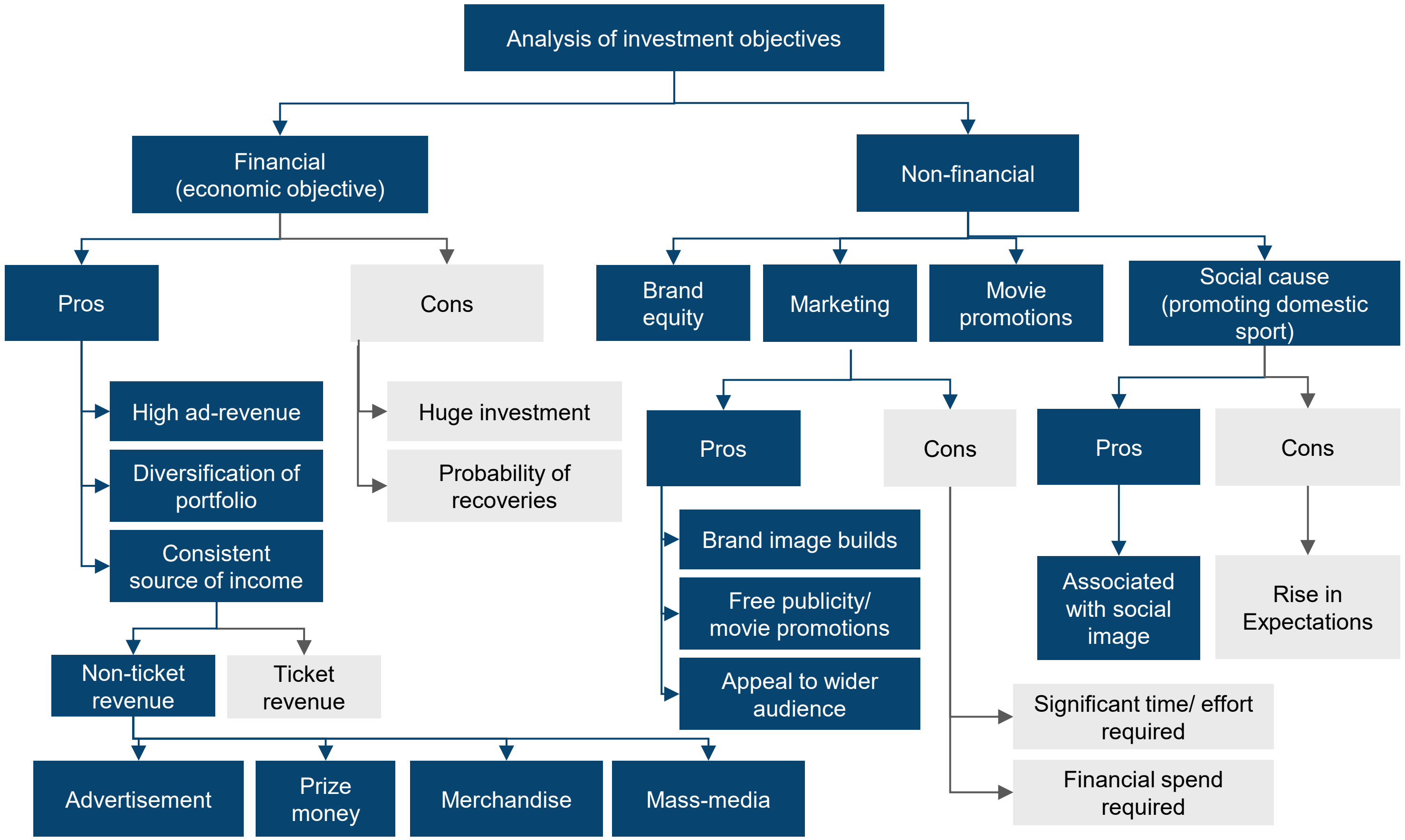
CASE FACTS

- Client is a sports enthusiast with existing investments in football
- Is approaching 40s and has considerable financial backing
- Likes a hands-on approach but has a management team to handle everything and acting career to tend to
- Has not thought through the costs involved in the decision
- Can leverage his acting business in making said investment

INTERVIEWEE NOTES

- Objective of client should be understood from all metrics – whether financial or non-financial
- Enquire about different streams of revenue & costs in more detail instead of looking from top
- Understand synergy benefits of a new investment with client's existing businesses/ investments
- Present a holistic point of view in the recommendations keeping in mind both the negative and the positive points

APPROACH / FRAMEWORK



RECOMMENDATIONS

- From financial viewpoint: Different revenue streams may be available to client. Growing sport→ huge potential. Helps diversify client's portfolio. However, if bubble bursts, then losses might be difficult to recover – though this possibility is low.
- From non-financial viewpoint: Lots of synergy benefits for client. Increase client's viewership in untapped tier II & III cities. Try to figure out the roadblock of time/ resources the client can devote since the acting career is ongoing

OBSERVATIONS

- Key to understand the nook & crook of your financial metrics by broadening your thinking horizons
- Another way to drive the case could have been by asking about the financial metrics of existing metrics and how their investments have fared
- Paramount to incorporate synergy benefits after diversifying your portfolio

Green Skill India – Interview Transcript (1/2)

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Let's start with the problem statement. Your client is the Government of India, and they want to start a Green Skilling Program. How should they go about it?

Thank you for the problem statement. To begin, I would like to understand the objectives and goals of the Green Skilling Program. Could you provide some insights into what the government aims to achieve with this initiative?

The primary objective is to equip the workforce with the skills necessary for green jobs, promote sustainability, and support the transition to a green economy. This involves skilling individuals in areas such as renewable energy, sustainable agriculture, waste management, and energy efficiency.

Okay, are there any budgetary or time constraints to be considered?

No there are none yet, but they would like to launch it as soon as possible.

Oh okay, I see there are 3 major aspects to this case, product development, target population, and feasibility studies. Is there a pre-determined product or target population.

No, there is no predetermined product or target population. The client would like you to suggest the way ahead.

All right, regarding the product, the decisions that need to be made are whether the skills shall be hard skills, that are directly useful for employment or soft skills that everyone should have. Also, whether the skills will be taught in an offline format or an online format.

So, the client is focusing on hard skills to directly increase green jobs and sustainability in the economy.

Okay, so if the skills that need to be taught are hard, an offline format should be undertaken to ensure more commitment to training and access to wider population. Additionally, the target market shall be the working population, with a secondary education, in urban sub-urban as well as rural areas especially in the low-income or lower-middle-income category.

Sounds fair, let's move on to the feasibility studies.

For feasibility, we need to assess both financial and operational aspects. Financial feasibility includes understanding the budget, costs involved, and funding sources. Operational feasibility covers the implementation strategy, resources required, and potential challenges. Since there are no budgetary constraints, the operational feasibility seems to be a more important consideration here.

Let's go ahead with operational feasibility then.

Sure, for this purpose, I would like to draw the value chain for the program. There would be 3 main stages involved in the process, onboarding of the trainees, imparting education and helping them find jobs. We can look at the steps, resource requirements and potential challenges for each of these separately.

Alright, go ahead.

While onboarding, we need to decide whether the program is voluntary, i.e., all those who wish to get sustainable jobs can join, or selection-based, for which the applicants must appear for an exam, fill an evaluative and eliminative form, or write an essay. Once this decision is made, to ensure we get maximum applications, we need to work on improving awareness, accessibility, and affordability of applications.

Can you elaborate on that?

Sure, we need to decide on the method of promotion, whether online or offline, through print media or television, etc. Based on the target population, online promotion, including social media advertisements is an effective way. Accessibility here refers to ease of application as well attending the classes, the application can be online as well as offline to make it easy as well as not restrict it to only those who have a smartphone. Classes need to be launched at multiple locations for more people to apply. Additionally, the cost of application and the fees for the program, if any, should be affordable to most of the population.

Do you suggest that there should be a fees in the program?

It can depend on the approach the client decides to take on the program, imposing a fee can be useful in ensuring commitment and promoting completion of the program, another way to do this could be paying a small amount to the trainees, similar to a stipend.

Good, that's a fair point. Assume no fees or stipend is imposed by the client. What other measures can be taken to make the program affordable.

Another way to do this is to make cost of living affordable while training. This can be approached in 2 ways, either prevent the need for people to stay away from homes which is difficult owing to the widely scattered population or providing affordable stay near classes, for example, liaising with hostels.

Fair point.

Moving on to imparting education, the elements that need to be looked at are infrastructure, human resources and study material. Infrastructure will include accessible training centers with necessary equipment. Human resources need to be made available on preferably full time or otherwise part time basis, which would require hiring and training qualified instructors proficient in green skills. Developing comprehensive, up-to-date study materials aligned with industry standards will be an important determinant. Ways need to be found for collaboration with industry experts for curriculum development and continuous instructor training.

Makes sense. What about the last steps, helping them find jobs.

Right, so we can go about it in 2 different ways. Private or Public sector employment. The government could identify labour requirements in public sector companies and provide jobs or they could partner with private companies, that need such employees or other private companies that have a philanthropic agenda as well to interview the trainees and give them jobs.

Are there any other ways?

One more way could be entering into public-private partnerships, for sustainable development projects that will address dual objectives of giving people jobs as well as moving towards sustainability.

Very well. Now, the client would also like to know the approximate reach of its program. How would you go about it.

By reach, do we mean the number of people who would be willing to join the program, or the population we are able to cater.

Assume that we can cater to all the people who are willing to join the program.

Green Skill India – Interview Transcript (2/2)

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Sure, to guesstimate the total number of people interested in the program, we can segment the population into urban, suburban, and rural areas, assuming a 30%, 30% and 40% distribution respectively.

We can filter this population by age group, targeting individuals aged 18-35, who form approximately 35% of the population.

Focusing on those with secondary school literacy, we would typically get around 70% in urban, 50% in suburban, and 30% in rural areas.

Next, considering the unemployment rate, roughly 10% across these regions, indicating those actively looking for jobs and from the remaining, roughly 40% who would be interested in upskilling for better jobs, we could get the people interested in the program.

Here, I assume that people don't necessarily need to be interested in green skills and sustainability, since they might be focusing on the eventual employment potential.

Fair assumption, however, if the client wants you to further factor in the interest level as well, then how would you go about it?

Definitely, in that case I would take a greater proportion of the unemployed section, approximately 75% and a smaller proportion, approximately 15-20% rather than 40% who would be willing to invest their time owing to the potential they see in green skills.

Alright. Let's stop here. Well done. Thank you.

Green Skill India – Approach

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Problem Statement

Your client is the Government of India, and they want to start a Green Skilling Program. How should they go about it?

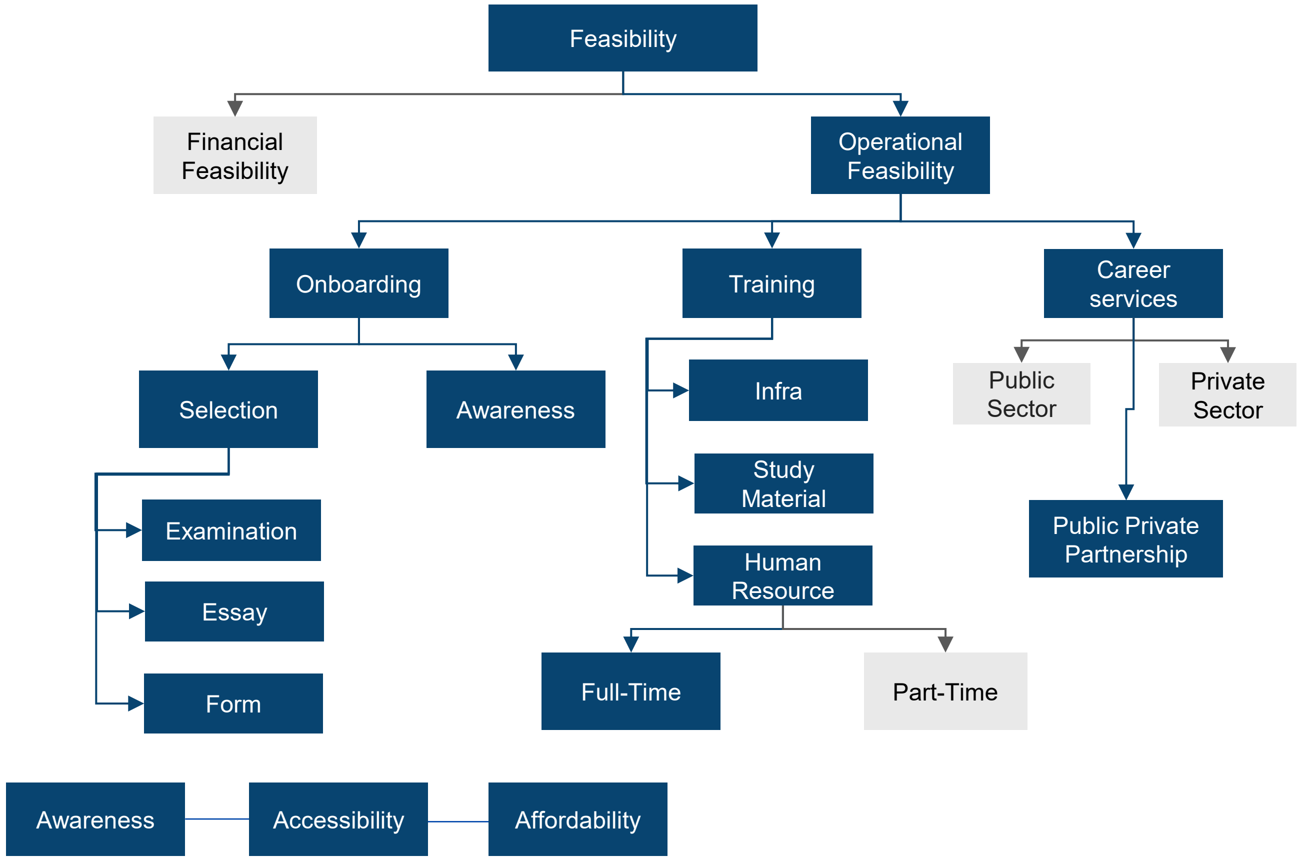
CASE FACTS

- Green skills are skills necessary for green jobs; focus on hard skills.
- Objective is social welfare and sustainability; there are no budget or time constraints.
- Hard skills hence classes should be in offline format.
- Target population is urban, rural and suburban, in the working age group with secondary school literacy.

INTERVIEWEE NOTES

- Important to understand terminology, i.e., what is green skill, whether it includes hard or soft skills, etc.
- Objective needs to be identified, along w/ time & budget constraints
- Enquire about the product, i.e. the skill program, how are skills being imparted; and target population, geographically & demographically.
- Focus is on feasibility. Also, financial feasibility is not as important.

APPROACH / FRAMEWORK



RECOMMENDATIONS

- Short term: a) Classes in offline format for working population with secondary school literacy; b) Online promotion & awareness campaign + use of social media to invite more applications - should be online & offline.
- Long term: a) Liaise with hostels for affordable stay of trainees away from homes; b) Collab with industry experts for curriculum dev. & continuous instructor training

OBSERVATIONS

- It is important to understand the objective, product and the customer base.
- Public Private Partnership is an important means for social welfare projects.
- Avoid broad assumptions regarding interest levels of population.

Petrol Pump Loyalty Card – Interview Transcript (1/2)

Your client is in the business of petrol pumps in India. It had recently introduced a loyalty card to retain more customers, but it hasn't performed as per expectations. It wants you to give recommendations to improve the attractiveness of the loyalty program.

Thank you for the case. First, I would like to ask a few preliminary questions to understand the client better and analyse why has the loyalty card not performed well.

We already know the reason. The customers are not finding the value of the gifts that are redeemed attractive enough. You can ask preliminary questions to understand the client.

Is it a single petrol pump or a chain of petrol pumps? Do we know the location? Also, my understanding by petrol pump dealer is that their only responsibility is to manage the petrol pump hence they are not involved in refining. They procure petrol directly from refineries and are not involved in transporting process as well.

Assume it to be a single petrol pump located in any tier 1 city. That's the only city they operate in.

I'd now want to understand how the entire mechanism of loyalty card works. Is it used to pay for petrol or is it like Spencer's loyalty card wherein points are credited to the card. In that case, how many points are credited for each transaction?

You cannot pay using the card. One point is credited for every Rs. 100 spent at the petrol pump.

And what is the value of each point? Also, how, when and where can the points be redeemed?

Each point is worth 50 paise hence 2 points are worth One Rupee. The points can be redeemed once 200 points are accumulated. The customer can visit the petrol pump to redeem against a catalogue of products that includes things like Boat earphones, steel water bottles, and so on.

How is the competition? I feel that it is a very competitive industry and customers are indifferent between the petrol pumps. Also, has any competitor also launched any loyalty programs?

Since the pump is in city, there are multiple pumps near client's pump. The client is the first one to implement a loyalty program.

Okay. May I please take a few minutes to structure my thoughts?

Sure, please take your time.

Since our objective is to make the card more attractive, we can look at ways to either increase the value derived from the card or improve the convenience through changes in process. Hence, I would structure the case by looking at the customer journey and try to find ways to increase attractiveness. The customer journey would broadly have 3 parts – Issuance of card, credit of points and redemption of points. Should I go ahead?

That sounds good. Please go ahead!

In issuance, I would look at the process of issuing the card which would include convenience and the fees charged for the card. Looking at the process first, do we know how many forms a customer must fill for issuance of card, number of days it takes for the card to be issued and is the card linked to the mobile number?

There are 2 forms involved. After receipt of the forms, it takes 14 days to issue a card which the customer must collect from the petrol pump. It is not linked to the mobile number.

Okay. And does the client charge any issuance fees as well as annual fees for the card?

Yes, the client charges a nominal fees of Rs. 100 as issuance fees to recover the processing and the card costs.

So, my recommendations would be to transform the issuance process to link the loyalty program with the customer's mobile no. The client should ask for the customer's mobile number and the customer will be enrolled in the loyalty program with an OTP. This means no forms, immediate onboarding and no need to visit within 2 weeks to collect the card. Since this will eliminate the processing & card costs, the client can waive off the Rs. 100 issuance fees as well. Is this feasible? Should I look at ways of transitioning existing customers to mobile based system from cards.

Yes, this is a good suggestion. The client will implement this. You can ignore the transition process.

For credit of points, I will again look at the process first and then the value of the points being credited. Since we followed a card-based system earlier, I am assuming that the client had to swipe the card after every transaction. Also, is there a possibility to increase the number of points credited for each transaction?

Correct. The client is open to increasing the value of points marginally.

After implementing mobile-based program, the points can be automatically credited by adding details of the cars to mobile number. This would lead to improve in efficiency at the petrol pump as well as higher customer convenience. The client can give additional points if certain milestones are reached for e.g., visiting >1 every month for 6 consecutive months, >25000 in a year, etc.

Good point.

Now moving to the most important part of the analysis: redemption. We can break it down into 3 parts: process, value and variety. I would further divide process into access and restrictions. Since we already know that customer needs to visit the pump to redeem points, we can introduce an online option which would make the process easier. To further incentivize the access, we can partner with other petrol pump dealers around 25 KMs to be a part of this program. We also know that the minimum points required to redeem is 200 points. To earn 200 points, customer needs to purchase petrol of Rs. 20,000 which can be a big amount for 2 wheelers and non-regular users. Hence, I'd recommend to remove the restriction of minimum points to redeem.

Okay.

Petrol Pump Loyalty Card – Interview Transcript (2/2)

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I would split value into actual value and perceived value. To increase the actual value of points without a corresponding increase in costs for the client, the following 3 things can be explored:

Tie ups with Fintechs – The client can tie up with fintech companies like Paytm and Stripe to issue co-branded digital cards powered by mobile numbers.

Partner with D2C brands – Cost of acquisition of D2C brands are relatively high. Giving customers an option to redeem points on their products would save the D2C brands money

Vouchers – Partner with brands like Amazon, Swiggy, etc. to redeem points against their vouchers.

The client can pass on the benefit from all the above partnerships to the customers leading to higher value of points. E.g., Stripe can waive off the surcharge on payments and the cashback can be passed on. Similarly, Swiggy might charge the client Rs. 400 for a voucher of Rs. 500 thus client can let customers redeem Rs. 500 voucher for 800 points instead of 1000.

These are interesting observations. How do you improve the perceived value?

We can introduce either nostalgic products or novel products. Nostalgic products could be phantom cigarettes. Example of novel products could be Mahabaleshwar strawberries in Mumbai (assumed pump is in Mumbai) or Kitkat chocolate by Hershey's which is available only in USA.

Very interesting.

The client can increase the variety by:
Introducing products of lower value like stationary items since the minimum points restriction would be scrapped
Petrol Pump – Allow points to be redeemed at the petrol pump itself. It could be done by either redeeming against petrol pump or non-monetary benefits like priority lines
Product Portfolio – Partnering with D2C brands, vouchers, and onboarding more merchants

We will convey all the recommendation to the client. Thank you!

Petrol Pump Loyalty Card – Approach

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Problem Statement

Your client is in the business of petrol pumps in India. It had recently introduced a loyalty card to retain more customers but it hasn't performed as per expectations. It wants you to give recommendations to improve the attractiveness of the loyalty program.

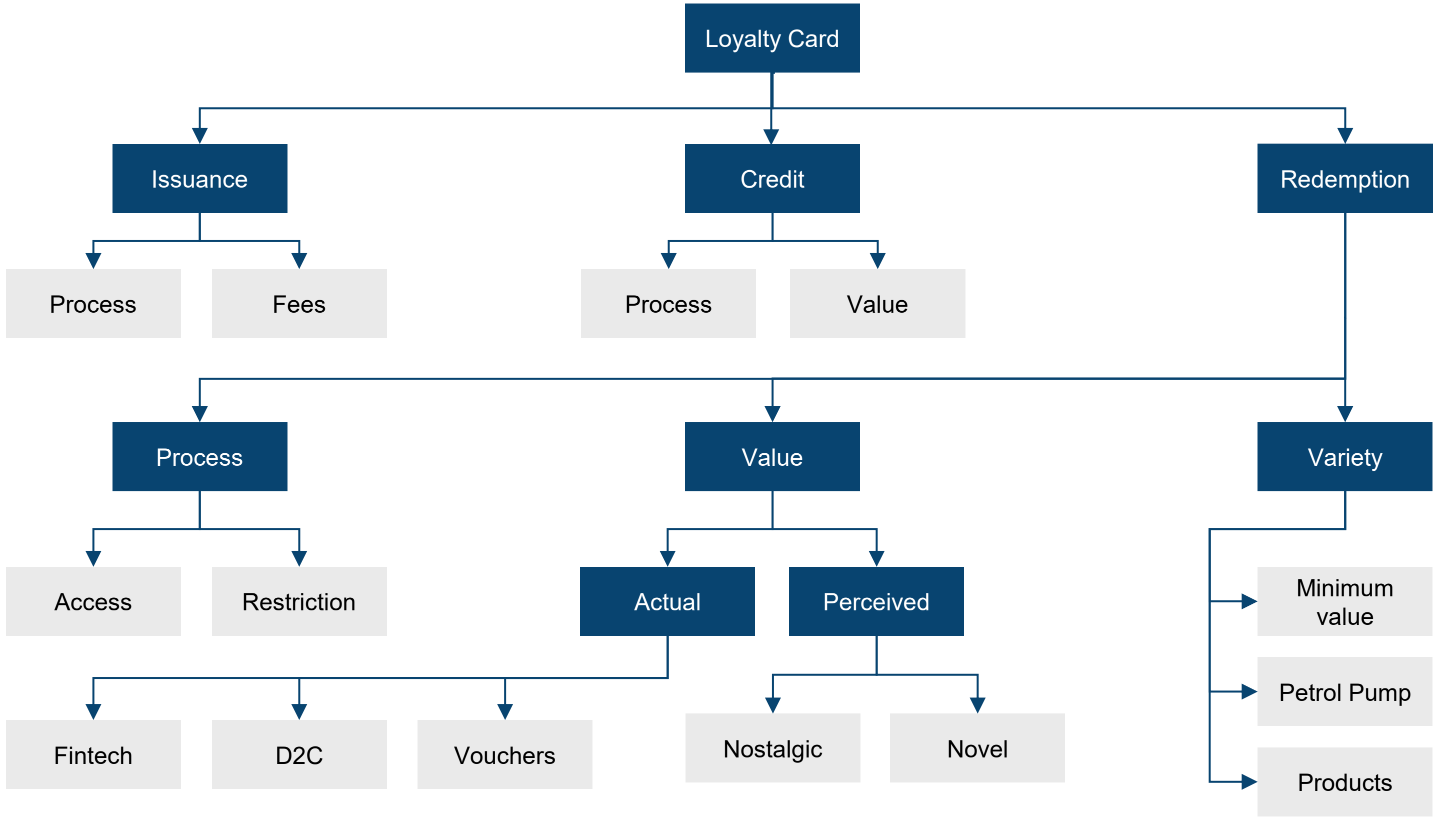
CASE FACTS

- The reason of the problem is already available – lack of attractiveness
- Final value of redemption for every Rupee spent is 0.50% of money spent (1 point for Rs. 100 – redeem for 50 Paise value)
- Loyalty Card is the medium through which points are credited and redeemed

INTERVIEWEE NOTES

- Do not start giving recommendation. Try to split the steps through MECE. In such cases, using the journey of customer is mostly a good idea.
- Enquire about location, number of pumps, and competition.
- Build understanding on how the entire process works right from issuance to credit to redemption.
- Understand what redemption options a customer has & the value of points in Rupee terms.

APPROACH/ FRAMEWORK



RECOMMENDATIONS

- Introduce mobile based loyalty system instead of card based
- Waive all kinds of processing fees and costs to customers
- Remove minimum points criteria and give additional points for consistent/large customers
- Onboard fintech, D2C, other merchants
- Allow redemption at petrol pump – both monetary and non-monetary benefits

OBSERVATIONS

- It is important to apply structure even in unconventional and unstructured cases
- Important to demonstrate on-the-feet and out-of-the-box thinking while solving unconventional cases

Customer Service Process Automation – Interview Transcript

Your client is a large e-commerce player based in India. They want to automate their customer service processes and want your support to identify which process to automate

Okay, I would first like to understand the objective behind automation- is it cost reduction, improve customer satisfaction or a mix of both?

Our primary goal is cost reduction without hurting CSAT.

Great. I would like to understand our current contact channels and current volumes for the same.

We get roughly 12 million contacts a year out of which about 70% are after-sales. Channel mix is about 50% chat, 45% voice/human agent, and 5% via email.

Got it, thank you. So, there are 45% contacts led by human intervention, which we can potentially automate. I would like to begin with customer journey, then deep-dive into how the client run their customer service process today and where the process could be automated. From there we'll prioritize what to automate now vs. Later, with safeguards so CSAT doesn't drop.

Sounds good

Got it. I'll start with mapping the customer journey end-to-end across four stages - pre-purchase, purchase, after-sales, and post-engagement. Pre-purchase: customers browse on app/web, see specs, delivery promises, and reviews; if info is missing, they open chat or call for availability, delivery date, or price. Purchase covers checkout and payment via UPI, cards, wallets, and a sizable COD share for Tier-2/3. After-sales includes order tracking, delivery reschedules, cancellations, returns and refunds, and warranty claims. Post-engagement covers feedback, loyalty points, and marketing consents. Since after-sales drives 70% of contacts, I'd like to drill deeper into those processes.

Yes, the rest of the processes are automated. Let's deep dive into after-sales.

Okay, I'd split it into two layers for handling the customer tickets. On the front end, we have customer-facing platforms - human-assisted like call centres and social media teams, and non-human like chatbots, IVRs, and in-app help sections. On the back end, we have operational processes like logistics tracking integration, warehouse coordination for returns, and seller refund approvals. Moving on to tickets categories, we can bucket these into order tracking and delivery updates, delivery rescheduling requests, returns and refunds, cancellations, and warranty or service claims. We can take a deeper look at each ticket type one by one, understand the current handling process, and then see if there's automation potential without hurting CSAT

Yes, that sounds good. Go ahead..

Starting with order tracking and delivery updates - I'm assuming we already have courier integration to show status in-app, but customers still contact us when the information is unclear or outdated?

Yes. We pull updates from our warehouse checkpoints, but about 15–20% of the time, the status is vague, so customers chat with our chat bots. The process of handling these queries is automated.

Understood, so not much potential here. Moving on, how does delivery rescheduling requests work today?

Customers contact us, the agent notes the preferred date, and manually informs the courier partner.

This is an easy win - we can let customers pick from a few available delivery dates in the chatbot itself, and the same bot can send a simple daily sheet to the courier partner by email or shared dashboard. That way, no agents are stuck relaying the same info hundreds of times. Moving on to returns and refunds. I'm assuming customers raise the return request online, and post checking and approval process, pickup is arranged.

Yes, additionally, refund approval happens after the warehouse confirms the returned item is okay.

Got it. For returns from our own warehouses, we can make refunds auto-approve as soon as the item passes the warehouse check, without agent review. For seller orders, we can set a rule - if the value is under a certain price range, auto-approve; otherwise send to agents. This should free up time from low-value, low-risk cases..

Yes, makes sense. Let's move directly to warranty claims since cancellations are mostly automated.

Okay, I'm assuming these are complex because they involve brand or seller coordination?

Exactly. Customers often don't have the invoice handy, or brands need images or videos before approval..

Okay, I'd leave them with agents but enhance with automated intake forms, document upload, and knowledge base tools so agents work faster. Also, we can incorporate AI to read through these documents saving time.

Works. Now, how would you prioritize which processes to automate?

For prioritization, we can use a 2 x 2 impact-feasibility matrix. The high-impact, high-feasibility ones to automate right away would be order tracking, delivery rescheduling, and simple refund triggers. The lower-feasibility but still valuable ones, like c warranty claims, can be planned for later. And as a quick win, we can add auto-suggestions in chat for "return" or "cancel" before the customer even reaches an agent.

Any safeguards to ensure CSAT doesn't drop?

To protect CSAT, we could always give customers an "escape hatch" - if they fail two or three bot attempts, they get routed straight to an agent. We could also use sentiment detection so that frustrated customers are directed to human agents immediately. To avoid large-scale issues, automation could first be piloted in select regions or categories. And throughout, NPS and CSAT could be tracked separately for automated versus human tickets, so cost savings don't come at the expense of experience.

Sounds reasonable. Can you give me a quick guesstimate of the potential savings in terms of man-hours?

Before I estimate savings, could you give me an approx. % split of these after-sales contacts by ticket type?

Sure. Order tracking is about 30%, delivery reschedules 15%, refund/ return triggers 10%, cancellations 25%, and warranty/service claims around 20%. Additionally, for estimation- you can assume a fully loaded cost rate of Rs. 400/hr.

Alright. So, you have 12M contacts a year, 70% of which are after-sales; that's 8.4M. Applying ticket type split: order tracking is 30%, so 2.52M; reschedules are 15%, so 1.26M; and refund triggers are 10%, so 0.84M. That's 4.62M contacts we could automate. At an average handling time of 4 minutes, that's 18.48M minutes, or about 308K man-hours. Assuming that we are able to automate 60% of that basis our recommendations, we save around 185K hours. At a fully loaded cost of ₹400/hour, that's close to ₹74 million annually.

Sounds good. Let's close the case here.

Customer Service Process Automation – Approach

Problem Statement

Your client is a large e-commerce player based in India. They want to automate its customer service processes - how should they decide which processes to automate?

CASE FACTS

- Large Indian e-commerce player with 12M annual customer service contacts.
- Objective: Cost reduction without hurting CSAT.
- 70% (8.4M) are after-sales queries.
- Current after-sales ticket types: order tracking (30%), delivery reschedules (15%), refund triggers (10%), cancellations (25%), warranty/service claims (20%).

APPROACH/ FRAMEWORK

Customer-journey

Pre- Purchase → Purchase → After-sales → Post- Engagement

After-sales:
- Front-end
- Back-end

Issues handled at both front-end & back-end level

- Order tracking & Delivery updates
- Delivery rescheduling
- Returns & Refunds
- Cancellations
- Warranty claims

Prioritization Matrix

Feasibility ↑	Quick Wins	Automate
	De-prioritize	Plan for medium-term
	Impact →	

Prioritization actions

- Automate
  - Order-tracking
  - Delivery rescheduling
  - Non-complex refunds
- Quick Wins
  - Chat-bot optimization
  - Auto-approve low value refunds
- Plan for medium-term
  - Complex cancellations
  - Warranty claims

RECOMMENDATIONS

- Allocate Start by clarifying the primary objective of automation (cost, efficiency, customer satisfaction) to guide prioritization.
- Map the entire customer journey to identify major contact drivers and touchpoints.
- Segment processes into front-end (customer-facing) and back-end (operations/support) for targeted analysis.

INTERVIEWEE NOTES

- Approach: Map customer journey, deep dive into after-sales, split into front-end vs. back-end, apply two lenses (customer experience & operational efficiency), prioritize via impact-feasibility matrix
- Deep dive into different type of tickets to further understand which process to automate
- Quick wins are high-volume, low-complexity processes with minimal human judgment.

OBSERVATIONS

- It is important to break the problem into logical stages of the customer journey, then zoom into the biggest volume/cost driver.
- It was imperative to prioritize solutions that are both technically doable and won't harm the customer experience.
- Additionally, using available data to identify high-impact areas is crucial, so your deep dive is focused where it matters.

Carbon Credit Fund Strategy – Interview Transcript

The client is a nature conservation organization looking to set up a fund to invest in carbon credit-generating projects in India. Please advise them on key factors to consider

Sure, sounds interesting. So, our client in a nature conservation organization looking to set up a carbon credit fund in India. Given their background, is it fair to assume that the fund would invest in projects focusing on environment conservation/ restoration?

Yes, the client aims to invest in such projects. They are focusing on forest-related projects in India.

Okay. Before I get into the elements of strategy to be kept in mind – I would like to clarify a few things. Firstly, what is the prevalence of such projects in India? Next, what is the expected fund size & type of investors? Finally, what is the primary objective of the fund – financial returns, environmental benefits, or social benefits?

All right. So, while there are several locations where such projects can be deployed, only a few projects currently operate that meet carbon credit issuing standards. The fund is envisioned to be $100M in size. There are no investors on board currently; some investors are interested but want the fund first to define its entire strategy first. In terms of objectives, the fund is looking to do well on all three parameters. What metrics should the client track to assess performance on all three?

Sure. In terms of financial performance – ROIC & NPV could serve as good metrics. Environmental benefits can be measured via # carbon credits generation, the area under conservation, # species protected, etc. Social benefits can be measured via # of people employed, community benefits, etc.
Also – is it fair to assume that the fund will develop new projects & not just invest in existing projects?

Sounds good. While the fund's key focus is environmental benefits, the other two are equally important, partly due to different types of investors. Could you help us identify who these different types of investors could be and would all three objectives be equally important to them?
And, yes, the fund is willing to invest in both external & self-managed projects.

I believe that in most cases all three types of benefits would have some value to investors who are looking to invest in the fund, however the priority of benefits may vary. Few investor types are:
1) Private financial institution – Usually financial benefits are the key priority
2) Corporates – Investment could be driven by financial motives, but in most cases social/ environmental benefits are more crucial. They may be looking to build a brand narrative.
3) Developmental financial institutes/ Government – Environmental or social benefits would be key; Financial benefits are required, but not the most important criteria (give grants)

This sounds fair. I think we have a decent understanding of fund's objectives & investors. Let's now move towards advising the client on key areas to look into.

Sure. Now that we have a basic understanding of the various objectives at hand & investor types. We should look into the following two areas:
1) Where to play: What would the key focus areas and project portfolio choices?
2) How to win: Focusing on fund structure, operating model, & capabilities required
The above areas would broadly cover the fund's strategy areas. Does this sound fair?

Yes. This looks good. Let's start with Where to Play.

The client needs to define the type of project it would focus on. Key factors would be:
a) Geography within India to invest in; b) focus area: forest conservation v/s restoration v/s management; c) revenue model: carbon credit only or carbon credit along with forest product sales; d) Project size; e) mix between self-developed and 3rd party projects

Fair enough. The client has some assessment of the geographical area and is working toward defining the exact project type. These inputs would help for the same. Let's move onto the next section.

In terms of 'How to win'. I would broadly classify the activities under the following buckets:
a) Deciding the fund structure: Number of investors, type of investors to onboard, ticket size, fund incorporation, and its terms & regulations
b) Operating model: Understand relationship between internal fund stakeholders & set up governance bodies. Furthermore, it would also require understanding various partners/ parties involved at each stage of a project's life cycle, from origination to carbon credit verification to sales.
c) Capabilities: Identify critical capabilities required (technical expertise, project feasibility assessment, investor management team, etc.) and either build them in-house (technical facility) or via on-ground/ community partners.
Broadly, these are some key areas to look at. Do you want me to go into further detail?

This sounds comprehensive. The client has a few specific questions. Let's discuss those. Building on the fund structure, do you have any initial recommendations on the investor mix (by type)?

The exact investor mix would depend on several factors like investors available, funding ability, and investor objectives. If we have any more detailed information about the same, then I can work toward build a more granular recommendation. However, at a broader level, I would recommend having a mix between private financial institution and DFIs to balance financial and environmental objectives.

The broader suggestion works. We do not have any granular information at the moment. Could you finally help the client understand the various risks and challenges for such a fund?

Some of the key risks that the fund would face are:
1) Nascent India market for trade in carbon credit or green credits
2) Risk of projects being claimed to be encroaching on local community land
3) Lack of availability of funds/ projects to invest in India given the nascency of the industry
4) High uncertainty as returns highly dependent on carbon credit prices
5) Developing market and newer regulations could impact the flow of carbon credits
6) High risk of project failure in initial stages

Are there any potential steps that the client can pursue to reduce these risks upfront?

The client can undertake the following actions, to safeguard against some of the risks:
1) Set–up a comprehensive community benefit sharing program – both monetary and non-monetary-at the onset of any project
2) Look to set up corporate partnerships to secure steady demand for carbon credits
3) Set-up partnerships with on-ground project developers to secure access to upcoming projects
4) Encourage and pitch to the government to promote green credit & carbon credit program

Great. We can close the case now. Thank you for your time.

Carbon Credit Fund Strategy – Approach

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Problem Statement

The client is a nature conservation organization looking to set up a fund to invest in carbon credit-generating projects in India. Please advise them on key factors to consider.

CASE FACTS

- Nature conservation organization based in India
- Fund to investing in carbon-credit-generating projects in India
- Projects would look to focus on forest conservation and restoration;
- Fund size expected to be $100M; Investors not yet decided
- Focus on all three objectives given different types of investors; However, environmental is the core driver

INTERVIEWEE NOTES

- Enquire about objective and focus areas before proceeding
- Adopt a dual viewpoint: a fund POV and a project level POV
- As a fund, recognize that your core skillset is not be technical prowess; recognize need for extensive 3rd party collaboration
- When evaluating risks, try to apply the PESTEL framework to narrow down on potential external risks

APPROACH/ FRAMEWORK

- Carbon credit fund
  - Objectives
    - Environmental
    - Financial
    - Social
  - Where to play
    - Project geography
    - Project revenue model
    - Project size & duration
    - Project focus area
    - Invest v/s Manage
  - How to win
    - Fund Structure
    - Operating model
      - Internal (fund operations)
      - External stakeholders
    - Capabilities
  - Risks
    - Nascent Market & volatility
    - Govt. regulations
    - Community area encroachment
    - Project failure

OBSERVATIONS

- This case provides an approach to tackle unconventional cases that discussing all strategy components: Define objectives/ goals → focus area → operating model & approach to win that market, → risks & mitigation plan
- In such cases, it is good to get an understanding of the exact activities before solving
- View the problem from the lens of multiple stakeholders related to the fund. In this case, investors were direct stakeholders, but community members were indirect stakeholders and very crucial
- The case did not discuss on competition as mandate more strategy driven. But can be discussed under risks
- Bring in insights that are relevant & current to the market to add nuance

Threat of New Entrant – Interview Transcript

Your client, C-Mart is the largest discount grocery retailer in West India with 300 stores. For several years, C-Mart has surpassed the second-largest retailer (200 stores) in both relative market share and profitability. However, the largest discount grocery retailer in North India, N-Mart, has just bought out C-Mart's competitor and is planning to convert all 200 stores to N-Mart stores. The CEO is perturbed by this turn of events, and asks you the following questions: Should I be worried? How should I react? How would you advise the CEO?

