

# LET'S SOLVE A CONSULTING CASE





# PROBLEM STATEMENT

I have an interesting case for you. Your client is the owner of a mall in South Delhi. Over the last month, the mall has made higher than normal profits and is concerned about the same. He wants you to find out why this has been happening.

# INTERVIEW THREAD

**Interviewee:** Sounds interesting. I would first like to know why the higher profits are a cause for concern.

**Interviewer:** The owner wants to know whether the increase in profits is of a temporary or sustainable nature.

**Interviewee:** Got it. Do we know by how much profits have increased? Have other malls in South Delhi seen a similar increase in the last month?

**Interviewer:** Profits are up by 4%. We don't have information about the other malls.

**Interviewee:** My approach would be first to find out what has been driving the higher profits and then figure out if this is of a sustainable nature. Let's break down profits into revenues and costs.

**Interviewee:** Either there has been an increase in the mall's revenues or a decrease in the mall's costs. It is also possible that there has been a change in both.

**Interviewer:** The mall's revenues have seen an increase. There has been no significant change in the costs.

**Interviewee:** Understood. Malls have multiple revenue streams – Rent from leasing space, advertisements, and sponsorships, proceeds from events, and parking fees. I hope I have not missed out on any significant revenue source. Do we have information on which of these revenue streams have seen an increase in the last month?

**Interviewer:** Yes. There has been an increase in the revenue we make from our parking lot.

**Interviewee:** Before isolating the cause behind the same, I would like to understand the system a little better. Do we allow both two-wheelers and four-wheelers to park? How do we charge them? A flat rate or on a per-hour basis? Has there been a change in any of these? I would also like to understand if there has been a change in the capacity of the parking lot. Does the parking lot only cater to mall visitors or is it open to outsiders as well?

**Interviewer:** Only four-wheelers can park. A flat rate of Rs. 70 is charged. There has been no change in the above and the capacity too has remained the same. The parking lot is restricted to mall visitors only.

**Interviewee:** Okay, that is helpful. We can now use the following formula to isolate the cause:

**Interviewee:**

Revenue from parking in the month = Number of working days in the month \* Average number of cars/day \* Flat Rate

Since there has been no change in the rate, either the number of working days has been higher or there have been more cars entering our parking facility on average.

**Interviewer:** It is the latter.

**Interviewee:** Okay.

Average number of cars/day = (Number of mall-goers \* % coming in cars)/(Number of people per car).  
Do we know which of the above factors has seen a change?

**Interviewer:** In fact, the % of mall-goers coming in cars has increased.

## **Interviewee:**

Hmm. Since the total number of mall-goers has remained the same but the % coming in cars has increased, there are two possibilities.

One, they are forced to come in cars because some other mode of transport has become less convenient.

Two, they choose to come in cars because it is more convenient for them now. Let's start by exploring the first possibility. The various ways in which people can arrive at the mall other than cars include – on foot, bus, auto, and metro.

Do we have information on whether the decrease has been uniform across these modes or if there's a specific mode that has seen a fall?

**Interviewer:** You're right, other modes, specifically the metro, have become less convenient.

**Interviewer:** The number of people coming by metro has reduced significantly. What are some reasons you can think of that might be causing this?

**Interviewee:** Sure. I can think of the following reasons:

1. Cost of commuting by metro has gone up
2. Time taken to commute by metro has increased
3. There have been recent apprehensions regarding the metro service due to incidents such as accidents and breakdowns
4. The station may have been shut down temporarily or shifted to a different location

**Interviewer:** You are right. This is because the station outside our mall has been shut down for maintenance. The next closest metro station from our mall is 5 km away and is inconvenient for people. Why don't you conclude the case now?

