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Introducing the IIMA Consult Prep Caselet

This year the Consult Club, IIM Ahmedabad is proud to present the second edition of the Consult Prep Caselet, an add-on to our Consult Prep Book for aiding case preparation for consult enthusiasts.

This document is a careful curation real interview experiences of candidates with leading consulting firms. These interview experiences are collected, analyzed, sanitized and then bolstered using relevant frameworks. We hope, just like the Consult Prep Book, this document will help thousands of users develop and strengthen their case solving skills.

We're making this document available in the public domain with a goal to aid consulting aspirants, irrespective of campuses and levels of information access, step closer to their professional goals. We hope that we've been able to help you in doing so. Wishing you the best!

Riddhi Sharma
Coordinator, Consult Club, 2023-24

IIMA Consult Prep Caselet

We are grateful to all the people that have helped by sharing their cases and interview experiences, which has enabled us to put together a comprehensive preparation resource for the future batches.

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We would also like to extend a special acknowledgement to the contributors of the previous editions of the IIMA Caselet as well as numerous Consult Club alumni whose feedback, over the years, has shaped this document. We would also like to thank students of the PGP 2021-23 and 2022-24 batches, many of whose submissions have added unmatched richness to the Prep book.

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UK-based Banking Client – Interview Transcript

Your client is a UK-based bank that has hired you to do a benchmarking study as to why their profitability is lower than that of competitors.

Thank you for the case statement. May I know since when this gap has been noticed?

Since the past few years.

Is it a commercial bank or an investment bank?

It is a commercial bank.

Okay, I can look at profitability as a function of revenue and costs. Either the revenue is declining, or the costs are increasing, or it is a combination of the two.

You can look at the costs.

The costs can be further divided into interest on deposits, operating costs, and provisioning costs (i.e. NPAs).

You can focus on operational costs.

Operating costs can be further divided into employee salaries, technology and infrastructure, rent and utilities, office supplies and equipment, regulatory costs, and professional services and consulting. Do we know where the difference lies?

The key gap is in employee costs across all departments - finance, HR, IT, admin. Suppose you have a meeting with the CEO coming up. What could be some of the levers that they can use to be at par?

Do we know the extent of this gap?

There is a difference of 120-130 basis points.

Okay, so the increase in employee costs could be arising due to two reasons- an increase in the number of employees or an increase in the salary paid per employee, or a combination of the two.

The number of employees is the same. You can consider the difference to lie between the salaries paid per employee.

Okay, I can then segment these costs on the basis of their department or hierarchy. In terms of hierarchy, we can divide the employees as entry-level employees, middle managers, and senior management employees. May I know where the issue is occurring?

It is across all three levels, but at varying levels. At the entry-level, the salary per employee is greater than 50-60%. At the middle-management level, the salary differential is around 25-30% and at senior management, it is up by 10-15%.

Okay, so first, I am considering the entry-level employees. If I were to look into the factors impacting the salary per employee, these could be segmented into candidate specific qualifications (such as work-experience, credentials), company requirements (nature of work), and recruitment location (types of campuses, countries). I presume that the nature of the work would be the same.

Yes, and the salary differential mostly arises from the recruitment location.

The recruitment location can be analyzed by considering the mode of recruitment- on-campus or off-campus. It can also be considered as the geographical location of recruitment. For instance, the competitors may be outsourcing.

Yes, the competitors are outsourcing and this explains the cost differential across all the levels. Can you calculate how much they would be saving by doing so? You can compare the salaries of a UK/US based entry-level employee with an India-based entry level employee.

As per my understanding, I believe that a US-based entry level employee would be earning $65000 USD annually. An Indian-based employee would, on the other hand, be earning $10000 USD per year. This would result in an annual cost saving of $55000 USD per employee.

Correct, however, you also need to account for comparatively higher rent costs in India. Typically, this would lead to an additional annual cost of $5000 USD per employee.

As per this, this would lead to an annual cost saving of $50000 USD per employee if outsourcing is undertaken.

Yes. We can close the case now.

UK-based Banking Client

Your client is a UK-based bank that has hired you to do a benchmarking study as to why their profitability is lower than that of competitors.

Interviewee Notes

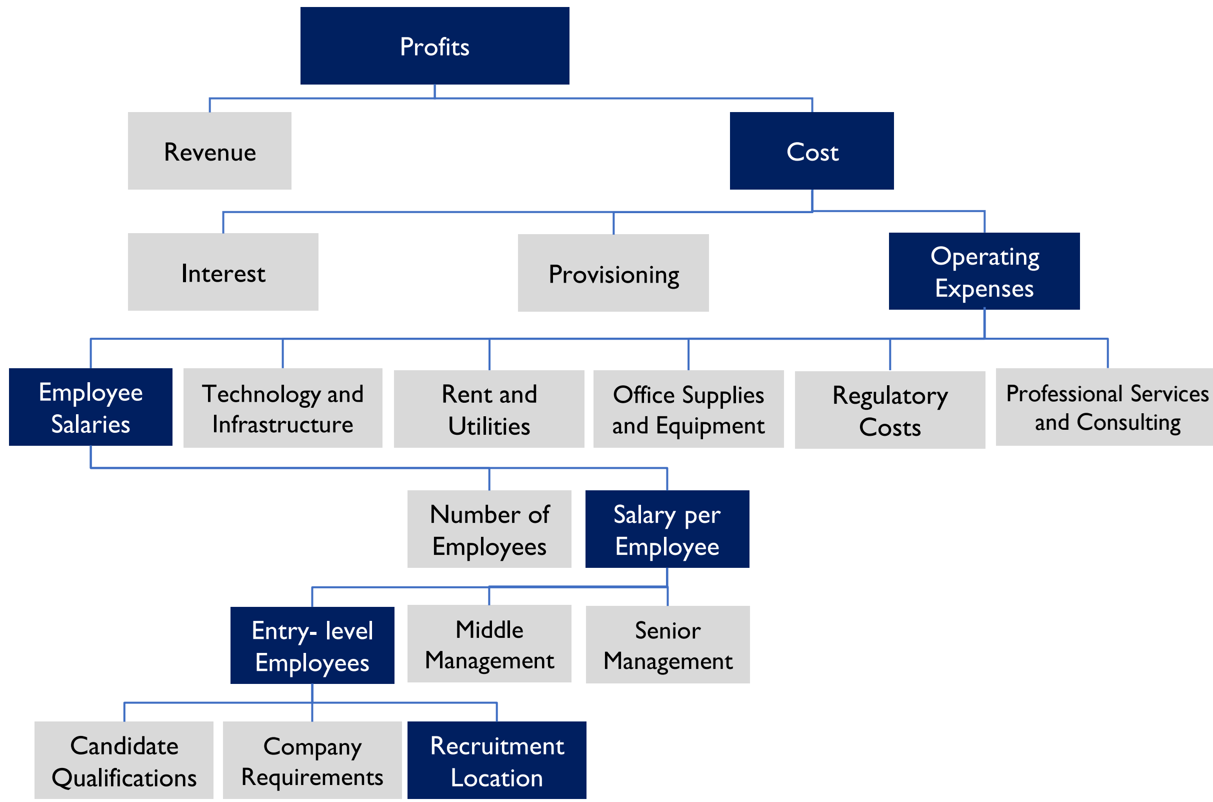
- The interviewee was expected to approach the problem using a MECE approach, without resorting to frameworks, beyond a point.
- A basic understanding about outsourcing related cost differentials was expected.

Case Facts

- Costs higher by 12-13%
- Salary per employee greater at each level by the following quantities:

- Entry-level employee: 50-60%
- Middle management: 25-30%
- Senior Management 10-15%

Approach/ Framework



Key Learnings

- The interviewee was expected to divide the employee salaries on the basis of the hierarchy level.
- An alternative approach could be to delve into the cost differentials on the basis of the department.
- Basic knowledge about rent and salary differences across US and India was expected.

OSD Manufacturer – Interview Transcript

Your client is an OSD (Oral Solid Dosage) manufacturer that wants to optimise their packaging costs and is seeking your advice on the same.

Thank you for the case. I'd like to know more about the company and the specific kind of OSD product that is being referred to here.

You're right in your understanding of OSD. The company is located in a pharma manufacturing hub in India. The tablet is currently sold in strips of 10 each. Demand is spread across the country, and the company is also fairly profitable.

Got it. I'd now like to understand more about what packaging means in the context of this product.

Sure. So you consider 3 levels of packaging for the OSD. 1) The Strip itself; 2) Each strip is packed into a mono-carton; 3) A large corrugated box contains all the mono-cartons for distribution.

Are there any special considerations for the drug packaging that I should consider in my analysis?

What do you mean by special considerations and why is it relevant?

Sure, certain formulations are sensitive to environmental externalities such as sunlight and dust which can impact the drug quality. Moreover, materials which do not react with the drug must be utilised for packaging.

That's a fair point. For this particular product, these considerations can be ignored. What do you think are the drivers for the cost for packaging in general?

Sure, so the total packaging cost can be represented as a function of the lot size, procurement costs of packaging material(order and logistics), usage rate and packaging material costs. I'd like to analyse each of these factors. Does this seem like a fair approach?

Yes, seems comprehensive. Please proceed.

I'll begin my analysis by considering lot sizes. Could the lot size be adversely affecting our packaging as larger lots require more packaging, while smaller lots lead to larger ordering costs? Does the client have an optimal lot size policy?

Right. So, the lot sizes are according to the industry standards. You can proceed to other factors.

I'd now like to focus on the cost of the packaging material.

What do you think are the major cost drivers here?

Material costs can be represented as [Cost of the Material x Usage per OSD tablet x Total Order (dependent on OSD demand)].

The cost of material as well as its usage per tablet are under our control, whereas demand for packaging is derived from the actual pill demand, which is not within our immediate control. Does this seem fair?

That's a fair analysis. How would you try to optimise costs?

There are two considerations here.

1) Whether the kind of packaging be replaced (eg: Strip-based to bottle-based);
2) Whether alternative packaging materials which are cheaper be utilised (eg: Replacing aluminium with plastic)

Good options. However, neither of these considerations applies in this case. You can instead focus on the procurement costs.

Definitely. Procurement cost is a function of the ordering cost and the logistic costs. Ordering costs are typically aggregated across suppliers. If we have a large number of suppliers, we may be ordering smaller quantities from them, leading to higher ordering costs. Secondly, the proximity of the suppliers ultimately defines our overall logistic costs. If possible, we can consider changing to suppliers closer to our plant location, or we can look at changing supplier relations. Do we have any information on our current supplier base and their proximity to us?

Right. So we currently source from 5 suppliers, the largest supplier supplying 40% of our requirement and the rest is met equally by the other 4. They are located near the client so you can ignore the proximity consideration. Do you think we should stop procuring from certain suppliers?

Currently, the majority of our demand comes from one supplier, while the rest is scattered across. Hence, we are losing out on economies of scale. We can consider downsizing the number of suppliers to optimise costs.

Do you have an ideal number of suppliers in mind?

We can't have only 1 supplier, as our operations would then be entirely dependent on them and there is no risk diversification. Having 5 suppliers is clearly infeasible as we are losing out on economies of scale.
We can therefore consider downsizing to 3 or 4 suppliers to achieve better economies of scale.

What would be the ideal distribution of procurement needs from the different suppliers?

I believe the ideal model would be a 3-supplier network, where the distribution would be a 40-30-30 mix. This allows us to maintain existing relations with our current supplier while consolidating procurement from our other suppliers. Moreover, better economies of scale can be achieved. Does this sound right?

Great recommendations! Thank you for your time, we can close the case here.

OSD Manufacturer

Your client is an OSD manufacturer who wants to optimise their packaging costs and is seeking your advice on the same.

Interviewee Notes

- Preliminary questions about type of drug and packaging being used; 4P framework can be used
- Identify the biggest buckets for packaging costs and split into a constituent formula.

Case Facts

- Oral Solid Drugs Manufacturer
- Located in a Pharma Hub
- Tablet Strips (10 pills)
- No special packaging needs
- 3 Layers of packaging – i) Strip ii) Mono Carton iii) Corrugated Box
- **Objective**: Identify areas for packaging cost optimization

Approach/ Framework

- Packaging Costs
  - Lot Sizes
  - Procurement
    - Logistics Costs
    - Ordering Costs
      - # of Suppliers
  - Usage/ Replenishment
  - Cost of Packaging
    - Material Cost
    - Requirement per Unit
    - Demand for OSD

	Current Supplier Mix	Recommended Supplier Mix
Supplier 1	40%	40%
Supplier 2	15%	30%
Supplier 3	15%	30%
Supplier 4	15%	-
Supplier 5	15%	-

Recommendations

- The current supplier mix prevents the firm from enjoying Economies of Scale in procurement, due to high ordering costs.
- It must shift from a 5-supplier network to a 3-supplier network, having a 40-30-30 procurement mix split-up. This would help maintain relations with the existing supplier (Supplier 1), as well as build relations with the other two suppliers due to increase in order quantity. Such a supplier mix will enable economies of scale and also ensure risk diversification.

Key Learnings

- The interviewee should quickly identify & clarify the major cost heads for the firm in terms of packaging and individually prioritize each.
- It is a good practice to sequentially cover and eliminate each cost header before arriving at the main driver of concern.

Improving Profitability for a Bank – Interview Transcript

You are consulting for a major bank which has seen a decline in profits. Advise.

What is the quantum of decline in profits and for what time period have we been seeing this decline?

The quantum of decline is significant enough to pose a concern, but we do not have the exact number. We have been seeing this issue over the past several quarters.

I'd like to know a bit more about the client. What geography do we operate out of? What do our customer demographics look like? Is the decline specific to a particular product or customer segment?

Assume the bank to be analogous to a large bank such as SBI. We do not have segment-specific information.

Ah, understood! Is this decline industry-wide or specific to our client?

It is common across competitors, but more pronounced for us. You may begin.

A decline in profits may be on account of a decline in revenues, increase in costs or a combination of the two. Do we have information on which of these two may have changed?

Yes, we have seen a decline in revenues.