This is how I would like to approach the problem: First, I'd like to understand the market in West India to understand how C-Mart has become the market leader. Then I'd like to look at the market in North India to understand how N-Mart has achieved its position. Finally, we can merge the two discussions to understand whether N-Mart's strength in North is transferable to our market.

That sounds fine. Let's start with our market.

I'd like to understand what is causing C-Mart's higher profitability. Is C-Mart more profitable because it has more stores, or does it have higher profits per store?

It has higher profits per store.

Higher profits could be the result of lower costs or higher revenues. Do we have any indication on which of the two is causing the higher profits per store?

C-Mart's cost structure is similar to that of competitors, but it has higher per-store sales.

Higher per store sales could be because the prices are higher, or quantity sold per store is higher.

Since we are a discount retailer, our prices need to be competitive. Quantity sold per store is higher. Can you think of why this could be the case?

Possible reasons could be: our larger stores, greater product variety or because the stores are better managed.

Our store size is similar, and we sell similar products to competitors. C-Mart's stores are managed differently from those of competitors. C-Mart uses a franchise model in which each individual store is owned and managed by a franchisee who has invested in the store and retains part of the profit.

In that case, I would guess that the C-Mart stores are probably better managed, since the individual storeowners have a greater incentive to maximize profit.

You are right. C-Mart's higher sales are primarily due to a higher level of customer service. The stores are cleaner, more attractive, better stocked, and so on. I think you've sufficiently covered the Western market - let's move now to a discussion of the North Indian market.

How many stores does N-Mart own in the North, and how many does its closest competitor own?

N-Mart owns 2,000 stores and its largest competitor owns approximately 500 stores.

Are N-Mart stores bigger than those of its competitors?

Yes. N-Mart stores average 20,000 square feet, whereas competitor stores are 10,000 square feet.

This suggests that N-Mart should be selling almost 8 times the volume of the nearest competitor.

Close. N-Mart's sales are approximately 5 times that of the nearest competitor.

I would think that sales of that size give N-Mart significant clout with suppliers. Does it have a lower cost of goods and hence lower prices than the competition?

In fact, its cost of goods is approximately 15 percent less than that of the competition and its prices are on average about ten percent lower than those of the competition.

I think I've learned enough about N-Mart. I'd like to ask a few questions about N-Mart's ability to succeed in the West. I'd first like to understand whether N-Mart has a strong brand name in our market, and does it carry products similar to C-Mart's?

N-Mart has no brand recognition in the West. The two companies carry similar products, although the C-Mart stores lean more heavily toward local suppliers.

Is there any reason to think that the costs of doing business for N-Mart will be higher than they are for C-Mart in the West? Specifically, is N-Mart likely to have higher labour costs, leasing costs or higher raw material or distribution costs? N-Mart might incur higher distribution costs than C-Mart because it will have to ship products from its Northern warehouses to the West.

You are partially right. C-Mart must also cope with the same labor costs. C-Mart has the advantage in distribution costs, since it gets more products from Western suppliers. However, since C-Mart continues to get a good deal of product from the North, the actual advantage to C-Mart is only about two percent of overall costs.

All this suggests that N-Mart will be able to retain a significant price advantage over C-Mart's stores: if not ten percent, then at least seven to eight percent.

I would agree with that conclusion. Can you please summarize your findings?

In the near term, C-Mart might be safe. Its stores have a much stronger brand name in the local market than N-Mart's, and they seem to be well managed. However, as consumers get used to seeing prices that are consistently seven to eight percent lower at N-Mart, they are likely to shift to N-Mart. The CEO certainly has to worry about losing significant share to N-Mart stores in the long term.

Can you suggest possible strategies for C-Mart?

Given that in discount retailing competitive prices are a keyway to retain customers, C-Mart can look at the value chain from procurement to distribution to retailing and see where it can cut costs and hence offer more competitive pricing. In procurement, it can try negotiating competitive prices with suppliers. It might want to consider offering fewer product lines, so that it can consolidate buying power and negotiate prices with suppliers that are more competitive. In distribution it could try cutting down on transportation costs. With retailing, they can negotiate lower margins for retailers if possible. Finally, they might want to consider instituting something like a frequent shopper program, where consumers get points that entitle them to future discounts on merchandise.

Thank you. All your suggestions are interesting and worth analysing further.

Threat of New Entrant – Approach

Problem Statement

The leading discount grocery retailer in West India is facing the threat of a new entrant.

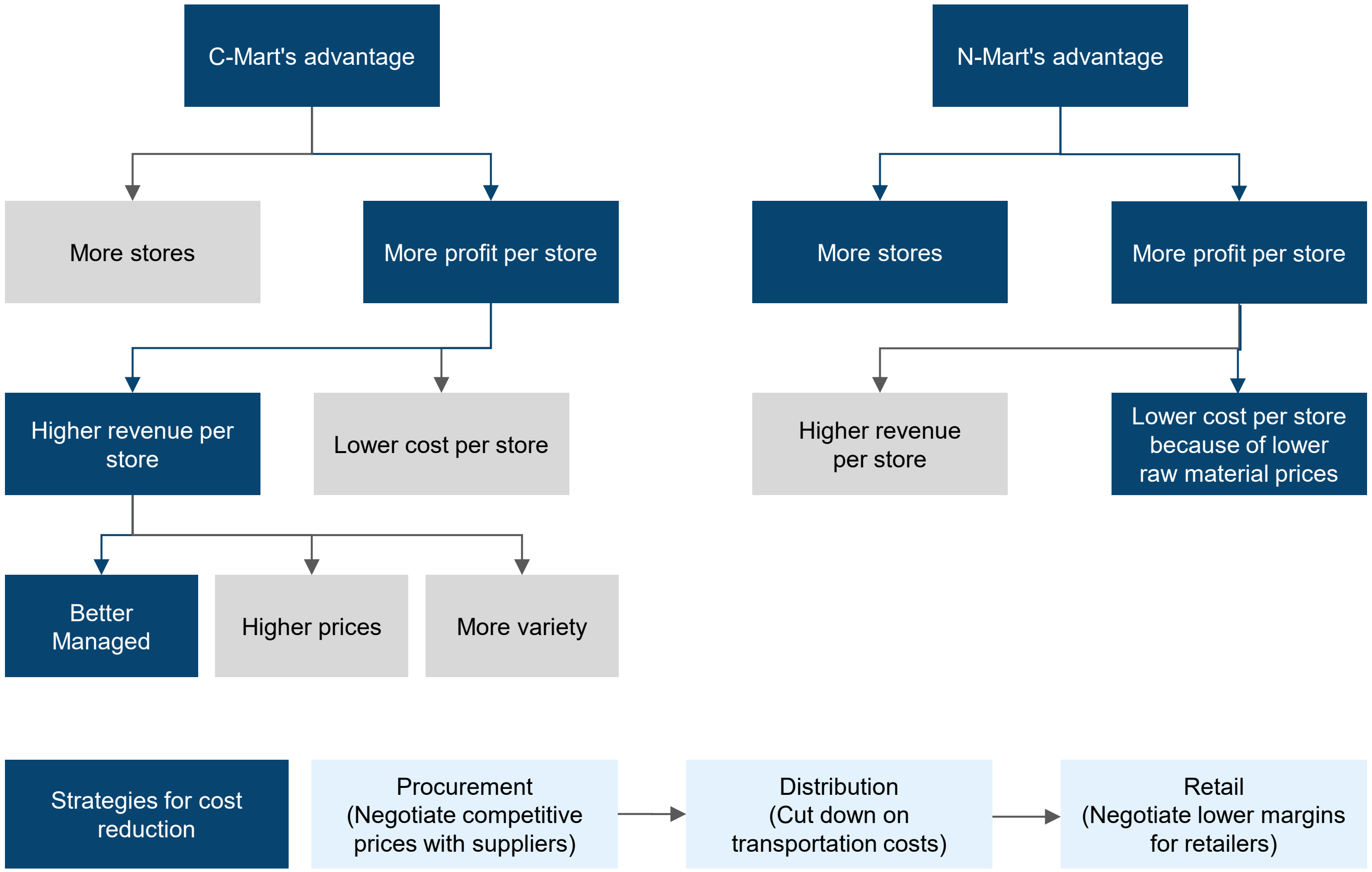
CASE FACTS

- C-Mart: market leader in West
- N-Mart: market leader in North
- C-Mart: no cost advantage
- C-Mart: franchise model –better managed – higher sales
- N-Mart: large bargaining power with supplier

INTERVIEWEE NOTES

- Understand C-Mart's & N-Mart's competitive advantage
- Can N-Mart's competitive advantage be transferred to the West?
- C-Mart has 300 stores vs the nearest competitor's 200 stores
- N-Mart has 2,000 stores compared to its nearest competitor's 500 stores
- N-Mart sales are 5x that of nearest competitor

APPROACH/ FRAMEWORK



RECOMMENDATIONS

- It is important to cut costs to compete with N-Mart
- Costs can be cut in:
  - Procurement: Negotiate lower prices with suppliers
  - Distribution: Cut transportation costs
  - Retail: lower retailer margins and introduce loyalty programme

OBSERVATIONS

- While evaluating competitive advantage and response; one can also, can take a value chain approach to identify advantage across the chain
- An alternative approach would be to divide the threat of new entrant into: Scale economies, product differentiation, brand identity, switching cost, access to distribution channels/raw material/technology, capital requirements and Government protection

Oil and Gas Company – Interview Transcript (1/2)

Your client is a major Oil & Gas player. They were going to expand their refining capacity by Dec 2023. However, due to policy changes and competitive pressure, they now want to do it by Dec 2022.

Can you tell me a little more about the client – which part(s) of the Oil & Gas industry does it operate in? – Only downstream or midstream and upstream as well? What is the geographical footprint of the company?

It is an Indian public sector player operating primarily in the downstream segment.

I see. What is the current refining capacity and refinery wise-split of the company? What is the targeted capacity?

Their current capacity is 15 MMTPA of crude oil processed split between two refineries – 10 MMTPA and 5 MMTPA. They want to expand their 5 MMTPA plan to 12 MMTPA.

Interesting. So, am I correct to assume that our objective is to help the client shorten the expansion project completion time from Dec 2023 to Dec 2022, i.e., shorten it by a year?

Yes, that's correct.

Okay. I would like to propose an overall strategy here. First, I want to understand the current status and map out the proposed phase-wise timeline. Then we can proceed to analyzing the time proposed for each step and the sequencing to identify possibilities for crashing the processes. Finally, we can look at the risks and additional finances, if any, associated with the schedule and possible measure to prevent and mitigate the challenges in case of a delay.

That seems reasonable. Go ahead.

Great. I would like to first look at all the inputs and setup requirements for the expansion plan. Mainly I would want to focus on capital requirements, licenses and permissions, raw material inputs like crude oil supply and land acquisition. Next, I would want to look at the design and planning phase. Herein, I would want to focus on the design process and timelines, tendering process (as applicable), After that, we can look at the equipment procurement, construction and installation phase. Finally, ways to expedite the testing and inspection phase can be looked at. Did I get the stages correctly or is there anything that I missed?

Yes, you got them.

Could you share the expected timeline for each phase? Also, is there any particular bucket you want me to analyse first?

Sure. So, let's assume we have the capital requirements, fuel supply, licenses and land acquisition figured out. The design and tendering processes are expected to take around 6 months. The ensuing procurement and installation of equipment is expected to take 3 years. Finally, the inspection and testing should last some 6 months, setting us up for operations 4 years from now.

Got it. So, we need to crash the process by around 12 months reducing it to 36 months

Correct.

Okay. I would like to start with looking at the design and planning phase. I have a few questions regarding the same:

- Is the design of the plan done in-house or through external consulting?
- What is the current status of the design plan?
- Is it done phase wise or is the complete design done at once before moving on to the next stage?

Currently we have identified an outside EPC for the designs. They have quoted a total time of 6 months for all the deliverables.

I see. Is there any particular reason why we are not doing it phase wise? We can get the designs in stages and start commissioning their fabrication. To optimize this, we can ask the EPC to start with the design that requires maximum time for fabrication, delivery and installation.

That seems a good approach. So, we know that the main reactor takes the maximum time, which is, 3 years, for fabrication and delivery. No other equipment takes more than 2 years for the same.

Interesting. Can we ask the EPC to prioritize the design of the reactor? If yes, by when can we expect them to deliver the same? Additionally, what would be the cost implications of the same?

The EPC can deliver the reactor design in 1 month. Do not worry about the costs.

Great. That should crash our project time by 5 months as all other equipment will anyhow take less than 2 years post the commissioning. Is that correct?

Yes, that can be done. Let's move on to the next phase.

I would like to understand the fabrication and delivery process better. My current understanding is that once the designs from the EPC are received, a tender would be floated for the fabrication of the equipment. Once the contractor is selected, the fabrication would begin. The final step would be the delivery and installation of the equipment.

That's correct. We expect the tendering process to take up to 3 months. The fabrication is expected to take another 2 and a half years for the reactor. The delivery and installation should take another 3 months.

I would like to take them up one by one. I am also assuming that all other equipment have a much shorter lead time of under 2 years and the reactor is the bottleneck that we need to investigate.

That's true.

First looking at ways of expediting the tendering process, 3 months seems like a long time. Is there any particular reason for the same?

Since these are highly specialized equipment and the potential contractors are often not apprised of the requirements before hand, we like to keep a 2 month bidding window to give them time to prepare and bid for the same.

Oil and Gas Company – Interview Transcript (2/2)

I see. Can we reduce this window? This might result in some additional costs as the bids might not be as competitive as before. We can mitigate the same by ensuring that our tender is very detailed. Also, doing it only for the reactor first should make it easier for the bidders.

We can reduce it to the minimum window of 2 weeks.

What about the fabrication? What is the mode of transport used for the delivery?

The fabrication is a black box for us. Not much we can do about it. The delivery depends on the contractor used. 3 months for international contractors and 15 days for an Indian one.

I am guessing selectively going for an Indian vendor might result in some additional costs. Are there any other concerns?

No, that's about it. We can look into the same.

Great. Additionally, we can incentivize the contractor for early completion of the work.

Good. Let's move on to the inspection phase.

Can you help me understand the inspection and testing process.

Sure. Inspection and testing is done in cycles of 15 days. Usually there are a lot of failures due to specification mismatches and compatibility issues with the current plant. So various iterations are needed. Certification is done by DGH officials who very often take months to give an appointment for an inspection visit. The subsequent paperwork is also bureaucratic and can take weeks.

I see. Can we take some precautionary steps to ensure that failures are minimized? Our engineering team can work closely with the EPC and the equipment manufacturer to minimize such instances. We can leverage our connections with the government to expedite the DGH approval process.

Great. Let's end the case.

Oil and Gas Company – Approach

Problem Statement

Your client is a downstream O&G PSU who want your help in expanding their refinery faster.

CASE FACTS

- Original timeline: 48 months; revised target: 36 months.
- CapEx not a concern; client open to reasonable extra costs.
- Design/planning can be cut by 5 months.
- Fabrication, delivery, installation reduced by 4 months.
- Inspection and testing shortened by 3–4 months.

INTERVIEWEE NOTES

- Identify early as an operations and project management case to avoid overemphasis on other aspects like finances.
- Interviewee-driven case: make assumptions and verify with interviewer.
- Goal is to break project into sub-parts and analyze each.

APPROACH/ FRAMEWORK

Setup	Designing	Procurement & Installation	Testing	Certification & Operation
Crude Oil Supply	Selection of EPC	Tender process	Failure resolutions	
Capital Req.	Design plan	Fabrication	DGH Inspection	
Licenses	Phase wise vs All at once	Delivery		
Land Acquisition		Installation		

RECOMMENDATIONS

- Prioritize reactor design first; bundle remaining designs in phase two to retain scale benefits while cutting lead time
- Use government's vested interest in PSU refinery expansion to fast-track clearances and approvals
- Adopt proactive planning to reduce uncertainties and ensure timely completion

OBSERVATIONS

- It is important to demonstrate an understanding of bottlenecks and the interdependencies between various steps of any project

FMCG: Supply Chain – Interview Transcript

Your client is an FMCG company, with revenues of $2 billion. Our focus is on one product that they manufacture which is frozen dough. They are facing a problem of high spoilage rate in comparison to the competitors. Last year, the client implemented first-in, first-out (FIFO) inventory management system and started closely monitoring the shelf life of dough. The initiatives reduce the spoilage rate from 10% to 7.5%, still much higher than the industry average of 2.5%. They want you to identify the cause behind the high spoilage rate.

Okay, I would like to confirm the objective before proceeding. The client, a manufacturer of frozen dough, has been experiencing a high spoilage rate even after the initiatives they carried out last year and want our help to identify the issue. Is that correct? And since when has the client been experiencing this problem?

Yes. Since the past four years.

Alright. To gain a better understanding of the client, can you please tell me more about the product, the customers, and what part of the value chain does the client operate in?

The client manufacturers and transports the goods to the distributor as per the demand. Dough, as you may know, is used for bakery products; it is frozen to extend its shelf life to 120 days. The product should reach the customers with a minimum 60 days of shelf life remaining. There are two primary customers: Supermarkets and Restaurants.

That helps. A couple of more questions to clarify the problem. Are we calculating spoilage only for finished goods or at all stages of the process? How do we define spoilage- is it if a good is lying in the warehouse beyond 60 days, i.e. remaining shelf life <60 days?

Good question. We will restrict ourselves to the spoilage in finished goods. Yes, the shelf life determines the spoilage.

Great! So, although the spoilage is calculated for finished goods at the warehouse, there can be other factors leading up to it. My approach would be to look at the different components of the value chain and benchmark it against the industry best practices. Taking spoilage as products lying in the warehouse beyond 60 days and not desired by the customers, my hypothesis is that the quantity of goods produced is more than the demand leading to overstocking. Hence, I would first focus on identifying reasons for this and then move to assess factors, if any, that may affect the quality of the product.

That seems like a fair approach. You can go ahead and analyze the value chain.

The value chain for an FMCG company starts by procuring raw material, manufacturing and packaging the product, storing it in the warehouse, and finally delivering it to the customer as and when there is demand. Please let me know if I have missed out any component? Also, one last assumption I want to confirm is that the product, like any consumer good, is made to stock?

That value chain is correct. Yes, that is true. The goods are made to stock.

Okay. Starting with the procurement of raw material, is there any significant difference in the quality of raw material the client uses in comparison to the competitors? Lower quality of raw material can reduce the shelf life of the dough as it is perishable in nature.

The client has the same supplier as the competitors. So, you can assume that the quality of the raw material being received by everyone is uniform.

Alright. Moving on with manufacturing and packaging, can you brief me about the client's manufacturing practices and if they deviate from the industry?

The client, like all other players in the industry, manufactures dough using a machine. The client's machine is relatively older than the competitors, but the technology utilized by both the client and competitors is similar.

The efficiency of machinery deteriorates with time. Using an old machine can pose two issues for the client:
1. Lower efficiency, that is, the machine is slow and takes more time in the production process or that it requires more raw material to produce the same quantity of dough.
2. Lower effectiveness, that is, the quality of the dough manufactured is substandard

The machine is efficient in quality, usage of raw material, and production time but has a long changeover time. Changeover time is basically the time that is required to set-up a machine between two production cycles.

As per my understanding, if there is a long changeover time, companies often adopt a strategy of having larger batch sizes in order to 'amortize' the production and resource time over a larger number of items. The suitability of such a strategy depends on the industry and product. Do we know if any such practice is being followed by the client?

Yes, good observation. The production is carried out in large batches, which is leading to the spoilage since the batch sizes are larger than the demand for the product.

Products like 'Frozen Dough' perish when the batch sizes are larger than the demand, leading to loss of time for the extra product being produced in every batch. For instance, a batch produced today must reach customers within 60 days. Since batch sizes are larger than the demand, units remaining are declared spoiled.

Is all of 7.5% spoilage due to large batch size?

No, this accounts for 3% of the spoilage. The remaining takes place at the warehouse, so you can move on to that aspect.

Okay. Proceeding to the warehouse, because we are focusing on the quantity aspect, I am assuming that the storage facilities of refrigeration, moisture control, and temperature are satisfactory. Even with FIFO in place, there is consistent spoilage. This could be due to two reasons:
1. Supply side issues due to inaccurate demand forecast/estimation, thereby leading to over-production
2. Demand side issues, like high fluctuating demand from the consumers which renders forecasts imprecise.

The former is right. The client uses a software to forecast demand and the estimates are not accurate. What do you think is wrong?

The inaccuracy could either come from the data fed into the software or the software itself. Because the spoilage rate has been consistent, we can rule out the possibility of human errors in capturing data.
1. Error in the mechanism of feeding data into the software
2. Outdated software giving imprecise calculations

The latter is correct. The client is using outdated software which is not able to give accurate results. Well Done!

FMCG: Supply Chain – Approach

PANORAMA REPORT
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Problem Statement

Your client is an FMCG company experiencing a high spoilage rate for one of its perishable products. They want your help to identify the problem areas to reduce the spoilage rate.

CASE FACTS

- Spoilage Rate
  - Industry: 2.5%
  - Client (last year): 10%
  - Client (Current year): 7.5%
- Shelf life: 120 days
- Reach customer with minimum 60 days of shelf life
- Spoilage is calculated for finished foods at the warehouse.

INTERVIEWEE NOTES

- Good to clarify meaning of spoilage and where is it calculated
- Understand the value chain
- Analyze the entire value chain and benchmark with industry
- Important to realize that since spoilage means products still in the warehouse with shelf life of <60 days, there is over-production

APPROACH/ FRAMEWORK

Raw Material	Manufacturing & Packaging	Warehouse	Distributors	Customer
Supplier	Machinery	Process	Storage Conditions	
Quality of material	Human Capital	Storage conditions	Transport to Customer	
Quantity purchased	Packaging Process	Demand Forecasting		
Transportation conditions	Transport to warehouse	Transport to distributors		

Spoilage
- Volume
- Time

Machinery
- Efficiency
  - Amount of Raw Material
  - Production Time
- Effectiveness

RECOMMENDATIONS

- Invest in reducing the changeover time to make small batch production feasible. Solutions: i) Repair existing machine, or ii) Install new machine. Do a long-term cost-benefit analysis.
- Update forecasting software to have accurate demand estimates
- Look at alternate customer segments for products unwanted by current customers.

OBSERVATIONS

- Volume-variability: There can be underproduction for some varieties and overproduction for others
- Important to mention that other factors such as quality of raw material, pilferage, rodents, etc., are not included because of the initial agreed upon definition of 'spoilage'

Horizontal integration in E-commerce – Interview Transcript (1/2)

The CEO of Flipkart has reached out to you to evaluate the business opportunity of merging Flipkart Fashion, Myntra, and Jabong to realize economies of scale. Could you advise the clients accordingly?

Before analyzing the problem statement, I would like to understand our client better. What are the three businesses and how are these three different?

Assume them to be 3 different subsidiaries of Flipkart operating in apparel and fashion accessories. Myntra caters to middle-aged women, providing modern Indian wear. Jabong, is more youth-oriented and strongly emphasizes on latest fashion and western wear. Flipkart Fashion is more generic, catering to all customer segments.

Great. Is there any specific objective the client has behind this merger?

The client feels that they can increase revenue while also decreasing costs. However, other executives have cited concerns over this. The CEO wants to maximize profits for Flipkart both in the short and in the long run.

Alright. Which set of operations we are looking to merge? Is it both frontend & backend?

The client is open to all sorts of integration. He wants to integrate at least some portion, if not all, of both frontend and backend.

Great. I would like to take a minute to structure my thoughts around the same. I will divide the analysis into three aspects: a) Financial Feasibility, where I will like to focus on Revenues and Costs; b) Operational Feasibility, where I will analyze the creation of synergies in the value chain; c) Risks involved where I will focus on internal and external Risks that could affect the client in the long run.

That sounds fine. Let's begin the analysis.

There are two revenue streams of Flipkart: from transactions and from advertisers. The transactional revenue depends on the number of visitors on the platform, % of them who get converted, transactions per customer and the sales value per transaction. Starting with the number of visitors, it depends on the brand of the platform and the awareness among the users. We should decide what name of the single platform should be. Since Flipkart is the most popular of them all, we should keep Flipkart. There might be Myntra customers who shop for other products on Flipkart. However, as seen in the world of social network, people today prefer specific portals over generic ones, particularly in a highly involved purchase like apparel. Hence, there is a risk we might lose out on customers in the short run.

True. However, there would be Jabong customers who would be moving out of the target customer base. While they would drop off the platform in the short run, the integration would ensure they still find the platform useful.

Absolutely. However, we must also consider the positioning of the brand eventually. Myntra is famous for modern Indian wear, which would play a large role in attracting its customers. Switching the positioning to a generic platform might entail losing out on a long-standing goodwill. We might have to consider promoting across all platforms equally, as our customer base would be highly heterogeneous. Even if the customer is aware, the next step is downloading the app or hitting the website. It is there where we would be realizing huge benefits of scale. Due to low phone memory, particularly in rural India, people generally would prefer keeping only 1 app in their mobile instead of 3. Integrating the platforms would help us cater to the entire family of users through a single app.

True. However, the client is concerned that the integration would make both the website and the app very bulky.

True. For website, we can think about having an easy-to-load homepage, which would gradually open to subsequent pages to better manage downloads. For app, we must divide the entire download into two parts, first the default app which should be small. Subsequently, on every usage, we should download live data of the page from the server, to better manage the size. The major concern for me is that a platform like Flipkart would not be able to provide the specific, personalized filters available on Jabong/Myntra related to apparel. However, due to the large amount of data, it would be able to gather a lot of customer data to better curate recommendations.

Absolutely. Anything else you would like to add?

We can also look towards providing a uniform loyalty program with which every customer is able to benefit for every purchase on the platform, be it for themselves or for their family. With a recommendation system, cross-selling would also improve, thereby leading to better loyalty.
We can also leverage the loyalty program to create discount programs and product bundles. Can I move to the advertisement revenue now?

Yes, how do you think that would be affected?

Advertisement revenue could further be split into number of advertisers that we would enroll, the frequency of ads they demand, the impressions per ad and the price per impression. I feel that since the space would be limited along with a generic platform, apparel brands that used to target specific customers might feel their brand gets diluted on a generic platform like Flipkart. However, we would be able to target a lot of non-apparel brands as Flipkart hosts a wide variety of products. Since the number of visitors would increase as all of them would arrive on one platform over three, the impressions would increase. We can further improve impressions by creating targeted advertisements based on rich data we would be getting, hence further enhancing the per impression price.

Horizontal integration in E-commerce – Interview Transcript (2/2)

Great. That looks comprehensive. Could you also look into the operational aspects, their synergies and the impact on costs?

Sure. For this, I would be creating the entire value chain. We would first need developers to maintain the app, which would be just one as compared to three. Suppliers and sellers would be apprehensive as now the competition would increase manifold for them. However, in the long run, due to network effects and high switching costs, the customer turnout would increase and the bargaining power of sellers would reduce. We would also be able to capitalize heavily on logistics and warehousing expenses with the increase in scale. For after-sales service, a uniform employee force would lead to cost savings along with optimization of marketing expenditure.

What are the possible risks associated with this merger? Which all stakeholders should we be most concerned off?

The first is the legal aspect to it. CCI might be against creating a firm with such a large market power. We should also consider if the integration would be culturally unfit. Myntra and Jabong are different in terms of organization, goals and positioning. This would otherwise deter the synergies we aim to capture through the combined platform.

Fine. Could you summarize your recommendations as to what steps the client should take on the same?

The client should look to immediately consider the integration as far as the backend is concerned, as it would help in reducing cost without hampering customer purchases. However, the client should duly consider slow progress as the foundations of the resulting large organization should be strong. In the front-end, the client should run a pilot about the positioning and the brand name to understand customer response. If the response is positive, it should go ahead with integration on that end as well. If not, the three platforms should be maintained separately with a common loyalty program. This would improve the visibility of the platforms, allowing for an integration 2-3 years later.

Horizontal integration in E-commerce – Approach

Problem Statement

The CEO of Flipkart has approached you to evaluate the opportunity of integrating the Flipkart- Fashion division of Flipkart, Myntra and Jabong together into a single entity. What components of the three businesses should he integrate and what he should not?

CASE FACTS

- Objective is to maximise long-run revenue potential
- 3 subsidiaries:
  - Myntra targets middle-aged women with Indian wear
  - Jabong targets youth with western wear
  - Flipkart Fashion is a generalist

INTERVIEWEE NOTES

- Merger can help with cross-selling but with also dilute the specificity of each platform and could thereby detract customers
- Brand integration will also be a challenge given the different positionings
- General non-apparel advertisers may value an integrated all-in-one page than focused apparel ads
- Integration will reduce bargaining power of sellers in the long-run

APPROACH/ FRAMEWORK

- Merger
  - Revenue Synergies
    - Transactions
      - # Visitors → Brand | Positioning | Promotional Mix | App Download | Website Hit
      - % conversion → App UI | Website UI | Filter & Suggestion | Payment Mechanism
      - Transactions / Visitor → Loyalty Programs | Recommendation Systems | Cross-generational purchases
      - AOV / Transaction → Discounts | Product Bundles
    - Advertisers
      - # Advertisers → Apparel / Non-apparel | Branded / Private Label
      - Ad Frequency
      - Impressions / Ad → # page visitors | Ad visibility | Ad relatability
      - Price / Impression → Supply v Demand | Targeting
  - Operational Feasibility → App Dev. | Onboarding of Sellers | Marketing | Order Processing | Seller Logistics | Warehousing | Delivery to Customers | After Sales Service | Overhead Admin
  - Risks Involved
    - Internal → Competitor Response | Customer Preference | Political Backlash | Economic Downturn | Technology | Legal Barriers
    - External → Financial | Operational | Employee

RECOMMENDATIONS

- Integrate backend operations of the three companies to realize economies of scale
- Conduct a pilot on front-end integration, to gauge customer response
- Even if it is not satisfactory, incorporate a common loyalty program to improve stickiness, drive traffic, and create a rich user database for targeted marketing

OBSERVATIONS

- The scope of this case is extremely wide and thus the interviewee should ask if the focus needs to be on a specific aspect (Eg. Finances, operational synergies, risks and so on)
- Human resources and cultural integration are also important aspects to consider in mergers

FMCG Company – Interview Transcript

Your client is an FMCG company that produces staples like - dal, rice, oil etc. The client is facing issues with its salesforce effectiveness. Identify the reasons and give recommendations for the same.

I would like to know more about what the client does. So, I understand that the client produces staple food but where exactly does the client operate in the value chain, i.e. is the client just processing these staples and distributing or responsible for production as well?

So, the client is responsible for buying raw materials from farmers, then processing and finally distributing them to the wholesalers and retailers. They, in turn, sell the products to the end consumer. The client also owns a few retail stores but 99% of its business is derived from selling to retailers.

Okay, I now have a good understanding of the client's business. How do they measure this KPI?

The client measures the salesforce effectiveness as the number of units sold per person per month.

Thanks for the clarification. Moving forward, I would like to know what is the time frame that we are looking at here. Since when is the client facing this decline and by how much?

The client is seeing this decline from the past 6 months. It has seen a decline of 10-15% in its salesforce effectiveness.

So, it's a fairly recent occurrence. Has there been some recent industry-wide change in place that has caused this decline to be seen by our competitors too or is it limited to our client?.

No this is limited to our client. The competitors are also facing some decline but is not significant compared to our performance.

Alright, what are the product offerings of the company? And has this decline been seen in the sales of a particular product offered by the client?

Company's most prized products are sunflower oil and wheat flour. But for the interest of the case, you can assume any product of your interest.

Okay, and is it limited to a geographical area the client operates in or it an issue across the geographies?

No, the issue is not localized, it is a pan-India problem.

I see two possibilities here: a slump in demand, which could be due to higher demand for competitors' products or fewer complementary products and substitutes available; or supply issues, arising from production, distribution, or marketing problems. Since demand for staples rarely drops sharply without a major product change, I'm assuming it's mainly a supply-side issue. Am I correct?

That's correct. Since it's a commodity, demand hasn't dropped. So, you can focus on supply-side issues.

Okay. So, for supply side as I already did, we can segregate into production, distribution and marketing. For production, there is possibility we are not producing enough for the salesforce to sell, or for distribution, we are not able to push our products to the retailers? Marketing does not seem to be an issue as the demand for product has been constant.

Fair point. So we are able to produce as much as we are able to sell by working at 60% capacity.

So, there is issue with retail push by the salesforce. Could I get a typical journey of a salesperson? in a day?

Sure, good question. So, the salesperson leaves his house at 8 am to sell orders to the shops/retailers in the area assigned to him. He picks the shops he will be visiting and tries to sell as many orders as he can. The day ends at 5 pm, post which he goes to the district office assigned to his city and drops of the orders there before returning home. But there has been no change in any of the processes in the last 6 months.

Alright. So, I will divide the issue into two parts, internal to the salesperson and external to the salesperson. Internal will include 3 basic factors of Ability*Motivation*Opportunity and external included no of shops visited per day*no of units sold per shop. As mentioned above the overall day of the salesperson hasn't changed, therefore I would start with the qualitative factors.

Okay, fair enough

So, I'll start with Motivation. Motivation can be both monetary and non-monetary. Monetary would include the fixed and variable compensation structure and non-monetary would include the fringe benefits provided by the company. What is the pay structure like in the company and has it changed in the last 6 months.

The compensation structure consisted of Rs.30,000 per month of fixed pay and a variable pay of Rs.500 for every additional 100 units sold. This was then changed to Rs.30,000 fixed pay with variable pay of Rs.800 for additional 120 unit sold. This was done to incentivize salespeople to sell more units

So, variable pay per unit was increased from Rs 5 to Rs 6.67. Ideally this should increase the sales incentive. Do we know the units that the salesperson is capable of selling given there is no incentive structure in place?

Good question. The sales rep sells 90 units in absence of any variable pay in place.

Interesting, so earlier the sales rep only had to sell additional 10 units to get the extra 500, but as the slab has been increased to 120, the sales rep now has to push for an additional 30 units. Asit is a commoditized product with demand constant, this will be difficult to achieve. Hence the motivation to sell additional 10 units dropped to leading an approx. 10% decline as seen.

All right. Please highlight briefly a few initiatives to improve the integration of employees in the merged entity.

Now, I would like to assess salesperson's ability. This would include his product knowledge, communication and persuasion skills to sell the product. To understand this, I would like to know the average duration of employees in the company, the training programs in place and the attrition rate of employees..

The average tenure of the salesperson is ~2 years. Due to high attrition rate in the industry, the employee turnover is very high, leading to low expertise of new employees to sell the product due to poor training programs in place. This has been an industry wide issue. Good, now that you have identified the issues, can you tell some recommendations

Short term: Changing the slab to a smaller value starting from 90 units and incrementing every 10 units sold.
Long term: Setting up an extensive, on-the-job training structure in place. We should look at decreasing dependency on sales force by entering into long term contracts with retailers. Also, there is an opportunity for route optimizations for the salespeople to decrease commute time.

Great, We can close here. Thank you.

FMCG Company – Approach

Problem Statement

Your client is an FMCG company that produces staples like - dal, rice, oil etc. The client is facing issues with its salesforce effectiveness. Identify the reasons and give recommendations for the same.

CASE FACTS

- There's single-product focus. client. Industry is also facing decline, but less magnitude, compared to client
- Geography-wide issue. Demand for staples remain unchanged
- No production/ dist. constraints
- Core issue: sales personnel not incentivized to maximize orders
- High attrition weakened training programs → low skill levels

INTERVIEWEE NOTES

- Clarify the KPI to ensure shared understanding with the client
- Enquire about product mix, geography, integration across supply chain, competitors
- It is important to understand the salesperson's journey
- Important to understand motivation of employees to sell more units than they normally can and connect that to the pay structure to figure out the gaps

APPROACH/ FRAMEWORK

- No of units/person
  - Demand
  - Supply
    - Distribution
      - Order collection
        - Internal
          - Ability
            - Knowledge
            - Soft skills
          - Motivation
            - Monetary
              - Fixed
              - Variable
            - Non-Monetary
              - Fringe benefits
          - Opportunity
        - External
          - No of Shops visited/day
          - No of units sold/shop
          - No of working hours
      - Transportation
    - Production
      - Raw materials Sourcing
      - Reprocessing
      - Packaging and Storage
    - Marketing

RECOMMENDATIONS

- Short term: Restructure the variable pay structure and start slabs from the minimum units sold and keeping the size always in the achievable range and small
- Long term: a) Provide on the job training to new employees on the field. b) Reduce salesforce dependency through long-term retailer contracts. c) Providing Route optimization and tracking to employees to make their day more efficient

OBSERVATIONS

- It is important to understand the KPIs used by the client.
- It is important to assess efficiency decline from all angles- beyond just lower sales- considering geography and product mix
- Quantitatively analyzing the pay policy by understanding the usefulness of variable pay is important. This needs benchmarking to units sold without variable pay to understand the issues.

Cab Aggregator – Interview Transcript

Your client is a cab aggregator in Mumbai. The operational efficiency and cost structure for the company has scope for improvement. It wants you to analyze and provide possible recommendations for the same.

To reconfirm the objective, does the problem reside only on the cost side or should I analyze the revenues too? Also, what is the reason behind client's strategy to cut down on costs? Has the client witnessed an increase in costs, or the industry has become price competitive?

The client only wants us to analyze costs and suggest measures to improve upon the same. There are no major competitors in the industry. Yes, the costs have increased in the last few months.

Alright, so we need to focus on the bottom line. To gather more insights, what is value creation by our client?

Drivers hire cars from our client for a fixed duration at an agreed rental to move passengers locally within the city. The cost of the petrol is borne by the driver themselves. In addition to this, the client owns a garage on the city outskirts to cater the servicing and maintenance needs.

Now that I have understood the value offered by our client. I would like to breakdown costs into three major buckets i.e. car purchases, maintenance and administration to see where the issue lies. Should I go ahead with the same or is there any cost bucket I might be missing out on?

Sounds good, please proceed further to evaluate maintenance first.

Okay, I would investigate the employee costs, spare parts costs and the number of incoming vehicles. Focusing on the employee costs, what is the priority rule adopted in allocation of tasks to service technicians?

Presently, the vehicles are allocated on FCFS basis to the technicians for service after the driver fills out a preliminary questionnaire at the time of depositing the vehicle.

Are the service cost per vehicle serviced higher than the industry benchmarks?

The servicing garage is not a core operation for our client and exists solely to support the rental business..

Okay, to further understand the spare parts, I would like to know how the client procures spare parts for servicing? Is it directly from OEMs or through distributors?

The client purchases spare parts from a local distributor with long standing relationship.

