LET'S SOLVE A CONSULTING CASE

PROBLEM STATEMENT

Your client owns a restaurant which is facing a 10% decline in profits. You have been hired to analyse why this is happening and suggest recommendations to turn around the situation.

INTERVIEW THREAD

Interviewee: Sure. I'd like to understand more about the client's business. Where is the restaurant located? What type of restaurant is it? Do we sell both online and offline?

Interviewer: The client has its restaurants spread across the USA, with 12 branches total. It is a chain of multi-cuisine restaurants selling both food and beverages (alcoholic & non-alcoholic). It's a traditional restaurant chain. They sell online and dine-in modes for our customers.

Interviewee: Have all branches seen a decline in profits?

Interviewer: The decline in profits is observed only in one particular branch in a popular market area in California.

Interviewee: Interesting. How have competitors in this area performed?

Interviewer: All competitors have performed well.

Interviewee: Okay, I can begin now. I know that the decline in profits can be attributed to either a decline in revenues or an increase in costs, or maybe a combination of both.

Interviewer: No change has been observed in the costs. Let's see why the revenue has declined.

Interviewee: Sure. I can think of 5 revenue streams for a restaurant –Dine-in, Take away and Delivery (Own and aggregators), Advertisements, Parking, and Leasing out area. Which of these has all changed in the last few months?

Interviewer: The client has observed a decline in revenue from dine-in.

Interviewee: I would like to segment revenue from Dine-in into - Number of customers x Bill amount/customer. Do we know which one has seen a decline?

Interviewer: Number of customers has declined.

Interviewee: Fall in the number of customers could be because of supply or demand reasons. Do we know which one has seen a decline?

Interviewer: Our capacity to serve food has not changed. There are no issues on the supply side.

Interviewee: Fall in demand could be because of a decline in Food Quality, Overall Experience, Affordability, Awareness, Promotion, and Availability of complementary goods.

Interviewer: In fact, we have no reason to believe any of this has changed. What else can you analyze?

Interviewee: Oh. I'd like to understand certain things better then. Has there been a change in the demographics of customers we attract, a change in customer tastes, or is the fall in demand related to a particular time of the day? For example -we may have low occupancy during lunchtime.

Interviewer: Good question. Most of the decline has been from the youth segment. All other segments have not seen a change.

Interviewee: Interesting. I'd like to understand the reason for the same. My next segmentation would be Ability and Want.

Interviewee: Under Ability, I'd like to look at factors that are restricting their ability to visit our restaurant. Under Want, I'd like to look at Factors that are undesirable (or more desirable for competitors), causing them to not come even though they have the ability to.

Interviewer: Great. You can say the answer lies in Ability.

Interviewee: That means that the youth have, in the last few months, decided to go to competitors but not us because something is restricting them. I hypothesize that we have certain regulations about underage entries – Either denying them from drinking alcohol or denying their entries during party nights – something that competitors might not be so strict about.
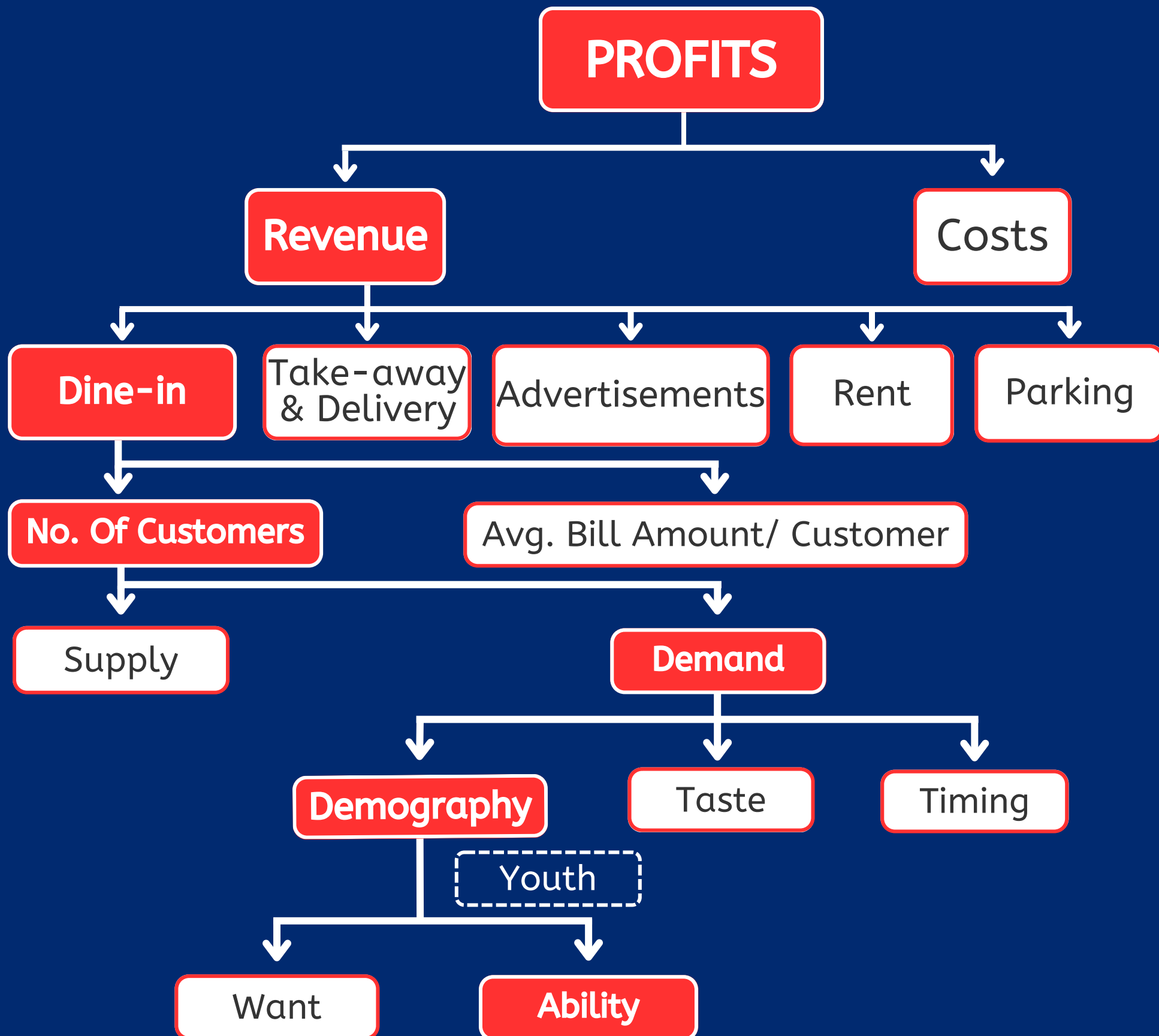
Interviewer: Spot on! The issue is that the adjacent restaurants have removed the age restriction on serving alcohol and they serve everyone without an ID. Hence, more people, especially the younger generation, prefer their restaurants over ours. Thank you for the discussion.

Interviewee: Thank you!

THAT'S A WRAP!

FRAMEWORK

PROFITS

Revenue | Costs

Dine-in | Take-away & Delivery | Advertisements | Rent | Parking

No. Of Customers | Avg. Bill Amount/ Customer

Supply | **Demand**

Demography | Taste | Timing

Youth

Want | **Ability**

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)