

Case 6: CPG Profit (I of II)

Booz Allen – ITG, Round 1

Problem statement narrative

A CPG company with national presence has declining profits. The company has hammered on the cost side of its operations, yet profits are still declining. The company has hired BAH to help.

Guidance for interviewer and information provided upon request

Information to provide upon request

- Revenue has been declining.
- The client has one manufacturing facility with 50% capacity utilization.
- Competitors are also struggling with profitability.
- There are no numbers in this case.

A good candidate will focus on how to increase revenue and ignore the cost.

Case 6: CPG Profit (II of II)

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Why Revenue Has Been Declining?

Possible reasons:

- a) Competitors are taking market share from our client.
- b) Products are commoditized, leading to lower selling prices and therefore lower profit margins.
- c) Substitute products came on the market, undercutting sales.

Interviewer Guide

Encourage the candidate to think of different reasons that could cause revenue decrease, and acknowledge the ones mentioned in the left box.

Ask the candidate what are the options to improve revenue.

Ways to Increase Revenue

- Increase price (not possible)
- Increase sales by
 - a) Selling more existing products to existing customers;
 - b) Selling existing products to new customers;
 - c) Selling new products to existing customers;
 - d) Selling new products to new customers.

Interviewer Guide

- Ask: given the current situation, which option should the client look into first.
- answer c because the current products are becoming commodity and have substitutes.

- Ask: what are the IT issues related to all options,

Acquisition IT issues and recommendations

- IT costs can be reduced by IT rationalization. However, the implemented technology should be compatible with other systems in the infrastructure.
- Prioritize IT migration by criticality, cost and support needs
- Knowledge transfer and change management issue for users to adopt new systems.

- Ask: what are the ways to produce new products. One option is acquisition. Once the candidate identifies it, ask what are the IT issues related to acquisition.