Lastly has the client witnessed a greater inflow of vehicles for servicing over the last few months in coherence with the overall increase in costs?

Great observation, that is in fact true. Previously the preventive maintenance deadline was earlier of 3 months or kilometers limit reached. On an average every vehicle was serviced 2.5 months. This number has come down to 1.5 months for vehicles incoming from certain regions of the city.

This implies that vehicles operating of the city are more prone to damage and hence, require more frequent servicing. This could possibly be because of damaged roads due to heavy monsoons that Mumbai receives or the rash use of the vehicle by the driver. Having stayed in that city and this time of year, it is more likely to be the former case.

Yes, the drivers from these regions have also complained of extremely damaged roads. So, what do you suggest? How should the client go about the maintenance costs?

Perfect. I would recommend the following changes to reduce the overall maintenance costs :

1.The vehicle allocation to expert and non-expert service technicians should be done based on the task complexity instead of FCFS.
2.The task complexity can be assessed via the preliminary questionnaire filled by drivers at the time of deposit.
3.The spare parts should be procured from OEMs directly and not the local distributors.
4.The non-expert technicians should seek sign-off on the work done by them from the expert technicians before handing off the vehicle for delivery.

Can you provide rationale for the process changes suggested by you at the garage?

Sure. The current FCFS method risks assigning complex jobs to non-experts, which increases repair time, resource use, and the chance of incomplete fixes. This leads to higher downtime, lower first-fix rates, and repeat visits—impacting revenue. Assigning tasks by complexity and having non-expert work signed off by experts would help address this. Additionally, the procurement of spare parts from OEMs would ensure ensures authentic parts with lower failure rates, longer life, and slightly lower costs by bypassing distributors.

These are great suggestions and sounds readily implementable. Any other recommendations?

Moving on to car purchases, In some areas, poor road conditions shorten vehicle lifespan, raise depreciation, and require more frequent replacements. These should be reported to the municipal corporation for urgent repair. Alternatively, we can also do a cost benefit analysis of forgoing operations in these parts of the city. The loss of revenue against the extra costs incurred by the client.

Good. I would check with the client on the same if that is a possibility.

Moving to administration costs, has the client observed any fluctuations?

No, these are optimized. Let us skip this part. Can you please summarize & provide recommendations?

The client is trying to solve for cost reduction. We analysed the operations of the client involving aftersales service, car purchases and administration. We found three problems:

1.FCFS approach of task allocation at service garage.
2.Procurement of spare parts from local distributors.
3.Frequent visits of vehicles due to operations in city regions with damaged roads.

It is recommended that the client adopts the following changes in its process to reduce costs:

1.Task allocation to expert and non-expert technicians based on complexity.
2.Assessment of complexity via preliminary questionnaire filled by drivers.
3.Sign-off from expert technicians on the work done by non-expert technicians.
4.Use of guided diagnostic tools as a service assistant to improve the FFV and reduce service downtime of the vehicle.
5.Report the damaged condition of the roads to the municipal corporation based on feedback from drivers.
6.Assess the possibility of stopping operations in certain regions of the city.

Alright. Let's stop here. Well done. Thank you.

Cab Aggregator – Approach

PANORAMA REPORT
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Problem Statement

Your client is a cab aggregator in Mumbai. The operational efficiency and cost structure of the company has scope for improvement. It wants you to analyze and provide possible recommendations for the same.

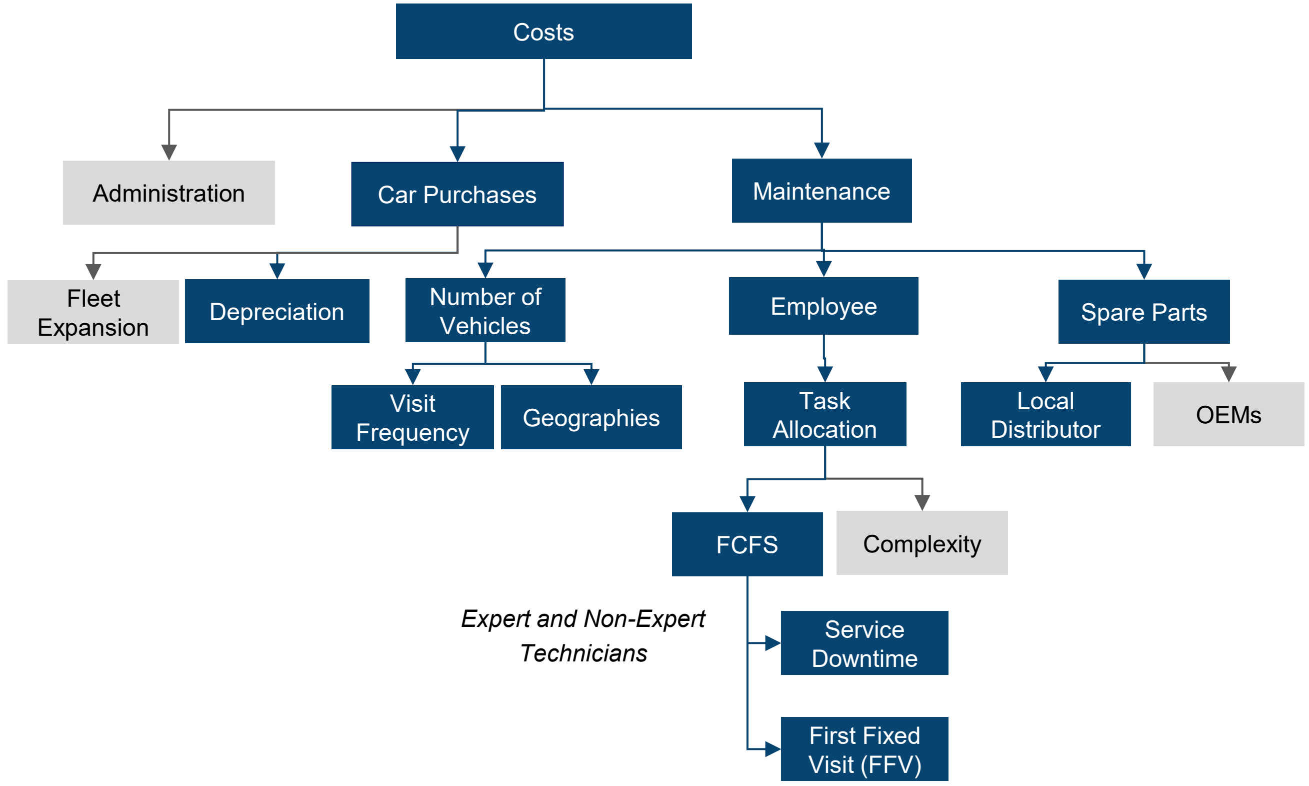
CASE FACTS

- There have been an increase in costs over the last few months
- Client owns the cars and provides on rental to drivers. It also provides maintenance through its own garage. Drivers complain of damaged roads in certain parts of the city
- FCFS approach is used to allocate tasks at garage
- Procurement of spare parts is done via local distributor

INTERVIEWEE NOTES

- Cost reduction by focusing on operational efficiency.Enquire about value creation offered by the client
- It's imperative to focus on operations at service station as well as the frequency of vehicle visits to fix all core problems
- It is critical to understand that the client is not proficient in aftersales. The service garage is only an augmentation to the primary operations

APPROACH/ FRAMEWORK



RECOMMENDATIONS

- Allocate tasks to expert or non-expert technicians based on complexity, assessed via driver questionnaires
- Require expert sign-off on non-expert work; use guided diagnostics to improve FFV and reduce downtime
- Report road damage to the municipal corporation from driver feedback; evaluate halting operations in certain city regions

OBSERVATIONS

- It is important to uncover all problems such as garage inefficiencies and poor road conditions to reduce overall costs.
- It is critical to understand the proficiency of the client in their auxiliary operations of aftersales. This should not be directly evident to avoid infuriating the client.
- Mapping the vehicle's lifecycle & service journey at service garage would help better understand problems at each stage

Bid Strategy for GOT Season 8 – Interview Transcript

Your client is NetPrime. They have been approached by HBO to bid for the eighth season of GOT. They want your help to evaluate the opportunity and determine whether to bid for it.

I would like to ask a few clarifying questions to get an understanding about the case. Could you please elaborate on NetPrime's business model and current product offerings?

NetPrime is an OTT platform operating in India. The company has a website and an app where customers can access media content by paying a monthly subscription fee. NetPrime has its own content as well as tie-ups with other providers to provide a curated list of movies, TV Shows, news channels and sporting events on its platform for its subscribers.

What is NetPrime's objective for this bid? Is it to increase user base, or revenues or profits? And what makes GOT so attractive for NetPrime?

NetPrime wants to maximise its profits, and this bid should account for that. As for GOT, it is the most-watched English TV Series in India.

I would like to now understand the bidding terms. Will this bid be for the eighth season only? Also, will NetPrime have exclusive rights for this and till when are the rights valid?

The bid will be for exclusive rights to stream GOT's eighth and final season, and valid only for the duration that the show is on-air.

Has NetPrime bid previously for GOT and if so, do we have any information regarding the bidding process? Also, is it okay to assume that the offer has been made to NetPrime's competitors as well?

It's a closed bidding process that HBO extends to NetPrime and its four other competitors. The client had bid for GOT's seventh season but did not win the bid. They were informed that they were a close second and had bid $3M for Season 7.

Finally, a quick question about the competitors. Who are the major competitors in the Indian market, and how does NetPrime differentiate itself from them?

As mentioned earlier, there are four other competitors, but for the purposes of the case, focus only on NetPrime. Enough discussion. I would like you to come up with a bidding strategy now.

Sure. I would like look at this problem with a three-pronged approach (Framework 1):

1. Financial feasibility: Revenue and Cost calculations to get an upper cap on the bid amount
2. Strategic viability: How this investment aligns with NetPrime's other stakeholders
3. Risks: Any potential risks that need to be considered before engaging in the process

Good! Let's begin with financial feasibility. What would the major revenue heads for NetPrime be?

There would be three major revenue streams:

1. Subscriptions: Incremental subscriptions due to season 8 being shown exclusively on NetPrime's platform.
2. Advertisements: Revenues from auctioning advertisement slots during episode screening. Here, I am assuming an ad model akin to a TV network's ad model. Does it sound fair to you?
3. Other Sources: Additional Revenues from sources such as merchandising, brand tie-ups, etc.

You can go ahead with the ad model assumption. However, NetPrime doesn't have any merchandising rights for GOT. What information do you need from me to calculate NetPrime's revenues?

I would need the following: (i) NetPrime's monthly subscription fee (ii) GOT viewers not currently on NetPrime (iii) No. of episodes in GOT S8 (iv) No. of slots auctioned per episode (v) Average ad rate per slot per episode

Glad that you asked. I have the following data sheet with me. This should help you calculate revenues for NetPrime *(Data sheet provided in table I).*

Thank you. From my calculations, NetPrime's revenue from subscriptions and advertisements comes out to be $6M. However, I believe there will also be synergistic benefits to adding GOT on the platform. These can be attributed to following factors:

1. Customer Stickiness: Some of the additional customers would stick around after GOT ends increasing their CLV for NetPrime. These benefits need to be added to our revenue calculations.
2. Additional ad revenues for existing programmes: NetPrime can leverage its added user base to charge a premium for ad slots in its existing shows during GOT's 3-month on-air run-time.

These are some very good points, and you can assume an additional benefit of $1M from Synergy. Can you please now list down the cost heads for NetPrime?

I have divided NetPrime's costs into two buckets:

1. Direct Costs: This header would include the bid amount, streaming costs, and marketing costs
2. Overheads: This would include incremental legal costs, regulatory costs, and customer service costs

Apart from this, there would be costs of capital comprising costs of financing the investment and opportunity costs of not putting the money elsewhere.

Assume that NetPrime expects to incur additional costs of $1M alongside the bid amount. NetPrime needs an ROI of 20% to account for their cost of capital.

Ok, I think I have all the data now. Based on my calculations, the bid amount for GOT season 8 cannot exceed $5M to get the desired ROI of 20%.

Now, I'd like to focus on the strategic feasibility. Adding GOT would affect the way subscribers interact with the platform. Given the adult nature of its content, some family-centric subscribers might get dissuaded from continuing. This would also impact their tie-ups with existing content providers.

These points are valid, but we can safely assume that NetPrime is strategically aligned with getting HBO onboard. Can you please now identify three potential risks that NetPrime needs to be aware of?

Sure. I have collated the risks into the following categories:

- Customer-centric: NetPrime might not attract enough new customers on the platform, given the subscription price and the presence of alternate channels of piracy like torrents, illegal streaming.
- Content-centric: If the content turns out to be underwhelming, there could be mid-season customer and advertiser drop-outs. Given the explicit content, NetPrime could also face added regulatory pressures.
- Platform-centric: Firstly, a focus on GOT might lead to cannibalisation with decreased viewership for the platform's existing content. Secondly, NetPrime will need to ensure minimal platform glitches that could inhibit user experience and leave users dissatisfied with their subscription.

I think we can stop here. Thank you.

Bid Strategy for GOT Season 8 – Approach

Problem Statement

Your client is NetPrime. They have been approached by HBO to bid for the eighth season of GOT. They want your help to evaluate the opportunity and determine whether to bid for it.

INTERVIEWEE NOTES

- Understand X's business model and offerings
- Enquire about X's objective and how the bid decision is fulfilling it
- Come up with a strategic plan using Market Entry framework
- Identify major sources of revenue and ask for relevant case information to do financial analysis
- Incorporate synergies and opportunity costs in feasibility calculations
- Check strategic fit with other stakeholders
- Evaluate risks involved in the bidding process

CASE FACTS

Table 1

Case facts	Values
Monthly subscriber fee	$2
GOT Running time	3 months
Total GOT fan base	1.25 Mn
Current GOT fan base on X's platform	0.5 Mn
Mkt share captured (for GOT season 8)	80%
GOT episodes in S8	10
Ad time per episode	10 min
Average ad duration	30 sec
Average ad bid value	$15 K
Synergistic revenues	$1 Mn
Direct Costs	$0.8 Mn
Overheads	$0.2 Mn
Cost of capital	20%

Table 2

Revenue		Calculations	
Subscription mode		Ad Revenue	
Increased subscribers	0.5 Mn	No. of episodes	10
Monthly fee	$2	Ad Slots per ep	20
Subscription months	3	Average ad bid value	$15 K
Revenue generated	**$3 Mn**	**Revenue generated**	**$3 Mn**

APPROACH / FRAMEWORK

Strategic Viability
- Effect on existing subscriber
- Effects on content providers on the platforms
- Operational feasibility

Financial Feasibility
- Compute cash flows
- Compute bid amount incorporating opportunity cost and cost of financing

Risks
- Low adoption and piracy
- Quality and regulations
- Cannibalization and platform issues

Revenue
- Subscription: Monthly Fee ✖ Months of air-time ✖ Incremental subscribers
- Ad Revenue: No. of episodes ✖ Ad slots open per episode ✖ Average Ad bid per slot
- Synergies: Customer stickiness ✚ Increased ad traffic

Costs
- Direct Costs: Bid Costs ✚ Operational Costs ✚ Marketing Costs
- Overheads: Legal Costs ✚ Regulatory Costs ✚ Customer service Cost

OBSERVATIONS

Noteworthy points
- Asked probing preliminary questions to scope out the issue and identified client's objectives
- Correctly identified the revenue streams and cost headers for an OTT platform
- Proposed bid strategy was concurrent with the client's objectives
- Covered major risks associated with this move

Points of improvement
- Made inferences about ad revenue streams without confirming with the interviewer
- Did not analyse current bid strategy with the last year's one to do a feasibility check
- Piracy and regulatory issues could have come up earlier in the case while estimating revenue and cost headers

Digitizing Gold Loans – Interview Transcript (1/2)

Your client is a private-sector Indian bank with a strong gold loan portfolio. They are looking to expand their business by digitizing their gold loan process end to end. How would you navigate this process?

I would like to ask some preliminary questions. What are the reasons that the client is pursuing this shift?

The firm is facing strong competition from competing NBFCs and fintech companies that are offering digitized services, making it difficult to compete with using current services.

Understood. Also, what is it about the new NBFC offerings that the customers are drawn towards, the improved operational efficiency, enhanced customer experience, or something else?

The goal is to address both operational efficiency & customer experience, while remaining competitive.

Understood, could you please tell me if any particular customer groups are adopting digital solutions faster?

The customer demographics for gold loans are typically focused towards rural and semi urban populations and branches. The loans are primarily sought by low- and middle-income households and across a variety of occupational backgrounds. Of these, younger working populations are adopting new age solutions faster.

All noted. Further, could you elaborate on the current gold loan process, perhaps what the key steps are?

The current gold loan process is carried out in the following key steps: loan application, gold valuation, document verification, loan approval, gold deposit, disbursement, payments and closure.

Thank you. What are the specific pain points that the bank is trying to improve upon with this digitization?

The current process requires the customer to physically visit the branches several times and results in an inconvenience for them. On the bank's end, the process leaves much room for delays and inefficiencies.

Understood. I would conduct some initial market analysis on customers and the efficiencies of current processes as an initial step. Then I would approach this digitization at each step of the loan process:

1. Loan Application – Create online application platform which gives details as well
2. Gold Valuation – Mobile units that visit the customers for gold purity check and valuation
3. Document Verification – Speed up using online KYC, digital and e-signatures
4. Loan Approval – Automated filtering and approvals to reduce human delays in process
5. Gold Deposit – Setup of pickup units that can be tracked for safekeeping
6. Disbursement – Instant bank account transfer once other steps are completed
7. Payments – Automated reminders on SMS/Email, a new dashboard for payment summary
8. Closure – Secure delivery of the gold back to customer, with an online confirmation

The steps sound comprehensive, what is this initial market analysis going to consist of?

For Analysis, I will be focusing on:

- Customer Segmentation - Analysis of different customer segments (rural, urban, semi-urban), digital literacy and trust in technology
- Competitive Landscape - Investigate offerings from competitors that have already digitized their processes and identify key features.

Current process evaluation - Identify and document the primary bottlenecks causing issues in the current gold loan process and understand customer pains.

How would you procure the data for this analysis?

For this analysis I would utilise:

Primary Data - in the form of surveys and focus groups to understand current customers

Secondary Data – market reports, competitor benchmarking and service review

Moving on, what are the major challenges or risks that may arise as part of this digitization strategy?

The major challenges can be understood in two categories:

Internal to the Bank

1. Technology Integration – Ensuring that all the new technology being added works with the existing systems and is appropriate for the use cases in a banking context.
2. Secure Valuation and Handling of Gold - The bank's own gold storage and purity checks may be complex to change into a portable service while maintaining the accuracy and safety.
3. Operational Training – It may be a lengthy or initially expensive process to train the staff to the new process. New teams might be needed for gold purity checks and valuation.

External to the Bank

1. Cyber Security and Data Protection – With such sensitive information being collected, the risk of data leaks and external threats become even more important to consider.
2. Regulatory Compliance – Approaching novel methods in a highly regulated sector such as banking requires strict adherence to guidelines set by the authorities (here, RBI). It may be challenging to navigate all the rules and ensure the changes don't hit any major roadblocks.
3. Brand Repositioning– Consumers may hesitate or struggle to adapt to the digital process. The bank would need to reposition its brand to highlight these changes being brought on.

Those all seem important; how would you address these challenges?

I would take the following steps to tackle these challenges:

Internal Challenges

1. Technology Integration – Deeply research competitor technology systems to gauge digital practices important the banking sector. Ensure that the integration with technology is not impeding on any process regulations or standard practices and maintains synergy.

2. Gold Valuation – Use of newer technologies & a stringent standard of employee training and documentation. Consistent reports must be filed for each step of the process.

3. Operational Changes – Maintaining a hybrid approach and enacting digitization gradually.

Digitizing Gold Loans – Interview Transcript (2/2)

External Challenges

1. Cyber Security- Partner with cybersecurity experts to ensure proper data protection policies. Create and maintain diligent standards to avoid fraud risks. Conduct training programs for employees so they can spot irregularities during checks.

2. Regulatory Compliance – Maintain a strong legal counsel & regularly review updating regulations.

3. Brand Repositioning & Customer Adoption – Creating a strong set of tutorial content in local languages to onboard customers. Rebrand to include modern and digital themes. Adding promotional rates and discounts to encourage customers to try their first digital loan applications.

The challenge of implementing gold valuation seems complex and may impact profitability, how should the client proceed?

Two key steps can help ease this aspect:

- Doing a Cost Benefit Analysis of the initial costs that will go into setting up the new appraisal system and weighing them against the improved profits the increased efficiency will provide.
- Going for a phased implementation where a pilot testing process shows us the effectivity of the new system before it is completely rolled out.

Those suggestions sound reasonable. Let us end here, thank you.

Digitizing Gold Loans – Approach

Problem Statement

Your client is a private-sector Indian bank with a strong gold loan portfolio. They are looking to expand on their business by digitizing their gold loan process end to end.

CASE FACTS

- Private sector bank with strong gold loan portfolio
- Facing competition from other NBFCs with digitized offerings
- Current demand originating from low- & middle-income households in rural & semi urban areas
- Younger working population has faster adoption rate for new modes

INTERVIEWEE NOTES

- Think about each of the steps in the loan process individually.
- Think of both customer convenience and important security measures
- Banking needs high level of care and scrutiny for each possibility
- Digitization will pose initial charges but will pay off with efficiency and competitive advantages
- Ease of implementation would be different for different steps.

APPROACH / FRAMEWORK

Customer Journey Framework

Loan Application	Gold Valuation	Document Verification	Loan Approval	Gold Deposit	Disbursement	Payments	Loan Closure
Online Platform	Home Visit Valuation	KYC/ E-Signatures	Automated Filters	Secure Gold Pickup	Instant Bank Transfer	Automated Reminders	Secure, Confirmed Delivery

Primary Challenges & Solutions

Challenges Internal to the Bank

Technology Integration	Gold Handling	Operational Training
Research & Synergy	Technologies & strict reporting	Gradual Transition

Challenges External to the Bank

Fraud Protection	Regulatory Compliance	Brand Repositioning
Cybersecurity Partnership	Regular legal overview	Modern Branding & Tutorials

RECOMMENDATIONS

- Approach each step for digitization with its own importance, giving precedence to large tasks like setting up home gold purity and valuation checks.
- Invest heavily into digital fraud protection setups as they will form the basis for trust in new process.
- Move towards a Hybrid approach first, maintaining traditional gold loan processing as well to ease customers into the transition.

OBSERVATIONS

- Even if some less significant, it is important to consider how every step of a process may be affected by a change like digitization.
- Banking industry is highly regulated, and it must be understood that every decision involves sensitive data and practices. Major decisions like digitization will involve heavy research and compliance consultation.

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Guesstimates

Guesstimates – An Introduction

A guesstimate is a combination of guess and estimate. Solving a guesstimate involves using a structured approach to reach the solution while making sound assumptions, performing back-of-the-envelope calculations and communicating the process effectively during an interview.

Types of Guesstimates

Market Sizing

This type of guesstimates involve estimation of size of a market or revenue of a company. This is solved by both estimation of quantity and selection of price for each type of product.

Unconventional

This type of guesstimates may not have a defined structure. Such guesstimates are typically asked in interviews to test the approach rather than the specific calculations.

Splits & Filters

When, guesstimates are solved by using top-down approach, following are various splits commonly used to drill down –

- **Rural-Urban Split:** Geography based approach
- **Gender Split**: Split between male and female
- **Age Split**: Split the population into various age ranges
- **Income Split**: Based on individual or household income

Methodology

Top-Down Approach

This approach starts with a large set such as total population and then works on adding different splits and filters making reasonable assumptions to reach to an estimate.

Bottom-Up Approach

This approach starts with forming an estimate for a specific representative unit and later extrapolating with reasonable assumptions to reach to an estimate.

Demand & Supply Approach

Demand Approach

This approach for market sizing is based on estimating the number of customers in the target market and units consumed per customer in a given time period.

Supply Approach

This approach for market sizing uses the supply value chain to estimate production quantity based on raw materials or number of factories and further extrapolating.

Guesstimate 1

Problem Statement

Estimate the annual demand for Gold Flake cigarettes in Mumbai

FACTS & ASSUMPTIONS

- Population of Mumbai: ~20 Mn.
- Age distribution:
  - 0–18 yrs: 30% (non-smoking age).
  - 18–45 yrs: 40%.
  - 45+ yrs: 30%.
- Smoking penetration: ~30% in 18-45 segment, 20% in 45+.
- Segmentation of smokers by intensity:
  - Heavy: 10% (10 cigarettes/day).
  - Moderate: 60% (5 cigarettes/day).
  - Light: 30% (2 cigarettes/day).
- Market share of Gold Flake: ~20%
- Yearly calculation: Cigarettes/day × 365 × 20% market share.

APPROACH/ FRAMEWORK

Population of Mumbai (20 Mn)

0-18 yrs (30%) | 18-45 yrs (40%) | 45+ yrs (30%)

18-45 yrs (40%): Smokers (~30%) | Non-Smokers (~70%)

45+ yrs (30%): Smokers (~20%) | Non-Smokers (~80%)

	Heavy smokers (10%)	Moderate smokers (60%)	Light smokers (30%)	Heavy smokers (10%)	Moderate smokers (60%)	Light smokers (30%)
Population in the segment	0.24 Mn	1.44 Mn	0.72 Mn	0.12 Mn	0.72 Mn	0.36 Mn
Number of cigarettes per day per person	10	5	2	10	5	2
Number of cigarettes consumed per day	**2.4 Mn**	**7.2 Mn**	**1.44 Mn**	**1.2 Mn**	**3.6 Mn**	**0.72 Mn**

Cigs per day ✖ 365 Days ✖ Market share

Annual Demand for Gold Flake = 16.56 Mn * 365 *20% **~ 1200 Mn cigs/year**

OBSERVATIONS

- Moderate smokers (~60%) drive demand and are the key target.
- Heavy smokers consume disproportionately more, adding volume.
- Future demand hinges on regulation, taxes, and health measures.
- Premiumization lies with affluent heavy smokers; volume with middle-income moderates.

Guesstimate 2

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Problem Statement

Estimate the duration of ads streamed on YouTube daily

FACTS & ASSUMPTIONS

- Assuming 2 Bn monthly active users on YouTube.
- Assume that 25% users own premium subscription and 25% stream without ads
- Videos with length less than 8 mins (Short Videos) only has one ad while Long Videos have 2 ads
- Each user watches 1 video per day on average
- Day Agnostic - Weekend and Weekday treated similarly
- The ads are bifurcated into 3 types: Non-Skippable (50%), Skippable and Skipped (40%), Skippable and Not Skipped (10%)
- Premium users won't be streaming any ads. Additionally, people use ad blockers to prevent ads.

APPROACH/ FRAMEWORK

Monthly Actives (2 Bn)

- Daily Users (50%) (1 Bn)
  - Premium Users (25%) (250 Mn)
  - Users with Ad Blockers (25%) (250 Mn)
  - Regular Users (50%) (500 Mn)
    - Short Videos (60%) (300 Mn)
    - Long Videos (40%) (200 Mn)
- Occasional Users (50%) (1 Bn)

Short Videos (60%) (300 Mn)

Non-Skippable	50% Ads	x	1 Ad	x	20 secs	=	3000 Mn secs
Skippable & Skipped	40% Ads	x	1 Ad	x	5 secs	=	600 Mn secs
Skippable & not skipped	10% Ads	x	1 Ad	x	45 secs	=	1350 Mn secs

Long Videos (40%) (200 Mn)

Non-Skippable	50% Ads	x	2 Ads	x	20 secs	=	4000 Mn secs
Skippable & Skipped	40% Ads	x	2 Ads	x	5 secs	=	800 Mn secs
Skippable & not skipped	10% Ads	x	2 Ads	x	45 secs	=	1800 Mn secs

11,550 Mn Seconds

OBSERVATIONS

- Only half of the use YouTube daily
- User were divided based on their likelihood of encountering ads
- Explore if the ad length could vary as per video length and whether a person is a premium account-holder

Guesstimate 3

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Problem Statement

Estimate the number of red bricks in IIM Ahmedabad

FACTS & ASSUMPTIONS

- Neither all bricks are red in the main campus, nor all bricks are grey in the new campus.
- There are more red bricks in main campus and less in new campus.
- A building can constitute both
- Assume units to be ‘m’ for length, ‘m^2’ for area & ‘m^3’ for volume.
- Total campus area is 400000 m^2; 50-50% in main & new campus.
- A storey is assumed to be a cuboid
- Brick wall thickness is 0.2m.
- Brick (in m): 0.2/0.1/0.1 (L/B/H); Volume = 0.002 m^3
- % of wall that are doors / windows / others is 20%
- # red bricks in boundary is insignificant compared to total bricks.
- Storey wall volume = [L * B + (2 * H * (L + B) * (1 - % doors / windows / others))] * Wall Thickness

APPROACH/ FRAMEWORK

of Red Bricks = # Buildings x # Storey per building x Storey wall volume x % Red ÷ Brick Volume

Total Area 400K

- Main Campus (50%) 200K
  - Total Building Area (40%) 80K
- New Campus (50%) 200K
  - Total Building Area (60%) 120K

Parameters	Small -Sized Building (40% = 32K)	Middle-Sized Building (40% = 32K)	Large-Sized Building (20% = 16K)
Storey size: L/B/H	30/30/3 m	40/40/3 m	50/50/3 m
# bldgs (Area / LB)	36	20	6
# storeys per bldg	1	3	6
Storey wall volume	238 m^3	397 m^3	596 m^3
% red bricks in walls	100%	100%	20%
# red bricks	4.22 Mn	11.90 Mn	2.28 Mn

Parameters	Small-Sized Building Area (10% = 12K)	Middle-Sized Building Area (50% = 60K)	Large-Sized Building Area (40% = 48K)
Storey size: L/B/H	30/30/3 m	40/40/3 m	50/50/3 m
# bldg (Area / LB)	13	38	19
# storeys per building	1	3	6
Storey wall volume	238 m^3	397 m^3	596 m^3
% of red bricks in walls	10%	10%	10%
# red bricks	0.15 Mn	2.23 Mn	3.43 Mn

18.4 Mn + **5.81 Mn**

24.2 Mn Red Bricks

OBSERVATIONS

- Another approach involves calculating the surface area and multiplying it with # bricks per unit area. Do keep in mind to not consider area of both sides of the wall.
- Storey wall volume includes roof and excludes base, to avoid double counting. Don’t include % door/ window in roofs; Assuming buildings as cuboids may be inaccurate

Guesstimate 4

Problem Statement

Estimate the number of pairs of shoes sold in Mumbai daily

FACTS & ASSUMPTIONS

- Only covered shoes are considered; not including footwear like slippers, flip flops, crocs, sandals, heels, etc.
- Shoes can be categorized based on usage: Office wear/formal, school shoes etc. Every population category will have a combination of these based on income and need
- Assume an average day of shopping (not affected by weekends, holidays, sales, etc.)
- On an average, an upper-class person buys a shoe in ~8 months, middle class person in ~13 months, lower middle class in ~26 months
- Pairs of shoes bought in 1 year = Population * Avg. Pairs of shoes owned / Life of shoes

APPROACH/ FRAMEWORK

	Distribution by Income	Distribution by Gender & Age	Avg. Pairs of Shoes Owned	Life of Shoes (Years)	Pairs of Shoes bought per year (Mn)
Total Population of Mumbai (20 Mn)	Upper Class (20%) 4 Mn	Men (35%) – 1.4 Mn	5	3	2.33
		Women (35%) – 1.4 Mn	3		1.40
		Kids (30%) – 1.2 Mn	4		1.60
	Middle Class (30%) 6 Mn	Men (35%) – 2.1 Mn	4	4	2.10
		Women (35%) – 2.1 Mn	2		1.05
		Kids (30%) – 1.8 Mn	3		1.35
	Lower Middle Class (30%) 6 Mn	Men (35%) – 2.1 Mn	3	5	1.26
		Women (35%) – 2.1 Mn	1		0.42
		Kids (30%) – 1.8 Mn	2		0.72
	Below Poverty Line (20%) 4 Mn	Men (30%) – 1.2 Mn	1	6	0.20
		Women (30%) – 1.2 Mn	0		0.00
		Kids (40%) – 1.6 Mn	0.5		0.13
	Total				**12.78 Mn**

Total Shoes bought in 1 day = 12.78 Mn (Annual Demand) ÷ 365 Days = **35,000 Shoes**

OBSERVATIONS

- Consider appropriate number of pairs of shoes owned by people in each category and their expected life
- Income is directly proportional to # shoes per person, & indirectly to life of shoe
- Life of shoe has been assumed to be constant in an income category. It is dependent on the desire and need (due to wear and tear) to change
- Sanity Check from supply side:
  - Number of shoes sold by a shop in a day ~5-10 (avg. 8) & area of Mumbai ~600 sqkm
  - # footwear shops in Mumbai per sq km = 35000/8/600 = ~ 7 (reasonable)
- Out of total shoes bought in Mumbai in a year, 25% are bought by upper class which shows market size for high end branded shoes

Guesstimate 5

INDEX

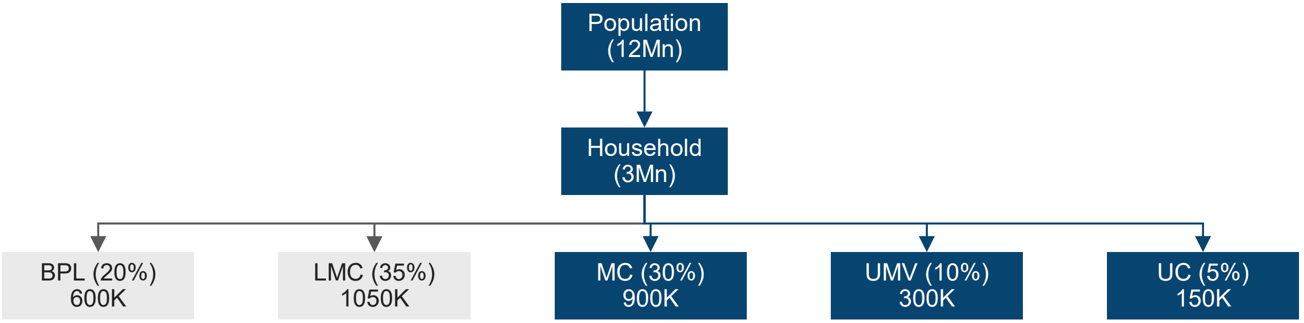
Problem Statement

Estimate the size of the Home Renovation Market in Hyderabad

FACTS & ASSUMPTIONS

- Population of Hyderabad is 12M
- Only considering the residential market where the customer is directly getting the work done
- Average Household Size = 4
- Market can be segmented based on income: Below Poverty Line (BPL), Lower Middle Class (LMC), Middle Class (MC), Upper Middle Class (UMC) and Upper Class (UC)
- Each household in MC, UMC and UC own one house on average
- Average House Price: INR 25L for MC, INR 75L for UMC and INR 1.50Cr for UC
- Renovation Spend as a % of House Price: 12% (MC), 10% (UMC) and 8% (UC)

APPROACH/ FRAMEWORK



	MC	UMC	UC
Number of Houses	900K	300K	150K
Renovation Cycle (Years)	15	12	10
Number of Houses for Renovation Per Year	900K/15 = 60K	300K/12 = 25K	150K/10 = 15K
Average House Price	INR 25L	INR 75L	INR 150L
Renovation Spend %	12%	10%	8%
Renovation Expenditure Per House	INR 3L	INR 7.5L	INR 12L
Renovation Market	INR 1,800 Cr	INR 1875 Cr	INR 1800 Cr

INR 5,475 Cr

OBSERVATIONS

- Renovation cycle is different for different income groups. It takes place after 15 years for MC, 12 for UMC and 10 for UC

Guesstimate 6

Problem Statement

Estimate the size of the Maternity Wear Market in India

FACTS & ASSUMPTIONS

Population

- The population of women is considered 50% of total pop.
- Women of Childbearing age (18-45) would be approximately 33%
- On an average a women gives birth to 2 children
- Periodicity of pregnancy =Childbearing Age/Average Pregnancy (30/2=15 Years)
- Urban population can be divided into Upper-Income Group (10%), Middle-Income Group (50%) and Lower-Income Group (40%)

Usage

- Penetration of 50% for upper-income and 20% for middle-income group; 0% in low-income
- Product used only for 1 birth cycle
- Assume only 1 variety of garment in the market. Avg price is Rs.1.6K for UIG & Rs.1K for MIG
- Very limited Rural demand. Assumed as 2% of Urban demand

APPROACH/ FRAMEWORK

Female Population (50%) 700 Mn
- Urban (33%) 230 Mn
  - Other Age 67% 153 Mn
  - Childbearing Age (33%) 77 Mn
    - Pregnancies p.a. (77/15) ~5 Mn
      - Lower Income (40%) 2 Mn
      - Middle Income (50%) 2.5 Mn
      - Upper Income (10%) 0.5 Mn
- Rural (67%) 470 Mn
  - Market Size 2% of Urban (INR Mn)

	UC	MC
Number of Pregnancies	500K	2,500K
Penetration	(50%) 250K	(20%) 500K
Units Per Delivery	5	2
Average Price per garment	INR 1,600	INR 1,000
Market Size	INR 2,000 Mn	INR 1,000 Mn

Urban Demand: UC Demand INR 2,000 Mn + MC Demand INR 1,000 Mn = INR 3,000 Mn

Total Demand: Urban INR 3,000 Mn + Rural (2%) INR 60 Mn = INR 3,060 Mn

OBSERVATIONS

- Twin/triplet pregnancies are less than 5% and can be ignored for ease of calculation

Guesstimate 7

Problem Statement

Estimate the amount of money spent on tea consumed by IIM Ahmedabad students on a typical day

FACTS & ASSUMPTIONS

- Number of students in each student body in any given year = 1200, detailed as follows:
- PGP/PGP-FABM, 1st year = 450
- PGP/PGP-FABM, 2nd year = 450
- PGP-X = 150 (approx.)
- PhD = 150 (approx.)
- Average tea-drinking consumption patten applied = ~70% regular tea drinkers
- Non-drinkers divided further into occasional and strict non-drinkers
- Regular drinkers divided into heavy, moderate and light drinkers
- Average tea-cup prices = INR 10 (for small) and INR 20 (for large).
- Regular drinkers assumed to divide their daily tea consumption equally amongst the two tea sizes.
- Occasional drinkers assumed to consume tea every once in 2-3 days, amounting to approximately 0.5 tea cups consumed per day

APPROACH/ FRAMEWORK

- Total Students 1200
  - Regular consumers (70%) 850
    - Heavy Drinkers (10%) 85
    - Moderate Drinkers (60%) 510
    - Light Drinkers (30%) 255
  - Non-regular (30%) 350
    - Occasional Drinkers (20%) 70
    - Strict Non-drinkers (80%) 280

	Heavy Drinkers	Moderate Drinkers	Light Drinkers	Occasional Drinkers	Strict Non-drinkers
# of cups per day per person	3.5	2	1	0.5	0
# of cups per day	297.5	1020	255	35	0
Average Price per cup (INR)	15	15	15	10	-
Money Spent (INR)	4.5K	15.3K	3.8K	350	0

INR 23.9K

Total amount spent by IIMA students on tea consumption in a day accounting for 5% variations in consumption = Rs. 22k - 25k

OBSERVATIONS

- Estimate the amount of money spent on tea consumed by the student community of IIMA each day
- Consider the four largest student bodies on campus for the analysis: PGP, PGP-FABM (across both years), PhD and PGP-X students
- Analysis to be restricted to a usual day (i.e. not during exceptional days such as exams)
- A margin of 5 % on consumption variation to be applied on overall tea consumption

Guesstimate 8

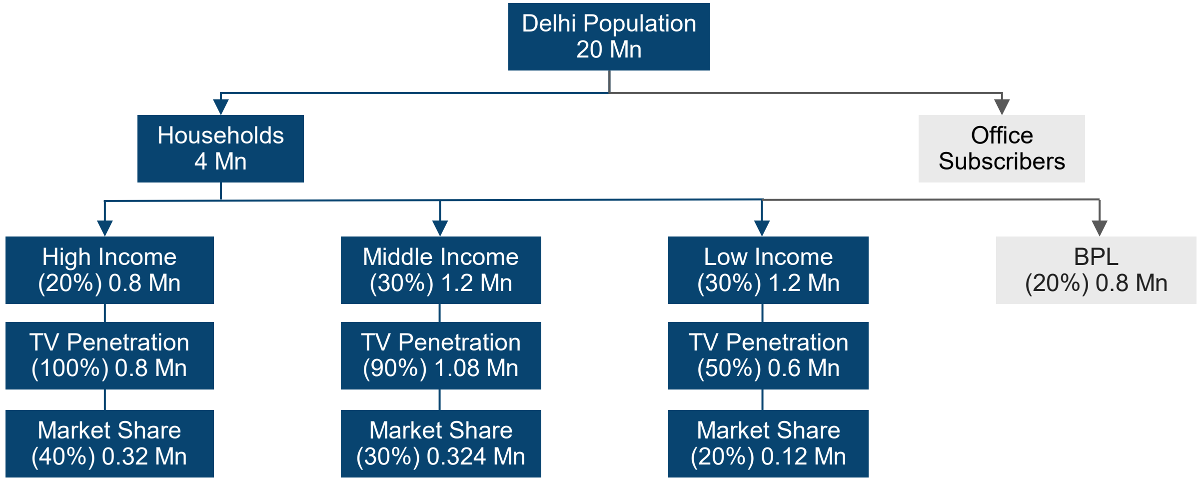
Problem Statement

Estimate the Monthly Revenue of Tata Play subscribers in Delhi

INTERVIEWEE NOTES

- Begin by understanding total market for TV viewership in Delhi
- Understanding the demographics of Delhi (income/affordability)
- Making sure that we incorporate penetration of TV among income groups
- Market share of Tata Play assumed as 40%, 30% and 20% for High-, Middle-, and Lower-Income groups
- Understanding of Tata Play subscribers as households and possibility of multiple connections in a household
- Only residential subscribers to be considered
- Average household size is 5

APPROACH/ FRAMEWORK



	High Income	Middle Income	Low Income	Total Revenue
No of Subscribers	0.32 Mn	0.324 Mn	0.12M	INR 592.5 Mn
No of Connections Per Subscriber	1.5	1.25	1	
Monthly Revenue Per Connection	INR 750	INR 500	INR 250	
Total Revenue	INR 360 Mn	INR 202.5 Mn	INR 30 Mn	

OBSERVATIONS

- Assume a top-down approach to solve such questions. Start with the basic equation and break into smaller equations.
- Exhaust all possible scenarios and make reasonable assumptions for the same. Clarify with the interviewer at each stage.
- Don't need to be too precise. Interviewer looks for the assumptions called out and adaptability with Math.