The primary sources of revenue for a bank would be:
1. Interest on loans advanced
2. Realised gains on investments made
3. Ancillary services such as locker, acting as guarantor, etc.
4. Fees/Penalties collected
Given that interest on loans constitutes the primary source of revenue, any deviation in this factor is likely to pose a concern.

Correct, we have seen a decline in interest on loans.

Interest on loans can be broken down into:
Interest = Amount of loans advanced * % Interest Charged * (1 -%default)
Do we information on which of these factors may have changed?

We are charging lower interest on our loans as compared to competitors. From a first principles perspective, brainstorm possible reasons.

Interest charged is primarily a function of risk associated with the borrower, maturity, collateral and responsiveness of interest rate (floating/fixed).
It is possible that our loan book is skewed in favour of lower risk use cases such as home loans as opposed to car loans, a higher Loan to Value Ratio (implying higher collateral, and consequently lower interest rates) or shorter maturity loans. Further, given that the issue emerged a couple of years back, we may have issued fixed interest loans at a time when interest rates were at historic lows.

Following contractionary monetary policy measures, interest rates have sharply risen, which would have eroded the spread on our fixed interest rate loans.

You have correctly identified the issue. The bank has not increased interest rates on its existing loan book, while competitors have. We can end the case here.

Thank you; it was a pleasure interacting with you!

Thank you. That will be all.

Improving Profitability for a Bank

You are consulting for a major bank which has seen a decline in profits. Advise.

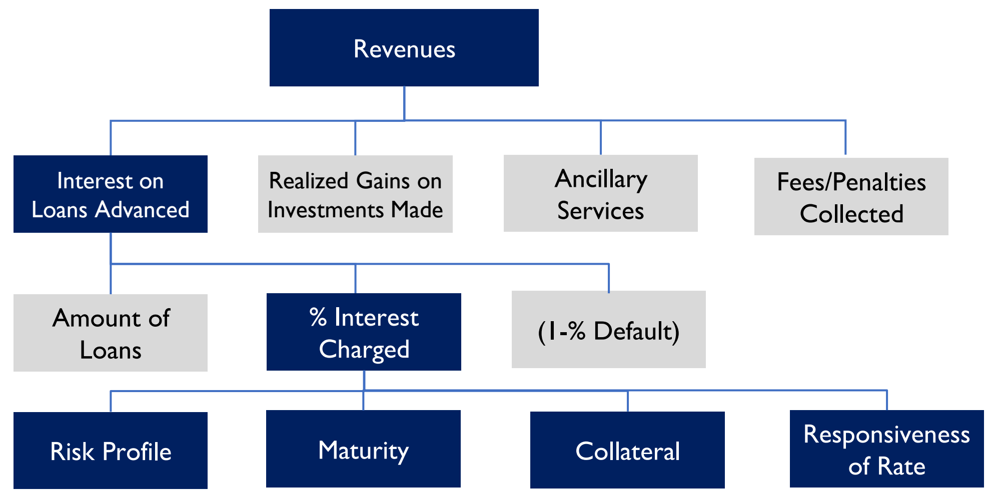
Interviewee Notes

- The interviewer offered up little information, asking the candidate to rely upon their pre-existing knowledge.
- Important to identify sources of revenues, other than interest on loans advanced.

Case Facts

- The client is a major bank, which has seen a decline in profits.
- The decline is industry-wide, though it is more pronounced for our client.
- The decline is segment-agnostic.

Approach/ Framework



Recommendations

- Interest rate charged is a function of risk profile of the borrower, term of the loan, collateral offered and responsiveness of the interest rate.
- It was key to identify responsiveness of interest rate as a factor, given the macroeconomic scenario where the cost of borrowing shot up following tapering.

Key Learnings

- Interviewer looked for first-principles thinking, requiring the candidate to think on their feet.
- Understanding of concepts such as interest rate may be tested during the case interview.

Steel Pipe Manufacturer – Interview Transcript

You are consulting for a steel pipe manufacturer. They want to achieve an ~INR 150 Cr cost reduction. How would you recommend them to go ahead with this?.

What is the objective behind this goal? What is their time horizon?

They believe their costs are over-inflated and there is scope for some reduction. They hope to reduce costs to achieve higher profitability, preferably within two years.

What is the base on which this INR 150 Cr cost reduction is to be achieved? Is the cost structure in line with other players' costing?

The cost reduction is to be achieved over a base of INR 6000 crores. The firm's costing is similar to that of competitors.

Where does the manufacturer lie in the value chain? Is it vertically integrated?

The firm procures steel sheets and repurposes them into steel pipes.

What sort of steel pipes are made? Are these standardized or customized? What type of clients does the firm cater to?

The steel pipes are made-to-order and customized solutions for gas pipelines. The firm's clients are primarily located in the Middle East.

If we were to identify opportunities for cost reduction, one possible approach could be to look at the value chain and then narrow down on some of the cost drivers. The value chain can be identified as the following:
R&D and plant set-up, bidding (particularly in case of new clients), raw material procurement, storage, processing and set-up, manufacturing process, cooling and inventory, logistics, fulfilment, and post-sales service.

Before you proceed, why don't you focus on 3-4 key costs you expect the manufacturer to incur?

I believe the steel manufacturing industry is a low margin industry. The major costs would be associated with the commodities- steel sheets would account for 60-70% of the costs. Other costs could be related to transportation, energy costs for processing and logistics. I expect the costs associated with outbound logistics- storage- to be low as the goods are made-to-order.

Alright, out of these, our transportation costs are especially high and we want to reduce these.

The transportation cost can be considered further by looking at transportation prices at every step of the route- from transportation to port, shipping cost, and last-mile delivery; regulatory costs (such as customs duty) and capacity utilization and wastage. Transportation cost can also be modelled as the quantity required*transportation cost per unit/(1-wastage %).

Yes, so there is a lot that is being wasted, since we are unable to order exactly the amount needed. So, many times more material is ordered than needed. And many times, more has to be ordered around the later part of the project.

By what percentage are we undershooting or overshooting?

Usually, by +/- 10%. For instance, if we have ordered 100 tons, we end up gaining only 90 tons of useful steel. Alternatively, if we have ordered 110 tons, we may end up using only 100 tons. On this basis, what should the ordering strategy be?

To clarify - presently the order quantities are predicted beforehand and then, the entire order is placed at once?

Yes.

Do we have any information on whether there are any bulk discounts?

No, you can assume that there are none.

In that case, there can be two ways to proceed with this- first, we try to predict the quantity of steel required better through enhanced project planning, forecasting, predictive analytics, etc. Second, we change the frequency of ordering altogether, to reduce the need for exactly accurate orders.

You can assume that forecasting has not been very helpful till now and is not something the client expects will be very accurate in the near future.

Alright, in that case, we should stagger our purchase of steel. Once we have started processing our steel for an order, we will likely get a better idea of how much steel will be required till the completion of the project. For instance, we could order 80% of the required steel in the beginning and then place another order in the middle of the production cycle on the basis of the observed yield from the steel procured.

That sounds good. Now, suppose that we have opted for this staggered purchase approach and successfully reduced the cost of procurement by 2%. By how much should that impact our overall costs? You can assume the cost of procurement to account for 60% of our overall costs.

This reduction would then impact our overall costs by 1.2%. This would amount to ~72 crores of the 6000 crore base. Since the target is to achieve a reduction of ~150 crores, an overall reduction of 2.5% is required, so more options can be considered for reducing cost, such as changing supplier contracts, or evaluating use of scrap.

Okay, we can close the case now.

Steel Pipe Manufacturer

Your client is a steel pipe manufacturer that wants to reduce costs by 150 crores. What course of action should they take to achieve this objective?

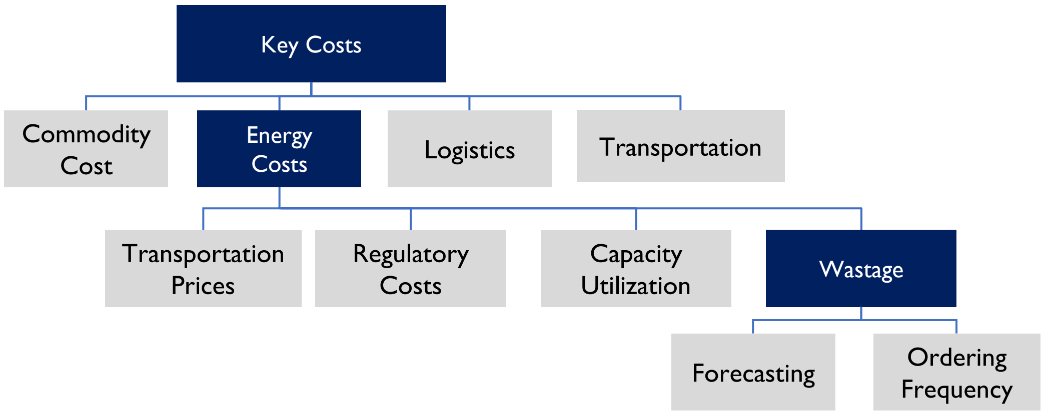
Interviewee Notes

- Knowledge about commoditized industries is useful for such cases.
- The interviewee was expected to know the key cost drivers of the steel industry
- It is vital to retain the initial problem statement in mind while suggesting final recommendations.

Case Facts

- Cost reduction to be achieved over a base of 6000 crores.
- Cost of procurement accounting for 60% of total costs
- Overshooting or undershooting steel purchase by 10%

Approach/ Framework



Recommendation

- Steel wastage can be reduced by opting for a staggered purchase approach, where 80% of the required steel amount is ordered first, and then the remaining required amount is determined on the basis of the first lot's usage.

Key Learnings

- The interviewee was expected to know key cost drivers for the steel industry
- A certain degree of logical awareness was expected for suggesting the staggered purchase solution
- Basic mathematical knowledge was tested

Online Retail – Interview Transcript

Your client is a retail outlet that sells through online and offline channels. They have been in business for 7 years and have been profitable. They carry a wide product range across FMCG, apparel, and consumer durables categories from various brands. They also use private labels and are thinking of extending their brand. Advise them on how to leverage their online presence.

Thank you! Do they have an objective in mind? I have some preliminary questions, after which I'd like to proceed to solving the case. As they carry a wide product range, I wanted to know: which product categories are sold online?

Yes, the objective is to drive sales. We sell two products online. You may proceed with solving the case now.

Could I have more information about the products or business model before proceeding?

No, we would like to know your thought process in approaching a problem of this nature.

I will take a moment to structure my thoughts.
Since the objective is to drive sales, I would like to concentrate on volumes. Sales is driven by market share and market size. We can increase our sales by increasing the market share and the market size. We can increase market share by getting customers to switch from competitors, and market size by reaching new customers who were erstwhile unserved. This can be done by improving category awareness, transaction convenience, and product desirability.
I would break market size down into:
total addressable population (based on the geography of our market)
* internet penetration (within this geography)
* % of income groups with internet penetration who can afford the products
* % of people aware of the category
* % of people who desire the category and are willing to buy from any brand offering the same.
The % of people within the market who have bought from the client over a period would give the market share. This, in turn, is a factor of market penetration and customer retention.

How would you proceed with this?

To increase market size, we can increase awareness of the brand either through mass advertising of our online channel, or through targeting customers that would provide maximum customer lifetime value. We could target customers that are similar in profile to our existing high-value customers based on geography, income levels, or other characteristics. New buyers could also come from previously untapped geographies that are serviceable. In addition to this, we could also consider cross-selling online products to customers who purchase in the brick-and-mortar stores through point of sales incentives to carry out the transaction online. To increase the desirability of the products, we can consider improvements in either the products itself or the promotion, depending on our time horizon.

Since the client is only selling two products online, we should evaluate whether more products could be offered, in addition to, or in the place of these products. In the medium to long-run introducing more products online would benefit from positive brand associations and platform effects.

Alright. What would be your next steps?

The next step would be to improve the convenience of the transaction at each point of the customer's purchase journey, namely need activation, information search, evaluating the client's products, making purchase decisions, payment and checkout, fulfilment and post-sales service and communications. This can be done through UX improvements, maintenance of the platform, and added functionalities, each of which can be differentiated from that of competitors. Since online transactions are carried out on platforms, we should evaluate the efficacy of the platform along each step and make improvements to ensure a seamless D2C shopping experience. We could also evaluate the third-party collaborators we are working with at every step of the customer journey, fulfilling channel functions such as logistics, payment gateways, and vendor listing platforms.
To summarise, we should engage in marketing efforts while simultaneously evaluating our existing capabilities, and offer an improved shopping experience, to ensure customers return to repurchase online.

That is quite comprehensive. You mentioned moving more products to the online channel and hinted on brand awareness. Suppose we have robust capabilities to service customers, but brand awareness is largely localised. Do you think we should continue in the online space, or launch more products?

Low brand awareness would require stronger promotions geared towards demand creation online through organic as well as push approaches. If there is not enough demand outside a specific geography that is geared towards offline purchases, selling online may not be profitable, depending on the cost structure.

We can end here. It was a pleasure interacting with you.

Online Retail

Your client is a retail outlet that sells through online and offline channels. They have been in business for 7 years and have been profitable. They carry a wide product range across FMCG, apparel, and consumer durables categories from various brands. They also use private labels and are thinking of extending their brand. Advise them on how to leverage their online presence.

