



Don't Sugarcoat it!

Your client is a sugarcane factory in India. The company is facing stagnant profits. You need to find the reasons for the problem.

CASE TYPE
Profitability

COMPANY NAME
Nation with Namo

DIFFICULTY LEVEL


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Sugarcane no more sweet for the client?

Case Type

Profitability Case

Company Name

Nation with Namu

Round

Partner

Difficulty Level



Problem Statement

Your client is a sugarcane factory in India. The company is facing stagnant profits. You need to find the reasons for the problem.

Okay, I would like to ask some preliminary questions.

Yes Sure.

Where is the client located?

It is located in Rohtak.

Is the decline seen in the overall sugarcane industry or in just this one factory?

It's just this factory.

Right, so if profits are stagnant it means that there are 3 possible cases:

- 1.Revenue and cost are increasing proportionally.
- 2.Revenue and cost are decreasing proportionally.
- 3.Revenue and costs are constant.

If revenue increases and cost decreases, profit would increase and that is definitely not the case.

Fair. You may explain all the three cases.

Sure, I would start with the 1st case, that is, that the revenue and cost are increasing proportionally. The client might have started using a chemical pesticide which is expensive but doing wonders for them. So the revenue is increasing but the cost also increases.

For case 2, the client might have cut down the cost by procuring cheaper raw materials, but that might have also led to a decline in the revenue because of quality degradation.

For the 3rd case, that is, the revenue and cost are constant, and the company might have stopped experimenting with new growth strategies.

Right. What should the client do to increase the profits?

I want to ask one question before answering that. Does the client manufacture only sugarcane or is there any byproduct that comes with sugarcane?

Yes, there is a by-product, molasses.

Okay. Is the client selling molasses?

It is possible but the client doesn't have the marketing network or the know-how, therefore it's just a waste by-product right now but can be sold.

What other products can molasses be used in?

It can be used as a raw material in products like paper and vinegar.

Right. So since Rohtak is a semi-urban area, if we start using molasses to generate and sell vinegar additional revenue could be generated as vinegar is present in almost all mid-income and high-income households.

Fair. Should we take-up the production or outsource the production and selling of vinegar?

Since molasses is the by-product and we have a manufacturing unit of sugarcane in place, taking up the production and sale of vinegar should not be a problem.

Yes, great answer. We can end the case here.



HERE'S A TIP!

While everyone would give generic suggestions using the existing frameworks and structures, one must try to stand out by atleast bringing in one unconventional aspect.

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CASE FLOW

CASE FACTS

- 1 The client is based in Rohtak and declines in profit is only seen in that company and not in the industry.
- 2 With sugarcane, the client produces a by product- molasses, which is waste product right now.
- 3 Molasses can be used as a raw material to manufacture products like vinegar and paper.
- 4 Rohtak is a semi urban area and has a good market of mid-income and high-income households.