Guesstimate 9

INDEX

Problem Statement

Estimate the total amount of toll tax collected annually across India

FACTS & ASSUMPTIONS

Arriving at number of tolls in India:

- Total land area of India ~ 4 million sq. km
- Assuming 70% roadways coverage. Serviced area ~ 2.8 million sq. km
- Approximate distance between consecutive toll plazas ~80km
- Assuming 80 km shared by each plaza, land area served by a single toll plaza = 3.14*40*40 sq. km
- Total toll plazas in India = 2.8 * 10^6 / (3.14 * 40 * 40) = ~ 560
- On an average there are 4 active lanes in a plaza

APPROACH/ FRAMEWORK

Assumptions taken around load distribution and toll amount by vehicle typev

Vehicle Type\Time	Toll Tax (INR)	10AM – 6PM	6PM – 2AM	2AM – 10AM
Small	100	50%	40%	10%
Medium	200	30%	50%	20%
Large	400	10%	30%	60%

Toll collection in a single lane of a toll plaza

Time of the Day	10AM – 6PM	6PM – 2AM	2AM – 10AM
Average Toll Price	INR 170 (0.5*100 + 0.4*200 + 0.1*400)	INR 210 (0.3*100 + 0.5*200 + 0.2*400)	INR 310 (0.1*100 + 0.3*200 + 0.6*400)
Processing Time (Secs)	30	60	90
No. of Vehicles Processed	960 (8*60*60/30)	480 (8*60*60/60)	320 (8*60*60/90)
Total Toll Collected (INR)	1.6 L (170*960)	1.0 L (210*480)	1.0 L (310*320)
Total Collection per Lane	INR 3.6 L		

Annual Toll Collection = Total Collection per Day 3.6*4 = ~INR 15 L x No. of Tolls 560 x 365 Days = **INR 30,000 Cr**

INTERVIEWEE NOTES

- Split of Small, Medium and Large Vehicles in the traffic would differ based on hours of the day
- The processing time will differ based on the time of day due to different traffic; it includes the idle time for the plaza due to which average processing time is higher at night

Guesstimate 10

Problem Statement

Estimate the number of snapchat streaks shared in a day

FACTS & ASSUMPTIONS

- Number of snapchat users in rural India and those who maintain streaks would be comparatively insignificant
- Streaks from India to Abroad and vice versa would be insignificant
- Life Expectancy is 70 years, no. of people in each bracket is distributed proportionately
- Ages of 0-12 won't own a phone and 40+ wouldn't be interested in snapchat
- A person who maintains streaks on Snapchat sends a snap everyday to fulfil the requirements of a streak. Ignoring breaking of streak anytime.
- Primary social media platforms used by people are Whatsapp, Facebook, Instagram, Snapchat and X. Due to overlaps, Snapchat may own a 30% share

APPROACH/ FRAMEWORK

Urban Population (35%) 490 Mn

- 0-12 years 84 Mn
- 13-40 years 196 Mn
  - Lower Class (20%) ~40 Mn
  - Middle Class (60%) ~120 Mn
  - Upper Class (20%) ~40 Mn
- 40+ years 210 Mn

	Lower Class (20%) ~40 Mn	Middle Class (60%) ~120 Mn	Upper Class (20%) ~40 Mn
% using phones	60%	90%	100%
% using smartphones	30%	80%	100%
% using social media	40%	60%	70%
Social Media Users	~2.9 Mn	~51.8 Mn	~28 Mn

Snapchat streaks per day = Social media users ~80 Mn x % using snapchat 30% x Daily Active Users 30% x # streaks sent in a day 10 = **72 Mn**

INTERVIEWEE NOTES

- Estimate the number of daily snapchat users using age and income segmentation of urban population.
- Consider the propensity to maintain streaks.

Guesstimate 11

INDEX

Problem Statement

Estimate the number of bullets fired in India annually

FACTS & ASSUMPTIONS

- Only bullets used in rifle and pistols are included. No other ammunition
- India's population is 1.4 billion
- Use can be civilian and non-civilian
- Non-civilians would include police force (0.1%) and the armed forces (0.1%) – 1 in 1000
- We can further segment this as new-recruits and old employees
- Hours in training are higher for new recruits and live fire is higher for existing employees for both police and armed forces
- Civilians include both licensed gun holders like sportspersons and security and unlicensed gun holders (mostly criminals)
- A sportsperson's single match includes 60 shots for a match + practice shots

APPROACH/ FRAMEWORK

Total Bullets fired
- Non-civilian
  - Police Force 1.4 Mn
  - Armed Forces 1.4 Mn
- Civilian
  - Licensed Gun Holders
  - Unlicensed Gun Holders

	Police Force 1.4 Mn		Armed Forces 1.4 Mn		Licensed Gun Holders		Unlicensed Gun Holders
	New Recruits Police Force	Existing Police Force	New Recruits Army Force	Existing Army Force	Sportspersons	Security	Criminals
Number	(10%) 0.14 Mn	(90%) 1.26 Mn	(10%) 0.14 Mn	(90%) 1.26 Mn	(0.02%) 28K	(0.02%) 28K	(0.5%) 7 Mn
Training	30,000 (120*250 days)	3,000 (60*50 days)	75,000 (300*250 days)	12,000 (120*100 days)	30,000 (120*250 days)	2,500 (50*50 days)	Negligible
Live Fire	50	200	300	400	100	Negligible	1
Total *(Training + Live Fire) * Count*	**4,210 Mn**	**4,030 Mn**	**10,540 Mn**	**15,620 Mn**	**840 Mn**	**70 Mn**	**7 Mn**

35.3 Bn

INTERVIEWEE NOTES

- Other avenues like firing at ceremonies should be non-material and can be ignored after discussion with interviewer
- Smaller non-material values can be ignored
- Based on the 80-20 rule, only non-civilians need to be focused upon extensively

Guesstimate 12

Problem Statement

Estimate the number of power point slides prepared by PGP/ FABM students during their time at IIM Ahmedabad in an academic year

FACTS & ASSUMPTIONS

- Total batch strength = 900

Academics

- # 2nd year courses = ~[Total credits (20) / Avg. credit per course (0.75)]
- Avg. 2nd year group size is lower as students are spread across courses
- Larger % of 2nd year courses have projects (both individual & group)
- Assumed that 50% of project courses have PPT based submission

Clubs

- Most clubs don't work on PPT barring for certain meetings
- Only career clubs & select others assumed to have decent PPT usage

Competitions

- Assumed 50% participation & 50% success rate
- Avg. competitions per team = 4

APPROACH/ FRAMEWORK

Key work pieces involving PPT

- Course work
  - Individual Projects
  - Group Projects
- Clubs (~50)
  - Low PPT Usage (60%) 30 → **1.5K slides** (50 slides/club)
  - Medium PPT Usage (30%) 15 → **2.2K slides** (150 slides/club)
  - High PPT Usage (10%) 5 → **1.5K slides** (300 slides/club)
- Case Competitions
  - # participating (50%) 450
    - # teams 110 (4 members/team)
    - # competition registrations 440 (4 competitions/team)
      - # progressing to case round (50%) 220 → **1.3K Slides** (6 slides/competition)
      - # not progressing to case round (50%) 220
  - # non-participating (50%) 450

	Individual Projects: 1st year (36 courses)	Individual Projects: 2nd year (27 courses)	Group Projects: 1st year (36 courses)	Group Projects: 2nd year (27 courses)
% with projects	30%	50%	50%	80%
% based on PPTs	50%	50%	50%	50%
Average slides / course	10	10	20	20
# of Students / Groups	450	450	75 (6 student / group)	90 (5 student / group)
# slides	**24.3K**	**30.4K**	**13.5K**	**19.4K**

Total Slides: 87.5K slides (coursework) + 5.2K slides (clubs) + 1.3k slides (competitions) = **~94K slides/year**

INTERVIEWEE NOTES

- The above approach does not account for slides created but not utilized in submissions – additional 10% buffer can be created to account for the same, if needed
- Perform a sense check of total number of slides. Potential approach - # slides/ student in a year = 94K/ 0.9K = ~105 slides per student per year (which is plausible)

Guesstimate 13

INDEX

Problem Statement

Estimate the total number of chess moves played in a day in India

FACTS & ASSUMPTIONS

- Total chess players in India is taken as 0.1% of population
- In Bullet game time control is <=1 min; Blitz >1 & <=5 min and in classical game >5min.
- Games of higher rating category players are assumed to be more complicated and have a greater number of moves in general.
- As the strength of player decreases, they tend to play with higher time control
- Assumed that an active professional player would on an average play ~10 bullet games & 2 blitz games & ~0.1 classical games per day
- Assumed that an active intermediate player would on an average play ~5 bullet games & 1 blitz games & ~0.05 classical games per day
- Assumed that an active amateur player would on an average play ~2 bullet games & 0.5 blitz games & ~0.01 classical games per day

APPROACH/ FRAMEWORK

Chess Players (0.1%) 1.4 Mn

- Professional (0.5%) 7K → Active Players (50%) 3.5K
- Intermediate (15%) 210K → Active Players (25%) 52.5K
- Amateur (84.5%) 1.18 Mn → Active Players (10%) 118K

Games	# of Games (in K)	# of Moves (in K)	# of Games (in K)	# of Moves (in K)	# of Games (in K)	# of Moves (in K)
Bullet Games (@40 Moves/match)	35	1,400	263	10,500	236	9,450
Blitz Games (@50 Moves/match)	7	350	52.5	2,625	59	2,950
Classical Games (@60 Moves/match)	0.35	21	2.6	~150	1.2	~70
Total	~590K		~13,300K		~12,500K	

~27.5 Mn moves

INTERVIEWEE NOTES

- Assumed only moves of games only played in 3 variants i.e. Bullet, Blitz and classical. Other variants, puzzles and game with computer is ignored after discussion with interviewer.
- Differentiate among the professional, intermediate and amateur as per the strength and frequency.
- Among all chess games, approximate the proportion of Classical, Blitz, and Bullet games to estimate the average number of games and the total number of moves in each variant.

Guesstimate 14

INDEX

Problem Statement

Estimate the number of injections administered in Ahmedabad annually

FACTS & ASSUMPTIONS

- Population of Ahmedabad is ~9 Mn (90 lakhs)
- Approximately 30% is lower income and 70% is middle and upper-income population.
- Average visits to doctors is 2.5 per year by children (1-14 yrs), 2 per year for adults (15+) and 4 for senior citizens.
- Diabetic population is 5%.

APPROACH/ FRAMEWORK

Types of Administration

- Professionally administered (by doctor / pathology)
  - Total Population 9 Mn
    - Children (1-14 yrs) (25%) 2.25 Mn
    - Adults (15-60 yrs) (65%) 5.85 Mn
    - Senior Citizen (60+) (10%) 0.9 Mn
- Self-administered (by frequent users)
  - Insulin Patients

Children (1-14 yrs) (25%) 2.25 Mn

Instance	Lower income (30%)	Middle & upper income (70%)
Visits to doctor	1	2
% for blood tests required	10%	10%
% for injections administered	30%	40%
Injection per individual	0.4	1.0
Additional injections for vaccines	0.5	1

Adults (15-60 yrs) (65%) 5.85 Mn

Instance	Lower income (30%)	Middle income (60%)	Upper income (10%)
Visits to doctor	1	2	4
% for blood tests required	10%	10%	10%
% for injections administered	5%	10%	15%
Injection per individual	0.15	0.4	1.0

Senior Citizen (60+) (10%) 0.9 Mn

Instance	Lower income (30%)	Middle income (60%)	Upper income (10%)
Visits to doctor	1	4	6
% for blood tests required	20%	20%	20%
% for injections administered	20%	30%	40%
Injection per individual	0.4	2.0	3.6

Insulin Patients

Population	Diabetic	% Needing Insulin	# of Injections/patient
9 Mn	(5%) 450K	(10%) 45K	100

Total Injections	Children (Normal + Vacc.) 1.7*2.25 = 3.83	+	Adults 0.4*5.85 = 2.35	+	Senior Citizens 1.7*0.9 = 1.53	+	Insulin Patients 100*0.045 = 4.5	=	**12.2 Mn**

INTERVIEWEE NOTES

- Senior citizens are expected to visit the doctor and require blood tests more often
- Children and seniors are most likely to get medicines administered through injections
- Calculations for total injections = Weighted avg. of injections/individual as per income distribution * Age population
- % for blood test required and % for injections administered are mutually exclusive and can be added since we are considering the total number of injections.

Guesstimate 15

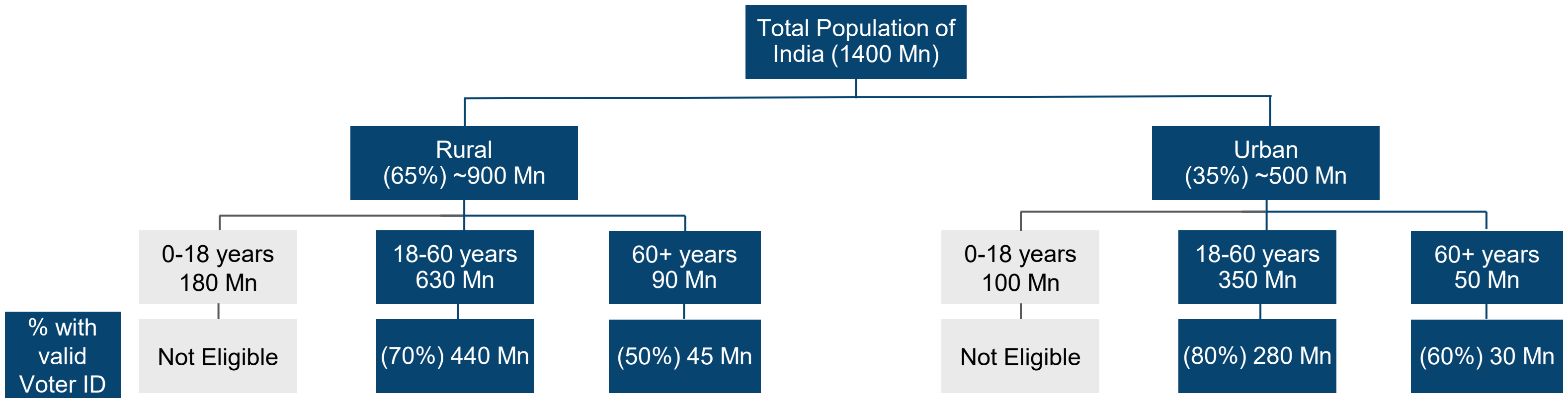
Problem Statement

Estimate the number of Electronic Voting Machines required for the 2024 Lok Sabha Elections

FACTS & ASSUMPTIONS

- Votes cast through ballot paper have not been considered for the sake of simplicity
- Avg. Life Expectancy of an Indian ~ 70 Years
- Population as per Age Brackets is 20% for upto 18 years, 70% for 18–60 years and 10% for 60+ Years
- An average Poll Booth operates for 10 hours daily (8 AM to 6 PM)
- # of Election Phases (Days) is assumed to be 5
- Depends on population density of a state & political volatility – Bihar needed 7 phases in 2019 Elections v/s Goa which needed 2 phases only
- Valid voter ID expected to be marginally higher in urban areas than rural areas

APPROACH/ FRAMEWORK



# votes per EVM per phase	Polling Booth Operating Hrs 600 mins	÷	Time taken to cast vote per indv. (4 mins)	=	150 Votes
# votes per EVM	# votes per EVM per phase 150 votes	x	5 phases	=	750 Votes
# EVMs required	Eligible population ~800 Mn	÷	# votes per EVM 750	=	1.07 Mn
# EVMs with buffer stock	# EVMs required 1.07 Mn	+	10% Buffer 0.107 Mn	=	**1.2 Mn**

OBSERVATIONS

- The above figure has been computed assuming a voter turnout of 100%. In reality, Lok Sabha Election voter turnout is generally around 70%. This implies a voting population of around 560 Mn, which translates into an actual EVM requirement of 750,000 EVMs
- Therefore, the capacity utilization of EVMs in India is (0.75/1.2) => 62.5%
- The time taken by an individual to cast a vote depends on several hygiene factors such as availability of election officers at polling booth, time taken by them to complete verification checks and sensitivity of the EVM.

Guesstimate 16

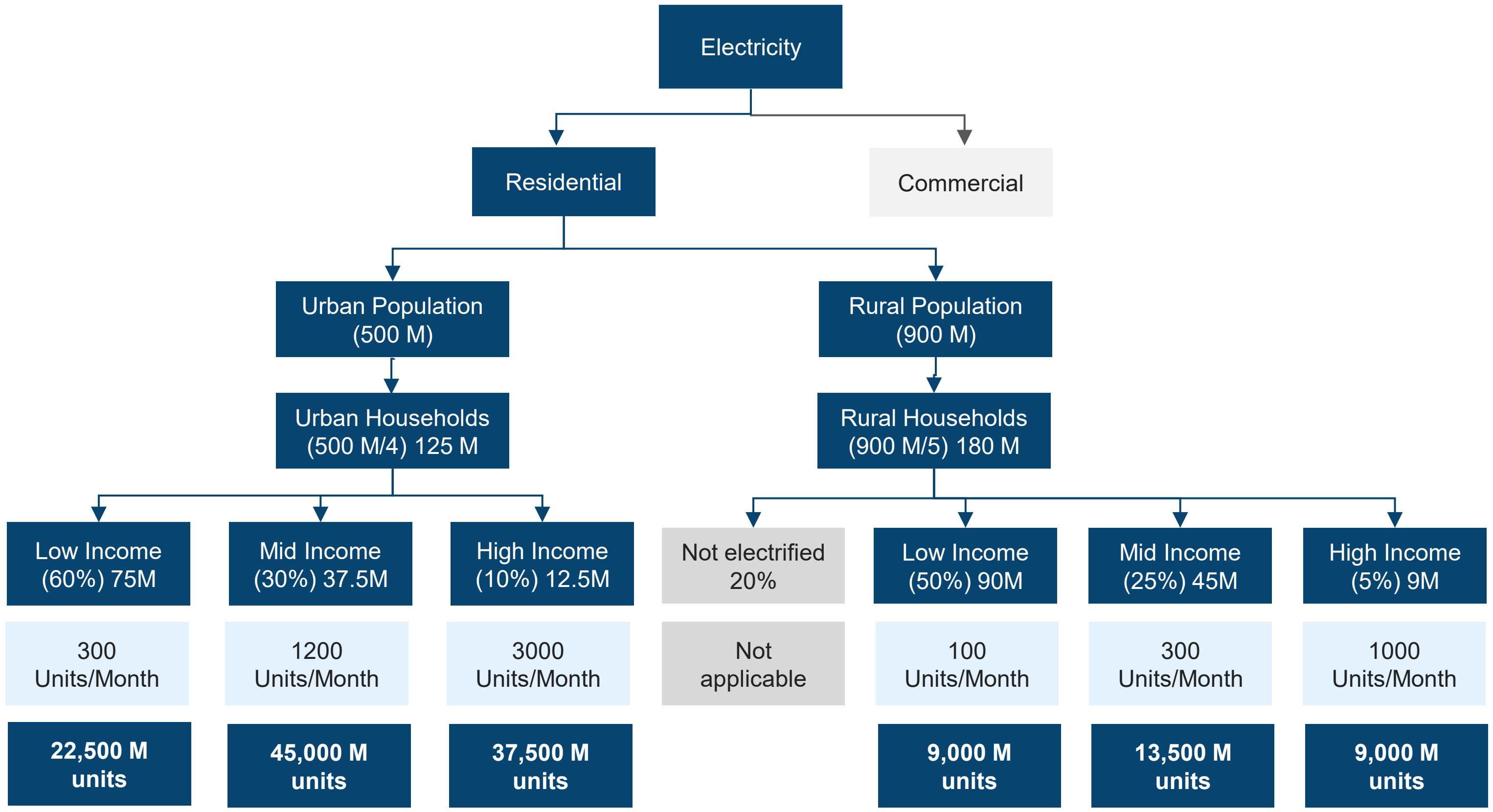
Problem Statement

Estimate the monthly residential electricity consumption in India

FACTS & ASSUMPTIONS

- India population assumed to be 1.4 Bn (35% Urban – ~500 Mn, 65% Rural – ~900 Mn)
- Within the Rural segment, assumed that ~20% of the population is homeless people / living in areas which are not electrified; In urban areas, assumed that the entire population has access to electricity
- Weighing monthly consumption by % of households in the income type and multiplying this by # of households will give monthly units consumption
- Average Household Size is 4 in Urban areas and 5 in Rural areas

APPROACH/ FRAMEWORK



Total units of electricity consumed = 105,000 M (Urban) + 31,500 M (Rural) = **136,500 units per month**

OBSERVATIONS

- Urban areas drive ~75% of residential demand (105K / 136.5K), driven by higher appliance ownership and AC use
- Demand dispersion is income-driven: high-income households are few but very heavy users.
- Refinement: Account for/ mention about seasonal fluctuations (e.g., summers) as sensitivities, not in base case.

Guesstimate 17

INDEX

Problem Statement

Estimate the annual revenue of a multiplex in Ahmedabad

FACTS & ASSUMPTIONS

- Three Main Drivers of Revenue: Ticket Sales, Parking Charges and F&B orders
- Assume 4 Screens Per Multiplex & 300 Seats Per Screen
- Occupancy on Weekdays is 60% and Occupancy on Weekends is 90% (1.5x)
- Equal Ticket Price of Rs. 350 for all shows
- Parking Charge of Rs. 100 for all shows
- Average Order Value of Rs. 300 for F&B orders
- Assume 50% of customers use parking facility and 50% buy F&B

APPROACH/ FRAMEWORK

Revenue Per Screen (at 100% occupancy)

- Ticket Sales
  - Footfall * Ticket Price * #Shows
  - **Rs 4.20 L**
  - (300 * 350 * 4)
- Parking
  - Footfall * Parking % * #Shows * Parking Ticket
  - **Rs 0.60 L**
  - (300 * 0.5 * 100 * 4)
- Food & Beverages
  - Footfall * F&B Buyers % * #Shows * Avg F&B Price
  - **Rs 1.8 L**
  - (300 * 0.5 * 300 * 4)

	Weekday	Weekend
Occupancy	60%	90%
Revenue Per Screen per day (at given occupancy)	**Rs. 3.96L**	**Ra. 5.94L**
Number of Screens	4	4
Total Revenue Per Day	**Rs. 15.84L**	**Rs. 23.76L**
Number of Days	260	105
Total Revenue Per Day (for each group)	**Rs. 41.2 Cr**	**Rs. 24.95 Cr**
Total Revenue	**Rs. 66.15 Cr**	

OBSERVATIONS

- Need to account for multiplexes in a mall
- Ticket sales dominate, but F&B is a strong high-margin lever
- Weekends drive disproportionate revenue, showing peak dependence.
- Growth lies in boosting F&B penetration and customer retention
- Higher spend per head (combos, upselling) can lift revenues further

Guesstimate 18

Problem Statement

Estimate the market size (in units) for sanitary pads in India

INTERVIEWEE NOTES

- Estimate the number of women who would use menstrual health products
- Segment the population of women into urban and rural and factor in differential penetration of sanitary pads
- Segment population by age and income level to identify the target segment for usage of sanitary pads
- 0-13 years age bracket is discounted
- Average age of menopause is assumed to be ~50 years
- Urban women assumed to be more aware of menstrual health products than rural women
- Assumption is that higher income level correlates to higher awareness of menstrual health products, and hence, is likely to see higher usage of sanitary pads

APPROACH/ FRAMEWORK

- Total women population 700M
  - 0-13 years (20%) 140M
  - 13-50 years (40%) 280M
    - Urban (30%) 84M
      - Lower class 16.8M → 60% usage 10.08M
      - Middle class 50.4M → 80% usage 40.32M
      - Upper class 16.8M → 100% usage 16.8M
    - Rural (70%) 196M
      - Lower class 39.2M → 30% usage 11.76M
      - Middle class 117.6M → 50% usage 58.8M
      - Upper class 39.2M → 70% usage 27.44M
  - 50+ years (40%) 280M

~165.2M

Number of pads		Total # of women	x	% using sanitary pads	x	# of periods	x	# of days / period	x	# of pads / day
~24B		165.2M women			x	1 period / month	x	3 days / period	x	4 pads / day

OBSERVATIONS

- Total women population = Population of India (1400M) * 50% = 700M
- Broad aim is to identify the number of women and then multiply that by per individual usage to arrive at market size
- To get market size in monetary terms, assume a value per pad and multiply the answer by that number

Guesstimate 19

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Problem Statement

Estimate the annual revenue of Urban Company in Ahmedabad

INTERVIEWEE NOTES

- Population of Ahmedabad ~ 90L, with Average Household size = 4 # Households ~ 22.5L
- Income Distribution = High (20%), Medium (50%), Low (30%)
- Addressability/UC Penetration = High (100%), Medium (60%), Low (10%)
- Urban Company Average Commission = 25%
- 4 key services: Salon, Cleaning, Repair, Electrician/Plumber, with common service rates, ticket size and freq. across addressable households
- Factor in UC plus subscription penetration & pricing

APPROACH/ FRAMEWORK

Total Households in Ahmedabad (22.5 L)

TAM ~ 12 L Households

- High Income (20%), Penetration (100%) ~ 4.5L
- Middle Income (50%), Penetration (60%) ~ 6.75 L
- Low Income (30%), Penetration (10%) ~ 0.68L

	Salon (35%)	Cleaning (15%)	Repair (20%)	Electrician (30%)	UC Plus (10%)
Ticket Size & Frequency	5 times, ₹ 700	2 times, ₹ 1500	2 times, ₹ 500	3 times, ₹ 400	Annual Subscription ~ ₹ 300
Revenue	147 Cr	54 Cr	24 Cr	43.2 Cr	3.6 Cr
UC Share (Commission)	25%				100%

(Row header of first row: **Categories & Penetration**)

Parameter	Calculation	Methodology
Total Addressable Households (in L)	4.5 (High) + 6.75 (Medium) + 0.68 (Low) ~ **12 Lakhs**	Income Segment x Addressable %
Revenue from Categories (except UC Plus)	12 L x [35% x 5 x 700 + 15% x 2 x 1500 + 20% x 2 x 500 + 30% x 3 x 400] x 25% **~ 67 Cr**	TAM x Ticket Size x Frequency x UC Commission
Revenue from UC Plus	12 L x 10% x 300 **~ 3.6 Cr**	TAM x Subscription Fee x Frequency
Total UC Revenue	**~ 70.6 Cr**	Sum of individual revenue streams

OBSERVATIONS

- Over 90% addressable demand comes from High- and Middle-Income segments, with Salon and Cleaning contributing > 70% of UC revenue
- Cleaning services have higher ticket size, but limited usage frequency
- Salon services generate maximum revenue share (~55%), due to high frequency
- Further accuracy in numbers by –adjusting for service & UC Plus penetration by income segments and for seasonality spikes (festive seasons/ etc.)
- Commercial & B2B bookings is an additional revenue source, relatively untapped so excluded

Guesstimate 20

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Problem Statement

Estimate the hours spent in Extra Curricular Activities by students in IIM Ahmedabad

FACTS & ASSUMPTIONS

- Total Number of Students in IIMA~1200.
- Number of Active Clubs : 25
- Each club at IIMA has an average of 35 active members.
- Each active member in a week spends about 3 hours per week on club activities.
- 10%, 20%, 30% of IIMA students are Highly, moderately & less active in sports, respectively. Other 40% are rarely active
- There are 35 competitions in which IIMA students participate.
- Corp. competition avg time assumed double since these have more intense prelim rounds
- There are 10%~120 active participants in Community service and they devote 2 hours/week in it.
- Students stay in campus for 40 weeks in a year & are away for 12
- All placement related activities not assumed to be ECA

APPROACH/ FRAMEWORK

Types of ECAs: Clubs & Events, Seminars, Competitions, Sport Activities, Cultural Activities, Community Service

Clubs & Events

Active Clubs	25
Members per club	35
% member active in a week	50%
# of hours worked per week per mem	3
# of weeks	40
Total time	**52.5K**

	# students	# hrs (annual)
T-Nite	400	35
Chaos	240	50
TRBS	240	50
Total time		**28K**

Seminars

# seminar (annual)	120
Avg attendance	90
Avg time/ seminar (hrs)	2
Total time	**21.6**

Competitions

Competition host →	IIMA	Other B-Schools	Corp
# students	300	75	100
# of competition	10	10	15
Avg time/ comp	7.5	7.5	15
Total time	22.5 + 5.6 + 22.5 = **50.6K**		

Sport Activities

Activity rate	Number	Hours / week (34w)	Sangharsh/ Yalgaar (6w)	Total
Highly active – 10%	120	7	40	57.4K
Moderately active – 20%	240	3	20	53.2K
Less active – 30%	360	2	2	28.8K
Total time				**~140K**

Cultural Activities

Active participants	120
# hours per week	2.5
# weeks	40
Total time	**12K**

Community Service

Active participants	120
# hours per week	2
# weeks	40
Total time	**9.6K**

Total hours spent = 52.5 + 28 + 21.6 + 50.6 + 12 + 9.6 + 140 = **~295K hours (~~ 245 hours per person on an average)**

OBSERVATIONS

- Students at IIM Ahmedabad invest a substantial amount of time in extracurricular activities, which highlights the active engagement of students beyond academics.
- The time distribution among different activities suggests a well-rounded student engagement.
- Given the substantial time commitment, it is essential to provide students with time management training to balance academics and extracurricular activities effectively
- Do a sanity check on time per person and convert into days to identify if the number seems logical or is way off

Guesstimate 21

Problem Statement

Estimate the number of ChatGPT prompts generated per day in India

INTERVIEWEE NOTES

- Total Indian population = 1.4 Bn, with 35%/ 65% Urban Rural Split
- Rural Cities have been excluded from the calculations assuming low penetration
- Tier 3 Cities GPT usage also considered lower in comparison to Tier 1 & 2
- For Tier 3 cities and rural areas combined, assumed to take a 10% add-on to the eventual # prompts in urban Tier 1 & Tier 2 areas
- Internet Penetration is assumed to be 100% in Urban areas
- Only those prompts which a user actively give to ChatGPT is considered. Auto prompts – either via browser extensions not considered

APPROACH/ FRAMEWORK

- Indian Population 1.4 Bn
  - Urban (35%) ~500 Mn
    - Tier 1 Cities ~100 Mn
      - Upper Income (30%) 30 Mn
      - Middle Income (40%) 40 Mn
      - Lower Income (30%) 70 Mn
    - Tier 2 Cities ~200 Mn
      - Upper Income (20%) 40 Mn
      - Middle Income (40%) 80 Mn
      - Lower Income (40%) 80 Mn
    - Tier 3 Cities ~200 Mn
  - Rural (65%) ~900 Mn

Tier 1 Population	Upper Income	Middle Income
ChatGPT Penetration	50%	30%
ChatGPT Using Population	15 Mn	12 Mn
Average # Prompts/Day	5	2
Total Number of Prompts/Day	75 Mn	24 Mn
Total Tier 1 GPT Prompts	99 Mn	

Tier 2 Population	Upper Income	Middle Income
ChatGPT Penetration	40%	20%
ChatGPT Using Population	16 Mn	16 Mn
Average # Prompts/Day	4	2
Total Number of Prompts/Day	64 Mn	32 Mn
Total Tier 2 GPT Prompts	96 Mn	

Total GPT Prompts = Population * GPT Penetration * Average # Prompts per Day*1.1 (to account for rural areas * tier 3 cities)

Total Number of GPT Prompts = (Tier 1 + Tier 2 Total Prompts)*1.1 = (99 + 96)*1.1 = 195*1.1 = ~215 Mn prompts

OBSERVATIONS

- Tier 1 dominates with ~60% of prompts despite smaller population, driven by higher income & digital adoption.
- Tier 2 adds scale, but lower penetration reduces share; Tier 3 and rural negligible in base case.
- Usage curve skewed to urban affluent & tech-savvy users
- Policy/market implication: expanding to middle-income Tier 2/3 users is the next growth lever.
- An alternate approach could have been to further segment this by corporate & non-corporate individuals. With higher usage among corporate individuals given increasing use at the workplace.