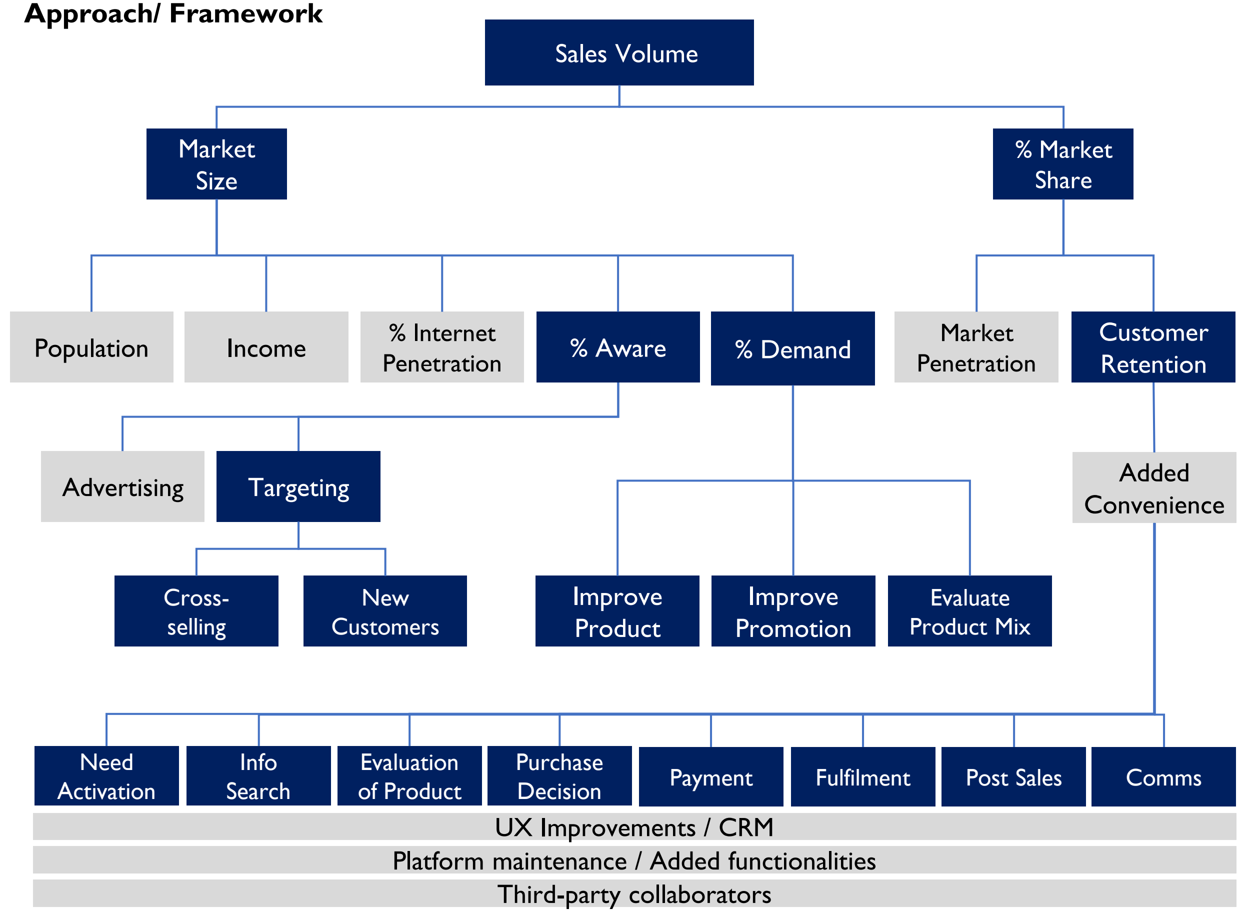
Interviewee Notes

- A lot of case details are given in the problem statement, so it's important to learn how to use the right information.

Case Facts

- Primarily brick-and-mortar retailer selling two products online.

Approach/ Framework



Note:

In this case, preliminary questions were not allowed, and the interviewee had to think using first principles. Such cases test the thought process, so it is important to be logical, and coherent, and apply MECE structures intuitively.

Coffee Chain – Interview Transcript

Your client is a US-based coffee shop chain evaluating whether to enter India. How should they go about it?

Thank you! What would be the client's objective in entering India?

The client wants to be profitable and is looking for the best opportunity.

Before proceeding to solve the case, I would like to clarify a few details about the client to better structure my approach. What is the existing scale of our client and which income segment of the population does it cater to?

The client has a scale similar to that of Starbucks. They are a scale player. They cater to the mid-to-high segment.

What is the current competitive landscape among coffee shop chains of similar scale and focus? What kind of products does the client offer?

There are two to three chains of similar size and scale. They primarily serve coffee and coffee-based drinks, but also have non-coffee-based beverages and snacks, again similar to Starbucks.

I will proceed towards solving the case by considering the operational feasibility, financial feasibility, risks, and regulatory considerations of the venture. Operational feasibility would be evaluated on the value chain, whereas financial feasibility would be evaluated on profitability estimates through demand-side considerations, supply-side considerations, and the competitive landscape. Risks and regulatory considerations include economic, social and cultural, political, and legal environment, particularly pertinent in the case of a foreign investment. Once all these are considered, the coffee shop chain would decide whether to set up greenfield operations where they set up the entire coffee chain infrastructure in India, or go for a brownfield investment, through mergers and acquisitions or a Joint Venture with synergistic businesses.

So, what would constitute the value chain and how would you assess operational feasibility?

The first part of the value chain would include set up constituents – namely raw material and ingredients, equipment, and real estate. As a food chain, the client could either own the properties they set up stores in or lease them and run as a franchise.
Secondly, the client would have to hire and train personnel, and set the menu. This would be tailored to local conditions, and the client would have to choose the degree to which international practices are followed and the degree to which the menu and employment practices can be localised. Neither one should be pursued in the extreme, as the lack of local varieties could make the client seem out of touch, and the lack of standardisation would dilute brand value.
Thirdly, the value chain would include the daily operations of processing and preparing orders, in store. Additionally, the client could also offer pre-packed products or deliver them through food delivery platforms such as Swiggy and Zomato. The fourth part of the value chain would be fulfilment and payment.
Lastly, the value chain also includes marketing and after-sales service. At every part, operational feasibility would be assessed based on whether the business objectives can be met in the Indian market or whether there are any obstacles to achieving the same.

Interesting. How would you proceed?

After assessing the operational feasibility, I would evaluate the financial feasibility. On the demand side, I would look at the market size and market share and see whether the market is attractive enough.

What would be your approach to market sizing?

I would start by dividing the population of India into urban and rural. Within this group, only people belonging to the mid to high income categories would be able to afford the coffee shop's offerings. I would go on to apply the following formula to this sub-population:

% for whom our shops would be accessible or proximate
* % who consume coffee, as a proxy for the people who would be drawn to our shop
* number of coffees consumed per capita within a period
* average price of our coffee

Within this market, we could increase our share by either capturing market share for coffee shops from competitors, or creating new demand by increasing either the proximity, the number of people who consume coffee, or the frequency of coffee consumption. Shall I size the market through this approach?

Yes. Please go ahead.

The Indian population consists of 1.4 Billion people, of whom roughly 35% would be urban, or 500 Million people, whereas the remaining population would be rural. Only the urban population would be considered for market sizing.
An income filter would then be introduced. Since the client would not be catering to lower income and lower middle-income groups, only upper-middle and high income groups, which together constitute 30% of the population would be included, bringing the consideration set down to 150 Million.
An age filter would further be applied. Those below 16 years, which includes 25% of the population or 37.5 Million within the consideration set would not consume coffee. The remaining population's coffee consumption would differ based on age. My hypothesis is that coffee consumption would be higher for people above the age of 25, and wane after the age of 60. Would it be fair to assume that the percentage of coffee drinkers within ages 16-25 to be 25%, ages 25-60 to be 30%, and above the age of 60 to be 10%?

Sure, you can proceed with that assumption.

Okay, taking this into account, we have a potential coffee drinker base of around 30 Million people. Considering that specialty coffee would be an affordable luxury, it can be conservatively assumed that this population might drink one cup a week, on an average, bringing yearly coffee consumption up to 1.56 billion cups. At a price point of 150 INR per cup of specialty coffee, this would leave an annual earning potential of 23.4 Billion INR.

Coffee Chain – Interview Transcript

The market appears fairly attractive, but actual revenues would depend on the part of the market that can indeed be captured, which would further depend on the competitive landscape as well as the proximity to clients. Margins must also be considered, to see whether the client can reach the desired level of profitability.

This certainly seems promising to the client. Are there any softer aspects related to entry which you would like to consider as well?

Sure, I'll take a moment to structure my thoughts.
Softer aspects, as I understand them would relate to culture. The culture and ethos of the stores would have an impact on the locations they can set up in as well as their positioning in customer's minds. Possible locations include malls, where there is high footfall, standalone shops in urban areas or highways, within larger complexes such as an IT park.
Three softer aspects I would consider include:
<u>Food and beverage preferences among Indians</u>: Some regions are more prone to coffee consumption than others, and since the client celebrates coffee, it would be better to set up in these areas, as opposed to areas where tea or chai is more popular. In the latter areas, it may be better to include tea or other items that people may be willing to consume.
<u>Timings of the store</u>: There are very few 24/7 cafés in India, and there may be an opportunity there, in select pockets.
<u>Store design and layout:</u> Store design and layout would determine the time people spend in the store, as well as the memories associated with it., and in turn affect how much customers spend there on an average.

Those are some great observations. We can close the case here. It's been a pleasure interacting with you.

Coffee Chain

Your client is a US-based coffee shop chain evaluating whether to enter India. How should they go about it?

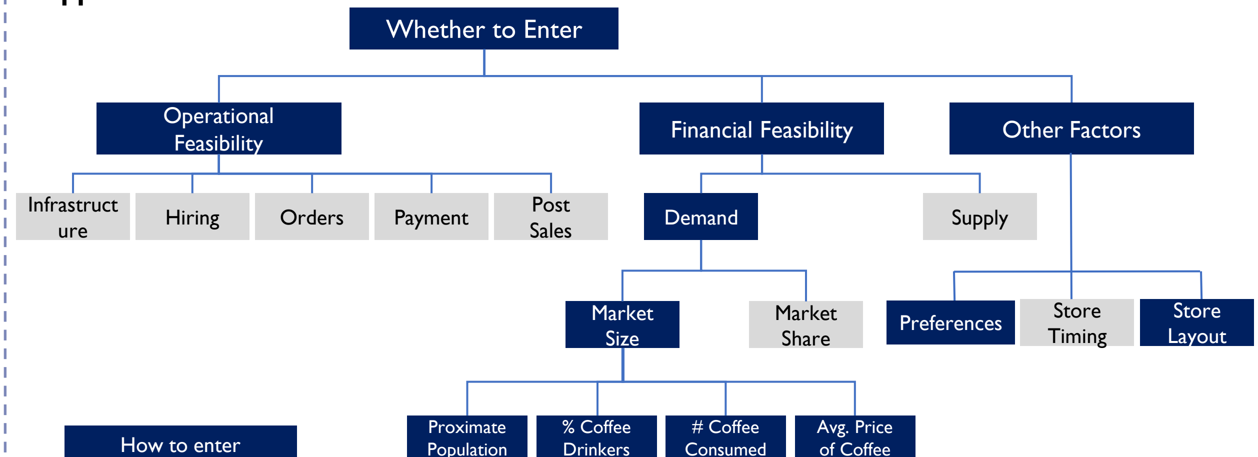
Interviewee Notes

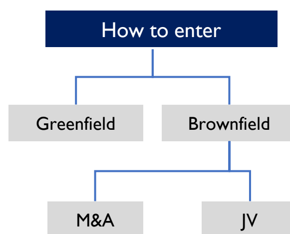
- The case started with a market entry approach, but other factors came into consideration going forward, as driven by the interviewer

Case Facts

- Client is based in the US and has a scale and an operational format similar to Starbucks
- Decision would be made on the basis of profitability

Approach/ Framework





Population of India			1.4 Bn
Urban Population (36%)			500 Mn
Income Groups – Middle to High Income (30%) of Urban Population			150 Mn
Age Group	**Population**	**Coffee Drinkers**	29.3 Mn
16-25 years	20% - 30 Mn	25% - 7.5 Mn	
25-60 years	45% - 67.5 Mn	30% - 20.25 Mn	
Above 60 years	10% - 15 Mn	10% - 1.5 Mn	

30 Mn coffee drinkers
x 52 cups of coffee / year
x 150 INR / cup

= 23.4 Bn INR
Annual earning potential

Recommendations

- Evaluate market attractiveness and operational feasibility to decide upon entry.
- Soft factors should be considered while deciding on which areas to set up stores in, considering the cultural diversity which translates into different food habits.

Key Learnings

- It is important to be comprehensive and lay out all the aspects, even if not all of them are covered in the case.
- It helps to ask for direction on which area to focus on and take the interviewer along at every step.
- Industry knowledge as well as on-the-spot creative thinking helped bring in new considerations.

Bidding for Mine – Interview Transcript

Your client is a mining company. A new mine in Australia has come up for auction. You are hired by the client to decide whether they should bid or not. If they should, what should the bid amount be?

I would like to understand more about the client. What are the different kinds of mines they operate and where do they operate?

They own coal mines and operate predominantly in Europe.

What is the type of mine that has come up for auction?

Iron ore.

Alright, then I would like to approach this by evaluating two things – financial feasibility and operational feasibility. Financial feasibility would include the cost of setting up and running the mines and the associated sales from that while operational feasibility would include the challenges in setting up and running the mining process in Australia given our client is from Europe operating in coal mining.

Fair enough. Please proceed.

The costs can be broadly classified as fixed and variable. Fixed would include machinery, setting up of office, automobile for transportation apart from the auction cost while variable would include labor, maintenance, transportation costs and fuel costs for extraction. While calculating costs and revenues, we must also consider the lease period of the mines. Do we have any estimates of these numbers?

Right. Now it's given that the total variable cost of extraction would be $50 per ton and the fixed cost would be $50Mn, and the extraction can be done for 10 years. With 0.5 probability you would be selling it at $100 per ton and 0.5 probability $50 per ton. What would be the amount that the client should bid for breakeven and profit of $100Mn amount by the end of 10 years?

So we can expect $75 per ton of iron ore sold. Including the $50 million in fixed cost, we would need to extract 2Mn tons of iron ore over a period of 10 years.
To make a profit of $100 million, we would need to extract 6 million tons of iron ore over a period of 10 years.
Hence, the bid amount will be pegged at the quantity to be extracted, which ranges from 2 to 6 million tons of iron ore to attain the client's goal.

That sounds good. Can we look at the operational feasibility now?

Moving on to operational feasibility, the client should consider the entry barriers such as local regulations, skilled/unskilled labor availability, political situation (stable/unstable) in the region and the climatic conditions (suitability for mining).
Then they should consider the procurement of the largest investment - machinery. And how they are going to procure it and transport it to the mining location (consider factors such as port availability).
Also, given the short duration of 10 years, how quickly they can start the operations to generate the expected revenues/profits.