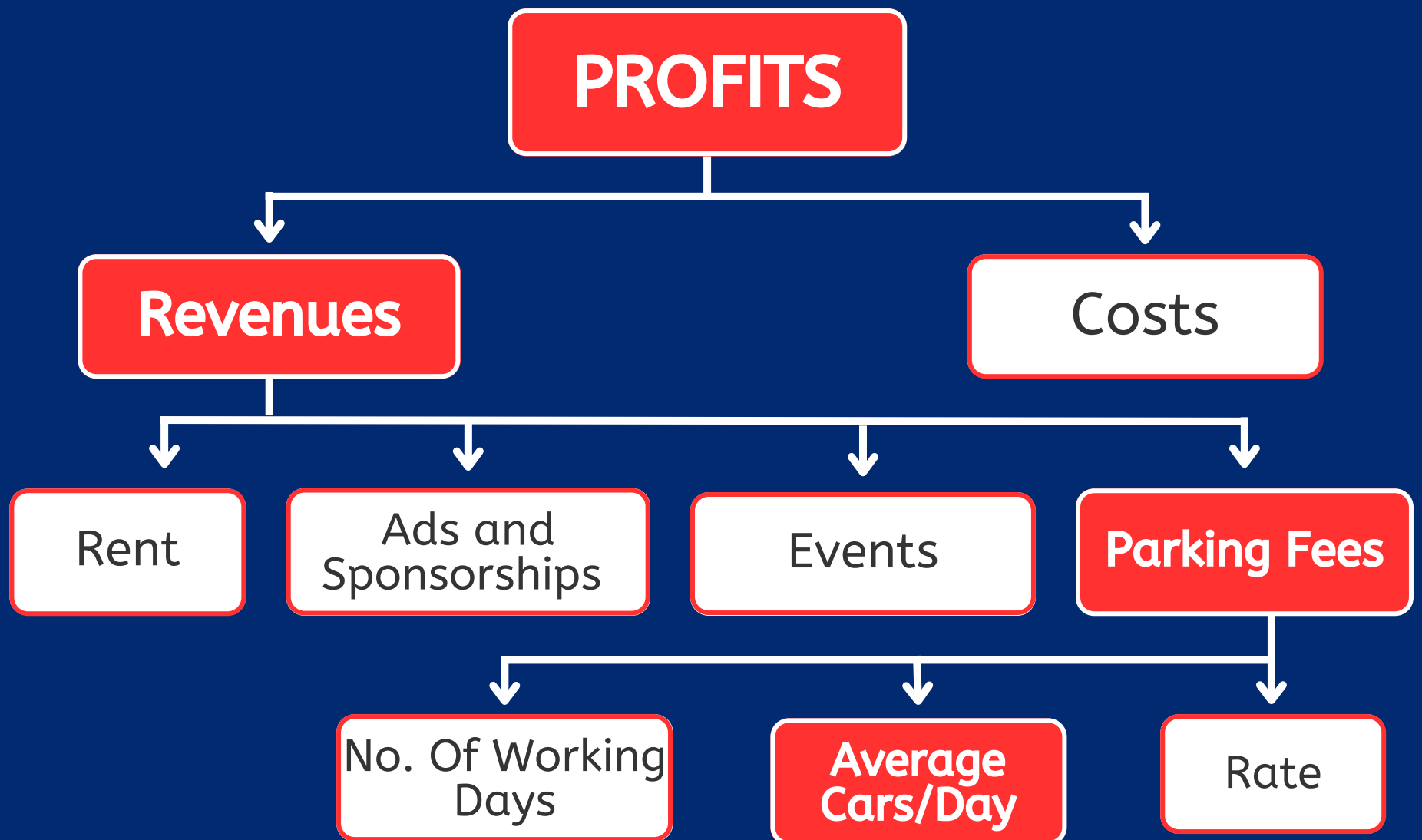


**Interviewee:** Makes sense. The revenue from the mall's parking lot has seen an increase due to the increase in cars, owing to the unavailability of metro services in the area.

Unfortunately, this increase is temporary as people may go back to using the metro once the maintenance is complete. The mall owner can consider increasing the parking rate until the metro station reopens to make even higher profits in the short run.