Guesstimate 22

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Problem Statement

Estimate the size of undergraduate test prep market in India

INTERVIEWEE NOTES

- 17 & 18 year olds (~3% population – assuming life expectancy for 70 years) considered as relevant pop.
- Gross enrolment rate for Class XI & XII across India taken to be ~70%
- Assumed that ~80% of these students are looking to attend UG college & will this sit for UG competitive exams
- Out of these, ~80% colleges assumed to require some entrance exam (JEE, NEET, CUET, etc.)
- Assumed that one student will take coaching for only one exam.
- For all exams assumed that students will prepare for 2 years (XI & XII) – in reality some exam/ students may require less - ~10% haircut taken for the same
- % that can afford calculated as all in high income, 60% in mid income, and 10% in low income
- Coaching penetration assumed highest for technical exams – JEE, NEET, then CLAT, NDA, CUET

APPROACH/ FRAMEWORK

- Population of India (1.4 B)
  - 17-18 yrs (3%) ~42 M
    - Not enrolled
    - Enrolled in higher ed (XI & XII) ~30M (@ 70%)
      - Not looking to attend UG
      - Looking to attend UG & req. exams ~17M (30*80%*70%)
        - Engineering (JEE/BITSAT) ~6.8 M (40%)
        - Doctor (NEET) ~1.7 M (10%)
        - Arts, Comm, Sci., etc. (CUET) ~5.1 M (30%)
        - Architecture/ Design (NDA) ~0.85 M (5%)
        - Law (CLAT) ~0.85 M (5%)
        - Others ~1.7 M (10%)
      - Looking to attend UG but target college doesn't require exams
  - Other ages

	Engineering (JEE/BITSAT) ~6.8 M (40%)	Doctor (NEET) ~1.7 M (10%)	Arts, Comm, Sci., etc. (CUET) ~5.1 M (30%)	Architecture/ Design (NDA) ~0.85 M (5%)	Law (CLAT) ~0.85 M (5%)	Others ~1.7 M (10%)
% that can afford test prep	**~40%**	**~40%**	**~40%**	**~40%**	**~40%**	*Ignored for this calculation*
% coaching penetration	**~80%**	**~80%**	**~30%**	**~40%**	**~50%**	
Average ticket size per year	**80K**	**80K**	**30K**	**30K**	**50K**	
Total revenue from the segment	**~174 B**	**~43.5 B**	**~18.5 B**	**~4 B**	**~8.5 B**	

Total Revenue per year = Population in the Segment * % that can afford * coaching penetration * Average ticket size per year

Estimated UG test prep market size (post haircut adjustment) = Sum of all segment revenues * 90% = ~Rs. 225 B or ~Rs 22.5 K Cr

OBSERVATIONS

- Engineering dominates (₹174 B) likely due to large aspirant pool, high penetration, and premium pricing
- Medicine is the second largest (~₹43.5 B), with similar ticket size to engineering but smaller base.
- Growth lever: expanding test prep penetration in mid-priced segments (Commerce, Law) and rural students, currently assumed negligible.
- This guesstimate can be further detailed out by venturing into online vs offline mode coaching & accordingly adjusting adoption and ticket sizes

Guesstimate 23

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Problem Statement

Estimate the average number of steps walked by a PGP1 IIMA student in a day

INTERVIEWEE NOTES

- Exclusions for simplicity of calculation:
  - Special circumstances (e.g., rain, club run, batch meets, CV vetting)
  - Steps within rooms, on stairs and during workouts and sports
- Avg. steps estimated from SAB dorms
- 33% probability of surprise quiz on a given day
- 25% people combine meal timings with other visits and make no separate trips for any meal (adj)
- Assumed that ~30% people engage in sports activities, treadmill, gyming, walks, etc.
- 50% people combine sports facility and courier office visits with others instead of separate trips (adj)
- New Campus[1] = Tea Post – Bhavesh Bhai area
- New Campus[2] = Kamla and KL11
- Misc. adjustment of 1000 steps to accounts for other minor activities

APPROACH/ FRAMEWORK

By Location

1. No. of steps from dorm
2. Daily frequency of visit
3. % Students visiting
4. Adjustment factor for clubbed visits

$$\text{Final Estimate} = \sum_{\text{location}} \left(1 \times 2 \times 3 \times 4 \right) + \text{Miscellaneous adjustment}$$

Place	Classes		Meals			Inter - Dorm	Library	Dorm 22 Courier Office	Gym/ Sports Field	Sports activity/ treadmill, walks etc.	Active joggers/ runners
	Regular +Tests	Break	Old Campus	New Campus[1]	New Campus[2]						
1 Round-trip steps	~1200	~300	~1500	~800	~400	~400	~2000	~600	~1500	~2000*	~6000*
2 Frequency	1.33	1	3/ 2/ 1/ 0	2/ 1/ 0	1/ 0	1	1	1	1	1	0.33
3 % Students	100%	100%	5% - 3; 10% - 2; 20% - 1	40% - 2; 20% - 1	30% - 1	60%	40%	5%	30%	30%	5%
4 Adj. factor (clubbed trips)	NA	NA	0.75			NA	NA	0.5	0.5	NA	NA
Total	**~1600**	**~300**	**~1300**			**~280**	**~800**	**~15**	**~225**	**~300**	**~100**
	~5220 steps + misc. adjustment 1000 steps = 6220 steps; with 5% variation: 5900 steps – 6500 steps										

*Refers to activity steps rather than a round trip step; For joggers/ runners assumed ~4-5km runs twice a week

OBSERVATIONS

- An average IIM Ahmedabad PGP-1 student will have a step count of approximately 5900 - 6500 steps
- The above figure has been estimated assuming distances measured by a single student, subjective factors and absence of any special circumstances, all of which if varied can produce different results.
- **General approach for such guesstimates:**
  - Decide an anchor point from which you would generally measure distance
  - Identify locations visited daily
  - Estimate % of students visiting daily and frequency of visits
  - Factor in some clubbing of visits & miscellaneous activities (adj. factor)

Guesstimate 24

Problem Statement

Estimating the number of times “Am I audible?” was spoken on Zoom Calls in India

INTERVIEWEE NOTES

- India pop: 1400M
- Assumed frequent zoom usage by three major population groups:
  - Working professional in white collar jobs or own business (assumed to have internet access)
  - Students with internet access
  - Others (to account for freelancers, family calls, rural working pop, etc.) Taken as 2% pop
- Zoom penetration taken as 40%
- Working professionals
  - 24-60 years of age; Urban located (assuming most jobs focused in urban areas) – 50% pop
  - ~5 calls per workday (~250 days)
  - Frequency of speaking on calls is higher, hence more instances of I am audible
- Students
  - 6-24 years of age – 30% pop
  - Internet penetration taken as 50%
  - ~30% schools assumed to run online classes; 150 days on avg.
- % of calls in which ‘Am I audible?’ was said – Prof: 50%, Students: 25% (given lower speaking time);
- # of instances per call taken >1 to account for multiple times per call (high for working professionals as speaking instances will be higher)

APPROACH/ FRAMEWORK

	Working Professional	Students	Others
Urban v/s Rural	**~500 M** (0.35*1400, Urban only)	**~1400 M** (All population)	**~1400 M** (All population)
Relevant age group	**~250 M** (0.5*500, 24-60 yrs)	**~420 M** (0.3*1400, 6-24 yrs)	**~28 M** (~2% population)
Falling in applicable roles	**~100 M** (0.4*250, Filter for white collar jobs & business owners)	**~380 M** (0.9*420, Accounting for children in school using gross enrolment ratio)	**~28 M** (NA)
Internet Penetration	**~100 M** (Assumed full penetration in these roles)	**~190 M** (0.5 * 380 ,~50% penetration assumed)	**~14 M** (~50% considered)
Eligible for zoom calls?	**~75 M** (0.75 * 100, Assumed that about 50% jobs allow WFH/ have online meets)	**~60 M** (0.3 * 190 ,~30% schools have some mode of online classes)	**~14 M** (Assumed all eligible)
# using zoom @ 40% zoom adoption	**~30 M**	**~24 M**	**~6 M**
Avg. # calls per day	**3**	**2**	**1**
# days	**200**	**150**	**50**
# zoom calls	**18,000 M**	**7,200 M**	**300 M**
# calls where ‘I am audible’ was spoken	**50%**	**25%**	**25%**
# instances per call	**1.5**	**1.2**	**1**
Total # times	**13,500 M**	**2,160 M**	**75 M**

~15,750 M times ‘Am I audible?’ is spoken on zoom calls in India

OBSERVATIONS

- Zoom penetration rate considered to account for other players & modes too – like google meet, teams, facetime, etc.
- ~1,575 crore times ‘Am I audible>’ was spoken on zoom calls in India

Guesstimate 25

Problem Statement

Estimate the weekly ridership for the Delhi Metro’s Yellow Line

FACTS & ASSUMPTIONS

- Each train has 6 coaches, each coach ~200 passengers (seated + standing).
- Each entry into the metro line considered as a new ridership
- Load factor: 80% peak, 50% off-peak
- Assumed that at every station ~10% (during peak) and 5% (non-peak) crowd deboards & is replaced by same # people, thus a multiplier on capacity is taken for every train = 0.1*30+1 = 4 (peak); In reality, on certain station a large majority on crowd deboard and on certain stations no one deboards (Assumed 30 stations on yellow line)
- Headway (Time between 2 successive trains) : 3 min (peak), 6 min (off-peak/weekend).
- Service hours: 18/ weekday (8 peak, 10 off-peak); 18/weekend day
- Directions: 2 (up + down) → 2 platforms

APPROACH/ FRAMEWORK

Weekly Ridership

Train Capacity

Coaches per train	Capacity per Coach	Multiplier	Load Factor
6 coaches	~200	Peak: 4 Non Peak: 2.5	Peak : 0.8 Non Peak: 0.5

Riders per Train = Coaches * Capacity/Coach * Multiplier * Load Factor

Service Throughput

Headway	Service Hours	Directions
3 min (peak), 6 min (off-peak, weekend)	18 hours	Both

Trains per hour = 60 / Headway * Platforms

Parameter	Calculation	Methodology
Riders per Train	Peak = 6 * 200 people/coach * 0.8 * 4 = 3,840 Off-peak = 6 * 200 people/coach * 0.5 * 2.5 = 1,500	Coaches * Capacity/Coach * Multiplier * Load Factor
Trains per Hour	Peak (3 min headway) = 60/3 * 2 = 40 Non-Peak = 60/6 * 2 = 20	60 / Headway * Platforms
Daily Riders	Weekday Peak = 3,840 * 40 * 8 = ~1.23M Weekday Off-Peak = 1,500 * 20 * 10 = ~0.3M Weekday Total = 1.53M Weekend = 1500 * 20 * 18 = ~0.54M	Riders per Train * Trains per hour * # Hours

Weekly Riders = Weekday Riders * 5 + Weekend Riders * 2 = **8.73 Mn/week**

OBSERVATIONS

- Peak hours dominate ridership, contributing the bulk of weekly volume.
- Capacity is supply-driven: headway and train length (no. of coaches) are the biggest levers of ridership.
- Weekend ridership is lower due to fewer trains and weaker load factors.
- Small changes in load factor or headway can significantly impact weekly totals.

IIMA

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Industry-wise Panorama Reports

Airline industry (1/2): Industry overview

Value Chain

Network Planning	On-Ground Operations	In-Flight Operations	Commercial Management	Post-Flight Services
• Fleet acquisition/leasing • Route design • Airport partnerships & slot acquisition • Fuel sourcing & hedging strategies	• Airport check-in & boarding • Baggage & cargo handling • Aircraft turnaround (cleaning, refueling, loading) • Maintenance, Repair, and Overhaul (MRO)	• Cockpit operations & navigation • Cabin crew service delivery • Safety & regulatory compliance • Onboard catering & amenities	• Yield management • Ticket distribution (website, app, travel agents, OTAs) • Marketing campaigns • Loyalty programs & alliances	• Customer feedback management • Complaint resolution & compensation • Retention activities

Industry structures

Indian market structure

- **Domestic:** While ~10-15 airlines operate, market virtually a duopoly (top 2 players have 90% share)
- **International:** Multiple players operate (Indian air traffic share:4%)

Market segments

- **Scheduled Air Transport:** Domestic (Ex: Indigo) & International (Ex: British Airways)
- **Non- Scheduled Air Transport:** Charter and Air Taxi Operators (Ex: JET-Solution)
- **Air Cargo Services:** Transport of cargo & mail (Ex: DHL)

Key players

IndiGo AIR INDIA

Industry dynamics

Porters five forces

- **Bargaining power of suppliers – High**; Oligopolies in the aircraft and engine production markets
- **Bargaining power of buyers – Moderate**; Low switching costs and undifferentiated product
- **Threat of new entrants – Low**; High entry barriers owing to high investments and regulations
- **Threat of substitutes – Moderate**; Fast trains like Vande Bharat offer a cheaper alternative to airlines
- **Competitive rivalry – High**; Highly competitive market with ~15 operators offering undifferentiated service

PESTEL analysis

- **Environmental:** India plans to mandate use of 1% sustainable aviation fuel for domestic airlines by '25
- **Legal:** Airline Operator Permit (AOP) to be obtained from Directorate General of Civil Aviation (DGCA) to operate airline in India. FDI cap 100% for civil aviation

Revenue & cost drivers

Revenue drivers

- Ticket Revenue
- Ancillary Passenger Revenue (Baggage fees, seat selection fees, on - board purchases)
- Cargo Revenue
- Loyalty Program & Partnerships

Cost drivers

- Aviation fuel (46%)
- Equipment maintenance & Overhaul (24%)
- Labour cost & User charges (13%)

Industry terminologies

Key performance indicators

- **Available seat miles (ASM)**: Number of seats multiplied by the distance flown, a measure of airline capacity
- **Revenue passenger miles (RPM):** Number of passengers multiplied by miles flown, a measure of volume
- **Passenger Load Factor:** RPM expressed as a percentage of ASM, a measure of utilization
- **Cost per available seat mile:** Op. expenses/ ASM, a measure of efficiency

Good-to-know terminologies

- **MRO activities:** Maintenance, Repair and Overhaul activities ensure aircrafts are ready to fly at all times (one of the major expenditure heads for airlines)
- **DGCA:** Director General of Civil Aviation is the regulatory body of Civil Aviation

Airline industry (2/2): Deep-dive

Growth drivers & challenges

Growth drivers

- **Aviation penetration** in India is one of the lowest in the world, giving airline operators space to expand their business
- The government aims to develop **50 more airports** by 2030 and connect 120 destinations by 2035

Challenges

- Indian **airfares** are 15% below the breakeven point owing to the competitive pricing
- **Dollar** rupee **volatility** adds to high operating costs as leases are in US dollars (80% of India's commercial fleet is leased)

Prevalent business models

- **Full-service carriers** – Offers a range of pre-flight and on-board services at ticket price (e.g., Air India, Emirates)
- **Low-cost carriers** –Reduce costs by using large fleets (higher miles per day per flight), a single type of aircraft, and limited services (e.g., Indigo, Easyjet)
- **Charter airlines** – Focus on providing passenger services to tourists, usually entering into agreements with tour operators
- **Cargo airlines** – Primarily focus on air transportation of freight

Industry specific information

- **Financial Difficulties:** Very few airline operators managed to survive in the Indian market due to liquidity crunch and low fares
- **Economies of scale:** Some Indian states charge up to 30% taxes on jet fuel, which makes shorter flight routes unprofitable for smaller airlines. Large airlines like Indigo offer low fares on these routes and use their scale to recoup costs
- **Variability in costs**: Fuel costs (~46% of total cost) are highly variable, resulting in variability of total costs
- **MRO Industry:** Government support to MRO sector is expected to decrease costs of airlines
- **Hangar costs:** Building and maintaining aircraft hangars requires significant investment

Prep book cases

Click on box to jump to case

Chartered Flight Operator *(Profitability)*

Air India vs Indigo *(Profitability)*

Lease Fee *(Profitability)*

European Airline *(Market Entry)*

'Go Green' Strategy *(Unconventional)*

Recent news

- Zomato founder Deepinder Goyal to venture into aviation with LAT Aerospace, which aims to focus on Tier 2 & Tier 3 cities (Link)
- Indian airlines industry has been plagued over the last years with chaos erupting from hoax bomb threats – 90+ over the last year (Link)
- India needs 30,000 pilots in next 20 years as airlines expand fleet (Link)

Useful resources to learn more about the industry

- **Airline Industry 101** (Link)
- **India Brand Equity Foundation, IBEF primer** (Link)
- **Confederation of Indian Industry (CII) future outlook** (Link)
- **International Air Transport Association India outlook** (Link)

Asset Management industry (1/2): Industry overview

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Value Chain

Fund Set-up	Investor Outreach	Investment & Management	Harvesting	Returns
• Structuring the sponsor, manager and trustee • Structuring for offshore funds and pooled vehicles • Designing themes and fund objectives	• Fund Marketing and distribution • Roadshows to institutional investors and HNIs	• Deciding sector and investment strategy • Evaluating opportunities • Closing on deals • Managing the asset	• Continuous monitoring and management of portfolio returns • Exiting the asset on achieving target IRRs	• Structuring the returns among different investor classes (in private market) • Providing liquidity in case of open-ended funds

Industry structures

Indian Market structure

- Asset Mgt. industry AUM size ~$2T (**15.47% CAGR**) split into Public mkt. AMCs & Pvt. Fund Managers

Market segments

- **Mutual Funds:** Operates in the listed space like ETFs, Equity-oriented, Hybrid, Debt-oriented, Liquid, Money Market
- **Private Market Funds:** Manage private assets, includes Angel Funds, VC, PE, Hedge Funds
- **Alt Inv Funds:** Real assets (REITs, InvITs & PEREs), commodities, numismatic & antiques, crypto fund
- **Asset Reconstruction Co.:** Handles distressed assets

Key players

SBI FUNDS MANAGEMENT LIMITED, ICICI PRUDENTIAL ASSET MANAGEMENT, HDFC ASSET MANAGEMENT COMPANY LIMITED

Industry dynamics

Porters five forces

- **Bargaining power of suppliers – High**; suppliers of capital (retail & inst. investors) have multiple options
- **Bargaining power of buyers – Low**; funds have many buyers of assets & asset classes to invest capital into
- **Threat of new entrants – Low**; since experience, reputation are critical; Tight regulatory requirements
- **Threat of substitutes – Moderate**; ETFs, Direct investing, robo-advisors, ULIPs are rising substitutes
- **Competitive rivalry – High**; multiple managers in every asset class; multiple foreign players in Indian market

PESTEL analysis *(select sections)*

- **Economic** – Highly sensitive to the economic state of the jurisdiction and dependent on market sentiment of retail and institutional investors
- **Technological** – Fintech innovations like Smallcase or quant/algo-trading are disintegrating traditional asset management in public markets
- **Environmental** – Focus on niche ESG investing

Revenue & cost drivers

Revenue drivers

- Asset Management Fees
- Performance Fees
- Distribution Fees

Cost drivers

- Transaction Costs / Brokerage
- Employee Benefits
- Operational Expenses

Industry terminologies

Key performance indicators

- **AUM:** Assets under Management
- **Hurdle:** Min IRR return offered to LPs
- **Catchup:** Return taken by GP for meeting hurdle commitments to LPs, generally 20% of hurdle distributions to LPs and GPs inclusive (effective 25%)
- **Carry:** Balance excess profits after meeting the hurdle / catchup generally distributed 80:20 by LP:GP
- **Expense Ratio:** AUM % charged for bearing the fund expenses

Good-to-know terminologies

- **LP:** Limited Partner, or investor in a fund
- **GP / Sponsor:** General Partner (sponsor in India), promoting the fund with sizeable investment
- **Trustee:** Funds in India are often set-up as trusts, the trustee holds the asset on behalf of beneficiaries and contracts with the manager

Asset Management industry (2/2): Deep-dive

INDEX

Growth drivers & challenges

Growth drivers

- Promotion measures by the Govt to **onshore the global asset mgmt industry** through initiatives like GIFT IFSC
- **India Post partners** with funds for KYC service
- **Rising AUMs** through increasing domestic financial inclusion & higher public market inflows (SIP Inflows 3Yr CAGR @32% as of FY25)

Challenges

- Largely **underdeveloped alternative asset market** in India with high uncertainty around regulatory parameters
- **Competitive pressures** driving down fee structures for managers

Prevalent business models

- **Fund Management:** Manages assets of a fund for the pool of LPs and the GP
- **Family Offices:** Manages family assets of UHNIs & corporate promoters
- **PMS & Wealth Management :** Manages personal wealth of HNIs investing across asset classes to provide comprehensive portfolio management services
- **Investment Advisory:** Provide investment advice to retail / HNI investors, but do not manage the assets on behalf of investor

Industry specific information (addn.)

- **Fee Structures -** Public market AMCs like HDFC, ICICI, Quant, JM etc. derive their revenues as a flat percentage of assets managed, while the fee structures for private managers are based on waterfall structures (hurdle, catchup and carry provisions) to align investor interests
- **Internal and External Management -** Asset managers may either be employees of the fund (internal) or a separate company contracted by the trustee (external) for fund mgt.; in India, most funds have external management
- **SPACs -** Emerging model in the US; fund managers incorporate listed blank cheque companies and acquire an unlisted asset to provide indirect listing

Prep book cases

Click on box to jump to case

Alternative Investment Fund *(Market Entry)*

PE Investment for a road asset *(M&A + DD)*

Carbon Credit Fund Strategy *(Unconventional)*

Recent news

- Jio BlackRock entered Indian Mutual Fund market (Link)
- ICICI Prudential AMC files papers for INR 10,000 crore IPO (Link)

Useful resources to learn more about the industry

- **Asset Management Industry Structure 101** (Link)
- **Indian Wealth Management Landscape, EY** (Link)
- **India Private Equity Report, Bain** (Link)
- **AI reshaping Global Asset Management, McKinsey** (Link)

Automobiles industry (1/2): Industry overview

Value Chain

Inbound Logistics	Manufacturing	Outbound Logistics	Marketing & Sales	After Sales
• Raw Material Procurement (steel, aluminium, rubber, plastics, electronics) • Vendor Management • Warehouse Handling	• Primary Production (casting, forming, stamping) • Secondary Production (machining, welding, paint) • Assembly • Quality Testing	• Warehousing • Multi Modal Distribution • Dealership Management	• Advertising • Pricing & Promotion • Digital & Dealer Marketing • Channel Incentives	• Repair • Maintenance • Warranty (extended service plans, connected services)

Industry structures

Indian market structure

Highly **fragmented** with clear segment leaders; Two-wheelers (2W) dominate by volume; **PV** is the value engine; **CV** is cyclical/infra-linked; **3W** is the electrification bright spot.

Market segments

2W: ~70–80% of volumes (commuter motorcycles, scooters; rising EV scooters).
PV: ~15–25% (hatchbacks → SUVs; CNG mix rising; EV small but growing).
CV: ~4–7% (LCV for last-mile; M&HCV tied to infra, mining).
3W: ~1–3% (fast EV adoption, passenger + cargo).

Key players

CV/PV: Maruti Suzuki, Hyundai, Tata Motors, Mahindra

2W: Hero, Honda, TVS, Bajaj

Industry dynamics

Porters five forces

- **Bargaining power of suppliers – Low;** large number of ancillary suppliers in the market;
- **Bargaining power of buyers – High**; price-sensitive consumer, cross-shopping across brands, transparent online discovery
- **Threat of new entrants** – **Low**; huge capex requirement, regulation and distribution moat, long-gestation period
- **Threat of substitutes** – **Moderate**; public transit upgrades, shared mobility, work-from-home trends
- **Competitive rivalry** – **High**; established players and upcoming new EV players; aggressive model cycles

PESTEL analysis *(select sections)*

- **Technological** – Target of 20% blending of ethanol in petrol and 5% blending of biodiesel in diesel by 2025-26, Shift to electrification (LFP/NMC), CNG/hybrids
- **Legal** – CAFÉ fuel-economy targets, mandatory six airbags (evolving), OBD-II, recycling/ELV guidelines
- **Environmental** – Emissions reduction, life-cycle battery sustainability

Revenue & cost drivers

Revenue drivers

- Automobile sales
- After sales service
- Extended warranty + Accessories + AMC
- Financing services

Cost drivers

- Raw Materials
- Labour
- Dealer margins & Retail incentives
- Advertising & Marketing

Industry terminologies

Key performance indicators

- **Utilization Rate:** Actual vehicle output divided by potential vehicle output
- **Cycle Time:** Total amount of time it takes for a vehicle to move through a production line from start to finish
- **Effective Labour Rate:** Revenue produced per billed hour of labor

Good-to-know terminologies

- **Fuel economy:** The amount of fuel a vehicle consumes per mile driven
- **Emissions:** The amount of pollutants emitted by a vehicle
- **Safety Rating:** A measure of how safe a vehicle is in a crash
- **Technology Features:** The number and types of technology features available in a vehicle
- **Warranty Claims:** The number of warranty claims filed for a vehicle

Automobiles industry (2/2): Deep-dive

INDEX

Growth drivers & challenges

Growth drivers

- **Luxury segment has seen upsurge in demand** as consumers are re-directing discretionary spend towards automotives
- OEMs tying up with financiers to expand credit
- **PLI Scheme** set to spur ~$10.5B govt. and private investment

Challenges

- **Rise in input cost** due to disruption in supply chain, global geopolitical issues and increasing commodity prices
- Constantly **evolving regulations around emission norms** (Fit for 55, BSVI Phase 2), air bag, axle-load.
- **Charging & grid readiness** for EV

Prevalent business models

- **D2C or OEM-Dealer** – Units sold either directly or through a network of dealerships, along with insurance and financing products
- **Mobility as a service (MaaS)** – Joint digital channel enabling users to plan, book, and pay for multiple types of mobility options
- **Subscription/Leasing based models** – Monthly fee charged to operate the vehicle, along with security deposit
- **Shared Mobility** – Transportation options which ferry multiple users simultaneously or at discrete intervals

Industry specific information (addn.)

- **Electrified Autonomous Vehicles** – Automotive industry will soon be dominated by EASCY vehicles (Electrified, autonomous, shared, connected and yearly updated) due to rapidly re-distributed R&D investments by incumbents
- **Shared mobility** – One out of ten cars sold in 2030 will potentially be a shared vehicle. In dense urban environments, governments have already started encouraging shared mobility
- **Digitization of dealership models** – As customer base shifts, online dealerships are also digitizing their processes to give a more personalized and in-depth experience, with digital contributing to more than 50%+ in sales-mix for OEM

Prep book cases

Click on box to jump to case

2- & 3-Wheeler Manufacturer *(Growth)*

Cab Aggregator *(Unconventional)*

Recent news

- Possible GST cuts as govt proposal includes reducing GST on small petrol hybrids (28% → 18%); GST Council meets Sep 3–4. (Link)
- In EV policy, 2025, govt notified EV passenger car manufacturing scheme guidelines (June 2) and opened the application portal; policy enables reduced import duty (as low as 15%) for approved investors with local commitments. (Link, Link)

Useful resources to learn more about the industry

- **IBEF overviews (automobile & auto components)** (Link)
- **2025 outlook on export growth in auto components, BCG** (Link)
- **Govt & media roundups - ET Auto industry page (fast daily stream)** (Link)

Banking (1/2): Industry overview

Value Chain

Marketing
- Advertisement
- Branding and Promotion

Sales
- Offerings
- Acquisition
- Retention

Products & Services

Funding
- Deposits
- Securities

Investing
- Credit
- Securities
- Financial Products

Services
- Account Management
- Asset Management
- IPO/Issuance

Transactions
- Payment Clearing
- Settlement
- Trading

Industry structures

Indian market structure
- Assets; Public Banks – 59.56%, Private Banks – 40.44%
- 13 public sector, 21 private sector, 44 foreign, 12 Small finance banks.

Market segments
- **Public Sector Banks (PSBs):** SBI is leading, followed by Bank of Baroda
- **Private Sector Banks:** Led by HDFC, followed by ICICI
- **Foreign Banks:** Banks like Citi bank, HSBC etc. had total assets of ~US $165 billion in FY23
- **Regional Rural Banks:** There are 28 RRBs in India

Key players

ICICI Bank, HDFC BANK, SBI

Industry dynamics

Porters five forces
- **Bargaining power of suppliers – Low;** Money supply and liquidity controlled by RBI
- **Bargaining power of buyers – Low;** Low individually, but can increase with rising incomes and better creditworthiness
- **Threat of new entrants – Low;** Low risk especially on account of huge licensing requirements, investment requirements & trust; only a few PSBs dominate market
- **Threat of substitutes – Moderate;** Risk posed by NBFCs, MFs, internet banking, & other fin services
- **Competitive rivalry – High;** Competition from large players, customers have accounts in multiple banks

PESTEL analysis *(select sections)*
- **Technology:** Indian Fintech industry currently is US$ 111 billion and estimated to be at US$ 421 billion by 2029. India has the 3rd largest FinTech ecosystem
- **Economics**: RBI reduced the repo rate from 6.5% to 6.25%

Revenue & cost drivers

Revenue drivers
- Interest on Lending
- Investment activities
- Deposits with RBI

Cost drivers
- Interest expense
- Labour
- Advertising

Industry terminologies

Key performance indicators
- **Net Interest Margin (NIM):** The difference between the interest earned and the interest paid, calculated as percentage of avg loan asset amount
- **Return on Assets (RoA):** It is used to assess the profitability of firm's assets
- **Efficiency Ratio:** Assesses how well a bank manages its non-interest/overhead expenses
- **LDR:** Loan Deposit Ratio assesses liquidity

Good-to-know terminologies
- **CASA Ratio:** Current Account Savings Account Ratio is used to determine the ratio of deposit amount in current & savings accounts to total deposits
- **NPA:** Non-performing assets are those advances on which interest payment has been overdue for more than 90 days

Banking (2/2): Deep-dive

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Growth drivers & challenges

Growth drivers

- **Home Loan boom** with SBI's home loan book up 15% YoY, driving lending growth
- RBI says **GenAI can boost efficiency** by 46%.
- PSB record ₹3.71 lakh crore profits, **stronger capital** base
- RBI **reduced rates** thereby decreasing the funding costs for banks

Challenges

- Squeezing margins due to **higher deposit costs** and **lower interest** rates
- **Limited reach** in underserved & rural areas, ~1.4 bn Indians don't have access to banking\
- **Sluggish deposit mobilization**

Prevalent business models

- **Retail Funded Banks:** Provides banking services to individual customers, offering services like personal loans, checking accounts, etc. Basically, thebanks are aimed at the general public or smaller corporations.
- **Wholesale Funded Banks:** Banking services being sold to large, institutional clients, including MNCs, governments, and real estate developers. Such banks facilitate access to a substantial amount of capital, offering services like risk management, IB, etc.

Industry specific information (addn.)

- **Lending Boost in NBFCs:** NBFCs credit growth (20%) outpaces that of Banks (12%) in FY25 led by Gold NBFC category
- **Reducing Provision Costs:** Private banks posted 8% YoY PAT growth, driven by lower provisions; PSU banks outperformed private counterparts in managing costs & provisions over the past 2 years
- **Transaction split:** Transactions through UPI grew by 42% YoY. Debit card transactions declined 29% in volume and Credit Card transactions grew 34% in volume YoY
- **Reduced NPAs:** NPAs reached record lows (public sector: ~4.0%, private sector: ~2.0%-2.5%) in FY2025reached record lows (public

Prep book cases

Click on box to jump to case

Commercial Bank *(Profitability)*

GenAI in International Bank *(Unconventional)*

Commercial Vehicle Loan *(Unconventional)*

digitizing Gold Loans *(Unconventional)*

Recent news

- Banking Laws (Amendment) Act raises the 'substantial interest' cap, extends cooperative bank director tenure, & empowers PSBs to handle unclaimed assets and remunerate auditors (Link)
- The latest RBI data shows a slowdown in bank credit growth, which rose by 1.4% in the current fiscal year so far, compared to 2.3% a year ago. (Link)
- The RBI granted in-principle approval for AU Small Finance Bank to transition into a Universal Bank. (Link)

Useful resources to learn more about the industry

- **Banking Sector Roundup FY25, BCG** (Link)
- **Roadmap for Indian banking sector for 2047, PwC** (Link)
- **Strengths & Weakness of banking sector in 2025, ThePrint** (Link)

Cement industry (1/2): Industry overview

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Value Chain

Raw Material
- Long term leasing of limestone quarries
- Long-term contracts with suppliers (coal, fly ash, gypsum)

Inbound Logistics
- Plant is located close to limestone quarry (minor)
- Rail/road/coastal used for other materials

Manufacturing
- Quarry & crushing → pre-blending → raw mill → clinker → cooler → finish grinding → blending → silos/packing
- High automation and economies of scale

Distribution
- High freight intensity
- Rail-road mix + coastal/bulk terminals for transport
- Warehouse network
- Large orders directly to dealers/customer

Sales & Marketing
- Strong contractor relations
- Distribution-Dealer network for sales
- Bulk order prices are lower + regional pricing
- Tech services to contractors

Industry structures

Indian market structure

Installed capacity ~650–700 MTPA
India is **world's #2** cement producer (~8% of global capacity)
Top 5 players' market share accounts for **~54%** with oligopolies existing across regions

Market segments

- **By product:** OPC 43/53; blended PPC/PSC/Composite; white cement & wall putty; specialty (SRC, rapid-hardening, oil-well)
- **By customer:** Retail housing (bags), bulk/RMC & infra, industrial/commercial
- **By region:** Different cost/pricing structures (freight-led)

Key players

UltraTech Cement, JSW, adani, Dalmia Bharat Cement, JK Super cement, ACC, Ambuja Cement

Industry dynamics

Porters five forces
- **Bargaining power of suppliers – Medium;** government controls licensing of coal & limestone reserves and supply of power from grid; companies opt for backward integration for other supplies.
- **Bargaining power of buyers – Low;** large cement players hold majority of market retain power on the pricing; institutional buyers negotiate
- **Threat of new entrants – Moderate**; high entry barriers owing to high capex, mines/clearances, distribution set-up; access to limestone reserves also acts as a barrier
- **Threat of substitutes – Low;** few practical/economic alternatives leading to low elasticity of demand
- **Competitive rivalry – Moderate;** oligopolistic market selling homogenous product with low control over pricing

PESTEL analysis *(select sections)*
- **Political –** Current government's focus on infrastructure development is expected to increase demand of cement
- **Economic –** Demand is linked to the economic cycles
- **Environmental –** Green cement has been on the rise as it offers excellent thermal insulation and fire resistance. Indian companies amongst world's greenest

Revenue & cost drivers

Revenue drivers
- Sales of cement (>90%)
- Premium mix includes PSC/Composite/white/putty & trade share drive realisation
- Interest income

Cost drivers
- Power & fuel costs (30%)
- Selling & distribution cost including freight (25%)
- Material costs (20%)

Industry terminologies

Key performance indicators
- **EBIDTA/ Ton:** Metric of profitability used by management to judge performance
- **Availability Factor:** Potential operating time during a given period
- **Reliability Factor:** Ability to operate without interruption/breakdown
- **Performance Factor:** Measure of actual output performance in relation to expected output

Good-to-know terminologies
Clinker factor: Tonnes of clinker consumed per tonne of cement
Specific heat: Thermal energy used by the kiln to produce 1 kg of clinker; core measure of kiln fuel efficiency.
Lead distance: Average transport distance from plant/railhead to customer/warehouse; primary driver of freight cost.

Cement industry (2/2): Deep-dive

Growth drivers & challenges

Growth drivers

- India has **high quantity and quality of limestone** deposits throughout the country
- Sustained govt infra outlay + **PMAY/urban housing** continue to support demand;
- Industry adding **~30–45 MTPA annually**; utilisation to remain ~70–72%

Challenges

- **Excess capacity and low demand** are dragging down prices
- Limited supply of coal and price fluctuations with volatility & import dependence for key raw materials
- Freight & logistics constraints with rail rake availability; high average leads

Prevalent business models

- **Integrated** (mine → clinker → grinding) – Structurally lowest cost; heavy capex & compliance.
- **Clinker + satellite grinding** – Flexibility to chase demand; transfer-pricing & clinker availability are key.
- **Grinding only** – Near ports/consumption clusters: asset-light entry; margin sensitive to clinker prices.
- **Go-to-market** – strong trade brand & dealer programs vs institutional bulk (RMC/infra).
- **Adjacencies** – RMC, white cement & putty, building-materials retail.

Industry specific information (addn.)

- **Bulky material** – Due to high handling and freight costs, manufacturers keep their production unit as close as possible to the end consumer
- **Regional markets** – High transportation costs relative to product value led to regional markets protected from international competition. Delivering the product to customers close to plants result in regional oligopolies
- **Retail customer** – Push market industry, whoever push product to the customer first succeeds. Layman doesn't differentiate between brands
- **Sales influencers** – Mason and shopkeeper are lead sales influencers in case of retail customers
- **Size and spread** – Allows a company to negotiate better with the suppliers. More a company is spread, more can it minimise the freight costs and serve a higher market, thus creating bigger brand

Recent news

- GST cut likely for cement (28% → 18%) is on the GST Council's September agenda; analysts expect this to lift sector profitability and enable selective price hikes in H2 FY26. (Link)
- The EU's CBAM moves to the definitive (paid) phase in 2026, covering cement; Indian exports to the EU will face embedded-carbon pricing. (Link)
- Revised SHAKTI coal-linkage policy (2025) notified; coal reforms continue, important for kiln fuel economics. (Link)

Useful resources to learn more about the industry

- **IBEF overviews (cement)** (Link)
- **CRISIL sector notes (demand/realisation outlook & profitability trackers)** (Link 1, Link 2)
- **Cement Manufacturers' Association, CMA (publications & sector updates)** (Link)

Defence industry (1/2): Industry overview

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Value Chain

R&D	Production	Quality Assurance	Sales & Contracting	Delivery & MRO
• Research in material, technology and processes • License, JV and Technology absorption	• Facility, production line & instrumentation setup • Reliable supply chain Management	• Meet certification and standardization requirements • High Precision Engineering	• RFP and Bidding • Price negotiations and local compliances • Defence expos and trade shows	• Delivery and integration with existing systems • Maintenance, Repair and Overhaul after-sales

Industry structures

Indian market structure

- Domestic production dominated by Govt owned Defence PSUs (77% by value), Pvt sector also emerging (23%)
- Foreign OEMs also participate through Joint Ventures and ToT

Market segments

- **Weapons & armaments–** Missiles, artillery and ammunition. Highest share of Indian export
- **Platforms–** Aircrafts, battle ships, submarines, tanks and vehicles. Largest segment by value.
- **Electronics & Communication –** Radar, AEW&Cs, drones, cyber and electronic warfare. Fastest growing.

Key Players

हिएलि HAL; TATA ADVANCED SYSTEMS; मा डो md

Industry dynamics

Porters five forces

- **Bargaining power of suppliers – High;** reliance on foreign OEMs, but indigenization reducing dependence
- **Bargaining power of buyers – Very High;** government is the only buyer with full control over procurement
- **Threat of new entrants – Low;** high regulation, capital & technical barriers, but new private players emerging
- **Threat of substitutes – Very Low;** no real alternatives to defence equipment
- **Competitive rivalry – Moderate**; dominated by DPSUs but domestic private sector entry and foreign suppliers increasing competition

PESTEL analysis *(select sections)*

- **Political –** Govt push for indigenization (Atmanirbhar Bharat, Make in India); higher FDI; procurement reforms
- **Economic –** Rising defense budget; reducing imports; growing exports
- **Technological –** Shift toward high-tech warfare with drones, AI & cyber; strong push for local innovation and production

Revenue & cost drivers

Revenue drivers

- Government Contracts
- Defence Exports
- After Sales Support

Cost drivers

- Plant & Machinery
- R&D and License
- Manufacturing expenses
- Raw material cost

Industry terminologies

Key performance indicators

- **Order Book Value:** Total value of defence contracts on hand, indicates future revenue
- **Delivery Compliance Rate:** % of projects delivered within timeline and specifications
- **Indigenous Content Ratio:** % of system/components sourced domestically
- **R&D intensity:** % of revenue spent on R&D, indicates innovation
- **Cost per unit:** Total cost incurred to produce one unit of a product

Good-to-know terminologies

- **Offset Obligations:** Foreign suppliers required to reinvest a certain % of the contract value into India's defence sector
- **Transfer of Technology:** Transfer of licensing/know-how from foreign OEMs to Indian designated partners

Defence industry (2/2): Deep-dive

Growth drivers & challenges

Growth drivers

- Government push on indigenization through **Atmanirbhar Bharat** in DAP 2020. Fifth Positive Indigenisation List (PIL) mandates procurement of 346 items only domestically
- Entry of **startups, MSMEs**, and **private companies** with FDI up to 74% allowed
- **Defence exports** grew to ₹23,622 crore in FY25 with a target of ₹50,000 crore by 2029

Challenges

- Heavy **reliance on imports** for critical, high value technologies
- Lengthy **procurement** and development cycles
- **Non-existent** military-industrial complex in India, **skilled labour** shortages

Prevalent business models

- **OEM/ETO –** OEMs design and produce equipments in-house or through license, Engineer to Order either redesign existing platforms or create new design based on requirements
- **JV and Strategic Partnerships –** Different companies form a partnership to develop and/or manufacture. Satisfies requirements of ToT and local components. E.g., Tata and Airbus co-production of C-295 aircrafts.
- **MRO –** Maintenance, upgrades and lifecycle management of defence equipments

Industry specific information (addn.)

- **Drones, AI and space–** Focus on drone swarm technology, AI-enabled surveillance and electronic/information warfare. In space defence, focus is on satellite resilience and anti-satellite systems
- **New indigenous platforms–** Major projects include AMCA 5th-gen fighter, Tejas Mk-II, new aircraft carriers, next-gen submarines and long-range missile systems. Indigenous UAVs and loitering munitions are also gaining traction
- **iDEX & Defence Corridors–** Innovation for Defence Excellence (iDEX) supports 450+ startups/MSMEs with seed funding. Defence corridors in UP & TN are creating clusters for aerospace, missiles and electronics, enhancing production, testing and exports

Recent news

- Hindustan Aeronautics Ltd (HAL) confirmed a ₹62,000 crore order from the Indian government for 97 upgraded Tejas LCA Mk-1A fighter jets (Link)
- India's defence production hit a record ₹1.5 lakh crore in 2024-25, driven by policy reforms, private sector growth, and indigenisation efforts (Link)

Useful resources to learn more about the industry

- **India Brand Equity Foundation (IBEF primer)** (Link)
- **Aerospace and Defence outlook, Deloitte** (Link)
- **India's Defence export, SIDM** (Link)

E-commerce industry (1/2): Industry overview

Value Chain

Inbound Logistics & Set-up	Operations	Outbound Logistics	Marketing	After sales service
• Supplier Selection • Procurement of Raw Materials • Transportation • Platform design & set-up	• Product selection/ mfg. • Warehousing • Supervision • Inventory management • Platform management	• Order Fulfilment • Shipping, Multi-Modal Delivery • Delivery partnerships	• Multi-Channel Marketing • Advertisements • Customer Retention Strategies	• Return and exchanges • Customer support • Feedback

Industry structures

Indian market structure

Oligopolistic structure: Top 3 players market share: Amazon ~28%, Flipkart ~32%, Meesho ~9%.