That's fine. Let's say you are advising the client to go ahead with the auction, and they also win the auction. Now tell me as a consultant how would you convince the middle managers to buy into your decision and get them upskilled?

I would take two approaches:
First, I would identify key influencers within the organization and pitch the idea to them in the language that they speak (using finance terms for managers in finance, and cost terms for managers in operations).
Second, I would try to provide logical flow to the managers to enable them to arrive at this decision so that they will have belief in this idea and take ownership going forward.

Nice analysis! Let's close the case here.

Bidding for Mine

Your client is a mining company. A new mine in Australia has come up for auction and you are hired by the client to decide whether they should bid or not. If yes, what should the bid amount be?

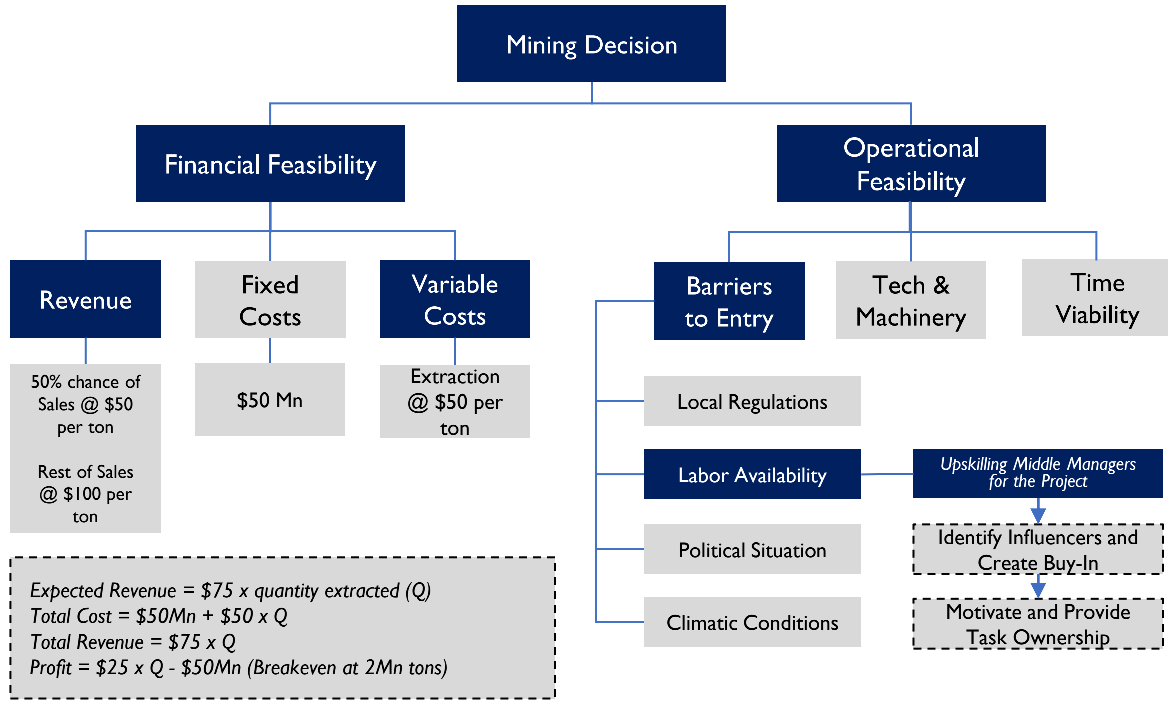
Interviewee Notes

- The interviewer gave information as the case progressed, hence it was important to keep momentum by setting the right context and asking for accurate data points.
- The interview tested basic aspects of case solving. The interviewer also guided the interview, so it wasn't difficult to ask for the right information, but it was important to get each piece correct.

Case Facts

- Client is a mining company who owns and operates coal mines. They are predominantly based out of Europe.
- Cost of extraction is $50 per ton.
- Fixed cost for the mine is $50Mn.
- Selling price is $100 per ton 50% of the time and $50 the rest of the time.

Approach/ Framework



Recommendations

- The client's bid should range between $150Mn to $350Mn in order to achieve their financial targets from the investment. The bid range is pegged at the amount of iron ore which can be extracted and sold profitably, which ranges between 2Mn to 6Mn tons to breakeven and make a profit of $100Mn respectively.

Key Learnings

- As this was an interviewer-led case, they seemed to have an objective with each piece of the case, and it was important to complete each part accurately.
- This is a good example of a case which tests basic arithmetic and to apply it to synthesize results. In addition, it also tests whether the candidate is able to go above and beyond the numerical result and analyze the situation from a qualitative lens as well.

School Fee – Interview Transcript

Your client is an educational institute, you have to devise a pricing strategy for deciding the fees payable by the students.

What kind of educational institute does our client run? Is it a school, a college or some coaching center?

It's a chain of 5-10 private schools, but you can focus on their main branch.

Where is this branch located, and which all classes do they teach?

Why is that relevant?

The location can help me get a better sense of the paying capacity of the customers, and the classes taught can also affect the price point. The parent's willingness to pay for the classes changes depending on the grade.

Okay, they are located in a medium-end location in Delhi and cater to the K12 segment. Also, all their clients are local, so nobody from Gurgaon or Noida is attending the school.

Understood, and is there any specific age group or class for which they want to devise their offerings?

Let's explore this during the case.

Sure. What is the objective of the school with respect to the pricing? Is it fair to assume profit maximization?

Yes, they wish to earn as much as possible.

What is the competitive scenario in Delhi for similar offerings? How does our client fare in the market?

You can ignore the competition for now.

Great, one more question before I move on to the case. What is the pricing strategy followed across the other branches?

We don't have information on that.

Okay, so we can determine the fees using 3 methods - cost-based, value-based or competitive benchmarking. Can I move ahead with these?

Sure, explain the concept behind each strategy before you dive deep into it.

Okay, firstly, we can look at cost-based pricing. Assuming an offline mode of operations, we can look at the 2 types of costs the school would incur, fixed, semi-variable, and variable, and then use those to evaluate the total cost and any minimum margin requirements. Fixed costs would include expenses like rent and infrastructure, semi-variable would include salaries and administrative expenses, and variable costs would be lighting, power, water, and the like.

The first 2 types of costs can be allocated across students of various classes proportionally.
Is there any minimum markup that the client wishes to maintain?

Nothing as such, let's not go into the numbers. You can move on to the next method.

Next is value-based pricing. This basically determines how much people value being a part of the school and, accordingly helps determine the price. This will be affected by school-related, academic factors and additional costs. I'll analyze all of these one by one.
Under school-related factors, we can look at the brand name of the school, the status of the school's alumni, the board with which the school is affiliated, i.e., ICSE/CBSE, and the like.
Academic factors imply a differential pricing for different grades. This will also include the quality of education, teaching methodology, and teachers' qualifications. Lastly, whether additional costs are to be borne out of pocket or as a part of the fees itself will also affect the pricing decision. This will include the cost of books, uniforms, services like school bus pickup and dropoff, food availability, etc.

Sounds pretty exhaustive, you can move on to competitor-based pricing.

So, under this, I plan to look at the market size and the market share that our client plans to capture. We'll create a reference point from a comparable competitor and adjust if there are any variances in the type of services offered. Do we have any information on the competitors?

That's fine, we can close the case here.

School Fee

Your client is an educational institute, you have to devise a pricing strategy for deciding the fees payable by the students.

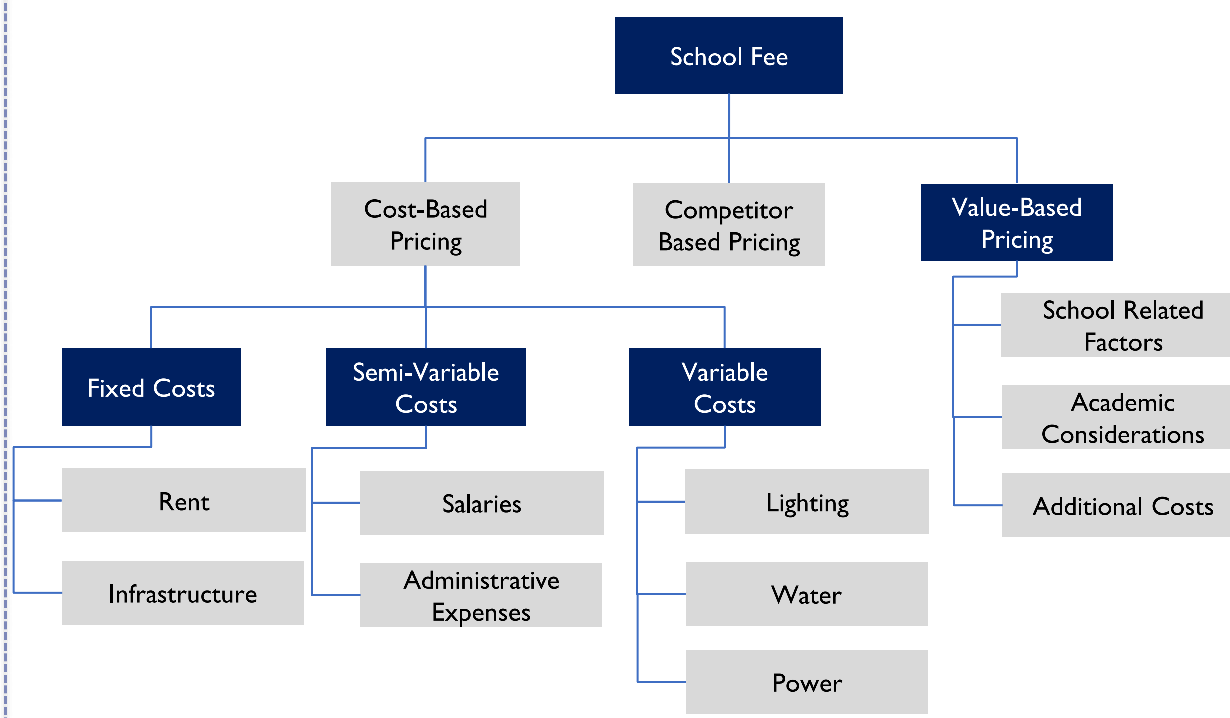
Interviewee Notes

- It is important to understand the customer type, which can be gauged by the services offered and the location in which the school is present
- The school fee can be determined in 3 ways, and each way can be further analysed. Costs are of 3 types, which will help with the first analysis. Competitors can be analysed through a comparable school and then adjustments can be made for services offered
- Value-based pricing gives the most creative freedom. The factors which can affect the perceived value of the product/service can be analysed here

Case Facts

- Your client wants help in deciding the fee that they should charge the students
- There are no comparable competitors, and a generalized analysis is requested, without keeping any specific class in mind
- The pricing is required to be done for one of the schools in a chain of schools

Approach/ Framework



Recommendations

- Value based pricing indicates the best value that the school can charge the customers (maximising producer surplus)
- Cost based pricing is rarely recommended as a technique as many costs which are considered in this analysis are sunk costs, and the consideration of which will adversely affect the analysis and determination of a fair fee/price.

Key Learnings

- Be aware of the segmentations that can be done within customer types. This will allow for differentiation and capturing maximum surplus
- Take cues from the interviewer and read the room – if they do not wish to deep dive into any segment, it is best to confirm that and skip it instead of wasting time on that bucket

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 I 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

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.

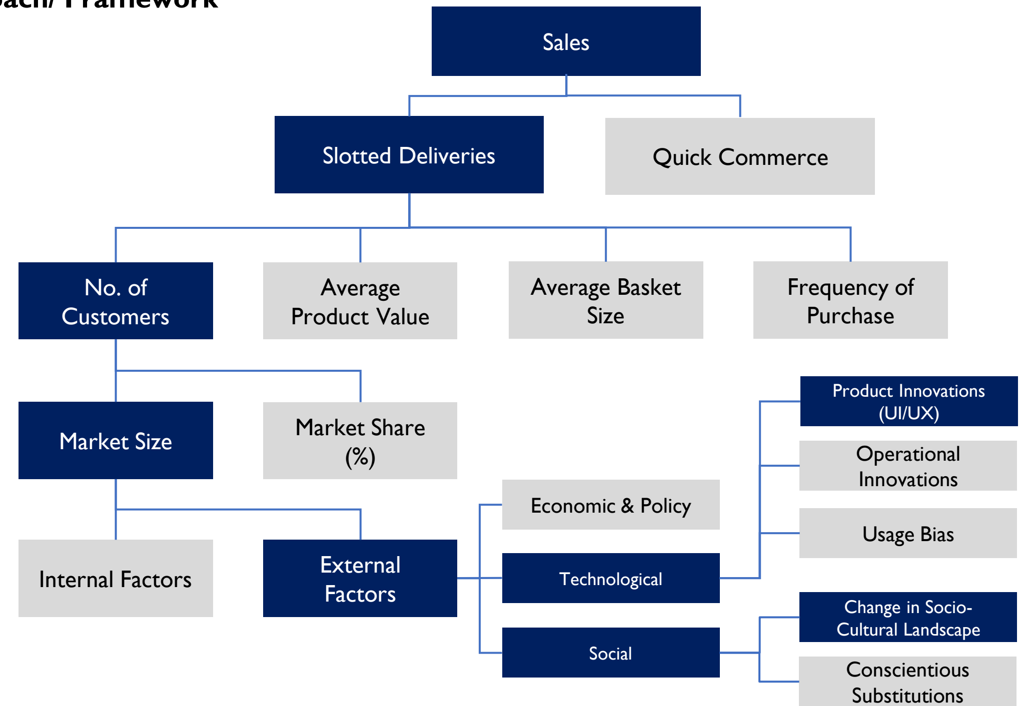
Interviewee Notes

- Diagnosis of the issue lies in using multiple case facts, which emerge in a cascading form. Hence, it was important to ask a series of connected and pointed 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.

Case Facts

- The client is an e-grocer who has two services: quick commerce and slotted deliveries. The metric of growth is sales.
- Client caters to all tier-I cities and the growth is muted throughout their India operations.
- Uptick in quick commerce and a decline in slotted deliveries has been observed.
- Target customers are urban households in the 30-40 age bracket.

