

Case study 2

An EY partner has just finished a telephone conversation with Edward Times, CEO of the major media conglomerate MediaCorp in your country. He tells you that after 50 years of healthy profitability, several of the newspaper companies in the group now experience substantial deficits.

Edward Times has told your partner that MediaCorp needs to address the situation in the newspaper segment immediately. The current EBIT margin of 1.2% is unsustainable, particularly because the market conditions are predicted to worsen over the next few years. Due to MediaCorp's vision to stay a "beacon of journalistic integrity and a leading player in the newspaper industry," it is for the time being not an option to sell or shut down any of the newspaper companies. However, they certainly need to look for ways to improve their profitability quickly. "The goal for the next year should be a 5% EBIT margin in the newspapers, based on the current cost baseline and an expected 5% decrease in circulation and advertisement sales in the national daily newspapers," CEO Edward Times told your partner. MediaCorp has already initiated a process improvement and cost-cutting program in its newspaper print and distribution companies.

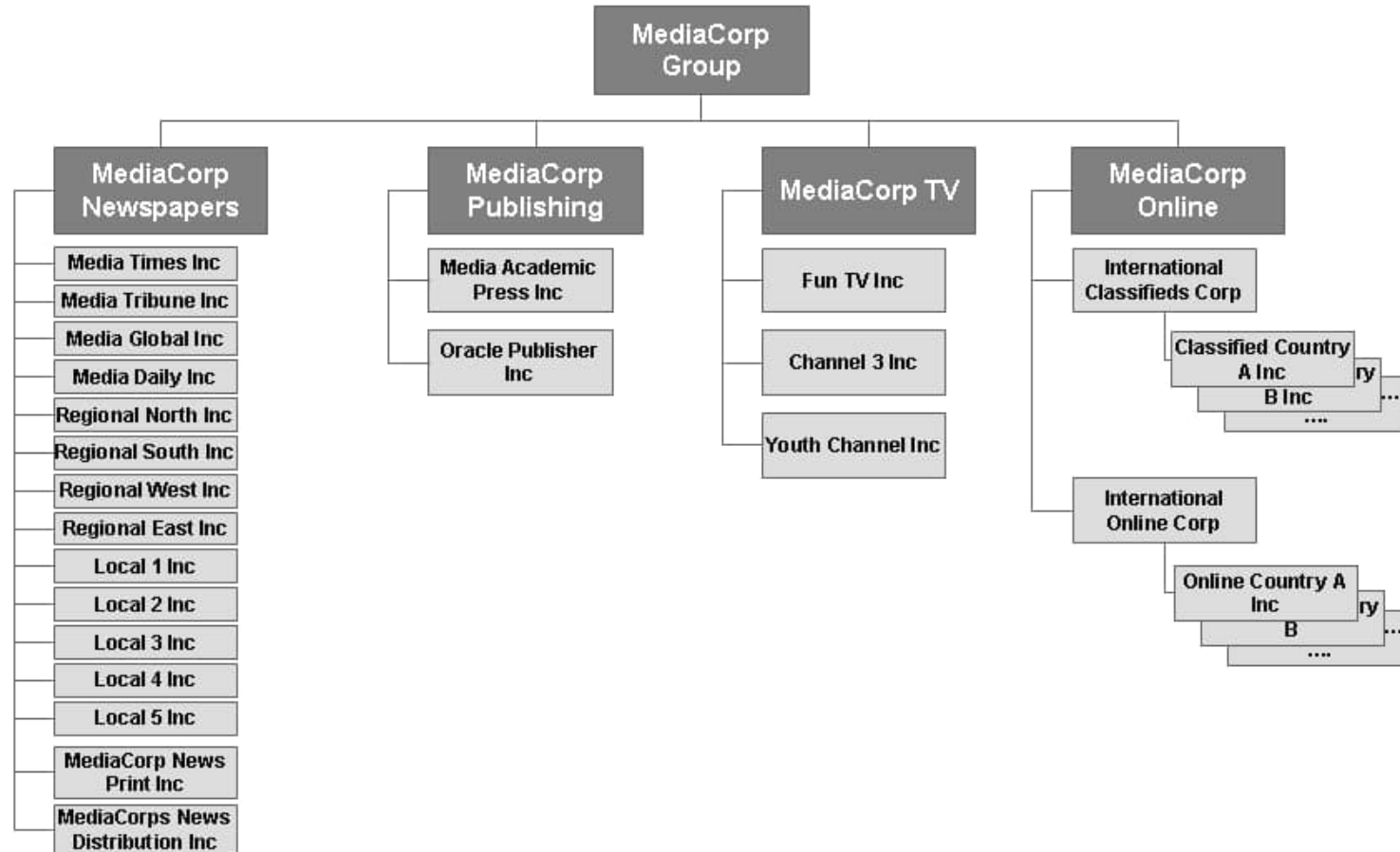
EY is invited to present to the management of MediaCorp a point of view on how their newspaper companies can surface from this difficult situation. Your partner believes that EY has a good chance of winning the work if you can convince the MediaCorp management of EY's capability and robust approach to problem solving. Your partner tells you that it is critical to convince the CEO, Edward Times, as well as the notorious CFO Christian van der Hall, who has a well-established and dominant voice in the management board.

As with most consulting assignments, this is not a straightforward task. But this is consequently a great opportunity for you to show off our problem-solving skills.

Require: Creating a problem definition worksheet and provide your suggested solutions to the situation of Media Corp using your industry insights.

Assumptions can be made if needed.

MediaCorp organization chart



Problem definition worksheet

Basic question to resolve:	
Context and trigger: ▶	Decision-makers: ▶
Solution threshold: ▶	Constraints: ▶
Scope of work: ▶	