Case Study

A shop going in Loss Solution & Overview

Overview

- ★ Introduction
- ★ Problem Statement
- ★ Situation Analysis
- ★ Solution Description
- ★ Conclusion & Suggestion

Introduction

A man has took a shop in Rent near BTM Layout, Bangalore, not in the main road but as a local shop. The rent of the shop is 14000 per month. The man took the shop to sell fast food like - Biryani, Maggie, Egg Bhujia, Omelets, Chicken Kabab etc.

- In the first 3 months he make a profit of around 100000, with a sales of around 300000.
- In the 1st month he was selling veg food also, but he stopped after the 2nd month as it stock was not getting out.
- After 4 5 months down the line the man is making a huge loss in his investment. He has a due of 2 months to pay the rent.
- The sale has drastically gone down and he is thinking to close the shop.
- > The Man is very lazy in working hard and also very poor in any other investment.

Problem Statement

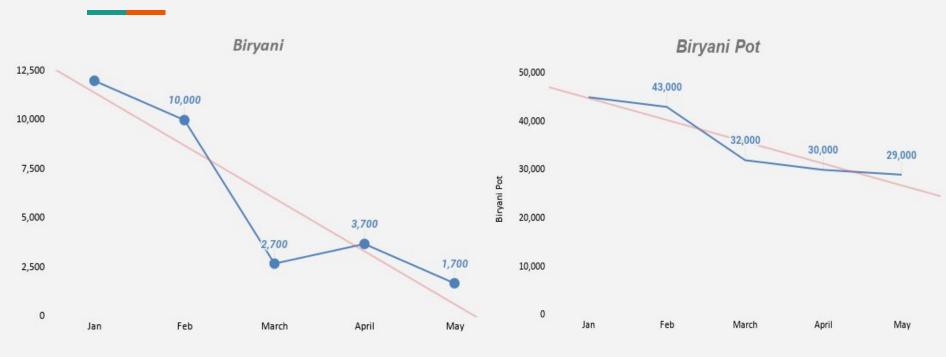
→ How will we tackle a situation of this kind? Write a solution to this kind of problem. Give a Fact-full answer by understanding the critical problems.

- After the 2nd month veg food <u>stock was not getting out</u>.
- Making a <u>huge loss</u> in his investment.
- He has a <u>due of 2 month</u>s to pay the rent.
- The <u>sale has drastically gone down</u> and he is <u>thinking to close the shop</u>.
- The Man is very <u>lazy in working hard</u> and also <u>very poor in any other investment</u>.