Approach/ Framework



Recommendations

- Change in socio-cultural landscapes, including an increase in working couples has seen families take to quick commerce, who have cited hassles with slotted deliveries.
- There have been more product innovations in the quick commerce space, including gamification of the whole experience which has seen users interact with these services better.
- Overall, there has also been an industry wide decline in the frequency of purchase using the slotted delivery method.

Key Learnings

- 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.

Fertilizer Manufacturer – Interview Transcript

Your client is a Fertiliser manufacturer supplying all commonly used fertilisers 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 fertiliser? Is there anything unique about the fertiliser? Is it applicable for all crops or only certain crops?

The fertiliser is a standard NPK fertiliser 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.

Just to clarify, the aim is to only look at the topline and not the costs?

Yes.

Okay, we can look at increasing the revenue organically and inorganically.

You can leave out inorganic growth and instead, focus on organic growth.

When we look at organic growth, we can look at increasing price or volume. Since I believe that fertilisers are mostly undifferentiated products, raising prices may not be a good idea and we should focus on sales. Is this a fair assumption?

Yes, your assumption is correct.

To increase volume, we can look at new customers or volume per customer. I do not expect volume per customer to dramatically change for NPK fertiliser, so we can focus on new customers. We can look at entering new markets or increasing presence in existing markets. Some possible new markets can be Sri Lanka and Bangladesh. In existing markets, the aim would be to increase product penetration. This can be studied by looking at marketing and distribution channels. As per my knowledge, most of this industry is controlled by the dealer. So, one possible option can be to open more dealerships and ensure presence in multiple geographies to push the product further.

Why will the dealership listen to you?

One possible way to make the dealership aligned is through incentives. These can be modelled according to the type of the dealership.

All companies do this. Suggest more solutions.

May I know what is the breakdown of the sort of dealerships we derive most of our sales from?

90% of our sales are from large dealers and 10% are from small dealers.

This implies that the large dealers are like watchdogs of the industry. One potential option to grow can be to bypass the dealer altogether.

This sounds interesting. How would you go ahead with that?

There can be two potential routes to reach the farmers directly- first, through government agricultural bodies and second- through private agricultural unions. Most of the government bodies try to increase farmers' education. So, the company can try to hire agricultural university engineers and organise camps to explain how fertilisers can increase productivity. To increase informational awareness through private bodies, we must first consider the power of the leader of these bodies. Appropriate gifts and loyalty programs can encourage the leader to share the company's vision.

This sounds great. We can close the case.

Fertilizer Manufacturer

Your client is a fertiliser manufacturer supplying all commonly used fertilisers to the farmers across the country. They want to increase their revenue. What course of action should they take to achieve this objective?

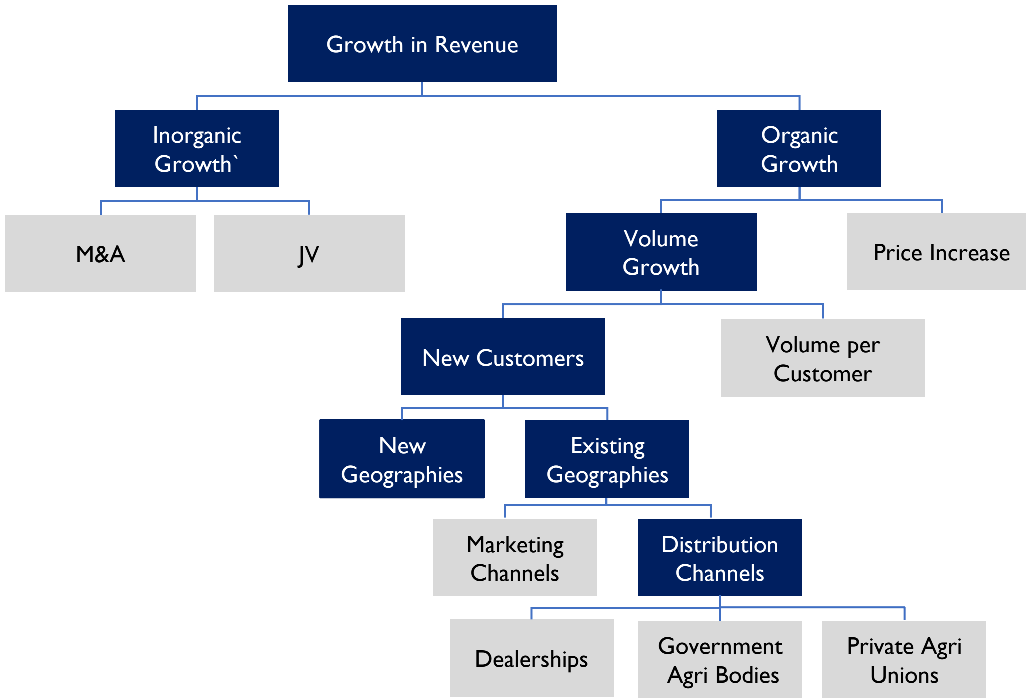
Interviewee Notes

- A basic understanding of NPK Fertilizers was expected.
- Marketing and distribution strategies were the focus of the case.
- Unconventional approached were preferred.

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.

Approach/ Framework



Recommendations

- Change product mix towards premium-quality paints.
- Consider rebranding for different paint segments so there is no confusion in customer's minds.
- Build awareness, interest, and desire to stimulate demand for the premium range.

Key Learnings

- The interviewee was asked to refrain from using conventional frameworks.
- A conversational dialogue indicating presence of mind was preferred over a more structured approach.
- Unconventional ideas were appreciated.

Paints Manufacturer – Interview Transcript

Your client is a paints manufacturing company who would like to grow by 20%. What course of action should they take to achieve this objective?

Thank you. Just wanted to confirm the objective – the client wants to grow by 20%. Would this entail growth in revenues or profits, and would there be any other objective to keep in mind? Also, is there a time horizon to meet this objective?

Well observed. The client is looking for a 20% growth in profits within the next three years. There is no other objective to consider.

Before I get into the case, I would like to clarify some details about the client's business. Which geography does our client operate in, and what is their current market share?

Their operations are primarily within India, across all regions. They are one of the largest players and have a market share of 20%.

I see. It appears the paints market in India must be fairly saturated with a high penetration rate and the little product differentiation there is must be carried out on the basis of quality, such as regular and premium paints. Keeping this in mind, which segment of the paints market do they cater to?

Good question! The product mix of the company includes 30% of regular or inferior quality paint, 60% of mid-range segment paint, and 10% of premium segment paint. Considering this, how would you approach the solution?

I would like to approach the case by examining possibilities of growing organically or inorganically. Organic growth would entail growing the existing business. Inorganic growth could be fueled through strategic acquisitions (M&As), and joint ventures. Is the client open to both or do they have a preference between the two?

The client would like to grow organically and fast. How would you pursue this?

Organic growth can be pursued in three ways. Firstly, we could explore the possibility of increasing the price of our product, as this would directly improve the top line and enable us to capture value. Secondly, we could increase our sales volume through improving market penetration. Thirdly, we could change the product mix towards high-value products.

Before you proceed, try taking industry characteristics into account. Would you like to reconsider your suggested approach?

Taking the industry into account, I realise that growth may not be possible by increasing prices due to low product-differentiation and high competition in paints. Since we are not the market leader and switching costs might be low whereas volumes are high, we may face push back. It is possible that our customers would be price sensitive.
Increasing volumes may also be difficult since the market is quite saturated, and there is little unmet demand, so we would have to aggressively tackle competitors head-first. We may consider setting up in new geographies, if that is feasible.

The client is actually not in a position to enter new geographies at the moment. Operating in India gives them a cost-advantage that cannot be easily replicated in other regions.

I see. In that case, changing the product mix would be much more feasible, particularly given our time horizon.

That is correct. How would you ascertain the feasibility of changing the product mix?

I would need to know the market penetration of each of the three categories of paints. This would help me assess which category has the greatest growth potential.

Well observed. So, the current market penetration stands at 20% for regular and mid-range paints and 1% for premium paints. Considering these, how should we alter our product mix to achieve 20% growth?

Considering the low market-penetration in the premium segment, it appears most feasible to focus on increasing the composition of premium paints in our product mix, while reducing the relative share of regular paints. The growth can come entirely from premium paints.

Would there be any risks to this course of action?

A major risk would be the adverse positioning effect. Brand identity may be confused if the same brand brings out premium range and regular range of paints. One way to mitigate this would be to come up with distinct branding corresponding to each quality range, taking an approach akin to house-of-brands.
Another risk would be the unfavourable competitive landscape of the premium paints segment. Before proceeding, the client should evaluate the market, and may have to engage in promotional activities to build awareness, interest, and desire for their premium range.

Very interesting! We can close the case here.

Paints Manufacturer

Your client is a paints manufacturing company who would like to grow by 20%. What course of action should they take to achieve this objective?

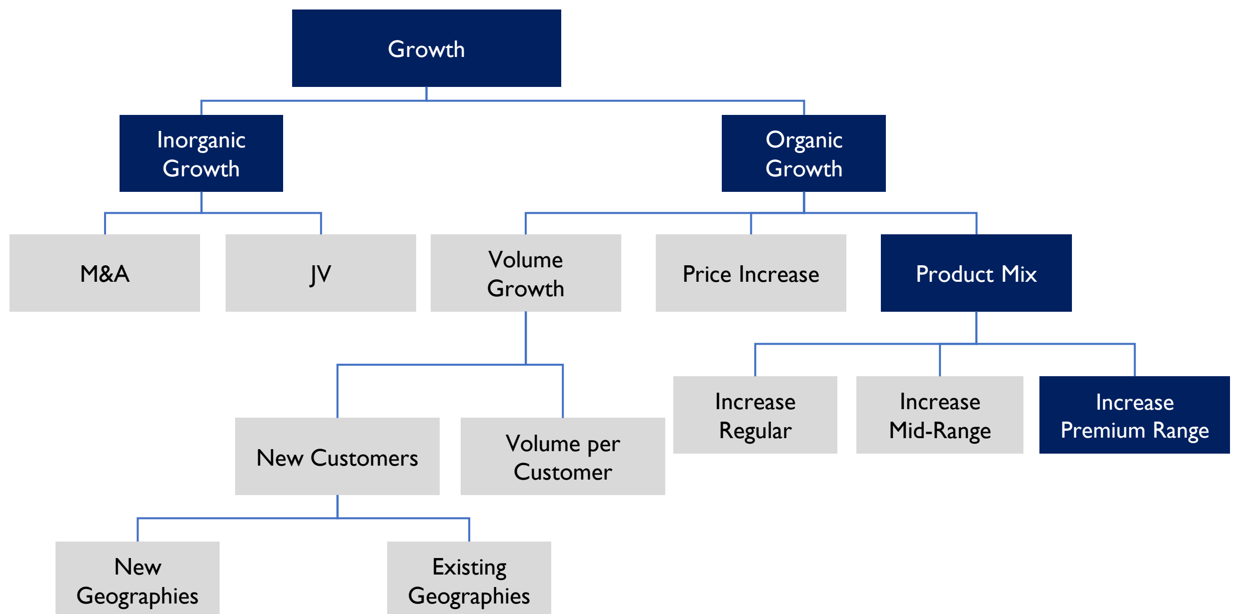
Interviewee Notes

- It is important to take industry characteristics into account while making recommendations.
- Time and cost considerations should be kept in mind for recommendations.

Case Facts

- Client is a pan-India paints manufacturer with 20% market share.
- The product mix by category is:
  30% regular
  60% mid-range
  10% premium
- Penetration by category is:
  20% regular
  20% mid-range
  1% premium

Approach/ Framework



Recommendations

- Change product mix towards premium-quality paints.
- Consider rebranding for different paint segments so there is no confusion in customer's minds.
- Build awareness, interest, and desire to stimulate demand for the premium range.

Key Learnings

- The interviewee was asked to refrain from using conventional frameworks and encouraged to think through options critically.
- While having a framework in mind is essential to structured problem-solving, the interview may take a conversational turn.

The Ken – Interview Transcript

Your client is a VC Firm considering an investment opportunity in 'The Ken'. They are seeking your help in evaluating this opportunity.

Thank you for the problem statement. To clarify, 'The Ken' here refers to the company providing subscription-based content about the start-up space through newsletters, videos and more?

Yes, that is correct. 'The Ken' is an independent subscription-based business news outlet focused on churning out industry and start-up content with an India focus. While their model started with an article per day, it has since scaled into other media such as podcasts, videos and more.

Got it. Thank you for the clarification. Before I begin my analysis of 'The Ken', I'd like to take a step back to understand more about the VC Firm. What does its existing portfolio look like, and what is the motivation behind seeking an investment opportunity in 'The Ken'.

Right. So the VC firm's focus has been primarily on early-stage start-ups with investments spanning several sectors such as technology, neo-finance and more. 'The Ken' is an up-and-coming firm in this space, sparking the VC's interest.

Got it. Does the VC have any investments in the media space similar to the one 'The Ken' operates in? Also, is there any targeted ROI or financial metric the client would expect from such investments?

No, this will be its first foray into this space. There aren't any RoI considerations at the

Got it. I'll now evaluate whether 'The Ken' would be an attractive investment opportunity.
To do this, I'd focus on identifying its potential customer base and the future outlook of its market. I'd also like to understand its position in the media industry's competitive landscape and evaluate its financials and operational core. Does this sound like a reasonable approach?

Yes! For this case, let's focus on first analysing the potential reader base of 'The Ken'. Could you qualitatively walk me through how you'd arrive at the number?

Definitely! I want to approach this by understanding the target audience for any publication by 'The Ken'. This would include universities (Top-tier Engineering Colleges, B-Schools and other colleges) that purchase bulk subscriptions.
Secondly, different corporate entities such as start-ups and VC firms such as the client would leverage the content in their business operations.
Finally, working professionals subscribe to 'The Ken' to stay abreast with business happenings. My approach would involve estimating the target number in each such

That sounds good. Could you walk me through how you'd estimate each number?

Does this sound fair?

