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project 01.

classmate

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FOLLOWING THE INSTRUCTION SET.

1.

The root problem in my opinion is the low year on year margin improvement rate which is a mere 11%. in comparison to a more than double 26% of other IT companies in India.

So, as taught in the module we can tackle this problem using a problem solving technique :-

MUTUALLY EXCLUSIVE, INCOMPREHENSIVELY EXHAUSTIVE principle.

( MECE can be implemented using an ISSUE TREE.

The MECE tells us we can tackle the problem as :-

[ INCREASING PROFIT ]

↓  
HOW ??

GREATER REVENUE

REDUCE COSTS

As, we can see this gives us a tree like structure

2.

the tree like structure being discussed in  
the last instruction is the  
**ISSUE TREE !!**

Making issue tree to increase profits / margins

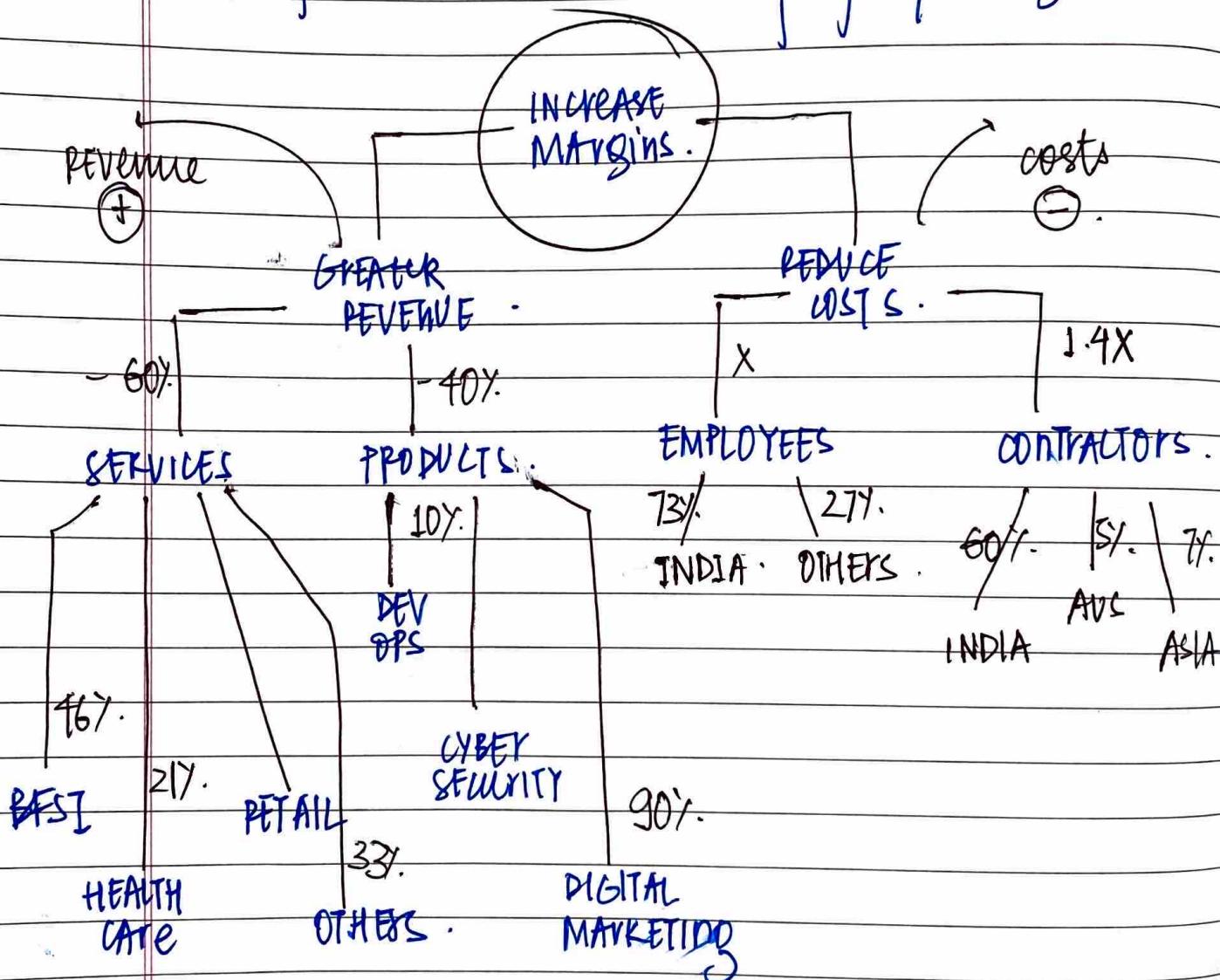


Fig :-

PROFITABILITY tree DOWN STRUCTURE  
With various Annotations

3.

no. further branching can be done after the branchings made in the last instruction(2).

4

As, shown in the tree (2) ; 60% of the revenue is made-through services provided 40% is product based.

5.

## PLANS for FUTURE INVESTMENTS;

INDIA :

The margin provided in the revenue is a mere 9% ; which is POSITIVE but wouldn't be an intelligent choice as, -there are options with greater margins of 78% & 44% in US & Europe.

So, further investing in INDIA would be a big NO!!

whereas US & EUROPE would be a better option as they provide greater margins.

6.

We don't have data to predict if investing in the health care sector gives a good margin or not. So, from the mind of an analyst wouldn't suggest to invest in the healthcare sector in US & Europe.

Whereas, the BFSI sector gives us a good margin but the margins from the business in INDIA have been quite low.

Thus, a different & better approach would be to set up the BFSI sector in US & Europe!!

7.

suggestions :-

Should invest more in sectors like:-

- BFSI
- RETAIL

Both the sectors celebrate good margins in comparison to other sectors.

- USA
- EUROPE

Businesses set up in these countries show better profits; thus investments should be made in these countries

to reduce costs; less contractors should be hired instead should practice hiring more PERMANENT EMPLOYEES!!

\* Answering the preliminary question;

- future moves to be made:-

ACQUIRING SMALLER ORGANISATIONS WITH

Selling if this acquisition will help in the improvement of margins is a question which can be best answered with the help of data.

So,

Let's suppose the companies make a good margin then YES, the acquisition would help the company improve its margins.

In turn helping them make their customer base larger; which will help in boosting their margins in other sectors too.

Also the increased employee base will help them even get rid of the contractors which cost them more than normal employees.

But if the small companies don't already have a good margin in their revenues then the move wouldn't help them increase their margins.

In this case the company shouldn't distribute its energy & resources rather focus on the sectors that are already providing them with a good margin like focus on the points made in (7).