Reliance Ajio and Tata Cliq are other players

Market segments

- **Retail –** fashion, electronics, books, ex- Flipkart, Nykaa
- **Food and groceries –** Include instant delivery platforms
- **Online services –** Include digital payments, hyperlocal services
- **Matrimony & classified–** Job portals, real estate included

Key players

Industry dynamics

Porters five forces

- **Bargaining power of suppliers – Moderate**; sellers of differentiated products & known brands have more power
- **Bargaining power of buyers – High**; high price sensitivity, high tendency of consumers to ROPO (Research Online, Purchase Offline)
- **Threat of new entrants – Moderate**; lower entry barriers than brick-and-mortar; restrictions on B2C FDI
- **Threat of substitutes – High**; low switching cost, high ROPO, increased "showrooming" by brick & mortar store
- **Competitive rivalry – High**; concentrated market with key players like Flipkart, Amazon in price wars

PESTEL analysis *(select sections)*

- **Technology –** AR/VR technologies & virtual storefronts
- **Environmental –** Sustainable packaging gaining relevance
- **Legal –** 100% FDI allowed in marketplace business model but not in inventory-driven model
- **Social –** Tier 2/3 to contribute ~65% online retail order

Revenue & cost drivers

Revenue drivers

- Commission/Revenue sharing
- Subscription Fee
- Ad revenue, Affiliate marketing
- Delivery charges

Cost drivers

- Shipping and returns
- Warehousing
- Customer acquisition

Industry terminologies

Key performance indicators

- **Average Order Value (AOV):** Total revenue divided by no. of orders; yields customer's avg amount spent in an order
- **Customer Acquisition Cost (CAC):** Amount spent to acquire a new customer
- **Gross Merchandise Value (GMV):** No. of transactions multiplied by AOV; represents total sales volume in a period
- **Shopping Cart Abandonment Rate (SCAR):** 1 minus cart conversion rate (i.e. sales divided by no. of carts); shows ease of the check-out system

Good-to-know terminologies

- **Omni-Channel Retailers:** Integrating sales channels for a unified customer experience
- **BNPL:** Buy Now Pay Later feature as a short-term typically interest-free form of credit

E-commerce industry (2/2): Deep-dive

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Growth drivers & challenges

Growth drivers

- **Grocery & fashion/apparel** to be key drivers, with increased purchases in Tier 2-4 cities (contributing to 65% orders placed by 2030)
- **Govt. Initiatives**: ONDC; Government e-Marketplace Portal (GeM); Improved online payments infrastructure in rural India (UPI + Broadband)
- **Growth of D2C :** Expected to cross $100Bn by 2025

Challenges

- Indian customers prefer CoD payment (60% of the orders), has **high return** rate of ~18% of all orders
- **Rising CAC** due to increased competition
- Lack of **delivery infrastructure in rural** areas
- **Draft DPDP Rules 2025**: Increased regulatory scrutiny on data protection and e-commerce

Prevalent business models

- **Marketplace model:** Zero inventory model where merchants are connected to logistics companies & financial services. For ex: Amazon; Also includes reselling/ social commerce platforms like eBay, Meesho
- **Inventory led model:** Websites storing inventory in advance and then sell to customers. For ex: BigBasket

Industry specific information (addn.)

- **Private-Public Partnerships –** HUL, ITC, PayTM, Meesho join Open Network for Digital Commerce (ONDC); e-commerce export hub to boost exports
- **IPOs and Investment–** Meesho, reportedly, filed DRHP for IPO; Flipkart offered $50 million stock buyback to employees, signalling IPO; Amazon India plans to invest $233 mn to strengthen operations
- **Rise of Omni-Channels –** Emergence of Buy-Online-PickUp-in-Store (BOPIS) & Ship-from-store options (ex. Decathlon, Croma)
- **Hypervalue commerce –** Global rise in ultra-low value assortment like Temu
- **Rise of D2C-** Gen Z preferring D2C brands like Lenskart, Mamaearth, BoAt

Prep book cases

Click on box to jump to case

E-Commerce Company *(Growth)*

AI Start-up Acquisition *(M&A + DD)*

Online Grocery Start up *(M&A + DD)*

Customer Service Process Automation *(Unconventional)*

Horizontal Integration in E-commerce *(Unconventional)*

Recent news

- Amazon lobbying the Indian government to exempt exports from FDI restrictions, seeking permission to buy products directly from Indian sellers for sale in overseas markets (Link)
- Meesho has filed its draft red herring prospectus (DRHP) confidentially with SEBI to raise Rs 4,250 crore through an IPO (Link)

Useful resources to learn more about the industry

- **E-commerce Industry 101, Salesforce & Shiprocket** (Link 1, Link 2)
- **India Brand Equity Foundation (IBEF primer)** (Link)
- **How India shops online report 2025, Bain & Flipkart** (Link)

Education industry (1/2): Industry overview

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Value Chain

Infrastructure & Curriculum	Institute Ops & Support	Instruction & Delivery	Assessment	Career & Alumni
• Define learning outcomes (at school/ govt. level) • Set-up school infrastructure, equipment, etc. • Develop core curriculum content	• Marketing to attract students • Manages student admissions and enrollment • Procure necessary supplies, engage with suppliers (uniform, chalks, etc.)	• Delivers teaching through various in-class & out-of-class methods • Conduct extra-curricular events & co-curricular events	• Define evaluation criteria • Develop exam material • Evaluation of student performance in exams • Track progress; Provide feedback	• Offers career counseling and placement (in colleges/ vocational institutes) • Builds active alumni and employer networks

Industry structures

Indian market structure

India has one of the world's largest education systems with **250M+ school students** & **40M+ enrolled** in higher education. Market is competitive, growing & fragmented at multiple levels

Market segments

- **K-12 education:** School education till class 12th, govt. & pvt. Schools
- **Higher education:** Split between elite and private colleges
- **Vocation training institutes:** For skill-craft-based trainings
- **Coaching institutes:** Coaching for competitive exams
- **Ed-tech:** Online classes for school education, competitive exams and courses for skill development

Players *(several, few shown here)*

Few known names mentioned here

unacademy

FIITJEE

Industry dynamics

Porters five forces

- **Bargaining power of suppliers – Moderate**; Shortage of highly skilled and quality educators, especially at the higher ed. level; adequate supply of other resources
- **Bargaining power of buyers – Moderate**; Limited choice of quality higher ed institutes, but adequate supply in the K-12, coaching and online education segments
- **Threat of substitutes – Low**; High acceptance and trust in offline education make it irreplaceable in the short run
- **Threat of new entrants – Moderate**; Capex req moderate, stringent regulatory compliance (e.g., UGC)
- **Competitive rivalry – High**; Cut-throat competition in private players as customers are limited and high LTV

PESTEL analysis *(select sections)*

- **Political** – Govt driven efforts to promote education; allowing 100% FDI; NEP pushing for structural changes in the education system
- **Legal** – Complex regulatory environment, sector governed by legal bodies such as UGC, AICTE, etc.
- **Economic** – Rising disposable income increased spending on education, increasing demand for quality education

Revenue & cost drivers

Revenue drivers

- Tuition fees (core)
- Ancillary fees (hostel, transport, meals, etc.)
- Public funding/ research grants/ donations
- Corporate tie-ups/ Value added programs (like add-on certifications, labs, etc.)

Cost drivers

- Payroll (Teaching & Non-teaching staff)
- Infrastructure costs (maintenance, utilities, etc., plus capex)
- Content development & licensing

Industry terminologies

Key performance indicators

- **Pass rate / Success rate:** % students passing exams
- **Student-to-teacher ratio:** # students per teacher at the institute
- **Retention rate:** % students who continue their studies from one year to next
- **Faculty Retention rate:** % faculty that continue with the institution
- **Student acquisition cost:** Cost associated with recruiting & enrolling each student

Good-to-know terminologies

- **Regulatory bodies:** UGC - University Grants Commission; AICTE - All India Council for Technical Education
- **MOOC:** Massive Open Online Courses
- **LMS:** Learning Management System. Internal platform for course mgmt. (content, scores, etc.)

Education industry (2/2): Deep-dive

INDEX

Growth drivers & challenges

Growth drivers

- **Rapid expansion of digital learning** that scale content delivery and personalized learning
- **Strong policy push** (NEP, others) driving curriculum reform, multidisciplinary learning
- Rapidly **expanding middle class** fuels growing willingness to invest in quality education

Challenges

- **Infrastructure gaps** in labs, libraries, and digital facilities restricting scale-up of programs
- **High cost of private education** and reliance on supplementary coaching erodes affordability
- **EdTech sustainability challenges**: high customer acquisition costs and poor learner retention undermine business viability

Prevalent business models

- **Tuition & Fee-based:** Core model across schools, universities, coaching, and EdTech
- **Income Share Agreements (ISA):** Learners pay after placement, typically a fixed % of salary
- **Subscription & Freemium:** Digital platforms provide access via recurring or tiered plans
- **Marketplace Commissions:** Platforms hosting tutors earn by taking a cut of each transaction
- **Certification & Credentialing:** Digital platforms charge for diplomas, or micro-credentials
- **B2B licensing:** Typically provided to institutions/corporates on recurring fees
- **Franchise & Affiliate Models:** Coaching chains expand via revenue-sharing agreements

Industry specific information (addn.)

- **AI + hybrid learning:** Embedding AI-enabled assessment, adaptive content & hybrid delivery increasingly being expected
- **Affordability pressure & stratification:** Budget private schools & rural institutions growing but margins are tight; fee inflation is higher than CPI, creating political and market tensions
- **Regulatory opening + internationalisation:** New rules enabling foreign university campuses / collaborations changing competitive dynamics
- **Shift to short credentials and employability-skills:** Micro-credentials, bootcamps, industry-partnered programs expanding → good signal for revenue diversification (e.g., corporate training)

Prep book cases

Click on box to jump to case

Education Provider *(Profitability)*

Level of Educational Attainment *(Unconventional)*

Children in School *(Unconventional)*

Recent news

- The Delhi Assembly passed the Delhi School Education (Transparency in Fixation and Regulation of Fees) Bill, 2025, to regulate private school fee hikes through a multi-tier oversight mechanism, mandatory disclosures, and stringent penalties; It brings parents into the fold for fee-decision making: Link
- As global universities tighten their admission policies and visa challenges grow, India is rising as a global education hub: Link

Useful resources to learn more about the industry

- **IBEF primer (education)** (Link)
- **Invest India education sector overview** (Link)
- **Education sector 2024 research report, Brickwork Ratings** (Link)

Electric Vehicles (1/2): Industry overview

Value Chain

Inbound Logistics
- Raw material sourcing (Li, Ni, Co)
- Motors and semiconductors

Operations
- R&D in EV design
- Battery tech
- Vehicle assembly
- Quality control and safety tests

Outbound Logistics
- Warehousing and distribution
- Dealership network

Sales and Marketing
- Booking systems and online sales
- Financing options
- Deals and incentives

After-Sales
- Maintenance and development of charging infrastructure
- Car and battery service

Industry structures

Indian market structure
- Multiple leading automobile players have entered the arena . 2 & 3 wheelers current dominate sales; 4-wheeler market picking pace
- India EV sales rose: 50K (2016) to 2.08M in 2024 (~7.5% penetration)

Market segments
- **2-wheelers:** ~56% of EV sales & ~6% of 2W sales, with TVS, Bajaj Auto & Ola Electric as top players
- **3-wheelers:** ~36% of EV sales, led by Mahindra, YC, SAERA
- **4-wheelers:** ~6% of EVs with Tata Motors leading with ~53% in EPVs
- **E-buses & CV:** Led by Tata Motors, PMI Electro, JBM, Olectra

Key players

OLA ELECTRIC — Electric 2w
yc — E-rickshaw
TATA MOTORS — Electric 4w, Electric-buses

Industry dynamics

Porters five forces
- **Bargaining power of suppliers – Moderate;** Specialized nature of batteries and raw material
- **Bargaining power of buyers – Low;** Small number of cost effective and safe EV options
- **Threat of new entrants – Moderate;** Government incentives, yet high R&D cost and capital investment
- **Threat of substitutes – Moderate;** Established ICE vehicle with low purchase prices & consumers moving towards sustainable tech
- **Competitive rivalry – High;** Low differentiation in 2-wheelers segment & HEVs in market

PESTEL analysis *(select sections)*
- **Technology:** Advances in battery tech, charging infra, autonomous driving capabilities
- **Political**: Ambitious 2030 adoption targets, ₹10,900 crore PM E-DRIVE scheme, PLI incentives for domestic manufacturing, ₹2,000 crore for 72,000 chargers.
- **Environmental:** Move towards net zero emissions

Revenue & cost drivers

Revenue drivers
- Vehicle and battery sales
- Charging station fees
- Government incentives
- Aftermarket and services

Cost drivers
- Design and R&D
- Building charging infrastructure
- Powertrain (battery, motor, semiconductors)

Industry terminologies

Key performance indicators
- **Drive range:** Distance the EV can cover in a single charge
- **Lifetime cost savings:** Difference in ownership costs between EV and ICE
- **Uptime:** Duration when EV is in operation from charge to charge
- **Charging station density:** No. of charging stations per sq.km to calculate penetration of charging infrastructure
- **Usage frequency of charger:** Indicates utilization of charging station

Good-to-know terminologies
- **Range Anxiety:** Fear that EV may run out of battery before reaching destination
- **Powertrain:** System converting chemical energy to mechanical for propulsion
- **BEV/PHEV/HEV :** EVs categorised as Battery EVs, Plug-in Hybrid EVs & Hybrid EVs based on powertrain

Electric Vehicles (2/2): Deep-dive

INDEX

Growth drivers & challenges

Growth drivers

- **Govt. support via initiatives** like PM E-DRIVE scheme & PLI with 713% increase in funding
- Investments in **battery manufacturing** & **charging infra** (₹2,000 Cr for 72,000 chargers)
- **Falling battery costs**, improved **local supply chains**, & increasing consumer awareness
- Target to curb 846M tonnes of CO2e by 2030

Challenges

- **Range anxiety** due to inadequate power grid & charging infra (1 charger per 135 EVs)
- **Dependence on imports** for >90% of Lithium-ion batteries
- EVs are **priced 20-30% higher** than ICEs

Prevalent business models

- **Vehicle manufacturing:** Sale of electric two-, three-, and four-wheelers for personal and commercial use
- **Fleet leasing and subscription:** EVs leased out to corporates and commercial aggregators (BluSmart, Evera, Ola, etc.)
- **Charging providers:** Focus on setting up charging network and generating revenue through units charged and allied facilities
- **Battery swapping:** Focus on swapping depleted EV batteries for charged ones at designated swapping stations

Industry specific information (addn.)

- **Charging infrastructure:** As of early 2025, India has ~26,000 public & semi-public charging stations
- **EV adoption:** EV penetration rates in e2w is ~6.2%for e2w, ~22.8% for e3w and ~2.7% for e4w
- **Oil demand slowdown:** According to Petroleum ministry, demand for crude is expected to fall due to increasing EV adoption
- **Surge in Funding Supported by OEMs:** As of November 2024, India's EV industry attracted >USD 7.2B in funding, with Bengaluru accounting for 51% of investment.
- **Production Surge:** Battery-powered PV production is projected to grow at 140% YoY in 2025

Prep book cases

Click on box to jump to case

EV Manufacturer
(Market Entry)

Recent news

- The PM E-DRIVE scheme has been extended by 2 years from March 31, 2026, to March 31, 2028, with the original outlay of ₹10,900 crore maintained. (Link)
- Tesla is expanding its EV charging infrastructure in India with its first V4 Supercharger station opened at One BKC in Mumbai, capable of delivering up to 250 kW fast charging for Model Y (Link)

Useful resources to learn more about the industry

- **Green Roads Ahead: Steering Through India's Electric Mobility Journey, BDO** (Link)
- **Electric Vehicle Opportunity in India, NITI Aayog** (Link)
- **India Brand Equity Foundation (IBEF) primer** (Link)
- **India EV Sales Trends and Investments, EV Reporter FY2024-25** (Link)

Food Delivery (1/2): Industry overview

INDEX

Value Chain

Platform Delivery	Restaurant Onboarding	Customer Discovery	Operations	Customer Service
• Developing an online market place application • Interface between restaurants and customers	• Menu Listing • Commission Setting • Quality Control (GST Registration, Licenses)	• Customer onboarding • Customer acquisition through marketing • UI/UX Optimisation	• Fleet Management • Co-ordination between restaurants & customers	• Complaint redressal • Live order tracking • Reflection of customer feedback in restaurant listing

Industry structures

Indian market structure

- **Market size**: ~$7.8B expected to grow at 10-12% CAGR till 2030
- **Duopoly** with only 2 major players – Zomato and Swiggy capturing large market share. Zomato leads.

Market segments

- **Product Type**: Grocery delivery, Meal delivery
- **Business Model**: Logistic Focused, Order Focused, Restaurant Specific
- **Restaurant/ Merchant types:** QSR Chains, Cloud Kitchens, Casual Dining, Home Chefs

Key players

zomato

SWIGGY

Industry dynamics

Porters five forces

- **Bargaining Power of Suppliers** – **Moderate;** Restaurants rely on platforms; few suppliers,
- **Bargaining Power of Buyers – High;** Low switching cost; buyers easily shift across platforms
- **Threat of New Entrants – Low;** High investment & regulatory barriers; scale needed for profits
- **Threat of Substitutes – Moderate;** In-restaurant dining, home cooking, direct delivery options
- **Competitive Rivalry – High;** Intense competition with limited differentiation

PESTEL analysis

- **Political –** Govt. ONDC push pressures pvt. players take rate & prices; Gig worker benefits being given increasing recognition (e.g., Rajasthan state laws)
- **Social** – Glocalisation (rising interest in int'l cuisines) is an emerging trend; >45% of food driven by intl. cuisines
- **Technological** – Rising digitization with self-ordering kiosks in QSRs (e.g. KFC), increased traffic on discovery platforms (e.g. EazyDiner)

Revenue & cost drivers

Revenue drivers

- Commissions from restaurants
- In-app advertisement
- Delivery Charge
- Ancillary service (Zomato Gold)

Cost drivers

- Delivery Cost
- Marketing (Ads, discounts)
- Employee cost
- Software development costs

Industry terminologies

Key performance indicators

- **Average Order Value (AOV):** Higher AOV offsets fixed delivery cost (~₹400/order)
- **Customer Acquisition Cost (CAC):** Measures cost-effectiveness of market penetration
- **Monthly Active Users (MAUs):** Tracks active vs. dormant users for performance
- **Customer Lifetime Value (CLTV):** Projects revenue across customer's platform engagement

Good-to-know terminologies

- **Cloud Kitchen:** Kitchen for online orders, no dine-in/storefront
- **Delivery Radius:** Geographic area a platform can deliver to
- **QSR:** Quick Service Restaurants (e.g., McDonald's, Burger King)

Food Delivery (2/2): Deep-dive

INDEX

Growth drivers & challenges

Growth drivers

- **Underpenetrated market** at 12% vs. 20–27% in mature markets (China, South Korea)
- **40%+ YoY growth** in cloud kitchens & QSR (2019–23) from low costs, youth demand
- **Gen-Z** drives 40% of consumption, set to rise with **income growth**

Challenges

- Government's **ONDC** (Open Network for Digital Commerce), operational in 200+ cities, to challenge Swiggy-Zomato duopoly, with its offerings at a 30-80% discount relative to incumbents (challenge for incumbents only)
- High **attrition rates** marked by decreasing incomes of food delivery partners

Prevalent business models

- **Aggregator with delivery services –** Provision of marketplace service along with fleet management for delivery to consumer
- **Aggregator without delivery services -** Marketplace service without delivery services (mostly for established chains like Dominos)
- **In-House food production -** Vertical integration to develop own restaurants using customer data (similar to Amazon basics)
- **Open networks:** Platforms built on Open Network for Digital Commerce (ONDC) like Paytm

Industry specific information (addn.)

- **Direct ordering** by chains (Domino's, McDonald's) to avoid aggregator commissions
- **Faster service:** Domino's 20-min delivery, KFC 7-min pick-up
- **Key metrics:** 50M+ MAUs on delivery apps; 10M+ on SR apps
- **Low/ zero commission models** (ONDC, WAAYU, Thrive) with data-led restaurant access
- **M&A for expansion**: Swiggy–LYNK (2023)

Prep book cases

Click on box to jump to case

Food Delivery Service Provider
(Unconventional)

Recent news

- Restaurants to tap ONDC to take on Zomato, Swiggy (Link)
- Quick Commerce can be bigger than food delivery, won't be a duopoly: Swiggy founder Sriharsha Majety (Link)
- Food delivery sector feels heat as new players push low-cost models, transparency (Link)

Useful resources to learn more about the industry

- **Is it time Swiggy Zomato rethink platform fees, Inc42** (Link)
- **What's driving India's food services industry, Swiggy & Bain** (Link)
- **Swiggy Annual Report** (Link)
- **ONDC investor Newsletter** (Link)

Food Processing (1/2): Industry overview

Value Chain

Inbound Logistics	Manufacturing & Processing	Outbound Logistics	Marketing & Sales	After Sales
• Farm Produce (contract farming/FPOs/APMC) • Dairy Products (milk pooling) • Fisheries and Meat procurement	• Cleaning and Grading • Input process (milling, pasteurization, slaughter, pulping	• Cold and temp-controlled storage & warehousing • Ambient storage with FEFO (First Expired, First Out) • Export logistics	• Packaging and Sorting • Insurance • Reefer Transport • GT/MT, e-comm, q-comm, HoReCa, PDS, Exports	• Distributor Service • Consumer Care • HoReCa & Vendor Support

Industry structures

Indian market structure

Large MSME/ unorganized base with fast-growing branded players; food processing already ~32% of India's food market, attracts steady FDI, and is slated for strong growth

Market segments

- **Staples & Ingredients** (edible oils, atta/rice/pulses, spices, sugar, salt)
- **Dairy** (milk, curd, cheese, ice cream)
- **Snacks & Bakery**
- **Packaged Foods** (incl. RTC/RTE)
- **Beverages** (hot, cold, functional)
- **Protein & Frozen**
- **Confectionery**; **Condiments**; **B2B/HoReCa ingredients**

Key players

Unilever, Nestlé, PARLE, Amul, ITC Limited, PEPSICO, BRITANNIA, Coca-Cola

Industry dynamics

Porters five forces

- **Bargaining power of suppliers – Low,** large number of sellers with comparatively limited resources and undifferentiable products
- **Bargaining power of buyers – Moderate**, price sensitive fragmented buyers; MT/e-comm demand terms
- **Threat of new entrants – Low,** large investment outlay needed, adherence to FSSAI and govt. norms
- **Threat of substitutes – Moderate,** organic produce and homemade food pose as substitutes
- **Competitive rivalry – High,** competitive and fragmented market with largely replicable undifferentiated products

PESTEL analysis *(select sections)*

- **Political** – PMKSY scheme to build infrastructure; PMFME to support micro-enterprises in the industry; 'One District - One Product' initiative and PLI schemes
- **Legal** – Compliance to FSSAI standards is mandatory, ongoing Front-of-Pack (FoP) labelling move under FSSAI
- **Technological** – Rise of Farming as a Service (FaaS) solutions

Revenue & cost drivers

Revenue drivers

- Retail sales with category mix (premium vs staples)
- Export sales
- B2B sales incl. e-comm/quick-comm tie-ups

Cost drivers

- Raw materials & packaging
- Warehousing incl. cold chain storage
- Freight, returns & spoilage
- A&P + Trade spend

Industry terminologies

Key performance indicators

- **Yield:** Percentage of products correctly manufactured without rework or scrap
- **Extent of Food Processing %:** Input used by processors divided by net production
- **Food Loss and Waste:** Quantum and value of food wasted in handling, processing, etc
- **Food Safety Audit Scores:** Scores reflecting a plant's adherence to food safety regulations & standards in an audit

Good-to-know terminologies

- **RTE/RTC:** "Ready to Eat" requires no preparation to be utilized, "Ready to Cook" needs to be cooked to a certain temperature
- **MoFPI:** Ministry of Food Processing Industries; oversees policy for agricultural processing and associated R&D

Food Processing (2/2): Deep-dive

INDEX

Growth drivers & challenges

Growth drivers

- Increased urbanization, higher disposable incomes and more nuclear families driving up **healthy convenient, protein-rich** and regional-authentic products food demand
- **8% CAGR** since 2014; 32% to food and grocery
- 41 food parks sanctioned by govt. to cut post-harvest losses; updated cold-chain guidelines and cluster infra

Challenges

- ~30% farm produce in India lost due to **inadequate cold chain infrastructure**; lack of all-weather roads
- High **import duties** with difficult credit financing
- **Increasing retail power** with MT/e-comm/quick-comm terms; returns and chargebacks

Prevalent business models

- **Branded FMCG foods (own + co-pack)** – margin via brand & distribution; promo dependence
- **Private Label for MT/e-comm** – steady volume, thin margin; asset-light via co-packers
- **Contract Manufacturing (3P/CMO)** – fast scale; QA/traceability risk
- **B2B Ingredients/HoReCa** – predictable volumes; receivables pressure
- **D2C/Online-first** – fast iteration; CAC/logistics heavy
- **Farm-to-Fork Integrated (esp. for dairy/poultry/fresh-cut)** – quality control; ops complexity
- **Export-led Ethnic Foods** – premium realisations; regulatory/logistics complexity

Industry specific information (addn.)

- **Mega Food Parks** – Govt. initiative of clustering food processing technology in defined industrial plots with robust supply chain infrastructure. Currently, 24 such parks are operational.
- **Dairy packaging innovations** – Novel technologies such as Ultra-High Temperature (UHT) processing and aseptic packaging enabling longer shelf life of dairy products
- **Centralized credit facilities and marketplaces** – Agriculture Investment Fund (AIF) for credit support and e-NAM (National Agriculture Market) for aiding farmers access competitive prices
- **Higher consumption of horticulture crop** – Higher demand for sustainably grown produce; horticulture is the most productive agri sector
- **Label & nutrition** – FoP warnings in the works; companies should prep NIP redesign.

Prep book cases

Click on box to jump to case

Beer Manufacturer *(Profitability)*

Beverage Manufacturer *(Profitability)*

Recent news

- The Supreme Court granted FSSAI a 3-month final extension on Jul 17, 2025 to finalize mandatory FOPL warnings (Link)
- Tamil Nadu's "Agri 2.0" ramps value-addition & food parks; Uttar Pradesh pitches "Bakery Capital" play - both aim to deepen processing clusters. (Link)
- WDRA & industry forums signal an expansion drive; 100,000 warehouses identified to bring under regulation (policy tailwind for storage quality). (Link)

Useful resources to learn more about the industry

- **MoFPI – Annual Report 2024–25 (fresh, single-source stats on PMKSY/PMFME/PLI, cold-chain, parks)** (Link)
- **IBEF – Food Processing (budget snapshots, growth projections)** (Link)
- **Invest India – Food Processing sector brief (FDI, policy map)** (Link)

Fast Moving Consumer Goods (FMCG) (1/2): Industry overview

INDEX

Value Chain

Inbound Logistics
- Supplier Coordination
- Inventory & Stock
- Transportation & Freight
- Warehouse Efficiency
- Quality Control

Operations
- Production Flexibility
- Product Standardization
- Regulatory Compliances
- Automation

Outbound
- Distribution Network
- Temperature & Compliance
- Last Mile Delivery
- Cost Hedging
- Returns & Reverse Logistics

Marketing
- Retail Partners
- Advertisements
- Sales Analysis & Market Research
- Product Bootha (Kiosks)

Service
- Warranty & Recall
- Digital Feedback Loops
- Distributor / Retailer Order Support
- Customer Education

Industry structures

Indian market structure
- **Domestic:** Indian FMCG cos. control ~81% of domestic market. E.g. HUL, Nestle, Dabur, ITC, etc.
- **International:** Indian players account for ~1.3% of global market

Market segments
- **Home Care:** Domestic (Ex: Surf Excel) & Int. (Ex: Persil)
- **Beauty & Wellbeing:** Domestic (Ex: Lakme) & International (Ex: Cetaphil)
- **Foods & Beverages:** Domestic (Ex: Tropicana) & Int. (Ex: Hershey)
- **Health Care:** Domestic (Ex. Chyawanprash) & Int. (Ex. Immune 24+)

Key players

ITC Limited

Industry dynamics

Porters five forces
- **Bargaining power of suppliers – Low,** Big companies control pricing, fragmented commodity supplier
- **Bargaining power of buyers – High,** Low switching cost
- **Threat of new entrants – Moderate,** Investment in distribution network, promotions, advertising
- **Threat of substitutes – High,** narrow product differentiation, price war
- **Competitive rivalry – High,** very fragmented, strong brands sell at discount

PESTEL analysis
- **Social:** Health & wellness surge driving demand gradually towards low sugar/ fat, clean label products; Demand for on-the go food
- **Technology:** Traceability (QR codes), AI/ML usage to predict demand, automated production plants (IoT)
- **Legal:** Key laws include the Consumer Protection Act (2019), FSSAI, and the Drugs and Cosmetics Act (1940)

Revenue & cost drivers

Revenue drivers
- Unit sales (core)
- Contract manufacturing fees (if applicable)
- Royalties/ Brand licensing fees

Cost drivers
- Raw Material
- Manufacturing
- Packaging
- Marketing & Distribution

Industry terminologies

Key performance indicators
- **Inventory Turnover Ratio** – COGS divided by Average Inventory
- **Market Penetration Rate** – Total Sales divided by Total Addressable Market
- **On-Shelf Availability-** Time available on shelf divided by total time
- **Gross Profit Margins** – Ratio of Sales Rev minus COGS and Sales Rev
- **Customer Acquisition Cost** – ratio of sales and marketing expense to the number of new customers acquired

Good-to-know terminologies
- **TAT (Turnaround Time):** Time taken to complete a process
- **RTM (Route to Market):** Strategy for delivering products to consumers (e.g., modern trade, distributors)
- **SKU (Stock Keeping Unit):** Unique code for product variant; for inventory tracking

Fast Moving Consumer Goods (FMCG) (2/2): Deep-dive

Growth drivers & challenges

Growth drivers

- Rising incomes, rural development, and MSME support boost FMCG growth.
- E-commerce accounts for 17% of FMCG sales among affluent, high-spending consumers.
- Growing urbanisation and changing lifestyles increase demand for packaged goods.

Challenges

- **Rising input costs:** Inflation in raw materials like palm oil and packaging reduces margins.
- **Weak urban demand:** Cautious spending due to inflation.
- **Channel conflicts:** Quick commerce disrupts traditional distributor models.
- **Regulatory pressures:** Stricter compliance and labeling norms raise operational

Prevalent business models

- **E-commerce Retailing:** Direct-to-consumer sales via platforms like Amazon, Flipkart, and niche sites
- **Private Label Manufacturing:** Retailers sell their own branded products at competitive prices
- **Subscription Services:** Curated monthly boxes (e.g., beauty, snacks) to boost loyalty and retention
- **Omnichannel Distribution:** Seamless integration of online and offline sales channels
- **Sustainable Sourcing:** Eco-friendly products targeting socially conscious consumers

Industry specific information (addn.)

- **Bridging the Urban-Rural Divide:** In Q4 FY25, rural markets outperformed urban; rural basket size grew 60% from 2022–2024
- **Modern Trade** Modern trade grew 19.5%; rural volume growth at 6.4%; food and non-food categories at 8.7%
- **Quick Commerce:** Expected to reach US$25–55B by 2030, fueled by high-frequency, high-value users
- **Pet food market**: FMCG firms eye growth as rising pet ownership and incomes boost demand

Prep book cases

Click on box to jump to case

Digital transformation of FMCG Client *(Unconventional)*

FMCG: Supply Chain Optimization *(Unconventional)*

Skin Care Manufacturer *(Market Entry)*

FMCG Company *(Unconventional)*

Recent news

- The Magnum Ice Cream Company HoldCo 1 Netherlands B.V. agrees to acquire 61.9% of Kwality Wall's (India) Limited from the Unilever Group(Link)
- Mr. Mukesh Ambani's Reliance launches Campa in Sri Lanka with Elephant House Beverages (Link)
- Health drives snacking choices for 72% of Indians: Consumer insights study (Link)

Useful resources to learn more about the industry

- **Indian FMCG Industry Analysis (IBEF primer)** (Link)
- **State of the Consumer 2025: When disruption becomes permanent, McKinsey** (Link)
- **Consumer Goods Technology Insights Primer for 2025, Gartner** (Link)
- **Integrated Annual Report 2024-25, Hindustan Unilever Limited** (Link)

Healthcare (1/2): Industry overview

Value Chain

Inbound Logistics	Diagnosis & Treatment	Post Treatment	Sales & Marketing	Services
• Training healthcare practitioners • Infrastructure setup • Pharmaceutical supplies and stock	• Inpatient & outpatient episodes • Lab tests • Prescriptions • Procedures	• Rx fulfilment • Copay/out-of-pocket • Insurance claims processing • Scheduling follow-ups	• Discounts for screening & tests • Insurance tie-ups • Vaccination & awareness drives	• Ambulance • Teleconsultation • Home care • Remote monitoring

Industry structures

Indian market structure

- Present of several hospital chains & local clinics and practices
- The e-health market size is also growing and estimated to reach US$10.6 billion by FY25.

Market segments

- **Hospitals** – 70% market share; top players: Apollo, Fortis, Max.
- **Pharmaceuticals** – 20% market share; biopharma focus in biotech.
- **Medical Tech** – 10% market share; diagnostics (~25% organized, 15% labs, 10% radiology).

Key players

MAX Healthcare, Apollo, Fortis Healthcare

Industry dynamics

Porters five forces

- **Bargaining Power of Suppliers – High,** Healthcare facilities are dependent on quality inputs
- **Bargaining Power of Buyers – Moderate**, Dependence on insurance, moderate switching costs
- **Threat of New Entrants – Moderate,** Increasing investments in space, yet regulations are rate-limiting
- **Threat of Substitutes – Moderate,** Increasing prevalence of Ayurveda, lifestyle changes, etc,
- **Competitive Rivalry – High,** Competitive market with numerous public and private healthcare providers

PESTEL analysis

- **Political –** Medical device parks, Ayushman Bharat Digital, e-Sanjeevani OPD for digital health
- **Social –** Growing elderly population and rising chronic diseases (cancer, diabetes, obesity)
- **Technological –** AI/ML for patient access, precision medicine, and pharma innovation.

Revenue & cost drivers

Revenue drivers

- Visitation & surgery fees
- Diagnostics
- Pharmaceuticals

Cost drivers

- Infrastructure setup
- Employee cost
- Maintenance & upgrades

Industry terminologies

Key performance indicators

- **Avg. revenue per occupied bed:** Total inpatient revenue/number of occupied beds
- **Mean length of hospital stay:** Average number of days a patient stays in a facilities
- **Bed occupancy rate**: % number of beds occupied in a healthcare facility
- **Patient Wait Time**: Avg amount of time a patient needs to wait before admission

Good-to-know terminologies

- **Patient burden:** Strain caused due to interaction with healthcare system
- **Copay:** Fixed out-of-pocket amount paid by the insured for covered services
- **CDMO:** Contract development and manufacturing organization

Healthcare (2/2): Deep-dive

Growth drivers & challenges

Growth drivers

- **Ayushman Bharat** – World's largest health assurance program.
- **1.3M+ Doctors** – Growing number of registered doctors as medical colleges increase
- **MedTech & Biotech Growth** – Rising investments due to China +1 strategy.

Challenges

- **Skewed** doctor-population ratio in rural & urban, with ~4% urban doctors for every 1 rural doctor
- ~47% healthcare expenses are **out-of-pocket** spends, despite support from Ayushman Bharat, creating financial strain on patient

Prevalent business models

- **Healthcare delivery** – IPD and OPD facilities, clinics, facilities specialising in specific domains of medicine (for ex., ortho, neuro, etc.)
- **Rx fulfilment** – Brick and mortar shops, hospital embedded pharmacies, and online platforms (for ex., 1mg, Pharmeasy, etc.)
- **Telemedicine** – Low-cost teleconsultation and diagnosis facilities through mobile app/internet, with cross-selling of allied services
- **Drug discovery** – Biopharma R&D units focusing on developing novel therapies

Industry specific information (addn.)

- **Medical Tourism** – India continues to be a preferred medical destination, with an ~10% increase in # tourists from 2012 to 2023
- **Frequent M&As** - Temasek acquires Manipal Health Enterprises, and Blackstone acquired a controlling stake in Care hospitals, among others
- **'Phygital' model** – Healthtech players increasing offline touchpoints to operate with a physical+digital model (e.g. PharmEasy, Redcliffe Lifetech, etc.)
- **Increasing innovation** –12 of the top 20 pharma companies (e.g. AstraZeneca, Pfizer); set up GCCs (Global Capability Centres) in India; domestic companies also ramping up innovation (e,g, Cipla invested in Achira Labs)

Prep book cases

Click on box to jump to case

Diagnostic Center
(Profitability)

Healthcare Test Kit Manufacturer
(Market Entry)

Diagnostic Chain
(Growth)

Recent news

- Indian hospitals are the new goldmine for deep pockets. Besides a rush of investment, a high-intensity consolidation is ongoing in India's hospital space (Link)
- Indian pharmaceutical market grows 7.9% in July, led by chronic therapies (Link)
- Department for Promotion of Industry and Internal Trade (DPIIT) and Roche India sign Memorandum of Understanding (MoU) to catalyse innovation & entrepreneurship in healthcare sector (Link)

Useful resources to learn more about the industry

- **Indian Healthcare Industry Analysis (IBEF primer)** (Link)
- **Decoding India's healthcare landscape: progress and vision 2047, EY** (Link)
- **Indian Healthcare Market projected to reach $638 billion by 2025, Bajaj Finserv AMC** (Link)

Hospitality industry (1/2): Industry overview

INDEX

Value Chain

Suppliers	Workforce	Operations	Marketing	Distribution
• Restaurant, bar supplies • Furniture and Fittings • Essentials	• Service trainings for employees, administration and management	• Reservations • Housekeeping • Concierge • Catering • Maintenance	• Advertisements • Membership deals • Promotional offers	• Website • Travel Agents • Online third-party apps

Industry structures

Indian market structure

- **Fragmented** market
- Top Premium/Luxury Hotels in India – Marriot, IHCL (Taj), ITC, Hyatt, Oberoi
- Large unorganized market

Market segments

- **Accommodation-** Hotels, rentals, motels and lodges
- **Food & Beverages-** Restaurants, cafes, and bars
- **Recreation & Entertainment-** Ancillary services like spa, pool etc.
- **Travel & Tourism-** Tour operators, guides, transportation, travel planning

Key players

ITC HOTELS RESPONSIBLE LUXURY, EaseMyTrip.com Bharat ka Travel App, IHCL, OYO

Industry dynamics

Porters five forces

- **Bargaining power of suppliers – Moderate**; property owners, staff play a key role but typically smaller in size
- **Bargaining power of buyers – Moderate**; high price sensitive customers (except premium loyalty programs)
- **Threat of new entrants – Low**; high entry barriers owing to high investments, fixed costs, and regulations
- **Threat of substitutes – High**; rising popularity of online services (Airbnb & Couchsurfing), low switching costs
- **Competitive rivalry – High**; concentration of large players, high vacant-room costs, rising demand

PESTEL analysis

- **Technology** –Trends include near field communication (NFC) (for easy payments), delivery robots
- **Environment**: Higher ESG awareness promoting 'Green Key' certifications
- **Social:** Popularity of "Bleisure"- joining business with leisure, and 'workcations'

Revenue & cost drivers

Revenue drivers

- Room Tariffs
- Food and Beverage
- Events (Conferences, Exhibitions etc)

Cost drivers

- Consumable Materials
- Employee Salaries
- Renovation and regular maintenance

Industry terminologies

Key performance indicators

- **Occupancy Rate** - Percentage of total rooms that are occupied
- **Average Room Rate (ARR)** - Total room revenue divided by number of rooms sold; can indicate insights on pricing strategy
- **Revenue per Available Room (RevPAR)** - Total room revenue divided by total number of available rooms; reveals insights on pricing and occupancy simultaneously

Good-to-know terminologies

- **Online Travel Agency (OTA)** - Platform for booking hotel and travel services
- **MICE** - Meetings, Incentives, Conferences & Exhibitions in the business events industry
- **B&B**- Small lodging accommodation which offers Bed and Breakfast

Hospitality industry (2/2): Deep-dive

INDEX

Growth drivers & challenges

Growth drivers

- Union Budget 2025-26 designated Rs 1,900 crore for the **'Swadesh Darshan' scheme**, to strengthen domestic tourism infrastructure
- India's **bids for marquee events**, like the 2029 World Athletics Championships and the 2036 Olympics are expected to catalyze sustained hospitality sector growth
- Growth of **niche tourism** segments like medical (Heal in India, visa access in 165 countries) & adventure (Ex. lighthouse tourism)

Challenges

- Adapting to requirements of **sustainability** and digital convenience
- Rising **operational costs** & infrastructure gaps

Prevalent business models

- **Independent/Owner Operated** – Fully controlled by an independent owner, no brand affiliation (Ex. The Leela Palace, The Imperial).
- **Franchise Model** – Owner retains some control; pays fee to use brand/IP (Ex. Radisson Blu, Hilton).
- **Managed –** Brand handles daily operations; owner has limited control (Ex. JW Marriott, Taj Exotica).
- **Leased/Strata Titled Model** – Business leased from one/multiple owners with minimal operational role (Ex. Lemon Tree, Oyo).
- **Brand Operated Model** – Fully owned and run by the hotel brand (Ex. ITC, Oberoi Udaivilas).