Sure, for the # of universities, I'd consider the top 30 universities in each category. This covers the top-tier colleges that are likely to invest in such subscriptions. This number, multiplied by the average number of students and professors likely to be readers, helps compute the university readership base.
For working professionals, I'd use a population-based approach targeting upper-middle and higher-income segments while accounting for factors such as interest in the business space and willingness to subscribe to 'The Ken'.
Finally, to estimate the number of organisations interested in purchasing subscriptions, I'd refer to industry reports to get rough estimates of PE/VC firms and start-ups interested in the content covered and factor in the number of employees in each category.
This should help us arrive at a Total Addressable Market figure for 'The Ken'.

Sounds good. For the sake of simplicity, let's assume that the number of potential readers is an attractive proposition for the client from a financial sense. What are your thoughts about the competitive landscape for 'The Ken'?

Numerous media services compete with 'The Ken'. This ranges from business-specific newspapers and magazines, such as Economic Times and Outlook, to emerging forms of content creation, such as independent articles, podcasts, and social media-based content, such as YouTube videos, Instagram reels and more.
This is a very competitive landscape, and winning here would require a certain degree of differentiation.

Those are very valid points. You are right about a company needing to differentiate and offer a unique offering to win in this space. Could you quickly analyse what factors would help a company such as 'The Ken' to differentiate itself?

Sure. Within the content space, I believe there are a few factors that help 'The Ken' differentiate:

1) **High-Quality Content:** Well-researched, data-driven and insightful content covering the business landscape.
2) **Niche Expertise**: Their focus on start-ups and technology helps them provide a differentiated offering compared to broader news outlets.
3) **Community of Readers:** 'The Ken' initially offered free content, followed by a paid subscription model. This helped attract readers and they were able to maintain loyalty due to the quality of their content.

These factors help differentiate 'The Ken' from other players.

Sounds good. Thank you for the analysis. We can close the case here.

The Ken

Your client is a VC Firm considering an investment opportunity in 'The Ken'. They are seeking your help in evaluating this opportunity.

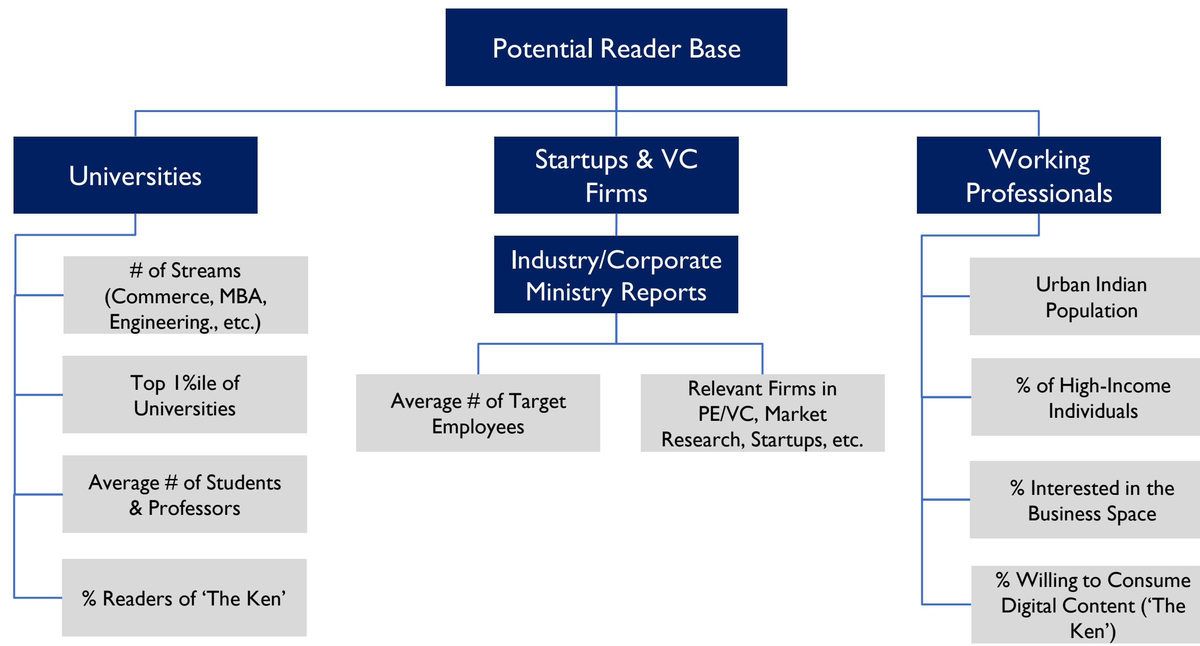
Interviewee Notes

- Important to understand the VC fund's motivation before delving deep into the target's business.
- To arrive at the TAM for 'The Ken', a good approach is to imagine the different user profiles of 'The Ken', and accordingly calculate each.
- Only the market attractiveness and competitive landscape was tested in this case. The case can also cover aspects such financial viability, risks, etc.

Case Facts

- VC fund has investments in early-stage start-ups in the tech & neo-finance space
- No RoI considerations for the investment
- The Ken publishes articles, newsletters, podcasts, etc related to the start-up & business space.

Approach/ Framework



Recommendations

- A qualitative analysis of the addressable target market consisting of educational institutions, corporate entities and the working professional community at large was indicative of an attractive market size. Moreover, in its present business model, 'The Ken' has been able to differentiate from its competitors within the media industry owing to unique nature of its content as well as high quality offerings.
- Thus, 'The Ken' at the outset appears to be an attractive investment. However, a financial attractiveness check followed by an analysis of the risks associated must be performed to formulate an investment decision.

Key Learnings

- Due diligence cases may not delve deep into every single aspect relevant to an investment decision. The analysis may be at a surface level but could cover a wide variety of topics based on the interviewer's discretion

Amul Kool – Interview Transcript

You have seen a shift in consumer preferences away from your favourite beverage 'Amul Kool'. Brainstorm ideas to create product differentiation.

Are consumers shifting towards other milk-based beverages or beverages in other categories - fruit-based, carbonated, etc. Is this shift specific to a particular demographic or distribution channel?

We've seen consumers preferring sugary drinks. This effect is more pronounced among the younger demographic, particularly in the modern retail channel.

What is the sugar content in these sugar drinks vis a vis the sugar in our product? Further, is it derived from natural or synthetic sources? Over what time period has this trend been observed?

These drinks, on average, contain about 50% more sugar than our drink, which is mostly derived from stevia. Data reflects consistent market share losses over the past 15 quarters.

Ah, understood! Based on my understanding of the product and the company, Amul positions itself as a health-centric brand which promotes conscious consumerism. This would imply that increasing the sugar content would not be a viable strategy. Is that correct?

Yes, within the current product line, we wish to retain the health-centric positioning.

In that case, we have two options before us:
We can either choose to capture the emerging 'sugary drink market' or increase our share within our existing health-centric market. In the long term, I would suggest launching alternative offerings in the 'sugary drink' market as this seems to be a sustained trend.
For our existing segment, we can choose to increase the sugar content of our drinks to match competitors.

Fair, elaborate upon this approach.

Sugar% = Total Sugar/Serving Size, meaning that we can offer sweeter drinks, by offering the same sugar content albeit in smaller serving sizes. Thus, we capture the sugar-centric market, while still sticking by our core proposition of promoting conscious consumerism. Further, we can choose to substitute synthetic sugar with natural alternatives, and aggressively advertise to retain our health-centric positioning.
In the longer run, we should aim to launch 'guilt-free, indulgence variants' under a separate product category. On a comparative note, the sugar content in these drinks would still be lower than aerated/carbonated beverages, thereby creating product differentiation.

That is a fair assessment. Amul has launched a line of milk-based, carbonated beverages with higher sugar content to service this market. We can end the case here.

Amul Kool

You have seen a shift in consumer preferences away from your favourite beverage ‘Amul Kool’. Brainstorm ideas to create product differentiation.

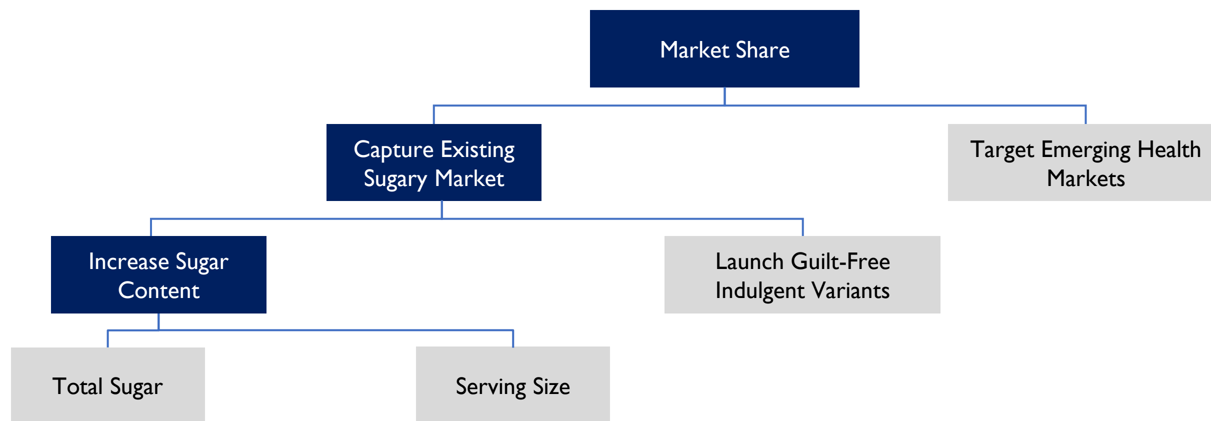
Interviewee Notes

- Try to narrow down to the root cause, before making recommendations.
- Basic category knowledge can come handy.

Case Facts

- ‘Amul Kool’ is a milk-based beverage targeted towards health-conscious consumers.
- Consumers are preferring beverages with a higher sugar content.

Approach/ Framework



Recommendations

- Increase the proportion of sugar in the drink by reducing serving size.
- In the long-term, offer ‘guilt-free, indulgence;’ beverages to directly compete in the market.
- Retain the core health positioning through conscious consumerism and honest advertising.

Key Learnings

- The interviewee was asked to refrain from using conventional frameworks.
- A conversational dialogue indicating presence of mind was preferred over a more structured approach.
- Unconventional ideas were appreciated.

Analytics Software – Interview Transcript

Your client has seen a fall in the usage of their analytics software. Evaluate the problem and make recommendations.

What sector and geography does the client operate in, and what would be the size and scale of their operation? What are the client's products?

The client is one of the largest public sector banks operating predominantly in India, with international reach, offering products such as loans, deposits, and investment schemes.

What kind of analytics software do they use, and what is it used for? Is it used internally or offered as a service to customers? Are competitors facing the same issue?

The software is used internally for salesforce planning and customer relationship management. It is tailored to our specific enterprise needs. Our competitors don't seem to be facing a similar issue.

I believe the insights would be used to service existing customers and acquire new customers. Servicing existing customers would entail cross-selling financial products and after-sales service. Acquiring new customers would entail analytics-based targeting, promotions, and sales. Has the decline been the same across these use cases? How long has the decline in usage been observed?

It has been six months since the software was installed. It had traction initially, but since then, usage has declined. It is more prominent in the customer acquisition use case. Salespeople used it to gain insights about customers. The client has carried out significant capital investment in the software, and its business potential cannot be realised due to dwindling usage.

I would like to take a moment to structure my thoughts.
It is necessary for the software to be well-integrated into existing business processes so that usage becomes seamless. I would like to break the problem down by looking at three factor classes that affect usage: technical factors, employee-oriented factors, and external factors.
Technical factors include IT-business process alignment, usability, and supporting IT infrastructure. Employee-oriented factors would include the ability of salespeople to use the software, their motivation to do so, and the opportunities for them to utilise their insights in their day-to-day work.
External factors would include changes in circumstances between the period the software was highly used, and the current period, outside of the organisation.
Which among these three factors should I proceed to consider?

That is a fair assessment. The software is technically robust, and fairly easy to use. We have observed more problems on the employee-side, so you can start with examining that side.

Firstly, I would like to see if salespeople can use the software effectively. They should be trained in using the software and drawing action plans based on the insights generated. The results should be used for everyday data-driven decision-making.
Secondly, I would consider the incentive structures in place for employees to use the software. Since sales insights would be beneficial to driving sales, employees incentivized to make sales should be incentivized to use the software as well.
Considering this, I would examine whether there is a lack of incentive to drive sales.
Thirdly, I would consider whether employees find enough opportunities to use the software. Doing so, would entail mapping the stages involved in making a sale, and how insights from the software could be utilised at every stage. Which of the three should I examine further?

We can start by looking at motivation a bit deeper.

Sure. As I understand it, motivation can be intrinsic or extrinsic. Intrinsic motivation may be derived from a sense of purpose or goal alignment or the belief system of employees. Extrinsic motivation includes incentives and reward structures, at individual, team, and organization levels.
For intrinsic motivation to be lacking, in this case, it would be either due to a lack of goal alignment or a conflict with the employee's belief system.
It is possible that employees may not see the point of using the software, despite it being helpful to their work. If that is not the case, could it be possible that the software is culturally unpalatable for employees? For example, that they believe using technology may point to their lack of competence or are rigid in a certain way of doing things.

That isn't the case here. You're on the right track with your understanding of motivation.

Okay. Moving on to extrinsic motivation, it could be lacking due to insufficient incentives or rewards in using the software. However, in a broader sense, the lack of motivation might be related to driving sales itself, which is the end goal for using the software.

You have identified the root cause. Employees aren't awarded commissions and have no incentive to drive sales. What recommendations would you suggest the client implement?

Outside of the software, sales-based incentive structures need to be designed, at individual levels. Incentives could either be monetary or non-monetary. Monetary incentives could be designed in the form of bonuses, specially catering to the demographic of salespeople and their aspirations. Non-monetary incentives would take the form of visibility and recognition. With these incentives, employees should be motivated drive sales, and will find it in their best interests to use the software.

Thank you. That will be all.

Analytics Software

Your client has seen a fall in the usage of their analytics software. Evaluate the problem and make recommendations.

