



Potato Potahto

Your client is a potato snacks company in the Middle East. They're facing a gradual decline in their profits over the last five to six years. And you need to find out why. Additionally, it was a gradual decline.

CASE TYPE
Profitability

COMPANY NAME
Bain Capability Network

DIFFICULTY LEVEL
★ ★ ★

Potato Potahto

Why is a snack company facing declining profits in Middle East?

Case Type

Profitability Case

Company Name

Bain Capability Network

Round

Partner

Difficulty Level



Problem Statement

Your client is a potato snacks company in the Middle East. They're facing a gradual decline in their profits over the last five to six years. And you need to find out why. Additionally, it was a gradual decline.

I have some clarifying questions. For how long has this decline been observed? Is this company-specific or industry-wide?

Assume that the decline has been witnessed for a year and is related to the company only.

Profit has two aspects: Revenue and Cost. To address the declining profits, I would start by breaking down the cost structure. First, I'd look into the value chain, examining each stage from mining sites to production, logistics, and storage.

Good. Let us keep the focus on cost-side only. Are there any other costs?

I'd consider various departments like finance, operations, and HR. Additionally, we should discuss the external factors, such as legal and environmental costs. I'll use the PESTLE framework to guide our discussion, focusing on relevant areas like legal implications.

Kindly elaborate.

Certainly, I'd further dissect each stage of the value chain into sub heads. In operations, we could look at costs related to equipmen, labor, and raw materials. In finance, we could break down costs within the value chain by considering expenses related to financial, personnel, software and technol used for financial operations, and any external services such as auditing or interest payments. For the HR department, we might analyze costs associated with salaries, recruitment processes, training programs, and employee benefits.

You mentioned the PESTLE framework. How is that being used?

I think two factors, the legal and environmental costs should be considered. When it comes to legal costs, I'd examine the contracts, compliance issues, and any potential lawsuits. Environmental costs include regulatory compliance and sustainability initiative.

Alright great, we can end the case here.

Potato Potahito

Why is a snack company facing declining profits in Middle East?

CASE FLOW

CASE FACTS

- 1 A potato snacks company is facing a gradual decline in profits.
- 2 Assuming that the decline is related to the company only.
- 3 Find the exact reason for this decline in profits of the company