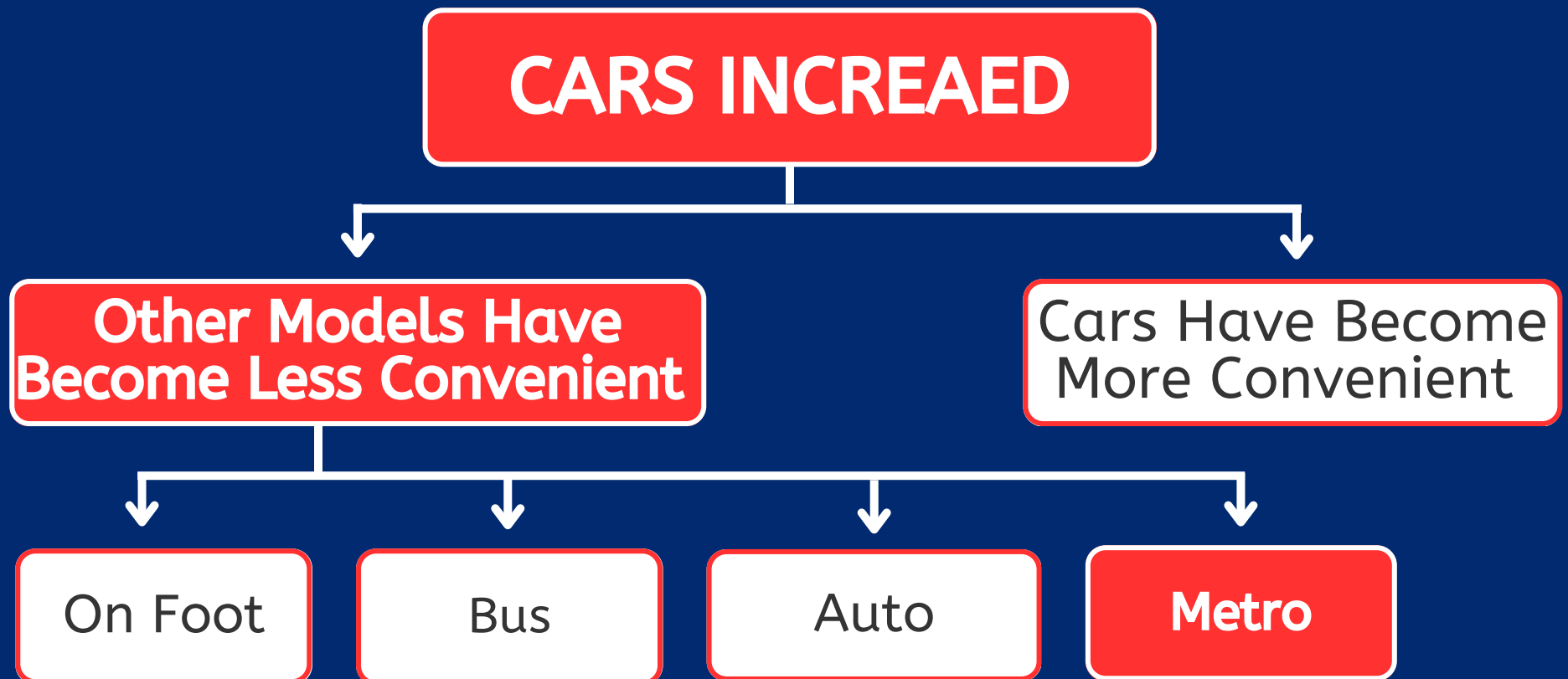
**THAT'S A WRAP!**

# FRAMEWORK



**Average Cars/Day = Number Of Mall-Goers X  
Percentage Coming In Cars X Number Of People/Car**

# FRAMEWORK



CAREER EDGE

# CONSULTING FELLOWSHIP

**Mentors from**

McKinsey  
& Company

BAIN  
& COMPANY



Dalberg

Deloitte. BCG

accenture

- 1 2.5 or 6 months, 10 mentors, and 30+ hours of live mentorship on Consulting careers, CV making (including 1:1 edits), Guesstimates & Case Interviews.
- 2 Rigorous interview practise through real-time guesstimates solving & buddy teams for mock cases.
- 3 Placement Assistance through employee referrals by our MBB & Dalberg mentors. Regular job updates from consulting firms. Industry Breakdown for cases.
- 4 Live case project (& certificate) with a real life client & business problem. CV templates & interview preparation resources along with 1:1 Mentorship.

**SIGN UP**

(Registration Link is in the comments)