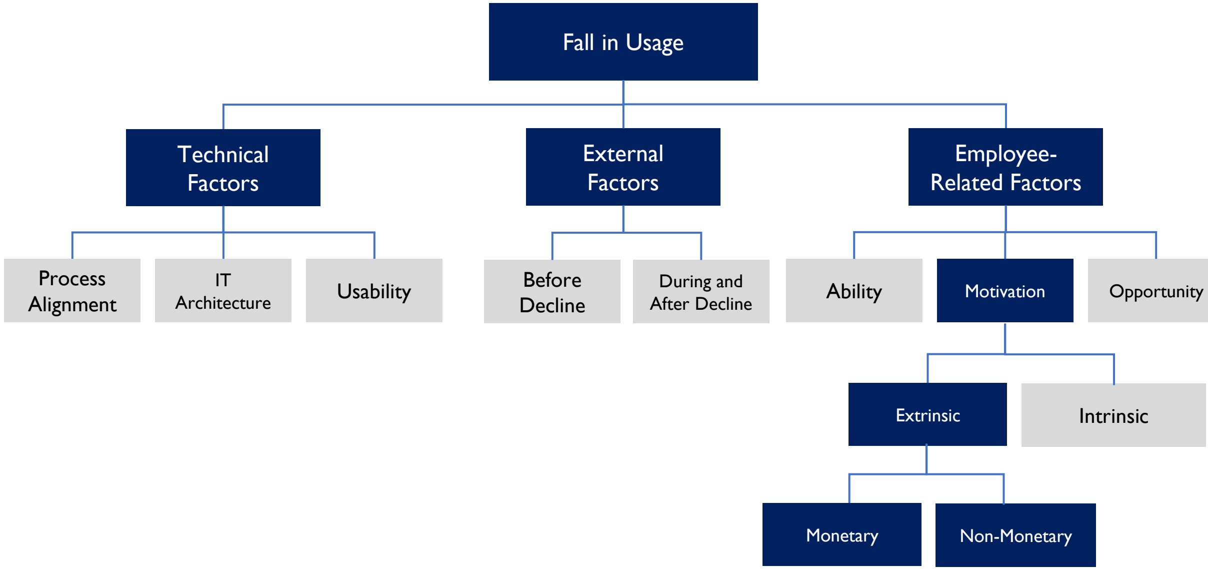
Interviewee Notes

- The reduction in usage of the analytics software was more symptomatic of a larger problem in the organization.

Case Facts

- The client is a large public sector bank, operating predominantly in India, with international reach as well.
- The client offers loans, deposits, and insurance schemes.
- The analytics software is used internally for salesforce planning and CRM.
- Usage has declined over the last six months.

Approach/ Framework



Recommendations

- Implement sales-based incentive structures at the individual level.

Key Learnings

- Recognizing both the technical as well as the human element helped simplify the problem and arrive the root cause relatively quickly. An alternative approach that considers the same would be the user journey approach, however, the approach followed here is more efficient in this specific problem.
- Being familiar and comfortable in solving cases with technology would go a long way, so a basic understanding of IT systems, digital transformation, and trends in technology such as AI/ML, automation, and blockchain would be advantageous.

Diagnostics Chain – Interview Transcript

Your client is a diagnostics company that wants to build its digital transformation strategy and is seeking your advice.

Sure. Before proceeding, I'd like to ask clarifying questions to better understand the client. Where is the client located? Is this a standalone or a chain-based diagnostic setup? What are their core service offerings within the space of diagnostics?

The diagnostic company operates under a chain of clinics spread across the states of Maharashtra and Karnataka. It is a subsidiary of a prominent hospital network located within these states. Their core offerings are in the space of pathology (Blood Tests) and radiology (X-Rays and Scans).

Thank you for the information. I'd now like to understand the client's motivation behind pursuing digital transformation. Is it to enhance customer satisfaction, improve operational efficiency and thus obtain a competitive edge? Also, does the parent hospital have digital presence?

Yes, you're right. They wish to capture a larger customer base and increase their revenues and believe digital transformation would be the right way to attract new customers.
The parent hospital chain is digitally connected and it had undergone this transformation successfully a few years back.

Got it. There are broadly two ways in which the company can undertake this digital transformation. These can be categorized as:

1) In-house digital capability development
2) Partnership with third-party digital stakeholders

Do we have any information about which option the client would prefer, given that there are trade-offs in pursuing either option?

What exactly do you mean by trade-offs in this context? Could you elaborate on this?

Sure. So, an in-house transformation would involve internal capability building and execution via internal knowledge, resources and expertise. This provides better control over the final output and simplifies integration with existing workstreams. However, there are significant costs incurred in bridging expertise and resource gaps, as well as delays in execution.
On the other hand, third party stakeholders have specialised expertise in the digital space, allowing for a faster and cost-effective implementation. But this comes with associated challenges such as integration issues, data privacy and brand dilution risks and increased dependency on external players.
The decision between the two must be taken by factoring in all the pros and cons.

Good analysis. The client does not have any preferences between the two. Please proceed with analysing both options.
The client is also fine with pursuing a mix of both options.

Sure. In terms of developing their own digital capabilities, the client can:

1) Set up an app/website exclusively for the diagnostic centre where customers can book and track all their diagnostic needs
2) Integrate the diagnostic centre with the parent hospital's digital capabilities to provide diagnostic services along with the hospitals core offerings.

Whereas partnering up with 3rd party players opens up avenues to provide additional offerings such as:

1) Partner with doctors to provide online consultation or telemedicine practitioners to provide diagnostic services.
2) Partner with pharmacies to offer value-added services.

Sounds good. How would you develop a strategy for the same?

I'd broadly evaluate each strategy based on the financial feasibility, operational viability, and risks associated.
Financial feasibility refers to the costs of building infrastructure for such capabilities and the additional revenue generated through a better patient service experience.
Operational viability would include assessing the resources required in terms of software capabilities and workforce requirements.
Regarding risk, since the healthcare industry is heavily regulated, compliance considerations would definitely arise. Moreover, analysing the competitive landscape is essential depending on the strength of the competitors in terms of their online presence and brand repute.

Sounds good. What do you think would be the biggest challenge for the client in their digital transformation journey?

I believe customer acquisition would be the most significant pain point to address. The digital capabilities must be attractive to attract and retain customers. To attract customers, lucrative discounts and offers must be presented early on to provide a hook. This would, however, require significant cash burn. The parent's hospitals patient-base can also be leveraged for the same.
To retain customers, the digital experience must be phenomenal in terms of UI/UX. This can include effectively integrating patient health records in a single accessible location. The app can further include features such as doctor consultation/advice. The client can also explore offering value-added services beyond their existing portfolio to be a one-stop solution for all patient needs.

That's a good analysis. We can close the case here.

Unconventional | Arthur D Little | Moderate

Diagnostics Chain

Your client is a diagnostics company that wants to build its digital transformation strategy and is seeking your advice.

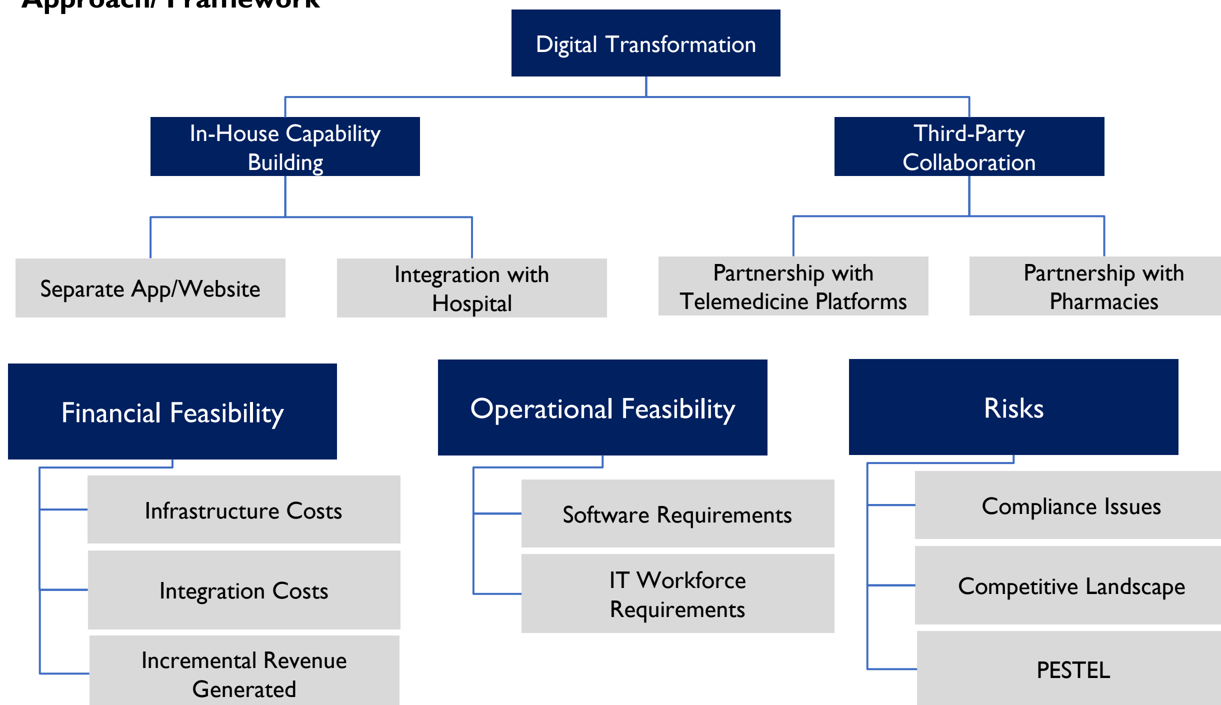
Interviewee Notes

- It is important to understand the current business model of the diagnostic clinic. The fact that it is a subsidiary of a hospital opens digital transformation avenues which standalone clinics won't have access to
- Important to be aware of the various modes of digital transformation as well as demonstrate creativity while exploring 3rd party options.
- While this case only had a discussion of the options and strategy for evaluation, the interviewer may ask for a final recommendation which the client must undertake.

Case Facts

- Diagnostic clinics chain based out of Maharashtra and Karnataka
- Subsidiary of a hospital chain
- Provide pathology and radiology services
- Digital transformation objective – Boosting customer base and revenues
- Indifferent between in-house v/s 3rd party options

Approach/ Framework



Recommendations

- Based on the financial feasibility, operational feasibility as well as risks, the client can undergo digital transformation via in-house capability building or third-party collaborations or a mix of both.

Key Learnings

- Basic awareness of the hospital and medical industry model helps identify the scope and avenues for digital transformation.
- Identifying the various ways digital transformation is possible (in-house vs outsourced) and the benefits and drawbacks of each approach is crucial.

Mortal Kombat – Interview Transcript

You are a Mortal Kombat player. Devise a winning strategy.

I'd like to understand how the game mechanisms work. What is the objective of the game? What sort of characters do you play with? Are there any idiosyncrasies specific to each character?

It is essentially structured as a fight between two players. Each player selects a character to play with, out of a predefined selection of characters. Each character has certain traits. For this case, you can assume that there are primarily two types of classes: 'tanks', with low damage-dealing, melee attacks and 'ranged', with high damage dealing, ranged attacks. There are multiple characters under each class. You start off 100 hp points; the player who loses all hp points on account of sustaining damage from the other player loses.

Ah, interesting! Is the damage additive or are there opportunities to deal multiplicative damage through combos? Can the character regain health during the course of the game through defensive moves or special skills?

Through skill-based combos, the character can indeed gain multipliers on the base damage. Assume health remains constant; defensive moves may be used to protect the character from taking damage..

This would imply that there is a fair degree of skill involved in these combos. Further, is the damage dealt contingent on the specific body part that is hit? Does each attack vary in terms of the time it requires too?

Yes, each combo is categorised under a tier of difficulty basis the competency it requires. Assume the damage dealt to be body-part agnostic. Each attack takes a specific amount of time to charge-up, which is positively correlated with the damage dealt.

I would like to structure my approach into Pre-game and In-game strategy. Herein, I would like to first evaluate character selection and then move onto the ideal in-game strategy.
Under pre-game, I would like to take a look at character selection, basis:
1. Player's competency in navigating the skillset of the character
2. Character selection by the opponent

Assume that the player's competency does not vary across characters. Let's work with player selection.

Herein, I would like to account for Offense, i.e., dealing the most damage and Defense, i.e., preventing my character from taking damage.
Under Offense, I would aim to maximise the damage per unit second, where damage dealt = Total Damage per attack/Time taken per attack * Combo Multiplier * Synergy Multiplier * Risk Factor
Herein, I would like to take into account synergies, which imply advantages that certain characters hold over the other. For instance, ranged characters may be particularly adept at dealing with tanks than other ranged characters. Similarly, they may be vulnerable against any other specific class or character.
Risk factor would discount the damage dealt by taking into account the complexity of the attack, and the consequent scope for human error in execution.
Under Defense, I would like to account for possible avenues to mitigate damage. Herein, I would look at the highest damage per unit time dealing attacks of the opponent's character and figure out the extent to which they may be mitigated through defensive moves.
Ultimately, I would choose the character which would maximise the Net Damage per unit time, i.e., damage dealt less damage taken.

That is a fair assessment. What would you look for under in-game strategy?

Herein, I would look to dynamically change my strategy basis the prevailing scenario. For instance, given a situation where my character has low health points, I would lean towards riskier but more damage dealing combo moves and vice-versa. Similarly, if the opponent's health points were to be low, I would revert to lower risk moves.

This sounds great. We can close the case.

Unconventional | Kearney | Moderate

Mortal Kombat

You are a Mortal Kombat player. Devise a winning strategy.