Industry specific information

- **New age accommodation –** Increase in peer accommodation like homestays, BnBs, and cabins, especially in non-urban spaces
- **Tussle with OTAs –** OTAs (Booking.com & Agoda) charging up to 25% in commissions to influence hotel visibility
- **Asset Management Strategy –** Asset-light models fuel expansion, reduce risk post-Covid
- **Rise of Leisure and Wellness –** Domestic demand drives workcations/staycations; wellness tourism surges post-Covid.
- **Rising International Travel –** International Tourist arrivals projected at 30.5M by 2028.
- **Increasing investment**– India's hospitality sector set to attract $1B in investments by 2028

Prep book cases

Click on box to jump to case

Ski Slope
(Unconventional)

Recent news

- IHCL partners with Ambuja Neotia to develop 15 hotels across Eastern and Northeastern India. (Link)
- Radisson introduces "Radisson Flights" in India with Etraveli Group—offering integrated hotel and flight bookings (Link)

Useful resources to learn more about the industry

- **India Brand Equity Foundation (IBEF primer)** (Link)
- **Invest India – Tourism and Hospitality Snapshot** (Link)
- **India Hospitality Report, HVS & Anarock** (Link)

Insurance industry (1/2): Industry overview

INDEX

Value Chain

Product & Pricing
- Product development
- Actuarial analysis
- Premium pricing models

Sales & Distribution
- Lead generation
- Channel management
- Sales force planning, implementation & automation

Underwriting
- Underwriting assessment
- Risk management
- Asset management
- Reinsurance

Claims
- Evaluation of claims
- Fraud management
- Claims payout
- Self-adjudication

Services
- Customer relationship management
- Omni-channel support
- Data-driven marketing

Industry structures

Indian market structure
- Life insurance **new business premium income** reached around INR 3.97 lakh crore in FY25
- **Key Players:** LIC (57% of life insurance mkt); New India Assurance (12.8%, non-life), SBI Life, etc

Market segments
- **Life Insurance:** To grow by 10.5% in the next decade; LIC holds leads the market; private insurers are showing strong growth
- **Non-Life Insurance:** Gross direct premium grew by 5.5% in FY25, driven by health, motor & crop insurance; New India Assurance led with 12.8% market share.

Key players

Industry dynamics

Porters five forces
- **Bargaining power of suppliers** – **Moderate**; few large IT firms to support tech, limited number of re-insurers
- **Bargaining power of buyers** – **Moderate**; individuals & SMBs have low power; large businesses have some
- **Threat of new entrants** – **Moderate**; threat of financial companies & big tech; however, industry is regulated
- **Threat of substitutes** – **Low**; no real substitutes, limited scope for differentiation; difficult to set up large salesforce
- **Competitive rivalry** – **High**; Large number of players in the market, rising competition with Insurtech service

PESTEL analysis *(select sections)*
- **Political:** Govt initiatives like PMJAY, PM Fasal Bima Yojana; IRDAI's Bima Sugam & Bima Vahak initiatives
- **Economic:** Rising financial awareness; however, use as an investment vehicle declining due to other avenues
- **Technologica**l: Increase in insurtech, use of AI & automation in underwriting & claims

Revenue & cost drivers

Revenue drivers
- Underwriting activities
- Investment income
- Cash value cancellations

Cost drivers
- Claims
- Investment, other operational expenses
- Acquisition, general expenses

Industry terminologies

Key performance indicators
- **Policy Renewal Rate:** % of policyholders renewing their policies at the term end
- **Claims Settlement Ratio:** Proportion of claims settled out of total claims
- **Gross Written Premium:** Total premiums written before reinsurance cost and commissions
- **Expense Ratio:** Proportion of premium used to cover operating expenses
- **Loss Ratio:** % of premiums paid out as claims; ratio of incurred losses to premiums

Good-to-know terminologies
- **Sum Assured –** Amount payable to policyholder on the occurrence of insured event
- **Policy Term –** Period for which the insurance policy is active or valid

Insurance industry (2/2): Deep-dive

INDEX

Growth drivers & challenges

Growth drivers

- Growing **digital economy**, rising insurtech
- Increasing **financial awareness & financial literacy** in urban population
- COVID-19 **fueled demand** for life, health and other related insurance products

Challenges

- **Low penetration** in rural area
- **Fraud;** false claims, misrepresentation
- Claims management; **complicated, slow** & opaque in most cases
- IRDAI mandates **higher payouts** for premature surrender, need to rebalance portfolios

Prevalent business models

- **B2B & B2C –** These models are the more traditional ones; B2B customized for businesses, whereas B2C focuses on individuals
- **P2P –** P2P is a relatively new concept in insurance where insurers from similar backgrounds are pooled to resolve claims conflicts

Industry specific information (addn.)

- **Insurtech & AI –** More than 150+ insurtech start-ups operating in India; B2C models and online-first insurers valued more highly by investors. Insurtech companies are also quicker at adapting to technological changes such as use of AI
- **Foreign Investment –** 100% FDI allowed in insurance. This will help bring down the cost of insurance products in India and will also benefit small insurance players
- **Public vs Private –** Public insurers more affordable & perceived to be reliable; however, rising preference for private due to convenience & quick resolution

Prep book cases

Click on box to jump to case

Auto Insurance
(Profitability)

Recent news

- Removal of 18% GST proposed on pure term life insurance policies to make coverage more affordable for young families(Link)
- IRDAI has proposed replacing commissions with market-driven transaction fees in the bancassurance model, allowing banks to charge fees directly to customers and avoid mis-selling (Link)

Useful resources to learn more about the industry

- **Insurance Industry 101, Investopedia** (Link)
- **IBEF primer (Insurance)** (Link)
- **Digital transformation and innovation in Indian Insurance industry, McKinsey** (Link)

IT & ITES industry (1/2): Industry overview

INDEX

Value Chain

Product / Solution design	Development	Product features & services	Marketing & Sales	Service
• Product vision and research • Selecting development platforms & software	• Product development • Data gathered and used as input for product service	• Decide type of subscription • Customer Onboarding & Relationship Management • Platform integration	• Online/usage-based billing • Customer retention • Analytics to measure engagement	• Billing & subscription management • Support / Upgradation • Maintenance • Warranty

Industry structures

Indian market structure

- Top 3 players: TCS, Infosys and HCL Tech hold majority of the market share with a combined market capitalization of over US $200 billion

Market segments

- **IT Services:** Consulting, software development, & IT infrastructure management (**~48% share**)
- **BPM:** Outsourcing processes (customer support, finance, etc) across industries (**~19% share**)
- **E R&D and Software Products:** Industrial design, enterprise software, SaaS (**~20% share**)

Key players

TCS Tata Consultancy Services, Infosys, HCLTech, wipro

Industry dynamics

Porters five forces

- **Bargaining power of suppliers – High;** cloud service providers and specific license providers wield power
- **Bargaining power of buyers – Moderate**; abundance of service provider options; but switching costs are high
- **Threat of new entrants – Moderate;** projects require huge investments; wide talent availability
- **Threat of substitutes – High;** few other countries are emerging as low-cost labor sources for outsourcing
- **Competitive rivalry – High;** competitive market with few large firms and minimal differentiation in offerings

PESTEL analysis

- **Technological:** Strong emphasis on AI adoption (with 75% of enterprises integrating AI by 2025)
- **Political:** Trump 2.0 poses tangible downside risks, especially through tariffs and immigration restrictions
- **Economic:** Union Budget earmarked Rs 2000 Crs for the India AI mission; Export-led →sensitive to FX chg.
- **Environmental:** Scrutiny on power & water intensity

Revenue & cost drivers

Revenue drivers

- On Premise Delivery
- Software-as-a-Service (SaaS)
- Support and Maintenance Charges

Cost drivers

- Employee Salaries
- Tech stack expenses (e.g., software licensing)
- Tech infrastructure costs (Data server / cloud charges, utilities, etc.)

Industry terminologies

Key performance indicators

- **First Call Resolution Rate (FCR):** % of issues or incidents resolved on first customer interaction.
- **Customer Satisfaction (CSAT):** Measures the satisfaction of IT customers
- **Mean Time to Recovery (MTTR):** The average time it takes to repair a failed component

Good-to-know terminologies

- **Software as a Service (SaaS):** Software delivered online, licensed by subscription, & centrally hosted
- **IP (Intellectual Property):** Intangible creations formed through human intellect
- **Freemium:** Offers basic feature for free, charge for premium capabilities

IT & ITES industry (2/2): Deep-dive

INDEX

Growth drivers & challenges

Growth drivers

- **Rollout of 5G** is enabling adv. IoT applications
- **Public digital programs** (smart cities, digital education, etc.) enhance demand
- India's **data center capacity** to reach 1.8 GW by 2027 & 4,500 MW by 2030, driven by cloud adoption, AI workloads, & data localization

Challenges

- Rising **cyberattack sophistication**; India's 2025 cybersecurity spend projected at $3.5B
- Acute **skill gap** in AI, ML, analytics, and cloud; high cost of upskilling the workforce
- High **attrition rates**

Prevalent business models

- **Knowledge Processing:** Dealing directly with data analysis, market intelligence, as well as consulting on business strategy
- **Business Process Outsourcing:** Outsourcing functions like customer relationship management, enterprise resource planning and even human resource management
- **IT Services:** Involved in the provision of services like IT consulting, R&D, management of infrastructure, and developmental services

Industry specific information

- **Contribution to GDP**: The IT and ITES industry contributes to 7.3% of India's overall GDP, and has played a critical role in India's socio-economic growth
- **Low-Cost Export:** With the largest technologically skilled, English-speaking population, India becomes a hub for companies looking to find low-cost labor services in IT sector
- **BFSI:** It is a key vertical for the IT and ITES industry and accounts for sizeable IT software and service exports

Prep book cases

Click on box to jump to case

B2B SaaS Logistics Platform
(Growth)

Recent news

- Tariffs from the U.S. are dampening demand for discretionary IT services, with knock-on effects across project pipelines (Link)
- The Union Budget 2025 outlines a national framework to guide states in promoting GCCs in Tier-2 cities (Link)
- TCS cut 12,000+ jobs amid AI-led automation, signaling a shift from manpower-heavy models (Link)

Useful resources to learn more about the industry

- **India Brand Equity Foundation (IBEF primer)** (Link)
- **Invest India – IT-BPM Sector Snapshot** (Link)

Logistics industry (1/2): Industry overview

INDEX

Value Chain

Demand & Network Design	Capacity & Marketing	First Mile & Collection	Sorting & linehaul	Last-Mile & Customer Care
• Customer segmentation & demand forecast • Develop network design (with core routes, hubs, etc.) based on forecast • Set-up SLA & price structure	• Secure routes/ transport (road/ rail/air/ocean)/ fleet • Carrier partnership/ contract • Customer platform set-up • Marketing services & procure orders	• Order pick-up from origin destination • Order scanning & labelling • Packaging (if applicable)	• Long-haul drive (can be multi-modal) to sorting hub • Sorting according to destination & order type • Tracking service for client • Customs (if international)	• Delivery to end consumer • Returns/ Reverse logistics • Billing • Claims/ customer support

Industry structures

Indian market structure

- Highly **fragmented** market with multiple local, regional, and national-wide players; Increasingly price-sensitive market

Market segments

- **Freight Transportation:** Dominated by road network; rail slowly growing
- **Warehousing & Fulfillment:** General warehousing, cold-chain logistics, e-comm fulfillment, etc.
- **Contract logistics/ Third-Party Logistics (3PL):** Outsourced logistics service providers that integrate multiple functions

Key players

भारतीय डाक India Post, BLUE DART, FedEx, DELHIVERY

Industry dynamics

Porters five forces

- **Bargaining Power of Suppliers – Moderate;** Vehicle manufacturers impact cost, but competition lower impact
- **Bargaining Power of Buyers – High;** Many options for customers lead to better rates and service negotiations.
- **Threat of New Entrants – Moderate;** High capital and regulatory barriers, but digitalization makes entry easier.
- **Threat of Substitutes – Moderate;** Few direct substitutes, but in-house logistics is an alternative.
- **Competitive Rivalry – High;** Fragmented industry with intense competition on price and service.

PESTEL analysis

- **Political:** Strong govt. push - multi-modal connectivity via programs like PM Gati Shakti; Freight corridors
- **Economic:** E-Commerce and quick commerce book driving strong demand for logistics services
- **Social:** Increasing pref. for same/ next day deliveries
- **Technological:** IoT, Warehouse automation, robotics
- **Environmental:** EV adoption push, green warehousing

Revenue & cost drivers

Revenue drivers

- Transportation services (mode, type of order, etc.)
- Value added services – packaging, labelling, home pick-up
- Logistics technology/ software
- Supply chain consulting services

Cost drivers

- Transportation cost (fuel, vehicle lease, tolls, permits)
- Personnel cost (pickup/ delivery fleet, non-delivery personnel at hubs, etc.)
- Warehouse & hub rent

Industry terminologies

Key performance indicators

- **Cost per km:** Cost incurred for every km travelled; Efficiency benchmark
- **Capacity utilization:** % of asset (truck, container, etc.) which is utilized & full
- **On-time in full %:** % of total shipments delivery on time and accurately
- **Damage & Claims ratio:** % of orders delivered with damage/ service claims
- **Shipping time/ Delivery time:** Time taken to delivery an order from origin to destination

Good-to-know terminologies

- **ePOD:** Electronic Proof of delivery
- **Green logistics:** Logistical operations to promote sustainability and reduce carbon footprint
- **FTL:** Full truck load
- **Multimodal:** Combination of different transport types to move a shipment

Logistics industry (2/2): Deep-dive

INDEX

Growth drivers & challenges

Growth drivers

- **Rapid growth of E-commerce** driving demand for logistics services
- Extensive investment in **logistics infrastructure** development by governments (like roads, ports, railways)
- Shifts to increasing manufacturing in India, raising the need for reliable logistics provides

Challenges

- **Multi-modal integration** shift weak, would need time to develop and strengthen
- **Shortage of skilled drivers** in India
- Pressures to **disclose carbon footprint** & adopt green measures, driving higher costs

Prevalent business models

- **Asset-Heavy:** They own their fleet and infrastructure with high investment
- **Asset-Light:** These firms partner with third parties, lower capital expenditure
- **Tech-Driven:** They use heavy technology for route planning and tracking & provide logistics as a platform
- **Third Party Logistics (3PL):** Bundles transport, warehousing, distribution in long-term contracts & handles it for the client
- **4PL:** Act as the single PoC for client regarding logistics; Manage multiple 3PLs
- **E-commerce Logistics:** These provide services for online retailers, focusing on fast and reverse delivery, in case of returns

Industry specific information

- **Digital Transformation:** The adoption of technology such as GPS, RFID, and IoT is revolutionizing supply chain visibility and efficiency
- **Real-time Visibility:** Rising emphasis by leading FMCG, e-commerce and quick commerce companies on real-time tracking and visibility
- **Infrastructure Challenges:** Poor infrastructure in certain regions leads to inefficiencies and delays, impacting overall service quality
- **Government Initiatives:** GST and Dedicated Freight Corridor aim to enhance the logistics ecosystem
- **Key drivers of customer satisfaction:** Customer support, tracking ability, and safe & secure order receipt are some key domains to satisfaction uplift

Prep book cases

Click on box to jump to case

Port Operator
(Profitability)

B2B SaaS Logistics Platform
(Growth)

Recent news

- Lower GST expected to drive consumption surge and boost demand for logistics services (Link)
- India's logistics sector is undergoing a remarkable transformation, emerging as a vital pillar of economic growth and competitiveness (Link)
- India's logistics & warehousing sector sees rising growth in tier 2 cities (Link)

Useful resources to learn more about the industry

- **Logistics Industry 101 (Link)**
- **Logistics – India's growth engine, Press Information Bureau** (Link)
- **Express Industry in India 2025, KPMG** (Link)

Oil & Gas industry (1/2): Industry overview

Value Chain

Exploration	Production	Storage & Transport	Downstream	Distribution
• Secure license from govt • Geological surveys to identify & gauge potential on/off-shore reserves	• Project Sanction • Field Development Plan • Building facilities & drilling • Extract fluids from reservoir till useful life	• Crude/Gas transport via pipelines, tankers, trucks • Crude stored in ground tanks; Gas in underground reservoirs	• Refining, distillation and conversion to transform crude into value-added products for fuel/chemical applications	• Wholesale & retail distribution of refined products to businesses, governments & public

Industry structures

Indian market structure

- India has 24 refineries, with 18 in the public sector
- Largest players include Indian Oil Corporation Limited (IOCL), ONGC), and Reliance Industries.

Market segments

- **Upstream:** Exploration & production of crude oil/gas, led by ONGC & Cairn
- **Downstream**: Refining & retailing of petroleum products, dominated by IOCL & Reliance
- **Natural Gas**: Pipeline-based transport & distribution, led by GAIL & IOCL
- **Refined Products:** Petrol, diesel, LPG, jet fuel, distributed via large retail networks

Key players

Industry dynamics

Porters five forces

- **Bargaining power of suppliers - High**; oilfield service & equipment firms wield power; OPEC reliant imports
- **Bargaining power of buyers - Moderate**; price sensitive industrial consumers (buy in large volumes)
- **Threat of new entrants - Low**; high capital needs, regulatory hurdles, and established infrastructure
- **Threat of substitutes - Moderate**; growing with renewable energy & Evs offering cleaner alternatives
- **Industry rivalry - High**; competition among domestic & foreign players; diversification across the value chain

PESTEL analysis

- **Political:** Supportive government policies driving ethanol blending and infrastructure investments; focus on reducing imports and increasing domestic production
- **Economic:** Strong GDP growth & industrialization drive demand, but global price volatility concerns persist
- **Environmental**: Pressure to reduce carbon emissions and shift to renewable energy sources

Revenue & cost drivers

Revenue drivers

- Crude oil, refined products, & petrochemicals sales
- Transportation, storage & pipeline tariff revenue
- Product distribution, retailing &
- Trading income

Cost drivers

- Exploration, Drilling & Extraction
- Transportation & Storage Costs
- Energy & Labor Costs

Industry terminologies

Key performance indicators

- **Barrels Per Day (BPD)**: Crude oil production rate
- **Gross Refining Margin (GRM):** Measures profitability of refining crude oil into finished products.
- **Refining Capacity Utilization**: Assesses refinery efficiency relative to maximum capacity
- **Reserve Replacement Ratio:** Rate at which new reserves are discovered or acquired to replace those produced

Good-to-know terminologies

- **Upstream:** Exploration and production
- **Downstream:** Refining and retailing
- **Power Purchase Agreement (PPA)**: Long-term electricity buying contracts
- **Capital Project Efficiency:** Digitized processes optimizing project completion and costs

Oil & Gas industry (2/2): Deep-dive

INDEX

Growth drivers & challenges

Growth drivers

- Rising domestic demand for oil, driven by **rapid industrialization and urbanization**
- Access to discounted Russian crude boosted **Indian refiners' margins** & export competitiveness in global fuel markets
- Government policies **promoting ethanol blending** and investment in infrastructure

Challenges

- **Environmental pressures** to reduce carbon emissions and transition to cleaner energy
- Heavy reliance on **crude oil imports** (over 80%) makes the industry vulnerable to global price swings, a risk amplified by geopolitical shocks like the Russia–Ukraine conflict

Prevalent business models

- **Integrated Model:** Companies like Reliance operate across upstream, midstream, and downstream segments, controlling the full value chain for efficiency
- **Upstream Model**: ONGC focuses on exploration and production, supplying crude to downstream companies.
- **Downstream Model**: BPCL and HPCL prioritize refining and retailing petroleum products.
- **Natural Gas Distribution**: GAIL leads in transporting and distributing natural gas through pipelines

Industry specific information

- **Export of Refined Products:** India exported 64.7 MMT of refined petroleum products in FY25, hence a key player in the global refining market
- **Pipeline Infrastructure:** India has over 10,000 km of crude oil pipelines and around 25,000 km of natural gas pipelines, ensuring efficient transportation
- **Strategic Oil Reserves**: India's strategic petroleum reserves, which provide buffer stock during price volatility, are planned for expansion
- **Policy Support:** Government policies like 100% FDI and the National Biofuel Policy boost domestic production and cut imports

Prep book cases

Click on box to jump to case

Oil Distributor *(Profitability)*

Petrochemical Company *(Market Entry)*

Midstream O&G Co *(Growth)*

Cash Flow Crisis *(Unconventional)*

Oil & Gas (Project Mgmt.) *(Unconventional)*

Recent news

- Gail India extends gas purchase agreement with Oil India for 15 years (Link)
- Indian government approved a $3.4 billion compensation to state-run oil marketing companies in 2025 for losses from subsidized cooking gas sales, ensuring their financial stability (Link)
- India is aiming to increase its refining capacity to 310 million tonnes per annum by 2028 (Link)

Useful resources to learn more about the industry

- **IBEF primer (Oil and Gas)** (Link)
- **Petroleum Planning & Analysis Cell (PPAC) (data and analysis hub of MoPNG)** (Link)
- **Invest India – Oil & Gas Sector Snapshot** (Link)
- **India Hydrocarbon Outlook Report** (Link)

Online Gaming (1/2): Industry overview

Value Chain

Development	Publishing	Distribution	Monetisation	Consumption
• Game Studio (developer) • Royalty Agreements for IPR with Brand Owners	• Producing the game • Providing technical support to developers • Packaging for the target consumer	• Mobile App Store • Online game store • Retail Game store • Multi-gaming platform	• Advertisers • Subscription • E-Sports purchase and streaming • Data Monetisation	• Mobile, tablet • PC and Laptops • Gaming consoles • Gaming centres

Industry structures

Indian market structure

- **Market Size:** $3.7B in 2024 with ~1900 companies expected to reach $60B in 2034
- **Userbase:** 2nd largest market, projected to reach 600M users by 2025-26 (90% in mobile gaming)

Market segments

- **Casual Games:** Mass marketed game, eg- Ludo, Candy Crush
- **Real Money Games:** Play games for money and chance to win more money by further play, eg-Cashyy
- **Esport:** Competitive video games with high-skill requirements
- **Fantasy Sports:** Online prediction games on real sports, eg- FPL

Key players *(RMG cos. not shown)*

KRAFTON
Juego Studios

Industry dynamics

Porters five forces

- **Bargaining power of suppliers – Moderate**, no substitute for dev. studios but typically dwarfed by publishers
- **Bargaining power of buyers – High**, low brand loyalty, product dispensability, high price sensitivity
- **Threat of new entrants– Moderate**, high availability of game developers, higher threat for mobile gaming, lower for e-sports which require high investment outlay
- **Threat of substitutes – High**, competes with other leisure activities
- **Competitive rivalry - Moderate**, product differentiability

PESTEL analysis *(select sections)*

- **Technology:** AR/VR, AI technologies, Metaverse
- **Political:** AVGC (Animation, Visual Effects, Gaming and Comic) Centre of Excellence by Govt. to raise India's soft power; Recent ruling on real money gaming
- **Social:** Rising youth participation in gaming post pandemic

Revenue & cost drivers

Revenue drivers

- Rake Fee/Subscription
- Advertising Revenue
- In-App Purchases
- E-Sports sale, streaming, merch

Cost drivers

- Gaming Development and Maintenance
- Licensing Cost
- Publishing and Distribution
- Marketing

Industry terminologies

Key performance indicators

- **Daily Active User (DAU):** Total number of people who engage with the app on a give day (similar to MAU – Monthly Active Users)
- **Average Revenue per User (ARPU):** Total revenue/number of paying customers
- **Cost per Mille (CPM):** Cost incurred to achieve 100 impressions
- **Churn Rate:** % of players who stopped playing over a given period

Good-to-know terminologies

- **AAA Titles:** Games developed by large studios, like Sony, Tencent
- **MeiTY:** Ministry of Electronics and IT responsible for IT and Online gaming policies in India
- **NPU:** New Paying Users

Online Gaming (2/2): Deep-dive

Growth drivers & challenges

Growth drivers

- **Mobile-first economy** contributing ~90% of gamers due to affordable smartphones
- **Technology enablers** like UPI, AI, AR/VR, 5G
- Esports and competitive gaming **gaining recognition** from govt.

Challenges

- **Shortage of talent** in backend development, game engineering and other technical roles
- Competition from **illegal & offshore platforms**
- RMG accounts for >70% of revenues driven by fantasy sports and skill games; Recent ban makes the industry less attractive

Prevalent business models

- **Free-to-Play (FTP):** Makes it possible for gamers to have a complete user experience with revenue through advertisements
- **Freemium:** Basic product is free but special features need to be purchased, tends ti include IAPs (In-App Purchases)
- **Pay to Play:** Include subscription-based and paid games where the game has to be purchased before playing
- **Traditional gaming:** Physical gaming with consoles or PC games purchased as physical copies, now moving to digital distribution

Industry specific information (addn.)

- **Local Content Boom:** 72% of gamers prefer regional languages titles, driving demand for India-made cultural and vernacular games
- **Esports rising:** Competitive gaming growing at ~28% CAGR, attracting tens of millions of gamers
- **Strong Investments:** $2.7B+ raised in FY20-FY24, with 1,888+ companies and jobs projected to grow from 130K in 2024 to 2M by 2034
- **Technology and 5G Adoption:** Rapid expansion of 5G networks and affordable data boost cloud gaming and immersive AR/VR experience
- **Demographic split:** 44% of the gamers are women, in casual mobile games, women's share rises to 50-52%

Prep book cases

Click on box to jump to case

Fantasy Gaming App
(Market Entry)

Recent news

- The Supreme Court of India reserved its verdict on the ₹2.5 lakh crore GST dispute in real money online gaming, expected to clarify taxation and regulatory uncertainties (Link)
- The Promotion and Regulation of Online Gaming Bill, 2025, passed the Rajya Sabha on Thursday (August 21 2025), clearing the Union Cabinet and both Houses of Parliament within 72 hours, as the government moves to quickly ban real money games (RMGs) (Link)

Useful resources to learn more about the industry

- **Interactive Media and Gaming Report 2024, Lumikai** (Link)
- **Introduction to Indian Gaming Industry 2025, Wright Research** (Link)
- **India gaming industry without real money gaming, The Hindu** (Link)
- **FICCI EY Report 2025** (Link)

OTT industry (1/2): Industry overview

Value Chain

Content rights & dev.
- Rights acquisition (films, series, live sports)
- Commissioning regional originals
- Production

Operations
- Localization
- Encoding/DRM
- CDN delivery
- Development of apps on TV/ Mobile

Distribution
- Own apps
- Smart-TV app stores
- Telco/operator billing
- Bundles

Sales & Marketing
- Performance marketing
- Tentpole launches
- Sports spikes
- Creator collabs

Service
- Churn management
- Profiles/parental controls
- Payments
- Grievance redressal

Industry structures

Indian market structure
- **Oligopolistic** market structure in India with top 3 SVOD players having ~67% market share.
- YouTube has 92% share of total online video viewing time (AVOD) in India

Market segments
- **SVOD**: Paid subscriptions for ad-free tiers and originals.
- **AVOD**: Free, ad-supported streams including sports, catch-up TV, and movies.
- **Hybrid/Bundled**: Telco, device, and Prime bundles reduce effective price and drive reach

Key players

SVOD: JioHotstar, prime video, Netflix

AVOD: YouTube

Industry dynamics

Porters five forces
- **Bargaining power of suppliers – Moderate;** studios, sports rights, and telco bundles have bargaining power
- **Bargaining power of buyers – High;** Low switching costs; AVOD keeps users price-sensitive
- **Threat of new entrants – Low;** Scale needs deep content spends, sports rights, and distribution tie-ups
- **Threat of substitutes – Moderate;** YouTube, gaming, short-video, and sports on broadcast compete for time
- **Competitive rivalry – High;** Price cuts, free sports, originals race; alliances intensify competition

PESTEL analysis *(select sections)*
- **Social –** Multi-lingual, regional originals and sports drive time spent; mass users value free access
- **Technological –** 4G/5G penetration, smart TVs, and low-cost data underpin usage
- **Legal –** Data protection compliance (DPDP Act) and content codes remain operational priorities

Revenue & cost drivers

Revenue drivers
- Ads (AVOD, sports)
- Subscriptions (SVOD)
- Content licensing
- Brand integrations

Cost drivers
- Content rights and production
- Tech stack / platform
- Marketing CAC
- Payment fees

Industry terminologies

Key performance indicators
- **Monthly Active Users (MAUs):** Tracks overall reach
- **Average Watch Time per User:** Core engagement metric
- **ARPU (Average Revenue Per User):** Measures monetization efficiency
- **Churn Rate:** % of paid subscribers lost in a period; critical for SVOD profitability.
- **Free-to-Paid Conversion Rate**: Key for hybrid/AVOD-first platforms to grow SVOD base.

Good-to-know terminologies
- **Peak Concurrency:** Highest simultaneous viewers during an event
- **Originals vs Licensed Content:** Proprietary content vs acquired titles
- **Windowing:** Sequential content release across platforms/formats

OTT industry (2/2): Deep-dive

INDEX

Growth drivers & challenges

Growth drivers

- **4G/5G + smart TV adoption** expanding OTT time share
- **Sports properties** unlocking mass reach and advertiser demand
- **Consolidation/bundles** improving unit economics and distribution

Challenges

- **Paid subscriber softness**; price sensitivity and password sharing push users to free tiers
- **Content inflation** for sports and premium originals
- **Measurement and brand-safety expectations** rising for digital ads.

Prevalent business models

- **AVOD (free with ads)** – Monetizes reach and live events; common for mass sports and catch-up TV
- **SVOD (paid tiers)** – Monthly/annual plans; premium/ad-free content, downloads, 4K
- **Hybrid** – Lower-priced ad tiers, pay-per-view for tentpoles, and telco/device bundles
- **Content licensing & syndication** – Library licensing, co-pro with studios, and sports sublicensing.

Industry specific information (addn.)

- **AVOD tilt** – Audience mix shifting toward free, ad-funded viewing; SVOD share of digital audience down to ~28%.
- **Sports as a flywheel** – India's sports audience ~678m; OTTs use free/live sports to spike MAUs and ad revenue.
- **Consolidation** – Reliance–Disney deal creates the largest player across TV + streaming (JioCinema + Hotstar) with regulatory clearances completed.
- **Digital leads M&E** – Digital media is the largest M&E segment by revenue; growth outlook ~7% CAGR for sector with digital/new media outpacing.

Prep book cases

Click on box to jump to case

OTT Platform Growth
(Growth)

OTTCo India
(Growth)

Bid Strategy for GOT S8
(Unconventional)

Recent news

- OTT players fold, aim for profitability (Link)
- Crackdown on indecent content—25 OTT apps blocked (Link)
- Free IPL streaming ends — hybrid model takes over (Link)

Useful resources to learn more about the industry

- **FICCI - EY Media and Entertainment Report 2025** (Link)
- **OTT Audience Report 2024, Ormax** (Link)
- **Insights on M&E Industry Transformation, KPMG India** (Link)

Payments industry (1/2): Industry overview

Value Chain

Consumer	Issuer	Network	Acquirer	Merchant
• Initiates payments to merchants through mobile apps, QR, net banking in online and offline settings • Relies on convenience, speed, low cost	• Provides accounts or cards to consumers • Verifies and authorizes or declines each transaction	• Operates infrastructure that routes and settles transactions • Pass information & settles funds between acquirer & issuer	• Onboard merchants • Enable merchants to accept electronic payments • Manage settlement of funds from issuer to merchant	• Enable digital acceptance via QR, terminals, UPI, etc. • Pay fees as a % of transaction

Industry structures

Indian market structure

Total digital payments in India reached ~220 bn txns, a 35% YoY increase; Indian payments industry is **bank-anchored and RBI-regulated**, Front-end is driven by **banks, payment banks, and fintech**

Market segments

- **UPI** – UPI accounted for ~186 billion transactions (up 41.7% YoY) and a staggering ₹261 trillion in value (vs ₹200 trillion FY24). UPI now represents 83.7% of digital payment volume
- **Cards** – Use of credit cards are up by 34%, while debit card sees a usage decline of 29.5% YoY

Key players

UPI: PhonePe, G Pay, Paytm

Cards: VISA, mastercard

Industry dynamics

Porters five forces

- **Bargaining power of suppliers – Moderate**; NPCI and card networks controls critical rails and fees
- **Bargaining power of buyers – High**; Low switching costs and moderate differentiation in products
- **Threat of new entrants – Low**; RBI licensing, network effects, and brand trust make scaling difficult
- **Threat of substitutes – Moderate**; Cash and wallets offer alternative payment options
- **Competitive rivalry – High**; Intense competition among payment service providers affects pricing

PESTEL analysis *(select sections)*

- **Political -** RBI's strict licensing, low-MDR policy,& cross-border UPI push shape market structure & profits
- **Technological** - India Stack and UPI innovations enable scale, speed, and interoperability
- **Legal** - Data protection laws & consumer rights laws
- **Social** - Consumer now expect 24x7 instant, free payment mechanism raising bar for uptime & fees

Revenue & cost drivers

Revenue drivers

- Transaction Volume
- Merchant Discount Rate (MDR)
- Subscription Fees

Cost drivers

- Compliance & Licensing
- Technology & Infrastructure
- Customer Acquisition & Support

Industry terminologies

Key performance indicators

- **Payment Conversion Rate:** % of successful transactions
- **Transaction Volume & Value:** Total # and value of txns over a specific period
- **Cart Abandonment Rate:** Due to complex checkout, security concerns, etc.
- **Chargeback Ratio:** % of chargebacks (disputes/fraud) out of total transactions
- **Uptime:** Percentage of time the payment system is operational

Good-to-know terminologies

- **MDR (Merchant Discount Rate):** Fee charged to a merchant for processing a digital payment, usually a percentage of the transaction value.
- **NPCI:** The umbrella organization that operates India's key retail payment systems like UPI, RuPay, FASTag, etc.

Payments industry (2/2): Deep-dive

Growth drivers & challenges

Growth drivers

- **UPI Expansion** – Continuous growth in domestic use and cross-border linkages increases transaction volume
- **Digital Public Infrastructure** – India Stack (Aadhaar, eKYC, interoperable QR) enables rapid onboarding and scale

Challenges

- **Rural Adoption**: Low digital literacy rates & lack of adequate infrastructure pose threats to widespread adoption of digital payments
- **Cybersecurity Risks**: Digital transactions are prone to fraud and breach possibilities requiring robust security measures

Prevalent business models

- **PSP** – Intermediary between merchants, customers, and financial institutions, ensuring secure fund transfer (RazorPay, PayU)
- **UPI & Wallet Providers** – Enable money transfer between bank accounts or through app-based e-wallets (GooglePay, PhonePe, PayTM)
- **Payment Networks** – Operating networks connecting banks, merchants, and consumers for transaction processing (AmEx, Visa, RuPay)
- **FinTech Start-ups** – Introducing innovative payment solutions and value-added services such as lending & security (BharatPe, CRED)

Industry specific information (addn.)

- **UPI Cross-Border Expansion** – Live corridors with Singapore, UAE, Mauritius, and Sri Lanka; RBI targets UPI presence in 20 countries by FY29.
- **UPI Credit Line & UPI Lite X** – Rollout of credit-on-UPI and offline tap-to-pay for small-value transactions to boost accessibility and merchant acceptance.
- **FASTag Growth** – NETC FASTag now processes ₹180 crore+ in daily toll collections, expanding to parking, fuel, and city transit payments.
- **Interchange on PPI-on-UPI** – Up to 1.1% interchange allowed for merchant transactions, creating new revenue streams for issuers.