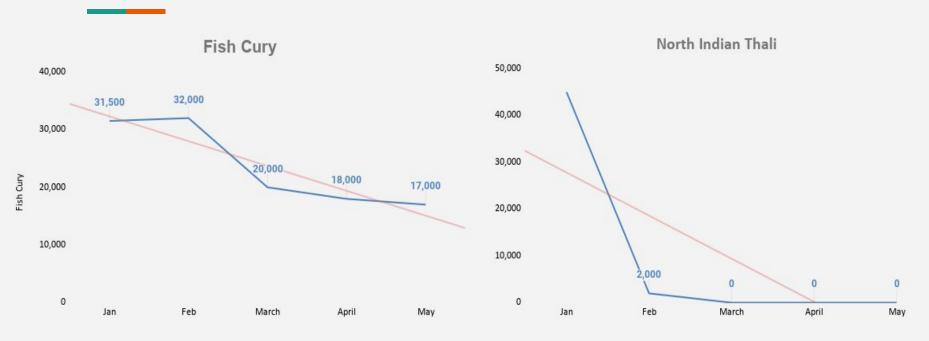
Situation Analysis

fx	= <mark>J13</mark> -J14								
	А	В	С	D	E	F	G	H I	J
2			Jan	Feb	March	April	May		
3		Biryani	12,000	10,000	2,700	3,700	1,700		
4	NON VEG	Biryani Pot	45,000	43,000	32,000	30,000	29,000		
5		Fish Cury	31,500	32,000	20,000	18,000	17,000		
6	VEG	North-Indian	45,000	2000	0	0	0		
7		Mini Phulka Thali	9,900	900	0	0	0		
8		Paneer Butter Masala Thali	13,500	500	0	0	0		
9			156,900	88,400	54,700	51,700	47,700		
10									
11									
12									
13			E	xpense(2,00000)			Sales	300000
14		Rent	14,000	14,000	14,000	14,000	14,000	Expense	e 200000
15		Staff cost	25,000	25,000	25,000	25,000	25,000		
16	Expenses	Infrastucture cost	34,000	0	0	0	0	profit	100000
17	Expenses	Security cost	10,000	4,000	4,000	4,000	4,000		
18		Electricity	5,000	4000	4000	4000	4000		
19		Water	12,000	3,000	3,000	2,000	2,500		
20			100,000	50,000	50,000				
21						exclud. RENT	exclud. RENT		
22									
23				Feb	March		May		
24		Sales	156900			,	47,700		
25		Expense	100000			-			
26		Profit (Sales - Expense)	56900	38400	4,700	16,700	12,200		
27									

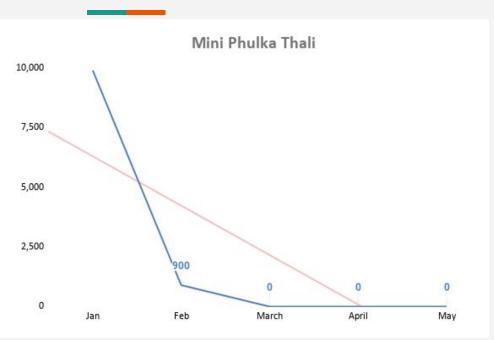
Situation Analysis

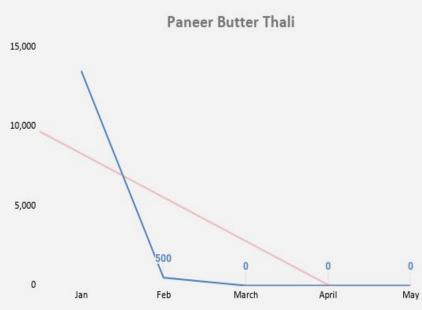


Situation Analysis (continued..)



Situation Analysis (continued..)





How will you tackle a situation of this kind

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fx			Scenario M	lanage	er & Goal Seek			
	А	В	С	D	E	F	G	Н
27								
28								
29	Analysis before Scenerio Manager	Sales	156900	88400	54,700	51,700	47,700	
30	Expenses	Rent	14,000	14,000	14,000	14,000	14,000	
31		Staff cost	25,000	25,000	25,000	25,000	25,000	
32		Infrastucture cost	34,000	0	0	0	0	
33		Security cost	10,000	4,000	4,000	4,000	4,000	
34		Electricity	5,000	4000	4000	4000	4000	
35		Water	12,000	3,000	3,000	2,000	2,500	
36		Profit	56,900	38,400	4,700	2,700	-1,800	
37								
38	Analysis via Scenerio Manager							
39		Sales	156900	88400	54,700	51,700	47,700	
40		Rent	14,000	14,000	14,000	14,000	14,000	
41		Staff cost	25,000	25,000	15,000	15,000	15,000	
42	Expenses	Infrastucture cost	34,000	0	0	0	0	
43		Security cost	10,000	4,000	0	0	0	
44		Electricity	5,000	4000	3000	3000	3000	
45		Water	12,000	3,000	2,500	2,000	2,500	
46		Profit	56,900	38,400	20,200	17,700	13,200	
47								
48					Increase the no. Of dishes and profit will increase		Sales should always be >=49,000, to always stand on profitable side, (as per current dishes count and condition)	

Conclusion & Suggestion

After Applying cuts to expenses as described he could come back and start again & remove cuts when back on track

<u>Increase extra Dishes</u> to menu and begin serving Veg Food again.

Since Owner is less hardworking, he should join hands with <u>Swiggy</u>, <u>Zomato</u>, etc.. which by themself provide discounted food so he doesn't have to think and apply anything. <u>Just Earn</u>