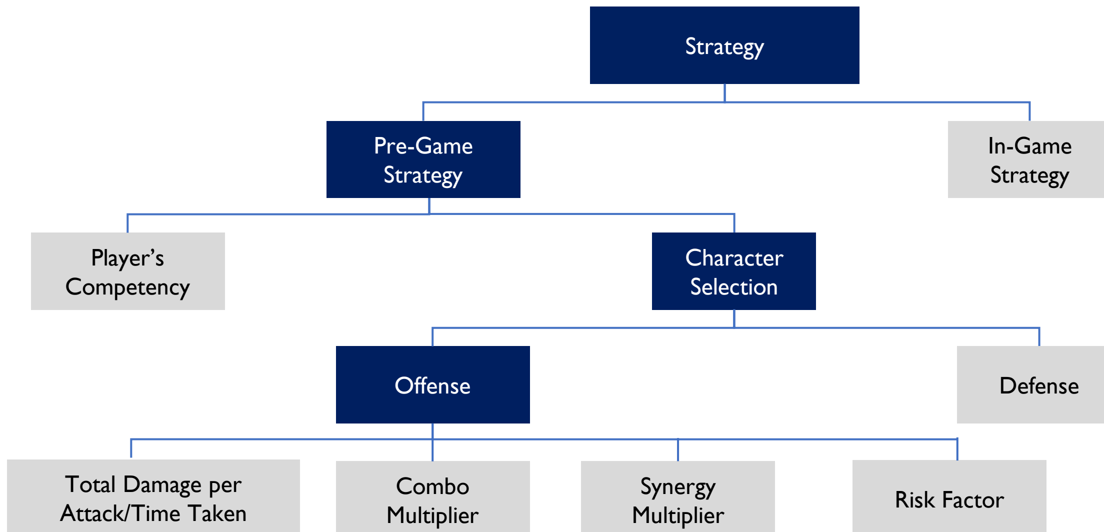
Interviewee Notes

- Understanding of the game mechanics was not a pre-requisite, but the candidate was expected to ask probing questions.
- Optimizing defensive-offensive strategies was the focus of the case.
- Unconventional approached were preferred.

Case Facts

- Mortal Kombat is a two-player game, with classes and multiple characters under each class.
- There are idiosyncrasies specific to each character and class.

Approach/ Framework



Recommendations

- Maximize the net-damage dealt.
- Consider a mix of defensive and offensive strategies.
- Dynamically change in-game strategy basis prevailing conditions.

Key Learnings

- The interviewee was asked to refrain from using conventional frameworks.
- A conversational dialogue indicating presence of mind was preferred over a more structured approach.
- Unconventional ideas were appreciated.

Purchase of Dog – Interview Transcript

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. What is the age of his daughter?

She is around eight years old.

And can 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 is my friend and his wife both employed in full time jobs? What do they do?

Yes, they both have regular salaried jobs.

Understood, and one last question, what is the reason behind the daughter asking for a dog? Is there any specific breed of dog that she is asking for?

She prefers a golden retriever dog. What do you think could be the reason behind her asking for the dog?

I think that there could be multiple reasons, which can be bifurcated into needs and wants.
Under needs, I will look at 3 types of needs,
The safety need that can be fulfilled by the dog's presence
Belongingness need to be fulfilled by the dog as a companion
Esteem need by taking the responsibility of the upkeep of the dog
On the other hand, she could also just want the dog because many of her friends have it, or because people residing nearby have dogs. Is it any of these reasons?

Yes, it is because the dog would be a support to her since both her parents are occupied for a good part of the day.

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 analyse this as one-time costs, which are fixed in nature, and recurring costs which will be incurred on a monthly basis. 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 on 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 a very significant amount. Moreover, considering that 6% of their yearly income would go towards this is also not very sustainable.

Fair, let's leave this for now and move on to the feasibility.

Under feasibility, the following activities need to be done daily to ensure that the dog stays well-groomed:

1. Walk
2. Feeding and Bathing
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 run, 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, and 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

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.

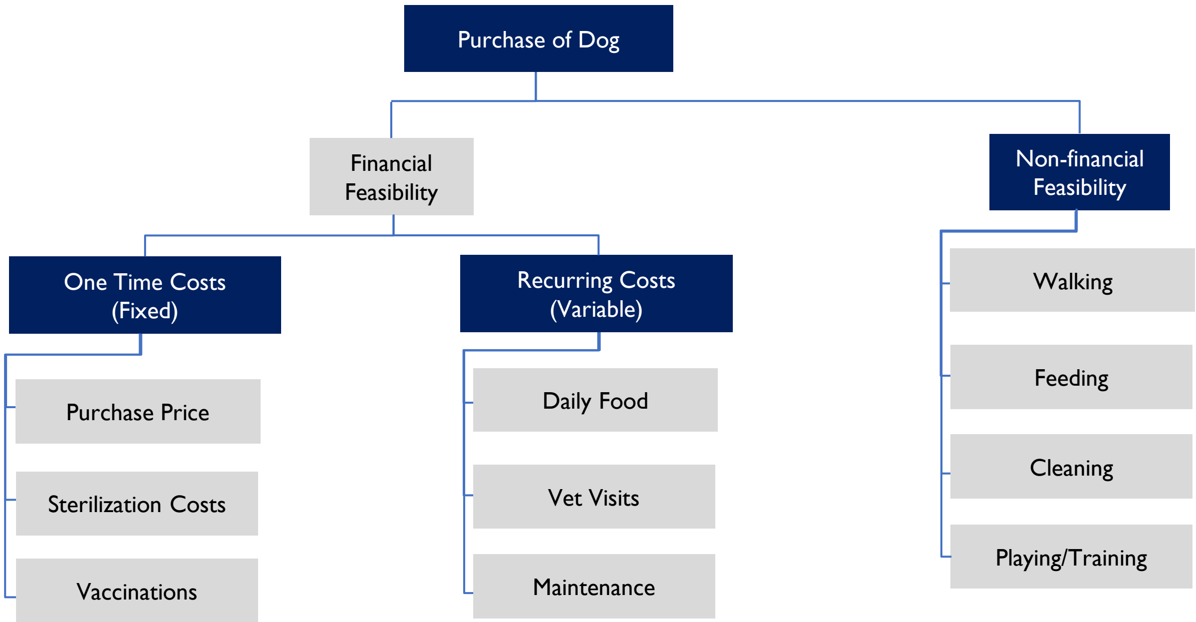
Interviewee Notes

- It is important to understand the nature of the demand – whether the daughter needs the dog as a whim or as a need
- Next, it is essential to understand all the implications of purchasing a dog, immediate and consequent
- It is important to check in with interviewer from time to time, and make the conversation more of a dialogue
- Try to segment every aspect, further segmentation of financial and non-financial parameters instead of just laundry listing them will earn you brownie points

Case Facts

- Your friend wants help with a purchase decision
- First, the objective/reason for purchase is determined
- The costs and benefits are weighed against each other to assess the feasibility of the purchase
- The costs have further been looked at from a monetary and non-monetary, and an immediate and subsequent perspective

Approach/ Framework



Recommendations

- With the analysis, it was concluded that a golden retriever dog shouldn't be purchased immediately.
- Alternatives can be adopting or purchasing a new animal (which fulfills the same needs and wants).

Key Learnings

- It is important to understand the reason behind the analysis being done to clearly define the objective that needs to be fulfilled.
- Necessary to look at numbers as a proportion rather than on a standalone basis (expenses as a fraction of the income, rather than on an absolute basis).
- Try to recommend more feasible alternatives in case your suggestion is to not go ahead with the proposal that the interviewer has asked you to evaluate.

Dance School – Interview Transcript

A dance enthusiast from Jaipur wants to start a dance school. How should they go about it?

Sure, what is the objective behind this?

They want to avoid any sort of losses. So you can look at how they can make as much money as possible.

And what types of services do they plan to offer? Any specific dance type that they wish to teach? Also, what will be the mode of teaching - online or offline?

They plan to impart the classes in offline mode and teach Bollywood dance.

Got it, and which age group do they plan to target for their offerings?

They are open on that front, so you can explore the age groups.

Do they have any timeline in mind to start this, or any budgetary constraints?

No, nothing of that sort.

Okay, so I would like to analyze the case from a Financial and Operational Perspective. Under the financial aspect, I will look at the costs and the income they can expect, and how that ties into their strategy of initial setup. Under operational perspective, I will look at the place, people, and service offerings.

You can proceed with that.

Moving forward with the financial aspect, we can look at first look at the costs in 2 forms.
There will be an initial investment in terms of the place, equipment like the speakers or props, if any, etc. Then, there will be recurring costs of maintenance of the place, variable costs of operation, and the salary payable to trainers. To avoid paying huge sums of salary to trainers, the client can also look at availing volunteers as many dance enthusiasts like to volunteer their time for such activities.
From the revenue perspective, the demand would be fairly local. The income or fee payable for the training can be charged on a differential basis depending upon the services being availed by the customers.

Can you tell me what sort of services can be offered?

Sure, so they can devise 3 types of training – regular, session based, and event based.
The first one will be a session conducted regularly, which is billed monthly. This can be targeted primarily at children and youngsters and will be conducted in the evenings on weekdays. Another form of regular training can be on the weekends for working professionals.
For session-based, they can have the regular Bollywood dance routine in a group, and a trendier adaption of it. So, as we know, social media is becoming a massive part of every adult's life, and people increasingly want to post every minute of their life on Instagram or Snapchat, or the like.
So, a teaching session for new hook-steps can also be organized, which are trending on such platforms. We can invite micro and nano influencers to volunteer and teach the steps themselves for this.
Lastly, we can have an offering, especially for the marriage season or special events. This will be designed to prepare a whole dance routine on a song of the customer's choice. These sessions will be customized and can be billed at a higher rate.

That sounds comprehensive, you can move on to the operational aspect.

Sure, so for that, I will look at 2 more things - the place and the trainers.
Firstly, talking about the place, it should be spacious and able to accommodate at least 1 batch in a room. Multiple rooms can be rented out over the medium to long run depending on the interest expressed by people.
An appropriate batch size can be decided, of not more than 50 people, to avoid overcrowding for the sessions. A single trainer and an assistant can help facilitate the same. A hall for the influencer events should also be available for weekends since that activity cannot be carried out in batches.
Moving onto the trainers - both male and female trainers should be made available, and the level of skill possessed by a trainer can also be used to differentiate the sessions conducted within a week. The trainers' requirements can be determined according to the number of people who are enrolled as well as the predetermined teacher-student ratio.

That's an interesting overview, we can end the case here.

Dance School

A dance enthusiast from Jaipur wants to start a dance school. How should they go about it?

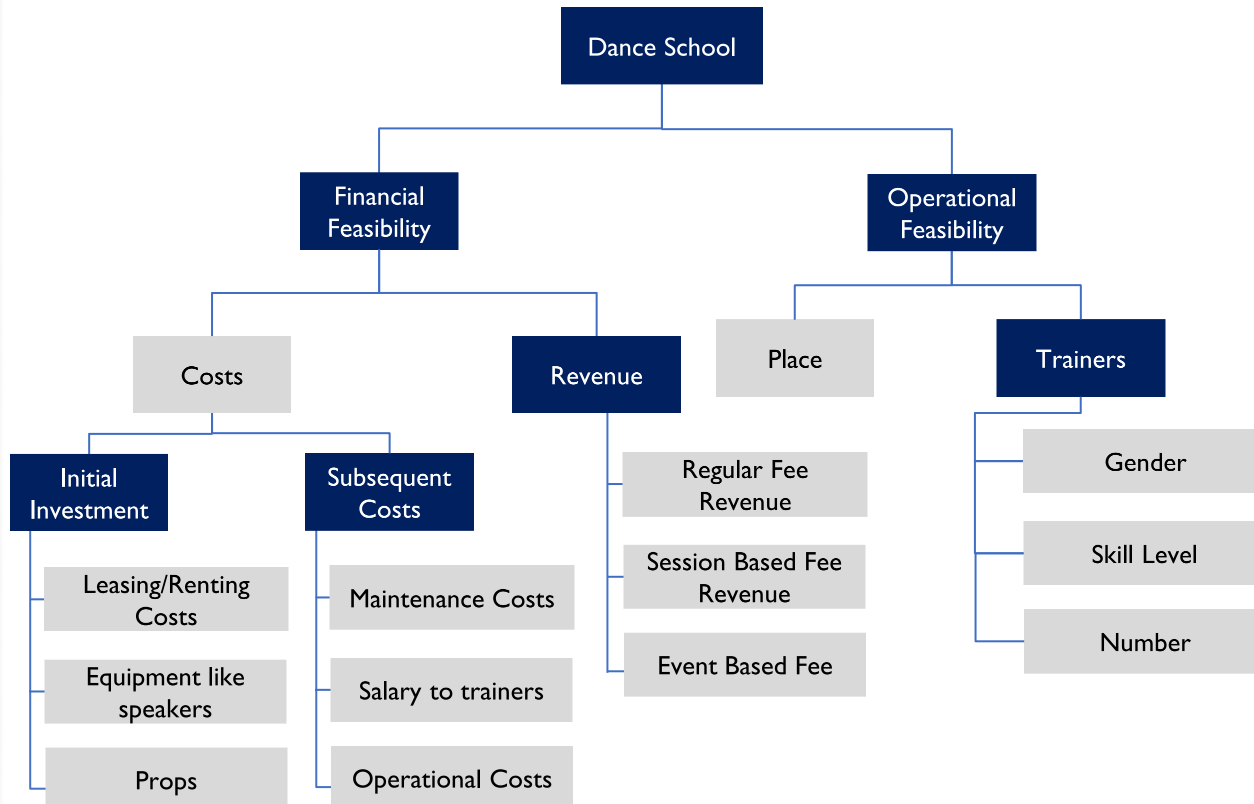
Interviewee Notes

- It is important to understand the customer type, which can be gauged by the services offered and the location in which the school is present
- The school fee can be determined in 3 ways, and each way can be further analysed. Costs are of 3 types, which will help with the first analysis. Competitors can be analysed through a comparable school and then adjustments can be made for services offered
- Value-based pricing gives the most creative freedom. The factors which can affect the perceived value of the product/service can be analysed here

Case Facts

- Your client wants help in deciding the fee that they should charge the students
- There are no comparable competitors, and a generalized analysis is requested, without keeping any specific class in mind
- The pricing is required to be done for one of the schools in a chain of schools

Approach/ Framework



Recommendations

- The enthusiast should assess the financial and operational feasibility, and plan operations accordingly before going ahead
- Special attention should be paid to the subsequent costs that will be incurred

Key Learnings

- Be aware of the segmentations that can be done within customer types. This will allow for differentiation and capturing maximum surplus
- Including out of the box recommendations helps to earn brownie points

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All the best!

**For queries, feedback,
and all things consulting**