Prep book cases

Click on box to jump to case

Fintech in UAE Market
(Market Entry)

Recent news

- NPCI Halts UPI “Pull” Transactions To Curb Fraud (Link)
- NPCI Eyes Biometric UPI — No More PINs? NPCI is exploring new biometric payment flows—facial recognition or fingerprint authentication—to authorize UPI transactions, potentially eliminating the need for PIN entry. This would be a game-changer for ease of use, especially for elder users or those with accessibility needs. (Link)

Useful resources to learn more about the industry

- **RBI – Payments & Settlements** *(Link)*
- **The Indian Payments Handbook - 2024-2029, PwC** (*Link*)
- **NPCI – Statistics & Product Updates** *(Link)*
- **Worldline – India Digital Payments Report 2H 2024** (*Link*)

Pharmaceuticals industry (1/2): Industry overview

INDEX

Value Chain

Research & Discovery
- Drug research & discovery (high gestation period and low success rate)
- Formulation/ licensing of pre-made formulas
- Lifecycle management

Development & Approvals
- Clinical Trials (Human)
- Approvals for marketing & selling (granted by MoH)
- Securing patents
- Tech transfer for scale up

Manufacturing
- Production line set up
- Raw material procurement - intermediates, APIs and solvents
- Quality control
- Packaging

Outbound logistics
- Storage & transportation – cold chain storage
- Distribution to wholesalers and distributors
- Export logistics

Marketing & Sales
- Endorsement by medical practitioners
- DTC advertising (OTC products only)
- Medical conferences

Industry structures

Indian market structure

India is a top **generic formulations** exporter with a large **branded-generics** home market; **Highly competitive** industry with large organized players & smaller players; biosimilars & vaccines are rising pillars

Market segments
- **Prescription** – Drugs for complex ailments – restriction on production, generally patented
- **Generic –** Can be produced by anyone as the patent has expired
- **OTC Medications –** Generic drugs available without prescription
- **Wellness products –** Non-medicinal products such as protein powders, cold pressed oils

Key players

SUN PHARMA, Dr.Reddy's, LUPIN, Glenmark, Cipla, AUROBINDO, Zydus, torrent PHARMA

Industry dynamics

Porters five forces
- **Bargaining power of suppliers – Low**; most of the raw material and equipment required for production is available with multiple suppliers
- **Bargaining power of buyers – Medium**; varies upon the type of consumer - low for retail consumers but high for hospital chains
- **Threat of substitutes – Low**; substitutes unavailable barring some alternate treatments such as Ayurveda
- **Threat of new entrants – Low**; highly regulated industry with government norms and high capital requirements
- **Competitive rivalry – High**; presence of large-scale & established players as well as numerous small players

PESTEL analysis *(select sections)*
- **Social** – Increasing proportion of aged population & more sedentary lifestyles leading to higher spend on healthcare
- **Legal** – Legalizing sale of therapeutic drugs without prescription by the National Medical Council expected to boost sales of generic drugs
- **Political** – PLI schemes; revised Schedule-M (GMP) upgrades; tighter self-reg code for promotion practices

Revenue & cost drivers

Revenue drivers
- Drug sales
- Licensing
- Contract manufacturing services
- Contract R&D services

Cost drivers
- Research and development
- Manufacturing
- Distribution & storage
- Marketing

Industry terminologies

Key performance indicators
- **Time to Market:** Measures time it takes to bring a drug from discovery to market
- **Return on research capital (RORC):** Calculated by dividing current gross profits by the prior year's R&D expenditures
- **Health Outcome Improvement:** Measures the impact of pharmaceutical products on patient health outcomes
- **Clincal Trial success rate:** Proportion of clinical trials that successfully achieve their endpoints

Good-to-know terminologies
- **Generics:** Drugs that are not under patent protection, and can thus be copied
- **OTC:** Drugs that can be sold directly to customers without a prescription
- **API:** Active Pharmaceutical Ingredient, the key raw material of a drug that causes the drug to have its desired effect

Pharmaceuticals industry (2/2): Deep-dive

INDEX

Growth drivers & challenges

Growth drivers

- **Rising consumer spend on healthcare** driven by higher insurance and healthcare awareness
- **High demand for generic Indian drug exports** due to lower cost of production in India
- **Rise in chronic diseases** + COVID like events

Challenges

- **Increasing scrutiny** on Indian drugmakers by FDA leading to temporary bans from US Market – negatively affecting topline
- **Restrictions** on marketing of certain drugs to consumers
- **High capital requirements for R&D** – Drug discovery usually has a long gestation period coupled with low success rate

Prevalent business models

- **Manufacturing** – Manufacture and market both generic and specialty drugs – selling them through direct and indirect channels
- **Licensing** – Patent production process of a drug and license the formula to other drug makers (Patents usually hold up to 20 years)
- **Contract Research and Manufacturing** – Carry out specific research or manufacturing activities on contract for other companies

Industry specific information (addn.)

- **Emergence of DTC pharmacies -** Numerous D2C pharmacies such as TATA 1MG, Flipkart Health, Pharmeasy have emerged to improve accessibility to both generic and specialty drugs
- **Lack of R&D** – The Indian Pharma industry hasn't invested heavily in R&D capabilities – it largely focuses on manufacturing generics
- **High reliance on exports** – A large number of scaled Indian pharma companies derive more than half of their revenues from exports; key markets are the US and Europe
- **API imports** – High dependance on China for key raw materials
- **Endorsement by doctors** – Relies heavily on endorsement by Doctors; collaborating with them (using sales reps) is an important sales strategy
- **Access programs** – **Jan Aushadhi** impacts price ladder; state central tenders require dedicated bid.

Prep book cases

Click on box to jump to case

Drug Pricing
(Pricing)

Pharma Giant Acquisition
(M&A + DD)

Pharmaceutical Company
(Unconventional)

Recent news

- NPPA fixed retail prices of 37 essential formulations (Aug 3–4), and separate orders fixed ceiling prices for 4 scheduled formulations (Aug 1). PIB and trade press have the details. (Link)
- Govt. records 16,912 Kendras as of 30 Jun 2025; targets 20,000 by Mar 2026 and 25,000 by Mar 2027 (PIB parliamentary replies). (Link)
- Manufacturers must disclose excipient details on all medicine strips/labels. (Link)

Useful resources to learn more about the industry

- **Pharmaceutical Industry 101** (Link)
- **IBEF / Invest India pharma overview** (Link)
- **India's Pharma Sector growth insights, EY** (Link)

Power industry (1/2): Industry overview

INDEX

Value Chain

Raw Materials	Power generation	Distribution	Marketing & Sales	After Sales
• Fossil fuel (coal, oil, natural gas) • Nuclear - Uranium • Renewable (wind, solar, geo, hydro)	• Hydropower turbines • Thermal plants • Solar farms • Wind farms • Nuclear reactors	• Transportation of electricity through high-voltage lines • Substation management • Last mile reliability	• Electricity delivery to end-user through low-voltage lines by distributors like CESC, BESCOM • Long-term PPAs and short-term trades	• Residential, commercial, and industrial locations • Metering, billing, and customer service

Industry structures

Indian market structure

Installed capacity: ~490 GW (utilities) as of 31 Jul 2025; non-fossil > 50% of capacity; Market share by total installed capacity – Private ~55%, State ~23%, Central ~22%.

Market segments

- **Generation:** coal/lignite, gas, hydro (incl. PSP), nuclear, solar, wind - captive/cogeneration.
- **Transmission:** state utilities & private lines
- **Distribution & retail:** state DISCOMs; private licensees franchise models; prepaid/smart metering under RDSS
- **Trading & markets**

Key players

Industry dynamics

Porters five forces

- **Bargaining power of suppliers – Moderate**; multiple suppliers of key resources exist in the market
- **Bargaining power of buyers – Low**; govt regulated energy price for the end consumer
- **Threat of new entrants – Low**; exists high capital requirement and regulatory barriers
- **Threat of substitutes – Moderate**; Increasing number of renewable energy sources
- **Competitive rivalry – High**; competitive market with government and private players vying for market share

PESTEL analysis *(select sections)*

- **Political** – Rolling out of electrification schemes and priority funding through DDUGY, IPDS, and PSDF; RDSS smart metering roll-out
- **Technological** – Integrating renewables through smart grid initiatives as part of GoI Smart Cities Mission
- **Environmental** – India's pledge to reduce emission intensity of its GDP by 45% by 2030; clean generation share hit fresh highs in 1H'25

Revenue & cost drivers

Revenue drivers

- Tariff structures (capacity + energy charges)
- Energy trading
- Energy storage

Cost drivers

- Infrastructure setup & maintenance
- Transmission & distributions losses
- Regulatory compliance

Industry terminologies

Key performance indicators

- **Installed capacity** – Maximum amount of energy a plant can produce
- **Availability factor** – % operating time of plant
- **Collection efficiency** – Revenue/Billed total

Good-to-know terminologies

- **DISCOM** – Regional distribution companies
- **Independent Power Producers (IPPs)** – Pvt. companies that generate & sell electricity
- **Captive Power Plants** – Industries that generate their own electricity
- **Smart Grid** – Integrates energy storage and tech to improve efficiency of power systems

Power industry (2/2): Deep-dive

Growth drivers & challenges

Growth drivers

- **Economic expansion** and urbanization, growing population with increasing electrification and per-capita usage
- Rural electrification through **government schemes** (Deen Dayal Upadhyay Gram Jyoti Yojana, Village Energy Security)
- **Green energy corridor** and solar-wind hybrid projects expected to augment electrification

Challenges

- Low operational and financial sustainability of DISCOMs due to delayed payments; prevalence of high NPAs
- Low reliability and stability of renewable sources
- Move towards reducing dependence on coal, which a key input in thermal plants

Prevalent business models

- **Power generation** – Power generators operate plants to produce electricity and sell it to distribution companies
- **Power distribution** – DISCOMs enter into Power Purchase Agreements with generators, with predetermined tariffs for specific regions
- **Trading** – Online platforms facilitating trading of electricity among generators, consumers, and traders
- **Energy infrastructure** – Maintaining and leasing infrastructure for power generation and distribution
- **Energy as a service** – Digital tech and distributed energy resources used to supply energy and manage energy systems

Industry specific information (addn.)

- **High production and consumption** – India is the third-largest producer and consumer of electricity, with total installed power capacity of 417GW
- **Renewable energy** – India ranks fourth in wind power and fifth in solar power capacity, with an overall power capacity of 166GW. The target is to increase this to 450GW by 2030.
- **Freebies promised** – Free electricity is a common election promise made by political parties
- **FDI** – 100% FDI allowed by government in energy and power sector

Prep book cases

Click on box to jump to case

Green Power Co
(Growth)

Recent news

- Smart-meter rollout gathering pace under RDSS. 20.33 crore meters sanctioned; ~3.46 crore installed (mid-'25 updates). (Link)
- Under PM Surya Ghar, govt notes 16.5 lakh beneficiary households (Aug '25); official portal + scheme details here. (Link)
- Govt extended ISTS charge waiver for BESS; FY25 saw record 34 GW capacity addition (≈29.5 GW RE). (Link)

Useful resources to learn more about the industry

- **Overview of India Power Sector 2023, Central Electricitiy Regulatory Commision** (Link)
- **Renewable Energy Overview, IBEF** (Link)
- **NITI ICED energy portal - quick visuals on capacity/generation mix** (Link)

Quick Commerce (1/2): Industry overview

Value Chain

Sourcing	Fulfilment	Ordering	Last-Mile	Customer Experience
• Vendor Management • Category Planning • Price & Margin • Quality Assurance • Private Label	• Dark Store Setup • Inventory Management • Warehouse Operations • Tech Integration • Workforce Management	• App interface • Order Management • Inventory Sync • Payment Gateway Integration	• Delivery Partner Management • Dynamic Routing • Delivery Time SLAs • Live ETAs & tracking	• Personalization & CRM • Support & Feedback • Loyalty & subscription • Refunds & returns

Industry structures

Indian market structure

- The QC industry in India had an estimated GMV of approximately **USD 3 billion** in 2023.
- Market is projected to hit **40 Billion** by 2030, growing at **~45% CAGR**.

Market segments

- **Instant Delivery:** Fulfillment within 10–30 minutes (Ex: Blinkit, Zepto)
- **Scheduled Delivery:** Customer chooses a fixed delivery time slot (Ex: BigBasket)
- **Subscription-Based Delivery:** Recurring scheduled orders for essentials (Ex: BB Daily)

Key players

- blinkit: **46%** Share
- zepto: **29%** Share
- instamart: **25%** Share
- bb now: **<1%** Share

Industry dynamics

Porters five forces

- **Bargaining power of suppliers – Low;** Diversification across product lines reduces leverage with brands.
- **Bargaining power of buyers – High;** Low switching costs and similar offerings across multiple platforms.
- **Threat of new entrants – Moderate;** Replicable model but requires heavy investment in dark stores and logistics.
- **Threat of substitutes – Moderate;** Kirana stores, supermarkets, and e-commerce serve similar needs.
- **Competitive rivalry – High;** Multiple well-funded players compete aggressively on price and delivery speed.

PESTEL analysis

- **Political:** Government's ONDC aims to level the playing field by enabling Kiranas to compete with market giants
- **Technological:** Platforms leverage AI for inventory forecasting, route optimization
- **Environmental:** High carbon (285g/order) & plastic use (72%) driving shift to EVs, green packaging, and dynamic pricing

Revenue & cost drivers

Revenue drivers

- Product Sales & Commissions
- Delivery Charges
- Advertising & Brand Promotions
- Subscriptions & Loyalty Programs
- Private Labels & In-House Brands

Cost drivers

- Procurement & Inventory Management
- Logistics & Delivery
- Warehousing & Infrastructure
- Marketing & Technology

Industry terminologies

Key performance indicators

- **Customer Acquisition Cost (CAC)**: Average cost of acquiring one new customer
- **Monthly Active Users (MAU):** # of unique customers who use the platform in a month.
- **Average Order Value (AOV):** Average spend per order.
- **Stockout Rate:** % of SKUs unavailable when customers want to buy.

Good-to-know terminologies

- **Zoning / Geo-Fencing –** Dividing service areas into precise geographic boundaries to manage demand and delivery allocation.
- **SKU Rationalization–** Process of reducing or optimizing the number of products (SKUs) offered to focus on the most profitable and in-demand items.

Quick Commerce (2/2): Deep-dive

INDEX

Growth drivers & challenges

Growth drivers

- **Rising demand for convenience:** Higher incomes, changing habits, and preference for instant delivery
- **Strong supply-side push:** Dense dark store networks, wider product categories, and tech-driven efficiency

Challenges

- **High ops costs** (20–30% above e-com) from low AOV, heavy discounts, costly dark stores, and labour challenges
- **Stockouts and tricky perishables** add to margin pressure

Prevalent business models

- **Pure-Play Dark Store Model** – Own micro-fulfillment centers for fastest delivery (e.g., Zepto, Blinkit)
- **Hybrid Logistics Model -** Leverages existing delivery networks (e.g., Swiggy Instamart)
- **Kirana Partner / Aggregation -** Integrates neighborhood stores for last-mile fulfillment (e.g., ONDC)
- **Omnichannel Retail Extensions** – Big players adapting to quick-delivery via marketplace platforms (e.g., Flipkart Minutes, Reliance's JioMart Express)

Industry specific information (addn.)

- **Mounting Losses:** Despite 45–64% GMV growth, Swiggy and Blinkit continue to post widening **losses**, Zepto burning **~₹350– 400 Cr/month**
- **Dark Store Surge**: Instamart added 316 in just Q4 of FY'25 ; Blinkit targeting 15k–20k across cities by ~2027
- **Antitrust Concerns: CCI l**aunched investigations into **predatory** pricing and **deep discounting** practices
- **Urbanization & convenience demand**: Busy urban lifestyles, proximity to dark stores, and faster purchasing habits drive adoption
- Q-commerce faces **gig worker strain** from high attrition, low pay, and labour rights concerns**,** with over **400,000+** gig workers employed

Prep book cases

Click on box to jump to case

Quick Commerce Platform Membership Pricing
(Pricing)

QComm Fulfillment Acquisition
(M&A + DD)

Recent news

- Zepto is in the process of raising $500 million, which would bring its valuation to $7 billion. This is a significant increase from its previous valuation of $5 billion. (Link)
- Blinkit's parent company, Eternal, is transitioning the platform from a marketplace model to an inventory-led model. (Link)
- Quick Commerce Industry to employ 5-5.5 lakh people by next year. (Link)

Useful resources to learn more about the industry

- **Quick Commerce in India Decoded** (Link)
- **India Brand Equity Foundation (IBEF Blog)** (Link)
- **IIMA Report on Business Models and Infrastructure requirements** (Link)
- **Quick Commerce Sector Update 2024, JM Financial** (Link)

Retail industry (1/2): Industry overview

Value Chain

Inbound Logistics	Manufacturing	Outbound Logistics	Marketing & Sales	After Sales
• Vendor selection & management • Line planning • Demand forecasting • Price forecasting • Quality testing	• Network Optimization • Transportation • Cold chain management • Receiving & unloading	• Storage & warehousing • Allotment & scheduling • Merchandising • Shelf replenishment	• Promotions & Discounts • Cross-selling • Digital S&M • Payment Options	• On-Time, In-Full delivery • Route analysis • Order tracking • Warranty & Services • Reverse logistics (RVP, RTO)

Industry structures

Indian market structure

India's retail market is **~US$1.06T (2024)** and projected to **~US$1.9T by 2030**; organized retail's share is rising. E-retail GMV is **~US$60B (2024/25)** with one of the world's largest online shopper bases

Market segments

- **Grocery** (super/hyper/discount, convenience & quick-commerce)
- **Fashion** (value fashion, department/specialty, D2C)
- **Electronics & Appliances** (big-box + assisted selling)
- **Beauty & Pharma** (specialty)
- **Jewellery & Watches**
- **Home & Furniture**
- **Marketplaces/social/ONDC**

Key players

Reliance Retail, DMart, croma, Aditya Birla Fashion & Retail, V Mart, vijay sales, ONDC Open Network for Digital Commerce

Industry dynamics

Porters five forces

- **Bargaining power of suppliers – Moderate**; organized retail is dominated by few players who control margins
- **Bargaining power of buyers – High**; supply is elastic, and buyers have access to large number of retailers
- **Threat of new entrants – Moderate**; low barriers to entry with online, offline moats are real estate, supply chain, working capital
- **Threat of substitutes – High**; Often there is limited product differentiation, hence substitutability is high
- **Competitive rivalry – High;** the traditional channel is operating at high costs and low margin expectations

PESTEL analysis *(select sections)*

- **Political & Legal** – GOI has allowed **100% FDI** in online retail. Retail & wholesale traders now considered MSMEs to get priority sector lending
- **Environmental** – Sustainability, environmental & ecological factors driving consumer demand

Revenue & cost drivers

Revenue drivers

- Own brand (private label) sales
- Loyalty & rewards programmes
- Affiliate marketing
- Cross-selling

Cost drivers

- Retail Lease
- COGS & Supply chain
- Credit card fees
- Opex - Utilities/labour

Industry terminologies

Key performance indicators

- **Sales per square foot:** Total net Sales/ Total square feet
- **Avg transaction value:** Total Sales/ Number of Transactions
- **Customer retention rate:** [(Total distinct customers at end of period) - (Total new distinct customers acquired during period)] /(Total distinct customers at start)
- **Foot traffic vs Digital traffic**
- **Inventory Turnover:** Net Sales/ Avg. Inventory

Good-to-know terminologies

- **PoS**: Point of Sale system
- **CRM**: Customer Relationship Management
- **Omnichannel Marketing**
- **Planogram:** a schematic drawing or plan for displaying merchandise

Retail industry (2/2): Deep-dive

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Growth drivers & challenges

Growth drivers

- Availability of labour, low costs & special investment wages (tax breaks) encourage FDIs
- **Easy payment options** such as UPI, BNPL
- **Tier-2/3 expansion** + value fashion & beauty boom with **Omnichannel at scale**
- Expansion of **e-commerce** and m-commerce. Data-driven insights. **ONDC broadening** participation for kiranas/SMBs (600+ cities)

Challenges

- **Thin unit economics** with promotions, last-mile costs, high returns
- Fragmented logistics and real estate inflation
- **Rise of digitization** & low adoption by small retailers with rise of e-commerce giants may hamper growth

Prevalent business models

- **Independent retailer** – Run and managed by owners; generally, operates one outlet and provides personalized service
- **Retail chain** – Common ownership of multiple units, decision-making is centralized; low entry-level risks, high goodwill & branding
- **Retail franchising** – Using another firm's successful business model with the franchisor's support (food chains such as McDonalds's & Subway). Higher equity share but revenue/profit sharing.
- **Retail cooperatives** – Group of individual retailers who combine their financial resources & expertise to control wholesaling needs

Industry specific information (addn.)

- **Rise of e-commerce –** Online retail is projected to contribute 10.7% to the total retail market by 2024, a substantial increase from 4.7% in 2019
- **Payment modes** – Flourishing digital payment ecosystem in India. Cashless transactions and credit options have increased leading to simpler payment mechanisms
- **Seasonal Demand**– Managing Inventory, marketing while accounting for seasonality trends
- **Premium segment** – Demand for "premium" products rising
- **Formalisation & premiumisation** – Leasing tilting back to Grade-A malls; supply tightness keeps rentals firm
- **Omni-channel Retailing** – Seamless experience for customers

Prep book cases

Click on box to jump to case

Textile (Retail) *(Profitability)*

Grocery Retail Store *(Profitability)*

E-Grocery Player *(Growth)*

Retail Chain (Digital Transformation) *(Unconventional)*

Threat of New Entrant *(Unconventional)*

Recent news

- Retail sales up ~8% in July '25: RAI's July survey shows the third straight month of 7–8% YoY growth; apparel led. (Link)
- Retail leasing hit a record 5.7 mn sq ft in H1'25 (C&W), reflecting a tilt back to malls. (Link)
- National Retail Trade Policy unlikely (for now) as govt signalling targeted fixes instead of a single omnibus policy. (Link)

Useful resources to learn more about the industry

- **IBEF Retail primer (market size, outlook; frequent news wraps)** (Link)
- **Winning in Bharat - the Retail Kaleidoscope, BCG & Retailers Association of India** (Link)
- **Premiumization of India's Retail Sector, Cushman & Wakefield** (Link)

Semiconductor industry (1/2): Industry overview

Value Chain

Raw Materials + Supply
- Raw Materials (Supply bottleneck) - Silicon Wafers, Photomasks, Chemicals & Inert Gases
- Capital Equipment (High Capex)

Design Stage
- System Specs (GPU, CPU, Modem)
- Logic & Chip Design
- Verification

Designs are passed over to Manufacturing firms

Manufacturing & Fabrication
- Photolithography – pattern design transfer (Monopoly supplier ASML)
- Deposition & etching
- Water testing

Outbound Logistics
- To device manufacturers (Tier 1 integrators)
- Direct Supply - Specialized chips like A series
- Distributors – manage smaller orders

End Customer
- Smartphones, Laptops
- EV's
- Other electronic devices

Industry structures

Indian market structure

Domestic: Design Leadership strength - 120 centers, **low manufacturing**, imports dominate

International: Hold design IP, raw material and chip manufacturers

Market segments

- **Design:** Dominated by global and domestic firms. High-value, export-oriented, but dependent on external manufacturing for fabrication
- **Foundry & Fab:** Limited capacity today. (Tata is entering)
- **OSAT:** A viable entry point for manufacturing. Active dev by Micron, Tata, HCL-Foxconn, CG Power–Renesas

Key players

PSMC, Micron, TATA ELECTRONICS, tsmc

Industry dynamics

Porters five forces
- **Bargaining power of suppliers** – **High**; Material inputs fully imported, monopolistic equipment suppliers
- **Bargaining power of buyers** – **Moderate**; Domestic Assemblers, High switching costs for brands, Indian fabs must be price sensitive
- **Threat of new entrants** – **Low**; Massive Capex, Strong IP (difficult to enter)
- **Threat of substitutes** – **Low**; No functional subs.
- **Competitive rivalry** – **High**; No operational large-scale fabs in India. To compete with globals

PESTEL analysis *(select sections)*
- **Political** – India Semiconductor Mission**, promises 50% capex subsidy** for **Fabs** and **ATMP (**Assembly, Testing, Marking and Packaging) units
- **Social** – Large pool of EC engineers in Chip Design. (Nvidia, Qualcomm) but fab process engineers are scarce. Seen as a nation building initiative

Revenue & cost drivers

Revenue drivers
- Sale of Chips – 80%
  - Logic Chips - Innovators (45%) (CPUs, GPUs)
  - Memory Chips - High Vol. (30%)
- Wafer Manufacturing - 15%
- IP Licensing & Royalties - 5%

Cost drivers
- Capital Expenditure (35%-40%)
- R&D (15% - 20%)
- Raw Materials (20%-25%)

Industry terminologies

Key performance indicators
- **Fab utilization rate (%):** % of production capacity in active use; low utilization severely impacts cost per chip
- **Yield (%):** Percentage of functional chips per wafer; a 1% change here can swing profits massively.

Good-to-know terminologies
- **Fab:** Fabrication plant for making semiconductor wafers.
- **Foundry:** A company that manufactures chips for others (e.g., TSMC, GlobalFoundries).
- **OSAT:** Outsourced semiconductor assembly and test.

Semiconductor industry (2/2): Deep-dive

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Growth drivers & challenges

Growth drivers

- **Exploding End Use Demand** : GPUs, AI accelerators, Data Centres, EVs, Smartphones.
- **Strategic National Investments**: India Semiconductor Mission to enable leadership in the tech enabled world

Challenges

- **Heavy dependency on global supply chains:** Raw material supply, technology access restrictions
- **High Capex :** A state-of-the-art fab (3–5nm) costs **$15–20B** to build and equip, & need sustained demands to be run. Ideal fabs are sinkholes.

Prevalent business models

- **Foundries**: Manufacture for others, no own designs (e.g., TSMC, GlobalFoundries, UMC).
- **IDMs (Integrated Device Manufacturers)**: Design + manufacture (e.g., Intel, Micron, Texas Instruments). **Charter airlines** – Focus on providing passenger services to tourists, usually entering into agreements with tour operators
- **Fabless Companies**: Design chips but outsource manufacturing (e.g., Qualcomm, NVIDIA, AMD).

Current Indian landscape shift

Design ⟶ Foundry

Industry specific information (addn.)

- **Supply Chain Vulnerabilities:** Heavy reliance on Taiwan (TSMC), South Korea (Samsung, SK Hynix) and Netherlands (ASML) for critical equipment.
- **Talent Gaps : India-specific -** Strong in chip design talent (~120 global design centers), but extremely limited **fab process engineers** and yield-optimization specialists.
- **OSAT & ATMP as Early Wins :** Lower entry barriers vs. advanced fabs — India already attracting investments (Micron's Gujarat facility, Tata Group, CG Power–Renesas
- **Trump Tariffs**: U.S. firms and global OEMs will accelerate **"China+1" and "Taiwan+1"** strategies

Recent news

- **US Policy Changes**: Trump announced plans for potential **100% tariffs** on imported semiconductor chips, aiming to boost domestic manufacturing and reduce reliance on foreign suppliers (Link)
- **The India Semiconductor Mission** (ISM) is a strategic initiative launched by the Government of India in December 2021, with a budget outlay of ₹76,000 crore, to develop a comprehensive ecosystem for semiconductor and display manufacturing and design in the country.

Useful resources to learn more about the industry

- **Chip War** (Link)
- **Ken Article on India's aspiration for semiconductor** (Link)
- **Assessing India's Readiness to assume a greater role in Global Semiconductor Value Chain, ITIF** (Link)

Telecom industry (1/2): Industry overview

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Value Chain

Tower Infrastructure
- Deploy & own towers under infra-sharing agreements with the network operators

Equipment Providers
- Network Components & Hardware (*cable, router, etc*) Sellers
- End-user distribution

Integrators
- Provide Software Tech. for 4G/5G
- Integrate software & hardware for telecom companies

Network Operator
- Own and control access to the radio wave spectrum via auction
- Involved in Spectrum Trading

Service Providers
- Purchase capacity from network operators to service general public
- Offerings - Voice Call, messaging & internet

Industry structures

Indian market structure
- World's second-largest telecom market; 1,200 million subscribers with 85% tele-density.
- Private operators hold 91.5% of the market, while PSUs hold 8.5%.

Market segments
- **Wireless** (50-60%), Cellular Phones (Calls, Data) vs **Fixed Line** (40-50%) Voice Telephony and Internet fixed lines
- **B2B v/s B2C Sales** – Monthly subscription plans for consumers compared to enterprise sales comprising of unified communication offerings

Key players

Jio, airtel, Vi

Industry dynamics

Porters five forces
- **Bargaining Power of Suppliers – Moderate;** High switching costs, but a broad supplier base exists
- **Bargaining Power of Buyers – High;** Consumers are price-sensitive; low switching costs increase their power
- **Threat of New Entrants – Low;** High CAPEX and regulatory complexity limit new players
- **Threat of Substitutes – Moderate;** Internet-based and satellite communication are rising alternatives
- **Competitive Rivalry – High;** Fierce competition in a saturated, oligopolistic, price-driven market

PESTEL analysis
- **Technology:** 5G integration with IoT, Cloud; Sat. comm
- **Legal:** Complex country-wise regulations; Competition law concern for leading players
- **Economic:** High interest rates make telecom costly due to CAPEX, while inflation reduces consumer purchasing power
- **Political:** Ban & phase-out of Huawei for privacy issues

Revenue & cost drivers

Revenue drivers
- Call + SMS + Internet Plans (Postpaid/Prepaid/Roaming Packs)
- Broadband & DTH Services
- Data Monetisation, Partnerships (Spectrum Lease) & Affiliations (OTT)

Cost drivers
- Spectrum + Infrastructure Costs
- Network Operating Costs
- Customer Acquisition Costs

Industry terminologies

Key performance indicators
- **ARPU:** Revenue per user
- **Churn Rate:** % of users leaving
- **Network Uptime:** % of time the network is operational
- **Data Usage/User:** Average data consumed per subscriber
- **Customer Acquisition Cost:** Cost to acquire each new user

Good-to-know terminologies
- **MSISDN (Mobile Station International Subscriber Directory Number):** Mobile phone number
- **BTS (Base Transceiver Station):** Mobile network tower
- **MNP (Mobile Number Portability):** Keep number when switching providers.

Telecom industry (2/2): Deep-dive

Growth drivers & challenges

Growth drivers

- **IOT** - Rising IOT adoption across Smart Cities, Industries shall need high-speed transmission, which 5G can facilitate
- Increasing investments & diversification into Satellite Broadband

Challenges

- **High Interest Rates:** Capital-heavy 4G/5G rollout becomes costlier.
- **Declining ARPU:** Price wars in developing markets like India reduce revenue per user.
- **Commoditization:** Market saturation leads to price battles and limited innovation.

Prevalent business models

- **Prepaid** v/s **Postpaid Services** - Whether payment for the service is done in advance (recharge/top-up) or after consumption (monthly cycles)
- **Bunding of Services** - Multiple offerings under one service - Eg: High-speed internet, entertainment (OTT, music), data packs & offers
- **Broadband** - Superfast internet for home/commercial usage along with multitude of complementary offerings
- **B2B** - Cloud, IoT, Voice & Collaboration, Landline, Data Connectivity and Security solutions for enterprises (Jio/Airtel/Verizon, etc)

Industry specific information (addn.)

- **Spectrum Auction:** Govt. sells airwave rights to operators (e.g., DoT in India, FCC in US).
- **Telecom Infrastructure:** Includes towers, switches, lines, routers, and modems.
- **Infrastructure Sharing:** Operators share base-site assets or lease spectrum to cut costs.
- **Service Bundling:** Combines broadband, voice, OTT, and cable into single packages.
- **M&A Consolidation:** Smaller firms merge, creating oligopolies in many markets.

Prep book cases

Click on box to jump to case

5G Pricing Plan
(Pricing)

Acquisition for Ecosystem Integration
(M&A + DD)

Recent news

- India's services sector 'epochal opportunity' for investors (Link)
- Starlink to have two million customers in India, offer 200 Mbps speed (Link)
- India houses more than half of the world's Global Capability Centres (GCCs) (Link)

Useful resources to learn more about the industry

- **The Indian Telecom Services Performance Indicators January–March, 2025** (Link)
- **Indian Telecom Industry Analysis (IBEF primer)** (Link)
- **The future of telcos: Mapping the routes to renewed success, McKinsey** (Link)

Appendix

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IIM AHMEDABAD CONSULT CLUB

Appendix 1: Consulting101 Primer

Consulting Overview

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What is Consulting?

- Giving external advice to organizations that may require special or technical expertise or an outside perspective on their business problems, performance improvement etc.
- Consultants are "**problem solvers for hire**"
- They use a multi-pronged approach, involving primary and secondary research combined with business intuition from their extensive experience in the industry to understand business problems and provide recommendations
- In summary, it is helping CEOs and other leaders solve pertinent business problems and implement solutions

Types of Consulting

Broad Scope

Operations Consulting

Drive operational efficiency & performance improvement

e.g., cost reduction, process optimization, supply chain redesign

Strategy Consulting

Define high-level strategies & the operating model to deliver them

e.g., market entry, growth, M&A, corporate strategy

Implementation Support

Strategic Advisory

Functional Consulting

Provide operational solutions for specific departments

e.g., analytics, market research, ERP rollouts

Niche Consulting

Provide deep expertise in a specific sector or issue

e.g., healthcare, education, energy, ESG, pricing

Focused Scope

Consulting is a spectrum – with value often created at the intersections of dimensions

Steps to Problem Solving (an example)

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Project – Increase sales through market expansion for a yarn manufacturing company

1

Define

- Drive expansion in sales by 20% by identifying new markets and formulating a sales strategy to capture market share

2

Hypothesize

- Expanding to xyz markets will generate high profits due to high size and low competition
- Introducing decentralized sales team will improve sales by 10%

3

Data Analysis

- Analyse sales and market data for five different geographies and identify potential opportunities for the client
- Understand competitive landscape through secondary research

4

Recommend

- Setting up sales team in 2 identified geographies for expanding presence in these geographies
- Detailed marketing plan (products sold, price, promotion strategies in these geographies)

A glimpse through the life of a consultant

A Day in Consulting

Check emails *– respond to urgent requests, plan*
Team sync *– align on goals, priorities, and blockers*
Client call *– discuss progress, validate hypotheses*
Individual work *– build slides, analyze data, refine story*
Manager/Partner check-in *– review, iterate*
Brainstorm *– whiteboard steps, draft recommendations*
Refine *– polish for client, align story with insights*
Prep *– for next day/client review*

Each day in consulting is different – the challenge is to balance problem-solving and adaptability

Typical work dynamics

Project team Structure
Partner (not full-time) + EM + 2/3 Associates

Time
9 AM – 9 PM+

Other activities
Team events, dinners, offsites, trainings etc.

Typical Career Progression *(will vary by firm & indiv. performance)*

Business Analyst

Pre-MBA position
Responsibilities: data gathering and analysis, documentation, modelling, admin and coordination, problem solving

2 years

Associate/ Consultant

Post-MBA position
Responsibilities: increasing focus on leading analysts, overseeing their work, more client interface, problem solving

3-4 years

Engagement Manager

Team Leads
Responsibilities: work stream planning, team leadership, key client interface for projects, relationship management

2-3 years

Associate Partner / Principal

Pre-partner role
Responsibilities: professional support and oversight on projects, client relationship management, business development

3-4 years

Partner

Leadership role
Responsibilities: client relationship management, business development, thought leadership, internal initiatives, firm policy

Why join consulting?

Intellectually Rewarding
- Solving large scale business problems in a structured way
- Steep learning curve
- High ownership of work
- Soft skills development

Good pay and perks
- The pay is good, and the lifestyle is glamourous

Diversity in work
- Work in various sectors/industry in initial years
- Type of project – performance improvement, market entry, growth etc.

Great work environment
- Extremely smart peers from diverse backgrounds
- Collegial work culture with tight-knit teams

Lucrative exit options
- Corporates (general management/leadership)
- Private Equity/Venture Capital
- Entrepreneurship
- Public Policy

But, be prepared for...

Travel: Travelling every week may not suit everyone, especially for those who live with their families, spouses etc., being away from home for 5 days a week may be difficult.

Also, travel may sometimes be to client locations in remote areas, which may be cumbersome.

Rigorous work and long hours: Consultants spend a lot of hours working, sometimes averaging more than 12 hours a day, depending on client deadlines.

Work can sometimes be stressful; consultants are often thrown into the deep end with minimal training, and they learn on the job.

Recruitment process for Consulting roles

How to build the right CV for Consulting roles?

Spikes: Your CV is your story and spikes are the highlights, use these well. Helps to have a couple in all buckets or more in less buckets.

Highlight Initiatives: A significant part of the job involves thinking out of the box for solving problems & taking the lead. Show that in your CV.

Drafting: Be specific while framing your points, use action verbs to signal strong impact and write in active voice rather than passive.

Outcome/ Impact vs Process: Focus more on the results of your work more than how you did it. The profession demands it, so why not start from your CV?

Highlight judiciously: Save the time of the recruiter by putting the most relevant part of your point in the front. Bold the important parts.

Quantify Impact: It always helps to put a number to your work instead of using generic words like several, immense, etc.

Highlight PORs well: These show your leadership qualities and ability to get work done. It can show your ability to work in a team if framed well.

Simplify: The recruiters have a large number of CVs to go through. Hence, the easier you make it for them to understand your story, the better. Do not use jargon and abbreviations.

Typical hiring process for consulting roles

Fit
CV Shortlists, cover letters, HRQs, dinners, events

Simulation
2-3 case interviews

Hiring decision

CV submission → Company presentations → Company shortlists → Dinners/ buddy calls → Final interview day

What they are looking for

Problem Solving Skills
(Analytical abilities, business acumen)

Communication Skills

Coachability & Learnability

Teamwork & Collaboration

Leadership & Impact
(incl. initiatives)

Skills that will help you ace a Consulting Internship!

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Technical skills

- **Excel skills:** Basic analytical functions and clean formatting
- **PPT making:** Ability to present information in a succinct manner with a simple design

Communication skills

- **Oral:** Active participation in meetings by asking questions and adding your own insights
- **Written:** Writing crisp emails that clearly highlight the key message

Analytical skills

- **Problem structuring:** Breaking down the problem into smaller parts based on business context
- **Insight generation:** Ability to identify the key insights obtained from the data analysis

Tactical skills

- **Note-taking:** Taking detailed notes during meetings and sharing insights with the team
- **Organization skills:** Organizing your inbox and structured documentation of sources

Negotiation skills

- **Among peers:** Leverage internship to interact with a diverse set of people
- **Among people at the firm:** Proactively reach out, understand culture, get tips on navigating career

Time Management skills

- **During the week:** Prioritize tasks, apply Pareto principle, leverage knowledge teams
- **Reflect during the weekends:** Set targets and review, organize thoughts, remove clutter

Appendix 2:
Strengthening your tool-kit

Datasheets (1/2)

Table 1: Population Distribution in India (Gender and Urban-Rural)

Total Population	1450
Males	748
Females	702
Sex Ratio	94%*
Urban Population	530 (37%)
Rural Population	920 (63%)

Figures are in millions
* ~940 females for 1000 males

Table 2: Life Expectancy and Population Growth Statistics

Overall Expectancy	72
Male Expectancy	70.5
Female Expectancy	73.6
Birth Rate*	16.1
Death Rate*	6.6
Population Growth Rate	0.9%

*** Figures are for every 1000 individuals**

Table 3: Age-wise Population distribution

Age Group	Population(%)
0-12 Years	21.2%
13-24 Years	21.2%
25-34 Years	16.7%
35-44 Years	14.4%
45-54 Years	11.2%
55+ Years	15.3%

Table 4: Income and Expenditure

Data Head	India	Urban	Rural
Size of Household	4.2	3.7	4.4
Household Income (in Rs)	2,50,000	3,50,000	2,00,000
% Savings	27%	32%	23%
Expenses (Food)	50%	45%	55%
Expenses (Travel)	10%	8%	13%
Expenses (Others)	40%	45%	33%

Poverty: ~10% Population lives below the poverty line (~$2 or Rs. 150)

*** 2024 (or latest available) figures have been taken for the datasheet estimates**

Datasheets (2/2)

Table 5: Population spread of Metros (Millions)

City	Population	City	Population
1. Delhi	35	6. Hyderabad	11
2. Mumbai	22	7. Ahmedabad	9
3. Kolkata	16	8. Surat	8
4. Bengaluru	14	9. Pune	8
5. Chennai	12	10. Jaipur	4.5

Figures are in millions

- Population residing in Top 10 cities = 135M
- Population residing in Top 50 cities = 220M
- Population residing in Top 100 cities = 255M

Table 6: Class Distribution by Annual Household Income

Annual Household Income (INR p.a.)	Percentage
Low Income Households (Less than 1,00,000)	12%
Lower middle Income (1,00,000 to 2,00,000)	38%
Middle Income (2,00,000 to 5,00,000)	35%
Upper Middle Income (5,00,000 to 10,00,000)	13%
High Income Households (More than 10,00,000)	2%

Table 7: Demographic by Religion

Religion	Hindu	Muslim	Christian	Others
Population	80%	14%	2.5%	3.5%

Table 8: Sector-wise Employment Distribution

Sector	India	Urban	Rural
Agriculture	40%	5%	55%
Industry	26%	32%	23%
Services	34%	63%	22%

All the Best!

For any queries, feedback, and all things consulting, feel free to reach out to us:

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